

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

In the Matter of the Staff Investigation into the)	
Adequacy of the Call Centers Serving Missouri)	<u>File No. WO-2014-0362</u>
American Water Company)	

STAFF'S FINAL REPORT

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Report of Staff's Findings into the Adequacy of the Call Centers Serving Missouri American Water Company*, states as follows:

1. On June 20, 2014, Staff moved the Commission to open an investigation of the adequacy of the customer service call centers operated by Missouri American Water Company ("MAWC", "Company").

2. On June 25, 2014, the Commission by order directed the Staff to conduct the requested investigation. The Commission further ordered the Staff to file either its final report or a status report regarding its investigation no later than August 4, 2014.

3. Staff filed a Status Report on August 4, 2014, because its investigation was not yet complete. Staff filed additional Status Reports on September 8, 2014, October 6, 2014, November 12, 2014, December 5, 2014, January 9, 2015, February 9, 2015, March 10, 2015, April 1, 2015, May 4, 2015 and June 2, 2015.

4. Staff's investigation is completed. On May 28, 2015, a draft report was provided to the Company for its review and comment. The Office of the Public Counsel has also been provided a copy of Staff's draft report. Staff received comments regarding the draft report from the Company on June 5, 2015. Please see Attachment A. In MAWC's response addressing an increase in complaints and other issues, Doug Brock, Director of Customer Service Center - Operations, stated that, "prior to the

implementation of the new system MAWC took several steps to advise the Staff and the Commission regarding the nature and extent of such an undertaking and the issues that can arise as a result”.

5. It should be noted that informing the Commission of potential problems does not absolve the Company from the requirement to adhere to PSC rules. If issues arose that caused violations of PSC rules, it was incumbent of the Company to seek a variance.

6. The issue of proration of customer bills was addressed by the Commission in its Order in Case No. WR-2011-0337. The Company's use of proration of customer bills was again identified in WC-2014-0138 and the Mo PSC staff made a recommendation for the Company to “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.” The Company had agreed to eliminate the use of proration, but at the time were still producing prorated bills.

7. On May 29, 2015, during a scheduled periodic meeting between MAWC and Staff, the Company indicated customer bills have been prorated. MAWC was unsure of the number of customers impacted and the Company was to provide an update of the progress made in identifying and resolving this problem. At this time, the Staff has not been provided with any additional information from the Company.

WHEREFORE, the Staff submits its *Report of Staff's Findings into the Adequacy of the Call Centers Serving Missouri American Water Company* and prays that the Commission will order the Company to respond to each recommendation presented in the Staff's Report within 30 days, including its plan for implementation.

Respectfully Submitted,

/s/ Kevin A. Thompson

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing has been served, by hand delivery, electronic mail, or First Class United States Mail, postage prepaid, to all parties of record on the Service List maintained for this case by the Data Center of the Missouri Public Service Commission, on this 15th day of June, 2015.

/s/ Kevin A. Thompson



AMERICAN WATER

Doug Brock
Director- CSC Operations

1410 Discovery Parkway
Alton, IL 62002

June 5, 2015

Missouri Public Service Commission
200 Madison Street
Jefferson City, MO 65102

Attention: Ms. Lisa Kremer

Re: WO-2014-0362

Dear Ms. Kremer,

Thank you for your letter of March 28, 2015, providing us with the opportunity to review the draft **Report of Staff's Findings Case No. WO-2014-0362 Missouri-American Water Company Call Centers**. On balance, the report is very helpful and valuable to MAWC. Several of the recommendations fall in line with changes that MAWC has either already made or is planning to make as a result of this investigation. MAWC simply requests that some additional context be added to the report for perspective and takes this opportunity to provide you with a few comments for your consideration.

The first page of the Introduction and Executive Summary of the report correctly states that there was an increase in customer complaints associated with the implementation of a new customer billing system. However, it is important to note that prior to the implementation of the new system MAWC took several steps to advise the Staff and the Commission regarding the nature and extent of such an undertaking and the issues that can arise as a result.

