

# Customer Care Enhancement Project

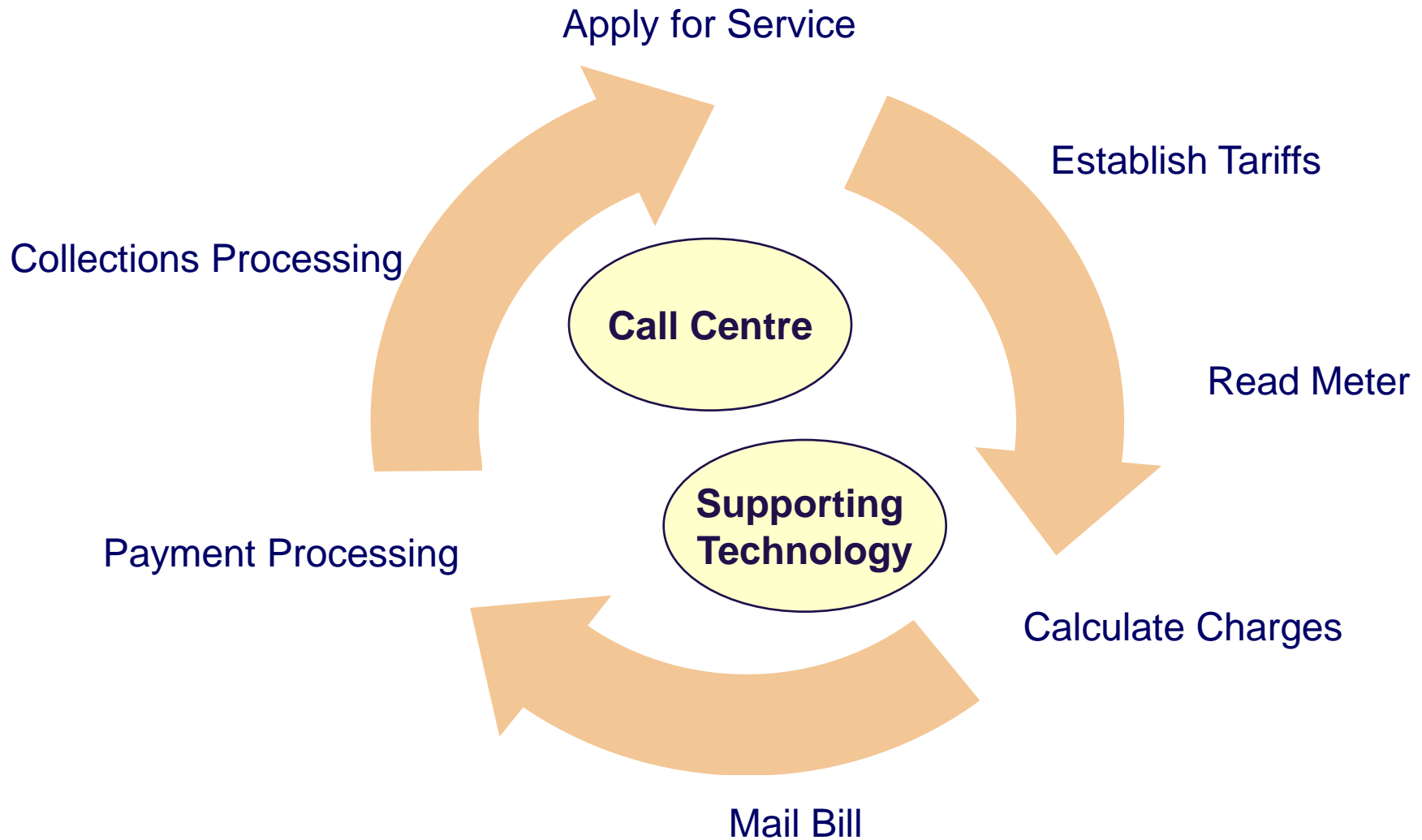
**CPCN Application Workshop**

**June 16, 2009**

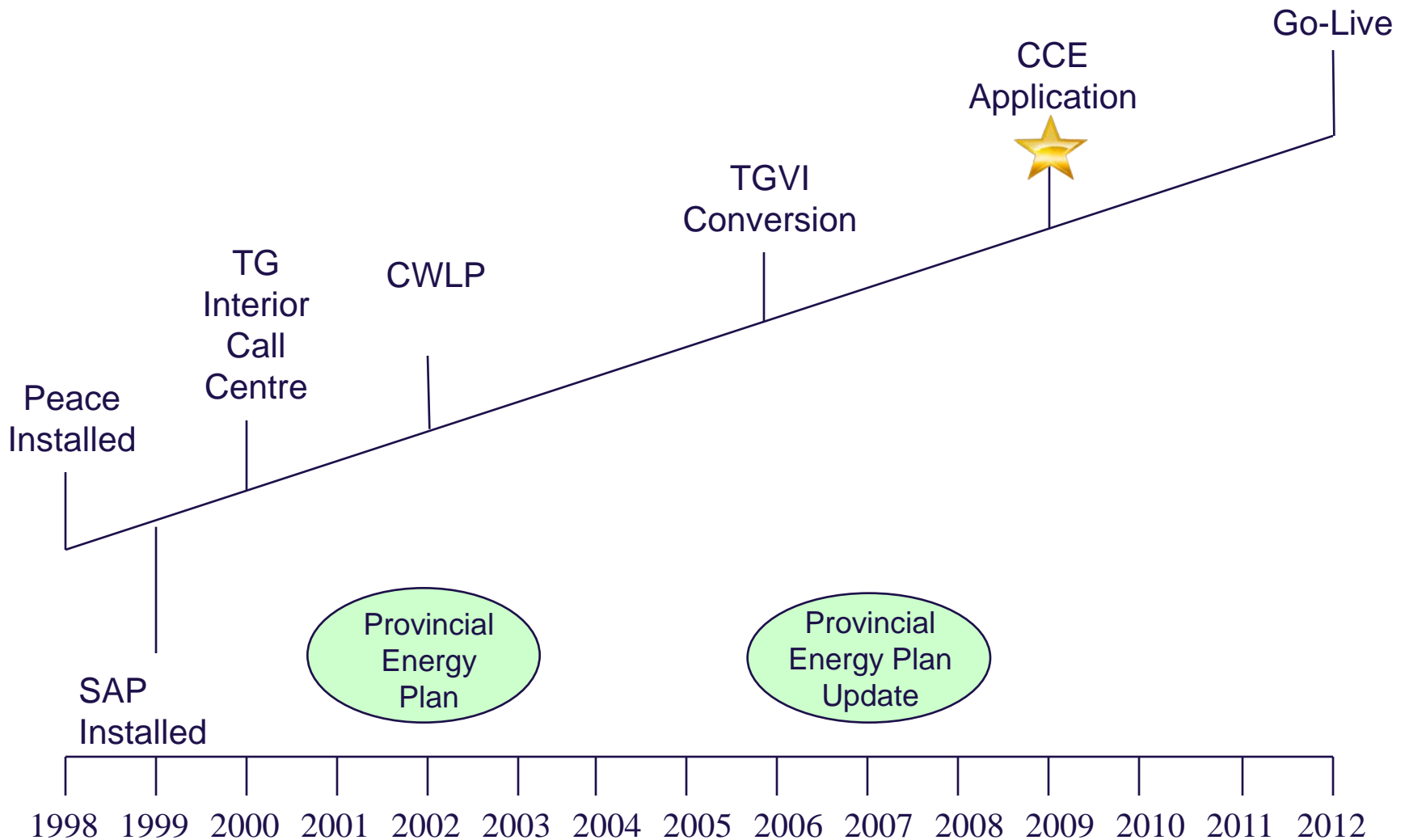
# Agenda

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# Customer Care Function



# Customer Care Journey



# Terasen Gas Solution

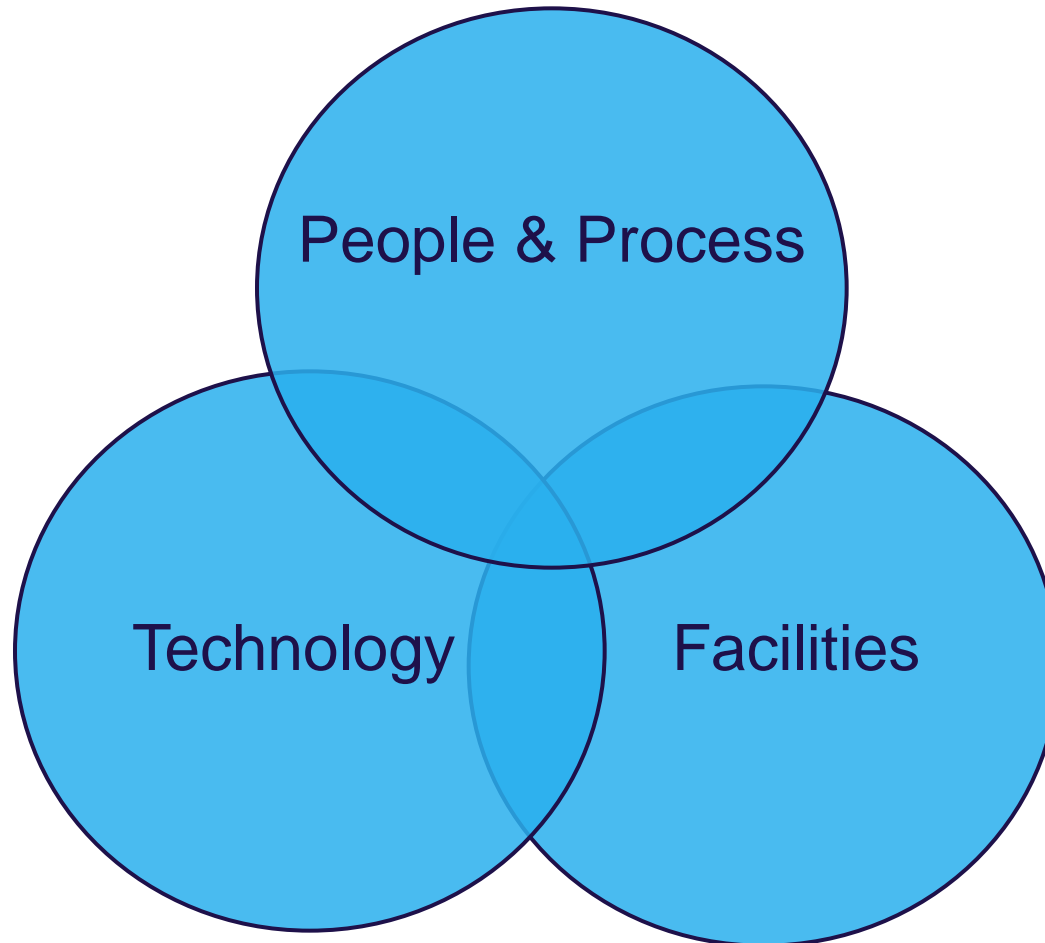
- We will be best positioned to serve our customers well for the near and long term through:
  - Establishing an internal service delivery organization staffed with Terasen Gas employees
  - Continuing to outsource certain supporting services or specialist functions
  - Acquiring and implementing a proven market-leading sustainable Customer Information System (CIS) that integrates with current technology platforms

# Change Drivers

- Customer care delivery model change is required to:
  - Meet evolving customer needs going forward
  - Ensure appropriate service quality in BC's changing energy marketplace
- The new model must provide additional:
  - Flexibility to enable faster, more efficient and effective response to customer queries and market place change
  - Direct control over critical customer touch points and information assets to allow enhanced quality of service

