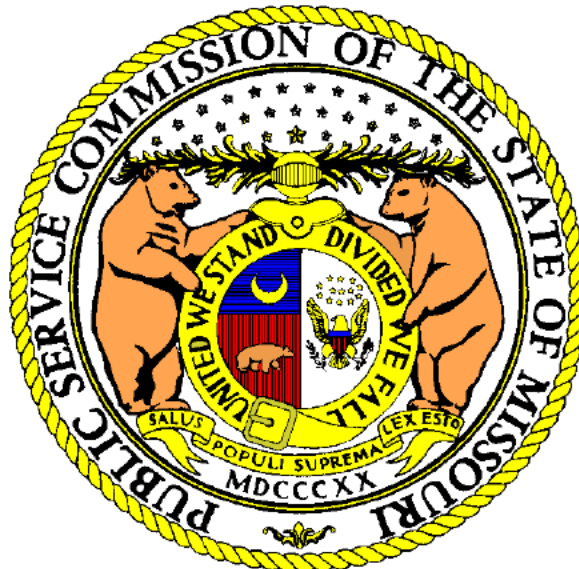


## **REPORT OF STAFF'S INVESTIGATION**

**FILE NO. EO-2014-0306**

**ALLCONNECT DIRECT TRANSFER SERVICE AGREEMENT BETWEEN  
ALLCONNECT, INC. AND GREAT PLAINS ENERGY SERVICES INCORPORATED  
RESPECTING ITSELF AND ITS AFFILIATES KANSAS CITY POWER & LIGHT  
COMPANY AND KCP&L GREATER MISSOURI OPERATIONS COMPANY**



**PREPARED BY**

**THE MISSOURI PUBLIC SERVICE COMMISSION  
REGULATORY REVIEW DIVISION  
ENGINEERING AND MANAGEMENT SERVICES UNIT**

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**December 19, 2014**

**\*\* Denotes Highly Confidential Information \*\***

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## **ALLCONNECT DIRECT TRANSFER SERVICE AGREEMENT BETWEEN ALLCONNECT, INC. AND GREAT PLAINS ENERGY SERVICES INCORPORATED RESPECTING ITSELF AND ITS AFFILIATES KANSAS CITY POWER & LIGHT COMPANY AND KCP&L GREATER MISSOURI OPERATIONS COMPANY**

### **EXECUTIVE SUMMARY - REPORT FINDINGS AND RECOMMENDATIONS**

- KCP&L/GMO withholds from new KCP&L/GMO customers and existing KCP&L/GMO customers moving within the KCP&L/GMO service territory their confirmation number respecting the initiation of service at the new address in order to transfer customer calls to an Allconnect, Inc. customer representative; KCP&L/GMO is paid \*\* \_\_\_\_\_ \*\* for every call transferred. Customers are instructed that their calls “will be transferred” to Allconnect “to verify the accuracy of their order” or for verification of their customer information and to be provided a confirmation number. Customers are provided no indication that they have the option to or may decline such transfer and scant identification of who they are being transferred to. Customers hear a recorded message: “Your information is processing, please hold for your confirmation. Your call may be recorded for quality purposes.”<sup>1</sup>
- The “forced” transfer of customer calls is detrimental to the regulated utility service such customers are entitled to receive, for which they pay and which they can obtain from no other electric utility provider. KCP&L/GMO practices do not promote the public interest nor protect those customers using electricity from unwanted marketing activities, by the transfer of their customer data and “selling” of their unique and fortuitous circumstances of relocation. Relevant statutory sections include:
- Pursuant to Section 393.140(2) RSMo. 2000, the Commission shall examine or investigate the methods employed by persons or corporations manufacturing, distributing and supplying electricity for light, heat or power and in transmitting the same and has power to order such reasonable improvements as will best promote the public interest, preserve the public health, and protect those using such electricity system and those employed in the manufacture and distribution thereof, and have power to order reasonable improvements and extensions of the works, wires, poles, pipes, lines, conduits, ducts and other reasonable devices, apparatus and

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<sup>1</sup> File No. EO-2014-0306 Data Request (DR) Responses Nos. 50 and 51, the KCP&L/GMO calls provided to Staff on CD, scripted recording to KCP&L/GMO customers while holding for transfer to Allconnect, after KCP&L service representative left the line.

property of electrical corporations. Section 393.270.2 RSMo. 2000 provides, in part, that after a hearing and after such investigation as shall have been made by the Commission or its officers, agents, examiners or inspectors, the Commission within lawful limits may order such improvement in the manufacture, transmission or supply of electricity, or in the methods employed by such persons or corporation as will in the Commission's judgment be adequate, just and reasonable,

- Pursuant to Section 393.140(1) RSMo. 2000, the Commission shall have general supervision of all electrical corporations for the purpose of having authority under any special or general law or under any charter or franchise to lay down, erect or maintain wires, pipes, conduits, ducts or other fixtures in, over or under the streets, highways and public places of any municipality, for the purpose of furnishing or transmitting electricity for light, heat or power, or maintaining underground conduits or ducts for electrical conductors, and all electric plants, owned, leased or operated by any electrical corporation.
- Pursuant to Section 386.040 RSMo. 2000, the Commission is vested and possessed of the powers and duties in this chapter<sup>2</sup> specified, and also all powers necessary or proper to carry out fully and effectually all the purposes of this chapter. Section 386.250(7) RSMo. 2000 provides that the jurisdiction, supervision, powers and duties of the Commission shall extend under this chapter to such other and further extent, and to all such other and additional matters and things, and in such further respects as may herein appear, either expressly or impliedly.
- KCP&L/GMO withholds important information (confirmation number) from their customers and transfers them to a non-regulated third-party marketing company (Allconnect) that attempts to sell them non-regulated services. The non-regulated, non-utility services that are promoted to KCP&L/GMO customers may or may not be in the customer's best interest.
- KCP&L/GMO instructs customers that they *need* to hold for the transfer in order to complete their service request, to possibly avoid delays in service, and receive confirmation and/or "proof" that they will receive the regulated electric utility service they are requesting. KCP&L's web-site further refers to Allconnect as "KCP&L's Allconnect" with the implication that Allconnect is an "extension" of the Company (See Attachment 1).
- 2% of all confirmation numbers generated by KCP&L/GMO fail to transfer to Allconnect at the time the corresponding customer calls are transferred, resulting in those 2% of KCP&L/GMO customers being unable to be provided with a confirmation number. Receipt of such confirmation is the very reason KCP&L

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<sup>2</sup> Reference to "chapter" is taken from RSMo. 1939 and includes all of Chapter 386, Sections 393.110 to 393.290, and portions of Chapters 387, 389, 390, 391 and 392.

tells customers their call will be transferred to Allconnect. The total percentage of customers failing to receive a confirmation number is higher than 2% but unquantified by either KCP&L or Allconnect.<sup>3</sup>

- (2% of \*\* \_\_\_\_\_ \*\* customers transferred to Allconnect between June 2013 and March 2014 is \*\* \_\_\_\_\_ \*\* [which includes Missouri and Kansas customers] and of which the total number of customers not receiving confirmation is greater.)
- KCP&L/GMO are transferring service quality responsibilities to Allconnect which, by Commission Rule 4 CSR 240-13.040(2)(A), KCP&L/GMO are required to provide:

At all times during normal business hours qualified personnel shall be available and prepared to receive and respond to all customer inquiries, service requests, safety concerns and complaints.

- Customer information, customer identification number, customer name, service address, service commencement date, and service confirmation number,<sup>4</sup> is

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<sup>3</sup> File No EO-2014-0306 Company DR Response Nos. 34 and 48.

<sup>4</sup> Beside the Allconnect Direct Transfer Service Agreement setting out in its “Definitions” section what customer data is to be transferred from KCP&L/GMO to Allconnect, and a KCP&L/GMO handout at a presentation in 2013 identifying this information, KCP&L/GMO identified this information in response to different Staff Data Requests in different contexts in different cases. The Staff has not received a consistent response although the customer data transferred appears to be consistent. The Allconnect Direct Transfer Service Agreement, executed 5/6/2013, page 1, defines “Customer Data” as “the Transferred Customer’s data transferred by KCP&L to Allconnect, which will include name, service address, email address, KCP&L service commencement date, and Unique Customer Identifier.” Apparently, the KCP&L/GMO customer representative does not transfer an e-mail address to Allconnect, but the Allconnect representative does attempt to obtain an e-mail address from the new or moving KCP&L/GMO customer. In response to Staff Data Request No. 1 in File No. EW-2013-0011, asking for a copy of all Allconnect script(s) that Allconnect customer representatives have used and are currently using when KCP&L/GMO customers are transferred to them by KCP&L/GMO customer representatives, KCP&L/GMO responded with multiple Allconnect computer screen shots containing the Allconnect script and showing, the customer identification number, customer order number, customer name, service address, and start service date. In response to Staff Data Request No. 2 in File No. EW-2013-0011, asking for a computer screen shot of the customer information which KCP&L/GMO provides to Allconnect, KCP&L/GMO responded that the information which goes from KCP&L/GMO to Allconnect is customer name, address, electric start date and customer number identifier for confirmation. In response to Staff Data Request No. 17 in File No. EO-2014-0306, which asked please provide a list of each specific item of customer data transferred to Allconnect as presented in the KCP&L/GMO response to Staff Data Request No. 53 in EW-2013-0011, KCP&L-GMO responded as follows: Service Order ID; First\_name; Last\_Name; Service\_address; Street\_line1; Street\_line2; City\_Name; State\_Code; Zip Code; Best\_Contact\_Number; Requested\_Start\_Date. Staff Data Request No. 3.0, in File No. EO-2014-0189, as followed up by Staff Data Request No. 3.1, asked, in part, what specific information by type/category does KCP&L/GMO provide to Allconnect. KCP&L/GMO responded: “The following listing includes the customer information that is provided to AllConnect: Service Order ID, First\_name, Last\_name, Service\_address, Street\_Line 1, Street\_Line 2, City\_Name, State\_Code, Zip\_Code, Best\_Contact\_Number, Requested\_Start\_Date, Specialist\_ID, and Account Number.” Apparently, the KCP&L/GMO customer representative does not transfer a Best Contact Number. The handout distributed by KCP&L representatives at the August 15, 2013 KCP&L presentation to Staff at the Commission’s offices in Jefferson City shows, at page 3, as follows regarding the information that goes from

transferred, without customers' consent and as indicated later is a direct violation of Commission Rule 4CSR 240-20.015 Affiliate Transactions paragraph (2)(C). Besides the information transferred by KCP&L/GMO to Allconnect without the customers' consent, the Allconnect representative attempts to obtain additional information from the KCP&L/GMO customer.

- Customer information transferred from KCP&L/GMO to Allconnect is part of KCP&L/GMO's works or system necessary or useful in the performance of KCP&L/GMO's duties to the public. Therefore, under Section 393.190.1 RSMo. 2000, KCP&L/GMO should have first obtained the Commission's authorization before engaging in the Allconnect Direct Transfer Service Agreement.
  - Pursuant to Section 393.190.1 RSMo. 2000, no gas corporation, electrical corporation, water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system, or franchises, or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do. Every such sale, assignment, lease, transfer, mortgage, disposition, encumbrance, merger or consolidation made other than in accordance with the order of the commission authorizing same shall be void. . . .
- Allconnect employees provide transferred KCP&L/GMO customer information with additional non-regulated third-party service providers such as The Home Depot, Inc., ("Home Depot"). A recent breach in Home Depot's customer information, which would not have directly involved the KCP&L/GMO information, raises additional concerns regarding the protection afforded transferred customer information.
- KCP&L/GMO's control over protecting customer data ends with the transfer of the regulated customer call to Allconnect at which time the regulated customer becomes a joint customer of Allconnect and KCP&L/GMO without the customers' knowledge or consent.<sup>5</sup> Once a regulated customer becomes a joint

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KCP&L/GMO to Allconnect: Customer Data: Turn On via phone - Elements sent to Allconnect: Account number, customer name, service address, start date of service, CSR ID and service order ID.

"Customer information" in some contexts is referred to as "personally identifiable information" and the scope of the information covered depends upon the value, sensitivity, confidentiality, privilege, etc. of the information or individuals involved. In Missouri, "personal information," under Section 407.1500.1(9) Cum.Supp. 2013 includes an individual's first name and or first initial and last name in combination with any one or more of the following data elements: social security number, driver's license number, numbers that would permit access to an individual's financial account, medical information, or health insurance information.

<sup>5</sup> File No. EW-2013-0011, page 4, section 6.1 of Allconnect Direct Transfer Service Agreement, Company DR Response No. 71.

customer that customer falls under the terms and conditions of Allconnect's Privacy Policy.

- Customers are unnecessarily and without their consent, exposed to sales, marketing, and solicitation practices with a non-regulated third-party marketing company as well as non-regulated service provider clients of that company, such as Home Depot. Some customers have complained having received unwanted solicitations from other providers by e-mail requesting customers to buy additional services after being transferred to Allconnect.<sup>6</sup>
- Allconnect does not and cannot offer customers a complete list of service providers for the home services it is offering.<sup>7</sup>
- Allconnect representatives are trained and evaluated on their ability to “rebut” customer objections to Allconnect representatives’ sales pitch.<sup>8</sup> “No” expressed by KCP&L/GMO customers does not mean “no” for Allconnect representatives.
- KCP&L/GMO do not take “ownership and responsibility” for investigating and handling complaints from its customers regarding difficulties they experience with Allconnect.<sup>9</sup>
- Allconnect performance “Scorecards” regarding customer experience present inaccurate and/or distorted conclusions regarding documented customer complaints of “pushy” or “aggressive” Allconnect sales personnel. Specific customer examples include call recordings and e-mail communication by \*\* \_\_\_\_\_ \*\* and \*\* \_\_\_\_\_ \*\*. <sup>10</sup>
- KCP&L/GMO have not effectively monitored the performance of Allconnect's interactions with KCP&L/GMO's customers; KCP&L/GMO do not maintain control of services that KCP&L/GMO are responsible for and are paid to provide through customer rates.<sup>11</sup> KCP&L/GMO are not ultimately following-up with their own customers and are instead deferring to Allconnect to resolve customer complaints.

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<sup>6</sup> File No. EW-2013-0011 Company DR Response No. 87, specifically customers \*\* \_\_\_\_\_ \*\* and \*\* \_\_\_\_\_ \*\*

<sup>7</sup> File No EO-2014-0306 Company DR Response No. 32.

<sup>8</sup> File No. EW-2013-0011 Company DR Response No. 29, page 5 of the “New QA Guideline 2012.”

<sup>9</sup> File No. EO-2014-0306 Company DR Response Nos. 24 and 26.

<sup>10</sup> File No. EO-2014-0306 CompanyDR Response No. 22 and File No. EW-2013-0011 Company DR Response Nos. 87 and 88.

<sup>11</sup> File No. EW-2013-0011 Company DR Response Nos. 87 and 12, Meeting Involving Company, Staff and OPC on July 17th, 2014 at the Company's Kansas City Headquarters.

