

M E M O R A N D U M

January 6, 1998

TO: _____ DIVISION OF APPEALS
_____ DIVISION OF AUDITING AND FINANCIAL ANALYSIS
_____ DIVISION OF COMMUNICATION
_____ DIVISION OF ELECTRIC AND GAS
XX _____ DIVISION OF RESEARCH
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DECLASSIFIED

FROM: DIVISION OF RECORDS AND REPORTING (SANDERS)

RE: CONFIDENTIALITY OF CERTAIN INFORMATION

DOCUMENT NO: 00145-98

DESCRIPTION: Review of Electric Service Quality and
Reliability.

SOURCE: Gulf Power Company

DOCKET NO: 971668-EI

The above material was received with a request for confidentiality (attached). Please prepare a recommendation for the attorney assigned to the case by completing the section below and forwarding a copy of this memorandum, together with a brief memorandum supporting your recommendation, to the attorney. Copies of your recommendation should also be provided to the Division of Records and Reporting and to the Division of Appeals.

Please read each of the following and check if applicable.

_____ The document(s) is (are), in fact, what the utility asserts it (them) to be.

_____ The utility has provided enough details to perform a reasoned analysis of its request.

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1 companies. The project, completed by an outside survey contractor, also assisted in the design,
2 wording and selection of future surveys and questions. The project was completed in two phases.
3 The Voice of The Customer for Residential and Small Business was completed in June 1994 and
4 the Voice of The Customer for Key Accounts was completed in February 1995.

5
6 The project results provided important insight into measuring customer perceptions, and
7 identified key performance attributes associated with customer satisfaction. For instance, the
8 Residential and Small Business results identified clean, uninterrupted power as one of the top ten
9 attributes desired. However, small business rated Southern system performance higher in this
10 category than did residential customers. Industrial customers, from the Key Accounts Voice of The
11 Customer study, rated clean, uninterrupted power as the number one attribute desired, and rated this
12 attribute a strength of the Southern system. Surveys conducted after 1994 included information,
13 attributes and customer word descriptions uncovered during the Voice of The Customer research
14 project to create survey questions addressing the customer concerns research identified.

15 16 **1996 Benchmark Survey**

17 In 1996, GPC completed its regular market sector surveys in parallel with a benchmark
18 survey. The benchmark survey, conducted in the fall of 1996 and issued in February 1997, was
19 conducted to identify "drivers of loyalty" to support management planning. The study examined
20 loyalty drivers for overall satisfaction, price, product/service quality and customer retention. The
21 study reviewed Southern Company, and each individual system company, against 16 other electric
22 utilities, throughout the United States. Survey questions addressed customer issues that were
23 identified in the Voice of The Customer research project. The survey was designed to benchmark
24 residential, moderate-sized commercial and large energy user responses.

25
26 Benchmark results from the 1996 study showed Gulf in the upper quartile of the 22
27 companies, in both Overall Satisfaction (9) and Overall Perceived Value (5) categories. However,
28 when overall satisfaction was reviewed by market sectors, GPC measured in the upper quartile only
29 with general business customers (7). Residential customers rated GPC 13 in overall satisfaction, and
30 large energy users rated GPC 10. Both general business and large energy users rated GPC in the
31 upper quartile of companies (8 and 7 respectively) in overall perceived value. Residential customers
32 rated GPC below the upper quartile companies (12) in perceived value.

33
34 When GPC was compared to the upper quartile companies in the Overall Satisfaction
35 category, the residential market "biggest disadvantage" was in the "area of reliability." In the
36 general business market, reliability was considered a "mild advantage." Large business customers
37 gave GPC a "small advantage" in the area on "measures associated with billing."

38
39 In head-to-head comparisons of Southern Company and GPC, against upper quartile utilities,
40 residential market customers rated both "behind" upper quartile utilities in reliability. Large
41 business market customers agreed with the residential results, but did not rate Southern Company
42 and GPC as far behind upper quartile utilities. General business market customers identified
43 reliability, for both Southern Company and GPC, as slightly ahead of the upper quartile utilities.
44
45

1 The 1996 Benchmark study also examined the "top 10 critical incidents at Gulf Power" for
2 each customer market sector. These results examined service attributes where GPC customers
3 indicated room for improvement. Residential market results showed that 63 percent of the
4 respondents gave "Prevents flickers or surges" as the number one category for improvement and
5 54 percent responded "Minimizes outages after a storm" as the second largest category for
6 improvement. Forty five percent of General business market customers, and 47 percent of large
7 business market respondents, gave "More interested in profit than customers" as the number one
8 category for improvement.
9

10 **1997 Benchmark Survey**

11 In early 1997, a working group of marketing representatives from each of the Southern
12 companies joined with Southern Electric Services (SES) to develop a benchmark effort of 16
13 competitive companies, having operating territories physically connected to the Southern system.
14 The study will be conducted in late 1997, by an outside survey contractor, and provide Southern
15 companies a blind benchmark study of their own company, compared to other competitors
16 surrounding them in the Southeast. The benchmark study breaks customers studied into categories
17 of large customers, using 1 megawatt or more, customers using 99 kilowatts down to 50 kilowatts,
18 general business customers and residential customers. GPC, and Southern Company, will be moving
19 away from the traditional customer satisfaction survey to the benchmark method for all future
20 efforts. Results of the 1997 Benchmark survey were not available at the time this report was
21 published.
22

23 **5.3.4 Customer Damage Claims**

24 The GPC damage claims process involves the use of field Claims Coordinators to process
25 customer damage claims within a geographic area. The Claims Coordinators report to the Power
26 Delivery Manager in each of the three divisions, who have responsibility for customer claims less
27 than \$5,000, with no attorney involvement, no liability, and no extenuating or questionable issues.
28 Customer claims greater than \$5,000, with legal involvement, with liability, with questionable
29 issues, or the potential for fraud are referred to the Claims Administrator.
30

31 Exhibit GPC-12 shows the public damage claims dollars for GPC, during the period 1992
32 through September 1997. According to company representatives, the rise in 1995 public claims
33 was related to storm damages from two named storms experienced that year. As shown in the
34 exhibit, 1997 public claims increased slightly over the 1996 level, but are not significantly higher
35 than the 1994 claims level. Exhibit GPC-13 shows the number of customer damage claims made
36 and the number of claims paid by GPC, for the period 1992 through September 1997. As shown
37 by the chart, GPC paid about 50.4% of the customer damage claims filed during the period.
38

39 The GPC Claims Administrator is also the Employee Relations & Risk Management
40 Manager. In fact, none of the individuals involved in the GPC claims process are involved with
41 claims on a full time basis. GPC also provides no formal claims processing training for Claims
42 Coordinators. Only informal training with the job incumbent, or on-the-job experience, is
43 provided to assist coordinators in performing their duties and responsibilities.
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