

**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)	Case Nos. <u>WR-2011-0337</u>
Water and Sewer Services Provided in)	<u>SR-2011-0338</u>
Missouri Service Areas.)	

STAFF'S REPORT ANALYZING COMMENT CARDS

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 *Staff's Report Analyzing Comment Cards (Report)*:

1. On December 19, 2011, Staff filed *Staff's Status Report, Request for Extension of Time, and Request for Company Response*.

2. On December 21, 2011, the Commission granted Staff's request and issued an *Order Granting Extension of Time and Request for Clarity*. This Order granted Staff an extension of time to process customer comment cards and for Staff to file its Report on or before February 10, 2012. The Order also provided clarity regarding the information sought from the comment cards for Staffs' analysis.

3. Attached and incorporated herein as "Appendix A" is Consumer Service Department's Report, addressing the overall summary results from the public comment survey, a summary of public comment card responses, a breakdown of the number of comments by general category issues, the number of survey responses received by mail or phone, the survey data results regarding reliable service, bill accuracy and ease of use, and water quality.

4. In addition, Staff briefly summarizes in its *Report* the resources that were necessary to process the comment cards, lessons learned, and recommendations for future consideration.

5. This *Report* is meant to comply with the Commission's *Order*.

WHEREFORE, Staff respectfully submits its *Report* to the Commission for its information and consideration.

Respectfully submitted,

/s/ Rachel M. Lewis

Rachel M. Lewis
Deputy Counsel
Missouri Bar No. 56073

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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 10th day of February, 2012.

/s/ Rachel M. Lewis

REPORT OF THE STAFF

TO: Missouri Public Service Commission Official Case File
Case No. WR-2011-0337 and SR-2011-0338

FROM: Carol Gay Fred, Consumer Services Manager

DATE: February 10, 2012

/s/ Carol Gay Fred / _____ /s/ Rachel M. Lewis/
Consumer Services Unit/Date Staff Counsel's Office/Date

On July 5, 2011, the Missouri Public Service Commission (Commission) issued an *Order Directing Notice, Setting Intervention Deadline, Setting Hearings, Directing Filing and Setting Procedural Schedule* (“Order”). The *Order* includes that, “[n]o later than January 23, 2012, the Commission’s Consumer Services Unit shall file a report that identifies and describes all customer comments filed during the current rate proceeding”.

On December 19, 2011, Staff of the Missouri Public Service Commission (Staff), through its counsel, filed *Staff’s Status Report, Request for Extension of Time, and Request for Company Response*.

On December 21, 2011, the Commission issued an *Order Granting Extension of time and Request for Clarity*. This Order granted Staff an extension of time to file its report until February 10, 2012. The Order also provided clarity regarding the information sought from the comment cards for Staff’s analysis. This memorandum complies with that Order.

Executive Summary

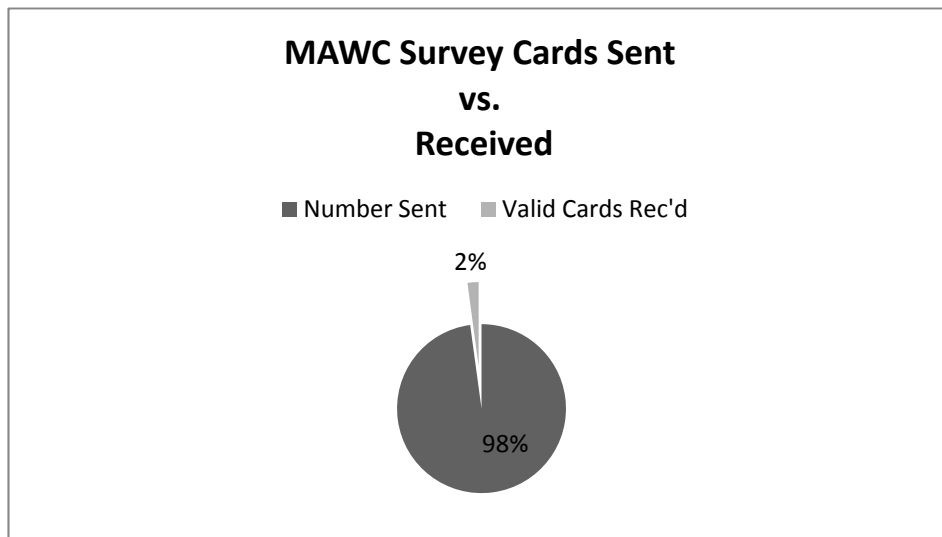
Staff’s report will address the overall summary results from the public comment survey, a summary of public comment card responses, a breakdown of the number of comments by general category issues, the number of survey responses received by mail or phone, the

