**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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| **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,** | |
| **Complainant,** | **Docket UE-22____** |
| **v.** | **Docket UG-22____** |
| **PUGET SOUND ENERGY,** | |
| **Respondent.** | |

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

**SUZANNE L. TAMAYO**

**ON BEHALF OF PUGET SOUND ENERGY**

**JANUARY 31, 2022**

**PUGET SOUND ENERGY**

**FIFTH EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED
DIRECT TESTIMONY OF SUZANNE L. TAMAYO**

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**PUGET SOUND ENERGY**

**FIFTH EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED**
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**<u>GET TO ZERO REPORT</u>**

## I.     INTRODUCTION

In the Washington Utilities and Transportation Commission's ("Commission")

Final Order in Docket UE-190529/UG-190530 et al., the Commission required Puget

Sound Energy ("PSE" or "Company") to file with its next general rate case a report on its

Get to Zero ("GTZ") program that:

- Itemizes and describes each component of the GTZ program placed in service to date;

- Documents, by itemized component, the program's costs and customer benefits;

- Reports on the program's overall performance and metrics; and

- Describes the GTZ components not yet deployed, with estimated in-service dates for each.[1]

This report is a direct response to each of the above requirements requested by the

Commission.

This report is organized as follows: section II provides an overview of the GTZ

program; section III itemizes and describes each component of the GTZ program placed

in service through December 31, 2021, including the program's costs; section IV reports

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[1] *WUTC v. Puget Sound Energy*, Docket UE-190529/UG-190530 et al., Final Order 08 ¶¶ 130-132 (July 8, 2020).

1  on the overall GTZ program benefits and performance metrics to date. As of this filing,

2  there are no remaining GTZ components to be deployed; all components placed in

3  service are described in section III.

## II. GTZ OVERVIEW

5  GTZ was a six year (2016-2021) corporate initiative focused on improving the

6  customer experience and includes multiple projects throughout the Company that tie

7  together to ultimately make doing business with PSE easier for customers. The initiative

8  focused on:

9  • Improving PSE's digital channels to expand and enhance customer user
10  experiences;

11  • Improving PSE's billing and payment capabilities;

12  • Implementing new field force automation within PSE's operational teams
13  to further integrate systems to improve work transparency and enable new
14  self-service capabilities for scheduling field work or booking
15  appointments; and

16  • Improving PSE's approach to governing customer and asset data and
17  leveraging that data to glean further insights into how to better serve
18  customers through the use of enhanced data analytics tools and methods.

19  Ultimately, the goal of GTZ was to provide customers with better overall service through

20  improvements to the technology and business processes that impact customers.

21  The total spend for the GTZ program from 2016-2021 was $286.7 million, which

22  is in alignment with PSE's total estimated cost for the program in the 2019 general rate

23  case.

### III. DESCRIPTION OF GTZ PROGRAM COMPONENTS PLACED IN SERVICE TO DATE, COSTS AND CUSTOMER BENEFITS

This section itemizes and describes each GTZ component by subprogram, including the costs and benefits of each. The GTZ program was comprised of four major subprograms as follows:

1. Billing, Payment, Credit & Collections

2. Customer Interface

3. Data

4. Integrated Work Management

As of the end of 2021, all components of the GTZ program were fully implemented and placed in service.

### A. Billing, Payment, Credit & Collections

The Billing, Payment, Credit & Collections ("BPCC") subprogram represents a series of separate but related projects focused on improving the customer experience associated with the billing and payment lifecycle including, but not limited to, delivering accurate and timely bills to customers, expanding and improving payment options, helping low-income customers obtain payment assistance, and providing a consistent and timely approach to handling delinquent accounts. The BPCC projects were placed in-service between 2017 and 2020 and collectively cost $51 million. The following table lists and describes the primary components, the year placed in service, and associated cost:

