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Witness: *Lisa A. Kremer*
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Case No.: *ER-2009-0090*
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

LISA A. KREMER

**Great Plains Energy, Incorporated
GREATER MISSOURI OPERATIONS COMPANY
GMO-MPS AND GMO-L&P ELECTRIC**

CASE NO. ER-2009-0090

*Jefferson City, Missouri
April 2009*

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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **LISA A. KREMER**

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5 **GREATER MISSOURI OPERATIONS COMPANY**
6 **GMO-MPS AND GMO-L&P ELECTRIC**

7
8 **CASE NO. ER-2009-0090**

9 Q. Please state your name and business address.

10 A. Lisa A. Kremer, P.O. Box 360, Jefferson City, Missouri 65102.

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

12 A. I am the Manager of Engineering and Management Services with the
13 Missouri Public Service Commission (Commission, PSC).

14 Q. Describe your educational and professional background.

15 A. I graduated from Lincoln University in Jefferson City, Missouri in 1983 with a
16 Bachelor of Science Degree in Public Administration, and in 1989 with a Masters Degree in
17 Business Administration. I successfully passed the Certified Internal Auditor (CIA)
18 examination in 1997 and am a Certified Internal Auditor.

19 I have been employed for approximately 22 years by the Commission in the then
20 Management Services Department as a Management Services Specialist,
21 except for a four-month period when I was employed by the Missouri Department of
22 Transportation. The Management Services Department was combined with the Commission's
23 Depreciation Department and the joined Department was named Engineering and
24 Management Services. I assumed the Manager position of the combined Departments
25 in February 2000. Prior to working for the Commission, I was employed

1 by Lincoln University for approximately two and one-half years as an Institutional
2 Researcher.

3 Specifically, I have participated in the analysis of or had oversight responsibilities for
4 reviews of the customer service processes at Associated Natural Gas Company, AmerenUE,
5 Missouri Gas Energy, Atmos Energy Corporation, Laclede Gas Company and Aquila, Inc.
6 At the direction of the Commission during 2001, the Engineering and Management Services
7 Department began reviewing the customer service practices of small water and sewer utilities
8 when they request rate increases. The Department has performed numerous reviews of this
9 type since that time.

10 The Engineering and Management Services Department has also performed
11 management audits of public utilities operating within the state of Missouri under the
12 jurisdiction of the Commission. I have served as project manager or in support roles on a
13 number of these projects during my years of employment at the Commission, as well as
14 participated in other types of utility investigation and review projects.

15 **EXECUTIVE SUMMARY**

16 Q. Please summarize your surrebuttal testimony.

17 A. My testimony will provide correction to Commission complaint numbers that
18 were previously presented on page 171 in the Staff's Cost of Service Report (Staff Report)
19 filed on February 13, 2009 in the current case, Case No. ER-2009-0090. In addition, I will
20 address service quality comments made by Mr. Jim Alberts in his rebuttal testimony filed in
21 this case on March 13, 2009.

1 **GMO CALL CENTER HISTORY**

2 Q. Does Staff agree with Mr. Alberts' statement on page 1 of his rebuttal
3 testimony where he states at line 16 "GMO has a long history of improving service over time"
4 and "all performance metrics demonstrate a positive trend of improvement?"

5 A. Not entirely. As addressed in EM-2007-0374, the Staff filed service quality
6 testimony in a number of Aquila (GMO) cases over the past several years to address service
7 quality concerns identified at the Company, primarily in the area of call center performance
8 and to request increased reporting for Staff to more carefully monitor the utility.
9 These concerns included both the significant decline in call center performance the Company
10 had experienced and was providing its customers and the operational practices of its call
11 center, which had included Staffing reductions and outsourcing its call center.
12 These concerns were addressed in "The Missouri Public Service Commission's Staff Report
13 on Aquila, Inc., December 2002", as well as in Case Nos. EF-2003-0465, ER-2004-0034 and
14 GR-2004-0072. The Company subsequently began working to improve its call center
15 performance through increased staffing, training and other improvements. GMO's call center
16 performance for 2006, 2007 and 2008 is presented beginning on page 165 of the Staff Report
17 in ER-2009-0090 and demonstrated not only significant improvement but in many cases
18 exceeded the performance of KCPL.

19 **CALL CENTER PERFORMANCE AFTER INTEGRATION**

20 Q. Does the Staff agree with Mr. Alberts' statement on page 2 beginning at line 22
21 of his rebuttal testimony that "following the operational integration of two major companies,
22 there are likely to be issues that come up no matter how much testing and preparation is
23 done?"

