

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 090079-EI
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**DIRECT TESTIMONY
OF
WILLETTE MORMAN
On behalf of Progress Energy Florida**

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Docket No. 090079

DIRECT TESTIMONY OF

WILLETTE MORMAN

1 **I. Introduction.**

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

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

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

8 A. I am responsible for serving Progress Energy Florida's 1.6 M customers in the areas
9 of customer billing, collections of revenue, call center operations, web applications,
10 voice response unit systems, and payment operations.

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

13 A. I have over 28 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 Project
20 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 **II. 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 for
8 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 MFR's do you sponsor?**

12 A. I sponsor or co-sponsor schedules B-7, B-8, B-9, B-10, C-6, C-9, C-11, C-12, C-15,
13 C-33 through C-39, and C-41 insofar as they relate to customer accounts and
14 customer services. These schedules are true and correct, subject to being updated in
15 the course of this proceeding.

16

17 **Q. Please summarize your testimony.**

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

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

3 PEF has been successful in providing excellent customer service in a cost-
4 effective manner. It has implemented several programs that result in cost-savings to
5 its customers. PEF's budgeted operation and maintenance ("O&M") expenses for
6 2010 are below the Commission benchmark for customer service and are
7 reasonable.

8

9 **III. Customer Accounts.**

10 **Q. Please provide an overview of expenses for Customer Accounts, Customer**
11 **Service, and Information and Sales Expenses.**

12 A. We are forecasting to spend \$58.3M O&M in 2010 for Customer Accounts,
13 Customer Service, and Information and Sales Expenses. Our 2010 budget amount is
14 expected to be \$5.9M below the O&M benchmark amount of \$64.2M. The budget
15 includes labor costs and other costs of operating our Customer Service System
16 (CSS), including the initiatives that I will describe below.

17

18 **Q. What improvements have you implemented to minimize costs and increase**
19 **services provided to your customers?**

20 A. We have implemented a number of initiatives that have better enabled PEF to
21 anticipate and fulfill evolving customer expectations. For example, we have
22 installed the "Bill Analysis tool" that enables our customer service representatives
23 to resolve billing inquiries during the initial customer contact. This allows the

1 representative to analyze the customer's bill on the spot and to compare it directly
2 with recorded temperatures for the customer's specific service location.

3 A new web application, the Bill Analysis Tool, is now also available to
4 customers. After logging into a secure website, customers can compare usage and
5 billing to previous months, or the same month in a previous year. Items such as
6 number of days in the billing period, average daily kwh usage, and average daily
7 temperatures are listed. The Bill Analysis Tool helps customers manage their
8 energy costs.

9 In addition, new applications are available on the internet to allow our
10 customers to complete service requests online. After logging into a secure website,
11 customers can request to stop or start their service. This application is now fully
12 integrated with CSS.

13 PEF also continually reviews work processes to look for efficiencies. Under
14 this initiative, projects such as "One Call Resolution" were initiated. As we know
15 from customer feedback, one call resolution plays a big part in customer
16 satisfaction. Through our "One Call Resolution" program, we strive to resolve
17 customer calls upon the first contact, thereby avoiding the need for call backs.
18 Customers are surveyed by an outside company to determine if their concern was
19 resolved with one contact to customer service. The One Call Resolution percentage
20 represents those customers that answered yes when surveyed by the outside
21 company. Through the "One Call Resolution" program we have partnered with
22 field services to ensure that all of the necessary information is listed on the work
23 request. Having all necessary information on the work request reduces the chance

1 that a second call is needed. Our "One Call Resolution" scores have remained
2 consistently high year after year. In 2005 our score was 83% followed by 81% in
3 2006, 83% in 2007, and 84% in 2008. PA Consulting benchmarking information
4 completed in 2006 and 2007 ranked PEF 2nd quartile compared to other electric
5 utilities for One Call Resolution.

6
7 **Q. What new technologies have you implemented to minimize costs and increase**
8 **services provided to your customers?**

9 A. We have implemented several new technologies in the area of customer service.
10 The Company completed improvements to the current VRU (Voice Response Unit)
11 system so that customers can speak their answers to stop their electrical service or
12 start their electrical service when calling into customer service. Examples of these
13 enhancements included streamlining the option menu and re-recording the voice to
14 provide a better customer experience. The technology reduces wait times, but the
15 customer always has the option to speak to an associate. The stop service was
16 implemented in April 2008 and the start service was implemented in August 2008.

17 Outbound dialing has been used to increase communication with customers
18 and inform them of the status or completion of their request. Outbound dialing is
19 being used to call customers back and inform them that their service is activated.
20 Outbound dialing is also used to inform customers with the latest information on
21 outages in their area.

