

FILED⁴
JUL 13 2004
Missouri Public
Service Commission

Exhibit No.: 13 NP
Issue: Customer Service
Witness: Carlton Ricketts
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Missouri Gas Energy
Case No.: GR-2004-0209
Date Filed: June 14, 2004

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2004-0209

SURREBUTTAL TESTIMONY

OF

CARLTON RICKETTS

ON BEHALF OF MISSOURI GAS ENERGY

Jefferson City, Missouri

June 2004

NP

**SURREBUTTAL TESTIMONY OF CARLTON RICKETTS
ON BEHALF OF
MISSOURI GAS ENERGY**

1 **Q. PLEASE STATE YOUR NAME.**

2 A. My name is Carlton Ricketts.

3

4 **Q. DID YOU SUBMIT DIRECT TESTIMONY IN THIS PROCEEDING?**

5 A. Yes, I did.

6

7 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

8 A. I will address the rebuttal testimony of Kim Bolin of the Office of the Public Counsel
9 ("OPC), the rebuttal testimony of Deborah Bernsen of the Commission Staff ("Staff") as well
10 as certain matters raised during the local public hearings.

11

12 **Q. OPC WITNESS BOLIN DISCUSSES A NUMBER OF HISTORICAL MATTERS IN**
13 **HER REBUTTAL TESTIMONY AT PAGES 3-13. HOW DO YOU RESPOND?**

14 A. History cannot be ignored if we are to avoid repeating mistakes of the past. We do our best
15 to use past experience to help make the best decisions possible for the present and future
16 benefit of our customers, employees and shareholders. We expect that the Commission will
17 do the same when it makes its decision in this case. To that extent, therefore, OPC witness
18 Bolin's discussion of events from years past may be of some usefulness. Aside from that
19 historical perspective, however, that portion of OPC witness Bolin's rebuttal testimony
20 seems to have limited applicability to the present day.

1
2 Since I began my employment with MGE in May 2002, I have been pleased with the
3 organization's focus on customers and customer service. MGE is the only company of which
4 I am aware that annually makes public filings with the Commission detailing the statistical
5 performance of its contact center operation as well as other customer service matters (e.g.,
6 number of complaints/inquiries and number of estimated meter reads). We know that our
7 performance in this regard can be observed and I have been impressed with the attention the
8 Staff pays to these matters. In fact, if a report we make to the Staff raises a question, the
9 Staff is not hesitant to contact us with that question.
10

11 It is also my understanding that Case No. GO-95-177, a long-standing case inquiring into
12 MGE's customer service practices, was closed by the Commission in early 2004, at the
13 recommendation of the Staff. Exhibit CAR-1 is a copy of this order closing case.
14

15 **Q. STAFF WITNESS BERNSEN AND OPC WITNESS BOLIN CRITICIZE MGE'S**
16 **CONTACT CENTER PERFORMANCE IN THE FOURTH QUARTER OF**
17 **CALENDAR YEAR 2003 AND THE FIRST QUARTER OF CALENDAR YEAR 2004.**
18 **HOW DO YOU RESPOND?**

19 **A.** Our average speed of answer ("ASA") and, to a lesser degree, our abandoned call rate
20 ("ACR") during this challenging period were above desired levels. These higher than desired
21 statistics were largely driven by unexpectedly high and sustained call volumes. Closer

1 analysis of these statistics indicates a possible change in the behavior of individuals making
2 use of the MGE contact center.
3

4 **Q. PLEASE EXPLAIN.**

5 A. For calendar years 1997 through 2000, the ACR and ASA statistics showed a relationship of
6 10.4 seconds of ASA for each percentage point of ACR. For calendar years 2001 through
7 2003, that relationship changed such that each percentage point of ACR translated into 14.86
8 seconds of ASA. For the first five months of calendar year 2004, the relationship is 16.03
9 seconds of ASA for each percentage point of ACR. It seems that customers are now less
10 likely to abandon a call (i.e., hang up) now than they have been in years ago, even if the
11 phone is answered a little more slowly (i.e., the ASA is longer). The reasons for this
12 phenomenon are unclear but may be related to the fact that cell phones and/or speaker phones
13 are more prevalent today than ever before.
14

