

IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS INC. D/B/A
ELIZABETHTOWN GAS FOR APPROVAL OF
INCREASED BASE TARIFF RATES AND
CHARGES FOR GAS SERVICE AND
OTHER TARIFF REVISIONS

BPU DOCKET NO. GR09 _____

DIRECT TESTIMONY

OF

CONNIE MCINTYRE

On Behalf Of
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas

Exhibit P-3

March 3, 2009

**PIVOTAL UTILITY HOLDINGS, INC.
d/b/a ELIZABETHTOWN GAS
DIRECT TESTIMONY OF
CONNIE MCINTYRE**

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

2 **A.** My name is Connie McIntyre. My business address is 10
3 Peachtree Place, Atlanta, Georgia 30309.

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

5 **A.** I am employed by AGL Resources Inc. ("AGLR") as Vice
6 President of Customer Experience.

7 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL RESPONSIBILITIES.**

8 **A.** I have certain responsibilities for AGLR's utility call
9 centers, logistics, billing, collections and customer
10 service technology for AGLR's utilities, including Pivotal
11 Utility Holdings, Inc. d/b/a Elizabethtown Gas
12 ("Elizabethtown" or "Company"). My organization supports
13 the utilities' technology needs by serving as business
14 liaison with AGLR's Information Technology ("IT") area.

15 **Q. WHAT ARE YOUR PROFESSIONAL AND EDUCATIONAL QUALIFICATIONS?**

16 **A.** I have a Bachelor's degree in Business Administration from
17 Georgia College and a Masters of Business Administration
18 from Brenau University. I began working at AGL in 1977 and
19 have served in various roles where I was responsible for
20 customer service and technology, including Managing
21 Director, Information Systems Distribution Operations from
22 February 2004 through February 2006, Managing Director,
23 Business Innovation and Systems from July 2002 through
24 February 2004, Managing Director, Marketer Services from

1 July 1999 through July 2002, Synergy Project Leader from
2 December 1998 through July 1999 and Customer Service Manager
3 from December 1994 through December 1998. Prior to assuming
4 my current responsibilities, I was the Region Manager, NE
5 Georgia Region from February 2005 through July 2007.

6 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

7 **A.** The purpose of my direct testimony is to discuss
8 Elizabethtown's efforts to improve customer service in its
9 New Jersey service territory. I will also discuss the
10 Company's proposal to establish a customer call center in
11 the State. I will discuss how the Company presently
12 provides customer call center services to its New Jersey
13 customers, explain the challenges faced in providing such
14 services in New Jersey, and describe why the Company is
15 proposing to establish a call center in New Jersey.
16 Finally, I will discuss the projected costs of the proposed
17 call center relocation and explain how these costs
18 projections were determined.

19 **Q. PLEASE DESCRIBE THE CURRENT STRUCTURE OF AGLR'S CUSTOMER
20 SERVICE ORGANIZATION.**

21 **A.** AGLR's customer service operations are primarily centralized
22 in our Customer Care Center in Riverdale, Georgia.
23 Elizabethtown maintains a Customer Advocacy team in New
24 Jersey to handle executive and BPU complaints.
25 Emergency/leak calls and dispatch services are managed in
26 Riverdale at the Customer Care Center. The majority of
27 routine customer service calls (general calls, billing

1 calls, and order processing) are handled through an
2 outsourced vendor at two sites in India. For calls that
3 cannot be satisfactorily resolved at those sites, AGLR
4 maintains a call escalations group for India that is based
5 in our Riverdale Customer Care Center. Other operations in
6 Riverdale include workforce planning, customer relations,
7 back office, quality assurance, and training.

8 **Q. HAS THE COMPANY BEEN ATTEMPTING TO IMPROVE CUSTOMER SERVICE**
9 **OVER THE PAST FEW YEARS?**

10 A. Yes. AGLR acquired Elizabethtown at the end of 2004.
11 Initially, we focused on improving the customer experience
12 by ensuring that customers received accurate and timely
13 bills. This was accomplished through the deployment of
14 automated meter reading technology and improving processes.
15 We saw a significant drop in complaints based on those early
16 efforts. Starting in 2007, Elizabethtown's routine calls
17 were moved to an outsourced vendor located in India. During
18 that transition, the Company experienced an increase in
19 complaints due to issues related to knowledge base, voice
20 quality, experience and other factors. However, once those
21 issues were addressed and resolved, customer complaints
22 dropped. According to the 2008 JD Power & Associates
23 overall customer satisfaction index, the Company ranked 6th
24 in the East region for gas utilities. As of the end of
25 2008, 84.2% of Elizabethtown's customer service calls are
26 answered in 60 seconds or less. This compares to a 39.9%
27 level experienced a few years ago. Moreover, customer

1 complaints have dropped by 51% since 2004. Despite those
2 improvements, we find that offshoring the call center
3 created certain challenges for our New Jersey customers and
4 we propose to address those challenges by locating
5 Elizabethtown's call center in New Jersey as I describe more
6 fully below.

7 **Q. ARE YOU TAKING ADDITIONAL STEPS TO ENHANCE CUSTOMER SERVICE?**

8 **A.** Yes. Understanding and meeting customers' needs is a
9 continuing task. Fortunately, we have a number of tools to
10 help us understand customers' expectations and needs. Using
11 that information, we focus on changes necessary to continue
12 improving customer service. One of the ways that we do this
13 is by offering our customers convenience and choice by
14 giving them more options for doing business with us.

