

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Natural Gas Rates.)))	Case No. 22-507-GA-AIR
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Alternative Form of Regulation.)))	Case No. 22-508-GA-ALT
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.)))	Case No. 22-509-GA-ATA
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.)))	Case No. 22-510-GA-AAM

DIRECT TESTIMONY OF

JACOB S. COLLEY

ON BEHALF OF

DUKE ENERGY OHIO, INC.

_____	Management policies, practices, and organization
_____	Operating income
_____	Rate Base
_____	Allocations
_____	Rate of return
_____	Rates and tariffs
<u> X </u>	Other: Expanding Fee Free Payment Options

July 14, 2022

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ATTACHMENT:

Attachment JSC-1 Customer Survey Verbatims

I. INTRODUCTION AND PURPOSE

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Jacob S. Colley, and my business address is 400 South Tryon Street,
3 Charlotte, North Carolina 28202.

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

5 A. I am employed by Duke Energy Carolinas, LLC (DEC) as Director of Customer
6 Services Strategy. DEC is a subsidiary of Duke Energy Corporation (Duke
7 Energy) which provides various services to Duke Energy Ohio, Inc., (Duke
8 Energy Ohio or Company) and other affiliated companies of Duke Energy.

9 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND**
10 **PROFESSIONAL EXPERIENCE.**

11 A. I obtained a bachelor's degree in Marketing Management from Virginia Tech's
12 Pamplin College of Business in 2009. Upon graduation, I began my career in
13 banking and finance and then shifted into a leadership role for a regional chamber
14 of commerce and economic development organization. In 2016, I transitioned to
15 the utility industry joining American Electric Power (AEP) where my roles
16 included business development, economic development, community relations, and
17 state government affairs for the Kentucky operations. I joined Duke Energy in
18 2018, having held roles within Stakeholder Engagement and Renewable Strategy
19 and Policy, before assuming my current position in Customer Services in 2020.

1 **Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS DIRECTOR OF**
2 **CUSTOMER SERVICES STRATEGY.**

3 A. My responsibilities include oversight and execution of key customer initiatives,
4 long-term strategic planning, regulatory compliance and reporting, and audit and
5 compliance within Customer Services. I provide direction and leadership as
6 business plans are developed to support the goal of increasing customer
7 satisfaction.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**
9 **UTILITIES COMMISSION OF OHIO?**

10 A. No.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE**
12 **PROCEEDINGS?**

13 A. The purpose of my testimony is to highlight Duke Energy Ohio's exceptional
14 service to its customers and how that translates to customer satisfaction. I also
15 describe some of the steps the Company is taking to further improve the
16 experience and satisfaction of its customers when they engage with Duke Energy
17 Ohio. Finally, I support the Company's proposal to establish a fee-free payment
18 option (Fee-Free Program) for residential customers who use credit cards, debit
19 cards, electronic checks, and prepaid cards (collectively, Card Payments) to pay
20 their natural gas bills.

II. OVERVIEW OF CUSTOMER SERVICES

1 **Q. PLEASE DESCRIBE THE COMPANY’S CUSTOMER SERVICE GOAL.**

2 A. One of the Company’s most important goals is to provide excellent customer
3 service. Duke Energy strives to exceed customer expectations by building genuine
4 connections with all customers by soliciting customer feedback, taking note of
5 evolving customer expectations, anticipating customer needs, leveraging
6 emerging technologies, and offering dynamic solutions to customer issues.
7 Customer service is a factor in the policies, programs, and decisions that the
8 Company implements.

