

April 30, 2012

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Ms. Alanna Gillis, Acting Commission Secretary

Dear Ms. Gillis:

Re: FortisBC Energy Inc. ("FEI") Certificate of Public Convenience and Necessity ("CPCN") for the Customer Care Enhancement Project ("the Project")

British Columbia Utilities Commission (the "Commission") Order No. C-1-10 dated February 26, 2010 – Compliance Filing

Quarterly Progress and Customer Service Operations Report for the period ending March 31, 2012

On February 26, 2010, the Commission issued Order No. C-1-10 granting a CPCN for the Project. Paragraph 3(i) of Order C-1-10 directed FEI to:

- (i) file Quarterly Progress Reports on the Project with the Commission including planned versus actual schedule, planned versus actual costs, and identification of any variances or difficulties the Project may be encountering and any other items as determined necessary by Commission staff. The Quarterly Progress Reports are to be filed within 30 days of the end of each reporting period. A Final Report is to be filed within six months of completion of the Project;*

Further on March 12, 2010, the Commission issued Order No. G-46-10 approving the establishment of a non-rate base deferral account for recording of currency exchange rate differences. Pursuant to Order No. G-46-10, paragraph 2, FEI has provided the deferral account transactions as CONFIDENTIAL Appendix 4 to this Quarterly Progress Report.

If you require further information or have any questions regarding this submission, please contact the undersigned.

Yours very truly,

FORTISBC ENERGY INC.

Original signed by:

Diane Roy

Attachments



FortisBC Energy Inc.

**Customer Care Enhancement Project
and Customer Service Operations
Quarterly Progress Report**

For the Period January 1 to March 31, 2012

**Compliance Filing in Accordance with
Commission Order C-1-10**

**Submitted to the
BRITISH COLUMBIA UTILITIES COMMISSION**

April 30, 2012

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1 EXECUTIVE SUMMARY

This Quarterly Progress Report (the “Progress Report”) for the Customer Care Enhancement (“CCE”) Project (the “Project”) is the eighth Progress Report filed for the Project, and covers the quarter ending March 31, 2012. Additionally, this report provides an overview of the progress of the Customer Service operations. As the Project activities begin to taper off and a greater focus is placed on stabilizing the new Customer Service operations, this report will transition into providing an assessment of the ongoing operational activities. FortisBC Energy Inc. (“FEI”) will continue to file Quarterly Reports through the end of 2013 that will progressively focus on the operational activities and overall service delivery performance.

After a successful go-live of the new in-sourced technologies and Customer Service operations on January 1, all systems and business operations are functioning well. After three months of live operations, both the new business and the system application are performing as expected and with no unplanned outages to date. This period saw a significant focus on the stabilization of the new system and associated business processes. As expected during the early days following go-live, there were a number of minor system defects and issues reported on. There has been a marked downward trend in system defect or issue reporting from the first days of go-live through to the end of March. Defect resolution also continued at a suitable pace this quarter and issues with the Customer Relationship and Billing application are being reported by the business users at a rate not exceeding resolution. Over the next period, which is the last phase of the Project, the Project team will continue to focus on stabilization activities which will include defect resolution and knowledge transfer.

From a budgetary perspective, the total Project spend through to the end of March was \$105 million including AFUDC and the entire forecasted Project spend is expected to be approximately \$110 million. This amount is lower than the approved budget of \$115 million. The key indicators of this favourable variance are that there have been no significant setbacks in the execution of daily operations, no unplanned outages to date and the promising results of system functionality and performance in the first months of go-live. The actual 2011 Project spending and the forecast total Project spending of \$110 million will be reflected in the FortisBC Energy Utilities’ 2012 delivery rates in compliance with Commission Order No. G-44-12.

The new Customer Service operations showed promising performance in the first quarter, with staff improving in proficiency from their first days in performing their new roles and responsibilities in a live environment, through to the end of March. While achieving a significant focus on providing quality service to our customers, the business operations have been performing remarkably well, navigating the various process and procedural changes resulting from system defect and issue resolutions. Additionally, the service operations experienced higher than planned call volumes and billing issues and as such have been adjusting staffing plans accordingly, and will continue to do so in the coming quarter. Overall for the quarter the operational results have been positive, although some variation in performance from month to month has resulted in some targets not being met. As both staff and management become

more accustomed to the new environment, we will expect more stable operations which will be reflected in the future performance results.

2 REPORTING DIRECTIVES

This report is the Quarterly Progress Report for the CCE Project CPCN, granted by the British Columbia Utilities Commission (the “Commission”) Order No. C-1-10. This Progress Report is submitted in compliance with the directives of Order No. C-1-10. Specifically, FEI was directed in paragraph 2(i) to:

“file Quarterly Progress Reports on the Project with the Commission including planned versus actual schedule, planned versus actual costs, and identification of any variances or difficulties the Project may be encountering and any other items as determined necessary by Commission staff. The Quarterly Progress Reports are to be filed within 30 days of the end of each reporting period. A Final Report is to be filed within six months of completion of the Project.”

