



State of Utah  
Department of Commerce  
Division of Public Utilities

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## Action Request Response

**To:** Utah Public Service Commission

**From:** Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant

Eric Orton, Utility Technical Consultant

**Date:** February 4, 2019

**Re:** Action Request Response and Comments Regarding Docket No. 18-057-09.  
Dominion Energy Utah, 2018 Quarterly Integration Progress Reports.

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### Recommendation (No Action)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) take no action at this time regarding the Integration Progress Report (IPR) for the third quarter of 2018 submitted by Dominion Energy Utah (Gas Utility).

### Issue

On January 4, 2019 the Gas Utility filed "Dominion Energy Utah's 3rd Quarter 2018 Integration Progress Report." Also on January 4, 2019, the Commission issued an Action Request to the Division with a due date of February 4, 2019. Additionally, on that same date the Commission issued a Notice of Filing and Comment Period stating that comments on the Integration Progress Report (IPR) are due to the Commission by February 4, 2019 with reply comments due by February 18, 2019.

These are the Division's comments and its Action Request Response.

## **Background**

On January 31, 2016, Dominion Resources (Dominion) and Questar Corporation (Questar) together the Applicants signed a merger agreement. On September 14, 2016, the Commission issued its order approving a joint stipulation and the acquisition of Questar by Dominion. As part of that order, Paragraph 36 of the joint stipulation was adopted, which addresses reporting to the Commission on "planned and accomplished" tasks related to the merger. The joint stipulation identified 57 individual commitments that were agreed to by the Applicants. One commitment called for the Gas Utility to work with the Division and the Office of Consumer Services (Office) to develop an Integration Progress Report. This report would be filed quarterly and would include transition and transaction costs.

The intent of the quarterly filing is simply to monitor and report the integration activity and the costs associated with the Applicants' merger, not to justify such costs nor to seek cost recovery.

## **Discussion**

### **Third Quarter 2018 Report**

Each progress report has provided information that the Gas Utility purports to show that it is meeting its merger commitments and provide the Commission with information regarding how the merger is proceeding. With this seventh report (third quarter 2018), the Gas Utility included one exhibit.

Exhibit 38. The Gas Utility's Customer Satisfaction Standards Report (CSSR) for the 3rd Quarter of 2018 reports the results ended September 2018. In the merger docket, the parties agreed in paragraph 47 of the settlement stipulation that "If the Dominion Questar Gas service levels become deficient, meaning they fall short of the Customer Satisfaction Standards as shown in the report, Dominion Questar Gas will file a remediation plan with the Commission explaining how it will improve and restore service to meet the Customer Satisfaction Standards."

In the two most recent IPR Action Request Responses the Division noted deficiencies in areas of the CSSR. These deficiencies were in the areas of customer service, meter reading, and response time for meter problems. The Gas Utility acknowledged these deficiencies and stated that it was implementing corrective action by hiring and training more customer service representatives and replacing the transponders on the meters. The Division determined that these metric shortfalls in the area of the customer service may or may not be related to the merger and the meter problems are more-or-less connected to the failure of certain transponders, which is not a byproduct of the merger.

The Division notes that in the 2<sup>nd</sup> quarter IPR the Gas Utility stated that it “should be fully staffed in the fourth quarter” and that the transponder replacement program “is scheduled to be complete in 2019.” The corrective measures for customer services matrix are a few months behind and the transponder replacement program has fallen a year behind. This is evident in its statement in this IPR that the customer service areas would be back in compliance “by the end of the 2<sup>nd</sup> quarter of 2019” and that “the transponder replacement program is expected to be complete in 2020”.

Specifically, regarding the Gas Utility’s progress in these deficient areas, we see:

Billing metric #1 read each meter monthly. This matrix is progressively getting better (albeit slowly and not steadily) from a low of 93.8% for the fourth quarter of 2017 up to 97.8 for the second quarter of 2018 and down again to 96.7 for the third quarter of 2018.

Billing metric #5 response time to investigate meter problems and notify customer within 15 business days. This matrix shows that the Gas Utility is making marked improvement from a low of 73% in the first quarter of 2018 to 90% in the third quarter.

Customer Care matrix #1, Percentage of calls answered within 60 seconds after customer chooses menu option. This is showing a slight improvement by stopping the downward slide from a low of 75.8%, now showing a small improvement of almost 3 percentage points to a current measurement of 78.4%.

