BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

EIGHTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF

SUZANNE L. TAMAYO

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 31, 2022

PSE PUGET SOUND ENERGY
The Energy To Do Great Things

PAYMENT PLATFORM REPLACEMENT
Gate Change to Close-Out
Corporate Spending Authorization (CSA)

Before starting: Contact the Capital Budget team (CSA-TeamMail@pse.com) for any clarification needed and review the CSA Standard when completing this template.

The sections provided expand / are not limited to one row. **Ensure you provide adequate information and back-up documentation to support your business case.** If a section or item is not applicable, enter N/A; if unknown, enter TBD. The gray fields are provided as prompts; do not leave these fields with instructions visible.

Date Submitted:	4/19/2021
Officer Sponsor:	Margaret Hopkins (IT), Andy Wappler (Business)
Project Director:	Carol Wallace
Responsible Cost Center:	5362

I. Project Overview
Update each section with high level information as applicable, noting any changes from the previous request/Gate.

Business Need:	Today, PSE customers have a fragmented and often confusing method of bill payment for their PSE bill via web/mobile app, agent, and IVR with the options and platform structure limitations of PSE's current vendor. In addition to these digital channel customer impacts, PSE's internal employee's also have a difficult time assisting customers when they call for help due to a fragmented vendor experience when researching or assisting customers with payments. Overall, PSE's experience with our current vendor has not met expectations in meeting project delivery timelines to improve these customer and employee experiences. Furthermore, PSE experienced poor operational performance from our vendor in 2019 which impacted our customers and PSE has expressed some concern with the current state of IT security scores of the vendor in operation. For these reasons PSE pursued a RFP for a payment platform partner to review options available to PSE in meeting the future payment processing needs of PSE's customers.
	Web and Mobile Application The current UI experience for customers is confusing and suboptimal. The experience forces the customer to determine their payment method when their mindset is only the desire to pay their bill. Customers have the option to pay on PSE.com via either a bank withdrawal or debit/credit card. The current online customer experience includes the choice of two action buttons on their PSE.com account. Our customers must decide to pay through bank withdrawal or by using debit/credit cards before even deciding how much they are intending to pay.

There is additional complexity in this process around the bank withdrawal payment option. Currently, when a customer chooses the bank withdrawal option, they may choose to make a one-time bill payment or enroll in Autopay, however the payment method is limited to checking/savings only. Customers have been requesting the option to use a debit/credit card for Autopay for several years and the current platform does not allow this option. By allowing all payment types within one payment button (platform) with |

additional features like Autopay with debit/credit cards will reduce confusion and frustration for PSE customers.

Interactive Voice Response (IVR)
The current IVR experience is not integrated and causes customer frustration due to lack of clarity as to whether their payment has been processed. Our customers who call PSE's IVR to make a payment have a confusing and fragmented experience to pay their bill as well given vendor technology limitations. When a customer makes a payment through the IVR it is on a separate payment platform which does not reflect payments in process through the web payment button (platform) for bank withdrawal or debit/credit card payment options mentioned above. Some customers in an effort to ensure their bill is paid make another payment through the IVR, and since these payment platforms do not communicate to each other there is no warning or check of a potential duplicate payment being made. To further impact PSE customers there are recent instances where customers have had their bank accounts overdrawn due to this lack of platform communication. Finally, customers are limited in their self-service capabilities and are currently only able to pay and reconnect their service manually through an agent (there is no automation available).

Visual – Interactive Voice Response (V-IVR)
Currently there is no option for customers to make payments through the V-IVR. As our customers are seeking simplicity, and at times struggle to enter their banking or card information within the IVR prompts, providing the Visual IVR experience for customers as an additional option to make payments will simplify the process for those customers who struggle to use the IVR today.

Agent
The current experience requires Customer Service Agents to access three agent portals (all of which require different userids and passwords) to research, process, and cancel customer payments.   By migrating to one single platform the agents will be accessing only one portal which should result in shorter call times for these types of payment related customer calls. It will also reduce agent frustration when researching customer payments while attempting to determine with the customer which channel or button was used to make a payment. In the end this will lead to a better customer experience and a more timely and accurate resolution to customer issues.

