

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

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
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 and GM-2000-503.) 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. *On or about February 14, 2002, MGE submitted a Report that indicated both the ACR and the ASA failed to meet the levels set out in paragraph 4 above. Specifically, in calendar year 2001, the ACR was 9.69% rather than 8.5%, and the ASA was 125 seconds rather than 75 seconds.*

6. MGE’s explanation for exceeding these performance measures in both categories was based upon the rationale that the extremely cold weather in November and December of 2000, coupled with the unprecedented high cost of gas in January of 2001, operated to distort or skew these customer related performance statistics, because these events resulted in an abnormally high number of customer contacts. MGE contended that the combination of these two events was not foreseeable, and was unlikely to recur with any great frequency in the future.

7. MGE ended its report with the conclusion that it was not reasonable to expect MGE to staff at levels capable of handling these infrequent and unforeseeable peak volume situations, and, that it wasn't necessary to incur any "costs" (spend any money) to improve the ACR and ASA measures to ensure that MGE met or performed under the maximum allowable levels for these performance measures during calendar year 2002.

8. Initially, in terms of the Staff's response, the Staff does not argue with the fact that "customer-to-company contacts" increased due to a cold winter and high natural gas prices during the winter of 2000 through January of 2001. However, even though these events occurred, Staff has certain concerns regarding MGE's high levels of ASA and ACR.

9. Staff's general concern with MGE's customer service performance was grounded in the fact that even after the winter of 2001, MGE continued to experience abnormally high and fluctuating levels of ACR and ASA in the last half of 2001. For example, and for purposes of contrast, the abandoned call rates for MGE from February 2001 through August of 2001 was approximately 5.4%, while the ACR for September 2001 through December 2001 was approximately 14.7%. This same fluctuating pattern is evidenced in ASA statistics. Specifically, MGE's ASA from February 2001 through July 2001 was approximately 61 seconds, while the ASA from August 2001 through December 2001 was approximately 149 seconds.

10. Staff has some other concerns in terms of personnel issues because MGE has experienced at least four major changes in its management at the MGE Call Center since February 2001 to the present. Staff believes this number of managerial changes can lead to confusion among employees as to the direction, priority and focus of their customer service efforts.

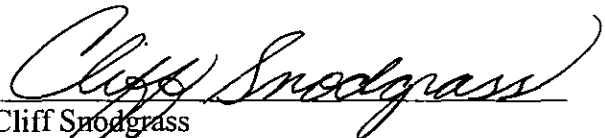
11. In order to discuss Staff's concerns about MGE's recent report on customer service issues, Debbie Bernsen and John Kiebel from the Staff met with MGE management personnel on March 13, 2002. MGE shared information with the Staff regarding a number of specific actions that have been taken, or are in the process of implementation, that may improve the operations of the call center. Based upon these discussions, the Staff is hopeful that MGE has implemented several practices that should eventually lower the ACR and ASA measurements.

Specifically, during the last 30 days the following actions have occurred: a new manager was placed over the call center; MGE has instituted the use of performance standards for call center representatives; the Company has recently purchased software that will allow it to conduct detailed quality assurance recording and monitoring of calls, and this information will then be used to pinpoint training needs; eight additional representatives have been hired and MGE expects to hire additional full time employees to bring its staffing up to authorized levels; the Company has also begun to examine the application of other technology based tools, such as electronic work force scheduling, skills based routing and website payment options; and lastly, MGE management has re-examined its method of communications with the customer and has concluded that some improvements may be possible by upgrades to the present interactive voice response system.

12. In conclusion, the Staff believes that the Company has recently taken a number of steps to address its performance at its call center. The Staff would encourage MGE 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,

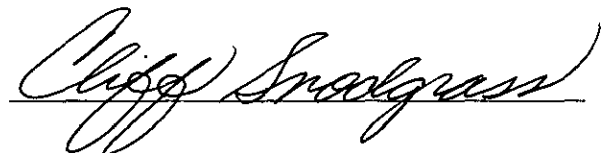
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 14th day of March, 2002.



**Service List for
Case Nos. GM-2000-43, GM-2000-500,
GM-2000-502 and GM-2000-503
March 14, 2002**

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