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February 8, 2017

VIA ELECTRONIC FILING

Ms. Carlotta Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Petition for rate increase by Gulf Power Company, Docket No. 160186-EI

Dear Ms. Stauffer:

Attached is the Rebuttal Testimony of Gulf Power Company Witness Jarl T. Young.

(Document 16 of 16)

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr.".

Robert L. McGee, Jr.  
Regulatory & Pricing Manager

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 160186-EI**



**Gulf Power**

**REBUTTAL TESTIMONY  
OF  
JARL T. YOUNG**

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission  
3 Rebuttal Testimony of  
4 Jarl T. Young  
5 Docket No. 160186-EI  
6 In Support of Rate Relief  
7 Date of Filing: February 8, 2017

8 Q. Please state your name, business address and occupation.

9 A. My name is J.T. Young. My business address is One Energy Place,  
10 Pensacola, Florida 32520, and I am the Customer Service General  
11 Manager for Gulf Power Company (Gulf or the Company).

12 Q. Have you previously filed testimony in this proceeding?

13 A. No. However, I have adopted the direct testimony of Gulf Witness Terry.  
14 From this point forward I will be referring to Ms. Terry's direct testimony as  
15 my own.

16 Q. What are your responsibilities as the Customer Service General Manager?

17 A. In this role, I am responsible for the Company's customer service  
18 organization and associated strategies, policies and processes. I directly  
19 lead Gulf's teams that comprise our Customer Care Center (CCC) and  
20 Customer Support areas and I have functional responsibilities for our  
21 customer facing employees in our district and local offices.

22 Q. Please state your work experience and responsibilities.

23 A. I began my career with Gulf Power in 1989 and progressed through various  
24 leadership roles within Gulf Power and Southern Company Services (SCS)  
25

1 in the areas of marketing, customer service, information technology and  
2 strategic planning. Prior to my current role, I served as Corporate Services  
3 Director for Gulf Power. Prior to joining Gulf Power, I held various  
4 engineering and marketing related roles with Florida Power Corporation  
5 (now Duke Energy, Florida) and the Tennessee Valley Authority.

6

7 Q. What is your educational background?

8 A. I hold an MBA from the University of West Florida and a Bachelor of  
9 Science in Electrical Engineering from the University of Florida. I also  
10 successfully completed the General Management Program at Harvard  
11 Business School.

12

13 Q. What is the purpose of your rebuttal testimony?

14 A. The purpose of my testimony is two-fold. I address the direct testimony of  
15 Office of Public Council (OPC) Witness Ramas as it relates to SCS  
16 expenses for the Energy Innovation Center (EIC). Additionally, I provide a  
17 greater level of detail around the two apparent Commission rule violations  
18 against Gulf as described by Commission Staff Witness Hicks.

19

20 Q. Are you sponsoring any rebuttal exhibits?

21 A. No.

22

23

24

25

1 **I. ENERGY INNOVATION CENTER**

2

3 Q. Please describe OPC Witness Ramas's direct testimony as it relates to the  
4 EIC.

5 A. Witness Ramas asserts, in her testimony, that the EIC will not bring benefits  
6 to Gulf's customers and thus, recommends excluding the associated  
7 expenses from the test year budget.

8

9 Q. Do you agree with Witness Ramas's claims?

10 A. Absolutely not. Innovation is a key ingredient to the long-term success of  
11 any industry and the utility industry is no exception. Our customers not only  
12 benefit from innovation, but they expect Gulf to continue the long-standing  
13 tradition of the development of products and services that bring value to  
14 their lives. The EIC is an important tool for Gulf to use in this endeavor.

15

16 Q. Please describe the EIC and its purpose.

17 A. The EIC is an SCS organization that provides innovation support to many of  
18 Southern Company's subsidiaries, including Gulf. As it relates to Gulf, the  
19 ultimate goal of the EIC is to support the Company in encouraging, fostering  
20 and seeking out innovation which results in products and services that  
21 anticipate needs and improve the lives of our customers. The EIC is one of  
22 many tools available to Gulf to ensure that we are able to execute on our  
23 customer-centered philosophy both now and in the future. As I stated in my  
24 direct testimony, Gulf's customer service philosophy is to put our customers  
25 at the center of everything we do. We provide service that fits the lives of

1 our customers by giving them convenience, customization and control. Our  
2 philosophy rests on capable employees, tools and technologies to anticipate  
3 customers' needs and credible, trusting relationships.

4  
5 Gulf has a history of being a leader in innovation, offering first-of-a-kind  
6 products like the Good Cents Home Program and Energy Select, the first  
7 critical peak pricing program in the nation. That tradition continues with  
8 recent offerings like the Smart Energy pilot which I discussed in my direct  
9 testimony.

