

Exhibit No.:
Issue: Customer Service
Witness: Deborah Ann Bernsen
Sponsoring Party: MoPSC Staff
Type of Exhibit: Direct Testimony
Case No.: GR-2004-0209
Date Testimony Prepared: April 15, 2004

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

FILED

JUL 13 2004

DIRECT TESTIMONY

OF

Missouri Public
Service Commission

DEBORAH ANN BERNSEN

MISSOURI GAS ENERGY

CASE NO. GR-2004-0209

*Jefferson City, Missouri
April 2004*

Exhibit No. 506
Case No(s) GR-2004-0209
Date 6-29-04 Rptr KF

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's)
Tariffs to Implement a General Rate)
Increase for Natural Gas Service)

Case No. GR-2004-0209

AFFIDAVIT OF DEBORAH ANN BERNSEN

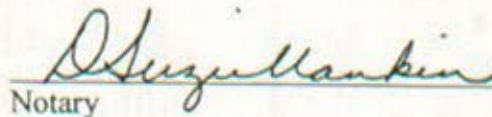
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Deborah Ann Bernsen, being of lawful age, on her oath states: that she has participated in the preparation of the following direct testimony in question and answer form, consisting of 11 pages to be presented in the above case; that the answers in the following direct 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 13th day of April 2004.




Notary

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DEBORAH ANN BERNSEN
MISSOURI GAS ENERGY
CASE NO. GR-2004-0209

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DIRECT TESTIMONY OF
DEBORAH ANN BERNSEN
MISSOURI GAS ENERGY
CASE NO. GR-2004-0209

Q. Please state your name and address.

A. My name is Deborah Ann Bernsen. My address is P.O. Box 360,
Jefferson City, Missouri 65102.

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

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

Q. Please describe your educational training and professional background.

A. I graduated from the University of Missouri-Columbia in 1975 with a
Bachelor of Science degree in Business Administration. I completed a Masters degree in
Public Administration in 1990 from the same university. I have passed three of the four parts
of the Certified Internal Auditor (CIA) examination.

Q. Please describe your duties while employed by the Commission.

A. I have been employed by the Commission since 1976 when I began a graduate
internship with the agency. I subsequently entered the Consumer Services Department of the
PSC as a Consumer Services Specialist responding to consumer complaints and inquiries. I
entered the Management Services Department in 1978 as a Management Analyst and since
that time have had responsibility for conducting and directing reviews of management
operating and control systems at utility companies under the Commission's jurisdiction. The
name of the Management Services Department was changed to the Engineering and

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1 Management Services Department (EMSD) in February 2000. I was the Staff's
2 representative and a member of the Consumer Interest Working Group within the Missouri
3 Public Service Commission's Retail Electric Competition Task Force in 1999. I am also the
4 Chair of the National Association of Regulatory Commissioners (NARUC) Staff
5 Subcommittee on Competition and Performance Analysis (SSCPA).

6 Q. Have you previously filed testimony before this Commission?

7 A. Yes. Please see Schedule I, attached to this testimony, for a list of cases I
8 have previously filed testimony in and the issues that I addressed.

9 Q. What is the purpose of your testimony?

10 A. The purpose of my testimony is to address the present reporting of call center
11 performance data and other information that is made on a quarterly basis to the Commission
12 Staff by Missouri Gas Energy (MGE or Company).

13 REPORTING REQUIREMENTS

14 Q. Does the Company presently provide any information to the Staff on the
15 performance of its call center?

16 A. Yes. Under the provisions of the Stipulation and Agreement in Case
17 No. GM-2000-43, MGE provides monthly data on a quarterly basis and a yearly summary of
18 several indicators relating to the service provided by its call center.

19 Q. Has the Company met this reporting requirement?

20 A. Yes. The Company has met its quarterly reporting requirement in a timely
21 manner. In addition to the quarterly reports, the Company is also required to submit a draft
22 report annually to the Staff and the Office of Public Counsel (OPC) which includes
23 performance measures for the year, explanation of any deviation from the measures, actions

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1 to be undertaken to eliminate the deviations, and estimates of the cost of such actions. The
2 Staff and OPC are to provide a response to the Company's draft report within thirty days.
3 The Company is to then file its final report with the Commission 150 days after the end of
4 the calendar year. The Company has also met these reporting requirements.

