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Customer Service

DEBORAH ANN BERNSEN

MoPSC Staff

Direct Testimony

WR-2003-0500

and WC-2004-0168

October 3, 2003

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

DEBORAH ANN BERNSEN

MISSOURI-AMERICAN WATER COMPANY

CASE NOS. WR-2003-0500

AND

WC-2004-0168

Jefferson City, Missouri
October 2003

Exhibit No.

14

Case No(s)

WR-2003-0500

Date 12/16/03

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DIRECT TESTIMONY
OF
DEBORAH ANN BERNSEN
MISSOURI-AMERICAN WATER COMPANY
CASE NOS. WR-2003-0500
AND WC-2004-0168

Q. Please state your name and business address.

A. My name is Deborah Ann Bernsen. My business address is P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am employed as a Utility Management Analyst III for the Missouri Public Service Commission (Commission or PSC).

Q. Describe your educational and professional background.

A. I graduated from the University of Missouri-Columbia in 1975 with a Bachelor of Science degree in Business Administration. I completed a Masters degree in Public Administration in 1990 from the same university. I have passed three of the four parts of the Certified Internal Auditor (CIA) exam.

Q. Please describe your duties while employed by the Commission.

A. I have been employed by the Commission since 1976 when I began a graduate internship. I subsequently entered the Consumer Services Department of the PSC as a Consumer Services Specialist responding to consumer complaints and inquiries. I entered the Management Services Department in 1978 as a Management Analyst and since that time have had responsibility for conducting and directing reviews of

1 management operating and control systems at utility companies under the Commission's
2 jurisdiction. I was the Staff's representative and a member of the Consumer Interest
3 Working Group within the Missouri Public Service Commission's Retail Electric
4 Competition Task Force in 1999. I have also held the position of Chair for three years on
5 the National Association of Regulatory Utility Commissioners (NARUC) Staff
6 Subcommittee on Competition and Performance Analysis (SSCPA). The name of the
7 Management Services Department was changed to the Engineering and Management
8 Services Department (EMSD) in February 2000.

9 Q. Have you previously filed testimony before this Commission?

10 A. Yes. Schedule 1 is a list of cases in which I have filed testimony.

11 Q. What is the purpose of your testimony?

12 A. The purpose of my testimony is to discuss the operations of the American
13 Water Works Service Company National Call Center (Alton Call Center) in Alton,
14 Illinois. The testimony will also address the present reporting of Call Center performance
15 data to the Commission Staff on the Alton Call Center and to recommend additions to
16 and a continuation of this reporting.

17 Q. Does the Company presently provide any information on its Call Center
18 performance to the Staff?

19 A. Yes. In the Stipulation And Agreement in Case No. WM-2001-309, the
20 joint application to merge St. Louis County Water and Jefferson City Water Works with
21 and into Missouri-American Water Company, the Company agreed to various conditions
22 including the reporting of performance data from its Alton Call Center. There were four

1 specific performance indicators that were to be provided to the Staff and the Office of
2 Public Counsel (OPC) on a quarterly basis.

3 Q. Why is a call center important?

4 A. Call centers provide the primary method for customers to contact their
5 utility company. This contact allows them to conduct a wide range of business with the
6 company including: reporting of emergencies and service outages; turn-ons, transfers or
7 discontinuances of service; inquiries about billing and payment information and credit
8 and collection issues.

9 Q. What are the indicators that are being received by the Staff from the Alton
10 Call Center?

11 A. These indicators are the Call Center Abandoned Call Rate (ACR),
12 Average Speed of Answer (ASA), First Call Effectiveness and the Average Customer
13 Inquiry Response Time.

14 Q. Please explain these indicators.

15 A. The Abandoned Call Rate is the percentage of customers who hang up
16 after placing their call to the Call Center but before their call can be answered by a
17 customer service representative. The Average Speed of Answer is defined as the
18 percentage of calls answered within 30 seconds. First Call Effectiveness is the
19 percentage of calls resolved by the Call Center representative on the first contact. The
20 Average Customer Inquiry Response Time represents the percentage of inquiries
21 completed and resolved within the target number of three days.

