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Witness: Gary R. Bangert
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MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

GARY R. BANGERT

FILED²
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Missouri Public
Service Commission

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

CASE NO. GR-2001-292

Jefferson City, Missouri
May 2001

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REBUTTAL TESTIMONY
OF
GARY BANGERT
MISSOURI GAS ENERGY,
A DIVISION OF SOUTHERN UNION COMPANY
CASE NO. GR-2001-292

Q. Please state your name and business address.

A. Gary Bangert, P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am a Utility Management Analyst III for the Missouri Public Service Commission (Commission or PSC).

Q. Describe your educational and professional background.

A. I graduated from Concordia Teachers College in Seward, Nebraska, in 1973 with a Bachelor of Science degree in Education. I continued my education in 1975 by doing graduate work in mathematics at the University of Evansville in Evansville, Indiana.

I have been employed by the Commission since 1977 as a Management Analyst in the Management Services Department. In 2000, the Management Services Department was combined with the Commission's Depreciation Department into a new Engineering and Management Services Department (EMSD or Department). My responsibilities at the Commission include planning, performing, and directing reviews of management operating and control systems at utility companies under the Commission's jurisdiction.

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1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to respond to direct testimony offered by
3 Missouri Gas Energy (MGE or Company) witnesses Steven W. Cattron and Karen M.
4 Czaplewski related to quality of customer service performance at MGE. I will address
5 the quality of customer service at MGE as indicated by its Call Center performance
6 statistics and by consumer complaint data compiled by the Commission's Consumer
7 Services Department. My testimony will include a comparison of customer service
8 performance between the times when MGE began its operations in 1994 and now. I will
9 also discuss MGE customer service performance relative to other Missouri utilities and
10 the reasonableness of specific MGE Call Center goals. My testimony is intended to
11 illustrate that MGE's customer service performance is not substantially better than it was
12 when MGE began operations in 1994. Neither can it be said that MGE's customer
13 service performance is superior to other Missouri utilities. Finally, my testimony will
14 address MGE's customer service performance goals, specifically with respect to
15 Abandoned Call Rate (ACR) and Average Speed of Answer (ASA), and provide
16 evidence that the Company's goals and its performance are not superior to commonly
17 accepted industry norms.

18 Q. How did you become familiar with MGE's Call Center performance?

19 A. I was responsible for evaluating the Company's Call Center during a
20 billing and customer services investigation completed by EMSD Staff in April 1995.
21 This review also addressed MGE's billing, customer payment remittance, disconnection,
22 and reconnection practices. The investigation resulted in 37 recommendations for

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1 improvement related to these areas. Eleven of the 37 recommendations addressed
2 specific deficiencies related to Call Center operations.

3 Q. Have Engineering and Management Services Staff performed any
4 subsequent work at the Company?

5 A. Yes. The EMSD Staff performed two follow-up implementation reviews
6 that were completed in August 1996 and March 2000. These implementation reviews
7 were conducted in order to evaluate the Company's progress in implementing the
8 37 recommendations presented in the original April 1995 report. In addition, the EMSD
9 Staff spent considerable time at the Company as a result of billing process errors that
10 occurred during the 1996 – 1997 heating season.

11 Q. What were the results of these implementation reviews?

12 A. The first implementation review concluded that the Company had
13 completed action on 21 of the 37 recommendations. Four of the 11 Call Center
14 recommendations had been completed. The second implementation review report stated
15 that 33 of the 37 recommendations had been completed.

16 Q. What was the nature of the four recommendations that were not
17 categorized as "complete" following the March 2000 investigation?

18 A. All four of the remaining recommendations pertained to deficiencies in
19 Call Center operations. One of these recommendations dealt directly with weaknesses in
20 Call Center performance related to ACR, ASA, and the number of inquiries and
21 complaints received by the Commission's Consumer Services Department. The EMSD
22 Staff commented in the March 2000 report that ". . . considerable progress has been made
23 by the Company in improving its quality of service performance. However, opportunities

1 for improvement still exist, as shown by the fact that actual performance statistics fall
2 below Company goals and MSD staff expectations."

3 Q. What are the specific Company goals and EMSD Staff expectations
4 referred to in the March 2000 implementation review report?

