

**EXH. AW-1T
DOCKETS UE-19 ___/UG-19 ___
2019 PSE GENERAL RATE CASE
WITNESS: ANDREW WAPPLER**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

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

PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF

ANDREW WAPPLER

ON BEHALF OF PUGET SOUND ENERGY

JUNE 20, 2019

PUGET SOUND ENERGY

**PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF
ANDREW WAPPLER**

CONTENTS

I. INTRODUCTION1

II. OVERVIEW OF THE UTILITY CUSTOMER EXPERIENCE AND
CHANGING EXPECTATIONS2

III. PSE’S EFFORTS TO MEASURE AND UNDERSTAND THE VOICE OF THE
CUSTOMER.....7

IV. ADDITIONAL INSIGHTS INTO CUSTOMER PREFERENCES.....11

 A. Power Outage Communications12

 B. Power Reliability14

 C. Billing and Payment Transactions16

 D. Satisfaction with Traditional Customer Service Channels Is Also Rising 18

 E. Customer Satisfaction by Demographic Groups.....19

V. CONCLUSION.....20

PUGET SOUND ENERGY

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ANDREW WAPPLER**

LIST OF EXHIBITS

- | | |
|-----------|---|
| Exh. AW-2 | Professional Qualifications |
| Exh. AW-3 | JD Power 2018 Electric Utility Residential Customer Satisfaction Survey |
| Exh. AW-4 | JD Power 2017-2018 Scorecards |

1 **PUGET SOUND ENERGY**

2 **PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF**
3 **ANDREW WAPPLER**

4 **I. INTRODUCTION**

5 **Q. Please state your name, business address, and position with Puget Sound**
6 **Energy.**

7 A. My name is Andrew Wappler. My business address is 355 110th Ave. NE,
8 Bellevue, WA 98004. I am the Vice President, Customer Operations and
9 Communications, for Puget Sound Energy (“PSE”).

10 **Q. Have you prepared an exhibit describing your education, relevant**
11 **employment experience, and other professional qualifications?**

12 A. Yes, I have. Please see the First Exhibit to the Prefiled Direct Testimony of
13 Andrew Wappler, Exh. AW-2, which describes my education, relevant
14 employment experience, and other professional qualifications.

15 **Q. What are your duties as Vice President, Customer Operations and**
16 **Communications, for PSE?**

17 A. I lead PSE’s customer service, customer engagement, communications,
18 community engagement, and strategic business intelligence teams. These groups
19 are charged with coordinating customer/community outreach, enhancing PSE’s
20 data capability, developing PSE’s customer service platform, and generating
21 internal customer information.

1 **Q. Please summarize the purpose of this prefiled direct testimony.**

2 A. As PSE's Vice President, Customer Operations and Communications, my job is to
3 listen to the voice of PSE's customers and to help PSE provide services that are
4 consistent with customers' preferences. My testimony is intended to provide the
5 PSE customer perspective on important issues being discussed in this case. First, I
6 provide an overview of the utility customer experience and changing expectations
7 of customers. Second, I discuss surveys that measure customer satisfaction with
8 PSE and other utilities. I describe the progress PSE has made in improving its
9 customer service performance in 2018 and the areas where more work is needed.
10 Third, I highlight what PSE has learned through these surveys with respect to
11 customer preferences for flexibility, choice and self-service when interacting with
12 PSE. My testimony demonstrates that customers appreciate PSE's efforts to
13 provide more flexible, self-service options that allow customers to interact with
14 PSE—whether for payment, billing questions, outage information, or otherwise—
15 at their preferred time and through their preferred channels.

