BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

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Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric Service	Case 23-E-____

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Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Gas Service	Case 23-G-____

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DIRECT TESTIMONY OF THE CUSTOMER EXPERIENCE PANEL

July 31, 2023

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I. INTRODUCTION

Q. Please state the names of the members of the Customer Experience Panel ("Panel").

A. Our names are Jeffery D. Doane, Brian J. Fuoco, Joseph J. Rocco, Michael R. Dooley, William A. Brandt, and Antonio X. Vazquez.

Q. Mr. Doane, please state your current employer and business address.

A. I am employed by Central Hudson Gas & Electric Corporation ("Central Hudson" or the "Company") and my business address is 284 South Avenue, Poughkeepsie, New York 12601.

Q. Mr. Doane, in what capacity are you employed by Central Hudson and what is your scope of responsibilities?

A. I am employed by Central Hudson as Manager of Customer Experience. In that capacity, I am responsible for customer operations including meter to cash field operations and customer-facing operations in our Contact Center. I also have oversight of Customer Billing and Digital Customer Experience and Analytics.

Q. Mr. Doane, what is your educational background and professional experience?

A. I received a Bachelor of Science degree in Mechanical Engineering from Clarkson University in 2006 and received my Master of Business Administration also from Clarkson University in 2007. I joined Central Hudson in 2007 and during that time, I have held positions in Engineering, Business Development, and Customer Service.

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Q. Mr. Doane, have you previously testified before the New York State Public Service Commission ("PSC" or the "Commission")?

A. No, I have not.

Q. Mr. Fuoco, please state your current employer and business address.

A. I am employed by Central Hudson and my business address is 284 South Avenue, Poughkeepsie, New York 12601.

Q. Mr. Fuoco, in what capacity are you employed by Central Hudson and what is your scope of responsibilities?

A. I am employed by Central Hudson as Senior Director of Customer Contact. In that capacity, my responsibilities include managing the Contact Center inclusive of Front and Back-office customer facing operations.

Q. Mr. Fuoco, what is your educational background and professional experience?

A. I received a Bachelor of Science degree in Business Management – Economics from Niagara University in 1988 and received my Master of Business Administration – Technology Management in 2003 from University of Phoenix. I have been continuously employed by Central Hudson since 1992 that in a variety of positions within the Customer Service Group, Electric T&D, and Customer Account Services. My prior responsibilities included Director Estimating & Real Property, Superintendent Estimating Electric T&D, Supervisor New Business, System Supervisor Meter Reading, and Project Manager Meter Reading Optimization, Commercial Gas Marketing.

Q. Mr. Fuoco, have you previously testified before the Commission?

A. No, I have not.

Q. Mr. Rocco, please state your current employer and business address.

A. I am employed by Central Hudson and my business address is 284 South Avenue, Poughkeepsie, New York 12601.

Q. Mr. Rocco, in what capacity are you employed by Central Hudson and what is your scope of responsibilities?

A. I am employed by Central Hudson as Director, Credit and Collections. In that capacity, my responsibilities include managing the Contact Center collections operation and overseeing back-office customer support. I am responsible for ensuring that Central Hudson's business policies and procedures are in compliance with all Home Energy Fair Practices Act ("HEFPA") regulations. It is also my responsibility to ensure that exception work generated within our billing system is completed in a manner that minimizes the impact to our customers.

Q. Mr. Rocco, what is your educational background and professional experience?

A. I received a Bachelor of Science degree in Business Administration from Marist College in 2017 and received my Master of Business Administration from Syracuse University in 2022. Since 2014, I have been continuously employed by Central Hudson in various positions within Customer

Account Services. My prior responsibilities included Customer Account Services Supervisor and Service Supervisor. Prior to my employment with Central Hudson, I had more than ten years of Contact Center management experience.

Q. Mr. Rocco, have you previously testified before the Commission?

A. Yes. I have testified before the Commission in Cases 20-E-0428 and 20-G-0429.

Q. Mr. Dooley, please state your current employer and business address.

A. I am employed by Central Hudson and my business address is 284 South Avenue, Poughkeepsie, New York 12601.

Q. Mr. Dooley, in what capacity are you employed by Central Hudson and what is your scope of responsibilities?

A. I am employed by Central Hudson as Senior Director of Customer Billing. In that capacity, I am responsible for oversight of the customer billing team. This team is tasked with billing exception management, responding to customer inquiries related to billing, and testing system changes related to billing.

Q. Mr. Dooley, what is your educational background and professional experience?

A. I received a Bachelor of Science degree in Business from Marist College in 2008 and received my Master of Business Administration also from Marist College in 2014. I started with Central Hudson in 2011 and joined the Customer Billing team in August 2022. During my time with Central

Hudson, I have held positions in Treasury, Business Development, Fleet, Supply Chain and Customer Service. Prior to joining Central Hudson, I held positions in Finance and Construction Management.