5 Q. Describe a utility call center.

6 A. Call centers provide the primary method for customers to contact their utility
7 company. Many utilities have closed or consolidated business offices that once
8 accommodated walk-in traffic, and as a result, the role of the call center in providing
9 customers a point of contact with the company has become even more important.

10 Customers may need to contact the company to conduct a wide range of business
11 including: reporting of emergencies and service outages; initiating, transferring or
12 discontinuing service; and questions regarding their billing. The call center also responds to
13 requests for payment arrangements and credit and collection issues.

14 Q. What is the purpose of providing these call center indicators to Staff?

15 A. One of the basic responsibilities of the Commission is to ensure that the
16 utilities under the Commission's jurisdiction provide safe and adequate service. The call
17 center indicators assist the Staff in making determinations regarding the level of service
18 being provided to the customer. The reporting of these indicators has also presented
19 opportunities for the Staff and companies to pinpoint problems revealed by the performance
20 indicators and to discuss solutions focused on resolving such problems expeditiously. While
21 the submission of performance data does not guarantee adequate service, it does provide a
22 useful indicator as to the level of service the Company is providing.

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1 Q. What are the specific indicators that the Company provides to the Staff and
2 when did this reporting requirement begin?

3 A. The Company began providing the Staff with monthly information on a
4 quarterly basis in May 2000 for the Average Abandoned Call Rate (ACR) and the Average
5 Speed of Answer (ASA) indicators as experienced at the Call Center.

6 Q. Please define these two indicators.

7 A. The ACR is used to measure the number of customer calls that are abandoned
8 by the customer prior to being handled by a customer representative. The number is a
9 percentage and is the total number of incoming calls divided by the total number of
10 abandoned calls.

11 The ASA is the average amount of time in seconds between receiving customer calls
12 and having them answered by a customer service representative.

13 Q. Were objectives established for the level of performance for the ACR and
14 ASA?

15 A. Yes. In the Stipulation and Agreement in Case No. GM-2000-43, objectives
16 were established for the performance of the ACR and the ASA. These objectives were set
17 based upon the historical performance of the Company's Call Center. A variance range was
18 established for each criteria to define a maximum ACR and ASA. The Company's
19 performance would be measured against this objective and if the performance measures
20 exceed these maximum allowable levels, the Company is to initiate specific responses as
21 defined in the Stipulation.

22 The performance objective for the ACR was set at a maximum allowable level of
23 8.5% for the calendar year beginning January 1, 2000. The performance objective for the

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1 ASA was originally set at 81 seconds for 2000 in order to recognize the implementation of
2 automated work order systems and other automation improvements to the customer service
3 operations. Beginning in 2001, the ASA objective was reduced to 75 seconds.

4 Q. Has the Company consistently met the performance objectives set out in the
5 Stipulation and Agreement in Case No. GM-2000-43?

6 A. No. The Staff is kept aware of the Company's performance through the
7 quarterly reporting of call center performance data. This information is recorded and
8 monitored over time. This monitoring allowed the Staff to determine that performance was
9 suffering at the Call Center.

10 Schedule 2 illustrates the Company's performance for the ACR for years 2001
11 through 2003. The graphs demonstrate the seasonality normally associated with call center
12 performance, and also the fact that the Company has not consistently met its performance
13 objectives. For year 2003, the Company was unable to meet the objective level in February,
14 October, November and December.

15 Schedule 3 illustrates the Company's performance for the ASA for years 2001
16 through 2003. The instances where the Company has performed worse than the objective are
17 the months of February, March, September, October, November and December.

18 On the positive side, both graphs illustrate improvements in the Company's
19 performance for these two indicators from years 2001 to 2002. However, in late summer of
20 2003, the Company's performance at the Call Center as measured by the ACR and ASA
21 began to suffer. In November of 2003, both the ACR and the ASA reached record highs for
22 the previous three years.

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1 Q. Does the Company report any additional information under the provisions of
2 the Stipulation in Case No. GM-2000-43 pertaining to customer service issues?

3 A. Yes. The Company agreed to also provide within its quarterly reporting
4 organization charts, staffing levels, the number of estimated bills, a list of customer pay
5 station locations and actual Missouri jurisdictional bad debt write-off by customer class.
6 This information has also been provided to the Staff and was reviewed in the performance of
7 the Call Center.

