

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

In the Matter of Missouri-American Water)
Company's Request for Authority to)
Implement a General Rate Increase for)
Water and Sewer Services Provided in)
Missouri Service Areas.)

Case Nos. WR-2011-0337
SR-2011-0338

**STAFF’S STATUS REPORT, REQUEST FOR EXTENSION OF TIME, AND
REQUEST FOR COMPANY RESPONSE**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, and submits to the Missouri Public Service Commission (“Commission”) the following *Status Report, Request for Extension of Time, and Request for Company Response* (“Report”):

1. On July 5, 2011, the Commission issued an *Order Directing Notice, Setting Intervention Deadline, Setting Hearings, Directing Filings and Setting Procedural Schedule* (“Order”).

2. The *Order* includes that “[n]o later than January 23, 2012, the Commission’s Consumer Services Department shall file a report that identifies and describes all customer comments filed during the current rate increase proceeding”.

3. On or about December 5, 2011, the Commission’s Consumer Services Department began receiving mail and telephone calls regarding these customer comments cards. Many of these calls simply referenced a mailing the customer received from the Missouri Public Service Commission, some only receiving a blank envelope with the Commission’s return address. Missouri-American Water Company (“MAWC or Company”) did not inform Staff that this mass mailing would be sent with the Commission’s return address or notify the Staff that

such mailing was definitely sent, thus Staff was not forewarned of the possibility of questions. Had Staff been aware that the Commission's return address was used in the mailing, it would have been better prepared to respond to the customers' questions and comments regarding why the customers were receiving a mailing from the Commission and why some envelopes were empty with nothing in them. Staff could have provided more meaningful feedback from the beginning, which would have prevented some of the heightened critique the Commission received as a result of customers receiving this mailing and the Commission's Staff being uninformed of the Company's decision to use the Commission's return address and any reason why the envelope would be empty.

4. After inquiry with the Company, Staff learned that MAWC used a third party vendor to print and complete its mailing of the comment cards. Use of the third party was never mentioned to Staff during multiple conversations regarding the substance and process of mailing the customer comment cards. Staff only recently learned that the Company initially planned to utilize the third party vendor to perform the mass mailing because the Company is not capable of completing a mailing of this magnitude. MAWC did not provide this information to the Commission or its Staff prior to the mailing. While Staff acknowledges that the Company may have had no prior obligation to inform Staff of its plans to use a third party vendor in the manner it has, such information may have prompted additional discussion and/or inquiry from Staff at that time preventing "after-the-fact" questions when issues of concern arose with the comment cards.

5. As of December 19, 2011, the Consumer Services Department has received approximately 9,824 responses, with 7,502 of those being comment cards received that are being processed to be entered in the EFIS system. The Commission has received approximately

2,322 returned customer comment cards that are noted by the postal service as “Forward Time Expired,” “Return to Sender,” “Undeliverable Addresses,” “Vacant,” or “Deceased,” or were envelopes that were sealed but were empty, or envelopes with no address or an incomplete address printed on the envelope. These mailings are being processed by Staff. Because the comment cards were mailed using MAWC’s customer billing information, this large volume of returned mail causes concern among Staff, as it suggests that the Company might not be mailing customer bills to the proper address or that MAWC might be billing customers that it should not be billing for service, as no one is at that location.

6. On December 11, 2011, MAWC informed Staff it would send a mailing label which would allow Staff to send mail described in paragraph 5 above to the Company to be handled. As of December 16, 2011, Staff was unable to mail these documents back due to no mailing label and an insufficient account number received from the Company for which to charge the mailing.

7. In order to address such a volume of comment cards as efficiently as possible Staff is entering each comment card as a public comment in EFIS. As the public comments are reviewed, Staff is addressing any matter it deems urgent at its earliest moment. Staff is otherwise looking for trends and following through on those items, issues, or complaints in a timely fashion.

8. Additionally, the Consumer Services Staff has been inundated with phone calls, emails, and mail as a result of this mailing. Phone calls on this topic have averaged thirty minutes per call, causing the Consumer Services Staff’s phone lines to be unavailable to answer customer complaints and inquiries regarding regulated utilities. In addition, the Consumer Services Hotline voicemail box is frequently full because the Consumer Services Staff is

assisting with calls related to the customer comment cards and is unable to address other pressing calls related to billing, service, cold weather rule and other issues, which are the actual intent of the phone lines.