22 Q. Were goals included for these performance indicators?

1 A. Yes. The Company developed and agreed to specific goals for each of
2 these performance indicators. These goals were included in the Stipulation And
3 Agreement in Case No. WM-2001-309. The specific goals follow:

- 4 • Average Abandoned Call Rate is not to exceed an average of 5.5%
5 annually plus a 100 basis point variance (a maximum allowable level
6 of 6.5%);
- 7 • Average Speed of Answer target is to be at least 80% of customer calls
8 answered within 30 seconds;
- 9 • First Call Effectiveness is to be at least 85% for a defined set of call
10 types;
- 11 • Average Customer Inquiry Response Time target is to not exceed three
12 business days. This is expressed as a percentage within three days.

13 Q. Has the Company met its reporting requirement with the Staff?

14 A. Yes. The Company has consistently met the requirements to provide data.
15 The first report provided by the Company encompassed the First Quarter of 2002. The
16 Staff has received data for all four quarters in 2002 and for the first two quarters in 2003.

17 Q. Has the Company met the performance objectives set out in the
18 Stipulation And Agreement?

19 A. No. As illustrated by the graphs attached as Schedules 2, 3, 4 and 5, the
20 Company has not consistently met its performance targets in some areas. For example,
21 the Company's Abandoned Call Rates for the last three quarters of 2002 were
22 significantly higher (worse) than the target of 6.5%. In two quarters the ACR was as high

1 as 10%. Similarly, the ASA percentages did not meet the Company's objective and were
2 below the target for 2002.

3 Q. You state that the Company has not met some of its targeted objectives.
4 Has the Company met other Call Center objectives?

5 A. Yes. First Call Effectiveness figures have consistently been above the
6 85% target for the reporting period. The Average Inquiry Response Time has also run
7 consistently close to the Company objective of resolving 100% of inquiries in less than
8 three days.

9 The Staff met with the Call Center's management in September of 2002 to discuss
10 the Company's difficulty in meeting performance targets after two quarters of 2002 data.
11 The Company related several factors that they believed were impacting the Call Center's
12 performance. These factors included 40% higher call volumes than anticipated and the
13 relative inexperience of some customer service representatives. The Staff believed that
14 the Company was accurately communicating the problems to the PSC, and that the
15 Company was responding appropriately and in a timely manner to the decline in Call
16 Center performance.

17 Q. Has the performance at the Alton Call Center, as measured by these
18 performance indicators, improved since the 2002 data?

19 A. Yes. The ACR has improved since 2002 and has met or exceeded the
20 Company's target levels for 2003. The ASA percentage has also improved in 2003 over
21 prior performance. First Call Effectiveness levels have also maintained high levels and
22 shown some improvement from 2002. Average Inquiry Response Time has remained
23 high over all six quarters of reporting.

1 Q. Does the Staff receive reports on Call Center performance indicators from
2 other utilities?

3 A. Yes. Currently, the Staff receives reports from Missouri Gas Energy,
4 Atmos Energy Company, and the Missouri Public Service Division of Aquila, Inc. These
5 reports are received in order to monitor the level of customer service being provided by
6 the customer call centers and are the result of merger cases over the last four years at the
7 Commission.

8 Q. What time period was prescribed for the Company's reporting of Call
9 Center performance indicators in Case No. WM-2001-309?

10 A. The Stipulation And Agreement specified a period of two years after all of
11 the Missouri operating districts have been transitioned to the consolidated Call Center.
12 For Missouri American Water, the information will be reported to the Staff and the
13 Office of the Public Counsel (OPC) through the Second Quarter of 2005.

14 Q. Does the Staff currently believe that this is an adequate time frame for the
15 reporting of this data?

16 A. No. The Staff believes that the reporting of service indicators should be
17 continued beyond the current two-year period in order to maintain information on the
18 effectiveness of the Call Center. This type of reporting has allowed the Staff to better
19 identify the level of Call Center customer service and the experience customers are
20 having when they attempt to contact the Company. It has also presented opportunities for
21 the Staff and companies to pinpoint problems revealed by the performance indicators and
22 discuss solutions focused on resolving these problems expeditiously. One of the basic
23 responsibilities of the Commission, the Staff and OPC is to ensure that the utilities under

1 the Commission's jurisdiction provide safe and adequate service. While these
2 performance indicators do not guarantee this, they do provide a useful indicator.

3 Q. Does the Staff presently maintain any information on the number of
4 complaints that the Commission's Consumer Services Department has received on the
5 Company?

6 A. Yes. The Staff maintains this data for all companies that the Commission
7 regulates. The information is periodically reviewed to monitor trends in the number of
8 complaints about a company that the Staff is receiving. I have attached information
9 pertaining to the Company's complaints labeled as Schedule 6.

