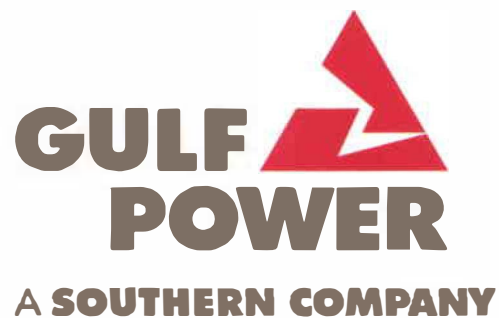


**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 130140-EI**



**TESTIMONY AND EXHIBIT  
OF  
MARGARET D. NEYMAN**

1 **GULF POWER COMPANY**

2 **Before the Florida Public Service Commission**  
3 **Prepared Direct Testimony of**  
4 **Margaret D. Neyman**  
5 **Docket No. 130140-EI**  
6 **In Support of Rate Relief**  
7 **Date of Filing: July 12, 2013**

8 **Q. Please state your name and address.**

9 **A. My name is Margaret Neyman and my business address is One Energy**  
10 **Place, Pensacola, Florida 32520.**

11 **Q. By whom are you employed?**

12 **A. I am employed by Gulf Power Company (Gulf or the Company) as the**  
13 **Customer Service General Manager.**

14 **Q. What is your educational background?**

15 **A. I attended Auburn University and received a Bachelor of Science degree in**  
16 **Industrial Engineering in 1980.**

17 **Q. Please state your prior work experience and responsibilities at Gulf.**

18 **A. I have been continuously employed by the Company for 32 years. I have**  
19 **held positions of increasing responsibility in the following areas: Corporate**  
20 **Performance, Customer Service, Appliance Sales, Marketing Services,**  
21 **Power Delivery, and Marketing. I am currently the Customer Service**  
22 **General Manager.**  
23  
24  
25

1 Q. What is the purpose of your testimony?

2 A. My testimony addresses Gulf's service-related interactions with its  
3 customers. I explain Gulf's customer service philosophy and culture of  
4 placing the customer in the center of everything we do. Gulf is proud of its  
5 long standing history of seeking to understand customers' needs and  
6 centering business decisions around those needs. I detail in my testimony  
7 examples of how Gulf responds to customers and how the Company  
8 continues to enhance services and options provided to them. I set forth the  
9 organization and functions of the business units that have day to day  
10 interaction with Gulf's customers. I also demonstrate Gulf's commitment  
11 and performance as a leader in the utility industry in customer satisfaction.

12

13 My testimony also addresses the Operations and Maintenance (O&M)  
14 expenses forecast for the 2014 test year in the functional area of Customer  
15 Accounts, as defined by the Federal Energy Regulatory Commission  
16 (FERC). I testify that these O&M expenses are reasonable, prudent and  
17 representative of conditions when new rates will be in effect and should be  
18 used to establish new base rates for Gulf to charge for its service to  
19 customers.

20

21 Q. Are you sponsoring any exhibits?

22 A. Yes. I sponsor Exhibit MDN-1, Schedules 1 through 4. This exhibit was  
23 prepared under my direction and control, and the information contained  
24 therein is true and correct to the best of my knowledge and belief.

25

1 Q. Which of the Company's MFRs do you sponsor?

2 A. The MFRs I sponsor or co-sponsor are listed on Schedule 1 of Exhibit  
3 MDN-1. To the best of my knowledge and belief, the information contained  
4 in these MFRs is true and correct.

5

6

7

### **I. GULF'S CUSTOMER SERVICE BUSINESS UNITS**

8

9 Q. Please describe the business units within the Company that support Gulf's  
10 customer service activities.

11 A. The employees in the customer service organization that interface with our  
12 customers on a daily basis are in the following business units: the  
13 Customer Care Center and District Customer Service.

14

15 Q. Please describe Gulf's Customer Care Center.

16 A. The Customer Care Center is the first point of contact for most customers.  
17 It is staffed 24 hours per day, seven days per week with Customer Care  
18 Representatives dedicated to assisting customers with service requests,  
19 billing inquiries, outage information and any other general inquiries. Gulf's  
20 Customer Care Representatives are comprehensively trained in all primary  
21 business areas that may directly impact customers. As such, rather than  
22 utilizing standardized scripts or talking points, Customer Care  
23 Representatives are empowered to seek an understanding of each  
24 individual customer's needs and respond as feasible to ensure the best  
25 outcome and experience for each customer.

1 Q. Please describe Gulf's District Customer Service.

2 A. District Customer Service includes personnel in the Company's three district  
3 offices in Panama City, Fort Walton, and Pensacola as well as smaller local  
4 offices in Chipley, Crestview, Defuniak Springs, Milton, and Niceville.