- In response to a survey, 14% of KCP&L/GMO customers state that their experience with Allconnect negatively impacted their opinion of KCP&L/GMO overall.<sup>12</sup> The Company verbally indicated to Staff that it was not satisfied with such a rate of negative customer perceptions of the Company's non-regulated business relationship with Allconnect.<sup>13</sup> (42% of those surveyed indicated that their experience with the Allconnect Agent did not impact their opinion of KCP&L overall and 43% of the KCP&L/GMO customers surveyed indicated that the Allconnect experience positively influenced their opinion of KCP&L/GMO overall. 1% did not know how their experience with Allconnect impacted their perception of KCP&L/GMO).<sup>14</sup>
- The utilization of Allconnect is in violation of Missouri Public Service Commission Affiliate Transactions Rule, 4 CSR 240-20.015(2)(C) which requires that:
  - **Specific customer information shall be made available to affiliated or unaffiliated entities only upon consent of the customer or otherwise provided by law or Commission rules or orders.** General or aggregated customer information shall be made available to affiliated or unaffiliated entities upon similar terms and conditions. The regulated electrical corporation may set reasonable charges for costs incurred in producing customer information. Customer information includes information provided to the regulated utility by affiliated or unaffiliated entities. [Emphasis added.]
- The transfer of customer data to Allconnect occurs in conjunction with a contract between Great Plains Energy Services Incorporated ("GPES") and Allconnect. GPES is an affiliate of KCP&L and GMO. KCP&L and GMO are not separate signatories to this contract. GPES indicates that GPES signs "on behalf of itself and its affiliates referenced herein."
- GPES has no agreement with KCP&L or GMO authorizing GPES to sign contracts on their behalf. Further, KCP&L and GMO, contrary to Commission rule, are transferring specific customer information to customer representatives of Allconnect, an unaffiliated entity, without the consent of the affected KCP&L or GMO customers or as otherwise provided by law or Commission rules or orders.

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<sup>12</sup> File No. EO-2014-0306 Company DR Response No. 47.

<sup>13</sup> Meeting Involving Company, Staff and OPC on July 17th, 2014 at the Company's Kansas City Headquarters.

<sup>14</sup> File No. EO-2014-0306 Company DR Response No. 47.



## **STAFF'S RECOMMENDATIONS**

### **The Staff Recommends That The Commission Order KCP&L/GMO To:**

- Cease the transfer of customer information and calls to Allconnect until and unless KCP&L/GMO apply for and obtain Commission authorization under Section 393.190.1 RSMo. to sell or transfer certain customer information to Allconnect.

### **If The Commission Authorizes The Sale Or Transfer Of Customer Information Or Determines That Commission Authorization Is Not Necessary, The Staff Recommends That The Commission:**

- Authorize the transfer of customer information and calls to Allconnect only if the customer consents to such transfers.
- Require KCP&L/GMO to verify the accuracy of electric service orders and provide electric service confirmation numbers to its own regulated customers.
- Require KCP&L/GMO to notify the Staff and OPC prior to engaging the services of Allconnect or like marketing or sales companies in the future.
- Require KCP&L/GMO to assume complete responsibility and control of handling and resolving customer complaints related to Allconnect. Require KCP&L/GMO to cease using Allconnect to attempt to resolve such complaints.

It is the Staff's opinion that the above recommendations are reasonable improvements and will best promote the public interest. In particular, compliance with the Staff recommendation will bring KCP&L/GMO into compliance with Section 393.190.1 and Commission Rules 4 CSR 240-20.015(2)(C) and 4 CSR 240-13.040(2)(A).

## **INTRODUCTION AND OVERVIEW OF STAFF'S INVESTIGATION**

On April 25, 2014, Staff filed a motion to investigate and to open a file with the Commission regarding the transfer agreement between Allconnect, Inc. and Great Plains Energy Services Incorporated. Staff indicated in its filing that it had been engaged in an informal investigation of the activities between KCP&L/GMO and Allconnect and believed a formal investigation was appropriate. On April 30, 2014 the Commission issued its *Order Opening An Investigation Into the Agreements Between Allconnect, Inc. and Great Plains Energy Services, Regarding Kansas City Power & Light Company and KCP&L Greater Missouri Operations*

*Company*. Staff filed a progress report in File No EO-2014-0306 on July 31, 2014, indicating it anticipated filing its report containing any findings and recommendations it may have on or about November 1, 2014. Staff filed a second progress report in File No EO-2014-0306 on October 31, 2014, relating that due to the press of other Commission cases, among other things, it anticipated filing its report containing any findings and recommendations it may have, on or about December 12, 2014. Staff filed a third progress report in File No EO-2014-0306 on December 12, 2014, relating that due to the press of other Commission cases, among other things, it anticipated filing its report containing any findings and recommendations it may have, one week later, on or about December 19, 2014.

On November 7, 2014, Staff provided to KCP&L/GMO by e-mail a draft of the Staff's Allconnect Report, which the Staff provided for, among other reasons, KCP&L/GMO to indicate what, if anything, KCP&L/GMO thought: (1) was factually incorrect, and/or (2) should be redacted as highly confidential ("HC") or proprietary ("P"), pursuant to 4 CSR 240-2.135 Confidential Information, before Staff provided a copy to Allconnect for its review and before the Staff made its filing with the Commission. KCP&L/GMO advised Staff on November 14, 2014, that it would send a copy of the Staff Report to Allconnect for Allconnect's review and would provide to Staff the comments of KCP&L and Allconnect. On November 26, 2014, KCP&L/GMO advised Staff that "[t]he Company does not agree with many of staff's characterizations and conclusions contained in the report but rather than providing comments at this time, the Company will respond after staff files its report." KCP&L/GMO also indicated what it believed in the report should be treated as HC.

Staff<sup>15</sup> first learned of KCP&L/GMO's plans to form a business partnership with Allconnect at the conclusion of a quarterly service quality meeting that was held via web-conference on April 23, 2013. Such quarterly performance reviews were initiated and ordered by the Commission in its decision regarding Case No. EM-2007-0374, the *In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company, and Aquila Inc., for Approval of the Merger of Aquila, Inc., with a Subsidiary of Great Plains Energy Incorporated and for Other Related Relief*. The quarterly meetings have proven to be beneficial over the years to address a wide range of service quality topics between KCP&L/GMO and Staff

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<sup>15</sup> The Engineering and Management Services Unit of Staff has conducted Staff's investigation – Lisa Kremer and Patricia Smith.

including issues such as meter reading, credit and collections, service order processes, call center activities and others.

Upon learning of KCP&L/GMO's intention to transfer regulated customers to Allconnect, the Staff initiated an informal review into Allconnect, Inc. and KCP&L/GMO's utilization of Allconnect. The Staff submitted ten informal inquiries to KCP&L/GMO on May 6, 2013, including requests to obtain the contract with Allconnect, phone call scripts, list of Allconnect home service providers and other relevant information. Staff had been aware of one other Missouri regulated utility that contracted with Allconnect and transferred customer calls; however, that regulated utility has discontinued its contract and practice with Allconnect (Union Electric Company, d/b/a AmerenUE). The Staff has learned that the other regulated utility had at one time, used the "no customer consent – confirmation model" that KCP&L/GMO currently utilizes, but subsequently abandoned that model and moved to the "customer consent – transfer model." The very names that Allconnect has given its two models of operation lend themselves to confusion. The transfer model requires customer consent to being transferred from the utility customer representative to the Allconnect customer representative. Even though the utility customer is asked for his/her consent to be transferred, the utility customer is not asked for his/her consent to transfer customer information to the Allconnect customer representative. The confirmation model does not involve a request for the utility customer's consent for the utility customer or information respecting the utility customer to be transferred to the Allconnect customer representative; the customer is just transferred. More will be addressed on this topic further in the report.

This significant distinction in the rationale on which KCP&L/GMO transfer Missouri regulated calls to Allconnect, customer consent, is central to Staff's investigation findings.

There is also a significant distinction made by Staff in the Allconnect matter in regards to how and to what the term "consent" is applied. Staff sees the term consent being applied by KCP&L/GMO to the transfer of multiple items. For Staff, there are two classes of things for which customer consent should be sought: (1) consent for the customer to be transferred from a KCPL/GMO customer representative to an unaffiliated customer representative (Allconnect telemarketer), and (2) consent for the customer's information to be transferred to an unaffiliated customer representative (Allconnect telemarketer).

Staff has listened to approximately 100 original customer calls to KCP&L requesting to initiate or transfer service and have heard KCP&L customer representatives telling customers that the reason for the transfer was to confirm/verify the information just provided and provide a confirmation number. In these cases it might be said that the customer should know that information is being transferred by the KCP&L customer representative to another representative (telemarketer) even though KCP&L does not indicate that to customers. Staff has also heard KCP&L customer representatives telling customers that the reason for the transfer is to assist the customer with other possible home services. In those cases, it could be inferred that customers would have no reason to know that their information is being transferred by the KCP&L customer representative to the next representative (telemarketer).

Shortly after first learning of KCP&L/GMO's utilization of Allconnect, Staff submitted some informal information requests and met with KCP&L representatives on Thursday, August 15, 2013, to gain greater knowledge of KCP&L/GMO's utilization of Allconnect. Staff later submitted 92 formal data requests (DR) regarding the Allconnect matter in File No. EW-2013-0011, *In the Matter of A Working Docket to Address Effective Cyber Security Practices For Protecting Essential Electric Utility Infrastructure* because of the confidential manner with which Staff treats customer information.

On December 16, 2013, KCP&L and GMO filed an Application for approval of its Cost Allocation Manual ("CAM"), which involves the Commission's Affiliate Transactions Rule 4 CSR 240-20.015 and established File No. EO-2014-0189.<sup>16</sup> KCP&L agreed to file for Commission approval of its CAM in the *Non-Unanimous Stipulation and Agreement* filed in the Transource and Transource Missouri transmission line cases, File Nos. EA-2013-0098 and EO-2012-0367. In addition to cost assignment methods, allocation procedures, and pricing principles addressed in the Commission's Affiliate Transactions Rule 4 CSR 240-20.015, there is a paragraph on the treatment of customer information, as noted above. Due to the relationship of the CAM case to the Commission's Affiliate Transactions Rule, Staff issued a number of data requests related to Allconnect in File No. EO-2014-0189. Staff also began submitting data requests in a file established solely for the purpose of a Staff investigation of the Allconnect

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<sup>16</sup> File No. EO-2014-0189, In the Matter of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company's Application for Approval of Cost Allocation Manual. Tab G in the CAM filed by KCP&L/GMO addresses Unregulated Affiliates: Customer Information.

Direct Transfer Service Agreement, File No. EO-2014-0306. As of this writing Staff has submitted an additional 56 data requests to KCP&L/GMO in File No. EO-2014-0306.

## **DESCRIPTION OF ALLCONNECT, INC.**

Allconnect, Inc. was founded in 1998 and is headquartered in Atlanta, Georgia, with Sales & Customer Care Centers in Atlanta, Lexington, Kentucky and St. George, Utah. Allconnect's Home Webpage states: "Our Home Service Consultants will work with you to determine and connect the home service plans that best fit your needs." "Allconnect offers a convenient, simple and objective one-stop source for comparing phone, TV and internet prices and options." Allconnect's primary "customer acquisition" means is through agreements with electric utilities that are paid by Allconnect for calls that the electric utilities transfer to Allconnect. KCP&L had a prior relationship with Allconnect from approximately 2005 to 2007<sup>17</sup> but, unlike the current "confirmation" model it is using, its prior Allconnect utilization included obtaining customer consent prior to transferring calls.<sup>18</sup>

KCP&L/GMO have indicated to Staff that it began transferring customer calls to Allconnect using the confirmation model on June 18, 2013. Calls to the utility from prospective KCP&L/GMO customers requesting electric service or existing customers that are transferring service in KCP&L/GMO's service territory are transferred from the utility's customer representative to an Allconnect customer representative without an opportunity for customers to question being transferred. As a consequence of Staff listening to calls, Staff is aware that in at least some cases customers have not been told by the KCPL/GMO customer representatives that the call transfers will expose the customers to the marketing of goods and services that may interest individuals in their situation. Instead, customers generally are informed that the call transfer will complete their new or transfer of service request with the provision of their service confirmation number and verification of their information. As indicated previously, the lack of customer consent and the lack of facts provided to KCP&L and GMO customers in the call transfer process is a significant Staff concern in KCP&L's practice. KCP&L's web-site further

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<sup>17</sup> File No. EO-2014-0306 Company DR Response No. 44, File No. EW-2013-0011 Company DR Response Nos. 43 and 44.

<sup>18</sup> Company Response to Informal Inquiry sent by Staff May 6, 2014; File No. EW-2013-0011 Company DR Response Nos. 12, 13, and 14; File No. EW-2013-0011 Company DR Response No. 89.

refers to Allconnect as “KCP&L’s Allconnect” with the implication that Allconnect is an “extension” of the Company (See Attachment 1).

Allconnect has contracting relationships with various home service entities. Because the Missouri Public Service Commission does not regulate Allconnect, it has limited discovery ability on its operations. A list of service providers was provided as a part of the Allconnect Direct Transfer Service Agreement by and between Allconnect and GPES on behalf of itself and KCP&L and GMO. The agreement indicates that Allconnect will provide KCP&L/GMO a list of service categories and providers offered to eligible customers on a quarterly basis, implying that Allconnect controls what offerings are being made to KCP&L/GMO customers. At the time of the agreement, that listing included:

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As can be seen from the list, Allconnect does not assist customers to connect to a complete list of needed connection services or providers for new or moving customers. Services such as water and sewer, natural gas or other providers may either have no incentive to contract with Allconnect or find such contracting unnecessary. It is Staff’s understanding that Allconnect home service providers pay Allconnect for its marketing services and opportunities for customer acquisition. Some home service providers may be either unwilling or unable to pay Allconnect for a customer marketing contact. An example of a company that might fall into this category would be Google Fiber which offers competitive services in the Kansas City area but, as indicated by Allconnect does not contract with it for its marketing services.<sup>19</sup> An unaware person moving to Kansas City would not be informed or offered the Google Fiber service when his/her call requesting electric service was transferred without his/her consent being sought to Allconnect. KCP&L/GMO also sells their own “Surge Protection” through Allconnect as well as

<sup>19</sup> Meeting involving Allconnect, Company, Staff and OPC on July 17, 2014 at the Company’s Kansas City Headquarters.

Water Heater and Wiring Protection programs. These home protection services are non-regulated portions of KCPL/GMO businesses.

When asked that KCP&L/GMO verify that Allconnect does not have a complete listing and cannot offer those seeking service from KCP&L/GMO in Missouri a complete listing of all providers in the various services Allconnect attempts to sell, KCP&L/GMO responded:

This has nothing to do with any “listing”. . . .Allconnect cannot offer services, nor is authorized to offer services, from providers in which they do not have a contract with. Their system only shows providers in which they have a contract to offer or even recommend services in the areas in which the provider serves.

Allconnect is more than happy to talk with any service provider that wants to do business with Allconnect. There are various IT, Business, Customer, Financial, Support, Reporting criteria that must be mutually agreed to do so.<sup>20</sup>

KCP&L/GMO customers are offered an incomplete listing of providers in the various service spectrums. Whether KCP&L/GMO customers are offered the best pricing available from these service providers is another Staff concern regarding KCP&L’s “no customer consent” call transfer process to Allconnect. This concern will be addressed in further detail later in this report.

## **COMPANY CALL CENTERS: CALL SCRIPTS AND RECORDINGS**

Call centers perform a critical function in utility operations as they provide the primary means for customers to contact their utility directly. Customers may require contact with their utilities for any number of reasons including: to initiate, discontinue, transfer or restore service, to report emergencies and service outages, to make inquiries regarding their bills, usage, delinquent accounts and to make payment arrangements. During the winter months when the Commission’s Cold Weather Rule is in effect, call centers may actually be a “life line” for some customers who are nearing service disconnection and need to make alternative payment arrangements. As utilities have closed business offices that once accommodated walk-in traffic and provided customers with a utility presence in their community, the role of call centers have become increasingly important as a primary point of contact for utility customers.

