

**BEFORE
THE NORTH CAROLINA UTILITIES COMMISSION**

DOCKET NO. E-2, SUB 1300

In the Matter of:)	
)	
Application of Duke Energy Progress, LLC)	DIRECT TESTIMONY OF
For Adjustments in Electric Rate Schedules)	RETHA HUNSICKER
And Tariffs and Performance-Based)	FOR DUKE ENERGY
Regulation)	PROGRESS, LLC

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Retha Hunsicker and my business address is 400 South Tryon Street, Charlotte, North Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Business Services, LLC as Vice President, Customer Experience Design and Solutions.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL QUALIFICATIONS.

A. I hold a Bachelor of Science degree in Business Administration from Indiana Wesleyan University.

Q. PLEASE SUMMARIZE YOUR WORK EXPERIENCE.

A. Since 1981, I have been employed by, and worked for, companies under what is now Duke Energy Corporation ("Duke Energy"). I began my career with Public Service Indiana, the predecessor to Duke Energy Indiana, Inc., as an Accounting Assistant. Since then I have held positions with increasing levels of responsibility. More recently, I have held several roles including Director, Business Standards and Integration and General Manager, Smart Energy Systems and Processes. In 2012, I took the position of Regional Director, Customer Services, leading our Midwest contact centers before promoting to Vice President, Customer Contact Operations, in 2013. Beginning in 2015, I led the customer information system ("CIS") consolidation project known as

1 Customer Connect, and I assumed my current role as Vice President Customer
2 Experience Design and Solutions in May 2022.

3 My previous experience has provided me great insight into customer
4 needs, Duke Energy processes and technology solutions. With this experience,
5 I oversaw the planning, execution and deployment of the Customer Connect
6 platform, which enables the functional capabilities needed to meet our strategic
7 purpose of powering the lives of our customers by transforming how we serve
8 them.

9 **Q. PLEASE BRIEFLY DESCRIBE YOUR DUTIES WITH CUSTOMER**
10 **CONNECT AND AS VICE PRESIDENT CUSTOMER EXPERIENCE**
11 **DESIGN AND SOLUTIONS.**

12 A. I have executive management oversight for Customer Connect, including its
13 planning, execution and deployment. As Vice President Customer Experience
14 Design and Solutions I lead the design and execution of end-to-end strategies
15 for measurement, valuation, and improvement of the customer experience. I
16 oversee customer marketing, engagement, and analytics, as well as the
17 development and optimization of technology solutions that transform how
18 customers experience and interact with Duke Energy.

19 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION**
20 **OR ANY OTHER REGULATORY BODIES?**

21 A. Yes. I testified before this Commission in Duke Energy Progress, LLC's
22 ("DEP") and Duke Energy Carolinas, LLC's ("DEC") 2017 rate cases, where I
23 explained the design, implementation and benefits of Customer Connect, in

1 Docket Nos. E-2, Sub 1142 and E-7, Sub 1146, respectively. I also testified for
2 DEP and DEC regarding Customer Connect, before the Public Service
3 Commission of South Carolina in Docket Nos. 2018-318-E and 2018-319-E,
4 respectively. Additionally, I have testified before the Kentucky Public Service
5 Commission in Case No. 2021-00190.

6 **II. PURPOSE OF TESTIMONY**

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. The purpose of my testimony is to discuss the implementation of the Customer
9 Connect platform and support the reasonableness of the costs and prudence of
10 the Company's actions related to this capital investment for inclusion in rate
11 base.

12 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

13 A. In my testimony, I describe the Company's Customer Connect implementation
14 and explain how the Company's approximately \$60 million North Carolina
15 retail allocated investment in Customer Connect is a reasonable and prudent
16 investment that will benefit customers and further enhance the customer
17 experience for years to come. Prior to the implementation of Customer Connect
18 in November 2021, the Company's previous customer information system,
19 while state-of-the-art 30 years ago when it was first implemented, was not
20 designed to efficiently support new capabilities, and thus required complex add-
21 ons. In addition, design limitations required some complex billing functions to
22 be performed manually.

1 With the implementation of Customer Connect, customers benefit from
2 a modern, configurable billing system that allows the Company to keep pace
3 more efficiently with changing customer expectations and needs. Improvements
4 with Customer Connect include a customer-centric data model and more
5 holistic customer data analytics capabilities, which allow the Company to better
6 know its customers and the usage needs across the entire Duke Energy footprint
7 and provide a more customized experience.

8 Since I first testified to the need for Customer Connect in the 2017 Rate
9 Case, we have continued to keep stakeholders informed of the status of the
10 implementation. While no complex, enterprise-wide CIS implementation is
11 without challenges, the Company is pleased to report that its Customer Connect
12 implementation benchmark metrics compare favorably against industry
13 benchmarks. Customer Connect is anticipated to benefit customers and enable
14 the Company to continue to enhance the customer experience for years to come.