5 District Customer Service provides service directly to customers in locations  
6 that are close and convenient to them within the local community. By  
7 visiting one of these offices customers can complete a request for connect  
8 or disconnect of service, review their account in detail with a Customer Care  
9 Representative, make a payment arrangement, obtain a copy of their recent  
10 billing activity or a letter of residency, receive information on local  
11 assistance agencies, make a payment on their account, provide proof of  
12 identification, pick up literature on Energy Efficiency and Conservation  
13 programs, or meet with an on-site Marketing Representative (at most  
14 locations). Additionally, District Customer Service includes Field Service  
15 Representatives distributed throughout our service area whose primary  
16 responsibilities are to perform collections activities, revenue protection  
17 inspections and field audits.

18

19

20 **II. GULF'S COMMITMENT TO SUPERIOR CUSTOMER SERVICE**

21

22 Q. Ms. Neyman, please describe Gulf's commitment to providing superior  
23 service to customers.

24 A. One of Gulf's primary goals is to be an industry leader in service and  
25 customer satisfaction. We are committed to keeping customers at the

1 center of everything we do. We strive to create value and an enhanced  
2 service experience for customers by providing convenience, options and  
3 multiple channels of communication. Overall, our goal is that regardless of  
4 how or when customers have an interaction with us, the experience is a  
5 good one and results in the least amount of customer effort. Serving  
6 customers' needs takes many forms in several different channels, from a  
7 call to the Customer Care Center, to a transaction requested via  
8 gulfpower.com, to a face-to-face discussion at the local office, to an  
9 interaction with one of our Field Service Representatives at the customer's  
10 home. As Gulf has added services for customers, we have also added  
11 processes and resources to deliver these services and ensure a high level  
12 of satisfaction. This focus is essential and core to our philosophy on doing  
13 the right thing for all of our customers.

14  
15 Being readily accessible is one way Gulf fulfills its service commitment to  
16 customers. In 2012, approximately 1.4 million customer calls were received  
17 in the Customer Care Center. Customer Care Representatives spoke with  
18 65 percent of these customers, and the remaining 35 percent of customers  
19 chose to utilize the interactive Voice Response Unit (VRU) to complete their  
20 inquiry or transaction.

21  
22 As much as our Care Center is available for customers choosing to contact  
23 us by phone, our district and local offices are available for customers that  
24 choose or have a need to conduct business with us face to face. Because  
25 these offices are a part of our local communities, they have become the

1 "face" of the Company to customers visiting them. In 2012, employees in  
2 these offices assisted customers with more than one million transactions.  
3 Nineteen percent of all customer payments are received and processed at  
4 local offices, and as outlined previously in my testimony, accepting  
5 payments is one of many services provided. Customers have consistently  
6 told us that having a local office is important to them. When the Company  
7 implemented a monthly Active Customer Survey, this sentiment was  
8 confirmed. I describe actions Gulf has taken as a result of this Active  
9 Customer Survey later in my testimony.

10  
11 Ensuring that customers can conduct the same scope of business with the  
12 Company at the local offices as they can with the Customer Care Center is  
13 vital to our commitment to customers. Customer Care Representatives in  
14 the local offices have received additional training to ensure customers can  
15 receive the same services there as in the Customer Care Center. To  
16 provide this additional level of service and to reduce wait time for  
17 customers, Customer Care Representatives were added along with three  
18 Customer Service Associates, whose primary duties are to ensure quality  
19 and consistency in the level of service commitment delivered to customers,  
20 through hands-on training and quality assurance.

21  
22 Field collections is the other primary activity in District Customer Service  
23 impacting customers. By the end of 2012, the Advanced Metering  
24 Infrastructure (AMI) program rollout was completed. With this change,  
25 meters are now read remotely, eliminating the estimation of bills associated

1 with manual reading challenges in the field. Field Service Representatives  
2 now focus on collections, field auditing and revenue protection inspections,  
3 all of which benefit customers as a whole.

4  
5 Q. Please provide some examples of how Gulf fulfills its commitment of service  
6 excellence to its customers.

7 A. The most typical ways customers initiate a request with Gulf are either by  
8 calling our Customer Care Center or visiting one of our local offices. Our  
9 Customer Care Representatives effectively handle a large majority of our  
10 customers' needs on the phone or face to face, providing an immediate  
11 resolution to their requests. Regardless of how many customers they speak  
12 with, representatives are trained to actively look for ways to assist each  
13 individual customer given their unique circumstances and account situation.

14  
15 A recent example is one that occurred at one of our largest District  
16 Customer Service offices. A representative was manning the walk-in desk  
17 when a distraught customer came into the office. The customer's power  
18 had previously been disconnected due to non-payment so she moved in  
19 with her sister. But soon that arrangement was no longer an option and the  
20 customer needed to move back to her original location that had been  
21 disconnected. The customer had medical equipment that relied on  
22 electricity, so she was desperate to pay her bill. The customer relayed to  
23 the representative that a local community assistance group could not help  
24 her that same day. The Customer Care Representative took action. The  
25 representative personally contacted a local assistance organization and



1 shared the customer's unique circumstances, and the organization agreed  
2 to pay the bill. The representative was able to have the customer's power  
3 restored that afternoon. The representative noted that the customer was  
4 very distraught and had said "I'm going to Gulf Power. I know they can do  
5 something."