16 **II. OVERVIEW OF THE UTILITY CUSTOMER EXPERIENCE**
17 **AND CHANGING EXPECTATIONS**

18 **Q. How has the utility customer experience changed over the past several**
19 **decades?**

20 A. For decades, utilities viewed customers primarily as “ratepayers” rather than
21 “customers,” which at times led to complacency. Utilities relied on long-
22 established modes of communication and interaction such as postal mail for

1 billing and payment and voice telephone service for outage information and
2 countless other common, high-volume service needs. This manner of doing
3 business was, in its time, acceptable to our customers. Utilities were much like
4 any other consumer experience from the 1950s to the 1990s: slow, dependent on
5 paperwork, and often inconvenient. Regardless of whether a consumer was
6 depositing a check, picking up airline tickets, ordering from a catalog or any other
7 common need, it was no surprise to discover the bank closed at 3:00 p.m., the
8 ticket counter was not open until Monday, and delivery would not be available for
9 several weeks. While these traditional channels served consumers adequately for
10 decades, most industries moved to a new paradigm beginning in the early 2000s.
11 The new model leverages technology and offers customers speed, choice and
12 flexibility.

13 **Q. Have utilities adopted this new model of service?**

14 A. Utilities have been slower to adopt this new model of service, but they are
15 beginning to do so because customers want this change. Customers measure their
16 satisfaction with their utility based on this model of service that permeates other
17 industries and provides customers choice and flexibility. Today, the view of
18 customers as merely ratepayers, and the dependence on outmoded service
19 channels, are both rapidly becoming anachronisms with electric and natural gas
20 providers focusing on better understanding and serving their customers.

1 **Q. Has customer satisfaction with utilities increased?**

2 A. Yes. According to JD Power & Associates (“JD Power”), satisfaction among
3 electric and natural gas utility customers increased more from 2012-2017 than
4 those of consumers in any other industry sector of the 17 industries evaluated in
5 JD Power’s national studies.¹

6 **Q. Has customer satisfaction with PSE increased?**

7 A. Yes. Satisfaction among PSE’s electric and natural gas customers improved
8 significantly in both the residential and business segments during this time period,
9 and PSE’s gains outpaced its industry peers. PSE’s progress can be seen in the JD
10 Power survey results that I have provided as exhibits in this case (i) the Second
11 Exhibit to the Prefiled Direct Testimony of Andrew Wappler, Exh. AW-3
12 (Residential Electric); (ii) the Third Exhibit to the Prefiled Direct Testimony of
13 Andrew Wappler, Exh. AW-4 (2017-2018 Scorecards for Electric and Gas,
14 Residential and Business).

15 **Q. Please elaborate on the performance of PSE and the utility industry in the**
16 **JD Power surveys.**

17 A. As a whole, the nation’s natural gas utilities improved their customers’
18 satisfaction by approximately 100 points (on a 1,000-point scale) over the past
19 five years, and the nation’s electric utilities improved their customers’ satisfaction

¹ See Exh. AW-3 at page 8.

1 by an average of approximately 90 points.² PSE customers reported similar levels
2 of improvements in their service experience during this time frame.

3 **Q. Where does the utility industry stand today in comparison with other**
4 **industries?**

5 A. Despite the previously discussed gains, the utility sector still trails many
6 industries in meeting customer expectations, and further gains must still be made.
7 Airlines, appliance retailing, automotive sales and service, credit cards, banking,
8 hotels, insurance, and other common business sectors provide customers with
9 more satisfying experiences than do utilities.

10 **Q. Why does the utility industry continue to lag behind these other industries?**

11 A. These other industries have made large advances through a wide range of actions,
12 including offering greater consumer choice and value through rapid adoption of
13 technology, in particular, through innovations related to online and mobile
14 customer service and account management. Today, customers have unprecedented
15 access to goods and services on a 24-hour, anywhere, anytime basis. The result
16 has been a shift to a customer-driven, high-satisfaction environment into which
17 utilities are only beginning to operate. Historically, utilities were reluctant to
18 adopt new methods and technologies for customer service, and instead relied
19 primarily on traditional forms of interaction and communication, such as paper
20 bills and payment via postal mail.

² See Exh. AW-3 at page 8.

