

**EXH. DEM-4T
DOCKETS UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: DAVID E. MILLS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-170033
Docket UG-170034**

**PREFILED REBUTTAL TESTIMONY
(NONCONFIDENTIAL) OF
DAVID E. MILLS
ON BEHALF OF PUGET SOUND ENERGY**

AUGUST 9, 2017

PUGET SOUND ENERGY

**PREFILED REBUTTAL TESTIMONY
(NONCONFIDENTIAL) OF
DAVID E. MILLS**

CONTENTS

I. INTRODUCTION1

II. GENERAL RESPONSE TO PARTIES' TESTIMONY2

III. GTZ IS DESIGNED TO BETTER MEET CUSTOMER PREFERENCES
FOR INTERACTING WITH PSE.....5

IV. CONCLUSION.....8

1 **PUGET SOUND ENERGY**

2 **PREFILED REBUTTAL TESTIMONY**
3 **(NONCONFIDENTIAL) OF**
4 **DAVID E. MILLS**

5 **I. INTRODUCTION**

6 **Q. Are you the same David E. Mills who submitted prefiled direct testimony on**
7 **January 13, 2017, on behalf of Puget Sound Energy (“PSE” or the**
8 **“Company”) in this proceeding?**

9 A. Yes I am.

10 **Q. What is the purpose of your rebuttal testimony?**

11 A. The purpose of my rebuttal testimony is as follows:

- 12 • I address the importance of allowing PSE to be innovative and
13 respond to an evolving energy horizon and customers’ changing
14 needs in response to certain positions taken by parties in their
15 response testimony.
- 16 • I reiterate PSE’s goal to reduce its carbon footprint, and I point out
17 that some proposals by parties create barriers to the achievement of
18 that goal by failing to allow PSE to fully recover costs, for
19 example with the planned closure of Colstrip Units 1 & 2 and
20 implementation of the Clean Air Rule (“CAR”).
- 21 • I respond to the testimony of Barbara R. Alexander, witness for the
22 Public Counsel, Exh. BRA-1T, specifically addressing the “Get to
23 Zero” (“GTZ”) initiative. This rebuttal testimony addresses the
24 incorrect interpretation by Ms. Alexander of the prefiled direct
25 testimony filed by myself and Greg J. Zeller, Exh, GJZ-1T, with
26 respect to steps PSE is taking to provide customers access to PSE
27 through their preferred pathways.

1 **II. GENERAL RESPONSE TO PARTIES' TESTIMONY**

2 **Q. Do you have an overall impression and response to the testimony filed by**
3 **WUTC Staff ("Staff"), Public Counsel and intervenors in this case on**
4 **June 30, 2017?**

5 A. Yes. There are several areas in which parties overwhelmingly supported the steps
6 PSE is taking to update its electric generation and delivery systems, and this is
7 much appreciated. For example, no party disputes the prudence of the upgrades to
8 the Snoqualmie Falls hydroelectric project, the Goldendale and Mint Farm
9 capacity upgrades, or the Glacier Battery Storage project, which, as Staff
10 acknowledges, is a unique technology with a direct impact on achieving state
11 energy policy goals. Nor did any party dispute the prudence of PSE's decision to
12 participate in the CAISO Energy Imbalance Market.

13 However, I am concerned by the apparent resistance of some parties to PSE's
14 efforts to evolve the Company to better meet the challenges that utilities are
15 facing in this rapidly changing environment. PSE's innovations and efforts to
16 respond to an evolving energy horizon and changing customers' needs should be
17 encouraged by the parties and the Commission, not punished.

18 For example, customers are interested in corresponding with PSE in a different
19 manner than through the traditional "call center" approach. To reflect these
20 changing norms, PSE has undertaken an initiative that allows customers to
21 interact with PSE through their preferred pathways, which often is by phone or
22 other mobile device, using apps, PSE's website, and integrated voice response

1 (“IVR”) systems. The GTZ initiative is designed to better align our business with
2 customer preferences. I discuss the specific questions and concerns that parties
3 have addressed with respect to GTZ later in my testimony.