6  
7 The level of training and sense of empowerment to assist customers to this  
8 degree is accumulated over a period of years, and requires time and focus  
9 on taking care of our customers. Customer Care Representatives  
10 historically have long tenure in these positions at Gulf, despite having one of  
11 the most stressful jobs in the Company. They become and stay successful  
12 in these high stress positions because of the personal satisfaction of being  
13 empowered and knowing they are supported by their Company's  
14 commitment to assist customers on a daily basis.

15  
16 Ensuring the overall work force is adequately equipped and staffed to  
17 extend this level of care to customers is at the core of Gulf's philosophy of  
18 customer service. With additional positions added in 2011 and 2012 in the  
19 Customer Service organization, it has been possible to take the time to  
20 provide Customer Care Representatives with specific "off the phone or  
21 workstation" training that helps develop their ability to assist customers in  
22 this way, without sacrificing the service level too much on any given day.  
23 Prior to having the additional positions, there was simply not enough  
24 coverage to provide this additional training without significantly impacting  
25 our ability to answer calls or serve customers in local offices in a timely

1 manner. Well trained and equipped Customer Care Representatives are  
2 essential to providing the highest level of care to our customers long-term.  
3 Attracting and retaining highly skilled Customer Care Representatives is a  
4 key factor in ensuring that the level of service provided to customers is  
5 consistent and of high quality. Due to the comprehensive training and  
6 knowledge required, and the stressful nature of the job itself, it is imperative  
7 to invest in these employees, both in training and in compensation.  
8 Ensuring these critical customer-facing employees' salaries are competitive  
9 with comparable jobs in Northwest Florida is important in recruiting and  
10 retaining highly skilled employees with this particular skill set. This  
11 investment in these employees results in a direct benefit to customers when  
12 they contact us with needs.

13  
14 In another example of how employees fulfill their commitment to providing  
15 excellent service daily, a customer called to connect service on a house  
16 damaged in Hurricane Ivan that had not had power since 2009. The  
17 customer was a senior citizen and was at a financial point where they could  
18 repair the home and move back into it. In the course of preparing the  
19 connect service order, the representative discovered that in addition to an  
20 electrical inspection that would be required prior to connection, the  
21 customer also had two small outstanding unpaid bills on other accounts.  
22 The credit score that the representative obtained also indicated that the  
23 customer would need to provide full verification of identity in person at our  
24 local business office and pay a deposit up front before we could activate  
25 service. The representative acknowledged the customer throughout the call

1 while this research was being completed and the order was being prepared,  
2 apologizing for the wait. Once the order was prepared, the representative  
3 respectfully shared with the customer the obligations that would be placed  
4 on the account and the steps the customer would need to take in order to  
5 have service activated. The customer was very grateful for the  
6 representative's sensitivity and professionalism, and asked to speak to the  
7 representative's supervisor so she could convey how much she appreciated  
8 the respect and level of customer service that she was given by the  
9 representative.

10  
11 What is important to note in this example is that while the representative did  
12 not concede any of the obligations that needed to be satisfied by the  
13 customer, she communicated clearly, professionally and with sensitivity to  
14 the customer.

15  
16 Customer Care Representatives recently completed comprehensive  
17 classroom training on empathy. Feedback from representatives (even  
18 senior level reps) is that this type of training helps them stay fresh and  
19 mindful of how they communicate with customers. Maintaining this  
20 authenticity and empathy for each customer is very important since each  
21 representative speaks with thousands of customers per year. A renewed  
22 focus on training is possible with the addition of representatives in the past  
23 two years, with customers receiving the direct benefit of this training.

24 In yet another example of service commitment, a customer called into the  
25 Customer Care Center because her service had been cut for non-payment.

1 The representative researched her account and shared with the customer  
2 the amount required for service to be restored. The customer asked if she  
3 could pay on the website, and the representative said yes and offered to  
4 walk her through that process and then waited to ensure the customer's  
5 payment came through and the order to restore had been issued. The  
6 representative assured the customer that we are available 24x7 to assist  
7 whenever needed. The customer asked to speak to a supervisor because  
8 she wanted to praise the representative for being courteous and  
9 professional, and said the representative went above and beyond to help  
10 her.

11

12 These are a few examples of instances where customer service employees  
13 touch our customers personally, partnering with them to efficiently and  
14 respectfully manage their needs. Our customer service benchmark study  
15 tells us that customers who have a contact with us have higher satisfaction  
16 overall than those who do not have a contact with us.

17

18 Ensuring that our Customer Care Representatives are trained and easily  
19 accessible to customers when they need us is key to providing that level of  
20 service that increases customers' confidence and overall satisfaction with  
21 the Company and ultimately their personal experience as a customer.

