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MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

JOHN M. KIEBEL II, CPA, CMA, CIA, CFM

THE EMPIRE DISTRICT ELECTRIC COMPANY

CASE NO. ER-2004-0570

Jefferson City, Missouri
September 2004

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In The Matter of the Tariff Filing of The Empire)
District Electric Company to Implement a)
General Rate Increase for Retail Electric)
Service Provided to Customers in its Missouri)
Service Area.)

Case No. ER-2004-0570

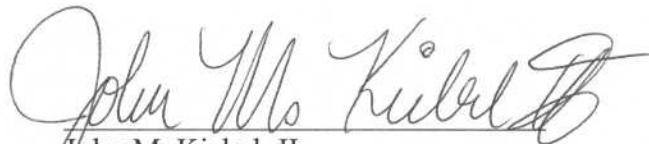
AFFIDAVIT OF JOHN M. KIEBEL, II

STATE OF MISSOURI)

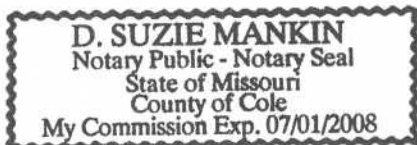
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COUNTY OF COLE)

John M. Kiebel, II, being of lawful age, on his oath states: that he has participated in the preparation of the following direct testimony in question and answer form, consisting of 22 pages to be presented in the above case; that the answers in the following direct testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


John M. Kiebel, II

Subscribed and sworn to before me this 16th day of September 2004.




Notary

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THE EMPIRE DISTRICT ELECTRIC COMPANY
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A. John M. Kiebel II, P.O. Box 360, Jefferson City, Missouri 65102-0360.

A. I am employed as a Utility Management Analyst III for the staff of the
 uri Public Service Commission (Commission or PSC).

A. I graduated from the University of Iowa, Iowa City, Iowa, with a Bachelor of Business Administration degree in Finance in December 1979. I graduated from Lincoln University, Jefferson City, Missouri with a Bachelor of Science in Business Administration in Accounting in December 1993. I also graduated from Lincoln with a Masters of Business Administration degree in December 1998.

I have passed four professional certification examinations. I passed the Uniform Certified Public Accountant (CPA) examination in May 1988, the Certified Management Accountant (CMA) examination in June 1992, the Certified Internal Auditor (CIA) examination in November 1994, and the Certified in Financial Management (CFM) examination in June 1999. I am a licensed CPA in Missouri.

1 A. I worked for the Office of the Comptroller of the Currency in Sioux City,
2 Iowa, from January 1980 through February 1982. I was an assistant national bank examiner,
3 participating in the examination of approximately 40 national banks in northwest Iowa and
4 northeast Nebraska. The examinations focused on a review of the banks' capital structure,
5 quality of assets, overall opinion of management, adequacy of earnings, and the composition
6 of the banks' liquidity.

7 I worked for Central Bancompany, Incorporated, in Jefferson City, Missouri, from
8 February 1982 through July 1984. I was an assistant internal auditor for a large Missouri
9 privately held multi-bank holding company. My responsibilities included performing
10 operational audits in the banks' major balance sheet classifications. I also assisted the firm of
11 Peat Marwick (now KPMG) in its annual audit of the holding company's financial statements.

12 I worked for State Fair Community College (SFCC) in Jefferson City, Missouri, from
13 January 2000 through December 2003. I was an adjunct accounting instructor, teaching the
14 first semester of Financial Accounting. I also served on the SFCC Accounting Advisory
15 Committee for two years.

16 I worked as a subcontractor for American College Testing (ACT), Incorporated, in
17 Iowa City, Iowa, from January 2002 through August 2004. I wrote and reviewed examination
18 questions for three of the four sections of the computerized CPA examination test bank being
19 developed by ACT and the American Institute of Certified Public Accountants (AICPA).

