



DTE Energy®

Customer 360 & Advanced Meter Infrastructure (AMI) Service Shutoff Procedures

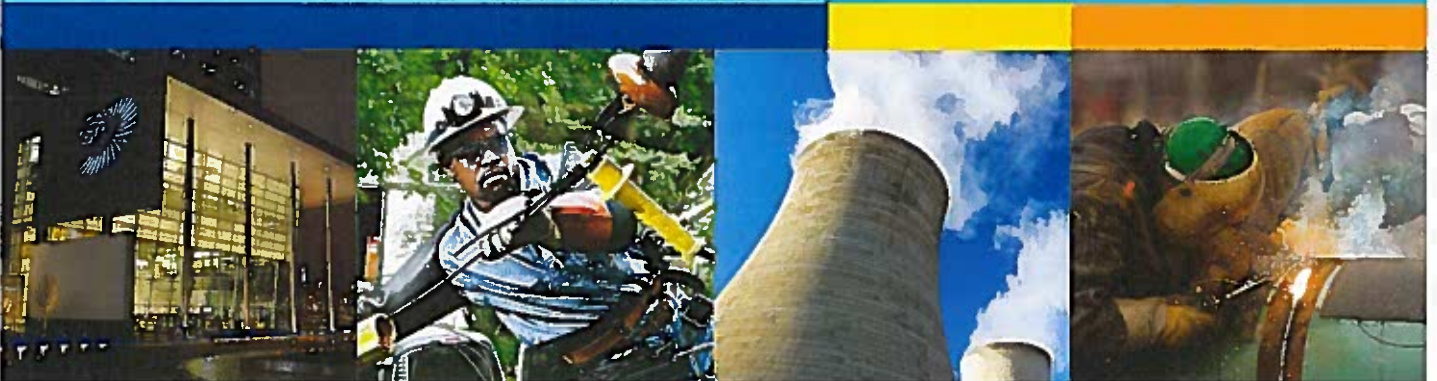
House Energy Policy Committee
January 30, 2018

Heather Rivard

Senior Vice President of Distribution Operations

Angie Pizzuti

Executive Director of Customer Service Operations



[Rivard]

Good morning, Chairman Glenn, Vice Chair Hauck, Vice Chair Lasinski, and members of the House Energy Policy Committee. My name is Heather Rivard; I am the Senior Vice President of Distribution Operations at DTE Energy.

[Pizzuti]

My name is Angie Pizzuti; I am the Executive Director of Customer Service Operations at DTE Energy.

[Rivard]

Thank you for providing the opportunity for us to testify today. I will begin our conversation by discussing DTE Energy's advanced metering infrastructure program. Angie will follow with a discussion of billing and service disconnection processes regarding our new customer service platform, Customer 360. We have made significant progress in implementing these important technologies in Michigan, and we plan to discuss the successes and challenges we have faced in the process.

Advanced metering infrastructure, otherwise known as AMI, upgrades the grid to improve the quality of electric service to our customers. This technology allows wireless communication between the meter and the utility, limiting the need for expensive and sometimes intrusive manual readings, and allowing DTE to remotely connect or disconnect service in accordance with the Michigan Public Service Commission's (MPSC) billing rules. These basic features save costs for our customers and provide more accurate billing by eliminating self-readings on aging, often less-than-accurate infrastructure.

AMI also moves Michigan closer to developing a "smart grid" for utility service. By embracing AMI, we can take actions - such as resolving outages remotely, and analyzing the grid to prevent grid failures - to improve the quality of service to our customers. Following the March 8th wind storm last year, which impacted service to nearly 800,000 DTE customers, AMI played a critical role in our ability to restore power to hundreds of thousands of customers at an unprecedented rate. AMI reduced the time it took to respond to our customers by days by helping to pinpoint the location and scope of outages in real-time.

We have nearly completed installation of AMI throughout our service territory with nearly 2.6 million electric meters installed, and only 4,000 remaining. Our program has been so effective that DTE is widely regarded as the industry standard for AMI installation, against which other North American utilities benchmark their operations. While we are convinced of the customer benefits of AMI, we understand that not all customers share

our view. That is why DTE, in conjunction with the MPSC, allows customers to opt-out of the AMI program by requesting an AMI meter with the communication functions disabled. So far, less than half of one percent of our customers have chosen to opt-out of the AMI program.

Our AMI implementation has been seamless for the vast majority of customers, but there remains a small segment of customers who need additional outreach and communications to finish the process. Leading up to today, you have heard from customers who have experienced service interruptions due to blocked or locked meters. I would like to take a moment to define these situations and our processes for addressing the inability to safely upgrade meter technology.

Blocked meters are those that are simply inaccessible to DTE employees. For example, a dog in the backyard or meters located in a locked building may inadvertently prevent employees from installing AMI meters because they cannot reach the meter safely. In contrast, locked meters are those in which the meter itself is intentionally chained or otherwise locked by the customer to prevent meter upgrades. *[See photos for examples of locked meters]* In both scenarios, the customer is contacted several times with written communications to schedule meter upgrades. Most customers either agree to schedule an upgrade or choose to opt out of the program. However, those who do not respond or continue to lock their meters are disconnected from service.

