

Exhibit No.:

Issue: Customer Service

Witness: J. Kay Niemeier

Sponsoring Party: MoPSC Staff

Type of Exhibit: Rebuttal Testimony

Case No.: EF-2003-0465

Date Testimony Prepared: September 10, 2003

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

J. KAY NIEMEIER

AQUILA, INC.

CASE NO. EF-2003-0465

Jefferson City, Missouri

September 2003

****Denotes Highly Confidential Information****

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Aquila, Inc.)
for Authority to Assign, Transfer, Mortgage or)
Encumber Its Franchise, Works or System)
Case No. EF-2003-0465

AFFIDAVIT OF J. KAY NIEMEIER

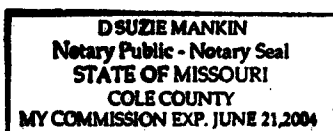
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

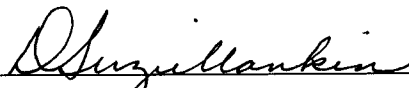
J. Kay Niemeier, being of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 21 pages to be presented in the above case; that the answers in the following Rebuttal Testimony were given by her; that 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.



J. Kay Niemeier

Subscribed and sworn to before me this 9 day of September 2003.





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1 A. My duties at the Commission include performing management audits,
2 developing written audit reports, performing audits of management issues as part of a rate
3 case team, preparing and providing written and oral testimony, performing special projects,
4 acting as project manager for special projects and utility management reviews and serving as
5 a technical advisor.

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

7 A. Yes. I filed rebuttal testimony in Case No. EM-2000-292, the case in which
8 UtiliCorp United, Inc. and St. Joseph Light & Power Company (SJLP) sought Commission
9 authorization to merge. The issue I addressed was Missouri Public Service's and SJLP's Call
10 Center Abandoned Call Rate and Average Speed of Answer measurements.

11 Q. What is the purpose of your testimony?

12 The purpose of my testimony is to recommend that whether or not the Commission
13 approves Aquila's request to use Missouri electric and natural gas assets as collateral to
14 support a \$430 million line of credit, that it order Aquila to report to Staff its performance
15 with respect to specific service quality measurements. Staff is requesting the institution of a
16 formal reporting requirement because the Company's loss of investment grade status, which
17 limits its access to capital, creates an environment that may contribute to a decline in its
18 service quality. Further, the Company's service quality performance has been in a period of
19 decline since 2002.

20 Q. Did Company address quality of service in its direct testimony?

21 A. Yes. Company witness Mr. Jon R. Empson, Senior Vice President of
22 Regulatory, Legislative and Gas Supply Services, states in his direct testimony that
23 "Aquila has been and will continue to be focused on providing excellent service to its

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1 utility customers.” (Empson Direct, p. 1, ll. 23-24.) Mr. Empson further states that
2 “On pages 2-3 of the financial plan, Aquila states the following: ‘During both Phase I and
3 Phase II of its financial restructuring plan, Aquila has maintained and will continue to
4 maintain its focus on three key business principles . . .’ (Empson Direct, p. 2, ll. 1-3.)

5 Q. What are the three key business principles identified by Mr. Empson?

6 A. As stated in Mr. Empson’s testimony, Aquila’s three key business principles
7 are:

8 1) “Protect utility customers from potential adverse financial impacts,”

9 2) “Maintain quality customer service,” and

10 3) “Enhance regulatory transparency.” (Empson Direct, p. 2, ll. 4, 9 and 13.)

11 Q. What are Aquila’s strategies in order to maintain quality customer service?

12 A. Mr. Empson’s testimony lists the following:

13 “Continue appropriate funding of capital expenditures.”

14 “Ensure adequate staffing”

15 “Set and monitor customer service performance metrics.”
16 (Empson Direct, p. 2, ll. 10-12.)