# Project Overview

## Customer Care Enhancement Project Components

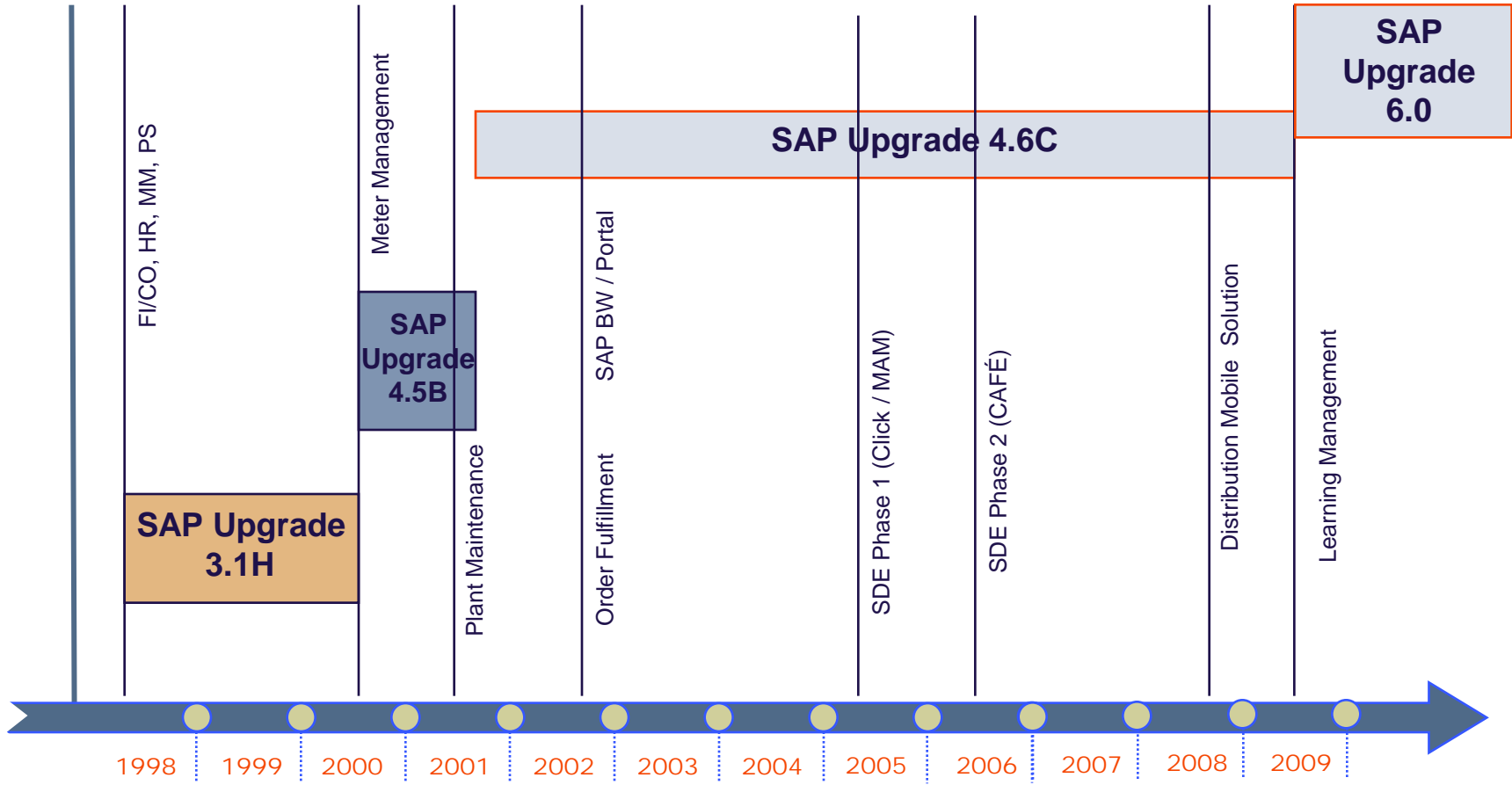


# Project Overview - Technology

- Acquisition and implementation of SAP CCS module (CIS)
- Acquisition and implementation of Call Centre Technologies
  - Telephony
  - Workforce Management
  - Quality Logging
  - Interactive Voice Response (IVR)
  - E-mail, Instant Messaging (IM), Knowledge Management
  - Outbound Dialler
  - Reader Boards



# History of SAP Implementation



# Project Overview – Technology

- Implementation and sustainment
  - CIS Implementation
    - Implementation assistance from:
      - HCL Axon – Proven SAP System Integrator (SI)
      - SAP – Solution Architecture & QA
      - Internal Terasen staff
      - Staff augmentation from various consultant groups for specific roles
  - Ongoing
    - Utilize same operating model as successfully in place today
      - Internal Staff (incremental 10)
        - » Functional and technical SAP support
      - Telus
        - » Desktop, server, network, helpdesk
      - SAP Global Enterprise Support
      - Staff augmentation
        - » Extensive consultant network to tap into if/when required

# Project Overview - Facilities

- Options
  - Build
  - Buy
  - Lease
- Dependent on locations selected
  - Workforce demographics

# Project Overview – People and Process

- In house service delivery – focus on quality for the customer
  - Customer contact / call centres
  - Billing
  - Credit and collections
  - Supporting staff
    - Technology sustainment
    - Human resources
    - Facilities support
  - Outsourced functions where still applicable
    - Meter reading
    - Statement print, remittance

# Drivers of Change

- Change in British Columbia's energy market from 2001 through 2008 and ongoing
  - Implementation of new rate structures, taxes, products and services
  - Increasing focus on energy efficiency and conservation
  - More complicated array of energy options and issues
  - Focus on BC solutions to energy and environment issues

# Drivers of Change

- Evolving customer needs and expectations
  - Focus on energy efficiency
    - Understanding usage and energy options
  - Value of more regional knowledge in order to effectively respond to customers
  - Increasing desire for and usage of alternate communication channels
  - Expanded billing and payment flexibility
  - Self service options