5 A. The specific Company goals and EMSD Staff expectations included an
6 ACR of 5% or less, an ASA of 45 seconds or less, and a number of inquiries and
7 complaints received by the Commission not to exceed one complaint per 1,000 customers
8 on a yearly basis.

9 Q. How have customer service staffing levels changed over the past several
10 years?

11 A. Based on the customer service staffing level data presented in Schedule 1,
12 it can be seen that since 1997, when the Company started reporting this information,
13 overall customer service staffing levels have ranged from 127 in January 1997 to 160 in
14 June 1998. There were 133 reported customer service staff in March 2001. Schedule 1
15 also provides Call Center staffing levels, including the number of full-time and part-time
16 staff on a monthly basis since October 1997. There were as many as 79 Call Center staff
17 in August 1998 and as few as 50 in August 2000. As of March 2001, there were a total of
18 64 Call Center staff.

19 **Historical MGE Call Center Activity**
20 **and Performance**

21 Q. Can you also discuss historical Call Center activity and performance at
22 MGE?

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1 A. Yes. I will present a series of four schedules that present information
2 relative to incoming call volumes, ACR, ASA, and the number of Commission inquiries
3 and complaints.

4 Q. What time period will this information cover?

5 A. I will present monthly data covering the 1994 – 1995 time period and
6 compare it with information from the 1999 – 2000 timeframe.

7 Q. Why have you chosen these two time periods to compare?

8 A. MGE began operations in February 1994, so 1994 – 1995 provides a good
9 baseline of data from which to evaluate the impact MGE management has had on the
10 quality of customer service. The data from 1999 – 2000 provides the most recently
11 available data in order to compare changes that have occurred.

12 Q. Why are you not comparing data from the 1996 – 1998 timeframe?

13 A. These years included events that had a significant negative impact on
14 MGE's Call Center performance. Also, monthly results during these years were typically
15 very inconsistent. Reported performance during some months was very poor and, during
16 other months, performance exceeded Company goals. As discussed in the August 1996
17 implementation review report, the Company reduced its Customer Service staffing level
18 from 92 when it began operating the Company to 67 in 1995. In April 1996, the ACR
19 was as high as 45.8% and the ASA was 213 seconds. Call Center performance was also
20 adversely affected in early 1997 by significant billing process errors. This situation
21 resulted in an ACR of 33.5% and an ASA of 406 seconds in March 1997. Call Center
22 performance in 1998 included an ACR of 19.2% and an ASA of 143 seconds in
23 March 1998. The overall ACR averages for 1996, 1997, and 1998 were 24.7%, 15.6%,

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1 and 8.4% respectively. The overall ASA averages for 1996, 1997, and 1998 were
2 142 seconds, 152 seconds, and 62 seconds, respectively. Consequently, for reasons of
3 inconsistent performance caused to a significant degree by unusual events, I chose to
4 exclude 1996 – 1998 in the comparison.

5 Q. How has the number of incoming calls to MGE's Call Center changed
6 since 1994?

7 A. There has been little change in the number of incoming calls. The 1994 –
8 1995 monthly average number of calls was approximately 79,600 and the 1999 – 2000
9 monthly average was 79,500 customer calls. The information presented in Schedule 2
10 illustrates that call volumes during the two comparison periods were very similar and
11 tended to fluctuate at similar times of the year. MGE typically experiences much lower
12 call volumes in the summer months than during the winter months.

13 Q. How has the number of customers that MGE serves changed?

14 A. MGE served approximately 470,000 customers at the end of 1994, the
15 middle of the first comparison time period, and about 492,000 customers at the end of
16 1999, the middle of the 1999 – 2000 time period. This represents an approximate 4.7%
17 growth over five years.

18 Q. Is it significant that the average number of calls did not increase from the
19 first time period to the second even though MGE did experience a 4.7% growth in the
20 number of customers?

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1 A. No. As MGE witness Cattron states in his direct testimony,

2 While the warm weather we experienced in our service
3 territory in FY98, FY99 and FY00 hurt MGE's financial
4 performance and achieved returns, that same weather helped
5 almost all of its customer service performance statistics. Typically
6 warm weather translates into lower bills, which in turn translates
7 into fewer customer contacts.

8 Consequently, it appears that the warm weather and small increase in
9 number of customers were offsetting factors and resulted in little change in customer call
10 levels. If MGE's level of customer service had improved substantially, one would have
11 expected a significant decrease in customer call volume.

