

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, LLC)
PURSUANT TO IND. CODE §§ 8-1-2-42.7 AND)
8-1-2-61, FOR (1) AUTHORITY TO MODIFY)
ITS RATES AND CHARGES FOR ELECTRIC)
UTILITY SERVICE THROUGH A STEP-IN OF)
NEW RATES AND CHARGES USING A)
FORECASTED TEST PERIOD; (2) APPROVAL)
OF NEW SCHEDULES OF RATES AND)
CHARGES, GENERAL RULES AND)
REGULATIONS, AND RIDERS; (3))
APPROVAL OF A FEDERAL MANDATE)
CERTIFICATE UNDER IND. CODE § 8-1-8.4-1;)
(4) APPROVAL OF REVISED ELECTRIC)
DEPRECIATION RATES APPLICABLE TO)
ITS ELECTRIC PLANT IN SERVICE; (5))
APPROVAL OF NECESSARY AND)
APPROPRIATE ACCOUNTING DEFERRAL)
RELIEF; AND (6) APPROVAL OF A)
REVENUE DECOUPLING MECHANISM FOR)
CERTAIN CUSTOMER CLASSES)

CAUSE NO. 45253

VERIFIED DIRECT TESTIMONY
OF
LESLEY QUICK

On Behalf of Petitioner,
DUKE ENERGY INDIANA, LLC

Petitioner's Exhibit 29

July 2, 2019

DUKE ENERGY INDIANA 2019 BASE RATE CASE
DIRECT TESTIMONY OF LESLEY QUICK

**DIRECT TESTIMONY OF LESLEY G. QUICK
VICE PRESIDENT REVENUE SERVICES
DUKE ENERGY CAROLINAS, LLC
ON BEHALF OF DUKE ENERGY INDIANA, LLC
BEFORE THE INDIANA UTILITY REGULATORY COMMISSION**

I. INTRODUCTION

1

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Lesley G. Quick, and my business address is 400 South Tryon Street,
4 Charlotte, North Carolina.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed as Vice President Revenue Services for Duke Energy Carolinas,
7 LLC, a utility affiliate of Duke Energy Indiana, LLC (“Duke Energy Indiana” or
8 “Company”) and an indirect subsidiary of Duke Energy Corporation (“Duke
9 Energy”).

10 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND**
11 **PROFESSIONAL BACKGROUND.**

12 A. I obtained a Bachelor’s degree in Financial Management from Clemson
13 University in 2002. I started with the Company two weeks after graduation and
14 have remained an employee for the past 17 years. Since 2002, I have worked for
15 the Company in a variety of roles, each with increasing responsibility, in Finance,
16 Rates and Regulatory Compliance, Corporate Strategy and Customer Solutions
17 products and services. I assumed my current position in Customer Services in
18 2017.

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1 Q. PLEASE DESCRIBE YOUR DUTIES AND RESPONSIBILITIES AS VICE
2 PRESIDENT REVENUE SERVICES.

3 A. I am responsible for developing the strategy, operational plans, business controls
4 and workforce strategy for the Company's billing operations, Advanced Meter
5 Infrastructure operations, payment processing across multiple channels and credit
6 and collection processes for approximately 8 million retail electric and gas
7 customers across six jurisdictions. I am also responsible for the customer
8 experience across these operations and ensuring appropriate compliance with
9 regulatory guidelines and policies throughout the critical billing, revenue and
10 payment streams.

11 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
12 PROCEEDING?

13 A. The purpose of my testimony is to provide an overview of the customer services
14 provided by the Company and to support the Company's test period customer-
15 related expenditures. I also describe the Company's customer initiatives, as well
16 as present the Company's customer-related performance metrics. Additionally,
17 my direct testimony proposes changes to certain existing customer-related
18 programs and introduces new programs, providing justifications therefor. I will
19 also address information I provided as the basis for several adjustments
20 incorporated into the proposed revenue requirements and supporting the
21 Company's requests herein.

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II. OVERVIEW OF CUSTOMER SERVICES

Q. HOW DOES THE COMPANY VIEW CUSTOMER SERVICE?

A. One of the Company’s most important missions is to provide excellent customer service. Customer service is a factor in the policies, programs and decisions that the Company implements.

Q. HOW DOES THE COMPANY SEEK TO MEASURE AND IMPROVE EXCELLENCE IN CUSTOMER SERVICE?

A. The Company tracks several customer performance metrics in order to evaluate its performance and improve customer service. Specifically, the Company is using a proprietary survey, CX Monitor, to measure Net Promoter Score (“NPS”) by asking customers to rate ‘How likely it is that they will recommend Duke Energy Indiana to a friend or colleague’ on a ‘0-10’ scale. NPS is a metric utilized by companies across industries to measure customer advocacy.

In addition to measuring customer advocacy, the CX Monitor survey also measures customer satisfaction with key experiences they have had with Duke Energy Indiana over the past 12 months, which is reviewable by the Company in near real-time. Examples of these experiences may be a billing or payment experience. Customers provide a score for each experience they have had on a ‘0-10’ scale and NPS allows for open-ended verbatim comments detailing the primary reason(s) for their score.

Duke Energy has been using NPS since January 2018, and as of April 2019, has already collected responses from more than 410,000 residential electric

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1 customer surveys and over 25,000 small / medium business (SMB) surveys
2 enterprise-wide. Duke Energy Indiana has been able to leverage the data to
3 generate insights, which have helped it prioritize investments to drive customer
4 satisfaction. The Company also has implemented Fastrack 2.0, a proprietary post-
5 transaction measurement program. Fastrack 2.0 measures the quality of
6 interactions customers have with the Company, helping the evaluation of its
7 customer performance.

8 **Q. DOES THE COMPANY STILL REVIEW J.D. POWER RESULTS?**

9 A. Yes, the Company still examines performance in J.D. Power as a relative
10 benchmark against peer utilities. The Company ranked in the 2nd Quartile in J.D.
11 Power in 2015 and 2016, ranked in the top quartile in 2017, was again in the 2nd
12 quartile in 2018 and is in the top quartile in the 2019 J.D. Power Wave 1 study.
13 Duke Energy Indiana has been recognized as one of the biggest movers in J.D.
14 Power results in 2019. The results improved from a 731 in 2018 to a 746 in 2019
15 – a 15-point jump year-to-year. In addition to the overall score, Duke Energy
16 Indiana was top quartile in 5 of 6 components.