4 Related to this, PSE believes it is time to re-examine Service Quality Index No. 5,
5 Customer Access Center Answering Performance (“SQI No. 5”), which measures
6 PSE’s response time to customer calls but fails to take into account the other
7 methods customers use to connect with PSE. This metric has not been changed for
8 two decades. Since then, more sophisticated IVR systems have come into use
9 which allow customers to complete transactions with PSE that previously were
10 handled by the call center. Public Counsel and Staff deny the need for any change
11 to reflect the changing times, and it is disappointing to see resistance to changing
12 this service metric in light of the considerable technological advancements and
13 changes in communications capabilities that have occurred during the past two
14 decades. Mr. Zeller addresses the SQI No. 5 metric in more detail in his prefiled
15 rebuttal testimony.

16 **Q. Are there other examples that demonstrate parties’ resistance to new**
17 **platforms and services proposed by PSE?**

18 A. Yes. It is concerning to see Staff propose a complete disallowance of all costs
19 incurred by PSE relating to the leasing service PSE proposed in 2016, which was
20 intended to be the first step towards establishing an updated leasing platform that
21 would allow PSE to offer services related to electric vehicles, energy efficient
22 equipment, and solar panels among other things. In his prefiled rebuttal testimony,

1 WTE-1T, PSE witness William Einstein elaborates on why the leasing costs are
2 appropriate for recovery in rates. At a high level, I am concerned that if the
3 Commission were to disallow costs such as these, it will have a chilling effect on
4 PSE's willingness to propose innovative services in the future, if it is faced with
5 the prospect that any service that may be rejected in whole or in part will result in
6 a disallowance of costs associated with the initiative.

7 **Q. Do you have any other high level thoughts with respect to the parties'**
8 **response testimony?**

9 A. Yes. PSE is working towards long-term goals of reducing its carbon footprint and
10 increasing conservation, as I described in my direct testimony. Some of the
11 proposals made by the parties fail to recognize that progress on this front will
12 come with some costs. For example, in its direct case PSE appropriately modeled
13 the costs of compliance with the Clean Air Rule ("CAR") based on emissions
14 limits for each plant that is affected by CAR, which increases power costs. In
15 rebuttal, PSE witness Paul Wetherbee provides an alternative approach to
16 modeling compliance in response to parties' testimony. The bottom line, however,
17 is that there are costs associated with compliance that need to be recognized and
18 appropriately recovered.

19 PSE also has serious concerns with how parties have responded to PSE's plan to
20 close down Colstrip Units 1 & 2 in 2022. Parties who have encouraged the shut
21 down now seek to penalize PSE for the undepreciated plant balance,
22 decommissioning costs and remediation that are part of the closure of the units. It

1 is especially troublesome that Staff seeks to penalize PSE for the undepreciated
2 balance of Colstrip Units 1 & 2 when it was proposals by Staff and Public
3 Counsel to extend depreciation of these units in PSE's 2007 general rate case that
4 resulted in the undepreciated plant balance. PSE supports increasing its reliance
5 on clean renewable sources of energy and moving away from coal, but there are
6 costs associated with carbon reduction that must be acknowledged by
7 stakeholders.

8 In his prefiled rebuttal testimony, Exh. DAD-7T, PSE witness Daniel Doyle
9 responds from a high-level policy perspective to address additional issues raised
10 by the parties.

11 **III. GTZ IS DESIGNED TO BETTER MEET CUSTOMER**
12 **PREFERENCES FOR INTERACTING WITH PSE**

13 **Q. Public Counsel witness Barbara R. Alexander suggests that the “Get to**
14 **Zero’ objective may be implemented in a manner that attempts to denigrate**
15 **or reduce PSE’s customer service performance in interacting on a personal**
16 **level with its customers.”¹ Do you agree?**

17 A. No, I disagree with Ms. Alexander's view of GTZ. As discussed in my direct
18 testimony, the goal of GTZ is not to negatively impact the service performance
19 for customers who feel they need to talk to an agent. PSE will continue to staff
20 and maintain a fully functioning Customer Access Center with trained and
21 experienced agents to address customer issues. The express goal of Get to Zero is

¹ Alexander, Exh. BRA-1T at 24:20-22.