20 I have been working for the Commission's Management Services Department (MSD)
21 since August 1984, assessing management controls and operational efficiencies. I transferred
22 to the Accounting Department in January 1996, and transferred back to MSD in January 1998.
23 The MSD was renamed in February 2000 to the Engineering and Management Services

1 Department (EMSD). In addition to my present duties in EMSD, I am currently assisting the
2 Commission's Financial Analysis Department on a temporary basis, helping to determine the
3 appropriate cost of capital.

4 Q. What has been the nature of your duties while in the employ of the
5 Commission?

6 A. I have conducted and jointly participated in numerous docketed and
7 undocketed cases over the past 20 years. I have participated in several operational reviews of
8 utility companies, including many focused reviews of utility customer service practices.

9 Q. What function does the EMSD provide to the Commission?

10 A. The EMSD periodically conducts operational and customer service
11 investigations of the utility companies under the Commission's jurisdiction. The review and
12 analysis performed by the department are focused upon the effective provision of service to
13 utility customers.

14 Q. Have you previously filed testimony before this Commission?

15 A. Yes, I have. Please refer to Schedule 1, which is attached to my direct
16 testimony, for a list of cases and issues in which I have previously filed testimony.

17 Q. What is the purpose of your testimony?

18 A. The primary purpose of this testimony is to address the overall level of
19 customer service being provided by The Empire District Electric Company (Empire or
20 Company). A secondary purpose of this testimony is to recommend to the Commission that
21 Empire report selected data regarding the performance of its Call Center operation.

22 **Customer Service Measurements**

23 Q. What are customer service measurements?

1 A. Customer service measurements are established and used by utilities to
2 determine and monitor the level of service provided by the utility to its customers. These
3 measurements are primarily quantitative in nature, and may provide information to utility
4 customers and regulators indicating that a certain level of service is being provided by the
5 utility.

6 Q. Why are customer service measurements significant within the context of a
7 utility's request for rate relief?

8 A. Such proceedings provide Staff an opportunity to examine customer service
9 measurements and the Company's customer service performance with respect to such
10 measurements. The customer service measurements or indicators as presented in this
11 testimony will be specific to Call Center operations.

12 Q. What qualitative factors does the Staff review in order to determine the
13 performance of a utility call center?

14 A. Qualitative factors typically include the sophistication of a utility's customer
15 information system, the extent of the Call Center training program, the adequacy of staffing
16 levels from a level of experience and a head count perspective, and the monitoring and review
17 of telephone call handling.

18 Q. What quantitative factors does the Staff review in order to determine the
19 performance of a utility call center?

20 A. Quantitative factors usually include performance metrics maintained by the
21 Company to help determine the ability of Call Center personnel in responding to customer
22 inquiries in a cost-effective manner.

1 Q. What is the purpose of providing Call Center performance indicators to the
2 Commission Staff?

3 A. One of the Commission's basic objectives is to ensure that utilities under the
4 Commission's jurisdiction provide safe and reliable service. Call Center indicators assist the
5 Staff in assessing the overall level of service being provided to the Company's customers.
6 The reporting of this information may present an opportunity for the Commission Staff to
7 identify potential problems from the data and to develop possible solutions in a timely
8 manner. The reporting of performance data does not guarantee adequate service, but it does
9 provide a useful indicator as to the level of service that the Company is providing.

10 Q. What specific quantitative indicators does Staff typically request that utilities
11 report to the Commission?

12 A. The two most common quantitative indicators that Staff requests utilities to
13 report are the Average Abandoned Call Rate (ACR) and the Average Speed of
14 Answer (ASA). These indicators are discussed later in this testimony. The ACR is usually
15 calculated as a percentage and the ASA is typically expressed in the number of seconds.

16 Other quantitative indicators include the Call Center staffing levels, incoming
17 telephone call volumes, and the percentage of Commission complaints responded to within
18 three business days.

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

21 A. No. While ACR and ASA are valuable management tools and can lead to
22 some preliminary conclusions regarding customer service, they cannot assure that deficiencies
23 are not present in other customer service activities.