17 The Company values the granularity of the data provided by these surveys,
18 which allows for timely customer service improvements.

19 **III. TEST PERIOD CUSTOMER-RELATED EXPENDITURES (O&M)**

20 **Q. WHAT LEVEL OF CUSTOMER ACCOUNTS, CUSTOMER SERVICE**
21 **AND INFORMATIONAL, AND SALES O&M EXPENSES ARE**
22 **REFLECTED IN DUKE ENERGY INDIANA'S 2020 FORECAST?**

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1 A. Duke Energy Indiana’s 2020 Customer Accounts, Customer Service and
 2 Informational, and Sales O&M Forecast is \$35 million.

3 **Q. HOW DOES THE 2020 CUSTOMER ACCOUNTS, CUSTOMER**
 4 **SERVICE AND INFORMATIONAL, AND SALES O&M FORECAST**
 5 **COMPARE TO THE 2019 BUDGET AND THE 2018 ACTUAL**
 6 **EXPENDITURES?**

7 A. A comparison of the Forecasted 2020 Customer Accounts, Customer Service and
 8 Informational and Sales O&M expenses to the 2019 Budget and 2018 Actual
 9 Customer Accounts, Customer Service and Informational and Sales O&M
 10 expenses is shown in the table below.

11 **Table 1:**

<i>\$ in Millions</i>	2018 Actual	2019 Budget	2020 Forecast
Customer Accounts, Customer Service and Informational, and Sales O&M	\$40	\$33	\$35
Increase / (Decrease)		(\$7)	\$2

12 **Q. PLEASE DESCRIBE THE MAJOR CHANGES BETWEEN THE 2018**
 13 **ACTUAL, 2019 BUDGET AND 2020 FORECASTED CUSTOMER**
 14 **ACCOUNTS, CUSTOMER SERVICE AND INFORMATIONAL AND**
 15 **SALES O&M EXPENDITURES, INCLUDING ANY MAJOR**
 16 **ASSUMPTIONS UTILIZED TO ARRIVE AT THE 2020 FORECAST.**

17 A. The \$7 million decrease in the 2019 budget primarily reflects a change in the
 18 account used in the 2019 budget for meter reading expenses. The \$2 million

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1 increase in the 2020 forecast is due primarily to forecasted increases in labor
2 inflation and postage.

3 **Q. DID YOU PROVIDE THE 2020 CUSTOMER ACCOUNTS, CUSTOMER**
4 **SERVICE AND INFORMATIONAL AND SALES O&M EXPENSES**
5 **REFLECTED ABOVE, TO WITNESS MR. CHRISTOPHER M. JACOBI**
6 **FOR INCLUSION IN THE DUKE ENERGY INDIANA FORECASTED**
7 **TEST PERIOD PROPOSED IN THIS CASE?**

8 A. Yes.

9 **IV. CUSTOMER PERFORMANCE METRICS**

10 **Q. YOU PREVIOUSLY MENTIONED THAT THE COMPANY TRACKS A**
11 **NUMBER OF METRICS IN ORDER TO MEASURE THE COMPANY'S**
12 **PERFORMANCE. CAN YOU PLEASE PROVIDE ADDITIONAL**
13 **DETAIL ON THESE METRICS?**

14 A. Yes. These customer performance metrics include monitoring Commission
15 complaints, customer satisfaction data, and customer contact center records.

16 **Q. DESCRIBE THE COMPANY'S MONITORING OF COMMISSION**
17 **COMPLAINTS.**

18 A. The Company maintains a record of customer complaint data, including monthly
19 and yearly data on the number of customer complaints and the manner in which
20 such complaints are lodged. One critical metric the Company tracks is the
21 number of complaints filed with the Commission. From 2016 through the first

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1 four months of 2019, the rate of complaints before the Commission have been
 2 relatively steady, except for an increase in 2017.

3 **Table 2:**

Complaint Source	2016	2017	2018	2019 (April)
IURC	263	579	294	110

4 **Q. WHY WAS THERE AN INCREASE IN 2017?**

5 A. 2017 was an anomaly in terms of customer complaints for several reasons. First,
 6 in the latter half of 2016, the Company initiated its AMI deployment in Terre
 7 Haute. Additionally, in December 2016, the Company dismissed a meter reader
 8 in the Greencastle area, due to meter reading inaccuracy. An amplifying factor
 9 was that December 2016 was unusually cold, with monthly temperatures
 10 approximately 61% colder than November 2016, and 25% colder than December
 11 2015. As a result of these combined factors, customers experienced higher bills,
 12 and more complaints were filed with the Commission.

13 **Q. WHAT DID THE COMPANY DO IN REACTION TO THESE**
 14 **OCCURRENCES?**

15 A. After the Company realized the issue, it took immediate actions. For example, the
 16 Company suspended disconnect for nonpayment for affected customers, waived
 17 late payment fees from December 28, 2016 through March 31, 2017, mobilized a
 18 local in-person customer care center in February 2017, offered extended deferred
 19 payment arrangements, and utilized an independent third party to perform meter

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1 testing. The Company also engaged the Commission and explained the issue and
2 reviewed lessons the Company learned.

3 Importantly, the Company also created a program where we could better
4 identify when misreads occur to proactively correct the issue before a customer
5 receives the bill. The pre-bill analytics tool takes degree day weather data and
6 meter usage history to determine how the weather impacts that specific meter.
7 The correlation between that data allows us to use the degree day weather data to
8 accurately predict the usage for a manually read meter. If the usage amount is
9 outside of the threshold of that estimate then that meter is reviewed by a Revenue
10 Services Representative before a bill is generated to identify potential misreads to
11 avoid an incorrect bill from being sent to the customer.

12 **Q. HOW HAS THE COMPANY'S CUSTOMER SERVICE IMPROVED AS A**
13 **RESULT OF THE OCCURRENCE?**

14 A. These lessons included a higher attention to emerging problems, improved
15 customer communications, and enhanced performance monitoring. Overall, while
16 the Company acknowledged a customer issue, the Company has applied the
17 lessons learned to implement successful change and improvements that will
18 benefit customers system-wide. As a result, the remainder of the AMI roll-out,
19 expected to conclude in 2019, has not resulted in an increased level of complaints.