22

23 As I discuss later in my testimony, we do measure the value perceived by  
24 our customers. The results demonstrate that Gulf has an excellent track  
25 record of fulfilling its service commitment to customers.

1 **III. GULF'S CUSTOMER SATISFACTION**

2

3 **Q. Please describe the Company's customer complaint activity with the Florida**  
4 **Public Service Commission (FPSC or Commission).**

5 **A. Historically, the Company's complaint activity, as reflected in Schedule 2 of**  
6 **my exhibit, has remained at remarkably low levels. Since 2010, complaints**  
7 **have steadily decreased each year. Of the complaints received during**  
8 **2012, the Company's staff of skilled customer service personnel**  
9 **successfully satisfied customer concerns by handling the customer's issue**  
10 **immediately via a warm transfer from the Commission (a transfer of the**  
11 **customer back to Gulf by the FPSC for resolution) 95 percent of the time,**  
12 **eliminating the need for a certified complaint.**

13

14 **We continue our focus on customers as our top priority. As a result, Gulf**  
15 **had only one infraction with the Commission in the last 12 years, and that**  
16 **single infraction was due to a timing issue where Gulf's response was one**  
17 **minute late. Gulf's personnel take care in striving to exceed customer**  
18 **expectations on a daily basis. This record, one of the best in the state, is**  
19 **one in which the Company is very proud. This historically low complaint**  
20 **activity is indicative of the emphasis that Gulf has placed on its customers**  
21 **through the years, even as customer needs, business environment and**  
22 **other factors have changed throughout this same time period.**

23

24 **Gulf believes that the addition of Customer Care Representatives in 2011**  
25 **and 2012 and the increased focus on training have contributed to an even**

1 lower overall number of Commission inquiries in the past two years. The  
2 best way to mitigate Commission complaint activity is to take care of the  
3 customer's needs the first time they contact us. Having knowledgeable and  
4 empowered Customer Care Representatives goes a long way towards  
5 resolving concerns before they become documented issues.

6

7 Q. How do you measure the value of service that Gulf provides to customers?

8 A. Gulf representatives continually talk with our customers. Face-to-face  
9 contact, letters, e-mails, telephone calls and surveys are all ways that  
10 customers let us know how we are doing.

11

12 The Company has consistently achieved high results in independent  
13 customer surveys gauging customer value and satisfaction in our industry.  
14 One such survey that Gulf participates in is the Customer Value Benchmark  
15 survey (CVB), described in more detail by Gulf Witness Strickland in her  
16 testimony.

17

18 Surveys and all other customer contacts also help Gulf measure its success  
19 with developing and delivering products and services. We are  
20 proud of our record, and the customer value and satisfaction scores bear  
21 out that we are successful in meeting the needs of our customers.

22

23

24

25

1 Q. Does Gulf take any initiatives as a result of the CVB?

2 A. Yes. Gulf makes a concerted effort to closely look at what our customers  
3 are saying and focus on areas in which we can provide an even greater  
4 level of service.

5

6 Some initiatives undertaken in response to CVB results include:

7 commissioning of the Active Customer Survey in 2011; comprehensive  
8 customer value training for all employees; a program in which non-  
9 customer-facing employees can spend time with employees in customer-  
10 facing roles; refurbishment of local offices where customers visit; more  
11 customized service for businesses calling the Customer Care Center; and  
12 increased staffing and robust training in the Customer Care Center and in  
13 District Customer Service local offices. These initiatives are geared towards  
14 maintaining a central focus on customers and spending time and resources  
15 on activities directly benefiting customers.

16

17 One of the most recent of these actions is the creation of new processes in  
18 the Customer Care Center focused on serving our small business  
19 customers. On-going feedback from these customers indicate a desire for  
20 direct access to Customer Care Representatives without having to go  
21 through the VRU.

22

23 In response, Gulf has developed new processes that will provide a fast track  
24 for business customers to speak with a representative with specific  
25 business skills and training. These new processes will leverage existing

1 technology and human resources while providing a more customized  
2 service to our small business customers.

3  
4 Another area we've focused on based on customer feedback and confirmed  
5 in the Active Customer Survey, is in our local office presence. Local offices  
6 are integrated in our smaller communities across Northwest Florida and for  
7 many of our customers these offices and the employees in them are the  
8 "face" of Gulf Power. To enhance the experience for our customers visiting  
9 these offices, Gulf has made improvements in these facilities.

10  
11 For example, our Panama City office underwent renovation in the customer-  
12 facing portion of the building, providing a pleasant, modern and efficient  
13 environment for our customers to conduct face-to-face business with us.  
14 Customers have been positive about these improvements. Customers who  
15 visit Gulf's local offices, representing more than a million transactions per  
16 year, benefit from a more pleasant office environment in which to visit within  
17 their own community.

18  
19 Q. How does the Active Customer Survey help Gulf continue to identify  
20 additional ways to meet customers' needs?