1 **Call Center Operations**

2 Q. Describe a utility call center.

3 A. Call centers provide the primary method for customers to contact their utility
4 company. There has been a nationwide trend over the past decade to close or consolidate
5 business offices that formerly accommodated walk-in traffic. As a result, the call center has
6 taken on a more important role in providing customers with a point of contact.

7 Q. What services are typically provided through a utility call center?

8 A. Customers may need to contact the utility to conduct a wide range of business.
9 The most frequent need for customers to contact a call center are to initiate, transfer or
10 discontinue service; to report emergencies and service outages; to ask questions regarding
11 their bill; and to request a payment arrangement.

12 Q. Describe Empire's current Call Center operation.

13 A. Empire has two Call Centers. The West Call Center is located at the
14 Company's corporate headquarters in Joplin and operates on a 24/7 basis. The East Call
15 Center is located in Ozark and is open Monday through Friday, 7 a.m. to 7 p.m.

16 Q. Has Empire always had two Call Centers?

17 A. No. The Company has transitioned itself over the past decade from a utility
18 that answered incoming telephone calls in 10 local business offices, to answering incoming
19 telephone calls at a single consolidated call center, to answering incoming telephone calls at a
20 second call center.

21 Q. How did this evolve?

22 A. Incoming telephone calls from Empire customers were typically answered in
23 the Company's 10 local business offices before 1995. The local business offices were
24 normally open from 8 a.m. to 5 p.m., Monday through Friday.

1 Q. How were incoming telephone calls handled after 1994?

2 A. The Company consolidated all of its incoming telephone calls into its Joplin
3 headquarters in 1995. The Joplin Call Center was open from 8 a.m. to 5 p.m., Monday
4 through Friday. Dispatching personnel handled incoming telephone calls when the Joplin
5 Call Center was not open.

6 Q. Why did Empire consolidate its Call Center activity into one location?

7 A. Management believed that its customers could be served in a more cost-
8 effective manner if there were an adequate number of employees primarily dedicated to
9 answering incoming telephone calls. There was a considerable difference in the amount of
10 walk-in traffic that the local business offices handled, and it was difficult to have the
11 appropriate number of personnel at each location.

12 There were also concerns about consistency and uniformity in the administration of
13 Company policy. For example, Empire wanted to ensure that pay arrangements and credit
14 and collection activities were consistently administered for all customers.

15 Q. Is there anything unique about Empire's Call Center?

16 A. Yes. Incoming calls are answered by a 'live' voice. Most utilities of Empire's
17 size or larger typically require a customer to navigate through an Interactive Voice
18 Response (IVR) system that requires the entry of a customer account number, telephone
19 number, or Social Security number.

20 Q. Does Empire contemplate any changes to the 'live' voice method of answering
21 incoming calls?

22 A. Yes. Empire anticipates having an IVR system in place by the end of 2004.
23 This should allow Empire customers to know that their call will be taken by the next available

1 Call Center representative as opposed to the current process of waiting until their call is
2 answered by a 'live' voice.

3 Q. What was the rationale for the 'live' voice at Empire when most investor-
4 owned utilities deploy a type of IVR system?

5 A. According to the Director of Customer Service, Empire's previous President
6 and Chief Executive Officer wanted all incoming calls answered by a 'live' voice. This gave
7 Empire customers the perception of quality service with a 'live' voice answering the
8 telephone.

9 Q. Why did Empire decide to change to an IVR system?

10 A. Empire believes that customer service could be improved by giving customers
11 a greater opportunity to contact the Company. Incoming calls that can be answered by the
12 IVR are typically much less expensive on a per call basis. Most of Empire's customers have
13 become accustomed to communicating with other types of call centers that use an IVR
14 system, such as credit card companies, insurance companies and cable/satellite television
15 providers.

16 Q. Does the Company anticipate making other changes to improve customer
17 service?

18 A. Yes. Empire is in the process of testing a Geospatial Information System and
19 Outage Management System (GMS/OMS) that is scheduled to be fully functional by the
20 spring of 2005. The GMS/OMS system uses geographical positioning technology that
21 Empire anticipates will result in significant operating efficiencies.

