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April 4, 2023

ELECTRONIC FILING

Mr. Adam J. Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 20230023-GU, Petition for Rate Increase by Peoples Gas System, Inc.

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. in the above-referenced docket is the Direct Testimony of Karen K. Sparkman and Exhibit No. KKS-1.

Thank you for your assistance in connection with this matter.

(Document 3 of 18)

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Jeffrey Wahlen', with a long horizontal flourish extending to the right.

J. Jeffrey Wahlen

cc: Charles J. Rehwinkel, Public Counsel
Jon Moyle, FIPUG
Major Thompson, OGC
Ryan Sandy, OGC

JJW/ne
Attachment



**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 20230023-GU

**IN RE: PETITION FOR RATE INCREASE
BY PEOPLES GAS SYSTEM, INC.**

**PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
KAREN K. SPARKMAN**

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PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
KAREN K. SPARKMAN

INTRODUCTION

Q. Please state your name, address, occupation and employer.

A. My name is Karen K. Sparkman. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric") as Vice President of Customer Experience. I work on behalf of Tampa Electric and Peoples Gas System, Inc. ("Peoples" or the "company") in a shared service capacity.

Q. Please describe your duties and responsibilities in that position.

A. As Vice President of Customer Experience, I am responsible for leading the organization's Customer Experience Strategy and Operations. My duties include: (1) ensuring the company understands customers' evolving expectations for natural gas services; (2) developing and implementing a strategy and plan to stay relevant to and provide excellent service to our customers; and (3) delivering an excellent customer

1 experience through the Customer Experience Centers, Digital
2 Experience, Billing and Payment Services, Credit and
3 Collections and Customer Communications.

4
5 **Q.** Please describe your educational background and professional
6 experience.

7
8 **A.** I have a bachelor's degree in business management and a
9 master's in business administration from Colorado Technical
10 University. I began my utility career nearly 23 years ago
11 with Colorado Springs Utilities in their contact center.
12 Since then, I have held positions which have progressed in
13 responsibility, functional area and leadership at three
14 national utilities providing natural gas, electricity, water
15 and wastewater services. I have experience in all areas of
16 customer experience, including call centers, workforce
17 management, billing and payment, meter operations, revenue
18 protection, project management, and strategic planning. I
19 joined Peoples in June 2017 as Director of Customer Experience
20 Operations. I assumed my current role in October 2020.

21
22 **Q.** Have you filed testimony before the Florida Public Service
23 Commission ("Commission") in prior cases?

24
25 **A.** Yes. In Docket No. 20200051-GU, I filed testimony adopting

1 the direct testimony of Peoples' witness Monica A. Whiting.

2

3 **Q.** What are the purposes of your prepared direct testimony in
4 this proceeding?

5

6 **A.** The purposes of my direct testimony are to: (1) discuss the
7 company's evolving strategy focused on excellence in customer
8 service; (2) describe improvements to customer service made
9 since the company's last base rate proceeding in 2020; (3)
10 explain the company's plans for continuing to improve its
11 customer experience; (4) describe Peoples' commitment to
12 continued excellence and achievement in customer
13 satisfaction, including Peoples' J.D. Power customer
14 satisfaction achievements; and (5) demonstrate that the level
15 of Customer Experience operations and maintenance ("O&M")
16 expenses in the company's 2024 test year is reasonable and
17 prudent.

18

19 **Q.** Did you prepare any exhibits in support of your prepared
20 direct testimony?

21

22 **A.** Yes. Exhibit No. KKS-1 was prepared under my direction and
23 supervision. My exhibit consists of four documents entitled:

24

25 Document No. 1 List of Minimum Filing Requirements

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("MFR") Co-Sponsored

Document No. 2 Peoples' Award History Since 2013

Document No. 3 J.D. Power Customer Satisfaction Scores

Document No. 4 Capital by Major Project 2022-2024

The contents of my exhibit were derived from the business records of the company and are true and correct to the best of my information and belief.

CUSTOMER EXPERIENCE ORGANIZATIONAL STRUCTURE

Q. Describe how customer experience is implemented at Peoples and the major functional areas in that department.

A. Peoples' customer experience is delivered through a shared service agreement with the company's affiliate, Tampa Electric. This organizational structure allows Peoples to provide customer experience in a streamlined way and have access to a larger workforce. This organization is made up of approximately 450 employees and provides the following eight major functional areas in support of Peoples:

- 1. Customer Experience Centers: Support residential and business customers through call center activities.
- 2. Billing Operations: Delivers accurate and timely billing information including coordinating with Peoples to receive meter reading information and resolve meter related issues.

