

Exhibit No.:
Issue: *Quality of Service*
Witness: *Lisa A. Kremer*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case Nos.: *ER-2004-0034 and HR-2004-0024*
(Consolidated)
Date Testimony Prepared: *January 26, 2004*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

LISA A. KREMER

AQUILA, INC.
d/b/a AQUILA NETWORKS-MPS (ELECTRIC)
AQUILA NETWORKS-L&P (ELECTRIC and STEAM)

CASE NOS. ER-2004-0034 AND HR-2004-0024
(Consolidated)

Jefferson City, Missouri
January 2004

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Aquila, Inc. d/b/a Aquila Networks)
L&P and Aquila Networks MPS to implement a) Case No. ER-2004-0034
general rate increase in electricity.)
)

In the matter of Aquila, Inc. d/b/a Aquila Networks)
L&P to implement a general rate increase in Steam) Case No. HR-2004-0024
Rates.)

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 following rebuttal testimony in question and answer form, consisting of 6 pages to be presented in the above case; that the answers in the following 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 30 day of January 2004.





TONI M. CHARLTON
NOTARY PUBLIC STATE OF MISSOURI
COUNTY OF COLE
My Commission Expires December 28, 2004

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **LISA A. KREMER**

4 **AQUILA, INC.**

5 **d/b/a AQUILA NETWORKS-MPS (ELECTRIC)**

6 **AQUILA NETWORKS– L&P (ELECTRIC & STEAM)**

7 **CASE NOS. ER-2004-0034 & HR-2004-0024**

8 **(Consolidated)**

9 Q. Please state your name and business address.

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

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

12 A. I am employed by the Missouri Public Service Commission (PSC or Commission)
13 as the Manager of the Engineering and Management Services Department.

14 Q. Are you the same Lisa A. Kremer who filed direct testimony on behalf of the Staff
15 of the Missouri Public Service Commission in this case?

16 A. Yes.

17 Q. What is the purpose of your testimony?

18 A. The purpose of my testimony is to respond to statements regarding the Company's
19 service quality made by Mr. Keith G. Stamm in his direct testimony in Case No. ER-2004-0034.

20 Q. What specific statements are you responding to?

21 A. First, I am responding to a statement made by Mr. Stamm on page 12, beginning
22 on line 10 of his direct testimony, regarding Aquila's field resources providing excellent utility
23 service:

1 First, I believe that during the period when the non-regulated side of the
2 business was successful, we may have lost some of our financial focus in
3 regard to our utilities. Stated another way, while our field resources
4 continued to provide excellent utility service, the financial success of our
5 non-regulated business enabled us to overlook earnings deterioration and
6 future challenges faced by the regulated side of the business.

7 Q. Are there other areas of utility service Aquila or any utility should be concerned
8 with other than those only provided by field resources?

9 A. Yes. Utility service encompasses a wide range of activities including those
10 performed in the field and other important activities, such as the handling of customer inquiries
11 and complaints performed by a company call center; billing activities; credit and collection
12 processes; and other activities.

13 Q. Did Mr. Stamm's direct testimony address the specific performance of Aquila's
14 Call Centers?

15 A. No. But Mr. Stamm's direct testimony did indicate, on page 16 beginning on
16 line 2:

17 ...we have also established internal service quality metrics for meter
18 reading accuracy, emergency response time, safety, generation
19 availability, heat rates, and call center performance. These metrics are
20 reported to me monthly and I conduct detailed reviews of service quality
21 performance with each state Operating Vice-President quarterly. Aquila
22 is also interested in working with this Commission to address any other
23 areas of specific concern.

24 Q. Does the Staff have concerns regarding the performance of the Company's Call
25 Centers?

26 A. Yes. These concerns were expressed throughout my direct testimony filed on
27 December 9, 2003, in this case and included both a decline in performance and concerns
28 regarding the Company's management of its Call Centers, particularly the use of temporary
29 services to staff Call Center positions. The Company has acknowledged both of these concerns

1 in its responses to Staff Data Requests in Case Nos. ER-2004-0034 and EF-2003-0465, in the
2 surrebuttal testimony of Mr. Brett Carter in Case No. EF-2003-0465 and in Company discussions
3 with the Staff that occurred on October 15, 2003.¹

4 Q. Did you make any recommendations to the Commission in your direct testimony
5 relating to the Company's service quality?

6 A. Yes. The Staff requested that Aquila be ordered by the Commission to report the
7 results of its Call Center performance on a monthly basis. This reporting would allow Staff to
8 monitor the Company's provision of service quality in a more timely manner than occurs now
9 with the reporting being provided quarterly. Reporting of data on a quarterly basis may not
10 permit Staff to respond as quickly as possible if the data indicates a downward trend or a
11 deterioration of service. A list of the specific items requested to be reported is found on page 29
12 of my direct testimony.

