



**A Report to the  
Austin City Council**

**Mayor**  
Steve Adler

**Mayor Pro Tem**  
Kathie Tovo

**Council Members**

Ora Houston  
Delia Garza  
Sabino Renteria  
Gregorio Casar  
Ann Kitchen  
Don Zimmerman  
Leslie Pool  
Ellen Troxclair  
Sheri Gallo

**Office of the  
City Auditor**

**City Auditor**  
Corrie Stokes  
CIA, CGAP, CFE

**Deputy City Auditor**  
Jason Hadavi  
CPA, CFE

# City of Austin Utility Customer Care Audit

April 2016



## REPORT SUMMARY

Changes made by Austin Energy in October 2014 have improved the time it takes the utility to address customer issues. However, escalations of customer complaints related to Austin Water have struggled to achieve a similar level of service. Factors delaying complaint resolutions include a lack of defined expectations between the departments and unclear roles in resolving water-related customer service issues.

TABLE OF CONTENTS

BACKGROUND ..... 1

OBJECTIVE, SCOPE, AND METHODOLOGY ..... 1

AUDIT RESULTS ..... 3

RECOMMENDATION ..... 6

Appendices

Appendix A: Management Response ..... 7

Appendix B: Breakdown of Customer Satisfaction with Customer Service Data..... 8

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT TEAM

Walt Persons, CPA, CICA, Assistant City Auditor  
Rachel Castignoli, CGAP, Auditor-in-Charge  
Michael McGill, Auditor

Office of the City Auditor  
Austin City Hall  
phone: (512)974-2805  
email: oca\_auditor@austintexas.gov  
website: <http://www.austintexas.gov/auditor>

Copies of our audit reports are available at <http://www.austintexas.gov/auditor/reports>



Printed on recycled paper  
Alternate formats available upon request

April 2016



## Report Highlights

### Why We Did This Audit

This audit was conducted as part of the Office of the City Auditor's (OCA) fiscal year 2015 Strategic Audit Plan.

### What We Recommend

We recommend that Austin Energy devise a service level agreement with Austin Water laying out roles and responsibilities, as well as communication expectations.



For more information on this or any of our reports, email [oca\\_auditor@austintexas.gov](mailto:oca_auditor@austintexas.gov)

# CITY OF AUSTIN UTILITY CUSTOMER CARE AUDIT

## BACKGROUND

- Austin Energy provides customer care for the City's utilities and other departments. Those departments transfer funds to Austin Energy for this service based on a cost allocation plan.
- Austin Energy manages the Utility Customer Contact Center, in Fiscal Year 2015 Austin Energy had 153 employees addressing customer inquiries related to utility accounts. The Contact Center answers phone and email inquiries from customers, and includes an Escalations Group that is responsible for researching and resolving complex customer issues.
- In FY 2015, the Contact Center reported 1,850,756 customer interactions.

## OBJECTIVE AND SCOPE

The objective of the audit was to evaluate satisfaction with the level of customer service provided by Austin Energy to City utility customers.

The audit scope included utility customer service provided by Austin Energy in calendar years 2012 through 2014. The scope did not include evaluation of billing accuracy.

