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MISSOURI
PUBLIC SERVICE COMMISSION

Exhibit No.: _____
Issues: Customer Service
Witness: Karen M. Czaplewski
Sponsoring Party: Missouri Gas Energy
Case No.: GR-98-140

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-98-140

DIRECT TESTIMONY OF

KAREN M. CZAPLEWSKI

Jefferson City, Missouri

November 26, 1997

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CASE NO. GR-98-140

NOVEMBER 26, 1997

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Karen M. Czaplewski. My business address is 3420
3 Broadway, Kansas City, Missouri 64111.

4

5 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

6 A. I am Vice President of Customer Service for Southern Union Company,
7 which includes Missouri Gas Energy ("MGE" or "Company") as a
8 division.

9

10 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND EXPERIENCE.**

11 A. I was educated at Minot State University in the discipline of Business
12 Administration with an emphasis in accounting. In December 1995, I
13 joined Southern Union Company. My first responsibility was to construct
14 a new call center facility to centralize the customer service calls for Texas.
15 On July 1, 1997, I assumed responsibility for the various areas that are
16 included under the customer service umbrella in Missouri.

17

18 Prior to joining Southern Union Company, I was employed by Vision
19 Energy Company, a six state propane sales company, and Power Fuels,

1 Inc., a forty-eight state liquids-in-bulk truck transporter, as Vice President
2 of Administration and Controller; and then Vice President of Finance. I
3 was employed there from 1977 until 1995. During the last year of my
4 employment, the companies were acquired by, and my employer became,
5 Ferrellgas Propane. Prior to this, and while attending college, I was
6 employed as a Manufacturing Services Coordinator for Lockheed Aircraft
7 for approximately four years, a Country Club Office Manager for one year,
8 and a Southwestern Bell telephone operator for one and a half years.

9
10 **Q. DOES ANY OF YOUR EXPERIENCE PRIOR TO JOINING SOUTHERN**
11 **UNION COMPANY INCLUDE THE RESPONSIBILITY FOR**
12 **CUSTOMER SERVICE?**

13 A. Yes. From 1977 until today, my responsibilities have all included various
14 departments that come under the umbrella of customer service. These
15 include billing, accounts receivable, credit and collections, call center and
16 business office operations.

17
18 **Q. WHAT ACTIONS HAVE BEEN TAKEN TO IMPROVE MGE'S LEVEL**
19 **OF CUSTOMER SERVICE?**

20
21 A. A number of customer service initiatives have been undertaken since the
22 last rate case, including:

1 Early in 1997, MGE began implementing the automated meter reading
2 (AMR) program which, when fully in place, should: increase the accuracy
3 of meter read inputs; reduce the number of estimated meter reads that
4 occur on the system; and reduce the number of requests for customers with
5 inside meters to provide their own reads.

6
7 In April 1997, MGE implemented the "Relief Now" program. This
8 program, which to my knowledge is unprecedented in the industry, allowed
9 our customers to extend the payment of their winter heating bills over a
10 number of months (up to 30), interest-free. We had in excess of 30,000
11 customers make use of this program and currently have 8,233 making
12 payments under their original "Relief Now" payment arrangements.

13
14 Third, with the cessation of the Cold Weather Rule each spring, MGE
15 typically commences working shut-offs of those customers who are not
16 current under payment agreements. During this past year, in order to give
17 our customers a fair opportunity to recover from high gas costs, as well as
18 the colder than average winter, we had planned to wait until June to
19 commence our non-pay disconnect schedule. However, we waited to
20 commence disconnects for non-pay until July 1. In conjunction with
21 "Relief Now", we sent all of these customers no less than two letters

1 offering extended payment terms, prior to the delayed turn-off date. The
2 non-pay turn-offs were completed in July, August and September 1997.

3
4 Next, the organization of the Billing Accuracy and Service Improvement
5 Commitment Team occurred in April 1997. This project was sponsored
6 by a group of the Company's highest executives, and conducted its efforts
7 in consultation with an outside firm, Theodore Barry & Associates
8 (TB&A). A team of employees from several different departments, along
9 with TB&A personnel, were assigned the explicit objectives of:

10 -identifying causes of and developing solutions for untimely meter
11 reading and its impact on cycle billing;

12 -identifying causes of and developing solutions for the incorrect
13 application of gas cost rates within our computer billing system,
14 and

15 -establishing procedures and constant checks and balances within
16 our systems.

17 The implicit objectives were to:

18 -Develop and understand the details of the entire billing process

19 -Document processes

20 -Assess impact of barriers, gaps, and disconnects

21 -Recommend solutions

22 -Identify other billing areas for improvement

1 -Facilitate communications among various departments

2 This project has had a significant impact on many areas that touch our
3 customers. We have documented, designed and implemented, or are in the
4 process of implementing, most of the high priority recommendations that
5 came out of this project. We continue to work toward implementation of
6 the others.

7
8 Fifth, in April 1997, we opened our customer business office on Main and
9 Thirty-Ninth Street in Kansas City, Missouri. This office has provided our
10 Kansas City customers the ability to make payments and discuss their
11 account balances with a customer consultant or customer advisor in person.
12 On October 20, 1997, we added a drop box at this facility which will allow
13 customers to drop off their payment when they choose not to speak to a
14 representative. In April, we averaged 69 walk-ins per day. In October, we
15 averaged 318 daily; in addition to 18 payments have been deposited daily in
16 the drop box from October 20 through month end.