15 **Q. ARE YOU SATISFIED WITH THE CONTACT CENTER PERFORMANCE**
16 **STATISTICS FROM THE FOURTH QUARTER OF CALENDAR YEAR 2003**
17 **THROUGH THE FIRST QUARTER OF CALENDAR YEAR 2004?**

18 A. Not from the perspective of ASA and ACR results, however, I am very pleased with and
19 proud of the level of effort MGE's employees have shown during this challenging period.
20 Even though call volumes have stayed at unexpectedly high levels for a sustained period of
21 time (meaning that the pressure has been on day in and day out with few of the slower, low-
22 volume periods that have historically been present), our employees have responded well. In

1 particular, the average number of calls handled per consultant per day has been at 76 during
2 this period, four (4) calls more than called for by our established performance standards.
3 Consultants achieved these numbers even though average talk time has increased due to the
4 complicated nature of calls dealing with payment agreements, pay date extensions,
5 reconnection arrangements and other matters largely driven by high gas costs. This
6 performance by MGE employees is a credit to the front-line contact center employees and
7 their supervisors.

8
9 **Q. HAS MGE TAKEN ANY STEPS RECENTLY IN AN EFFORT TO ADDRESS THE**
10 **SUSTAINED HIGH CALL VOLUMES?**

11 **A.** Yes. In addition to hiring 21 new employees for the contact center since September 2003,
12 MGE introduced a new technology to its contact center called Virtual Hold. The
13 introduction of Virtual Hold had an almost immediate positive impact on ASA and ACR.
14 Virtual Hold provides MGE with a cost-effective way to manage peak call volume periods
15 while increasing the level of service offered to customers. Virtual Hold eliminates the need
16 for customers to wait on hold, which provides significant benefits because putting customers
17 on hold drives up the ACR, ASA (because lines are filled with holding customers or with
18 customers who have hung up and tried to dial in again or "callback") and also increases the
19 amount of stress both the customer and customer service consultants experience. Virtual
20 Hold informs callers of their estimated wait time and allows them to select a return call from
21 MGE in the same amount of time as if they waited on hold. The caller may also schedule a
22 return call at a time and location that is more convenient for them.

1
2 The following data shows very clearly how effective Virtual Hold is at reducing the number
3 of callbacks MGE receives on any given day by the same customer (these callbacks are also
4 known as "churn"). MGE implemented Virtual Hold on April 22, 2004, but since the first
5 Monday of a month is typically a high call volume day, Monday, May 3 was the first chance
6 to observe its true effectiveness at reducing callbacks. The table below shows three days of
7 MGE's contact center experience, with Virtual Hold in place on Monday May 3 and
8 Wednesday May 5, but (due to work being conducted on other contact center software) not
9 operating on Tuesday, May 4.

| | DATE | TOTAL HANDLED BY AUTOMATION | TOTAL INCOMING CALLS | % ACR | AVG SPEED ANSWER |
|-----------|----------|-----------------------------------|----------------------------|----------|------------------------|
| Monday | 5/3/2004 | 1,658 | 5,110 | 18.12% | 203 |
| Tuesday | 5/4/2004 | 1,508 | 5,338 | 27.29% | 379 |
| Wednesday | 5/5/2004 | 1,303 | 4,874 | 11.96% | 129 |

10
11 The data shows that with Virtual Hold in place on Monday, May 3, ACR and ASA statistics
12 were nine percentage points and 176 seconds better than the statistics on Tuesday, May 4,
13 when Virtual Hold was not operating. The fact that total incoming calls on Monday, May 3
14 (a typically higher call volume day than Tuesday) were lower than on Tuesday, May 4 is due
15 to the effectiveness of Virtual Hold in reducing the number of callbacks. This is borne out
16 by comparing the statistics from Tuesday, May 4 to Wednesday, May 5—two days that
17 would typically have very similar call volumes—and it is seen that total incoming calls were

1 almost 500 lower on Wednesday, resulting in ACR and ASA improvement on Wednesday,
2 May 6 by approximately 15 percentage points and 150 seconds.

3
4 **Q. DO YOU EXPECT THAT THESE STEPS WILL HELP BRING THE ASA AND ACR**
5 **STATISTICS TO REASONABLE LEVELS?**

6 A. Yes. ASA and ACR for May 2004, the first full month of Virtual Hold implementation,
7 were 6.72% and 76 seconds, respectively. ASA and ACR statistics are clearly moving in the
8 right direction. In addition, the new contact center recruits should be very much "up to
9 speed" by October, when our typically higher call volume "Fall rush" period begins.