20 **Q. IS THERE ANYTHING ELSE WITH REGARD TO CUSTOMER**
21 **COMPLAINTS THAT YOU WOULD LIKE TO EMPHASIZE?**

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1 A. Yes. The Company's customers can voice complaints in a number of different
2 ways, a few of which I would like to address. Hot Alerts, which are an aspect of
3 the Fastrack 2.0 program I described earlier, serve as a way for the Company to
4 be apprised of complaints with a high priority. A Hot Alert is an internal referral
5 for customer service follow-up, in which a member of the Company's customer
6 service staff directly contacts the customer to ensure a satisfactory resolution to
7 the customer's issue. A Hot Alert is triggered by the customer asking to speak
8 with the Company's personnel, indicating unhappiness with a service experience,
9 or from a software review of the customer's words which may indicate frustration
10 or a poor experience. Hot Alerts have been trending down from 379 in 2017, to
11 294 in 2018, to just 42 in the first four months of 2019.

12 The I Can Help system allows customers to raise issues and inquiries
13 directly with Company employees, and employees can then report these issues on
14 a mobile app. As such, the I Can Help tool allows employees to immediately
15 begin the process of resolving a problem, as well as track resolution of these
16 issues. As demonstrated in the chart below, the utilization of the I Can Help
17 program by Company employees has been trending upwards. Overall, the
18 Company provides an array of options for customers to report issues, and the
19 Company's history reflects seriousness in addressing complaints and inquiries,
20 either formal or informal. Duke Energy Indiana is continuous in its efforts to
21 improve and maintain a high level of customer service.

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Table 3:

	2016	2017	2018	2019 (April)
I Can Help	88	135	174	67

2 **Q. ARE THERE ANY OTHER METRICS THE COMPANY USES TO**
 3 **TRACK CUSTOMER PERFORMANCE?**

4 A. Yes. A key driver of satisfaction in Indiana is the outage restoration experience.
 5 The testimony of Duke Energy Indiana witness Ms. Cicely Hart discusses how
 6 our outage satisfaction has increased over time.

7 **Q. HOW DOES THE COMPANY UTILIZE CUSTOMER CARE CENTERS,**
 8 **ITS CALL CENTER OPERATION?**

9 A. Duke Energy has two Customer Care Centers in the Midwest to support our
 10 Indiana, Ohio and Kentucky customers, and four additional Duke Energy and four
 11 vendor customer call centers throughout the Duke Energy enterprise. The
 12 customer care representatives are cross-trained so that when needed they can
 13 assist in all Duke Energy jurisdictions. The two Midwest Customer Care Centers
 14 are located at 1000 East Main Street, Plainfield Indiana and 139 East Fourth
 15 Street, Cincinnati Ohio 45201. Both Centers are open from 7:00 am to 7:00 pm
 16 Monday through Friday for normal business. We also utilize vendor call centers
 17 in Alabama and Atlanta to supplement our Midwest Customer Care Centers.

18 The Duke Energy Social Media Customer Care program operates Monday
 19 through Friday from 8:00 am to 5:00 pm assisting customers on Facebook,
 20 Twitter, LinkedIn, and Instagram. Utilizing resources from the Consumer Affairs

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1 organization, employees assist customers in a private, one to one conversation
2 using Messenger to address any questions or issues that they may be having.

3 **Q. CAN YOU DESCRIBE THE EFFECTIVENESS OF THE COMPANY'S**
4 **MOBILE APP?**

5 A. Recently, the Company has made available a free mobile app for customers to
6 use. The mobile app allows residential and small business customers to easily
7 manage their account from anywhere. The app was developed based on
8 customers' most requested features – customers can: view and pay their bill, use
9 the app to set reminders, schedule automatic payments, view their billing history,
10 report an outage and receive restoration updates, monitor their energy use over
11 time so they can better manage it, and receive personalized offers that help them
12 save energy. The app uses the same log-in as a customer's current account and
13 has an option to use fingerprint or facial recognition for a fast, secure sign-in.

14 **V. CUSTOMER INITIATIVES**

15 **Q. WHAT EFFORTS HAS THE COMPANY SOUGHT TO EXPAND ITS**
16 **CUSTOMER INITIATIVES?**

17 A. The Company has been working to implement enhancements to Speedpay (Duke
18 Energy's third party payment processor) that will permit additional payment
19 options such as Text to Pay and Apple Pay. Additionally, the Company is close
20 to deploying enhancements to our Business Paperless Billing platform. The
21 program is a service that makes it quicker, easier and more convenient for the
22 Company's business customers to receive electronic bills and pay them online.

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1 This program allows for quick and real-time information regarding all Company
2 accounts, as well as faster account load times for customers with more than 50
3 accounts. The program also allows access to real-time payment and posting,
4 which includes customizable and flexible payment options, as well as enhanced
5 navigation.

6 The Company is in the process of replacing the existing interactive voice
7 response (“IVR”) system. The current customer IVR relies on touch-tone to
8 navigate and is heavily reliant on lengthy menu structures. The Company will
9 replace the IVR with one that maximizes the use of natural language and speech
10 recognition to greatly improve the customer experience while also improving IVR
11 performance and reporting/analytics.

12 **VI. PROPOSED NEW PROGRAMS AND CHANGES**
13 **TO EXISTING PROGRAMS**

14 **Q. IS THE COMPANY PROPOSING ANY NEW CUSTOMER-RELATED**
15 **PROGRAMS OR CHANGES TO EXISTING PROGRAMS?**

16 A. Yes. The Company proposes to change its credit and debit card fees program and
17 customer deposits program. The Company also seeks authority to institute a new
18 charge with respect to tamper penalty fees. I will also address the Company’s
19 proposal with respect to the disconnection program without the necessity of an
20 on-premises visit, but instead enhanced communications through calls and texts.

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1 **A. Credit Card, Debit Card and Electronic Check**
2 **Fee-Free Payment Program**

3 **Q. WHAT CHANGES IS THE COMPANY PROPOSING WITH RESPECT**
4 **TO ITS CREDIT CARD, DEBIT CARD AND ELECTRONIC CHECK**
5 **FEES?**

6 A. The Company is proposing to offer a fee-free payment option for residential
7 customers who use credit cards, debit cards and electronic check, to pay their
8 electric bills (“fee-free payment”). In order to offer the fee-free payment option,
9 the Company proposes to eliminate the convenience fees associated with these
10 forms of customer payments and instead recover these costs as part of its cost of
11 service, similar how we do for other payment options.