15 We are adding on-line order processing so that a
16 customer can place their turn-on or turn-off order on line.
17 This option is expected to be available in the second
18 quarter of 2009. We are also adding more functionality to
19 our Interactive Voice Recognition system ("IVR") to offer
20 customers greater convenience in paying their bills. This
21 option is expected to be available in the second quarter of
22 2009. Finally, we will also offer customers, beginning in
23 the third quarter of 2009, the ability to pay by credit card
24 on-line and through the IVR. Such ability currently is only
25 offered over the phone.

26 Despite these improvements, relative to our other
27 jurisdictions, Elizabethtown has unique issues such as the

1 prevalence of indoor meters and weather-related issues that
2 create more challenging access and appointment scheduling.
3 In addition, Elizabethtown has a number of complex rate
4 structures that are specific to its operation. As a
5 consequence, the Company has determined that a local call
6 center would best serve our New Jersey customers.

7 **Q. IS THE COMPANY PLANNING TO OPEN A LOCAL CALL CENTER IN THE**
8 **NEAR FUTURE?**

9 **A.** Yes, the Company is implementing a plan to move our
10 Elizabethtown calls to a new call center located in Union,
11 New Jersey. The Company has notified Wipro, its overseas
12 vendor, of our intent to bring these calls to New Jersey.
13 The Company is also in the process of designing a facility
14 to house these new operations. We are installing new HVAC,
15 lighting, information and communication systems utilizing
16 environmentally responsible methods. The costs of this
17 effort are discussed by Company witness Donald Carter.
18 During the build out, the Company will be further refining
19 the staffing and training plans necessary to begin
20 operations on or about December 7, 2009. The Company plans
21 to employ approximately 53 people in New Jersey to support
22 Elizabethtown's call center with 7 additional positions to
23 provide back-office support for New Jersey. The projected
24 costs of moving the call center to New Jersey and the
25 projected ongoing costs of operating the call center have
26 been included in the revenue requirement and are discussed
27 by Company witness Michael Morley.

1 Q. PLEASE EXPLAIN HOW THE COST PROJECTIONS FOR THE RELOCATED
2 CALL CENTER WERE DEVELOPED?

3 A. The proposal for the Elizabethtown customer call center
4 includes locating the center in the existing Green Lane
5 facility in Union, offering operating hours of 7 a.m. to 8
6 p.m. Monday through Friday, and staffing the center in a
7 manner that will facilitate answering 80% of calls within 30
8 seconds. These factors along with an average handle time of
9 390 seconds and a projected number of calls of 415,000 per
10 year were the factors used in developing a staffing model.

11 We developed the staffing plan utilizing workforce
12 planning software by Aspect that is already used by AGLR.
13 This model takes into account all of the factors described
14 above as well as a "shrinkage rate" for absenteeism and
15 training. The staffing plan for the Elizabethtown customer
16 call center includes:

17 1) 44 telephone customer service representatives
18 ("CSRs") with 3 supervisors (1 to 15 ratio);

19 2) 1 call center manager who will report to the
20 Director of Customer Care at the Riverdale facility. There
21 is also a reporting relationship with the Vice President and
22 General Manager of Elizabethtown to ensure local
23 accountability;

24 3) 3 support staffers that include a workforce
25 planning analyst, a trainer and a quality representative.
26 This number was determined by the need for on site training
27 and work force planning/scheduling. The quality

1 representative will monitor calls. The ratio for such a
2 position is typically 1 to 45 employees; and

3 4) 2 representatives will work in the back office
4 managing reports that affect field work.

5 There are other functions (7 positions) that will be
6 managed by AGLR that include back office system processing
7 and credit and collections work.

8 The total costs include capital start up costs of
9 \$1,747,116 as discussed by Mr. Carter. These costs include
10 the build out of the facility, furniture, computer equipment
11 and telephone equipment.

12 The total transition costs are projected to be
13 \$899,000, which includes funding for recruitment (ads, job
14 fairs, interviews, labor relations training), management
15 oversight for personnel to be on site during the build out,
16 training materials and travel, and any contract penalties
17 and legal fees that we incur from our existing vendor. As
18 discussed by Mr. Morley, the Company seeks authority to
19 defer and recover these one time costs in the rates
20 established in this proceeding.

21 We plan to open the call center on or about December 7,
22 2009 with hiring starting in early October. The manager
23 will be hired in September in order to participate in the
24 hiring of the staff. The staff will be hired in early
25 October and will attend four weeks of training. After
26 training, the new staff will take calls in parallel with the

1 existing vendor for four weeks to ensure a smooth
2 transition.

3 The ongoing payroll costs of maintaining the call
4 center on an annual basis are projected at \$4,130,000. In
5 determining payroll costs, AGLR reviewed over 30
6 compensation surveys that provide salary data for
7 approximately 90% of our employees. Jobs of comparable
8 value are grouped together and assigned a grade. AGLR
9 compared salaries in each of our locations to the national
10 average for the general industry. The cost of labor in the
11 Newark area exceeds the national market by more than 5% so
12 an escalation was applied to the current AGLR salary
13 structure for equivalent positions. The beginning salary
14 for a customer service representative job is approximately
15 \$37,700.

16 The Company also projects that an additional \$226,000
17 of miscellaneous operation and maintenance ("O&M") costs
18 will be incurred annually to operate the New Jersey call
19 center. Thus, the total ongoing O&M costs of maintaining
20 the New Jersey call center are projected to be \$4,356,000.

21 **Q. Please summarize your goal for customer service for your**
22 **customers in New Jersey.**

23 A. The Company has made significant progress in the customer
24 service arena over the past several years. We will continue
25 to offer customers convenience and choice to ensure they
26 have an outstanding customer experience with Elizabethtown
27 Gas.

1 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

2 A. Yes, it does.