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<sup>20</sup> File No. EO-2014-0306 Company DR Response No. 32.

Customers pay for every aspect of the service they receive including for all control processes, systems, practices and procedures employed by utility management to provide quality service. Customers pay for all costs associated with equipment the utility employs to provide safe and reliable service, all costs for the construction, repair and maintenance of equipment and all costs for the operations of equipment, including customer information systems, call center hardware and software, used to meet the safe and reliable standard. Customers pay for utility personnel, including their hiring, training, retention, salaries and benefits. Utility call centers are no exception to the costs included in customer rates and customers are entitled to and require appropriate and responsive call center performance. The current requirement by KCP&L/GMO's call center to transfer new and moving customers, customer data and service confirmation numbers without customers' consent to Allconnect is counter to quality call center performance. This practice is counter to the type of regulated utility service customers are entitled and paying to receive.

During the course of its investigation, the Staff requested and reviewed KCP&L/GMO call scripts, call transfer documentation between KCP&L/GMO and Allconnect, as well as listened to numerous call recordings, both on the KCP&L/GMO and the Allconnect portions of customer calls. Call scripts indicate, as well as recordings, that KCP&L/GMO's process to transfer customer calls and customer information does not include obtaining customer consent. Staff heard a very, very small number of call recordings where a customer was actually asked for his/her permission for the call to be transferred, prior to the call and the customer information being transferred, but these calls were rare in Staff's review, and never was the customer told that customer information would be transferred. Customers were not consistently told by KCP&L/GMO customer representatives that Allconnect was going to attempt to sell them home services or even connect them to other non-regulated third-party home services representatives.

There is no indication that KCP&L/GMO's customer representatives are not qualified or able to verify the customer information that the Allconnect customer representatives confirm. To the contrary, such verification of customer information is required of KCP&L's call representatives as indicated on its "Quality Monitoring Form." This form includes a component to evaluate call center representative's verification of caller information as well as the



representative's transactional accuracy.<sup>21</sup> Such quality control processes are being paid for in customer rates.

Customers are entitled to know the full extent and purpose of their call being transferred. The KCP&L/GMO call script language provided to the Staff in response to data requests is below:

Is there anything else I can help you with? OK, Mr./Mrs. \_\_\_\_\_ Now I'm going to transfer you to Allconnect. They will confirm your order to ensure accuracy and can help you connect or transfer to other services for your home. Thank you for calling KCP&L. Please hold while I transfer you now.<sup>22</sup>

On October 5, 2013, Staff visited KCP&L's Raytown Office to listen to 55 recorded Allconnect calls. Prior to that day, Staff had listened to one recorded phone call in the Commission's Jefferson City office. Of the 55 Missouri-customer recorded phone calls, ten were considered by KCP&L to be "escalated" calls and were reviewed by KCP&L after a customer complaint or other reason prompted KCP&L/GMO to determine review was required. The Company has indicated to Staff that the terms "escalated" and "complaint" calls are used interchangeably.

Staff documented a number of observations in listening to those 55 calls which are presented below:

- The calls were transferred to Allconnect without seeking customer consent.
- KCP&L/GMO indicated to customers they were being transferred to Allconnect to "assure the accuracy of their order." While Allconnect does provide a "Corrections File" to KCP&L/GMO indicating when customer information was placed into KCP&L's customer information system with errors, the responsibility for "ensuring accurate orders" belongs to KCP&L/GMO. Other utilities assume and perform these responsibilities sufficiently without engaging a non-regulated third-party. In addition, KCP&L/GMO informed Staff that the KCP&L/GMO data errors being found by Allconnect have been declining.<sup>23</sup>

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<sup>21</sup> File No. EO-2014-0306 Company DR Response No. 52.

<sup>22</sup> Company Informal Information Request Response to Question No. 2 and File No. EW-2013-0011 Company DR Response No. 89.

<sup>23</sup> Meeting involving Company, Allconnect, OPC and Staff – July 17, 2014 at KCP&L/GMO's Kansas City Headquarters.

- KCP&L/GMO indicated to customers they were being transferred so there would be “no delays in service and Allconnect would provide confirmation number” -- Allconnect has no responsibility for delays or timeliness of utility service.
- At least one customer was sold a service by a provider that did not do business in the customers’ location.<sup>24</sup>
- Lack of verbal confirmation number for KCP&L/GMO service being provided at the beginning of the Allconnect calls.
- Lack of confirmation number being provided at all, verbally or via email, on some Allconnect calls.
- Customers’ repeatedly indicating they needed to terminate the call because of call length while Allconnect continued to pursue sales.
- Sales pressure on what sounds like elderly customer who ultimately makes purchase after lengthy call, subsequently complains and calls back to cancel service.
- One customer repeatedly indicating “not ready to transfer cable” - Customer required to get assertive to terminate call – indicating her entire point of contacting KCP&L was to *only* get electric service.
- Repeated requests by customer to Allconnect customer representative to “slow down” speech. Regulated utility representatives are trained and coached in speech patterns.
- Staff has concerns that Allconnect may have “pushed” dish or satellite service over cable on a number of calls, particularly in apartment residences.
- Allconnect “split” services between two providers indicating cost savings to customer – Staff suspects a “bundled” package may have been less costly to customer.
- Allconnect customer service representatives were not heard asking KCP&L customers if they were interested in hearing about additional services Allconnect can offer – Allconnect moved into their sales presentation immediately without providing customer an opportunity to decline.
- The duration of the telephone conversations with Allconnect representatives generally exceeded (and usually substantially) the time customers spent on the phone

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<sup>24</sup> Customer in Kansas City, Mo. sold Cox Cable Services that were not offered in her geographic location.

with KCP&L customer service representatives to set up or transfer their electric service, the reason for the customer call.

Of these calls, one short, five minute recording of a customer named \*\* \_\_\_\_\_  
\_\_\_\_\_ \*\* most clearly and strongly supports Staff's concern that customers are being "forced" to be transferred to a non-regulated third-party telemarketing company representative and the procedure is detrimental to the service provided to those customers. In addition, the process violates Commission Rule 4 CSR 240-20.105(2)(C) by customer information being transferred to a non-regulated third-party telemarketing company without the customers' consent. The transfer is forced in that the KCP&L/GMO customer must be transferred to obtain his/her confirmation number and have his/her information for the start of service verified. A transcript of \*\* \_\_\_\_\_ \*\* call is presented in Attachment 4. The actual call recording is also available.

On August 26, 2014 Staff requested additional, but more current, recorded calls to listen to. Staff also selected additional escalated calls; 45 non-escalated along with 10 escalated. After review of more recent calls Staff found there is no material difference between the KCP&L/GMO customer representative and the Allconnect customer representative performances from the two different periods.<sup>25</sup>

#### **KCP&L CUSTOMER DATA TRANSFERRED TO ALLCONNECT**

KCP&L indicates, and copies of computer screen shots of Allconnect programs support, that customer data transferred to Allconnect computers include: customer name, customer identification number, address, electric start service date and a customer number identifier for confirmation.<sup>26</sup> It is Staff's understanding that the customer service order identification number is the confirmation number.<sup>27</sup> Allconnect subsequently attempts to get an e-mail address from KCP&L/GMO customers.<sup>28</sup>

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<sup>25</sup> File No. EO-2014-0306 Company DR Response Nos. 50 and 51.

<sup>26</sup> See footnote 1 above.

<sup>27</sup> File No. EW-2013-0011 Company DR Response No. 2 and meeting involving Company personnel, Allconnect, Staff and OPC at KCP&L/GMO on July 17, 2014 KCP&L/GMO's Kansas City Headquarters.

<sup>28</sup> File No. EO-2014-0306 Company DR Response Nos. 50 and 51.

The Allconnect call center scripts indicate that Allconnect customer service representatives tell KCP&L/GMO customers they will send the customer's confirmation by e-mail. Staff has expressed concern to KCP&L/GMO regarding the fact that customers should be provided a confirmation number of their service order at the time they place their service request and a turn-on date is scheduled. Further, Staff is aware of instances and has reviewed complaint documentation alleging that customers did not receive their confirmation number verbally or by e-mail.

KCP&L/GMO have provided information to Staff that approximately 2% of the customers do not receive a confirmation number from Allconnect because the confirmation number has not been sent by the KCP&L/GMO customer representative to Allconnect at the time the KCP&L/GMO customer's call was transferred. However, Staff believes the percentage of customers not receiving a confirmation number is larger as there are other instances where Allconnect did not provide a confirmation number either verbally or by e-mail when a confirmation number was in its possession. Therefore, the number of new or moving customers not receiving a confirmation number from Allconnect is unquantified. The Company provided the following response regarding Staff inquiry into how often its customers that are transferred to Allconnect do not receive a service confirmation number:

The process is for customers who reach Allconnect to receive their confirmation number verbally prior to the offer of additional products and services. There is not a way to track a percentage or number of times it happens without listening to every call they handle. Through our QA [Quality Assurance] process we find that the confirmation # [number] is offered up front the majority of the time.<sup>29</sup>

Service confirmation numbers may be particularly critical to customers renting their homes or apartments as they may be required by landlords prior to the customers being able to take possession. It is an appropriate customer service practice to provide the confirmation number verbally to the customer at the time of the service request rather than have a third-party marketer, unregulated or regulated, provide the confirmation number with no assurance that the confirmation number is ever actually provided to the customer. In addition, call recordings, such as these calls, demonstrate that not all customers are comfortable with or otherwise want to provide an e-mail address to an entity they do not know and/or did not call.

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<sup>29</sup> File No. EO-2014-0306 Company DR Response No. 48.

Further, Allconnect scripting shows that it is mandatory that all Allconnect customer service representatives tell each KCP&L/GMO customer that he/she “qualifies” for a Home Depot savings program that in reality every KCP&L/GMO customer qualifies for:

I show you qualify for our Savers Program which provides you with discount offers to help you save money during your move. The Savers Program includes: \* a 10% off coupon from The Home Depot Movers Club. You’ll receive these savings in your email inbox after we send your move information to them. The program is absolutely free and you can unsubscribe at any time. Would you like me to send these savings offers to your email?<sup>30</sup>

The indication by Allconnect to the customer that the customer may “unsubscribe at any time” implies the customer will be solicited again by Home Depot with other marketing information. As stated previously, KCP&L/GMO indicates that approximately 2% of the KCP&L/GMO customers transferred to Allconnect do not receive their regulated service confirmation number because the confirmation number failed to be successfully transferred by KCP&L to Allconnect. The total number of customers not receiving utility confirmation, however, is unquantified by KCP&L/GMO at this time.

**GPES’ CONTRACT WITH ALLCONNECT ON BEHALF OF KCP&L/GMO VIOLATES COMMISSION AFFILIATE TRANSACTIONS RULE 4 CSR 240-20.015(2)(C)**

4 CSR 240-20.015(2)(C) states, in part, as follows:

Specific customer information shall be made available to affiliated or unaffiliated entities only *upon consent of the customer* or as otherwise provided by law or commission rules or orders. . . .

As related by Staff in the material presented above regarding KCP&L/GMO’s use of the confirmation or no customer consent model of transferring customers and customer data to Allconnect, Staff concludes that KCP&L/GMO are violating 4 CSR 240-20.015(2)(C).

In response to Staff DR No. 3 in File No. EO-2014-0189, KCP&L/GMO’s Application for Approval of Cost Allocation Manuals, KCP&L responded as follows to Staff questions regarding 4 CSR 240-20.015(2)(C) requiring that KCP&L first obtain customer consent before customer information is made available by KCP&L to Allconnect:

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<sup>30</sup> File No. EO-2014-0306 Company DR Response No. 1.

KCP&L does not believe that the affiliate transaction rule applies to the transfer of information to non-affiliated entities. As set forth in the purpose section of the rule, the rule is intended to prevent regulated utilities from subsidizing their non-regulated operations. In order to accomplish this objective, the rule sets forth financial standards, evidentiary standards and record keeping requirements applicable to any commission regulated electrical corporations whenever such corporation participates in transactions with any affiliated entity.

KCP&L argues that its relationship with Allconnect is not an affiliated relationship even though the Allconnect Direct Transfer Service Agreement states that it is by and between Allconnect and GPES on behalf of itself and its affiliates KCP&L and GMO. Section 4 CSR 240-20.015(2)(C) has never been challenged. The clear intention of the rule is that customers must provide their consent before their information is transferred to any entity, affiliated or unaffiliated. Such new and moved customer information, is a valuable asset, valuable enough for Allconnect to pay KCP&L/GMO \*\* \_\_\_\_\_ \*\* for every single call transferred to it, merely to have the opportunity to “sell” those customers possibly needed services or material based on their present condition. Attachment 6, prepared by the Staff’s Counsel’s Office, provides a historical account of the development of the Commission’s Affiliate Transactions Rule and the adoption of the prohibition regarding the provision of customer information to affiliates and non-affiliates alike without customer consent, which was suggested by Union Electric Company, d/b/a Ameren UE/Ameren Missouri in the rulemaking process.<sup>31</sup>

The Staff is of the opinion that GPES is an affiliate of KCP&L/GMO. GPES is a separate and distinct corporate entity, registered as such with the Missouri Secretary of State and doing business in Missouri. (See Attachment 7). The Allconnect Direct Transfer Service Agreement is between GPES and Allconnect which makes the transaction an affiliated one as KCP&L/GMO are servicing the Allconnect contract on behalf of themselves and their affiliate, GPES.

Above Staff noted that it raised the matter of Allconnect in KCP&L/GMO’s CAM case. In surrebuttal testimony in File No. EO-2014-0189 KCP&L/GMO witness Darrin Ives stated that “[c]ustomer information is transferred to Allconnect by KCP&L and GMO in a manner that the Company believes is consistent with section [4 CSR 240-20.015(2)(C)] of the affiliate

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<sup>31</sup> See Attachment 6, paragraph at the bottom of page 3 and pages 4-5.

transaction rule.”<sup>32</sup> Mr. Ives provided as the basis for the preceding statement the following rationale:

Since before the affiliate transactions rule was enacted and continuing after enactment, the Company has been providing customer information to non-affiliated entities, such as bill collectors, in furtherance of providing regulated service offerings. The Company fully expects that many other utility companies in the state are similarly situated. The Company is unaware of any utility company in Missouri seeking approval of the Commission under the affiliate transactions rule to provide customer information to non-affiliated entities under such circumstances. Because of this past practice, the Company believes that under a common sense reading of the affiliate transactions rule[s], the limited customer information provided to Allconnect for regulated purposes does not violate the affiliated transactions rule. Furthermore, only after the customer consents to engage in transactions with Allconnect does Allconnect make use of the customer’s information for non-regulated purposes.<sup>33</sup>

In its April 25, 2014, Staff Motion For Investigation And Opening Of File No. For That Purpose, Staff itself noted the unintentional omission that it had not raised in the past the question that utilities should seek Commission authorization prior to transferring customer information to bad debts/accounts receivables companies for collection. Those calls relate to a prior or existing utility matter, they are not in the nature of the transfer of utility customers to a non-regulated third-party for the purpose of solicitation for future matters. Commission Rule 4 CSR 240-20.015(2)(C) seems to apply to the transfer of utility customer information to bad debts/accounts receivables companies, so this is a matter that Staff would appear to need to address with each utility under the Commission’s jurisdiction.

