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MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

LISA A. KREMER

ATMOS ENERGY CORPORATION

CASE NO. GR-2006-0387

Jefferson City, Missouri
September, 2006

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

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Case No(s). *GR-2006-0387*
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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

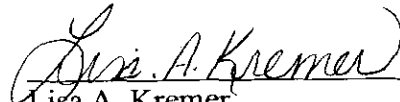
In the Matter of Atmos Energy Corporation's Tariff)
Revision Designed to Consolidate Rates and)
Implement a General Rate Increase for Natural Gas)
Service in the Missouri Service Area of the)
Company.

Case No. GR-2006-0387

AFFIDAVIT OF LISA A. KREMER

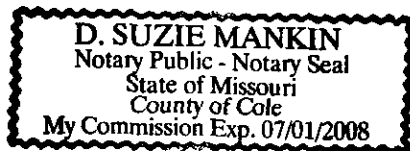
STATE OF MISSOURI)
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COUNTY OF COLE) ss.

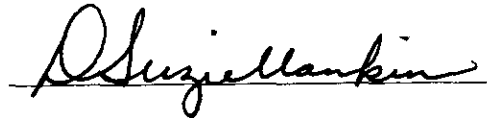
Lisa A. Kremer, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 19 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.



Lisa A. Kremer

Subscribed and sworn to before me this 11th day of September 2006.





D. Suzie Mankin

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DIRECT TESTIMONY OF

LISA A. KREMER

ATMOS ENERGY CORPORATION

CASE NO. GR-2006-0387

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DIRECT TESTIMONY
OF
LISA A. KREMER
ATMOS ENERGY CORPORATION
CASE NO. GR-2006-0387

Q. Please state your name and business address.

A. Lisa A. Kremer, P.O. Box 360, Jefferson City, Missouri 65102.

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

A. I am the Manager of Engineering and Management Services with the Missouri Public Service Commission (Commission, PSC).

Q. Describe your educational and professional background.

A. I graduated from Lincoln University in Jefferson City, Missouri in 1983 with a Bachelor of Science Degree in Public Administration, and in 1989 with a Masters Degree in Business Administration. I successfully passed the Certified Internal Auditor (CIA) examination in 1997 and am a Certified Internal Auditor.

I have been employed for approximately 19 years by the Commission in the then Management Services Department as a Management Services Specialist, except for a four-month period when I was employed by the Missouri Department of Transportation. The Management Services Department was combined with the Commission's Depreciation Department and the joined Department was named Engineering and Management Services. I assumed the Manager position of the combined Departments in February 2000. Prior to working for the Commission, I was employed by Lincoln University for approximately two and one-half years as an Institutional Researcher.

1 Specifically, I have participated in the analysis of or had oversight responsibilities for
2 reviews of the customer service processes at Associated Natural Gas Company, AmerenUE,
3 Missouri Gas Energy, Atmos Energy Corporation, Laclede Gas Company and Aquila, Inc. At
4 the direction of the Commission during 2001, the Engineering and Management Services
5 Department began reviewing the customer service practices of small water and sewer utilities
6 when they request rate increases. The Department has performed approximately 30 reviews
7 of this type since that time.

8 The Engineering and Management Services Department has also performed
9 management audits of public utilities operating within the state of Missouri under the
10 jurisdiction of the Commission. I have also served as project manager or in support roles on a
11 number of these projects during my years of employment at the Commission, as well as,
12 participating in other types of utility investigation and review projects. Schedule 1 includes a
13 listing of cases before the Commission in which I have previously filed testimony.

14 **EXECUTIVE SUMMARY**

15 Q. Please summarize your testimony.

16 A. My testimony will address call center performance declines that have occurred
17 at Atmos Energy Corporation (Atmos, Company) during the past two years and which have
18 had a negative impact on the service received by its Missouri customers. While the causes for
19 these declines may be reasonable, barring any natural disasters or other unforeseen events, the
20 Company's call center performance should improve in the future. During this case, the
21 Commission's Staff (Staff) is requesting additional call center reporting requirements from
22 Atmos.

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1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to provide information to the Commission
3 regarding concerns the Staff has with the quality of service being provided by Atmos Energy
4 Corporation to its Missouri customers. Specifically, Staff's concerns are in the area of the
5 Company's call center performance. The purpose of my testimony is to further request that
6 the Commission direct Atmos to take necessary actions to stabilize and improve the
7 performance of its call centers for Missouri customers. The Staff also requests that the
8 Commission order Atmos to begin reporting its call center performance on a monthly basis
9 rather than quarterly to enable the Staff to monitor the Company's performance on a more
10 frequent basis. Lastly, the Staff requests that the Commission order Atmos to file a plan that
11 presents steps and actions it will take to improve and maintain its call center performance,
12 including its plans to respond to catastrophic events, such as hurricanes, storms and other
13 events that may impair its ability to serve Missouri customers.

14 Q. What is the purpose of service quality or customer service performance
15 measurements?

16 A. Such performance measurements are established and used by utilities to
17 determine and monitor the level of customer service the utility is providing their customers in
18 a variety of areas.

19 Q. Why are service quality or customer service performance measurements
20 important?

21 A. Utility management can use customer service performance measurements to
22 help ensure that customers are receiving an acceptable level of service in the areas being
23 measured. Customer service performance measurements can also provide some assurance to

1 utility customers and utility commissions that a certain level of customer service is being
2 provided by utilities. Some aspects of service quality, however, do not lend themselves to
3 indicators. Examples include the consistent application of credit and collection practices,
4 detection and correction of billing errors, the effective training of Customer Service
5 Associates (CSAs) to ensure the relaying of accurate and consistent information to customers,
6 courteous treatment of customers by company employees performing service calls and others.

7 Q. Can the monitoring of quality of service measurements provide complete
8 assurance that customers are receiving an adequate level of service?

9 A. No. As described above, some aspects of service quality do not lend
10 themselves to measurements; however, service quality measurements can be useful tools in
11 determining some important aspects of service quality.

12 Q. Does Atmos presently have a service quality reporting requirement to the Staff
13 and the Office of the Public Counsel (OPC)?

14 A. Yes. Service quality reporting was addressed in two unanimous stipulations
15 and agreements and in a Staff Recommendation in three past cases with Atmos. Specifically,
16 service quality performance reporting and targets were included in Case No. GM-2000-312,
17 the merger of Atmos Energy Corporation and Associated Natural Gas Company; Case No.
18 GM-2002-295, the merger of Atmos Energy Corporation with Mississippi Valley Gas
19 Company; and Case No. GM-2004-0607, the application of Atmos Energy Corporation to
20 acquire the TXU Gas Company.

21 Q. Why are customer service measurements important in Missouri regulated
22 utility sale or merger cases?

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1 A. Customer service measurements are important specifically in such cases
2 because they provide some assurance that proposed sales or mergers involving Missouri
3 utilities do not result in a detriment or have an adverse effect on an established level of
4 customer service. Maintaining an acceptable level or improving existing customer service is
5 important to Missouri utility customers, but particularly so during utility sales, mergers and
6 acquisitions. Sale and merger activity create additional opportunities for service declines
7 through the potential redirection of resources, staffing reductions, operational transitions and
8 changes in existing utility practices, procedures and resource commitments.

9 Q. What reporting and target requirements were addressed in the above cases?

10 A. Customer service performance measures that included maximum allowable
11 targets as well as reporting to the Staff and OPC were included. Provisions were also made to
12 address circumstances where performance was unfavorable compared to the established
13 maximum measures for any calendar year. These will be discussed in more detail later in this
14 testimony.

15 Q. Have quality or customer service measurements been addressed in other
16 Missouri utility merger, sale or rate cases?

17 A. Yes. Customer service reporting has been agreed to by all of the large
18 regulated electric and gas companies within the state and the largest state regulated water
19 company. Stipulations and agreements and a staff recommendation addressing these matters
20 have been approved by Commission orders as the result of rate or merger cases.

21 Q. Specifically, which regulated utilities now report customer service
22 measurements to the Staff and OPC?

1 A. Missouri Gas Energy, Atmos Energy Corporation, AmerenUE, Empire District
2 Electric Company, Aquila, Inc., Laclede Gas Company, Kansas City Power and Light
3 Company and Missouri-American Water Company.

4 **CALL CENTER DESCRIPTION**

5 Q. Describe the purpose of a utility call center.

6 A. Call centers perform a critical function in that they often serve as the primary
7 means for customers to contact their utilities. Customers require contact with their utilities
8 regarding a wide range of issues including: reporting emergencies and service outages;
9 beginning, discontinuing, transferring or restoring service; asking questions about their bills
10 and delinquent accounts; and to make payment arrangements.

11 During the winter months, when the Commission's Cold Weather Rule¹ is in effect,
12 call centers may actually be a "life line" for some customers who are nearing service
13 disconnection and need to make payment arrangements. It is always imperative, but
14 particularly so during emergencies and in times of unusually cold and hot weather, that call
15 centers function in an effective manner.

16 Over time, utilities and their customers have developed greater dependence upon call
17 centers as they have either closed their local business offices or redirected calls that at one
18 time were answered by such offices.

19 Call centers may function in a variety of ways with varying degrees of performance.
20 The sophistication of a company's customer information system (CIS); the call centers'
21 recruitment, selection and hiring processes; the thoroughness of the training of the call

¹ This rule, 4 CSR 240-13.055, protects the health and safety of residential customers receiving heat-related utility service by placing restrictions on discontinuing and refusing to provide heat-related utility service from November 1 through March 31 due to delinquent accounts of those customers.

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1 | centers' associates, the number of experienced staff and sufficient staffing levels; and the
2 | continual monitoring and review of call handling are all factors that contribute to a call
3 | center's success. The training of call center representatives or associates is particularly
4 | important in that these employees should be prepared to answer a variety of customer
5 | questions regarding company policies and procedures including questions concerning the
6 | Company's tariffs and Commission rules. The recruitment, training and retention of a quality
7 | workforce that must address a multitude of customer calls and correctly document customer
8 | information are critical responsibilities within the utility customer service function.

9 | Q. What performance indicators do utility call centers monitor?

10 | A. Many factors should continually be monitored in an efficient and effective call
11 | center operation and be addressed should a decline in service be determined. Abandoned Call
12 | Rate (ACR) and Average Speed of Answer (ASA) are two indicators that provide quantifiable
13 | and measurable criteria with which to determine how well a utility call center is serving utility
14 | customers. Both ACR and ASA are defined and discussed later in this testimony.

15 | Q. Are Atmos' Missouri customers dependent upon the Company's call center
16 | operations for purposes of contacting the utility?