Furthermore, as per Order No. G-46-10, paragraph 2, FEI was directed to file the deferral account transactions as a confidential Appendix to the Quarterly Progress Reports.

This report serves to provide these particulars along with a comprehensive overview of the Project progress and accomplishments for the period ending March 31, 2012. The specific items identified above can be located in the following sections of this report:

Table 2-1: Report Sections

Order No.	Item	Section Reference
C -1-10	Planned versus Actual Schedule	Section 6.1: Milestone Summary
C-1-10	Planned versus Actual Costs	Section 7: Project Costs
C-1-10	Variances or Difficulties Encountered	Section 4: Detailed Project Status
G-46-10	Deferral Account Transactions	Appendix 4: Confidential

3 PROJECT BACKGROUND

The Project involves the in-sourcing of key components of customer service activities and the implementation of a new Customer Information System (“CIS”) under FEI’s control. This involves the implementation of technologies, including a new CIS technology platform, integrated with new contact centre technologies, for managing customer interactions together with the creation of a new strategic sourced Customer Service group to support the capability to deliver customer service excellence. SAP’s CIS, the Customer Relationship and Billing (“CRB”) system, is the technology platform that will be used to enable the business processes needed to deliver customer care services. The Project represents a transition from the current Business Process Outsourcing¹ model to a Strategic Sourcing model for customer service activities. These include:

- Contact Centre
- Billing and Payments
- Collections
- Contract Management
- CIS Systems Support and Maintenance
- Meter Reading

¹ See Appendix 3 – Glossary – for definition

4 DETAILED PROJECT STATUS

This section provides details of the Project team's major accomplishments, work completed and issues resolved for the period ending March 31. With a successful implementation of the new system and operations effective January 1, the Project team has been engaged in the Stabilization Phase of the Project.

4.1 Major Accomplishments, Work Completed and Issues Resolved (January to March 2012)

The Project team successfully completed the cutover of all systems and activities as scheduled. As such, the Contact Centre went on line on January 1 and the Billing Operations activities went live on January 3. Stabilization processes have been implemented and continue to be the focus of the Project team activities this past quarter.

4.1.1 STABILIZATION ACTIVITIES

After three months of live operations, both the new business and the new system application are performing well after the successful completion of all cutover activities, including all system and business functions. System performance is as expected and there have been no unplanned outages to date.

With a successful go-live, all stabilization processes have been effectively implemented and are functioning well. Stabilization support resources are in place and have been supporting the business users. The CRB system application is functioning well and generating the expected number of invoices, and the contact centre technology is successfully supporting customer calls and enquiries. Business users are reporting defect issues, as would be expected with any new system implementation, and especially with a system implementation of this magnitude. Encouragingly, the Project team has seen a sustained downward trend in the number of open system defect issues with the application. The number of open system issues classified as either critical or high priority issues is showing a very encouraging downward trend, due to the sustained rate of resolution of issues and a decrease in the rate of new reported issues.

4.1.1.1 System Stabilization

Overall, the business team and the Project resources continue to work effectively and efficiently in stabilizing the system and processes by prioritizing and then resolving defect issues with the system application. The downward trend in defect reporting and resolution is promising, suggesting that the target date for system stabilization and project completion is achievable.

The overall quality of the system components is high. System users are reporting system defects and these are being managed and addressed by the Project team. While the number of defects logged during the first week of operations was high, as was expected with any complex system implementation, throughout the last three months the rate of defects reported has been declining.

The process initiated for the identification, prioritization, and resolution of system and process defects is in place and functioning well. The Project team developed a robust process, with both onsite and offsite support during the Stabilization Phase. A significant effort was invested before go-live, in planning and training for stabilization and sustainment of all systems and processes after go-live. The Project team set up a structure, processes and roles and responsibilities needed to support the Customer Service department through the initial days, weeks and months of its new operations and ultimately the transition of all operations from the Project team to the operational groups. This stabilization plan was put into place in early December and also provides for an effective and efficient process for the identification, prioritization and resolution of key system and process defects. This process will continue to remain in effect throughout the Stabilization Phase of the Project.

Stabilization efforts in January and February provided for a greater focus on the provision of onsite support at both the Burnaby and Prince George locations. Support personnel possess a mix of skills sets and include technical project team staff, third party system integrator personnel, and operations personnel along with staff supervisors and managers. By the end of February, there had been a marked improvement in staff proficiency in the Contact Centre, allowing the Project team to transition to an offsite support model for the customer service representatives, while onsite support for the Billing Operations group remained and will continue through to the second quarter, enabling face-to-face knowledge transfer and leveraging the expertise of the Project resources. The stabilization effort in January consisted of meetings held twice daily with key project and business leader personnel in attendance to review identified issues, and was reduced to once daily after the second week of January, primarily due to the promising stable operating environment becoming evident. A process of prioritization of issues was developed on the basis of business impact to enable the Project team to prioritize their efforts in the development of the technical resolution. The number of issues logged peaked in January and has since seen a significant downward trend, with the end of March seeing fewer issues logged daily. As such, the issues review meetings have been reduced to twice weekly from daily, and will continue at this frequency throughout April and May.