Proceeding with Mr. Ives’ response to Staff DR No. 24 in File No. EO-2014-0189, presumably the regulated purpose that Mr. Ives is asserting that Allconnect is making use of the customer information for is to check the accuracy of the information taken down by the KCP&L/GMO customer representative and providing the order number/confirmation number to the KCP&L/GMO customer. If providing the order number/confirmation number to the KCP&L/GMO customer is part of the regulated purpose of the call, why is it that the KCP&L/GMO customer representative does not provide the confirmation number to the

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<sup>32</sup> File No. EO-2014-0189 Company DR Response No. 24; File No. EO-2014-0189, Surrebuttal Testimony of Darrin R. Ives, p. 8, lines 4-6 (7/15/14).

<sup>33</sup> File No. EO-2014-0189 Company DR Response No. 24.

KCP&L/GMO customer? The reason is to keep the KCP&L/GMO customer on the call for the Allconnect solicitation. Staff is not aware of any utilities regulated by this Commission other than KCP&L/GMO that apparently believe they have such poor internal quality control regarding the intake of customer information that they must seek help from a third party

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<sup>34</sup> File No. EW-2013-0011 Company DR Response No. 71, Allconnect Direct Transfer Service Agreement, p. 1, “Definitions” section, p. 1.

<sup>35</sup> *Ibid*, at 2.



**KCP&L/GMO'S TRANSFER OF CUSTOMER INFORMATION TO ALLCONNECT WITHOUT COMMISSION AUTHORIZATION VIOLATES SECTION 393.190.1 RSMo 2000**

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<sup>38</sup> File No. EW-2013-0011 Company DR Response No. 71, Allconnect Direct Transfer Service Agreement, p. 1, Definitions, Customer Data.

KCP&L/GMO should have first obtained the Commission's authorization before engaging in the Allconnect Direct Transfer Service Agreement. (See Attachment 6, page 7.) Pursuant to Section 393.190.1 RSMo. 2000, in part:

No gas corporation, electrical corporation, water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system, or franchises, or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do. Every such sale, assignment, lease, transfer, mortgage, disposition, encumbrance, merger or consolidation made other than in accordance with the order of the commission authorizing same shall be void. . . .

#### **KCP&L'S UTILIZATION OF ALLCONNECT, INC.**

The Company has indicated it has several motivations to contract with Allconnect respecting calls of new and moving electric customers. In response to Staff informal DR No. 7 that was sent to KCP&L/GMO on May 6, 2013, KCP&L/GMO indicated that its rationale for engaging the services of Allconnect was to increase customer satisfaction, margin opportunities and sales channels for other utility products.

In addition to a sum of \*\* \_\_\_\_\_ \*\* as a contribution for KCP&L/GMO's training costs and other operation and maintenance implementation expenses, the Allconnect Direct Transfer Service Agreement (Attachment 2) indicates it will pay to KCP&L/GMO, \*\* \_\_\_\_\_ \*\* for every transferred customer call.<sup>39</sup> The "no customer consent" model that KCP&L uses to transfer calls to Allconnect maximizes the revenue coming to KCP&L/GMO as all new and moving residential customers are transferred to Allconnect and KCP&L/GMO are paid for every transferred call, whether or not the customer purchases Allconnect services. Also, KCP&L/GMO receive from Allconnect \*\* \_\_\_\_\_

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<sup>39</sup> File No. EW-2013-0011 Company DR Response No. 71, Allconnect Direct Transfer Service Agreement, Exhibit B – Fees to KCP&L, and First Amendment To Allconnect Direct Transfer Service Agreement.

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KCP&L/GMO do not record the \*\* \_\_\_\_\_ \*\* per transferred call revenue as a reduction to its regulated costs to serve its customers. This revenue is recorded outside KCP&L/GMO's regulated costs to serve its customers and provides no value to its regulated operations for the customer information transferred to Allconnect. In other words, revenue generated solely by the regulated utility and its regulated electric customers does not benefit the regulated utility.

The number of KCP&L/GMO new and transferred customer calls to Allconnect from June 18, 2013, to March 2014\* is:

June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2013	2013	2013	2013	2013	2013	2013	2014	2014	2014
** _____	_____	_____	_____	_____	_____	_____	_____	_____	_____ **

\*Numbers includes Missouri and Kansas customer calls.

## “CONFIRMATION MODEL” VERSUS “TRANSFER MODEL”

As expressed previously, there are two types of call-transfer models that KCP&L/GMO could utilize to transfer customer calls to Allconnect. These models are known as the “transfer model” and “confirmation model.” KCP&L/GMO uses the confirmation model which it stated is “designed to maximize the number of customers that take advantage of the program with minimal talk time to the utility company. . . . savings offers are given to the customer even if they don’t make home service purchases.”<sup>41</sup> The Company also indicated that it believes this model has a greater impact on the overall customer satisfaction improvement for the utility as it allows Allconnect to speak with more customers. The Company related that the transfer model puts more of the effort on the utility agent to explain the details of the Allconnect program and

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<sup>41</sup> *Ibid*, at First Amendment To Allconnect Direct Transfer Service Agreement, Terms And Conditions, paragraph 1, last sentence.

<sup>41</sup> File No. EW-2013-0011 Company DR Response No. 12.

have a discussion with the customers on their desire to take advantage of additional home services through Allconnect. KCP&L/GMO stated “[t]his model allows Allconnect to speak with fewer customers. It has a good impact on customer service, but the transfer rate to Allconnect is lower and we help fewer customers.”<sup>42</sup> Further, in a meeting occurring on July 17, 2014, among Allconnect, KCP&L/GMO, Staff and the Office of the Public Counsel (“OPC”), the Company indicated that fewer customers would allow their calls to be transferred to Allconnect if their consent was required than if not.

The Company has indicated that by allowing Allconnect to speak with more of its customers, the confirmation model provides greater impact on overall customer satisfaction improvement. KCP&L/GMO reported to Staff that its surveying showed that 42% of KCP&L/GMO customers said that their experience with the Allconnect customer representative did not impact their opinion of KCP&L overall and 14% of KCP&L/GMO customers stated that their contact with the Allconnect customer representative actually negatively impacted their opinion of KCP&L overall.<sup>43</sup> Company executives stated to Staff in the aforementioned July 17, 2014, meeting with Allconnect, Company, OPC, and Staff that KCP&L/GMO was not satisfied with a percentage of even 12% of customers having a negative perception of KCP&L based upon their contact with an Allconnect customer representative.

In Staff’s opinion, a significant over-arching motivation for not permitting KCP&L and GMO customers the option of providing their consent prior to being transferred to Allconnect is financially motivated to increase revenues provided to its owning holding company, Great Plains Energy (“GPE”). Staff is aware that KCP&L and GMO charge their customers rates that include all the costs necessary to provide their customers the ability to complete a new or transfer of service request. KCP&L and GMO customers are paying rates that provide for confirmation and affirmation of service requests of new and moving customers in their initial call without the delay and marketing activities inherent in the Allconnect transfer. The primary purpose of the call transfer is to subject customers new to the service territory and customers moving to a different address within the service territory to a designated third-party sales company (Allconnect) offering services the utility customers may or may not want or need at terms that may be less attractive than if the customer contacted the actual service providing entity directly.

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<sup>42</sup> *Ibid.*

<sup>43</sup> File No. EO-2014-0306 Company DR Response No. 47.

The Company's financial motivation to engage with Allconnect by using the "confirmation" or "no customer consent" model is evident in a presentation made at a KCP&L Senior Leadership Team Meeting on January 19, 2013. The hardcopy of the presentation is weighted with the financial opportunities it indicates Allconnect presents to KCP&L/GMO's non-regulated operations with much less mention of its risks to or satisfaction of regulated customers. The primary focus of the presentation addresses "Financial and Regulatory Implications" including a projection of positive non-regulated revenue and earnings impact.<sup>44</sup> The Allconnect Program - Senior Leadership Team Meeting - January 19, 2013, presentation is presented in this Report in Attachment 3.

KCP&L previously used the transfer model, which requires customers consent prior to their call being transferred to Allconnect, from 2005 to 2007. KCP&L characterized this prior relationship with Allconnect as "unsuccessful." KCP&L indicates customers made inquiries of KCP&L call center representatives regarding Allconnect and its service providers that representatives could not answer prior to customer calls being transferred to Allconnect. Such customer inquiries caused call times to be "elongated."<sup>45</sup> Such dissatisfaction with the prior transfer model was identified in the January 19, 2013, Senior Leadership Team Meeting and indicated on pages 4 and 5 of the hardcopy presentation. The Company also responded that there were complaints about overly-aggressive Allconnect sales people and the company had experienced issues when customers did not receive gift cards promised from Allconnect.<sup>46</sup>

### **KCP&L/GMO CUSTOMERS' PURCHASES OF ALLCONNECT SERVICES**

The Staff reviewed the "conversion" rates on Allconnect monthly activity reports that it provides to KCP&L. The conversion rates are defined as the percent of customers who bought at least one product (home phone, internet, television, and/or home-security) from Allconnect. For the same ten-month period presented earlier in this report (June 2013 – March 2014), Staff found a range of percentages of which customers bought at least one Allconnect service from the low of 32.3% to the high of 34.3%, meaning 65.7% to 67.6% of KCP&L/GMO customers who were told they were being transferred in order to receive their confirmation number and/or have their

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<sup>44</sup> File No. EW-2013-0011 Company DR Response No. 45.

<sup>45</sup> File No. EW-2013-0011 Company DR Response No. 13.

<sup>46</sup> File No. EO-2014-0306 Company DR Response No. 54.

service information confirmed and to be assisted with other services, did not buy the other services with which they were to be assisted. Not only are KCP&L/GMO customers placed in a situation where they believe they “must” be transferred in order to receive a confirmation number and verification of the information they just provided, they are exposed without their consent, and in some cases unexpectedly, to solicitation for the purchase of products and services they may or may not want, at prices that may or may not be the best or most competitive price available, and ultimately and overwhelmingly they do not buy.

#### **CUSTOMER SATISFACTION AND DISSATISFACTION WITH ALLCONNECT – COMMISSION RULE 4 CSR 240-13.040(2)(A)**

KCP&L/GMO have indicated that increasing customer satisfaction was an important consideration in its decision to contract with Allconnect using the confirmation model instead of the transfer model.<sup>47</sup> Staff has sought to understand how KCP&L/GMO and Allconnect determine and measure the satisfaction of KCP&L/GMO customers after their calls have been transferred to Allconnect without requesting their consent.

There are \*\* \_\_ \*\* survey processes used to measure customer satisfaction with the Allconnect transfer process and each is conducted independently of the other. One survey process includes Allconnect submitting customer e-mail addresses to a surveying entity called \*\* \_\_\_\_ \*\*. \*\* \_\_\_\_ \*\* then sends a survey by e-mail to all customers that provided an e-mail address, separated between buyers and non-buyers from Allconnect. Reports to KCP&L/GMO from Allconnect indicate that Allconnect receives e-mail addresses from approximately \*\* \_\_\_\_ \*\* of the KCP&L/GMO customers and from that percentage receives back answered surveys from approximately \*\* \_\_\_\_ \*\*. Allconnect indicated that typically the respondents are \*\* \_\_ \*\* from individuals who purchased a service and \*\* \_\_ \*\* from individuals who did not purchase a service.<sup>48</sup> While some customers may not have an e-mail address to provide, undoubtedly some may have an e-mail address but do not want to provide it possibly because they do not want to be sent sales material electronically:

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<sup>47</sup> Company Informal Information Request Response to Question No. 7 and File No. EW-2013-0011 Company DR Response No. 13.

<sup>48</sup> File No. EW-2013-0011 Company DR Response No. 53.

If I have to send my e-mail to KCP&L or Missouri Gas or something that's fine but I don't want Home Depot and U-Haul and all these people getting my e-mail. (See Attachment 4, the \*\* \_\_\_\_\_ \*\* transcript)

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\_\_\_\_\_ \*\* The last metric is of particular interest and concern to Staff as the survey question from Allconnect to measure this factor is skewed in favor of favorable responses.<sup>49</sup> \*\* \_\_\_\_\_  
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\_\_\_\_\_ \*\* Data obtained from the question above is used to provide KCP&L/GMO affirmation that its customers have an improved perception of KCP&L/GMO because of Allconnect. A response or "score" relating to any of the top three bullets is "positive" feedback to KCP&L/GMO. The very wording of the question itself makes it a leading question. "How much did this improve your impression/perception of your utility provider?" Allconnect and KCP&L/GMO have every incentive to portray customers

<sup>49</sup> File No EW-2013-0011 Company DR Response No. 75.

as having an improved perception of the utility in order to ensure the Allconnect “confirmation model” – KCP&L/GMO relationship is legitimized.

Staff recently learned<sup>50</sup> that KCP&L/GMO have its own customer survey process that attempts to determine whether customers perceive the Allconnect transfer to be a positive or negative experience. KCP&L/GMO representatives have indicated that the survey was developed by a company called “Radius.” Radius survey results concluded 14% of KCP&L/GMO customers found the Allconnect transfer to be a “negative” experience and KCP&L/GMO verbally indicated that it was not satisfied or comfortable with this finding.<sup>51</sup>

Staff also questions other aspects of the quarterly “score card” reporting provided to KCP&L/GMO from Allconnect. One of the most significant areas of Staff’s concern is Allconnect’s report to KCP&L/GMO that there have not been any, to date, “Allconnect Pushy Representatives or Bad Call Experiences.” Escalated complaint records reviewed by Staff documented numerous statements from customers specifically indicating “pushy” Allconnect sales personnel behavior. Staff has listened to numerous Allconnect customer representative calls where “pushy” presentations, proposals or offers were heard. Allconnect customer representatives are trained and scored on their ability to “rebut” customer objections<sup>52</sup> which clearly means “no does not mean no” for Allconnect customer representatives. Attachment 5 provides two customer e-mails to KCP&L/GMO indicating “pushy” behavior on the part of Allconnect customer representatives. Staff’s finding that Allconnect’s evaluation of its own performance reported to KCP&L/GMO is questionable and inaccurate leads Staff to conclude KCP&L/GMO should not rely upon the information Allconnect is providing KCP&L/GMO regarding KCP&L/GMO’s regulated customers.

A customer can call or e-mail KCP&L/GMO or Allconnect directly with a complaint/escalation or inquiry regarding the Allconnect portion of a service connection phone call. When KCP&L/GMO receives a contact by phone or e-mail from a customer regarding the Allconnect portion of a service connection phone call, a summary is e-mailed to KCP&L/GMO’s Escalations Team. As part of the customer escalation/complaint process, the KCP&L/GMO

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<sup>50</sup> July 17, 2014 Meeting involving KCP&L/GMO, Allconnect, OPC and Staff at KCP&L/GMO’s Kansas City Headquarters, File No. EO-2014-0306 Company DR Response No. 47 VOC Study.

<sup>51</sup> File No. EO-2014-0306 Company DR Response No. 47.

<sup>52</sup> File No. EW-2013-0011 Company DR Response No. 29, “The New QA Guideline 2012.”



Escalations Team listens to the KCP&L/GMO side of the call, verifies that customer data was transferred and determines the date and time of the call. The data is entered into an Escalations Form and then sent to Allconnect via e-mail. An e-mail receipt is sent to KCP&L/GMO from Allconnect within four business hours.