Vendor Portal
Currently there are three different portals which have different reporting structures, different security roles, different processes for resetting passwords, and are on different maintenance schedules. Service Quality employees responsible for supporting PSE agents have to reset passwords based on agent email requests as well as create or remove access over three different portals. This creates additional work and sometimes frustration for customer and agent while passwords are being reset. Customer Solutions and Payment Processing have a difficult time accessing data from the different platforms and spend copious amount of time merging data to evaluate how our customers are paying. In addition, there is validation of payments against invoices across platforms which also must be accomplished prior to approving invoices which is also a lengthy process.

Vendor Performance
Security - Security concerns exists under the current platform resulting from two security breaches related to payment card and financial transaction information. While no PSE transactions were affected, PSE is committed to our customer's security and mitigating risks related to the vulnerability of their

information. The first breach compromised vendor systems and resulted in a loss of credit and debit card information. The second breach compromised one of our current vendor's Automated Clearing Houses (ACHs) and exposed personal and financial details of their customers. Our current vendor has improved their "BitSight" security rating (from 590 to 660), but this rating is still much lower than the median rating for third party entities PSE tracks (720 of a maximum 800).

Operations – Solution concerns exist related to project execution and poor customer experience, including a poor-performing platform that resulted in slow transactions and duplicated payment processing due to application code memory issues. In addition, our current vendor's solution was characterized by a rigidity and inflexibility that does not meet the changing payment needs of our customers.

Cost – Pricing concerns include rising costs for individual AHC transactions estimated to add ~$19M to PSE's costs over five years.

Proposed Solution:
This Project will deliver an updated Payment Platform that includes:

Web and Mobile Application
 The experience through PSE.com and responsive web (via the mobile application) will allow customers to:
1. Make a payment using checking/savings/ debit or credit card with the ability to save payment information to an eWallet (electronic wallet) to enable the customer to use saved payment information in the future
2. Create/Edit/Cancel Autopay using checking/savings/ debit or credit card payment channels
3. Schedule one time payments for future dates using checking/savings/ debit or credit card
4. Cancel a payment as needed by the customer
5. Enable customers to receive text and/or email confirming a payment has been processed, scheduled, or cancelled
6. Enable customers to contribute to Warm Home Fund as one-time/guest or Autopay
7. Enable customer to save payment methods into an eWallet and create a nickname for the payment type
8. Enable Guest payment (immediate payment only and banking/card is not saved)
9. Enable Autopay information to be passed into SAP in real-time enabling agents to view customers on Autopay
10. Enable Autopay language to be printed on customer bills informing them they have Autopay
11. Enable options for Bill Due Reminders if customers are on eBill to allow customers to receive a reminder via email and/or text their bill is coming due

IVR
The experience through the IVR will allow a customer to:
1. Make an immediate Guest/One-time payment using checking/savings/ credit or debit card (immediate payment only and banking/card is not saved)
2. Receive text or email confirming a payment has been made or cancelled

3. Auto-create a reconnection order due to a self-serve payment without the customer needing to be transferred to an agent.

V-IVR

The experience through V-IVR will allow customers to:
1. Make payments through the V-IVR by introducing the make a payment option to this existing self-service tool
2. Make a payment using checking/savings/ debit or credit card with the ability to save payment information to an eWallet (electronic wallet) to enable the customer to use saved payment information in the future if the customer chose to login
3. Create/Edit/Cancel Autopay using checking/savings/ debit or credit card payment channels
4. Schedule one time payments for future dates using checking/savings/ debit or credit card
5. Cancel a payment as needed by the customer
6. Enable customers to receive text and/or email confirming a payment has been processed, scheduled, or cancelled
7. Enable customers to contribute to Warm Home Fund as one-time/guest or Autopay
8. Enable customer to save payment methods into an eWallet and create a nickname for the payment type
9. Enable Guest payment (immediate payment only and banking/card is not saved)

Agent

The experience for the Agent will allow PSE Agents to:
1. Research and view payments to include search features with partial information
2. Make an immediate payment on behalf of the customer to include text and/or email receipt options
3. Cancel a payment on behalf of the customer to include text and/or email receipt options
4. Set up Autopay on behalf of the customer to include text and/or email receipt options

Vendor Portal

To enable a single portal for all payments through Web, mobile application, IVR, V-IVR and Agent. The experience will have the following configuration in a Vendor Portal:
1. Access to an Administrative Platform for 500 users
2. Ability for users to reset their own passwords
3. Allow no fee to a set customer base
4. Enable payment limits such as displayed in the table below:

