

**EXH. JJJ-3
DOCKETS UE-19 ___/UG-19 ___
2019 PSE GENERAL RATE CASE
WITNESS: JOSHUA J. JACOBS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-19 ___
Docket UG-19 ___**

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

JOSHUA J. JACOBS

ON BEHALF OF PUGET SOUND ENERGY

JUNE 20, 2019



Get To Zero



PUGET
SOUND
ENERGY

August 3, 2016

Why Get To Zero?

Last year we received
4 million calls

That means our customers had
4 million problems

We want to:

Prevent problems before they happen

Enable customers to easily self-serve

Quickly help them when they do call



In other words: **Get To Zero**



GTZ mission and vision

We will become so good at what we do that our customers won't need to call us.

Guiding principles:

PSE makes and acts on commitments to its customers with confidence.

PSE knows who I am and anticipates my needs.

I can easily locate the answers to my questions and resolve issues myself.

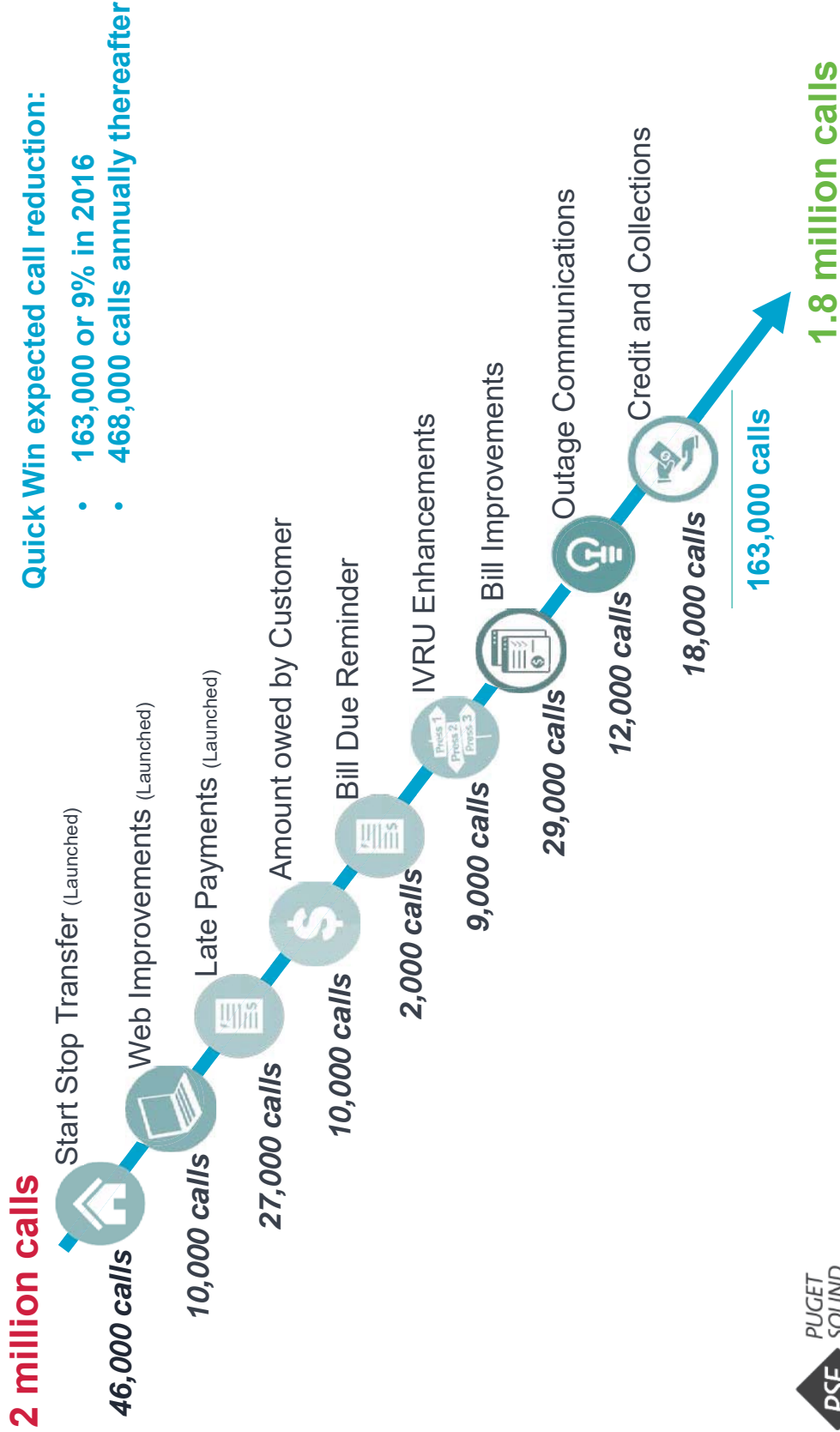
I get the same accurate information no matter how I contact PSE and I know what to expect at every interaction.

