

702

Exhibit No.: _____
Issue: Customer Service
Witness: Deborah Ann Bernsen
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: EM-2000-292

MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

DEBORAH ANN BERNSEN

UTILICORP UNITED INC.
AND
ST. JOSEPH LIGHT & POWER

CASE NO. EM-2000-292

Jefferson City, Missouri
May, 2000

Exhibit No. 702
Date 7-13-00 *Case No.* EM2000-292
Reporter me

Rebuttal Testimony of
Deborah Ann Bernsen

1 since that time have had responsibility for conducting and directing reviews of
2 management operating and control systems at utility companies under the Commission's
3 jurisdiction. The name of the Management Services Department has recently been
4 changed to the Engineering and Management Services Department.

5 Q. What is the purpose of your testimony?

6 A. The purpose of my testimony is to present an overview of the Staff's
7 position regarding the quality of service issues. These issues are important in assessing
8 the "not detrimental to the public interest standard" in the consideration of the proposed
9 merger of UtiliCorp United Inc. (UtiliCorp) and St. Joseph Light & Power Company
10 (SJLP).

11 Q. Why are quality of service issues of particular concern in the consideration
12 of a merger request by utility companies?

13 A. The quality of the service received by customers becomes particularly
14 vulnerable given the events which normally occur during or after a merger. The financial
15 pressures associated with a merger may encourage a company to engage in expense
16 reduction efforts that may impact service quality. Computerized systems, such as
17 customer information systems, may be changed at the acquired company to make for
18 compatible methods of dealing with customer records and inquiries. Operating functions
19 are consolidated, which normally lead to staffing reductions. Local offices are often
20 closed and the acquiring company may significantly reduce its presence or the presence
21 of the acquired company in the communities. These situations and others may occur in
22 the name of taking advantage of synergies and efficiencies. However, a focus needs to be
23 retained on the level of service being provided to the customer. All of these factors can

Rebuttal Testimony of
Deborah Ann Bernsen

1 contribute to a reduction in the level of service experienced by the customer of either
2 company involved in the merger.

3 Q. Why should this be a concern in merger cases?

4 A. There is clear direction by the Commission in the Missouri Code of State
5 Regulations 4 CSR 240-2.060 that applications for authority to merge must include
6 reasons why the proposal is not detrimental to the public interest. Mergers, therefore, in
7 the Staff's view, should not result in a deterioration of customer service because a
8 deterioration in customer service is not in the public interest.

9 Q. Has the Staff expressed concern with quality of service issues in prior
10 merger applications?

11 A. Yes. The Staff has expressed this concern in two prior merger cases
12 where stipulations and agreements were subsequently reached by the parties and
13 approved by the Commission. The first instance was in the Stipulation and Agreement in
14 Case No. EM-97-515, the Western Resources, Inc. and Kansas City Power & Light
15 Company merger. The second instance was in the Stipulation and Agreement in Case
16 No. GM-2000-43, respecting Southern Union and Pennsylvania Enterprises, Inc. In both
17 of these cases, indicators to measure significant customer service components in a
18 post-merger environment were jointly developed and agreed to by the Staff, the
19 Companies and the Office of the Public Counsel in a Stipulation and Agreement. These
20 indicators included customer call center measurements, as well as technical indicators for
21 distribution system reliability. In addition, the Staff has also recently expressed its
22 interest in customer service indicators by filing testimony in Case No. GM-2000-312,
23 concerning the merger of Atmos Energy Company and Associated Natural Gas

Rebuttal Testimony of
Deborah Ann Bernsen

1 Company. A Unanimous Stipulation and Agreement was filed in that case on
2 March 29, 2000 which also contained proposed customer service indicators. The
3 Stipulation and Agreement was approved on April 20, 2000.

4 Q. What has the Staff supported in previous cases regarding methods to
5 ensure that the level of customer service is maintained in a post-merger environment?

6 A. In the past, the Staff has recommended the utilization of several indicators
7 designed to assist in assessing the level of service being provided to the customer. Once
8 developed, these indicators provide a benchmark over time to determine any changes to
9 service received by the customer. Monitoring and reporting systems also have been
10 included to track these indicators.

11 Q. In your opinion, can the use of such indicators provide complete assurance
12 that customers are receiving the same level of service as before a merger?

