Exhibit No.:

Issue: Public Outreach, Customer

Experience, Strategy Overview

Witness: Charles A. Caisley
Type of Exhibit: Direct Testimony

Sponsoring Party: Great Plains Energy Incorporated;

Kansas City Power & Light Company; and KCP&L Greater Missouri Operations Company

Case No.: EE-2017-____

Date Testimony Prepared: October 12, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EE-2017-____

DIRECT TESTIMONY

OF

CHARLES A. CAISLEY

ON BEHALF OF

GREAT PLAINS ENERGY INCORPORATED

Kansas City, Missouri October 2016

DIRECT TESTIMONY

OF

CHARLES A. CAISLEY

Case No. EE-2017-____

- 1 Q: Please state your name and business address.
- 2 A: My name is Charles A. Caisley. My business address is 1200 Main Street, Kansas City,
- 3 Missouri 64105.
- 4 Q: By whom and in what capacity are you employed?
- 5 A: I am employed by Kansas City Power & Light Company ("KCP&L") and serve as Vice
- 6 President Marketing and Public Affairs for Great Plains Energy Incorporated ("Great
- 7 Plains Energy" or "GPE"), KCP&L and KCP&L-Greater Missouri Operations Company
- 8 ("GMO").

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- Q: What are your responsibilities?
- 10 A: My responsibilities include GPE's community and customer strategy, small-scale
- distributed and renewable generation projects, energy products and services platforms,
- energy efficiency and demand response portfolio, communications, marketing, economic
- development, governmental affairs and public relations functions. Many of these areas
- are responsible for direct interaction with GPE's utility subsidiaries' customers and
- stakeholders. These areas of direct customer interaction include: online/electronic
- transactions and portals, social media, community affairs, business customers, customer
- 17 complaints, city franchises and regulated and non-regulated products and services. In
- addition to having responsibility for multiple areas with direct customer interaction, I am
- also responsible for leading a cross-functional team of individuals with responsibility for

our overall customer experience and strategy. This includes customer research and segmentation as well as customer data analytics.

3 Q: Please describe your education, experience and employment history.

4 A: I graduated from the University of Illinois in Urbana-Champaign with a Bachelor's 5 degree in political science. I earned a Juris Doctorate degree from St. Louis University School of Law and a Master of Business Administration from Washington University in 6 7 St. Louis. I joined KCP&L in 2007 as Director of Government Affairs. Prior to joining 8 KCP&L, I was employed by the Missouri Energy Development Association (MEDA), 9 the Missouri Industry Association for Missouri investor-owned utilities, as President. 10 Prior to that I was employed as the Chief of Staff to the Speaker of the Missouri House. 11 In both positions, I dealt extensively with utility regulatory issues as well as utility and 12 energy policy.

Q: Are you currently involved with any organizations dealing with customer issues, customer research or utility customer experience?

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Yes. I currently serve on the J.D. Power and Associates Utility Customer Executive Advisory Board on Customer Experience and have since 2012. I have participated in J.D. Power and Associates working group on Smart-Grid Customer Experience. I have also been active in J.D. Power and Associates Contact Center Working Group—a group that studies best practices for improving the efficiency and customer experience with both utility call centers and electronic transactions. I belong to the Marketing Executives Conference—the oldest organization in the United States dealing with utility customer issues, trends and satisfaction. I am a founding participant in the OPower/Oracle Chief

- Customer Officer annual meeting for utility executives in charge of customer strategy and experience.
- Q: Have you previously testified in a proceeding before the Missouri Public Service

 Commission ("MPSC") or the Kansas Corporation Commission "KCC") or before

 any other utility regulatory agency or legislative committee dealing with utility

 issues or policy?
- Yes, I have testified before MPSC in Case No. EC-2015-0309 (Allconnect), and in front of the KCC in Docket No. 16-KCPE-160-MIS (Clean Charge Network). In addition I have also testified multiple times in front of legislative committees in Missouri, Kansas, and Illinois.

11 Q: On whose behalf are you testifying?

- 12 A: I am testifying on behalf of Great Plains Energy, KCP&L and GMO in this proceeding.

