

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. U-17_____

DIRECT TESTIMONY OF

FERIO PUGLIESE

REPRESENTING HYDRO ONE

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Ferruccio (Ferio) G. F. Pugliese.¹ My business address is 483 Bay
4 Street, Toronto, Ontario M5G 2P5.

5 **Q. By whom are you employed and in what position?**

6 A. I was appointed September 2016 to Executive Vice President, Customer Care and
7 Corporate Affairs at Hydro One Networks Inc. (“Hydro One Networks” or “Company”). Hydro
8 One Networks is an indirect, wholly-owned subsidiary of Hydro One Limited (“Hydro One”)
9 and serves more than 1.3 million residential and business customers in Ontario, Canada. Hydro
10 One Networks is the largest business segment of Hydro One.

11 **Q. Please summarize your education and business experience.**

12 A. I earned an Honours Bachelor of Arts degree in Social Science, Communication
13 Studies and an Honours Bachelor of Commerce degree from the University of Windsor. I
14 received a Master of Arts degree in Adult Education from Central Michigan and completed the
15 IVEY Executive Development Program at the University of Western Ontario. Experience prior
16 to joining Hydro One is reflected on my résumé, Exh. FGFP-2.

17 **Q. Please describe the responsibilities of your current position.**

18 A. My primary responsibilities for Hydro One Networks include customer service,
19 indigenous relations, market solutions, government relations, and communications. As the leader
20 of the customer service organization, I am responsible for the provision of high quality service to
21 1.3 million customers, including rural residential customers, local distribution companies, and

¹ Pronounced FAIR-RIO POO-LIASE-EH.

1 the large-use businesses in our province. This includes responding to customers' inquiries when
2 they contact the call center; ensuring a dedicated team of account executives is available for our
3 large-use customers; obtaining meter readings; issuing timely and accurate bills; providing
4 online tools and products for our customers to monitor their electricity usage; processing
5 customer payments; managing the collections program; and providing financial assistance to
6 low-income customers.

7 Through interactions with our customers, Hydro One Networks aims to educate
8 customers about their bill, explain electricity prices, provide energy usage analytics, and offer
9 social service assistance to low-income customers.

10 **Summary of Testimony**

11 **Q. What is the purpose of your direct testimony in this proceeding?**

12 A. The purpose of my testimony is as follows:

- 13 • describe Hydro One Networks' customer service philosophy and supporting
14 programs;
- 15 • describe Hydro One Networks' customer service record and improved practices
16 that have been deployed, demonstrating its commitment to directly address
17 problems in a meaningful way;
- 18 • describe Hydro One Networks' experience and priorities related to providing
19 electric service to the rural and remote regions of Ontario, including First Nations
20 Communities; and
- 21 • identify opportunities for Hydro One and Avista to collaborate on enhancing and
22 improving service to the customers of Hydro One and Avista.

23
24 My testimony will explain why, from a customer perspective, Hydro One is the right
25 partner for Avista, and that over time, through our combined focus and commitment to customers

1 as well as our aligned customer service philosophy, Avista customers will benefit from the
2 partnership between Hydro One and Avista.

3

4 **II. HYDRO ONE NETWORKS' CUSTOMER BASE AND COMMITMENT TO**
5 **CUSTOMERS**

6

7 **Q. Please explain the nature of Hydro One's service territory in Ontario.**

8 A. We distribute electricity to over 1.3 million residential and business customers

9 covering approximately seventy-five percent of the geographic area of Ontario, including

10 Northern Ontario. Hydro One Networks has transmission facilities in 23 First Nation²

11 communities and directly serves - through its distribution system - 88 First Nations communities.

12 In addition, Hydro One Remotes Inc. generates and distributes electricity to 21 remote

13 communities in Ontario's Northern region, 15 of which are First Nations communities. These

14 remote communities are isolated; some only accessible by aircraft. Like Hydro One Networks,

15 Hydro One Remotes Inc. is an indirect, wholly-owned subsidiary of Hydro One.

16 **Q. Please describe Hydro One Networks' current relationship with its major**
17 **customer stakeholder groups.**

18 A. Hydro One Networks has several major stakeholder groups. These include large-
19 use customers; indigenous customers; and external stakeholders.

20 Hydro One Networks' Large Customer segment includes 180 transmission connected
21 customers. These customers represent end-use industrial customers, local distribution companies,

² The First Nations are the predominant Indigenous group of Canada south of the Arctic. There are currently 634 recognized First Nations governments or bands spread across Canada, roughly half of which are in the provinces of Ontario and British Columbia.

