

Exhibit No.:
Issue: Customer Service
Witness: LISA A. KREMER
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2001-292
Date Testimony Prepared: May 22, 2001

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

LISA A. KREMER

FILED²
MAY 22 2001
Missouri Public
Service Commission

**MISSOURI GAS ENERGY,
A DIVISION OF SOUTHERN UNION COMPANY**

CASE NO. GR-2001-292

Jefferson City, Missouri
May 2001

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

2

3

4

5

6

8

9

10

11
12
13

14

15
16
17
18

19
20
21
22
23
24

1 Q. Have you previously filed testimony before the Commission?

2 A. Yes, I have.

3 **PURPOSE OF TESTIMONY**

4 Q. What is the purpose of your testimony?

5 A. The purpose of my testimony is to address, Staff's opinion, that Missouri
6 Gas Energy (MGE or Company) has not demonstrated nor presented sufficient evidence
7 in this case proving that it has, is or will continue to provide its customers with "superior
8 quality customer service . . ." as indicated on page 15, lines 7 and 8 of MGE witness
9 Steven W. Cattron's direct testimony. My testimony will also address some of the many
10 criteria that should be considered in determining whether or not a utility is providing
11 quality customer service. I will further provide evidence that Call Center indices are only
12 two of many criteria regarding quality customer service performance and that quality
13 customer service cannot be determined primarily on the basis of Company performance
14 with respect to ASA (Average Speed of Answer) and ACR (Abandoned Call Rate)
15 criteria. Nor can quality, superior or exemplary customer service be determined by a
16 Company's low percentage of missed appointments.

17 My testimony will explain the significance and purpose of the ASA and
18 ACR indicators. In addition, I will also provide evidence as to why the Commission
19 should not accept MGE witness John C. Dunn's recommendation that the Company be
20 granted an increased rate of return on the basis of alleged superior customer service
21 criteria, a claim that is based on MGE's ACR and ASA performance, its low percentage
22 of missed customer appointments, and its implementation of an automated meter reading
23 system.

Rebuttal Testimony of
Lisa A. Kremer

1 Further, I will address specific recommendations regarding ACR and ASA
2 criteria in recent utility merger cases, define and explain the purpose of these indicators
3 and address why the Staff of the Commission (Staff) has refrained to date from
4 comparing utilities against a single standard or criteria. In addition, with respect to
5 MGE's witness Karen M. Czaplewski's direct testimony in this proceeding, my testimony
6 will show that the comparative analysis presented on page 10 of her testimony is both
7 narrow and misleading in its implication that MGE is providing superior customer service
8 when compared to other regulated Missouri utilities. Staff witness Gary R. Bangert of
9 the EMSD will also address this issue in his rebuttal testimony.

10 My testimony will also address Ms. Czaplewski's comments on page 8 of
11 her direct testimony, which address the Company's customer service commitments made
12 to the Commission in Case No. GR-96-285. Specifically, my testimony will present the
13 context in which the commitments were developed and that achievement of the
14 commitments *do not* provide evidence that the Company is providing *superior* customer
15 service; but rather, that MGE is taking action to meet its previous commitments made to
16 this Commission relative to customer service. Further, my testimony will assert that any
17 regulated utility in this state that experienced the detrimental and serious customer
18 service problems as experienced by MGE would have most likely found it necessary to
19 make and keep similar customer service commitments in order to regain the confidence
20 of both its customers and the Commission.

21 My testimony will also address the results of the Company's customer
22 survey, which it uses as evidence that customer satisfaction with the Company is
23 increasing. I will present results of the survey as evidence that, in the opinion of its

1 customers, MGE is not providing 'superior' customer service. I will also respectfully
2 question the persuasiveness of survey results of a survey conducted of gas customers that
3 was administered during the middle of the summer months.