12 **Q. PLEASE EXPLAIN HOW THE COMPANY CURRENTLY ACCEPTS**
13 **PAYMENTS FROM ITS RESIDENTIAL CUSTOMERS.**

14 A. Currently, the Company accepts residential customer payments through check,
15 money order, cash, and automated bank drafts (ACH). The Company also offers
16 residential customers the ability to pay by credit card, debit card or electronic
17 check. Residential customers using a credit, debit, or one-time electronic check
18 via the Company’s website, mobile site, phone or IVR are subject to a \$1.50
19 convenience fee, which is paid directly to a third-party vendor, Speedpay.

20 **Q. HOW ARE THE COSTS ASSOCIATED WITH THESE FORMS OF**
21 **PAYMENT RECOVERED?**

22 A. The costs for the Company to offer the cash, check, money order and automated
23 bank drafts (ACH) payment methods are built into the cost of service and paid for

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1 by all customers and are not recovered exclusively from those specific customers
2 that use these methods of payment. The convenience fees associated with credit,
3 debit and one-time electronic check payments are collected by Speedpay directly
4 from the customer at the time of transaction.

5 **Q. DOES THE COMPANY RECEIVE ANY PORTION OF THE**
6 **CONVENIENCE FEES?**

7 A. No, the Company does not receive any portion of the convenience fees.

8 **Q. HOW IS THE COMPANY PROPOSING TO MODIFY THE CURRENT**
9 **METHODS OF PAYMENT AND ANY ASSOCIATED FEES?**

10 A. The Company is proposing to offer a fee-free credit card, debit card and electronic
11 check payment options for residential customers, and to recover the associated
12 costs from all customers through cost of service. This would eliminate the
13 convenience fee currently charged to these residential customers paying by credit
14 or debit card, and one-time electronic check transactions.

15 **Q. WHY IS THE COMPANY PROPOSING THESE MODIFICATIONS AT**
16 **THIS TIME?**

17 A. As customer expectations change and more payments are made electronically,
18 utility companies are beginning to offer fee-free payment options for their
19 residential customers for all methods of payment.¹ A recent study by Fiserv (a
20 leader in financial services) also discusses the trend by customers moving toward

¹ According to J.D. Power and Associates, as of 2016, about 28 percent of surveyed electric utilities provide a fee-free card payment option. *See* J.D. Power Catalog. J.D. Power and Associates, 2016 Electric Utility Residential Customer Satisfaction Study.

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1 card transactions and away from checks: “Checks are on a continual downward
 2 trajectory in the U.S. as consumers shift away from checks and toward card
 3 payments, a market dynamic that billers should not overlook.” The number of
 4 payments made by credit and debit cards continues to grow as a preferred method
 5 of payment by many consumers.² The Company believes it is reasonable to offer
 6 a fee-free payment option for all payment methods to its residential customers,
 7 and recover the associated costs through cost of service.

8 **Q. HAVE THE COMPANY’S RESIDENTIAL CUSTOMERS REQUESTED**
 9 **COST FREE ALTERNATIVE BILLING PAYMENT METHODS?**

10 A. Yes. Customers have grown accustomed to paying for other products and
 11 services with a credit card, debit card, or electronic check without a separate,
 12 additional fee. The requirement to pay a transaction fee when making a payment
 13 is one of the largest frustrations that customers experience when paying their
 14 utility bill. Customer complaints over these additional fees stem from the fact that
 15 these fees are already accounted for in the retail price of virtually all other
 16 products that consumers purchase every day. For example, in the Company’s
 17 2019 monthly residential surveys, residential customers noted the following when
 18 asked what they liked *least* about their billing and payment experience:

19 *“I hate having to pay an additional fee when I try to pay with credit card.”*

20 *“I shouldn’t be charged to pay you”*

² According to the Federal Reserve Payments Study: 2018 Annual Supplement. The number of payments made by credit, non-prepaid debit, and prepaid debit cards grew more rapidly than the number of payments made by any other payment type in the 2012 to 2015 and 2016 to 2017 periods.

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1 *” It would be convenient to use a credit card without being charged*
2 *extra”*

3 *“Should be free to pay online with a card without a fee”*

4 We know our residential customers will appreciate having the ability to use credit
5 and debit cards with the Company the same way they can with other companies.

6 **Q. HOW WOULD FEE-FREE PAYMENT BENEFIT THE COMPANY’S**
7 **CUSTOMERS?**

8 A. Eliminating these fees for the Company’s residential customers would provide
9 additional and very convenient fee-free options for residential customers to pay
10 their bills. In addition, the option of a fee-free payment when using a credit card,
11 debit card, or electronic check would lead to greater satisfaction for all customers
12 who primarily pay for goods and services with these payment methods. There are
13 many reasons why customers would prefer to use their credit or debit card, which
14 may include: (1) customers feel safer using a debit or credit card that includes
15 security protections from their bank, (2) using a prepaid card, (3) receiving loyalty
16 rewards for credit cards, (4) fast payment method which can prevent a pending
17 disconnection for non-pay, or (5) lack of checking account (some customers have
18 salaries or social security funds provided on prepaid debit cards and do not have
19 bank accounts). Regardless of the reason a customer may have, they would be
20 more satisfied with the ability to pay by the method of their choice without
21 incurring additional fees.

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1 **Q. WILL DUKE ENERGY INDIANA STILL OWE SPEEDPAY THE CREDIT**
2 **CARD TRANSACTION FEES?**

3 A. Yes. We have worked with Speedpay throughout the Duke Energy enterprise to
4 obtain a low cost for card and electronic check payments of \$1.50 per transaction
5 for residential customers. Under our proposal, Duke Energy Indiana would pay
6 the per transaction fees to Speedpay.