17 | A. Yes. While the Company maintains seven local business offices in its
18 | Missouri service territory that will accommodate walk-in customer traffic, customers who
19 | want to contact Atmos by telephone must speak to representatives at the utility's call centers.
20 | Telephone numbers for the Company's offices in Caruthersville, Malden, Sikeston, Jackson,
21 | Hannibal, Kirksville and Butler are not published. Customers may still walk-in to make
22 | requests to initiate or terminate service or handle other business matters in person, but phone
23 | calls are answered by the Company's call centers.

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1 Q. Describe the Atmos call centers.

2 A. Atmos has three call centers that support approximately 3.2 million customers
3 in its 12-state service territory. This figure includes customers the Company acquired with its
4 2004 acquisition of TXU Gas Company. In its application to purchase TXU, Case No.
5 GM-2004-0607, Atmos indicated that it provided natural gas service to approximately
6 1.7 million retail customers and TXU served approximately 1.5 million customers. By its
7 acquisition of TXU Gas Company, Atmos nearly doubled its customer base.

8 The Company's three call centers are located in Amarillo, Texas; Metairie, Louisiana
9 and Waco, Texas. Missouri customers are served by the Amarillo and Metairie centers
10 exclusively, as are customers in Atmos' eleven other state utility operations, with the
11 exception of the TXU properties. The Waco call center serves the TXU properties that were
12 acquired in 2004. The Company indicates that there are a few instances in which the
13 Amarillo call center may receive calls from the Waco center. These periods include events
14 such as training, emergencies and testing, the volume of which is minimal. During December
15 2005 through June 2006, the number of these types of calls totaled less than 2,600 compared
16 to tens of thousands of calls coming into the Amarillo and Metairie call centers on a monthly
17 basis from Atmos' 12-state service territory.

18 Q. How many employees do these three call centers presently employ?

19 A. The Company reported the following staffing numbers for each of its three call
20 centers during May 2006:

| | | |
|----|------------------|-----|
| 21 | Amarillo: | 242 |
| 22 | Metairie: | 16 |
| 23 | Waco: | 244 |

1 Q. Why is adequate call center staffing a critical component in call center
2 performance?

3 A. Call center performance is dependent upon having sufficient numbers of
4 well-trained staff to answer customer calls within reasonable time periods. Even with
5 advanced technologies such as Integrated Voice Response (IVR) offerings, which provides
6 menu options that may eliminate the need to speak directly to a representative, and Virtual
7 Hold Technology, which communicates the expected wait time to customers and permits a
8 call back at a later time to avoid extended call wait times, customers still have need to speak
9 directly to utility representatives. Utility customers, through rates, pay for the staffing, as
10 well as, the technology, management, training and space required to operate a utility call
11 center.

12 Q. At the time of the purchase of the TXU properties, was Staff made aware of
13 performance concerns with the Waco call center?

14 A. Yes. In response to Staff Data Request No. 28 in Case No. GM-2004-0607,
15 page 3 of the "Project Big Tex / Pearl, Supplemental Operations Report" identified "current
16 service levels from the call center as poor (except for emergency response). Recent statistics
17 show call abandoned rates in excess of 20%." According to an April 20, 2005, Company
18 press release, Atmos Energy acquired the Waco facility on April 1, 2005, from Capgemini
19 Energy Partners, which had previously operated the facility for TXU.

20 Q. Did the Stipulation and Agreement in Case No. GM-2004-0607 attempt to
21 provide protection for Missouri consumers in the event call volumes previously handled by
22 the Waco call center were transferred to the Amarillo call center?

1 A. Yes. Page seven, paragraph E of the Stipulation and Agreement in
2 GM-2004-0607 included a requirement that "Atmos will also inform the Staff and Public
3 Counsel of any plans to serve former TXU Gas customers from Atmos' Amarillo call center
4 before such plans are implemented." This provision enables the Staff and OPC to be made
5 aware of plans for Waco call volumes to be assumed by the Amarillo Center prior to the
6 initiation of any transition. This also permits increased call center monitoring including
7 review of Amarillo call staffing and plans to handle the increased volume.

8 **CALL CENTER PERFORMANCE**

9 Q. What call center metrics does the Staff presently receive from Atmos?

10 A. The Staff receives monthly abandoned call rates, average speed of answers,
11 call volumes and call center staffing from Atmos on a quarterly basis.

12 Q. Describe abandoned call rate.

13 A. Abandoned call rate refers to the percentage of customers who terminate their
14 call before it can be handled by the Company. In response to Staff Data Request No. 99 in the
15 present case, the Company indicated that ACR is calculated by the total calls received divided
16 by the total calls abandoned.

17 Q. Describe average speed of answer.

18 A. The Company also responded in Staff Data Request No. 99 that average speed
19 of answer represents the average time the customer is on hold while in the [call] queue until
20 the call is answered.

21 Q. Did the Stipulation and Agreement in Case No. GM-2000-312 establish
22 performance measures to measure some components of customer service for Atmos' post-sale
23 Missouri customers?

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1 A. Yes. Performance measures or targets were developed for Abandoned
2 Call Rate and Average Speed of Answer. These measures were first addressed in Case No.
3 GM-2000-312 and again subsequently in Case Nos. GM-2002-295 and GM-2004-0607.

4 Q. How were these measures developed?

5 A. As presented on page 4, line 21 of my rebuttal testimony in Case No.
6 GM-2000-312, performance measures were developed from the Company's own historical
7 data and not the performance of other utilities or companies.

8 Q. Have similar agreements been developed in other mergers?

9 A. Yes. Similar agreements were made in other mergers including: *Re Western*
10 *Resources, Inc. and Kansas City Power and Light Company*, Case No. EM-97-515,
11 *Re Southern Union and Pennsylvania Enterprises, Inc.*, Case No. GM-2000-43 and in
12 *Re Missouri-American Water Company and St. Louis County Water Company*, Case No.
13 WM-2001-309.

14 Q. Does the reporting of call center metrics to the Staff and OPC exist for other
15 utilities as the result of cases other than merger cases listed above?

16 A. Yes. The Staff has been pursuing the reporting of call center metrics during
17 the context of recent rate cases and in addition to the utilities previously identified, receives
18 call center reporting for Laclede Gas Company, Kansas City Power and Light Company,
19 Empire District Electric Company, AmerenUE and Aquila, Inc.

20 Q. Have performance targets been established for all of the call centers of these
21 utilities?

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1 A. No. The Staff is monitoring the call center performance of these utilities and
2 may request the utilities be ordered to meet specified targets in the future if Staff identifies
3 performance concerns.

4 Q. What call center performance targets presently exist for Atmos Energy
5 Corporation?

6 A. The annual average ACR is not to exceed a target level of 8.0% with a
7 maximum allowable ACR of 9.0% during a calendar year and ASA is not to exceed a target
8 of 113 seconds plus a 5% variance of six seconds with a maximum allowable level of
9 119 seconds during a calendar year.

10 Q. Are these measurements different from Atmos' internal targets?

11 A. Yes. The Company's internal target for ACR is 6%; its internal target for ASA
12 is 120 seconds.

13 Q. What has been the Company's annual call center performance for the ACR and
14 ASA metrics for calendar years 2001, 2002, 2003, 2004 and 2005?

15 A. The Company's call center performance during that time period as compared
16 to the maximum allowable targets identified in GM-2000-312 is as follows:

| | | | | | | | |
|----|--|------------------|-------------|-------------|-------------|-------------|-------------------|
| 17 | | 2001 | 2002 | 2003 | 2004 | 2005 | Max Target |
| 18 | Abandoned Call Rate | 10% ² | 7% | 6% | 11% | 13% | 9% |
| 19 | Average Speed of Answer (seconds) | 118 | 75 | 78 | 94 | 115 | 119 |

20 As indicated previously, Missouri customers are served exclusively by the Amarillo
21 and Metairie call centers so the figures above represent the performance of those two centers,

² Response to Staff Data Request No. 147. The Company had previously reported in its March 28, 2002 report an annual ACR of 8.8% which was within targets presented in Case No GM-2000-312.

1 not the Waco call center, which serves TXU customers. Additional call center data for the
2 years 2004, 2005, and January through March 2006 is presented in graphs attached to my
3 testimony as follows: the number of calls offered is presented in Exhibit 1-1, the number of
4 calls answered is presented in Exhibit 1-2, a single chart that provides a comparison of calls
5 offered to calls answered is presented in Exhibit 1-3, abandoned call rates are presented in
6 Exhibit 1-4 and average speed of answers are presented in Exhibit 1-5.

7 Q. Has the Company's call center performance been unfavorable compared to the
8 established measures for any calendar year?

9 A. Yes. While the Company's average speed of answer did fall within the range
10 of the customer service measures agreed to by the Company in Case No. GM-2000-312 for
11 the period, the Company's abandoned call rate during 2001, 2004 and 2005 did not meet the
12 established maximum measures.

13 Q. When the Company's performance was unfavorable compared to the
14 established measures, what actions did the Staff take?

15 A. The Staff made a number of inquiries between 2004 and 2005 to the Company
16 to determine the cause for the service declines. Specifically, in 2004, during Atmos' proposed
17 merger with TXU Gas Company, the Staff submitted data requests that included inquiries into
18 the performance declines it observed in quarterly reporting from the Company, attached as
19 Exhibits 2-1 and 2-2. The Company indicated that it had inadvertently provided incorrect
20 information during its July 2004 quarterly report that had mistakenly indicated a decline in
21 performance. In the same response, however, the Company indicated that negative results
22 reported in the March 2004 report were a result of high gas prices and the absorption of calls
23 from the customers of Mississippi Valley Gas Company.

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1 The Company also responded to Staff in its request for the Company's plans to
2 improve the Amarillo call center performance that the Company no longer required customers
3 to call back to the call center with their receipt numbers after they had made a payment.
4 Previously, customers who had their service disconnected for non-payment or who made
5 payment arrangements were required to call back with their receipt numbers when payment
6 was made. The Company further stated that it continually monitors its customer service
7 center performance and is always seeking ways to enhance the service it provides to its
8 customers.

9 The Staff had made other contacts with Atmos prior to requesting information in data
10 requests through phone calls and e-mail communications in June of 2004, attached as
11 Exhibit 3. The Company's explanation at that time regarding the declines in performance was
12 similar to its response to subsequent data requests: the impact of higher call volumes from
13 absorbing the Mississippi Valley Gas calls and higher natural gas prices.

14 Q. What other inquiries has the Staff made regarding performance concerns of the
15 Atmos call centers?

16 A. In August 2005, the Staff sent the Company a letter requesting additional
17 information regarding the operations of its call centers. The Company's response prompted
18 further inquiry and this correspondence is attached as Exhibit 4-1 through 4-15. In its
19 response, the Company indicated it would add 20 agents beginning in October 2005. The
20 Company also indicated that 10 to 15 agents would begin in January 2006.