21 A. Gulf continually seeks opportunities to find innovative ways to better meet  
22 our customers' needs. To that end, in addition to the CVB, we conduct the  
23 Active Customer Survey monthly with customers who have had a recent  
24 contact with the Company. The results of the Active Customer Survey are  
25 used to identify areas for enhancing customers' overall experience.



1           Some targeted areas identified in the Active Customer Survey have been  
2 acted upon and initiatives undertaken, such as:

- 3           • “Heads Up” advance notice to customers for appointments at the  
4           customer’s location, which typically works out to be about a 30  
5           minute notice.
- 6           • Same day connects for simple meter connects that do not require  
7           line work, as long as the customer makes the request by 3 p.m.
- 8           • Appointment windows for field service calls shortened to two hours.
- 9           • VRU enhancement scheduled for 2013 to include both speech and  
10          touch tone response, along with a new menu design, call flow and  
11          verbiage based on customer feedback. In addition, the enhanced  
12          VRU will provide earlier and more frequent points in the menu for  
13          customers to request to speak directly with a representative in the  
14          Customer Care Center.

15  
16 Q.     Please describe other actions the Company takes to maintain very satisfied  
17 customers.

18 A.     Gulf recognizes that our customers desire options in terms of what, how and  
19 when they want to communicate and transact with us. We are learning that  
20 customers are not necessarily choosing one communication channel in  
21 place of another, but are using multiple channels depending upon the  
22 situation and type of transaction.

23  
24           Customers expect Gulf to have service options available that are consistent  
25 with what they receive elsewhere. For example, technology has advanced

1 such that customers are utilizing mobile devices in their everyday lives for a  
2 variety of services. As such, Gulf now offers a mobile-enabled website in  
3 addition to the traditional website. While this additional service adds value  
4 to customers that prefer this option, it does not replace the other means of  
5 service we provide, such as the traditional website, phone, or local office.  
6 While one customer may choose to use the mobile-enabled website to pay  
7 their bill, another may choose to use it to locate the nearest local office.

8  
9 One area in which Gulf is providing choices to customers is in billing and  
10 payments. Customers can choose to pay their bill through traditional means  
11 such as mailing a check to the remittance center or visiting the local office.  
12 Other options now available include paying online at [gulfpower.com](http://gulfpower.com) or  
13 through one of several other electronic options: AutoPay (an electronic  
14 funds transfer program); a third party vendor that accepts credit cards for a  
15 transaction fee; CheckFree Pay locations across the service area; or most  
16 recently, through cash payment kiosks located at area Circle K stores. All  
17 of these options are providing customers the ultimate flexibility and  
18 convenience of having a choice in how to pay their monthly electricity bill.  
19 At [gulfpower.com](http://gulfpower.com), customers can view and pay their bill, enroll in paperless  
20 billing, request a payment arrangement, make requests to turn service on or  
21 off, report outages (home or streetlight) or request an update on an existing  
22 outage.

23  
24 Paperless billing is an increasingly popular option for customers. Instead of  
25 receiving a paper bill in the mail, customers receive an email notification

1 each month that their bill is ready to view. Paperless billing was introduced  
2 in 2005, and currently more than 17 percent of total customers are enrolled  
3 in it, an increase from 14.5 percent in 2011.

4  
5 One option provided to customers is payment through a third-party vendor.  
6 This third party's automated payment service will accept payments 24 hours  
7 a day using a credit card, debit card or checking account information.  
8 Currently third-party payments account for 6 percent of total customer  
9 payments to the Company.

10  
11 For customers who want the ultimate convenience of not having to  
12 remember to initiate payment each month, they can enroll in Gulf's Auto  
13 Pay program. In this program, funds are automatically withdrawn from the  
14 customer's designated checking or savings account.

15  
16 As mentioned earlier in my testimony, Gulf introduced a mobile platform for  
17 its online customer care portal in 2011. An enhanced, more user-friendly  
18 version with added functionality was deployed in 2013. In the newest  
19 mobile portal, customers on smart devices can view and pay their bill, make  
20 payment arrangements, report an outage, and locate a business office  
21 based on their current location. The design of the mobile site was  
22 developed with direct input from customer focus groups, to help ensure the  
23 final product was one that was customer-focused and driven.

24 All of these self-service tools demonstrate Gulf's focus on making it easy for  
25

1 customers to do business with us by identifying meaningful and relevant  
2 options that fit their lifestyles and expectations.

3

4 Q. Are there any other conveniences that Gulf has provided for its customers  
5 to make it easier to do business with the Company?

6 A. Yes. Gulf is consistently focused on finding conveniences that meet our  
7 customers' needs. An example is cash payment kiosks that the Company is  
8 offering in our service area. These kiosks, installed and managed by a third  
9 party, provide customers the convenience of making payments at any time  
10 24x7 at 14 different locations. Payments are posted in real-time and allow  
11 customers to avoid having their power disconnected or to have their power  
12 restored without having to visit a local office.