1 **Q. What are utilities doing to increase customer satisfaction?**

2 A. Through more carefully considering their customers' needs and listening to
3 customers' changing preferences, utilities are leveraging the opportunity to
4 improve efficiency and increase satisfaction. The result is a better experience for
5 customers and greater value for their dollar, both for customers opting for
6 technology-based self-service options and those choosing traditional channels.
7 Utilities across the U.S., including PSE, are continuing to invest in an improved
8 customer experience, including greater availability and choices in self-service
9 options, so as to meet their consumers' rising expectations as based on their
10 broader interaction with business of all types. At PSE, we believe these
11 investments are desired by our customers and are necessary to meet their
12 expectations of value, service and ease-of-doing business, and are aligned with
13 their daily experience with whatever products or services they choose in their
14 personal and professional lives. The Prefiled Direct Testimony of Margaret E.
15 Hopkins, Exh. MFH-1T, and the Prefiled Direct Testimony of Joshua J. Jacobs,
16 Exh. JJJ-1T, address steps PSE has taken to improve PSE's customer experience
17 through the Get to Zero initiative. As discussed in their testimony, this six-year
18 initiative is transforming the customer service experience with expanded and
19 consistent digital self-service options, removing obstacles for customers,
20 providing proactive communications, and quickly anticipating and solving
21 problems before they occur.

1 Citizenship, (v) Communications and (vi) Customer Service. In the electricity
2 surveys, customers are asked about their experiences and satisfaction with their
3 local utility with regard to the following key index factors: (i) Power Quality and
4 Reliability, (ii) Billing and Payment, (iii) Corporate Citizenship, (iv) Price, (v)
5 Communications and (vi) Customer Service. These factors³ are weighted
6 according to their impact on customer experience, and then combined to give an
7 Overall Satisfaction score of up to 1,000 points. The surveys are conducted in
8 multiple fielding periods annually. All utilities are assessed by JD Power
9 independently, without input or oversight by the utility, with scores published
10 regardless of whether the utility chooses to purchase access to the underlying
11 survey data.

12 **Q. Why does PSE use the JD Power surveys to measure its performance?**

13 A. We believe having a full understanding of our customers' experience with PSE is
14 important. By utilizing the JD Power surveys, we gain insights into how our
15 customers view our service and into how our service benchmarks in comparison
16 to other utilities across the nation. This gives us the ability to gauge our own
17 individual progress over time and in relation to best practices in the industry
18 overall.

³ The factors are each comprised of multiple attributes. For example, in the Power Quality and Reliability factor, the attributes are: (i) Supply of electricity in extreme temperatures; (ii) Promptly restore power after an outage; (iii) Provide quality electric power; (iv) Avoid brief interruptions; (v) Avoid lengthy outages; and (vi) Keep you informed about outage.

1 **Q. Please summarize PSE’s customer service performance in 2018, as measured**
2 **by JD Power.**

3 A. According to JD Power’s utility customer satisfaction surveys, in 2018, PSE
4 performs above average in both the West region and nationally among
5 combination electric and gas utilities. Table 1 shows PSE’s performance in 2018,
6 and compares that performance to PSE’s performance in 2017, as well as to the
7 regional and national 2018 average scores.

8 **Table 1. PSE Performance Comparison to 2018 Regional and National⁴**
9 **(Scale of 1000)**

	2018 PSE SCORE	2017 PSE SCORE	2018 WEST REGION AVERAGE SCORE	2018 NATIONAL AVERAGE SCORE
Electric Residential	722	709	714	720
Electric Business	762	755	760	761
Gas Residential	740	734	734	737
Gas Business	812	797	795	794

⁴ See Exh. AW-4.

1 **Q. How does PSE's 2018 performance in the JD Power survey compare with**
2 **prior years?**

3 A. As shown above, PSE's performance in 2018 improved over its performance in
4 2017. Additionally, PSE's performance is much improved as compared to prior
5 years, for example, in the 2010-2012 time period, when PSE ranked below
6 average in the JD Power satisfaction surveys.

7 **Q. What caused this dramatic turnaround?**

8 A. This improvement is the result of an increased focus and investment on improved
9 performance across all customer segments and on issues that are important to PSE
10 customers such as providing outage information, timely problem resolution, and
11 ease of access through telephone and website, among other things. The prefiled
12 direct testimonies of Booga K. Gilbertson, Margaret F. Hopkins, Joshua J. Jacobs
13 and Catherine A. Koch address steps PSE has taken to improve performance.