17 Q. Does Mr. Empson further discuss Aquila’s key business principle of
18 maintaining quality customer service?

19 A. Yes. Mr. Empson states the following: “Aquila remains committed to
20 continue delivering quality services to its customers. Towards this goal, Aquila has
21 developed internal service quality metrics. These metrics include such functions as meter
22 reading accuracy, emergency response time, safety, SAIDI, SAIFI, CAIDI, generation
23 availability, heat rates, and call center performance. Aquila is also committed to work with
24 (StateCommission) to modify its current internal service quality metrics to reflect areas of

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1 specific concern. Every state Operating Vice-President provides written status reports on
2 a monthly basis and detailed reviews of service quality performance for the state are
3 conducted with Aquila's Chief Operating Officer on a quarterly basis." (Empson Direct,
4 p. 5, ll. 14-22).

5 Q. What does your testimony address?

6 A. My rebuttal testimony addresses several aspects of the quality of service
7 provided by Aquila, Inc. (Aquila or Company). My testimony will focus on the Company's
8 performance regarding customer service measurements, also referred to as indicators,
9 presently utilized by Aquila, and it will address how these measurements may be utilized to
10 determine the present levels of service and determine any future potential deterioration of
11 service to the Company's customers. My testimony will also address the Company's
12 handling of its meter reading responsibilities. Staff witness Mr. James L. Ketter addresses
13 indices utilized to evaluate electric service distribution system reliability in his rebuttal
14 testimony.

15 Q. Has the Staff examined customer service measurements in the context of this
16 case?

17 A. Yes, Staff has examined customer service measurements to the extent possible
18 in this case.

19 Q. What is the purpose of customer service measurements?

20 A. Customer service measurements are established by utilities to assist them in
21 determining the level of customer service they are providing to their customers. Customer
22 service measurements can also provide some assurance, not only to the company but also to
23 its customers and to utility commissions, that a certain level of customer service is being

1 provided by the utility. Once developed, these customer service measurements provide a
2 benchmark over time to determine any changes to the service received by the customers.
3 These measurements can provide a useful tool to monitor changes and trends in specific areas
4 and alert the company and Staff to deviations from the intended or required level of customer
5 service and potential problems. These measurements serve as a basis for any determination
6 of any deterioration or degradation to quality of service that Aquila provides its customers.

7 The ability of a utility to provide quality service to its customers is always an
8 important concern for utility consumers and companies, as well as for the regulatory bodies
9 that have the responsibility to ensure that quality of service is maintained by the utility
10 company. The Company has acknowledged the importance of customer service. During the
11 transcribed interview held on July 17, 2003, Company witness Empson stated, “just
12 maintaining high quality of service for our customers is obviously a benefit to our
13 customers.” (Transcript of Informal Interviews, Volume 2, p. 576, ll. 7-9). Mr. Empson also
14 stated that the Company has a focus on providing good quality customer service. (Transcript
15 of Informal Interviews, Volume 2, p. 441, ll. 16-17). In order to determine whether or not
16 the Company’s goals and objectives are being met, it is imperative that the Company’s
17 customer service measurements be tracked. In addition, in order for the Staff to monitor the
18 Company’s customer service measurements, it is necessary that the measurements be
19 provided to Staff.

20 Q. Why are customer service measurements and their reporting to Staff important
21 in the present proceeding?

22 A. Aquila’s current and future ability to provide quality customer service is of
23 particular concern in light of Aquila’s financial position. Staff raised concerns regarding

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1 Aquila's quality of service in a December 2002 report entitled "Missouri Public Service
2 Commission's Staff Report on Aquila, Inc." This report, which also includes the Company's
3 response, was provided to the Commission and to the Company. This report is attached as
4 Schedule 1 to the rebuttal testimony of Staff witness Ms. Joan C. Wandel. Aquila's present
5 financial position and any organizational, operational and/or staffing changes might create an
6 environment conducive to diminished or reduced levels of customer service.

7 Q. Does the Staff presently have concerns regarding Aquila's quality of service?

8 A. Yes.

9 Q. Please describe Staff's concerns regarding Aquila's service quality.

10 A. Staff has concerns that Aquila's service quality measurements are not meeting
11 the objectives set by the Company or the objectives recommended by the Staff. Staff also
12 has concerns that Aquila's measurements of its service quality performance are deteriorating.

13 Q. Are other Staff witnesses filing testimony regarding quality of service?

14 A. Yes. As previously indicated, Staff witness Ketter is filing rebuttal testimony
15 that addresses the indices utilized to evaluate electric service distribution system reliability.