13 A. No. While the use of indicators can provide a useful management tool and
14 can be used to help direct further inquiry, it cannot provide assurance that deficiencies are
15 not present in other facets of customer service. Indicators, however, do provide a useful
16 tool to monitor changes and trends in specific areas and alert the company and Staff to
17 deviations from the intended or required level of customer service and potential
18 problems.

19 Q. Will other Staff witnesses be presenting testimony relating to quality of
20 service issues?

21 A. Yes. Staff witness James L. Ketter of the Electric Department will be
22 submitting testimony on the issue of distribution system reliability. Staff witness
23 J. Kay Niemeier of the Engineering and Management Services Department will be

Rebuttal Testimony of
Deborah Ann Bernsen

1 submitting testimony on service indicators for the Customer Call Center. My testimony
2 will address the level of informal consumer complaints/inquiries (complaints) received by
3 the PSC Consumer Services Department and the importance of continuing several
4 customer service programs presently offered by SJLP. I will also address the reporting
5 methods and remedial actions that Staff proposes in this merger case in conjunction with
6 indicators in the Customer Call Center and distribution reliability areas.

7 Q. Does the data on informal complaints provide useful information on
8 service levels?

9 A. Yes. The Staff believes that this data provides an indicator of the level of
10 service being received by the customer. The PSC's Consumer Services Department
11 maintains information on the number and types of complaints and inquiries it receives
12 respecting service provided by the utilities within the Commission's jurisdiction. These
13 complaints and inquiries include any contacts received from the company's customers,
14 but are not necessarily the result of a violation of tariffs or Commission rules by the
15 company.

16 Q. Present and discuss the historical number of complaints/inquiries received
17 by the PSC's Consumer Services Department relating to the Missouri Public Service
18 division of UtiliCorp for the years 1997 through 1999.

19 A. The number of these complaints/inquiries for both electric and gas service
20 are illustrated in the following table:

21

22

23

COMPLAINTS/INQUIRIES ON MISSOURI PUBLIC SERVICE TO MO PSC

Year	Total Complaints/Inquiries	Number of Customers	Complaints/Inquiries per 1,000 Customers
1997	156	168,051	.93
1998	124	171,680	.72
1999	97	175,192	.55

The table illustrates that the number of complaints per 1,000 customers for the Missouri Public Service division (MPS) of UtiliCorp has declined over the three-year period, from .93 to .55 complaints per 1,000 customers.

Q. Present and discuss the historical number of complaints/inquiries received by the PSC's Consumer Services Department respecting SJLP over the same period of time.

A. The number of these for both electric and gas service are illustrated in the following table:

COMPLAINTS/INQUIRIES ON SJLP TO MO PSC

Year	Total Complaints/Inquiries	Number of Customers	Complaints/Inquiries per 1,000 Customers
1997	34	54,621	.62
1998	10	55,082	.18
1999	20	55,480	.36

The table illustrates that the number of complaints per 1,000 customers for SJLP has declined from .62 to .36 over the three-year period.

Q. Does the Staff have a specific recommendation regarding the indicator level of complaints/inquiries received by the PSC Consumer Services Department for the post-merger SJLP and MPS divisions?

1 A. Yes. The Staff believes it should continue to track and monitor this
2 indicator level of complaints per 1,000 customers for both the MPS and the SJLP
3 operating divisions of UtiliCorp. A significant increase in the figures for this indicator
4 will prompt the Staff to request an explanation from UtiliCorp and/or initiate a Staff
5 investigation in an attempt to determine the cause of the increase and if this increase is
6 reflecting a change in the level of the quality of service received by the customer.

7 Q. Are there programs that SJLP presently offers its customers that the Staff
8 believes should continue to be offered by the merged company?

9 A. Yes. The Staff has noted several programs that it believes should be
10 continued to help maintain the present level of customer service provided by the MPS
11 and SJLP divisions of UtiliCorp.

12 Q. What are these programs?

13 A. The first program is the Service Guarantee Program that SJLP began in
14 1997 and presently provides to its customers. SJLP backs its guarantee of providing four
15 different services within an agreed upon time frame with a \$25 per incident credit to the
16 customer's account if SJLP fails to meet these commitments. UtiliCorp does not utilize
17 any type of customer guarantee program supported by a financial incentive. The Staff
18 believes the continuation of this type of program for SJLP customers should be a
19 condition of the proposed merger. In addition, UtiliCorp should be encouraged to extend
20 such a program to the customers of its other Missouri operating division, MPS.