22 Q. How will the GMS/OMS impact the Call Center?

1 A. According to Empire, the combined effect of the IVR and GMS/OMS systems
2 could allow for up to 870 incoming telephone calls within a 60-second time frame. During
3 after hours weather-related outages, this could exponentially increase the number of incoming
4 telephone calls that could be answered.

5 Q. When did Empire change the hours of operation of the Joplin Call Center to
6 become a 24/7 operation?

7 A. According to management, the Joplin Call Center hours were changed in late
8 1997 or early 1998 to its current 24/7 basis.

9 Q. Has the Company performed a formal study to determine the viability of a 24/7
10 Call Center?

11 A. No. However, the Company has performed an on-going review of its Call
12 Center operations over the past few years. This review resulted in recently announced
13 staffing changes at both call centers.

14 Q. Describe the changes in staffing.

15 A. The Company instituted a six-month pilot program at both call centers on
16 September 6, 2004. The pilot program was set up on a voluntary, seniority based selection
17 process, with the anticipation of a greater match of employees answering incoming telephone
18 calls when the need arises.

19 At the Joplin Call Center, there are six representatives currently working four 10-hour
20 shifts each week. The six employees work from 8 a.m. to 7 p.m., Monday through Friday.
21 According to management, incoming telephone call volumes are the heaviest on Monday and
22 Friday. In order to ensure adequate telephone coverage and to assure a 40-hour workweek,

1 two representatives will be off on Tuesday, two will be off on Wednesday, and two will be off
2 on Thursday.

3 At the Ozark Call Center, two employees work four 10-hour shifts. Both employees
4 will have a day off during the week other than a Monday or a Friday. Empire plans to rotate
5 the days off during the week at both call centers every two months.

6 Q. Why did the Company institute the pilot program?

7 A. The Company wanted to have more employees answering the telephone earlier
8 in the day, as a significant percentage of incoming telephone calls are typically received
9 between 8 a.m. and 10 a.m. Prior to the pilot program, Call Center representatives would
10 report as early as 7 a.m. and as late as 10 a.m. The Company's volume of incoming calls
11 during the first six months of 2004 was significant enough to support the change in staffing
12 the Call Centers earlier in the day.

13 Q. Were there any other changes in staffing?

14 A. Yes. The Company wanted to develop a skill-based set of employees to handle
15 specific functions that were previously performed in business offices or at the call centers.
16 Empire wanted to devote adequate staffing to bill investigation activities. There are currently
17 three bill investigators dedicated to this function, and they will not have primary
18 responsibility to take incoming telephone calls.

19 These employees will be responsible for working the more complicated billing
20 problems, with the anticipation of freeing up the number of available personnel to answer
21 incoming telephone calls. Management stated that a secondary benefit could result from
22 tracking the source of billing investigation work, thereby identifying possible training issues
23 that may need to be addressed.

1 Q. Has Empire made any other changes in the past two years?

2 A. Yes. Empire went through a corporate reorganization in 2002. Before the
3 reorganization, many customer service activities were decentralized into the local business
4 offices. Several customer service functions were consolidated into the Joplin corporate office.

5 Q. Can you give an example of an area that has benefited from the 2002
6 reorganization?

7 A. Yes. Credit and collection activities were previously handled in local business
8 offices. There are currently five employees devoted to credit and collection activities. Two
9 employees in this group work four 10-hour days in order to be available to work credit and
10 collection outside of the normal 8-to-5 work day. Management stated that the additional work
11 force flexibility has helped Empire reduce its bad debt expense from .86% of revenues in
12 2001 to .56% of revenues in the first six months of 2004.

13 Q. Are there other regulated Missouri utilities that operate their call centers on
14 a 24/7 basis?

15 A. Yes. Missouri-American Water, Kansas City Power and Light, Atmos Energy
16 and Aquila operate their call centers on a 24/7 basis. Three of the four utilities listed above
17 operate in at least three time zones, which makes it necessary to have extended hours.