Bill print continues to be a key area of oversight for the Project team and as such the team continues to hold weekly bill print issue review meetings to ensure that issues are prioritized and planned changes are developed in collaboration with both the business and technical teams. For bill print issues, each fix is thoroughly assessed for interdependencies and then rigorously tested before implementation. The volume of bill print issues and issues related to out-of-balance bills (bills that do not meet the parameters designed in SAP and therefore SAP disallows these bills to be processed) is higher than initially expected and therefore system fixes are being developed to bring these levels down. Currently these out-of-balance bills are held for manual intervention due to the complex nature of converted historical transactions. Additional resources have been added to address these SAP out-of-balance bills to ensure they can be managed to an appropriate level.

This period, MNP LLP along with FEI's Internal Audit group identified, documented and tested the key meter to cash process controls. This activity was required to ensure that the proper

controls are in place, these controls are effective and that all process owners have a thorough understanding of these controls. No major issues were identified as part of this process although some processes were improved as a result of the suggestions provided by MNP and the internal audit group.

4.1.1.2 *Transfer of Knowledge*

Plans to ensure there is an effective transition of knowledge both to the business groups and the IT group, who will ultimately be responsible for the sustainment of the new system, have been developed and are being executed. These plans have played a large role in the determination of the assignment end-dates of the various support resources.

The overall number of Project resources saw a continued decrease over this quarterly period as some of the third party system integrator personnel completed their assignment, and as such were released from the Project. The knowledge transfer plans were completed and executed during this period, which provides for an appropriate transfer of knowledge from the third party system integrator to FEI personnel. This knowledge transfer has been facilitated by the Project team structure, as each functional workstream has a mix of both system integrator and FEI resources.

4.2 Plans for Next Period

The following period will focus on the completion of all system stabilization efforts along with the transfer of knowledge as the Project staff wrap up their duties by the end of May. System stabilization activities, which will entail the resolution of system and process defects, ongoing coaching, training and support of the new staff along with updating of end-user documentation as processes are fine tuned.

Additionally, the next quarterly report to be filed at the end of July will continue to have an increased focus on the Customer Service operations as the Project activities come to an end. Section 9 of this report is new and provides an update of the Customer Service operations, with an overview of the overall performance of the new business operations, including “Service Quality Indicators” for contact centre and billing along.

4.3 Quality Assurance Review

Five Points has been engaged to provide assurance of on-time execution of the Project together with guidance on mitigation of risks. Five Points is a specialized provider of application management consulting services to organizations within the energy and utility industries. They bring expert knowledge and experience in managing the development of CIS. They have been utilizing their experience with numerous similar projects throughout North America to evaluate the Project on seven key dimensions: schedule, resources, ongoing activities, project management, costs, scope, and risks. They have been engaged throughout the Project duration and after a successful go-live operation completed their assignment in February.

SAP Global Services continues to provide technical reviews of the system implementation. This quarter, their effort has been focussed on monitoring system performance and providing recommendations to the Project team for improvement in the areas of security and or system performance improvements.

5 PROJECT SCOPE

All scope changes and requests for funding for specific items from the Project contingency budget are reviewed and approved by the CCE Project Steering Committee before implementation. While there were no material functional scope changes in the first quarter of 2012, specific requests for spend of the Project contingency budget follow the same process, and therefore, for the purpose of this report are characterized as “scope changes”. There were four such scope changes issued and approved during this quarterly period and these are described below. These scope changes were identified through a review of the required stabilization efforts and the corresponding resources, in which it was assessed that a greater effort was required than initially planned to bring operations to a stable operating environment. Funding for these scope changes is provided for through the contingency budget. After accounting for these scope changes the total contingency spend remains below the budgeted contingency spend. Furthermore, the total Project forecasted spend is expected to be at \$110 million which is lower than the total approved Project budget. The Company expects that there will be no further “scope changes”.

1) Third Party System Implementer Resource Extension: \$1,461 thousand

In order to facilitate the complete transfer of knowledge from HCL-Axon, (the third-party system implementer), to the FEI system sustainment team, a sufficient window of time and effort is required to complete this activity. After a comprehensive review, it was considered that the initial schedule did not provide for sufficient time and effort for this endeavour, recognizing the existing FEI resources are experiencing a significant amount of fatigue and cannot sustain the extended working hours. Therefore, specific third party resources have been extended through to the end of May.

2) Third Party Technical Resource Extension: \$250 thousand

Third Party technical support from SAP was also extended through to the end of May, in order to provide the technical expertise and facilitate the transfer of knowledge during the extended stabilization phase.

3) Third Party Documentation Team Extension: \$192 thousand

Resources are required to update and amend all process and training documentation. During the initial months of stabilization, as defects are fixed and processes are amended, the required process and training documentation is also being updated to ensure all material is current and aligns with any process changes implemented in the first months of go-live. This documentation is a valuable resource for all customer service operations staff as they access these materials on a daily basis in order to substantiate the correct process steps as they go about performing their duties and responsibilities.