12 Q. How has MGE's Abandoned Call Rate changed from the 1994 – 1995
13 timeframe to 1999 – 2000?

14 A. The monthly ACR for these two 24-month periods is illustrated in
15 Schedule 3. This information shows that in 11 of 24 months, MGE's ACR was better in
16 1994 – 1995 than in 1999 – 2000. The average ACR was 5.4% in 1994 and 8.7% in
17 1995, with an overall 24-month average of 7.0%. The average ACR was 5.7% in both
18 1999 and 2000, with an overall 24-month average of 5.7%.

19 Q. In your opinion, has MGE made substantial improvement in its ACR?

20 A. No. Although the 5.7% average for 1999 – 2000 shows some
21 improvement over the 7.0% performance in 1994 – 1995, it still falls short of the
22 Company's 5.0% ACR goal. It is also noteworthy that the 5.7% ACR performance in
23 1999 and 2000 is about 6% worse than the 5.4% ACR performance in 1994, the first year
24 that MGE began operations in Missouri.

25 Q. How has MGE's Average Speed of Answer changed from the 1994 – 1995
26 timeframe to 1999 – 2000?

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1 A. The monthly ASA for these two 24-month periods is illustrated in
2 Schedule 4. This information shows that in 14 of 24 months, MGE's ASA was better in
3 1994 – 1995 than in 1999 – 2000. The average ASA was 54 seconds in 1994 and
4 66 seconds in 1995, with an overall 24-month average of 60 seconds. The average ASA
5 was 64 seconds in both 1999 and 2000, with an overall 24-month average of 64 seconds.

6 Q. What is your opinion of MGE's ASA performance?

7 A. The Company has not been able to achieve consistent improvement in its
8 ASA. The ASA average performance slipped about 7% from 60 seconds in 1994 – 1995
9 to 64 seconds in 1999 – 2000. This 64 second ASA is also about 19% worse than the
10 54 second performance in 1994, and is still 42% above the Company's 45 second goal.

11 Q. How has the number of Commission inquiries and complaints changed
12 from the 1994 – 1995 timeframe to 1999 – 2000?

13 A. The number of Commission inquiries and complaints for these two
14 24-month periods is illustrated in Schedule 5. This information shows that in 19 of
15 24 months, there were more Commission inquiries and complaints in 1994 – 1995 than in
16 1999 – 2000. There were an average of 73 inquiries and complaints in 1994 and 53 in
17 1995, with an overall 24-month average of 63. The average number of inquiries and
18 complaints was 43 in 1999 and 37 in 2000, with an overall 24-month average of 40.

19 Q. The 1996 implementation review report recommended that MGE work to
20 achieve a "reasonable quality of service requirement" of "Customer complaints received
21 by the PSC not to exceed one complaint per 1,000 customers; measured on a yearly basis
22 and" Has MGE achieved this quality of service performance standard?

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1 A. Yes. The number of complaints per 1,000 customers improved from
2 approximately 1.62 complaints per 1,000 customers during the 1994 – 1995 timeframe to
3 an average of about .98 complaints per 1,000 customers from 1999 – 2000.

4 Q. Is the fact that MGE has achieved the complaint per 1,000 customers goal
5 of less than one complaint per 1,000 customers an indication of superior customer service
6 performance?

7 A. No. It is obvious that MGE management is doing a much better job of
8 resolving customer concerns because fewer customers are contacting the Commission
9 with problems. However, a complaint level of less than one complaint per 1,000
10 customers is a reasonable standard that many Missouri utilities are achieving.

11 Q. How has MGE performed with respect to ACR, ASA, and number of
12 Commission inquiries and complaints since December 2000?

13 A. The First Quarter 2001 MGE averages for ACR, ASA, and number of
14 Commission inquiries and complaints were 8.5%, 107 seconds, and 116 inquiries and
15 complaints, respectively. These First Quarter 2001 averages were significantly affected
16 by January 2001 monthly averages consisting of an ACR of 16.2%, an ASA of
17 207 seconds, and 202 Commission inquiries and complaints. These January 2001 figures
18 compare with January 2000 monthly averages of an ACR of 6.8%, an ASA of
19 81 seconds, and 52 Commission inquiries and complaints.