4 **Criteria to Determine Superior Customer Service**

5 Q. In the Company's direct testimony, did MGE specifically define "good or
6 superior customer service?"

7 A. No. Mr. Cattron, President of MGE, mentioned 'superior customer
8 service quality' in his direct testimony. In Data Request No. 3920, Staff requested MGE
9 to "specifically define superior customer service quality as the term is used in
10 Mr. Cattron's direct testimony, page 17, line 15." The Company's response was to
11 "... please refer to Ms. Czaplewski's direct testimony, pages 4-7." On pages 4-7 of her
12 direct testimony, Ms. Czaplewski, Vice President of Customer Service, asserted that
13 MGE customers received superior customer service because of the Company's
14 performance with respect to ASA and ACR. She also stated that the Company has
15 missed approximately 2% of the service appointments it scheduled with customers and
16 has reduced the number of its estimated meter reads through implementation of an
17 automated meter reading system. Ms. Czaplewski also pointed to a reduction in
18 Commission complaints regarding MGE and results of the Company's customer
19 satisfaction survey.

20 Q. Are the various criteria mentioned by Ms. Czaplewski sufficient to
21 determine whether or not a utility is providing superior customer service?

1 A. No. There are numerous criteria to be considered in determining whether
2 or not a utility is providing what the EMSD Staff would consider acceptable or adequate
3 customer service.

4 Q. What criteria should be considered in determining whether or not a utility
5 is providing an acceptable level of customer service?

6 A. The customer service function of a utility is comprised of many processes
7 and practices and all of these require examination before judgments can be made
8 regarding whether or not a utility is providing even a minimum level of customer service.

9 I further expressed this opinion in my rebuttal testimony for Case No. GM-2000-312

10 (Atmos Energy Company and Associated Natural Gas Company Merger Case):

11 Q. Can customer service measurements, such as those described in
12 this testimony, provide complete assurance that customer service is
13 adequate?
14

15 A. No. While ACR and ASA are valuable management tools, and
16 can lead to some conclusions regarding customer service, they
17 cannot assure that deficiencies are not present in other customer
18 service activities.

19 Q. Please indicate some of the customer service processes that you are
20 describing.

21 A. Specific customer service processes include: customer billing and
22 payment remittance; credit and collections; service connection, disconnection and
23 reconnection; call center operations; customer service personnel training; meter reading
24 processes; customer inquiry and complaint handling.

25 For example, a utility may prove to have good performance with respect to
26 call center indicators but poor performance in its billing processes, such as applications of
27 incorrect gas costs, which may overshadow any call center performance. Even automated

Rebuttal Testimony of
Lisa A. Kremer

1 meter reading technologies do not provide complete assurance against billing errors as
2 was described in the Ameren Union Electric's (AmerenUE) gas case (Case No.
3 GR-2000-512) by Staff witness Gary Bangert. Mr. Bangert's testimony in the
4 AmerenUE case described incorrect meter readings being generated by 1,100 meters in
5 that utility's gas system that had been fitted with CellNet electronic modules.

6 Credit policies that are inconsistently administered between customers and
7 poor monitoring or training of contract collectors can result in inappropriate and
8 inconsistent service terminations. These deficiencies are not tied directly to call center
9 activity but are very important elements of quality customer service. In addition, a
10 critical component of call center performance is the Company's ability to carefully
11 monitor the quality of its call handling. Speed of answer and a low abandoned call rate
12 cannot measure whether or not a customer is receiving the information they are
13 requesting and needing, whether or not the call taker was courteous, and if a reasonable
14 attempt was made to satisfy the customer.

15 Q. Has the Commission's Consumer Services Department received
16 complaints from MGE's customers about billing problems since the Company's
17 conversion to AMR?

18 A. Yes, it has.

19 Q. Has the EMSD Staff performed reviews of the customer service operations
20 at Missouri regulated utilities?

21 A. Yes. In the Department's approximate 25-year history, numerous reviews
22 have been conducted of utility customer services operations. Some of these reviews have
23 been conducted in the context of comprehensive management audits that evaluated

Rebuttal Testimony of
Lisa A. Kremer

1 customer service performance as well as other processes. These audits or reviews may
2 have been performed by internal Staff or performed by an outside consultant whose work
3 was monitored by the Department. The customer service function has consistently been
4 reviewed at both large and small utilities.

5 During the past few years, the Department has had an increasing focus on
6 customer service processes that began with the customer service concerns experienced at
7 MGE during the mid to late 1990's. The EMSD Staff has performed focused customer
8 service reviews during 1999 of Kansas City Power & Light Company (KCPL) and
9 AmerenUE. In addition, the EMSD Staff has participated in follow-up reviews to
10 determine if recommendations were addressed appropriately by the utilities, as well as
11 participated in a number of merger cases with the focus again being on customer service
12 issues.

