

*Exhibit No.:*  
*Issue:* *Quality of Service*  
*Witness:* *Lisa A. Kremer*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Rebuttal Testimony*  
*Case No.:* *ER-2009-0089*  
*Date Testimony Prepared:* *April 7, 2009*

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**SURREBUTTAL TESTIMONY**

**OF**

**LISA A. KREMER**

**KANSAS CITY POWER & LIGHT COMPANY**

**CASE NO. ER-2009-0089**

*Jefferson City, Missouri*  
*April 2009*

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**TABLE OF CONTENTS OF**  
**SURREBUTTAL TESTIMONY OF**  
**LISA A. KREMER**  
**KANSAS CITY POWER & LIGHT COMPANY**  
**CASE NO. ER-2009-0089**

EXECUTIVE SUMMARY ..... 2  
CALL CENTER PERFORMANCE AFTER INTEGRATION ..... 3  
MOPSC COMPLAINT CORRECTIONS ..... 7



1 in February 2000. Prior to working for the Commission, I was employed by  
2 Lincoln University for approximately two and one-half years as an Institutional 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 161 in the Staff's report filed on February 11, 2009 in the  
19 current case, Case No. ER-2009-0089. In addition, I will address service quality comments  
20 made by Mr. Jim Alberts in his rebuttal testimony filed in this case on March 11, 2009.

1 **CALL CENTER PERFORMANCE AFTER INTEGRATION**

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

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

15 Mr. Alberts on page 3, line 19 of his rebuttal testimony indicates that "We recognize  
16 that our performance for the abandoned call rate and average speed of answer fell below  
17 expectations for July through September 2008. However, performance during that period was  
18 not indicative of our most recent performance and KCP&L's commitment to timely and  
19 quality service." Mr. Alberts' statement about actual performance experience demonstrates  
20 why service quality commitments may or may not be realized. Such utility commitments  
21 were documented on Page 21 of The Post-Hearing Brief filed by Kansas City Power & Light  
22 and Aquila in Case No. EM-2007-0374. This reference includes a statement made by  
23 Kansas City Power & Light that addressed "KCPL's process and future steps to ensure that  
24 customer service and reliability will not deteriorate after the close of the transaction."

1 Page 22 of the same Post-Hearing Brief indicates that “The integration will provide a  
2 seamless customer experience for KCPL and Aquila customers...” Without question, the  
3 integration for KCPL and GMO (Aquila) customers to this point has not been ‘seamless’.

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

8 Q. Do you have any concerns about the Company’s ability to maintain acceptable  
9 call center performance?

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

22 As provided on page 7 of a “Great Plains Energy Midwest Investor Meetings,  
23 April 2 – 3, 2009” presentation found on the Security and Exchange Commission’s

1 web-page ([www.sec.gov](http://www.sec.gov)), Great Plains Energy is demonstrating financial behavior that the  
2 Staff wants to ensure does not negatively impact the service received by either KCPL or  
3 GMO customers. Specifically addressed in the presentation are statements that Great Plains  
4 Energy has or is: eliminating or deferring additional 2009-10 capital expenditures, is  
5 suspending external hiring for all but essential skills and reducing its common stock dividend  
6 by 50%. While these actions do not specifically indicate that service will be compromised or  
7 degraded, they may indicate an increased opportunity and environment for service  
8 degradation.

9 Q. Can you offer any additional perspective on the call center performance  
10 metrics Mr. Alberts presents on page 4 of his rebuttal testimony, beginning at line 3?

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

20 Mr. Alberts' provided a work paper to the Staff, attached as Schedule 1, to  
21 demonstrate that combined KCPL and Aquila call volumes have risen approximately 15%  
22 from the same period of the prior year. His analyses requires estimating Missouri calls from  
23 Aquila's total call center volume prior to the current consolidation, which included calls from

1 Aquila's other utility properties that were sold to Black Hills Corporation. He does not  
2 address the fact that Aquila, Inc.'s historical call center volumes were higher every month in  
3 2007 through the consolidation of KCPL and GMO in July 2008, than the combined call  
4 center volumes he provides which are presented in Schedule 2, and in some cases  
5 significantly higher. Regardless of the higher call volumes, Aquila's Missouri customers  
6 consistently experienced faster speeds of answer and lower abandoned call rates  
7 than 1) KCPL customers and 2) KCPL and GMO customers combined. As indicated in the  
8 Staff Report previously filed, GMO and KCPL indicated there would be no net reductions in  
9 call center staffing from either utility and pre-consolidation call center staffing numbers have  
10 remained the same. Should the trend of increased call volume continue, additional call center  
11 staff may be required.

12 Another factor that could impact the call center performance of GMO and KCPL is the  
13 fact that the two companies are each utilizing separate customer information systems (CIS).  
14 Call center associates or representatives from each utility answer all calls regardless whether  
15 they are from GMO or KCPL customers and they must have proficiency on two distinct  
16 customer information systems.

17 While the Staff currently considers the call center performance in the areas of  
18 Abandoned Call Rate (ACR) and Average Speed of Answer (ASA) to be within an acceptable  
19 range for the combined entity, it recognizes factors could result in future service declines and  
20 encourages KCPL and GMO to be vigilant in its call center management. Future increases in  
21 call volumes, deferral of necessary hiring, staffing reductions, inadequate training, reductions  
22 in internal control such as monitoring, supervision, and quality assurance are all operational  
23 practices that, should they occur, could result in service declines.



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

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

7 Q. What impact can increased call volumes have on a call center?

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

12 **MOPSC COMPLAINT CORRECTIONS**

13 Q. Do you have any corrections to make to the Staff Cost of Service Report filed  
14 on February 11, 2009?

15 A. Yes. I would like to substitute the following 2008 MOPSC complaint numbers  
16 and complaints per thousand customers for those provided on page 161 of the Staff's Cost of  
17 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

18 Source: MoPSC Consumer Services Department  
19 \*Approximate number of residential customers

20

Surrebuttal Testimony of  
Lisa A. Kremer

1           Staff concludes complaints filed with the Commission concerning KCPL during 2008  
2 rose approximately 15% and complaints filed with the Commission concerning  
3 GMO declined approximately 2% from 2007 levels.

4           Q.     Does this conclude your surrebuttal testimony?

5           A.     Yes.

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

In the Matter of the Application of Kansas City )  
 Power and Light Company for Approval to ) Case No. ER-2009-0089  
 Make Certain Changes in its Charges for )  
 Electric Service To Continue the )  
 Implementation of Its Regulatory Plan. )


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 Surrebuttal Testimony in question and answer form, consisting of 8 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 6<sup>th</sup> day of April, 2009.

  
 Notary Public

NIKKI SENN Notary Public - Notary Seal State of Missouri Commissioned for Osage County My Commission Expires: October 01, 2011 Commission Number: 07287016
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**Kansas City Power & Light Company  
Case No. ER-2009-0089**

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
		<b>2,965,702</b>	<b>2,624,646</b>

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
		<b>1,666,380</b>	<b>1,552,974</b>

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.

**KANSAS CITY POWER & LIGHT COMPANY  
CASE NO. ER-2009-0089**

**Aquila Summary Information**

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

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

**KANSAS CITY POWER & LIGHT COMPANY  
CASE NO. ER-2009-0089**

**Aquila Summary Information**

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

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