4) Dual Monitors - \$160 thousand

Upon completion of a pilot program it was concluded that staff in the contact centre and billing operations could be more efficient in their job tasks through minimizing the time spent toggling back and forth between various screens and through minimizing the printing of documents, if dual monitors were installed and thereby enabling greater productivity.

6 PROJECT SCHEDULE

While the Project team continues to meet all major milestones with a successful go-live of the new system and business operations, the Stabilization Phase of the Project has been extended by two months through to the end of May, to provide for sufficient time to enable the completion of all activities before the Project team is disbanded. The targeted Project milestone dates for each of the Project phases are outlined below.

6.1 Milestone Summary

This period, the Project team completed a comprehensive assessment of the completion of all stabilization activities, including the effort required in the resolution of defects, the effective transfer of knowledge and the transition to ongoing and remote support for the new service operations. Furthermore, key Project resources were showing signs of fatigue and exhaustion as a result of the consistent extended hours worked in the months leading up to the system conversion. As such, the schedule has been amended to support a more realistic timeframe to complete all work and bring the system and processes to a stable operating environment during these coming months. The milestone schedule below shows the updated timeline to complete all stabilization efforts with the Stabilization Phase of the Project concluding on May 31, 2012.

Table 7-1: Milestone Schedule

Phase	Milestone Start			Milestone End		
	Plan	Forecast	Actual	Plan	Forecast	Actual
1. Project Preparation	Mar 1,2010	n/a	Mar 1,2010	May 15,2010	n/a	Jun 30,2010
2. Business Blueprint	May 3,2010	n/a	May 10,2010	Oct 29,2010	Oct 29,2010	Oct 29,2010
3. Realization	Nov 1,2010	Nov 1,2010	Nov 1 ,2010	Oct 31,2011	Oct 31,2011	Oct 31,2011
3a. Integration Test 1	Jun 6,2011	May 16,2011	May 16,2011	July 31,2011	July 31,2011	July 31,2011
3b. Integration Test 2	Aug 1,2011	Aug 1,2011	Aug 1,2011	Oct 31,2011	Oct 31,2011	Oct 31,2011
4. Final Preparation	Nov 1,2011	Nov 1,2011	Nov 1,2011	Dec 31,2011	Dec 31,2011	Dec 31,2011
5. Stabilization	Jan 1,2012	Jan 1,2012	Jan 1,2012	Mar 31,2012	May 31,2012	n/a

6.2 Project Schedule

The Project schedule is attached as Appendix 1 and is a reflection of the scope of work to be completed for remainder of the Project.

7 PROJECT COSTS

The completion of go-live activities and the promising results of system functionality and performance which gave rise to no major setbacks in the execution of daily operations and no unplanned outages, has a favourable impact on the Project spend. The total forecasted Project spend will be lower than the approved budget of \$115.5 million, at approximately \$110 million. This forecast provides for the expenses associated with the extension of the Stabilization Phase by two months and related Project resources, as described in the Project Scope section of the report.

The key indicators leading to the projection of this favourable variance are there have been no significant setbacks in the execution of daily operations, no unplanned outages to date, and promising results of system functionality and performance in the first months of go-live. Furthermore, the Project team has not encountered any material issues that would indicate that all of the Project contingency funds will be required.

The actual 2011 Project spending and the forecast total Project spending of \$110 million will be reflected in the FortisBC Energy Utilities' 2012 delivery rates in compliance with Commission Order No. G-44-12

Total Project spend through to the end of March 2012 was \$105 million including AFUDC, the details of which are shown in the table below.

Table 8.1: Cost Report Summary to March 31, 2012

<u>Project Costs (\$ 000's)</u>	<u>Actual</u>
	<u>Spend to Date</u>
<u>Capital</u>	
Internal Labour	4,658
Consulting	31,545
Hardware	4,781
Software	7,805
Expenses	4,061
Facilities	14,455
Contingency ¹	-
	<u>67,305</u>
<u>Deferred O&M</u>	
Internal Labour	7,323
Consulting	21,463
Hardware	-
Software	615
Expenses	3,031
Facilities	1,033
Contingency ¹	-
	<u>33,464</u>
Net Total	100,769
AFUDC	4,325
Grand Total	<u><u>105,094</u></u>

¹ Approved contingency spend for both capital and deferred O&M has been allocated to the appropriate cost categories and therefore this line item shows a zero spend.

8 PROJECT RISKS

As has been highlighted in previous reports, the Project management team continues to carefully monitor potential risks to the Project. While there are a multitude of day to day issues that require the Project management team's attention, with the completion of a successful go-live of the new system and business operations, the greatest effort in managing project risk revolves around the provision of a stable operating environment for the business operations. This quarter has seen a significant effort in the monitoring of system functionality and performance, and this effort will continue through to the end of the Stabilization Phase, as the Project team continues to take remediation steps in addressing the identified gaps.

The first months of go-live have provided for a significant reassurance that system performance and business processes are functioning as intended. Achieving system stability within the remaining two months of the Project is well within reach and there is no cause for concern, as the visible downward trend in open application issues is demonstrative of the risk mitigation efforts in this area. Additionally, all defects logged have been non-catastrophic in nature and all defects identified to date have had a limited impact on the business operations. Furthermore, no unplanned system outages have been incurred to date. Defects identified are being prioritized by the Project Management team and then fixes are being developed.