MAWC's president appeared before the Commission at its February 27, 2013 agenda session. In that session, he explained MAWC had been advised that it would experience some issues with the new system. He further told the Commission that they would likely see a rise in customer complaints as a result. He appeared again at the September 11, 2013 Commission Agenda Session and gave an update on the new customer billing system, and reiterated the point about the issues that invariably arise with such a transition.

Prior to the implementation, MAWC customer complaints were trending down significantly. This is shown by Staff's Schedule 1. In September, 2013, MAWC had one formal complaint pending.¹

¹ Case No. WC-2013-0468, *Charles A. Harter vs. Missouri-American Water Company*.

During the third quarter of 2013, MAWC received several billing complaints related to the Stonebridge subdivision. Stonebridge was acquired by MAWC in 2011 as a part of MAWC's acquisition of the Roark Water and Sewer Company. The meters from the Roark system were not compatible with MAWC's SAP system. MAWC began changing the meters out in Stonebridge in June, 2013, shortly after the implementation of the new customer information system. This activity was planned to take place prior to the system conversion, however the meter vendor was unable to deliver the shipment in time for installation. We recognize that changing out meters while conducting a system conversion is not a good practice. Multiple errors resulted from the addition of the new meters to the system. These errors caused billing delays and numerous downstream complexities with the corrective process and the subsequent accuracy of the Stonebridge bills. The problems took several months and multiple attempts to correct. During that period, customer service representatives were unable to satisfactorily answer questions that the Stonebridge customers had regarding their bills because of the complex nature of the problem and the lengthy resolution. This was unacceptable. Stonebridge customers were understandably frustrated, which ultimately led to the filing of formal complaints.

It is MAWC's understanding that the situation in Stonebridge was the root of certain call center issues and, ultimately, this investigation. Accordingly, MAWC would like to make it clear that the billing issues experienced in Stonebridge were unique. While any billing errors are unacceptable, we think it is also important to keep in mind the limited scope of this problem. The Stonebridge development comprises 673 customer accounts, or .0014% of MAWC's total customers. Again, such billing issues are unacceptable. However, MAWC does not believe this event is indicative of a widespread billing or customer service problem.

There have been ten formal complaints outside of Stonebridge since October, 2013. Five of those stemmed from allegations surrounding billing: **Shands** (WC-2015-0030 - the Lewis & Clark tower condemnation), **Harter** (WC-2015-0311 - a frequent complainant for MAWC, Laclede and Ameren Missouri), **Kovermann** (WC-2014-0118 - a claim for a leak credit), **Grady** (SC-2015-0139 - a claim by sewer customer who was on well water) and **Bo Clair** (WC-2015-0074 - a claim by a customer who moved who claimed she was improperly billed for an old service). There have been no further formal complaints with issues similar to the Stonebridge billing/customer service cases.

Additionally, page 8 of the draft report discusses the November 21, 2013 customer meeting that Missouri-American held at the Stonebridge clubhouse. While there certainly were complaints about the bills and customer service, there were just as many complaints about unrelated issues, such as rates. Several times speakers were reminded that there is a separate forum to deal with basic rate issues, and that the Stonebridge meeting was to discuss billing and customer service issues. A reader of the draft report may also want to know what steps were taken as a result of that November 21, 2013 meeting. Postcards were sent to all of the Stonebridge customers inviting them to face to face meetings with MAWC representatives to review their bills. On December 16, 17, 18, and 19, MAWC had several representatives on site at Stonebridge for the customer meetings.

We want to reiterate that the investigation and report has been helpful as part of our culture of continuous improvement. Thank you for giving us the opportunity to provide comment.

Sincerely,

Doug Brock

Doug Brock,

Director – CSC Operations

cc: Office of Public Counsel
Attention: Ms. Christina Baker