survey data results regarding reliable service, bill accuracy and ease of use, and water quality. In addition, Staff will briefly summarize the resources that were necessary to process the comment cards, lessons learned, and recommendations for future consideration.

Missouri-American Water Company (MAWC) has stated that it sent out a total of 417,000 Public Comment Cards (Cards) on November 29 and 30, 2011. Of the 417,000 Cards sent, the Commission’s Consumer Services Unit (CSU) received 9,088 valid cards by the January 6, 2012 deadline and 2,659 returned Cards that were undeliverable.

Following the January 6, 2012 deadline, CSU received an additional 376 Cards and 108 undeliverable Cards. The total number of received pieces of mail as a result of mailing 417,000 Cards as of February 8, 2012 has been 12,190. Percentage calculations are as follows:

Number Sent	Valid Cards	Percentage	Returned Mail	Percentage
417,000	9,088	2.179	2,659	0.637
Total Mail Received from 12/5/11 - 2/8/2012	12,190	2.923		



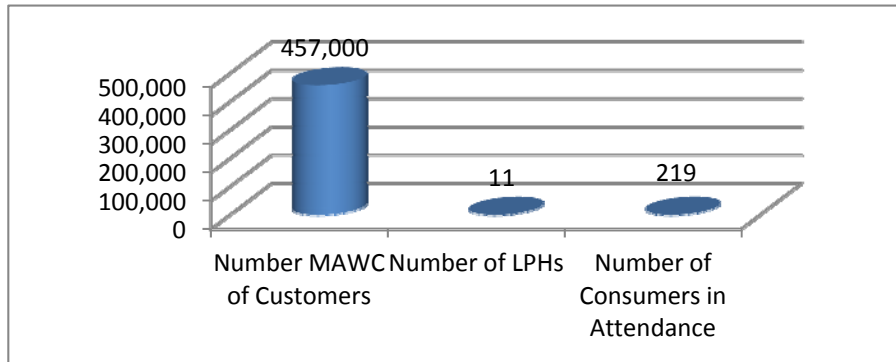
As the numbers above reflect, the percentage return on the number of Cards sent appear extremely low compared to the number of cards actually sent. This percentage raises two questions: 1) can the survey be considered statistically valid, and 2) are the numbers truly reflective of the number of consumers who have a concern? I will address both these questions later in this report.

In addition to MAWC’s printing and mailing of the Cards there were also a number of resources required to handle, process and follow-up on the Cards received by the Staff. The number of resources involved are reflected in the table below but only reflects the number of Staff resources and do not include those of MAWC or the Office of the Public Counsel (Public Counsel).

	Number	# of MPSC Staff	Hours
Public Comment Cards processed in EFIS by CSU	9,088	8-FTE 2-Temps.	1,116.25
Public Comments by phone, email and additional follow-up or assistance w/Scanning	600	2-FTE 5-FTE	409.50
# of Follow-ups performed by Engineering and Management Services Unit	631	3	219.50
# of Technical follow-up performed by Water/Sewer Unit	209	3	144.00
LPHs	11	8	227.00
Total		31	2086.25

In addition, Staff also collected metrics regarding the MAWC Local Public Hearings (LPHs) for informational purposes and to study the possible impact on LPHs given the use of the Cards. The results are illustrated below:

Number MAWC of Customers	Number of LPHs	Number of Consumers in Attendance	Percentage of Consumers who Participated
457,000	11	219	0.048



Purpose Statement

On August 15, 2011, Public Counsel requested that the Commission issue an order requiring local public hearings and requesting the use of customer comment cards as a means for customers to provide comments to the Commission regarding MAWC. In addition, Public Counsel requested that the customer comment cards be received and processed by the Commission unless it was unable or unwilling to receive and process, in which case Public Counsel would agree to have the customer comment cards addressed by Public Counsel for receipt and processing.

