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Witness: Richard J. Mark  
Sponsoring Party: Union Electric Company  
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Case No.: GR-2007-0003  
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**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. GR-2007-0003**

**DIRECT TESTIMONY**

**OF**

**RICHARD J. MARK**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY  
d/b/a AmerenUE**

**St. Louis, Missouri  
July, 2006**

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1 **DIRECT TESTIMONY**

2 **OF**

3 **RICHARD J. MARK**

4 **CASE NO. GR-2007-0003**

5 **I. INTRODUCTION**

6 **Q. Please state your name and business address.**

7 A. Richard J. Mark, Ameren Services Company ("Ameren Services"), One  
8 Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri.

9 **Q. What is Ameren Services Company?**

10 A. Ameren Services Company provides various corporate, administrative and  
11 technical support services for Ameren Corporation ("Ameren") and its affiliates, including  
12 Union Electric Company d/b/a AmerenUE (referred to herein as "Company" or  
13 "AmerenUE").

14 **Q. What is your position with Ameren Services?**

15 A. I am the Senior Vice President of Missouri Energy Delivery. I am responsible  
16 for AmerenUE's electric and natural gas distribution and customer service operations,  
17 consisting of the customer contact center, customer accounts, and customer credit assistance  
18 including AmerenUE's Dollar More Program.

19 **Q. Please describe your educational background and employment**  
20 **experience.**

21 A. I joined Ameren as Vice President of Customer Relations for Ameren  
22 Corporation in January of 2002, and then became Vice President of Governmental Policy and  
23 Consumer Affairs for Ameren Corporation. In December of 2004, I was promoted to my

1 current position with Ameren Services. Prior to my employment with Ameren, I spent seven  
2 years as president and chief executive of St. Mary's Hospital of East St. Louis and five years  
3 as the hospital's chief operating officer. I have a Bachelor of Science Degree in Child  
4 Development from Iowa State University and a Master of Science in Business  
5 Administration from National Louis University.

6 **II. PURPOSE AND SUMMARY OF TESTIMONY**

7 **Q. What is the purpose of your testimony in this proceeding?**

8 A. The purpose of my testimony is to illustrate some of the improvements that  
9 have been made in AmerenUE's customer service system since the last rate case, Case No.  
10 GR-2003-0517. I will also discuss how AmerenUE fulfilled the commitments it made in that  
11 case. Attachment A is an Executive Summary of my testimony.

12 **III. CUSTOMER SERVICE IMPROVEMENTS**

13 **Q. What types of improvements has AmerenUE made to its customer service**  
14 **system?**

15 A. AmerenUE has invested in many upgrades of its customer service capabilities  
16 for overall customer responsiveness. These include upgrading dispatch offices and installing  
17 an upgraded Interactive Voice Response ("IVR") telephone system and other system  
18 enhancements.

19 **Q. Please explain what types of upgrades were made to the dispatch offices.**

20 A. The Jefferson City dispatch office was reconfigured to increase efficiency and  
21 improve customer service. Specifically, the office was enlarged, new and improved  
22 mapboards were installed and the dispatcher's consoles were replaced to improve their  
23 capability to monitor the operation of the system.

1           **Q.     What are the IVR telephone system and other system enhancements that**  
2 **you mentioned?**

3           A.     The improved IVR telephone system provides the customer with self-service  
4 options that enable the customer service center to more efficiently respond to customer calls  
5 based upon the customer's selection of options. On average, 30% of customer information  
6 requests are fulfilled through the IVR system. AmerenUE utilized an outside expert and  
7 conducted usability studies in designing functional, best in class IVR applications and script  
8 design.

9                     Along with the IVR system, AmerenUE's internet eCustomer system provides  
10 information about Ameren and its corporate programs to customers, investors, job applicants  
11 and the media. Customers can perform a variety of self-service activities on-line, such as  
12 paying their bills, applying for service and viewing their billing records. With this service,  
13 AmerenUE is able to expand bill payment options to include credit and debit cards and other  
14 online payment options. Customers are also now able to receive ebills, if they so desire.  
15 Additionally, customers can review their energy consumption and related analysis and  
16 comparisons on the Ameren.com website.

17                    Further, since February of 2004, AmerenUE's website has contained an  
18 interactive Energy Savings Toolkit which provides tools for customers to use in managing  
19 their energy consumption. This service reflects AmerenUE's commitment to providing  
20 useful, meaningful and effective information to help customers save money and manage their  
21 energy usage.

