

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

FILED WITH
Executive Secretary
December 15, 2014
IOWA UTILITIES BOARD

IN RE:)
)
MONTANA MIKE'S STEAKHOUSE;)
BUENA VISTA COUNTY COURTHOUSE;) DOCKET NO. FCU-2014-0015
BUENA VISTA COUNTY LAW) (C-2014-0123,
ENFORCEMENT CENTER; AVOCA) C-2014-0126,
SUPER FOODS; R&L FOODS;) C-2014-0127,
LOFFREDO FRESH PRODUCE;) C-2014-0128,
MULHOLLAND GROCERY; SCOTT'S) C-2014-0129,
FOODS, STORAGE & DESIGN; CAPITAL) C-2014-0130,
CITY FRUIT; and ARTI, LLC,) C-2014-0131,
Complainants,) C-2014-0132,
vs.) C-2014-0141,
MIDAMERICAN ENERGY COMPANY,) C-2014-0142,
Respondent.) C-2014-0145)
)

DIRECT TESTIMONY
OF
TERRY T. OUSLEY

1 **Q. Please state your name and business address.**

2 A. My name is Terry T. Ousley. My business address is MidAmerican Energy Company
3 (“MidAmerican” or “Company”), 106 East Second Street, Davenport, Iowa 52801.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by MidAmerican as Vice President, Customer Satisfaction.

6 **Q. Please describe your education and business experience.**

7 A. I graduated from St. Ambrose College in 1984 with a Bachelor of Arts degree in
8 Accounting. My entire career has been spent in the utility industry starting in 1979 with
9 Iowa-Illinois Gas and Electric Company. My customer service related positions started in

10 1990. I have held many of the managerial positions in customer satisfaction that currently
11 report up to me. This includes managing day-to-day activities in areas such as Billing,
12 Remittance, Customer Offices, Call Center, Meter Reading, and Training.

13 **Q. Have you testified before Iowa Utilities Board (“Board”) or other regulatory bodies**
14 **previously?**

15 A. No, I have not.

16 **Q. What is the purpose of your direct testimony?**

17 A. The purpose of my testimony is to describe how MidAmerican communicated with the
18 complainants listed in this docket both prior to and after the implementation of the Iowa
19 electric rate increase effective July 31, 2014.

20 **Q. Are you sponsoring any schedules in the filing?**

21 A. Yes. I am sponsoring Schedule A, which is a brochure recently designed to communicate
22 with customers demand and summer/winter rates.

23 **Q. Please describe the customer communication plan implemented as part of the rate**
24 **request in Docket No. RPU-2013-0004?**

25 A. In May 2013, customers received a Board approved customer notice in the mail
26 announcing our Iowa electric rate case. This notice included information about such
27 items as the schedule for the rate case, projected annual impacts to a consumer’s bill, and
28 components of the rate case (i.e. rate equalization, energy and transmission adjustment
29 clauses). In addition, customers were given notice of customer comment meetings and
30 their consumer rights. There were multiple versions of this notice depending upon where
31 the customers were located and what class (residential, commercial, industrial or lighting)
32 of customers they were. For the complainants listed in this docket, their rate increase

33 notice would have been for commercial or industrial customers and there were three
34 different versions each of these notice types depending upon which rate zone the
35 customer resided in.

36 **Q. Were there other types of communications besides the customer notice that the**
37 **complainants could have received?**

38 A. Yes. Following the conclusion of the case MidAmerican sent information to those
39 customers deemed to be eligible for rate mitigation in accordance with the parameters
40 determined by the Board for rate mitigation eligibility. If a non-residential customer
41 qualified for mitigation by having an increase greater than 15% and \$1,500, that customer
42 would have received a mitigation packet from MidAmerican. This packet included a
43 cover letter explaining the mitigation along with the specific mitigation factor, an Energy
44 Efficiency booklet of programs, a bill payment options brochure, a summary billing
45 brochure, a budget billing plan brochure and a brochure on our Business Advantage
46 department. In addition, commercial mitigated customers received a follow-up call from
47 the Business Advantage department of the MidAmerican Call Center to ensure that the
48 customer understood the materials they had received.

49 A demand brochure was also created and in some cases the brochure was mailed
50 to customers by Customer Service Associates if the customer expressed that they did not
51 understand the principles of demand metering and the associated billings. This brochure
52 was available to Customer Service Associates to use starting in May 2014 and available
53 online for customers in August 2014.

54 **Q. Did any of these customer communications explain that demand charges would**
55 **appear on their bills or a more significant difference between summer and winter**
56 **rates?**

57 A. No, the communications MidAmerican utilized would not have explained to customers
58 the fact that demand charges would appear on their bills or that there was a more
59 significant difference between summer and winter rates. The complainants were either on
60 the former South or North demand rate schedule, so the possibility of a demand line item
61 appearing on their bills always existed prior to the implementation of our new rates.
62 However, with the lowering of the threshold for demand to be billed to 10 kW with the
63 new rate structure, the possibility increased significantly. MidAmerican has always had
64 summer and winter rates as well; however, the cost based differential between the rates
65 charged during the summer and winter is greater under the new rate structure. Only after
66 we heard from customers and researched the root cause did we realize there was an
67 opportunity to better communicate with them.