On August 24, 2011, the Commission issued an *Order Directing Filing* which stated that the Staff, Public Counsel and Missouri American Water Company shall jointly file an agreed-upon, proposed comment card that will include, at a minimum, specific questions to determine if customers have experienced service quality or billing issues.

On September 28, 2011, the Commission issued an *Order Approving Proposed Comment Cards, Directing Mailing and Directing Filing*. In this Order the Commission directed that MAWC mail the customer comment cards to all of its customers, that the cards shall be returned to the Commission's Consumer Services Unit no later than January 6, 2012, that the return deadline be added to the card, and that the Commission's Consumer Services Unit shall file a report analyzing the customer comment card survey and comments.

Comment Card Procedures

MAWC, Public Counsel and Staff all agreed that Cards would be sent to all MAWC customers rather than a representative sample. This method would allow all customers the opportunity to be advised of the local public hearings in their area, the rate adjustments proposed by MAWC for their particular area and to survey their experience with their billing, service and water quality. Customers were also encouraged to briefly describe why they disagreed with one or more of the three survey statements.

MAWC sent 417,000 Cards in an envelope as a separate mail notice, not included with the bill, to customers on November 29 and November 30, 2011. The cards stated that they were to be returned by January 6, 2012. The returned survey portion was not postage paid and was addressed to the Missouri Public Service Commission. All cards completed or returned were received by the Commission's CSU. Beginning December 5, 2011, with the initial receipt of Cards CSU tracked on a daily basis the number of Cards received and the number of returned Cards received.

Of the 2,659 returned cards received, CSU also tracked the various reasons for their return which consisted of insufficient address, deceased, not deliverable as addressed, no such number, forward time expired-return to sender, etc. CSU on a periodic basis forwarded all return mail to MAWC for corrections to its database.

CSU not only tabulated the response to the three survey statements asked and the respective response of "Strongly Agree", "Agree" or "Disagree", but also tabulated the

written comments into general categories as provided in Attachment A. To be sure that all public comments were recorded CSU entered all public comment survey cards received from December 5, 2011 through January 6, 2012 into the Commission's Electronic Filing and Information System (EFIS) database. Cards received following the January 6, 2012, deadline were counted and include in the previous summary numbers.

Due to the nature of many of the brief comments written by consumers on the returned survey card, i.e., poor customer service, poor water pressure, inaccurate information on bill, what is the primacy fee, etc., Staff deemed it was necessary to contact consumers regarding their statements to obtain additional details. The customer contact would allow Staff the ability to determine if a system issue or pattern existed that would require Staff action and if so, attempt to resolve the matter. Water and Sewer Unit Staff reviewed all EFIS entries to determine if follow-up was necessary. In addition to the Water and Sewer Unit Staff handling a number of the written concerns, CSU Staff and the Engineering and Management Services Unit Staff also made a number of contacts.

Survey Structure

Mailed-out surveys have both advantages and disadvantages. Advantages generally include: significantly less expense than in-person or telephone surveys, convenience, ability to encompass a large customer base coverage, ability to provide authoritative impression, which illustrates legitimacy and credibility, anonymity, and reduces interviewer-induced bias. Disadvantages generally experienced include: extremely poor customer response rate (5%-10%), may be perceived as cold and impersonal, may result in longer time periods for response resulting in no response, lack of interviewer involvement or one-way communications and lack of open-ended questions.¹

The survey conducted in this case may be no exception. Initially one might question the lack of responsiveness. Could it have been the time of year that the survey was sent, between the Thanksgiving and the New Year holidays? Did consumers simply not take

¹ Designing and Conducting Survey, Second Edition, Louis M. Rae and Richard A. Parker and Beyond Customer Satisfaction to Customer Loyalty, A Key to Greater Profitability, Keki R. Bhote

the time to complete and return the survey? Was it the fact the survey was not a postage paid return? Or was it that the design of the questions did not stimulate customer interest in responding?