Q. Mr. Dooley, have you previously testified before the Commission?

A. No, I have not.

Q. Mr. Brandt, please state your current employer and business address.

A. I am employed by Central Hudson and my business address is 284 South Avenue, Poughkeepsie, New York 12601.

Q. Mr. Brandt, in what capacity are you employed by Central Hudson and what is your scope of responsibilities?

A. I am employed by Central Hudson as Senior Director of Customer Field Services. In that capacity, my responsibilities include managing Customer Field Services which includes the Commercial Department, Meter Reading Department, and Customer Field Services Contractor Operations. I provide oversight daily to a combined force of approximately 100 Company employees and contractors. I am responsible for ensuring all customer requested service work at their homes and businesses is completed safely, professionally, and efficiently. This includes items such as Gas and Electric Emergency Response, Scheduled Customer Appointments, Service orders, Dispatch orders, New Business Requests, and System Maintenance repairs and inspections as required as well as many other field operations. I am also responsible for the Meter Reading System Operations which include management of Meter Reading

Supervision and Field Supervisors and Contractor Meter Reading oversight. Also, I am responsible for Contractor Meter Mechanics who work our Distribution Improvement projects and New York State-required Indoor Corrosion and Leak Survey Corrosion Inspectors.

Q. Mr. Brandt, what is your educational background and professional experience?

A. I received an Associate degree in Business Administration in 1987 from Columbia-Greene Community College and a Bachelor of Science degree in Business Economics from Oneonta State University in 1990. I have been continuously employed by Central Hudson and CH Energy Group in many positions over the past 30 years. My prior positions include multiple Power Plant Operation positions, Gas Capital Construction Mechanic, Energy Marketing Specialist, Energy Account Executive (Central Hudson Enterprises-CH Energy Group), Service Supervisor, New Business Counselor, Estimating Supervisor, Operating Supervisor-Commercial Dept., and Director- Commercial and Contractor Operations. Prior to my employment with Central Hudson, I worked for Osmose Utilities, GTE, and Matrix Communications in various Technician, Foreman roles. I have also served in various Committee Chairmanship positions for the AGA (American Gas Association) and NGA (Northeast Gas Association) over my career, as well as the NGA/PSC Advisory Committee, NYPERI, and multiple NGA SME Committees over my career.

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Q. Mr. Brandt, have you previously testified before the Commission?

A. Yes. I have testified before this Commission in Cases 20-E-0428 and 20-G-0429.

Q. Mr. Vazquez, please state your current employer and business address.

A. I am employed by Central Hudson and my business address is 284 South Avenue, Poughkeepsie, New York 12601.

Q. Mr. Vazquez, in what capacity are you employed by Central Hudson and what is your scope of responsibilities?

A. I am employed by Central Hudson as Director of Digital Experience. In that capacity, my responsibilities include customer experience improvements to the website, mobile app and chatbot.

Q. Mr. Vazquez, what is your educational background and professional experience?

A. I received a Bachelor of Science degree in Business Economics from Oneonta State University in 1993. I started with Central Hudson in 2019. Prior to joining Central Hudson, I held various operational and testing positions in the Banking and Healthcare industries.

Q. Mr. Vazquez, have you previously testified before the Commission?

A. No, I have not.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of the Panel's testimony in these proceedings?

A. The purpose of this testimony is to: 1) discuss the SAP Customer Information System ("CIS") transition and the Company's performance relative to its customer service performance indicators ("CSPIs"); 2) discuss the Company's initiatives to enhance customer service including a transition to monthly meter reading, technology investments that improve communication and interactions with customers while providing more self-service options and increasing the ease of use for key existing self-service options, consumer outreach improvements to our most vulnerable customers, and improvements to the benchmarking of customer service through JD Power; 3) discuss the Company's proposed changes to the Residential Customer Satisfaction Survey and the PSC Complaint rate in order to more accurately and appropriately measure customer sentiment and better align the Company's metrics with statewide methodologies; 4) discuss the need for additional resources to bolster the Company's efforts to manage the aftermath of the COVID pandemic and the resulting record amount of customer arrears; and 5) discuss the continuation of the deferral of debit and credit card fees in order to provide certainty around customers' ability to continue utilizing these payment methods.

Q. Is the Panel sponsoring any exhibits in support of its testimony?

A. Yes. This Panel is sponsoring the following exhibits that were prepared by or under the direction of the Panel or one of its members:

Exhibit __ (CEP-1) contains the System Performance and Customer Service Dashboard;

Exhibit __ (CEP-2) contains details related to the Digital Customer Experience ("DCX") Portfolio;

Exhibit __ (CEP-3) contains the proposed targets and associated revenue adjustments for the Residential Customer Satisfaction Survey to serve as the basis for the Customer Satisfaction Index calculation; and

Exhibit __ (CEP-4) contains the impact of collections efforts on the Customer Experience headcount forecast for the period of 2023–2028.

III. SAP TRANSITION AND CUSTOMER SERVICE PERFORMANCE

Q. Please discuss the SAP CIS transition.

A. On September 1, 2021, Central Hudson launched its new SAP-based CIS. Immediately after the launch, there were issues with its new SAP CIS that resulted in impacts to a portion of Central Hudson's customers, including through delayed and inaccurate invoices, confusion, and anxiety. Despite Central Hudson's best efforts to correct the issues, the issues continued, and Central Hudson experienced a rise in customer complaint levels, harsh criticism from politicians, and questions from the Commission and others seeking to understand the problems with the SAP CIS. Central Hudson redoubled its efforts with the help of its union and management employees, third-party experts, and contractors to correct all issues.