8 Q. Did the Staff take any actions regarding this decline in Call Center
9 performance?

10 A. Yes. The Staff met with Company management on January 20, 2004, to
11 discuss the potential causes for the deterioration in Call Center performance. Some of the
12 decline in performance may have been attributable to the increases from prior years in call
13 volume at the Call Center as illustrated in Schedule 4. Call volumes for every month in year
14 2003 were higher than in 2002. In September 2003, the Company received approximately
15 20,000 more calls at the Call Center than it had in September of 2002. The greatest increase
16 was in November 2003 when call volumes were 23,000 higher than in the prior year.

17 In addition, the Company experienced reductions in the level of staff at the Call
18 Center as illustrated in Schedule 5. Staffing levels declined steadily from 111 employees in
19 March 2003 to 104 employees in October 2003. Some of these reductions were associated
20 with bargaining employees bidding on other positions within the Company and beyond the
21 control of the Company management. However, the effect was to leave the Call Center with
22 fewer employees at a time of the year when call volumes normally begin to increase for a gas
23 company.

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1 Q. Did the Company address this decline in Call Center performance within its
2 formal annual report to the Staff, as required under the provisions of the Stipulation and
3 Agreement?

4 A. Yes. The decline in performance was formally addressed by the Company in
5 its year 2003 draft annual report to the Staff received on February 15, 2004. In this report the
6 Company related the specific occurrences that contributed to the Call Center's performance
7 problems and more importantly, what actions had been taken to address these difficulties.

8 Q. Did the Staff review this document and respond as required under the
9 provisions of the Stipulation and Agreement?

10 A. Yes. The Staff issued its response in a document entitled Staff Response to
11 Report from Missouri Gas Energy in Connection with Customer Service Measures that was
12 filed on March 15, 2004, in Case No. GM-2000-43 and Case Nos. GM-2000-500,
13 GM-2000-502, GM-2000-503 and GM-2003-0238. The Staff stated that it believed that the
14 Company had taken steps to address this decline in performance at the Call Center and
15 encouraged it to continue its efforts by evaluating alternatives and the results of its actions.
16 The Staff intends to continue its monitoring and interaction with the Company regarding its
17 efforts to improve the Call Center's performance.

18 **ADDITIONS TO REPORTING REQUIREMENTS**

19 Q. Has the Company's customer service reporting requirements changed since
20 the Order in Case No. GM-2000-43?

21 A. Yes. On January 13, 2003, Southern Union Company (Southern Union) filed
22 an application for authority to acquire the equity interests of Panhandle Eastern Pipeline
23 Company. Within the Stipulation and Agreement in this case, Case No. GM-2003-0238, the

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1 Company agreed to continue its commitment to providing customer service performance
2 measures originally agreed to in Case No. GM-2000-43.

3 In addition to these measures, Southern Union also agreed to provide information on
4 two additional service level indicators. The first indicator pertains to MGE's ability to meet
5 its service appointments and is expressed as a percent of appointments kept. The second
6 indicator is the maintenance of the average response time that it takes for MGE to respond to
7 Commission-forwarded complaints. Performance objectives were not set by the Staff for
8 these two indicators.

9 Q. Has the Company been providing the required information?

10 A. Yes. The Company has been providing these two additional pieces of
11 information since the second quarter of year 2003.

12 Q. What has the Company's performance been with respect to these two
13 indicators?

14 A. The Company has reported three quarters of data for 2003. The Percent of
15 Service Appointments Kept indicator represents the amount of time that the Company is able
16 to meet the appointment times it sets with its customers. The Company's performance has
17 been around 88% as shown by the following table:

18 **PERCENT OF SERVICE APPOINTMENTS KEPT**

| 2003 | Percent Kept |
|--------------------------------|---------------------|
| April-May-June | 88.04 |
| July-August-September | 87.88 |
| October-November-December | 87.71 |
| Average for 3 quarters of 2003 | 87.88 |

19 The other performance indicator that was added in Case No. GM-2003-0238 was the
20 Average Response Time to Commission-Forwarded Complaints. For this indicator, a goal
21 was set by the Company to respond to Commission Staff within two business days. The

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Company has provided its actual performance on a monthly basis, as well as computing a year-end average. In the future, the Staff anticipates the Electronic Filing and Information System (EFIS) will provide information regarding the time frames associated with the resolution of complaints. The percentage figures for year 2003 are shown in the following table.

