

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by
Progress Energy Florida, Inc.

Docket No. 050078-EI
Submitted for filing:
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DIRECT TESTIMONY OF

WILLETTE MORMAN PERRY

On behalf of PROGRESS ENERGY FLORIDA

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DIRECT TESTIMONY OF
WILLETTE MORMAN-PERRY

1 . **Introduction.**

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

3 A. My name is Willette Morman-Perry. I am the Director of Customer Service for
4 Progress Energy Florida ("PEF" or the "Company"). My business address is
5 5225 Tech Data Drive, Clearwater, Florida 33760.

6
7 **Q. What are your duties and responsibilities?**

8 A. I am responsible for serving Progress Energy Florida's 1.5 million customers in
9 the areas of customer billing, collections of revenue, call center operations, web
10 applications, voice response unit systems, and payment operations.

11
12 **Q. Please describe your educational background and work expertise?**

13 A. I have over 24 years experience with Progress Energy in Customer Service
14 including work as a project analyst, supervisor, and as manager of Call Services. I
15 began my career at Progress Energy as a clerk in a field office and from there
16 transitioned to a Customer Service Associate position in the pilot of the centralized
17 customer service center. Among other assignments, I also served as a Training
18 Analyst for Employee Development, as Project Analyst to centralize customer
19 service functions for Carolina Power & Light Company ("CP&L"), as well as
20 Project Analyst in support of the Customer Service Integration Project for the North

1 Carolina Natural Gas Company acquisition and the Customer Service Integration
2 Project for the acquisition of Florida Progress. I have a bachelor's degree from
3 North Carolina Wesleyan College.

4
5 **I. Purpose and Summary of Testimony.**

6 **Q. What is the purpose of your testimony?**

7 A. I appear on behalf of Progress Energy Florida to discuss the Company's strategy
8 for continuing to provide and enhance customer service and to support the
9 reasonableness of expenses in that area.

10
11 **Q. What schedules in Progress Energy Florida's MFRs do you sponsor?**

12 A. I sponsor or co-sponsor schedules C-11, C-37, C-38, and C-39, insofar as they
13 relate to customer accounts and customer service. These schedules are true and
14 correct, subject to their being updated in the course of this proceeding.

15
16 **Q. Please summarize your testimony.**

17 A. The Company is dedicated to anticipating and meeting the needs of its customers
18 by effectively utilizing technology and resources to improve responsiveness and
19 customer satisfaction. We are aware that our customers are increasingly
20 demanding greater convenience and more accessibility, which we are providing
21 through Web-based services, electronic billing, Voice Response Unit ("VRU")
22 operations, additional payment locations, and prompt customer service response.

1 We believe the initiatives we are budgeting will enable us to provide the type of
2 service that our customers expect and have grown accustomed to.

3
4 **III. Customer Accounts.**

5 **Q. Please provide an overview of expenses for customer accounts.**

6 A. We are forecasting to spend \$36.9 Million in 2006 for customer accounts expense.
7 It is important to note that this spending level is based on a \$13.8 million savings
8 achieved through the synergies obtained through the implementation of our
9 Mobile Meter Reading program.

10 Our 2006 budget amount is expected to decrease the O&M benchmark
11 amount of \$59.9 Million by \$22.9 Million. The budget includes labor costs and
12 other costs of operating our customer information system, including the initiatives
13 that I describe herein.

14
15 **Q. What customer service improvements have you implemented to minimize
16 costs and increase services provided to your customers?**

17 A. We have implemented a number of initiatives which have better enabled PEF to
18 anticipate and fulfill evolving customer expectations, such as:

19 *New Software/Increased Web Enablement.* We have implemented
20 software that enables our customer service representatives to resolve billing
21 inquiries during the initial customer contact. This allows the representative to
22 analyze the customer's bill on the spot and to compare it directly with recorded

1 temperatures for the customer's specific area. Also, new applications are available
2 on the internet to allow our customers to complete requests on line.

3 The Company has also invested in building a website dedicated to our
4 customers. In 2003, "Customer Registration" was implemented, which offers
5 customers web applications such as: (1) connect and disconnect requests and
6 analysis of usage history; (2) a "Builders Express" website; (3) receipt validation;
7 (4) credit arrangements; (5) a "Multifamily Housing" (rental property owners)
8 website; (6) name and phone number update; (7) seasonal rate registration; (8) a
9 "report a street light repair" feature; (9) duplicate bill requests; (10) a "Lower My
10 Bill" toolkit; (11) OpinionLab (survey/comments); (12) a "find a payment
11 location" feature; and (13) electronic funds transfer registration. Our Web
12 application is now more robust, and we have placed emphasis on moving
13 additional functionality to the Web to give all customer segments increased access
14 to information and greater choices in how they do business with us.