9 **Q. PLEASE BRIEFLY DESCRIBE HOW THE COMPANY MEASURES**
10 **EXCELLENCE IN CUSTOMER SERVICE?**

11 A. The Company has implemented a comprehensive array of customer satisfaction
12 measurement tools to understand and identify those aspects of the current
13 customer experience that may cause difficulties or concerns for some customers.
14 The Company’s proprietary relationship study, CX Monitor, surveys customers to
15 measure sentiment and satisfaction – both on an overall basis and with key
16 experiences they have had with Duke Energy Ohio over the past 12 months.
17 Examples of these experiences include their billing and payment experience or
18 use of the Company’s web or phone channels. Customers provide a score for each
19 experience they have had on a ‘0-10’ scale as well as open-ended verbatim
20 comments detailing the primary reason(s) for their score. The value of the CX
21 Monitor over other surveys is that it asks our own customers about their
22 perceptions, which can be compared against their actual experiences. Duke

1 Energy Ohio has been able to leverage the data to generate insights, which has
2 helped prioritize investment to drive customer satisfaction. The Company has also
3 implemented Fastrack 2.0, a proprietary post-transaction measurement program.
4 Fastrack 2.0 measures the quality of recent interactions customers have with the
5 Company in near real-time, enabling the timely evaluation of the Company's
6 customer performance.

7 **Q. HOW DOES THE COMPANY UTILIZE ITS CUSTOMER CARE**
8 **OPERATIONS TO SUPPORT ITS CUSTOMERS?**

9 A. Our customer care operations are designed and continuously enhanced to ensure
10 that all customer inquiries are answered promptly and accurately. Customer calls
11 are either processed in the Intelligent Voice Response (IVR), allowing customers
12 to self-serve, or by a customer care specialist. Typically, there are around 400
13 Duke Energy and vendor customer care specialists that handle inbound and
14 outbound calls, as well as emails, web inquiries, mailed letters, faxes and social
15 media inquiries.

16 Also, the Company has the Duke Energy Social Media Customer Care
17 program, which operates Monday through Friday from 8:00 a.m. to 5:00 p.m.
18 assisting customers on the Duke Energy enterprise social media channels which
19 consist of Facebook, Twitter, LinkedIn, and Instagram. Utilizing resources from
20 the Consumer Affairs organization, employees assist customers in private, one-
21 on-one conversations using direct messages to address any questions or issues that
22 they may be having. The frequent inquiries received on social media are related to
23 outages, billing, payment, and website issues.

1 **Q. PLEASE DESCRIBE HOW DUKE ENERGY OHIO’S SOCIAL MEDIA**
2 **PROGRAM HAS EVOLVED TO KEEP PACE WITH CUSTOMERS’**
3 **CHANGING EXPECTATIONS.**

4 A. Duke Energy Ohio customers utilize the Duke Energy enterprise social channels
5 to contact the Company for account-related and service inquiries. The social
6 media channels continue to grow and as of May 2022, Duke Energy has more
7 than 670,000 followers on its Facebook, Twitter, Instagram, and LinkedIn pages.
8 Using social media allows the Company to proactively post warning and safety
9 information to quickly reach as many customers and stakeholders as possible,
10 engage with customers who have safety-related or account-related questions, and
11 monitor how messages are being received and responded to.

12 **Q. HOW HAS DUKE ENERGY OHIO MODERNIZED ITS**
13 **COMMUNICATION CAPABILITIES FOR CUSTOMERS?**

14 A. The Company has made available a free mobile app for customers to manage their
15 account. The mobile app allows residential and small business customers to easily
16 manage their account from anywhere in the U.S. The app uses the same log-in as
17 the customer’s current account and has an option to use fingerprint or facial
18 recognition for a fast, secure sign-in. The app was developed based on customers’
19 most requested features – with the app, customers can: view and pay their bill, set
20 reminders, schedule automatic payments, view their billing history, or monitor
21 their energy usage. The app gives customers a seamless way to manage their
22 account, however as a safety precaution, customers experiencing a gas outage are

1 directed to call the Company. If they have reason to suspect a gas leak, they are
2 directed to evacuate the area before calling the Company or 911.