18 **Call Center Metrics**

19 Q. Generally describe the current system Empire uses to collect Call Center
20 performance data.

21 A. Empire's Nortel Symposium 4.0 system stores and displays call routing and
22 call information. The system monitors and stores real-time and historical statistics for

1 incoming calls and call center representative productivity. The system also allows
2 supervisory personnel to monitor and assist representatives on a real-time basis as needed.

3 Q. How is the data used?

4 A. Empire can generate a variety of reports that provide an overview of calls
5 answered, delayed, abandoned, and the service level provided. Historical data can be
6 accessed in 15-, 30- and 60-minute intervals. Monthly reports can be printed to analyze call
7 center activity, call fluctuations, representative performance/work characteristics, and usage
8 of call center resources. This detailed information allows management personnel to respond
9 to changing conditions by adjusting workloads and workflow as needed. According to the
10 Company, group productivity and individual measures are available.

11 Q. What specific group productivity information can be accessed?

12 A. Performance reports for the Call Center include the following:

- 13 • Number of incoming calls offered at specific times
- 14 • Number of calls answered
- 15 • Number of calls abandoned
- 16 • Number of calls given a busy signal or disconnected
- 17 • Length of time calls waited before being answered
- 18 • Average length of time calls waited before being answered
- 19 • Percentage of calls answered in a specific time frame to determine service
20 levels
- 21 • Number of calls routed to each Call Center
- 22 • Type of calls answered (representative enters pre-determined codes
23 associated with specific call types).

24 Q. What specific individual productivity information can be accessed?

1 A. Call Center representative performance reports include the following:

- 2 • The time a representative logs in their phone and the time they log off
- 3 • The length of time a representative is logged in to answer calls
- 4 • The length of time a representative speaks with a customer
- 5 • The average length of time a representative speaks with customers
- 6 • The number of calls offered and the number of calls answered per
- 7 representative
- 8 • The length of time a representative is available and waiting for calls
- 9 • The length of time a representative is in the 'not ready' mode to do follow-
- 10 up work when a call is ended
- 11 • The number of incoming and outgoing calls on a personal extension
- 12 • The length of time a representative talks on their personal extension
- 13 • The number of short calls answered (calls lasting 10 seconds or less)
- 14 • The number of calls conferenced with another person
- 15 • The number of calls transferred to another extension.

16 Q. What specific quantitative measures does Empire use to manage its Call Center
17 performance?

18 A. The Company uses two primary measurements to assess the efficiency and
19 effectiveness of its Call Center. The first measure is the average number of calls to be
20 answered by the Call Center each day. Empire's goal for entry-level and senior-level Call
21 Center representatives is to answer an average 60 and 70 calls per day, respectively.

22 The actual average number of calls answered by the Call Center was 61.8 calls for the
23 last seven months of 2003, and 61.0 calls for the first six months of 2004. Empire only began

tracking this information in June 2003 and did not have a specific breakdown of average call volumes by entry-level and senior-level personnel.

The second measure is the average wait time that a customer waits before a Call Center representative answers the incoming call. Empire has a goal to answer an average of 80% of its incoming calls within 30 seconds. Empire has generally met this target since 2002 by answering incoming calls within 30 seconds an average of 80.5% in 2002, 79.1% in 2003, and 82.0% in the first six months of 2004.

Q. How long has Empire had the 80% response target?

A. This target has been in use since 2002. Empire's actual response percentage for January 2002 through June 2004 is contained in the table below:

Empire ASA

<u>% answered w/i :30 sec</u>		<u>% answered w/i :30 sec</u>		<u>% answered w/i :30 sec</u>	
Jan-02	89	Jan-03	83	Jan-04	79
Feb-02	89	Feb-03	84	Feb-04	86
Mar-02	93	Mar-03	88	Mar-04	87
Apr-02	92	Apr-03	88	Apr-04	85
May-02	81	May-03	85	May-04	82
Jun-02	72	Jun-03	86	Jun-04	73
Jul-02	80	Jul-03	75	Jul-04	
Aug-02	86	Aug-03	80	Aug-04	
Sep-02	75	Sep-03	72	Sep-04	
Oct-02	72	Oct-03	66	Oct-04	
Nov-02	72	Nov-03	65	Nov-04	
Dec-02	65	Dec-03	77	Dec-04	
YTD avg	80.5		79.1		82.0