Furthermore, a comprehensive plan for the transfer of knowledge to FEI resources is already being executed as third party project resources complete their assignment on the Project. This will ensure FEI resources retain the competency to provide for ongoing system and business support once the Project team has been disbanded.

9 CUSTOMER SERVICE OPERATIONS

This section of the quarterly progress report is new and it will continue to appear in subsequent quarterly reports as the focus turns to the performance of the new Customer Service in-sourced operations. As such, FEI will continue to file these quarterly reports through to the end of 2013, even after completion of the Project, with a focus on the on-going service operations.

9.1 Customer Experience

The customer experience over the first quarter of operations has been positive overall. Although the first week was more reactive in nature as FEI experienced significantly higher than normal call volumes (January 3 was 40 per cent higher and January 4 was 65 per cent higher than normal), the customer service staff performed their duties well and have progressively become more proficient in their job duties. During our first quarter of operation, FEI has focused on delivering a quality experience for our customers and building employees' job and system knowledge through direct on the job experience.

FEI is seeing marked improvement from the first days of go-live through to the end of the first quarter of operations in the handling of customer enquiries, identification and correction of billing issues and the navigation of the various screens in the new system by customer service representatives and billing analysts. Invoices are being produced nightly and mailed to customers with relatively low error rates. Payment processing and collections activities continued on from the point at which they were at in December with a smooth transition. System errors in invoices have occurred, but in the majority of cases these errors have been minor and have been detected and corrected prior to being sent to customers, with little to no customer impact.

During the transition, customers have experienced some delays, errors and variability in service levels. Contact centre service levels for non-emergency calls varied during the first three months of operation and did not achieve target in March. Service levels for responding to customer email inquiries were also variable and have not yet achieved target performance. In Billing Operations, the number of customers impacted due to delays and errors has been relatively small. In both areas, adjustments are being made by customer service management to bring the service levels that were not achieved back to acceptable levels.

9.2 Volume of Work

The volume of work in the first quarter was generally higher than anticipated.

Call volumes into FEI's Prince George and Burnaby contact centres have been trending almost 8 per cent higher than forecast for the year, primarily due to increased billing-related inquiries. At the end of the quarter, FEI's new customer service representatives have answered almost 16,000 emergency calls and nearly 274,000 non-emergency calls. Email volumes are also

higher than anticipated and volume to the end of the quarter is tracking to a projected year-end volume of 56,500 versus 24,000 received in 2011. To handle these higher call volumes, staffing levels have been managed accordingly.

FEI has been experiencing a high volume of high bill inquiries which is typical during the heating season. These types of inquiries also take the most knowledge and experience to resolve as the answer is not always clear without an in-depth investigation and thorough understanding of gas consumption and billing practices. The high volume of inquiries combined with the relative inexperience of the staff in both the contact centre and billing operations has resulted in these types of requests taking longer than expected to resolve. In cases where an inquiry cannot be resolved during the initial interaction, customers are being advised as to when they can expect their issue to be resolved and any further customer concerns are being handled as required. During the second quarter, it is expected that the volume of these inquiries will stabilize as we move out of the heating season and staff become more proficient in resolving complex issues, resulting in a lower number of backlogged billing issues and lower wait times for customers. The lessons learned in the first quarter will be used as a basis for refresher training as we approach the heating season again later this year.

During the design phase of the project, FEI identified tolerance parameters for meter readings and invoices that would identify possible billing errors prior to those bills being sent to customers. These “kick-outs” are then reviewed by a billing analyst and either corrected or released to the customer if they appear to be correct. During the first quarter, the volume of these items was higher than anticipated requiring more staff than planned to be investigating and resolving these issues.

As with any new system, SAP has experienced some errors and delays during the production of bills in the first quarter. In these few cases of errors or delays, FEI has been identifying the issues and proactively calling customers impacted to advise them of the issue and when they can expect resolution. This has been well received by customers who have expressed an understanding and patience for allowing us to take the time required to resolve the issue.

9.3 Performance Metrics

Operational results have been positive during FEI’s start-up quarter and had some variability as the customer service staff experienced true operations for the first time.

9.3.1 SERVICE QUALITY INDICATORS

The service quality indicators shown in Table 9.1 are those that have been historically reported to the Commission.