15 Combined Customer Service. Progress Energy Carolinas and PEF have
16 combined their customer service organizations in order to maximize knowledge
17 and management oversight, and to provide a consistent, customer-focused
18 approach to the management of customer service. This combination allows for
19 more effective use of resources in the development of training programs and
20 system and Web application upgrades. It also allows PEF to leverage the
21 combined needs of the two companies to procure more advantageous contracts
22 with outside vendors for collections, outage reporting, and payment management.
23 This situation is invaluable during major storm events because each of the

1 customer service centers can provide additional resources to help manage peak
2 call volumes for the other.

3 Work process improvements. PEF continually reviews work processes to
4 look for efficiencies. Under this initiative, projects such as “One Call Resolution”
5 were initiated. As we know from customer feedback, one call resolution plays a
6 big part in customer satisfaction. Through our “One Call Resolution,” program,
7 we strive to resolve customer calls upon the first contact, thereby avoiding the
8 need for call backs.

9 New technologies. Call management systems in Florida were integrated
10 with Carolina systems in early 2002. This integration facilitated improved
11 sharing of resources, statistical reporting, and call-type tracking and performance
12 monitoring. This integration also reduced the resource requirements for handling
13 inbound customer phone calls. This new technology allows for improved outage
14 reporting, improved access to restoration information, and enhances PEF’s
15 automatic outage call back system.

16 In mid-2001, a new vendor system was implemented that allows 125,000
17 additional telephone calls per hour on a 24 hours per-day basis. This system
18 allows for increased call capacity for our customers in major storm events.

19 Enhancements to Bills. During 2002, the Company instituted a bill
20 redesign. Through this initiative, several improvements to our customer bills
21 were made, such as a graph on the bill, payment location phone numbers, and a
22 “pay by credit card” phone number. The addition of this information to our
23 customer bills has increased customer satisfaction. This has been validated as

1 PEF has ranked in the first quartile in Billing and Payment in J.D. Powers &
2 Associates surveys the last two years.

3 Although we have accomplished quite a bit over the last couple of years to
4 improve service to our customers, we are committed to continuous improvement.
5 With this, we will continue to leverage and improve our use of technology. For
6 2005, PEF plans receipt validation reconnection, posting agency pledges,
7 improvements to our outage script and call back feature, and multi-account
8 activity, all via the VRU. In addition, we continue to look for ways to improve
9 our customer web site through such initiatives as automated budget billing sign
10 up, which we expect to roll out by year end 2005.

11
12 **Q. What does Progress Energy Florida do to monitor customer satisfaction**
13 **levels?**

14 **A.** PEF closely monitors customer satisfaction levels to ensure we are meeting the
15 needs of our customers. We use a variety of methods to gather satisfaction levels
16 such as: "Fastrack", "Customer Experience Monitor", executive office
17 complaints, focus groups, Florida Public Service Commission ("Commission")
18 complaint data, and external benchmarking.

19 PEF measures the performance of Customer Service Center associates
20 through call monitoring. Recently, we kicked off an initiative called BCL
21 (Building Customer Loyalty) that expands our monitoring process to focus on key
22 behaviors to maximize customer satisfaction. BCL enables employees to fully
23 understand how their behavior impacts unit, department, group, and

1 organizational goals. External measures we use are Fastrack and the Customer
2 Experience Monitor which are independent customer surveys. Specifically,
3 Fastrack measures customer satisfaction as it relates to a recent contact with the
4 Company. The Customer Experience Monitor measures overall perception of the
5 Company. In addition, focus groups have been conducted on an ad hoc basis as
6 another touch point with our customers. Commission data is also analyzed to
7 identify trends in customer issues. These customer touch points enable PEF to
8 quickly identify customer issues through our root cause analysis process and
9 identify action plans to increase satisfaction. Benchmarking tools such as J.D.
10 Powers & Associates surveys are another important component used to measure
11 our performance against our competitors and with industry standards. I am proud
12 to share that PEF ranked number one in the 2004 J.D. Powers & Associates
13 Customer Service component for the Southern Region. J.D. Powers also ranked
14 Progress Energy 3rd in the South Region for Business Customer Satisfaction.

15 Recently, Progress Energy was named as one of the electric companies
16 offering the best overall customer service in 2004. The award was presented
17 during the eighth annual Customer Service Awards program at the Edison Electric
18 Institute's (EEI) Spring National Accounts Workshop. Progress Energy was
19 named a winner of the 2004 Utility Awards for marketing and customer service
20 efforts by the Energy Planning Network's Utility CIS/CRM Consortium. This
21 recognition placed Progress Energy as one of eleven winners worldwide for
22 having the best CIG (commercial, industrial, governmental) programs for
23 investor-owned utilities.

1

2 Q. Are the Company's expenditures for customer service cost-effective and
3 reasonable?

4 A. Certainly. We are very pleased with the success of our efforts in this area. We are
5 providing superior customer service and we are an industry leader in offering
6 automated technology. Since the merger, our resource sharing capabilities
7 enhanced service to our customers at lower costs. Again, leveraging our
8 economies of scale and maximizing our resources has allowed us to provide
9 superior service while reducing our costs.

10

11 Q. Does this conclude your testimony?

12 A. Yes it does.