PSE will proactively inform me of things I care about through my preferred communication channel.



2016 priority #1: Quick Wins

Achieve 2016 call reduction targets with the highest impact projects



Current Data Quality: Obstructs our Guiding Principles

Inconsistent or missing information

73%

Customer email addresses stored in neither SAP nor Opower, thus preventing proactive notifications.

23%

Customer phone numbers mismatched between Customer and Business Partner which prevents self-service.

15%

Customer phone numbers are non-standard, invalid or missing which slows communication.

Multiple sources, duplicative and obsolete information

27

Different sources of customer contact information impedes automation.

3%

Customer data is duplicated based on name, address, postal code which prevents self-service.

82%

Customer Records are inactive which slows real-time information availability.



Super 5 processes: Providing the framework for GTZ's initiatives

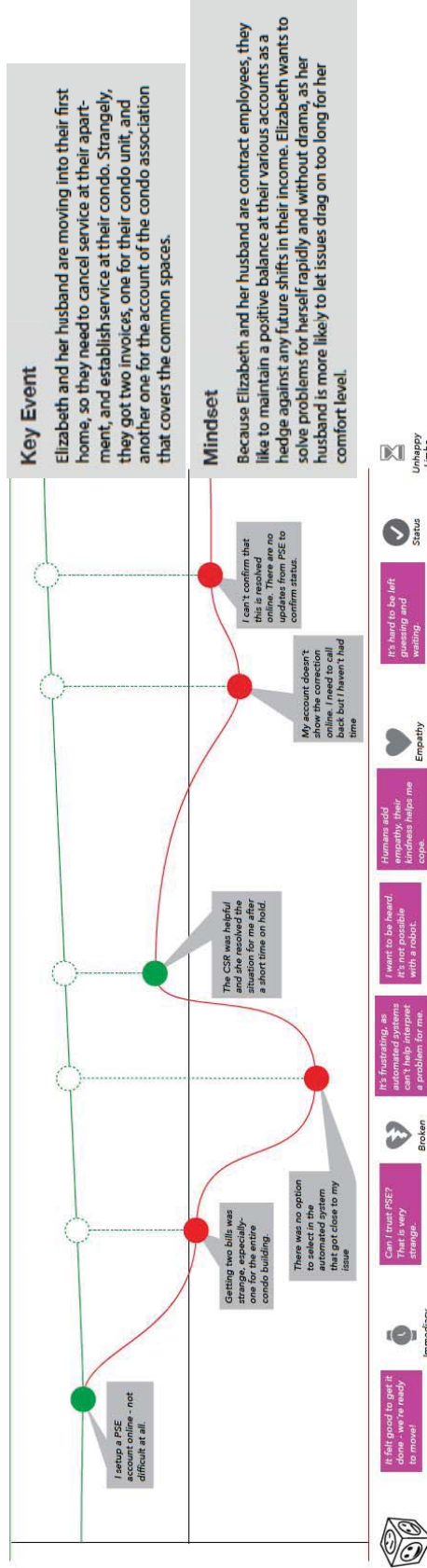


Customer personas: Take a walk in our customers' shoes



Elizabeth wants to self-serve but ends up uncertain

Elizabeth is recently married, and both she and her husband are contract employees. They are excited to be moving in to their first home. Home ownership is a new responsibility for Elizabeth, who handles all of the bills for her household. She has a large family locally, so she spends a lot of time driving to relative's homes, and caring for elderly parents who have special needs. Elizabeth is digitally savvy. She seeks to maintain control over her busy life by solving issues as they come up immediately from her mobile.



Commentary
"I felt good to get it done so easily to move. I normally pay bills electronically through my bank."

"When I got our first bill, there was hic. One for our condo, and one for the actual condo building itself. Both in our name. I tried to resolve this online but couldn't figure out how. There is no option for paying bills electronically for someone else. The site is kind of confusing."

"I'd like to much. I make a lot of calls from my car and I am usually able to handle things through automated systems without problems. Sometimes they are difficult to use when it's noisy. I called in but the automated system didn't recognize my name or my address. I had to give my name. I opted to speak with a CSR."

