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April 29, 2013

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C. V6Z 2N3

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 ("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 March 31, 2013

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 March 31, 2013.

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: Shawn Hill

For: Diane Roy

Attachments



FORTISBC ENERGY INC.

**Customer Service Operations
Quarterly Progress Report**

For the Period January 1 to March 31, 2013

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

**Submitted to the
BRITISH COLUMBIA UTILITIES COMMISSION**

April 29, 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 March 31, 2013. Focus in 2013 continues to be on 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 first quarter continued to focus on operations, refining processes and systems, and meeting performance metrics. Customer Service operations faced challenging yet promising performance in the first 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 results 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 March 31, 2013.

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 first 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 promising results 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.

FEI also completed the replacement of the Company's manual meter reading provider. The joint meter reading agreement with Accenture and BC Hydro terminated effective December 31, 2012. Effective January 1, 2013 the new provider, Olameter, began reading all FortisBC gas meters throughout the province. The first quarter of 2013 was the stabilization period of the new and existing services including the move to monthly meter reading for all customers. We have experienced good results through the first quarter of 2013, with meter reading completion tracking better than expected. Meter read estimates have dropped from last year, averaging 18 percent in Q1 2013 vs 40 percent in Q1 2012. We also expect to see annual cost savings of \$11 million for 2013 as compared to the cost approved for 2013 in the 2012/2013 Revenue Requirement Decision. This cost reduction will be captured under the Commission approved deferral account and passed on to customers starting in 2014 to mitigate future rate increases.

The Contact Centre service levels for emergency calls met the overall target for the first quarter. Non-emergency calls struggled in meeting the first quarter target due to high call volumes in January and lower than normal staffing levels. In reaction to this, two new classes of CSRs were hired, trained and made available for calls by the end of March. Although this metric was lower than target at 67 percent, customers did not see extended wait times as the average speed of answer was 42 seconds for the period.

3.2 Volume of Work

The volume of work in the first quarter was higher than expected in both the Contact Centre and Billing Operations.

Year to date call volume accuracy versus forecast for non-emergency calls has been on target. FEI's customer service representatives answered 210,681 non-emergency calls during the first quarter as compared to 281,084 in the same quarter last year, mainly due to the increase in customers opting for the Company's enhanced customer communication self-serve options,

including web self-serve functions. Email volumes were as expected in the first quarter, with quarterly volume of 11,363 as compared to 9,527 received in the fourth quarter of 2012. Staffing levels have been managed to handle the volume of calls and emails accordingly.

3.3 Performance Metrics

Operational results have been challenged during FEI's first quarter. FEI will continue to focus on meeting performance metrics for the remainder of the year.

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		January 2013	February 2013	March 2013	Q1 2013 Avg	Target
Contact Centre:						
2	Speed of Answer – Emergency (% of calls answered within 30 seconds)	96%	96%	96%	96%	95%
3	Speed of Answer – Non-Emergency (% of calls answered within 30 seconds)	65%	64%	73%	67%	75%
8	Independent Customer Satisfaction Index Score	N/A	N/A	N/A	8.1	8.3
9	Number of Customer Complaints to the BCUC (formal)	0	1	0	1	N/A
Billing Operations:						
5a.	Index of Customer Bills not Meeting Criteria	0	0	0	0	< 5
5b.	% of Transportation Customer Bills Accurate	100%	100%	100%	100%	100%

For the first quarter, FEI exceeded the target for emergency call speed of answer; however it was challenged in meeting the target for the non-emergency call speed of answer. Contact Centre service levels were below target due to high call volumes and lower than normal staffing levels. In reaction to this, two new classes of CSRs were hired, trained and made available for calls by the end of March. In addition, a high volume of calls were re-distributed from being inbound calls to being outbound calls during low volume times by making changes to the meter exchange process.

In addition, formal complaints to the BCUC for this quarter were minimal and consistent with the fourth 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 as well.

The Natural Gas division's overall Customer Satisfaction Index ("CSI") for the first quarter of 2013 was 8.1, compared to 8.4 from the fourth quarter of 2012. The index score for residential customers was 8.1, while the score for small commercial (Rate 2) customers was 8.2. For the previous quarter, the residential and small commercial (Rate 2) customers had an index score of 8.5 and 8.2 respectively.

The decrease was primarily driven by lower scores for 'satisfaction with field services' and 'satisfaction with the accuracy of meter reading'.

The field service index question contributes 25 percent to the CSI, therefore even a slight change in the field service score can have a material impact on the overall CSI score. Although satisfaction with the field services metric dropped by five percent, the change is within the margin of error of six percent (not statistically significant). This particular measure should be monitored closely over the next period. When asked, the majority of respondents could not identify a specific area of improvement for FEI's field services. However, several Gas customers commented about their displeasure with smart meters, suggesting that there may be some customer confusion about the topic.

The decline in meter reading satisfaction is perplexing given that FEI has increased meter reading frequency to monthly for all customers effective January 1, 2013. This has reduced the number of bill estimates in Q1 from approximately 43 percent in 2012 to 13 percent in 2013.

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. First quarter customer satisfaction with the centre was 75 percent, exceeding the Q1 target of 65 percent. FEI's First Contact Resolution was 81 percent for the quarter, slightly lower than the revised target of 82-84 percent. The 2013 target reflects our continued focus to achieve better results and to provide service that is low customer effort. 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 be proposed in the 2014 Revenue Requirement Application.

Table 3.2: Performance Metrics

Metric Description	Q1 2013 Avg
# Ebills (as % of total invoices issued)	9.96%
# Account Online Self Service Transactions	1,507
# Interactions Handled (Emergency)	12,232
# Interactions Handled (Non-Emergency)	206,193
# Inbound Calls (Emergency)	12,503
# Inbound Calls (Non-Emergency)	210,681
# Outbound calls – Automated	117,126
# Outbound calls – Agent	30,214
# Email	11,363
Average Handle Time – Telephone (Seconds)	543
Average Abandonment Rate (Emergency)	2.16%
Average Abandonment Rate (Non-Emergency)	2.07%
Average Speed of Answer (Emergency)	8
Average Speed of Answer (Non-Emergency)	42
Telephone Service Factor (Emergency) (95%/30 seconds)	96%
Telephone Service Factor (Non-Emergency) (75%/30 seconds)	78%
E-Mail Service Factor (100%/48 hours)	100%
Billing Index (Residential)	0
First Contact Resolution	81%
Contact Centre Customer Satisfaction (Post Call)	75%
Industrial Billing Accuracy	100%

3.4 Operating and Maintenance Costs

The FEI operating costs, including both the in-sourced Customer Service operations and the meter reading services for the period ending March 31, 2013, are favourable to budget by \$1.9 million. These costs are captured under the previously approved BCUC deferral account.

3.5 Plans for Next Period

FEI will continue to focus on enhancing the value we provide our customers through service quality improvements and increased efficiency. By reducing customer effort in all of our customer touch points, we will strive to improve customer satisfaction and loyalty.

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.