| Component Project | Project Description | In Service Year | Cost ($M) |
|---|---|---|---|
| Bill Code Enhancements | Implemented bill code changes to reduce Miscellaneous Adjustment line items on bills and associated calls, including:<br>• Identifying accurate descriptions for miscellaneous adjustments on residential and collective accounts for 18 scenarios;<br>• Decreasing in postage costs for multi-page bills; and<br>• Standardization of agent entries on bills using system checks. | 2017 | 2.5 |
| Collection Cycle Improvement | Implemented improvements to back office dunning processes, including:<br>• Improving exception handling associated with dunning locks and resets;<br>• Reduction in the timeline for closed account dunning;<br>• Accurate clearing logic rules to improve collection rules; and<br>• Updates to Total Solution, Inc. interface for accurate customer scoring. | 2018 | 3.2 |
| Security Deposits and Refunds | Implemented improvements to security deposit and refund processes, including:<br>• Provided the customer with the option of receiving a deposit via one installment;<br>• Improved the notifications for reassessed deposits; and<br>• Updated the deposit calculation to meet Washington Administrative Code guidelines. | 2018 | 2.8 |
| "3-Click" | Simplified screen navigation and improved call handling efficiencies for Customer Service Representatives for high volume and complex transactions related to billing calls associated with the start/ stop/move process. | 2018 | 2.6 |
| Non-Consumption Billing | Implemented improvements to the Non-Consumption Billing processes, including:<br>• Improved billing accuracy;<br>• Developed business rules to address late fees;<br>• Increased self-serve options for customers to view and pay their bill;<br>• Provided non-consumption bill simulation; and | 2018 | 3.0 |

| | | | |
|---|---|---|---|
| | • Provided new billing option for recurring billing/billing plans and improved installment plan functionality related to non-consumption accounts. | | |
| Billing Performance Improvement | Reduction in the number of billing exceptions (EMMA cases) and related calls, as well as process so 60-day WUTC billing requirement was being met, including:<br>• Increase in total EMMA cases completed;<br>• Achieved first quartile for billing exceptions (improved from fourth quartile); and<br>• Automated completion of several case types. | 2018 | 3.6 |
| Energy Assistance Low Income | Facilitated obtaining financial assistance and protection from disconnection for customers struggling to pay their power bills through the implementation of a self-service portal on PSE's website, including:<br>• Enabled customers to initiate an application for financial assistance;<br>• Streamlined processes for low-income agencies to connect with customers in need; and<br>• Enhanced transparency of customer application status. | 2019 | 10.2 |
| Customer On-boarding | Implemented improvements to the new customer construction services processes by replacing manual automated practices. | 2019 | 1.5 |
| Meter Upgrade Enhancements | Leveraged and expanded the capabilities of new Advanced Metering Infrastructure ("AMI") meters, including:<br>• Remote reconnect and disconnect capability (both customer and dunning-initiated, although dunning was paused due to COVID-19);<br>• Support faster turn-around on customer construction requests;<br>• Prevent unauthorized energy use;<br>• Storm mode; and<br>• Enhancements to the collection work list for Meter Network Services team. | 2019 | 7.0 |
| | Usage alert capabilities, including:<br>• Leveraged the two-way communication capabilities to expand customer access to their current energy usage data; and | 2020 | 3.0 |

| | | | |
|---|---|---|---|
| | • Enhanced customer ability to manage their bills and budget through more efficient energy usage. | | |
| Payment Platform | Implemented a new, enhanced customer payment processing system including streamlined access and expanded payment options, including:<br>• Centralized portal for PSE employees to process and research payments;<br>• Single, consistent customer payment experience; and<br>• Offered e-wallet, automatic, and credit card payments for registered users. | 2020 | 7.3 |

1  **B.    Customer Interface**

2      The Customer Interface ("CI") component represents a collection of separate but

3  related projects focused on all PSE customer-facing digital channels including, but not

4  limited to the PSE website, mobile application, Integrated Voice Response ("IVR")

5  system, email, text and social media platforms. The goal of these projects is to address

6  changing customer behaviors relative to digital customer engagement in areas where

7  PSE's current approach had become outdated, resulting in lower customer satisfaction.

8  These customer facing channels represent PSE's "digital core" technologies and are

9  critical to PSE's engagement with customers. Through the CI program, PSE is removing