1           **Q.     Have there been improvements to the AmerenUE billing system?**

2           A.     Yes. There have been numerous enhancements to the Customer Service  
3     System (“CSS,”), which is AmerenUE’s customer billing system. As a result, AmerenUE  
4     bills 99.9% of its accounts on the scheduled bill date with a 99.74% accuracy rate. For  
5     obvious reasons, bill accuracy benefits both our customers and the Company.

6                     Another improvement in our billing practices involves better managing active  
7     collections. To do this, we utilize internal scoring from Total Solutions, Inc. (“TSI”). TSI  
8     provides a credit score based on internal measures such as a customer’s number of late  
9     payments, length of service with AmerenUE, prior balances transferred into the customer’s  
10    account, etc. Using this internal credit score, AmerenUE is able to forego sending notices to  
11    highly-rated customers when a single bill becomes delinquent, based on the fact that these  
12    customers historically demonstrate very timely and complete payments. In the situation  
13    where a highly-rated customer is late on a single bill payment, it is typically because that  
14    month’s bill was overlooked, the customer was on vacation or some other, similar  
15    explanation. Routinely, these customers pay their bill before the next billing cycle.  
16    AmerenUE has been able to realize significant savings, approximately \$526,000 a year in  
17    mailing costs, while enhancing customer relationships using this scoring tool.

18                    Finally, we have programming scheduled which will allow for the internal  
19    scoring of final accounts and the ability to assign written-off accounts to a primary, third  
20    party collection agency and later reassign those same accounts to another agency should the  
21    primary agency be unable to collect on the debt. This flexibility will allow our Credit and  
22    Collections Department to further lower uncollectible losses.

1           **Q.     Have these improvements resulted in increased customer satisfaction?**

2           A.     AmerenUE believes that they have improved our customers' satisfaction with  
3 AmerenUE and with the service we provide. This belief is borne out by the results of the  
4 numerous surveys which are done by AmerenUE and independent third parties. We  
5 routinely use the results of these surveys to improve customer service for both our field  
6 services and our customer contact centers.

7           **Q.     What type of surveying does AmerenUE do?**

8           A.     AmerenUE participates in several national surveys, including the JD Power  
9 Residential Customer Satisfaction Survey and the American Customer Satisfaction Index  
10 ("ACSI") survey which is performed by the University of Michigan.

11                     Internally, we do a Customer Contact Index ("CCI") satisfaction survey,  
12 where follow-up calls are made approximately a week after a customer has an interaction  
13 with the customer service center. We have recently implemented a Field Operations  
14 Customer Survey ("FOCUS") as a method to gain feedback from customers after having  
15 work completed by our field service personnel. The feedback from all of these surveys is  
16 used to improve our customer service both in the field and at the customer service center.

17           **Q.     What kind of response has AmerenUE gotten from these surveys?**

18           A.     We have recently received very positive responses from our customers. For  
19 example, in our 2005 CCI survey, approximately 90% of AmerenUE customers rated their  
20 overall experience with the Company as either meeting expectations or above expectations.  
21 This is an increase of 14 percentage points since 2000. The ACSI survey rated AmerenUE  
22 above the industry average of 73% with a score of 75% of its customers rating the  
23 Company's service as satisfactory. AmerenUE also scored above the Midwest region's

1 average in the J.D. Power's Residential Customer Satisfaction Survey with a score of 100.  
2 The Midwest region, which includes 15 utilities in our region, had an average score of 98.  
3 Ameren ranked above the Midwest average on all key measures of the survey, such as  
4 reliability, billing & payment, customer service, company image and tied with the Midwest  
5 on measure, price & value.

6 Recently, the AmerenUE's customer contact center was awarded JD Power  
7 and Associates certification for providing "An Outstanding Customer Service Experience."  
8 This award was given after a rigorous review of the AmerenUE call center, which included a  
9 two-day on-site visit, interviews with employees from several different departments and  
10 auditor review of company documentation. The second phase of the process involved a  
11 customer satisfaction survey which rated the customer contact center agents on courtesy,  
12 knowledge and concern for customer needs. As of February 1, 2006, only three other utilities  
13 nationwide had received this certification.

14 **IV. LOW INCOME ASSISTANCE AND ENERGY EFFICIENCY PROGRAMS**

15 **Q. Did AmerenUE agree to fund certain low income assistance programs in**  
16 **its last rate case?**

17 **A.** Yes, there was a Unanimous Stipulation and Agreement ("Stipulation")  
18 reached in the last natural gas rate case (Case No. GR-2003-0517) and it was approved by the  
19 Commission in its Report and Order Approving Stipulation and Agreement issued on  
20 January 13, 2004. This agreement contained several programs, including a weatherization  
21 program, an experimental low-income program in Scott and Stoddard counties, an energy-  
22 efficient equipment program and a study of the fixed bill option for the winter of 2004 and  
23 2005.