13 Q. What is the primary objective of such reviews?

14 A. The objective of such reviews is to document and analyze the management
15 control processes, systems, procedures and practices used by companies to ensure that its
16 customers' service needs are met and, where appropriate, to make recommendations by
17 which the company may improve the quality of the services provided to customers.

18 Q. Does the EMSD Staff ever address any Company process, practice or
19 procedure that it finds to be exemplary in the area of customer service?

20 A. Yes. In a recent report of the customer service control processes and
21 practices of KCPL, the EMSD Staff addressed KCPL's Customer Promise Program. This
22 program will be addressed later in this testimony. This program is one way KCPL has
23 chosen to demonstrate its commitment to providing quality customer service.

Rebuttal Testimony of
Lisa A. Kremer

1 Q. Has a comprehensive customer services review of MGE been performed
2 by the EMSD Staff?

3 A. Yes. The report was entitled Billing & Customer Services Investigation of
4 Missouri Gas Energy, and was filed in Case No. GO-95-177, on April 28, 1995.

5 Q. Can you describe the results of the audit?

6 A. Yes. Thirty-seven recommendations were made to Company management
7 for improvement in specific customer services processes such as Customer Inquiries and
8 Complaints, Billing and Customer Remittance, and Disconnection and Reconnection.
9 There are four recommendations that are still categorized as 'open' or not yet completely
10 addressed by the Company. I will briefly comment on the review here, and EMSD Staff
11 witness Bangert will address the review more thoroughly in his rebuttal testimony in this
12 case.

13 Q. Why was such a review initiated of MGE?

14 A. As stated in the introduction on page 1 of the April 1995 audit report,
15 "...a docket was necessary due to a strong concern over the Company's billing and
16 customer practices, particularly in how it related to the Cold Weather Rule." Staff's
17 motion filed with the Commission in Case No. GO-95-177 identified nine areas of
18 concern that were to be included in the review. The nine areas included:

- 19 1. record keeping for 10-day written discontinuance notices
- 20 2. providing prompt posting of night deposits and pay agent payments
- 21 3. discontinuing service in multi-family dwellings without proper notice
- 22 4. scheduling field personnel reconnections
- 23 5. eliminating prolonged estimation of customer bills

6. providing prompt and responsive service to customers
7. instructing employees properly on the Cold Weather Rule
8. developing procedures to monitor compliance with rules and tariffs
9. designating personnel to resolve customer problems with the PSC staff

Significance and Purpose of ASA and ACR

Q. Does the GO-95-177 docket have a relationship to the Company's current statements that it is providing superior customer service?

A. Yes. The recommendations that the Staff have determined remain 'open' are in the area of call center performance. Mr. Gary Bangert was responsible for conducting the review of MGE's call center operations and will specifically address these recommendations in his rebuttal testimony in this case.

Q. If customer service includes numerous processes and practices, what is the specific purpose and significance of ACR and ASA?

A. ASA and ACR are two customer service performance measurements that are often established by utilities to determine the level of customer service, with respect to its call center operations. ASA and ACR are management tools that can provide some assurance, not only to the company, but also to its customers and to utility commissions, that a certain level of customer service is being provided by the utility.

Q. Describe ACR.

A. Generally, ACR refers to the percentage of customers who terminate their calls before their calls are answered by a company customer service representative. The ACR may be defined as the number of calls abandoned divided by the number of calls offered.

1 Q. Describe ASA.

2 A. Generally, ASA (sometimes referred to as Average Delay) is the total
3 delay time of all calls divided by the number of calls.

4 Q. Do differences exist in the ways companies calculate either of these
5 indicators?

6 A. Yes. Some companies exclude 'hang-up' calls from their abandoned call
7 rate calculation. These are customers who terminate their call almost immediately after
8 realizing the call is being answered by an automated system rather than an actual
9 representative. Some call centers will use an automated system to answer calls if no
10 customer service representative is available. In other words, some call centers afford the
11 opportunity for calls to be answered by an actual representative. The customer who is
12 aware of the Company's process for answering calls may hang-up and call the Company
13 again at another time.