10  barriers for customers to interact with PSE through enhanced digital platforms that are

11  easy to use and available to customers 24 hours a day. This collection of projects was

12  placed in service between 2017 and 2021 and collectively cost $99.2 million. The

13  following table lists and describes the primary components, the year placed in-service

14  and associated cost:

15

| Component Project | Project Description | In Service Year | Cost ($M) |
|---|---|---|---|
| Stop Start Transfer | Implemented additional self-service capabilities, including:<br>• Start service process for new PSE customers;<br>• Start/stop/transfer service processes for existing customers with their myPSE account; and<br>• Multiple account management. | 2016 | 3.2 |
| Web Platform Redesign | Foundational project that implemented platform design changes to PSE's website to improve performance and assist customers in easily addressing issues with their service or finding information germane to their account, including updated website capabilities to improve cross-channel consistency, cross-channel experiences, payment issues, billing confusion, poor or uncoordinated customer communications, and generally outdated technology. | 2018 | 34.6 |
| Communication Gateway | The Communication Gateway project established a communication hub to centrally manage customer preferences for communicating with PSE. The hub consists of a suite of integrated technologies (hardware and software) that provide a standard approach to plan, send and trigger pro-active, flexible, and on-demand communications to customers through the various communication channels (email, SMS, notifications, phone calls). | 2018 | 20.3 |
| Microservices | Historically PSE's web and mobile applications communicated to back-end systems, such as SAP, through a series of Application Programming Interfaces ("API"). As PSE's digital technologies grew from simple informational applications to robust transactional digital channels for customers, PSE's API architecture became burdensome, outdated and inefficient. Maintenance became problematic and negatively affected the availability of customer facing systems. The API architecture was not modular; therefore, if one service was down, all services were down. In other words, if the "payment" service was down for maintenance, then the "outage" service was taken offline as well. | 2018 | 10.4 |

| | | | |
|---|---|---|---|
| | Through GTZ, PSE evaluated multiple technologies to streamline the exchange of data between customer facing digital channels and PSE's back-end systems and to further enhance our capability to deliver consistent, real-time information to customers across multiple channels. Through this evaluation, PSE opted to transition away from the legacy API architecture to a more modular, scalable, and robust microservices solution. | | |
| SAP Multichannel Foundation | In order to provide the best possible customer self-serve experience, PSE utilized the SAP Multichannel Foundation software to enable customers easier access to enroll online in payment programs that were previously only available by enrolling over the phone with an agent. | 2018 | 1.2 |
| Mobile App | The use of mobile phones has grown tremendously over the last four decades in the United States and PSE's service territory is no exception. As it had been nearly four years since PSE implemented the first PSE mobile app, the solution and technology architecture were outdated. Furthermore, the functionality within the mobile app was significantly lacking in terms of highly repetitive transactions customers are seeking such as bill pay or start, stop and transfer service. | 2018 | 2.8 |
| IVR Enhancements | The IVR enhancement project was a multi-pronged approach to improving the customer experience for customers calling into PSE's Customer Care Center. PSE's IVR is the first touch point for customers choosing to call and having an easy to understand and navigate system is critical to serving customers. | 2018<br><br>2019 | 6.9<br><br>4.9 |
| Web 2.0 | The Website Redesign Release 2 project builds on the foundational Website Redesign Project (see above) and seeks to improve system performance during high traffic periods; enhance security to further protect customer transactions; increase usability of high-volume transactions, including optimized starts/stop/move transactions and notifications of pending/upcoming actions; and enable consistent billing analysis and usage information. | 2019 | 6.9 |

| Web IVR 3.0 | The Website Redesign Release 3 project leveraged analytics and customer feedback to further optimize self-service transactions including payments, billing assistance, and start/stop/move for both single and multiple account holders; enhanced user verification and sign-on processes; expanded notification strategy keep customers updated on interactions and transactions; added storm-level outage tracker including impacts and restoration information. This project expanded existing digital offerings for bill pay, start/stop/move service, and outage as well as implemented additional self-service capabilities including multiple account management to improve customer satisfaction. | 2021 | 4.7 |
|---|---|---|---|