1 to provide the customer with their preferred and simplified pathway to address
2 their needs with PSE.

3 **Q. How do you respond to Ms. Alexander’s statement that “[t]here is no**
4 **substitute for personal interaction and communication with customers to**
5 **handle more complicated inquiries and transactions”²?**

6 A. I agree with Ms. Alexander’s statement. For complicated inquiries or for
7 customers not comfortable with the self-service options, PSE prefers that the
8 customer work with an agent as needed. GTZ is focused on simplifying our
9 processes and fixing known problems that occur where, if addressed, the
10 customers should not need to call to solve their problem.

11 **Q. Do you agree with Ms. Alexander’s concerns that “an over-emphasis on the**
12 **IVR and other web-based communication tools may be particularly harmful**
13 **to low-income and fixed-income customers”³?**

14 A. No. While PSE is enhancing capabilities for the customer to self-serve, PSE will
15 not be removing our customer care agents. Thus, no customer segment should feel
16 “harmed” by the technical enhancements PSE has made to make being a utility
17 customer easier.

² Alexander, Exh. BRA-1T at 25:1-3.

³ Alexander, Exh. BRA-1T at 25:6-8.

1 **Q. Ms. Alexander expresses concern that PSE “does not propose improvements**
2 **to call center actions for those who need the assistance of a live agent**
3 **alongside its aim to reduce personal customer interactions.”⁴ How do you**
4 **respond?**

5 A. PSE disagrees with Ms. Alexander’s statement. PSE is continuously training its
6 Customer Care Agents to position them to offer the best quality of service to our
7 customers. The implementation of the GTZ project would not have an impact on
8 the Company’s ability to assist customers should they call a live agent.

9 **Q. Ms. Alexander states that responses to PSE surveys “document that there are**
10 **many types of transactions in which customers stated their preference to**
11 **speak with a customer service representative.”⁵ Is this correct?**

12 A. No, Ms. Alexander’s interpretation of Mr. Zeller’s analysis is incorrect. Figure 8
13 and Figure 9 in Mr. Zeller’s prefiled direct testimony⁶ show that a majority of
14 PSE customers prefer self-serve channels. This survey is just one example of why
15 PSE is investing in self-service tools to meet our customers’ needs and provide
16 them with the quality of service they expect.

17 **Q. How do other parties respond to GTZ?**

18 A. The Energy Project is the only other party to file testimony regarding GTZ, and
19 its witness Shawn Collins generally approves of PSE’s initiative, stating, “As

⁴ Alexander, Exh. BRA-1T at 26:11-12.

⁵ Alexander, Exh. BRA-1T at 26:1-3.

⁶ Zeller, Exh. GJZ-1T at 22.

1 consumers in general have become increasingly comfortable with automated
2 customer service transactions, there is a greater expectation that they will be able
3 to handle some business affairs conveniently and efficiently through electronic
4 interactions on the telephone or on-line.”⁷ The Energy Project has concerns
5 regarding GTZ’s potential impact on low-income customers, however, and PSE
6 witness Suzanne Sasville addresses these concerns in her prefiled rebuttal
7 testimony, Exh. SMS-4T.

8 **Q. Do you have any further comments regarding GTZ ?**

9 A. Yes. PSE initiated GTZ because we have been continuously listening to our
10 customers. The Prefiled Direct Testimony of Greg J. Zeller, Exh. GJZ-1T,
11 describes the survey work PSE has done to understand our customers’ evolving
12 expectations for self-serve options and preferences for web, mobile applications
13 and social media as primary communication channels. The goal of the “Get to
14 Zero” initiative is to implement digital solutions that continue to enable self-
15 service advancement in a way that reduces friction and enhances the experience
16 for customers looking to meet their needs with PSE.

17 **IV. CONCLUSION**

18 **Q. Does this conclude your testimony?**

19 A. Yes.

⁷ Collins, Exh. SMC-1T at 12:7-11.