14 **MGE's Use of Comparative ASA and ACR Data**

15 Q. Staff has recommended that ASA and ACR indicators be used as
16 benchmarks in a number of utility mergers. Did the Staff make an attempt to compare or
17 establish indicators for companies based upon the performance of other utilities within
18 the state or those not directly involved in the mergers?

19 A. No. The performance indicators recommended by Staff were unique in
20 each case and were developed from each company's own historical data. In some cases,
21 the performance measures developed in these cases were developed cooperatively with
22 the companies. Regardless of how the measures were developed or proposed, it is
23 significant that each company was measured against its own past performance and not the

Rebuttal Testimony of
Lisa A. Kremer

1 performance of another utility. In addition, different conditions may have varying
2 impacts on utility types. For example, challenges faced by the electric industry in general
3 may differ from those faced by the water industry or those experienced by gas
4 companies.

5 Q. Is utility performance regarding such measures as ACR and ASA totally
6 within the Company's control?

7 A. No. Staff takes the position that customer service measurements should
8 consider anomalies, such as unusually cold or warm weather, which could significantly
9 increase calls, or other factors that could impact the data. Ms. Czaplewski's direct
10 testimony, on page 6, line 5 through page 7, line 22, indicates that warm weather in
11 recent years has been fortuitous for MGE with respect to its call center indicators;
12 warmer weather experienced in its service territory "translates into lower gas bills, which
13 in turn usually translates into fewer customer contacts. Wholesale gas prices were also
14 relatively low during this period of time..." These conditions may also impact the
15 number of customer contacts received by the Commission's Consumer Services
16 Department.

17 In other words, the Company's call center performance indicators
18 benefited from an external event (warmer weather) that was outside of the control of
19 MGE. In addition, Ms. Czaplewski only compared MGE to three other utilities in the
20 state, all of them having electric operations, none of them primarily natural gas
21 companies. Surely external events, such as weather conditions (warm summer weather
22 usually results in higher electric bills, which translates into a greater number of customer
23 contacts) and potential differences in calculations of the indicators may account for

1 MGE's appearance of 'superior' performance. Staff is aware of more than one utility in
2 the state that has call center performance indicators that appear to be superior to MGE.
3 The Empire District Electric Company and St. Joseph Light and Power Company each
4 have had ACR performance in recent years (1998 and 1999) that surpassed MGE's
5 performance. Please refer to rebuttal testimony by Staff witness Bangert in this case for
6 additional information on the topic of ASA/ACR comparisons by MGE.

7 Q. Has the Staff expressed concern with service quality in recent proposed
8 utility mergers?

9 A. Yes. The Staff has expressed this concern in at least seven recent
10 proposed utility merger applications. They are the following:

11 *Western Resources, Incorporated & Kansas City Power &*
12 *Light Company*
13 *Case No. EM-97-515*

14
15 *Southern Union Company & Pennsylvania Enterprises, Inc.*
16 *Case No. GM-2000-43*

17
18 *UtiliCorp United Inc. & St. Joseph Light and Power Company*
19 *Case No. EM-2000-292*

20
21 *Atmos Energy Company & Associated Natural Gas Company*
22 *Case No. GM-2000-312*

23
24 *UtiliCorp United Inc. & The Empire District Electric*
25 *Company*
26 *Case No. EM-2000-369*

27
28 *Southern Union Company & Valley Resources*
29 *Case No. GM-2000-502*

30
31 *Southern Union Company & Fall River Gas*
32 *Case No. GM-2000-503*

33 Q. Why has Staff been using ASA and ACR measurements in the context of
34 merger cases?

1 A. It was Staff's opinion that these indicators could be used as one type of
2 measurement to determine the 'not detrimental' to the 'public interest' standard. As
3 merger analysis has evolved, Staff considered it necessary to make efforts to protect
4 utility consumers.

5 Customer service measurements are important in such cases because they
6 provide some assurance that proposed sales or mergers involving Missouri utilities do not
7 result in a detriment to an established level of customer service. Maintaining or
8 improving existing customer service is important to the customers of the company being
9 sold. It is also important to the Missouri customers of the purchasing utility that they not
10 experience a decline in service as a result of the purchase or merger.

11 **MGE Customers Pay for the Level of Service They Receive**

12 Q. Would the Staff agree that any Company should be rewarded for the
13 customer service it is providing solely on the basis of superior call center performance
14 with respect to ASA and ACR when compared to other regulated utilities?