AVERAGE RESPONSE TO COMMISSION-FORWARDED COMPLAINTS

| YEAR 2003/ANSWER WITHIN 2 BUSINESS DAYS | | | | | | | | |
|---|--------|--------|--------|--------|-----------|---------|----------|----------|
| April | May | June | July | August | September | October | November | December |
| 92% | 85.71% | 83.33% | 74.07% | 72.73% | 76.74% | 79.63% | 76.09% | 77.42% |

The average for the three quarters of the year for which performance was reported was 79.76%. The Company's performance has been lower than this average since July, which corresponds to the decline in some of the other Call Center indicators.

The Staff recommends that the Company be required to respond to Commission forwarded complaints in a more timely manner. Specifically, the Staff recommends that the Company respond to the Staff on all inquiries and complaints from the Staff's Consumer Services Department within three business days, except for interruption of service issues, which shall be responded to within twenty-four hours. This requirement is consistent with the provisions of the Stipulation and Agreement in the recent Missouri-American Water Company case, Case No. WR-2003-0500.

CONSUMER COMPLAINTS

Q. Does the Staff presently maintain any information on the number of complaints that the Commission's Consumer Services Department has received on the Company?

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1 A. Yes. The Staff maintains this data for all companies that the Commission
2 regulates. The information is periodically reviewed to monitor trends in the number of
3 complaints about a company that the Staff is receiving. I have attached information
4 pertaining to the Company's complaints labeled as Schedule 6.

5 Q. What does Schedule 6 illustrate?

6 A. The graph presents the number of complaints on a monthly basis for years
7 2001 through 2003. These numbers reflect the number of complaints and excludes simple
8 inquiries for information from the customer.

9 Q. Does the Company have any objectives it is required to meet per the
10 Stipulation and Agreement in Case No. GM-2000-43 regarding the number of complaints per
11 number of customers?

12 A. Yes. In the Stipulation and Agreement in Case No. GM-2000-43, Staff
13 computed a two-year average for years 1998 and 1999 to be 1.84 complaints per 1,000
14 customers. This number was determined to be a benchmark and significant increases in the
15 annual average number of complaints per 1,000 customers above this are to be explained by
16 the Company and may prompt an investigation by the Staff.

17 Q. What has the Company's performance on the number of customer complaints
18 per 1,000 customers been for years 2001 through 2003?

19 A. The Company has maintained the number of customer complaints below its
20 objective set in the Stipulation and Agreement in the merger case referred to previously. The
21 number of complaints received by the Commission Staff and the resultant number of
22 complaints per one thousand customers is illustrated in the following table:

1 **NUMBER OF COMPLAINTS PER 1,000 CUSTOMERS**

| | 2001 | 2002 | 2003 |
|-------------------------|-------------|-------------|-------------|
| No. of complaints | 598 | 330 | 374 |
| No. per 1,000 customers | 1.19 | .622 | .763 |

2 The Staff believes that not all customers dissatisfied with the service provided by the
3 Company will contact the Commission's Consumer Services Department to file a complaint.
4 However, these numbers do represent some percentage of those customers who were
5 dissatisfied with the Company's handling of their inquiry. From that standpoint, the numbers
6 provide useful information on trends as well as overall levels.

7 Q. In summary, in your opinion, is MGE meeting the customer service
8 performance indicators it has agreed to in past stipulations and agreements?

9 A. The Company is meeting some of the indicators it has agreed to but is not
10 meeting others. The Staff believes it is important to continue to monitor the Company's
11 performance by the ongoing review of the performance indicator reports provided by the
12 Company.