1 Source: Staff Data Request No. 369

2 Q. Was there a different target for 2001?

3 A. Yes. The Company's software provider had three specific measures during
4 2001. These included the percentage of calls answered within 12 seconds, the percentage of
5 calls answered within 60 seconds and the percentage of calls that were answered in five
6 minutes or more.

7 Q. Why did Empire change to the percentage of calls answered within
8 30 seconds?

9 A. It was Empire's experience that the percentage of calls answered within
10 30 seconds was a better measurement tool, and that this was a fairly common Call Center
11 productivity measurement throughout the U.S.

12 Q. How many incoming telephone calls are typically made to Empire's Call
13 Centers each business day?

14 A. During the first six months of 2004, the Call Centers averaged about 2,000
15 incoming telephone calls per business day. During normal business hours, there are usually
16 between 20 to 24 Call Center representatives from both call centers available to answer
17 incoming telephone calls.

18 Q. What percentage of these calls on average are answered between 7 a.m. and
19 7 p.m.?

20 A. Approximately 89% of the incoming calls are answered between 7 a.m. and
21 7 p.m., while 11% of the incoming calls are answered between 7 p.m. and 7 a.m.

22 Q. Does Empire measure an ACR that you referenced earlier in your testimony?

23 A. Yes.

24 Q. How does Empire define an abandoned call?

A. Empire defines an abandoned call as an incoming customer call processed by Empire's telephone switch and the customer hangs up after hearing the Empire greeting. In most of these cases, Empire believes that the customer may hang up after realizing that a wrong number was dialed.

Q. How does Empire define its ACR?

A. Empire defines its ACR as the number of abandoned and busy calls divided by the total number of calls received by Empire's switch. The total number of calls received by Empire's switch is the number of calls answered by the Call Center plus the number of calls abandoned and busy signal calls. This percentage is calculated on a monthly basis.

Q. What was Empire's ACR for the first six months of 2004?

A. Empire's ACR for the first six months of 2004 was 14.35%. The ACR for each month during 2004 is included in the table below:

EMPIRE ACR

	<u>Calls Answered</u>	<u>Calls Busy & Abandon</u>	<u>Total Calls Offered</u>	<u>ACR</u>
Jan-04	37,655	7,964	45,619	17.46%
Feb-04	33,106	5,381	38,487	13.98%
Mar-04	39,148	7,585	46,733	16.23%
Apr-04	36,236	3,818	40,054	9.53%
May-04	36,985	6,623	43,608	15.19%
Jun-04	41,016	6,188	47,204	13.11%
6 mo total	224,146	37,559	261,705	14.35%

Source: Empire District Call Center (Data Request No. 369)

1 Q. Is there a possibility that all incoming customer calls that are attempted were
2 not counted by Empire's switch?

3 A. Yes.

4 Q. How is that possible?

5 A. Empire's Call Center is set up to allow a maximum number of incoming calls
6 to be an amount of calls equal to two times the number of customer service representatives
7 that are logged into the system at any given time. For example, if there are 20 customer
8 service representatives logged into the system, up to 40 calls can be accepted by Empire's
9 switch.

10 Q. Could this Call Center set up be a problem?

11 A. Yes. In the above scenario, the 41st incoming call would be considered to be a
12 'busy' call by Empire. Prior to 2004, busy calls were not included in the numerator or the
13 denominator as part of the overall ACR calculation.

14 Q. What is the result of this omission?

15 A. This omission would understate Empire's ACR. According to the Company,
16 this problem was corrected by the end of 2003.

