

Exhibit No.:
Issue: Customer Service
Witness: LISA A. KREMER
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: GM-2000-312

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

LISA A. KREMER

ATMOS ENGERY COMPANY

and

ASSOCIATED NATURAL GAS COMPANY

CASE NO. GM-2000-312

Jefferson City, Missouri
March, 2000

FILED²
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Missouri Public
Service Commission

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1 Engineering and Management Services. I assumed the Manager position of the combined
2 Departments in February 2000. Prior to working for the Commission, I was employed by
3 Lincoln University for approximately two and one-half years as an Institutional
4 Researcher.

5 Q. What is the purpose of your testimony?

6 A. The purpose of my testimony is to recommend that prior to any sale
7 agreement approved by the Commission, the sale applicants (Arkansas Western Gas
8 Company d/b/a Associated Natural Gas Company [ANG] and Atmos Energy Corporation
9 [Atmos]), the Commission Staff (Staff) and the Office of the Public Counsel (Public
10 Counsel or OPC), will jointly file an agreement for Commission approval which
11 establishes reasonable and appropriate customer service measurements for Missouri ANG
12 customers. The sale proposal calls for United Cities Gas, a division of Atmos, to operate
13 current ANG properties and to continue to provide service to ANG's customers. The
14 benefits of such customer service agreements and the precedents established for them are
15 discussed below. My testimony will also address the general value of customer service
16 measurements (which are included in customer service agreements) in determining
17 potential deterioration of customer service in Missouri regulated utilities when such
18 properties are purchased by or merged with another utility.

19 Q. Has the development of such an agreement begun?

20 A. Yes.

21 Q. What is the purpose of customer service measurements?

22 A. Customer service measurements are established by utilities to determine
23 the level of customer service they are providing their customers. Customer service

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1 measurements can also provide some assurance, not only to the company but also to its
2 customers and to utility commissions, that a certain level of customer service is being
3 provided by the utility.

4 Q. Why are customer service measurements important in Missouri regulated
5 utility sale or merger cases?

6 A. Customer service measurements are important in such cases because they
7 provide some assurance that proposed sales or mergers involving Missouri utilities do not
8 result in a detriment to an established level of customer service. Maintaining or
9 improving existing customer service is important to the customers of the company being
10 sold. It is also important to the Missouri customers of the purchasing utility that they not
11 experience a decline in service as a result of the purchase or merger.

12 Q. Have customer service measurements been addressed in other Missouri
13 utility mergers or sales?

14 A. Yes. Customer service measurements were agreed to by the company,
15 Commission Staff and the Office of the Public Counsel, in the "Customer Service
16 Standards Agreement And Conceptual Framework For A Generation and Transmission
17 Costs Allocation Agreement" in *Re Western Resources, Inc. and Kansas City Power &*
18 *Light Company*, Case No. EM-97-515. They were also addressed in the "Stipulation and
19 Agreement" *Re Southern Union and Pennsylvania Enterprises, Inc.*, Case No.
20 GM-2000-312. These agreements were developed to ensure, among other things, that the
21 mergers involved did not have an adverse impact on the level of customer service to
22 Missouri customers.

23 Q. What was the nature of these agreements?

1 A. These agreements, as they pertained to customer service issues, were
2 similar in nature. Both established performance measures regarding some components of
3 customer service and addressed other customer service issues.

4 Q. Describe the specific customer service measurements provided in the
5 agreements.

6 A. Both agreements addressed two call center measurements that are
7 designed to determine the responsiveness of the customer call centers. The two
8 measurements were:

- 9 1. Abandoned Call Rate; and
10 2. Average Speed of Answer

11 Q. Describe Abandoned Call Rate.

12 A. Generally, Abandoned Call Rate (ACR) refers to the percentage of
13 customers who terminate their call before it can be handled by the company. Abandoned
14 Call Rate maybe defined as the number of calls abandoned divided by the number of calls
15 offered.

16 Q. Describe Average Speed of Answer.

17 A. Generally, Average Speed of Answer (ASA) (sometimes referred to as
18 Average Delay) is the total delay time of all calls divided by the number of calls.

19 Q. Were the actual performance measurements for the ACR and ASA the
20 same in both agreements?

21 A. No. The performance measurements were unique in each agreement in
22 that they were developed from each company's own historical data. In *Re Western*
23 *Resources, Inc. and Kansas City Power and Light Company*, Case No. EM-97-515, the

1 ACR measurement ultimately agreed to was based upon a three-year average of actual
2 Kansas City Power and Light ACRs.

3 In *Re Southern Union and Pennsylvania Enterprises, Inc.*, Case No.
4 GM-2000-312, the performance measurement was based upon Missouri Gas Energy's
5 (Southern Union's Missouri operating division) average ACR in a two-year period.