21 Q. What has the Company attributed the call center performance decline to in
22 2005?

1 A. Attached as Exhibit 5-1 to 5-3 in response to Staff Data Request No. 152, the
2 Company indicates that throughout 2005, gas costs continued to climb and the trend of higher
3 call volumes continued to increase. In August and September 2005, the Company's
4 operations in Louisiana as well as the call center in Metairie, Louisiana were impacted by
5 Hurricanes Katrina and Rita. The Company further indicated in its response that the call
6 center employee level in Louisiana went from a high of as many as 40 employees at one time
7 to zero after the hurricanes and that the call center did not fully recover until the winter of
8 2006. However, the Company's call center performance leading up to the hurricanes still was
9 not within the established measures as is presented in Exhibits 1-4 and 1-5.

10 Exhibit 6 presents the staffing of both the Amarillo and Metairie call centers by month
11 for 2004, 2005, through August 2006. As can be seen from this exhibit, total staffing in
12 April 2006 of the Amarillo and Metairie call centers had the lowest combined staffing level
13 for the 32 month period from January 2004 through August 2006 of 241 staff. The
14 Company's staffing as of August 2006 is at its highest level for the period of 283.

15 The Company's response to Staff Data Request No. 152 indicates that new agents,
16 temporary and permanent, were hired and trained during the summer of 2005 and into the
17 winter of 2006 to fill staff shortages and to prepare for continued high gas costs in 2006. The
18 Company further indicated that it had been under the annual targets established in Case No.
19 GM-2000-312 for the first two quarters of 2006.

20 Q. Has the Company been requested to provide an estimate of the costs to
21 improve its call center performance?

22 A. Yes. The Company indicated in response to Staff Data Request No. 152 that it
23 expects to be in compliance with the established targets and therefore has no cost estimate to

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1 improve the performance measures. The Company's response further indicated it will
2 continue to hire and train permanent and temporary employees as necessary to handle any
3 increase in call volumes experienced this year. Performance data provided by the Company
4 indicates that performance has improved in recent months, which may be attributed to staffing
5 increases and lower call volumes. Lower call volumes for natural gas utilities are anticipated
6 during warmer weather months.

7 Q. Clarify the significance of the Metairie, Louisiana call center to service
8 provided to Atmos' Missouri customers from an operational standpoint.

9 A. Customer calls coming from Missouri may be answered by either the Amarillo,
10 Texas or Metairie, Louisiana call centers, depending upon agent availability. These two
11 centers serve the Company's twelve state utility operations with the exception of the TXU
12 properties, which as indicated previously, are served by the Waco, Texas call center, the
13 Company acquired on April 1, 2005.

14 Q. Do the causes the Company cites for the declines in its performance appear
15 reasonable?

16 A. Yes. But they are none-the-less a concern for Atmos' Missouri customers and
17 demonstrate how Atmos' Missouri service territory is impacted by factors including natural
18 disasters outside Missouri. Increased call volumes that in some cases may be the result of
19 mergers or acquisitions of other utilities can also negatively impact the service received by
20 Missouri's customers. Hurricanes and other natural disasters are unavoidable, but emphasize
21 the importance of plans that identify contingencies for services should the need arise.

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1 Q. Has the Staff reviewed Commission complaints to determine if Atmos
2 customers have reported any negative performance or experiences with the Company's call
3 center?

4 A. Yes. The Staff reviewed 73 PSC complaints from January 1, 2005, through
5 June 2006 and found two remarks from customers which indicate dissatisfaction with call
6 wait times at the Company's call center. These customer remarks are attached in Exhibit 7-1
7 through 7-6.

8 Q. Does the fact that only two of the 73 customer complaints reference call wait
9 times provide indication that Atmos Missouri customers are satisfied with the call center
10 response they receive from Atmos?

11 A. No. First, customers calling with complaints to the Missouri Public Service
12 Commission are most generally expressing a complaint regarding matters that required them
13 to contact the Atmos call center initially, such as billing complaints, inability to pay bills,
14 requests to initiate or terminate service, concerns regarding deposits, meter readings and
15 others. The fact that customers experience poor service at the call center is secondary to the
16 matter or concern that first prompted their need to contact the Company.

17 Secondly, while complaints can provide an indication of service declines, Company
18 practices that are in violation of Commission rules or inconsistent application of company
19 policies among customers, the absence of customer complaints does not mean that such
20 problems are not present. One cited statistic indicates that 26 out of 27 customers will not
21 complain when they are dissatisfied.³

³ "A Complaint Is A Gift", Barlow and Moller, 25, footnote: "1-800 Training", Chris Lee, "Training: The Magazine of Human Resources Development (August 1990): 39.

1 Q. Should Atmos' Missouri customers receive a reasonable level of service when
2 calling the Company's call centers?

3 A. Yes. Customers pay for the management, staffing, technology, training and
4 space of utility call centers. They deserve reliable and adequate levels of customer service,
5 which includes call center performance.

6 Q. Has Atmos made any commitments regarding its call center performance for
7 2006?

8 A. Yes. The Company indicated it expects to be in compliance with the targets
9 established during the calendar year 2006.⁴

10 **STAFF'S REQUEST**

11 Q. What is the Staff's request in this case?

12 A. Staff's requests the following:

- 13 1. Atmos be ordered to improve the performance of its call centers that
14 answer calls for its Missouri customers. Maximum ACR should not
15 exceed 9% and ASA should not exceed 119 seconds.
- 16 2. Atmos be ordered to begin reporting on a monthly basis all data it
17 presently reports to the Staff and OPC on a quarterly basis.
- 18 3. Atmos file with the Commission its specific plan to improve and
19 maintain service improvements for its Amarillo and Metairie call
20 centers for 2006. Included with this plan should be the Company's
21 disaster recovery plans that address continued call center operations

⁴ Company response to Staff Data Request No. 152, presented as Exhibit 5.

1 during outages and call handling when a specific company call center is
2 not operational.

3 Q. Will this more frequent reporting pose a burden to Atmos?

4 A. It should not. Atmos maintains the data on a monthly basis and it can be
5 provided to the Staff and OPC electronically.

6 Q. If Atmos call center performance does not meet the established targets
7 presented in Case No. GM-2000-312 for FY 2006 and assuming there are no hurricanes or
8 other catastrophic events that may impact service at the Company's call center during 2006,
9 what does the Staff propose to do?

10 A. After analyzing the Company's data and reasons for not meeting the
11 established targets, the Staff will evaluate the pursuit of additional remedies or request
12 Commission action against the Company. Given historically high natural gas prices, the
13 Company should be adjusting its call center staffing to anticipate future increased call
14 volumes to reflect the higher prices. Barring any future natural disasters, there should be no
15 reason Staff is aware of that should keep Atmos from meeting its established targets.

16 Q. Have any other utility call centers provided monthly reporting to the Staff and
17 OPC in response to performance concerns?

18 A. Yes. Aquila, Inc. presently provides monthly reporting and in years past
19 Missouri Gas Energy submitted monthly reports due to service quality concerns.

20 Q. Does this complete your testimony?

21 A. Yes it does.

CASE PROCEEDING PARTICIPATION

LISA A. KREMER

| PARTICIPATION | | TESTIMONY |
|---|--------------------------------|--|
| COMPANY | CASE NO. | ISSUES |
| Aquila, Inc. | GR-2004-0072 | Direct - Quality of Service |
| Aquila, Inc. | ER-2004-0034 & HR-2004-0024 | Direct - Quality of Service Rebuttal - Quality of Service |
| Laclede Gas Company | GR-2002-356 | Rebuttal - Expense Decommissioning |
| Missouri Gas Energy | GR-2001-292 | Rebuttal - Customer Service |
| UtiliCorp United Inc. / Empire District Electric Company | EM-2000-369 | Rebuttal - Customer Service |
| Atmos Energy Company / Associated Natural Gas Company | GM-2000-312 | Rebuttal - Customer Service |
| Raytown Water Company | WR-94-211 | Rebuttal - Management Audit |