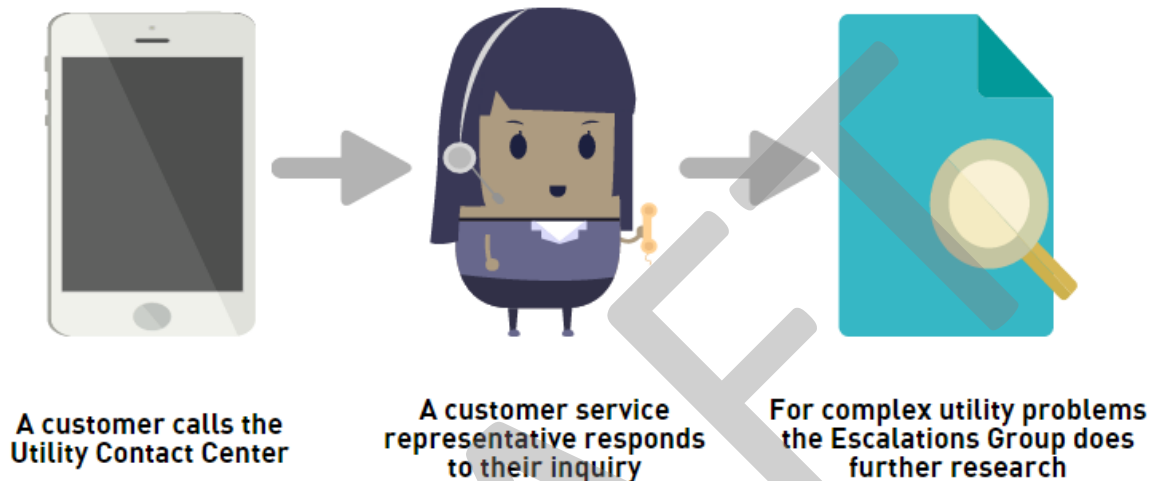
## WHAT WE FOUND

Changes made by Austin Energy in October 2014 have improved the time it takes the utility to address customer issues. In addition, Austin Energy has employed various methods for measuring customer satisfaction, such as after-call surveys that indicate satisfaction with the Contact Center's services. However, escalations of customer complaints related to Austin Water have struggled to achieve a similar level of service. Factors delaying complaint resolutions include a lack of defined expectations between the departments and unclear roles in resolving water-related customer service issues.

## BACKGROUND

---

Austin Energy is an electric utility owned and operated by the City of Austin. Austin Energy manages the City's Utility Customer Care program, which includes the Utility Customer Contact Center (Contact Center) and the Escalations Group. The Contact Center handles simple customer requests, while the Escalations Group addresses more complex customer issues.



In Fiscal Year (FY) 2015, the Contact Center had 1,850,756 customer interactions with a budget of over \$19.5 million and 153 employees. Austin Energy provides customer care for six City departments<sup>1</sup>, which contributed \$7.2 million of the Contact Center's FY 2015 budget through a cost allocation plan. A majority of this (\$5.6 million) came from Austin Water.

The Contact Center's mission is to seek to provide excellent customer service by:

- promptly responding to customer requests;
- accurately establishing customer accounts;
- efficiently billing and processing payments; and
- professionally managing the City of Austin's utility accounts.

## OBJECTIVE, SCOPE, AND METHODOLOGY

---

The City of Austin Utility Customer Care Audit was conducted as part of the Office of the City Auditor's (OCA) FY 2015 interim (April – September) Audit Plan, as presented to the Austin City Council. We chose this topic due to concerns identified in previous audits.

### Objective

To evaluate satisfaction with the level of customer service provided by Austin Energy to City utility customers.

---

<sup>1</sup> Austin Water, Austin Resource Recovery, Watershed Protection, Public Works, Austin Transportation, and Austin Code.

## **Scope**

The audit scope included customer service escalations from calendar years 2012 through 2014. This audit examined only Utility customer service and did not include an evaluation of billing accuracy.<sup>2</sup>

## **Methodology**

To accomplish our audit objectives, we performed the following steps:

- observed customer service representatives performing their job duties and documenting their work in the Customer Care and Billing (CC&B) information system;
- interviewed Austin Energy and Austin Water employees involved in the customer care process;
- reviewed the City's Automated Citizen Assistance Program database of citizen complaints and analyzed complaints related to utility customer care;
- interviewed representatives from consumer and business advocacy groups in Austin;
- analyzed customer service data provided by Austin Energy;
- reviewed Austin Energy's processes for escalating consumer complaints;
- reviewed how Austin Energy uses the CC&B system for customer care purposes;
- sampled and tested Austin Energy escalations for timeliness and coding accuracy;
- reviewed two separate survey results to determine customer satisfaction; and
- evaluated internal controls related to customer care.

---

<sup>2</sup> For more information on Austin Energy's billing process, see the Water Billing Process Audit (audit number AU14101) issued by the Office of the City Auditor in September 2014.

## AUDIT RESULTS

Austin Energy missed its internal performance targets for resolving customer issues during FY 2012 and 2013. However, changes to the customer service process made by Austin Energy in October 2014 have improved the time it takes the utility to address customer issues. Additionally, Austin Energy has employed various methods for measuring customer satisfaction and responding to customer service problems. For instance, the utility conducts after-call surveys to monitor satisfaction with customer service. The results of those surveys indicate that customers are satisfied with the customer service provided by the Utility Customer Contact Center (Contact Center). In addition, Austin Energy has a certified quality management program that promotes continuous improvements.

While Austin Energy has improved its time for resolving issues, escalations of customer complaints related to Austin Water have struggled to achieve a similar level of service. Factors delaying complaint resolutions include a lack of defined expectations between the departments and unclear roles in resolving water-related customer service issues.