Q. Has Central Hudson tracked the impact to service levels associated with the launch of SAP CIS and associated events?

A. Yes, the Company developed a dashboard which outlines Central Hudson's progress along six key metrics. These metrics are % Current Bills, % Bills Requiring Adjustments, Actual Bills Replaced with Estimates, Call Service Level, % of Calls Abandoned, and Average Wait Time. As of the date of this filing, the most recent version of this dashboard dated July 20, 2023, has been included as Exhibit __ (CEP-1).

Q. Has performance associated with these metrics returned to pre-SAP CIS launch levels?

A. All of the metrics are close to, at, or above performance levels associated with the period prior to the SAP CIS launch. Additionally, significant improvement can be seen in all of the metrics relative to the peak of the SAP CIS issues.

Q. Please summarize the performance increases associated with the metrics listed in Exhibit __ (CEP-1).

A. First it is important to note that progress towards resolving the SAP CIS issues was significantly impacted by the Columbia Utilities default with the New York Independent System Operator, which generated an unexpected billing impact to over 25,000 customers. This can be seen in each key performance indicator ("KPI") from July through September of 2022.

- % Of Current Bills has stabilized on or around 98%, from a low point of 90% in September of 2022.
- % Bills Requiring Adjustments is near 3% and has shown significant improvement from its peak of approximately 10%.
- Actual Bills Replaced with Estimates has improved from a peak of approximately 16% in December of 2022 to a level of 3%.

- Call Service Level (percent of calls answered by a representative within 30 seconds), which is an existing CSPI, is approximately 75%, which is above the target established in the Commission's Order Adopting Terms of Joint Proposal and Establishing Electric and Gas Rate Plan issued on November 18, 2021 in Cases 20-E-0428 and 20-G-0429 ("2021 Rate Plan").
- % Of Calls Abandoned is slightly below the historic level of 7% associated with the Average Wait time of approximately three minutes.

It is important to note that the number of customer contacts and confusion have also been exacerbated by significant increases in commodity costs. During this time, both electric and natural gas commodity prices have increased by over 100%.

Q. Does the Company expect to be at or above baseline (period prior to the SAP CIS launch) performance levels for these metrics prior to July 1, 2024?

A. Yes, the Company is working on all outstanding issues and expects to return to or exceed baseline performance levels for each of these metrics.

Q. Have any other metrics been impacted by the SAP CIS launch?

A. Yes, issues with the SAP CIS launch have also impacted the performance of the Company's CSPIs, which were established in the 2021 Rate Plan.

Q. Please list the Company's CSPIs.

A. The CSPIs consist of the following measures: (1) PSC Complaint Rate; (2) Residential Customer Satisfaction Survey; (3) Percent of Calls Answered by a Representative within 30 Seconds; and (4) Appointments Kept. The Residential Service Terminations/Uncollectible Target metric was paused for the term of the rate plan. All metrics are measured on a calendar year basis.

Q. To date, has the Company met all the CSPI targets established in the 2021 Rate Plan?

A. No, Central Hudson has not met all of its CSPI targets and as a result has incurred negative revenue adjustments. The Company has met the Percent of Call Answered by a Representative within 30 seconds with 67.84% in 2021 and 72.55% in 2022. The Company met the target of PSC Complaint rate in 2021 with 0.92 but failed to meet the target in 2022 with a value of 11.34 complaints per 100,000 customers. The Company did not achieve the target for the Residential Customer Satisfaction Survey in either 2021 or 2022 with results of 85% and 66.7%, respectively. There is no target associated with Appointments kept, but the Company in both 2021 and 2022 kept over 99% of scheduled appointments in each year. Of the few appointments missed, those customers were credited $20 as required.

IV. CUSTOMER SERVICE IMPROVEMENT AND ENHANCEMENTS

Q. Is Central Hudson proposing any changes that will improve or enhance Customer Experience?

A. Central Hudson is proposing four initiatives to enhance and improve customer experience. These initiatives include: 1) a transition to monthly meter reading; 2) technology investments that improve communication and interactions with customers while increasing the number and ease of use of self-service options; 3) bolstering consumer outreach to our most vulnerable customers; and 4) utilizing JD Power to improve the benchmarking of customer service in order to measure Central Hudson's performance directly against other utilities and provide a basis for establishing performance improvement goals.

A. **IMPLEMENTATION OF MONTHLY METER READING**

Q. Please briefly describe the Company's proposed transition to monthly meter reading from the present bi-monthly structure.

A. Central Hudson has evaluated and developed a plan to adjust its billing practices and to conduct monthly meter reads, thereby eliminating alternate month bill estimates. This plan was filed on January 17, 2023, in Case 22-M-0645 and fully lays out the timeline and the incremental costs and resources required for the transition. On July 27, 2023, DPS Staff and the Company reached an interim agreement which prescribes an acceleration of the originally proposed timeline. The transition to monthly meter reading is aligned with residential customer sentiments that show a preference for monthly meter reads and dissatisfaction with bi-monthly billing estimates. Due to the timing of the interim agreement, this item is subject to update as stated in the testimony of the Revenue Requirements Panel.

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Q. Why does the Monthly Meter Reading Plan propose a phased roll out?

A. A phased roll out of monthly meter reading is designed to protect customers by limiting any programming defects discovered within the "real world environment" to the smallest group of customers possible. The intent of the phased roll-out would be to first implement the program for a very specific subset of customers, then to expand the program to an initial meter reading route, and next to each of the Company's five districts, until full scale implementation is achieved.