In addition, it could have been that the definition of “quality”, “reliable” and the words “accurate” and “easy” used in the survey, caused confusion among the different customers who received the survey based on their interpretation. If so, should the survey results be discounted for measuring quality, accuracy or reliability? No, however, all these elements could skew overall results and cause one to question the intent, validity and effectiveness of the survey. In fact, there are many books and studies regarding statistical survey techniques, in addition to companies who do nothing more than create and conduct surveys, all of which will conclude there is a science to conducting effective surveys.²

Staff’s Findings

Staff has made the following overall observations:

1. The extremely low return of MAWC Customer Survey Comments appears to be in line with studies that reflect that, “mailed surveys are generally considered the weakest approach from a scientific standpoint”, for measuring customer perceptions.³
2. Lack of control over who is the company customer or household actually completing the survey, i.e., CSU received a few comment cards created by consumers, given the noticeable difference in returned surveys based on color of card stock or paper used to reproduce the survey card.
3. The tendency of extremes, meaning comment cards completed by customers who are exceptionally pleased or displeased, as seen in many of the Cards received.
4. As Attachment A illustrates, there were more customer comments on opposing the rate increase than on reliable service, accurate bills, and quality of the water.

² Statistical Survey Techniques, Raymond J. Jessen

³ The Service Quality Handbook, Edited by Eberhard E. Scheuing and William F. Christopher

5. Survey Cards have been a good attempt to allow customer feedback or comments, however, overall statistics demonstrate that there has been little return on the investment when considering resources used, i.e., time and costs and the consumers' expectation that their comments will be equally weighed in the outcome. This was also illustrated in prior cases GR-2009-0355 (MGE) and WR-2010-0111 (Lake Region Water and Sewer).
 - a. In Case No. GR-2009-0355, there were approximately 446,000 cards sent and 12,146 comment cards received by the Commission, which equals 2.723% returned.
 - b. In Case No. GR-2010-0111, there were approximately 1,700 cards sent and 36 comment cards received by the Office of the Public Counsel that appear in EFIS, which equals 2.118% returned.

While attempting proactive attempts to obtain customer feedback to determine service reliability, accurate billing and service quality, it does not appear that adding public comment cards to the rate case proceeding process is the answer. Staff will address under lessons learned, possible alternatives to consider in place of mailing public comment survey cards.

Lessons Learned

1. Survey statements terminology should have been more carefully worded and should not have used language that could have been interpreted in various ways, i.e., use of the words "reliable", "accurate" and "high quality", customers questioned the definition of these terms.
2. In terms of the use of "Strongly Agree", "Agree", and "Disagree", there was no use of a neutral choice or choice of uncertainty, which perhaps created a more slanted result for a positive outcome.
3. Survey statements should have been in more detail for appropriate feedback regarding reliability, accuracy and quality. Initially when the survey was discussed by the parties, space limitation expressed by the Company prohibited a more detailed statement. However, Staff learned after the surveys were mailed

that the Company used a third party to print and mail the Cards which then appeared to allow for more space than originally communicated.

4. The goal of the survey may have been better defined. For example, should the survey have been developed by survey experts to create a more statistically valid result or was the survey intended to be more of an opinion survey versus overall census survey? Perhaps future surveys should be deemed as opinion surveys if not created by survey experts given the lack of control and interaction communications that exist with such surveys.
5. In contrast between the feasibility of conducting Surveys versus Local Public Hearings, Staff asserts that Parties to this case were under the impression that the survey cards would provide an opportunity to all customers to voice their comments to the Commission that otherwise may not have participated in LPHs. Such barriers to LPH attendance include travel distance and time of day of LPH. However, Staff believes that unless the customer has a vested interest (i.e., dramatic increase in rates, loss of services, or change in supplier) or an incentive (having service issues they need addressed, loss of jobs in their area, or environment issue impact) the majority of customers will choose not to participate either by submitting their comments or appearing at a local public hearing.
6. As a final lesson learned, the MAWC survey cards create the question whether or not the overall survey results are statistically valid. This is based on a number of factors as previously mentioned. However, studies have also shown that a mailed survey return rate has the corresponding measure of success based upon the percentage of returned surveys: 50% adequate, 60% good, and 70% very good.⁴ In the case of MAWC, the overall return was 2.263%.