22 In October 2007, Progress Energy implemented a robust new outage
23 communications tool, "Online Outage Maps." Online Outage Maps provide

1 customers, community leaders, media and employees with the latest data on
2 electrical outages. This solution offers easy-to-use navigation, 24/7 outage
3 information, and employs technology integrating the Company's own outage system
4 with customer-intuitive features of Microsoft Virtual Earth. This tool benefits
5 customers and others by providing current information regarding outages and
6 expected restoration times.

7 In October of 2006, Progress Energy installed a process called "Queue
8 Optimization." This system is currently configured to offer the customer the
9 option of reserving their place in line and receiving a proactive callback from
10 Progress Energy when the calculated wait time is three minutes or greater. The
11 customer can elect to receive a call back, or can simply hold on the line and their
12 call will be served in the order it was received. The advantage from a customer
13 perspective is that they are not placed in a position of waiting for their call to be
14 answered during peak calling periods. The customer can go about their lives with
15 the knowledge that their place in line is reserved and a call back is planned.

16
17 **Q. Does the Company plan to continue making technological improvements to its**
18 **customer service program in the future?**

19 **A.** Yes. Although we have accomplished quite a bit over the last couple of years to
20 improve service to our customers, we are committed to continuous improvement.
21 We will continue to leverage and improve our use of technology. In the near future,
22 we plan to enable customers to report outages online, and later to enable customers
23 to access customer-specific estimates of when power will be restored to their home

1 or business. The current Company website will also be redesigned. By redesigning
2 the website, we will enhance external communications with customers. The
3 redesigned website will provide a clean, fresh design that features an easy-to-use
4 interface for customers. A review of new media technologies including videos,
5 podcasts, discussion forums and interactive features is under way.

6
7 **Q. Has the Company taken any other steps to improve customer service?**

8 A. Yes, to provide greater convenience and more accessibility to our customers, we
9 have increased the number of locations where payments can be made. In 2005 we
10 had 211 paystations available for our customers. As of November 2008, this
11 number has more than doubled to 426 paystations. Of the 426 paystations, 91
12 paystations do not charge a fee to the customer. The remaining paystations only
13 charge a \$1.00 fee to the customer. No part of this dollar fee goes to Progress
14 Energy.

15
16 **Q. What does Progress Energy Florida do to monitor customer satisfaction levels?**

17 A. PEF closely monitors customer satisfaction levels to ensure we are meeting the
18 needs of our customers. We use a variety of methods to gather satisfaction levels
19 such as: "Fastrack," "Customer Perception Tracker," executive office complaints,
20 focus groups, Florida Public Service Commission ("Commission") complaint data,
21 and external benchmarking. "Fastrack" interviews approximately 10,000 PEF
22 customers per year in reference to their satisfaction with a service experience they
23 had completed in the last one to two weeks. "Customer Perception Tracker"

1 interviews approximately 3,000 PEF customers per year in reference to their overall
2 perception of the Company and the service it provides.

3 PEF measures the performance of Customer Service Center associates
4 through call monitoring. The BCL (Building Customer Loyalty) initiative expands
5 our monitoring process to focus on key behaviors to maximize customer
6 satisfaction. Examples of key behaviors include using courtesy words and phrases,
7 acknowledging the customer, summarizing and closing the call. BCL enables
8 employees to fully understand how their behavior impacts unit, department, group,
9 and organizational goals.

10 A new feature of the quality monitoring software was installed during the
11 second quarter of 2008. The new feature, "Call Analytics," allows Progress Energy
12 to search for words or phrases used during a call. The calls can be analyzed to
13 understand customer inquiries thus providing opportunities to better respond to
14 future needs. "Call Analytics" is also used to provide training and coaching to
15 associates regarding how to be effective, efficient, and to optimize the customer
16 experience.

17 In addition to the "Call Analytics" software installation, PEF completed an
18 upgrade during the second quarter of 2008 which, among other things, allows it to
19 incorporate the monitoring feedback form into the software. The monitoring
20 feedback form scores the associates call and is reviewed with the associate to coach
21 and develop the associate on their strengths and areas for improvement. Previously,
22 two separate systems were used. One system would capture and record the call and
23 the second system was used to score the call. By combining the two systems

1 productivity has significantly increased. The quality of feedback also improved
2 with the use of the quick notes feature, which explains not only what was missed in
3 monitoring but why it is important to our business and customers.

