As shown, the Company has accomplished the goal of not exceeding one complaint per 1,000 customers in both 1999 and 2000.

The information presented in the previous charts indicates that the Company has made substantial progress over the past four years toward achieving its ACR, ASA, and Commission complaint goals. However, the 6.1% ACR performance in 2000 is still 22% above the 5% goal and the 64-second ASA performance in 2000 is about 42% above the 45-second goal. As shown, MGE has achieved its goal for reducing the number of Commission complaints to one or less per 1,000 customers in each of the last two years.

Company management has stated that it is in the process of evaluating its Telephone Center operation and performance goals. Company management has indicated that its Telephone Center performance goals could be modified as a result of this process. It is primarily for this reason that the EMSD Staff will continue to monitor the actions taken by the Company. It is critical that the goals established as a result of the evaluation process are 1) clearly defined, 2) challenging, but realistic, and 3) measurable.

RECOMMENDATION 6:

Complete the development of documented cost/benefit analyses that can be used to support possible budget requests for equipment that could cost-effectively enhance the Telephone Center operation.

STATUS: Complete

MAJOR ACTIONS TAKEN BY THE COMPANY:

1. Developed a cost/benefit analysis prior to implementing First'Tech's Automated Pay Agent Processing System – December 1998.

2. Prepared a cost/benefit analysis on the use of Intell-A-Check software – July 1999.

3. Performed a follow-up analysis on the First'Tech Automated Pay Agent Processing System and the Intell-A-Check software – May 2001.

DISCUSSION:

One of the findings in the Billing and Customer Services Investigation indicated that a documented cost/benefit analysis had not been completed to support an anticipated budget request for equipment that could enhance Telephone Center operations. The report explained that the timely development of cost/benefit analyses is necessary to justify requests and that these documents should be used as benchmarks to compare anticipated and actual results.

The March 2000 Implementation Review report documented that Company management had initiated some use of cost/benefit analyses. A cost/benefit analysis was used in December 1998, prior to the implementation of First'Tech's Mechanized Agent Processing System at pay stations accepting customer bill payments. A cost/benefit analysis was also used in July 1999 to evaluate the use of Intell-A-Check software to replace the Company's previous Auto Pay system. Although cost/benefit analyses had been used, the EMSD Staff expressed concern in the March 2000 Implementation Review report that no follow-up analysis had been done to compare estimated with actual results.

In a May 2001 discussion, Company management reported that there has been no recent use of cost/benefit analysis, although its value is recognized. Company personnel indicated to the EMSD Staff that cost/benefit analysis is a valuable management tool for evaluating the impact of changes in operational processes and identifying opportunities for improvement. Company management also provided documentation of follow-up analyses that had been performed to identify the actual results of using First'Tech's Automated Pay Agent System and the Intell-A-Check software.

It appears that the Company's actions have addressed the intent of the recommendation. The EMSD Staff encourages the Company to continue its current practice of preparing

12

cost/benefit and follow-up analyses in support of possible budget requests for equipment to cost-effectively enhance the Telephone Center operation.

RECOMMENDATION 8:

Establish procedures to minimize the practice of putting customers on hold and periodically keep customers informed of work status when significant delays are required.

STATUS: Complete

MAJOR ACTIONS TAKEN BY THE COMPANY:

1.   Introduced initiative to reduce hold time – Second Quarter 1995.

2.   Initiated the use of peer monitoring – Third Quarter 1995.

3.   Emphasized minimal use of hold time in Company training – May 1999.

4.   Incorporated special attention to the improper use of hold time in the Company's performance monitoring program – May 1999.

5.   Initiated the use of quarterly "Calibration Sessions" – December 1999.

6.   Revised training program – December 2000

DISCUSSION:

During the Billing and Customer Services Investigation, the EMSD Staff found that customers were frequently placed on hold when calling the Telephone Center. The telephone consultants kept customers on hold for extended periods and did not regularly inform customers of the status of their call.

Company management has taken action to reduce hold time. During the Second Quarter 1995, an effort was made to encourage consultants to minimize the use of hold time. Peer monitoring was also used as a tool during the Third Quarter 1995 to help emphasize the need to reduce hold time. In addition, the need to minimize hold time has been emphasized in training, performance evaluations, and through informal discussions.