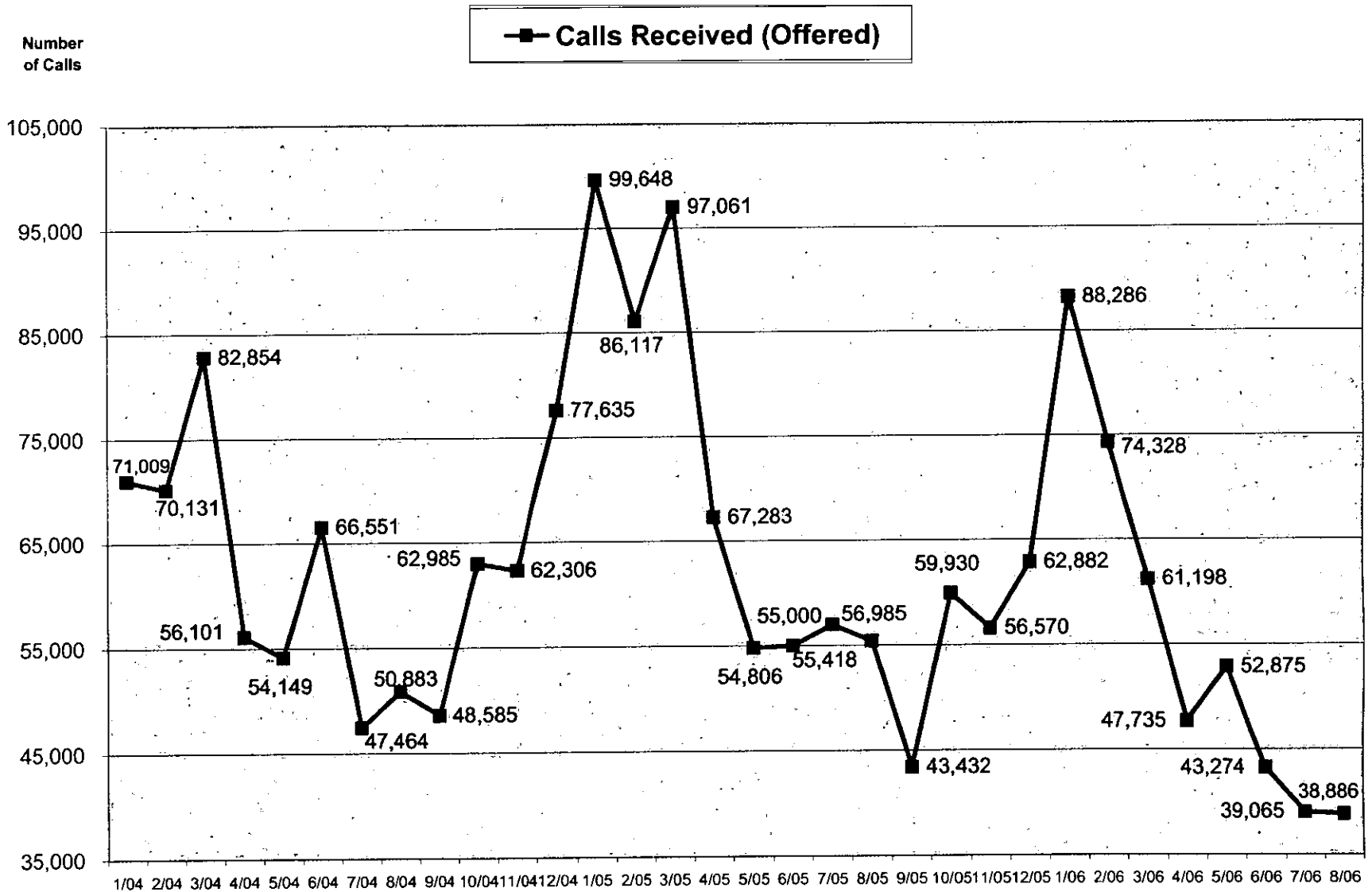


EXHIBIT 1-1

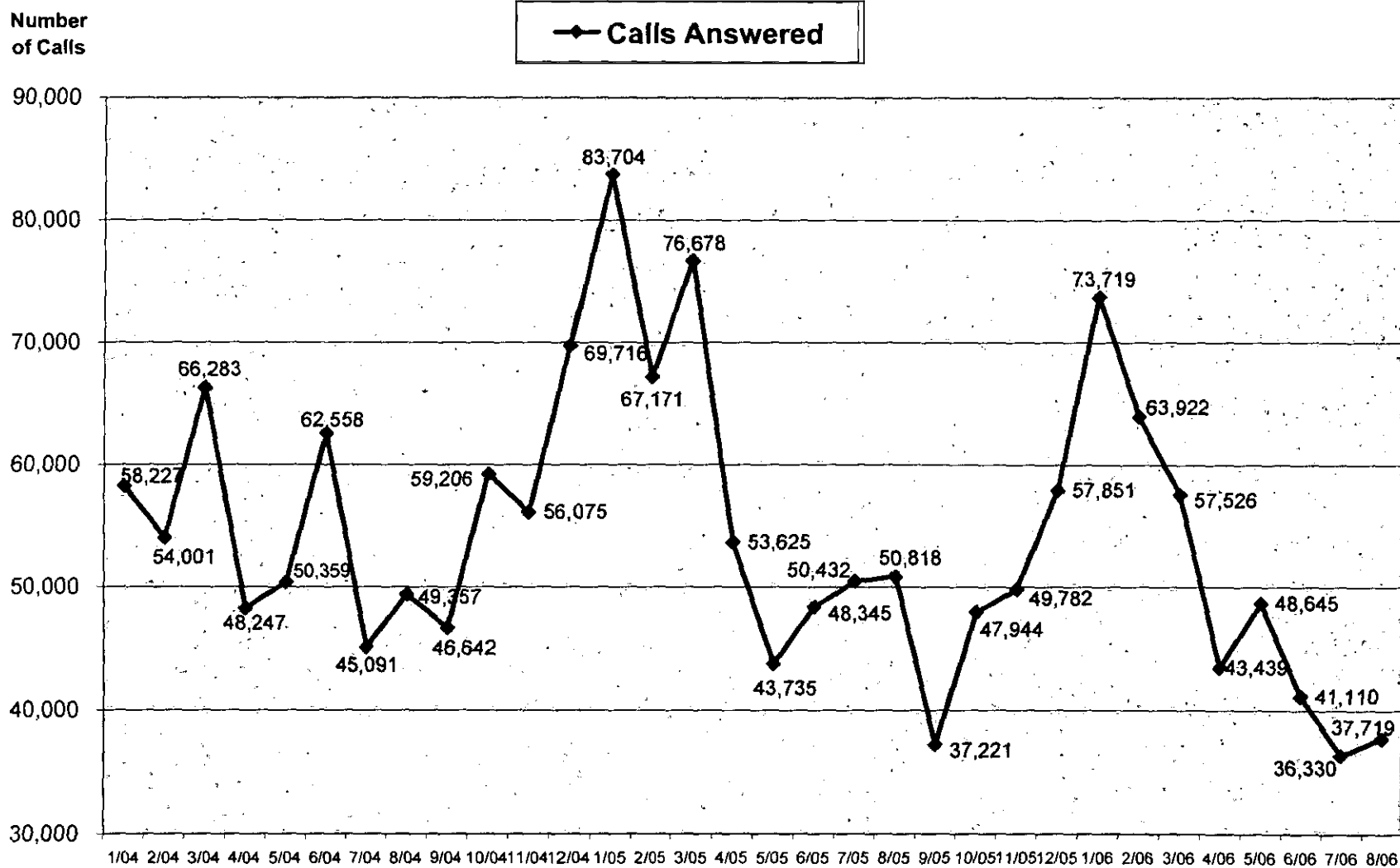


EXHIBIT 1-2

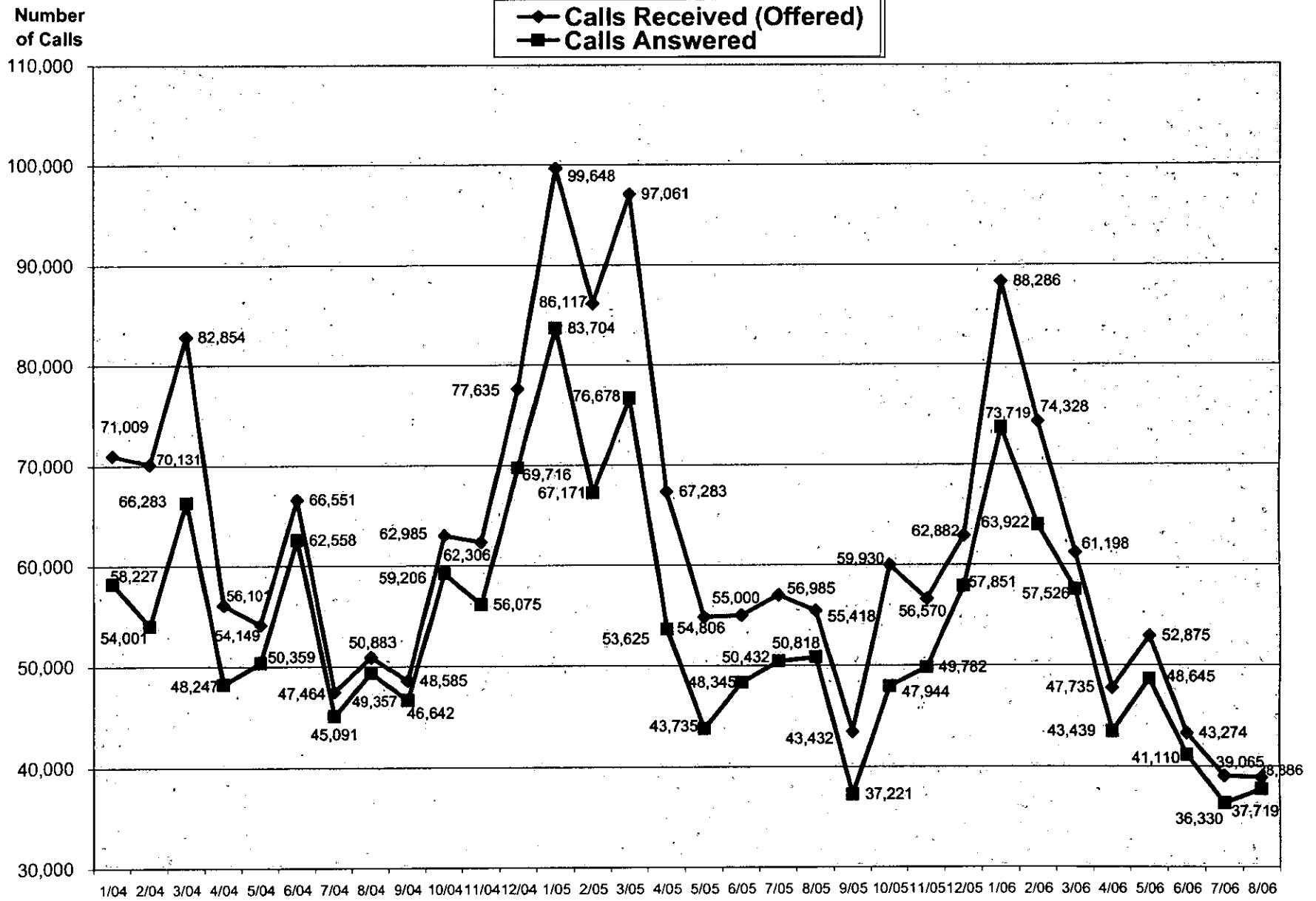
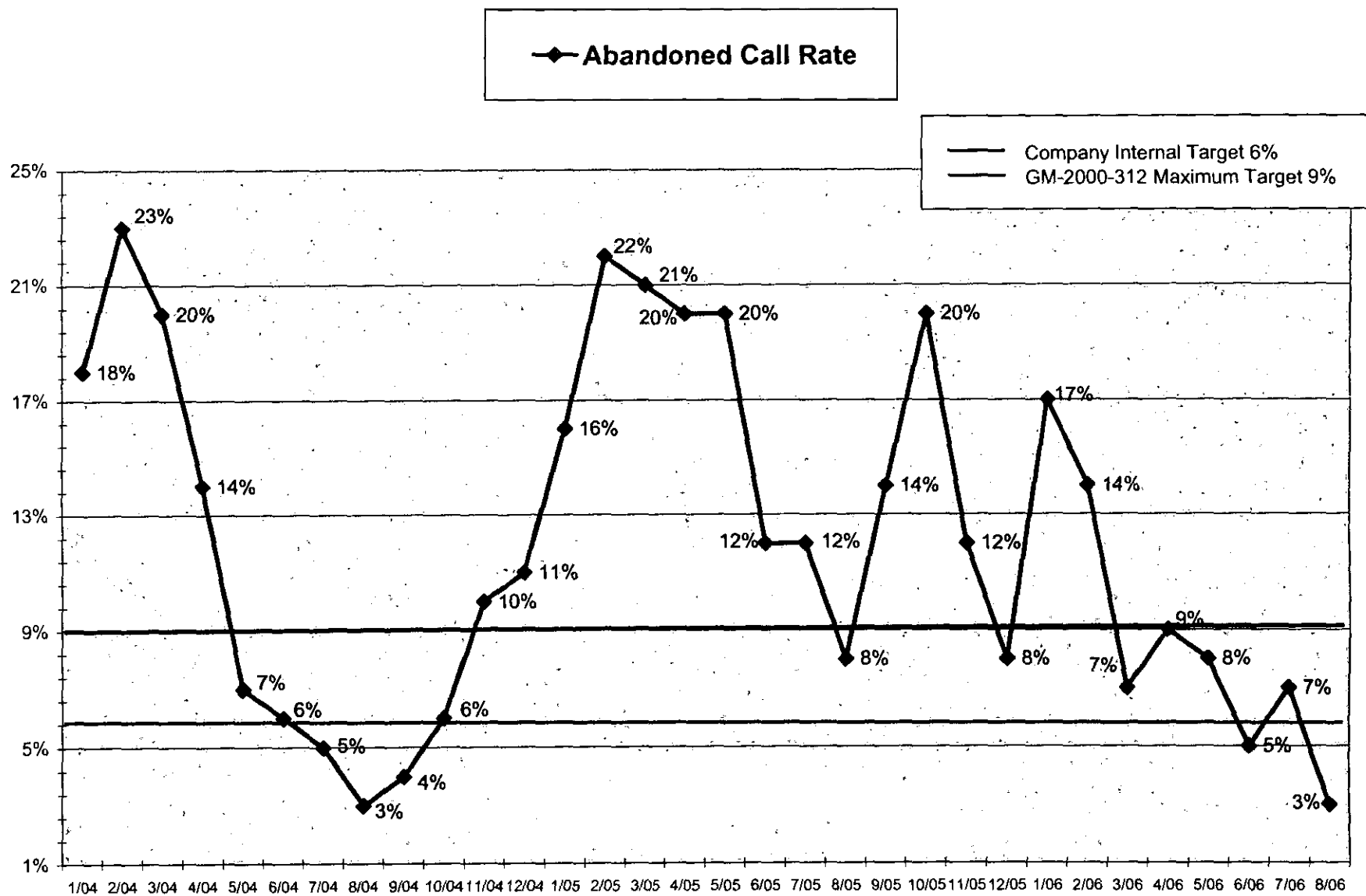