III. TRANSFORMING THE CUSTOMER EXPERIENCE

3 **Q. PLEASE DESCRIBE THE COMPANY'S EFFORTS TO ENHANCE**
4 **CUSTOMER SATISFACTION.**

5 A. Duke Energy Ohio is working hard across the business to further improve the
6 customer experience. The Customer Services organization is transforming the
7 customer experience by making strategic, value-based investments for the benefit
8 of customers with a focus on improving customer interactions with our customer
9 care team and by enhancing communications and account management options
10 via digital channels.

11 **Q. PLEASE PROVIDE EXAMPLES OF WAYS YOUR ORGANIZATION IS**
12 **HELPING TO TRANSFORM THE CUSTOMER EXPERIENCE.**

13 A. Two key examples are enhancements to our IVR system and the recent
14 deployment of a new customer information system (CIS) called Customer
15 Connect.

16 **Q. PLEASE DESCRIBE THE IVR SYSTEM.**

17 A. In October 2019, the Company launched a new IVR to replace the existing IVR
18 system with advanced technology focused on transforming the caller's
19 experience. The new IVR design reflects learnings from customer feedback and
20 industry best practices that led to several key areas of focus, which include: 1)
21 proactively identifying the customers and why they are calling the Company; 2) a
22 tailored customer experience similar to what customers receive from other

1 consumer product companies; and 3) fewer menu options for customers to
2 complete their request in the IVR. Options that became available after the
3 deployment of the new IVR include call intent prediction, easy self-serve options,
4 customer call back, and a post-IVR transaction survey. The call intent prediction
5 functionality predicts the reason the customer is calling the Company. For
6 example, “I see you have a pending service order scheduled for tomorrow. Is this
7 why you are calling?” The Company recognizes customers want the ability to
8 self-serve while navigating seamlessly through the IVR. Prior self-service
9 functionality, such as requesting a payment arrangement was improved via voice
10 activated prompts, which helps provide a more positive customer experience.
11 New self-serve options also include texting a link to local payment locations,
12 providing customers the ability to update their phone number in the IVR, and
13 requesting their account number through the IVR.

14 An increased number of calls during a specified timeframe may result in
15 longer than usual hold times to speak with a specialist. The IVR was enhanced to
16 provide customers the option to continue holding until a specialist is available or
17 to have their place in line reserved for them, allowing us to return their call at the
18 phone number of their choice.

19 The Company’s ongoing focus to understand “the voice of the customer”
20 has been expanded to the IVR with the implementation of the post-IVR
21 transaction survey. This survey offers customers the option to provide feedback
22 on their IVR experience and the survey data collected is utilized to enhance this
23 service experience.

1 **Q. PLEASE DESCRIBE THE NEW CIS.**

2 A. The Company recently implemented its new customer information system
3 platform, Customer Connect. As further described by witness Retha Hunsicker,
4 this platform enables the Company to deliver a customer experience that
5 simplifies, strengthens, and advances our ability to serve our customers. It
6 provides a modern, configurable billing engine and is based on a customer-centric
7 data model providing customers a more personalized experience. Customers are
8 now able to take advantage of more automated processes and enhanced billing
9 and payment options using new or enhanced self-service capabilities.

IV. EXPANDING FEE-FREE PAYMENT OPTIONS

10 **Q. HAS THE COMPANY IDENTIFIED ADDITIONAL PROGRAMS THAT**
11 **IT MAY OFFER TO IMPROVE CUSTOMER SATISFACTION?**

12 A. Yes. The Company is proposing to offer the Fee-Free Program for residential
13 customers who make Card Payments to pay their natural gas bills. In order to
14 offer the Fee-Free Program, the Company proposes to modify the third-party
15 convenience fees associated with processing these forms of payment that, today, a
16 customer making a Card Payment must individually pay, and instead include
17 these third-party imposed costs for recovery through the Company's Uncollectible
18 Expense Rider (Rider UE-G).