16 Q. You state that your testimony will address the Call Center operations at the
17 Company. What is a Call Center?

18 A. A Call Center is a facility that receives incoming telephone calls from
19 customers of the company. A company may have one or more Call Centers. The Call Center
20 is staffed by customer service representatives who respond to customer inquiries and requests
21 for service that are not handled by the company's Interactive Voice Response (IVR) system.
22 An IVR system is a telecommunication system that allows the customer to access a database
23 of information and service over the telephone through menu driven vocal messages.

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1 Customers are able to retrieve information or provide information to the company by
2 pressing keys on their touch tone phone. The calls handled by the company's IVR system
3 could include calls regarding the current month's bill information, a balance due or payment
4 of a bill.

5 The calls received at the Call Center could be in regard to a billing problem, a request
6 for new service, an outage or a meter problem. The calls received at a Call Center are
7 initially handled by the IVR system, the customer service representative that answers the call
8 or forwarded to the appropriate company employee for resolution. Utilities may also contract
9 to utilize outside Call Centers to assist in answering calls during periods of peak volume.

10 Q. Have you made an on-site review of Aquila's Call Center?

11 A. Yes. I have made two on-site visits to Aquila's Call Center at Raytown,
12 Missouri.

13 Q. Describe Aquila's Call Center.

14 A. Aquila operates two Call Centers—one is located in Lincoln, Nebraska and
15 the other is located in Raytown, Missouri. The Raytown, Missouri Call Center is located at
16 the Missouri Public Service (a division of Aquila) offices and operates on a 24 hour a day,
17 7 day a week basis. At one time, the Company operated a third Call Center in Monroe,
18 Michigan. During a transcribed interview conducted on July 16, 2003, the Company stated
19 that it initiated the process of centralizing its Call Centers in 1996 and completed this project
20 in 2001. (Mr. Jim Albert, Aquila's Manager of Revenue Assurance, Transcript of Informal
21 Interviews, Volume 1, p. 32, ll. 4-7).

22 The calls received at the two Call Centers are from customers located in the seven
23 states in which the Company operates. The Company's Call Center performance

1 measurements are a combination of all seven states. Currently, the Company does not track
2 its Call Center performance measurements specifically by state. However, during a
3 September 9, 2003 telephone call, the Staff was informed that the Company is in the process
4 of aggregating by state the calls received at its two Call Centers.

5 Aquila informed the Staff that Missouri customers' calls are typically handled by the
6 Missouri Call Center. The Nebraska Call Center handles Missouri customers' calls only
7 when Missouri Call Center representatives are unable to handle the volume of calls being
8 received. The specific Call Center that responds to the customer's call is seamless to the
9 customer in that customers are unaware which of the two call centers handles the call.

10 The Missouri Call Center can accommodate 143 customer service representatives. As
11 of June 2003, the Missouri Call Center is staffed at 136 customer service representatives.

12 Q. How did you conduct your evaluation of Aquila's Call Center and Aquila's
13 performance measurements?

14 A. Call Center information and performance measurements information was
15 gathered through the submission of data requests, through the Company's monthly
16 performance measurements that are reported quarterly and through the transcribed interviews
17 conducted on July 16, 17 and 18, 2003. In addition, follow-up telephone calls have
18 subsequently been utilized for clarification of information.

19 Q. What customer service measurements or indicators are you addressing?

20 A. I am addressing the Abandoned Call Rate (ACR) and the Average Speed of
21 Answer (ASA).

22 Q. What is the importance of these two service measurements?

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1 A. The ACR measures the percentage of customer calls that are discontinued by
2 the customer without being provided service by the Company. The ASA measures the
3 average amount of time required for an employee to respond to a customer's call. These two
4 service measurements affect customer satisfaction as the customer is directly impacted by the
5 Company's ACR and ASA. Customer service is important to the customer and these service
6 measurements assist the Company in improving its efficiencies and service by focusing upon
7 these measurements. When the Company's efficiencies and service are improved, the
8 opportunity for improved customer satisfaction increases.

9 Q. Define the measurement Abandoned Call Rate.

10 A. The Abandoned Call Rate is the percentage of telephone calls that are
11 terminated by the customer after being placed in the network queue for answering by a
12 Company representative. The Company's ACR does not include IVR and high volume call
13 answering system (HVCA) calls because these calls are answered automatically and the
14 Company assumes the customers hang up only after they have received the information they
15 need.