14 **Q. What conclusions do you draw from PSE's performance on these surveys?**

15 A. PSE's improved customer satisfaction scores align with the broader trends in both
16 the utility sector and industry as a whole. PSE has made significant progress in
17 customer experience but must continue to remain committed to further
18 improvements. By providing increased options for account management, service
19 and information, we are meeting our residential and business customers' desire
20 for choices that are convenient, flexible and cost-effective. In addition, through
21 investments in electric and natural gas infrastructure, we are delivering greater
22 reliability, safety and value, but there is more progress to be made. While PSE's

1 performance in overall satisfaction has improved, it will remain essential for PSE
2 to continue investing in both improved energy delivery and customer service if we
3 are to meet the rising expectations of the residential and business customers in our
4 service area and to address areas where performance lags.

5 **IV. ADDITIONAL INSIGHTS INTO CUSTOMER**
6 **PREFERENCES**

7 **Q. What insights into customer preferences do the JD Power surveys provide?**

8 A. The JD Power surveys demonstrate that utility customers today are like those of
9 any other company. Whether for residential or business use, they expect a product
10 to be reliable, provide fair value, and be easy and convenient. The surveys show
11 that consumers prefer flexibility and choice when interacting with their utility and
12 a strong desire for self-service and on-demand interaction as compared to more
13 traditional forms of interaction. PSE customers are no exception.

14 **Q. What evidence is there in the surveys to demonstrate that customers value**
15 **self-service, choice and flexibility when interacting with PSE?**

16 A. PSE's score in the Residential Electric Utility Satisfaction Study improved
17 significantly when PSE focused its efforts and investment on providing customers
18 flexible, self-service options for interacting with the utility. Key drivers of this
19 improved metric include online clarity of information; online ease of navigating
20 website; online timeliness of problem, question or request resolution; and ease of
21 understanding self-service interactive voice response ("IVR") phone menu
22 instructions. In 2017, PSE was ranked by its customers in the fourth quartile in

1 each of these metrics.⁵ In 2018, after extensive deployment of PSE's modernized
2 website, mobile and IVR technologies, customers ranked PSE in the second
3 quartile among these attributes.⁶

4 **Q. Do customers have a preference for technology-based services?**

5 A. Yes. According to JD Power, customers prefer technology-based service as
6 compared to traditional forms of service. This preference is seen in a number of
7 common service interactions, including those related to power outages or other
8 service interruptions and those related to billing, payment and account
9 management.

10 **A. Power Outage Communications**

11 **Q. What preferences do customers demonstrate with respect to power outage**
12 **communications?**

13 A. In power outage communications, customers have a marked preference for
14 utilizing self-service technologies or proactive notifications from the utility as
15 compared to traditional channels, such as the customer making a phone call to the
16 utility. In the 2018 JD Power Residential Electric Utility study, PSE customers
17 ranked their satisfaction with outage information channels on a scale of 1-10. As
18 shown in Table 2 below, the self-service channels (including customers utilizing
19 the utility's website map, mobile app and social media platforms) and proactive

⁵ See Exh. AW-4 at page 3.

⁶ See *id.* at page 23.

1 outreach channels (including automated phone calls, text messages and emails
2 from the utility directly to the customer), ranked higher in satisfaction than the
3 customer having to make a phone call to the utility.⁷

4 **Table 2. Customer Satisfaction With Outage Notification Channels**

OUTAGE NOTIFICATION CHANNEL	CUSTOMER SATISFACTION SCORE (OUT OF 10)
Utility called	8.57
Utility sent text message	8.53
Utility emailed	8.08
Website outage map	7.76
Utility social media site	7.75
Mobile phone app	7.29
Radio/TV news	7.27
Utility website (text, non-map)	7.18
Called Utility	6.88
Nearby neighbor	6.37
No information	5.49

5 **Q. Is PSE providing its customers effective notification of outages through self-**
6 **service and proactive channels?**

7 A. PSE has been working hard to deploy improved self-service and proactive
8 technologies. In the 2018 Residential Electric Utility study, 93 percent of
9 customers judged PSE’s website and mobile outage map to be effective, as
10 compared to 85 percent of West Large sector utility customers overall⁸. Further,

⁷ See Exh. AW-3 at page 11.