## C.    Data

The Data component of GTZ represents a collection of projects focused on improving PSE's ability to analyze and govern customer and asset data. Through the Data component, PSE has leveraged new technology to build a platform that enables PSE employees to analyze and gain insights from previously inaccessible or siloed data sources. This data helps PSE better understand and tailor services to support customer needs. This collection of components was placed in-service between 2017 and 2021 and collectively cost $28.6 million. The following table lists and describes the primary components, the year placed in-service and associated cost:

| Component Project | Project Description | In Service Year | Cost ($M) |
|---|---|---|---|
| Data Governance & Quality | The Data Governance & Quality program was initiated to improve PSE's approach to governing Company data and leveraging new technologies to assist in developing value-added insights from Company data to support serving customers better and optimizing assets or resources more effectively. | 2019 | 11.0 |
| Data Analytics 1.0 – Platform of Insights | The Platform of Insights ("POI") project implemented the technology that established the analytics foundation to institutionalize data driven decisions for the enterprise. The project also implemented the Customer Analytic Record ("CAR") and Multi-Channel Analytics ("MCA") to better support customer's needs and challenges. The CAR provides PSE with a 360-degree view of the customer that enables proactive outreach and personalization. MCA captures customers' journeys related to doing business with PSE to identify and resolve customer barriers or pain points. | 2017<br><br>2019 | 1.1<br><br>9.3 |
| Data Analytics 2.0 – Meter Analytic Solution | The Meter Analytics Solution expanded the POI to include AMI meter data and improve PSE's ability to perform data science and meter data analytics in-house. By expanding PSE's internal capabilities, the project reduced the reliance on third party meter analytics, and increased PSE's ability to meet changing customer and business needs via a flexible solution that supports rapid development. | 2020 | 5.0 |

## D. Integrated Work Management

The Integrated Work Management ("IWM") component represents a collection of

separate but related projects focused on improvements to field work cost management,

work management, workforce scheduling, and workforce mobility, to better manage

customer expectations and needs related to customer-initiated and PSE-initiated service

1  and work requests. This collection of projects was placed in-service between 2017 and

2  2020 and collectively cost $107.93 million. The following table lists and describes the

3  primary components, the year placed in-service, and associated cost:

| Component Project | Project Description | In Service Year | Cost ($M) |
|---|---|---|---|
| AMR-OMS Automated Outage Communications & GIS CAD Design Manager | AMR-OMS Automated Outage Communications included the development and implementation of an outage communications engine necessary to support the delivery of proactive texts, emails and phone calls to customers notifying them of power outages, estimated time of restoration and status updates.<br><br>The GIS CAD Design Manager effort modernized PSE's design processes for new gas and electric systems by introducing tools and processes that, in addition to producing pictures/schematics, create attribute data associated with the design of new equipment in the field. GIS CAD enables faster, more accurate data about PSE's gas and electric systems to be provided to those resources who utilize the mapping systems in their daily assignments. | 2017 | 9.2 |
| Foundational Technologies<br><br>Meter Operations | IWM foundational work addressed system and platform obsolescence by replacing them with SAP Work Manager Mobility and Click Schedule scheduling and dispatch tools. Additionally, IWM will bring more work types into the system to better optimize resources. | 2018 | 35.5 |
| Meter Network Services | Continued the rollout of the foundational IWM processes and systems to the Meter Network Services teams. | 2019 | 12.7 |
| IWM – Gas Operations | Continued the rollout of the foundational IWM processes and systems to the Gas Operations teams, including Gas First Response. | 2020 | 24.9 |

| IWM Electric Operations | Delivered foundational IWM processes and systems to the Electric Operations teams, include Electric First Response. This is final rollout planned for IWM and concludes all planned work associated with the IWM sub-program of GTZ. | 2021 | 25.4 |
| --- | --- | --- | --- |