16 Q. How is Aquila's Abandoned Call Rate calculated?

17 A. Aquila's ACR is calculated as follows: 1) the number of calls answered is
18 subtracted from the number of calls received; and 2) the difference is divided by the number
19 of calls received ([the number of calls received – the number of calls answered]/the number
20 of calls received).

21 Q. What is Aquila's current ACR goal?

22 A. In response to Staff Data Request No. 3904, the Company stated that its
23 targeted ACR performance was ** HC **.

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Q. Has the Staff made any recommendations in recent history as to an acceptable ACR objective or target for Aquila?

A. Yes. In Case No. EM-2000-292, Staff recommended in its rebuttal testimony that the Company's ACR objective be set at ** HC **. Staff further stated that this measurement would serve as a method of assessing the level of customer service being experienced by the post-merger Company.

Q. What has been Aquila's actual ACR?

A. In response to Staff Data Request No. 3903, the Company stated that its ACR was ** HC ** for 2000, ** HC ** for 2001, ** HC ** for 2002 and ** HC ** for January through May 2003.

Q. Please analyze the Company's actual ACR performance.

A. The table below lists the Staff and Company objectives and the Company's actual performance.

Aquila's ACR Performance				
	2000	2001	2002	January-May 2003
Staff's Recommended Objective	<u>** HC **</u>	<u>** HC **</u>	<u>** HC **</u>	<u>** HC **</u>
Company's Objective	<u>** HC **</u>	<u>** HC **</u>	<u>** HC **</u>	<u>** HC **</u>
Company's Actual Performance	<u>** HC **</u>	<u>** HC **</u>	<u>** HC **</u>	<u>** HC **</u>

Source: Aquila Customer Service Department

For the years 2000, 2001, 2002 and January through May 2003, the Company has reached its targeted ACR performance once and has reached the Staff recommended goal (Case No. EM-2000-292) twice. The Company has not attained its objective for three of the four time periods and the Company has not attained the Staff's recommended objective for the years 2002 and January-May 2003. Since the year 2001, the Company's ACR

1 performance has dramatically declined. This trend indicates a deterioration of customer
2 service performance.

3 Q. You previously stated that the other measurement you are discussing is the
4 Average Speed of Answer (ASA). Please define the Average Speed of Answer.

5 A. The Average Speed of Answer is the number of seconds a caller waits before
6 his/her call to the Call Center is answered. Aquila's ASA includes the speed of answer for
7 all calls-automated IVR and HVCA, in addition to those calls handled by a live agent. The
8 calls are tracked by the Company's call management system. The Company measures this
9 performance two ways: 1) for its emergency calls and 2) for all other calls.

10 Q. How is Aquila's Average Speed of Answer calculated?

11 A. Aquila's ASA is calculated as the total combined answer time for all calls
12 divided by the total number of calls. The Company assumes a ** HC **
13 for all IVR and HVCA calls.

14 Q. What is Aquila's ASA goal for all other calls?

15 A. In response to Staff Data Request No. 3904, the Company stated that its
16 targeted ASA performance for all other calls was ** HC **.

17 Q. Please discuss the Company's targeted ASA performance.

18 A. In Case No. EM-2000-292, Staff recommended in its rebuttal testimony that
19 the Company's ASA objective be set at ** HC **. Staff further stated that this
20 measurement would serve as a method of assessing the level of customer service being
21 provided by the post-merger Company.

22 Q. What has been Aquila's actual ASA for all other calls?

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1 A. In response to Staff Data Request No. 3903, the Company stated that its
2 ASA for all other calls was ** HC ** for 2000, ** HC ** for 2001,
3 ** HC ** for 2002 and ** HC ** for January through May 2003.

4 Q. Please analyze the Company's actual ASA performance for all other calls.

5 A. For the four time periods mentioned above, the Company has not attained its
6 targeted ASA goal. In fact, the Company's ASA is trending upward each year and in the
7 year 2002 and January through May 2003, the upward trend is increasing at an accelerating
8 rate. For the period of January through May 2003, the Company's actual ASA performance
9 is three times its targeted performance. This trend indicates a deterioration of customer
10 service performance.