13

14

15 **IV. GULF'S CUSTOMER ACCOUNTS O&M EXPENSES**

16

17 Q. Please describe the O&M budget process for your area of responsibility.

18 A. Gulf's Corporate Planning and Budgeting departments prepare a Budget  
19 Message that is distributed to all functional areas. The Budget Message is  
20 intended to provide a budget guideline for preparing the five year budget  
21 cycle request. The O&M budgets related to my area of responsibility are  
22 developed from the bottom up. The managers and supervisors in the  
23 districts and corporate functions initially develop the budgets with the goal of  
24 maintaining high customer satisfaction as I described in my testimony. As  
25 managers and supervisors develop their budget proposals, they take into

1 account any known factors that will affect their O&M needs during that  
2 period. Their budgets are then submitted to a centralized budget team.  
3 The budget team consolidates all of the information and submits a proposal  
4 to the department heads for the customer service functions. Once the  
5 department heads are satisfied that their O&M budgets are reflective of their  
6 needs, the Customer Service and Operations Vice President meets with his  
7 entire leadership team to discuss the O&M budget. At this point in the  
8 review process, it is the Vice President's intention to ensure the most critical  
9 needs are met across the organization. In the event there are funding  
10 constraints, the leadership team discusses risks associated with projects  
11 and prioritizes projects to help ensure the most critical issues are included  
12 in the O&M budget. Lastly, the budget is passed to Gulf's Corporate  
13 Planning and Budgeting departments. Gulf Witness Ritenour discusses the  
14 budget process that takes place after Corporate Planning and Budgeting  
15 receive the O&M budget.

16

17 Q. What are Gulf's Customer Accounts O&M budgets for 2013 and 2014?

18 A. Gulf's Customer Accounts O&M budgets for 2013 and 2014 are presented  
19 in Exhibit MDN-1, Schedule 3, Page 1. Gulf's Customer Accounts O&M  
20 budget for 2013 is \$24,598,000. Gulf's Customer Accounts O&M budget for  
21 2014 is \$25,795,000.

22

23 Q. Are Gulf's projected levels of Customer Accounts O&M expenses of  
24 \$24,598,000 in 2013 and \$25,795,000 in 2014 reasonable and prudent?

25 A. Yes. The expenses represented in the 2013 and 2014 budgets are

1 reasonable and prudent, and were arrived at through Gulf's robust budget  
2 process, as I described in detail previously in my testimony. This process  
3 originates in the functional areas that are closest to the front lines. This  
4 approach allows for all considerations, including those directly impacting  
5 customers, to be included at the beginning of the budget process and be  
6 manifested throughout the process as all factors, risks and benefits are  
7 considered into the final budget. Customer Accounts expenses are driven  
8 by responding to the needs of our customers.

9

10 Q. Please describe the Customer Accounts expenses included in the 2014 test  
11 year.

12 A. The Customer Accounts test year expenses are represented in three  
13 categories: \$20,454,000 for Customer Service, \$1,533,000 for Metering  
14 and \$3,808,000 for expenses related to Uncollectibles.

15

16 Q. Please describe activities included in Gulf's Customer Service category.

17 A. The Customer Service category includes expenses related to supervision,  
18 administration, billing, dispatch, facilities, Information Technology (IT) and  
19 telecommunications, district local offices, collections, training, field service  
20 and the Customer Care Center. Customer Service expenses for the 2014  
21 test year are \$20,454,000.

22

23 Q. Please describe Gulf's Metering category.

24 A. Metering includes expenses related to obtaining meter readings for billing  
25 purposes and administering and maintaining meters. Some of the major

1 expenses are related to labor, fleet service and IT. Maintaining and  
2 administering meters is essential for billing to customers. Metering  
3 expenses for the 2014 test year are \$1,533,000.

4

5 Q. Please describe Gulf's Uncollectibles category.

6 A. Uncollectibles includes amounts written off when customers leave a debt  
7 unpaid on an inactive service account. Uncollectibles expenses for the  
8 2014 test year are \$3,808,000. The Uncollectibles category is described in  
9 more detail in section "V. Uncollectibles" of my testimony.

10

11 Q. How do Gulf's Customer Accounts O&M expenses forecasted for 2014  
12 compare to the O&M benchmark historically used by the Commission?

13 A. The O&M benchmark for Customer Accounts is \$26,289,000. The  
14 Customer Accounts test year projected expenses are \$25,795,000 resulting  
15 in a variance of \$494,000 under the benchmark. This variance is illustrated  
16 in Exhibit MDN-1, Schedule 3, Page 2.

17

18 Q. Is Gulf's projected level of Customer Accounts O&M expense of  
19 \$25,795,000 in 2014 representative of a going forward level of Customer  
20 Accounts expenses beyond 2014?