20 Q. Why was the quality of service performance with respect to ACR, ASA,
21 and Commission inquiries and complaints so much worse in January 2001 than in
22 January 2000?

1 A. The primary reasons appear to be colder temperatures combined with
2 higher gas prices than customers had experienced in January 2000.

3 Q. What conclusion can you reach about quality of customer service
4 indicators like ACR, ASA, and the number of Commission inquiries and complaints?

5 A. These indicators are extremely volatile and are affected by a wide variety
6 of factors.

7 **Comparison of MGE Customer Service Performance**
8 **With Other Missouri Utilities**

9 Q. Ms. Czaplewski provided some ACR and ASA performance
10 measurements from Kansas City Power & Light Company (KCPL), UtiliCorp United,
11 Inc. (Utilicorp), and AmerenUE on page 10 of her direct testimony. Based on this
12 information, Ms. Czaplewski stated on page 11 of her direct testimony that "... MGE's
13 customer service performance has been superior to other Missouri companies." Do you
14 agree with this observation?

15 A. No. A comparison of ACR and ASA performance measures with other
16 utilities can provide a general indication of performance, but should not be used as a sole
17 basis for evaluating customer service performance. For reasons I will discuss later,
18 differences in the way utilities calculate performance measures and the existence of other
19 outside factors can have a significant impact on performance statistics. Also,
20 Ms. Czaplewski does not present comparison information on a comparable timeframe.
21 Her direct testimony offers information on select utilities over a calendar-year basis and
22 MGE information on a fiscal-year basis. I have prepared the following table that shows
23 how, using comparable timeframes, MGE performance measurement data compares with
24 the information Ms. Czaplewski presented on KCPL, UtiliCorp, and AmerenUE:

ACR and ASA Comparisons

	ACR (%)			
	1996	1997	1998	1999
MGE	24.7 ⁽²⁾	15.6 ⁽²⁾	8.4 ⁽²⁾	5.7 ⁽²⁾
KCPL	9.1 ⁽¹⁾	8.0 ⁽¹⁾	12.0 ⁽¹⁾	
UtiliCorp		13.5 ⁽¹⁾	8.0 ⁽¹⁾	10.2 ⁽¹⁾
AmerenUE				9.9 ⁽¹⁾

	ASA (seconds)			
	1996	1997	1998	1999
MGE	142 ⁽²⁾	152 ⁽²⁾	62 ⁽²⁾	64 ⁽²⁾
KCPL	111 ⁽¹⁾	91 ⁽¹⁾	107 ⁽¹⁾	
UtiliCorp				
AmerenUE				107 ⁽¹⁾

⁽²⁾ Based on Staff analysis of MGE monthly operating reports

⁽¹⁾ Based on page 10 of company witness, Karen Czaplewski's direct testimony.

As shown by the table, MGE's ACR performance is worse than KCPL's and UtiliCorp's performance in two out of three years, although MGE performance is better than AmerenUE's performance in 1999. Regarding ASA, MGE performance is worse than KCPL's performance in two out of three comparison years and better than AmerenUE's performance in 1999.

Q. Do you have information on any other Missouri utilities that would indicate whether MGE's customer service performance is superior?

A. Yes. EMSD Staff witness Lisa A. Kremer presented The Empire District Electric Company's (Empire) ACR data on page 11 of her rebuttal testimony filed in Case No. EM-2000-369. Ms. Kremer stated "... the Staff calculated Empire's ACR to be 2% for 1997, and 3% for 1998 and 1999." As stated in the previous table, MGE's ACR was 15.6%, 8.4%, and 5.7% during the same three-year period. Clearly, MGE's ACR performance was not superior to Empire's performance during this period of time.

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1 Q. Did Ms. Kremer's rebuttal testimony in Case No. EM-2000-369 also
2 present performance information on ASA?

3 A. Yes. On page 14, she stated, "For 1997, 1998 and 1999, Empire's Average
4 Speed of Answer was 29 seconds, 102 seconds and 126 seconds, respectively." During
5 1997, 1998, and 1999, MGE's ASA was 152 seconds, 62 seconds, and 64 seconds,
6 respectively. Although MGE performed better than Empire in 1998 and 1999,
7 Ms. Kremer offers Empire's explanation for 1998 and 1999 customer service
8 performance on page 15 of her rebuttal testimony. "Empire indicated that the conversion
9 to its new customer information system, Centurion, contributed heavily to the decreased
10 performance of its Call Center from 1998 to 1999. A number of employees from the Call
11 Center worked on the Centurion System and were not able to take calls that they
12 normally would have answered." Ms. Kremer also stated that Empire had a 29 second
13 ASA objective for all three years.