Table 9.1: Service Quality Indicators for Customer Service Operations

	Performance Indicator	January 2012	February 2012	March 2012	Target
	<u>Contact Centre:</u>				
2	Speed of Answer – Emergency (% of calls answered within 30 seconds)	95.4%	95.8%	94.9%	95%
3	Speed of Answer – Non-Emergency (% of calls answered within 30 seconds)	81.5%	82.9%	49.1%	75%
8	Independent Customer Satisfaction Index Score	N/A	N/A	N/A	80.0%
9	Number of Customer Complaints to the BCUC	0	0	1	N/A
	<u>Billing Operations:</u>				
5a.	Index of Customer Bills not Meeting Criteria	0.09	0.02	0.09	< 5
5b.	% of Transportation Customer Bills Accurate	98.9%	91.3%	99.9%	99.5%

FEI met its target for emergency call speed of answer during the quarter and surpassed the target for non-emergency call speed of answer in January and February. As a result of higher volumes, longer handle times due to the relative inexperience of customer service representatives and post go-live training designed to bring all representatives along the learning curve at a consistent pace; additional hours were scheduled through January and February to support meeting service quality targets. At the beginning of March, initial results indicated that fewer additional resources were required. In mid-March, FEI experienced three days that presented higher volumes and significant challenges in meeting service quality targets. This appeared to be easing at the beginning of the third week of March and unfortunately was not the case through the remainder of that week. FEI instituted a number of actions to mitigate the issue and while results improved in the last week of March, the service quality target was not achieved for the month. FEI is focused on meeting the target going forward and results are trending to meet target in April.

FEI's first independent customer satisfaction score for 2012 will be reported in the second quarterly report and formal complaints to the BCUC for the first quarter are in line with results from 2011.

The results of the Index of customer bills not meeting criteria were better than the target of 5 for all three months in the quarter. The 99.5% target of percentage of transportation bills that were accurate was met in January and March. February had a result of slightly lower than target due to bill display errors caused by a system issue. Customers impacted by this error were contacted and were given an option to receive a corrected bill once the issue was identified and resolved.

9.3.2 OTHER PERFORMANCE METRICS

In addition to the service quality indicators shown above, FEI is tracking performance metrics in other areas to monitor performance in delivering service to customers. One area is focused on customer satisfaction after an interaction with our customer service representatives in the contact centre. The third party post-call satisfaction study that was used in FEI's outsourced contact centre operation is also used in FEI's new operations. Two important metrics in this study are post-call customer satisfaction with the centre and first call resolution. First quarter customer satisfaction with the centre was 69%, approximately 4% higher than last year's annual results. FEI's first call resolution was 74% for the quarter, in line with 2011.

FEI has also begun to track a number of operational metrics to build historical data related to work volumes, accuracy and timelines. What is being tracked and the frequency at which it is tracked is changing as we better understand the needs of customers and areas of critical importance. It is expected that these metrics, once stabilized, will assist us in better understanding our work volumes and customer needs. They will also form the basis for new or enhanced metrics for 2013.

Metric Description	Jan-12	Feb-12	Mar-12
# ebills	4.33%	5.43%	5.32%
Account Online Self service transactions	275	341	579
# Interactions handled (Emergency)	5342	5178	5200
# Interactions handled (Non-Emergency)	87390	90502	91075
# Inbound calls (Emergency)	5472	5301	5335
# Inbound calls (Non-Emergency)	91306	91806	97972
# Outbound calls - Automated	86163	79573	81706
# Outbound calls - Agent	597	12515	7453
# email	6723	4024	4492
AHT - Telephone (seconds)	637	585	562
Average Abandonment rate (Emergency)	2.36%	2.24%	2.51%
Average Abandonment rate (Non-Emergency)	3.47%	1.34%	6.10%
Average speed of Answer (Emergency)	8	8	8
Average speed of Answer (Non-Emergency)	75	25	125
Telephone Service Factor (Emergency) (95%/30 seconds)	95.39%	95.76%	95.03%
Telephone Service Factor (Non-Emergency) (75%/30 seconds)	81.48%	82.89%	49.09%
Service Factor (E-Mails) (100%/48 hours)	53.89%	82.81%	43.53%
Billing Index (residential)	0.09%	0.02%	0.09%
First Call Resolution	74%	74%	73%
Industrial Billing Accuracy	98.86%	91.33%	99.92%

9.4 Employee Retention, Knowledge and Development

FEI's new customer service employees began the year with their first experience in "real life" operations at what is traditionally the busiest season for FEI customer service. In the contact centre, attrition has been low and staff morale high. Staff have experienced higher volumes than anticipated as they put what was learned in training into action with a focus on accuracy and delivering a quality customer experience. At the same time, change has been continual through system stabilization efforts and process updates. Between January and March, approximately 250 process or procedural updates were completed and employees received approximately 15 - 20 updates per week (primarily bundled in "daily update" information packages). Training sessions were delivered throughout February and March focused on high impact knowledge requirements identified by team managers and the Quality Assurance team. Contact centre staff have experienced a high level of additional hours as FEI worked to meet service quality targets while faced with higher volumes, longer handle times due to the staff's experience level and removed staff from operations to deliver the above-mentioned post go-live training.

In the Billing Operations area, the staff have been experiencing a high level of overtime to work through billing errors and system issues, but morale continues to be high and employee turnover has been low. In addition, several training classes in specific types of billing issues have been carried out to ensure that the number of trained analysts in any given area matches the actual volumes experienced to date. This additional training will continue to be required as we better understand our customers and the volume of work created by SAP in each season.

In both areas, employees have seen a lot of change in the first quarter as we work towards stabilization. Change management has been an area of significant focus as we work through system issues, process changes, customer service improvements and respond to customer feedback. Ensuring that employees fully understand the changes and receive information in a timely manner has become a key area of focus for management within both billing operations and the contact centre.