1           **Q.     Please explain the weatherization program to which you refer.**

2           A.     As AmerenUE had committed to doing, the Company has made annual  
3     contributions of \$155,000 to be used for residential weatherization programs and energy  
4     audits. These programs follow guidelines set forth by the Department of Natural Resources  
5     and is administered by various social service agencies in our service territory. Since the last  
6     rate case, an average of 80 homes a year has been weatherized. Each home costs the  
7     program approximately \$1,750 to complete. Additionally, 250 energy audits have been  
8     completed in conjunction with these weatherization efforts.

9           **Q.     Please describe the experimental program in Scott and Stoddard**  
10    **Counties.**

11          A.     This program was jointly designed by AmerenUE, the Commission Staff, the  
12    Office of Public Council and the Missouri Department of Natural Resources as part of a  
13    settlement in the last rate case. It was funded by AmerenUE in the amount of \$100,000 and  
14    consisted of two parts; a weatherization program and a bill arrearage crediting program. It  
15    was administered by a local social services organization instead of by AmerenUE. The  
16    organization chosen was Delta Area Economic Opportunity Corporation (“DAEOC”) which  
17    has offices in Scott and Stoddard Counties. Of the \$68,000 earmarked as weatherization  
18    funds, approximately \$42,000 was left in the fund as of June 1, 2006. Of the \$32,000 of bill  
19    arrearage credits available, none was spent. Although DAEOC made five targeted mailings  
20    advertising the availability of the credits, they report that they did not receive a single inquiry  
21    about the program.

1           **Q.     Why did no one take advantage of the bill crediting option?**

2           A.     We are not sure. However, we do know that this experimental program was  
3 implemented in two counties where AmerenUE is not the primary natural gas provider. This  
4 made the initial pool of potential participants smaller than it would have otherwise been.  
5 Further, DAEOC reported that there were potential participants who could not meet other  
6 requirements of the program, such that they pay their current monthly bill in full and pay at  
7 least \$10 per month towards their arrearage.

8           **Q.     Is the \$32,000 for bill arrearage crediting still unspent?**

9           A.     Yes. The parties involved in the collaborative established by the Commission  
10 to oversee this program have participated in conference calls to discuss this problem and are  
11 in the process of completing some research to determine if there is a manner in which the  
12 program requirements could be changed to allow more customers in these counties to  
13 participate. DAEOC has committed to calling each of the 75 families who were targeted in  
14 the five mailings. AmerenUE is hopeful that this process will result in changes to allow it to  
15 become a workable program.

16                     If these phone calls do not result in modifications to make the program more  
17 attractive to AmerenUE customers in these counties, the original program does provide that  
18 the unspent money may be rolled into the weatherization program. The parties have elected  
19 not to make a decision on this issue until DAEOC has completed its phone calls and more  
20 information has been gathered.

1           **Q.     Please explain the energy efficient equipment programs which you**  
2 **referenced above.**

3           A.     The Stipulation stated that AmerenUE would contribute \$55,000 per year on  
4 February 15 of 2004, 2005 and 2006. This money was to be used for energy-efficient  
5 equipment programs in accordance with the general terms of those programs that were  
6 recommended in the testimony submitted by the Missouri Department of Natural Resources  
7 in the rate case. The programs implemented were a rebate program for residential furnace  
8 replacement, a rebate for commercial customers purchasing efficient natural gas utilization  
9 equipment, a rebate program for a programmable thermostat in residences and a rebate  
10 program for low-cost measures. These programs were made available for all of AmerenUE  
11 natural gas residential and commercial customers to participate in and have been offered  
12 twice so far, in the fall and winter of 2004-05 and in the fall and winter of 2005-06. They are  
13 planned to be offered again this fall and winter (2006-2007) and we expect the full amount of  
14 our contributions to be utilized. Costs for the administration of the program and processing  
15 of the rebate checks were absorbed by AmerenUE.

16           **Q.     Can you briefly explain each program and indicate whether the program**  
17 **was successful?**

18           A.     Certainly. In terms of participation, the most successful program was the  
19 rebate program for residential furnaces. This program enjoyed the highest response rate of  
20 any of the programs implemented. 76% of the \$55,000 in annual contributions was used to  
21 fund this program. During the first two years which the program has run, 309 residential  
22 customers participated in this program to upgrade their furnace to an energy efficient model.