- 1 3. Payment Team: Processes and balances customer payments
2 from several vendor options.
- 3 4. Credit and Collections: Supports Peoples through
4 customer positive identification, including fraud
5 investigation, debt collection, research/maintenance of
6 customer deposit securitization and bankruptcies.
- 7 5. Customer Assistance: Networks with social service
8 agencies to assist with customers who qualify for local,
9 state, and federal funds.
- 10 6. Customer Experience Strategy, Training and Workforce
11 Management: Delivers (a) strategy, quality monitoring,
12 training, and improvement programs for the Customer
13 Experience team members; (b) complaint resolutions, research,
14 and voice of the customer programs; (c) policy and procedure
15 development; and (d) compliance monitoring.
- 16 7. Digital Customer Solutions: Responsible for digital
17 customer solutions from strategy to delivery including
18 customer portal, Interactive Voice Response ("IVR") and
19 digital outbound communications.
- 20 8. Business Solutions: Supports the use of technology and
21 continual enhancements to the Customer Relationship
22 Management and Billing ("CRMB") solution and other solutions.
- 23
- 24 **Q.** What are Peoples' goals around customer experience?
- 25

1 **A.** Peoples' overarching goal is to provide customers with a
2 simple, personalized, and flexible experience. In addition,
3 the company utilizes the following specific 2023 goals around
4 Customer Experience:

- 5 1. Customer Safety - Emergency Response Rate
- 6 2. Transactional Satisfaction
- 7 3. Outstanding and Proactive Communications
- 8 4. Customer Journey Mapping

9
10 **Q.** Has Peoples formalized its plans for achieving this goal?

11
12 **A.** Yes. The company's Customer Experience Strategy, developed
13 in 2017, is continually reassessed and revised based on
14 continued two-way communication and engagement with our
15 customers to better reflect our overarching goal.

16
17 The Customer Experience Strategy states that we will deliver
18 outstanding customer service by:

- 19 1. Simplifying the customer experience;
- 20 2. Personalizing the customer experience; and
- 21 3. Partnering with customers in meaningful ways.

22
23 **Q.** How does this strategy benefit Peoples' customers?

24
25 **A.** The customer is the cornerstone of this strategy and is the

1 primary driver and recipient of the value propositions
2 Peoples seeks to deliver. The results of the strategic focus
3 on the customer's experience has proven to be successful, as
4 indicated by the continued excellence in customer
5 satisfaction as measured by J.D. Power and Cogent/Escalet.

6
7 **CUSTOMER EXPERIENCE CENTERS**

8 **Q.** Please describe Peoples' Customer Experience Centers.

9
10 **A.** Peoples' Customer Experience Centers are central hubs for
11 customer connection and manage all types of incoming channels
12 of communication, including telephone, email, and social
13 media. The Customer Experience Centers handle emergency and
14 nonemergency requests 24 hours a day, 7 days a week, 365 days
15 a year. The company has two (2) Customer Experience Centers
16 in Tampa, with one located at the company headquarters in
17 downtown and the other in Ybor City. The downtown Customer
18 Experience Center focuses on business customers while the
19 Ybor City location serves residential customers.

20
21 Customer Service Professionals ("CSPs") serve customers by
22 helping with: (1) emergencies; (2) credit arrangements; (3)
23 turn-on and turn-off service requests; (4) billing and
24 remittance inquiries; and (5) miscellaneous customer account
25 inquiries. All the company's CSPs, whether an in-office or

1 work-from-home employee, live in Florida. The company finds
2 this local connection important and meaningful to assisting
3 customers.

4
5 The management of utility-related emergency calls is a top
6 priority for Peoples in keeping its customers and communities
7 safe. The company provides CSPs with specialized training
8 for handling these calls and the CSPs take this responsibility
9 seriously.

10
11 **Q.** Please describe any improvements made to Customer Experience
12 Centers since the company's last general base rate proceeding
13 in 2020.

14
15 **A.** Since 2020, the company made notable improvements to the
16 Customer Experience Centers, including enhancement of the
17 quality monitoring program. This enhancement supports and
18 improves the overall customer experience through audio/visual
19 monitoring of inbound and outbound phone and online customer
20 interactions with CSPs.

21
22 The monitoring program evaluates: (1) quality standards; (2)
23 first call resolution; (3) transactional accuracy; (4)
24 compliance with applicable policies, rules, and regulations;
25 and (5) customer impact. The evaluations include monitoring

1 CSP behaviors that provide a positive customer experience and
2 align with the drivers of customer satisfaction, as defined
3 by J.D. Power. The evaluations are reviewed and any
4 corrective or affirming feedback is provided to the CSPs.

5
6 The company conducted post-training course evaluations via
7 the monitoring process described above and found the CSPs'
8 scores increased by several points.

9
10 **ASSISTANCE FOR LOW-INCOME CUSTOMERS**

11 **Q.** Has the company implemented specific programs or processes to
12 help low-income customers since 2020?

13
14 **A.** Yes. The company instituted a Customer Assistance Team in
15 2021 to help low-income customers who struggle to pay their
16 bill and/or are trying to keep their costs of gas down. This
17 team is led by a team member that serves as an Advisory Board
18 Member for National Energy & Utility Affordability Coalition
19 ("NEUAC") which is dedicated to heightening the awareness of
20 the energy needs of low-income energy consumers by fostering
21 public-private partnerships and engaging in other activities
22 to help address these needs.

23
24 The company has a long-standing practice of offering short-
25 term payment arrangements, as well as long term installment

1 plans, to provide flexibility with extensions when customers
2 are struggling to pay their gas bills. If assistance beyond
3 a payment arrangement is needed, customers are referred to
4 their local United Way 2-1-1 agency for additional
5 resources. CSPs are also able to generate a customer
6 assistance referral to our internal Customer Assistance Team
7 for further review.