13

Although Company management had taken action to reduce hold time, the March 2000 Implementation Review report stated that there appeared to be opportunity for further improvement in the practice of putting customers on hold. During random monitoring of Telephone Center consultants, the EMSD Staff observed that some customers were not physically put on hold, but they were sometimes expected to wait for several minutes while a consultant gathered information. Consultants did not always check back with customers in a timely manner to ask whether they wanted to continue to wait or if they would prefer to be called back.

Company management informed the EMSD Staff that specific training is used to minimize the practice of putting customers on hold and to inform Telephone Center consultants how to appropriately treat customers that must be asked to wait while consultants work to resolve an issue. New employees are trained to place as few calls as possible on hold. The Telephone Center consultant is to ask the caller if they can place the call on hold. If a call is placed on hold, the consultant is to return to the customer at least every 60 to 90 seconds to inform the customer of their progress in resolving the customer's inquiry. If necessary, the consultant should ask the customer if their call could be returned. If the call is to be returned, the consultant is instructed to take the customer's number and return the call as soon as the necessary information is obtained. Company management also stated that supervisors are encouraged to closely monitor the use of hold time and to coach employees to see the "big picture."

The results of limited monitoring by the EMSD Staff in May 2001 indicated that there does not appear to be a significant problem associated with placing customers' calls on hold. However, it is important that Company management continue to address this issue in training

and daily monitoring. Based on the actions taken by MGE, the EMSD Staff is of the opinion that the objective of the recommendation has been met.

RECOMMENDATION 9:

Complete a revision to the activity code system used for incoming customer calls, require an activity code to be entered for every call, and initiate a reporting system which ensures that appropriate personnel receive a summary report.

STATUS: In Progress

MAJOR ACTIONS TAKEN BY THE COMPANY:

1.   Modified activity code reporting system – June 1995.

2.   Discontinued monthly activity code summary report – November 1995.

3.   Modified activity code reporting system and reinstated the production of monthly activity code summary reports – April 1996.

4.   Reported increased distribution of the Monthly Activity Report – June 1999.

5.   Revised training process to emphasize importance of activity code reporting - December 2000.

DISCUSSION:

The Billing and Customer Services Investigation report indicated that Telephone Center consultants did not consistently assign an activity code to all incoming customer calls. There was also extensive use of the "miscellaneous" classification and inadequate distribution and use of the monthly activity code summary report.

The number of activity codes used to classify incoming customer telephone calls has changed since 1995, but the same 25 codes have been used since September 1997. There has been significant improvement in how the "miscellaneous" category has been used. At the time of the Billing and Customer Services Investigation, Telephone Center consultants were using the "miscellaneous" category about 30% of the time. Since September 1997, its use has averaged between 2% and 4%.

15

Distribution of the Monthly Activity Report that identifies the nature of customer calls by activity code has also increased since the Billing and Customer Services Investigation. The report is posted on a Telephone Center bulletin board and provided to the Company officers, management, and the Telephone Center supervisors.

The March 2000 Implementation Review report stated that for most of 1998 and through April 1999, at least 90% to 95% of the incoming calls were assigned an activity code. However, from May 1999 to December 1999, an average of only 80% to 85% of the incoming calls were assigned an activity code. A recent EMSD Staff analysis indicated that an average of 83% of the Telephone Center calls received an activity code from January to December 2000.

During the May 2001 discussion with Company personnel, the EMSD Staff was informed that the coding of incoming customer calls is addressed during the training process. New employees are told to assign an activity code to every call they receive. Company management said that supervisors are encouraged to spend a greater portion of their time observing Telephone Center activity, but it is not clear why a higher percentage of calls is not coded. Knowledge of why customers call the Company is an important tool for improving customer service. This information can be used to take corrective actions that could reduce the number of incoming calls to the Telephone Center.

It appears that Company management needs to evaluate why more calls are not assigned an activity code. The EMSD Staff will continue to monitor the actions taken by the Company and encourages management to work toward a goal of assigning an activity code to all calls received in the Telephone Center.