The escalation is then researched by a Resolution Specialist at Allconnect which includes reviewing the Allconnect customer representative side of the call, product order, system information, etc. Allconnect contacts the KCP&L/GMO customer with a resolution/apology; if unable to reach the KCP&L/GMO customer, Allconnect leaves a message. Allconnect completes the Escalation Complaint form with findings, root cause, resolution and customer contact information. Allconnect replies to KCP&L/GMO with the completed Escalation Form within 48 business hours of receipt.<sup>53</sup> KCP&L/GMO leaves the great majority of the investigation and resolution of the complaint/escalation or inquiry to Allconnect.

Even the Customer Complaint Data form verifies KCP&L's limited assumed responsibility to investigate complaints respecting Allconnect. KCP&L verbally communicated to the Staff that it does not audit Allconnect including the resolutions or root causes assigned by Allconnect regarding its investigation of customer complaints. KCP&L is responsible for the entry of the customer's name, address, date of report, issue / complaint details while Allconnect is responsible for the actual complaint investigation: the findings, the root cause, the resolution and the important follow-up customer contact.<sup>54</sup> The Staff believes that KCP&L/GMO under Commission Rule 4 CSR 240-13.040(2)(A) solely bares the responsibility for investigating the complaints made by its regulated electric customers. KCP&L/GMO's "hand-off" of its customers' complaints to Allconnect is a practice that is of significant concern to the Staff.

Customer complaint data including complaint numbers must be reviewed with the understanding that the absence or low number of customer complaints may not be indicative of overall customer satisfaction. Much authoritative documentation exists that concludes many dissatisfied customers will not complain. Some statistics indicate that for every one customer who expresses a complaint 26 others share the complaint but do not voice their concern.<sup>55</sup> The

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<sup>53</sup> File No. EW-2013-0011 Company DR Response No. 17.

<sup>54</sup> File No. EO-2014-0306 Company DR Response No. 26.

<sup>55</sup> Book: "A Complaint is a Gift," Authors: Janelle Barlow and Claus Miller, Second Edition (1996), pg. 100.

Missouri Public Service Commission Consumer Services Department has received one KCP&L customer complaint regarding Allconnect, and that has occurred recently.

### **KCP&L/GMO’S REVIEW OF OTHER UTILITIES USING ALLCONNECT**

KCP&L/GMO referenced in its August 15, 2013 presentation to Staff at page 2 that one of two factors in the decision to move forward with its relationship with Allconnect was “current utility partners were “very satisfied with partnership.”

KCP&L/GMO’s “research performed” included experiences of other utilities; Ameren Missouri, Xcel Energy and NIPSCO.<sup>56</sup> On November 14, 16, and 19, 2012, the Company contacted AmerenUE, NIPSCO and Xcel Energy.<sup>57</sup> On October 2, 2012, one month prior to the research performed by KCP&L, Dwight Scruggs with Allconnect corresponded with KCP&L, via email, discussing the target launch date of March/April 2013 as well as sending KCP&L the updated agreement by October 19, 2012.<sup>58</sup>

AmerenUE originally used the confirmation model, later switching to the transfer model. At the time of the August 15, 2013, presentation to Staff, Ameren Missouri had discontinued its relationship with Allconnect.

Staff spoke with Ameren Missouri representatives on at least two occasions regarding its relationship with Allconnect including conversations on May 6, 2013, and August 28, 2014. AmerenUE began using Allconnect in the 2004 time period and members of the Staff had been informed at that time of Allconnect’s relationship with AmerenUE. Staff did not contemplate the potential ramifications to customer service quality to pursue an investigation at that time.

### **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION’S STAFF COMPLAINT AGAINST PUGET SOUND ENERGY**

During Staff’s review of the Allconnect program with GPES and KCP&L/GMO, Puget Sound Energy (“PSE”) in Washington State (“Washington”) was noted as having had a partnership with Allconnect to an extent similar to the Allconnect Direct Transfer Service

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<sup>56</sup> Company’s Response to Informal Inquiry sent by Staff May 6, 2014.

<sup>57</sup> File No. EW-2013-0011 Company DR Response No. 47.

<sup>58</sup> File No. EW-2013-0011 Company DR Response Nos. 45, 46, and 47A.

Agreement. Allconnect paid PSE for the number of customers transferred, how many signed on for new services, and how much Allconnect made.

The Washington Utilities and Transportation Commission (Washington Commission) in September 2001 adopted electric and gas rules protecting customers from the release of information. The rules became effective in October 2001 and PSE began its program with Allconnect in November 2001. PSE actively participated in the rulemaking proceeding that resulted in these two disclosure of information rules. WAC 480-100-153 provides, in part, that:

(1) An electric utility may not disclose or sell private consumer information with or to its affiliates, subsidiaries, or any other third party for the purposes of marketing services or product offerings to a customer who does not already subscribe to that service or product, unless the utility has first obtained the customer's written or electronic permission to do so.

(2) Private consumer information includes the customer's name, address, telephone number, and any other personally identifying information, as well as information related to the quantity, technical configuration, type, destination, and amount of use of service or products subscribed to by a customer of a regulated utility that is available to the utility solely by virtue of the customer-utility relationship.

Under the PSE program called “PSE Connections,” when a new or change of service customer called PSE to establish or change service, PSE would process the request and then possibly transfer the call to Allconnect to (a) confirm the service order and the information the customer provided to PSE and (b) market the services of third-party providers to the customer. Depending on the customer’s response to PSE’s script option, PSE would or would not electronically transfer the customer and the customer’s name, address, service start date, and a product order number to Allconnect. From 2001 to October, 2005 under all three PSE script options, PSE customers were able to opt out before their calls were transferred to Allconnect. However, in October 2005, PSE changed the scripts and only one script allowed the customer to decline the service confirmation orally on the call. Thus, beginning in October 2005, in all but one of the scripts, customers were told they were being transferred to “confirm your service.” Still none of the scripts asked for oral or written permission to transfer the customer’s name, address, service start date, and a product order number to an Allconnect data base. With the introduction of the new scripts in October 2005, the number of PSE customer calls transferred per month, doubled and in some months tripled compared to the comparable month the prior year.

The Washington Commission Staff began investigating the PSE-Allconnect program in March 2006 and PSE suspended the program pending completion of the investigation. PSE, the Washington Commission Staff, and OPC entered into a Settlement Agreement in December 2006, which is Appendix A to the Washington Commission’s January 22, 2007, *Order Accepting Settlement Agreement Subject To Condition* in Docket U-061239, Order 02, which Settlement Agreement states, in part, in ¶¶ 15, 16, 17, 22, and 23 at pages 3-4:

PSE admits to violating WAC 480-90-153 or WAC 480-100-153 a total of 65,260 times, representing the number of customer calls transferred during the operation of the PSE Connections program from November 2001 to March 2006.

The Parties agree that PSE will pay a penalty totaling \$900,000 . . . .

Furthermore, PSE agrees to donate an additional \$95,000 . . . to PSE’s Warm Home Fund. . . .

\* \* \* \*

PSE agrees that it will not seek recovery through rates of the penalties, donations, or other costs paid pursuant to any provision of this Agreement.

Finally, PSE agrees to permanently discontinue the PSE Connections program.

The Washington Commission stated, in part, in ¶¶ 32, 33, and 35 at page 8 of its *Order Accepting Settlement Agreement Subject To Condition* as follows:

Here we conclude that PSE intentionally violated the rule as part of a corporate decision to sell its customers’ private information for financial gain.

. . . There is no factual dispute that that the Company was aware this promotion was wrong and violated the recently-adopted rules. However, Commission Staff notes, PSE’s actions are mitigated, “by the fact that PSE voluntarily suspended the PSE Connections program as soon as Staff contacted the company to request information on the program.” [Footnote omitted].

\* \* \* \*

. . . We particularly consider PSE’s cooperation and its willingness to accept a substantial penalty as factors favoring the settlement.

## STAFF’S FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

- KCP&L/GMO withholds from new KCP&L/GMO customers and existing KCP&L/GMO customers moving within the KCP&L/GMO service territory their confirmation number respecting the initiation of service at the new address in order to transfer customer calls to an Allconnect, Inc. customer representative;

KCP&L/GMO is paid \*\* \_\_\_\_\_ \*\* for every call transferred. Customers are instructed that their calls “will be transferred” to Allconnect “to verify the accuracy of their order” or for verification of their customer information and to be provided a confirmation number. Customers are provided no indication that they have the option to or may decline such transfer and scant identification of who they are being transferred to. Customers hear a recorded message: “Your information is processing, please hold for your confirmation. Your call may be recorded for quality purposes.”<sup>59</sup>

- The “forced” transfer of customer calls is detrimental to the regulated utility service such customers are entitled to receive, for which they pay and for which they can obtain from no other electric utility provider. KCP&L/GMO practices do not promote the public interest nor protect those customers using electricity from unwanted marketing activities, transfer of their customer data and “selling” of their unique and fortuitous circumstances of relocation. Relevant statutory sections include:
- Pursuant to Section 393.140(2) RSMo. 2000, the Commission shall examine or investigate the methods employed by persons or corporations manufacturing, distributing and supplying electricity for light, heat or power and in transmitting the same and has power to order such reasonable improvements as will best promote the public interest, preserve the public health, and protect those using such electricity system and those employed in the manufacture and distribution thereof, and have power to order reasonable improvements and extensions of the works, wires, poles, pipes, lines, conduits, ducts and other reasonable devices, apparatus and property of electrical corporations. Section 393.270.2 RSMo. 2000 provides, in part, that after a hearing and after such investigation as shall have been made by the Commission or its officers, agents, examiners or inspectors, the Commission within lawful limits may order such improvement in the manufacture, transmission or supply of electricity, or in the methods employed by such persons or corporation as will in the Commission’s judgment be adequate, just and reasonable,
- Pursuant to Section 393.140(1) RSMo. 2000, the Commission shall have general supervision of all electrical corporations for the purpose of having authority under any special or general law or under any charter or franchise to lay down, erect or maintain wires, pipes, conduits, ducts or other fixtures in, over or under the streets, highways and public places of any municipality, for the purpose of furnishing or transmitting electricity for light, heat or power, or maintaining underground conduits or ducts for

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<sup>59</sup> File No. EO-2014-0306 Data Request (DR) Responses Nos. 50 and 51, the KCP&L/GMO calls provided to Staff on CD, scripted recording to KCP&L/GMO customers while holding for transfer to Allconnect, after KCP&L service representative left the line.

electrical conductors, and all electric plants, owned, leased or operated by any electrical corporation.

- Pursuant to Section 386.040 RSMo. 2000, the Commission is vested and possessed of the powers and duties in this chapter<sup>60</sup> specified, and also all powers necessary or proper to carry out fully and effectually all the purposes of this chapter. Section 386.250(7) RSMo. 2000 provides that the jurisdiction, supervision, powers and duties of the Commission shall extend under this chapter to such other and further extent, and to all such other and additional matters and things, and in such further respects as may herein appear, either expressly or impliedly.
- KCP&L/GMO withholds important information (confirmation number) from their customers such that they are being transferred to a non-regulated third-party marketing company (Allconnect) that will attempt to sell them non-regulated services. The non-regulated, non-utility services that are promoted to KCP&L/GMO customers may or may not be in the customer's best interest.
- KCP&L/GMO instructs customers that they *need* to hold for the transfer in order to complete their service request, to possibly avoid delays in service, and receive confirmation and/or "proof" that they will receive the regulated electric utility service they are requesting. KCP&L's web-site further refers to Allconnect as "KCP&L's Allconnect" with the implication that Allconnect is an "extension" of the Company (See Attachment 1).
- 2% of all confirmation numbers generated by KCP&L/GMO fail to transfer to Allconnect at the time the corresponding customer calls are transferred, resulting in those 2% of KCP&L/GMO customers being unable to be provided with a confirmation number. Receipt of such confirmation is the very reason KCP&L tells customers their call will be transferred to Allconnect. The total percentage of customers failing to receive a confirmation number is higher than 2% but unquantified by either KCP&L or Allconnect.<sup>61</sup>
- (2% of \*\* \_\_\_\_\_ \*\* customers transferred to Allconnect between June 2013 and March 2014 is \*\* \_\_\_\_\_ \*\* [which includes Missouri and Kansas customers] and of which the total number of customers not receiving confirmation is greater.)
- KCP&L/GMO are transferring service quality responsibilities to Allconnect which, by Commission Rule 4 CSR 240-13.040(2)(A), KCP&L/GMO are required to provide:

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<sup>60</sup> Reference to "chapter" is taken from RSMo. 1939 and includes all of Chapter 386, Sections 393.110 to 393.290, and portions of Chapters 387, 389, 390, 391 and 392.

<sup>61</sup> File No EO-2014-0306 Company DR Response Nos. 34 and 48.

At all times during normal business hours qualified personnel shall be available and prepared to receive and respond to all customer inquiries, service requests, safety concerns and complaints.

- Customer information, customer identification number, customer name, service address, service commencement date, and service confirmation number,<sup>62</sup> is transferred, without customers' consent and as indicated later is a direct violation of Commission Rule 4CSR 240-20.015 Affiliate Transactions paragraph (2)(C). Besides the information transferred by KCP&L/GMO to Allconnect without the customers' consent the Allconnect representative attempts to obtain additional information from the KCP&L/GMO customer.

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<sup>62</sup> Beside the Allconnect Direct Transfer Service Agreement setting out in its "Definitions" section what customer data is to be transferred from KCP&L/GMO to Allconnect, and a KCP&L/GMO handout at a presentation in 2013 identifying this information, KCP&L/GMO identified this information in response to different Staff Data Requests in different contexts in different cases. The Staff has not received a consistent response although the customer data transferred appears to be consistent. The Allconnect Direct Transfer Service Agreement, executed 5/6/2013, page 1, defines "Customer Data" as "the Transferred Customer's data transferred by KCP&L to Allconnect, which will include name, service address, email address, KCP&L service commencement date, and Unique Customer Identifier." Apparently, the KCP&L/GMO customer representative does not transfer an e-mail address to Allconnect, but the Allconnect representative does attempt to obtain an e-mail address from the new or moving KCP&L/GMO customer. In response to Staff Data Request No. 1 in File No. EW-2013-0011, asking for a copy of all Allconnect script(s) that Allconnect customer representatives have used and are currently using when KCP&L/GMO customers are transferred to them by KCP&L/GMO customer representatives, KCP&L/GMO responded with multiple Allconnect computer screen shots containing the Allconnect script and showing, the customer identification number, customer order number, customer name, service address, and start service date. In response to Staff Data Request No. 2 in File No. EW-2013-0011, asking for a computer screen shot of the customer information which KCP&L/GMO provides to Allconnect, KCP&L/GMO responded that the information which goes from KCP&L/GMO to Allconnect is customer name, address, electric start date and customer number identifier for confirmation. In response to Staff Data Request No. 17 in File No. EO-2014-0306, which asked please provide a list of each specific item of customer data transferred to Allconnect as presented in the KCP&L/GMO response to Staff Data Request No. 53 in EW-2013-0011, KCP&L-GMO responded as follows: Service Order ID; First\_name; Last\_Name; Service\_address; Street\_line1; Street\_line2; City\_Name; State\_Code; Zip Code; Best\_Contact\_Number; Requested\_Start\_Date. Staff Data Request No. 3.0, in File No. EO-2014-0189, as followed up by Staff Data Request No. 3.1, asked, in part, what specific information by type/category does KCP&L/GMO provide to Allconnect. KCP&L/GMO responded: "The following listing includes the customer information that is provided to AllConnect: Service Order ID, First\_name, Last\_name, Service\_address, Street\_Line 1, Street\_Line 2, City\_Name, State\_Code, Zip\_Code, Best\_Contact\_Number, Requested\_Start\_Date, Specialist\_ID, and Account Number." Apparently, the KCP&L/GMO customer representative does not transfer a Best Contact Number. The handout distributed by KCP&L representatives at the August 15, 2013 KCP&L presentation to Staff at the Commission's offices in Jefferson City shows, at page 3, as follows regarding the information that goes from KCP&L/GMO to Allconnect: Customer Data: Turn On via phone - Elements sent to Allconnect: Account number, customer name, service address, start date of service, CSR ID and service order ID.