10  
11 Q. How does the EIC encourage, foster and seek out innovation?

12 A. Innovation begins with a culture. It is an intentional and long-term process.  
13 Innovative ideas are found throughout an organization, not just from  
14 employees who reside in specific roles. In fact, who better to offer  
15 innovative ideas than our employees who work with our customers every  
16 day? It takes everyone in the organization engaging in the process and  
17 ultimately the vision to see innovation truly make a difference. Partnering  
18 with Gulf, the EIC helps to foster innovative ideas in three primary ways:  
19 Employee Submissions, External Partnerships and Employee Project  
20 Teams.

21  
22 Q. Please explain how Employee Submissions are used.

23 A. The EIC serves in a support role and has a small staff of full-time  
24 employees. As I already stated, innovative ideas exist across the  
25 organization – the key is finding a way to tap into those ideas and bring

1           them to the forefront for consideration and evaluation. The EIC sponsors  
2           internal competitions and offers platforms where employees can submit  
3           ideas.

4  
5    Q.    Would you please elaborate on what you mean by internal competitions?

6    A.    One example was a Southern Company-wide, internal competition named  
7           So Prize. The competition stimulated innovative ideas to address the  
8           challenges faced by our Company and customers in the future. As a result  
9           of the So Prize competition, six “winning” ideas were selected. Two of  
10          those ideas came from Gulf employees. These ideas, one of which I  
11          discuss later in my testimony, are being evaluated for their future  
12          possibilities.

13  
14          While So Prize was a fairly broad competition, Gulf, with the assistance of  
15          the EIC, also recently held Power to Grow innovation sessions throughout  
16          the Company. These Gulf-specific sessions were well-attended and resulted  
17          in many Gulf-specific proposals that are still undergoing evaluation.  
18          Engaging all employees and making innovation a part of each employee’s  
19          daily thoughts does not happen by chance. These sessions are great  
20          examples of how the EIC supports Gulf and our customers in these efforts.

21  
22    Q.    Please explain how External Partnerships are used.

23    A.    The EIC actively seeks partnerships with leading innovation organizations,  
24          current and potential vendors, universities, research organizations, and like-  
25          minded businesses around the world. The EIC is located in Atlanta’s

1 Technology Square, positioning its staff to develop these partnerships,  
2 which Gulf is able to leverage in developing solutions that make our  
3 customers' lives better. Without the EIC, these resources would not be  
4 reasonably available to Gulf.

5  
6 Q. Please elaborate on what you mean by Employee Project Teams.

7 A. The EIC employs a small number of full-time employees. As an idea is  
8 generated, ad hoc teams are formed to vet the idea and determine how or if  
9 it should be carried forward. The EIC has established a five-step process to  
10 facilitate the efficient vetting of ideas and to make the process repeatable by  
11 new and different employees. While not all ideas are viable in the long  
12 term, the process ensures that no idea is left behind. As teams move  
13 through the pipeline process, the idea's progress is tracked. These teams  
14 are often made up of employees from across Southern Company, which  
15 again provides knowledge and skills that wouldn't be feasible if Gulf were  
16 attempting to manage this process on its own.

17  
18 Q. Please provide examples of projects that the EIC has fostered which benefit  
19 Gulf's customers.

20 A. The EIC has only been established formally since 2015. As I previously  
21 mentioned, innovation is a long-term proposition and thus, we are in the  
22 infancy stage of the EIC and its impact on Gulf's customers. However,  
23 there are a couple of projects worth noting that have had tangible benefits to  
24 Gulf's customers. First, the REvolution project was one of the So Prize  
25 submissions made by one of Gulf's employees. The idea of REvolution is



1 to accelerate the adoption of plug-in electric vehicles (PEV) through several  
2 key objectives, primarily pre-sale education and awareness. Gulf has  
3 worked closely with the EIC to test aspects of this idea including the “Coffee  
4 and Cars” events that I spoke of in my direct testimony. These events are  
5 held at local coffee shops and present customers with the opportunity to  
6 participate in ride-alongs in a variety of PEVs and ask Gulf personnel  
7 questions about PEVs. These events had strong participation and customer  
8 feedback was very positive. The REVolution project includes other aspects  
9 which will continue to be explored and tested with customers.