7 **Q. WHY IT IS REASONABLE FOR THE COMPANY TO INCLUDE THE**
8 **COST OF FEE-FREE PAYMENT IN THE COST OF SERVICE THAT IS**
9 **PAID BY ALL RESIDENTIAL CUSTOMERS?**

10 A. The more convenient the Company can make the bill paying process for
11 customers to pay bills, the more all customers will benefit. Customers who self-
12 serve, pay on time, and are satisfied with the options available to them are the
13 least expensive to serve, which is a benefit to all customers. Customers who do
14 not pay on time and enter the credit collections cycle drive increased costs, which
15 are ultimately paid for by all customers. Lastly, customers who are not satisfied
16 tend to call Customer Service more frequently. Every call that comes into the call
17 center costs money that is included in the cost of service. This means that every
18 call that can be avoided leads to savings for all customers. Giving customers
19 options to pay by the method of their choice without incurring additional fees will
20 lead to more satisfied customers and, ultimately, customer savings.

21 **Q. DID YOU PROVIDE DATA REGARDING THE FORECASTED 2020**
22 **COSTS OF THIS PROGRAM TO THE RATES TEAM?**

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1 A. Yes. I provided data regarding the 2020 forecasted costs of this program to
2 Company witness Ms. Christa L. Graft for her use in calculating a *pro forma*
3 adjustment of \$4,528,000 to add to the cost of service. This amount assumes, on
4 a transactional basis, approximately 34% increase in usage of credit and debit
5 card fees in the test period by residential customers.

6 **Q. DOES THE COMPANY'S FORECASTED AMOUNT INCLUDE A**
7 **REASONABLE PROJECTION FOR GROWTH?**

8 A. Yes. Industry research shows that by eliminating the requirement for residential
9 customers to pay a credit card fee every time they make a payment, the Company
10 will experience year over year increases in the usage of credit cards (*i.e.*, the
11 growth or take rate) to pay their electric bills. The Company derived its growth
12 projections from historical and current payment transaction data beginning in
13 2016. Specifically, the Company extracted transaction volume detail from Duke
14 Energy's Customer Information System ("CIS") applications in Indiana, from
15 2016 through 2018, and recorded a 17 percent average year over year growth in
16 credit card transactions over those years.

17 The Company then benchmarked its growth projections against industry
18 data. The Company's industry research supports higher growth in this channel
19 once customers are no longer subject to transaction fees. For example, Fiserv, an
20 industry leader in payment card processing, conducted transactional research
21 comparing free bill payment methods to fee-based bill payment methods.
22 According to its analysis, companies that offered free bill payment methods

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1 experienced at least double the year over year increase in the number of credit
2 card transactions of companies that offered fee-based bill payment methods. The
3 Company benchmarked against a similarly-situated electric utility that offers fee-
4 free credit card usage. The results of the benchmarking showed that the increase
5 in annual credit card payments doubled in the channel in the first year and have
6 shown steady growth, year over year.

7 Based on historical data and industry research, the Company is therefore
8 projecting the growth rate in the annual credit card payment post-deployment to
9 double in the first year.

10 This expectation is aligned with what vendors have experienced with other
11 utilities that make the switch from a convenience fee model to a fee-free payment
12 model. As such, unless the Company's cost of service can be adjusted to reflect a
13 reasonable level of growth associated with the increase in usage, the amount
14 reflected in rates will be significantly less than the Company's cost to administer
15 the service for residential customers. Further, the distance between the amount
16 reflected in the rates and the costs to provide this service to residential customers
17 will continue to grow over time. As such, the Company believes it is appropriate
18 to include its estimated growth projection in its proposed adjustment.

19 **Q. IS THE COMPANY AWARE OF ANY OTHER INDIANA UTILITY**
20 **WHICH RECEIVED AUTHORITY TO IMPLEMENT A FEE-FREE**
21 **PAYMENT PROGRAM?**

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1 A. Yes. It is my understanding that Indiana Michigan Power Company currently has
2 a fee-free credit and debit card program.

3 **Q. IS THE COMPANY PROPOSING A FEE-FREE PROGRAM FOR ITS**
4 **COMMERCIAL AND INDUSTRIAL CUSTOMERS AT THIS TIME?**

5 A. Not at this time. Cost effective payment methods are generally available to
6 commercial and industrial customers, because these customers' average payment
7 amount is significantly higher than residential (which leads to higher processing
8 costs). Based on these considerations, at this time the Company is not proposing
9 a fee-free program for commercial and industrial customers.

10 **B. Customer Deposits Interest Rate**

11 **Q. WHAT IS THE COMPANY PROPOSING WITH RESPECT TO**
12 **CUSTOMER DEPOSITS?**

13 A. The Company proposes that customer deposits should earn interest at two percent.

14 **Q. WHY IS THE COMPANY PROPOSING THIS CHANGE?**

15 A. Currently, such customer deposits earn at a rate of six percent, which is far above
16 market interest rates. The Commission's rule governing interest on customer
17 deposits, set forth at 170 IAC 4-1-15(f), provides that the interest rate will be six
18 percent or such other rate as the Commission may determine following a public
19 hearing. The Company believes that an interest rate of two percent is a more
20 appropriate interest rate for customer deposits given the current interest rate
21 environment. Two percent remains above the six-month and twelve-month CD
22 interest rates, both of which have been below two percent since at least 2010.

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1 Additionally, the Commission recently approved a two percent interest rate on
2 customer accounts held by Indiana Michigan Power Company in its last rate case
3 (Cause No. 44967).

4 This proposed reduction in interest rate from 6% to 2% will also
5 benefit all Duke Energy Indiana customers by reducing the rate associated with
6 this customer-provided source of funds included in the Company's capital
7 structure and weighted average cost of capital calculation used to determine the
8 Company's revenue requirements. The testimony of Company witness Ms. Diana
9 L. Douglas further discusses the use of the new 2% interest rate in determining
10 the Company's cost of capital.

11 The Company believes its proposal is an equitable balance between
12 providing for a reasonable rate of return to the customer for deposits being held
13 and the cost incurred by all customers for the Company's provision of electric
14 service.