13 Q. Does this conclude your prepared direct testimony?

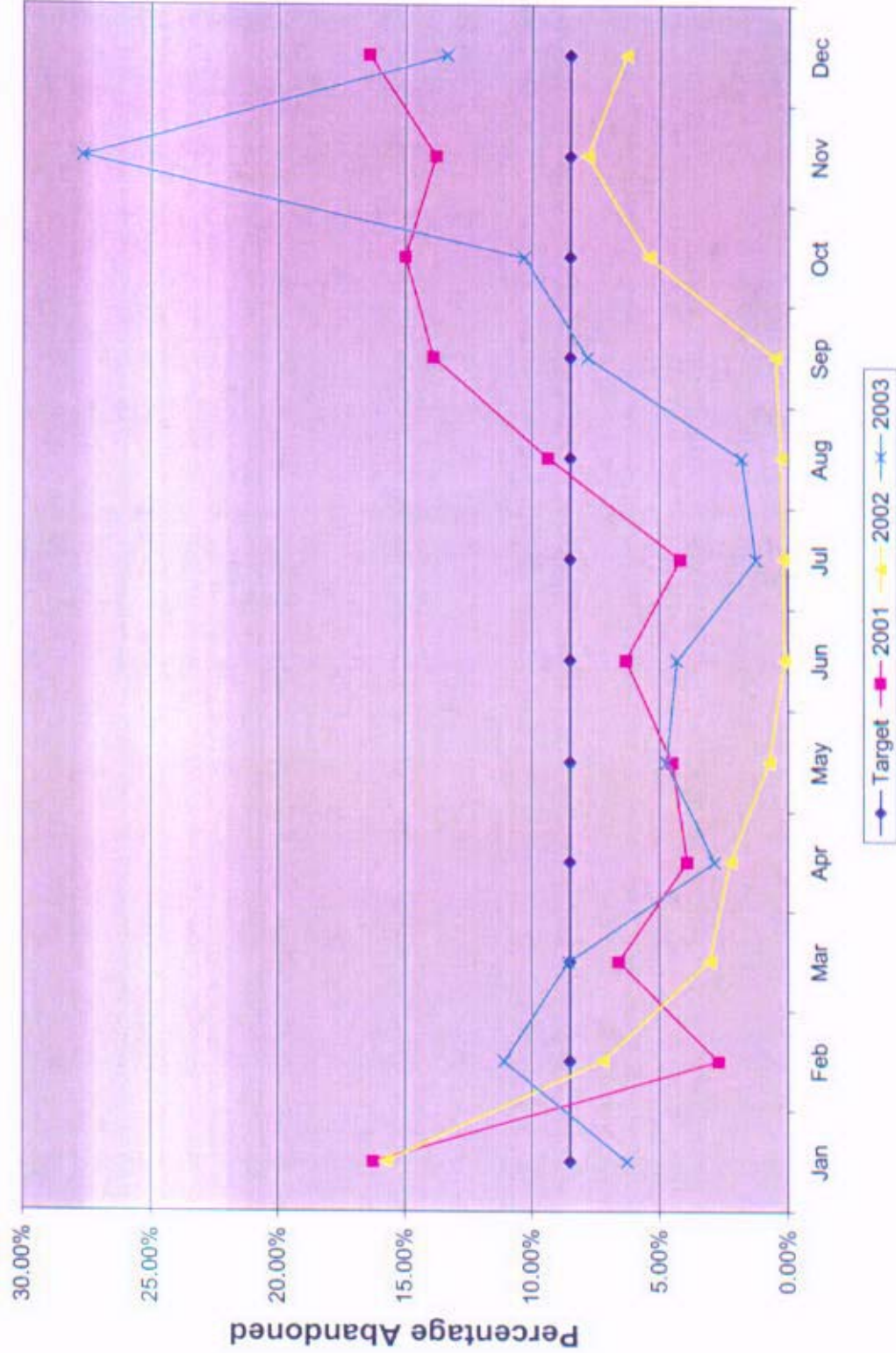
14 A. Yes.