1 and generators. The Large Customer segment generates the majority of Hydro One's revenue.
2 Hydro One Networks employs Account Executives to manage its relationship with these
3 customers. We actively engage with these customers to understand their needs and preferences.
4 Our most recent formal engagement revealed that our Large Customers' priorities are safety,
5 reliability and outage restoration. The majority of customers also indicated they were prepared to
6 pay slightly higher rates in order to maintain system reliability. Hydro One recently conducted a
7 customer engagement survey with our transmission-connected customers. Overall, 86% of
8 respondents indicated they were satisfied with the performance of Hydro One.

9 We have a dedicated Indigenous Relations team that is instrumental in advancing our
10 Indigenous Relations strategy. Hydro One is committed to developing and maintaining positive
11 relationships with First Nations and Métis³ communities and customers across Ontario. Hydro
12 One recognizes the unique rights and interests of Indigenous peoples in Canada and seeks to
13 work with First Nations as well as Métis communities in Ontario in the spirit of collaboration,
14 mutual respect and trust, and shared responsibility.

15

16 **III. HYDRO ONE'S FOCUS ON DELIVERING CUSTOMER SERVICE**

17 **Q. Please briefly describe Hydro One Networks' efforts to improve customer**
18 **service.**

19 A. In May 2013, Hydro One Networks implemented a new Customer Information
20 System (CIS) to replace outdated technology, improve efficiency, and enhance customer

³ Métis are people of mixed European and Indigenous ancestry, and one of the three recognized Aboriginal peoples in Canada.

1 experience. While the majority of customers received timely and accurate bills, a small
2 percentage of customers experienced billing issues.

3 In February 2014, the Ontario Ombudsman launched an investigation into Hydro One
4 Networks' customer billing practices and the timelines and effectiveness of the process for
5 responding to customer concerns. As discussed below, if there is a problem, we are committed to
6 fixing it. Shortly thereafter, Hydro One Networks initiated the Customer Service Recovery
7 project, to not only resolve technical problems that resulted from introducing a new billing
8 system, but to also improve service through new customer-friendly policies and by changing our
9 customer service culture by: putting a new customer service team in place and replacing the
10 provider of call center services; clearing the backlog of customers who have gone a prolonged
11 period of time without receiving a bill; decreasing the number of customers who have had
12 prolonged periods of estimated bills; introducing flexible customer-centric policies for those
13 affected by billing issues; improving billing and consumption information on the Hydro One
14 website; hosting Virtual Town Halls with customers to talk about issues that matter to them; and
15 establishing and implementing new/revised customer service policies, approaches and products.

16 In May 2015, the Ontario Ombudsman issued its final report, with over 60
17 recommendations to improve customer service. The Customer Care team addressed all 60
18 recommendations, including improving the call center's quality assurance program, establishing
19 more rigorous monitoring of operational performance indicators, and strengthening oversight of
20 customer-facing projects and initiatives.

21 In addition, Hydro One established a Customer Service Advisory Panel in the fall of 2014
22 to develop a set of customer commitments. Hydro One also appointed an internal, independent,

1 Ombudsman in November 2015 to ensure all customers receive fair treatment. I am proud to
2 report that customer service performance continues to improve and exceed targets, including
3 telephone accessibility to the call center, first call resolution (85%) and customer satisfaction
4 with contact center agents (92%). Most importantly, billing accuracy continues to surpass
5 Ontario Energy Board requirements and is the highest in company history at over 99%.

6 **Q. Please explain the more recent steps Hydro One has taken to improve**
7 **customer service.**

8 A. Hydro One has elevated the customer experience by listening and responding
9 with swift, measurable actions that deliver value and establish Hydro One as one of the most
10 trusted brands in the utility industry. We have recently initiated several initiatives in an effort to
11 further improve our customer service:

- 12 • Hydro One Networks was the first utility in Canada to launch a free mobile
13 application that allows customers to check the status of planned and unplanned
14 outages anywhere in the Company's 640,000 square kilometer service territory
15 (approximately 250,000 square miles) from their smartphones or tablets. We know
16 power outages can be disruptive to our customers, so we work hard to restore power
17 expeditiously after an outage. That's why we offer free text and email alerts to let
18 customers know when they can expect power to be restored, and when the power is
19 back on.
- 20 • Hydro One Networks was the first utility in Ontario to offer service guarantees,
21 providing tangible evidence that we stand behind the service we provide our
22 customers. If we fail to meet any one of these Guarantees, we will credit the affected
23 customer's account \$75.
- 24 • Hydro One Networks also introduced High Usage Alerts in 2016, which proactively
25 alerts customers if their bill is trending higher than a pre-determined threshold.
26 Customers receive personalized information on electricity consumption and advice on
27 managing usage, thereby allowing them to adjust their usage and reduce the amount
28 of their bill.
- 29 • In 2016, Hydro One successfully launched a new service model to several Ontario
30 First Nation communities that focuses on in-community, face-to-face interactions,

1 and ensuring customers understand and access all of the available programs. To date,
2 Hydro One has visited 12 First Nations communities across the Province and met
3 one-on-one with many First Nation customers. Building on the success of this
4 program, we extended the new service model to our entire customer base in 2017.
5 We're delighted to now serve customers in three offices across the province, where
6 customers can drop-in during regular business hours. Our employees are there to help
7 customers better understand their electricity charges, answer questions about their
8 bill, assist with smart meters, or provide information about conserving energy and
9 reducing usage.