21 Q. What other programs are offered by SJLP that the Staff recommends be
22 continued?

Rebuttal Testimony of
Deborah Ann Bernsen

1 A. In 1997, SJLP began administering a transactional survey of customers on
2 a monthly basis. These surveys are sent to a number of customers who have had a recent
3 experience contacting SJLP. The surveys attempt to elicit the customer's opinion on a
4 number of items pertaining to the recent experience that the customer had with SJLP.
5 The survey includes questions concerning the wait the customer encountered, as well as
6 questions rating the knowledge, courtesy and communication skills of the SJLP
7 representative the customer spoke to. SJLP continues to utilize these surveys and
8 publishes a quarterly summary of results. These results assist SJLP in determining how
9 the level of service it is providing is perceived by the customer.

10 Q. Does the Staff believe these efforts by SJLP to survey its customers'
11 opinions are useful and should be continued?

12 A. Yes. The Staff believes these customer surveys provide a valuable source
13 of information in assessing the customer's satisfaction with the service that the customer
14 is receiving. Results from these surveys may also be used to direct consumer education
15 efforts as well as pinpoint problems.

16 Q. Have you reviewed the results of the customer surveys used by SJLP?

17 A. Yes, I have reviewed the summary results for years 1998 and 1999.

18 Q. What did the survey results show regarding customers' satisfaction with
19 the service being provided by SJLP?

20 A. Of the six ratings possible (very satisfied, satisfied, somewhat satisfied,
21 somewhat dissatisfied, dissatisfied, and very dissatisfied), 94.4% of the customers
22 responding were very satisfied or satisfied for the quarter ending December 1998. The

1 results of the surveys for the quarter ending December 1999 found that 90.4 % of the
2 customers surveyed fell into those same two categories.

3 Q. Does UtiliCorp utilize customer opinion surveys to help determine the
4 satisfaction that its customers have with the level of service being provided?

5 A. Evidently, it has just started to do so. Prior to April 2000, UtiliCorp did
6 not utilize an ongoing formal customer satisfaction survey for its Missouri customers.
7 UtiliCorp recently informed the Staff that it had begun the administration of a telephone
8 survey focused on four separate areas of service to the customer. The four areas are
9 connect services, payment, billing and image. The Staff was unable to review the results
10 of the first month's survey, as UtiliCorp will not receive these results until mid-May
11 2000. UtiliCorp has set an overall objective that 90% of the responses shall indicate a
12 generally positive rating of Missouri Public Service's provision of service. The Staff
13 recommends that UtiliCorp continue the efforts of SJLP and its own recent effort in
14 conducting customer opinion surveys and utilize the information to assist in determining
15 customer expectations, perceptions and experiences.

16 Q. Staff witnesses Niemeier and Ketter have proposed service indicators for
17 the Customer Call Center and for distribution reliability in their respective testimonies.
18 How does the Staff propose that this information on performance regarding these
19 indicators be reported to the Staff?

20 A. The Staff proposes a reporting requirement similar to that agreed to in the
21 mergers of Western Resources, Inc. and Kansas City Power & Light Company, Case No.
22 EM-97-515; Southern Union and Pennsylvania Enterprises, Inc., Case No. GM-2000-49;

1 and Atmos Energy Corporation and Arkansas Western Gas Company, Case No.
2 GM -2000-312.

