

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

The Office of Public Counsel et al.,)	
)	
Complainants,)	
)	
v.)	<u>Case Nos. WC-2014-0138, et al.</u>
)	
Missouri American Water Company,)	
)	
Respondent.)	

STAFF REPORT

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and hereby submits its *Staff Report*, stating as follows:

1. Beginning in October 2013, several residents of Stonebridge Village, Branson West, Missouri began filing formal complaints against Missouri-American Water Company ("MAWC") concerning billing and customer service issues.

2. On November 22, 2013, the Missouri Public Service Commission issued an *Order Consolidating Cases and Granting Extensions of Time* consolidating the complaint cases and instructing Staff to investigate and file a report on its investigation by January 7, 2014.

3. On December 18, 2013, in response to further formal complaints filed and a motion to consolidate by MAWC, the Commission issued a *Second Order Consolidating Cases and Order Directing Filing*.

4. On January 2, 2014, in response to even more formal complaints and another request for consolidation, the Commission issued a *Third Order Consolidating Cases and Order Directing Filing*.

5. On January 3, 2014, due to the large number of recently consolidated consumer complaints, Staff filed a *Request for Extension*, requesting additional time to complete its investigation and file a report. The Commission granted this request, ordering Staff to file its report by March 7, 2014. *Staff filed an additional Motion for Extension of Time* to file its report until March 14, 2014, which was also granted by the Commission.

6. On January 21, 2014, in response to one additional formal complaint and a request for consolidation, the Commission issued a *Fourth Order Consolidating Cases and Order Directing Filing*. In total, after all consolidations, this case includes twenty-five individual consumer complaints as well as the complaint filed by the Office of the Public Counsel, into which the twenty-five consumer complaints were consolidated.

7. Having concluded its investigation, Staff offers its *Report of the Staff*, attached hereto as Appendix A (Report and Schedules) and incorporated by reference, which details Staff's investigation and conclusions. In summary, Staff concludes that MAWC has experienced deficiencies in its new Business Transformation, Customer Information System, that have detrimentally affected customers and continue to do so. In light of these conclusions, Staff has made twenty recommendations, which are:

- i. Ensure that each of the Stonebridge customers receive their revised customer billing statement for the six-month billing period of June through November 2013 (Company refers to these as "Summaries").
- ii. Ensure that Customer Service Representatives are properly trained to respond to Stonebridge customers inquiring in the future about their billing statements from June 2013 through December 2013.

- iii. Ensure that no Stonebridge customer accounts are mailed a delinquent notice (a) until Staff is assured that Stonebridge customers have had an appropriate amount of time to make payment of their revised billing statements for the six-month period of time and (b) until Staff is assured that the Company is correctly billing the Stonebridge customers each month. Staff will inform the Company when the mailing of any necessary delinquent notices to the Stonebridge customers can be reinstated.
- iv. Ensure that no Stonebridge customers' services are discontinued due to delinquent nonpayment (a) until Staff is assured that Stonebridge customers have had an appropriate amount of time to make payment of their revised billing statements for the six-month period of time and (b) until Staff is assured that the Company is correctly billing the Stonebridge customers each month. Staff will inform the Company when the Stonebridge customers' discontinuance of service due to delinquent nonpayment can be reinstated.
- v. Eliminate the water usage charges and the wastewater usage charges for the months of June, July, August, September, October and November 2013 for all Stonebridge customers.
- vi. Review every Stonebridge account for the June through December 2013 billing periods for unexplainable high water usage. Make credit adjustments to those customer accounts where the high water usage is unexplainable.
- vii. Perform an audit of each premise in Stonebridge to ensure each customer account is assigned the correct wastewater rate schedule: Schedule A or B.
- viii. Provide the Staff 30 Stonebridge customer sample bills each month. Staff will inform the Company each month of the Stonebridge customer bills to be provided and the bills will be provided to the Staff within seven days following the mailing of the bills to the Stonebridge customers. The Company will provide these monthly sample bills until

Staff is assured that the Company is correctly billing the Stonebridge customers each month.