1                   Another successful program which generated a good response and met the  
2 expected participation level of 30 commercial customers, provided a rebate of up to \$1,000  
3 for commercial customers that install Energy Star rated natural gas utilization equipment.  
4 Energy Star is a program developed by the Environmental Protection Agency as a method to  
5 identify and promote products that are energy efficient. In order to be Energy Star rated, the  
6 appliance must meet energy efficiency guidelines as set out by the program. Appliances  
7 carrying the Energy Star rating typically are 10 to 20% more energy efficient than non-rated  
8 models.

9                   A program which did not generate a high level of participation was one which  
10 provided up to a \$25 rebate for the installation of residential programmable thermostats. It is  
11 thought that the complicated installation process may have suppressed participation by  
12 residential customers as the program did not offer funds for professional installation.  
13 Existing market saturation of this device may have also contributed to the low participation  
14 rate.

15                  Finally, AmerenUE implemented a program to assist residential customers  
16 who could not afford to purchase a new furnace or even to install a programmable  
17 thermostat, but still wanted to make their home more energy efficient to operate. This was a  
18 rebate program for low cost energy efficiency measures such as water heater wraps, hot  
19 water pipe insulation and low flow showerheads. Despite the good intentions behind this  
20 program, the response was very low, only \$114.34 was given out the first two years of the  
21 program. AmerenUE has spent more on the administration of these programs than it spent on  
22 actual rebates to the customers. Despite this disappointment, AmerenUE continued to offer

1 these programs in an attempt to provide a benefit to those customers who are unable to  
2 participate in the alternative programs.

3 **Q. You previously mentioned a study of a fixed bill option, was that study**  
4 **completed?**

5 A. Yes. As agreed upon in the Unanimous Stipulation in AmerenUE's last rate  
6 case, the Company completed a study of the possibility of offering a fixed bill option for  
7 residential customers. The final report on this option was prepared in September of 2004 and  
8 was provided to the Commission's Staff.

9 **Q. What was the conclusion of the study?**

10 A. The conclusion was that the implementation of a fixed bill option contained  
11 too many risks for both the Company and the customer to justify implementation at that time.  
12 To clarify, a fixed bill option provides that customers pay the same amount each month for  
13 service. This amount includes built-in fees to compensate for program costs and risks. In  
14 other words, it is a budget bill without a true-up mechanism.

15 After studying other utilities which have this type of a program, it was  
16 determined that a fixed bill option wasn't in the best interest of either the customer or the  
17 utility. Although it does provide customers with the convenience of having a known utility  
18 bill, the experience of other utilities has been that customers often misunderstand the  
19 program and many times confuse it with budget billing. Further, a fixed bill removes all  
20 price signals and may actually result in increased consumption when gas prices increase.  
21 Given the volatile cost of natural gas and the high cost of implementing such a program,  
22 AmerenUE's conclusion was that this was not an appropriate option to offer its customers.

1           **Q.     Are there low income assistance programs in which AmerenUE**  
2 **participates?**

3           A.     Yes. For example, the Dollar More Program is a program that has been in  
4 existence for many years and has operated successfully in providing energy assistance to low  
5 income customers. It provides funds to needy families in AmerenUE's service territory to  
6 assist in the payment of energy bills. It is designed so that AmerenUE customers can easily  
7 make voluntary donations to help these families. Customers make a pledge on their energy  
8 bill and then the pledge is included on the customer's bill each month. Customers may also  
9 make pledges on the Ameren Corporation website. In addition to these funds, the Company  
10 has historically contributed an amount each year to supplement those contributions.

11           **Q.     How much is contributed by AmerenUE customers?**

12           A.     Over the past three years, AmerenUE customers have contributed generously.  
13 The breakdown by year is as follows: 2003, \$863,483; 2004, \$813,950; and 2005, \$783,328.

14           **Q.     How much does AmerenUE contribute to the Dollar More Program?**

15           A.     AmerenUE made a contribution of \$5 million to the Dollar More Program in  
16 2002 and an additional million dollars on each June 30<sup>th</sup> of, 2004, 2005 and 2006.

17           **Q.     When was the Dollar More Program created and who administers it?**

18           A.     The Dollar More Program was created in November of 1982. The Company  
19 collects the money from its customers and then sends the funds to The United Way of  
20 Greater St. Louis. That organization then allocates the funds to the Dollar More agency  
21 network. This network has over 30 agencies located throughout our service territory. I have  
22 attached a list of those agencies as Schedule RJM-G1. It should be noted that AmerenUE  
23 bears all administrative costs for its participation in this program.

