

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

In the Matter of Staff's Investigation into the	)	
Adequacy of the Call Centers serving	)	<b><u>Case No. WO-2014-</u></b>
Missouri American Water Company	)	

**STAFF'S MOTION TO OPEN INVESTIGATORY DOCKET**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and hereby moves the Commission to open an investigatory docket concerning the adequacy of the Customer Service Call Centers operated by Missouri American Water Company. In support of its *Motion*, Staff states:

1. Missouri American Water Company ("Missouri American" or "Company") is a Missouri general business corporation in good standing, organized on December 9, 1879, as the Saint Joseph Water Company. The Company's headquarters is at 727 Craig Road, St. Louis, Missouri, and its registered agent is CT Corporation System, 120 South Central Avenue, St. Louis, Missouri 63105.

2. Missouri American's website states that it provides regulated water and sewer services to approximately 1.5 million people in more than 100 communities, including St. Joseph, Joplin, Warrensburg, Parkville, Brunswick, Jefferson City, Mexico, St. Charles County, and St. Louis County. Missouri American is therefore a water corporation and a public utility subject to regulation by this Commission pursuant to § 386.020, RSMo.

3. Missouri American is a wholly-owned subsidiary of American Water, a publicly-traded utility holding company headquartered at 1025 Laurel Oak Road, Voorhees, New Jersey 08043. According to its website, American Water, through its several subsidiaries, provides high-quality water and wastewater services to

approximately 14 million people in more than 40 states and parts of Canada. American Water is the largest publicly-traded water and wastewater utility company in the United States and employs more than 6,600 persons.

4. On November 13, 2013, the Office of the Public Counsel (“OPC”) filed *Complaints*, Case Nos. SC-2014-0137 and WC-2014-0138, concerning some ten formal consumer complaints alleging billing irregularities, all originating in the Stonebridge Village development near Branson West, Missouri.<sup>1</sup> On November 22, 2013, the Commission consolidated all of the complaints into Case No. WC-2014-0138. Thereafter, additional cases of the same sort, originating in the same area, were added.<sup>2</sup> Ultimately, 25 consumer complaints were consolidated into this docket.

5. Also on November 22, 2013, the Staff was directed to investigate the several complaints and to file a report of its findings. After two extensions, Staff filed its *Staff Report* (HC) on March 14, 2014. MAWC filed its *Response to Staff Report* on April 25, 2014.

6. The *Staff Report* states that “Staff found MAWC violated 16 distinct provisions of Chapters 10 and 13 of 4 CSR 240, did not take timely or reasonable actions to mitigate those violations or prevent additional violations, and to date has been reluctant or unable to provide Staff with timely and complete responses to the majority

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<sup>1</sup> WC-2014-0098, WC-2014-0099, WC-2014-0100, WC-2014-0114, WC-2014-0115, WC-2014-0127, WC-2014-0129, WC-2014-0132, WC-2014-0134, and WC-2014-0135.

<sup>2</sup> On December 18, 2013, Case Nos. WC-2014-0150, WC-2014-0155, WC-2014-0157, WC-2014-0160, WC-2014-0162, WC-2014-0168, WC-2014-0170, WC-2014-0176, and WC-2014-0177 were consolidated into Case No. WC-2014-0138. On January 2, 2014, Case Nos. WC-2014-0185, WC-2014-0186, WC-2014-0187, WC-2014-0188, and WC-2014-0190 were consolidated into Case No. WC-2014-0138. On January 21, 2014, Case No. WC-2014-0198 was consolidated into Case No. WC-2014-0138. On March 26, 2014, Case No. WC-2014-0228 was consolidated into Case No. WC-2014-0138.

of Staff's discovery requests."<sup>3</sup> The *Staff Report* further states that, upon implementation by MAWC of new billing and customer information software systems as part of its Business Transformation Missouri project in May 2013, "Staff began receiving an increase in customer complaints and inquiries from not only MAWC's customers in Stonebridge, but from other customers throughout MAWC's other service territories[.]"<sup>4</sup>

7. In response to the *Staff Report*, explains that "[t]he American Water system underwent a software implementation, which included the implementation of a new customer billing system, in May 2013."<sup>5</sup> "Beginning in 2009, American Water undertook its Business Transformation (BT) program to update and modernize its business processes and information technology systems."<sup>6</sup> One of the core components of the new software is the Customer Information System ("CIS"), which "contains all billing and personal data pertaining to American Water's customers including billing rates, historical utility consumption, associated charges and meter information and the strategy for managing and nurturing MAWC's interactions with its customers."<sup>7</sup>

8. MAWC specifically advised the Commission at an Agenda presentation in February 2013 that "challenges were expected as employees and information technology systems adjusted throughout the implementation process" and that

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<sup>3</sup> ***Office of the Public Counsel et al. v. Missouri American Water Company***, Case No. WC-2014-0138 (*Staff Report* (HC), filed Mar. 14, 2014) p. 2 ("*Staff Report*").

