

**ON BEHALF OF AVISTA CORPORATION**

DAVID J. MEYER  
VICE PRESIDENT AND CHIEF COUNSEL FOR  
REGULATORY & GOVERNMENTAL AFFAIRS  
P.O. BOX 3727  
1411 EAST MISSION AVENUE  
SPOKANE, WASHINGTON 99220-3727  
TELEPHONE: (509) 495-4316  
FACSIMILE: (509) 495-8851  
DAVID.MEYER@AVISTACORP.COM

**ON BEHALF OF HYDRO ONE LIMITED**

ELIZABETH THOMAS, PARTNER  
KARI VANDER STOEP, PARTNER  
K&L GATES LLP  
925 FOURTH AVENUE, SUITE 2900  
SEATTLE, WA 981014-1158  
TELEPHONE: (206) 623-7580  
FACSIMILE: (206) 370-6190  
LIZ.THOMAS@KLGATES.COM  
KARI.VANDERSTOEP@KLGATES.COM

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IDAHO PUBLIC UTILITIES COMMISSION

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE JOINT )  
APPLICATION OF HYDRO ONE LIMITED ) CASE NO. AVU-E-17-09  
(ACTING THROUGH ITS INDIRECT ) CASE NO. AVU-G-17-05  
SUBSIDIARY, OLYMPUS EQUITY LLC) )  
AND )  
AVISTA CORPORATION ) DIRECT TESTIMONY  
FOR AN ORDER AUTHORIZING PROPOSED ) OF  
TRANSACTION ) FERIO G. F. PUGLIESE

FOR HYDRO ONE LIMITED

1 I. INTRODUCTION

2 **Q. Please state your name and business address.**

3 A. My name is Ferruccio (Ferio) G. F. Pugliese.<sup>1</sup> My  
4 business address is 483 Bay Street, Toronto, Ontario M5G 2P5.

5 **Q. By whom are you employed and in what position?**

6 A. I was appointed September 2016 to Executive Vice  
7 President, Customer Care and Corporate Affairs at Hydro One  
8 Networks Inc. ("Hydro One Networks" or "Company"). Hydro One  
9 Networks is an indirect, wholly-owned subsidiary of Hydro One  
10 Limited ("Hydro One") and serves more than 1.3 million  
11 residential and business customers in Ontario, Canada. Hydro  
12 One Networks is the largest business segment of Hydro One.

13 **Q. Please summarize your education and business**  
14 **experience.**

15 A. I earned an Honours Bachelor of Arts degree in  
16 Social Science, Communication Studies and an Honours Bachelor  
17 of Commerce degree from the University of Windsor. I received  
18 a Master of Arts degree in Adult Education from Central  
19 Michigan and completed the IVEY Executive Development Program  
20 at the University of Western Ontario. Experience prior to

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<sup>1</sup> Pronounced FAIR-RIO POO-LIASE-EH.

1 joining Hydro One is reflected on my résumé, Exhibit No. 6,  
2 Schedule 1.

3 **Q. Please describe the responsibilities of your**  
4 **current position.**

5 A. My primary responsibilities for Hydro One Networks  
6 include customer service, indigenous relations, market  
7 solutions, government relations, and communications. As the  
8 leader of the customer service organization, I am responsible  
9 for the provision of high quality service to 1.3 million  
10 customers, including rural residential customers, local  
11 distribution companies, and the large-use businesses in our  
12 province. This includes responding to customers' inquiries  
13 when they contact the call center; ensuring a dedicated team  
14 of account executives is available for our large-use  
15 customers; obtaining meter readings; issuing timely and  
16 accurate bills; providing online tools and products for our  
17 customers to monitor their electricity usage; processing  
18 customer payments; managing the collections program; and  
19 providing financial assistance to low-income customers.

20 Through interactions with our customers, Hydro One  
21 Networks aims to educate customers about their bill, explain  
22 electricity prices, provide energy usage analytics, and offer  
23 social service assistance to low-income customers.