15 **III. CUSTOMER CONNECT PLATFORM**

16 **Q. PLEASE PROVIDE AN OVERVIEW OF THE CUSTOMER CONNECT**
17 **SYSTEM.**

18 A. Customer Connect is a customer engagement platform including a CIS, which
19 is a system that manages the billing, accounts receivable, and rates for the
20 Company as a central repository for all customer information. A CIS links the
21 consumption and metering process to payments, collections, and other
22 downstream processes including additional work order requests such as service
23 connections and disconnections, outages and trouble requests. A CIS also

1 manages customer profiles and integration of data to provide a holistic view of
2 the customer and should enable expected customer capabilities.

3 **Q. WHAT BENEFITS DOES THE CUSTOMER CONNECT SYSTEM**
4 **PROVIDE TO CUSTOMERS?**

5 A. Customer Connect was fully implemented for DEP in November 2021
6 providing the following key customer benefits and associated customer
7 experience improvements:

- 8 • Modern, Configurable Billing Engine - Improving the Company's
9 responsiveness to regulatory or market changes and ability to implement
10 modern rate structures (*e.g.*, net metering, time-of-use, etc.);
- 11 • Customer-Centric Data Model - Enables a “one customer” view across
12 Duke Energy, enabling the Company to know the customer better and
13 provide a more streamlined, personalized experience;
- 14 • Holistic Customer Profile – The Company stores basic customer
15 information - name, phone, address, premises and historical usage, billing
16 and payment information and more with the Customer Connect platform.
17 Customer Connect gathers all of the relevant touchpoints that customers are
18 having with Duke Energy in real time - web visits, phone calls, power
19 outages, outbound communications, product and service participation, etc.
20 - to build out a holistic view of customers that can be leveraged to better
21 serve them and personalize their experience;
- 22 • Integrated Analytics - This customer profile data is then leveraged by the
23 integrated analytics capabilities of the new platform to personalize

1 experiences and better serve customers through every channel. For
2 example, the new platform predicts the intent of customers when they call
3 Duke Energy, thereby improving their experience in the Interactive Voice
4 Response (“IVR”). This same capability can be leveraged to prioritize what
5 information is conveyed to the customer and in the medium preferred by the
6 customer, whether it is via web, email or other channels, to ensure it is
7 timely, relevant and valuable to them. These are just two examples of the
8 multiple opportunities to leverage real-time analytics to improve our
9 customers’ everyday experience with Duke Energy.

- 10 • Multi-Company – With the prior CIS, customers existed as separate entities
11 across jurisdictions. When a customer moved from one jurisdiction to
12 another, all information about that customer was lost - communications
13 preferences, payment and credit history, product and service participation,
14 etc. With Customer Connect, these types of account attributes remain at the
15 customer level throughout their experience with Duke Energy as they move
16 between locations and jurisdictions. An example of this capability is the
17 automated review of customer payment history where the customer is
18 moving service from one Duke Energy electric utility to another.¹

¹ See Order Granting Limited Waivers with Conditions (“2021 Waiver Order”), *In the Matter of Petition of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for Limited Waivers to Facilitate Implementation of Customer Connect*, Docket Nos. E-2, Sub 1271, E-7, Sub 1251 at 5-6, (March 24, 2021).

1 **Q. PLEASE PROVIDE THE REGULATORY BACKGROUND OF**
2 **CUSTOMER CONNECT AND HOW THE COMPANY KEPT**
3 **STAKEHOLDERS INFORMED OF THE PROJECT STATUS DURING**
4 **ITS DEVELOPMENT LIFECYCLE.**

5 A. The Company worked collaboratively with stakeholders throughout the
6 development and deployment of the Customer Connect program beginning with
7 an introduction of the project in early 2017. I provided an overview of the
8 project in my testimony in the Company's 2017 Rate Case in Docket No. E-2,
9 Sub 1142, to support the Company's request to recover operating and
10 maintenance costs incurred during the implementation process. I also explained
11 the reasons and benefits for the Customer Connect implementation to the
12 Commission and interested stakeholders/intervenors. After the 2017 Rate Case
13 order was issued, the Company continued to provide regular project
14 implementation status updates to keep the Commission informed through
15 annual reports filed in Docket No. E-2, Sub 1142.