"Customer information" in some contexts is referred to as "personally identifiable information" and the scope of the information covered depends upon the value, sensitivity, confidentiality, privilege, etc. of the information or individuals involved. In Missouri, "personal information," under Section 407.1500.1(9) Cum.Supp. 2013 includes an individual's first name and or first initial and last name in combination with any one or more of the following data elements: social security number, driver's license number, numbers that would permit access to an individual's financial account, medical information, or health insurance information.

- Customer information transferred from KCP&L/GMO to Allconnect is part of KCP&L/GMO's works or system necessary or useful in the performance of KCP&L/GMO's duties to the public. Therefore, under Section 393.190.1 RSMo. 2000, KCP&L/GMO should have first obtained the Commission's authorization before engaging in the Allconnect Direct Transfer Service Agreement.
  - Pursuant to Section 393.190.1 RSMo. 2000, no gas corporation, electrical corporation, water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system, or franchises, or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do. Every such sale, assignment, lease, transfer, mortgage, disposition, encumbrance, merger or consolidation made other than in accordance with the order of the commission authorizing same shall be void. . . .
- Allconnect employees provide transferred KCP&L/GMO customer information with additional non-regulated third-party service providers such as The Home Depot, Inc., ("Home Depot"). A recent breach in Home Depot's customer information, which would not have directly involved the KCP&L/GMO information, raises additional concerns regarding the protection afforded transferred customer information.
- KCP&L/GMO's control over protecting customer data ends with the transfer of the regulated customer call to Allconnect at which time the regulated customer becomes a joint customer of Allconnect and KCP&L/GMO without the customers' knowledge or consent.<sup>63</sup> Once a regulated customer becomes a joint customer that customer falls under the terms and conditions of Allconnect's Privacy Policy.
- Customers are unnecessarily and without their consent, exposed to sales, marketing, and solicitation practices with a non-regulated third-party marketing company as well as non-regulated service provider clients of that company, such as Home Depot. Some customers have complained having received unwanted solicitations from other providers by e-mail requesting customers to buy additional services after being transferred to Allconnect.<sup>64</sup>
- Allconnect does not and cannot offer customers a complete list of service providers for the home services it is offering.<sup>65</sup>

<sup>63</sup> File No. EW-2013-0011, page 4, section 6.1 of Allconnect Direct Transfer Service Agreement, Company DR Response No. 71.

<sup>64</sup> File No. EW-2013-0011 Company DR Response No. 87, specifically customers \*\* \_\_\_\_\_ \*\* and \*\* \_\_\_\_\_ \*\*

<sup>65</sup> File No EO-2014-0306 Company DR Response No. 32.



- Allconnect representatives are trained and evaluated on their ability to “rebut” customer objections to Allconnect representatives’ sales pitch.<sup>66</sup> “No” expressed by KCP&L/GMO customers does not mean “no” for Allconnect representatives.
- KCP&L/GMO do not take “ownership and responsibility” for investigating and handling complaints from its customers regarding difficulties they experience with Allconnect.<sup>67</sup>
- Allconnect performance “Scorecards” regarding customer experience present inaccurate and/or distorted conclusions regarding documented customer complaints of “pushy” or “aggressive” Allconnect sales personnel. Specific customer examples include call recordings and e-mail communication by \*\* \_\_\_\_\_ \*\* and \*\* \_\_\_\_\_ \*\*. <sup>68</sup>
- KCP&L/GMO have not effectively monitored the performance of Allconnect’s interactions with KCP&L/GMO’s customers; KCP&L/GMO do not maintain control of services that KCP&L/GMO are responsible for and are paid to provide through customer rates.<sup>69</sup> KCP&L/GMO are not ultimately following-up with their own customers and are instead deferring to Allconnect to resolve customer complaints.
- In response to a survey, 14% of KCP&L/GMO customers state that their experience with Allconnect negatively impacted their opinion of KCP&L/GMO overall.<sup>70</sup> The Company verbally indicated to Staff that it was not satisfied with such a rate of negative customer perceptions of the Company’s non-regulated business relationship with Allconnect.<sup>71</sup> (42% of those surveyed indicated that their experience with the Allconnect Agent did not impact their opinion of KCP&L overall and 43% of the KCP&L/GMO customers surveyed indicated that the Allconnect experience positively influenced their opinion of KCP&L/GMO overall. 1% did not know how their experience with Allconnect impacted their perception of KCP&L/GMO).<sup>72</sup>

<sup>66</sup> File No. EW-2013-0011 Company DR Response No. 29, page 5 of the “New QA Guideline 2012.”

<sup>67</sup> File No. EO-2014-0306 Company DR Response Nos. 24 and 26.

<sup>68</sup> File No. EO-2014-0306 CompanyDR Response No. 22 and File No. EW-2013-0011 Company DR Response Nos. 87 and 88.

<sup>69</sup> File No. EW-2013-0011 Company DR Response Nos. 87 and 12, Meeting Involving Company, Staff and OPC on July 17th, 2014 at the Company’s Kansas City Headquarters.

<sup>70</sup> File No. EO-2014-0306 Company DR Response No. 47.

<sup>71</sup> Meeting Involving Company, Staff and OPC on July 17th, 2014 at the Company’s Kansas City Headquarters.

<sup>72</sup> File No. EO-2014-0306 Company DR Response No. 47.

- The utilization of Allconnect is in violation of Missouri Public Service Commission Affiliate Transactions Rule, 4 CSR 240-20.015(2)(C) which requires that:
  - **Specific customer information shall be made available to affiliated or unaffiliated entities only upon consent of the customer or otherwise provided by law or Commission rules or orders.** General or aggregated customer information shall be made available to affiliated or unaffiliated entities upon similar terms and conditions. The regulated electrical corporation may set reasonable charges for costs incurred in producing customer information. Customer information includes information provided to the regulated utility by affiliated or unaffiliated entities. [Emphasis added.]
- The transfer of customer data to Allconnect occurs in conjunction with a contract between Great Plains Energy Services Incorporated (“GPES”) and Allconnect. GPES is an affiliate of KCP&L and GMO. KCP&L and GMO are not separate signatories to this contract. GPES indicates that GPES signs “on behalf of itself and its affiliates referenced herein.”
- GPES has no agreement with KCP&L or GMO authorizing GPES to sign contracts on their behalf. Further, KCP&L and GMO, contrary to Commission rule, are transferring specific customer information to customer representatives of Allconnect, an unaffiliated entity, without the consent of the affected KCP&L or GMO customers or as otherwise provided by law or Commission rules or orders.

## **STAFF’S RECOMMENDATIONS**

### **The Staff Recommends That The Commission Order KCP&L/GMO To:**

- Cease the Transfer of Customer Information and Calls to Allconnect until and unless KCP&L/GMO apply for and obtain Commission authorization under Section 393.190.1 RSMo. to sell or transfer certain customer information to Allconnect.

### **If The Commission Authorizes The Sale Or Transfer Of Customer Information Or Determines That Commission Authorization Is Not Necessary, The Staff Recommends That The Commission:**

- Authorize the transfer of Customer Information and Calls to Allconnect only if the Customer Consents to such Transfers.
- Require KCP&L/GMO to Verify the Accuracy of Electric Service Orders and Provide Electric Service Confirmation Numbers to its Own Regulated Customers.

- Require KCP&L/GMO to Notify the Staff and OPC Prior to Engaging the Services of Allconnect or Like Marketing or Sales Companies in the Future.
- Require KCP&L/GMO to Assume Complete Responsibility and Control of Handling and Resolving Customer Complaints Related to Allconnect. Require KCP&L/GMO to Cease Using Allconnect to Attempt to Resolve Such Complaints.

It is the Staff's opinion that the above recommendations are reasonable improvements and will best promote the public interest. In particular, compliance with the Staff recommendation will bring KCP&L/GMO into compliance with Section 393.190.1 and Commission Rules 4 CSR 240-20.015(2)(C) and 4 CSR 240-13.040(2)(A).

**OF THE STATE OF MISSOURI**

File No. EO-2014-0306

AFFIDAVIT OF LISA A. KREMER

SS.

  
Lisa A. Kremer

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2016  
Commission Number: 12412070

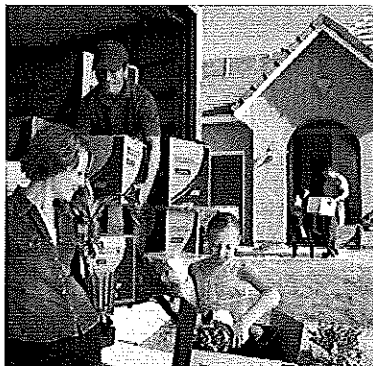
Suzanne Mankin  
Notary Public

Russellankin  
Notary Public



## Allconnect

KCP&L's Allconnect lets you connect your household services—including cable and internet service—all at once.



Moving can be hectic, so time-savers are always welcome. Allconnect lets you compare and connect multiple home services for your new address — without the need to make dozens of calls. It's a free and convenient way to make your move easier. Plus, Allconnect guarantees the prices you receive will never exceed the published prices these service providers offer for your address.

Talk to a relocation expert about:

Home phone

Cable TV

Satellite TV

- Internet
- Home security

Sign Up Online (<http://www.allconnect.com/kcpl.html>) or Call 888-899-8620

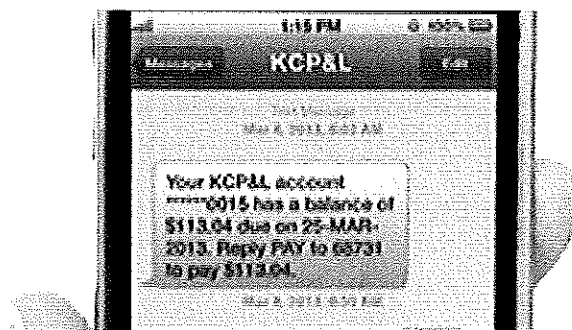
## Related Links You Might Like



### The Wire Newsletter

Read energy-saving tips and other helpful information here each week.

[Read The Wire \(/about-kcpl/the-wire-newsletter\)](#)



### Text Messaging

Manage your KCP&L account on the go. Get reminders, make payments and receive payment confirmation—all from your mobile phone.

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**ATTACHMENT 2**

**HAS BEEN DEEMED**

**HIGHLY CONFIDENTIAL**

**IN ITS ENTIRETY**

**ATTACHMENT 3**

**HAS BEEN DEEMED**

**HIGHLY CONFIDENTIAL**

**IN ITS ENTIRETY**



\*\* \_\_\_\_\_ \*\*

**Need to establish service at new address.**

**KCP&L Portion of Call:**

KCP&L: KCP&L, this is Barbara. How may I help you?

Customer: Good morning, Barbara.

KCP&L: Good morning.

Customer: The name is \*\* \_\_\_\_\_ \*\*. And ma'am, I don't have my account number and we need to change services, we're moving.

KCP&L: Well, Ok I'll be glad to help you. And what city.

Customer: And we're currently in \*\* \_\_\_\_\_ \*\*, Missouri.

KCP&L: And you're moving to?

Customer: \*\* \_\_\_\_\_ \*\*

KCP&L: OK. And what's the new address?

Customer: The new address is \*\* \_\_\_\_\_ \*\*. And that's \*\* \_\_\_\_\_ \*\*.

KCP&L: OK. That's \*\* \_\_\_\_\_ \*\*. And that's in \*\* \_\_\_\_\_ \*\*.

Customer: Yes, ma'am.

KCP&L: OK. And what is your current address?

Customer: It's \*\* \_\_\_\_\_ \*\* in \*\* \_\_\_\_\_ \*\* and that's \*\* \_\_\_\_\_ \*\*.

KCP&L: And whom am I speaking with?

Customer: I'm \*\* \_\_\_\_\_ \*\*.

KCP&L: Patrick what is the last four of your social?

\* Denotes Highly Confidential Information \*

**NP**

Customer: My social: XXXX. The account may be in my wife's name, I'm not sure. Her name is \*\* \_\_\_\_\_ \*\* and her last four is XXXX

KCP&L: OK. Yes, it is in both of your names. Because both are . . . all adults are required to be on the account.

Customer: OK.

KCP&L: OK. And so it's going to, let's see here, when are you wanting service to start at that new address?

Customer: The new address tomorrow

KCP&L: OK now I do show that the power is currently at that address. And so uhm let's see here I can get services switched over to your name on Wednesday.

Customer: OK

KCP&L: Which would be the 25th

Customer: OK

KCP&L: Uhm, I'll just need to do some identity checks here and as long as I can confirm that over the phone then I can go ahead and place the order for you.

Customer: OK.

KCP&L: Let's see uhm and let's see what is \*\* \_\_\_\_\_ \*\* uhm her date of birth?

Customer: 4/16/47

KCP&L: And I see it, I was getting ready to correct myself as \*\* \_\_\_\_\_ \*\*.

Customer: Yes.

KCP&L: But you were speaking so I didn't want to interrupt you.

Customer: OK, thank you.

KCP&L: And \*\* \_\_\_\_\_ \*\* what is your date of birth?

Customer: 4/27/50.

**NP**

KCP&L: Thank you.

KCP&L: And then for the uhm new address we're offering paperless. Are you wanting to go paperless or to have the bills mailed to the service address?

Customer: Uh, paperless would be OK.

KCP&L: OK.

Customer: Would we just get an e-mail or is it an automatic deduct.

KCP&L: No, it's not an automatic deduct. You would actually get an e-mail.

Customer: OK. (Pause). As long as I would have records of it, I wouldn't throw them away like I did my account number.

KCP&L: And we would keep 24 months of statements available on line and we'll e-mail you the amount and the due date every month. The only time you would get something in the mail is if your scheduled disconnect then you would get a disconnect notice in the mail.

Customer: Gotcha.

KCP&L: OK. And I'm showing that someone has already requested to start service at your \*\* \_\_\_\_\_ \*\* address and so I'm showing its going to come out of your name on the 27th of this month. Is that the date that you wanting it out of your name or a different date?

Customer: No that's just fine.

KCP&L: OK. And then the e-mail address, what is that e-mail address?

Customer: It's "x" like xabcd xxxx x-x-x-x and then the number 9 @x.xxx

KCP&L: So I have x-x-x-x-9@xxxx.xxx.

Customer: Yes ma'am.

KCP&L: OK. So give me a minute to get these identities confirmed here. Uhm. And then I'll give you the other information. If you'll make sure you have something to write with, because I'll transfer you over to our partner, which is Allconnect, and Allconnect will confirm that the

order's correct, they'll give you your confirmation number, and also if you need to set up other services for your home, like transfer services, they may be able to assist you with that as well.

Customer: OK. Thank you.

KCP&L: Your welcome. (Long pause) And then for the mailing address do you have a post office box or is your actual mailing address your service address?

Customer: It's the same. \*\* \_\_\_\_\_ \*\*.