17 Q. Did Staff request ACR information for periods prior to 2004?

18 A. Yes. The Staff requested ACR information for 2001 through 2003, in addition
19 to the 2004 information.

20 Q. What was the Empire ACR for 2001?

21 A. The 2001 ACR was 3.5%.

22 Q. Does that ACR appear to be accurate for Empire?

23 A. No.

1 Q. Why does that percentage appear to be inaccurate?

2 A. The number of incoming calls appeared to be unrealistically low. The number
3 of calls received for the first seven months of the year averaged about 27,672. A second Call
4 Center was added in August 2001. The number of calls received by both Call Centers during
5 the last five months of 2001 was approximately 37,001. It is reasonable to expect a very high
6 number of incoming calls during the first few months of 2001 as a result of high bills that
7 were generated during the 2000-01 winter that brought record cold temperatures and an
8 unusually high demand for electricity in Empire's service territory.

9 Q. Can you explain the dramatic increase in the number of incoming calls after
10 the Ozark Call Center was opened in August 2001?

11 A. Yes. The Company stated that it was unable to obtain information on the
12 number of calls received at the local business offices during the first seven months of 2001.
13 The Company began receiving more accurate incoming telephone call data upon conversion
14 to the Ozark Call Center as calls previously made to local business offices are now included
15 in Empire's count of incoming calls. It appears that the low number of calls during the first
16 seven months of 2001 did not include all incoming telephone calls.

17 Q. Why do you believe that the number of calls received may not have been a
18 reliable indication of the volume of calls attempted?

19 A. Empire did not track incoming calls that were deemed to be busy until
20 January 2004.

21 Q. What was Empire's ACR for 2001 after the opening of the Ozark Call Center?

22 A. The ACR for the last four months of 2001 was calculated to be 5.1%. The
23 Staff did not include the Company's 9.5% ACR for August 2001 because of the learning

1 curve associated with the addition of the Ozark Call Center. If the August 2001 ACR were
2 included, the ACR for the last five months of 2001 would have been approximately 6.0%.

3 Q. What was the Empire average ACR for 2002 and 2003?

4 A. The average ACR for 2002 and 2003 were 5.7% and 7.0%, respectively.

5 **Customer Complaints**

6 Q. Does the Staff currently maintain information on the number of complaints
7 received by the Commission's Consumer Services Department?

8 A. Yes. The Staff maintains customer complaint information on all of the utilities
9 that are regulated by the Commission. This information is reviewed periodically.

10 Q. What does the customer complaint information reveal about Empire?

11 A. As shown in the table below, Empire's average number of complaints with the
12 Commission has been below one per 1,000 customers in five of the last six full years, and is
13 continuing that trend during the first eight months of 2004.

14 **PSC Consumer Complaints (1998-2004)**

Year	# of PSC complaints	avg # of MO customers	complaints per 1,000
1998	26	103,290	0.25
1999	33	105,449	0.31
2000	27	107,443	0.25
2001	130	109,774	1.18
2002	97	111,372	0.87
2003	62	113,473	0.55
(8 mo) 2004	41	115,000	0.53

24 Source: PSC Consumer Service Department

1 Q. What caused the increase in complaints during 2001?

2 A. The Company filed a request for rate relief shortly after the proposed merger
3 with UtiliCorp, now Aquila, failed. There were almost 100 complaints filed during
4 April 2001.

5 Q. What caused the increase in complaints during 2002?

6 A. According to the Empire, there were two contract meter readers that were
7 found guilty of curbing, a practice of entering meter reading data without actually reading the
8 meters. As a result, there were problems with estimated bills and subsequent high bills that
9 resulted from this investigation. Empire terminated the meter readers.

10 **Reporting Requirements**

11 Q. Does Empire routinely provide any information to the Commission Staff on its
12 Call Center operation?

13 A. No. The Company does not currently report on the performance of its Joplin
14 and Ozark Call Centers.

15 Q. Do other Missouri utilities provide information regarding their Call Center
16 performance?

17 A. Yes. Most of the large Missouri utilities provide monthly Call Center
18 information to the Commission Staff on a quarterly basis. The reporting requirement has
19 typically resulted either from a Stipulation and Agreement that was agreed to by all parties in
20 a merger application, or from a utility's request for rate relief.