Q. Please describe the incremental annual costs and resources required to implement monthly meter reading.

A. The incremental annual costs equate to approximately $4.4 million. These incremental costs are comprised of recuring and one-time operating and maintenance ("O&M") costs as well the return on and of approximately $1.8 million of capital expenditures.

- Annual O&M costs related to the transition to monthly meter reading will be approximately $4.0 million. The majority of this cost is attributable to additional meter reading resources, with the small remainder driven by maintenance costs of meter reading hardware and maintenance and fuel costs for meter reading vehicles. Meter reading resources are assumed to be fulfilled by both external contractors and internal labor. Based on the timeline noted above, these resources will be hired subsequent to the Rate Year.

- Capital Expenditures related to the transition to monthly meter reading are estimated to be approximately $1.8 million, largely driven by vehicle purchases and technology investments such as meter reader equipment, mobile radios, tough-pad tablets, and programming modifications in the SAP CIS system. These costs are included within the Company's capital forecast. Additionally, costs associated with the return on and of associated capital investments are estimated to be approximately $0.4 million.
- In addition to the recurring costs noted above, one-time O&M expense associated with a customer outreach campaign is estimated to cost $0.2 million.

Q. Does the Company have anything else to add regarding the transition to monthly meter reading?

A. Given the timing of the interim agreement, the full costs associated with the revised monthly meter reading plan included in the interim agreement are not reflected in the Rate Year revenue requirements. As such, the Company proposes that revenue requirements be updated at a later stage in this proceeding for all impacted components of revenue requirements pertaining to the monthly meter reading plan.

B. **IMPROVEMENT OF CUSTOMER EXPERIENCE TECHNOLOGY**

Q. Please describe the Company's technology investments that will improve communications and interactions with customers while providing more self-service options and increasing the ease of use for key existing self-service options.

A. The Company seeks to implement a portfolio of projects in the Rate Year ending June 30, 2025, requiring $5.3 million in capital expenditures. These projects are also reflected in Exhibit __ (CEP-2) and discussed in testimony of the Technology Capital and Operations Panel. The portfolio contains the following projects: 1) Interactive Voice Response ("IVR") Modernization, 2) Customer Web and Mobile Technology Improvements including a dedicated experience for commercial customers, and 3) a centralized notification system.

Q. What are the current limitations and challenges of the Company's current IVR system that require modernization?

A. A major limitation of the current IVR system is the ability to integrate with other channels. Many customers interact with the Company via a mobile phone to call, visit the website, or navigate the mobile application. However, the current IVR system was designed prior to increased customer demand for that customer journey and does not include integration with web or application-based service offerings. Additionally, the current IVR solution is limited in its ability to easily make efficiency changes to the routing and handling of calls during high-volume or storm situations. Finally, the Company needs the ability to make changes without relying on a vendor, which creates long lead-times, as is done today.

Q. Please describe the Company's investment in IVR modernization.

A. Central Hudson will invest approximately $1.7 million within the Rate Year and $3 million by the end of 2025 to replace the current on-premises IVR system with a cloud-based IVR solution that will enable features such as Voice Recognition, and VoiceBots that will augment contact center live agent support by providing self-service voice capabilities for customers. Additionally, features such as Visual IVR and predictive call routing will be implemented, to match the call with the optimal Contact Center agents that have been provided additional information and analytics on the customer call. Finally, the new IVR will allow customers on digital platforms to seamlessly transition between channels.

Q. What enhancements to Customer Web and Mobile Technology is the Company proposing?

A. Central Hudson is proposing approximately $3.6 million during the Rate Year to enhance its customer-facing Web and Mobile Technology interfaces. First, the Company will be evaluating all customer-facing digital channels for alignment with the Americans with Disabilities Act standards. This evaluation will identify gaps to allow future enhancements to be in alignment with standards for customers with disabilities. Second, the Company will be redesigning the MyAccount page on its website as well as the mobile application. Approximately 60% of customers have an active online account with Central Hudson. Efforts are being made to capture additional customers through various outreach channels. These customers access their accounts via their MyAccount page for information about their bills, make payments, and enroll in a variety of programs. Concurrently with bill design efforts, the MyAccount page will become easier to use as customers will utilize a more familiar and modern appearance with easy-to-understand information. In addition to this effort, push notifications will be implemented through the mobile application. Customer response rates to communication via a mobile phone, for example through SMS texting, have proven to be an extremely effective tool. Finally, the Company will implement new website features, like "streetlight out" reporting and additional energy calculators.

C. **ENERGY AFFORDABILITY PROGRAM**

Q. How many customers were enrolled in the Company's Energy Affordability Program ("EAP") as of March 2023?

A. As of March 2023, 19,854 customers were enrolled in the EAP.

Q. Does the Company expect enrollment in the EAP to continue to grow?

A. Yes. As further explained below, the Company expects enrollment to continue to grow and the Company's Forecasting and Rates Panel projected future participation for purposes of setting the discounts.

Q. How does the Company intend to continue their EAP enrollment growth?

A. Central Hudson will continue to provide recommendations about the data fields that need to be captured on the Home Energy Assistance Program ("HEAP") application which can be used during the Office of Temporary Disability Assistance file share with all utilities. In addition, Central Hudson will continue its Outreach and Education efforts to notify eligible customers of the EAP and how to qualify for benefits.