1 Summary of Testimony

2 Q. What is the purpose of your direct testimony in  
3 this proceeding?

4 A. The purpose of my testimony is as follows:

- 5 • describe Hydro One Networks' customer service  
6 philosophy and supporting programs;
- 7 • describe Hydro One Networks' customer service  
8 record and improved practices that have been  
9 deployed, demonstrating its commitment to directly  
10 address problems in a meaningful way;
- 11 • describe Hydro One Networks' experience and  
12 priorities related to providing electric service to  
13 the rural and remote regions of Ontario, including  
14 First Nations Communities; and
- 15 • identify opportunities for Hydro One and Avista to  
16 collaborate on enhancing and improving service to  
17 the customers of Hydro One and Avista.

18

19 My testimony will explain why, from a customer perspective,  
20 Hydro One is the right partner for Avista, and that over time,  
21 through our combined focus and commitment to customers as  
22 well as our aligned customer service philosophy, Avista  
23 customers will benefit from the partnership between Hydro One  
24 and Avista.

25



1           A.    Hydro One Networks has several major stakeholder  
2 groups.    These include large-use customers; indigenous  
3 customers; and external stakeholders.

4           Hydro One Networks' Large Customer segment includes 180  
5 transmission connected customers. These customers represent  
6 end-use industrial customers, local distribution companies,  
7 and generators. The Large Customer segment generates the  
8 majority of Hydro One's revenue. Hydro One Networks employs  
9 Account Executives to manage its relationship with these  
10 customers. We actively engage with these customers to  
11 understand their needs and preferences. Our most recent  
12 formal engagement revealed that our Large Customers'  
13 priorities are safety, reliability and outage restoration.  
14 The majority of customers also indicated they were prepared  
15 to pay slightly higher rates in order to maintain system  
16 reliability. Hydro One recently conducted a customer  
17 engagement survey with our transmission-connected customers.  
18 Overall, 86% of respondents indicated they were satisfied  
19 with the performance of Hydro One.

20           We have a dedicated Indigenous Relations team that is  
21 instrumental in advancing our Indigenous Relations strategy.  
22 Hydro One is committed to developing and maintaining positive

1 relationships with First Nations and Métis<sup>3</sup> communities and  
2 customers across Ontario. Hydro One recognizes the unique  
3 rights and interests of Indigenous peoples in Canada and seeks  
4 to work with First Nations as well as Métis communities in  
5 Ontario in the spirit of collaboration, mutual respect and  
6 trust, and shared responsibility.

7

8 **II. HYDRO ONE'S FOCUS ON DELIVERING CUSTOMER SERVICE**

9 **Q. Please briefly describe Hydro One Networks' efforts**  
10 **to improve customer service.**

11 A. In May 2013, Hydro One Networks implemented a new  
12 Customer Information System (CIS) to replace outdated  
13 technology, improve efficiency, and enhance customer  
14 experience. While the majority of customers received timely  
15 and accurate bills, a small percentage of customers  
16 experienced billing issues.

17 In February 2014, the Ontario Ombudsman launched an  
18 investigation into Hydro One Networks' customer billing  
19 practices and the timelines and effectiveness of the process  
20 for responding to customer concerns. As discussed below, if  
21 there is a problem, we are committed to fixing it. Shortly

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<sup>3</sup> Métis are people of mixed European and Indigenous ancestry, and one of the three recognized Aboriginal peoples in Canada.

1 thereafter, Hydro One Networks initiated the Customer Service  
2 Recovery project, to not only resolve technical problems that  
3 resulted from introducing a new billing system, but to also  
4 improve service through new customer-friendly policies and by  
5 changing our customer service culture by: putting a new  
6 customer service team in place and replacing the provider of  
7 call center services; clearing the backlog of customers who  
8 have gone a prolonged period of time without receiving a bill;  
9 decreasing the number of customers who have had prolonged  
10 periods of estimated bills; introducing flexible customer-  
11 centric policies for those affected by billing issues;  
12 improving billing and consumption information on the Hydro  
13 One website; hosting Virtual Town Halls with customers to  
14 talk about issues that matter to them; and establishing and  
15 implementing new/revised customer service policies,  
16 approaches and products.