15 **C. Tamper Penalty Fees**

16 **Q. YOU ALSO MENTIONED THE COMPANY SEEKS TO IMPLEMENT A**
17 **NEW CHARGE RELATED TO TAMPER PENALTY FEES. CAN YOU**
18 **ADDRESS THIS PROGRAM?**

19 A. The Company seeks to implement this new charge to deter customers from
20 tampering with electric meters. Not only is tampering with an electric meter
21 considered theft and punishable by law, it also creates safety hazards for
22 customers and utility employees. When someone tampers with a meter, it also

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1 adds to the Company's cost of doing business and that affects all customers' bills.
2 When a customer tampers with Company equipment, the customer is responsible
3 for previous usage, field personnel investigation charge, and equipment damage.
4 However, there presently is not a penalty or fee to deter customers from doing it
5 again.

6 **Q. WHAT IS THE COMPANY PROPOSING?**

7 A. The Company proposes to impose an additional penalty for tampering with
8 Company equipment. The proposed fee is \$200 for residential customers and
9 \$1,000 for nonresidential customers.

10 **Q. WHAT IS THE EXPENSE ASSOCIATED WITH THE PROPOSED**
11 **PROGRAM?**

12 A. The cost of implementation of the additional fee is negligible, as the Company's
13 existing labor, legal, and regulatory personnel would implement the program.
14 There would be a small cost associated with training, as well as communications
15 to stakeholders.

16 **Q. HAD THE TAMPER PENALTY FEE PROGRAM BEEN IN PLACE IN**
17 **2018, HOW MUCH REVENUE WOULD HAVE BEEN COLLECTED**
18 **FROM THE PROGRAM?**

19 A. In 2018, there were 892 cases of residential tampering, and 16 instances of non-
20 residential tampering. The total penalty under the proposed program would have
21 been approximately \$194,400.

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1 Q. WHAT ARE THE ANTICIPATED REVENUES TO BE COLLECTED
2 FROM THE TAMPER PENALTY FEE PROGRAM?

3 A. The forecasted amount of 2020 revenue to be collected from the Tamper Penalty
4 Program is approximately \$194,000. The testimony of Duke Energy Indiana
5 witness Mr. Roger A. Flick, II sponsors the *pro forma* adjustment to Test Period
6 revenues for this program.

7 D. Other Tariff Modifications

8 Q. IS DUKE ENERGY INDIANA PROPOSING ANY OTHER
9 MODIFICATIONS TO ITS RETAIL ELECTRIC TARIFF THAT YOU
10 WOULD LIKE TO ADDRESS?

11 A. Yes. Duke Energy Indiana witness Mr. Flick describes the proposed changes to the
12 Company's retail electric tariff. Among these proposals are changes to Section 4.2,
13 relating to service deposits, and Section 12.2, relating to the Choose Your Own Due
14 Date program, each of which are recommended by the Customer Services
15 department.

16 Q. PLEASE DESCRIBE THE PROPOSED CHANGE TO SECTION 4.2 OF
17 THE RETAIL ELECTRIC TARIFF.

18 A. Duke Energy Indiana is proposing to modify Section 4.2 to clarify the
19 circumstances around which the Company may seek a new or additional service
20 deposit from existing non-residential customers. Specifically, the proposed
21 modification to Section 4.2 provides that such deposit may be required based on
22 the customer's overall financial condition or creditworthiness, which may include

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1 external information obtained from credit reporting agencies and public records.
2 The current tariff provides simply that the deposit may be required “at the
3 Company’s discretion.” This improved language is designed to provide
4 customers with additional insight into how the Company may decide to require
5 the deposit.

6 **Q. PLEASE DESCRIBE THE PROPOSED CHANGE TO SECTION 12.2 OF**
7 **THE RETAIL ELECTRIC TARIFF.**

8 A. Section 12.2 of Duke Energy Indiana’s tariff addresses the due dates of bills.
9 Currently, only certain qualifying residential customers may seek an adjustment
10 of the due date of their monthly bills. Under the proposed modification to Section
11 12.2, all residential customers will be allowed to “Pick Your Own Due Date,”
12 whereby they can request a due date adjustment for their monthly electric bills.
13 This modification is meant to provide residential customers with additional
14 flexibility to choose a monthly due date on bills to best fit their schedule.

15 **E. Call/Text Disconnection Program**

16 **Q. FINALLY, YOU MENTIONED THE COMPANY IS SEEKING A**
17 **CHANGE WITH RESPECT TO DISCONNECTION OF SERVICE BY**
18 **CALL OR TEXT NOTIFICATIONS. CAN YOU EXPLAIN THAT**
19 **PROGRAM?**

20 A. Prior to March 2018, when a customer was subject to disconnection, they would
21 receive a disconnection notice in a bill and a premises visit, leaving a door tag
22 prior to disconnection. Since March 2018 and continuing to today, when a

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1 customer is subject to disconnection, they receive a disconnection notice on a bill,
2 and attempted text and call notifications are provided two days in advance of the
3 disconnection and also the day of disconnection. The final part of the current
4 program occurs with disconnection of service being made after making a premises
5 visit and leaving a door tag.

6 **Q. WHAT IS THE COMPANY PROPOSING?**

7 A. Because of the enhanced call and text notifications and their success in motivating
8 customers to avoid a disconnection, the Company is proposing to rely upon call
9 and text notification to customers, rather than continuing a premises visit.

10 Additionally, the Company is proposing that if the customer is considered a
11 “sensitive” or “essential” customer, or on our Medical Life Support Program, the
12 Company will still make personal contact on the premises both two days in
13 advance of and on the day of disconnect. Duke Energy Indiana commits to
14 review all disconnect orders and require premises visits for any customers that
15 may be considered sensitive or essential, *i.e.*, where the loss of power could be
16 dangerous to consumers, the environment, or public safety, such as an in-home
17 child care provider.

18 **Q. WHY IS THE COMPANY PROPOSING THIS PROGRAM NOW?**

19 A. Approximately 90% of AMI technology has been deployed in Indiana and by the
20 time of the Commission’s order in this proceeding it will be fully deployed,
21 making remote disconnects available for the vast majority of our customers. As

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1 such, the Company has the technology to disconnect without physically being on
2 premises and wishes to save the costs associated with such premises visits.

3 **Q. DOESN'T INDIANA REQUIRE A PREMISES VISIT PRIOR**
4 **DISCONNECTION?**

5 A. 170 IAC 4-1-16(f) states that prior to disconnection, a Company employee is
6 required to, among other things, make an on-site premises visit. The Company is
7 seeking the authority for a waiver of this requirement. Instead, the Company is
8 proposing to call and/or text a customer both the day before and the day of a
9 prospective disconnection.