Q. Based on actual and forecasted participation, will the Company have an under collection for the EAP under the 2021 Rate Plan?

A. Yes, the Company anticipates having a regulatory asset for both electric and gas for this program at June 30, 2024. The August 12, 2021 Order Adopting Energy Affordability Policy Modifications and Directing Utility Filings ("EAP Order") in Case 14-M-0565, established new bill discounts that, based on timing, were not incorporated into the revenue requirements established in Cases 20-E-0428 and 20-G-0429 thereby resulting in an under collection of EAP expense.

Q. What is the Company's projected cost for the EAP in the Rate Year?

A. The August 2021 EAP Order requires an annual review of monthly bill discounts to ensure that the discounts keep customer's monthly energy burden at 6% or less of their average annual household income, while at the same time limiting the total program cost to 2% of annual revenues for gas and electric. As further discussed in the testimonies of the Forecasting and Rates and Revenue Requirements Panels, based on review of annual revenues and the quantification of the expected 6% energy burden in accordance with the EAP Order's prescribed methodology, as well as the proposed updates to the monthly low income bill discounts, is the Company anticipates that these programs will reach the 2% cap for total program cost in the Rate Year. Reaching the cap equates to a program budget and rate allowance of $20.2 million for electric and $5.3 million for gas.

Q. Is the Company proposing any changes to the symmetrical deferral mechanism for either component of the Company's EAP?

A. No.

D. **TARGETED CUSTOMER OUTREACH**

Q. What other actions is the Company taking to improve their Outreach and Education in the community?

A. The Consumer Outreach organization is increasing the number of representatives to have more visibility in the communities we service with a goal to meet customers where they are more comfortable. The increased staffing will enable the organization and the Company to strengthen its engagement with customers. It will also increase the Company's presence and education regarding the programs and payment assistance opportunities available to customers at county/state agency offices, libraries, senior housing communities and other community events.

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Q. Please describe the role of Central Hudson's Consumer Outreach organization.

A. Central Hudson's Consumer Outreach organization has a few key functions, including:

- Conducting community outreach with an emphasis on low income and disadvantaged populations. This outreach includes sharing information about NY State and Central Hudson's programs for low-income customers, seniors, veterans, elderly, blind, disabled, and other.
- Maintaining compliance with HEFPA.
- Responding to customers who file complaints with the Commission. This includes analyzing and investigating complaints, responding to the customer, and tracking and closing the complaints in the PSC Portal.
- Responding to customers whose complaints arrive via other channels, including state elected officials (Attorney General, state legislative), county executives, members of Congress, and others.
- Compiling accurate and complete filing data and credits relative to NY State and Central Hudson low income programs, such as HEAP, the Good Neighbor Fund, and any other emergency measures that may be developed such as the Arrears Management Program or Emergency Rental Assistance Program.

Q. How many employees currently exist within the Consumer Outreach organization?

A. For much of 2022, Consumer Outreach fluctuated between three to five members. This included between two to four Consumer Outreach Representatives and a Consumer Outreach Director. Due to an inability to keep pace with the increased rate of incoming PSC complaints, beginning in July 2022, the organization was supplemented by Central Hudson employees from other departments. Also beginning in July, the organization was supplemented by contract resources to assist with analysis associated with PSC complaints. In 2023, a decision was made to increase the employee headcount within the organization so that PSC complaints could be handled in a more sustainable manner and so that the Company could more effectively engage with and assist employees in the community at events and meetings. The organization added three additional Consumer Outreach Representatives, bringing its total population of employees to seven. By July 1, 2024 five additional employees will be hired including three additional Consumer Outreach Representatives, one Consumer Outreach Director, and one Consumer Outreach Supervisor. The Consumer Outreach department will continue to rely in part on contract support to fulfill its mission, including using those resources to assist with investigating and closing PSC and elected official complaints.

Q. Why is Central Hudson adding positions to this organization?

A. PSC Complaints received by Central Hudson remain elevated with no expectation that they will significantly diminish. Complaints from all channels, including from elected officials, the Public Utility Law Project, and the Better Business Bureau, continue to arrive at elevated levels compared to historic norms. Historically, Central Hudson would receive a few hundred complaints each year. In 2022, the Company received more than 3,000 complaints. The Company is on track for a similar total in 2023. In addition to PSC Complaints, the Company receives around an additional 75 to 150 complaints each month from elected officials and other channels. On average it takes approximately 2.5 hours to handle each complaint including time to review, process, analyze, communicate with the customer, and close the complaint. The increase in Consumer Outreach staff and their work is aimed not only at resolving PSC complaints, but also at conducting important outreach activities in the communities we serve in order to answer questions before they become complaints. The organization ramped up outreach this year to visit senior centers, conduct open house events, partner with elected officials to meet directly with customers, attend community events to meet customers in disadvantaged communities and more. Consumer Outreach also plays a key role in assisting customers who have greater challenges. This includes work to manage or assist with the Company’s EAP, enrolling customers in Deferred Payment Agreements (“DPAs”), facilitating the donations of gift certificates, administering the Company's Good Neighbor Fund, managing the Company's HEAP program and Life Support Equipment program, and assisting our elderly, blind and disabled customers, among other helpful activities.

