

ORDER NO. 01-1110

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ENTERED DEC 28 2001

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 918

In the Matter of PACIFICORP's Petition For)
Modification of Order No. 99-616.) **SUPPLEMENTAL ORDER**

DISPOSITION: ORDER NO. 99-616 AMENDED; WITH CONDITIONS

On October 16, 2001, PacifiCorp filed an application, pursuant to ORS 756.568 and OAR 860-013-0020, requesting the Commission to modify Order No. 99-616 by postponing implementation of the final increment of Customer Performance Standard 6, Telephone Service Levels, for one year, until January 1, 2003. The basis for the current request is detailed in Staff's recommendation memo, attached as Appendix A.¹

Based on a review of the application and the Commission's records, the Commission finds that this application satisfies applicable statutes and administrative rules. At its public meeting on December 18, 2001, the Commission adopted Staff's recommendation to approve PacifiCorp's current request, with one modification. Staff had originally proposed that Staff and the company provide recommendations to the Commission no later than November 30, 2002. The Commission, however, concluded that the recommendations be filed by September 30, 2002.

ORDER

IT IS ORDERED THAT the supplemental application of PacifiCorp to amend Order No. 99-616 is granted, subject to conditions, as further stated in Appendix A and as modified above. All other provisions of Order No. 99-616, shall, to the extent not modified by this order, remain in full force and effect.

Made, entered and effective _____.

¹ Two (2) typographical errors in Staff's December 18, 2001 Public Meeting Report should be corrected as follows: On page 5, change Commission Order Number 99-00166 to 99-00616, which is referenced twice.

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BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

ITEM NO. 3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2001**

REGULAR X **CONSENT** **EFFECTIVE DATE** December 19, 2001

DATE: December 3, 2001

TO: Phil Nyegaard through Lee Sparling and Bonnie Tatom

FROM: Reed Harris

SUBJECT: PACIFICORP: (Docket No. UM 918) Petition to modify Performance Standard No. 6.

STAFF RECOMMENDATION:

I recommend that the Commission modify its Order No. 99-00616 (in Docket No. UM 918, entered October 6, 1999), to postpone implementation of the final increment of the percentage of incoming calls to PacifiCorp's Business Centers answered within a specific time frame (Customer Service Performance Standard 6, Telephone Service Levels) until January 1, 2003. This one-year postponement is conditional upon (1) PacifiCorp reporting to Staff its progress toward meeting the performance standard on a quarterly basis and (2) Staff and the company then presenting recommendations with supporting data to the Commission by November 30, 2002.

DISCUSSION:

On October 16, 2001, PacifiCorp (or company) filed a petition under ORS 756.568 and OAR 860-013-0020 for modification of Commission Order No. 99-00616 in UM 918, (which authorized Scottish Power plc (ScottishPower) to exercise substantial influence over the policies and actions of PacifiCorp, pursuant to ORS 757.511). In the Order, the Commission adopted implementation of a number of Performance Standards and Customer Guarantees proposed jointly by ScottishPower and PacifiCorp.

Performance Standard 6 addresses the response times for incoming calls to PacifiCorp's Business Center. The "clock" on an incoming call starts ticking when the call is transferred from the call-directing voice response unit to a customer service representative. The incoming call is then "answered" only when the call is picked up by a live Customer Service Representative. Specifically, Performance Standard 6 provided for progressively faster responses to incoming calls as follows:

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- Within 120 days of completion of the [acquisition] transaction, 80% of the incoming calls were to be answered with 30 seconds (80/30).
- By January 1, 2001, the target was increased to 80% of the calls answered within 20 seconds (80/20).
- By January 1, 2002, the target would ratchet up to 80% of the calls answered in 10 seconds (80/10).

PacifiCorp's petition requested that the Commission eliminate the 80/10 target intended to become effective January 1, 2002, and hold the target at the current 80/20 call-answering level. PacifiCorp's petition cited increasing volumes and complexities of incoming calls and an emphasis on resolving customer issues with the first call as factors impeding the company's ability to meet the 80/10 goal by the January 1, 2002 target date.