13 Q. Are there any other statements in Mr. Stamm's direct testimony you would like to
14 respond to?

15 A. Yes. I would refer you to a statement made by Mr. Stamm at page 14, line 12 of
16 his direct testimony regarding service quality and Aquila's financial condition:

17 Q. Have the negative financial conditions impacted the service provided
18 to your utility customers?

19
20 A. No. Aquila has developed internal service quality metrics that are
21 reported to me on a monthly basis. These metrics include CAIDI (outage
22 minutes divided by number of outages), SAIFI (number of outages per
23 customer), SAIDI (outage minutes per customer), and customer
24 satisfaction. Our customer satisfaction rating stands at approximately
25 94%. Our reliability measures were all better than the Southwest Power
26 Pool Benchmark and the U.S. Average Benchmark.

¹ Specific responses referred to are Aquila's responses to Staff Data Request Nos. 344 and 538 in Case No. ER-2004-0034 and Staff Data Request No. 3904 in Case No. EF-2003-0465.

1 While the Staff has not asserted that the decline in the Company's Call Center
2 performance is a result of the Company's negative financial condition, the Company stated that
3 an effort to save costs resulted, at least in part, in its decision to use temporary services to staff its
4 Call Centers. Specifically, the Company indicated in response to Staff Data Request No. 522
5 that:

6 The decision to utilize employment, recruitment or placement services for
7 call center personnel was made by call center management in place at that
8 time. The decision was made based upon presentations from vendors and
9 a belief that service quality could be retained while controlling cost
10 increases...

11 As addressed in my direct testimony, the Company indicated that the use of temporary
12 services has contributed to high turnover that has negatively impacted its provision of customer
13 service.

14 Q. Has the Company made any comments regarding the specific service quality
15 provided by its Call Centers?

16 A. Yes. The Company stated in part of its response to Staff Data Request No. 344
17 that:

18 ...While Aquila believes that there is always room for improvement in
19 some areas of performance, we also believe that we have been providing
20 quality customer service to our customers as reflected in our performance
21 monitoring statistics. Call Center performance has been identified as the
22 area in need of the most improvement and in that regard Aquila has
23 changed its method of hiring and training personnel, has instituted new
24 processes and performance review programs, and increased the number of
25 customer service associates. Call Center performance metrics, along with
26 other operational performance metrics are maintained in a recently
27 developed "dashboard" tracking mechanism that is cascaded throughout
28 the organization.

29 Further, Mr. Brett Carter's surrebuttal testimony, page 6, line 23 in Case
30 No. EF-2003-0465 states the following:

1 ...Admittedly the call center service level statistics have not been where
2 we wanted them to be in the past. Currently, we are using industry
3 benchmark data to ensure appropriate service level targets and staffing
4 levels... We are committed to improving on our call center metrics and we
5 would be willing to share information as we continue rolling our
6 improvement plans... Improving on processes through standardized
7 business rules while maintaining and/or improving customer service will
8 continue to be a balancing act for the next couple of years.

9 Q. What conclusions does the Staff draw from the Company's statements?

10 A. While the Company has indicated it is providing quality customer service, it does
11 point to the need for improvement in its Call Center performance. These statements, however, do
12 not identify the specific improvements being referred to.

13 Performance data provided by Aquila demonstrates a general decline in service
14 performance beginning in 2002, which was addressed in my direct testimony. The Company has
15 indicated a desire to improve its customer service and Staff's request in this case is that Company
16 performance data be provided, on a monthly basis, to allow Staff to more timely monitor its
17 performance.

18 Q. Has the Staff analyzed the complaints and inquiries received at the Commission by
19 the Consumer Services Department over the past few years?

20 A. Yes. The Staff has analyzed the complaints and inquiries received at the
21 Commission by calendar year on the following chart: (These numbers include the number of
22 complaints and customers regarding St. Joseph Light & Power Company prior to the merger with
23 UtiliCorp (Aquila) which occurred on December 31, 2000.)

COMPLAINTS AND INQUIRIES PER THOUSAND CUSTOMERS				
1999	2000	2001	2002	2003
.30	.45	.87	.79	.68

1 Source: Customer Numbers from 1999 to 2002 are from PSC Annual Reports. Customer
2 numbers for 2003 are based upon the 3rd quarter Company report to Staff.

PSC COMPLAINT AND INQUIRY NUMBERS				
1999	2000	2001	2002	2003
97	146	287	259	232

3 Q. How do the Company's complaint numbers appear?

4 A. The data indicates that the number of complaints and inquiries made to the
5 Commission's Consumer Services Department since 1999 reached its highest level in 2001, the
6 first year of Aquila's merger with St. Joseph Light & Power Company and the year the Company
7 filed for a rate increase in Case No. ER-2001-672. The complaint and inquiry levels have
8 decreased since 2001 but they are still above the levels reached prior to the merger.

9 Q. Does this conclude your rebuttal testimony?

10 A. Yes.