15 A. No. Even if the Company provided evidence that it had superior call
16 center performance compared to other utilities with respect to the two indices, ASA and
17 ACR, the Staff would not agree this proves that the Company was providing superior
18 customer service for that reason alone, as discussed previously in my testimony. Further,
19 it should be made clear that utility customers pay for the level of service they receive.
20 MGE witness, Ms. Czaplewski, addressed this somewhat in her direct testimony in this
21 case on page 7, lines 8 through 13:

22 So while we are committed to providing superior
23 service quality, we are also committed to providing
24 service at a reasonable cost to the customer. At the
25 same time, our shareholders are entitled to a

1 reasonable opportunity to achieve the return
2 authorized by the Commission. The bottom line is
3 that service quality will have to be balanced with
4 cost and earnings considerations.

5 Ms. Czaplewski further indicated this point in an on-site interview with
6 the Staff on March 22, 2001 at the Company's office at 3420 Broadway, Kansas City,
7 Missouri. There, she clearly stated that customers pay for the low ACR and ASA and
8 also addressed that she was of the opinion that a more appropriate target might be a 6%
9 ACR instead of the current 5% target.

10 Specifically, customers pay for the customer service staffing levels of the
11 company including the management of the function. Staff witness Bangert will present
12 specific staffing numbers in the customer service area over the past several years at
13 MGE. Salaries and benefits are paid by the ratepayer as is the equipment used in a call
14 center. Vehicles to provide field service, contract labor and other costs are also paid by
15 the customers who benefit from the service. I have been assured by the Accounting
16 Department of the Commission that all these cost elements have been included in Staff's
17 revenue requirement run. No disallowance has been made to remove any costs associated
18 with the call center's customer service function in this case.

19 It is reasonable to assume that the improvements MGE has made in the
20 area of customer service would be expected of any regulated utility and do not constitute
21 consideration as "superior customer service." MGE shareholders do not deserve a higher
22 return on their investment because MGE is providing a level of customer service that is
23 expected of all regulated utilities within the state.

24 The Company is responsible for the level of customer service it provides
25 its customers each day. The Company should make conscious and informed decisions as

1 to the quality of service it provides, balancing the level of service with the cost to provide
2 it. The Company makes these decisions while at the same time recognizing the costs
3 associated with providing the service. Whatever level of service the Company provides,
4 its customers pay for that service. Increasing the allowed rate of return for alleged
5 exemplary or superior service would actually require the Company's customers to pay
6 even higher rates than justified by the "cost" of enhanced customer service.

7 Q. How did the Company arrive at its current targets of 45 seconds for ASA
8 and 5% for ACR?

9 A. As described to Staff during an on-site visit at the Company on March 22,
10 2001 with Mr. Paul Blankenship, MGE's Contact Center Manager, these indices were
11 considered 'best practices' at the time Mr. Blankenship authored the Customer
12 Action Plan. These indices were also used by Mr. Blankenship's previous employer,
13 First Data, and are commonly used as an accepted industry norm. Neither the Staff nor
14 the Company's customers requested or required MGE to establish its current ACR and
15 ASA targets; these targets were developed internally and the costs of such are included in
16 rates that customers pay.

17 Q. Has the Company consistently met its internal targets?

18 A. No. Staff witness Bangert will address this in his rebuttal testimony but
19 the Company has not consistently met its internal target for ASA. The Company's failure
20 to meet its own internal target for ASA is not indicative of superior customer service.

21 Q. If MGE reduces its level of customer service by decreasing its
22 performance with respect to its ACR rate, would there be some reduction in costs?

1 A. There should be. If increasing its level of customer service requires more
2 costs because of increased staffing and/or equipment needs, then it stands to reason that
3 reducing such requirements would reduce costs. If MGE changes its ACR target from
4 5% to 6%, which results in longer call waits to customers, or reduces the level of
5 customer service with respect that indicator, then MGE would stand to gain from any
6 reduced expense, as rates would have been set based upon existing staffing and
7 equipment requirements. To my knowledge MGE has not proposed any reductions in
8 costs based on the Company's consideration of increasing the ACR rate.