EXHIBIT 1-3



Percentages have been rounded.

EXHIBIT 1-4

Minutes/Seconds

◆ Average Speed of Answer

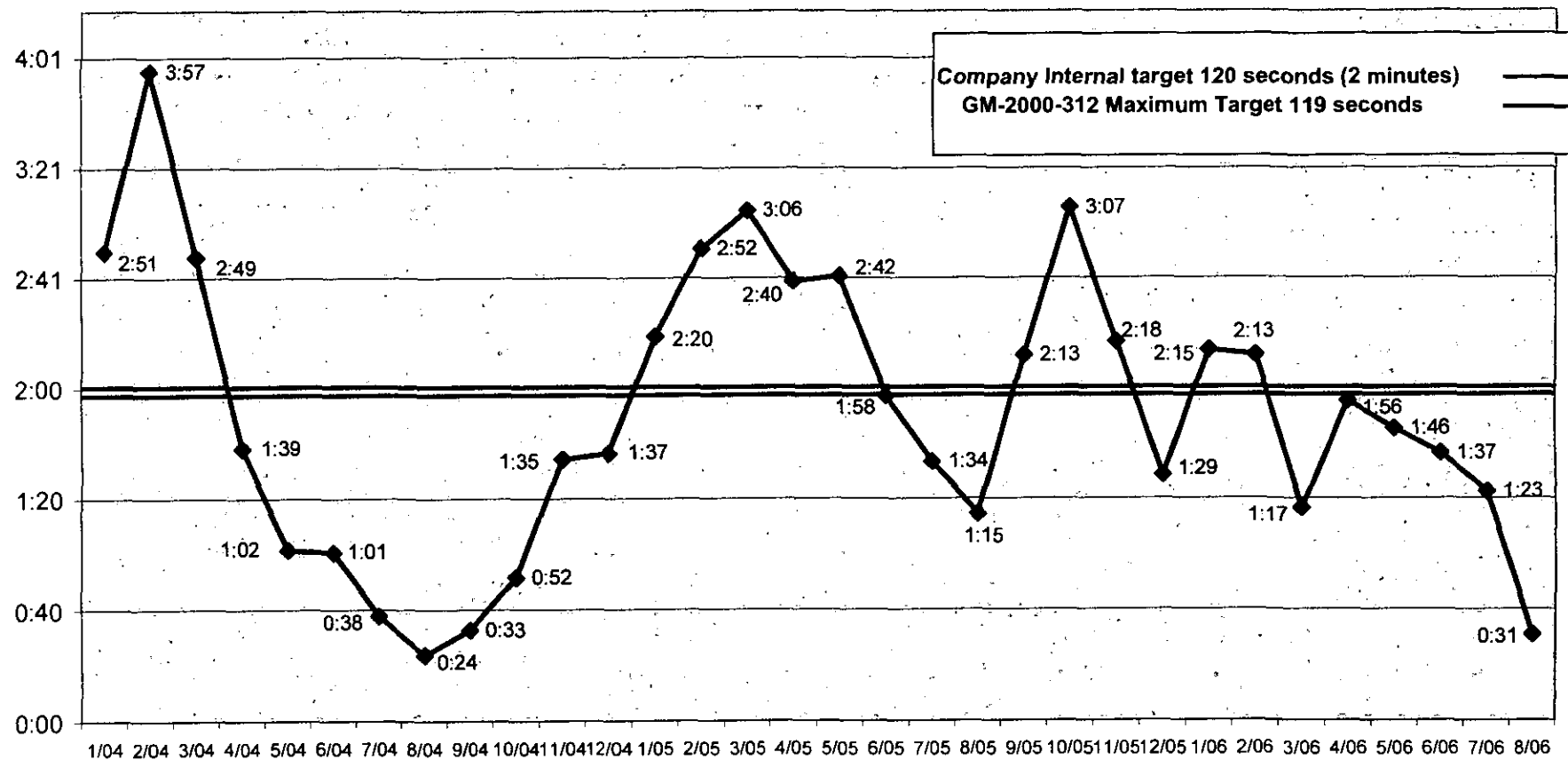


EXHIBIT 1-5

Kremer, Lisa

From: lwdority@sprintmail.com
Sent: Tuesday, August 10, 2004 7:35 PM
To: Lisa.Kremer@psc.mo.gov
Cc: lwdority@sprintmail.com
Subject: Case No. GM-2004-0607 - Data Request No.

Missouri Public Service Commission

Respond Data Request

| | |
|--------------------------|--|
| Data Request No. | 0053 |
| Company Name | Atmos Energy Corporation-Investor(Gas) |
| Case/Tracking No. | GM-2004-0607 |
| Date Requested | 08/04/2004 |
| Issue | Quality of Service - Customer Service |
| Requested From | Douglas C Walther |
| Requested By | Lisa Kremer |
| Brief Description | Factors Regarding Decline in Call Center Performance |
| Description | Please provide and explain all factors that have led to the decline in the Company's call center performance as indicated in the Company's July 28 and March 5, 2004 Quarterly Reports to the MoPSC staff, specifically referencing the ACR and ASA performance. |
| Response | The Company inadvertently provided erroneous information in its July 28, 2004 Quarterly Report and therefore the report incorrectly indicated a decline in the performance of the Company's call center. A corrected report was provided to Staff on August 9, 2004 and it showed that performance levels increased from the March 5, 2004 Quarterly Report. The results for the March 5, 2004 report were impacted by high gas prices and the adsorption of calls from the customers of Mississippi Valley Gas Company. As noted in response to Data Request No. 55, the Company took measures following the March 5 report in an effort to prevent higher levels of ASAs and ACRs in the future. |
| Objections | NA |

The attached information provided to Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission if, during the pendency of Case No. GM-2004-0607 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the Atmos Energy Corporation-Investor(Gas) office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of

8/11/2004

Exhibit 2-1

Kremer, Lisa

From: lwdority@sprintmail.com
Sent: Tuesday, August 10, 2004 7:37 PM
To: Lisa.Kremer@psc.mo.gov
Cc: lwdority@sprintmail.com
Subject: Case No. GM-2004-0607 - Data Request No.

Missouri Public Service Commission**Respond Data Request**

| | |
|--------------------------|---|
| Data Request No. | 0055 |
| Company Name | Atmos Energy Corporation-Investor(Gas) |
| Case/Tracking No. | GM-2004-0607 |
| Date Requested | 08/04/2004 |
| Issue | Quality of Service - Customer Service |
| Requested From | Douglas C Walther |
| Requested By | Lisa Kremer |
| Brief Description | Planned Activities to Improve Call Center Performance |
| Description | Please provide a description of all planned activities to improve the Company's Amarillo call center performance including increased staffing, improved training and others. |
| Response | As explained in response to Data Request No. 0053, the Company inadvertently provided erroneous information in its July 28, 2004 Quarterly Report which incorrectly indicated a decline in performance levels. A correct copy was provided to Staff on August 9. Following the March 5 report, the Company took steps in an effort to prevent higher levels of ASAs and ACRs in the future. The Company no longer requires customers to call back to the call center with their receipt numbers after they make a payment. Previously, customers who had their service disconnected for nonpayment or who payment arrangements were required to call back with their receipt numbers. The Company continuously monitors its customer service center performance and is always seeking ways to enhance the service it provides to its customers. |
| Objections | NA |

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **GM-2004-0607** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Atmos Energy Corporation-Investor(Gas)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of

Exhibit 2-2

8/11/2004

Kremer, Lisa

From: Martin, Mark A [Mark.Martin@atmosenergy.com]
Sent: Thursday, June 17, 2004 10:24 AM
To: lisa.kremer@psc.mo.gov
Cc: Childers, Patricia D.
Subject: RE: Atmos Energy's Statistical Report

Lisa,

I have been in touch with our CSC about the factors that led to our unique results. Also, steps have been put in place to prevent these results from reoccurring. The unique results were from higher than normal call volume that was caused by high gas prices and the absorption of Mississippi Valley Gas calls. Please let me know if you need anything else.

Thanks,

MM

-----Original Message-----

From: Martin, Mark A
Sent: Thursday, June 10, 2004 10:14 AM
To: 'lisa.kremer@psc.mo.gov'
Cc: Childers, Patricia D.
Subject: Atmos Energy's Statistical Report

Lisa,

I received your message and have contacted our CSC to see what happened to create those unique results. We will let you know what we find out. In regards to providing the monthly data and a quarterly roll-up, I do not see a problem on a going forward basis. I will adjust the format of our report to accommodate your request. Please let us know if you have any additional questions and/or need anything else.

