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October 31, 2012

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: FortisBC Energy Inc. ("FEI") Certificate of Public Convenience and Necessity ("CPCN") for the Customer Care Enhancement Project ("the Project")

British Columbia Utilities Commission (the "Commission") Order No. C-1-10 dated February 26, 2010 – Compliance Filing

Quarterly Progress and Customer Service Operations Report for the period ending September 30, 2012

On February 26, 2010, the Commission issued Order No. C-1-10 granting a CPCN for the Project. Paragraph 3(i) of Order C-1-10 directed FEI to:

- (i) file Quarterly Progress Reports on the Project with the Commission including planned versus actual schedule, planned versus actual costs, and identification of any variances or difficulties the Project may be encountering and any other items as determined necessary by Commission staff. The Quarterly Progress Reports are to be filed within 30 days of the end of each reporting period. A Final Report is to be filed within six months of completion of the Project;*

The Final Report on the Project was filed in the second quarter, thereby satisfying the directives. Although the Project activities were completed in May 2012, FEI will continue to file quarterly progress reports on Customer Service operations. This report serves to provide a comprehensive overview of the operational performance and accomplishments for the period ending September 30, 2012.

If you require further information or have any questions regarding this submission, please contact the undersigned.

Yours very truly,

FORTISBC ENERGY INC.

Original signed by:

Diane Roy

Attachments



FortisBC Energy Inc.

**Customer Service Operations
Quarterly Progress Report**

For the Period July 1 to September 30, 2012

**Compliance Filing in Accordance with
Commission Order No. C-1-10**

**Submitted to the
BRITISH COLUMBIA UTILITIES COMMISSION**

October 31, 2012

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Appendix 1 Glossary of Acronyms and Terms

1 EXECUTIVE SUMMARY

This Quarterly Progress Report provides an overview of the progress of the Customer Service operations and covers the quarter ending September 30, 2012. As the Project activities have been completed in the second quarter, focus has shifted from stabilization to further development of the new Customer Service operations. FortisBC Energy Inc. ("FEI") will continue to file Quarterly Reports through the end of 2013 that will progressively focus on the operational activities and overall service delivery performance.

The third quarter was focused on operations, refining processes and systems, and meeting performance metrics. Both the new business and the system application are performing as expected and with no unplanned outages to date.

Customer Service operations demonstrated promising performance in the third quarter, with focus on providing quality service to our customers. During this period, the Contact Centre continued to focus on meeting service quality targets and accuracy and timeliness in processing customer requests and saw positive trending in customer satisfaction.

The Billing Operations area continues to trend favorably as well. The Billing Index has continued to be well under target, exceeding all targets for accuracy, timeliness and completion.

Over the next period, the focus will continue to be on improving quality and operational efficiency, and meeting service quality targets.

2 REPORTING DIRECTIVES

This report is the Quarterly Progress Report for the CCE Project CPCN, granted by the British Columbia Utilities Commission (the “Commission”) Order No. C-1-10. This Progress Report is submitted in compliance with the directives of Order No. C-1-10.

Specifically, FEI was directed in paragraph 2(i) to:

“file Quarterly Progress Reports on the Project with the Commission including planned versus actual schedule, planned versus actual costs, and identification of any variances or difficulties the Project may be encountering and any other items as determined necessary by Commission staff. The Quarterly Progress Reports are to be filed within 30 days of the end of each reporting period. A Final Report is to be filed within six months of completion of the Project.”

The Final Report on the Project was filed in the second quarter, thereby satisfying the directives. Although the Project activities were completed in May 2012, FEI will continue to file quarterly progress reports on Customer Service operations. This report serves to provide a comprehensive overview of the operational performance and accomplishments for the period ending September 30, 2012.

3 PROJECT COSTS

Although the Project activities were completed in May 2012, the total Project costs have now been finalized. The completion of go-live activities and the promising results of system functionality and performance which gave rise to no major setbacks in the execution of daily operations and no unplanned outages to date have had a favourable impact on the Project spend. The total Project spend is approximately \$109 million including AFUDC, lower than the approved budget of \$115 million. The final project costs are \$0.5 million lower than the costs stated in the Q2 final project report due to the timing of invoices clearing.

The details are shown in the table below.