9 **Insufficient Evidence that MGE is Providing Superior Customer Service**

10 Q. In addition to the previous discussion of ASA, ACR, missed appointments
11 and fewer estimated meter reads, does the Company make any other comments that
12 would support its opinion it is providing superior customer service?

13 A. Yes. The Company indicates that, with respect to its commitments made
14 in Case No. GR-96-285, it has met all commitments except for not achieving the ASA
15 goal of 45 seconds (Czaplewski Direct, p. 8, ll. 11-16). The Company also indicates that
16 its most recent customer satisfaction survey, conducted in July 2000, shows:

17 significant improvement in customer satisfaction
18 among Missouri Gas Energy Customers. Eighty-
19 seven percent (87%) were satisfied with the service
20 provided versus 83% in 1999. Additionally, the
21 "very satisfied" portion of this total group
22 increase[d] *sic* from 46% to 54% in 2000.

23 Q. What is Staff's position with regard to MGE meeting the commitments
24 made in Case No. GR-96-285?

25 A. It is necessary to understand the Company's commitments regarding
26 customer service practices in Case No. GR-96-285 in the context in which they were

1 developed and considered necessary. It must be remembered why the Company found
2 itself in the position of making these commitments in the first place: because MGE was
3 providing less than adequate or acceptable service. MGE's declining customer service
4 performance during the mid to late 1990's prompted the development of such
5 commitments. If the Company has been successful in addressing all of these items, its
6 success should not signal a belief or an understanding that the Company is going 'above
7 and beyond' the expected and accepted operating practices of any Missouri regulated
8 utility. Meeting a majority, if not all of the requirements and commitments made in Case
9 No. GR-96-285 does not constitute *superior* service, but only an *acceptable, minimum*
10 level of service. Many of those items, if not all, represent performance levels MGE
11 should have been achieving all along.

12 Without question, MGE's performance in the area of customer service has
13 improved from that which the Company provided its customers during the
14 November 1996 – February 1997 heating season; however, its improvements should not
15 be misinterpreted as leading to the erroneous conclusion that the Company is providing
16 superior service.

17 Customer Satisfaction Survey

18 Q. Ms. Czaplewski states on page 6, line 13 of her direct testimony that 87%
19 of MGE customers are satisfied with the service they are receiving versus 83% in 1999.
20 Do you agree with her interpretation of the survey results?

21 A. No. I have attached select pages of the survey to my testimony as
22 Exhibit 1. Referring to the July 2000 survey, question number 2, **Overall Satisfaction**,

the question reads as follows and received the following percentages of customer responses:

"Based on your past experiences with Southern Union Gas/Missouri Gas Energy, how satisfied are you, overall, with Southern Union Gas/Missouri Gas Energy?"

Are you:	1. Very dissatisfied	3
	2. Somewhat dissatisfied	5
	3. Neither satisfied not dissatisfied	5
	4. Somewhat satisfied	33
	5. Very satisfied	54
	6. (Don't Know/Refused to Answer)	1

Ms. Czaplewski appears to be combining responses 4 and 5 to develop an 87% satisfaction percentage. It could be argued that customers, who responded with the 4th response, "somewhat satisfied," were not completely satisfied customers and perhaps perceived something lacking in their service from MGE. In other words, 46% were less than very satisfied with MGE.

Further, question 3 is worded the following way and received the corresponding percentages of responses:

"Would you say that the overall service your (sic) receive from Southern Union Gas/Missouri Gas Energy has met your expectations, exceeded your expectations or has not met your expectations?"

1. Met Expectations	87
2. Exceeded Expectations	5
3. Did not meet Expectations	5
4. (Don't Know/Refused to Answer)	2

In Staff's opinion, it would seem that a company that provided superior quality customer service would have greater than 5% of its customers indicating that the Company had exceeded their expectations.

1 Q. Are there any other points you would like to make regarding MGE's
2 customer survey?

3 A. Yes, there are two points I would like to address. First, Staff supports and
4 encourages MGE to continue to conduct surveys of its customers. Staff considers
5 properly conducted customer surveys a means by which Company management can
6 obtain useful and important information regarding its customers.