6 It is significant that each company was measured against its own past
7 performance, and not the performance of another company, in order to determine
8 deterioration in service. Customer service measurements should consider any data
9 anomalies, such as an unusually cold winter, which could significantly increase calls, or
10 other factors that could skew the data.

11 Q. Did the agreements in *Re Western Resources, Inc. and Kansas City Power*
12 *and Light Company*, Case No EM-97-515, and *Re Southern Union and Pennsylvania*
13 *Enterprises, Inc.*, Case No. GM-2000-312, address other customer service issues?

14 A Yes. Both of the agreements contained provisions that required the
15 respective companies to provide the Commission Staff (Staff) and OPC written
16 explanations in the event that the agreed-upon customer service measurements were not
17 met. The agreements also required the companies to make system improvements that
18 would enable them to achieve the measurements agreed to. Further, both agreements
19 contained provisions to credit customers the cost associated with such system
20 improvements, and both cited a number of customer service operating procedures that the
21 Staff wanted to ensure would be observed by the newly merged Company.

22 Both agreements indicated that the companies would use "bill testing"
23 procedures to avoid billing errors, and both addressed the companies' commitments

1 regarding timely service restoration. In the case of *Re Western Resources, Inc. and*
2 *Kansas City Power and Light Company*, Case No EM-97-515, a commitment was made
3 to continue certain customer service programs that were considered particularly effective.

4 Q. Did the agreements include reporting requirements to both the Staff and
5 Public Counsel?

6 A. Yes. Reporting requirements are an important aspect of effective
7 performance measures in that they enable the Staff and Public Counsel to monitor
8 components of customer service following the closing of a utility sale. Both agreements
9 required quarterly reporting of ACR and ASA data and contained provisions that required
10 the respective companies to provide the Commission Staff and OPC written explanations
11 in the event that the agreed-upon customer service measurements were not met.

12 Q. Can customer service measurements, such as those described in this
13 testimony, provide complete assurance that customer service is adequate?

14 A. No. While ACR and ASR are valuable management tools, and can lead to
15 some conclusions regarding customer service, they cannot assure that deficiencies are not
16 present in other customer service activities. Indicators serve an important role, but
17 cannot replace a customer service review that analyzes and examines customer services
18 processes and practices.

19 Management Services Specialists have performed numerous
20 comprehensive management audits that included reviews of the customer services
21 practices of regulated utilities. These Staff personnel have also recently performed three
22 focused customer service reviews that examined not only the customer service
23 measurements described in this testimony, but many work processes, practices, policies

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1 and procedures in the customer services area. In these focused reviews, Staff performed
2 examinations of customer service functions such as customer billing, call center
3 operations, credit and collections, disconnection and reconnection activities, meter
4 reading and others.

5 Q. Does this conclude your testimony?

6 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

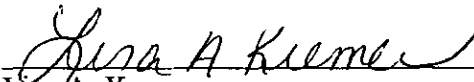
OF THE STATE OF MISSOURI

In the Matter of the Joint Application of Atmos)
Energy Corporation and Arkansas Western Gas) CASE NO. GM-2000-312
Company, d/b/a Associated Natural Gas Company,)
for an order authorizing the sale and transfer of)
certain assets of Associated Natural Gas Company)
located in Missouri to Atmos Energy Corporation)
and either authorizing the transfer of existing)
certificates of public convenience and necessity or)
granting a new certificate of public convenience)
and necessity to Atmos Energy Corporation in)
conjunction with same.)

AFFIDAVIT OF LISA A. KREMER

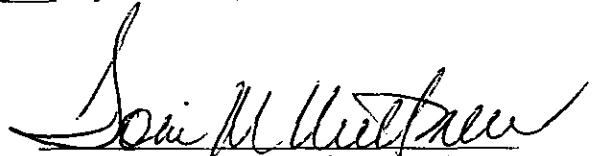
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Lisa A. Kremer, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 7 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.


Lisa A. Kremer

Subscribed and sworn to before me this 01 day of March, 2000.




Notary Public, State of Missouri
My Commission Expires _____

TONI M. WILLMENDO
NOTARY PUBLIC STATE OF MISSOURI
COUNTY OF CALLAWAY
My Commission Expires June 24, 2000