14 Q. Is customer service information available on any other utilities?

15 A. Yes. EMSD Staff witness J. Kay Niemeier presented St. Joseph Light &
16 Power Company's (SJLP) ACR data on page 8 of her rebuttal testimony filed in Case No.
17 EM-2000-292. Ms. Niemeier stated "... SJLP's actual ACR was 4.26% and 4.07% for
18 years 1998 and 1999, respectively." As stated in the previous table, MGE's ACR was
19 8.4% in 1998 and 5.7% in 1999. Consequently, the data shows that MGE's ACR
20 performance was not better than SJLP's performance in 1998 and 1999.

21 Q. In your opinion, if one company's ACR or ASA statistics are better than
22 another company's, is it correct to say that the company with better ACR and ASA
23 performance is providing superior customer service?

1 A. No. Unusual events, unique to a particular company, such as billing
2 process errors, difficulties in converting to a new major computer system, weather-related
3 events, or rate case activity can have a major impact on the number of customer contacts
4 and the associated ACR and ASA performance. Also, as Ms. Kremer states in her
5 rebuttal testimony in this case, "... there are many criteria that should be considered in
6 evaluating and determining whether or not a company is providing adequate or an
7 acceptable level of customer service." In addition, companies sometimes calculate
8 performance indices such as ACR differently. For example, many companies have an
9 automated voice attendant that initially receives the customer calls, which are
10 subsequently routed to an automated response system or a call center representative.
11 Companies such as UtiliCorp include in the number of abandoned calls the situations
12 where customers hang up while listening to the automated voice attendant. Other
13 companies, such as MGE, do not consider calls abandoned unless customers hang up
14 *after* being transferred from the automated voice attendant to an automated response
15 system or a call center representative.

16 Q. What impact does counting incoming calls differently have on ACR
17 performance?

18 A. Companies, such as MGE, that do not include in the number of abandoned
19 calls the situations where customers hang up immediately after getting the automated
20 voice attendant, would tend to report a more favorable ACR performance.

21 **Reasonableness of MGE Call Center Goals**

22 Q. Are MGE's Call Center goals superior with respect to industry norms?

23 A. No. Engineering and Management Services Staff met in March 2001 with
24 senior management of a large utility that is setting up a new call center operation that will

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1 serve a multi-state area including Missouri. During the course of this meeting,
2 management personnel stated that targets of 30 seconds for ASA and 5.0 – 5.5% for ACR
3 had been established. They went on to say that these call center targets are accepted
4 standards across all industries. Mr. Paul Blankenship, the former Manager of MGE's
5 Contact Center, also supported the fact that MGE's ACR and ASA goals are typical of the
6 industry during a March 22, 2001, interview with the EMSD Staff. In an August 12,
7 1996, Customer Service Action Plan written by Mr. Blankenship and included as an
8 attachment to Ms. Czplewski's testimony, Mr. Blankenship stated, "The ASA must be
9 reduced to 45 seconds or less to accomplish the objective of lowering the abandon rate to
10 five (5) percent." Mr. Blankenship stated on March 22, 2001, that these goals were
11 established because they were considered best practices at the time and they are based on
12 commonly accepted industry norms. It is also significant to note that, based on calendar-
13 year averages, neither the ACR goal nor ASA goal has been achieved by the Company
14 since 1994.

15 Q. Do you have any further comments to make about MGE's customer
16 service performance?

17 A. Although, it is necessary to bring the previously discussed information to
18 the attention of the Commission, I also want to commend the Company for its
19 cooperative relationship with the EMSD Staff. MGE has made significant improvements
20 in its customer service operations since the period of extremely low service levels it
21 experienced several years ago.