7 Second, however, Staff questions the timing of the administration of
8 MGE's customer survey. The Company selected July, the middle of the summer to
9 administer its survey. During that time frame, it is quite possible that customers were
10 focused more intently upon the utilities with greater summer demand: electricity and
11 water. Results of surveys administered to customers when those same customers are not
12 using or have low usage of a given utility service may be far different than results of
13 surveys administered when customers are using or have a higher use of a given service.
14 If MGE had chosen to administer its survey in January, the results of its survey may have
15 been considerably different. It would seem that a company seeking to provide superior
16 service would want to survey its customers coming out of a heating season to determine
17 if the company's performance during that time of year met or exceeded customer
18 expectations.

19 Q. In your opinion, has MGE improved the level of service it provides its
20 customers since the challenges it faced in 1996-1997?

21 A. Yes. MGE has made definite improvements. However, the service that
22 MGE was providing at that time was unacceptable and the Company needed to
23 dramatically improve its performance simply to provide adequate customer service.

Rebuttal Testimony of
Lisa A. Kremer

1 Q. Please be specific about the improvements MGE has made in the area of
2 customer service.

3 A. The Company corrected the billing errors it faced during the 1996-1997
4 heating season. It improved its responsiveness to its customers by significantly
5 improving its call center performance. This point is further addressed in Mr. Bangert's
6 testimony. Staff made 37 recommendations for improvement in the Company's Case
7 No. GO-95-177 docket and the Company has completed action on the majority of these
8 recommendations.

9 Q. In Case No. GR-98-140, a previous MGE rate proceeding, Staff witness
10 Art Wimberley of the EMSD recommended that MGE implement a "customer promise"
11 or "commitment" program as a means of demonstrating its commitment of providing
12 quality customer service to its customers. Please describe some of the attributes of such a
13 program.

14 A. Mr. Wimberley specifically addressed the Customer Promise Program
15 implemented by KCPL in 1995. In this program:

16 KCPL management empowered its employees to
17 administer the Customer Promise Program thereby
18 authorizing each employee to issue a billing credit
19 directly to any customer when the Company fails to
20 (1) connect service on the agreed-upon date;
21 (2) provide notice when known in advance that it is
22 necessary to interrupt the customer's service;
23 (3) read the customer's meter accurately, bill
24 correctly and apply payments accurately; (4) respect
25 the customer's property; (5) promptly provide
26 answers to customers' questions about rate options
27 and the safe efficient use of KCPL products and
28 services; and (6) keep appointments made with the
29 customer. KCPL management informed the EMSD
30 Staff that the costs of this program are paid from
31 KCPL operating income and are not part of the

1 expenses which are included in the rates paid by its
2 customers. (Wimberley Direct, p. 23, ll. 4 -13)

3 Mr. Wimberley further went on to say:

4 A customer satisfaction program of this design for
5 MGE would be a bold step toward improving the
6 Company's customer image, to establish quality of
7 service standards for MGE employees to provide
8 services that exceed customer expectations and to
9 prepare the Company to successfully meet the
10 challenges of a more competitive market when
11 customers have choice of more than one gas
12 provider. (Wimberley Direct, p. 23, ll. 14 - 18)

13 Q. Has MGE implemented such a program?

14 A. No. In response to Data Request No. 3912, the Company indicates that it
15 is "considering the implementation of such a program in the future, at this time the
16 factors to be included in such a program have not been identified."

17 Q. Has the EMSD Staff had a cooperative relationship with the Company
18 during the past six years?

19 A. Yes. The EMSD Staff has performed on-site visits several times with
20 MGE since 1995 and has found the Company to be cooperative, courteous and responsive
21 to Staff's requests for information.

22 Q. Does this conclude your rebuttal testimony?

23 A. Yes, it does.


BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In The Matter of Missouri Gas Energy's Tariff)
Filing For General Rate Increase) Case No. GR-2001-292

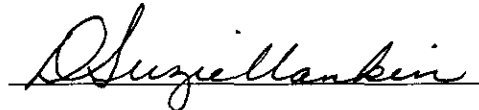
AFFIDAVIT OF LISA A. KREMER

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Lisa A. Kremer, being of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 21 pages to be presented in the above case; that the answers in the foregoing 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.


Lisa A. Kremer

Subscribed and sworn to before me this 21st day of May 2001.