Q. Why is it important to bolster customer assistance activities, outreach and participating in community events?

A. As Central Hudson resumes collection activities it will be important to guide customers that require assistance to resources such as HEAP, the EAP, and the Good Neighbor fund. To increase the number of eligible customers that are aware of these programs, the Company will need to participate in community events, increase its presence at Social Service agencies, hold open houses, and find other ways to communicate with and assist customers.

E. <u>J.D. POWER BENCHMARKING STRATEGY</u>

Q. Did the Management Audit conducted in Case 21-M-0541 include a recommendation related to benchmarking of customer service operations?

A. Yes. The Management Audit included Recommendation 8.1, which recommends that the Company implement performance benchmarking for customer service operations in the Contact Center, Meter Reading, Customer Field Services and for customer satisfaction, using JD Power or another benchmarking data source.

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Q. What investments in benchmarking is the Company proposing?

A. The Company's Management Audit Implementation Plan responded to recommendation 8.1 with a plan to partner with J.D. Power to participate in a subset of the following offerings: Electric Residential Study, Electric Business Study, Utility Digital Study, and a Customer Service Excellence Study. The Company investment to participate in these studies is approximately $164,000 during the Rate Year.

Q. Why does the Company believe this benchmarking is necessary to improve the customer experience?

A. Benchmarking will allow Central Hudson to measure its performance directly against other utilities and provide a basis for establishing performance improvement goals.

Q. What information will be provided through these studies?

A. The Electric Residential and Electric Business studies provide similar information relating to each of the respective customer sectors. The Company will have access to competitive industry data that provides a comparison between utility peers, the industry, and the highest performers across six key factors at both the national and regional levels. These factors are Power Quality & Reliability, Customer Care, Price, Communications, Billing & Payment, and Corporate Citizenship. Special Survey categories include Net Promoter Score, Move-In/Transfer Service, Brand Strength, Products & Services, and Electric Vehicles.

Q. What does the Utility Digital Study provide?

A. This study evaluates digital channels across the Company and how customers interact with them. Customers are asked to rate the usage for tools like setting up an online account, account log in, making a payment, viewing consumption history, report outages, among others. The information provided from customers will give insight into ease of navigation, appearance, clarity of the information, speed of loading pages, and range of services.

Q. What is the Customer Service Excellence Study?

A. This is a benchmarking study to understand how the Company compares to peers in delivering best in class customer service. This includes access to best practices, customer experience and operational data, identification of performance gaps, and expert guidance on improvements.

V. CSPI MEASUREMENT AND ALIGNMENT

Q. Is Central Hudson proposing any changes to its current CSPIs?

A. Yes, the Company is proposing to adjust (1) the calculation of the PSC Complaint Rate; and (2) the survey method and calculation of the Residential Customer Satisfaction Survey Metric. The Company is not proposing any changes to the Percent of Calls Answered by a Representative within 30 Seconds or the Appointments Kept metric or targets. Proposed targets and associated revenue adjustments for the Residential Customer Satisfaction Survey Metric are shown in Exhibit __ (CEP-3).

Q. What changes is the Company proposing associated with the PSC Complaint Rate?

A. The Company proposes excluding the complaints associated with commodity prices that are outside of the Company's control.

Q. Why does the Company believe this exclusion is appropriate?

A. Complaints around this topic are outside of the Company's control. Therefore, complaints resulting from the price of electric and/or gas energy and/or capacity or the operation of the Company's Energy Cost Adjustment Mechanism ("ECAM") and/or Gas Supply Charge ("GSC") do not present a just cause for charging a complaint against the Company and do not show or point to any deficiency in the Company's service to customers. Additionally, this exclusion would increase alignment across the state, as this exclusion was included in Con Edison's Joint Proposal recently approved by the Commission.

Q. Is the Company proposing a change to the target associated with the PSC Complaint Rate metric?

A. No, the Company believes that, with the proposed adjustment to the calculation of the metric, no change to the target is needed at this time.

Q. Please describe the changes the Company is proposing associated with the Residential Customer Satisfaction Survey.

A. Central Hudson proposes to replace the Residential Customer Satisfaction Survey instrument with the statewide customer satisfaction survey designed by the utilities and DPS Staff and implemented on a pilot basis per the October 18, 2018, Order in Case 15-M-0566 ("Survey Order"). The Customer Satisfaction Index will be calculated from one question, with a five-point scale for customer satisfaction. The question is "Thinking about your most recent transaction with Central Hudson, how satisfied are you?" The responses are scored as follows: (1) Very Dissatisfied, (2), Dissatisfied, (3) Neither Satisfied or Dissatisfied, (4) Satisfied, (5) Very Satisfied. Finally, Central Hudson proposes that the Residential Customer Satisfaction Survey metric be split into two survey groups (High Priority interactions and General Account & Billing interactions). These changes will more accurately and appropriately measure customer sentiment and better align the Company's metrics with statewide methodologies.

Q. Please describe why the statewide survey is more appropriate than the current Residential Customer Satisfaction Survey.

A. The statewide survey method is a better representation of customer satisfaction than the current survey for the following reasons: 1) the survey was designed to align with current customer preferences to encourage participation through ease of use instead of filling out a cumbersome paper-based survey; 2) the survey will include customers who interact with the Company through multiple channels including phone, text, web & mobile app self-service channels, and also field visits; 3) the survey is a consistent measurement that all New York State Utilities utilize and was recommended for permanent use by the DPS.