"There was a deal or bad account information in the system, which she told me would resolve itself in a few days. It's nice that a human can help, as we often just want to be heard, and feel taken care of."

"I am waiting for another paper bill to confirm that everything is okay with my accounts. I wish I could see the result right away."



We're continuously listening to our customers

Customer Voice

Feedback

Data

Analyze

Capabilities

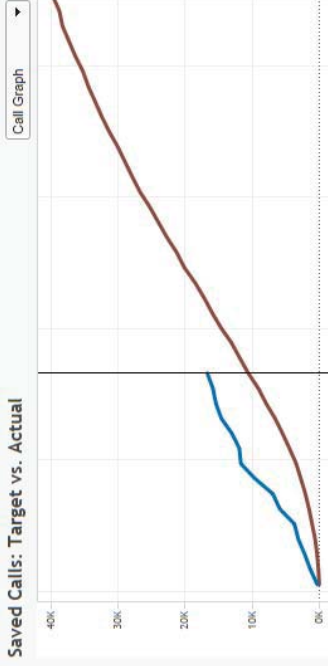
Target for Calls Saved, as of 7/11/2016: **10,609**

Actual Calls Saved, as of 7/11/2016: **16,711**

eGain Saved, as of 7/11/2016: **18,803**

Online Process Error Logs by Type, as of 7/11/2016

| Short Description of Errors in The Online Process | Number | Percent |
|---|--------|---------|
| Start Service Ineligible to Start Online | 2,361 | 25% |
| Address not Found in SAP (not in our service territory or new construction) | 4,436 | 47% |
| Stop Service Address Ineligible to Stop Online | 2,364 | 25% |
| BP can not be created, Authorized contact has a matching BP in the system | 190 | 2% |
| TOTAL ERRORS | 9,351 | 100% |
| Auto move-in failed, parked document created for further processing* | 853 | - |



* When a parked document is created, the customer doesn't see an error and it is counted as a successful submission, but it triggers an internal process which requires manual work.



Comments from Start/Move Survey Who Used the Online Process

What did we do well to make you satisfied with your start/change experience?

Easy process

do better

Easy on line services

Online registration was easy. I called in to confirm dates, as I just bought a new home and wanted to make sure there was no lapse in service. The representative was friendly, personable and know

knor' Comment: **Online registration was easy. I called in to confirm dates, as I just bought a new home and wanted to make sure there was no lapse in service. The representative was friendly, personable and knowledgeable.**

Eas Activity Date: **July 2, 2016**

Easy to use and understand the online forms. Commision on the request was also nice.

Easy. Not too many questions. Would prefer to do online



Billing, Payment, Credit & Collections: Current State

Simple tasks are
difficult for our
customers.



Customers can't easily get the help they need

Bill Payment Assistance for Low Income Customers

| | | | |
|--|--|--|--|
| 20% | 4 calls | \$7.9M | 30,700 |
| Of the population is income eligible for bill payment assistance but only 5% was served in 2015. | The minimum number of phone calls to PSE to process a single pledge. | Unallocated to eligible population in 2014-2015 (LIHEAP and PSE HELP). | Total estimated phone calls from low-income customers in 2015. |

Payment, Installment, Deposit Arrangements & Budget Plans

| | | | | |
|--|--|--|--|--|
| 200,685 | 373,000 | \$36M | \$128.5M | 73% |
| Calls to request payment arrangements in 2015. | Payment and installment arrangements made in 2015. | Defaulted by customers (dunning initiated) on 138,000 installment plans. | Total payment, installment and deposit arrangements in 2015. | Arrangements administered by Call Center Agents versus 16% by IVRU and 11% via Web self-service. |



Current processes impede our success

Credit Collections, Field Collections

| | | | | | |
|---------------------------------|--|--------------------------|-----------------------------|--------------------------------------|---|
| 275,000 | 70,000 | 55,000 | 150,000 | 55,000 | 10-15 min |
| Annual disconnect orders issued | Disconnect orders expire due to inaction | Disconnections completed | Payments taken in the field | Customer calls to re-connect service | Average field collection time, with an additional 20-min drive time average per visit |