Thanks,

MM



Commissioners

JEFF DAVIS
Chairman

CONNIE MURRAY

STEVE GAW

ROBERT M. CLAYTON III

LINWARD "LIN" APPLING

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.mo.gov>

WESS A. HENDERSON
Executive Director

ROBERT SCHALLENBERG
Director, Utility Services

WARREN WOOD
Director, Utility Operations

COLLEEN M. DALE
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

August 18, 2005

Ms. Pat Childers
Vice President, Rates and Regulatory Affairs
Atmos Energy Corporation
810 Crescent Centre Drive
Suite 600
Franklin, TN 37067-6226

Dear Ms. Childers:

As indicated during past discussions with Atmos personnel and in e-mail communications, the staff of the Missouri Public Service Commission has concerns with the Company's customer service performance measures, as reported in its two most recent quarterly reports. These reports were provided under cover letters addressed to Gay Fred and were dated May 2, 2005 and August 9, 2005, respectively. Customer service performance measures were agreed to in unanimous stipulation and agreements in Case Nos. GM-2000-312 and GM-2004-0607 and supported in subsequent Commission orders. The staff's recommendation in Case No. GM-2002-295 that requested to extend the reporting period of the Company was also supported by Commission order.

Specifically and as presented in Case No. GM-2000-312, annual average abandoned call rate (ACR) was not to exceed a target of 8% with a maximum allowable ACR of 9%. Average speed of answer (ASA) was not to exceed a target level of 113 seconds plus a variance of six seconds for a maximum allowable level of 119 seconds for the calendar year. The Company's ACR for the first six months of 2005, January through June, was 16%, 22%, 21%, 20%, 20% and 12% respectively. Average speed of answer times were 140, 172, 186, 160, 153 and 109 seconds.

While the calendar year is only slightly half over, the Company's abandoned call rate and average speed of answer performance for January, February, March, April, May and June 2005 has not only exceeded the thresholds agreed to by Atmos, but has shown a significant

Exhibit 4-1

decline from previous Company performance. Further, the Company's call center performance for the first six months of 2005 makes achievement of the annual targets agreed to by Atmos significantly more difficult.

While the Company's past call center performance is of concern to staff, so is the Company's future ability to respond to incoming customer calls during the upcoming heating season and projected record high natural gas prices. If the Company has had difficulty in achieving even minimal levels of call center performance during warm weather periods, the staff is concerned as to how the Company will respond during winter months when call volumes may again increase and the nature of customer calls may be more critical. Such calls include those made by customers requesting payment arrangements to avoid service disconnection or to make arrangements to restore service that has been disconnected.

The staff has made two previous inquiries to the Company regarding the spikes in abandoned call rate and average speed of answer. The most recent inquiry was made in May 2005, after receiving the Company's quarterly report for the periods of January, February and March. The Company attributed significantly higher call volumes to the increase. In June 2004, a similar performance concern was documented and expressed to the Company. At that time, higher than normal call volumes, higher gas prices and absorption of calls from the Mississippi Valley Gas merger were provided as an explanation. Call center metrics subsequently improved and continued to do so until the winter of 2004-2005.

In order for staff to gain greater understanding of the current operations of the Amarillo call center, I am requesting that the Company provide the following information:

1. A current organizational chart that provides the reporting relationship of the Customer Service Center up through the Atmos organization.
2. Monthly call center staffing from January 2003 through present.
3. Indication as to whether or not the Company has outsourced or contracted-out any aspect of the hiring and/or operations of its call center since January 2003.
4. All procedural and operational changes since January 2003 that can be attributed to either positively or negatively impacting the call center's performance.
5. Call center staffing turnover rates from January 2003 through the present, if available.
6. A description of all substantive changes in call center hiring practices and call center staff training since January 2003.

7. Calculation formulas for both ACR and ASA, including all changes in the formulas made since January 2003.
8. Documentation of specific plans to improve call center performance, including timelines for implementation.
9. Verification that the call center(s) of the TXU properties are still being operated independently of the Atmos call center located in Amarillo, Texas.

I would appreciate receiving the Company's response to this request for information by September 12, 2005, as well as any additional information the Company can provide to explain the recent performance of its call center and plans for improvement. It is my understanding that a conference call with Atmos personnel is being arranged for Monday, August 22, 2005, to discuss the Company's call center operations. I look forward to our discussion.

Please do not hesitate to call me at any time regarding this or any matter.

Sincerely,



Lisa Kremer, Manager
Engineering and Management Services
Department

LK/ds

c: Steve Green
Gay Fred
Doug Micheel
Wess Henderson
Bob Schallenberg



September 2, 2005

Missouri Public Service Commission
Lisa Kremer, Manager
Engineering and Management Services Department
P. O. Box 360
Jefferson City, Missouri 65102

Dear Ms. Kremer:

Enclosed is Atmos Energy Corporation's response to the Staff's questions concerning its customer service performance measures for the period January 2005 through June 2005. All questions from the Staff's letter dated August 18, 2005, have been answered and attachments are included.

In our conference call, you expressed concern that in some months the number of calls decreased and the abandoned rate stayed the same. After checking the source of our numbers, we were able to tell why. The number of calls received reflects calls from Mid-States customers only. However, the abandoned calls are the number of calls abandoned from all calls into the Call Center from all of the States that call into this particular center. Also, the number of calls from the Mid-States Division did go down, though the total number of calls into the Call Center actually went up. Jamey Brewer said that they are able to capture the number of calls that come from our Division but they are not able to determine the number of abandoned calls by Division.

The abandoned call rate (ACR) and the average speed of answer (ACA) may not be the best means of determining good customer service considering today's technology. We discovered that 54% of the abandoned calls occurred within the 119 seconds threshold that was set in the stipulation agreement. That leaves only 46% of the calls being abandoned after the time limit. Many of our young to middle age customers call us now on cell phones and they are more prone to hang up faster because they are charged for air time on their cell phones. Another reason that the ACR and ACA may not be good measuring devices is because of all of the options that the customer has when they call us. Our IVR will give the customer the option of hanging up and getting a call back from us. They are able to schedule the call-back and we have been

very successful at calling the customer back at the scheduled time or before. As Jamey mentioned in the conference call, customers will now be able to make payments and payment arrangements on our voice recognition IVR and will not have to speak to an agent. A large percentage of the calls are concerning payments and payment arrangements.

In our conference call, Jamey Brewer, Manager, Customer Support Center Operations in Amarillo, optimistically expressed that he felt the call center will fall within the guidelines set in the stipulation agreement for the abandoned call rate and the average speed of answer when averaged for the entire year. He stated that he expects this to happen because they are adding staff to answer telephones, and customers can now make payment arrangements through the IVR without speaking to a representative.

Please find attached the specific questions that you had with their answers, a copy of the organizational chart, and the report of abandoned calls and average speed of answer with the staffing levels.

If you have any questions, please do not hesitate to call me at 573-204-8167.

Sincerely,



Steve Green
Manager, Public Affairs

Attachments

Cc: Gay Fred
Doug Micheel
Wess Henderson
Bob Schallenberg
Josh Stull

Requested Information:

1. A current organizational chart that provides the reporting relationship of the Customer Service Center up through the Atmos organization.

Answer: Organizational Charts attached.

2. Monthly call center staffing from January 2003 through present.

Answer: Report attached.

3. Indication as to whether or not the Company has outsourced or contracted-out any aspect of the hiring and /or operations of its call center since January 2003.

Answer: There has been no outsourcing nor are there any plans in the future to outsource any of the hiring and/or operation of the call center.

4. All procedural and operational changes since January 2003 that can be attributed to either positively or negatively impacting the call center's performance.

Answer: Performance based shift selection went into effect April 2005. This has greatly improved performance as well as attendance. Seniority was used previously. The performance shift bid selection process encompasses several performance factors that support our emphasis on customer service.

Performance factors such as agents attendance, seniority, and overall quality of service (quality assurance and system efficiency/average handle time). Each employee's performance is calculated based on a point system assigned to each performance factor and calculated on an ongoing basis. The plan has increased our overall customer service level by rewarding employees for their overall performance and not specifically "seniority".

The "Fish" program is a philosophy that embraces teamwork in a manner that generates employee involvement and ultimately increases productivity while having fun. There are books and videos on this philosophy and there is also a website. We have done all kinds of fun things at the center to accomplish goals and at the same time have fun.

5. Call center staffing turnover rates from January 2003 through the present, if available.

Answer: 2003 - 16%, 2004 - 12%, 2005 ytd - 16%

6. A description of all substantive changes in call center hiring practices and call center staff training since January 2003.

Answer: Supervisor participation in interviewing new hires. Customer Support Associates, Group Leads and Supervisors are more involved in

facilitating new hires, refresher and soft skills training are also being done.

7. Calculation formulas for both ACR and ASA, including all changes in the formulas made since January 2003.

Answer: $ACR = \text{Total of calls received divided by total calls abandoned.}$

ASA = Average time customer is on hold while in the queue until the call is answered.

8. Documentation of specific plans to improve call center performance, including timelines for implementation.

Answer: We will have 20 new agents beginning September 6, 2005 with 20 more beginning the first of October, 2005. Also, 10 to 15 agents will begin around the first of January, 2006.

Speech recognition IVR will be in place September 1, 2005. This will allow customers to make payments and payment arrangements without having to talk to an agent.

9. Verification that the call center(s) of the TXU properties are still being operated independently of the Atmos call center located in Amarillo, Texas.

Answer: The call center in Waco, Texas handles all of the 1.5 million customers that came from the TXU properties. They are currently on a different Customer Information System than the rest of the Atmos customers.

10. What is the company's internal targets for Abandoned Call Rate and Average Speed of Answer?

Answer: Abandoned Call Rate Target = 10%, Average Speed of Answer = 2 minutes.

| January-March 2003 | | | | | |
|--------------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| January | 85,403 | 80,279 | 94% | 1:36 | 255 |
| February | 76,190 | 69,333 | 91% | 2:03 | 263 |
| March | 83,519 | 74,332 | 89% | 2:36 | 273 |

| April-June 2003 | | | | | |
|-----------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| April | 72,393 | 65,878 | 91% | 2:02 | 269 |
| May | 73,426 | 69,022 | 94% | 1:26 | 267 |
| June | 60,241 | 57,631 | 96% | 0:55 | 262 |

| July-September 2003 | | | | | |
|---------------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| July | 55,293 | 53,634 | 97% | 0:37 | 259 |
| August | 54,412 | 52,780 | 97% | 0:37 | 256 |
| September | 58,264 | 55,933 | 96% | 0:42 | 265 |

| October-December 2003 | | | | | |
|-----------------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| October | 66,424 | 64,431 | 97% | 0:33 | 258 |
| November | 59,308 | 56,343 | 95% | 0:53 | 262 |
| December | 75,248 | 67,724 | 90% | 1:39 | 259 |

| January-March 2004 | | | | | |
|--------------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| January | 71,009 | 58,227 | 82% | 2:51 | 280 |
| February | 70,131 | 54,001 | 77% | 3:57 | 280 |
| March | 82,854 | 66,283 | 80% | 2:49 | 256 |

| April-June 2004 | | | | | |
|-----------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| April | 58,101 | 48,247 | 83% | 1:38 | 258 |
| May | 54,149 | 50,359 | 93% | 1:02 | 258 |
| June | 66,551 | 62,558 | 94% | 1:01 | 251 |

| July-September 2004 | | | | | |
|---------------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| July | 47,484 | 45,091 | 95% | 0:38 | 248 |
| August | 50,883 | 49,357 | 97% | 0:24 | 258 |
| September | 48,585 | 46,642 | 96% | 0:33 | 253 |

| October - December 2004 | | | | | |
|-------------------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| October | 62,985 | 59,206 | 94% | 0:52 | 262 |
| November | 62,306 | 58,075 | 93% | 1:35 | 262 |
| December | 77,635 | 69,716 | 90% | 1:37 | 265 |

| January-March 2004 | | | | | |
|--------------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| January | 99,648 | 83,704 | 84% | 2:20 | 283 |
| February | 88,117 | 67,171 | 76% | 2:52 | 260 |
| March | 97,061 | 78,678 | 79% | 3:06 | 258 |

| April-June 2004 | | | | | |
|-----------------|---------------|----------------|------------------|-------------------------|------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer | Staffing Numbers |
| April | 67,283 | 53,625 | 80% | 2:40 | 259 |
| May | 54,808 | 43,735 | 80% | 2:33 | 257 |
| June | 55,000 | 48,345 | 88% | 1:49 | 258 |