11 Q. The Company also tracks its ASA performance for emergency calls. Please
12 provide some examples of an emergency call.

13 A. Examples of emergency calls could include the smell of natural gas, downed
14 power lines, electrical outages, the warning of a carbon monoxide detector or other similar
15 serious circumstances where the customer believes the Company should be notified
16 immediately.

17 Q. How does the Company respond to its emergency calls?

18 A. The Company's emergency calls are answered by a Call Center
19 representative, sometimes referred to as a live agent.

20 Q. What is Aquila's ASA goal for emergency calls?

21 A. In response to Staff Data Request No. 3904, the Company stated that its
22 targeted ASA performance for emergency calls was ** HC **.

23 Q. What has been Aquila's actual ASA for emergency calls?

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1 A. In response to Staff Data Request No. 3903, the Company stated that its
2 ASA for emergency calls was ** HC ** for 2001, ** HC ** for 2002
3 and ** HC ** for January through May 2003. The Company stated that it
4 commenced calculating this performance indicator for 2001.

5 Q. Please analyze the Company's actual ASA performance for emergency calls.

6 A. The Company has achieved its ASA goal for emergency calls for two of the
7 three periods stated above. The Company's ASA performance for the year 2002 was more
8 than twice its targeted performance, which indicates a lower than acceptable performance
9 level.

10 Q. Are there other customer service measurements you wish to discuss?

11 A. Yes, the Company tracks the percentage of emergency calls answered within
12 ** HC ** and the percentage of all other calls answered within ** HC **.

13 Q. What is Aquila's goal for answering emergency calls within ** HC **?

14 A. In response to Staff Data Request No. 3904, the Company stated that its
15 targeted goal for answering emergency calls within ** HC ** was ** HC **.

16 Q. What has been Aquila's actual performance in answering emergency calls
17 within ** HC **?

18 A. In response to Staff Data Request No. 3903, the Company stated that its
19 service level of answering emergency calls within ** HC ** was ** HC ** for 2002
20 and ** HC ** for January through May 2003. The Company stated that this information
21 was not calculated prior to 2002.

22 Q. Please analyze the Company's actual ASA performance in answering
23 emergency calls within ** HC **.

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1 A. For the two periods reported, the Company did not accomplish its targeted
2 performance. The Company's performance has slightly improved for January through
3 May 2003 over the year 2002. This improvement is for a five-month period; it is not for the
4 entire year.

5 Q. What is Aquila's present goal for answering all other calls
6 within ** HC **?

7 A. In response to Staff Data Request No. 3904, the Company stated that its
8 targeted goal for answering all other calls within ** HC ** was ** HC **.

9 Q. What has been Aquila's actual performance in answering all other calls within
10 ** HC **?

11 A. In response to Staff Data Request No. 3903, the Company stated that its
12 service level of answering all other calls within ** HC ** was ** HC ** for 2000,
13 ** HC ** for 2001, ** HC ** for 2002 and ** HC ** for January through May 2003.

14 Q. Please analyze the Company's actual performance in answering all other calls
15 within ** HC **.

16 A. For the periods stated in Staff Data Request No. 3903, the Company has yet to
17 realize its targeted goal for answering all other calls within ** HC **. The
18 Company's actual performance has been steadily declining since the year 2000 when this
19 performance indicator was first calculated. This trend indicates a deterioration of customer
20 service performance.

21 Q. You previously stated that you will address the Company's handling of its
22 meter reading responsibilities. How does the Company perform its meter reading
23 responsibilities?

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1 A. According to Mr. Glenn Keefe, Operating Vice President of Missouri Electric,
2 the Company has a meter reading contract that provides reads for almost 50% of the
3 Company's approximate 300,000 meters. (Transcript of Informal Interviews, Volume 1,
4 p. 43, ll. 5-7). These contracted meter reads are utilized mostly in the Company's suburban
5 areas. (Transcript of Informal Interviews, Volume 3, p. 703, ll. 21-23). The other 50% of the
6 Company's meters are read by Company employees, which are primarily located in rural
7 areas.

8 Q. Has the Company experienced any difficulties with its meter reading
9 contractor?

10 A. Yes. The Staff is aware of a curbing problem (the meter reader does not read
11 the meter; the reading is estimated) the Company experienced with its meter reading
12 contractor.