4

5 **Q. Does Progress Energy Florida use any external measures to monitor customer**
6 **satisfaction levels?**

7 A. Yes, Progress Energy participates in external benchmarking to ensure we are
8 aware of the latest best practices and to learn from other electric utilities. The
9 benchmarking results are also used to gauge how well we are performing compared
10 to other electric utilities. For example, J. D. Powers Residential has ranked PEF 1st
11 or 2nd Quartile nationally in overall customer satisfaction for the past 6 years. In the
12 most recent J.D. Power & Associates survey of business customers, PEF placed
13 eighth out of 24 utilities in the South Region and ahead of Tampa Electric Company
14 and Florida Power & Light Company. Also, in its most recent, interim report on
15 residential customer satisfaction, PEF was rated seventh out of 13 Southeast utilities
16 and ahead of Tampa Electric Company and Florida Power & Light Company.

17 For other external benchmarking measures we use are Fastrack and the
18 Customer Experience Monitor, which are independent customer surveys.
19 Specifically, Fastrack measures customer satisfaction as it relates to a recent contact
20 with the Company. The Customer Experience Monitor measures overall perception
21 of the Company. In addition, focus groups have been conducted on an ad hoc basis
22 as another touch point with our customers. Commission data is also analyzed to
23 identify trends in customer issues. These methods enable PEF to quickly identify

1 customer issues through our root cause analysis process and identify action plans to
2 increase satisfaction.

3

4 **Q. Has Progress Energy Florida earned any other awards in the area of customer**
5 **service?**

6 A. Yes. In 2005 and 2006, Progress Energy received the prestigious Service One
7 Award from PA Consulting. The Service One Award recognizes utilities for
8 providing exceptional service to their customers. Progress Energy was also
9 nominated for the award in 2008. Progress Energy has also received the 2006
10 Edison Award from the Edison Electric Institute based on outstanding achievements
11 in operational performance, reliability, customer service, and environmental
12 stewardship.

13 In December 2005, Progress Energy was awarded the prestigious J.D.
14 Powers "Founders Award", which is presented by the founder of J. D. Power and
15 Associates. The award is presented to individuals or companies that demonstrate
16 dedication, commitment, and sustained improvement in serving customers. Only 14
17 other companies or individuals have received this award over the 37 year history of
18 J.D. Powers and Associates. Progress Energy is the only utility to ever receive this
19 award.

20

21 **Q. Are the Company's expenditures for customer service cost-effective and**
22 **reasonable?**

1 A. Certainly. We are very pleased with the success of our efforts in this area. We are
2 providing exceptional customer service and we are an industry leader in offering
3 automated technology. We have provided new self-service technologies, additional
4 customer options, implemented process efficiencies and focused on one call
5 resolution. Progress Energy strives to provide premier customer service at a
6 reasonable cost. This is evident by the forecast to spend \$5.9M below the 2010
7 O&M benchmark amount for customer account expenses. Cost containment is
8 being accomplished while outside companies such as J. D. Powers Residential has
9 ranked PEF 1st or 2nd Quartile nationally in overall customer satisfaction for the past
10 6 years.

11
12 **Q. Can you provide any examples of cost savings the Company has seen from its**
13 **various initiatives and programs?**

14 A. Yes. As explained above, the Company made enhancements to its Voice
15 Response Unit (VRU) system. Customers have enthusiastically responded to these
16 changes. In 2008, approximately 215,000 additional calls were contained in the
17 Voice Response Unit, reducing calls to agents over calls processed in 2007. This
18 reduction in call volume to customer service associates represents a savings of
19 approximately \$744,330.

20 Progress Energy has also focused on providing information electronically to
21 customers. An example is electronic billing. Progress Energy has approximately
22 188,000 customers on electronic billing. Not only does the program offer customers
23 the services they are requesting, the program saves approximately \$850,000 in

1 postage and materials expenses. These savings are offset by the annual cost to
2 administer the program, which is minimal.

3
4 **IV. Service Charge for Unauthorized Use Meter Tampering and Theft**

5 **Q. Is Progress Energy Florida proposing any changes to its tariff relating to**
6 **customer service?**

7 A. Yes, PEF is proposing a service charge for unauthorized use of electricity. The
8 specific amount for this service charge is set forth in detail in the testimony of Mr.
9 William Slusser. The charge is needed to offset the costs incurred by the Company
10 when it investigates and processes unauthorized use. Specifically, the Company's
11 revenue protection investigators must follow up on tips from field representatives
12 and anonymous phone calls to determine if unauthorized use of electricity is taking
13 place. When identifying unauthorized use of electricity, the investigators relay
14 essential information to the Call Center, and a customer service representative must
15 enter that information into CSS.

16 To handle unauthorized use, the Company incurs administrative labor,
17 clerical labor, field labor, and travel costs. The proposed service charge will
18 allocate these costs to the customers that bear responsibility for unauthorized use.

19
20 **Q. Does this conclude your testimony?**

21 A. Yes it does.
22
23