Payment Type	Consumer UI	Admin UI (Agent)
Residential	$20,000 - ACH $1,100 – Credit $1,100 - Debit	$20,000 - ACH $1,100 – Credit $1,100 - Debit
Commercial	$50,000 – ACH $10,000 - Credit	$50,000 – ACH $10,000 - Credit

5. The velocity limit, which is the number of times a customer can utilize a single method of payment (e.g., like a MasterCard) before that payment method is locked to prevent theft, will be 5 payments in 30 days for residential and 15 payments in 30 days for commercial. Allow scheduled payments up to 30 days in advance (configurable)
6. Enable reporting for daily and monthly payments with the ability to show a breakdown of how many payments are made by bank, card type (V, MC, AMEX, DISC), and include average payment amounts
7. Enable the ability to refund or reverse a payment based on security role(s)

Vendor Performance

Security - PSE is committed to reducing the risk of data breaches around payment data as it pertains to credit, debit, or ACH information. Paymentus is expected to provide a secure experience for customers and adhere to PSE's cyber security requirements. In addition, the BitSight score of Paymentus is 760 which is within the median rating for third party entities PSE tracks (720 of a maximum 800).

Operations - PSE endeavors to put customers first with a self-service experience that is intuitive, robust, and flexible. The Paymentus solution is characterized by customer-centricity including flexible payment options including payment types of PayPal and Venmo in their standard offering. The simplicity of the solution enables customers to intuitively make payments while minimizing confusion. The solution is cloud-based which minimizes PSE's concerns regarding performance and scalability.

Cost - PSE takes its fiscal responsibility to its customers seriously, and, based on a cost comparison between vendors, PSE anticipates saving ~$23M in avoided costs over eight years by switching to Paymentus. PSE is also evaluating additional savings associated with reduced call volume through the planning phase of the project.

Project Outcome/Results:	The future state vision of this project is to exceed the expectations of our customers and employees with a single source Payment Platform which removes frustration, confusion, and provides visibility across all payment channels (web, mobile application, and IVR, V-IVR, and agent calls). To achieve this, PSE completed an RFP selection process and contracted with the vendor, Paymentus, to address the items articulated in the Problem Statement
OCM, Process & Training Impact:	⦿N/A　　⦿Low Impact　　⦿Medium Impact　　⦿ Significant Impact
	Impacts to people include internal users and external customers based on updated offerings from the new platform vendor. Process improvements are anticipated for internal users related to reporting and support capabilities and for external customers related to payment options. Operational training is anticipated to train call center agents on the new offerings and processes.
Primary ISP Alignment:	Customer　　　　　　　　**ISP strategy descriptions**
ISP Strategy Description:	Customer - Execute the Customer Experience Intent Statement

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Portfolio Description:	Strategic	**Capital Allocation Definitions**

Project Complexity:	○ Straightforward and well understood	◉ Complex and well understood	○ Complex and not well articulated

II. Key Schedule and Financial Information

Expected Start Date If Funded:	01/2020
Expected In-Service Date:	11/9/2020

High-Level Schedule *Enter Expected # of Years and Months*

Duration				
Planning	**Design**	**Execution**	**Total Project**	**Anticipated Closeout date**
3 months	**3 months**	**5 months**	**11 months**	05/2021

Initial Estimated Funding % by Phase as of 01/24/2020**:** *Enter values to include both O&M and Capital in the cells below for percentage of funding to be used in each phase of the project.*

Initiation	Planning	Design	Execution	Closeout
5%	25%	25%	40%	5%

Initial Grand Total Estimate (contingency included and in $000s): **Contingency Standard**	**Capital: $8,000,000**	**OMRC/Project O&M: $47,325** (Not including O&M Tail)

Estimated Five Year Allocation: *Enter values in the cells below for years anticipated, up to five years, plus any expected future years. Change "Year 1, Year 2, etc. to the relevant years for this project. Ongoing O&M begins after project close-out.*

Category:	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Total
Capital (actuals)[1]	$7,244,213	N/A	N/A	N/A	N/A	**$7,244,213**
Capital (journal entry)[2]	N/A	$55,966	N/A	N/A	N/A	**$55,966**
Capital (total)						**$7,300,179**
OMRC / Project O&M[3]	$0	N/A	N/A	N/A	N/A	**$0**

III. Ongoing Benefits

Summary Benefits (see Benefits realization plan for details):	**Hard Benefits:** No hard benefits are expected. Call reduction measurement was reclassified as a KPI improvement due to Covid-19-related uncertainties for a five-year hard benefits reduction of $1,214,786. **Avoided Costs:** Lower fees for Paymentus v. Fiserv result in eight-year total avoided costs of $23,803,288. This includes the change in net benefits due to ongoing Fiserv fees being lower than originally planned. **Soft Benefits:** Avoided per-transaction ACH costs, enhanced customer satisfaction including additional payment options and ease of making payments, no further increases in call volume and operational efficiencies.