Some may assert one returned comment card where we have been able to assist a consumer with an issue concludes the comment card survey was a success. I would agree, however, if the Commission continues the use of survey comment cards in rate cases and expects Staff to manage the receipt of such cards, the

⁴ <http://www.utexas.edu/academic/ctl/assessment/iar/teaching/gather/method/survey-Response.php>
Instructional Assessment Resources, Page last updated: Sep 21 2011, Copyright © 2007, The University of Texas at Austin

number of resources needed, such as additional FTE or contract personnel, will be increased. My statement regarding increased resource needs is based upon the Staff's experience with MGE and MAWC. CSU was able to shift work responsibilities and expectations given the survey was conducted during the Cold Weather Period and temperatures have been milder than normal. In previous years during this same period of time it would have been impossible to shift work responsibilities given the heavy load of complaints generally handled. But even with the ability to shift work, there was still the need of additional staff and part-time staff to handle the volume within the timeframe given to complete the entry and tabulation by the date of this Report. In addition, had CSU received a larger volume of return, e.g. 19,000 surveys, this report would not have been possible. CSU did not complete entry and tabulation of all Cards until February 8, 2012, just two days before the filing date of this report.

Future Considerations

Should the Parties or the Commission consider future customer comment cards or surveys, Staff would make the following recommendations:

1. Conduct such survey or request for public comments through an online survey method located on the Commission website.
 - a. This online survey would relieve the need for numerous resources, would allow for automatic tabulation, and would allow adequate space for clearer questions or statements and consumer choices.
 - b. If customers do not have access to a computer, then consumer should be encouraged to call the Party requesting the survey or public comments 800 number to make their comments or survey results known for the record.
2. Create a small set of survey questions or statements that use terms that are precise and minimize dissimilar interpretation.
3. Provide a more balanced answer category and within it provide at least one neutral choice.
4. Consider hiding from public view or omitting certain information such as the consumer's full name, address, phone number or email address, in order to protect the consumer's private information. This can easily be done when creating an online survey, whereby such information can be obtained from the

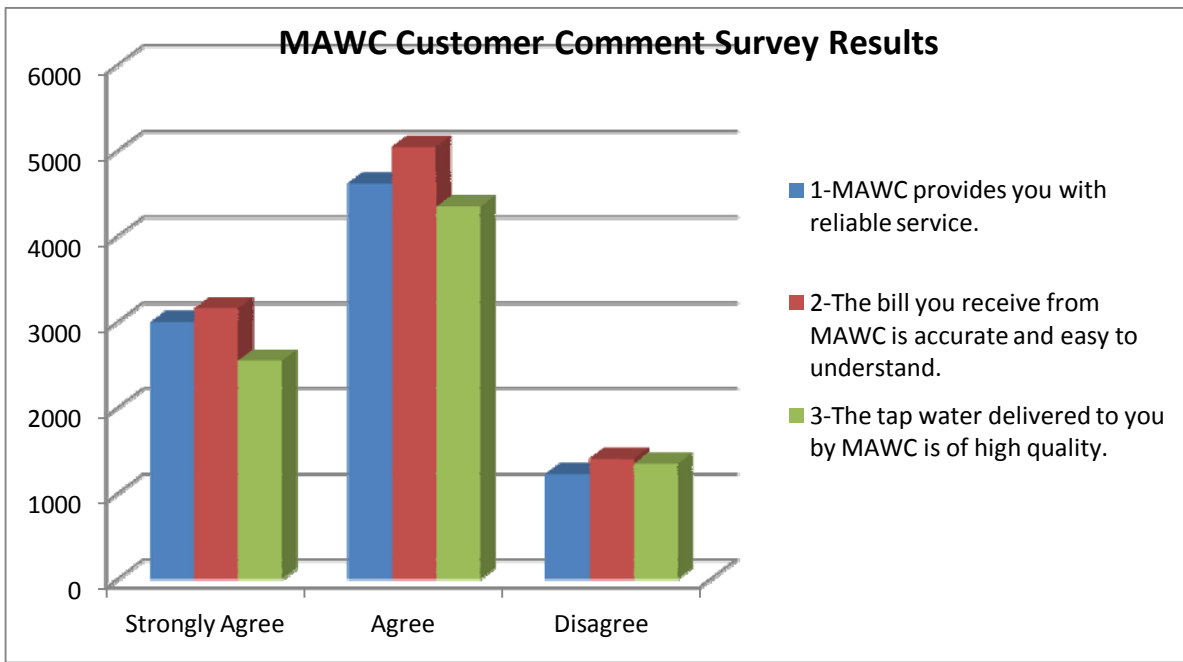
consumer for validation purposes but hidden from public view when displayed or associated with the case.