## III.   GTZ PROGRAM OVERALL BENEFITS AND PERFORMANCE METRICS

### A.      Customer Benefits/Performance Metrics

Since the GTZ program was initiated, PSE has observed significant improvement in customer call reduction, self-service, and satisfaction with PSE services. These improvements indicate the changes PSE is making under the GTZ program are aligned with what customers want and have come to expect from their utility provider:

### 1.      Call Reduction

A primary goal of GTZ was to provide customers with an improved customer experience and reduce problems that drive customers to call PSE. Tracking call volumes is an effective measure of progress. Since GTZ launched, there has been a cumulative customer call reduction of over 2,600,000 calls compared to the initiative baseline which is the average of 2014/2015 ("initiative baseline"). Through June 2021, call volume was 55% lower than the initiative baseline.

### 2.      Self-Service

Another goal of GTZ was to provide PSE customers with reliable, efficient, and easy-to-use digital tools and self-serve technology that meets their preferred method of transaction and reduces their need to call. Since GTZ launched, as of 2021, there has been a 32% total overall average increase in self-service transactions. In addition, self-service

1    transactions related to payments, payment arrangements, budget billing, and outages are

2    all above the initiative baseline because of the enhanced capabilities and processes GTZ

3    implemented, including:

4      a) **Outage Reporting –** For outage reporting, in 2021, 90% of outage reports

5         year to date were completed via self-service compared to 70% during the

6         initiative baseline.

7      b) **Payments –** Self-service for payments and payment arrangements increased

8         by 17% and 23% over the life of the GTZ program.

9      c) **Budget Billing –** Self-service for billing transactions increased by 67% over

10        the life of the GTZ program.

| Self Service Usage | 2014/2015 Baseline | 2021 | % Increase |
|---|---|---|---|
| **Self Service – Total Average** | **43%** | **74%** | **32%** |
| By Type (Payments) | 63% | 80% | 17% |
| By Type (Payment Arrangements) | 37% | 60% | 23% |
| By Type (Budget Billing) | 0% | 67% | 67% |
| By Type (Outage) | 70% | 90% | 20% |

12      PSE's customer base also continues to show increases in digital engagement. The

13    number of customers who are signed up for digital notifications has increased across all

14    categories, including outage, billing, and account. Likewise, the percent of customers

15    who have signed up for digital accounts has increased from 67% in 2019 to 72% with

16    digital accounts in 2021 year to date.

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| Digital Engagement | 2019 Baseline* | 2021 YTD |
|---|---|---|
| **% of Customers With:** | | |
| Outage Notification Text | 43% | 55% |
| Outage Notification Email | 65% | 72% |
| Outage Notification Any | 77% | 84% |
| Account Notification Text | 1% | 2% |
| Paperless bills | 36% | 46% |
| Prefer Digital Payment | 68% | 70% |
| Email Address | 74% | 81% |
| Digital Account | 67% | 72% |

*2019 baseline established as a result of launching the Platform of Insights as part of the Data component; data was not available prior to 2019.

### 3.    Customer Satisfaction

PSE purchases reports and studies from third parties that assess how PSE customers rank the Company in different customer experience sectors and how PSE ranks in those sectors against peer utilities. PSE's Overall Satisfaction Rank by JD Power has improved from 11th out of 13 electric residential utilities in 2016 to 5th out of 13 electric residential utilities in the 2020 final syndicated results which represents an improvement of six positions in five years. Of particular note is PSE's Billing and Payment satisfaction improvement from 12th out of 13 electric residential utilities in 2016 to 3rd out of 13 electric residential utilities in 2020, which is a focus area for the GTZ program.

Additionally, in 2016, PSE ranked in the fourth quartile in 18 of 19 attributes measured in this survey that are related to GTZ efforts, and by 2020, PSE ranked in the second quartile in 14 of 17 attributes that are related to GTZ efforts. In the remaining three attributes in 2020, PSE ranked in the first quartile in two and the third quartile in

1   one. Please see the Prefiled Direct Testimony of Carol L. Wallace, Exh. CLW-1T, for

2   more information on the JD Powers survey results.