10 **Q. DOES DUKE ENERGY INDIANA HAVE PHONE NUMBERS FOR ALL**
11 **OF ITS CUSTOMERS?**

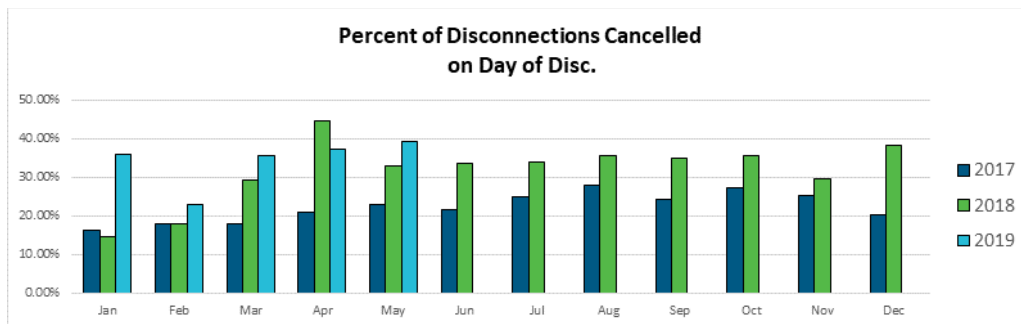
12 A. The Company has phone numbers for the vast majority of its customers. And, if a
13 customer is in a disconnect situation, they have very likely called us recently to
14 set up a payment arrangement or seek other assistance. In such cases, our
15 customer care representatives get phone numbers with every customer interaction
16 they have. If a customer is concerned that its phone number may not be in
17 working order, the customer also has the option to provide a third-party
18 notification on its account. In this case the call and text for disconnection would
19 be provided to both the customer phone number and the third-party notification
20 phone number.

21 **Q. WHAT BENEFITS DOES THE COMPANY SEE WITH THIS**
22 **PROGRAM?**

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1 A. The Company believes that enhanced communications will result in more
2 customers actually receiving additional notice of the potential for disconnection.
3 For example, in March 2018, the Company began a policy of calling and texting
4 customers prior to disconnection. Upon institution of this call policy, the percent
5 of disconnections cancelled on the proposed day of disconnection increased from
6 an average of approximately 20% to approximately 35%. Therefore, it is the
7 Company's experience that enhanced communications will lead to a lower percent
8 of disconnections. The fewer disconnections are due to greater *actual* notice
9 received by customers through the call or text, which leads to them working with
10 the Company on payment plans and related measures to avoid disconnection.
11 Below are some disconnection statistics which bear this out. You can see a
12 marked increase in the number of disconnections that were *cancelled* on the day
13 of disconnection beginning in March 2018 when the Company began the call and
14 text campaign.

15 **Figure 1:**



16 Additionally, Figure 2 below reflects the number of eligible disconnection
17 orders that have consistently been reduced due to customers acting on the call or
18 text that is delivered two days prior to disconnection. Figure 3 below shows a

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1 steep decline in actual completed disconnects, which demonstrates that customers
2 are acting on the call and text to avoid disconnection on the day of disconnection,
3 much more than they ever acted upon the premises visit and door hanger
4 notification. In fact, our records show that only 7 percent of the time does a
5 utility worker actually make contact with a customer on a premises visit for
6 disconnection.

Figure 2:

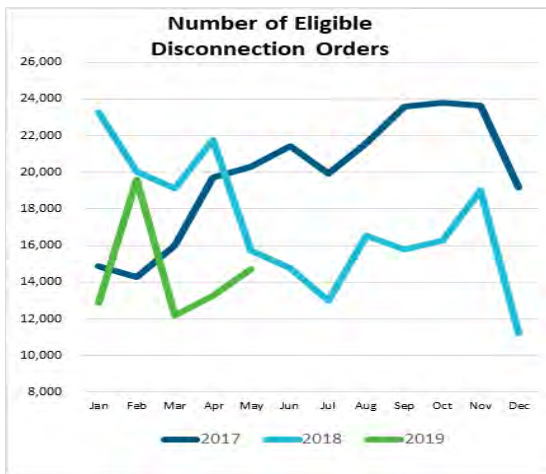
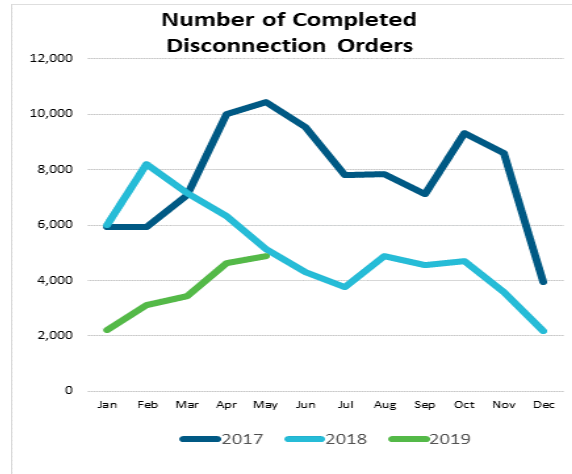


Figure 3:



8 **Q. ARE THERE ANY COSTS RELATED TO THIS PROGRAM?**

9 A. There are no additional costs related to this program.

10 **Q. THERE ARE SCAMS WHERE A PARTY PRETENDS TO BE THE**
11 **UTILITY AND REQUESTS IMMEDIATE PAYMENTS TO AVOID**
12 **DISCONNECT. HOW CAN CUSTOMERS KNOW THE DIFFERENCE?**

13 A. In those scammer situations a customer is normally requested to provide a prepaid
14 credit card on the spot. With Duke Energy Indiana’s call and text campaign, the
15 customer will have to go to the official Duke Energy Indiana website or call the

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1 official Duke Energy Indiana phone number and provide their credentials and go
2 through an authentication process to make a payment. Additionally, when
3 activity picks up, we notify customers about these scams and let them know how
4 they can determine if it is a legitimate Duke Energy Indiana call. This
5 notification could be delivered via a bill message, bill insert, web sites, etc. A
6 customer also has the ability to log on to their online My Account, call Duke
7 Energy Indiana, or look at their monthly invoice to confirm their account is
8 eligible for disconnection.