8
9 The Customer Assistance Team works with a network of local,
10 regional, and federal non-profits, including community action
11 agencies, to aid with customers' payment of utility bills and
12 provide referrals to our customers to other services offered
13 by these community stakeholders. Specifically, the Customer
14 Assistance Team provides referrals to the Low-Income Home
15 Energy Assistance Program ("LIHEAP") providers, Emergency
16 Home Energy Assistance Program ("EHEAP"), and the Share
17 Program, which is administered thru the Salvation Army and
18 Catholic Charities.

19
20 Peoples also enhanced the online payment process by adding a
21 specific "agency" portal for our 248 social service agency
22 partnerships, allowing these entities to assist the customers
23 in need more efficiently. In 2022, Peoples collaborated with
24 these agencies to provide over \$470,000 in assistance to over
25 2,300 gas households.

1 **EVOLUTION OF CUSTOMER EXPECTATIONS**

2 **Q.** Please explain how the expectations of Peoples' customers
3 have changed in relation to their natural gas service?

4
5 **A.** Peoples believes that customer expectations of their natural
6 gas service are increasing across every aspect of that
7 service. These rising expectations are similar across all
8 utility types, whether that service is natural gas, electric,
9 water, or telecom.

10
11 Customers today expect more, and the company anticipates this
12 evolving outlook on customer experience to continue.
13 Customers want a quality experience and one that is
14 consistent, personalized, and simple to use. Customers want
15 information specifically related to services that impact
16 their account, service quality and reliability, billing, and
17 payment. Customers want to know what the utility is doing to
18 improve the utility's infrastructure and what they are doing
19 to lessen any negative impacts to the environment. Customers
20 want options, and they want to be informed and in control of
21 their usage and their experience. Customers expect their
22 utility to provide the same digital experiences and options
23 as any other company they do business with, using the latest
24 technologies and platforms, for extreme ease of doing
25 business at any time of the day or night.

1 **Q.** Please describe how Peoples has responded to the change in
2 expectations of its customers.

3

4 **A.** Peoples improved the customer experience to meet changing
5 customer expectations by using new technology, creating new
6 experiences, new options, and opportunities by engaging with
7 customers through new pathways. The objective is to
8 understand the journey they would like to be on and then join
9 them in that journey.

10

11 **Q.** How do customers expect Peoples to contribute to a more
12 sustainable environment?

13

14 **A.** Peoples believes that customers want to understand how their
15 utility is impacting the environment and what steps are being
16 taken to contribute to a more sustainable environment.
17 Sustainability is at the core of how Peoples does its
18 business. The company has committed to reducing our own
19 carbon footprint and greenhouse gas emissions while also
20 working with our customers to decrease theirs. By increasing
21 efficiency, decreasing our own system emissions, and
22 supporting the development and use of renewable natural gas,
23 compressed natural gas and liquified natural gas, the company
24 is fully dedicated to meeting the expectations of our
25 customers and the company's environmental plan.

1 In addition, natural gas is one of the safest and cleanest
2 fuels available; it emits less pollution than any other fossil
3 fuel source. However, customer expectations continue to
4 increase as it relates to sustainability. Customers want to
5 stay informed about Peoples' efforts in using renewable
6 natural gas and how their utility is serving as an
7 environmental steward, including the protection and
8 restoration of natural resources. Peoples is ranked first in
9 the nation by customers for corporate citizenship, according
10 to J.D. Power. This award is measured by evaluating a
11 company's: (1) support of local economic development; (2)
12 awareness of environmental efforts; (3) level of involvement
13 within the community; and (4) awareness of safety and
14 conservation efforts.

15
16 **CHANGES IN CUSTOMER EXPERIENCE SINCE 2020**

17 **Q.** How has Peoples improved the customer experience since the
18 company's last general base rate proceeding in 2020?

19
20 **A.** Peoples improved the customer experience through:

- 21 1. Continual evaluation and modification to Peoples'
22 customer strategy to meet customer expectations.
- 23 2. Using technology strategies, programs, and services to
24 improve customer programs and capabilities, and provide
25 diverse options for customer-company interaction.

1 3. Continued identification of process improvements that
2 enhance our ability to serve our customers proficiently.

3
4 **Q.** How much did the company spend in 2022 on capital projects in
5 Customer Experience and how much does it plan to spend in
6 2023?

7
8 **A.** The company spent \$4.0 million in Customer Experience in 2022
9 and expects to spend \$2.9 million in 2023.

10
11 **NEW TECHNOLOGY PROJECTS**

12 **Q.** What types of technology improvements has the company made to
13 improve the customer experience since the last general base
14 rate case proceeding?

15
16 **A.** Peoples invested in the following technology projects since
17 its last general base rate proceeding in 2020 to improve the
18 customer experience: (1) Replacement of the company's IVR
19 system and enhancements to the company's Contact Center
20 Management ("CCM") system; (2) Enhancement to the company's
21 public website; and (2) Enhancement to the digital billing
22 experience by adding an interactive billing feature.

23
24 **1. Replacement of the IVR System and Enhancement of the CCM**
25 **System**

1 **Q.** Please describe the replacement of the IVR system and the
2 enhancement of the CCM system.

