BEFORE
THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1276

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

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

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

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

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

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

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

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

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

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

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

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. In my testimony, I describe the Company's Customer Connect implementation and explain how the Company's approximately $92 million North Carolina retail allocated investment in Customer Connect is a reasonable and prudent investment that will benefit customers and further enhance the customer experience for years to come. Prior to the implementation of Customer Connect in April 2021, the Company's previous customer information system, while state-of-the-art 30 years ago when it was first implemented, was not designed to efficiently support new capabilities, and thus required complex add-ons. In addition, design limitations required some complex billing functions to be performed manually.

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

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

III. CUSTOMER CONNECT PLATFORM

Q. PLEASE PROVIDE AN OVERVIEW OF THE CUSTOMER CONNECT SYSTEM.

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

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

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

A. Customer Connect was fully implemented for DEC in April 2021 providing the following key customer benefits and associated customer experience improvements:

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

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

- Multi-Company – With the prior CIS, customers existed as separate entities across jurisdictions. When a customer moved from one jurisdiction to another, all information about that customer was lost - communications preferences, payment and credit history, product and service participation, etc. With Customer Connect, these types of account attributes remain at the customer level throughout their experience with Duke Energy as they move between locations and jurisdictions. An example of this capability is the automated review of customer payment history where the customer is 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-7, Sub 1251, E-2, Sub 1271, at 5-6 (March 24, 2021).

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

A. The Company worked collaboratively with stakeholders throughout the development and deployment of the Customer Connect program beginning with an introduction of the project in early 2017. I provided an overview of the project in my testimony in the Company's 2017 Rate Case in Docket No. E-7, Sub 1146, to support the Company's request to recover operating and maintenance costs incurred during the implementation process. I also explained the reasons and benefits for the Customer Connect implementation to the Commission and interested stakeholders/intervenors. After the 2017 Rate Case order was issued, the Company continued to provide regular project implementation status updates to keep the Commission informed through annual reports filed in Docket No. E-7, Sub 1146.

In 2021, in Docket Nos. E-7, Sub 1251 and E-2, Sub 1271, DEC and DEP jointly petitioned the Commission for a limited waiver of certain regulations and the Companies' Code of Conduct and approval of revised service regulations to allow the Companies to fully implement the Customer Connect platform. On August 3, 2021, the Company provided a Customer Connect Implementation Experience report in Docket No. E-7, Sub 1251 that detailed DEC's performance and the customer experience in the first 90 days post-deployment. DEC continued to provide detailed information concerning

post-deployment impacts to customers and made informational filings for the Commission's awareness in Docket No. E-7, Sub 1251, providing a Conversion Status Update on September 10, 2021, and an Informational Letter on Conversion and Cutover Activities on March 11, 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 of Hypercare is to navigate and limit negative impacts to customers. Following stabilization for all deployments the Company will leverage and optimize the new platform and processes to enhance the customer experience while also improving work efficiencies and maintaining system performance.

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

A. The Customer Connect Program was fully implemented on April 5, 2021. With this implementation, the Company successfully transitioned all DEC customer account data from its legacy billing system to the new Systems, Applications and Products in Data Processing ("SAP") billing system, including more than six billion records and balancing approximately $400 million in accounts receivable across the DEC system. Meter reads, billing and payments ("batch billing") were processed without manual intervention on day three of the transition and the systems have been performing well, maintaining over 99% availability. The Company intentionally reviewed bills for complex accounts to ensure they were established and billing correctly before sending the bills to customers. As shown below, the Company's deployment and stabilization of Customer Connect performed far better in the first 90 days than the industry benchmark metrics.

Figure 1 – Post-Implementation Billing Metrics

Metric (Post Go-Live)	Duke Energy (DEC) End of Month 1	Duke Energy (DEC) End of Month 3	Industry Benchmark (first 6 months avg.)
Delayed Bills	<0.5%	<0.0005%	1-3%
Open Exceptions Impacting Billing	~10-15k	<1k	25k-35k
Batch Billing meeting all thresholds without intervention*	Day 3	Day 3	By Day 60
* Batch billing encompasses the creation/posting of meter reads, payment, service orders, billing, invoicing, associated accounting, and general ledger.			