5. If mailed surveys were to continue, Staff recommends that the Commission consider ordering a twenty percent sampling of the company's entire service area.
6. While Staff did not object to the handling of the MAWC survey results, Staff has learned from this experience and would suggest that in the future, if mailed surveys are requested, that perhaps the Party making the request be responsible for handling, tabulating and submitting a report for the record.

As a final note, I would like to thank all the Staff from throughout the Commission who conducted follow-up calls, did investigations, and who assisted CSU with scanning, coping and tabulating of the MAWC public comment survey cards. But most of all to the CSU Staff who has worked long and hard on the tedious work of processing and doing data entry, along with balancing their other normal duties.

MAWC Customer Comment Survey Results

	Strongly Agree	Agree	Disagree
1-MAWC provides you with reliable service.	2997	4619	1226
2-The bill you receive from MAWC is accurate and easy to understand.	3160	5042	1405
3-The tap water delivered to you by MAWC is of high quality.	2547	4347	1348



WR-2011-0337 PC Survey Written Comments

Reliable Service	
Call Center cannot answer questions	190
Poor & Rude Customer Service-	107
Main Breaks	17
Water Leaks	31
Line Breaks	12
Service Outages (Frequently or unexpected)	17
Poor Maintenance/Service	54
Good Service	205
Professional service	3
Water Quality	
High Chlorine	55
Cloudy	35
Sediment in water	47
Fowl Smell	70
Bad Taste	242
Poor Water Pressure	101
Hard water	102
Poor Quality	127
Good Water	220
To Many Chemicals	62
Poor Street Repairs/Property Restoration	23
Sewer	
Sewer Billing	20
Sewer Odor	3
Poor Sewer Svc	2
Billing	
Billing not accurate	87
Customer Charge	29
Poor Bill Notice	116
High Bills	92
Activation Fees	8
Billing Reliable	4
Primacy Fee	4
What is ISRS	4
Fire Hydrant	6
Estimated Bill	51
Due Date/Delinquent Date	92
Reimbursement slow	1

Wants auto bill through bank/credit card	19
Auto Pay Problems	2
Wants Paperless billing	2
WR-2011-0337 PC Survey Written Comments	
*Miscellaneous Comments	
Need Senior Discount	20
Why is the increase needed?	46
Opposed to Executives Pay	33
16-24% to high	163
Rates already to high	262
Oppose Increase	1822
Wastewater to high	68
Some Rate increase justified	29
Incremental Rate Increase	21
Opposed to Uniform Rates	64
Oppose District Specific Rates	20
Use or Keep Union Workers	96
Insurance denied	4

***Not survey related, comments written PC Cards.**

**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)
Service Provided in Missouri Service Areas)
Case No. WR-2011-0337

AFFIDAVIT OF CAROL GAY FRED

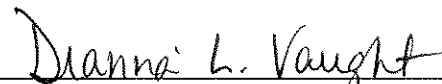
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Carol Gay Fred, of lawful age, on oath states: the information in the attached Report of the Staff regarding the Missouri-American Water Company Public Comment Cards is true and correct to the best of her knowledge and belief.



Carol Gay Fred

Subscribed and sworn to before me this 10th day of February, 2012.



Notary Public

My commission expires June 28, 2015.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2015 Commission Number: 11207377