13 Q. How was Staff made aware of the curbing problem?

14 A. When the Company became aware of the curbing problem, it informed Staff
15 of the problem and how the Company intended to handle the problem.

16 Q. What has the Company done to correct this meter reading problem?

17 A. Initially, the Company made certain that all meters on the routes that curbing
18 occurred were read by a meter reader. Then, any customer accounts for which actual meter
19 readings were inconsistent, there was a recalculation of the bill.

20 During the interview on July 18, 2003, Mr. Albert stated that the Company was
21 providing the vendor with control reports to assist in the identification of curbings more
22 quickly. (Transcript of Informal Interviews, Volume 3, p. 705, ll. 4-7).

23 Q. What meter reading performance levels does the Company measure?

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1 A. The Company currently measures on a monthly basis its percentage of electric
2 and gas meters read each month. The Company also tracks the number of consecutive meter
3 reads that are estimated.

4 Q. What is the importance of tracking consecutive estimated meter readings?

5 A. The estimated bill is likely over or under the actual amount due. If the meter
6 is estimated for several consecutive months, a substantial balance due from the customer or
7 credit due to the customer may be created.

8 Commission Rule 4 CSR 240-13.020 states that the utility shall clearly and
9 conspicuously note on the customer's bill that it is based on estimated usage. Further, this
10 rule states "A utility shall not render a bill based on estimated usage for more than three (3)
11 consecutive billing periods or one (1) year, whichever is less, except under conditions
12 described in subsection (2)(A) of this rule."

13 Whenever a customer's meter is estimated for more than three consecutive months,
14 there is greater potential for a billing problem to occur and go undetected.

15 Q. Are any of these performance measurements previously addressed in this,
16 your rebuttal, testimony currently provided by the Company to the Staff?

17 A. Yes. The Company is currently providing to Staff the following performance
18 measurements:

- 19 • Abandoned Call Rate
- 20 • Average Speed of Answer-Overall
- 21 • Average Speed of Answer-Emergency
- 22 • Consecutive Estimated Meter Reads for 3rd, 4th, 5th, 6th and 7th months
- 23 and over 7 months
- 24 • Number of Meter Readings Estimated
- 25 • Percent of Meter Readings Estimated

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1 In Case No. EM-2000-292, the Company was ordered (effective December 24, 2000)
2 to provide Staff with monthly reports regarding its customer service levels for one year.
3 Following the expiration of that one year period, the Company has provided this information
4 on an informal basis.

5 Q. Does the Company provide any other information in addition to that listed
6 above?

7 A. Yes. The Company lists on its reports the following information:

- 8 • Number of Meters Read
- 9 • Number of Customers – SJLP Steam
- 10 • Number of Customers – SJLP Gas
- 11 • Number of Customers – SJLP Electric
- 12 • Number of Customers - MPS Gas
- 13 • Number of Customers – MPS Electric
- 14 • Number of Customers in Arrears 30 days and over
- 15 • Dollar Balance in Arrears 30 days and over
- 16 • Number of Offices with Walk-In Service
- 17 • Number of Non-Pay Disconnect Orders
- 18 • Number of Non-Pay Disconnects
- 19 • Number of Central Services Staffing

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

21 A. The Staff is requesting that Aquila, Inc. be ordered by the Commission to
22 provide its service quality measurements to Staff on a monthly basis until Aquila's financial
23 condition reaches investment grade and Staff determines that reporting is no longer
24 necessary.

25 Q. Does the Staff have additional recommendations?

26 A. Yes. As stated previously in this testimony, the Staff is aware that the
27 Company is in the process of implementing a procedure that will track its performance
28 measurements specifically by state. The Staff is requesting that Aquila, Inc. be ordered by

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1 the Commission to provide, following the completion of the implementation of this
2 procedure, its service quality measurements to Staff specifically by state for all seven states
3 on a monthly basis until Aquila's financial condition reaches investment grade and Staff
4 determines that reporting is no longer necessary. Staff is also requesting that Aquila be
5 ordered to provide to Staff notification of any delay to the timetable of the implementation of
6 this project or any change to the scope of this project.