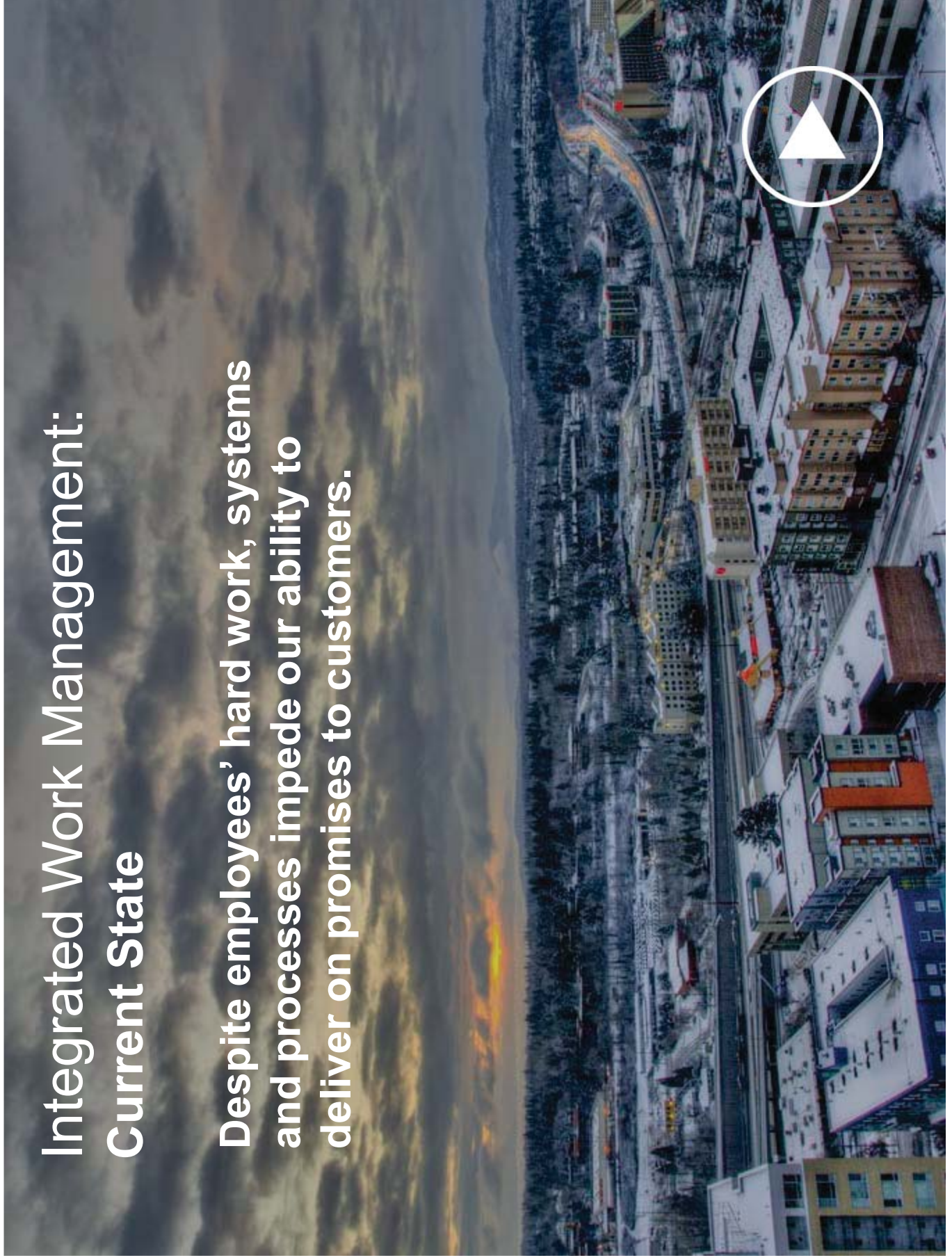
Billing and Payment

| | | | |
|---------------------------------------|--|--|---|
| 70% | 15.9M | 220,000 | 811,170 |
| Bills delivered via US Postal Service | Payments made: 55% paid online, 30% by mail, 3% via IVRU, 12% via third-party, non-contracted processors | Billing exceptions annually. 13 per 1,000 bills (first quartile is 1-3 exceptions per 1,000) | Total estimated payment and billing phone calls from customers in 2015. |



Integrated Work Management: Current State

Despite employees' hard work, systems and processes impede our ability to deliver on promises to customers.