3

4 **A.** The IVR system platform was replaced due to outdated hardware.
5 The enhancement of the CCM was required due to the replacement
6 of the IVR platform and included a new virtual assistant
7 feature. This project improved many key operational Customer
8 Experience tasks, provided an improved call flow menu, and
9 offers other features to enhance automation of services.
10 These upgrades also allow for further integration of customer
11 preferences for outbound company communications.

12

13 **Q.** What was the cost for the replacement of the IVR system and
14 the enhancement of the CCM system?

15

16 **A.** The company made a capital investment of \$1.3 million in 2022
17 for the replacement of the IVR system and the enhancement of
18 the CCM system.

19

20 **Q.** How has this change to the IVR and CCM systems improved the
21 customer experience?

22

23 **A.** The IVR and CCM systems handle over four million calls on an
24 annual basis for Tampa Electric and Peoples, with 50 percent
25 routed to CSPs and the remaining 50 percent resolved via self-

1 service. The change to these systems improved the customer
2 experience by:

3
4 1. Integrating billing and other customer systems via a
5 modern desktop agent, allowing CSPs to assist customers more
6 efficiently and effectively.

7 2. Establishing new self-service payment options,
8 facilitating the customer to select a self-designated
9 timeframe for payment.

10 3. Providing new self-service dunning options.

11 4. Expanding call capacity, allowing both Tampa Electric
12 and Peoples to accept a higher volume of concurrent calls.

13 5. Reducing the overall time it takes a customer to
14 navigate the IVR through improved speech recognition software
15 and menu structure.

16 6. Providing a new after-call customer survey.

17
18 Additionally, as part of the enhancement to the CCM, the
19 company implemented a virtual assistant ("VA", "virtual
20 agent" or "chatbot"). The VA is a lifelike, conversational,
21 non-transactional chatbot providing a unique, interactive,
22 and personalized means for customers to find answers and get
23 assistance on the company's website, 24 hours a day, 7 days
24 a week, 365 days a year. With the use of the VA, many
25 customers see quicker resolution times for the more basic

1 inquiries such as "how do I report an outage?" and "where can
2 I make a payment?".

3
4 **2. Public Website Enhancement**

5 **Q.** Please describe the enhancement made to the company's public
6 website?

7
8 **A.** Peoples implemented a new Content Management System ("CMS")
9 for the public website. This CMS replacement project replaced
10 outdated technology and allows for real-time updates to site
11 content. Peoples chose a CMS platform designed to meet the
12 needs of customers and accomplish Peoples' overall Customer
13 Experience Strategy.

14
15 **Q.** What was the cost for the implementation of a new CMS for the
16 company's public website?

17
18 **A.** The company made a capital investment of \$809,863 in 2022 to
19 implement a new CMS to the company's public website.

20
21 **Q.** How did this change to the company's public website improve
22 the customer experience?

23
24 **A.** The CMS system (1) reduced calls because customers are
25 empowered to self-serve online; (2) increased customer

1 engagement; (3) increased Peoples' J.D. Power customer
2 satisfaction score; and (4) improved customer understanding
3 and trust.

4
5 **3. Enhancement to the Digital Billing Experience.**

6 **Q.** Please describe the enhancement to the digital billing
7 experience.

8
9 **A.** The company enhanced the digital billing experience by adding
10 an interactive billing solution that creates a more
11 personalized billing experience and is expected to go-live in
12 May 2023.

13
14 **Q.** What was the cost for this change to the digital billing
15 experience?

16
17 **A.** The company made a capital investment of \$1.0 million in 2022
18 for implementing an interactive billing experience as part of
19 its digital billing experience.

20
21 **Q.** How will this change to the digital billing experience improve
22 the customer experience?

23
24 **A.** This solution will allow the customer to choose what billing
25 information they deem relevant to view and will provide

1 detailed billing information. In other words, this solution
2 allows the customer to see as much, or as little, billing
3 data as they like. This will be a more expansive experience
4 than the current paper bill format. This interactive solution
5 will also provide opportunities for customer insights on
6 consumption patterns including (1) link to an online home
7 energy audit; (2) tips for handling high bills; and (3) energy
8 savings advice.

9
10 **EXCELLENCE IN CUSTOMER SATISFACTION**

11 **Q.** What industry awards has Peoples received for its customer
12 service?

13
14 **A.** In 2022, Peoples was recognized as one of the nation's most
15 trusted utilities for the ninth time in Cogent/Escalet's
16 Syndicated Utility Trusted Brand and Customer Engagement
17 Residential study. The company received the third-highest
18 Brand Trust Index score in the United States out of the 140
19 natural gas, electric and combination utilities that are
20 included in the study.

21
22 Cogent/Escalet also named Peoples a Trusted Business Partner
23 for the second year in a row, based on the Syndicated 2022
24 Utility Trusted Brand and Customer Engagement Business study.
25 Peoples' Brand Trust Index and Engaged Customer Relationship

1 scores ranked highest out of 82 United States utilities
2 included in the business study. Document No. 2 of my exhibit
3 shows Peoples award history since 2013.