9. Staff has routed some of the inquiries it has received to the Office of the Public Counsel (“Public Counsel”), the party who requested the customer comment cards be distributed in this matter, only to have those same inquiries returned for action by Commission’s Consumer Services Staff. Inquiries that were sent to Public Counsel generally relate to matters typically handled by Public Counsel, such as questions inquiring as to who represents customers in the rate case process.

10. Staff has also been informed by customers that representatives of MAWC have recommended that the customer contact the Missouri Public Service Commission to receive answers to case specific information. Customers were also instructed to go to MAWC’s website to receive information, but when Staff followed the instruction, the website had very little information about the rate case. This causes concern with Staff regarding the information and training MAWC’s Customer Service Representatives have received with regard to the rate case MAWC filed.

11. The Manager of the Commission’s Consumer Services has devoted six (6) of its ten (10) full-time employees to this case as well as provided training to fifteen (15) additional Commission Staff who have volunteered to assist in processing the comment cards. Additionally, Staff has rearranged the members who attend local public hearings so that Consumer Services Staff may stay in the office to process these comment cards. Staff is performing consumer follow-up activities as well as responding to consumer concerns with its

available resources. This is a heavy burden on the Commission's Consumer Services Department and Staff in general.

12. On September 30, 2011, MAWC filed *MAWC's Motion to Modify Comment Card Order* that stated that it would be mailing "approximately 457,000 cards, which would take a minimum of twenty days from the time MAWC receives such an order until the cards can be mailed." However, Staff has learned that only 417,000 comment cards were mailed, which contradicts MAWC's filing.

13. Staff held a conference call with the Company on Monday, December 12, 2011, to discuss its concerns regarding the mailing of the customer comment cards. During that call, the Company indicated to Staff that the discrepancy of 40,000 (9.59%) comment cards is due to it mailing only one comment card to customers with multiple accounts. Additionally, the Company informed Staff that the multiple account customers received the information specific to the district that the customer's billing statements are mailed. This mailing system is problematic as well because if the customer's multiple accounts are located in different districts, the customer did not receive the district specific information for all accounts. Staff requests that the Commission order MAWC to provide supporting information concerning this discrepancy in number of mailings and appropriate notice to all customers to the Commission.

14. As a result of the circumstances, Consumer Services Staff will not be able to provide an adequate review and analysis of the comment cards to the Commission by January 23, 2012, as ordered by the Commission. Therefore, Staff seeks an extension of time to file its Report until February 9, 2012, recognizing that this works with the hearing schedule previously set but permits Staff greater ability to provide a meaningful report of the comment cards received.

15. Staff also seeks clarification from the Commission as to the content of any report filed by the Consumer Services Department. Specifically, Staff requests the Commission to indicate of the type of information the Commission would like to review and analyze as part of the ordered comment cards. Some of the comment cards received to date do not provide customer-specific information, others indicate they are not customers of MAWC, and others provide specific comments as to a variety of issues the customer has with MAWC or the Public Service Commission. The Consumer Services Department will be able to provide the total number of returned mail received, the number of public comments received by mail, email and phone calls, and a summary of the responses received to the questions asked on the comment cards regarding reliable service, accurate and easy to understand billing and water quality, to which consumers may have chosen as strongly agree, agree and disagree. In addition, the Consumer Services Department can provide a broad list of issues related to billing, service and water quality issues, i.e., due date confusion, outages, heavy chlorine, etc. Staff seeks clarification from the Commission to determine if the Commission wishes to receive more, or less, information than explained herein.

WHEREFORE, Staff respectfully submits this *Report* and respectfully requests the Commission to grant the Commission's Consumer Services Department until February 10, 2012, to file the report described in the Commission's *Order* and to provide further explanation as to the content the Commission seeks to be included in the report; and further requests the Commission order MAWC to file a Response explaining the discrepancy regarding the number of comment cards sent that contradicts its pleading and an explanation of the returned mail Staff has received as a result of this mailing.

Respectfully submitted,

/s/ Rachel M. Lewis

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 19th day of December, 2011.

/s/ Rachel M. Lewis