1 A. Yes. As the Staff identified, beginning on page 68 in the “Staff Report of
2 Staff’s Evaluation and Recommendations regarding Great Plains Energy Incorporated’s
3 (GPE) Proposed Acquisition of Aquila, Inc. (Aquila)” in Case No. EM-2007-0374, “there are
4 a number of factors that place service quality at risk during a merger or sale case. Transitions
5 may place additional pressure on the utilities being combined due to the merging of different
6 processes, practices, systems, procedures, cultures, organizational structures and workforces.”
7 Regardless of managerial commitments, operational challenges, both those foreseen and
8 unforeseen, can arise upon the consolidation of two separate companies. This was the case
9 with the call center difficulties the company experienced in July 2008.

10 Mr. Alberts on page 2, line 22 of his rebuttal testimony indicates that “We recognize
11 that our performance for the abandoned call rate and average speed of answer fell below
12 expectations for July through September 2008. However, performance during that period was
13 not indicative of our most recent performance and KCP&L’s commitment to timely and
14 quality service.” Mr. Alberts’ statement about actual performance experience demonstrates
15 why service quality commitments may or may not be realized. Such utility commitments
16 were documented on Page 21 of The Post-Hearing Brief filed by Kansas City Power
17 and Light Company and Aquila in Case No. EM-2007-0374. This reference includes a
18 statement made by Kansas City Power & Light that addressed “KCPL’s process and future
19 steps to ensure that customer service and reliability will not deteriorate after the close of the
20 transaction.” Page 22 of the same Post-Hearing Brief indicates that “The integration will
21 provide a seamless customer experience for KCPL and Aquila customers...”
22 The integration for KCPL and GMO (Aquila) customers to this point has not been ‘seamless’.

1 The consolidation between Kansas City Power & Light Company (KCPL, Company)
2 and KCP&L Greater Missouri Operations Company (GMO, Company) is still recent and
3 evolving. Opportunities for service improvements or degradation are very much present as
4 the consolidation occurred only approximately eight months ago.

5 Q. Do you have any concerns about the Company's ability to maintain acceptable
6 call center performance?

7 A. Yes. Recent indication of financial constraints the Company is experiencing
8 creates an awareness by the Staff that service quality, particularly in the Company's call
9 center, could be at risk for compromise in the future. The deteriorating service quality history
10 of Aquila in the 2002 through 2003 time frame has been well documented in previous rate and
11 financing cases before the Commission which was a direct result of cost-cutting by the utility
12 and included 1) reduced call center staffing and 2) call center outsourcing.
13 Specifically, Aquila and its customers experienced unacceptable call center service with high
14 abandoned call rates and long average speed of answers. Although both KCPL and GMO
15 have made commitments indicating that they will maintain service, such commitments must
16 be followed-through with actions including maintaining appropriate staffing, providing
17 sufficient training, employing effective call center monitoring and other internal controls, as
18 well as ensuring appropriate call center technology.

19 As provided on page 7 of a "Great Plains Energy Midwest Investor Meetings,
20 April 2 – 3, 2009" presentation found on the Security and Exchange Commission's web-page
21 (www.sec.gov), Great Plains Energy is demonstrating financial behavior that the Staff wants
22 to ensure does not negatively impact the service received by either KCPL or GMO customers.
23 Specifically addressed in the presentation are statements that Great Plains Energy has or is:

1 eliminating or deferring additional 2009-10 capital expenditures, is suspending external hiring
2 for all but essential skills and reducing its common stock dividend by 50%. While these
3 actions do not specifically indicate that service will be compromised or degraded, they may
4 indicate an increased opportunity and environment for service degradation.

5 Q. Can you offer any additional perspective on the call center performance
6 metrics Mr. Alberts presents on page 3 of his rebuttal testimony, beginning at 6?

7 A. Yes. While calls offered to company agents or call center representatives was
8 at 172,019 in October 2008, calls offered to agents dropped substantially to 120,276 in
9 November 2008. In December 2008, the number of calls offered to agents was 130,493.
10 Call volume is an important factor in overall call center performance as is staffing, training,
11 retention, internal control and technology. When call volumes decline and staffing remains
12 the same, there is most often an increase in performance as fewer calls will be abandoned by
13 customers and they will be responded to more quickly by available call center representatives.
14 The reduction in call volumes during the period of November and December lead naturally to
15 shorter answer times.