4
5 In its commitment to supporting Florida's clean energy
6 future, the company also achieved high scores by
7 Cogent/Escalent in the Environmental Dedication and Customer
8 Effort Indexes of the Cogent Syndicated residential study.
9 Additionally, Cogent/Escalent recognized the company as an
10 Environmental Champion for the eighth consecutive year and
11 one of the easiest utilities to do business with in 2022.

12
13 **Q.** Please describe the awards measuring customer
14 service/satisfaction that Peoples has received from J.D.
15 Power.

16
17 **A.** Peoples' J.D. Power ranking for residential customer overall
18 satisfaction has remained first in the South Midsize segment
19 for the past 10 years. Document No. 3 of my exhibit shows the
20 company's customer satisfaction index scores since 2013. The
21 company has steadily improved from an overall satisfaction
22 score of 787 in 2017, to 886 at the end of 2021, and ended
23 2022 at 865. The company is also currently ranked first in
24 the nation out of 83 brands, as it has been for nine of the
25 past 10 years. For business customers, the company placed

1 first in our segment and the nation for 2022. This is the
2 sixth time in the past eight years that Peoples has been
3 ranked first in our segment, and the fourth year in a row
4 ranking first in the nation. The company's overall
5 satisfaction score has also steadily increased from 832 in
6 2017 to 865 at the end of 2022.

7
8 **Q.** Has Peoples received any similar awards measuring customer
9 service?

10
11 **A.** Yes, in 2021, TECO Energy won Chartwell's Best Practices
12 Silver Customer Service Award for the company's Voice of the
13 Customer program and the work done since its launch in 2020.
14 The program seeks to gain a more holistic view of customers
15 across multiple journeys and interactions to understand gaps
16 in customer satisfaction and prioritize strategic initiatives
17 to improve the customer's experience. Peoples' Voice of the
18 Customer program was also selected for presentation at the
19 2021 and 2023 Customer Service Week national conference.

20
21 **MEASURING THE CUSTOMER EXPERIENCE**

22 **Q.** How does Peoples measure its performance in customer
23 experience?

24
25 **A.** Peoples measures its performance in customer experience based

1 on customer satisfaction scores as measured by J.D. Power and
2 by the level of customer complaints filed with the Commission.

3
4 **Q.** How has the company performed in Commission customer
5 complaints?

6
7 **A.** Customer complaints filed with the Commission against Peoples
8 have decreased by approximately 43 percent from 101 total
9 complaints in 2012 to 58 complaints in 2022. The decrease in
10 complaints is driven largely by: (1) implementation of the
11 new billing system in 2017; (2) the new IVR system implemented
12 in 2021 with increased self-serve options; (3) customer
13 portal enhancements; (4) the customer notification and
14 preference management system; and (5) by Peoples' strong
15 customer focus and improved business operations.

16
17 The company is proud that it has had zero Commission
18 infractions over the last seven years. As part of its
19 commitment to quality customer service, Peoples contacts all
20 customers who file a formal or informal Commission complaint
21 to ensure these matters are resolved with the customer.
22 Additionally, Peoples uses these complaints as an opportunity
23 for continuous improvement, either through employee training,
24 process or system changes, and improved customer education.

25

1 Q. In general, how has the company's performance in customer
2 experience trended since the last general base rate
3 proceeding?

4
5 A. Since the last general base rate proceeding in 2020, Peoples
6 has remained number one in overall satisfaction in the South
7 Midsize segment and in the industry for both residential and
8 business customers according to J.D. Power. In the
9 residential study, Peoples was the first brand to achieve
10 a score over 800 in overall satisfaction in 2020 and remains
11 one of only two brands with a score above 800 in 2022.

12

13 **2024 CUSTOMER EXPERIENCE PROPOSED RATE BASE ADDITIONS**

14 Q. What is Peoples' capital budget for Customer Experience in
15 2024?

16

17 A. As shown in Document No. 4 of my exhibit, the capital budget
18 for Customer Experience totals \$3.6 million for 2024. The
19 projects reflected in this budget are also shown on Document
20 No. 4 of my exhibit.

21

22 Q. How does Peoples determine its capital budget for Customer
23 Experience?

24

25 A. Customer Experience identifies capital improvement

1 opportunities based on analysis of industry best practices,
2 customer feedback through our Voice of Customer program and
3 identification of points of customer concern and gaps in
4 customer satisfaction through customer journey mapping.

5
6 **Q.** How does the company plan and manage its major capital
7 improvement projects for Customer Experience?

8
9 **A.** Customer Experience drafts a business case for each capital
10 project that identifies potential benefits to the
11 organization and to the customer and supports the capital
12 project's priority ranking and cost. These capital projects
13 are then submitted through the company's capital approval
14 process. Once approved, the capital projects are tracked
15 through Customer Experience's capital project portfolio and
16 are reviewed monthly to ensure quality, timeline, and budget
17 are on track.

18
19 **Q.** You previously explained the company's rate base additions in
20 Customer Experience since the company's last general base
21 rate proceeding in 2020 and why they were prudent and that
22 they continue to be used and useful to serve the company's
23 customers. Now, please describe and explain the additions to
24 rate base in Customer Experience forecasted to occur in the
25 2024 projected test year. Why are each of these projects

1 prudent and how will they benefit the company and its
2 customers?