1           **Q.     How does a family qualify for assistance from the Dollar More Program?**

2           A.     The program is designed to supplement the agencies' existing energy  
3 assistance programs for low-income families. Accordingly, Dollar More adheres to the  
4 guidelines of each agency which may permit assistance to both customers who are eligible  
5 under the federal Low Income Heating Assistance Program ("LIHEAP") and customers who  
6 fall outside of the LIHEAP guidelines. This philosophy is designed to provide the agency  
7 flexibility in addressing the needs of its clients and ensuring that their administrative costs  
8 are kept at a minimum. In this way, the agency maintains its role as the social service expert  
9 and the Company need not attempt to perform that function.

10          **Q.     How many families are assisted by the Dollar More Program each year?**

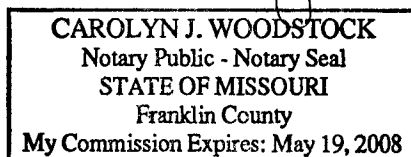
11          A.     Nearly 8,000 families are assisted each year with their electric and natural gas  
12 utility bills from these customer and Company contributions.

13          **Q.     Is AmerenUE willing to consider continuing these kinds of low-income  
14 and energy efficiency programs or in developing new or additional programs of this  
15 type?**

16          A.     Absolutely. AmerenUE is committed to finding ways to assist those of our  
17 customers who are in need. The Company will work collaboratively with the Commission  
18 and other key stakeholders to continue current low income energy assistance programs and  
19 energy conservation programs as appropriate, as well as to develop new programs where  
20 beneficial.

21          **Q.     Does this conclude your testimony?**

22          A.     Yes, it does.





## EXECUTIVE SUMMARY

**Richard Mark**

*Senior Vice President of Missouri Energy Delivery*

\* \* \* \* \*

AmerenUE has made a concerted effort to improve the service it provides to its customers. These efforts have included improvements at its call centers, upgrades to its billing system and the expansion of the options available to customers on the Company's website, Ameren.com.

AmerenUE routinely measures customer satisfaction by subscribing to various surveys from outside, independent companies such as J.D. Power. AmerenUE also conducts its own surveys. The results of these surveys show that the Company provides excellent customer service. AmerenUE's internal survey found 90% of AmerenUE customers rated their overall experience with the Company as either meeting expectations or above expectations and J.D. Power recently awarded AmerenUE's customer contact centers with the JD Power and Associates certification for providing "An Outstanding Customer Service Experience."

AmerenUE has also made significant contributions to various low income assistance and energy efficiency programs, including \$8 million in contributions to the Dollar More Program and approximately \$750,000 in contributions for weatherization and efficiency programs, including programs to provide assistance in paying bills in Scott and Stoddard Counties, programs to assist in the replacement of inefficient natural gas residential furnaces and thermostats. AmerenUE is committed to finding ways to assist our customers who are in need as well as helping all customers conserve energy. The Company will work

collaboratively with the Commission and other key stakeholders to continue current low-income energy assistance programs and energy conservation programs as appropriate, as well as to develop new programs where beneficial.



## **AmerenUE Dollar More Agencies**

**American Red Cross of Jefferson County  
C.A.P. of Greater St. Joseph  
Catholic Family Services  
Central Missouri Community Action Agency  
Circle of Concern  
Community Action Agency of St. Louis County  
Delta Area Economic Opportunity Corporation  
Doorways  
East Missouri Action Agency  
Feed My People  
Good Samaritan - Clay County  
Green Hills Community Action Agency  
Guardian Angel Settlement  
Hope House  
Hosea House  
Human Development Corporation  
International Institute  
Jefferson/Franklin Community Action Agency  
Loving Hearts  
Mid-East Area Agency on Aging  
Missouri Ozarks Community Action Agency  
Missouri Valley Human Resource Community Action Agency  
Multiple Sclerosis  
National Kidney Foundation  
North East Community Action Corporation  
Northeast Missouri Community Action Agency  
Paraquad  
St. Patrick Center  
St. Vincent de Paul Society  
Salvation Army of Adair County  
Salvation Army of St. Louis City and County  
Salvation Army of Jefferson County  
Samaritan Center  
St. Mary du Lac  
Sts. Joachim & Ann Care Services  
South Central Missouri Community Action Agency  
West Central Missouri Community Action Agency  
United Way of Greater St. Louis  
Urban League  
Webster/Rock Hills Ministry**