Customer Care matrix #3 average wait for customer after menu selection. The goal is less than 45 seconds. In the fourth quarter of 2017 the wait time was 29 seconds and, in the third quarter of 2018, it is now 124 seconds. Clearly the Gas Utility is not doing well in this area.

Customer Care matrix #4 callers that hang up after menu choice is made. The standard for this matrix is less than 2%. For the fourth quarter 2017 the statistic was .9% while in this most recent quarter it is 2.3%.

Customer Care matrix #5 amount of time talking with customer and completing request. The standard for this matrix is less than 5 minutes. For the fourth quarter 2017 the statistic was 4.9 minutes while in this most recent quarter it is 5.1 minutes, which is just slightly out of compliance.

In summary, although still not meeting the standards, the general downward trend may appear to be reversing.

It is possible (although not certain) that these six CSSR deficiencies are not a direct result of the merger and could be considered normal business problems. However, they do cause the Division concern.

Transition and Transaction Costs. The Gas Utility did not provide an exhibit in this filing to show the transaction and transition costs as required by the Commission's order. However, after corresponding with the Gas Utility, the Division was told that there have been no additional transition or transaction costs for the quarter so the figures provided in the previous report are the most up to date information.

## **Discussion**

### **Trends**

Exhibit 38 provides the CSSR results from the fourth quarter 2017 to the third quarter 2018. A review of this exhibit show that there are numerous areas exhibiting an overall decline in

customer service or a negative sloping trend. Although still meeting the respective goals, there is a slight downward trend from the past four quarters that the Division will be monitoring closely in the following standards:

Overall Impression of QGC.

- 1 How satisfied are you with the product and services you receive.
- 4 Consistently delivers natural gas to my home without disruption.
- 7 Demonstrates care and concern for people like me.

Service Calls – Ask-A-Tech.

- 1 The technician was courteous.
- 2 The technician was knowledgeable.
- 3 The technician was able to help me quickly.
- 4 The technician was able to help me resolve my issue.
- 5 The automated menu was easy to use
- 6 How satisfied are you with the technician's overall performance.

Service Calls.

- 3 The technician was able to help me quickly.
- 5 How satisfied are you with the technician's overall performance.
- 6 Emergency calls – company representative is outside within 1 hour of call.
- 7 Remove meter seal within 1 business day requested by the customer for activation
- 9 Keeping customer appointments.

As can be seen by the size of this list, many areas of Customer Service are still slipping (albeit slowly) at the Gas Utility. It is not a clear that the effect of the under-staffed situation in the customer service department is directly caused by the merger as there are likely other reasons as well. The Division will continue to monitor this and other merger relationships and transactions.

On the other hand, the Division is encouraged by the following matrix areas, which appear to be beginning to reverse the negative trends they were in:

Overall Impression of QGC.

- 2 Delivers natural gas to my home/good value for price paid.
- 5 Is honest and open in its dealings.
- 6 Safely delivers natural gas to my home.

Customer Care.

- 6 The phone staff was courteous.
- 7 The phone staff was knowledgeable.
- 8 My call was answered quickly.
- 9 The person I spoke to was able to resolve my issue.
- 10 The automated menu was easy to use.
- 11 How satisfied are you with the actions taken by Questar Gas in response to your call.

Billing.

- 4 Percentage of billing inquiries requiring investigation responded to within 7 business day.
- 5 Response time to investigate meter problems and notify customer within 15 business days.

## **Conclusion**

The Division finds that the Gas Utility is compliant and has materially met its requirement to report to the Commission its merger progress as required in paragraph 36 of the Stipulation and no action is requested or required of the Commission. The quarterly filing does not require Commission acknowledgement or approval but is intended to flag any changes that may occur that could impact rates, customer service, or system reliability.

The Division also notes that this recommendation should not be construed in any way as an endorsement or preapproval that these costs or actions are prudent, necessary, or in the public interest. These issues will be addressed in the next general rate case. Quarterly reports will still need to be filed by the Gas Utility until the conclusion of the next general rate case. The Gas Utility's letter and attachment meet the requirements for this report.

Cc: Kelly Mendenhall, Dominion Energy Utah

Michele Beck, Office of Consumer Services