3
4 **A.** The major project included in the capital for the 2024
5 projected test year is the Customer Experience and
6 Digitalization project. This project will continue to focus
7 on improvements to meet customer expectations and will make
8 it easier for our customers to do business with Peoples. Two
9 main features of the Customer Experience and Digitalization
10 project include a Transactional Chatbot and Mobile
11 Application. These features are described below:

12 1. Transactional Chatbot: The transactional chatbot efforts
13 will enhance the existing chatbot search functionality and
14 will provide customers the ability to self-serve multiple
15 transactional requests including: (a) pay bills; (b) update
16 account information; (c) start/stop/transfer; and (d) report
17 outages. Transactional chatbot enhancements will increase
18 the customers' self-service capabilities, providing the
19 customer with the flexibility of performing account related
20 transactions.

21 2. Mobile Application: The Mobile Application ("App") will
22 deliver the core capabilities of the website experience
23 within a native, mobile-friendly package. This will include
24 items such as bill presentation, bill payment, outage
25 reporting, outage map, Start/Stop/Transfer, and chatbot. The

1 Mobile App will allow the customer to interact with Peoples'
2 digital mediums more easily. This will allow the user to
3 stay logged into their account, more easily navigate
4 (relative to a web browser), leverage push notifications,
5 etc.

6
7 **2024 CUSTOMER EXPERIENCE O&M EXPENSE**

8 **Q.** What amount of O&M expenses did Customer Experience incur in
9 2022?

10
11 **A.** The total in 2022 was \$13.2 million. This total amount was
12 recorded in FERC Account 903 and the amounts are shown on MFR
13 Schedule G-2, page 14.

14
15 **Q.** What are the projected O&M expenses for your area in 2023 and
16 2024?

17
18 **A.** The totals in 2023 and 2024 are \$14 million and \$15 million,
19 respectively. The distribution of these amounts is also shown
20 on MFR Schedule G-2, page 14.

21
22 **Q.** Why is the total projected amount of 2024 O&M expense for
23 Customer Experience higher than the actual amount in 2022?

24
25 **A.** The total in 2024 is \$1.8 million higher than in 2022.

1 Approximately \$770,000 of this increase are labor costs that
2 are budgeted on a trended basis, as described in the direct
3 testimony of company witness Donna L. Bluestone.
4 Approximately \$440,000 of this increase are other costs that
5 were budgeted on a trended basis, as described in the direct
6 testimony of company witness Rachel B. Parsons. The remainder
7 of the increase consists of approximately \$470,000 of not
8 trended labor costs and approximately \$130,000 of not trended
9 other costs. These amounts are shown on MFR Schedule G-2,
10 page 14.

11
12 **Q.** Why are not trended labor costs increasing by approximately
13 \$470,000 from 2022 to 2024?

14
15 **A.** The not trended labor costs are increasing as the company
16 adds 6 positions to the business operations support ("BOSS")
17 team which is responsible for the scheduling, planning, and
18 dispatching of service work to all 14 service areas. Company
19 witness Timothy O'Connor describes these additions to the
20 BOSS team in his direct testimony.

21
22 **Q.** Why are not trended other costs increasing from 2022 to 2024?

23
24 **A.** The increase is driven by the Customer Relationship
25 Management and Billing ("CRMB") Asset Usage fee which

1 supports the continued use of our CRMB platform.

2

3 **Q.** Is the total amount of 2024 projected O&M expense for Customer
4 Experience reasonable?

5

6 **A.** Yes. The overall level of Customer Experience O&M expense for
7 2024 is reasonable. The company remains focused on achieving
8 operational efficiencies to invest in more strategic
9 functions that will enhance the customer experience.

10

11 **SUMMARY**

12 **Q.** Please summarize your prepared direct testimony.

13

14 **A.** My direct testimony provides an overview of Customer
15 Experience. I describe the company's capital budget process
16 for Customer Experience and capital projections for the 2024
17 projected test year. I demonstrate that Customer Experience's
18 level of O&M expense in the company's 2024 projected test
19 year is reasonable and prudent.

20

21 Peoples has a long history of delivering safe, clean,
22 reliable, and affordable natural gas while delivering high
23 value customer service, as measured through customer
24 satisfaction. Since Peoples' last general base rate
25 proceeding in 2020, the company has successfully continued to

1 invest in technology, people, and processes that enhances the
2 customer experience. These continued enhancements are
3 necessary to meet growing technology and customer
4 expectations. Since the company's last general base rate
5 proceeding in 2020, the company has successfully (1) replaced
6 the IVR system and made enhancements to the CCM system that
7 increased customer engagement and improved customer; and (2)
8 implemented a new CMS for our public website, resulting in
9 increased customer engagement. The company also enhanced
10 billing and payment services and made many smaller process
11 and system improvements to better serve our customers.
12 Additionally, this year, the company will add an interactive
13 billing solution to create a more personalized billing
14 experience.

15
16 The company's continually evolving strategy focused on
17 excellence in customer service, coupled with Peoples' goal of
18 providing customers with effortless customer experiences has
19 been foundational to the company's continued success. These
20 efforts have resulted in the company's J.D. Power ranking for
21 residential customer overall satisfaction remaining first in
22 the South Midsize segment for the past 10 years.

