CHAPTER I: INTRODUCTION

Procedural History

A joint motion requesting the Public Service Commission (PSC or Commission) to establish a docket to investigate Missouri Gas Energy's billing and customer service practices was filed on December 2, 1994 by the Staff of the Missouri Public Service Commission, the Office of the Public Counsel, and Missouri Gas Energy (MGE or Company). The assigned case number is GO-95-177.

The Commission's Engineering and Management Services Department (EMSD) was primarily responsible for the review, with assistance provided by the Commission's Consumer Services Department and the Energy Rates Department. The resulting Billing and Customer Services Investigation report was filed on April 28, 1995. MGE filed its implementation plan on May 15, 1995. Status reports were filed by the Company on July 19, 1995 and August 1, 1995. The EMSD Staff filed its first implementation review report on August 1, 1996. The Company was ordered on September 6, 1996 to provide the EMSD Staff with pertinent, regular customer service management activity reports. A second implementation review report was filed on March 31, 2000 by the EMSD Staff.

The results of the March 2000 Implementation Review report showed that 33 of the 37 recommendations were categorized as "complete." The current implementation review report discusses actions taken by the Company on the four recommendations that received an "in progress" classification, which appeared in Chapter II: Customer Inquiries and Complaints of the original Billing and Customer Services Review report.

Purpose

This report presents the EMSD Staff's evaluation of the Company's actions to implement the four "in progress" recommendations that remain of the original 37 recommendations contained in the April 1995 Billing and Customer Services Investigation report. The implementation review was structured to achieve the following purposes:

- Determine the implementation status of the recommendations.
- Assess the Company's efforts at implementing those recommendations.
- Evaluate the effects these changes have had upon Company operations.
- Provide a continuing source of information relative to the Company's operations and procedures to the Commission and to the public.

Scope

The scope of this report includes: 1) an explanation of the origin of the four "in progress" recommendations, 2) an evaluation of the actions the Company has taken to address the recommendations, 3) a determination of the current status of each recommendation, and 4) a review of the improvements in operations as a result of implementation actions.

Approach

The EMSD Staff contacted the Company during May 2001 and an on-site visit was made to the Company's main office in Kansas City on May 16, 2001. Previous to the on-site visit, the EMSD Staff reviewed and analyzed the Company's customer service management activity reports and various other documents. The on-site visit consisted of meetings with Company personnel and devoting some time to monitoring Telephone Center consultants as they responded to customer calls.

Summary of Results

As previously discussed, this third implementation review focused on the four recommendations that were categorized as "in progress" following the March 2000 Implementation Review. The results of this third implementation review indicate that the Company has completed actions on two of the four remaining recommendations. A discussion covering the previously described scope is provided for each recommendation in Chapter II of this report.

The EMSD Staff will continue to monitor the Company's future implementation actions described in Chapter II for the two "in progress" recommendations, Recommendations 1 and 9. The EMSD Staff will conduct a subsequent implementation review when the Company has had sufficient time to complete the anticipated actions described in Chapter II.

CHAPTER II: EVALUATION OF RECOMMENDATION ACTIONS

RECOMMENDATION 1:

Conduct a comprehensive study to examine the fluctuations in the abandoned call rate and establish an optimum staffing level and work hours that correlate with incoming call volumes. The primary objective of these actions should be to achieve the Company's abandoned call rate goal.

STATUS: In Progress

MAJOR ACTIONS TAKEN BY THE COMPANY:

1. Initiated discussion with AT&T to do a study of the Telephone Center – Second Quarter 1995.
2. Modified work group locations, work schedules and telephone handling priorities – Second Quarter 1995.
3. Installed Tele Center System to use as a scheduling tool – Fourth Quarter 1998.
4. Established a quality assurance position – Second Quarter 1999.
5. Implemented a revision to the training program – January 2001.
6. Initiated a comprehensive review of Telephone Center operations and goals – Second Quarter 2001.
7. Initiated a new employee assignment procedure that is implemented during occurrences of high call volumes – May 2001.

DISCUSSION:

The 1995 Billing and Customer Services Investigation found that the Telephone Center had experienced wide fluctuations in the abandoned call rate. The abandoned call rate frequently exceeded the 5% Company objective, especially on Monday and Tuesday mornings. Company management had also not conducted a study to determine an optimum staffing level and work hours that correlate with incoming call volumes.

Company management initiated some action prior to the 1996 Implementation Review. Original plans included having AT&T perform a thorough analysis of the Telephone Center operations. The August 1996 status report stated that the AT&T analysis had been canceled due to improvements initiated in the Second Quarter 1995. These improvements included consolidating work group locations and prioritizing work assignments to ensure that customer calls would get increased attention. All personnel who respond to customer calls are located on the same floor. These staff include Telephone Center consultants, who routinely respond to calls, and Account Services and Billing Services personnel who handle customer calls, as necessary.

The March 2000 Implementation Review report identified several additional actions Company management had taken to improve Telephone Center performance. The report stated that calls were automatically forwarded to Account Services when there were 12 calls waiting and to Billing Services when there were 18 calls waiting. A Tele Center System (TCS) software package was purchased that enables the Company to forecast call volumes for the hour, day, week, month, etc. The system also provides ideal schedules for staffing and provides real time schedule adherence data. In addition, Company management uses TCS to establish full- and part-time staffing levels for the Telephone Center. The March 2000 Implementation Review report also indicated that a quality assurance position was created to monitor how effectively customers' telephone calls are handled, with an objective to improve overall Telephone Center quality of service performance.

During a May 2001 discussion with Company management several other actions were identified pertaining to Telephone Center operations. In January 2001, the Company implemented a revision to its training program. The new employees that began training in December 2000, and had completed their initial training, were stationed in the "new employee section" of the Telephone Center. As the employees continue their training in the "new employee section," the amount of required assistance from the trainers and the senior employees declines. In addition to continuing to receive assistance from the trainers and the senior employees, the new employees are able to hear the other telephone consultants' responses to inquiries. Company management believes this revision to its training program will cause a decline in the total number of incoming calls, thereby improving Telephone Center performance.

Company management also stated during the May 2001 meeting that it is in the process of reviewing Telephone Center operations and Abandoned Call Rate (ACR) and Average Speed of Answer (ASA) goals. This review has included a study of another Telephone Center operation in the Kansas City area. The results of this overall review could result in revised procedures and the establishment of new ACR and ASA goals.

Company management also indicated that, beginning April 30, 2001, the Account Services and Billing Services employees were instructed to automatically log into the Telephone Center system on Monday mornings to assist the customer consultants with the high volume of incoming calls. The Account Services and Billing Services employees no longer wait for the amount of incoming calls on hold to reach a predetermined amount prior to assisting the Telephone Center consultants.

As a result of the 1996 Implementation Review, the EMSD Staff recommended that the Company should take immediate and ongoing action to improve its quality of service performance. The EMSD Staff also recommended that three quality of service performance standards be used to evaluate the Company's performance. These standards were to:

1) Answer incoming customer telephone calls (also referred to as ASA) within 45 seconds.

2) Maintain an abandoned call rate of 5% or less.

3) Reduce the number of customer complaints received by the Commission to a level not to exceed one complaint per 1000 customers.