9.5 New Services

As a result of the CCE implementation, a number of new telephone and online services became available for FEI customers at the beginning of the quarter. FEI expects as customers familiarize themselves with these additional services, they will provide for a greater overall customer experience.

New telephone services include the following:

- The telephone system offers customers a call back feature so they do not have to wait on hold to speak to a representative during busy periods. The customer's place in the queue is maintained. This feature is offered to the customer as soon as they are placed in queue when the telephone system estimates the wait time is two minutes or longer.
- Customers can now dial "0" at any point on the automated menu to be connected to a representative.
- Customers are able to make payment arrangements via telephone self-service.

New online services include:

- Request:
 - Move In
 - Move out
 - Transfer
 -
- Register for / Establish:
 - Equal Payment Plan
 - Pre-authorized Payment Plan
 - Payment Arrangement
 - E-bill delivery
 -
- Cancel:
 - Equal Payment Plan
 - Pre-authorized Payment Plan
 - E-bill delivery
 -
- View meter read schedule

9.6 Plans for Next Period

Plans for the next period include stabilizing operations and refining processes and systems based on what has been learned to date.

Through the second quarter, the contact centre will continue to focus on meeting service quality targets and accuracy and timeliness in processing customer requests. With the first three months of operation completed, the contact centre will also focus on further improving operational efficiency and will be evaluating opportunities to improve from first quarter levels.

During the next quarter, billing operations will be evaluating and refining meter reading and billing tolerance levels to ensure the right bills are being “kicked-out” for investigation.

It is anticipated that at this time, more data will be available to determine how many of the items that were reviewed during the first quarter were true issues, and how many were “kicked-out” in error. After this review, the SAP system tolerance parameters will be amended if required.

In addition, billing operations expects to reduce the backlog of billing issues and be able to resolve the majority of customer issues within timelines that are acceptable to customers and are appropriate for the level of complexity of the issue.

Appendix 1

PROJECT SCHEDULE

Project Schedule

Task Name	Duration	Start	Finish	2012											
				1st Quarter				2nd Quarter			3rd Quarter			4th Quarter	
				Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
CCE Project Management Tasks	111 days	Sun 1/1/12	Thu 5/31/12												
CCE Project Management Tasks	111 days	Sun 1/1/12	Thu 5/31/12												
Post Go-Live Stabilization Support Phase	111 days	Sun 1/1/12	Thu 5/31/12												
Technical Stabilization	111 days	Sun 1/1/12	Thu 5/31/12												
PS-01 Confirm Stabilization Plan	24 days	Sun 1/1/12	Wed 2/1/12												
Execute Technical Stabilization Activities	111 days	Sun 1/1/12	Thu 5/31/12												
PS-02 System Performance Tuned & Optimized	111 days	Sun 1/1/12	Thu 5/31/12												
PS-03 Legacy Systems Decommissioned	40 days	Sun 1/1/12	Thu 2/23/12												
User Support	111 days	Sun 1/1/12	Thu 5/31/12												
Key User Support	20 days	Sun 1/1/12	Thu 1/26/12												
TG SAP Support Team Organization Transition	111 days	Sun 1/1/12	Thu 5/31/12												
Execute Support Processes	111 days	Sun 1/1/12	Thu 5/31/12												
Manage User Capability	65 days	Sun 1/1/12	Thu 3/29/12												
On-Site Consultancy Support	111 days	Sun 1/1/12	Thu 5/31/12												
PS-04 Outstanding Issues Transitioned to SAP Support Organization	111 days	Sun 1/1/12	Thu 5/31/12												
Business change & Integration	111 days	Sun 1/1/12	Thu 5/31/12												
Stakeholder Engagement & Communication	111 days	Sun 1/1/12	Thu 5/31/12												
Deliver Post Go-Live Training	111 days	Sun 1/1/12	Thu 5/31/12												
Project Closure Activities	111 days	Sun 1/1/12	Thu 5/31/12												
Knowledge Transfer	88 days	Wed 2/1/12	Thu 5/31/12												
PS-05 Final System Acceptance	111 days	Sun 1/1/12	Thu 5/31/12												
PS-06 Project Closure Approval	25 days	Fri 4/27/12	Thu 5/31/12												

Appendix 2

LIST OF MAJOR CONTRACTORS

List of Major Contractors

Please see the list below of the major contractors employed on the project and a description of their engagement:

Contractor	Description of Engagement
Accenture	As the current support services provider, Accenture will be providing subject matter expertise in the areas of the existing call centre business processes, technical support specifically around the existing CIS technical environment as well as transition services during the cutover from the existing systems to the new environment.
Altivon and Interactive Intelligence	Interactive Intelligence will be providing the Contact Centre Technologies, an all in one solution integrated with the SAP for managing multi-channel customer interactions. For the implementation of the Contact Centre Technologies, FEI has partnered with Altivon, who is the implementation partner of Interactive Intelligence.
Fujitsu	Fujitsu Consulting provides ongoing technical support for many of the existing systems utilized by FEI. Fujitsu will be providing technical support for changes required to the these systems as well as the interfaces to and from the new CIS.
Habanero	Habanero Consulting provides application support for the Café system. Habanero will provide technical support for the changes required to the Café system as well as provide Microsoft Sharepoint expertise in developing the Customer Service Knowledge base repository.
Hansen Technologies	Hansen Technologies is the product owner of the CIS system currently utilized by FEI. Hansen will provide data migration services from their existing system to the new SAP CIS with the focus on legacy data quality and extraction.