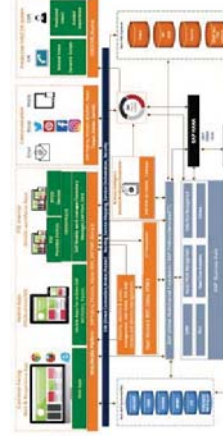
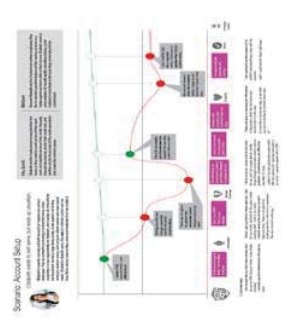
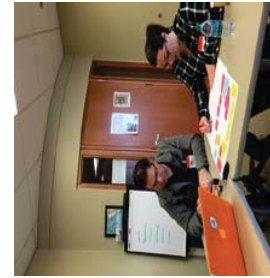
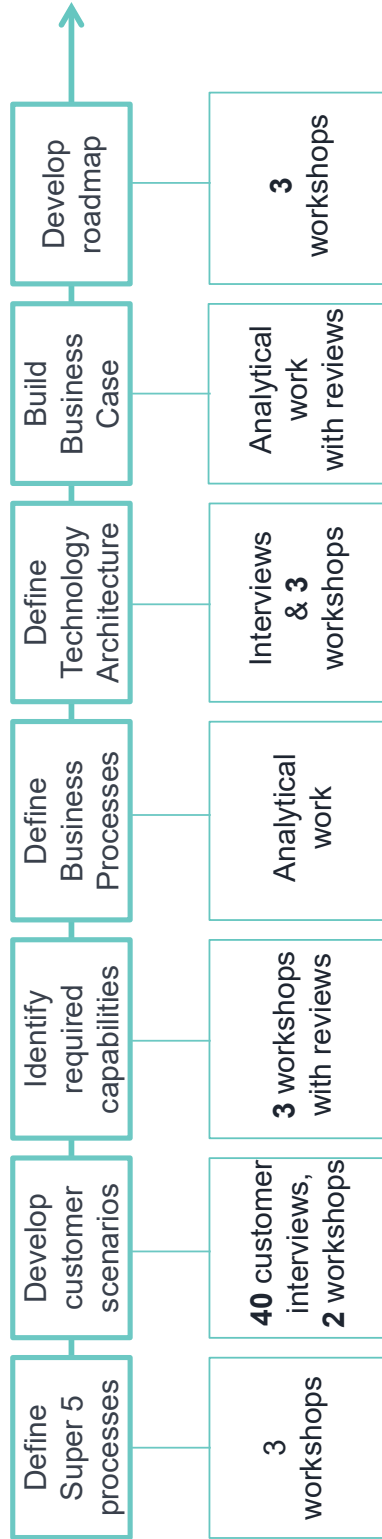
Dis-Integrated Work Management: The Cause and Effect

| NO WORK VISIBILITY | CAN'T MEET CUSTOMER COMMITMENTS | NO SYSTEM INTEGRATION |
|---|--|---|
| <p>1,600</p> <p>Lost or mixed meters in 2015</p> | <p>2-6 mo.</p> <p>To map new construction with some customers left unmapped due to lack of work history</p> | <p>38%</p> <p>Customer construction reschedule rate, including customer-requested (electric)</p> |
| <p>0%</p> <p>Information available from the field to the customer</p> | <p>67 min</p> <p>Restoration variance on average 2-hr outage (as of June 2016)</p> | <p>20</p> <p>Approximate number of single customer outages per day in 2016</p> |
| <p>3 wks</p> <p>Average time to respond to power quality issues per year</p> | <p>100's</p> <p>Different work types handled manually in 20 separate datasets</p> | <p>50%</p> <p>New leaks were caused by outside contractors in 2016</p> |