17 In May 2015, the Ontario Ombudsman issued its final  
18 report, with over 60 recommendations to improve customer  
19 service. The Customer Care team addressed all 60  
20 recommendations, including improving the call center's  
21 quality assurance program, establishing more rigorous  
22 monitoring of operational performance indicators, and

1 strengthening oversight of customer-facing projects and  
2 initiatives.

3 In addition, Hydro One established a Customer Service  
4 Advisory Panel in the fall of 2014 to develop a set of  
5 customer commitments. Hydro One also appointed an internal,  
6 independent, Ombudsman in November 2015 to ensure all  
7 customers receive fair treatment. I am proud to report that  
8 customer service performance continues to improve and exceed  
9 targets, including telephone accessibility to the call  
10 center, first call resolution (85%) and customer satisfaction  
11 with contact center agents (92%). Most importantly, billing  
12 accuracy continues to surpass Ontario Energy Board  
13 requirements and is the highest in company history at over  
14 99%.

15 **Q. Please explain the more recent steps Hydro One has**  
16 **taken to improve customer service.**

17 A. Hydro One has elevated the customer experience by  
18 listening and responding with swift, measurable actions that  
19 deliver value and establish Hydro One as one of the most  
20 trusted brands in the utility industry. We have recently  
21 initiated several initiatives in an effort to further improve  
22 our customer service:

23 • Hydro One Networks was the first utility in Canada to  
24 launch a free mobile application that allows customers

1 to check the status of planned and unplanned outages  
2 anywhere in the Company's 640,000 square kilometer  
3 service territory (approximately 250,000 square  
4 miles) from their smartphones or tablets. We know  
5 power outages can be disruptive to our customers, so  
6 we work hard to restore power expeditiously after an  
7 outage. That's why we offer free text and email alerts  
8 to let customers know when they can expect power to  
9 be restored, and when the power is back on.

- 10 • Hydro One Networks was the first utility in Ontario  
11 to offer service guarantees, providing tangible  
12 evidence that we stand behind the service we provide  
13 our customers. If we fail to meet any one of these  
14 Guarantees, we will credit the affected customer's  
15 account \$75.
  
- 16 • Hydro One Networks also introduced High Usage Alerts  
17 in 2016, which proactively alerts customers if their  
18 bill is trending higher than a pre-determined  
19 threshold. Customers receive personalized  
20 information on electricity consumption and advice on  
21 managing usage, thereby allowing them to adjust their  
22 usage and reduce the amount of their bill.
  
- 23 • In 2016, Hydro One successfully launched a new service  
24 model to several Ontario First Nation communities that  
25 focuses on in-community, face-to-face interactions,  
26 and ensuring customers understand and access all of  
27 the available programs. To date, Hydro One has visited  
28 12 First Nations communities across the Province and  
29 met one-on-one with many First Nation customers.  
30 Building on the success of this program, we extended  
31 the new service model to our entire customer base in  
32 2017. We're delighted to now serve customers in three  
33 offices across the province, where customers can drop-  
34 in during regular business hours. Our employees are  
35 there to help customers better understand their  
36 electricity charges, answer questions about their  
37 bill, assist with smart meters, or provide information  
38 about conserving energy and reducing usage.
  
- 39 • We are also putting value back into the hands of our  
40 customers by eliminating all residential security  
41 deposits, returning existing deposits and reducing

1 deposit requirements for businesses - all of which  
2 were Canadian industry firsts.

3 • After a detailed review of customer-facing policies,  
4 we also announced additional relief for customers who  
5 have accumulated significant balances on their  
6 accounts, including additional Low-Income Energy  
7 Assistance Program (LEAP) funding and an extended  
8 winter moratorium. These announcements have helped  
9 customers manage their electricity usage to get back  
10 on track.