16 Mr. Alberts' provided a work paper to the Staff, attached as Schedule 1,
17 to demonstrate that combined KCPL and Aquila call volumes have risen approximately
18 15% from the same period of the prior year. His analyses requires estimating Missouri calls
19 from Aquila's total call center volume prior to the current consolidation, which included calls
20 from Aquila's other utility properties that were sold to Black Hills Corporation. He does not
21 address the fact that Aquila, Inc.'s historical call center volumes were higher every month in
22 2007 through the consolidation of KCPL and GMO in July 2008, than the combined call
23 center volumes he provides which are presented in Schedule 2, and in some cases

1 significantly higher. Regardless of the higher call volumes, Aquila's Missouri customers
2 consistently experienced faster speeds of answer and lower abandoned call rates than
3 1) KCPL customers and 2) KCPL and GMO customers combined. As indicated in the Staff
4 Report previously filed, GMO and KCPL indicated there would be no net reductions in call
5 center staffing from either utility and pre-consolidation call center staffing numbers have
6 remained the same. Should the trend of increased call volume continue, additional call center
7 staff may be required.

8 Another factor that could impact the call center performance of GMO and KCPL is the
9 fact that the two companies are each utilizing separate Customer Information Systems (CIS).
10 Call center associates or representatives from each utility answer all calls, regardless whether
11 they are from GMO or KCPL customers and they must have proficiency on two distinct
12 systems.

13 While the Staff currently considers the call center performance in the areas of
14 Abandoned Call Rate (ACR) and Average Speed of Answer (ASA) to be within an acceptable
15 range for the combined entity, it recognizes factors could result in future service declines and
16 encourages KCPL and GMO to be vigilant in its call center management. Future increases in
17 call volumes, deferral of necessary hiring, staffing reductions, inadequate training, reductions
18 in internal control such as monitoring, supervision, and quality assurance are all operational
19 practices that, should they occur, could result in service declines. Regulated utility customers
20 pay for good quality call center service as well as other customer service processes as the
21 costs to provide them are included in the rates charged to their customers. Specifically, costs
22 for the hiring, staffing, training, salaries, benefits, retention, technologies, equipment and the

1 management of the call center as well as other provisions of service are combined in the
2 development of the rates charged to ratepayers.

3 Q. What factors can impact utility call center volume?

4 A. Many factors can contribute to increased call volume. While economic
5 conditions, as Mr. Alberts' states, may be one factor, other factors may also contribute to
6 increased calls such as utility announcements of rate increases or acquisitions, changes in
7 utility operational practices such as in the area of credit and collections, system outages and
8 others.

9 Q. Mr. Alberts addresses an overall increase in call volumes of 15% higher than
10 the previous year. What impact can increased call volumes have on a call center?

11 A. As indicated earlier, call volumes can have a significant impact on
12 performance and have to be carefully monitored and appropriately planned for by utilities.
13 That is why staffing is critical to call centers, as is appropriate representative training, call
14 monitoring and other internal controls to ensure quality.

15 **MOPSC COMPLAINT CORRECTIONS**

16 Q. Do you have any corrections to make to the Staff's Cost of Service Report
17 filed on February 13, 2009?

18 A. Yes. I would like to substitute the following 2008 MOPSC complaint numbers
19 and complaints per thousand customers for those provided on page 171 of the Staff Cost of
20 Service Report filed in this case:

2008	Customer Numbers	MoPSC Complaints	Complaints Per Thousand customers
KCPL	239,000	250	1.1
GMO	274,000	201	.73

21 Source: MoPSC Consumer Services Department
22 *Approximate number of residential customers

Surrebuttal Testimony of
Lisa A. Kremer

1 Staff would conclude that KCPL complaints rose approximately 15% and GMO
2 complaints declined by approximately 2% from 2007 levels.

3 Q. Does this conclude your surrebuttal testimony?

4 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

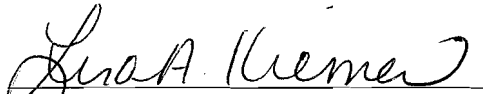
OF THE STATE OF MISSOURI

In the Matter of the Application of KCP&L)
Greater Missouri Operations Company for) Case No. ER-2009-0090
Approval to Make Certain Changes in its)
Charges for Electric Service.)