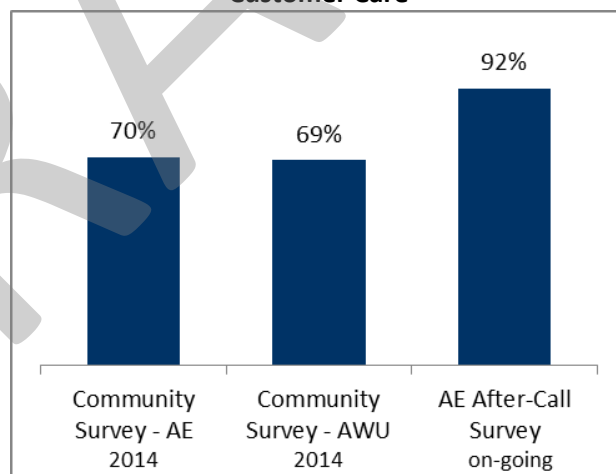
### **Finding 1: In general, customers indicate satisfaction with services received from the City's Utility Customer Contact Center.**

Austin Energy measures customer satisfaction using the annual Austin Community Survey and an after-call survey as shown in Exhibit 1. The Austin Community Survey asks residents to rate utility customer service, regardless of whether they have communicated with City utilities.

In 2014, 70% of residents reported they were satisfied with Austin Energy customer service and 69% were satisfied with Austin Water customer service.

In December 2014, Austin Energy began conducting after-call surveys asking customers to rate services they received from the Contact Center. Between December 2014 and August 2015, 92% of customers reported satisfaction with their overall customer service experience.<sup>3</sup>

**EXHIBIT 1**  
**Percent Survey Respondents Satisfied with Utility Customer Care**



**SOURCE:** Austin Community Survey 2014; Austin Energy

<sup>3</sup> Appendix B includes a more detailed explanation of these customer service survey statistics.

**Finding 2: Austin Energy has improved its on-time performance for addressing customer service problems, although a lack of defined expectations with Austin Water contributes to the untimely resolution of water-related issues.**

Austin Energy's Escalations Group handles the more complex customer service issues, such as complaints about high water bills and meter tampering. Austin Energy assigns a completion timeframe for each type of issue, and has established internal targets for meeting those timelines.

As shown in Exhibit 2, for most issues, the Escalations Group reported not meeting some or all of its internal targets for on-time completion during the second half of calendar year 2012 or for all of 2013 and 2014.

**EXHIBIT 2**  
**Escalations Processed Within the Assigned Timeframe as Reported by Austin Energy**

Issue	Completion Timeframe	Percentage Completed On Time				
		Target	2012*	2013	2014	2015
Service disconnections	Same day	85	40	49	100	100
Billing review	1 day	85	35	43	66	92
Complaints about high water bills	3 days	85	51	40	56	83
Bill disputes, tampering	5 days	85	65	51	66	89
Issue requires additional information from customer	25 days	90	100	73	100	100

**SOURCE:** OCA analysis of data reported by the Austin Energy Customer Care Quality Center, compiled March 2016. \*2012 data includes July – December

Austin Energy measures the length of an escalation from the time it is assigned to when it is marked complete in the Customer Care and Billing (CC&B) information system. Being marked complete in CC&B is no guarantee that the customer is satisfied with the outcome of the escalation.

In order to confirm Austin Energy's performance reporting, auditors tested 150 sampled escalations from July 1, 2014 through December 31, 2014. Austin Energy assigns a priority level based on the subject of the escalation. In 53 cases in our sample (35%), Austin Energy coded the escalations inaccurately or auditors could not determine if the coding was accurate due to insufficient information documented in CC&B. However, even applying the most stringent priority levels, auditors confirmed that 133 (89%) of the escalations were completed within the timeframe for their correct priority level.

Austin Energy reorganized aspects of the escalations process during October 2014. Actions taken by Austin Energy included reducing steps for assigning problems to an Escalations Group member and tracking more escalations data. In our testing of the water-related issue resolutions, we found that before October 24, 2014, only 3 of 20 (15%) high water bill issues

were resolved within Austin Energy’s three-day timeline.<sup>4</sup> The average duration for all 20 high water bills escalations was 12 days. After reorganizing the process in October 2014, Austin Energy reported it improved its on-time performance for water-related escalations from 15% to 42%, with an average duration of 11 days.<sup>5</sup> Exhibit 3 compares the old and new process, as well as their outcomes related to the on-time performance of water escalations.