Category	Year 0 2019	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	Year 6 2025	Year 7 2026	Year 8 2027	Total
Ongoing O&M (to be funded by business)		$0	$0	$0	$0	$0				**$0**
Ongoing O&M (requesting $'s)	$1,780,706	$2,701,506	$2,928,719	$1,153,417	$1,158,958	$1,164,636	$1,219,374	$1,276,684	$1,336,689	**$14,720,689**
Benefits		$0	$0	$0	$0	$0				**$0**
Avoided Costs		$1,335,056	$1,675,592	$2,038,459	$2,424,932	$3,903,132	$4,020,226	$4,140,833	$4,265,058	**$23,803,288**
Net impact (= Benefits +	($1,780,706)	($1,366,450)	($1,253,127)	$885,042	$1,265,974	$2,738,496	$2,800,852	$2,864,149	$2,928,369	**$9,082,599**

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[1] *Total capital spent is 0.05% over approved budget of $7,240,386*

[2] *Transfer of funds due to re-used design efforts from prior year project*

[3] *O&M managed at the program level*

Avoided Costs – O&M)												
Payback in Years	7											

Note Years 0-2 captures external fee
Note Avoided costs include Paymentus fees versus Fiserv projected costs based on volume and scope of services
*Note Payback in Years is calculated against the average 8-year net benefits

IV. Risk Management Summary
Identify high level risk categories expected for the project. Consider Project Dependency, Project Timing and Resourcing, as well as Regulatory Risk.

Summary of high level risks sentence:	Risks were mitigated and the project is closed.

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V. **Phase Gate Change Summary**

Use this section for changes from: ***Planning to Design, Design to Execution*** *or* ***Execution to Closeout***
phases. To have a history of the changes at each phase gate change, ***copy/paste the table below above the***
previous table.

Phase:	Execution to Close
Scope:	No Change
Budget:	Change – Budget increase of $240,386 to support enterprise portfolio budget balancing and complete the project scope. The journal entry aligned costs from a prior year project, but does not count against current project spend. • Prior Budget: $7,000,000 • Incoming Transfer: $240,386 • Labor overrun: $4,213 • Current Budget: $7,244,213 • Journal entry from prior project work that was re-used for this effort: $55,966
Schedule:	Change – In-service date: Six-day extension to resolve prioritized defects to ensure solution quality: • Prior In-Service Date: 11/03/2020 • Current In-Service Date: 11/09/2020 Change – Anticipated Closeout Date: three month extension to complete the final Release in January 2021 and reconcile outstanding invoices: • Prior Anticipated Closeout Date: 12/2020 • Current Anticipated Closeout Date: 03/2021
Benefits:	Change – Decrease of five-net benefits by $11,749,819 due to change in Paymentus pricing caused by misunderstanding of non-qualifying credit card costs, with $8,593,370 in benefits expected during years 6-8: • Prior five-year net benefits: $12,238,048 • Current five-year net benefits: $489,229 • Current eight-year net benefits: $9,082,599 Change – Payback in Years increase of four years based on eight-year outlook: • Prior Payback in Years: 3 • Current Payback in Years: 7

Phase:	Design to Execution
Scope:	No Change
Budget:	Change – Budget Reduction: $1,000,000 to support enterprise portfolio budget balancing • Original Budget: $8,000,000 • Reduction: ($1,000,000) • Remaining Budget: $7,000,000 Change – Contingency drawdown to support labor costs to deliver the project • Prior Contingency: $643,735 • Drawdown: ($643,735) • Remaining Contingency: $0
Schedule:	Change – One day extension to support Call Center volumes that are higher on Mondays • Prior In-Service Date: 11/02/2020 (Monday) • Current In-Service Date: 11/03/2020 (Tuesday)
Benefits:	Change – Total five-year net benefits reduction of $44,000 • Due to software costs for Twilio based on design decision to add an additional short code for Bill Due Notifications • Prior five-year net benefits: $11,186,273 • Current five-year net benefits: $11,142,273 Change – Payback in Years reduction of two years • Due to budget reduction • Prior Payback in Years: 5 • Current Payback in Years: 3