21 A. Yes. As shown in Exhibit MDN-1, Schedule 3, Page 3, the projected level  
22 of Customer Accounts O&M expenses of \$25,795,000 for the 2014 test year  
23 is representative of the level of Customer Accounts expense on a going  
24 forward basis.

25

1 **V. UNCOLLECTIBLES**

2

3 Q. What level of Uncollectibles expense does Gulf project for 2014?

4 A. As noted previously, Gulf projects Uncollectibles expense in 2014 of  
5 \$3,808,000. The 2013 budgeted Uncollectibles is \$3,233,000. These  
6 amounts are reflected in Exhibit MDN-1, Schedule 3, Page 1.

7

8 Q. What level of write-offs does Gulf project in 2014?

9 A. Gulf projects write-offs for 2014 to be 0.29 percent of revenues, the  
10 product of a 4 year historical average. This methodology is consistent  
11 with the method the Commission used in Gulf's most recent rate case as  
12 set forth in Order No. PSC-12-0179-FOF-EI.

13

14

15 **VI. SERVICE FEES**

16

17 Q. Ms. Neyman, please identify Gulf's service fees currently in place.

18 A. Currently, Gulf has service fees as shown in Exhibit MDN-1, Schedule 4.

19

20 Q. How long have these service fees been in effect?

21 A. These service fees have been in effect since 2002, and no longer reflect the  
22 actual costs of providing these customer specific services.

23

24 Q. Is Gulf proposing adjustments to the Company's customer service fees?

25 A. Yes. Based on analysis of current costs, Gulf has developed new fees for



1 all services except: Initial and Existing Connection of Residential Service,  
2 Connection of Temporary Service, Investigation of Unauthorized Use and  
3 Returned Items. Supporting details of all service fees are included in MFR  
4 E-7, Development of Service Charges and summarized in Schedule 4 of  
5 Exhibit MDN-1 in my testimony.  
6

7 Q. Describe the basis for the modification to the service fees for Connection of  
8 Initial Service and Connection of Existing Service.

9 A. Currently, Residential and Non-Residential customers pay the same amount  
10 for Connection of Initial Service and Existing Service. With full AMI  
11 deployment at Gulf, there is now a cost differential between Residential and  
12 Non-Residential connections. Based on this cost differential and to reflect  
13 the actual cost associated with each, Gulf has developed separate  
14 connection fees for Residential and Non-Residential. This separation of  
15 fees results in no adjustment for Residential Connection of Initial Service  
16 and Connection of Existing Service. It results in an increase in the Non-  
17 Residential Connection of Initial Service and Connection of Existing Service.  
18

19 Q. Describe the basis for the adjustments made to other fees from the current  
20 set amount.

21 A. The other fees adjusted are Restoration of Service after Violation of Rules  
22 During Normal Operating Hours, Restoration of Service after Violation of  
23 Rules After Normal Operating Hours, Restoration of Service at Pole after  
24 Violation of Rules and Premises Visit. The fees developed for these  
25 services are based on the costs to provide the services. Setting these

1 service fees at a reasonable level based primarily on cost ensures that  
2 customers receiving the direct benefit of these services bear the majority of  
3 the costs, sparing the rest of Gulf's customers from having to bear the costs  
4 through base rates. Restoration of Service Fees were adjusted slightly from  
5 cost for ease of administration and to maintain a reasonable price  
6 differential between each category of Restoration of Service after Violation  
7 of Rules. The Premises Visit fee is based on and set slightly lower than  
8 cost.

9  
10  
11 **VII. SUMMARY**  
12

13 Q. Please summarize your testimony.

14 A. Gulf continues to build upon a solid reputation with our customers in  
15 providing exceptional customer service.

16  
17 The Company has been successful because we listen to our customers and  
18 place them at the center of everything we do. All of the various channels  
19 through which the customer can communicate with the Company are used  
20 to provide them with a high quality of service with reduced effort on their  
21 part. Gulf values the trust we have earned from our customers and we  
22 know that our continued success is dependent upon maintaining and  
23 building on that relationship.  
24  
25

1 Gulf is and continues to be focused on providing value to our customers at  
2 the lowest possible cost. We have undertaken initiatives to maximize  
3 efficiencies, encourage innovation and ultimately remove costs from our  
4 business while still delivering value to our customers.

5

6 My testimony demonstrates and confirms Gulf's high performance in the  
7 area of Customer Service and the substantial benefits provided to  
8 customers. The O&M spending in Customer Accounts is reasonable and  
9 necessary and supports Gulf's need to increase base rates.

10

11 The O&M expenses described in my testimony are carefully budgeted,  
12 controlled and utilized in a manner to ensure value is provided to our  
13 customers and satisfaction remains at very high levels. The \$25,795,000  
14 budgeted for Customer Accounts in the test year is reasonable, prudent and  
15 necessary and is representative of the levels to be incurred in the future  
16 when new rates resulting from this case are in effect.