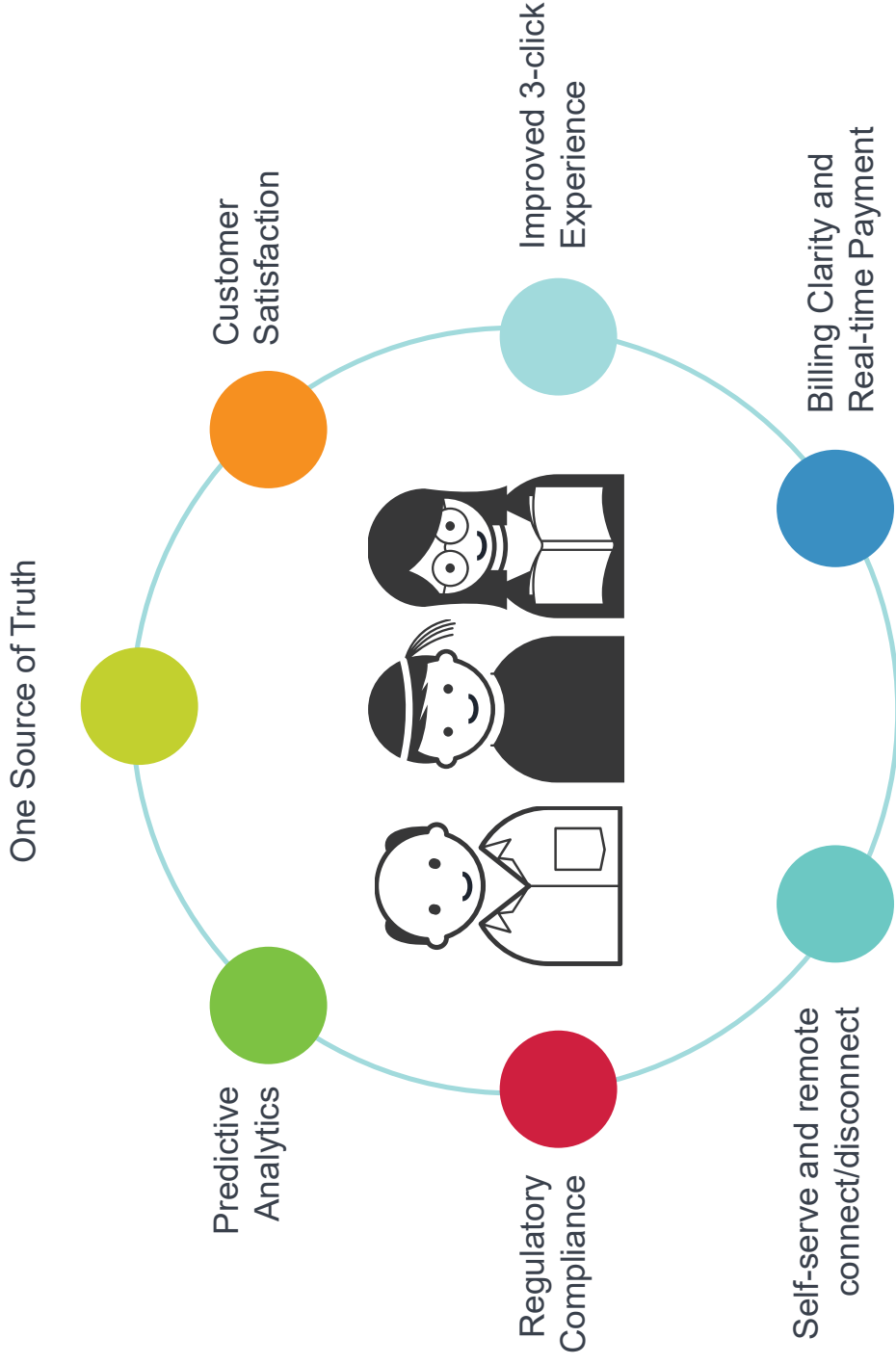
Creating the GTZ roadmap

Engage GTZ team and impacted business users in the strategy