17
18 Sixth, I have made a concerted effort to add customer service consultants to
19 our call center. As of October 31, 1997, our number of consultants totaled
20 71, as compared to 50 on October 31, 1996. We are interviewing for
21 another class of ten to start training on December 7, 1997.

1 Seventh, our Billing Services Department has twenty-three employees this
2 year, as compared to sixteen employees last year at the same time. This
3 department processes our service orders and assists with inbound calls
4 during peak periods. All of these employees have been, and continue to be,
5 added to provide assistance to our customers in a timely and efficient
6 manner.

7
8 Eighth, we have modified our training program to allow our consultants to
9 handle connects and disconnects, when customers choose that option,
10 without first being trained on the more complex issues such as a high bill
11 investigation or in-depth explanation of a bill. This makes our trainees
12 productive in serving our customers much more quickly. We now have a
13 training coordinator for the entire company, and have added another part
14 time trainer as a back up for the full time trainer. We have relocated our
15 Customer Service Department to the sixth floor on Broadway, and all of
16 our employees are now housed in ergonomically designed workstations,
17 with new viewer boards, and newly revised help screens. We have just
18 added another supervisor to provide additional assistance to the
19 consultants.

20
21 Ninth, we have upgraded our telephone system. This system, approaching
22 ten years in age, offered very limited ability to provide information to our

1 customers via our messaging system, call tracking within the system, and
2 so forth. We have upgraded our hardware and will be doing additional
3 upgrading of the software that allows us to network with our El Paso,
4 Texas call center. This entire project will be completed in January 1998
5 and will give us the latest in Nortel switching equipment and technology.
6 This will allow for the smooth flow of calls from one center to the other, as
7 customer demands require.

8
9 Tenth, in October 1997, we discontinued working non-pay shut-offs in
10 order to ensure that we had the maximum number of resources available to
11 work all reconnects requested in a timely manner, prior to cold weather
12 arriving.

13
14 Finally, I, along with other MGE management personnel from Customer
15 Service, have made monthly visits to Jefferson City to meet with the staff
16 of the Commission and the Office of Public Counsel in an attempt to keep
17 the lines of communication open. The intent is to inform and discuss issues
18 related to the area of Customer Service, and for the staff to inform us of
19 issues and areas of concern for them, that involve us. We plan to continue
20 these meetings monthly.

1

2 **Q. HAVE YOU SEEN MEASURABLE RESULTS FROM THESE ACTIONS?**

3 A. Yes. Our average speed of answer in our call center has gone from 147
4 seconds (July 1 through October 31, 1996) to 56 seconds (July 1 through
5 October 31, 1997).

6

7 Using comparisons covering the same period, our average length of call has
8 increased from 247 seconds to 257 seconds, while our abandoned call rate
9 has gone from 19.3 % down to 7.08% average for this same four month
10 period.

11

12 Our Commission complaints/inquiries from June 1, 1996 through
13 November 30, 1996 totaled 429. In the same period this year (through
14 November 21, 1997), Commission complaints/inquiries totaled 348. This
15 is a decrease of 19%.

16

17 Our service orders pending billing have been reduced significantly on a
18 daily basis, while our overtime worked has also been reduced significantly.

19

20 Our non-pay shut-offs pending turn on, as of November 15, 1997 totaled
21 5,479 as compared to 7,360 at the same time in 1996.

1 **Q. WHAT OTHER ACTIONS DO YOU HAVE PLANNED TO IMPROVE**
2 **YOUR LEVEL OF CUSTOMER SERVICE?**

3 A. As I mentioned earlier, we are continuing to recruit competent employees.
4 We are also working to improve our messaging and Interactive Voice
5 Response Unit's applications which should add to the mechanized options
6 available over the phone and improve our ability to serve our customers.

7
8 We are evaluating scheduling software and anticipate acquisition of the
9 software in calendar year 1998. This scheduling software would allow us
10 to better schedule all employees associated with the call center, including
11 Account and Billing Services employees, by utilizing the historical data
12 base related to call volumes, day of the week, and so forth. In addition, the
13 scheduling software includes a forecasting module that considers forecast,
14 number of available personnel, etc., to schedule for the maximum service
15 level.

16
17 We are in the process of evaluating our recording equipment, and I believe
18 that will result in us updating our recording equipment. This recording
19 equipment, which allows us to readily retrieve calls in a most timely fashion
20 and is most flexible for self monitoring and peer monitoring programs, will
21 greatly enhance our training programs.

22

1 We continue to develop our performance standards for the call center and
2 our time line, barring any obstacles, is for implementation in the first half
3 of 1998. As soon as we are in the communication and training phases
4 of this program, we will start the development of similar standards for
5 Account and Billing Services. I would estimate these will not be
6 implemented until the second half of 1998. These quality standards require
7 us to provide a substantial level of quality training to our consultants.

8
9 We are in the initial phases of planning and design for a Graphical User
10 Interface for our Customer Service System. This enhancement to our
11 existing system would allow our consultants to process customer orders via
12 access to approximately one third of the current fifteen screens they must
13 regularly access now. This will allow us to reduce the average call
14 handling time significantly. We are would like to be able to implement
15 this enhancement in late calendar year 1998 or early 1999.

16
17 We intend to examine a bill presentation rewrite during 1998.

18
19 We plan to continue to implement all of the BASIC Team's
20 recommendations during calendar year 1998.

1

2 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

3 **A. Yes, at this time.**