10 Q. What does Schedule 6 illustrate?

11 A. The graph presents the number of complaints on a monthly basis for 1999
12 through August of 2003. It should be noted that there are several spikes that occur in the
13 monthly data and that these appear to be connected to rate case filings. Excluding the
14 spikes attributable to rate case filings, the graph illustrates that the Company averaged
15 approximately eight complaints to the Commission per month.

16 Q. Were there increases in the number of complaints as the customers were
17 transitioned to the Alton Call Center?

18 A. No. There does not appear to be any major variations associated with the
19 transition to the Alton Call Center which occurred in December 2001 for the St. Louis
20 County Water properties and May 2003 for the St. Joseph properties. The Staff
21 calculated a number of complaints per 1,000 customers for the Missouri companies from
22 1999 through eight months of 2003. These figures are contained in the following table:
23

Complaints Per 1,000 Customers

1999	2000	2001	2002	2003
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.52	.93	.16	.32	.20
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Q. Is this a significant number change in the number of complaints per 1,000 customers?

A. No. It appears that the Company has been able to maintain its complaint numbers consistently below one complaint a year per customer.

Q. Does the Company take any actions to determine the opinions of its customers regarding the level of customer service it is providing?

A. Yes. The Company does conduct an ongoing Interactive Voice Response (IVR) based customer satisfaction survey of its customers that contact the Call Center. When the customer completes their inquiry with the customer service representative, they are asked to stay on the line for a brief survey. If the customer elects to do so, they are transferred to a recorded message that will ask them a series of six questions regarding their satisfaction with the call they just completed. The questions are general in nature and concern the following matters:

- Overall satisfaction with the call
- Confident that the employee understood the customer's request
- Satisfaction with resolving the issue
- Knowledge of the employee
- Courtesy of the employee
- Satisfaction with the time it took the employee to answer the call.

1 The customer has a choice of three levels in response to each question. The response can
2 be “very satisfied, satisfied, or not satisfied.”

3 Q. Does the Staff believe that such surveying efforts are useful?

4 A. Yes. The Staff believes that such efforts to determine customer opinions
5 of the service they are receiving are valuable. This information can assist the Company
6 in being responsive to deficiencies in service as perceived by the customer and making
7 decisions on the level of service deemed acceptable by the customer.

8 Q. Does the Staff believe that the Company should expand its surveying
9 efforts?

10 A. Yes. The Staff believes that the utilization of customer surveys to gather
11 information on perceptions of service quality should be expanded beyond the use of the
12 present system to include a greater number and detail of questions. Questions should be
13 included to define the customer’s expectation of what “adequate” service is and to what
14 extent the customer is willing to pay higher rates for the availability of that level of
15 “improved” service. More specific responses may assist in determining the need for
16 customer outreach programs or informational activities, staffing level adjustments or
17 effectiveness of the IVR system.

18 Q. Is the Staff seeking additional reporting from the Company regarding
19 these survey results?

20 A. Yes. The Staff also believes that a quarterly reporting of the results
21 obtained through customer survey efforts should be added to the Company’s present
22 reporting requirements. The addition of this information compliments the present

1 information on Call Center performance by including the customer's perception of this
2 level of service.

3 Q. Is the Staff requesting the addition of any other information to the present
4 reporting other than the customer opinion survey results just discussed?

5 A. Yes. The Staff is also requesting the reporting of customer service
6 staffing levels and total call volume at the Alton Call Center. The information on staffing
7 should be provided by position classification and also include a definition of basic job
8 duties of each position. Information on alternative shift times and their related staffing
9 should also be included with this information. Total call volume is used in the
10 calculation of some of the performance indicators, however, it is not specifically provided
11 in the reporting to Staff.

12 Q. Why is the Staff requesting this additional reporting?

13 A. Customer service staffing levels can provide an important link to the level
14 of service results from the Call Center that the Staff is presently receiving. This
15 information, along with the total volume of calls, can assist the Staff in determining a
16 potential cause for changes in performance levels.

17 Q. In summary, what is the Staff proposing in this case?

18 A. The Staff proposes that the Company continue the quarterly reporting of
19 the information required under the Stipulation And Agreement in Case No.
20 WM-2001-309. The Staff is also requesting the addition of three specific types of data
21 within this reporting. The first is the inclusion of quarterly customer opinion survey
22 response data and the second is the information on staffing levels at the Alton Call Center

1 described above. The third item is the total monthly call volume received at the Call
2 Center.