22 Q. Does this conclude your rebuttal testimony?

23 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

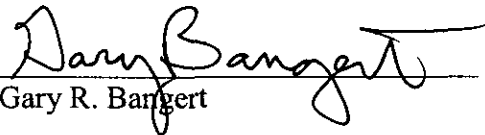
In The Matter of Missouri Gas Energy's Tariff)
Filing For General Rate Increase)

Case No. GR-2001-292

AFFIDAVIT OF GARY R. BANGERT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Gary R. Bangert, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 14 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

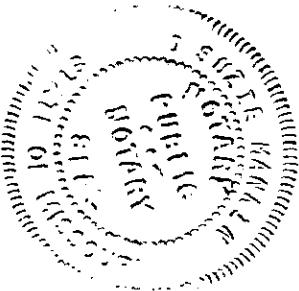


Gary R. Bangert

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



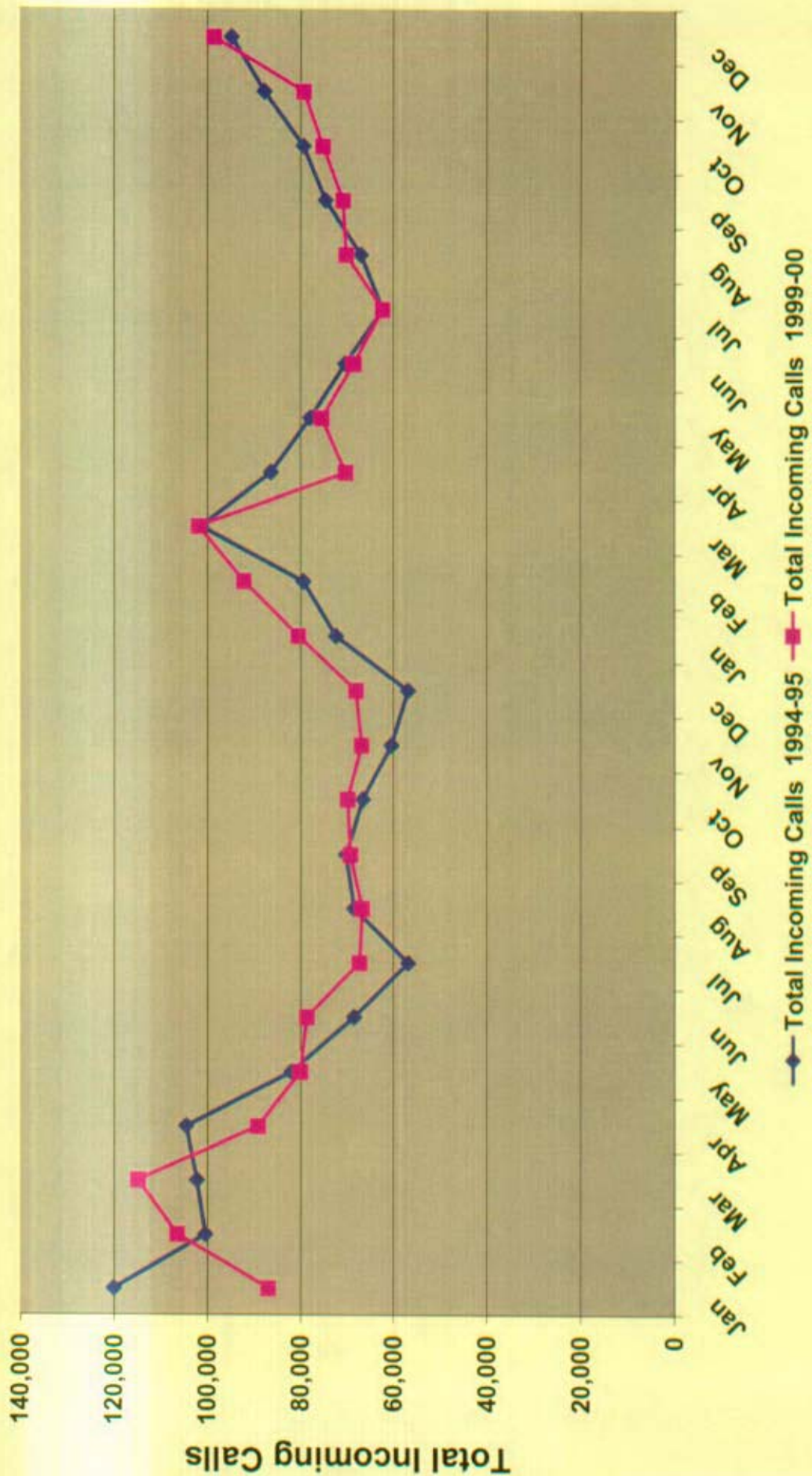
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COLE COUNTY
MY COMMISSION EXP. JUNE 21, 2004