3       Other customer benefits include:

4   a) **Financial assistance –** The GTZ program benefits PSE's financially

5       challenged customers. For example, the Energy Assistance project was

6       undertaken to support PSE's most vulnerable customers. PSE and external

7       agencies manage an annual fund of approximately $28 million in the PSE

8       HELP program to assist customers who are financially challenged. In October

9       2019, PSE introduced a new portal, EnergyHelp, to streamline the application

10      process for the PSE HELP program. In the first five months after the

11      implementation of the portal, 18,316 applications for assistance were

12      processed resulting in $6.4 million in pledges. In the beginning of the

13      COVID-19 crisis (March 2020), which disproportionately affected PSE's

14      most vulnerable customers, the EnergyHelp portal helped an additional 15,845

15      customers access $9.1 million in HELP program aid.

16  b) **Targeted Insights –** GTZ Data projects have begun providing data that are

17      invaluable in assessing the customer's experience. Examples of areas where

18      GTZ data is delivering benefits include:

19      i. Enhanced meter analytics that pinpoint events, issues, or usage

20          patterns that help customer service representatives more quickly

21          respond to questions;

1       ii. Optimized customer analytics to support low income, high energy

2           burden, and/or underserved customers by enabling more proactive

3           outreach regarding energy assistance programs;

4      iii. Improved multi-channel analytics that provide additional visibility into

5           self-service barriers to reduce customers issues; and

6      iv. Low income modeling, customer journey optimization, and

7           Commission complaint analysis. It is too early to tell where

8           opportunities from these potential topics will emerge, but the team is

9           actively evaluating them. Not only did this data is help formulate the

10          plan for the final stage of the GTZ initiative but it essential to PSE's

11          on-going evaluation and assessment of the services provided to our

12          customers.

13    c) **Field and Service Work –** The IWM projects have improved the customer

14      experience by delivering proactive customer communications through their

15      preferred channels, increasing transparency via tightly integrated systems,

16      optimizing schedules and prioritizing field work through improved work

17      management capabilities, and offering and meeting two-hour appointment

18      windows.

19 **B.**     **Financial Benefits**

20      While a fundamental purpose of the GTZ program was to improve the customer

21 experience by upgrading outdated customer communication channels and the processes

22 by which PSE serves its customers, the GTZ program has resulted in operating expense

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savings which, to date, total $37.7 million. The value for GTZ capital investments cannot

be quantified at this time but can be justified regardless of cost savings because of the

significant benefits they provide in meeting the goals of the GTZ program, including

those that address technology obsolescence.

| Business Unit | 2018 Savings | 2019 Savings | 2020 Savings | 2021 Savings | Cumulative Savings |
|---|---|---|---|---|---|
| Bill Processing | 178,109 | 1,079,399 | 879,972 | 2,825,619 | 4,963,099 |
| Billing & Business Services | (965,836) | (919,610) | (1,044,653) | (1,114,068) | (4,044,168) |
| Call Center | 2,621,476 | 4,323,860 | 6,534,123 | 9,141,105 | 22,620,564 |
| Gas Operations | (2,730,951) | 615,115 | 1,411,579 | 3,622,085 | 2,917,829 |
| Meter Services | 363,325 | 1,354,218 | 4,203,181 | 5,328,308 | 11,249,031 |
| **Grand Total** | (533,877) | 6,452,981 | 11,984,202 | 19,803,049 | 37,706,355 |

## V.    SUMMARY AND CONCLUSION

The purpose of the GTZ program was to make it easier for customers to do

business with PSE and for PSE to better serve its customers. That has occurred. GTZ

improved customer communication platforms, improved customer billing processes,

made it easier for low-income customers to obtain assistance, improved PSE's field and

service work for customers, and made it possible for PSE to better utilize customer

information to serve customers. The early returns on GTZ indicate improved customer

satisfaction and reduced operating expenses. By all accounts, GTZ has been a prudent

and valuable investment that will provide continued benefits to PSE and its customers in

the years to come.