Cases in which meters have been locked are especially serious as they undermine the safety of the customer, his or her neighbors, and DTE employees. I want to be clear: even though the meters are located on private property, they are owned by DTE and are part of the utility's electric grid. Tampering in any way with electric infrastructure is highly dangerous. Additionally, locks on meters prevent our employees from cooperating with first responders to disconnect electric or gas service in the event of an emergency, like a fire. Just as it would never be acceptable to

Locked Meter Examples



lock a fire hydrant in front of your home, it is irresponsible and unsafe to lock utility meters.

Over the course of AMI implementation, we have disconnected service to less than 700¹ customers due to blocked or locked meters in accordance with MPSC rules. Unfortunately, 18 of these disconnects were in error, where the customer either already had an AMI meter or had scheduled an appointment for meter replacement. In each of these cases, we restored service as soon as we recognized the error. We take these incidents seriously and have adjusted our process to prevent such errors in the future.

I will now give the floor to my colleague, Angie Pizzuti, to discuss DTE's Customer 360 program.

[Pizzuti]

Thank you again for the opportunity to testify today. My name is Angie Pizzuti and I have been working on Customer 360 as the deployment lead for the past two years. In April 2017, DTE Energy transitioned to a new customer service platform based on SAP technology which we call Customer 360, or C360. Before implementing this technology, DTE Energy utilized 130 standalone systems for billing and customer service purposes, which often could not communicate with one another. The end-of-life software used in these systems began to cause reliability issues in our customer service processes, so we elected to replace the systems with one comprehensive, streamlined platform. The SAP technology used in C360 is widely used by large enterprises as well as approximately 140 utilities to coordinate customer service information and billing functions. Customers in every industry are demanding more accessible, convenient methods of doing business. Industries from banking to insurance to grocery stores are embracing the technology of the 21st century, such as smart phones, to modernize the way they interact with customers. C360 is our way of providing the same convenience for our customers. As C360 matures, we expect that it will result in more convenient, personalized, and reliable customer experiences, as well as enhance our ability to resolve the concerns of the 3.4 million families and businesses we serve.

To give the Committee some context, we began the planning process for C360 five years ago. One of our primary objectives from the beginning was to minimize service interruptions during the transition. To this end, we contracted nearly 400 additional customer service representatives to maintain our high standards of service. As of today, our customer service metrics, including call times, are back to the target range as they were prior to the

¹ This represents 0.02% of the 2.5 million AMI meters installed since the inception of the program

transition. This swift return to baseline following a massive billing technology transition is unprecedented in the utility industry. In fact, DTE Energy was granted the SAP Utility of the Year Award for its unparalleled execution of the C360 transition when compared to similar efforts of other companies.

However, we realize that DTE's comparatively successful C360 implementation is not a comfort to those customers that were negatively impacted during the transition. Despite our preparations, we recognize that in the process of transitioning 3.4 million customers to a brand-new platform, some customers did experience billing issues that have impacted the quality of their service.

The MPSC establishes and enforces billing and shutoff rules for all Michigan utilities. These rules give strict requirements for all aspects of these processes, including the number of times and the manner in which customers must be contacted prior to shutoffs, restrictions on the time of day we can disconnect service, and deadlines for how quickly we must restore service upon resolution of billing issues. We adhere to these billing rules and utilize a strict internal process for recognizing non-payment, notifying customers of intent to disconnect at several junctures, and ultimately disconnecting service. Errors in the new C360 billing platform did disrupt our normal billing processes, resulting in approximately 5,300 incidents of wrongful disconnections. 99 percent of these wrongful disconnections were customers whose accounts were in arrears and subject to disconnection for non-payment. These customers did receive some notification, but not the duplication of notice required by the MPSC. All wrongfully disconnected customers were restored to normal service upon our identification of these errors.

One of the areas in which we have had difficulties with errors is actually a strength of the new system. All bills now go through an extensive quality check prior to being sent out. Under normal operating conditions, approximately half of one percent of our bills are flagged for potential errors each month, and are subsequently delayed in being sent to customers. Errors in delayed bills are generally resolved by DTE customer service employees within the same billing cycle. However, during the C360 transition, a portion of these flagged bills were delayed for several consecutive months inconveniencing the affected customers. DTE has worked steadily to decrease the backlog of customers who have not received multiple bills from a peak of approximately 30,000 to a subset of 4,000 as of January 2018. We continue to maintain a focus on these customers and review progress weekly with the MPSC staff.

We fully recognize the impact of the service interruptions, and understand that this is a serious inconvenience for our affected customers. Our customer service teams are working diligently to correct any outstanding billing issues resulting from the C360 transition. Identified errors in the system have been fixed and our customer service teams have embedded additional tests in the system to error-proof the disconnect process for the future.

DTE Energy self-identified our customer service errors and alerted the MPSC to the problem ourselves. We have maintained full transparency throughout this process and we are currently participating in an MPSC review of the utility's billing processes. We filed our full report with the Commission last week pursuant to MPSC Case U-18486. Going forward, we will continue to improve C360 to minimize errors and provide the high caliber of service our customers have come to expect.

We have been Michigan's hometown utility since we began operations here in the state 170 years ago, and our employees live and work in the same communities as our customers. We would never introduce any technology or service change unless we believe it benefits our customers, promotes safety, and improves our service.

Thank you again for this opportunity to testify here today. Heather and I are happy to answer any questions you may have regarding C360 or AMI.