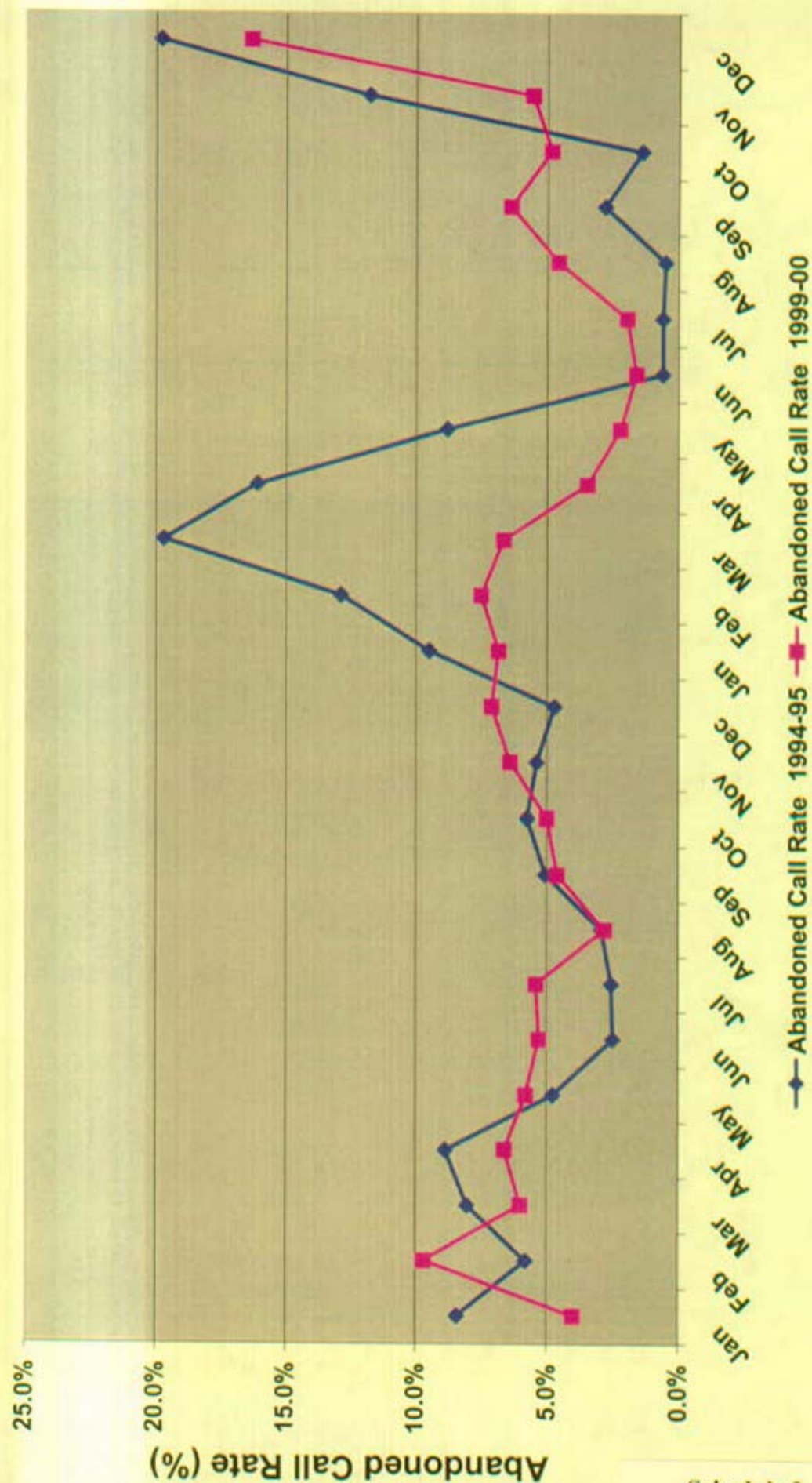
January 1997 - March 2001



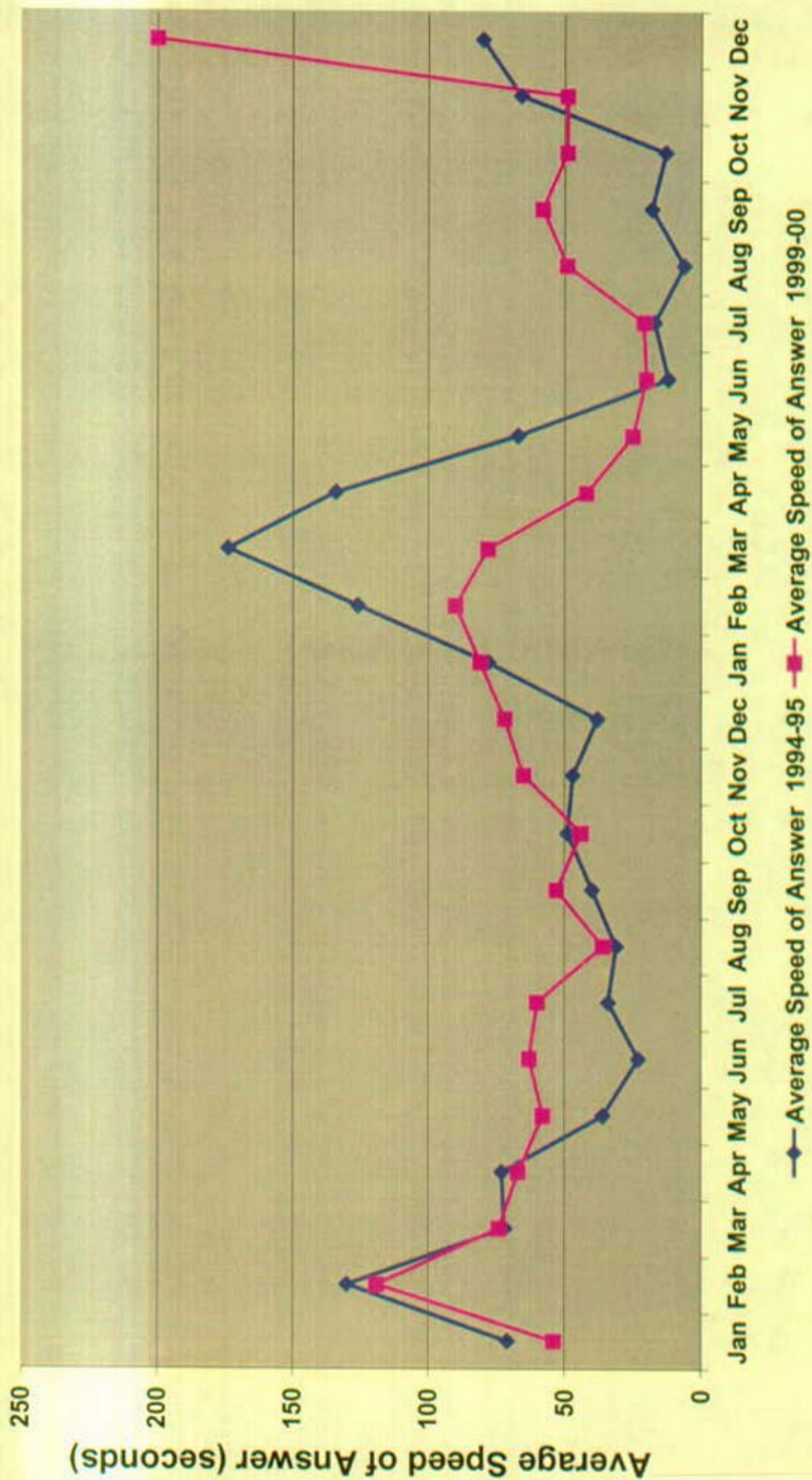
Missouri Gas Energy Total Incoming Calls 1994 -1995 and 1999 - 2000



Missouri Gas Energy Abandoned Call Rate 1994 - 1995 and 1999 - 2000



Missouri Gas Energy Average Speed of Answer 1994 -1995 and 1999 - 2000



Missouri Gas Energy Commission Inquiries & Complaints 1994 - 1995 and 1999 - 2000