# Drivers of Change

- Outsourcing industry evolution
- Service delivery quality
  - Service quality indicators (SQI's)
    - Turnover and retention
    - Work location / Off-shoring
- Responsiveness to change

# Customer Value

- Provide Terasen Gas the ability to ensure service quality
  - Ownership of the customer experience
  - Sustainable CIS platform that will readily adapt as the business environment changes
- Internal call centre and back office support (ownership of business process and training)
  - Positioned to ensure our representatives have the regional and product knowledge required to best serve customers
  - Flexibility to implement change and react to local market conditions
  - Quickly identify and address issues and opportunities



# Customer Value

- Provision of additional billing information and options suited to customer needs
- Enhanced self service options
- Efficient implementation of new products and programs for customers through CIS system functionality

# Customer Value

- Enables new functionality
  - Billing and payments
    - Support of increased flexibility in rate design and tax configuration
    - Support for “best rate” analysis by customer
    - System support for mass rate refund processing
    - Billing for new energy options i.e. thermal metering, biogas etc.
    - Enhanced “Business to Business” transaction support for both billing and payments
  - Account Management
    - Multiple names associated with an account
      - 3<sup>rd</sup> party notification for “at risk” customers
      - Enhanced support for landlords / property managers
        - » Notification of vacancies
        - » Online move-in / move out
        - » Alerts and account transitions in cases of service disconnection

# Customer Value

- Enables new functionality
  - Marketing
    - Ability to capture premise and customer demographic information
    - Better ability to segment customers to target specific Utility product and services i.e. Participation in energy efficiency programs
    - Reporting of program results
    - Better customer access to usage history and load profile data to support their requirement to manage energy conservation initiatives
    - Support for non-energy services i.e. construction incentives
  - Web Access
    - Increased transactional support including
      - Online moves
      - Program enrolments and status confirmations
      - Payment arrangements
      - High bill resolution tools
      - Property manager “portal”
      - Customer initiated data extracts to support load analysis
    - Enhanced electronic billing options including the inclusion of targeted messages and inserts

# Project Costs - Summary

<b><u>Capital</u></b>	<b><u>CIS</u></b>	<b><u>Services</u></b>	<b><u>Total</u></b>
Consulting	46,500	5,400	51,900
Internal Labour	7,600	600	8,200
Facilities	-	57,800	57,800
Expenses	7,400	200	7,600
Software	5,800	1,700	7,500
Hardware	1,100	2,200	3,300
<b>Subtotal</b>	<b>68,400</b>	<b>67,900</b>	<b>136,300</b>
<b>AFUDC</b>	<b>3,900</b>	<b>1,000</b>	<b>4,900</b>
<b><u>Deferred O&amp;M</u></b>	<b><u>CIS</u></b>	<b><u>Services</u></b>	<b><u>Total</u></b>
Internal Labour	-	12,800	12,800
Expenses	-	1,200	1,200
<b>Subtotal</b>	<b>-</b>	<b>14,000</b>	<b>14,000</b>
<b>Total</b>	<b>72,300</b>	<b>82,900</b>	<b>155,200</b>

- Capital costs include software, hardware, consulting, labour, and materials to implement the project by 2012

- O&M costs include labour and materials to staff and train new employees before 2012

- Includes \$20.4 million contingency or 15%

# Project Costs – Rate Impact

- **Cost of Service in 2012**
  - Annual cost of service \$71.50 /customer
  - Compares with a notional \$63.00 /customer for current arrangement
    - \$8.50 /customer increase, or \$0.70 /month
  - Represents less than a 1% increase at the burner tip
    - typical residential customer on the BC mainland
- **Levelized cost over 20 years**
  - Annual cost of service \$73.00 /customer
  - Compares with a notional \$67.00 /customer for current arrangement
    - \$6.00 /customer increase, or \$0.50 /month

# Evidentiary Update Process

- Finalize Service Delivery implementation costs
  - CIS implementation costs P90, represent 47% of total project costs
  - Service Delivery implementation costs P50 - P90, represent 53% of project costs
- Evidentiary Update application August 28, 2009
- Evidentiary Update workshop September 3, 2009

# Conclusion

- Customer Care is a critical function
- Current model to deliver Customer Care is not sustainable
- Customer needs and marketplace are evolving
- Customer Care Enhancement Project designed to best serve customers in near and long term

# Discussion