10
11 I am confident that the combination of these steps in conjunction with continued diligent
12 performance by front-line contact center employees, their supervisors and management will
13 produce solid results. We are more than happy to share our progress in these regards in
14 which Staff witness Bernsen indicates an interest in pursuing through quarterly meetings.

15
16 **Q. EARLIER YOU INDICATED THAT YOU WERE PLEASED WITH MGE'S FOCUS**
17 **ON CUSTOMERS AND CUSTOMER SERVICE. CAN YOU PLEASE**
18 **ELABORATE?**

19 A. One of the most significant challenges in managing a contact center operation is effectively
20 handling peak work periods. For MGE's contact center, these peak periods typically are of

1 relatively short duration occurring during the Fall and the Spring, when payment-troubled
2 customers are seeking to re-connect, or avoid discontinuance of, gas service.

3
4 A possible scenario is to staff the contact center sufficient to maintain statistical ASA and
5 ACR performance even during unexpectedly high peak periods. Resulting from this
6 response, of course, is higher staffing levels than needed to handle the lower call volumes
7 during the balance of the year. Another result of this response is that customers who only
8 rarely make use of the contact center will pay higher prices than they otherwise would in the
9 absence of the higher staffing levels employed to handle these peak periods.

10
11 MGE believes the more reasonable approach is to maintain staffing levels sufficient to
12 handle typical peak periods such that a balance is struck between the service needs of
13 customers using the contact center during peak periods and the pricing desires of customers
14 not making such use of the contact center. MGE seeks to strike this balance in the operation
15 and management of its contact center.

16
17 **Q. ON PAGES 15-16 OF HER REBUTTAL TESTIMONY, OPC WITNESS BOLIN**
18 **ATTEMPTS TO REBUT YOUR ASSERTION THAT MGE'S STATISTICS IN**
19 **REGARD TO COMMISSION-REFERRED COMPLAINTS/INQUIRIES HAVE**
20 **BEEN TRENDING FAVORABLY. HOW DO YOU RESPOND?**

21 **A.** OPC witness Bolin compares a statistic from calendar year 1999 (annual average of just over
22 1 complaint/inquiry per 1,000 customers) to a statistic from calendar year 2003 (annual

1 average of just under 1 complaint/inquiry per 1,000 customers) in support of her conclusion
2 that MGE's performance has not been trending favorably in this area. What OPC witness
3 Bolin's comparison fails to consider, however, is the impact high gas costs typically have on
4 the number of Commission-referred complaints/inquiries for MGE. As can be seen in the
5 rebuttal testimony of MGE witness Noack, calendar year 1999 (\$4.14/Mcf) was characterized
6 by relatively low PGA rates, while calendar year 2001 had relatively high PGA rates
7 (\$7.76/Mcf). As shown in OPC witness Bolin's rebuttal Schedule KKB-12, 2001 was also
8 characterized by considerably higher number of Commission-referred complaints/inquiries
9 (annual average of slightly higher than 1.5 complaints/inquiries per 1,000 customers) than
10 any of the other years shown. Calendar year 2003 PGA rates were substantially higher than
11 calendar year 1999 PGA rates, so the fact that MGE was able to achieve better results in the
12 number of Commission-referred complaints/inquiries in calendar year 2003 versus calendar
13 year 1999, strongly indicates that MGE's performance in this area has been trending
14 favorably.

15
16 **Q. DO YOU CONTINUE TO BELIEVE THAT MGE PROVIDES HIGH QUALITY**
17 **CUSTOMER SERVICE?**

18 **A.** Yes. Although comparative data on contact center statistics (ASA and ACR), estimated
19 meter reads and Commission-referred complaints/inquiries is not publicly available, MGE's
20 performance in these areas over the past six years shows a strong commitment to service
21 quality. And when the impact of unexpectedly high and sustained call volumes on ASA and
22 ACR statistics for the fourth quarter of calendar year 2003 and the first quarter of calendar

1 year 2004 are appropriately recognized and balanced with the importance of cost control and
2 the actions MGE has recently taken to address the unexpectedly high and sustained call
3 volumes, it is clear that MGE's commitment to service quality is being sustained.
4