3 Q. Describe this reporting requirement.

4 A. UtiliCorp should provide to the Staff actual monthly performance
5 information regarding the indicators on a calendar year quarterly basis beginning on
6 January 1 following the effective date of the merger. Information should be reported on
7 each Missouri operating division or for the Missouri divisions as a whole. The following
8 items should be reported:

- 9 • Call Center Abandoned Call Rate (ACR), including call volumes
- 10 • Call Center Average Speed of Answer (ASA)
- 11 • Distribution Reliability Customer Average Interruption Duration (CAIDI)
- 12 • Distribution Reliability System Average Interruption Frequency Index
- 13 (SAIFI)
- 14 • Distribution Reliability System Average Interruption Duration Index
- 15 (SAIDI)

16 Within 90 days after the end of the calendar year, UtiliCorp should submit a draft
17 report to the Staff which should include actual performance on these indicators for the year,
18 explanation of any deviations where performance fell below the levels of performance set by
19 the Commission measures, actions to be undertaken to eliminate the deviations below the
20 levels of performance set by the Commission, and estimates of the cost of such actions. The
21 Staff will provide a response to the Company's draft report within 30 days of its receipt.
22 MPS and SJLP should file separate final reports or, in the alternative, an MPS and SJLP
23 combined report, with the Commission 150 days after the end of the calendar year.

Rebuttal Testimony of
Deborah Ann Bernsen

1 Q. Is there any other information in addition to the previously noted
2 indicators that the Staff is requesting be included in the annual report to the Staff?

3 A. Yes. The Staff is also recommending that UtiliCorp be required to include
4 information on the staffing levels in the Customer Call Centers at both UtiliCorp and
5 SJLP. This information will allow Staff to monitor the changes in the levels of Call
6 Center staff at both UtiliCorp and SJLP as the transition to a single Customer Call Center
7 occurs. This information should be reviewed in conjunction with the analysis of
8 Customer Call Center performance levels.

9 Q. Should the Commission require any remedial actions from UtiliCorp if
10 UtiliCorp's actual performance is unfavorable, compared to the established performance
11 indicator objectives for the Call Center and distribution reliability indicators as set by the
12 Commission?

13 A. Yes, in order to prevent a detriment to the public interest, Staff
14 recommends that the Commission should order the following procedures. If the actual
15 performance is unfavorable compared to the established performance indicator, then
16 UtiliCorp should be required to provide a written explanation to the Staff as to why its
17 performance did not meet the acceptable levels established by the Commission.
18 UtiliCorp also should be required to provide an estimate of any cost to improve its
19 performance to an acceptable level of the performance indicator. In addition, UtiliCorp
20 should be required to expend a reasonable and appropriate amount within the next year to
21 improve the performance indicator to the identified level. UtiliCorp should credit to
22 customers a like amount during the subsequent year for the year in which the indicator
23 was exceeded. If the Commission believes this approach to be reasonable, it should

Rebuttal Testimony of
Deborah Ann Bernsen

1 direct UtiliCorp, the Staff and other interested parties to meet for the purpose of reaching
2 agreement on the necessary administrative procedures of accounting for and payment of
3 any credit amounts.

4 Q. Is this consistent with monitoring, reporting and remedial procedures that
5 were agreed to by the Staff in other recent merger cases ?

6 A. Yes, it is. Monitoring and reporting systems as well as procedures to
7 improve the level of performance to the prescribed indicator level, and provisions for
8 credits if necessary, were agreed to by the Staff in Case No. EM-97-515, Case No.
9 GM-2000-43 and Case No. GM-2000-312

10 Q. Does this conclude your rebuttal testimony?

11 A. Yes, it does.

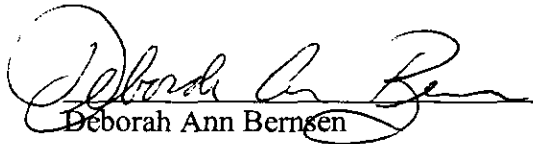
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
UtiliCorp United Inc. and St. Joseph Light &)
Power Company for Authority to Merge St.) Case No. EM-2000-292
Joseph Light & Power Company With and Into)
UtiliCorp United Inc. and, In Connection)
Therewith, Certain Other Related Transactions.)

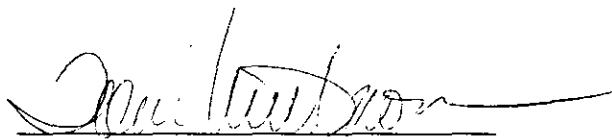
AFFIDAVIT OF DEBORAH ANN BERNSEN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Deborah Ann Bernsen, 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 12 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.


Deborah Ann Bernsen

Subscribed and sworn to before me this 18 day of May 2000.


Toni M. Willmeno
Notary Public, State of Missouri
County of Callaway
My Commission Expires June 24, 2000