23
24 **Q.** Does this conclude your prepared direct testimony?
25

1 **A.** Yes.

2

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25

PEOPLES GAS SYSTEM, INC.
DOCKET NO. 20230023-GU
WITNESS: SPARKMAN

EXHIBIT

OF

KAREN K. SPARKMAN

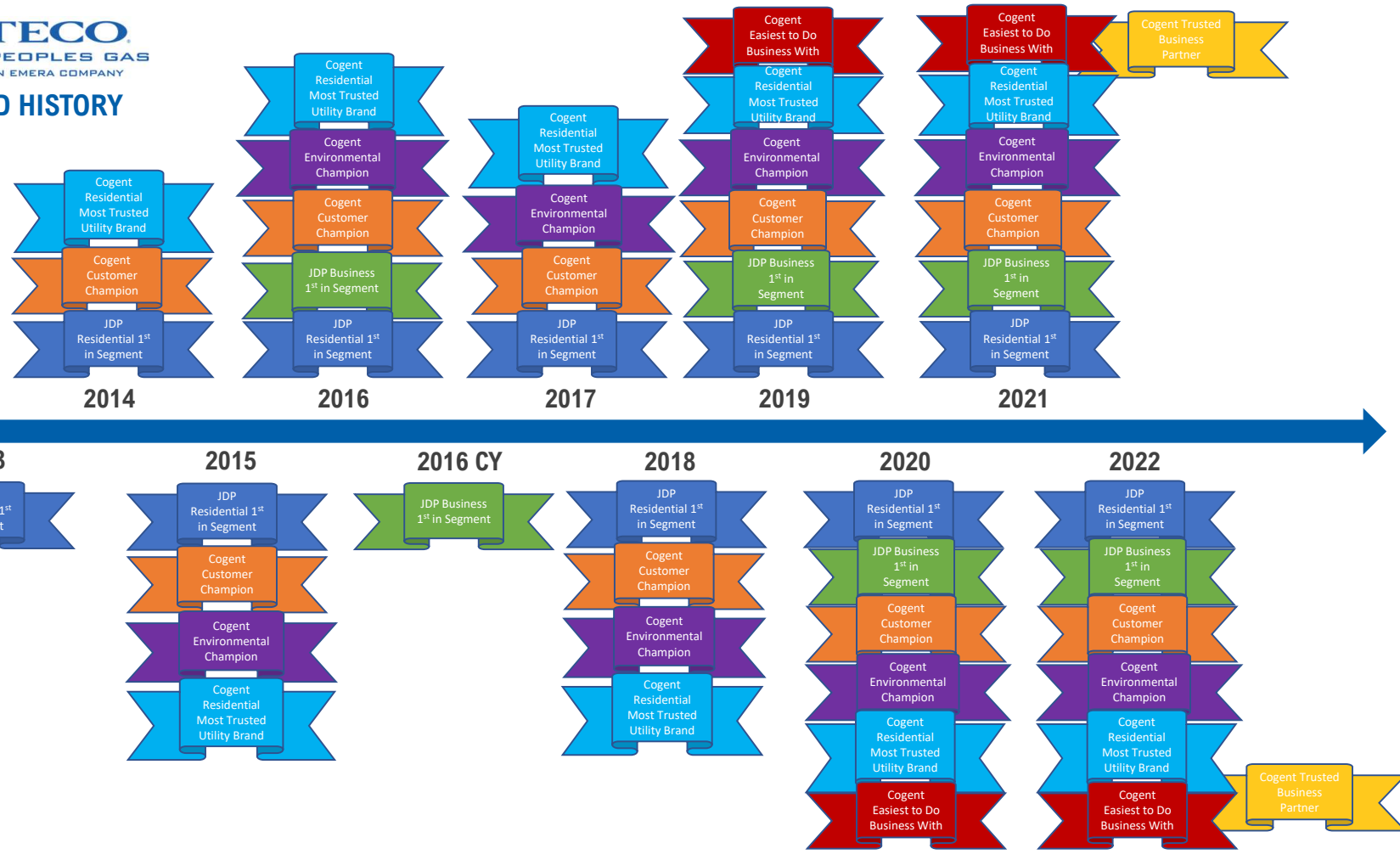
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WITNESS: SPARKMAN
DOCUMENT NO. 1
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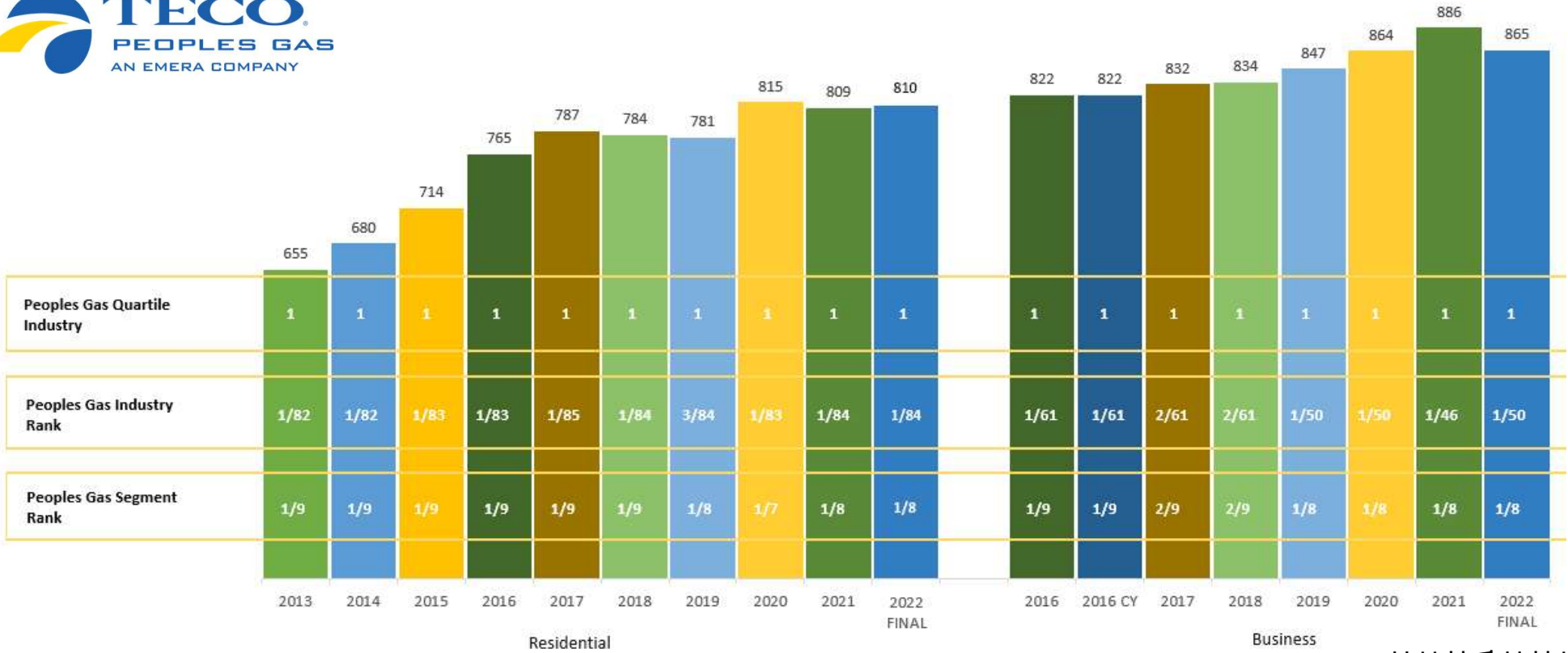
List of Minimum Filing Requirements
Co-Sponsored by Karen K. Sparkman