7 Q. Has the Company given a definite date as to when it will reach a sound
8 financial condition?

9 A. No. Since the Company has not given a definite date as to when it will reach
10 a sound financial condition, the Staff is of the opinion that a requirement that Aquila provide
11 this monthly information shall remain in place until such time as appropriate as determined
12 by the Staff.

13 Q. What is the basis for Staff requesting that the Commission order the Company
14 to provide its service quality measurements to the Staff?

15 A. As stated previously in this testimony, the Company is neither achieving the
16 service quality performance goals previously recommended by the Staff; nor is it achieving
17 the service quality performance goals set by itself. Aquila should improve its current service
18 quality to its customers and take necessary steps to ensure that its service quality
19 performance improves. If the Staff is provided the Company's service quality measurements,
20 the Staff will be able to monitor the Company's service quality performance. The Staff is
21 unaware of the Company's service quality performance unless the measurements are
22 provided to the Staff.

23 Q. Is the Staff concerned about the Company's service quality performance?

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1 A. Yes. According to the information provided by the Company, the Staff has
2 observed a decline in the Company's ACR and ASA performances, which demonstrates a
3 deterioration in the Company's quality of service.

4 Q. Does the use of service quality measurements provide complete assurance that
5 customers are receiving an adequate level of service?

6 A. No. The service quality measurements provide a useful management tool and
7 can be used to help direct further inquiry. However, this information does not provide
8 assurance that deficiencies are not present in other facets of customer service.

9 Q. What are other facets of customer service?

10 A. Other facets of customer service might include kept customer appointments,
11 correct billing, follow through of customer requests, credit and collection practices that are
12 consistent with the provisions of Commission Rule 4 CSR 240-13 or interaction with
13 customers in the field.

14 Q. When should Aquila provide Staff its service quality measurements?

15 A. Aquila should provide its service quality measurements on a monthly basis
16 within 21 days of the last day of the month being reported.

17 Q. What service quality measurements does the Staff recommend the Company
18 provide?

19 A. The Staff requests that the Commission order the Company to provide on a
20 monthly basis the following service quality measurements:

- 21 • Average Speed of Answer – All other calls
- 22 • Average Speed of Answer – Emergency calls
- 23 • Abandoned Call Rate
- 24 • Service Level – All other calls
- 25 • Service Level – Emergency calls

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- Percentage of total electric and gas meters read
- Number of Consecutive Estimated Meter Reads

Q. Has the Staff had such a reporting relationship with other Missouri utilities?

A. Yes. The Staff presently has a similar reporting relationship with Missouri Gas Energy that originated in Case No. GM-2000-43, a merger case between Southern Union and Pennsylvania Enterprises, Inc. Quality of service reporting was also implemented in Case No. GM-2000-312 in the merger of Atmos Energy Company and Associated Natural Gas Company, as well as in Case No. EM-2000-292, the merger between UtiliCorp United, Inc. and St. Joseph Light & Power Company. Quality of service reporting was implemented in Case No. WM-2001-369, a request by Missouri-American Water Company to merge St. Louis County Water and Jefferson City Water Works into Missouri-American Water Company.

In addition to these cases, Staff has filed testimony in other proceedings to request that companies be ordered to report their service quality measurements. These cases, which included Case No. EM-97-515, the merger of Western Resources, Inc. and Kansas City Power and Light Company, and Case No. EM-2000-369, the proposed merger of UtiliCorp United, Inc. and Empire District Electric Company, were later withdrawn by the companies.

Q. What does Staff intend to do with the requested information?

A. Staff will review the Company's monthly service quality information to monitor for trends of continued decline, improvement or whether service quality remains at its current level. Should there be no improvement to the Company's service quality performance, Staff will review the information and make a determination as to what it considers to be an appropriate course of action.

Rebuttal Testimony of
J. Kay Niemeier

1 Q. Does this request of service quality measurements create an undue hardship or
2 burden to the Company?

3 A. No. As the Company currently tracks these customer service quality
4 measurements on a monthly basis, it should not create an undue hardship or burden to the
5 Company. In essence, the Company would be forwarding to Staff information that the
6 Company is currently collecting and producing.

7 Q. Does this conclude your rebuttal testimony?

8 A. Yes, it does.