AFFIDAVIT OF LISA A. KREMER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Lisa A. Kremer, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 9 pages to be presented in the above case; that the answers in the foregoing Surrebuttal 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 9th day of April, 2009.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016


Notary Public

KCP&L Greater Missouri Operations Company
Case No. ER-2009-0090

GROSS CALLS			
	<u>2009</u> <u>COMBINED</u>	<u>2008</u> <u>COMBINED</u>	<u>2007</u> <u>COMBINED</u>
January	220,835	207,413	189,096
February	219,569	200,651	179,530
March		213,720	198,356
April		212,053	197,338
May		278,310	205,397
June		285,183	204,543
July		349,735	212,837
August		278,321	242,054
September		283,106	238,178
October		299,629	271,282
November		222,588	213,063
December		266,126	272,972
		2,965,702	2,624,646

CALLS TO AGENTS			
	<u>2009</u> <u>COMBINED</u>	<u>2008</u> <u>COMBINED</u>	<u>2007</u> <u>COMBINED</u>
January	121,481	119,965	123,146
February	118,939	108,597	109,938
March		119,458	124,812
April		123,454	124,707
May		133,632	132,691
June		132,269	129,589
July		172,211	128,717
August		164,128	150,836
September		169,878	133,182
October		172,019	150,502
November		120,276	121,989
December		130,493	122,867
		1,666,380	1,552,974

NOTES: 'Combined' call volume, prior to Day1 (July14, 2008) includes legacy KCP&L and GMO call volumes.
 January-December 2007 and January-July2008 GMO call volume uses 30% of total legacy Aquila call volumes.

July through December	1,699,505	1,450,386	929,005	808,092
		17% Increase		15% Increase

The comparison was done for July through December, 2007 versus 2008 call volumes.

**KCP&L GREATER MISSOURI OPERATIONS COMPANY
CASE NO. ER-2009-0090**

Aquila Summary Information

2006	Total Calls Offered	Abandoned Call Rate (%)	Average Speed of Answer (sec)	Call Center Staffing	Service Level Total Agent	Service Level Emergency
January	236,096	4.8%	54	202	66%	91%
February	206,453	3.4%	40	198	71%	93%
March	222,600	1.6%	18	206	85%	95%
April	201,129	1.6%	18	207	83%	95%
May	256,650	7.2%	78	194	56%	88%
June	221,588	3.6%	39	186	77%	93%
July	173,203	0.8%	9	180	90%	96%
August	194,772	1.3%	14	192	86%	92%
September	172,449	1.3%	14	184	85%	96%
October	195,783	1.5%	14	183	86%	97%
November	148,157	0.5%	3	175	96%	98%
December	133,725	0.7%	5	173	95%	92%

2007	Total Calls Offered	Abandoned Call Rate (%)	Average Speed of Answer (sec)	Call Center Staffing	Service Level Total Agent	Service Level Emergency	Number of Calls Per 1000 Customers
January	163,896	1.1%	7	167	92%	94%	539
February	147,557	1.2%	9	179	89%	97%	485
March	159,565	1.2%	12	171	87%	95%	524
April	164,009	1.6%	16	168	84%	95%	539
May	169,899	1.5%	16	166	84%	95%	558
June	159,176	1.4%	14	163	84%	94%	523
July	162,039	1.5%	18	180	81%	93%	533
August	170,539	1.5%	17	170	80%	92%	561
September	153,283	1.5%	17	166	81%	94%	504
October	187,324	3.2%	42	159	65%	94%	616
November	151,275	2.0%	24	154	80%	95%	497
December	150,328	2.4%	21	153	84%	84%	494

**KCP&L GREATER MISSOURI OPERATIONS COMPANY
CASE NO. ER-2009-0090**

Aquila Summary Information

2008	Total Calls Offered	Abandoned Call Rate (%)	Average Speed of Answer (sec)	Call Center Staffing	Service Level Total Agent	Service Level Emergency	Number of Calls Per 1000 Customers
January	158,001	1.8%	19	166	80%	93%	519
February	149,699	1.7%	17	162	80%	93%	492
March	149,513	0.8%	6	157	91%	97%	491
April	154,290	1.0%	12	154	87%	96%	507
May	160,277	1.6%	17	152	81%	93%	527
June	154,411	1.7%	19	150	80%	90%	507
July 1-13	60,127	1.9%	22	150	80%	88%	198
July 14-31	116,690	18.1%	190	122	33%	55%	198
August	164,128	7.8%	72	127	62%	70%	279
September	169,878	6.2%	62	123	61%	79%	289
October	172,019	4.0%	36	122	74%	75%	293
November	120,276	3.2%	24	121	83%	85%	205
December	130,493	4.6%	31	119	85%	59%	222

2009	Total Calls Offered	Abandoned Call Rate (%)	Average Speed of Answer (sec)	Call Center Staffing	Service Level Total Agent	Service Level Emergency	Number of Calls Per 1000 Customers
January	121,841	1.8%	16	120	87%	86%	207
February	118,939	4.3%	44	120	71%	92%	202
March							
April							
May							
June							
July 1-13							
July 14-31							
August							
September							
October							
November							
December							