19 **Q. PLEASE EXPLAIN HOW THE COMPANY CURRENTLY ACCEPTS**
20 **PAYMENTS FROM ITS RESIDENTIAL CUSTOMERS.**

21 A. Currently, the Company accepts residential customer payments through check,
22 money order, cash, and automated bank drafts (ACH). The Company also offers

1 residential customers the ability to make Card Payments or use electronic checks
2 through the Company's website, mobile app, call center specialist, or IVR.

3 **Q. PLEASE EXPLAIN THE COMPANY'S PROPOSAL FOR A FEE-FREE**
4 **PROGRAM.**

5 A. Currently, customers can make payments free of charge by mailing a check or
6 money order, paying with cash or check at a free pay station, or using ACH drafts.
7 The costs for the Company to offer these methods are paid for by all customers
8 through base rates and are not recovered exclusively by those specific customers
9 that use any of the above methods of payment. However, residential customers
10 using a credit card, debit card, prepaid card, or electronic check through any
11 authorized Duke Energy payment channel (IVR, web, Mobile App, or over the
12 phone via live customer service representative) are subject to a \$1.50 convenience
13 fee per transaction charged by the third-party payment processing vendor. The
14 convenience fee is collected directly from the customer by the Company's third-
15 party vendor, SpeedPay, and is applicable to all channels listed above, including
16 live customer service. The Company receives no portion of this fee.

17 As customer expectations change and more payments are processed
18 electronically, the Company believes it is reasonable to offer a fee-free payment
19 opportunity for all payment methods to its residential customers. There are many
20 customers that need or rely on this payment channel and, while the Company
21 cannot make its vendors provide the payment processing service at no cost, there
22 is a way to provide this service without a direct cost to those customers by making
23 it available to all customers without direct convenience fees per transaction.

1 **Q. HOW IS THE COMPANY PROPOSING TO MODIFY THE CURRENT**
2 **METHODS OF PAYMENT AND ANY ASSOCIATED FEES?**

3 A. The Company is proposing to offer the Fee-Free Program for Card Payment
4 methods for its residential customers. Going forward, the Company will include
5 those actual costs as part of the annual Rider UE-G filings. This would eliminate
6 the \$1.50 convenience fee that is currently directly charged to those residential
7 customers paying by credit card, debit card, prepaid card, or electronic check.

8 **Q. WHY IS THE COMPANY PROPOSING THESE MODIFICATIONS AT**
9 **THIS TIME?**

10 A. The number of Card Payments continues to grow as a preferred method of
11 payment by many consumers, which makes the imposition of the per transaction
12 convenience fee increasingly unacceptable to customers. Many consumers find
13 the flexibility to pay their bills using Card Payment options as providing a
14 significant benefit. Few industries charge a per transaction fee for Card Payment
15 processing. The convenience fee for Card Payment processing is an exception, not
16 a rule, for making Card Payments, and in many instances, is a deterrent to using
17 this type of payment method.

18 A 2019 Federal Reserve Payments Study concluded that Card Payments
19 continue to outpace other forms of payment, growing 8.9% per year between 2015
20 and 2018, whereas check payments fell 7.2% per year during the same period.¹

21 Another industry study, released in September 2020, examined the rapid
22 shift to digital spending, finding that “U.S. consumers have migrated from brick-

1 and-mortar stores to digital shopping channels and many have no intention of
2 going back. It is increasingly less likely that consumers will revert back to their
3 pre-pandemic lifestyles as the pandemic continues, and the digital shift will
4 become stronger and more permanent.”²

5 The Company is seeing customer expectations change as more payments
6 are being made electronically. Customers benefit from the shift to more fee-free
7 paperless options, which provides flexibility, additional security, and peace of
8 mind that payments will be delivered in a timely manner. Along these same lines,
9 there could be increased anxiety regarding germs and exchanging cash due to
10 COVID-19. Card Payments also provide consumer protection and real-time
11 transparency around the transaction, which allows for improved budgeting and
12 expense tracking. Given this change in customer experience and expectation, the
13 Company believes it is reasonable to offer its residential customers fee-free
14 payment options for all payment methods and to include recovery of those costs
15 through means other than a direct, per-transaction point of sale fee.