### EXHIBIT 3

#### Outcomes of Audit Testing for Water Issues

	Old Escalations Process <sup>6</sup>	New Escalations Process
Performance	15% on time	42% on time
Average Time	12 days	11 days

**SOURCE:** OCA summary of information provided by Austin Energy Management, December 2015

Resolving customer water billing issues often requires Austin Energy and Austin Water to work together. Customer service representatives resolve many issues during the initial contact; only complex issues proceed to the Escalations Group. Water billing issues account for about six percent of escalations based on the data we reviewed. Some examples of customer escalations related to high water billing discovered during our testing include:

- multiple cases of customer service representatives who did not provide proper information regarding the leak adjustment process;
- a landlord and tenant both being billed for wastewater;
- a customer disputing a bill that was over two years old that they had just received; and
- a customer calling back two months after an escalation was forwarded to Austin Water, reporting he was not contacted; he was given the phone number for Austin Water.

Management from both departments expressed difficulty in communicating expectations with the other. While Austin Energy has a service level agreement for the customer care services it provides to Austin Resource Recovery, it does not have one with Austin Water. The agreement with Austin Resource Recovery specifies how the departments share data and the specific roles and responsibilities of each department. A service level agreement is a tool that could address issues that impair the departments’ ability to collaborate on solving water-related customer complaints in a timely manner.

<sup>4</sup> The 20 escalations were a random sample from 656 escalations performed between July 2014 and December 2014 using the original escalations process.

<sup>5</sup> According to data provided by Austin Energy, there were 649 escalations related to high water bills opened using the new process between October 24, 2014 and December 31, 2014; 272 were *marked* completed by the third business day after they were *assigned*.

<sup>6</sup> Escalations shown under the old process took place between July 1, 2014 and October 23, 2014. Escalations shown under the new process took place between October 24, 2014 and December 31, 2014.



## RECOMMENDATION

---

Austin Energy's customer care program management should develop a service level agreement with Austin Water. The agreement should align with the agreement already in place with Austin Resource Recovery. The agreement should include expectations for timely communications and all other necessary elements for effective collaboration.

MANAGEMENT RESPONSE: **CONCUR.** Refer to Appendix A for management response and action plan.

DRAFT

ACTION PLAN

City of Austin Utility Customer Care Audit

Recommendation	Concurrence and Proposed Strategies for Implementation	Status of Strategies	Proposed Implementation Date
Austin Energy's customer care program management should develop a service level agreement with Austin Water. The agreement should align with the agreement already in place with Austin Resource Recovery. The agreement should include expectations for timely communications and all other necessary elements for effective collaboration.	<p><b>Management concurs with this recommendation.</b></p> <p>Austin Energy has begun an effort to develop Service Level Agreements (SLAs) between specific divisions within Customer Care and Austin Water. The SLAs will address expectations for timely communications and all other necessary elements for effective collaboration between Austin Energy and Austin Water.</p>	Development of the Austin Energy and Austin Water SLAs is underway.	Austin Energy and Austin Water SLAs will be completed by March 31, 2017 (Q2 FY '17).

### BREAKDOWN OF CUSTOMER SATISFICATION WITH CUSTOMER SERVICE DATA

#### COMMUNITY SURVEY METHODOLOGY

The 2014 City of Austin Community Survey is produced for the City by the ETC Institute. The survey was mailed to 3,000 stratified random households in Austin in July and August 2014 and ETC followed up on the surveys with a phone call. 1,225 surveys were ultimately completed.

#### AFTER-CALL SURVEY METHODOLOGY

Austin Energy's after-call survey data was provided to us by Utility Customer Contact center management. An Austin Energy representative would call a customer soon after they had contacted the utility to survey them about their experience with City of Austin Utilities Customer Care. These responses were gathered from December 12, 2014 through August 8, 2015 and the survey is ongoing. Austin Energy reports 13% of customers called opt to complete the survey.

This data shows the results of the 2014 community survey and the results of the after-call survey, including people who answered "I don't know" as well as left answers blank.

	VERY SATISFIED	SATISFIED	NEUTRAL	DISSATISFIED	VERY DISSATISFIED	DON'T KNOW
Community Survey - AE	19%	41%	18%	4%	3%	15%
Community Survey - AWU	17%	39%	18%	5%	3%	19%
After-call survey	70%	15%	4%	2%	2%	8%

This data excludes people who answered, "I don't know" or left answers blank from the samples.

	VERY SATISFIED	SATISFIED	NEUTRAL	DISSATISFIED	VERY DISSATISFIED
Community Survey - AE	22%	48%	21%	5%	4%
Community Survey - AWU	21%	48%	22%	6%	3%
After-call survey	76%	17%	4%	2%	2%