10  
11 Another example of a project where Gulf is maximizing its use of the  
12 resources at the EIC is the “Neighborhood of the Future.” While this project  
13 is still in the development phase, it involves planned communities of super-  
14 energy-efficient, sustainable homes. These homes would integrate energy  
15 management and efficiency technologies, distributed generation  
16 technologies (including solar panels, energy storage, and other microgrid  
17 capabilities), and a variety of connected home technologies. These  
18 futuristic neighborhoods will provide Gulf’s customers with homes that  
19 contain state-of-the-art technologies like smart thermostats and other smart  
20 appliances all connected through a hub to maximize their efficiency. Low-E  
21 impact resistant windows, geo-thermal heating ventilation and cooling  
22 (HVAC) systems, whole-house surge protection, smart street lighting,  
23 medical technologies for comfortably aging in place, and other technologies  
24 will be included to maximize energy efficiency and the comfort of our  
25 customers. Gulf is working with the EIC to test these technologies as well

1 as the full Neighborhood of the Future concept. The EIC's relationships  
2 with vendor partners and their ability to help perform research on many of  
3 these technology areas will provide many benefits to Gulf's customers now  
4 and in the future.

5  
6 Q. Do Gulf's customers benefit from the EIC?

7 A. Absolutely. As I've already described, the EIC not only partners with Gulf to  
8 contribute resources and relationships to enable products and services that  
9 enhance the lives of Gulf's customers today and into the future, it also plays  
10 an important role in building on Gulf's existing culture of innovation that is a  
11 necessary and distinctive component of our business. Gulf strives to  
12 anticipate customer needs and be their energy partner ready to exceed their  
13 expectations with the products and services that we offer. The EIC is an  
14 important component of that strategy.

15  
16 Q. Are there other ways that Gulf's customers benefit?

17 A. Yes. As discussed in the direct testimony of Gulf Witness Hodnett, all  
18 services provided to Gulf by SCS are provided at cost with no profit mark-  
19 up. The EIC, as an SCS entity, does the same. Gulf could not get these  
20 important services from a third-party provider at cost as any third-party  
21 provider would certainly include a profit mark-up. Additionally, if Gulf added  
22 in-house employees to provide similar services, Gulf would be responsible  
23 for those employees' full costs of compensation and other expenses. The  
24 EIC employees, on the other hand, are currently shared by multiple  
25 Southern Company operating companies. This shared cost structure allows

1 Gulf to both utilize the highly technical and specialized skills of the EIC as  
2 well as benefit from their collective external partnerships on an as-needed  
3 basis.

4  
5 In addition to the cost benefits, Gulf's customers also benefit because the  
6 EIC operates for the entire Southern Company, a scale much larger than  
7 Gulf alone. They are able to establish relationships with partners and  
8 develop research and pilot projects that Gulf, alone, would not be capable of  
9 doing. As I've already mentioned, the EIC is a new entity; therefore,  
10 products and services are still in the development process. But having  
11 access to the EIC's services will result in long-term value for Gulf's  
12 customers.

13  
14  
15 **II. CUSTOMER COMPLAINT ACTIVITY**

16  
17 Q. Please describe Gulf's customer complaint activity for the period of January  
18 2013 – December 2016.

19 A. As stated by Staff Witness Hicks, Gulf had 1,866 complaints logged during  
20 this four-year period. Of those, 1,781, or 95 percent, were transferred to  
21 Gulf and resolved by Gulf working directly with the customers, leaving 85  
22 total calls over the four-year period recorded (logged) as an actual  
23 complaint requiring Commission involvement. Of the complaints logged, the  
24 vast majority, 85 percent, were billing related issues, while only 15 percent  
25 were related to quality of service type issues.

1 Q. During this same time, did any of the complaints by Gulf's customers result  
2 in apparent rule violations?

3 A. Yes, two of the complaints resulted in apparent rule violations.  
4

5 Q. Would you characterize it as typical for Gulf to have complaints that result in  
6 apparent rule violations?

7 A. No. Excluding these two cases, since 2002, Gulf has only had one instance  
8 where a customer complaint resulted in a rule violation. In that situation, the  
9 issue was completely resolved, but Gulf's final report was submitted to the  
10 Commission a few minutes after the deadline resulting in the violation.  
11

12 Q. Given the fact that it is unusual for Gulf to have any complaints result in  
13 apparent rule violations, please describe these two cases in more detail.

14 A. The first case involved a customer who initially called Gulf seeking  
15 assistance with what he perceived as a high electric bill. This customer  
16 lives in a multi-family residence. After a couple of discussions with our  
17 Customer Care Center, it was suggested that Gulf send an energy auditor  
18 to the customer's residence to perform an energy audit. During the energy  
19 audit, several recommendations were made to the customer for HVAC and  
20 appliance upgrades that would likely result in decreased usage and a lower  
21 electric bill. The customer took action on many of these suggestions, but  
22 saw no resulting reduction in his electric bill. Additionally, during that same  
23 time frame, a meter test was conducted on the meter designed for his unit  
24 showing that the meter was functioning within the limits set forth by the  
25 Commission.