KCP&L: (Long pause) I'm almost finished here. (Pause) OK. Excuse me. Thank you for waiting. I have set you up for paperless billing. Our web site is simply [kcpl.com](http://kcpl.com) And when you first log in until you change it, your user name is your e-mail address, and your password is your KCP&L account number, and so the first time you log in have that account number or I can give that to you.

Customer: OK, if you could give that to me now.

KCP&L: OK. Yes. That account . . . are you ready

Customer: Yes.

KCP&L: It is XXX XXX XX XX.

Customer: OK.

KCP&L: OK. And then when you input your account number, it's going to automatically prompt you to set your password.

Customer: Gotcha.

KCP&L: And the password is case sensitive too.

Customer: OK.

KCP&L: All right then. So I have everything set for you. I can go ahead and transfer you over to Allconnect. Is there anything else I can help you with before I transfer you?

Customer: No ma'am, I appreciate your help.

**NP**

KCP&L: OK, well thank you very much and enjoy your new home.

Customer: OK, thanks.

KCP&L: Thanks for calling KCP&L, hold on please.

**Allconnect Portion of Call:**

Allconnect: Good morning. Welcome to Allconnect. My name is Lamel. May I have the last name on the account, please.

Customer: Ah, \*\* \_\_\_\_\_ \*\*.

Allconnect: All right. Good morning Mr. \*\* \_\_\_\_\_ \*\* how are you doing.

Customer: I'm fine. Thank you.

Allconnect: Well good. And that is \*\* \_\_\_\_\_ \*\* correct?

Customer: Yes.

Allconnect: All right. Mr. \*\* \_\_\_\_\_ \*\* they're working on the account field so I'm going to do a quick manual confirmation to save you and I some time. What's your first name?

Customer: \*\* \_\_\_\_\_ \*\*.

Allconnect: \*\* \_\_\_\_\_ \*\*

Customer: Yes.

Allconnect: All right and your middle initial?

Customer: \*\* \_\_ \*\* like \*\* \_\_\_\_\_ \*\*.

Allconnect: OK. And may I call you by your first name?

Customer: Yes, that's fine.

Allconnect: Thank you. \*\* \_\_\_\_\_ \*\* why don't we begin with what your new street address is going to be.

Customer: \*\* \_\_\_\_\_ \*\*.

**NP**

Allconnect: Your zip code

Customer: \*\* \_\_\_\_\_ \*\*

Allconnect: And that would be in \*\* \_\_\_\_\_ \*\*, Missouri, correct.

Customer: Yes.

Allconnect: All right are you moving to a house, condo, sale house or an apartment?

Customer: It's, it's a new home.

Allconnect: Home. And are you going to be the owner or renter?

Customer: Owner.

Allconnect: Owner. And what day are you moving in?

Customer: We're starting to move in actually tomorrow afternoon.

Allconnect: Tomorrow afternoon. Well, I want to say to you \*\* \_\_\_\_\_ \*\* congratulations on your new home.

Customer: Thank you.

Allconnect: You're welcome. Are you excited you're about ready to move?

Customer: Yes, absolutely.

Allconnect: Well good, I'm glad to hear that. \*\* \_\_\_\_\_ \*\* what we will do is send your order information via e-mail. What is the best e-mail address to send that to?

Customer: xxxxx x-x-x-x 9@xxxx.xxx

Allconnect: x-x-x-x-x the number 9 @xxxx.xxx OK. Is the xxxx, is the xxxx somebody else on the account?

Customer: That's my \*\* \_\_\_\_ \*\*.

Allconnect: Oh. That's why I didn't get your information. You know what that might behoove? Give me a second. So that I can pull it up and give you a confirmation number too. Because I was putting in everything manually because your name wasn't there. Just give me one second.

**NP**

I'm going to go back really quick. We've got everything else confirmed. And ah, I can pull it up because I need to see the Ivan on the account, but you uhm kind of through me for a loop for a second here. Hold on.

Customer: OK.

Allconnect: Get it right. KCP&L. There we go. Her first name is \*\* \_\_\_\_ \*\*?

Customer: Yes.

Allconnect: All right. There we go. What I'll do. You are authorized to use it on there so I'll put you down there as well. OK.

Customer: OK.

Allconnect: \*\* \_\_\_\_ \*\* And you want to use your last name of \*\* \_\_\_\_ \*\*.

Customer: Yes.

Allconnect: Notice. \*\* \_\_\_\_ \*\*, did her last name change? Or is it, you know, \*\* \_\_\_\_ \*\*?

Customer: It's \*\* \_\_\_\_ \*\*.

Allconnect: OK.

Customer: She kept her name.

Allconnect: OK. You say you're you owning the home and you're moving in on . . .

Customer: Tomorrow.

Allconnect: Tomorrow. There we go. It didn't take long to get this switched over, did it?

Customer: No.

Allconnect: There we go. All right. Now, of course after we got this through, I was letting you know I do see you qualify for our savers program which currently includes a 10% off coupon from the Home Depot Mover's Club and other discount offers to help you save money during your move, you receive these coupons and offers in your e-mail in-box after we send your information to them, then this program is absolutely free. You can opt out at any time. So is your current e-mail the best e-mail to send these statements to \*\* \_\_\_\_ \*\*?

**NP**

Customer: Now, I don't want my e-mail sent to a bunch of people.

Allconnect: OK. Well at that point . . .

Customer: If I have to send my e-mail to KCP&L or Missouri Gas or something that's fine but I don't want Home Depot and U-Haul and all these people getting my e-mail.

Allconnect: I understand, I do understand it. All right. But it was just . . . Just so you know. It was like it's been like only one coupon. It's nothing that we overpopulate you with, we make sure that our customers have everything possible for you.

Customer: Well I appreciate it, but we, we are boxed. We've got the movers contracted. The only thing I got left to do is let them move me and open my gas and electric bill and that's all I got left to do so.

Allconnect: Aha, I understand.

Customer: I'm done.

Allconnect: That's good, that's good. I'm glad you have everything ready there. And  
\*\* \_\_\_\_\_ \*\*, as a valuable KCP&L customer you are also qualify to get additional discounts on your other services such as your TV, your internet and your phone now you are moving into your new home ADT, AT&T, Comcast, DISH

Consumer: I've got all of that taken care of too. So were starting to spin our wheels, so like I was saying I don't need any other help on this, I just need to assure my KCP&L account is going to be at my new address and then I need to be done.

Allconnect: So you say you've taken care of like your cable and had all of that transferred over for you.

Customer: That's what I've said. I'm done. This and gas are the last two things I got to do before I'm ready to move and take over my new place.

**NP**



Allconnect: OK. I definitely understand that. Let me ask you a question. Just so we can make sure you're getting the best discounts and savings, from which company did you transfer over for your . . .

Customer: OK. We're done, we done. You understand. We're through with the sales pitches.

Allconnect: I'm not trying to do anything. I'm just trying to save you a little money. So it's a little bit different. I know it may seem . . .

Customer: Did you just hear what I said? I'm done. You're trying to sell me stuff. Good-bye.

Allconnect: Thank you for calling Allconnect, you have a great day.

**ATTACHMENT 5**

**HAS BEEN DEEMED**

**HIGHLY CONFIDENTIAL**

**IN ITS ENTIRETY**

**Affiliate Transactions - History Of Commission Affiliate Transactions Rule and SO<sub>2</sub> Emission Allowances – Treatment of Emission Allowances As an Electrical Corporation Asset Subject to Section 393.190.1 RSMo. 2000**

**Affiliate Transactions - History Of Commission Rule 4 CSR 240-20.015**

***Staff of Missouri Public Service Commission v. Southwestern Bell Telephone Co.***, Case No. TC-93-224 and TO-93-192, Report And Order, 2 Mo.P.S.C.3d 479, 512-513, 586 (December 17, 1993); 1994 WL 323583:

The Staff proposed an affiliate transaction adjustment in its 1988 excess earnings complaint case against Southwestern Bell Telephone Company ("SWB") relating to the prices that SWB was charging and paying affiliates. The Commission did not adopt the Staff's proposed adjustment but found that the Staff had raised concerns such that the Staff should review SWB's pricing policies in future cases. In its 1993 excess earnings complaint case against SWB, the Staff performed the review requested by the Commission and retained a consultant who assisted in the process. The Staff again proposed an adjustment and the Commission declined to adopt it. The Commission held that rather than a general rate case or complaint case, a separate docket was needed to review SWB's affiliate transactions.

The Commission stated: "The docket would not be to determine a monetary adjustment but would be created to decide whether SWB's procedures are adequate and to establish a method of reviewing SWB's affiliate transactions within a rate case format to see if SWB is following the approved procedures."

In "Ordered" paragraph "4." the Commission directed: "That a docket hereby be established for the investigation into Southwestern Bell Telephone Company's affiliate transactions. That docket will be Case No. TO-94-184."

***Re Southwestern Bell Telephone Co.***,<sup>1</sup> Case No. TO-94-184, Order Approving Stipulation And Agreement, 3 Mo.P.S.C.3d 383 (April 11, 1995):

The Commission on November 4, 1994 issued an Order requiring the parties to file a stipulation on all agreed-upon procedures and safeguards concerning the review of SWB affiliate transactions and to file a hearing memorandum on those procedures or safeguards that where there was disagreement. The parties filed a stipulation and agreement on February 16, 1995 and on March 3, 1995 separate hearing memoranda were filed by various parties. The Commission granted SWB's motion to hold the docket in abeyance until January 5, 1996 and the Commission directed the parties to file either a proposed rule for adopting safeguards for affiliate transactions for regulated telecommunications companies or a procedural schedule including prefiled testimony and a hearing for addressing safeguards for SWB's affiliate transactions.

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<sup>1</sup> In the matter of the investigation of into Southwestern Bell Telephone Company's affiliate transactions

**NP**

**Re Southwestern Bell Telephone Co.**, Order Addressing Proposed Rule And establishing Dockets, 4 Mo.P.S.C.3d 380 (April 3, 1996):

Staff filed a pleading on January 5, 1996 which included a proposed affiliate transactions rule applicable to all Commission regulated utilities, not just SWB or other telecommunications companies.

On February 28, 1996, KCP&L, Missouri Public Service (UtiliCorp United, Inc.), St. Joseph Light & Power Company, Union Electric Company, The Empire District Electric Company, Laclede Gas Company, Missouri Gas Energy, Associated Natural Gas Company, and United Cities Gas Company filed a letter opposing a generic rule before they had an opportunity to analyze the rule and participate in discussions concerning its provisions. The Commission established Case No. OO-96-329, ***In the matter of the development of an affiliate transaction rule for gas, electric, water and sewer companies.***

On November 5, 1997, the Commission established Case No. OX-98-183, ***In the matter of the rulemaking to govern interaffiliate transactions among electric, gas, heating, sewer, and water companies***, and issued an Order Establishing Rulemaking Docket, Incorporating Contents Of Case No. OO-96-329, Closing Case No. OO-96-329 Granting Leave To Participate, And Establishing Workshops. The Commission stated in its Order that the fact that the Commission is establishing one rulemaking docket is not intended as any position by the Commission on whether an affiliate transactions rule is needed in any particular industry or industries. The Commission further stated that the fact that it is establishing one rulemaking docket should not be construed as a Commission determination that one rule must apply to all five of the industries encompassed in the docket. The Commission in its "Ordered" section established the dates, times, and locations for three technical workshops. The Commission attached to its Order, as a starting point to facilitate discussion, a proposed rule previously filed with the Commission by the Staff.

On April 21, 1998, in Case No. OX-98-183, the Commission issued an *Order Closing Case*. The Commission noted that technical workshops were held, comments were submitted, the Staff filed a proposed rule, and alternative proposed rules were filed. The Commission concluded that it would be inappropriate to attempt to develop affiliate transactions rules that would apply to all regulated electric, gas, heating, sewer, and water companies. The Commission stated that it had directed the Staff to begin an informal process to develop affiliate transaction rules that are industry specific.

On March 30, 1999, in Case No. EX-99-442, the Commissioners authorized the Secretary of the Commission to file Proposed Rule 4 CSR 240-20.015 Affiliate Transactions – Electric Utilities with the Office of Secretary of State. On June 1, 1999, the proposed rule was published in Volume 24, No. 11 of the *Missouri Register* at pages 1340-42. The language on customer information that has been in

4 CSR 240-20.015(2)(C) since the Commission's Order Of Rulemaking in Case No. EX-99-442 until today was not in any part of the Commission's Proposed Rule in Case No. EX-99-442.

The language on customer information in the Commission's Proposed Rule in Case No. EX-99-442 was limited to the following language:

(5) Records of Affiliated Entities.

(A) Each regulated electrical corporation shall ensure that its parent and any other affiliated entities maintain books and records that include, at a minimum, the following information regarding affiliate transactions:

\* \* \* \*

7. Policies regarding the availability of customer information and the access to services available to nonregulated affiliated entities desiring use of the regulated electrical corporation's contracts and facilities;

This language was adopted by the Commission in its Affiliate Transactions Order Of Rulemaking in Case No. EX-99-442, which was published in Vol., 25, No. 1, pages 55-59 of the *Missouri Register* on January 3, 2000, but the Commission adopted additional language.

The Notice Of Public Hearing And Notice To Submit Comments at the end of the Proposed Rule published in the June 1, 1999 *Missouri Register*, page 1342, set dates for the filing of initial and reply comments in Case No. EX-99-442 and a public hearing date of September 14, 1999.

On July 1, 1999, Union Electric Company, d/b/a AmerenUE filed initial comments in Case No. EX-99-442. At page 2 of its initial comments, in its "Introduction" section, AmerenUE states:

As an alternative to the proposed rule, Ameren proposes a rule that recognizes existing legal protections. This rule would be part of a sensible regulatory framework that effectively prohibits potential abuses, allows pro-consumer efficiencies and maximizes consumer welfare. Thus, Ameren rejects a heavy-handed "one-size-fits-all" approach to prohibiting affiliate transactions in favor of an approach that is more flexible, more narrow and far more consumer friendly.

AmerenUE in its initial comments filed on July 1, 1999, in Case No. EX-99-442 did not take issue with the Commission's proposed language for part (5)(A)7 noted above.

The language on customer information that has been in 4 CSR 240-20.015(2)(C) since the Commission's Order Of Rulemaking in Case No. EX-99-442 until today was not in any part of the Commission's Proposed Rule in Case No. EX-99-442. The language was suggested by AmerenUE in its initial comments on July 1, 1999, in Case No. EX-99-442.<sup>2</sup> The words promulgated by the Commission are not word-for-word those proposed by AmerenUE, but they are very close. AmerenUE proposed the following language at page 27 of its initial comments:

(2) Standards.

\* \* \* \*

(D) Specific customer information shall be made available to affiliated or unaffiliated companies only upon consent of the customer or as otherwise provided by law or Commission Rule and upon payment of reasonable charges incurred in producing such information. General or aggregated customer information may be made available to affiliated or unaffiliated companies or persons alike upon payment of reasonable charges incurred in producing such information.

At page 28 of its initial comments, AmerenUE stated that Parts (2)(D) and (2)(E) of its alternative rule effectively dealt with concerns related to information sharing: "Part (D) protects customer confidentiality while allowing the utility to share non-essential information." Part (2)(E) of AmerenUE's proposed rule dealt with information related to the transmission or distribution of electric energy received from unaffiliated energy marketers. Part (2)(E) of AmerenUE's proposed rule dealt with information related to what AmerenUE referred to as "essential facilities" or "essential services," e.g., transmission and distribution. (Pages 27 and 5 of AmerenUE's initial comments, Case No. EX-99-442).