⁸ See *id.*

1 in the 2018 study metric of “Keeping you informed about an outage,” PSE
2 received a second quartile ranking and a score of 6.98.⁹ This demonstrates
3 significant improvement from 2014, in which PSE did not have an outage map or
4 mobile app and ranked in the fourth quartile for West Large region utilities with a
5 score of 5.70.

6 While the customer preference for proactive and self-service communications is
7 clear, PSE still has work to do in meeting its customers’ expectation and usage of
8 the emerging channels. For example, while PSE’s percentage of customers
9 receiving proactive notifications (via text, email or automated telephone call) of
10 24 percent exceeds that national average of 15 percent, it still lags behind the
11 best-in-class usage of approximately 50 percent.¹⁰

12 **B. Power Reliability**

13 **Q. Please describe PSE’s performance on the JD Power attribute of power**
14 **quality and reliability.**

15 A. PSE’s customers experienced increased satisfaction from 2017 to 2018 with
16 respect to the attribute of power quality and reliability in the JD Power Electric
17 Utility Residential Satisfaction Survey, but there remains work to be done,
18 especially with respect to the duration of power outages.

⁹ See Exh. AW-3 at page 7.

¹⁰ See *id.* at page 11.

1 **Q. Please elaborate.**

2 A. Overall PSE customer satisfaction in the JD Power attribute of power quality and
3 reliability rose from a score of 754 (on a 1,000 point scale) in the 2017 Electric
4 Utility Residential Satisfaction Study—a mark that put PSE below the average of
5 its West Large region peers—to a score of 768 in 2018, exceeding the West Large
6 region average of 763.¹¹

7 **Q. Why do you say that there remains work to be done?**

8 A. PSE power reliability still trails many of its peers, with PSE’s customer
9 experience ranking only 89 of 138 utilities nationally.¹² Customers clearly
10 appreciate having more rapid, timely and accurate outage information, but they
11 also desire fewer and shorter interruptions in their electric service. The survey
12 tells us there is more work to do with respect to improving electric reliability for
13 residential customers, as PSE’s score for power outage restoration and duration
14 remained in the fourth quartile nationally despite an outage communication
15 ranking in the second quartile.¹³

16 **Q. What steps is PSE taking to improve customer satisfaction with power**
17 **reliability?**

18 A. PSE is continuing to focus on improving reliability and preventing outages
19 through replacement of high-molecular weight cables that are prone to failure,

¹¹ See Exh. AW-4 at pages 2, 22.

¹² See *id.* at page 22.

¹³ See *id.* at page 23.

1 remediation of the worst performing circuits that have longer and more frequent
2 outages, and other work that is discussed in the Prefiled Direct Testimony of
3 Catherine A. Koch, Exh. CAK-1T.

4 **C. Billing and Payment Transactions**

5 **Q. Based on the survey results, how do customers rate the various modes of**
6 **billing and payment transactions?**

7 A. In general, customer satisfaction is significantly higher with automated, electronic
8 channels of payment as compared to traditional methods such as paper check and
9 postal mail. This result can be seen in the JD Power 2018 Residential Electric
10 Satisfaction study that measured customer satisfaction with their overall billing
11 and payment experience, through different channels. The results are shown below
12 (on a 1,000 point scale) in Table 3:

13 **Table 3. Residential Electric Satisfaction - Billing and Payment Channels**

BILLING AND PAYMENT CHANNEL	CUSTOMER SATISFACTION SCORE (OUT OF 1,000)¹⁴
Automatic deduction	824
Online payment via bank	786
Online payment via utility website	786
Mail	763
Telephone	752

¹⁴ See Exh. AW-3 at page 15.

1 **Q. What percentage of PSE's customers use paper billing and checks?**

2 A. Only 23 percent of PSE customers in 2018 utilized paper billing and checks with
3 68 percent choosing automatic deduction or online payment and the remainder
4 paying by telephone via credit card.¹⁵

5 **Q. How does PSE compare to its regional peers in this area?**

6 A. As PSE has added self-service capabilities, the overall satisfaction of its
7 customers has increased, but the gains in customer experience have largely been
8 matched by PSE's peers in the region and in the nation. This is a sign that the
9 utility industry is moving to catch up with customer expectations. The
10 investments made by PSE are part of a positive trend of broad improvements by
11 natural gas and electricity providers.

