

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

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| In the Matter of the Application of |) | |
| Southern Union Company for Authority to |) | |
| Acquire and Merge with Pennsylvania |) | Case No. GM-2000-43 and Case Nos. |
| Enterprises, Inc., and, in Connection |) | GM-2000-500, GM-2000-502, GM- |
| therewith, Certain Other Related |) | 2000-503 & GM-2003-0238 |
| Transactions. |) | |

**STAFF RESPONSE TO REPORT FROM MISSOURI GAS ENERGY IN CONNECTION
WITH CUSTOMER SERVICE MEASURES**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through Counsel, and for its Response to a Report from Missouri Gas Energy (MGE) in connection with certain customer service measures, states the following:

1. On October 6, 1999, a Unanimous Stipulation and Agreement (Stipulation or Agreement) was filed in this case regarding a merger between Southern Union Company (SUC) and Pennsylvania Enterprises, Inc., wherein SUC emerged as the surviving corporate entity.
2. The Commission approved the Stipulation on October 21, 1999, subject to the conditions contained within the Agreement.
3. The Stipulation (at page two) provided, in part, that SUC would "...ensure that the merger will have no adverse effect on MGE's efforts to provide high quality service to its customers." (MGE is an operating division of SUC.)

4. Pursuant to the pledged effort to continue quality customer service, SUC, through its MGE operating division, agreed to provide information (statistics) on several customer service performance measures that were outlined in the Stipulation. (The furnishing of these informational statistics was also incorporated in Orders of the Commission issued in Case Nos. GM-2000-500, GM-2000-502, GM-2000-503, and most recently, GM-2003-0238.) These performance measures were specifically identified as the “*abandoned call rate*” and the “*average speed of answer*.” SUC agreed that the abandoned call rate (ACR) would not exceed a maximum allowable level of 8.5% as of January 1, 2000, and continuing thereafter. The agreement on average speed of answer was that (ASA) would not exceed 81 seconds for the calendar year 2000, and beginning on January 1, 2001 and thereafter, the measurement for ASA would change to a maximum of 75 seconds.

5. The Company mailed a report on or about February 15, 2005, summarizing its performance for calendar year 2004. As MGE stated in this annual report for Year 2004, the Company was unable to meet the Abandoned Call Rate (ACR) and Average Speed of Answer (ASA) benchmarks that were specified in the Orders of the Missouri Public Service Commission (Commission) in Case Nos. GM-2000-500, GM-2000-502 and GM-2000-503, GM-2003-0238 and GO-2005-0019 mentioned above.

6. MGE offered a number of explanations for their inability to meet these targets. Several events which had also occurred in Year 2003 continued into Year 2004, and adversely affected the performance from the Call Center. In the Company’s opinion, the loss of experienced staff, as well as weather and sustained high natural gas prices influenced the Company’s ability to meet its target goals.

7. Statistically, the number of incoming calls to the Call Center has continued to increase over the last several years. The Company experienced a slight decrease in the number of calls from Year 2001 to Year 2002. However, since 2002 to the present, there has been a steady increase to the 2004 level of 1,359,070 calls offered for the total year. At this time the Company estimates that it receives approximately 4,000 calls a day. This high number of calls has also most likely affected the levels of ACR and ASA.

8. Overall, in terms of personnel, staffing at the Call Center is up from prior years when it had taken a decline in the Year 2003. Currently, there are sixty-six (66) authorized positions at the Call Center with representatives filling sixty-two (62) of these. Staffing levels at the Call Center also have an effect upon the performance of the Call Center.

9. The Staff met with Company management at MGE offices on March 8, 2005, to discuss the information presented in the Company's draft annual performance report. The Company shared with the Staff additional details on several advanced technologies it had implemented in March and April of Year 2004 to help address the high call volumes.

10. The Company's Call Center statistics improved in May and continued to show improvement over the prior year's performance for the rest of the year.

11. In conclusion, the Staff believes that the Company has taken a number of steps to attempt to address its performance problems at the Call Center. The Staff encourages the Company to continue its efforts to examine various alternatives aimed at improving Call Center performance and to monitor and evaluate the results associated with its actions.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 15th day of March, 2005.

/s/ Cliff Snodgrass