ATMOS ENERGY CORPORATION

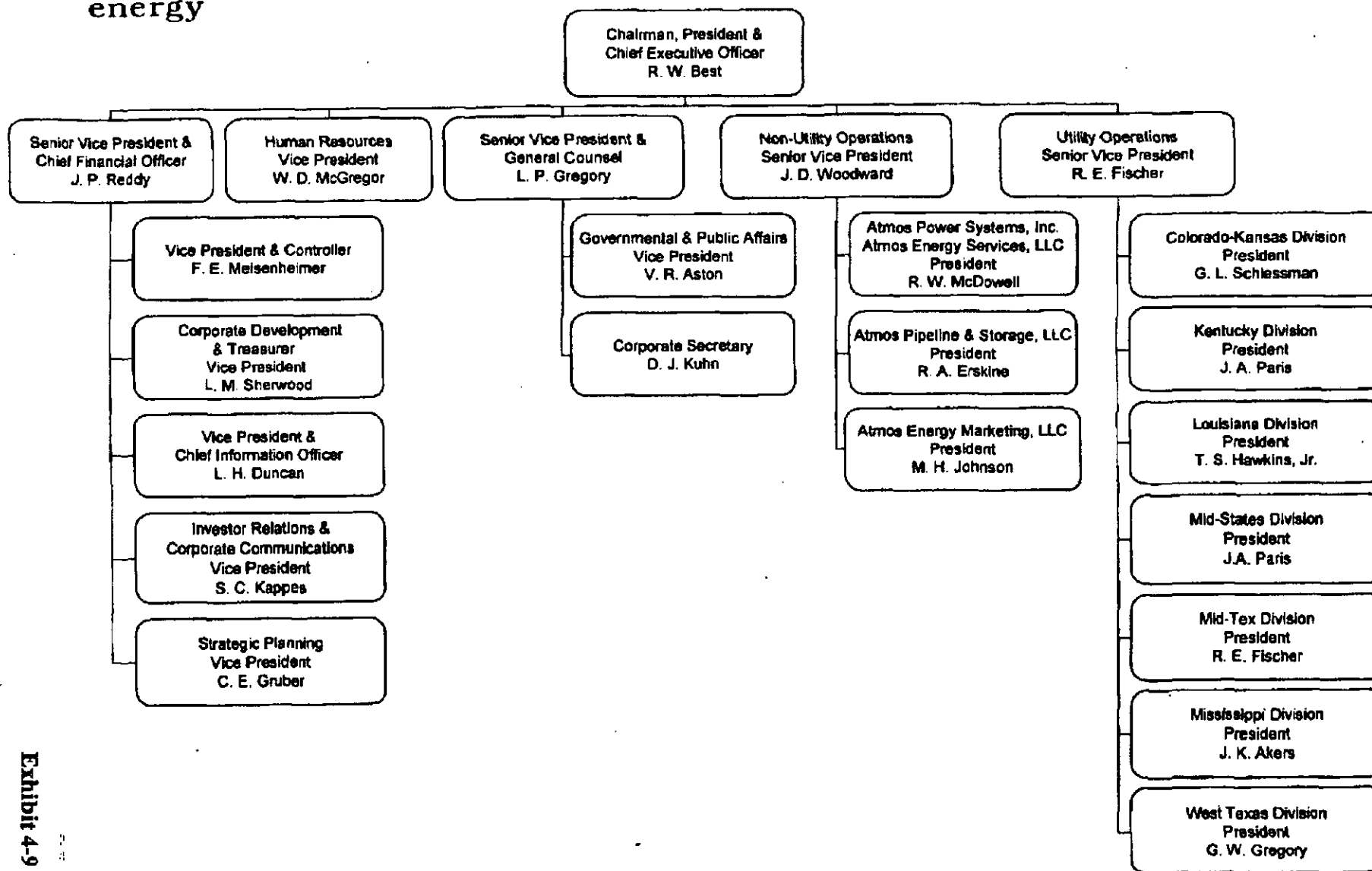
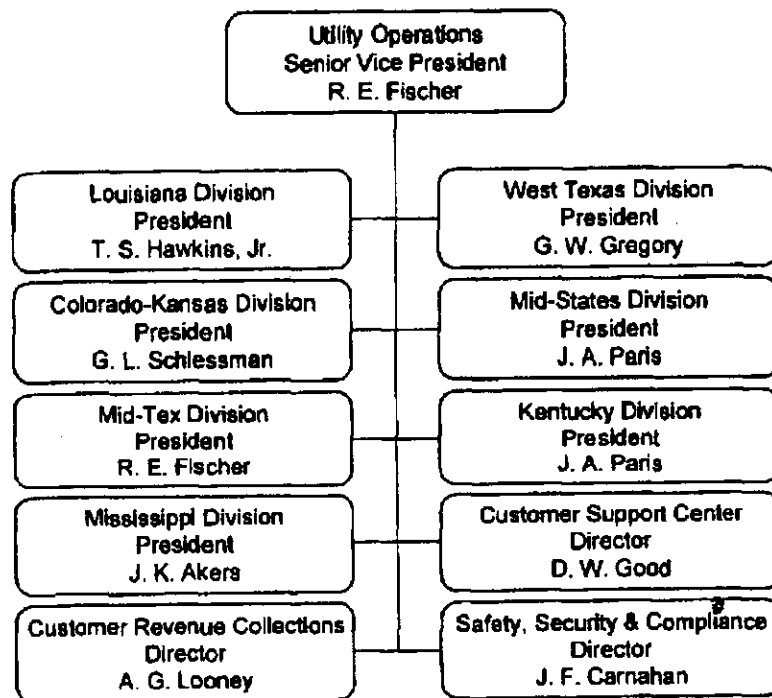


Exhibit 4-9

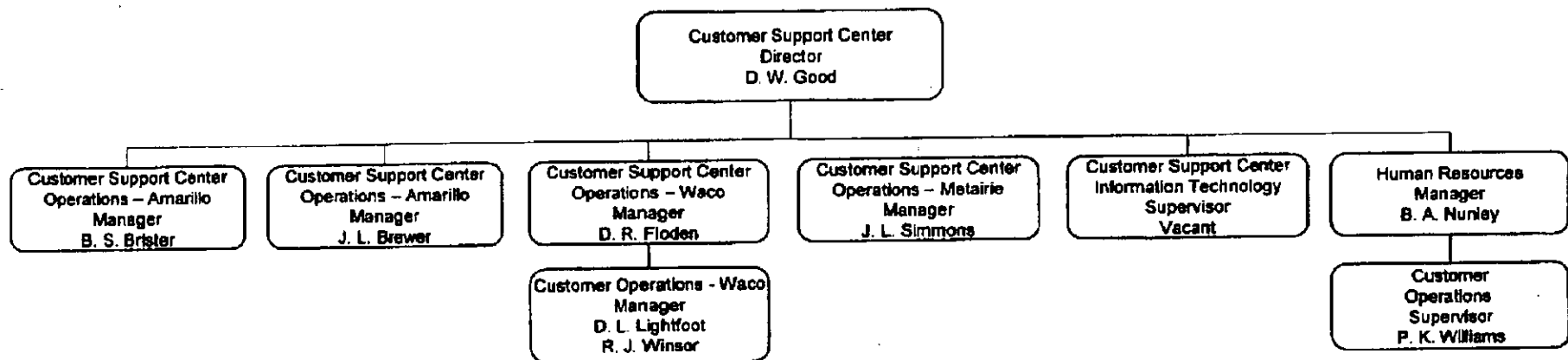


UTILITY OPERATIONS



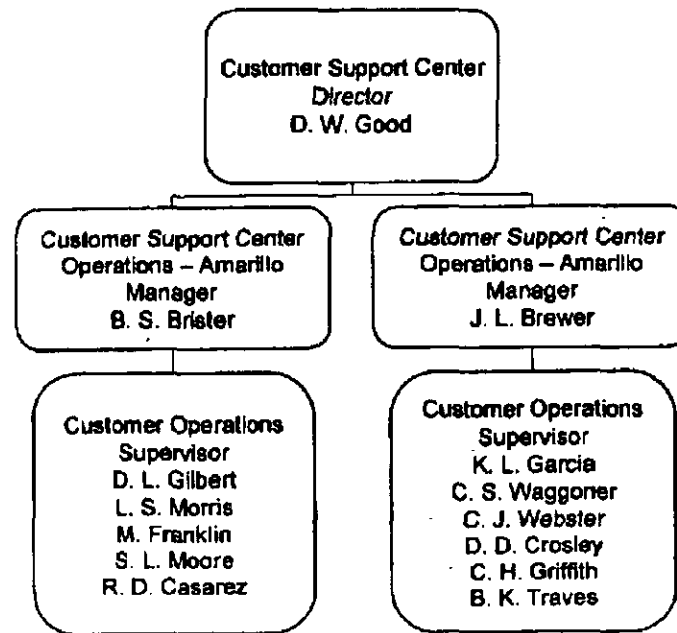


UTILITY OPERATIONS Customer Support Center



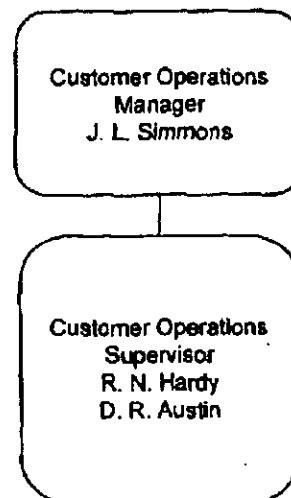


UTILITY OPERATIONS Customer Support Center Amarillo





UTILITY OPERATIONS Customer Support Center Metairie



Kremer, Lisa

From: Green, Charles Steve [Charles-Steve.Green@atmosenergy.com]
Sent: Wednesday, September 28, 2005 8:24 AM
To: lisa.kremer@psc.mo.gov; Childers, Patricia D.
Cc: barb.meisenheimer@ded.mo.gov; lewis.mills@ded.mo.gov; bob.schallenberg@psc.mo.gov; Stull, Josh; Nash, Roger D.; Higdon, Tom W.
Subject: Reply to Additional Questions Concerning ACR & ASA

Good morning Lisa,

Here is Atmos Energy Corporation's response to the Staff's additional questions concerning its customer service performance measures for the period January 2005 through June 2005.