Q. Has Central Hudson implemented this survey and, if so, how much data has the Company collected via this survey over time?

A. Yes. Consistent with the Survey Order, Central Hudson has administered the survey through email since January 2019. The responses from the survey have been reported within the monthly Performance Indicator Report ("PIR") on a quarterly basis in Case 15-M-0566.

Q. Will Central Hudson include survey channels other than e-mail?

A. Yes, although Central Hudson has e-mail addresses for approximately 60% of its residential customers it is important to include the sentiments of customers that prefer other communication channels. The Company proposes that the survey will include multiple channels including phone, text, web & mobile app self-service channels, and also field visits. Additionally, phone interactions may result in a post call phone survey, an email survey, or a text survey. A simple average weighting of the survey responses gathered through these channels will be utilized.

Q. Are there any other changes to the residential customer survey?

A. Yes, the Company is proposing to sort all interactions into two categories: 1) High Priority and 2) General Accounts and Billing.

Q. Please discuss why the Residential Customer Satisfaction Survey should be split into two metrics consisting of High Priority interactions and General Account & Billing interactions.

A. High Priority interactions and General Account & Billing interactions address very different customer issues and resolution expectations.

Satisfaction to the Company's response to these issues should be measured separately and distinctly in order to allow accurate and precise tracking of these issues and the respective customer satisfaction level with the Company's response.

Q. Please describe how High Priority interactions will be categorized.

A. High Priority Interactions, which include interactions that are safety and reliability related, will be defined as follows: Gas Odor calls, Electrical Emergency reports, Customer reported Outages, and Reports of streetlights out.

Q. Please describe how General Account & Billing interactions will be categorized.

A. General Account & Billing interactions will be defined as follows: Payments made, Budget Billing plan changes, ESCOs changes, Notifications Preference changes, Installment Plans created, Energy Efficiency program enrollments, Customer contact info updates, Meter Read submissions, Start or Transfer of Service, Bill cancellations, NYSERDA OBF, Energy Affordability Program Credit, HEAP commitment, Debits/Credits, ERT Opt Out, Permit/Pressure Test, Meter changes, Rate changes, Field Visits and Service Orders.

Q. Has this type of proposal separating these two issues into separate Residential Customer Survey metrics, and targets been put forward previously?

A. Yes, separate metrics and targets for Customer Satisfaction were established within Con Edison's recently approved Joint Proposal based on the priority and urgency of the interaction.

Q. What targets does the Company propose for the Customer Satisfaction survey metrics?

A. As shown in Exhibit __ (CEP-4), the three-year average for High Priority interactions and General Account & Billing interactions was 3.58. The Company's proposed targets for High Priority Interactions and General Account & Billing Interactions are both 3.08 for calendar year 2025. These targets are shown in the table below.

Customer Satisfaction Index of **General Account & Billing Interactions**	
CSI Satisfaction Index	**(NRA) BPs**
≥3.08	None
<3.02	(2.5)
≤2.96	(5)
≤2.90	(7.5)
Customer Satisfaction Index of **High Priority Interactions**	
CSI Satisfaction Index	**(NRA) BPs**
≥3.08	None
<3.02	(2.5)
≤2.96	(5)
≤2.90	(7.5)

These targets are reasonable, especially given the future customer service challenges expected as a result of the historic levels of arrears following the COVID pandemic, which is discussed in more detail below.

VI. THE COVID PANDEMIC AFTERMATH AND CUSTOMER ARREARS

Q. Please describe the current state of customer arrears following the COVID-19 Pandemic?

A. Customer arrears balances have grown significantly since the Company suspended collections activity for all customers in March of 2020. The suspension of collection activities continued until very recently in light of the COVID Pandemic, the Parker-Mosley Act of 2020, the Parker-Richardson Act of 2021, and collection limitations included within the Arrears Relief Programs. From February 2020 through June 30, 2023, residential Arrears Balances greater than 60 days grew by 1,044% to $96 million while non-residential arrears grew by 1,971% to $29 million. Additionally, the number of residential customers with arrears greater than 60 days has grown by 224% to 66,000, while the number of non-residential customers with arrears has grown by 401% to 10,000. Additionally, residential arrears balances less than 60 days have also increased since the COVID-19 Pandemic to $16 million while non-residential arrears grew to $11 million, which are 106% and 308% increases, respectively. Additionally, although the Company has begun a very measured approach to restarting collections activities, it is expected that these balances will continue to grow prior to July 1, 2024.

Q. In light of these historic arrears balances how has the Company forecasted uncollectible expense for inclusion in this rate filing?

A. The suspension and measured restart of collection activities has significantly distorted the data that would be necessary to develop an accurate forecast of uncollectible expense. At this point, the Company cannot reasonably predict the level of net write-offs that will occur in the Rate Year. While there was an uptick in net write-offs experienced in the historic year, this was primarily attributable to writing off arrears balances for shuttered businesses and residential customers that vacated their residences. At this time, there is a significant level of uncertainty surrounding the level of net write-offs that may be experienced, as well as the timing. As a result of the uncertainty, the Company is proposing that it (1) maintain the rate allowance for the delivery portion of uncollectibles that was provided for in the 2021 Rate Plan for the rate year ended June 30, 2024; (2) assume the same uncollectible % for fuel and other surcharge components of the bill as established in the 2021 Rate Plan; and (3) continue with modification the uncollectible true-up mechanism afforded under the 2021 Rate Plan.