TESTIMONY SUMMARY

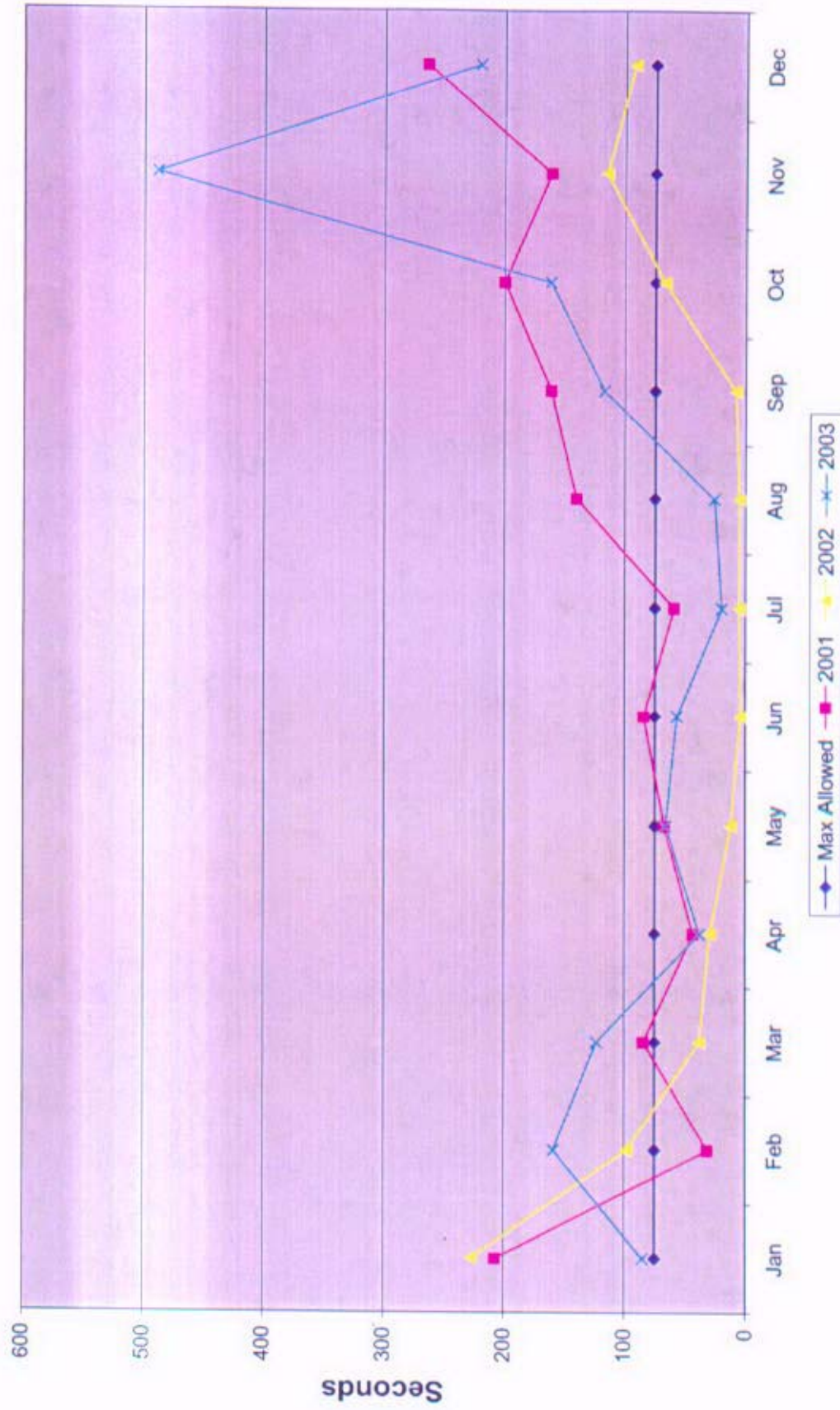
DEBORAH ANN BERNSEN

| DATE FILED | ISSUES | CASE NUMBER | FILING TYPE | COMPANY NAME |
|------------|--|-------------------------|-------------|---|
| 10/07/1983 | Management Efficiency | TR83253 | Rebuttal | Southwestern Bell Telephone Company |
| 1983 | Customer Service | GR83225 | Direct | Gas Service Company |
| 07/03/1985 | Management Efficiency | ER85128 & EO85185 | Direct | Kansas City Power & Light |
| 11/17/1989 | Capital Deployment | TR89196 | Rebuttal | Contel of Missouri, Inc. |
| 10/07/1992 | Affiliated Transactions | WR92207 & SR92208 | Surrebuttal | Missouri Cities Water Company |
| 05/02/2000 | Customer Service | EM2000292 | Rebuttal | Utilicorp United Inc./St. Joseph Light and Power |
| 06/26/2001 | Customer Service | WM2001309 | Rebuttal | Missouri-American Water Company, et al |
| 12/06/2001 | Customer Service Call Center Reporting | EC2002265 | Direct | UtiliCorp United Inc. d/b/a Missouri Public Service |
| 12/06/2001 | Call Center Reporting | ER2001672 | Direct | UtiliCorp United Inc. d/b/a Missouri Public Service |
| 06/24/2002 | Alternative Regulation Plan - Quality of Service | EC20021 | Surrebuttal | Union Electric Company d/b/a AmerenUE |
| 03/17/2003 | Quality of Service | GM20030238 | Rebuttal | Southern Union Company d/b/a Missouri Gas Energy |
| 10/03/2003 | Customer Service | WR20030500 & WC20040168 | Direct | Missouri American Water Company |