16 In 2021, in Docket Nos. E-2, Sub 1271 and E-7, Sub 1251, DEP and
17 DEC jointly petitioned the Commission for a limited waiver of certain
18 regulations and the Companies' Code of Conduct and approval of revised
19 service regulations to allow the Companies to fully implement the Customer
20 Connect platform to better support dynamic rate designs, standardize the
21 monthly billing period by extending it by two days, and grant the Companies
22 more flexibility in reviewing a customer's payment history to potentially
23 eliminate the need for a customer deposit when a customer is relocating from

one Duke Energy Corporation utility to another.² Furthermore, DEP provided detailed information regarding its plans for deployment and impacts to customers and made informational filings for the Commission's awareness in Docket No. E-2, Sub 1271, providing a Conversion Status Update on September 10, 2021, and an Informational Letter on Conversion and Cutover Activities on March 11, 2022. Finally, on March 14, 2022, the Company provided a Customer Connect Implementation Experience report in Docket No. E-2, Sub 1271 that detailed DEP's performance and the customer experience in the first 90 days post-deployment, and an updated Implementation Report on August 26, 2022.

Q. PLEASE DISCUSS THE STAGES AND TIMELINE FOR THE CUSTOMER CONNECT PROJECT.

A. The Customer Connect project is comprised of three main stages: 1) Implementation, 2) Stabilization, and 3) Optimization. The primary focus for the Customer Connect program has been to successfully implement the new system to all of Duke Energy's regulated utilities (excluding Piedmont Natural Gas), and to stabilize the platform following those deployments. The Customer Connect program initially deployed the final stages of the platform in April 2021 for DEC, followed by deployment in November 2021 for DEP and Duke Energy Florida. The final deployment for Duke Energy Indiana, Duke Energy Kentucky, and Duke Energy Ohio was complete in April 2022. As mentioned earlier, each deployment is followed by a period during which heightened support (known as Hypercare) is provided to end users and customers. The goal

² 2021 Waiver Order at 1.

1 of Hypercare is to navigate and limit negative impacts to customers. Following
2 stabilization for all deployments the Company will leverage and optimize the
3 new platform and processes to enhance the customer experience while also
4 improving work efficiencies and maintaining system performance.

5 **Q. PLEASE DISCUSS THE IMPLEMENTATION EXPERIENCE FOR**
6 **THE COMPANY AND ITS CUSTOMERS.**

7 A. The Customer Connect Program was fully implemented on November 5, 2021.
8 With this implementation, the Company successfully transitioned all DEP
9 customer account data from its legacy billing system to the new Systems,
10 Applications and Products in Data Processing (“SAP”) billing system,
11 including more than 3.6 billion records and balancing approximately \$314
12 million in accounts receivable across the DEP system. Meter reads, billing and
13 payments (“batch billing”) were processed without manual intervention on day
14 one of the transition and the systems have been performing well, maintaining
15 over 99% availability. The Company intentionally reviewed bills for complex
16 accounts to ensure they were established and billing correctly before sending
17 the bills to customers. As shown below, the Company’s deployment and
18 stabilization of Customer Connect performed far better in the first 90 days than
19 the industry benchmark metrics.

1

Figure 1 – Post-Implementation Billing Metrics

Metric (Post Go-Live)	Duke Energy (DEP) End of Month 1	Duke Energy (DEP) End of Month 3	Industry Benchmark (first 6 months avg.)
Delayed Bills	<1%	<1%	1-3%
Open Exceptions Impacting Billing	~17,000	~160	25k-35k
Batch Billing meeting all thresholds without intervention*	Day 1	Day 1	By Day 60
* Batch billing encompasses the creation/posting of meter reads, payment, service orders, billing, invoicing, associated accounting, and general ledger.			

2 As shown in the chart above, in terms of the benchmark that captures the
3 timeframe for batch billing being processed without manual intervention, the
4 industry benchmark is to reach this metric by day 60, and the Company reached
5 this benchmark on day one. Furthermore, the Company had less than 1% of
6 delayed bills following its deployment, while the industry standard is a 1-3%
7 average within the first six months of a customer information system
8 deployment. With respect to open exceptions, which are accounts requiring
9 review prior invoicing due to the system flagging an account anomaly such as
10 a higher/lower than typical bill, DEP had approximately 17,000 at the end of its
11 first 90 days after deployment, exceeding the benchmark average of 25,000 –
12 35,000 for the first six months post-deployment.

13 Additionally, with the deployment of Customer Connect, the Company
14 made improvements in processing customer requests via its website and IVR,
15 and has seen a steady increase in customers taking advantage of fully automated
16 processes such as move requests and billing and payment program enrollments.

1 The average number of service requests completed in these channels is on par
2 with the numbers prior to the deployment of Customer Connect and the
3 Company expects these figures to increase.

4 The Company has also begun tracking customer behaviors post go-live
5 and has found that customers are taking advantage of billing and payment
6 options using new or enhanced self-service capabilities. For example, since the
7 deployment of Customer Connect, approximately 20% of move requests, and
8 more than 50% of payment assistance and billing program enrollments (e.g.,
9 installment plans, budget billing, Pick Your Due Date) have been completed
10 through self-service options (i.e., website and IVR).