3 Q. Does this Staff request create an undue burden upon the Company?

4 A. No. The Company presently maintains all of the data requested by the
5 Staff electronically for internal management purposes, and has not indicated any
6 problems in its transmittal of this data to the Staff.

7 Q. Does this conclude your direct testimony?

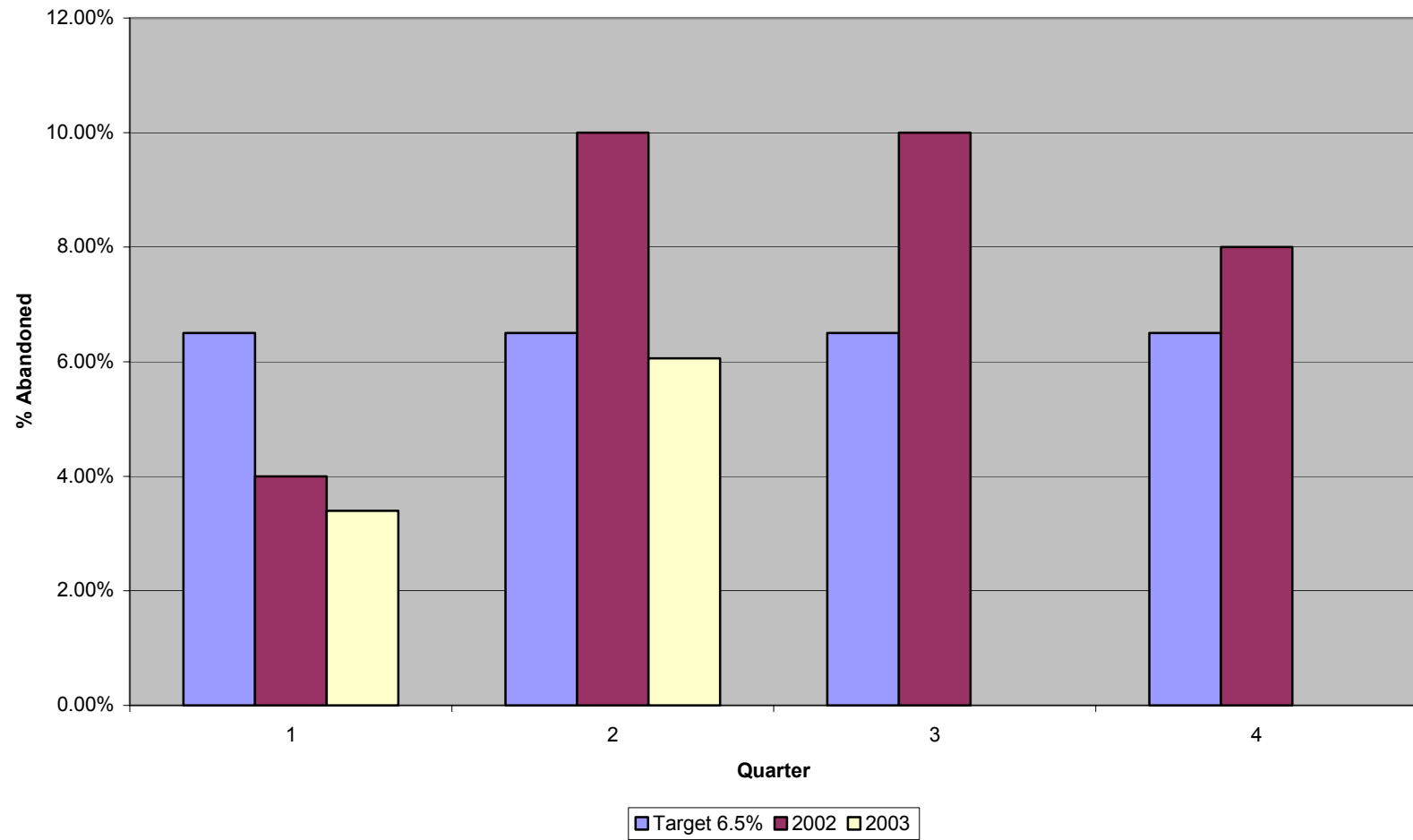
8 A. Yes, it does.

