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Witness: *Lisa A. Kremer*

Sponsoring Party: *MoPSC Staff*

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Data Center

Missouri Public

Service Commission

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION**

**UTILITY SERVICES**

**SURREBUTTAL TESTIMONY**

**OF**

**LISA A. KREMER**

**KANSAS CITY POWER & LIGHT COMPANY**

**CASE NO. ER-2014-0370**

*Jefferson City, Missouri*

*June 5, 2015*

**\*\* Denotes Highly Confidential Information \*\***

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LISA A. KREMER  
KANSAS CITY POWER & LIGHT COMPANY  
CASE NO. ER-2014-0370**

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1 service reviews at all the large regulated electric, natural gas, and water utilities including:  
2 Associated Natural Gas Company (Liberty), Union Electric Company d/b/a AmerenUE  
3 (AmerenUE) Electric and Gas Companies, The Empire District Electric Company, Missouri  
4 Gas Energy, Atmos Energy Corporation, Kansas City Power & Light Company (KCPL or  
5 "Company"), KCP&L Greater Missouri Operations Company ("GMO") and the predecessor  
6 company, Aquila, Inc., Laclede Gas Company, and Missouri American Water Company.  
7 I have also filed service quality testimony that included analysis of various service quality  
8 matters in a number of Missouri Commission proceedings including rate and merger cases.  
9 During 2001, at the direction of the Commission, the Unit began reviewing the customer  
10 service practices of small water and sewer utilities when they request rate increases, and has  
11 performed numerous reviews of this type since that time.

12 The Unit has also performed management audits of public utilities operating within  
13 the state of Missouri under the jurisdiction of the Commission. During my years of  
14 employment at the Commission, I have served as Project Manager or in support roles on a  
15 number of these projects, as well as participated in other types of utility investigation and  
16 review projects. These reviews include electric, natural gas, telecommunications, and water  
17 and sewer companies operating within the state of Missouri.

18 Schedule LAK-S1 is a listing of those cases in which I have filed testimony before the  
19 Commission.

20 **EXECUTIVE SUMMARY**

21 Q. Please summarize your surrebuttal testimony.

22 A. The purpose of my testimony is to address the rebuttal testimonies of  
23 Mr. Ronald A. Klote, (specifically page 32), and Mr. Darrin R. Ives, (specifically page 5),

1 regarding their statements concerning Allconnect, Inc. ("Allconnect"), and the Company's  
2 contact center.

3 **COMPANY STATED PURPOSE OF ALLCONNECT TRANSFER**

4 Q. Does Staff agree with the statement made by Mr. Klote on page 32, beginning  
5 at line 8 of his rebuttal testimony, that "the initial purpose of transferring these calls is to  
6 serve the regulated business by having Allconnect confirm the accuracy of customer  
7 information (i.e. name, service address, etc.) input by KCPL employees into the billing  
8 system . . ." Mr. Klote also states that the transferred calls "also result in non-regulated  
9 revenue paid by Allconnect to KCPL."

10 A. No. Information obtained through informal information requests the Staff  
11 initially sent the Company when it first learned of its intent to contract with Allconnect  
12 (Staff's inquiries were sent by e-mail on May 6, 2013) and specific Company responses to  
13 Staff Data Request Responses in Case No. EW-2013-0011 Cybersecurity Practices, all point  
14 to financial motivations as the primary reason the Company initiated and has continued its  
15 relationship with Allconnect. The Company has cited "customer satisfaction" along with  
16 margin opportunity and sales channels for other utility products as consideration in its  
17 evaluation process to determine to engage with Allconnect.<sup>1</sup>

18 In response to informal inquiry No. 7, sent to KCPL on May 6, 2013, requesting the  
19 Company to explain the evaluation process it engaged in to determine to utilize the services  
20 provided by Allconnect, the Company indicated:

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<sup>1</sup> Company Response to Staff Informal Inquiry No. 7 Sent Via E-mail on May 6, 2013 to KCPL.

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During the exploratory phase, we talked with other utilities regarding the products and services that they offered to their customers. Allconnect was one offered for several reasons: increase customer satisfaction, margin opportunity and sales channel for other utility products.

We then reached out to Allconnect to gather information regarding their services. After several meetings with Allconnect and an initial review process it was determined that Allconnect's services **would be a good fit for our non-regulated portfolio**. Further discussions internally and with Allconnect confirmed that we should move forward with a partnership with Allconnect and there we started a more in-depth due diligence review.