Phase:	Initiation to Planning to Design*
Scope:	Initial and Planning scope is the same as per Steering Committee agreement to submit a combined CSA.
Budget:	Initial and Planning scope is the same as per Steering Committee agreement to submit a combined CSA.
Schedule:	Initial and Planning scope is the same as per Steering Committee agreement to submit a combined CSA.
Benefits:	Initial and Planning scope is the same as per Steering Committee agreement to submit a combined CSA.

A combination of the Initiation and Planning CSA document was used for the first gate exit review and approval.

Prepared by:	Kristina McClenahan

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VI. CSA Approvals

Add/remove rows as needed in the table below. Email approval is acceptable. To maintain a history of the changes at each phase gate change, **copy/paste the table below above the previous table.** *Send to the Capital Budget team at* CSA-TeamMail@pse.com. *For a project in the Strategic Project Portfolio (SPP) review the* Escalation Criteria *for appropriate escalation and approvals.*

For guidance on approval authority levels, follow CTM-07 Invoice Payment Approval Exhibit I Invoice/Payment Approval Chart

Project Phase	Execution to Close			
Approved By	**Title**	**Role**	**Date**	**Signature**
Margaret Hopkins	VP& CIO	Executive Sponsor		
Andy Wappler	VP Customer Ops & Communications	Executive Sponsor	04/20/2021	Decision371_CS_Steering_Committee_04
Carol Wallace	Director, Business Integration Director, Customer Solutions	*Director Sponsor	04/20/2021	Decision371_CS_Steering_Committee_04
Brian Fellon	Director, IT Application Services	Other Key Director	05/06/2021	Decision371_Approve PPR Closeout CSA
Greg Zeller	Director, Customer Care	Other Key Director	04/20/2021	Decision371_CS_Steering_Committee_04
Stephen King	Controller and Principal Accounting Officer	Other Key Director	04/20/2021	Decision371_Approve PPR Closeout CSA

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Project Phase	Design to Execution			
Approved By	**Title**	**Role**	**Date**	**Signature**
Margaret Hopkins	VP& CIO	Executive Sponsor		**Decision280_PPR_Execution_Approval_H**
Andy Wappler	VP Customer Ops & Communications	Executive Sponsor	09/22/2020	Decision280_PPR_Execution_Approval_C
Carol Wallace	Director, Business Integration Director, Customer Solutions	*Director Sponsor	09/22/2020	Decision280_PPR_Execution_Approval_C
Brian Fellon	Director, IT Application Services	Other Key Director	09/22/2020	Decision280_PPR_Execution_Approval_C
Greg Zeller	Director, Customer Care	Other Key Director	09/22/2020	Decision280_PPR_Execution_Approval_C
Stephen King	Controller and Principal Accounting Officer	Other Key Director	09/22/2020	Decision280_PPR_Execution_Approval_C

Project Phase	Initiation to Planning to Design**			
Approved By	**Title**	**Role**	**Date**	**Signature**
Margaret Hopkins	VP& CIO	Executive Sponsor	06/23/2020	Decision #222
Andy Wappler	VP Customer Ops & Communications	Executive Sponsor	06/14/2020	Decision #222
Carol Wallace	Director, Business Integration Director, Customer Solutions	*Director Sponsor	06/16/2020	Decision #222
Brian Fellon	Director, IT Application Services	Other Key Director	06/16/2020	Decision #222
Greg Zeller	Director, Customer Care	Other Key Director	06/16/2020	Decision #222
Stephen King	Controller and Principal Accounting Officer	Other Key Director	06/16/2020	Decision #222

Director Sponsor attests that all considered documentation has been approved.
**A combination of the Initiation and Planning CSA document was used for the first gate exit review and approval.*

Please direct any questions to either:
1. The Capital Budget team at CSA-TeamMail@pse.com, or
2. The Enterprise Project and Performance Project Practices team at EPP-ProjectPracticesTeam@pse.com