Contractor	Description of Engagement
HCL- Axon	HCL-Axon is an experienced SAP system integrator and specializes in the implementation of SAP computer systems. They also are experienced in the integration of complementary software packages (such as bill composition software from Streamserve) to form a complete solution. They will be taking a leadership role in all phases of the project and providing expertise on the overall design of the system solution to ensure it conforms to FEI's desired requirements. They will also provide guidance in the development of training and change management specific to the CIS implementation.
Knowledgetech	Knowledgetech will supply personnel to the project team to provide expertise in change management activities including business process design, business impact analysis, communication, training and process documentation.
Five Point Partners	Five Point Partners (Five Points) has been engaged to provide assurance of on time execution of the project together with guidance on mitigation of risks. Five Points is a specialized provider of application management consulting services to organizations within the energy and utility industries. Five Points consultants bring expert knowledge and experience in managing the development of Customer Information Systems. They will be utilizing their experience with numerous similar projects throughout North America to evaluate the project on seven key dimensions: schedule, resources, ongoing activities, project management, costs, scope, and risks.
MNP LLP	MNP LLP has been engaged to provide Business Process Quality Assurance for the CCE Project. The objective of this review is to provide an independent assessment of the performance and outcomes of the developed business processes when they are performed in conjunction with the technical system. MNP's scope of work also includes a review of the key meter to cash process controls.

Contractor	Description of Engagement
R-Tech Technologies	R-Tech will be providing day-to-day program management for the CCE program. They will be responsible for coordinating and providing overall management of the various program streams including the CIS implementation, the Contact Centre Technologies and facilities implementation as well as the other existing business processes that will be impacted by the CCE implementation. R-Tech has partnered with FEU on many initiatives over the last few years, and has in-depth knowledge of SAP, FEI's operating model and provides Project Management Institute certified project management services.
SAP Active Global Support	SAP's Active Global Services provide production support for all SAP customers. On this project, they will be assisting the project team by proactively reviewing key risk areas that have been experienced with other implementations and providing risk mitigation strategies of technical issues such as system performance. They have sufficient experience to identify performance risk areas and resolve the types of system issues that could be encountered when the system goes live.
SAP Consulting Services	As the CIS product vendor, SAP brings in-depth product knowledge and design architecture oversight to the project. They will also provide a quality assurance role in design, and build reviews to ensure the implementation follows SAP best practices for implementation and maintainability.
Gateway Consulting Services	Gateway Consulting specializes in Strategic Training Management, Instructional Design, Communications, e-Learning, Cross Functional Process Development, Workforce Education, and Transition Management. On the project, Gateway Consulting will be providing program leadership in the area of Change Management, Recruiting, Training and Communications.
TELUS	TELUS will be providing technical infrastructure services to the project. This includes all server, desktop and network implementation and support services.
Worksoft	Worksoft specializes in automated testing solutions. They will provide support in drafting testing scripts to validate the business process workflows along with conducting system performance / volume tests.

Appendix 3
GLOSSARY

Glossary

Acronyms

CCE Customer Care Enhancement

CIS Customer Information System

CRB Customer Relationship and Billing

OPI Operation Process Integration

CRM Customer Relationship Management

FRICE-W Forms, Reports, Interfaces, data Conversion, Enhancements and Workflows

IVR Interactive Voice Response

Terms

AFUDC – acronym for *Allowance for Funds Used During Construction*, which allows for the cost of borrowing funds until a project is placed into service to be included in rates; the requirement for AFUDC forms a separate line item of the overall Project cost.

Business Process Outsourcing – the contracting of a specific business task, including all responsibility for the management of the business processes and underlying information technology systems and applications required for the completion of an activity, such as call handling, to a third-party service provider.

Change Management Strategy – outlines the approach for managing the change impacts of the project.

Data Migration Strategy – defines the management, development and documentation for cleansing and transferring data to the new CIS.

Deferred Costs – operating and maintenance costs that are incurred but that will be expensed in the future.

Development System Infrastructure – the platform for where configuring and coding of the new system will take place.

In-source – a business practice in which work that would otherwise have been contracted out is performed by internal staff.

Interface Strategy – outlines the approach to manage the points of interaction with Terasen's existing systems and the new CIS.

Mobilization Team – This is the initial team required on site for project preparation.

Project Toolset – The project toolset is the AXON Project Support Environment ("APSE"). APSE is a structured project document management system used by the project team to manage the CRB project workflow and will serve as a repository for all CIS documentation throughout the life of the Project.

Appendix 4

CURRENCY EXCHANGE RATE DEFERRAL TRANSACTIONS

FILED CONFIDENTIALLY