68 **Q. Can you explain how MidAmerican employees were trained to be prepared to**
69 **respond to customers about the new rates?**

70 A. All MidAmerican employees received training on the rate case. For employees outside of
71 the areas who had heavy customer contact, these employees were required to take both
72 comprehensive computer based training and also attend an in-person training session.

73 For employees who had significant contact with customers on a daily basis, such
74 as the Call Center, Customer Offices, Key Accounts and Business and Community
75 Development, these employees received in-depth classroom training that was more
76 exhaustive than sessions held for the rest of the Company. To ensure understanding of the

77 new rate structure, comprehension testing was also provided in the Call Center and
78 Customer Offices. In an effort to facilitate conversations with customers, multiple quick
79 reference guides and training tools were created and a helpline was created and manned
80 by employees from the Billing department to answer rate related questions from
81 employees. The frontline staff members were also given access to a rate calculator to
82 assist customers who would like projections of future electricity costs based upon
83 scenarios the customer provides.

84 **Q. What was the first sign that you saw that there was a need for additional**
85 **communications with the customers experiencing what the complainants have**
86 **experienced and/or additional training for employees?**

87 A. My past experience with rate cases was to expect to hear from customers that rates are
88 too high. MidAmerican and the Board both have received high bill complaints prior to
89 the new rate Iowa electric structure being adopted. Our Business Advantage team in the
90 Call Center handles commercial accounts, which is basically the group that would assist
91 the complainants listed in this docket when they call into our general customer service
92 number. Business Advantage started getting a few calls from customers explaining they
93 were seeing significant increases in their electric utility costs and a new line item termed
94 “demand” on their bills. At approximately the same time that we started receiving these
95 calls into Business Advantage, we started to get notification from the Board of verbal
96 complaints from commercial customers regarding significant bill increases. It was at that
97 point that we realized that the combination of customers receiving summer bills along
98 with demand rates, particularly in the north and south zones, created a significant
99 increase for the summer bills. We were not hearing from the east commercial customers

100 because they were used to a lower threshold for their demand rate to be applicable. The
101 Company's new rates were effective July 31, 2014, which created a proration of the new
102 rates on the first bill, so it was not until September when most customers received a full
103 month being billed on the newly approved electric rate structure.

104 **Q. Since finding out there was an opportunity to improve communications with non-**
105 **residential customers billing on a demand rate, what has MidAmerican done to**
106 **enhance communications with customers that fall into the same situation as the**
107 **complainants?**

108 We monitored many calls that were coming into the Business Advantage team in the Call
109 Center to see how our employees were handling the demand and summer/winter rate
110 issues. We found that our employees were explaining the demand rate properly but really
111 were not giving customers insight into the fact that over an entire year, there would be
112 seasonal changes in the rate and that the summer rate was not the rate that would apply
113 year round. It was obvious our customers were ending conversations with our employees
114 thinking that the summer rate was the only rate they would bill going forward and that the
115 increase in their monthly bill would be the same going forward. We assembled the
116 Business Advantage team and retrained them on both demand and summer/winter rate
117 differentials. Again, comprehension testing was administered.

118 We also have the Business Advantage team using a rate calculator so they can
119 give customers better estimates of how the bills could fluctuate throughout the year. It is
120 important not to just focus on the month that has actually billed, but the entire year so the
121 customer can get a better picture of the extent of possible electric utility charges.

122 We stressed with all of our frontline staff that budget billing and payment
123 agreements should be fully utilized to assist customers having difficulty paying their
124 utility bills.

125 Additionally, we started working on a brochure that could be sent to our non-
126 residential customers who more than likely would be seeing demand appear on their bills
127 for the first time. This brochure has been reviewed by the Office of Consumer Advocate
128 and will be mailed to our customers.

129 We feel that all customers will need to understand the summer/winter differential
130 better in the future regardless of whether residential or non-residential. We will create bill
131 messages and an insert of some type that will notify customers when summer rates
132 become effective, when they end and when winter rates begin. It is important to point out
133 here have been no demand complaints since winter rates became effective, but it will be
134 necessary to better explain summer rates to all customers in order to improve customer
135 satisfaction and avoid further complaints.

136 **Q. Does this conclude your prepared direct testimony?**

137 **A.** Yes, it does.

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AFFIDAVIT OF
TERRY T. OUSLEY

STATE OF IOWA)
) ss:
COUNTY OF SCOTT)

I, Terry T. Ousley, being first duly sworn, depose and state that the statements contained in the foregoing prepared direct testimony are true and correct to the best of my knowledge, information and belief, and that such prepared direct testimony constitutes my sworn statement in this proceeding.

/s/ Terry T. Ousley

Terry T. Ousley

Subscribed and sworn to before me this 11th day of December 2014.

/s/ Debbie Sanders

Notary Public in and for the State of Iowa
Commission No. 771043
My Commission expires January 1, 2015