9 **Q. DO YOU HAVE ANYTHING ELSE TO ADD?**

10 A. Duke Energy Indiana believes it has proven that calling and texting are better
11 forms of communicating disconnect to customers than the premises visit. The
12 customer will still receive the bill disconnection notice, as well. Calling and
13 texting are more cost effective and allow the Company to take advantage of
14 technology to reduce the cost of service and also provide more effective notice to
15 the customer. The Company believes that the number of electric disconnections
16 for nonpayment completed will be reduced as a result of this program, which is a
17 major goal of customer service. We request that the program be approved and a
18 waiver granted.

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1 **VII. SUPPORT FOR VULNERABLE CUSTOMER POPULATIONS**

2 **A. Helping Hand Program**

3 **Q. WHAT DOES DUKE ENERGY INDIANA CURRENTLY TO DO HELP**
4 **LOW INCOME CUSTOMERS WITH UTILITY PAYMENT**
5 **ASSISTANCE?**

6 A. The Company's low-income assistance program is called its Helping Hand
7 Program. The Helping Hand Program provides financial assistance to eligible
8 Company customers through a one-time \$300 payment on a customer's account.

9 **Q. HOW IS THE HELPING HAND PROGRAM FUNDED?**

10 A. The Helping Hand Program is funded by Company shareholders, employees and
11 customers. Employees and customers may donate on their bill by marking the
12 donation in the designated section and mailing a check or money order. Paperless
13 billing customers may donate on-line while paying their monthly bills. In
14 addition to customer contributions, the Company donated \$700,000 annually from
15 2013 to 2017, and \$600,000 in 2018. The increased funding in these recent years
16 has been due to regulatory settlement commitments. Duke Energy Indiana's
17 normal annual shareholder contributions have been about \$200,000 per year, plus
18 the funds collected annually from customers and employees, which typically adds
19 another \$100,000 per year.

20 **Q. HOW ARE HELPING HAND PROGRAM FUNDS DISTRIBUTED?**

21 A. Duke Energy has partnered with the Indiana Community Action Energy
22 Assistance Program to distribute the program dollars to those customers that are

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1 eligible for the federal energy assistance program, Low Income Home Energy
2 Assistance Program (“LIHEAP”).

3 **Q. HOW IS THE HELPING HAND PROGRAM MARKETED?**

4 A. The Company sends bill inserts usually with the November and December bills.
5 The Company also sends informational emails in the same time frame for all our
6 customer assistance programs. The Company issues a press release in Indiana
7 each year, and has banners on the website in November through January.

8 **B. Medically Essential - Medical Life Support Program**

9 **Q. PLEASE DESCRIBE THE COMPANY’S MEDICALLY ESSENTIAL OR**
10 **MEDICAL LIFE SUPPORT PROGRAM.**

11 A. The Company’s Medically Essential Program is a means by which customers can
12 provide valuable information to the Company, allowing the Company to locate
13 customers with special electrical needs. For example, if a member of a
14 customer’s household uses electrically powered life support equipment, the
15 Medically Essential Program will allow the Company to provide special
16 assistance to such customer in the event of a disconnection for non-payment.
17 Upon enrollment, the customer is protected from a disconnection for non-payment
18 for fifteen days.

19 **Q. HOW DOES A CUSTOMER ENROLL FOR THE MEDICALLY**
20 **ESSENTIAL PROGRAM?**

21 A. To enroll in the program, the customer must notify the Company of medical need
22 and provide a doctor certification. Additionally, the customer must annually

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1 recertify with the Medically Essential Program, and the Company provides a form
2 and reminder letters to accommodate recertification.

3 **Q. IN ADDITION TO THE FIFTEEN-DAY PROTECTION FROM**
4 **DISCONNECTION FOR NON-PAYMENT, ARE THERE ANY OTHER**
5 **BENEFITS OF THE MEDICALLY ESSENTIAL PROGRAM?**

6 A. Yes. While all Company customers receive all required delinquent notices,
7 customers in the program will receive additional notification of delinquent status:
8 The Company will attempt two calls to the household; the Company will deliver a
9 notice to call Duke Energy Indiana 48-hours prior to scheduled disconnect to the
10 premises; and the Company will visit the premises on the day of disconnection.

11 **Q. WHAT HAPPENS WHEN A TECHNICIAN VISITS THE PREMISES ON**
12 **THE DAY OF DISCONNECT?**

13 A. The technician will provide multiple loud knocks at the door. If no one answers,
14 the technician will not disconnect service. Instead, the technician will leave
15 notice of pending disconnection and the Company's Accounts Receivable contact
16 information at the premises. If someone does answer the door, and the technician
17 can confirm that they are speaking with the customer of record, the technician will
18 discuss the disconnect. If the technician is informed that a disconnection would
19 cause loss of life, other harm, or that the household member may not be relocated
20 due to health constraints, then the technician will not disconnect service. Should
21 disconnection be appropriate under the circumstances, then the technician may

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1 disconnect, but the technician will remain onsite for a minimum of ten minutes
2 should the need to restore service arise.

3 **Q. HOW MANY CUSTOMERS ARE CURRENTLY ON THE MEDICALLY**
4 **ESSENTIAL PROGRAM?**

5 A. As of April 2019, there are 1,444 customers on the Medically Essential Program.

6 **VIII. UNCOLLECTIBLE ACCOUNTS EXPENSE**

7 **Q. WHAT IS THE COMPANY'S POLICY WITH RESPECT TO**
8 **UNCOLLECTIBLE ACCOUNTS?**

9 A. The Company's general rule is that a customer account will be written off as
10 uncollectible ninety (90) days after the final bill due date.

11 **Q. HAS THE COMPANY MADE A *PRO FORMA* ADJUSTMENT WITH**
12 **RESPECT TO UNCOLLECTIBLE ACCOUNTS RECEIVABLE?**

13 A. Yes, as discussed further in the testimony of Ms. Graft. I provided Ms. Graft with
14 historical information on charge-offs and recoveries, as well as the effect of major
15 bankruptcies on both, for her use in determining the *pro forma* adjustment.

16 **IX. CONCLUSION**

17 **Q. DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?**

18 A. Yes, it does.

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed:  Dated: 7/2/2019
Lesley Quick