

Exhibit No.:
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Witness: *Lisa A. Kremer*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *ER-2014-0370*
Date Testimony Prepared: *June 5, 2015*

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
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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.¹

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:

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

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

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

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

18 Once the evaluation results were reviewed and discussed throughout
19 the organization it was determined that moving forward with a
20 partnership with Allconnect would be beneficial to KCP&L and
21 KCP&L customers.²

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

25 Further, Section 1.1 of the ** _____ **
26 states that the ** _____

27 _____
28 _____
29 _____
30 _____
31 _____

² 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.³

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.⁴ 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.⁵

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.”⁶

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 Review⁷, down from customer sales amounts
20 of ** __ ** to ** __ ** from June 2013 to March 2014.⁸ A ** __ ** sales rate means

³ File No. EW-2013-0011 Data Request Response No. 0068.

⁴ File No. ER-2014-0370 Data Request Response No. 0584.

⁵ File No. ER-2014-0370 Data Request Response No. 0607.

⁶ File No. EW-2013-0011 Data Request Response No. 0012.

⁷ File No. EW-2013-0011 Data Request Response No. 0055.1.

⁸ File No. EW-2013-0011 Data Request Response No. 0053.

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 _____ **⁹ 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)?

⁹ 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.

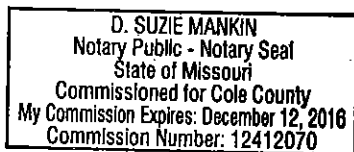
Further the Affiant sayeth not.

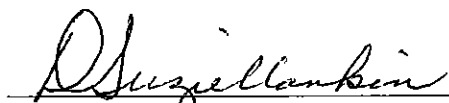


Lisa A. Kremer

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 4th day of June, 2015.





Notary Public