Although it is not quite clear if AmerenUE's general initial comments designate "customer information," as "essential information," "non-essential information," or either depending on the nature of the information, the comments of AmerenUE's witness Dr. Landon are clearer. He stated that "essential information" falls into two categories: (1) *non-customer specific information* necessary to use essential facilities – this information should be available to all market participants without discrimination; and (2) *non-public customer specific information* and contacts about individual customers and their product demands – "[s]uch information should be made available to all competitors if and as required to do so by customers." (Dr. Landon, page 8, AmerenUE's initial comments; Emphasis added.). Dr. Landon then went on to discuss "non-essential information," including "*non-essential customer specific information*" at page 9 of his comments:

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<sup>2</sup> AmerenUE's initial comments included the comments by affidavit of John H. Landon (Principal and Director, Energy and Telecommunications Practice of the Analysis Group/Economics) and William T. Baker, Jr. (attorney, law firm Thelen Reid & Priest LLP).

Conversely, forcing the regulated utility to share non-essential information with all potential competitors can give competitors an unfair advantage over the utility's affiliate and increases the costs of the utility and its affiliates. The utility should retain proprietary rights over information that does not provide an unfair competitive advantage in other markets. In other words, information that does not relate to essential facilities or services, in most cases, is information that the utility should not be compelled to share with non-affiliated suppliers. This would cover areas, for example, such as corporate support, human resources, internal policies of the utility, and marketing of the utility's competitive services. Regulation that increases the utility's costs or provides any competitor with sensitive utility information that is not essential for competition, such as new products that the utility is planning to offer or segments of the market that it plans to target, is unfair and would inhibit competition. This is why, under the antitrust laws, the mere fact that obtaining useful market and customer information may require considerable effort and expense does not make it "essential" and thus subject to forced sharing. *Customer-specific information should be released to unregulated affiliates or competitors only at the request of the customer.*

(Emphasis added.)

In its Order Of Rulemaking published in the January 3, 2000, *Missouri Register*, the Commission noted that several commenters suggested regarding information about customers a specific standard related to providing consumer and ratepayer protections. The Commission found the protections to be desirable and adopted an entirely new subsection (2)(C) using language close to that proposed by AmerenUE. (25 *Missouri Register* 55, 57) The Commission also noted in its Order Of Rulemaking that based on comments, it had added a definition of the term "information" to section (1). (*Id.* at 56.)

(1)(G) Information means any data obtained by a regulated electrical corporation that is not obtainable by nonaffiliated entities or can only be obtained at a competitively prohibitive cost in either time or resources.

In its reply comments filed on August 2, 1999, in Case No. EX-99-442, the Staff noted at page 24 that several commenters had stated that there was a need for a definition of "information" or "customer information." The Commission adopted a definition for "information" most similar to the definition proposed by the Staff. The information transferred by KCP&L's customer representatives to Allconnect meets this definition because this information is about new customers and existing customers who have moved or about to move to a new address in or a different address within KCP&L's or GMO's service territory. This is information regarding up to the minute addresses of

people that on a collective basis only a public utility such as an electric utility is likely to have on such a current basis.<sup>3</sup> Telephone directories are not an adequate substitute.<sup>4</sup>

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<sup>3</sup> Beside the Allconnect Direct Transfer Service Agreement setting out in its "Definitions" section what customer data is to be transferred from KCP&L/GMO to Allconnect, and a KCP&L/GMO handout at a presentation in 2013 identifying this information, KCP&L/GMO identified this information in response to different Staff Data Requests in different contexts in different cases. The Staff has not received a consistent response although the customer data transferred appears to be consistent. The Allconnect Direct Transfer Service Agreement, executed 5/6/2013, page 1, defines "Customer Data" as "the Transferred Customer's data transferred by KCP&L to Allconnect, which will include name, service address, email address, KCP&L service commencement date, and Unique Customer Identifier." Apparently, the KCP&L/GMO customer representative does not transfer an e-mail address to Allconnect, but the Allconnect representative does attempt to obtain an e-mail address from the new or moving KCP&L/GMO customer. In response to Staff Data Request No. 1 in File No. EW-2013-0011, asking for a copy of all Allconnect script(s) that Allconnect customer representatives have used and are currently using when KCP&L/GMO customers are transferred to them by KCP&L/GMO customer representatives, KCP&L/GMO responded with multiple Allconnect computer screen shots containing the Allconnect script and showing, the customer identification number, customer order number, customer name, service address, and start service date. In response to Staff Data Request No. 2 in File No. EW-2013-0011, asking for a computer screen shot of the customer information which KCP&L/GMO provides to Allconnect, KCP&L/GMO responded that the information which goes from KCP&L/GMO to Allconnect is customer name, address, electric start date and customer number identifier for confirmation. In response to Staff Data Request No. 17 in File No. EO-2014-0306, which asked please provide a list of each specific item of customer data transferred to Allconnect as presented in the KCP&L/GMO response to Staff Data Request No. 53 in EW-2013-0011, KCP&L-GMO responded as follows: Service Order ID; First\_name; Last\_Name; Service\_address; Street\_line1; Street\_line2; City\_Name; State\_Code; Zip\_Code; Best\_Contact\_Number; Requested\_Start\_Date. Staff Data Request No. 3.0, in File No. EO-2014-0189, as followed up by Staff Data Request No. 3.1, asked, in part, what specific information by type/category does KCP&L/GMO provide to Allconnect. KCP&L/GMO responded: "The following listing includes the customer information that is provided to AllConnect: Service Order ID, First\_name, Last\_name, Service\_address, Street\_Line 1, Street\_Line 2, City\_Name, State\_Code, Zip\_Code, Best\_Contact\_Number, Requested\_Start\_Date, Specialist\_ID, and Account Number." Apparently, the KCP&L/GMO customer representative does not transfer a Best Contact Number. The handout distributed by KCP&L representatives at the August 15, 2013 KCP&L presentation to Staff at the Commission's offices in Jefferson City shows, at page 3, as follows regarding the information that goes from KCP&L/GMO to Allconnect: Customer Data: Turn On via phone - Elements sent to Allconnect: Account number, customer name, service address, start date of service, CSR ID and service order ID.

<sup>4</sup> Commission Rule 4 CSR 240-32.050(4) Customer Service provides, in part:

(4) Each company furnishing basic local telecommunications service shall publish or contract to publish telephone directories at regular intervals and shall provide or contract to provide directory assistance as follows:

(A) Directories shall list the names of all customers, their most definitive addresses, if available, and their telephone numbers. Exceptions to directory listings are pay telephones, mobile telephones, and telephone service unlisted or nonpublished at the customer's request. Listings for secondary numbers may be excepted from the address requirements. The address may be omitted from directories if requested by the customer;



## **SO<sub>2</sub> Emission Allowances – Treatment of Emission Allowances As An Electrical Corporation Asset Subject to Section 393.190.1 RSMo. 2000**

Section 393.190.1 RSMo. 2000 states, in part, no electrical corporation, shall hereafter sell, transfer, or otherwise dispose of or encumber any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, without having first secured from the commission an order authorizing it so to do.

In *Re Kansas City Power & Light Co.*,<sup>5</sup> Order Establishing Jurisdiction And Clean Air Act Workshops, Case No. EO-92-250, 1 Mo.P.S.C.3d 359, 362 (August 26, 1992), the Commission determined that SO<sub>2</sub> emission allowances under the federal Clean Air Act Amendments of 1990 are necessary and useful in the performance of KCP&L's duties to the public and are part of KCP&L's "system," and any sale or transfer of these allowances is void without prior Commission approval, pursuant to Section 393.190 RSMo. The Commission stated that "a utility's system is greater than the physical parts which would be its 'works.' A utility's system is the whole of its operations which are used to meet its obligations to provide service to its customers."

In *Re Southern Union*,<sup>6</sup> Order Closing Case, Case No. GO-2003-0354, 12 Mo.P.S.C.3d 488, 489 (August 5, 2004), the Commission found that the Staff as the moving party failed to meet its burden of production / burden of going forward that the Commission has jurisdiction, pursuant to Section 393.190, over: (1) the sale of office equipment in Texas, even when the costs of that equipment were allocated for ratemaking purposes to Missouri customers, and (2) the transfer of its assembled experienced and trained gas supply workforce. Since the Commission concluded that the Staff's report did not show any violation of rule or statute, nor did it suggest that further investigation might uncover one, the Commission closed the case.

KCP&L/GMO customers' customer information regarding new customers or existing customers who are moving within the KCP&L/GMO Missouri service territory is a part of KCP&L/GMO's works or system necessary or useful in the performance of KCP&L/GMO's duties to the public. Allconnect is willing to pay for contact with these customers' customer information \*\* \_\_\_\_\_ \*\* per customer who is transferred from a KCP&L/GMO customer representative to an Allconnect customer representative.

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<sup>5</sup> In the matter of the application of Kansas City Power & Light Company for review of the Phase 1 Compliance Plan and other activities under the Clean Air Act.

<sup>6</sup> In the matter of the application of the transfer of assets, including much of Southern Union's Gas Supply Department, to EnergyWorx, a wholly owned subsidiary.

Jason Kander Secretary of State  
2013-2014 BIENNIAL REGISTRATION REPORT  
BUSINESS

File Number: 201307880296

CC0519497

Date Filed: 03/19/2013

Jason Kander  
Secretary of State

☒ I ELECT TO FILE A BIENNIAL REGISTRATION REPORT

REPORT DUE BY: 04/30/2013

CC0519497  
GREAT PLAINS ENERGY SERVICES INCORPORATED  
NATIONAL REGISTERED AGENTS, INC.  
120 South Central Avenue  
Clayton, MO 63105

RENEWAL MONTH:

January

☐ I OPT TO CHANGE THE CORPORATION'S  
RENEWAL MONTH TO \_\_\_\_\_ FOR A \$25.00 FEE.

PRINCIPAL PLACE OF BUSINESS OR  
CORPORATE HEADQUARTERS:

1200 Main Street, 30th Floor

STREET

Kansas City, MO

64105

CITY/STATE

ZIP

If changing the registered agent and/or registered office address, please check the appropriate box(es) and fill in the necessary information.

☐

The new registered agent

IF CHANGING THE REGISTERED AGENT, AN ORIGINAL WRITTEN CONSENT FROM THE NEW  
REGISTERED AGENT MUST BE ATTACHED AND FILED WITH THIS REGISTRATION REPORT.

☐

The new registered office address

Must be a Missouri address, PO Box alone is not acceptable. This section is not applicable for Banks, Trusts and Foreign Insurance.

OFFICERS

NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT  
ACCEPTABLE). (MUST LIST PRESIDENT AND SECRETARY BELOW)

PRES Terry Bassham  
STREET/RT 1200 Main Street, 30th Floor  
CITY/STATE/ZIP Kansas City, MO 64105

V-PRES .....

STREET/RT .....

CITY/STATE/ZIP .....

SECY Barbara P. Fillinger

STREET/RT 1200 Main Street, 30th Floor

CITY/STATE/ZIP Kansas City, MO 64105

TREAS Kevin E. Bryant

STREET/RT 1200 Main Street, 30th Floor

CITY/STATE/ZIP Kansas City, MO 64105

NAMES AND ADDRESSES OF ALL OTHER OFFICERS AND DIRECTORS ARE ATTACHED

BOARD OF DIRECTORS

NAME AND PHYSICAL ADDRESS (P.O. BOX ALONE NOT  
ACCEPTABLE). (MUST LIST AT LEAST ONE DIRECTOR BELOW)

NAME Great Plains Energy Incorporat  
STREET/RT 1200 Main Street, 30th Floor  
CITY/STATE/ZIP Kansas City, MO 64105

NAME .....

STREET/RT .....

CITY/STATE/ZIP .....

NAME .....

STREET/RT .....

CITY/STATE/ZIP .....

NAME .....

STREET/RT .....

CITY/STATE/ZIP .....

The undersigned understands that false statements made in this report are punishable for the crime of making a false  
declaration under Section 575.060 RSMo. Photocopy or stamped signature not acceptable.

Authorized party or officer sign here

Barbara P. Fillinger

(Required)

Please print name and title of signer:

Barbara P. Fillinger

/

Secretary

NAME

TITLE

REGISTRATION REPORT FEE IS:

\_\_\_\_ \$40.00 If filed on or before 4/30

\_\_\_\_ \$55.00 If filed on or before 5/31

\_\_\_\_ \$70.00 If filed on or before 6/30

\_\_\_\_ \$85.00 If filed on or before 7/31

ADD AN ADDITIONAL \$25.00 FEE IF CHANGING  
THE RENEWAL MONTH.

WHEN THIS FORM IS ACCEPTED BY THE SECRETARY OF STATE,  
BY LAW IT WILL BECOME A PUBLIC DOCUMENT AND ALL  
INFORMATION PROVIDED IS SUBJECT TO PUBLIC DISCLOSURE

E-MAIL ADDRESS (OPTIONAL) Attachment 7

REQUIRED INFORMATION MUST BE COMPLETE OR THE REGISTRATION REPORT WILL BE REJECTED

MAKE CHECK PAYABLE TO DIRECTOR OF REVENUE

RETURN COMPLETED REGISTRATION REPORT AND PAYMENT TO: Secretary of State, P.O. Box 1366, Jefferson City, MO 65102



# State of Missouri

Robin Carnahan, Secretary of State

Corporations Division  
PO Box 778 / 600 W. Main St., Rm. 322  
Jefferson City, MO 65102

File Number:

CC0519497

Date Filed: 02/04/2013

Jason Kander

Secretary of State

## Statement of Change of Business Office Address and Registered Office Address of a Registered Agent of a Foreign or Domestic For Profit or Nonprofit Corporation or a Limited Liability Company

### Instructions

1. This form is to be used by either a for profit or nonprofit corporation or a limited liability company to change the address of its existing registered agent.
2. There is a \$10.00 fee for filing this statement.
3. PO Box may only be used in conjunction with a physical street address.
4. Agent and address must be in the State of Missouri.
5. The corporation may not act as its own agent.

Charter #: CC0519497

The undersigned registered agent, for the purpose of changing the address of its business office in Missouri, and thereby changing the registered office address of the named business entity, represents that:

1. The name of the business entity is: GREAT PLAINS ENERGY SERVICES INCORPORATED
2. The name of the registered agent is: National Registered Agents, Inc.
3. The address, including street number, of the present business office of the registered agent (and the registered office of the business entity) is:  
300-B East High Street, Jefferson City, MO 65101  
Address City/State/Zip
4. The address, including street number, of the business office of the registered agent (and the registered office of the business entity) is hereby changed to:  
120 South Central Avenue, Clayton, MO 63105  
Address (PO Box may only be used in conjunction with a physical street address) City/State/Zip
5. Notice in writing of the change of the registered office address has been mailed by the registered agent to the business entity named above.
6. The address of the registered office of the business entity named above and the business office of the registered agent, as changed, is identical.

In Affirmation thereof, the facts stated above are true and correct:

(The undersigned understands that false statements made in this filing are subject to the penalties provided under Section 575.040. RSMo)

National Registered Agents, Inc., Kathleen Fritz  
Authorized Signature of Registered Agent

Kathleen Fritz, VP  
Printed Name

February 1, 2013  
Date

Name and address to return filed document:

Name: Marie Hauer

Address: CT Corp, 111 8<sup>th</sup> Avenue

City, State, and Zip Code: New York, NY 10011

State of Missouri  
Change/Resignation of Agent 1 Page(s)



T1303557628

Corp. Div. (02.2007)

Attachment 7