TESTIMONY SUMMARY

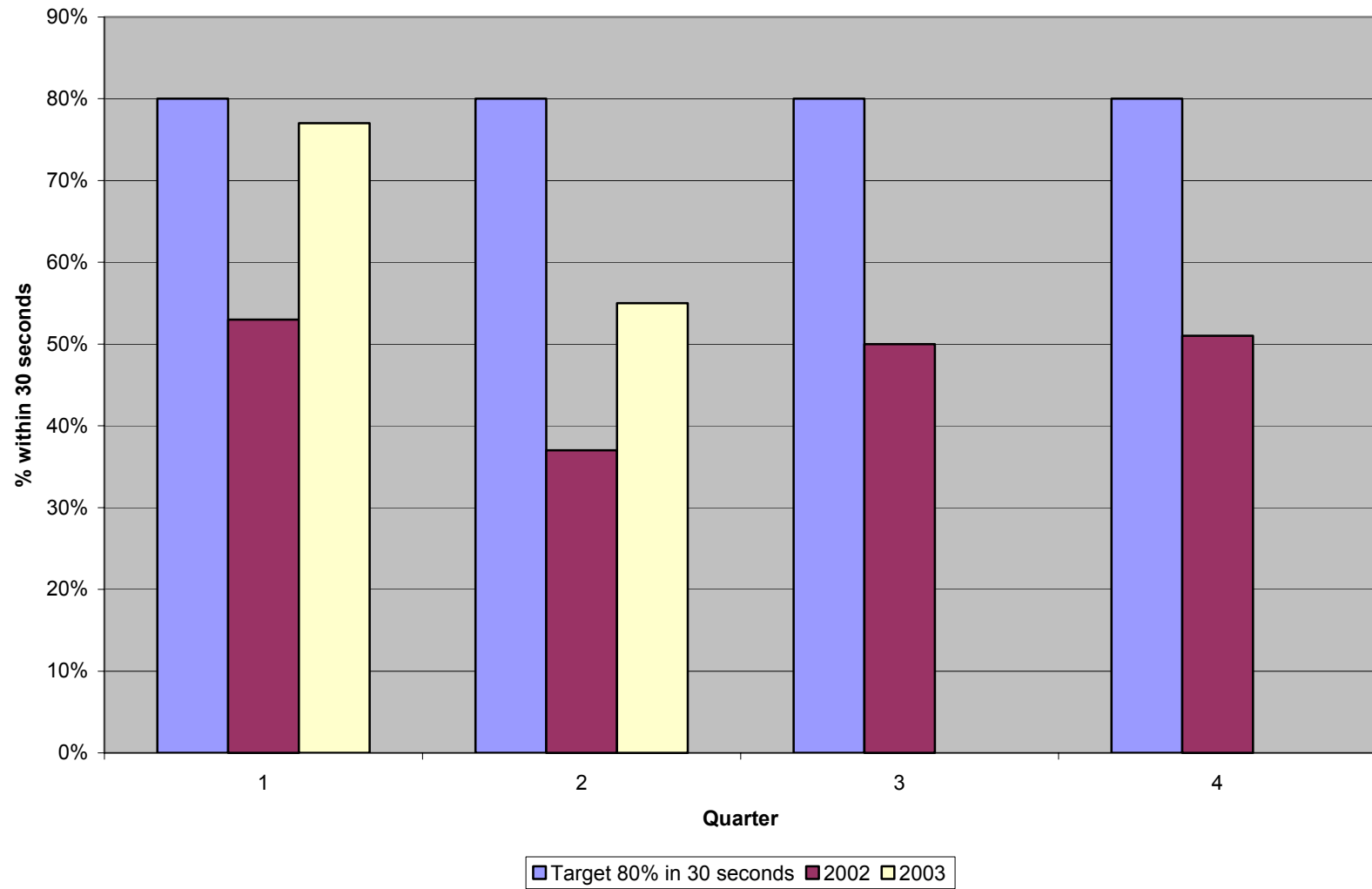
DEBORAH A. BERNSEN

DATE FILED	ISSUES	CASE NUMBER	FILING TYPE	COMPANY NAME
10/07/1983	Management Efficiency	TR83253	Rebuttal	Southwestern Bell Telephone Company
1983	Customer Service	GR83225	Direct	Gas Service Company
07/03/1985	Management Efficiency	ER85128 EO85185	Direct	Kansas City Power & Light
11/17/1989	Capital Deployment	TR89196	Rebuttal	Contel of Missouri, Inc.
10/07/1992	Affiliated Transactions	WR92207 SR92208	Surrebuttal	Missouri Cities Water Company
05/02/2000	Customer Service	EM2000292	Rebuttal	Utilicorp United Inc./St. Joseph Light and Power
06/26/2001	Customer Service	WM2001309	Rebuttal	Missouri-American Water Company, et al
12/06/2001	Customer Service Call Center Reporting	EC2002265	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
12/06/2001	Call Center Reporting	ER2001672	Direct	UtiliCorp United Inc. d/b/a Missouri Public Service
06/24/2002	Alternative Regulation Plan - Quality of Service	EC20021	Surrebuttal	Union Electric Company d/b/a AmerenUE
03/17/2003	Quality of Service	GM20030238	Rebuttal	Southern Union Company d/b/a Missouri Gas Energy