Table 3.1: Final Cost Report Summary

Project Costs (\$ 000's)	
<u>Capital</u>	
Internal Labour	4,750
Consulting	34,450
Hardware	5,162
Software	7,684
Expenses	4,383
Facilities	14,359
Contingency ¹	-
	70,788
<u>Deferred O&M</u>	
Internal Labour	7,379
Consulting	21,769
Hardware	-
Software	615
Expenses	3,069
Facilities	1,020
Contingency ¹	-
	33,852
Net Total	104,640
AFUDC	4,325
Grand Total	108,965

¹ Approved contingency spend for both capital and deferred O&M has been allocated to the appropriate cost categories and therefore this line item shows a zero spend.

4 CUSTOMER SERVICE OPERATIONS

This section of the quarterly progress report will focus on the performance of the new Customer Service in-sourced operations. As such, FEI will continue to file these quarterly reports through to the end of 2013 with a focus on the on-going service operations.

4.1 Customer Experience

The customer experience over the third quarter of operations has been positive overall. FEI experienced expected call volume and the customer service staff has continued to become more proficient in their job duties. FEI continues to maintain focus on delivering a quality experience for our customers, applying lessons learned from the first three quarters of the year.

FEI continues to see improvement of operations in the handling of customer enquiries. Invoices are produced nightly and mailed to customers with relatively low error rates. Payment processing and collections activities continue to function as designed.

The Contact Centre service levels for emergency and non-emergency calls met the overall target for the third quarter, with some monthly variability. There have been no delays in billing during this period as well. In both areas, service levels were brought successfully to acceptable levels.

4.2 Volume of Work

The volume of work in the third quarter was as expected in the Contact Centre. In Billing Operations, volumes were higher in some areas and as expected in others.

Year to date call volumes at FEI's Prince George and Burnaby contact centres have been in line with forecast with some monthly and daily variability. FEI's new customer service representatives have answered almost 182,455 non-emergency calls during the third quarter, 25% less than the second quarter as anticipated. Email volumes were as expected in the third quarter, with activity tracking to a projected year-end volume of 41,000 as compared to 24,000 received in 2011. Staffing levels have been managed to handle the volume of calls and emails accordingly.

During the design phase of the Project, FEI identified tolerance parameters for meter readings and invoices that would identify possible billing errors prior to those bills being sent to customers. A refinement of these tolerance parameters is underway in order to focus on the most likely errors and reduce the number of bills that are stopped unnecessarily. With the data gathered this year, Billing Operations will be able to continue the refinement of the tolerance parameters. The expectation is that this refinement will be an ongoing part of operations as weather patterns and customer behaviours change.

4.3 Performance Metrics

Operational results have been positive during FEI's third quarter with some month to month variability.

4.3.1 SERVICE QUALITY INDICATORS

The service quality indicators shown in Table 7.1 are those that have been historically reported to the Commission.

Table 4.1: Service Quality Indicators for Customer Service Operations

Performance Indicator		July 2012	August 2012	September 2012	Q3 2012 Total	Target
<u>Contact Centre:</u>						
2	Speed of Answer – Emergency (% of calls answered within 30 seconds)	97%	96%	95%	96%	95%
3	Speed of Answer – Non-Emergency (% of calls answered within 30 seconds)	76%	73%	77%	75%	75%
8	Independent Customer Satisfaction Index Score	N/A	N/A	N/A	N/A	80.0%
9	Number of Customer Complaints to the BCUC	2	7	3	12	N/A
<u>Billing Operations:</u>						
5a.	Index of Customer Bills not Meeting Criteria	0	0	0	0	< 5
5b.	% of Transportation Customer Bills Accurate	100%	100%	100%	100%	99.5%

FEI met the target for emergency and non-emergency call speed of answer for the quarter with the exception of non-emergency calls in August. Non-emergency calls were slightly below target in August, primarily due to higher volumes than forecast in the last week of the month. Through the remainder of the year, FEI will continue to focus on meeting SQI performance targets. The Contact Centre has experienced longer call handle times than expected and unexpected variability in daily call volumes. However, management will continue to analyse the results and look for opportunities for improvement.

The next Independent Customer Satisfaction Index score will be released at the end of the year. June was the first month FEI reported this metric, as the residential survey is conducted twice a year. In addition, formal complaints to the BCUC for this quarter were significantly lower than the same quarter last year.

The results of the Index of customer bills not meeting criteria were better than the target of 5 for all three months in the quarter, meeting targets for accuracy, timeliness and completion. The transportation bills that were accurate surpassed target for all three months in the third quarter.