<sup>4</sup> *Id.*, p. 2.

<sup>5</sup> ***Office of the Public Counsel et al. v. Missouri American Water Company***, Case No. WC-2014-0138 (*MAWC's Response to Staff Report*, filed Apr. 18, 2014) p. 2 ("*MAWC Response*").

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*, at p. 3.

“the new bill format would generate a greater number of customer calls and questions.”<sup>8</sup>

MAWC further advised the Commission that it “might see evidence of this bill change in customer complaints” and that “it would be unrealistic to expect that the implementation would take place without problems.”<sup>9</sup> MAWC warned that “the transfer of customer data might not happen appropriately in some instances and, as a result, a small percentage of customers could receive bills that are incorrect or such bills could be sent to a wrong address.”<sup>10</sup> In fact, everything that MAWC warned the Commission to expect has indeed occurred. Furthermore, MAWC has cautioned the Commission that “it might take a year or more to work out all of the issues.”<sup>11</sup>

9. Some of the rule violations identified by Staff, and many of the complaints received by Staff, concern MAWC's Call Centers. In general, customer complaints received by Staff, as well as face-to-face contacts with customers by Staff, indicate that Call Center personnel are discourteous and unknowledgeable. The difficulties at Stonebridge Village described above, purportedly caused in the first instance by “growing pains” in MAWC's new software,<sup>12</sup> have been greatly exacerbated in Staff's estimation by the failure of MAWC's Call Centers to allay customer concerns, promptly resolve billing errors, and disseminate accurate information in response to customer queries.

10. For the sake of economy, MAWC's Call Centers are operated by an affiliated service company on behalf of all of the American Water operating companies.

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<sup>8</sup> *Id.*, at pp. 3-4.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*, at p. 4.

<sup>12</sup> *Id.*

A portion of the expense of the Call Centers is allocated to MAWC and included in revenue requirement for ratemaking purposes. Therefore, all of the reasonable, necessary and prudent operating expenses, etc., associated with the Call Centers are defrayed by the ratepayers of American Water's various operating subsidiaries, one of which is MAWC. However, the Call Center deficiencies referred to above raise concerns that the Call Centers are not adequate, despite the fact that sufficient monies for their efficient operation are received in rates.

11. The Commission is authorized to investigate the facilities and business practices of any public utility and, where appropriate, to order necessary improvements.

Section 386.310.1, RSMo., provides:

The commission shall have power, after a hearing had upon its own motion or upon complaint, by general or special orders, rules or regulations, or otherwise, to require every person, corporation, municipal gas system and public utility to maintain and operate its line, plant, system, equipment, apparatus, and premises in such manner as to promote and safeguard the health and safety of its employees, customers, and the public, and to this end to prescribe, among other things, the installation, use, maintenance and operation of appropriate safety and other devices or appliances, to establish uniform or other standards of equipment, and to require the performance of any other act which the health or safety of its employees, customers or the public may demand, including the power to minimize retail distribution electric line duplication for the sole purpose of providing for the safety of employees and the general public in those cases when, upon complaint, the commission finds that a proposed retail distribution electric line cannot be constructed in compliance with commission safety rules. The commission may waive the requirements for notice and hearing and provide for expeditious issuance of an order in any case in which the commission determines that the failure to do so would result in the likelihood of imminent threat of serious harm to life or property, provided that the commission shall include in such an order an opportunity for hearing as soon as practicable after the issuance of such order.

Likewise, § 393.140(3), RSMo., provides:

[The Commission shall] Investigate and ascertain, from time to time, the quality of gas or water supplied and sewer service furnished by persons and corporations, examine or investigate the methods employed by such persons and corporations in manufacturing, distributing and supplying gas or electricity for light, heat or power and in transmitting the same, and in supplying and distributing water for any purpose whatsoever, and in furnishing a sewer system, and have power to order such reasonable improvements as will best promote the public interest, preserve the public health and protect those using such gas, electricity, water, or sewer system, and those employed in the manufacture and distribution thereof, and have power to order reasonable improvements and extensions of the works, wires, poles, pipes, lines, conduits, ducts and other reasonable devices, apparatus and property of gas corporations, electrical corporations, water corporations, and sewer corporations.

**WHEREFORE**, Staff prays that the Commission will open an investigatory docket into the adequacy of the Call Centers operated on behalf of MAWC and that serve MAWC's Missouri ratepayers, and upon the conclusion of its investigation, Staff will submit a report of its findings to the Commission and shall recommend any necessary and desirable improvements in the operation of the Call Centers; or take such other and further action as is appropriate in the circumstances.

Respectfully submitted,

**/s/ Kevin A. Thompson**

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## **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **20<sup>th</sup> day of June, 2014**, on counsel for Missouri American Water Company and on the Office of the Public Counsel.

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