MFR Schedule	Page No.	MFR Title
C-38	P. 2	O & M Benchmark Variance By Function
G-2	P. 14	Projected Test Year - Calculation Of Customer Account Expenses
G-2	P. 19a	Projected Test Year - Total Expenses
G-2	P. 19b	Projected Test Year - Total Expenses
G-6	P. 1-9	Projected Test Year - Major Assumptions





35



J.D. Power Gas Customer Satisfaction Index Scores 2013 - 2022

Peoples Gas System, Inc.
Capital Expenditures by Witness
 "Purchase Price or Construction Cost + Removal Costs or Related Retirement" on MFR G-2, pages 23 and 26
 Witness: Karen Sparkman

Capital Category	Project / Expenditure	2022	2023	2024
Reliability, Resiliency, and Efficiency	Technology Projects - CE Council Initiatives 2023	\$ -	\$ 495,000	\$ -
Reliability, Resiliency, and Efficiency	Technology Projects - CE Council Initiatives 2024	-	-	561,000
Reliability, Resiliency, and Efficiency	Technology Projects - CE Strategy Digitilization 2024	-	-	2,227,500
Reliability, Resiliency, and Efficiency	Technology Projects - Chatbot/Virtual Assistant	-	165,000	-
Reliability, Resiliency, and Efficiency	Technology Projects - Customer Data/Omni-channel Platform	-	247,500	-
Reliability, Resiliency, and Efficiency	Technology Projects - Digital Billing Experience	1,077,170	495,000	200,000
Reliability, Resiliency, and Efficiency	Technology Projects - New Construction Portal	-	500,000	-
Reliability, Resiliency, and Efficiency	Technology Projects - Paper Re-Design	708,374	247,500	-
Reliability, Resiliency, and Efficiency	Technology Projects - PGS Customer Experience SW Project	85,888	577,500	165,000
Reliability, Resiliency, and Efficiency	Technology Projects - Prepaid Program	-	165,000	-
Reliability, Resiliency, and Efficiency	Technology Projects - Website & Portal Automation 2024	-	-	495,000
Reliability, Resiliency, and Efficiency	Technology Projects - CMS & Web Platform 2022	500,681	-	-
Reliability, Resiliency, and Efficiency	Technology Projects - PGS CCM and IVR	1,311,835	-	-
Reliability, Resiliency, and Efficiency	Technology Projects - PGS CMS & Web Platform	309,182	-	-
	Subtotal Reliability, Resiliency, and Efficiency	\$ 3,993,130	\$ 2,892,500	\$ 3,648,500
Total Witness Sparkman		\$ 3,993,130	\$ 2,892,500	\$ 3,648,500

36

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