- 10 • We are also putting value back into the hands of our customers by eliminating all
11 residential security deposits, returning existing deposits and reducing deposit
12 requirements for businesses – all of which were Canadian industry firsts.
- 13 • After a detailed review of customer-facing policies, we also announced additional
14 relief for customers who have accumulated significant balances on their accounts,
15 including additional Low-Income Energy Assistance Program (LEAP) funding and an
16 extended winter moratorium. These announcements have helped customers manage
17 their electricity usage to get back on track.

18 **Q. Please describe Hydro One's plans for its Customer Service Program.**

19 A. Hydro One is working toward a best-in-class, customer-centric company, with
20 continuous improvement in customer satisfaction. "Flip the Switch" is our new commitment to
21 customers to better listen and respond to their questions and concerns. Our goal is to
22 authentically earn trust, listen openly and grow meaningful connections with our customers. To
23 measure our success, we are monitoring customer satisfaction scores, brand reputation and using
24 data and analytics to ensure this commitment is shared with every customer. Our objective is to
25 complete every customer transaction in a timely, efficient and accurate fashion. Hydro One
26 Networks will improve accessibility, enhance communication, and ultimately increase customer
27 engagement. In essence, we want to be there for our customers when they need us. Lastly, Hydro
28 One Networks will empower customers to choose how and when they engage with us.

1 With respect to specific initiatives, Hydro One Networks recently launched a redesigned
2 website and self-service portal, called MyAccount, to meet the evolving needs of our customers.
3 Our new website comes with many benefits to customers and visitors on HydroOne.com,
4 including improved self-serve features, a simplified mobile device experience, and tools to make
5 managing and tracking electricity consumption easier. Our goal is to increase the number of self-
6 service transactions from 90,000 per year to 300,000 in less than two years of implementation,
7 thereby reducing call volumes.

8 **Q. Please describe Hydro One Networks' affordability solutions.**

9 A. In July of 2016 an assessment of our customer service operations and customer
10 feedback revealed the primary concern of customers related either directly or indirectly to the
11 affordability of electricity. Although our business role is generally to provide transmission and
12 distribution service only, while other parties supply commodity, in response to customer
13 feedback and the operational indicators, the need for lower electricity charges, especially for
14 those who were struggling to pay, Hydro One Networks developed a strategy to address
15 affordability.

16 Our affordability strategy had two primary areas of focus: 1) internal measures that the
17 Company could undertake independently, and 2) external measures that could be taken by
18 government.

19 Internally we changed our approach to late stage collections by training and empowering
20 the collections team to offer fair, flexible, and achievable payment arrangements, such as
21 interest-free installment plans, equal billing, emergency funding for low-income customers, and
22 conservation and demand management programs, to help customers get back on track. Over

1 150,000 customers are enrolled in equal billing, a program which helps smooth out seasonal
2 highs and lows for our customers. We also introduced our Winter Relief program to reconnect
3 customers who were living without power heading into the winter season. As part of this
4 program we continued to monitor and help these customers stay on track. We also refunded \$12
5 million dollars in security deposits, as we believed these funds were better in the pockets of our
6 customers, and not held by the Company.

7 From an external measures perspective, it was apparent that meaningful bill reductions
8 required government action, and Hydro One proactively shared customer insights and feedback
9 to drive an affordability conversation with government. We put our best ideas forward on behalf
10 of our customers to address affordability.

11

12 **IV. OPPORTUNITIES FOR HYDRO ONE AND AVISTA TO COLLABORATE**
13 **ON CUSTOMER SERVICE AND CUSTOMER SATISFACTION**
14

15 **Q. Do you see opportunities for Hydro One and Avista to collaborate on**
16 **customer service?**

17 A. Yes. Hydro One is committed to ensuring Avista's customers continue to receive
18 a level of customer service that meets or exceeds customer expectations. In fact, Hydro One and
19 Avista will share their customer service successes to ensure that one of the benefits of this
20 transaction is that Avista's customers will continue to receive excellent customer service in the
21 years to come.

22 **Q. Does this conclude your pre-filed direct testimony?**

23 A. Yes, it does.