Q. Why does the Company anticipate uncertainty of net write-offs in the Rate Year?

A. The Company’s measured approach to collection activities will provide time for customers to acclimate to collection activities and for the Company to learn how to best help the customers that require assistance by determining eligibility for DPAs, the EAP, HEAP, etc. Reaching the unprecedented number of customers in arrears will take time, and any subsequently established DPAs will have a significant impact on timing of when arrears may actually get written off.

Q. What are the proposed modifications to the existing true-up mechanism?

A. First, accompanying the uncertainty surrounding collections and bad debt net write-offs is an uncertainty about future costs for collection agency fees. As such, the Company proposes that the uncollectible true-up mechanism should be extended to capture deferral for collection agency fees over or under amounts included in rates. Second, currently the Company's true-up mechanism requires that net write-offs compared to bad debt billed exceed a threshold equivalent to ten basis points in order for deferral to be allowed. For the reasons noted above regarding the great uncertainty in the magnitude and timing of net write-offs, the Company proposes that the ten basis point threshold be removed from the operation of the true-up mechanism. With removal of the threshold, customers and the Company will both be fully protected from future uncertainty. It should also be noted that absent a true-up mechanism for uncollectible expense, the rate allowances assumed in the development of revenue requirements and the proposed uncollectible factors, which as previously noted are all consistent with those established for the Rate Year ended June 30, 2024, would have to be adjusted.

Q. In light of these historic arrears balances and uncertainty around net write-offs, what treatment does the Company propose for the Residential Service Terminations / Uncollectible Incentive Mechanism?

A. This metric was paused under the provisions of the 2021 Rate Plan. As such, the Company proposes that this incentive mechanism continue to be paused for the Rate Year.

Q. Is there a need for incremental personnel to implement the Company's collection efforts?

A. Yes. The Company will require additional Collectors, Contact Center personnel, and billing department personnel in order to carry out collections efforts, address customer inquiries and concerns, match customers with assistance programs and help customers through the collection process.

Q. Please identify the rationale for the incremental Contact Center personnel that will be required.

A. As shown in Exhibit __ (CEP-4) customer interactions associated with collections activity is expected to grow significantly resulting in the need for 33 incremental customer service full time equivalents ("FTEs"), comprised of both full time and part-time employees. The number of residential customers in arrears has increased from a pre-pandemic level of approximately 21,000 to a current level of 66,000. During the pre-pandemic period Central Hudson handled an annual average of 340,000 collection-related calls that correspond to the approximately 21,000 residential customers in arrears. Central Hudson is forecasting the level of collection calls to increase at the same proportion as residential customers in arrears resulting in approximately 1.1 million collection related calls in 2024. In order to handle the expected significant influx of collection calls while also meeting customer service expectations, the Company will need to hire 33 incremental customer service FTEs and continue an increased use of external call center personnel. Expense associated with the external call center cost is estimated to be approximately $2.7 million in the Rate Year; this estimate was provided to the Revenue Requirements Panel for inclusion in the development of revenue requirements.

Q. Has the Company identified the need to create a group to focus directly on difficult types of billing?

A. Yes. The Company recently created the Customer Billing Department.

Q. Please describe the purpose and role of the Customer Billing Department that was created in August 2022.

A. The Customer Billing Department was assembled to handle three main areas of billing: business process exception management ("BPEMs"), customer contacts that require additional analysis, and facilitating accurate and timely billing of complex billing accounts including: CDG, remote net meter, net meter, time of use, demand, retail choice, budget bill, as well as a combination of customer types therein.

DIRECT TESTIMONY OF THE CUSTOMER EXPERIENCE PANEL

Q. Please identify the rationale for the incremental Customer Billing personnel that will be required.

A. As shown in Exhibit __ (CEP-4), 11 incremental Customer Billing personnel will be hired during the bridge period and are required in order to investigate an estimated 10% of the collections calls in order to provide customers with greater certainty regarding the accuracy of their arrears balances. These customer interactions will be necessary in order to provide a positive customer experience and facilitate a positive customer action associated with their arrears balance.

Q. Are there other personnel needs that you have identified?

A. Yes. We will need ten additional field collectors and one additional supervisor will also be hired in the bridge period.

Q. Why does Central Hudson require these additional field collectors?

A. Central Hudson’s field collector staffing compliment has traditionally been at 11 FTEs, however since the COVID-19 Pandemic and the subsequent locking restrictions this compliment currently stands at six. As discussed previously, residential arrears greater than 60 days have increased significantly and the Company is increasing the field collector workforce in order to facilitate an orderly and measured approach to collections activities associated with the unprecedented level of customer arrears.

VII. CUSTOMER PAYMENT BY DEBIT & CREDIT CARD

Q. What is the Company's proposal regarding recovery of fees for customer payments by debit card, credit card, or at third party walk-in locations?

A. With the change in the arrears and uncollectible landscape, as previously discussed, there is significant uncertainty surrounding future customer payment behavior. As a result, similar to the Company's treatment of uncollectible expense, the Company is proposing that it maintain the rate allowance established by the 2021 Rate Plan for the rate year ended June 30, 2024 and to assume that any variation will be captured through the continued symmetrical deferral for this element of expense.

Q. Does this conclude your direct testimony at this time?

A. Yes, it does.