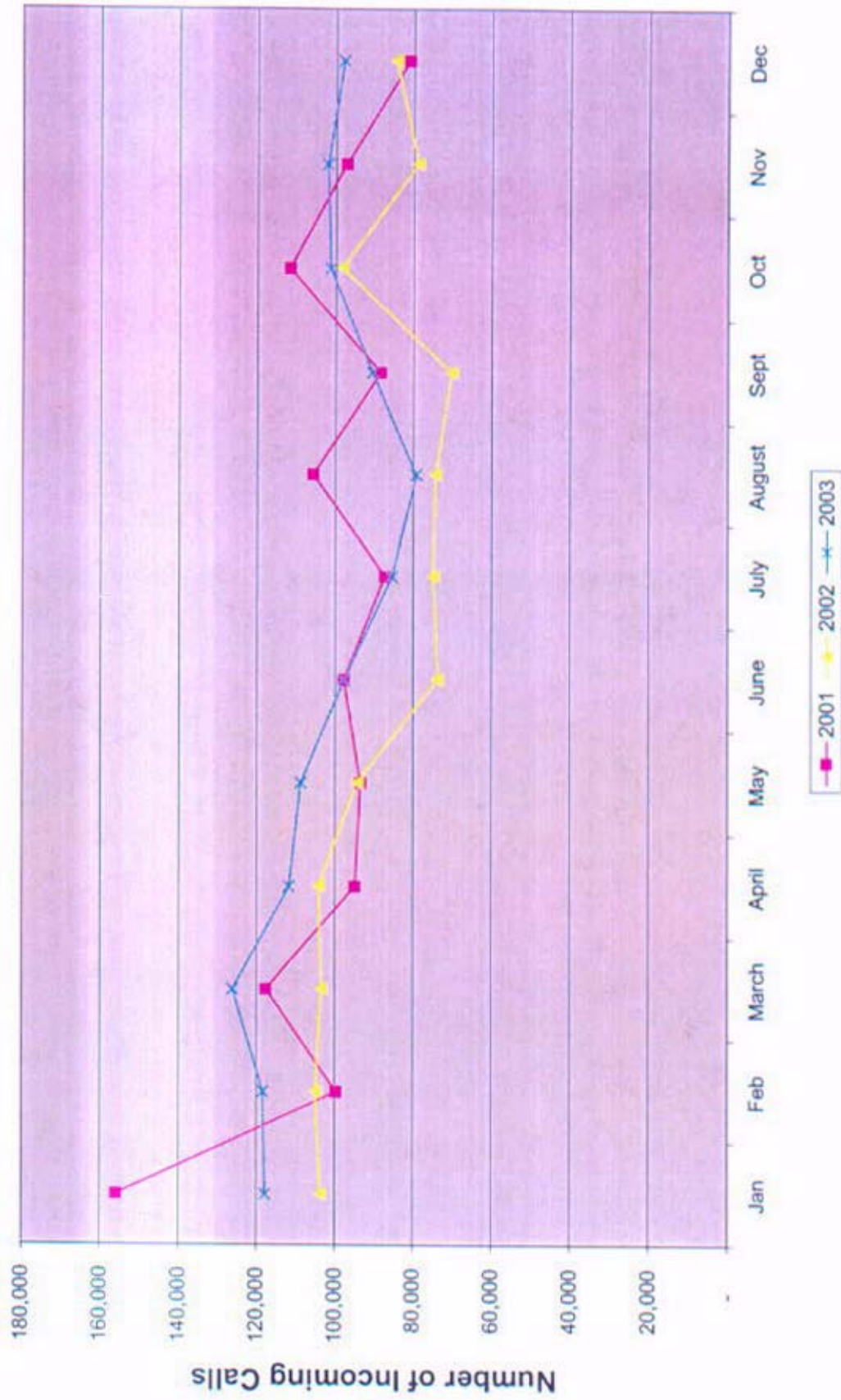
Missouri Gas Energy Abandoned Call Rates