16 **Q. HAVE THE COMPANY’S RESIDENTIAL CUSTOMERS REQUESTED**
17 **COST FREE ALTERNATIVE BILLING PAYMENTS?**

18 A. Yes. Customers have grown accustomed to paying for other of life’s necessities
19 with a credit card, debit card, prepaid card, or electronic check without a separate,
20 additional fee. The requirement to pay a transaction fee when making a payment

¹See *The 2019 Federal Reserve Payments Study*, Board of Governors of the Federal Reserve System (last visited June 10, 2022), available at <https://www.federalreserve.gov/paymentsystems/2019-December-The-Federal-Reserve-Payments-Study.htm>

² See *How We Shop: Measuring the Rapid Digital Shift*, PYMNTS.com, at 39 (Sept. 2020), available at <https://www.pymnts.com/news/retail/2020/permanent-digital-shift-quantified-in-how-we-shop-report/> PYMNTS.com is a wholly owned subsidiary of Berkshire Hathaway. This study was done in collaboration with and supported by PayPal to discern evolving consumer preferences.

1 for utility service is one of the largest frustrations customers experience when
2 paying their Duke Energy Ohio bill. Customer dissatisfaction over these
3 additional fees stems from the fact that these credit card/debit card/electronic
4 check processing costs are already accounted for in the retail price of virtually all
5 other products that consumers purchase every day. For example, in the
6 Company's recent monthly residential surveys, residential customers noted the
7 following when asked what they liked least about their billing and payment
8 experience:

9 *"all of my bills come out of my credit card but this bill won't allow that*
10 *without a fee. So that's annoying that I have to manage and watch this*
11 *one separately."*

12 *"Get rid of the credit card fee!"*

13 *"Do not like the fee to pay by credit card."*³

14 As reflected in the direct comments from customers, the ability to pay
15 their bill fee-free—the same way they can with other companies—is important to
16 Duke Energy Ohio's customers.

³ Customer Survey Verbatims, Attachment JSC-1.

1 **Q. HOW WOULD FEE-FREE PAYMENTS BENEFIT THE COMPANY’S**
2 **RESIDENTIAL CUSTOMERS?**

3 A. Eliminating these fees would provide additional fee-free options for residential
4 customers to pay their bills. There are many reasons why customers would prefer
5 to use their credit or debit card, which include: (1) safety and security protections
6 from their bank; (2) faster payment, which can prevent a pending disconnection
7 for non-payment; (3) receipt of loyalty rewards from the card issuer; and (4)
8 critical flexibility for unbanked or underbanked customers, which, according to
9 the Federal Deposit Insurance Corporation (FDIC), comprised nearly 24% of
10 households in the Cincinnati, OH-KY-IN Metropolitan Statistical Area (MSA).⁴
11 Additionally, for unbanked households, there is often a dependence on cash for
12 making payments, which shuts consumers out of conveniences provided by digital
13 payments. In order to participate in the evolution to an increasingly cashless
14 society, un-and underbanked customers often turn to prepaid cards. This transition
15 has been recognized by federal, state, and local government offices. According to
16 the Federal Reserve, 2021 report, “federal, state, and local government offices use
17 government-administered prepaid cards to disburse funds at a lower cost than
18 checks (or other paper-based payment instruments, such as vouchers or coupons)
19 and to provide an alternative to direct deposit for payment recipients, especially
20 those recipients who do not have bank accounts.”⁵ Regardless of the reason, it is

⁴ See 2017 FDIC National Survey of Unbanked and Underbanked Households, Federal Deposit Insurance Corporation (Oct. 2018) (last visited June 10, 2022), available at <https://www.fdic.gov/analysis/household-survey/2017/2017appendix.pdf>.