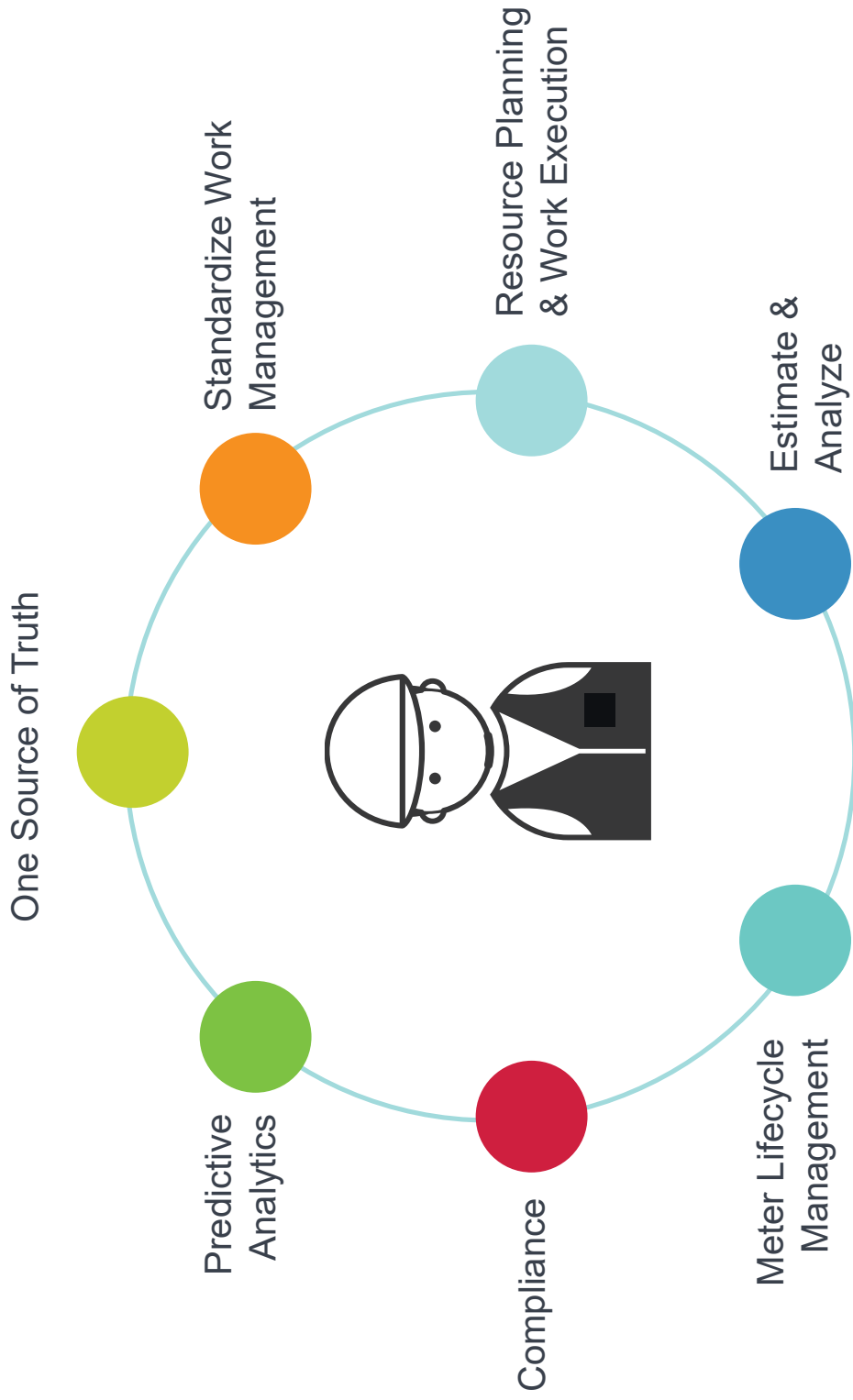
Billing, Payment, Credit and Collections: Future State