- ix. Perform an audit of Stonebridge customer accounts of all Wastewater Primacy Fees to ensure that customers were only charged the Fees in January of each year following acquisition of Stonebridge and refund all incorrectly charged Wastewater Primacy Fees to the appropriate customers.
- x. Change the Wastewater Primacy Fee to Service Connection Fee on the Stonebridge customer billing statements.
- xi. Implement a meter change program that records images of both meter numbers, both meter reads and identification of the radio frequency equipment and retain the information for two years.
- xii. Eliminate the use of proration of customers' bills as agreed to by MAWC in the Non-Unanimous Stipulation and Agreement, and ordered by the Commission in Case No. WR-2011-0337.
- xiii. Comply with all billing and payment standards rules in Chapter 13.
- xiv. Respond thoroughly and promptly, which is within 14-21 days unless agreed upon by Staff and MAWC representatives, to the Commission's informal complaints and inquiries with their investigations and the capability to provide all documents to support the Company's position.
- xv. Ensure that the Company's employees that are Subject Matter Experts regarding customer service issues are available for the Periodic Meetings held between Staff and the Company, which were ordered in Case No. WR-2011-0337.
- xvi. Develop a system to ensure that each customer's call to the Company's call center is documented with detail on the customer's account and includes steps taken to obtain resolution.
- xvii. Develop a system to ensure that all customers contacting the Company's call center requesting a return phone call, receive a phone call in a timely manner

- xviii. Develop a system to monitor the types of inbound calls received at the Company's call center so that the Company can respond and adjust its operations to critical issues affecting its customers.
- xix. Record 100 percent of all customer calls between call center representatives and Missouri regulated customers. Archive recorded calls in a manner that they may be retrieved and reviewed by the Company, Staff, and the OPC for a period of no less than six months.
- xx. Ensure that the Company's call center representatives are adequately trained in a timely manner to respond to all customers' requests for information. Evaluate the training materials and manner in which call center representatives are trained regarding issues such as billing calculations, wastewater usage calculations, and others.

These recommendations are explained more fully in the attached *Staff Report*, as are the circumstances that led Staff to make these recommendations.

8. In its report, Staff also notes a high number of rule violations stemming from the new Business Transformation system, which are broadly stated as follows:

- i. **4 CSR 240-13.020 Billing and Payment Standards** – Establishes reasonable and uniform billing and payment standards for residential service to be observed by utilities and customers. The utility has not provided (rendered) a bill for each billing period, the utility has failed to provide on each billing statement a bill based on actual usage during the billing period, the utility cannot provide a reason for estimating bills or their efforts to secure an actual reading, the customers are receiving their bill or discontinue notices after the date stated on the bill or notice for when the bill is due or when it will be considered delinquent, and the utility failed to charge the correct tax rate.
- ii. **4 CSR 240-13.025 Billing Adjustments** – Establishes the requirements for making billing adjustments in the event of an overcharge or an undercharge. The utility cannot explain billing errors or determine the probable period during which the condition existed

and is not making all the appropriate billing adjustments for the estimated period involved.

- iii. **4 CSR 240-13.040 Inquiries** – Establishes procedures to be followed when customers make inquiries of utilities so customer inquiries are handled in a reasonable manner. The utility has failed to promptly and thoroughly investigate, provide qualified personnel who are able to accurately respond to customer concerns, and to provide ledger details of payment since May 2013.
- iv. **4 CSR 240-13.045 Disputes** – Establishes reasonable and uniform standards for handling disputes between customers and utilities. The Company Service Representatives are not recording all or part of customer disputes by making an account note or by having recorded conversations; the utility cannot determine the amount not in dispute so customers are advised not to pay anything or to pay the full amount disputed; the utility has failed to promptly refund excess moneys paid by the customer; and the utility is not advising the customer of their right to file an informal complaint with the Missouri Public Service Commission.
- v. **4 CSR 240-13.050 Discontinuance of Service** – Prescribes the conditions under which service to a customer may be discontinued and procedures to be followed by utilities so that uniform and reasonable standards exist for discontinuance of service. The utility is not in compliance with discontinuance notice requirements.
- vi. **4 CSR 240-13.070 Commission Complaint Procedures** – Sets forth the procedures to be followed prior to and in filing formal or informal complaints with the commission regarding matters covered in Chapter 13. The utility failed to advise customers of their right to file an informal complaint when a dispute cannot be resolved between utility and customer.
- vii. **4 CSR 240-10.030 Standards of Quality** – Prescribes standards of quality for electric, gas and water utilities operating under the

jurisdiction of the Commission. The utility has failed to keep correct customer records and to comply with service quality standards.

WHEREFORE, Staff hereby tenders its *Report of the Staff* for the Commission's information and consideration.

/s/ Tim Opitz
Tim Opitz
Legal Counsel
Missouri Bar No. 65082

Whitney Hampton
Legal Counsel
Missouri Bar No. 64886

Attorneys for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-4227 (Telephone)
(573) 751-9285 (Fax)
Timothy.opitz@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 14th day of March, 2014.

/s/ Tim Opitz