D SUZIE MANKIN
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. JUNE 21, 2004



MISSOURI GAS ENERGY
A division of Southern Union Company

Missouri Public Service Commission
DATA INFORMATION REQUEST RESPONSE

Missouri Rate Case No: GR-2001-292

Data Request No 3903

Requested From: Michael Noack

Date Requested: 01/25/01

Information Requested:

Please provide a copy of the July 2000 customer service survey that Karen Czaplewski discussed on page 6, lines 11 and 12 of her direct testimony.

Requested By: Lisa Kremer

Information Provided:

Please refer to the attached materials

The information provided in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to promptly notify the requesting party if, during the pendency of Case No. GR-2001-292 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

Date Response Received: _____

Signed By: _____

Manager Pricing Regulatory Affairs

Date: _____

2/13/01

3. Would you say that the overall service you receive from Southern Union Gas/ Missouri Gas Energy has met your expectations, exceeded your expectations or has not met your expectations?

	Total %			MO %			TX %		
	7/00	6/99	11/98	7/00	6/99	11/98	7/00	6/99	11/98
1. Met expectations	85	85	84	87	85	85	85	84	83
2. Exceeded expectations	7	6	7	5	4	5	8	8	8
3. Did not meet expectations	6	5	6	5	7	7	6	4	6
4. (Don't know/Refused)	2	4	3	2	3	3	1	4	3

	KC %			St Joe/Pop %			RGV %			El Paso %			Central %		
	7/00	6/99	11/98	7/00	6/99	11/98	7/00	6/99	11/98	7/00	6/99	11/98	7/00	6/99	11/98
1. Met expectations	87	85	85	88	87	87	83	79	79	83	87	79	87	84	88
2. Exceeded expectations	6	5	5	5	3	6	10	10	9	9	6	9	6	8	6
3. Did not meet expectations	5	8	7	5	6	5	6	3	6	7	3	8	6	4	4
4. (Don't know/Refused)	2	2	3	3	5	2	2	8	5	1	4	4	1	4	2

**SOUTHERN UNION COMPANY
CUSTOMER SATISFACTION SURVEY - RESIDENTIAL CUSTOMERS
JULY 2000**

7/00 Sample Size

Overall=1807

Respondents with Any Contact=460

Respondents with Telephone Contact=430

Respondents with On-Site Contact=151

OVERALL SATISFACTION

2. Based on your past experiences with Southern Union Gas/ Missouri Gas Energy, how satisfied are you, overall, with Southern Union Gas/ Missouri Gas Energy? Are you:

	Total %			MO %			TX %		
	<u>7/00</u>	<u>6/99</u>	<u>11/98</u>	<u>7/00</u>	<u>6/99</u>	<u>11/98</u>	<u>7/00</u>	<u>6/99</u>	<u>11/98</u>
1. Very dissatisfied	2	2	3	3	2	3	2	1	2
2. Somewhat dissatisfied	4	4	4	5	5	6	3	3	3
3. Neither satisfied nor dissat.	4	5	5	5	8	7	4	3	4
4. Somewhat satisfied	29	32	29	33	37	33	26	26	26
5. Very satisfied	59	56	57	54	46	49	64	65	65
6. (Don't know/Refused)	1	2	1	1	2	2	2	1	1

	KC %			StJoe/Jop %			RGV %			El Paso %			Central %		
	<u>7/00</u>	<u>6/99</u>	<u>11/98</u>	<u>7/00</u>	<u>6/99</u>	<u>11/98</u>	<u>7/00</u>	<u>6/99</u>	<u>11/98</u>	<u>7/00</u>	<u>6/99</u>	<u>11/98</u>	<u>7/00</u>	<u>6/99</u>	<u>11/98</u>
1. Very dissatisfied	3	3	4	2	2	2	1	1	2	2	1	3	2	1	2
2. Somewhat dissatisfied	4	5	4	7	6	8	4	4	4	3	2	3	3	3	2
3. Neither satisfied nor dissat.	6	6	9	4	10	5	2	3	3	4	4	4	5	3	4
4. Somewhat satisfied	35	39	34	28	33	31	27	22	22	28	25	30	24	29	23
5. Very satisfied	52	45	47	59	48	52	65	68	68	63	68	59	63	63	68
6. (Don't know/Refused)	1	2	2	1	3	1	2	2	<1	<1	-	1	3	1	1