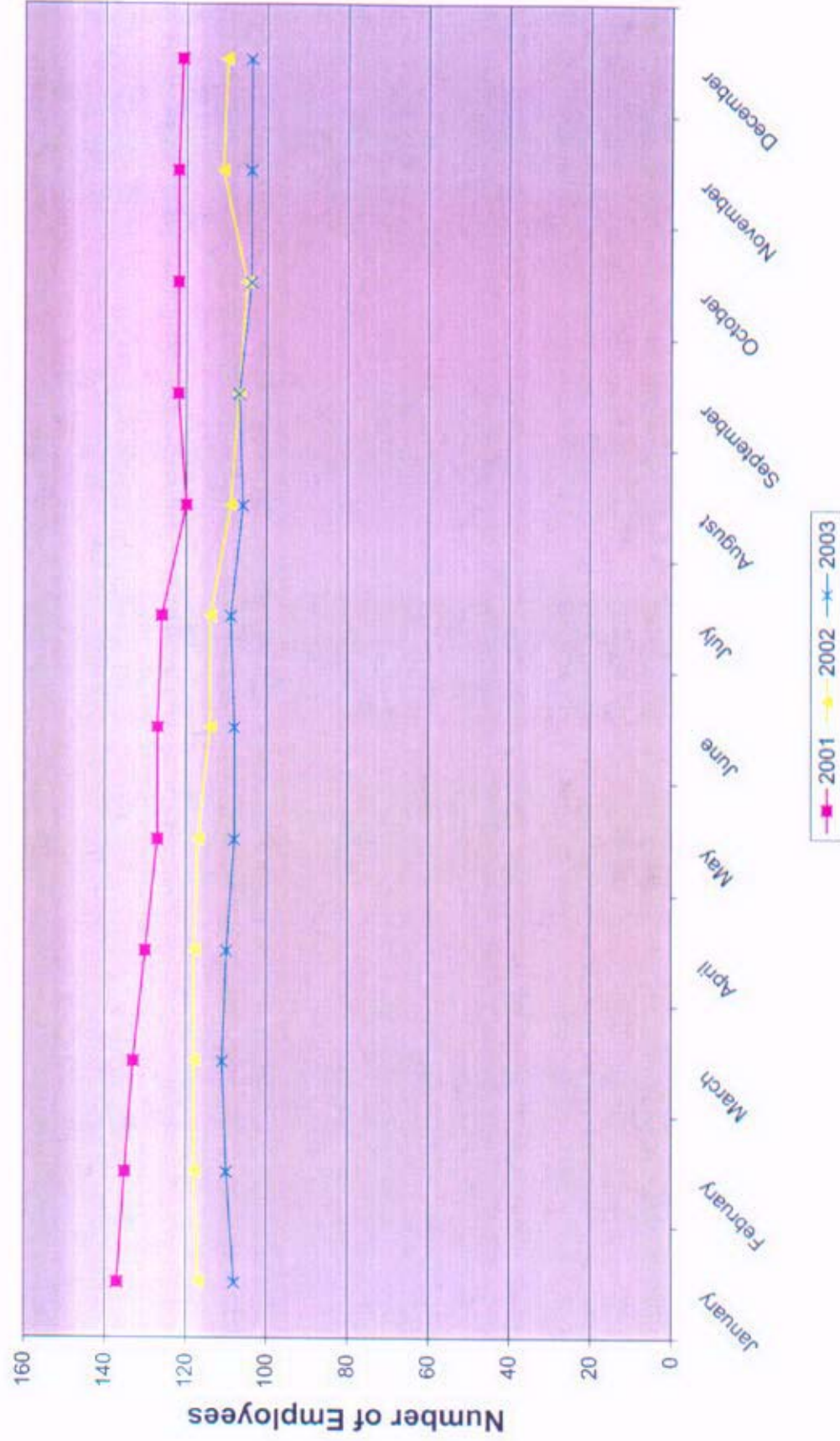
Missouri Gas Energy Average Speed of Answer



Missouri Gas Energy Total Calls Incoming



Missouri Gas Energy Staffing- Customer Services



Missouri Gas Energy Commission Received Complaints