Customers will enjoy doing business with us

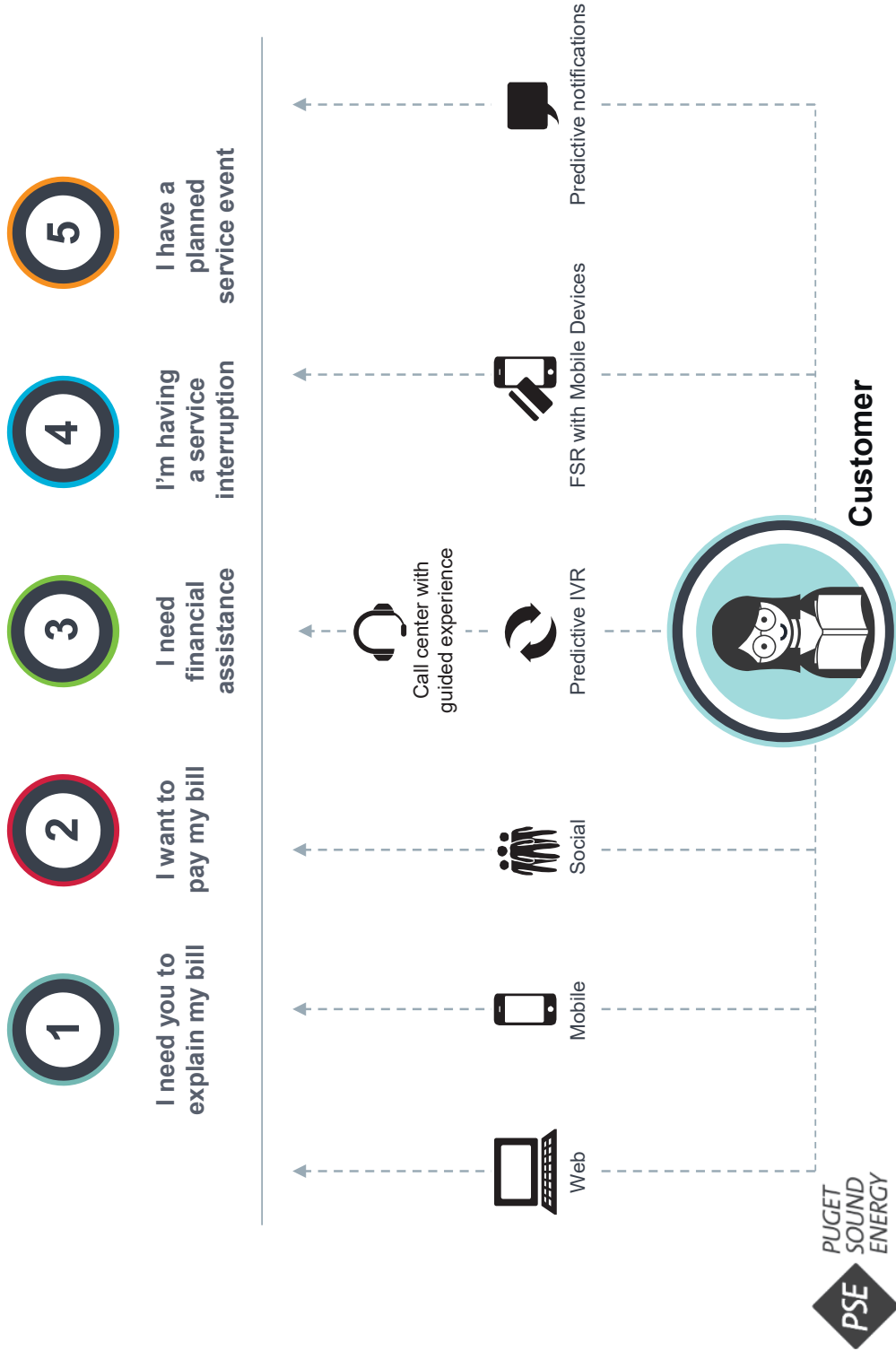


Integrated Work Management: Future-State

Confidently executing on customer commitments



Digital Core: Enabling the Super 5



Digital Core: Enabling the Super 5 Dramatic corporate transformation by 2018

| 2017 Initiatives | Q3/Q4 2016 | 2017+ | Impact | Benefits |
|--|------------|-------|---|---|
| <ul style="list-style-type: none"> ▪ Cross Channel Experience ▪ Web + Content Management ▪ Mobile Application Platform ▪ Preference Center ▪ Comm. Gate + Proactive Msg ▪ IVR Natural Voice ▪ Call Me Back Automation | | | <p>Transform Customer Experience</p> | <ul style="list-style-type: none"> ▪ Call reduction ▪ Customer satisfaction ▪ Bad debt reduction ▪ Increase use of PSE HELP |
| <ul style="list-style-type: none"> ▪ CSR Guided Experience ▪ SAP CRM Multi-Channel | | | <p>Enable the Call Center</p> | <ul style="list-style-type: none"> ▪ Reduced call handling time ▪ Auto disconnect/reconnect |
| <ul style="list-style-type: none"> ▪ Customer 360° ▪ Web Analytics ▪ Data Governance and Analytics ▪ IWM GIS and SAP Enablers ▪ Advanced AMI | | | <p>Build the Foundation</p> | <ul style="list-style-type: none"> ▪ Enablement |



Future State

We'll become so good at what we do that our customers won't need to call us.



Budget

| Year | CAPEX | OPEX | Total |
|--------------|-----------------------|----------------------|-----------------------|
| 2017 | \$ 70,400,000 | \$ 22,500,000 | \$ 93,000,000 |
| 2018 | \$ 61,800,000 | \$ 25,400,000 | \$ 87,200,000 |
| 2019 | \$ 32,300,000 | \$ 24,900,000 | \$ 57,200,000 |
| 2020 | \$ 17,700,000 | \$ 25,200,000 | \$ 42,900,000 |
| Total | \$ 182,200,000 | \$ 98,000,000 | \$ 280,200,000 |

Key Assumptions/Notes:

- 10% contingency
- AMI meter deployment is outside of GTZ; however costs associated with enablement of capabilities, SAP/AMI advanced functionality, and strategic deployment are within GTZ.
- \$29 million of the 2017-2020 total spend associated with post-implementation O&M
- Expected GTZ ongoing O&M post 2021 to be \$12.6 million
- Digital Core represents over 70% of the GTZ investment.

Shaded information is designated CONFIDENTIAL per Protective Order in WUTC Dockets UE-180899 and UG-180900



Requested Board Action: Confirm we're on the right track to meet future customer needs

Today we've shown:

- Why the strategies and benefits in GTZ's roadmap are essential, not just for our success but for our survival.
- That the GTZ objectives, roadmap, and vision are realistic, practical and cost-effective and can be implemented in a timely manner at PSE.



The PSE Customer Journey: Future-State