21 Q. Which Missouri utilities routinely provide Call Center information at the
22 present time?

1 A. The following companies (with the Commission Case Number in parentheses)
2 routinely provide Call Center information to Staff. They include Missouri Gas Energy
3 (Case No. GM-2000-43); Atmos Energy (Case No. GM-2000-312), UtiliCorp, now Aquila,
4 (Case No. ER-2004-0034); Missouri-American Water (Case No. WM-2001-309), and
5 AmerenUE (Case No. GR-2003-0517).

6 Q. Has Staff requested Call Center information in other proceedings?

7 A. Staff has also requested Call Center information within the context of two
8 other merger applications in which the proposed merger did not ultimately occur. They
9 include the application made by Western Resources to merge with Kansas City Power and
10 Light (Case No. EM-97-515) and the application made by UtiliCorp to merge with Empire
11 (Case No. EM-2000-369).

12 Q. What time frame does the Staff have regarding the reporting of specific Call
13 Center performance data?

14 A. The Staff requests that Empire begin reporting monthly Call Center
15 performance data on a quarterly basis. The reporting period should begin no later than
16 April 1, 2005, with the information to be received by the Commission on or before 45 days
17 after the end of the calendar quarter. For example, the data for April, May and June 2005
18 should be reported to the Staff by August 14, 2005.

19 Q. Is there anything significant about the second quarter of 2005 for Empire to
20 begin submitting this data to the Commission?

21 A. No. The Commission is expected to issue an order in this case on or before the
22 end of March 2005. However, if there is a Stipulation and Agreement entered into in this case
23 and new rates are in effect on or before December 31, 2004, the Staff requests that Empire

1 begin reporting data from the first quarter of 2005. In this example, the data would be due to
2 the Commission by May 15, 2005.

3 Q. Do you anticipate Empire incurring considerable out-of-pocket expense to
4 comply with this reporting requirement?

5 A. No. The Company has been collecting this data during 2004 and the data is
6 readily available. Staff anticipates that there would be a minimal amount of expense
7 associated with the incremental review and printing of this information.

8 **Recommendations**

9 Q. What is Staff's recommendation in this case?

10 A. Staff requests that Empire be ordered by the Commission to report monthly
11 Call Center performance data to Staff. This information should contain the data discussed
12 earlier in this testimony, as well as the number of incoming calls and staffing levels
13 (by position) for both Call Centers. Empire should also report the percentage of consumer
14 complaints received by the Commission that are responded to by the Company within three
15 business days.

16 This reporting should begin with the first full calendar quarter after new rates go into
17 service. For example, if new rates go into effect on or before March 31, 2005, the Company
18 should submit data to Staff from the second quarter of 2005 on or before August 14, 2005.

19 Q. Does this conclude your testimony?

20 A. Yes, it does.

CASE PARTICIPATION

JOHN M. KIEBEL, II

Date Filed	Issues	Case Number	Exhibit	Case Name
06/21/00	Customer Service	EM-2000-369	Rebuttal	UtiliCorp United Inc. / Empire District Electric Company
03/13/98	Automated Meter Reading	GR-98-140	Direct	Missouri Gas Energy, A Division of Southern Union Company
09/05/97	Payroll Taxes; Pension; Payroll; Post Retirement Benefits	GR-97-393	Direct	Union Electric Company
02/13/97	Cash Working Capital; Property Taxes; Misc. Taxes	ER-97-81	Direct	The Empire District Electric Company
06/05/90	Management Duplication	ER-90-101	Direct	Missouri Public Service
03/22/90	Management Efficiency/Service Line Replacement Program	GR-90-50	Direct	Kansas Power & Light Company of Topeka, Kansas
08/12/89	Affiliated Companies	TC-8-914	Direct	Southwestern Bell Telephone Company