⁵Report to the Congress on Government-Administered, General-Use Prepaid Cards, Board of Governors of the Federal Reserve System. (Oct. 2021) (last visited June 10, 2022), available at www.federalreserve.gov/publications/files/government-prepaid-report-202010.pdf. ..

1 indisputable that customers often need and will be more satisfied with the
2 flexibility to choose their method of payment without incurring any additional
3 convenience fees at the time of payment.

4 **Q. WHAT IS THE COMPANY PROPOSING WITH RESPECT TO THESE**
5 **FEE AS PART OF THESE PROCEEDINGS?**

6 A. The Company proposes to recover the costs associated with the fee-free payment
7 program through an existing recovery mechanism, Rider UE-G, thereby
8 eliminating the per-transaction convenience fees directly charged. Recovery of
9 these actual costs through Rider UE-G will provide all customers with the fee-free
10 option to pay their utility bill via a Card Payment methodology, thereby providing
11 much needed payment flexibility and eliminating the continuing and repeatedly
12 stated frustration point for customers. Duke Energy Ohio cannot eliminate the
13 costs altogether that these third-party payment processing vendors assess, but it
14 can make these costs no longer a barrier for customers who wish to take
15 advantage of the methodology.

16 **Q. WHY IS IT REASONABLE FOR THE COMPANY TO INCLUDE THE**
17 **COST OF FEE-FREE PAYMENTS IN RIDER UE-G, WHICH IS PAID BY**
18 **ALL RESIDENTIAL CUSTOMERS?**

19 A. Given the change in consumer needs and expectations, it is reasonable to include
20 the costs of Card Payments in the Company's Rider UE-G. Including these costs
21 in a rider, versus an amount assumed in the rate case test year, ensures that only
22 the exact and actual amount of payment processing fees will be charged to
23 customers; no more, no less.

1 In the end, the more convenient the Company can make the bill paying
2 process, the more customers will self-serve, pay on time, and feel more satisfied
3 with the payment options available to them. This is a benefit to all customers.
4 Customers who do not pay on time and enter the credit collections cycle drive
5 increased costs, which ultimately are paid for by all customers. Moreover, giving
6 customers options to pay by the method of their choice without incurring
7 additional fees increases customer satisfaction and should decrease customer
8 frustrations about the payment process.

9 **Q. CAN YOU SUMMARIZE THE ADOPTION RATE THAT THE**
10 **COMPANY ANTICIPATES IF THIS PROGRAM WERE**
11 **IMPLEMENTED?**

12 A. Yes. The Company anticipates an increase in adoption of Card Payments during
13 the first year of fee-free transactions, in addition to the anticipated continued
14 adoption of such payment method currently being experienced. After an initial
15 bump in adoption in the first year after the per transaction fee is removed, the
16 adoption rate is expected to normalize.

17 **Q. IS THE COMPANY PROPOSING A FEE-FREE PROGRAM FOR ITS**
18 **COMMERCIAL AND INDUSTRIAL CUSTOMERS AT THIS TIME?**

19 A. The Company is not proposing a Fee-Free Program for commercial and industrial
20 customers at this time.

V. CONCLUSION

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

22 A. Yes.

Customer Survey Verbatims

“all of my bills come out of my credit card but this bill won’t allow that without a fee. So that’s annoying that I have to manage and watch this one separately.”

“Get rid of the credit card fee!”

“Do not like the fee to pay by credit card.”¹

¹ Customer Survey Verbatims, Attachment JSC-1.

**This foregoing document was electronically filed with the Public Utilities
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Case No(s). 22-0507-GA-AIR, 22-0508-GA-ALT, 22-0509-GA-ATA, 22-0510-GA-AAM

Summary: Testimony Direct Testimony of Jacob S. Colley on Behalf of Duke Energy Ohio, Inc. electronically filed by Mrs. Tammy M. Meyer on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco and Kingery, Jeanne W. and Akhbari, Elyse Hanson and Vaysman, Larisa and Elizabeth M. Brama