12 **Q. Please elaborate.**

13 A. PSE's satisfaction scores in Billing and Payment have increased greatly over the
14 period in which the utility has improved its website, mobile app and IVR service
15 options. In 2012, when PSE offered few options beyond traditional channels,
16 overall customer satisfaction with Billing and Payment was 700, with a third
17 quartile ranking among West Large utilities in that area. In 2018, after several
18 years of technology deployment and investment, the Billing and Payment score
19 had risen to 783, with its ranking remaining in the third quartile among West

¹⁵ See Exh. AW-3 at page 15.

1 Large utilities.¹⁶ This indicates that PSE is moving in step with the industry as a
2 whole in meeting customer expectations but is not at the leading edge of this
3 movement. PSE customers are having a better experience when paying their bills,
4 but fortunately, so are customers of utilities across the West and across the nation.

5 **D. Satisfaction with Traditional Customer Service Channels Is Also**
6 **Rising**

7 **Q. What do the surveys tell us about customer satisfaction with more traditional**
8 **channels of accessing PSE, such as by telephone?**

9 A. At the same time that technology is addressing the change in customer preference
10 for self-service, it is important to note that PSE customer satisfaction with
11 traditional customer service channels, including the telephone, is also rising over
12 the same period. The JD Power Residential Electric Utility Satisfaction Studies
13 from 2017 and 2018 demonstrate improvement in (i) the ability of customers to
14 readily gain access to a customer service representative and (ii) the
15 representative's ability to meet the customer's needs in the initial telephone call.

- 16 • PSE performance in the metric measuring telephone “promptness
17 of speaking to a person” ranked in only the third quartile nationally
18 in 2017 but rose to the first quartile in 2018;¹⁷
- 19 • PSE performance in the metric measuring telephone “timeliness of
20 resolving problem, question or request” ranked in only the third
21 quartile nationally in 2017 but rose to the second quartile in
22 2018.¹⁸

¹⁶ See Exh. AW-4 at page 22.

¹⁷ See *id.* at pages 3, 23.

¹⁸ See *id.*

1 **Q. Do you have any further insights into the telephone response performance?**

2 A. Yes. The increased performance in these metrics is due, in part, to the self-service
3 options enabling increased timeliness and stronger performance by the customer
4 service agent. Providing a self-service option helps to prioritize the use of
5 customer service representatives for those calls requiring a live agent with an
6 increased volume of simpler needs now being addressed through website, mobile
7 or IVR options. In addition, the same technology infrastructure that enables web
8 site, mobile app and IVR self-service also enables customer service
9 representatives to more quickly access accurate and timely information and thus
10 be able to serve customers more efficiently and effectively.

11 **E. Customer Satisfaction by Demographic Groups**

12 **Q. Do the surveys provide insights into customer satisfaction by demographic**
13 **groups?**

14 A. Yes. While some might be tempted to correlate age demographics with adoption
15 of technology and customer satisfaction, the data does not support such a
16 conclusion. In the 2018 Residential Electric Utility study, JD Power found that
17 satisfaction by age group among PSE customers was not significantly different,
18 with the highest satisfaction scores coming from the oldest customers and the
19 youngest customers.

1

Table 4. Overall Satisfaction with PSE by Demographic Group¹⁹

DEMOGRAPHIC GROUP	OVERALL SATISFACTION WITH PSE (OUT OF 1,000)
Generation Y/Z (18-39 years)	736
Generation X (40-51 years)	708
Boomers (52-70 years)	719
Pre-Boomers (70+ years)	742

2

Q. How do these demographic groups interact with the utility?

3

A. Interestingly, each generation interacted with the utility in different ways: the

4

youngest consumers were most likely to contact PSE by telephone and the oldest

5

consumers were most likely to use automatic bill payment.

6

V. CONCLUSION

7

Q. Does this conclude your prefiled direct testimony.

8

A. Yes, it does.

¹⁹ See Exh. AW-3 at page 50.