1. Question: As referenced in paragraph 3 of Mr. Green's September 2, 2005 letter, please provide all authoritative source(s) that the Company uses to base its statement that "ACR and ACA [sic] my [sic] not be the best means of determining good customer service considering today's technology?" Please provide all preferred customer service indices and criteria the Company believes should substitute for or serve as compliment to ACR and ASA.

Answer: ACR and ASA may be the best means to measure good customer service. However, considering the fact that due to technology a customer does not have to hold, maybe increasing the maximum ASA to 200 seconds for those that choose to hold should be an option.

Because 54% of the customers did abandon the call prior to 119 seconds, maybe the ACR calculation should be changed to represent the percentage of customers that abandon after 119 seconds.

2. Question: Please provide the total number of company complaints received from Atmos Missouri customers from July 2004 through June 2005 that provided any mention of indication of dissatisfaction with the Company's call center performance.

Answer: The Company does not keep logs of complaints from customers that call us or walk into our office. Our normal procedure is to reply to the complaint at the time and do our best to resolve the issue to their satisfaction. However, I think you quoted one specific complaint to the Consumer Services Department concerning hold time and one other that also mentioned hold time as part of the complaint.

3. Question: Please provide any documented evidence including all studies and calculations performed that supports the Company's statement that "Many of our young to middle age customers call us now on cell phones and they are more prone to hang up faster because they are charged for air time on their cell phones."

Answer: We do not have documented evidence of this and we have not performed a study at this time.

4. Question: Please explain whether or not calls received by customers who indicate a desire to have a call-back from the Company through Virtual Hold technology, are considered in the calculation of Abandoned Call Rate (ACR). Please verify or correct the statement that customers are offered provisions of Virtual Hold technology while in the IVR and that Abandoned Call Rate is calculated based upon customers waiting in the call queue. Please also confirm or correct the statement that customers waiting for a call answer in the call queue have declined to avail themselves of Virtual

Hold technology and by virtue of being in the queue, have expressed intention to wait for a representative.

Answer: Customers that choose a call back are considered in the calculation of ACR when the call back is made. When the call back is made, if the customer hangs up between the time they answer and VHT verifies that they are the person we are supposed to be calling and then puts them in the queue, then it is considered an abandoned call. If the call is completed and they are connected to an agent, it is considered an answered call. The original call that a customer makes is not counted in either the ASA or ACR if they choose to have a call back. Only the call back is used in both of the calculations as well as the total number of calls received.

Customers that are waiting in the call queue could either be customers that have chosen a call back and we are calling them back and transfer them to the queue, or a customer that has chosen to hold. Customers that choose a call back are put in front of the queue because that is when their turn would have come up if they had chosen to hold.

If you have further questions, please do not hesitate to call me at 573-204-8167.

Thank you,

Steve Green
Manager, Public Affairs
573-204-8176 office
573-225-7837 cell

152) As referenced on page 4 of the Unanimous Stipulation and Agreement in Case No. GM-2000-312, please provide a written explanation as to why the Company's call center performance has experienced the declines it has as well as an estimate of the cost, if any, to improve the measures to the target service measure.

Response:

Please see the charts below containing statistics concerning the performance of the Amarillo/Metairie Customer Service Centers, for quarters when the performance measures exceeded what is allowed in the agreement referenced. Please also see notes concerning the reasons for exceeding the targets.

| January-March 2004 | | | | |
|--------------------|---------------|----------------|------------------|-------------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer |
| January | 71,009 | 58,227 | 82% | 2:51 |
| February | 70,131 | 54,001 | 77% | 3:57 |
| March | 82,854 | 66,283 | 80% | 2:49 |

The call volume began to rise in December 2003, when customers began receiving their winter bills which reflected cold weather combined with unexpectedly high gas prices. The Customer Service Centers (CSC) responded to the unexpected increase in gas costs by hiring and training additional agents. However, since it takes time to hire and train these employees, the effect of adding these new agents was not reflected in the performance measures until the summer months in 2004.

| January-March 2005 | | | | |
|--------------------|---------------|----------------|------------------|-------------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer |
| January | 99,648 | 83,704 | 84% | 2:20 |
| February | 86,117 | 67,171 | 78% | 2:52 |
| March | 97,061 | 76,678 | 79% | 3:06 |

| April-June 2005 | | | | |
|-----------------|---------------|----------------|------------------|-------------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer |
| April | 67,283 | 53,625 | 80% | 2:40 |
| May | 54,806 | 43,735 | 80% | 2:33 |
| June | 55,000 | 48,345 | 88% | 1:49 |

| July-September 2005 | | | | |
|---------------------|---------------|----------------|------------------|-------------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer |
| April | 56,985 | 50,432 | 89% | 1:34 |
| May | 55,418 | 50,818 | 92% | 1:15 |
| June | 43,432 | 37,221 | 86% | 2:13 |

| October - December 2005 | | | | |
|-------------------------|---------------|----------------|------------------|-------------------------|
| Month | Calls Offered | Calls Answered | % Calls Answered | Average Speed of Answer |
| October | 59,930 | 47,944 | 80% | 3:07 |
| November | 56,570 | 49,782 | 88% | 2:18 |
| December | 62,882 | 57,851 | 92% | 1:29 |

Throughout 2005, gas costs continued to climb, and the trend of higher call volumes also continued to increase. In August 2005, the Company's operations in Louisiana as well as the Call Center in Metairie, LA were impacted by Hurricane Katrina and Rita. At one point, the call center employee level in LA went from as many as 40 employees to zero. The CSCs did not fully recover, due to employee loss, until the winter of 2006. Many new agents, temporary and permanent, were hired and trained during the summer of 2005 and into the winter of 2006 to replace those employees, and to staff up for continued high gas costs in 2006. Record high gas prices were experienced in the last quarter of 2005 and into 2006.

During the first two quarters of 2006, the Company has been under the annual targets set concerning the performance measures in the Stipulation and Agreement in Case No. GM-2000-312. The Company expects to be in compliance with the targets set during calendar year 2006. Therefore, there is no cost estimate to improve the performance measures to meet the targets. However, the Company will continue to hire and train permanent and

temporary employees as necessary to handle any increase in call volumes experienced this year.

Number
of Staff

Amarillo and Metairie Call Center Staffing

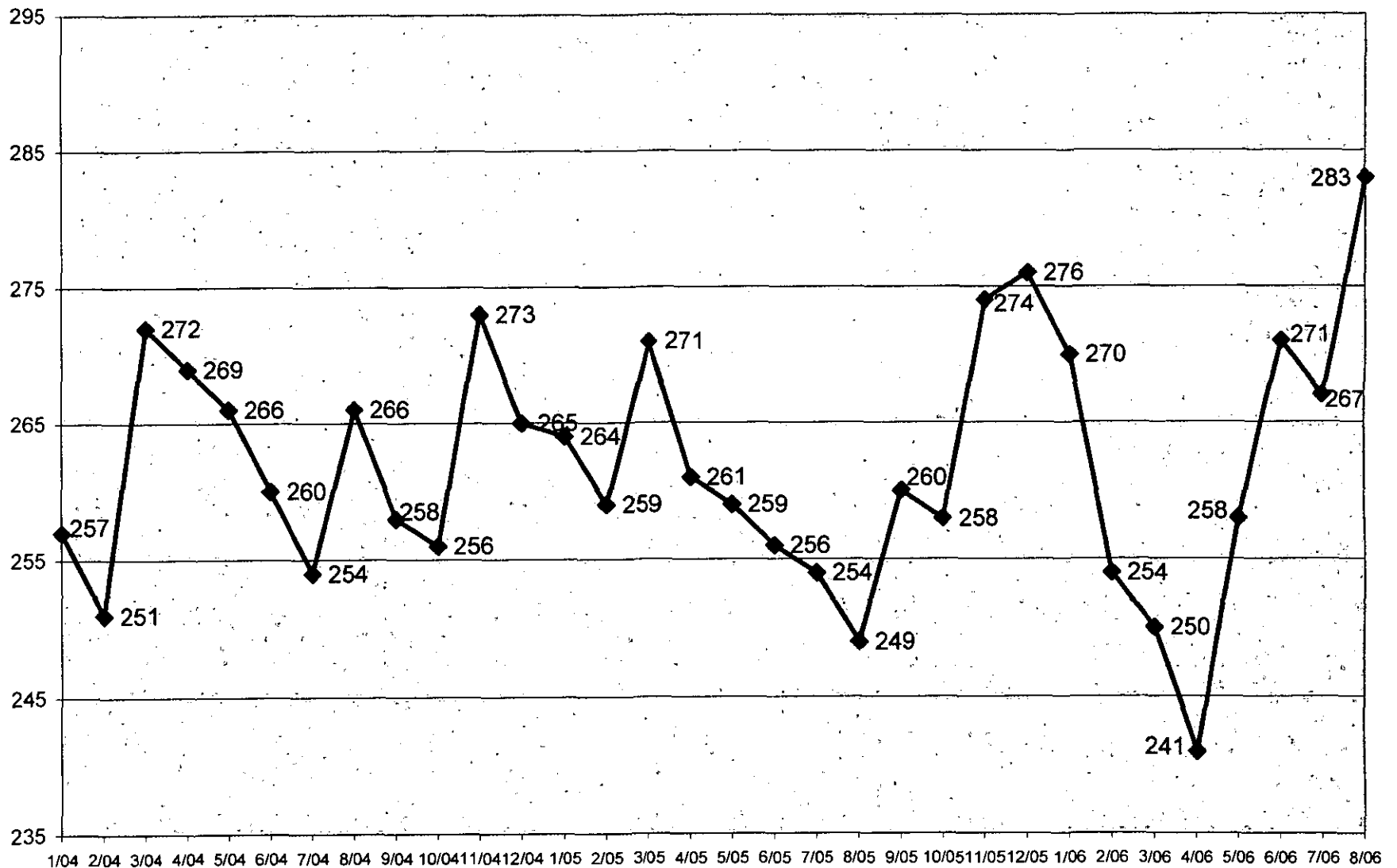


EXHIBIT 7

HAS BEEN DEEMED

HIGHLY CONFIDENTIAL

IN ITS ENTIRETY