1 Q. What happened next?

2 A. After multiple conversations with the vendors that the customer used for  
3 many of the upgrades and Gulf Power personnel, the customer hired an  
4 electrician to come to his residence and perform additional investigatory  
5 work. It was determined by the electrician as part of this work that,  
6 apparently, the meter can for his unit was incorrectly labeled as an adjacent  
7 unit and vice versa resulting in this customer being billed not for the usage  
8 from his unit, but from his neighbor's unit. This labeling error was likely  
9 made by the electrician or building owner when the facility was originally  
10 built.

11  
12 Q. Was the customer over-billed?

13 A. Actually, through a bill analysis, it was determined that the customer who  
14 filed the complaint was under-billed over the period in question and his  
15 neighbor was over-billed. Gulf has refunded the neighbor for the over-billed  
16 amount.

17  
18 Q. If Gulf personnel are not responsible for labeling meter cans, why did this  
19 complaint result in an apparent rule violation for Gulf?

20 A. The apparent rule violation is due to the fact that Gulf did not bill these two  
21 customers accurately for the period in question.

22

23

24

25

1 Q. Were other recommendations made by the Commission as a result of this  
2 case?

3 A. Yes, the Commission recommended, and Gulf agrees, that the Company  
4 make changes to energy audit processes to try and ensure that, if situations  
5 like this occur in the future, we are able to more quickly identify the issue.  
6 Gulf takes seriously our role as energy experts, and we intend to fully  
7 evaluate what process changes we can implement so that even in situations  
8 where the issue is not with Gulf's equipment, we are able to assist the  
9 customer by proactively identifying the issue and recommending a solution.

10

11 Q. What specific changes does Gulf intend to make?

12 A. The importance of identifying a potential crossed meter by verifying the  
13 electrical load with a breaker check or other means was communicated to  
14 our energy auditors. This includes utilizing a Field Service Representative  
15 or Meter Technician if the auditor cannot affirmatively determine that the  
16 meter is associated with the customer in question.

17

18 Additionally, Gulf is pursuing enhancements to this process that would allow  
19 us to verify the customer's billing meter as the correct meter for their  
20 premise without potentially damaging any customer equipment by switching  
21 a breaker on and off. For example, we are investigating the use of a circuit  
22 tracer which provides a non-intrusive, safe way to ensure the meter in  
23 question is recording the energy usage for the designated premise. A  
24 solution such as this would have the same result as the breaker check while

25

1 minimizing potential safety issues and risk for equipment damage in the  
2 customer's home.

3

4 Q. Please describe the second apparent infraction.

5 A. In the second case, a customer filed a complaint with the Commission  
6 regarding an outdoor street light, paid for by his neighbor, which was  
7 shining too brightly into his residence.

8

9 Q. What was Gulf's response to this complaint?

10 A. On the afternoon that the Company received the complaint, Gulf's Lighting  
11 Services team installed a shield on the light to prevent it from shining into  
12 the customer's residence.

13

14 Q. Was this solution acceptable to the customer?

15 A. After installing the shield, Gulf personnel attempted to contact the customer  
16 with no success. Company personnel made five separate premise visits,  
17 left several telephone messages, sent an email, and mailed a letter to the  
18 customer. Since a resolution was put in place immediately upon receiving  
19 the customer's inquiry and no response was received from the customer,  
20 Gulf concluded that no response indicated the customer was accepting of  
21 the resolution.

22

23

24

25

1 Q. If the solution was deemed acceptable and all deadlines were met, why was  
2 it determined that there was an apparent rule violation?

3 A. Commission Rule 25-22.032 (6)(b) states “the company shall make direct  
4 contact with the customer verbally or in writing and provide to the customer  
5 its response to the complaint within 15 working days.” In this instance,  
6 Gulf’s letter to the customer was determined to have not clearly enough  
7 identified the solution, but rather, seemed more a letter asking that the  
8 customer contact the Company.

9

10 Q. What else would you like to add on the subject of customer complaints?

11 A. Gulf has a proven track record of outstanding customer service. This is  
12 proven not only in the fact that customer complaints to the Commission  
13 remain low, but also, as I stated in my direct testimony, in all measures of  
14 customer satisfaction.

15

16 Q. Mr. Young, does this conclude your rebuttal testimony?

17 A. Yes.

18

19

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25



AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 160186-EI

Before me the undersigned authority, personally appeared Jarl T. Young, who being first duly sworn, deposes, and says that he is the Customer Service General Manager of Gulf Power Company, a Florida corporation, and that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.

  
\_\_\_\_\_  
Jarl T. Young  
Customer Service General Manager

Sworn to and subscribed before me this 3<sup>rd</sup> day of February, 2017.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large

Commission No. FF912698

My Commission Expires December 17, 2019



MELISSA DARNES  
MY COMMISSION # FF 912698  
EXPIRES: December 17, 2019  
Bonded Thru Budget Notary Services