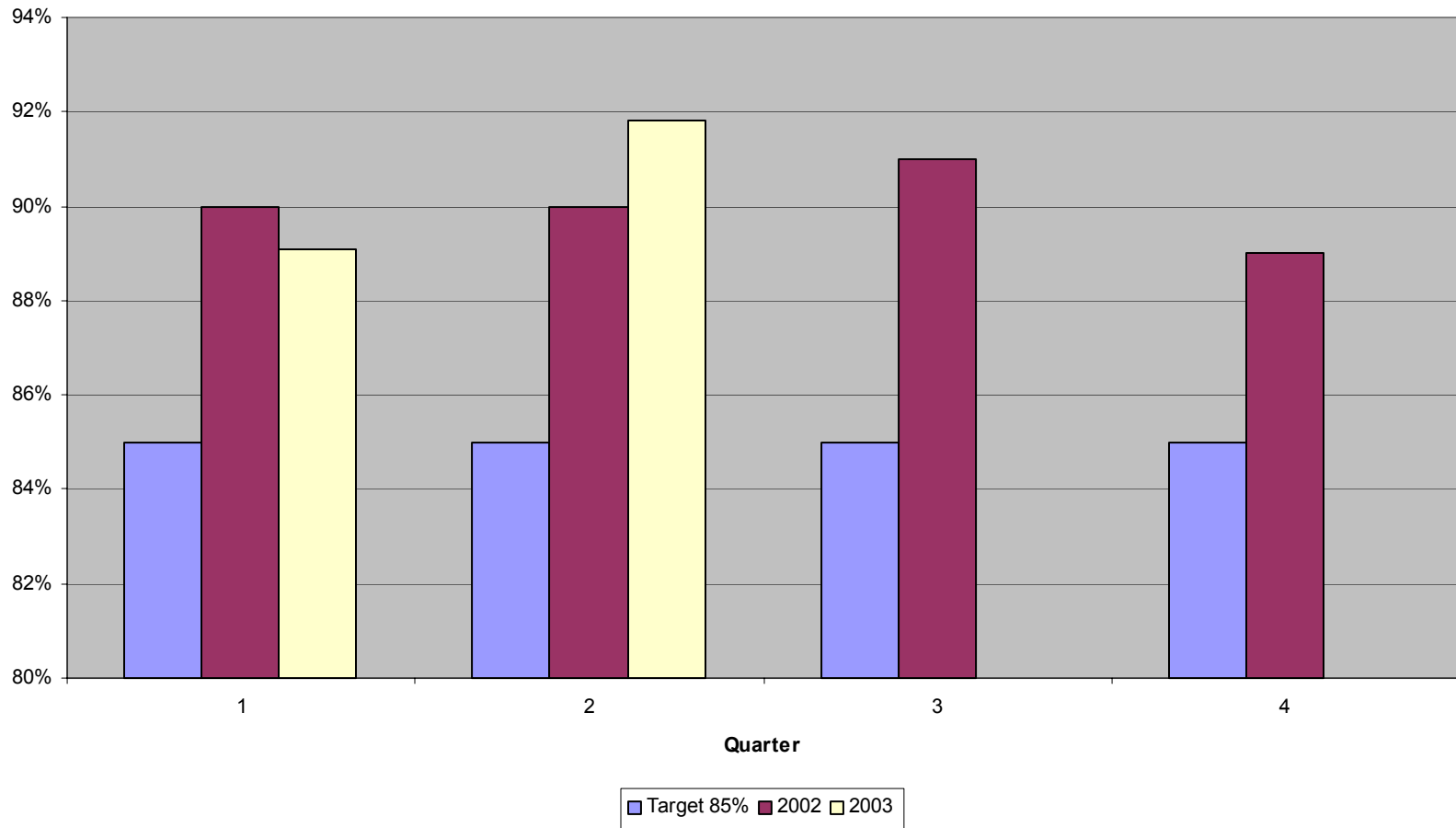
Abandoned Call Rates



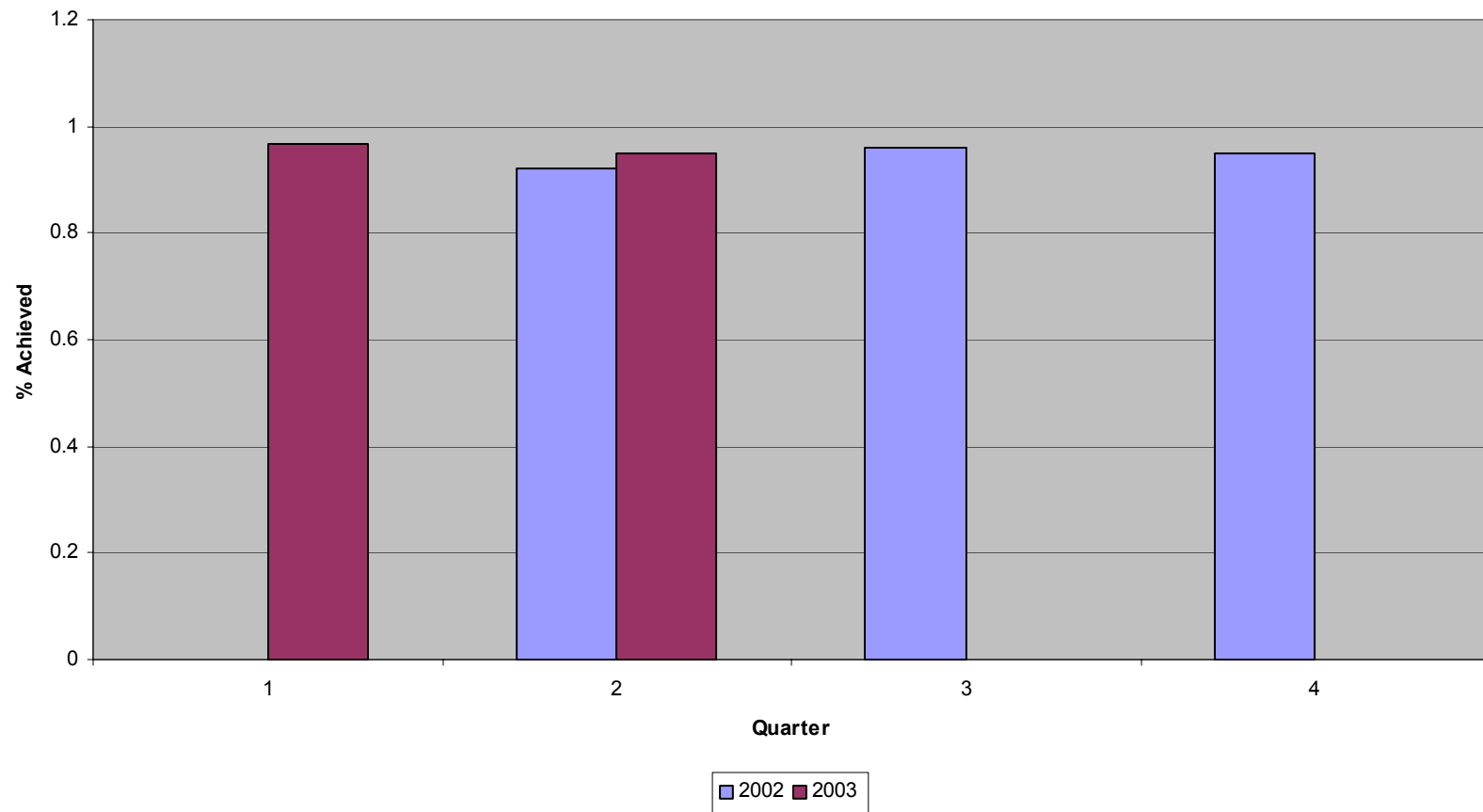
Average Speed of Answer



First Call Effectiveness



Average Inquiry Response Time Not To Exceed 3 Days



Customer Complaints/Inquiries to Mo PSC