During the due diligence phase a team of KCP&L employees spoke with other utility partners regarding their partnership with Allconnect and visited an Allconnect call center. A heavy focus was placed on utility customer satisfaction, customer handling and call escalations. A basic financial review was also performed at this time.

Once the evaluation results were reviewed and discussed throughout the organization it was determined that moving forward with a partnership with Allconnect would be beneficial to KCP&L and KCP&L customers.<sup>2</sup>

The Company's response to early Staff inquiries regarding its motivation to engage with Allconnect made no mention regarding serving "the regulated business by having Allconnect confirm the accuracy of customer information" as Mr. Klote states.

Further, Section 1.1 of the \*\* \_\_\_\_\_ \*\*  
states that the \*\* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

<sup>2</sup> Company Response to Staff Informal Inquiry No. 7 Sent Via E-Mail on May 6, 2013 to KCPL.

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1 \_\_\_\_\_ \*\* Clearly, such customer data verification is a secondary consideration and a  
2 'byproduct' of KCPL's relationship with Allconnect, not the main purpose.<sup>3</sup>

3 The Company is also using Allconnect to market its own deregulated service "Surge  
4 Protection." The Company's sales of its non-regulated Surge Protection through Allconnect  
5 results in a \*\* \_\_\_\_\_ \*\* "take rate" of the customers who were connected to Allconnect,  
6 demonstrating that the Allconnect marketing channel provides significant sales opportunities  
7 for the Company's non-regulated business.<sup>4</sup> The Company indicates that there have been  
8 other discussions between Allconnect and KCPL regarding the \*\* \_\_\_\_\_  
9 \_\_\_\_\_ \*\* however, the Company is  
10 not presently utilizing Allconnect for such purposes.<sup>5</sup>

11 The very model the Company uses to transfer customers to Allconnect, known as the  
12 "Confirmation Model," is designed to maximize the number of customers that are transferred  
13 to Allconnect customer sales representatives and minimize talk time with utility customer  
14 representatives. The more customers that are transferred to Allconnect, the more money the  
15 Company makes, as each transferred call is worth \*\* \_\_\_\_\_ \*\* to KCPL."<sup>6</sup>

16 Sales rates generally of customers who buy at least one Allconnect product (local and  
17 long distance phone service; internet access; wireless, cable, satellite television; and/or home  
18 security) after having their call transferred by KCPL, are declining; reported at \*\* \_\_\_\_\_ \*\* in a  
19 December 2-3, 2014 Allconnect Business Review<sup>7</sup>, down from customer sales amounts  
20 of \*\* \_\_\_\_\_ \*\* to \*\* \_\_\_\_\_ \*\* from June 2013 to March 2014.<sup>8</sup> A \*\* \_\_\_\_\_ \*\* sales rate means

<sup>3</sup> File No. EW-2013-0011 Data Request Response No. 0068.

<sup>4</sup> File No. ER-2014-0370 Data Request Response No. 0584.

<sup>5</sup> File No. ER-2014-0370 Data Request Response No. 0607.

<sup>6</sup> File No. EW-2013-0011 Data Request Response No. 0012.

<sup>7</sup> File No. EW-2013-0011 Data Request Response No. 0055.1.

<sup>8</sup> File No. EW-2013-0011 Data Request Response No. 0053.

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1   \*\*\_\_\*\* of KCPL customers do not buy Allconnect sales offerings once transferred to  
2 Allconnect. Perhaps most telling regarding the Company's motivation for engaging with  
3 Allconnect is the January 19, 2013 Senior Leadership Team Meeting Presentation. The  
4 \*\*\_\_\_\_\_\*\* of the presentation has one significant  
5 statement identifying the Company's use of Allconnect: \*\*\_\_\_\_\_\*\*  
6 \_\_\_\_\_\*\*<sup>9</sup> The  
7 Senior Leadership Team Meeting Presentation included no mention of the need to "confirm  
8 the accuracy of customer information." The presentation did make mention of  
9 \*\*\_\_\_\_\_\*\*

10   **KCPL ABILITY TO CONFIRM ACCURACY OF CUSTOMER DATA**

11       Q.   Prior to its June 18, 2013 transfer of new KCPL-GMO customers or customers  
12 moving within the KCPL-GMO system, did the Company assume the responsibility of  
13 verifying customer data, such as name, service address, start date of service, and provide the  
14 customer a confirmation number?