11 Finally, ahead of deployment, the Company increased both its call
12 center and back-office staffing to minimize impacts to customers as employees
13 were learning a new system. The Customer Connect program team
14 implemented robust communications and contingency plans to respond to
15 issues and have responded quickly with numerous external communications
16 including outbound calls and email communications, as well as messaging on
17 the external website and automated phone system to address customer
18 confusion post-deployment. Following the deployment, the Company
19 maintained a service level above 85% in its call center, and the number of social
20 media inquiries and customer complaints (handled by the Company's
21 Consumer Affairs team) remained at normal levels.

1 **Q. DID THE COMPANY APPLY ANY LEARNINGS FROM ITS**
2 **CUSTOMER CONNECT DEPLOYMENT AT ANY OF ITS OTHER**
3 **AFFILIATES WHEN IT IMPLEMENTED CUSTOMER CONNECT**
4 **FOR DEP?**

5 A. Yes. The Company applied learnings from previous deployments. Some
6 learnings it applied included enhanced pre-deployment messaging to
7 customers, including all outbound communications, IVR, and website messages
8 to ensure customers were aware of upcoming system changes, down times, and
9 suspension of disconnections for non-payment. DEP improved overall
10 Company processes during the cutover period (where there were planned
11 limited system capabilities) by leveraging technical solutions and increasing
12 training for Customer Care Operations, which included calls handled during the
13 cutover period, the manual forms process, and the ability to process payments
14 during the cutover. The Company also corrected known data and conversion
15 issues for complex billing. Finally, DEP provided improved training for
16 complex scenarios by providing hands on training in the new system ahead of
17 go-live for DEP as well as supplemental training material.

18 **Q. PLEASE DISCUSS HYPERCARE AND THE STABILIZATION**
19 **PERIOD EXPERIENCE FOR THE COMPANY AND ITS CUSTOMERS.**

20 A. The period that began immediately upon deployment was called Hypercare and
21 included activities such as heightened support for employees working in the
22 new system (Customer Care, Billing, Accounts Receivable, Delivery
23 Operations, etc.), issue tracking and resolution, and customer communications.

1 As discussed above, the goal of stabilization is to navigate and limit negative
2 impacts to customers immediately following the implementation of the new
3 system. During this time, the Customer Connect team closely monitored system
4 and operational performance along with issue resolution. Hypercare activities
5 were closed out as operations returned to normal. Following the DEP
6 deployment, this process was generally complete in March 2022. Platform
7 stabilization follows Hypercare and lasts until all deployments are complete.
8 The stabilization period focuses on continued defect resolution while ensuring
9 the platform remains stable as more customers are brought onto the system.

10 **Q. DID THE CUSTOMER CONNECT DEPLOYMENT IMPACT**
11 **CUSTOMER BILLING DURING THE TEST PERIOD?**

12 A. Yes. While the Company's implementation metrics far exceeded industry
13 benchmarks as shown in Figure 1 above, there were some delayed bills resulting
14 from the data conversion from the legacy system to the Customer Connect
15 platform as described above, the majority of which were corrected by February
16 2022. The Company converted billions of rows of data from multiple systems
17 and after deployment worked to address conversion-related mappings such as
18 complex data and meter configuration. These types of expected conversion-
19 related challenges resulted in delays in billing after conversion, primarily for
20 complex accounts and affected less than 1% of the total bills.

21 Internally, as discussed in the testimony of Witness Teresa Reed,
22 because of those billing delays, there were impacts to some reports used by the
23 Rate Design team to perform the revenue annualization due to the reports

1 reflecting higher levels of unbilled revenue for the first three months post go-
2 live. To account for the unbilled kilowatt-hours/unbilled revenue in the
3 appropriate month, the Customer Connect team created reports that identified
4 the time period usage occurred and the month in which it should have been
5 billed (November, December, January) for the Rate Design team to reconcile
6 the test period revenue annualization.

7 **Q. WHAT IS THE TOTAL ESTIMATED COST FOR THE CUSTOMER**
8 **CONNECT SYSTEM IN DEP AND WHAT AMOUNT IS THE**
9 **COMPANY SEEKING TO RECOVER IN THIS CASE?**

10 A. The estimated remaining capital cost of Customer Connect not currently
11 reflected in customer rates is projected through April 30, 2023, to total
12 approximately \$60 million for North Carolina customers (\$83 million system).
13 The Company respectfully requests that the Commission approve inclusion of
14 approximately \$60 million in Customer Connect capital additions in ratebase as
15 reasonable and prudent utility investment.

16 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

17 A. Yes. It does.