11 **Q. Please describe Hydro One's plans for its Customer**  
12 **Service Program.**

13 A. Hydro One is working toward a best-in-class,  
14 customer-centric company, with continuous improvement in  
15 customer satisfaction. "Flip the Switch" is our new  
16 commitment to customers to better listen and respond to their  
17 questions and concerns. Our goal is to authentically earn  
18 trust, listen openly and grow meaningful connections with our  
19 customers. To measure our success, we are monitoring customer  
20 satisfaction scores, brand reputation and using data and  
21 analytics to ensure this commitment is shared with every  
22 customer. Our objective is to complete every customer  
23 transaction in a timely, efficient and accurate fashion.  
24 Hydro One Networks will improve accessibility, enhance  
25 communication, and ultimately increase customer engagement.  
26 In essence, we want to be there for our customers when they

1 need us. Lastly, Hydro One Networks will empower customers to  
2 choose how and when they engage with us.

3 With respect to specific initiatives, Hydro One Networks  
4 recently launched a redesigned website and self-service  
5 portal, called MyAccount, to meet the evolving needs of our  
6 customers. Our new website comes with many benefits to  
7 customers and visitors on HydroOne.com, including improved  
8 self-serve features, a simplified mobile device experience,  
9 and tools to make managing and tracking electricity  
10 consumption easier. Our goal is to increase the number of  
11 self-service transactions from 90,000 per year to 300,000 in  
12 less than two years of implementation, thereby reducing call  
13 volumes.

14 **Q. Please describe Hydro One Networks' affordability**  
15 **solutions.**

16 A. In July of 2016 an assessment of our customer  
17 service operations and customer feedback revealed the primary  
18 concern of customers related either directly or indirectly to  
19 the affordability of electricity. Although our business role  
20 is generally to provide transmission and distribution service  
21 only, while other parties supply commodity, in response to  
22 customer feedback and the operational indicators, the need  
23 for lower electricity charges, especially for those who were

1 struggling to pay, Hydro One Networks developed a strategy to  
2 address affordability.

3 Our affordability strategy had two primary areas of  
4 focus: 1) internal measures that the Company could undertake  
5 independently, and 2) external measures that could be taken  
6 by government.

7 Internally we changed our approach to late stage  
8 collections by training and empowering the collections team  
9 to offer fair, flexible, and achievable payment arrangements,  
10 such as interest-free installment plans, equal billing,  
11 emergency funding for low-income customers, and conservation  
12 and demand management programs, to help customers get back on  
13 track. Over 150,000 customers are enrolled in equal billing,  
14 a program which helps smooth out seasonal highs and lows for  
15 our customers. We also introduced our Winter Relief program  
16 to reconnect customers who were living without power heading  
17 into the winter season. As part of this program we continued  
18 to monitor and help these customers stay on track. We also  
19 refunded \$12 million dollars in security deposits, as we  
20 believed these funds were better in the pockets of our  
21 customers, and not held by the Company.

22 From an external measures perspective, it was apparent  
23 that meaningful bill reductions required government action,

1 and Hydro One proactively shared customer insights and  
2 feedback to drive an affordability conversation with  
3 government. We put our best ideas forward on behalf of our  
4 customers to address affordability.

5

6 **III. OPPORTUNITIES FOR HYDRO ONE AND AVISTA TO**  
7 **COLLABORATE ON CUSTOMER SERVICE AND CUSTOMER**  
8 **SATISFACTION**  
9

10 **Q. Do you see opportunities for Hydro One and Avista**  
11 **to collaborate on customer service?**

12 A. Yes. Hydro One is committed to ensuring Avista's  
13 customers continue to receive a level of customer service  
14 that meets or exceeds customer expectations. In fact, Hydro  
15 One and Avista will share their customer service successes to  
16 ensure that one of the benefits of this transaction is that  
17 Avista's customers will continue to receive excellent  
18 customer service in the years to come.

19 **Q. Does this conclude your pre-filed direct testimony?**

20 A. Yes, it does.