15       A.   Yes. The Company performed those responsibilities, and to Staff's knowledge  
16 the Company had no difficulty in doing such tasks. Rate payers pay KCPL to perform such  
17 activities by supporting a trained utility call center that can perform any number of tasks,  
18 including verifying that the Company's own personnel obtained accurate customer  
19 information.

20       Q.   Are other Missouri regulated utilities able to successfully verify new and  
21 moving customer information when such customers contact their call center(s)?

<sup>9</sup> File No. EW-2013-0011 Data Request Response No. 0045.



1           A.     Yes. To Staff's knowledge, all of the other regulated Missouri utilities (both  
2 large and small) successfully perform this function without the aid of Allconnect or other  
3 third parties to "confirm the accuracy of customer information" inputted by Company  
4 employees. This basic function is performed well by other utilities.

5           There is also information that the use of Allconnect has not been as beneficial  
6 as represented. Past program results in 2013 and 2014 showed that an approximate  
7 \*\* \_\_\_\_\_ \*\* of KCPL customers did not receive a commencement confirmation  
8 number from Allconnect when their calls were transferred because the confirmation  
9 number was not transferred to Allconnect from KCPL. KCPL generates such service  
10 confirmation numbers and sends them to Allconnect along with various other types of  
11 customer information.

12           While Mr. Klote indicates the purpose and benefit of utilizing Allconnect for regulated  
13 matters is to catch and correct errors, Company information indicates that the call transferring  
14 process has created errors for some customers by the failure of the process to provide those  
15 customers an electric service confirmation number. The Report of Staff's Investigation, in  
16 File No. EO-2014-0306, further raises concerns that greater than \*\* 2% \*\* of customers may  
17 not receive their utility service confirmation number once transferred to Allconnect. Such  
18 performance does not serve but "disserves" the customers of KCPL.

19 **CONTACT CENTER PERFORMANCE REGARDING ALLCONNECT TRANSFERS**

20           Q.     On page 5, line 2, of Mr. Darrin Ives' rebuttal testimony, he states that  
21 "KCP&L's contact center performance has consistently provided quality of service and  
22 performance over the past several years." Do you agree?

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1           A.     Yes and no. Contact centers (or call centers) are critical to regulated utility  
2 operations as they serve as the primary point of contact by utility customers. Contact center  
3 performance can be evaluated both quantitatively and qualitatively. Staff agrees that KCPL's  
4 contact center has had strong metrics in the areas of Average Speed of Answer, Abandoned  
5 Call Rate, Service Levels, and striving to maintain a low number of calls offered Virtual Hold  
6 (a call deferral technology used when call volumes are high and wait times are extended).

7           Staff disagrees, however, that the contact center is providing quality service when  
8 customer calls and customer data is transferred to Allconnect without the expressed  
9 permission of customers. Further, the failure of the KCPL contact center to provide KCPL  
10 customers all that they are entitled to receive from their regulated utility, which includes  
11 confirmation that they will have service, is also a detriment to customer service. Greater  
12 detail regarding the Company's utilization of Allconnect is provided in the Report of Staff's  
13 Investigation in File No. EO-2014-0306 and the Staff's recently filed complaint case File No.  
14 EC-2014-0309.

15           Q.     Does this conclude your surrebuttal testimony?

16           A.     Yes.

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of Kansas City Power & Light )  
Company's Request for Authority to )  
Implement a General Rate Increase for Electric )  
Service )

Case No. ER-2014-0370

**AFFIDAVIT**

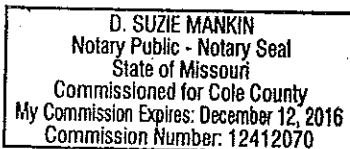
COMES NOW Lisa A. Kremer and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Surrebuttal Testimony; and that the same is true and correct according to her best knowledge and belief.

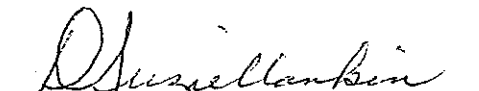
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Lisa A. Kremer

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 4<sup>th</sup> day of June, 2015.



  
\_\_\_\_\_  
Notary Public