17

18 Q. Does this conclude your testimony?

19 A. Yes.

20

21

22

23

24

25

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No.: 130140-EI

Before me the undersigned authority, personally appeared  
Margaret D. Neyman, who being first duly sworn, deposes, and says that she 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 her  
knowledge, information, and belief. She is personally known to me.

Margaret D. Neyman  
Margaret D. Neyman  
Customer Service General Manager

Sworn to and subscribed before me this 8<sup>th</sup> day of July, 2013.

Monica A. Williams

Notary Public, State of Florida at Large

Commission No. EE 166803

My Commission Expires 2/6/16



**Responsibility for Minimum Filing Requirements**

<b><u>Schedule</u></b>	<b><u>Title</u></b>
C-6	Budgeted Versus Actual Operating Revenues and Expenses
C-9	Five Year Analysis - Change in Cost
C-11	Uncollectible Accounts
C-12	Administrative Expenses
C-41	O&M Benchmark Variance by Function
E-7	Development of Service Charges
F-8	Assumptions

**Gulf's FPSC Complaint Activity**

Year	Complaint <sup>1</sup>	GI-72 <sup>2</sup>	Warm Transfer <sup>3</sup>	Infraction <sup>4</sup>
2002	31	18	96	0
2003	12	23	141	0
2004	9	34	164	0
2005	7	32	139	0
2006	10	23	150	0
2007	7	20	163	0
2008	8	23	313	0
2009	8	36	544	0
2010	17	43	530	1 <sup>5</sup>
2011	11	19	436	0
2012	6	9	332	0

<sup>1</sup>Any customer of a Commission regulated company may file a Complaint with the Division of Service, Safety and Consumer Assistance whenever the customer has an unresolved dispute with the company regarding a service that is subject to Commission jurisdiction.

<sup>2</sup>GI-72 is defined as a complaint that is resolved by the Company within three days. If the customer does not object to Company's resolution to the complaint, the complaint will not be reported in the total number of complaints shown in the Commission's Consumer Complaint Activity Report.

<sup>3</sup>Warm Transfer is defined as a customer complaint that is transferred to the utility for resolution via the telephone transfer-connect or e-transfer process.

<sup>4</sup> Infraction is defined as an apparent rule violation.

<sup>5</sup> Infraction is included in the Inquiry total.

**CUSTOMER ACCOUNTS (\$000)**

<u>Category</u>	<u>2013 Budget</u>	<u>2014 Forecast</u>
Customer Service Expense	19,845	20,454
Metering Expense	1,520	1,533
Uncollectible Accounts Expense	3,233	3,808
<b>Customer Accounts Total</b>	<b>24,598</b>	<b>25,795</b>

**CUSTOMER ACCOUNTS (\$000)**

Test Year Adjusted Benchmark	26,289
Test Year Adjusted Request	25,795
<b>System Benchmark Variance</b>	<b>(494)</b>



**CUSTOMER ACCOUNTS (\$000)**

<u>Category</u>	<u>2013 Bud</u>	<u>2014 Fcst</u>	<u>2015 Fcst</u>	<u>2016 Fcst</u>	<u>2017 Fcst</u>
<b>Customer Service Expense</b>	<b>19,845</b>	<b>20,454</b>	<b>21,095</b>	<b>21,746</b>	<b>22,298</b>
<b>Metering Expense</b>	<b>1,520</b>	<b>1,533</b>	<b>1,547</b>	<b>1,569</b>	<b>1,591</b>
<b>Uncollectible Accounts Expense</b>	<b>3,233</b>	<b>3,808</b>	<b>3,965</b>	<b>4,280</b>	<b>4,465</b>
<b>Customer Accounts Total</b>	<b>24,598</b>	<b>25,795</b>	<b>26,607</b>	<b>27,595</b>	<b>28,354</b>

**SERVICE FEES**

Service	Current Cost	Current Fee	New Fee
<b>1 Connection of Initial Service</b>			
- Residential	\$37.40	\$27	\$27
- Non Residential	\$76.40	\$27	\$50
<b>2 Connection of Existing Service</b>			
- Residential	\$29.49	\$27	\$27
- Non Residential	\$108.15	\$27	\$50
<b>3 Restoration of Service (After Violation of Rules)</b>	\$64.80	\$35	\$60
<b>4 Restoration of Service After Hours (After Violation of Rules)</b>	\$76.02	\$55	\$80
<b>5 Restoration of Service at Pole (After Violation of Rules)</b>	\$94.17	\$95	\$100
<b>6 Premises Visit</b>	\$33.47	\$20	\$30
<b>7 Connection of Temporary Service</b>	\$120.29	\$110	\$110
<b>8 Investigation of Unauthorized Use - FSR</b>	\$70.83	\$75	\$75
<b>9 Returned Items</b>			
- for Amounts > \$300	---	\$40.00	\$40.00
- for Amounts > \$50 < \$300	---	\$30.00	\$30.00
- for Amounts < \$50	---	\$25.00	\$25.00