As shown in the chart above, in terms of the benchmark that captures the timeframe for batch billing being processed without manual intervention, the industry benchmark is to reach this metric by day 60, and the Company reached this benchmark on day one. Furthermore, the Company had less than 0.5% of delayed bills following its deployment, while the industry standard is a 1-3% average within the first six months of a customer information system deployment. With respect to open exceptions, which are accounts requiring review prior to invoicing due to the system flagging an account anomaly such as a higher/lower than typical bill, DEC had approximately 1,000 at the end of its first 90 days after deployment, exceeding the benchmark average of 25,000 – 35,000 for the first six months post-deployment.

Additionally, with the deployment of Customer Connect, the Company made improvements in processing customer requests via its website and IVR, and has seen a steady increase in customers taking advantage of fully automated processes such as move requests and billing and payment program enrollments. The average number of service requests completed in these channels is on par with the numbers prior to the deployment of Customer Connect, and the Company expects these figures to increase.

The Company has also begun tracking customer behaviors post go-live and has found that customers are taking advantage of billing and payment options using new or enhanced self-service capabilities. For example, since the deployment of Customer Connect, approximately 20% of move requests, and more than 60% of payment assistance and billing program enrollments (e.g.,

installment plans, budget billing, Pick Your Due Date) have been completed through self-service options (i.e., website and IVR).

Finally, ahead of deployment, the Company increased both its call center and back-office staffing to minimize impacts to customers as employees were learning a new system. The Customer Connect program team implemented robust communications and contingency plans to respond to issues and have responded quickly with numerous external communications including outbound calls and email communications, as well as messaging on the external website and automated phone system to address customer confusion post-deployment.

Q. WERE THERE ANY LEARNINGS FROM THE DEC CUSTOMER CONNECT DEPLOYMENT THAT WERE APPLIED TO SUBSEQUENT DEPLOYMENTS?

A. The Company applied learnings from each of its deployments. Some learnings it applied included enhanced pre-deployment messaging to customers, including all outbound communications, IVR, and website messages to ensure customers were aware of upcoming system changes, down times, and suspension of disconnections for non-payment. For example, improvements to overall Company processes during the cutover periods (where there were planned limited system capabilities) were accomplished by leveraging technical solutions and increasing training for Customer Care Operations, which included calls handled during the cutover period, the manual forms process, and the ability to process payments during the cutover. The application of these

learnings reduced the system downtime during affiliate deployments and shortened windows when certain functions were unavailable. Finally, subsequent deployments included improved trainings for complex scenarios by providing hands on training in the new system ahead of go-live which again reduced the offline windows, thus improving the customer experience.

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

A. The period that began immediately upon deployment was called Hypercare and included activities such as heightened support for employees working in the new system (Customer Care, Billing, Accounts Receivable, Delivery Operations, etc.), issue tracking and resolution, and customer communications. As discussed above, the goal of stabilization is to navigate and limit negative impacts to customers immediately following the implementation of the new system. During this time, the Customer Connect team closely monitored system and operational performance along with issue resolution. Hypercare activities were closed out as operations returned to normal. Following the DEC deployment, this process was generally complete in July 2022. Platform stabilization follows Hypercare and lasts until all deployments are complete. The stabilization period focuses on continued defect resolution while ensuring the platform remains stable as more customers are brought onto the system.

Q. WHAT IS THE TOTAL ESTIMATED COST FOR THE CUSTOMER CONNECT SYSTEM IN DEC AND WHAT AMOUNT IS THE COMPANY SEEKING TO RECOVER IN THIS CASE?

A. The estimated remaining capital cost of Customer Connect not currently reflected in customer rates is projected through July 2023, to total approximately $92 million for North Carolina customers ($131.7 million system). The Company respectfully requests that the Commission approve inclusion of approximately $92 million in Customer Connect capital additions in ratebase as reasonable and prudent utility investment.

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

A. Yes. It does.