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January 31, 2013

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

Customer Service Operations Quarterly Progress Report for the quarter ending December 31, 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 activities and overall service delivery performance for the quarter ending December 31, 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 October 1 to December 31, 2012

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

**Submitted to the
BRITISH COLUMBIA UTILITIES COMMISSION**

January 31, 2013

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1 EXECUTIVE SUMMARY

This Quarterly Progress Report (“Report”) provides an overview of the progress of the Customer Service operations and covers the quarter ending December 31, 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 fourth quarter continued to focus 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 fourth 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 billing production accuracy, timeliness and completion.

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

2 REPORTING DIRECTIVES

On February 26, 2010, the British Columbia Utilities Commission (“BCUC” or the “Commission”) granted Order No. C-1-10 for the Customer Care Enhancement (“CCE”) Project Insourcing of Customer Care Services and Implementation of a New Customer Information System. This 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 December 31, 2012.

3 CUSTOMER SERVICE OPERATIONS

This section of the 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.

3.1 Customer Experience

The customer experience over the fourth quarter of operations has been positive overall. FEI continues to maintain focus on delivering a quality experience for our customers, applying lessons learned from the first year of operations.

FEI continues to see improvement of operations in billing production as invoices are produced nightly and mailed to customers with relatively low error rates. Payment processing and collections activities continue to function as designed. There have been no delays in billing during this period.

The Contact Centre service levels for emergency and non-emergency calls met the overall target for the fourth quarter, with some monthly variability. In both areas, service levels were at acceptable levels.

3.2 Volume of Work

The volume of work in the fourth quarter was generally as expected in both the Contact Centre and Billing Operations.

Year to date call volumes at FEI's contact centres have been in line with forecast with some monthly and daily variability. FEI's customer service representatives answered 173,648 non-emergency calls during the fourth quarter. Email volumes were as expected in the fourth quarter, with a year-end volume of 43,675 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 has been undertaken 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.

3.3 Performance Metrics

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

3.3.1 SERVICE QUALITY INDICATORS

The service quality indicators shown in Table 3.1 are those that have historically been reported to the Commission.

Table 3.1: Service Quality Indicators for Customer Service Operations

Performance Indicator		October 2012	November 2012	December 2012	Q4 2012 Avg	Target
Contact Centre:						
2	Speed of Answer – Emergency (% of calls answered within 30 seconds)	97%	97%	96%	96%	95%
3	Speed of Answer – Non-Emergency (% of calls answered within 30 seconds)	74%	82%	84%	81%	75%
8	Independent Customer Satisfaction Index Score	N/A	N/A	N/A	N/A	80%
9	Number of Customer Complaints to the BCUC (formal)	0	0	1	1	N/A
Billing Operations:						
5a.	Index of Customer Bills not Meeting Criteria	0.13	0	0	0.04	< 5
5b.	% of Transportation Customer Bills Accurate	99.6%	100%	99.9%	99.9%	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 October which was slightly under target. In the following year, FEI will continue to focus on meeting SQI performance targets as well as defining new targets that reflect the objectives for our ongoing operations.

The Customer Satisfaction Index score is a weighted composite of the results from four customer satisfaction surveys – Residential (75 percent); Builder & Developer (10 percent); Small Commercial (5 percent); and Large Commercial (10 percent). The overall 2012 Customer Satisfaction Index score (78.9 percent) trended lower for the third consecutive year despite minor improvements in three of the four individual surveys that make up the Index. The Large Commercial score decline was greater than the gains made in the Residential, Builder and Developer and Small Commercial surveys. In addition, formal complaints to the BCUC for this quarter were higher by one than the same quarter last year.

The results of the Index of customer bills not meeting criteria were better than the target of five 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 fourth quarter.

3.3.2 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. Fourth quarter customer satisfaction with the centre was 80 percent, similar to prior quarter results. FEI's First Contact Resolution was 80 percent for the quarter, exceeding the target of 75 percent. First contact resolution continues to be the top driver of customer satisfaction.

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 3.2: Performance Metrics

Metric Description	Q4 2012 Avg
# Ebills (as % of total invoices issued)	8.55%
# Account Online Self Service Transactions	1,450
# Interactions Handled (Emergency)	12,830
# Interactions Handled (Non-Emergency)	173,648
# Inbound Calls (Emergency)	13,057
# Inbound Calls (Non-Emergency)	176,487
# Outbound calls – Automated	138,962
# Outbound calls – Agent	7,190
# Email	9,527
Average Handle Time – Telephone (Seconds)	568
Average Abandonment Rate (Emergency)	1.67%
Average Abandonment Rate (Non-Emergency)	1.47%
Average Speed of Answer (Emergency)	7
Average Speed of Answer (Non-Emergency)	28
Telephone Service Factor (Emergency) (95%/30 seconds)	96%
Telephone Service Factor (Non-Emergency) (75%/30 seconds)	81%
E-Mail Service Factor (100%/48 hours)	100%
Billing Index (Residential)	.04

Metric Description	Q4 2012 Avg
First Contact Resolution	80%
Contact Centre Customer Satisfaction (Post Call)	80%
Industrial Billing Accuracy	100%

3.4 Operating and Maintenance Costs

The operating costs, including both the in-sourced Customer Service operations and the meter reading services for the period ending December 31, 2012, are favourable to budget by \$8.2 million. These costs are captured under the previously approved BCUC deferral account.

3.5 Plans for Next Period

FEI will continue to maintain its 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 in support of further improving first contact resolution and customer satisfaction. Responding to customer feedback, improving the efficiency of operations, and further enhancing integration between all areas of the business will be an ongoing focus. The Contact Centre and Billing Operations will also define and establish targets for the following year.

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