5 **Q. A NUMBER OF CUSTOMERS MADE STATEMENTS TO THE COMMISSION**
6 **DURING THE LOCAL PUBLIC HEARINGS IN THIS CASE. DO YOU HAVE ANY**
7 **RESPONSE TO THOSE STATEMENTS?**

8 A. Yes. Schedule CAR-2, which was prepared at my direction by personnel under my
9 supervision, sets out MGE's response to certain statements made during the public hearings.
10 Because some of the information contained in Schedule CAR-2 is of a customer-specific
11 nature, it has been designated as Highly Confidential. I should also mention that the
12 statements of Mr. Cooper and Mr. McKinzy relate to formal complaints pending before the
13 Commission, Case Nos. GC-2004-0305 and GC-2003-0579, respectively, and MGE believes
14 its position has been accurately stated in filings it has made in those proceedings. Finally, the
15 statement of Mr. Mayabb regarding his frustration over MGE's handling of identity theft
16 issues related to his gas service account led MGE to re-evaluate the process used when
17 identity theft is alleged; we have also apologized to Mr. Mayabb for our handling of the
18 matter. (Schedule CAR-3)
19

20 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

21 A. Yes, at this time.
22

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's
Tariff Sheets Designed to Increase Rates
for Gas Service in the Company's Missouri
Service Area.

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GR-2004-0209

AFFIDAVIT OF CARLTON A. RICKETTS

STATE OF MISSOURI)

COUNTY OF JACKSON)

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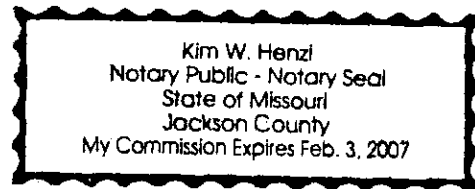
Carlton A. Ricketts, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of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

Carlton A. Ricketts
CARLTON A. RICKETTS

Subscribed and sworn to before me this 14th day of JUNE 2004.

Kim W. Henzi
Notary Public

My Commission Expires: Feb. 3, 2007



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

In the Matter of an Investigation into Billing)
and Customer Service Practices of Missouri Gas) **Case No. GO-95-177**
Energy, a Division of Southern Union Company)

NOTICE CLOSING CASE

On January 30, 2004, the Staff of the Commission filed its final report and a recommendation that the case be closed. This case may now be closed.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(SEAL)

Dated at Jefferson City, Missouri,
on this 10th day of February, 2004.

Mills, Deputy Chief Regulatory Law Judge

SCHEDULE 2
HAS BEEN DEEMED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY



MISSOURI GAS ENERGY

3420 Broadway • Kansas City, MO • 64111 • (816) 756-5261

Justin Mayabb
545 Harrison St 2
Kansas City, MO 64106

May 27, 2004

Dear Mr. Mayabb,

My name is Ron Crow and I am the Customer Service Director for Missouri Gas Energy. I attended the Public Hearing held on April 28th in which you shared the identity theft you experienced and how Missouri Gas Energy handled the matter. On Monday May 3rd, I attempted to reach you and Schonna by phone (I am the individual who left the voice mail message) in an attempt to better understand your experience and to apologize to you for our handling of the situation.

I do want to apologize for any inconvenience MGE may have caused you as a result of our handling of your identity theft situation. After listening to your experience, I began an immediate review of the process we follow when customers inform us they have been the victim of identity theft. Although I know this probably does not reduce the frustration you have regarding the way your personal account was handled, your willingness to share your experience has demonstrated the need for us to develop a better process for handling identity theft situations. Changes made in how we deal with identity theft cases include:

1) Understanding that identity theft is a major violation against the victim; 2) Each reported identity theft case must be handled as though it is in fact identity theft, until proven otherwise, including moving forward with the customer request while police reports are being prepared; and 3) Two individuals will review each case in an effort to ensure critical issues are not being overlooked. I believe that these changes to our process will help other customers in this situation avoid the frustration you experienced. I would still very much like to visit with you either in person or by phone to ensure the changes we have put in place will in fact make a difference in how customers of identity theft feel they are being treated by MGE. I can be reached at 816-360-5504

Thank you again for sharing your experience.

Sincerely,

Ron Crow

Customer Service Director
Missouri Gas Energy