To further support this request to eliminate the 80/10 goal, the company cited survey results indicating only a two-tenths of a percent change in the level of customer satisfaction when the telephone-answering rate was increased from 80/30 to 80/20. The original survey identified 70.4% of the survey respondents were "very satisfied" with the 80/30 response time, whereas a follow-up survey identified 70.2% of survey respondents as "very satisfied" with the 80/20 response time. PacifiCorp's conclusion from this survey data is that telephone answering response time below 80/30 is comparatively unimportant to its customers. (Interestingly, the same surveys indicated that the percentage of customers "dissatisfied" with telephone call-wait times increased from 6.6% to 7.9% as the average wait-time decreased 33% from 80/30 to 80/20.)

These two survey responses seem to contradict basic logic by indicating that customers were happier with a longer wait for the telephone to be answered. The survey question may not have taken into account relative time or difficulty in negotiating Voice Response Units. However, it must be remembered that this is an attempt to quantify the intangible of customer perceptions. One important factor is that by the time the second survey was initiated, electric rates and energy "shortages" were in the news and highly visible. It seems probable that customers calling because they are already concerned or dissatisfied about rising costs or short supplies would have a greater tendency to carry that initial dissatisfaction through the entire contact experience, particularly if their issue (rising costs, short supply) could not be resolved to their satisfaction.

The progressive improvement of telephone answering time was one of the "benefits" identified as an outcome of the acquisition of PacifiCorp by ScottishPower in UM 918. To date, the company has

accomplished a vast improvement from the rate of 79% of calls answered in 45 seconds (79/45) in 1999, to the 80/20 ratio achieved in 2001.

How much more of a "benefit" the 80/10 ratio would be over the current 80/20 answer ratio is questionable. The survey and focus group data provided by the company indicate that cutting another ten seconds from the telephone answer time is not identified as a necessary goal by customers and would not improve customer satisfaction. Staff is also not convinced that achievement of an 80/10 answering ratio is an indispensable component in providing good customer service.

The progressive reduction in answer ratios from 80/30 to 80/20, to 80/10 is logical. Each step represents a reduction in the amount of time required to answer 80% of the incoming telephone calls. The issue is whether the goal of answering 80% of incoming calls in 10 seconds is reasonable, attainable or worth the additional investment in personnel and resources that may be necessary to attain that goal. (The basic difference would be answering the phone by the 3rd ring instead of the 5th ring.)

In the original UM 918 docket, Staff recommended that the company pursue the telephone-answering standard in OAR 860-023-0055(8)(b) for telecommunications utilities. That standard is 85% of the incoming calls answered in 20 seconds (85/20) instead of the 80/10 measure adopted for PacifiCorp in UM 918. (The 85/20 telecommunications standard is also one of the Regional Oversight Committee (ROC) benchmarks for telecommunications utilities.)

While ratcheting performance up to 80/10 would require answering telephones faster, (80% within 3 rings), moving to the telecommunications standard of 85/20 would require answering an additional 5% of the calls within the existing time-frame of 5-6 rings. Neither Staff nor the company have a definitive answer to the question of which standard is more stringent or more difficult to achieve. One would increase the volume of calls; the other would shorten the time frame.

The company has identified that it is stretching current resources to attain and hold the 80/20 call-answering level in the present environment of increasing call volumes brought on by higher energy costs and increased consumer awareness. Projections for 2001 now identify a 10+% increase in call volumes.

The company has also identified several programs and projects in progress that will improve the response time and the quality of the responses provided. These programs include:

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- An in-depth eight-week training program for all new Customer Service Representatives to develop and hone customer response skills, and assure consistency of response between representatives. This program is now in place, however the current "class" of new customer service employees will not be trained nor will they be ready to answer telephones until after January 1, 2002.
- A new and expanded "Project Discovery" computer program that will provide additional "pop-up" screens and scripts. This program will expedite representatives' access to information and further ensure consistency of response among new and existing Customer Service Representatives. These "Project Discovery" additions are scheduled to come on-line in second quarter of 2002, and will then require additional training for existing staff before they are fully implemented.
- More Voice Response Unit menu options, to provide better screening and distribution of incoming calls. (This improvement was identified from customer input.)
- Expanded e-business options to shift consumer calls and inquiries to the company's website.