4.3.2 OTHER PERFORMANCE METRICS

FEI is also tracking performance metrics in other areas to monitor performance in delivering service to customers. Two important metrics are Post-Call Customer Satisfaction with the centre and First Contact Resolution. Third quarter customer satisfaction with the centre was 80%, approximately 5% higher than prior quarter results. FEI's First Contact Resolution was 83% for the quarter, 3% higher than second quarter.

In the third quarter, the customer contact centres and billing operations have been honoured with SQM's award for the Highest First Call Resolution in the Energy Industry. This is a remarkable achievement as the SQM group is one of the leading call centre industry research firms in North America and FEI achieved this measured against more than 30 other contact centres within the energy sector. FEI will strive to build on this success going forward.

In addition to the performance metrics stated above, FEI is also tracking a number of operational metrics to build historical data related to work volumes, accuracy and timelines. What is being tracked and the frequency at which it is tracked is changing as we better understand the needs of customers and areas of critical importance. It is expected that these metrics will assist us in better understanding our work volumes and customer needs. They will also form the basis for new or enhanced metrics for 2013.

Table 4.2: Performance Metrics

Metric Description	Q3 2012
# Ebills	7.55%
# Account Online Self Service Transactions	2,197
# Interactions Handled (Emergency)	11,717
# Interactions Handled (Non-Emergency)	182,455
# Inbound Calls (Emergency)	11,947
# Inbound Calls (Non-Emergency)	185,747
# Outbound calls – Automated	213,138
# Outbound calls – Agent	8,048
# Email	8,827
Average Handle Time – Telephone (seconds)	564
Average Abandonment Rate (Emergency)	1.89%
Average Abandonment Rate (Non-Emergency)	1.68%
Average Speed of Answer (Emergency)	8
Average Speed of Answer (Non-Emergency)	33
Telephone Service Factor (Emergency) (95%/30 seconds)	96%
Telephone Service Factor (Non-Emergency) (75%/30 seconds)	75%
E-Mail Service Factor (100%/48 hours)	100%
Billing Index (Residential)	0
First Call Resolution	83%
Contact Centre Customer Satisfaction (Post Call)	80%
Industrial Billing Accuracy	100%

4.4 Operating and Maintenance Costs

The operating costs including both the in-sourced customer service operations and the meter reading services for the period ending September 30, 2012 are favourable to budget by \$4.5 million.

4.5 Plans for Next Period

FEI will continue to maintain our focus on quality for our customers and continuous improvement through a greater refinement of processes from both a customer experience and efficiency perspective.

In addition, during the next quarter Billing Operations and the Contact Centre will continue to review processes that are complex or have caused customer dissatisfaction and will take measures to improve them. Responding to customer feedback, managing improvements, and further enhancing integration between Billing Operations and the Contact Centre will be an ongoing focus now that stabilization is complete. Both areas will also define and establish targets for the following year.

Plans for the next period also include taking lessons learned from the first half of the year and preparing for the upcoming heating season, ensuring staff can adequately handle high bill issues and other seasonal concerns.

Appendix 1
GLOSSARY

Glossary

Acronyms

CCE Customer Care Enhancement

CIS Customer Information System

CRB Customer Relationship and Billing

CSR Customer Service Representative

OPI Operation Process Integration

CRM Customer Relationship Management

FRICE-W Forms, Reports, Interfaces, data Conversion, Enhancements and Workflows

IVR Interactive Voice Response

Terms

AFUDC – acronym for *Allowance for Funds Used During Construction*, which allows for the cost of borrowing funds until a project is placed into service to be included in rates; the requirement for AFUDC forms a separate line item of the overall Project cost.

Business Process Outsourcing – the contracting of a specific business task, including all responsibility for the management of the business processes and underlying information technology systems and applications required for the completion of an activity, such as call handling, to a third-party service provider.

Change Management Strategy – outlines the approach for managing the change impacts of the project.

Data Migration Strategy – defines the management, development and documentation for cleansing and transferring data to the new CIS.

Deferred Costs – operating and maintenance costs that are incurred but that will be expensed in the future.

Development System Infrastructure – the platform for where configuring and coding of the new system will take place.

In-source – a business practice in which work that would otherwise have been contracted out is performed by internal staff.

Interface Strategy – outlines the approach to manage the points of interaction with Terasen’s existing systems and the new CIS.

Mobilization Team – This is the initial team required on site for project preparation.

Project Toolset – The project toolset is the AXON Project Support Environment (“APSE”). APSE is a structured project document management system used by the project team to manage the CRB project workflow and will serve as a repository for all CIS documentation throughout the life of the Project.