Given the fact that most of these improvements, even though now in process, cannot be fully implemented until the first quarter of 2002 or later, the company does not feel that it can meet the 80/10 goal on January 1, 2002. The company has additional reservations that the implementation of Senate Bill 1149 in March 2002, will create increased consumer inquiries and requests for assistance that may outpace the gains in performance provided by these program improvement measures.

To be viable, a performance measure must be reasonable and above all realistically attainable. Staff was unable to validate that a call-answering ratio of 80/10 is reasonable or attainable. At the same time, the company has not demonstrated that the 80/10 ratio is unreasonable or unattainable. Neither the company nor any other utility that Staff is aware of has actually tried to achieve a call-answering ratio of 80/10. Basically, an 80/10 standard is new and untried ground. (Staff notes that North Carolina has an objective of 90/10 for telephone utilities. However an inquiry to staff of the North Carolina Utilities Commission indicates that this objective is not being reached by the utilities and a downward adjustment of the objective is being considered.)

PacifiCorp has achieved the 80/20 ratio only with difficulty. The programs and process revisions in progress should improve both answer times and the quality of response to callers. Consequently, Staff believes that the Commission should not unconditionally abandon the 80/10 goal until such time as it is determined by a good-faith attempt at accomplishment to be either unattainable or that the demonstrated costs necessary to attain this increment are unreasonable.

ORS 756.568 provides that the Commission may, "... rescind, suspend or amend any order made by the commission." Staff and the company have engaged in discussions regarding the telephone answering

goals and the company's petition to modify Order No. 99-00166. Both Staff and the company agree that a ratio of 80/10 will not be attained by January 1, 2002. The 80/10 ratio may or may not be attainable by January 1, 2003. We really won't know if it is reasonably attainable until it's been attempted in a good-faith effort. Consequently, the company and Staff present the following preferred alternative to PacifiCorp's original petition:

- Implementation of the final increment of Performance Standard 6 would be postponed until January 1, 2003, to allow compilation of the call volume and resource allocation data necessary to evaluate if the current final increment of 80% of incoming calls answered within 10 seconds is necessary, reasonable or actually attainable.
- The company will provide quarterly reports to Staff on programs and processes initiated and progress toward the 80/10 goal.
- The company and Staff will report to the Commission in November 2002 with progress in achieving the 80/10 goal and recommendations.
- This proposal would need to be adopted prior to January 1, 2002.

Staff identifies three alternatives to postponing implementation of the 80/10 target until January 1, 2003:

1. Grant PacifiCorp's original petition and establish the current 80/20 ratio as the final increment in Performance Standard 6. This action would need to be taken prior to January 1, 2002.
2. Deny PacifiCorp's petition altogether and require the company to attempt to achieve the 80/10 ratio on January 1, 2002 (recognizing that Performance Standard 6 does not carry a specified penalty and the Commission's options for enforcement would be the normal civil remedies for non-compliance with a Commission Order). This option is not time-sensitive, as the requirements of the original order would remain in force.
3. Adopt the telecommunications standard of 85/20 for PacifiCorp. (In this case, Staff again recommends a postponement of implementation until January 1, 2003, to allow the company's ongoing program improvements to be implemented.) Action to implement this option would need to take place prior to January 1, 2002.

PROPOSED COMMISSION MOTION:

Commission Order Number 99-00166 in UM 918 be modified to postpone implementation of the final increment of Customer Performance Standard 6, Telephone Service Levels, for one year, until January 1, 2003, with two conditions:

1. The company will report progress toward meeting the performance standard quarterly through the first three quarters of 2002.
2. Staff and the company will provide recommendations (together with supporting data) for a final increment to the Commission no later than November 30, 2002.