 13 KCP&L is the brand name under which all of the utilities owned and operated by GPE do

 14 business. It is how we are known and what we are called by our retail customers.
- 15 **Q:** What is the purpose of your testimony?
- 16 A: The purpose of my testimony is to (i) support the application of Great Plains Energy, 17 KCP&L and GMO (collectively, the "Joint Applicants") for a limited variance or waiver 18 from Commission Rule 4 CSR 240-20.015 on affiliate transactions ("Application for 19 Variance"), (ii) describe ongoing and future community and stakeholder outreach 20 activities GPE is undertaking in support of the Transaction; (iii) provide an overview of 21 KCP&L's strategy with respect to customer service, customer experience and community 22 involvement; and (iv) highlight key customer satisfaction metrics that KCP&L tracks and summarize our performance in those areas. In these regards my testimony will 23

1	demonstrate	that	GPE's	offer	to	purchase	Westar	Energy,	Inc.	("Westar")	(the
2	"Transaction") is no	ot detrim	ental to	o the	e public int	erest.				

Q:

- Please explain the reasons that the Commission should grant a limited waiver or variance from 4 CSR 240-20.015 except for wholesale power transactions, which will be based on rates approved by the FERC.
- A: As more fully explained in the Direct Testimony of Darrin R. Ives, there are substantial efficiencies to be achieved through the acquisition of Westar by GPE. Immediately following the close of the Transaction, KCP&L, GMO and Westar will exchange goods and services. For the full benefits of the proposed Transaction to be achieved, it is necessary that the provisions of the asymmetric price provisions of 4 CSR 240-20.015 be waived to allow for the exchange of the goods and services between the regulated operations of KCP&L, GMO and Westar to be accomplished on the basis of cost. A similar waiver was granted by the Commission when GPE acquired Aquila in 2008.
- Q: Since the announcement of the Transaction, has GPE communicated with any customers or stakeholders in Westar's service territory about the Transaction and how it will impact them?
- A: In a transaction of this nature, immediate and consistent communication is paramount to success. For communities, customers and employees this Transaction creates uncertainty which can quickly become worry and displeasure in the absence of valid information. The best antidote is communication. In this case, the very first thing that we did immediately prior to and after announcing the Transaction was to tour Westar's service territory to meet with employees, customers and community stakeholders. The evening before and day of the announcement, Terry Bassham, the CEO of GPE, and Mark Ruelle,

the CEO of Westar made telephone calls together to elected officials, key customers and community leaders in Westar's service territory. They explained the rationale for the Transaction as well as detailed GPE's commitments to Topeka, Wichita and other communities served by Westar. Then, for the first three days after the announcement, Mr. Bassham, Mr. Ruelle and other GPE and Westar executives and employees travelled to Emporia, Wichita, Gordon Evans Energy Center, Jeffrey Energy Center, multiple locations in Topeka and Lawrence Energy Center to visit Westar facilities, meet with Westar employees and with community leaders and elected officials.

It was important to let employees, customers and community leaders know that this was not just an acquisition of territory and assets to us; rather, this Transaction represents the best opportunity for both companies to leverage their unique assets in a combination that would preserve an independent and local electric provider in Kansas. We have adopted the phrase "better together" to describe the core rationale for this Transaction—both companies and their customers will benefit from having the best of both companies' assets, people and practices combined into one stronger organization dedicated to its customers and communities. This Transaction will combine two strong and customer-oriented companies into one organization that will leverage each other's strengths to improve customer service and reliability, continue to invest in Missouri and Kansas communities, serving as a catalyst for economic development in both states as well as run more efficiently and find greater operational savings than either organization could as a stand-alone entity. As we explained while visiting these stakeholders following the announcement, "This transaction just makes common sense."

Q: How did employees, customers and community leaders react to this early communication by GPE and Westar?

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As I indicated, any transaction of this nature causes uncertainty for employees, customers and communities. As a result, when these groups had an opportunity to hear directly from Mr. Bassham and Mr. Ruelle about the Transaction and how it would be beneficial for them, there was gratitude and relief for the early and direct communication. Without exception, the stakeholders we met with were all curious about our commitment to the communities Westar serves and employees. Obtaining approval and integrating these two companies is a multi-step and multiple month process. Accordingly, uncertainty and concern will remain throughout this process. And, there are likely to be skeptics, who will remain concerned about the Transaction regardless of outreach and communication efforts. But by talking to employees, customers and community leaders immediately after the Transaction was announced, it was our shared goal to reduce uncertainty and to establish strong and ongoing lines of communication so that questions could be answered and concerns addressed. In addition, we are earnest and sincere about how excited we are as a company to have the opportunity to serve the communities in Westar's service territory. They are served by dedicated employees today, who excel at community involvement and customer service. We want them to know that we will only consider this Transaction successful, if a year, two years or five years from now we have maintained Westar's legacy and the combined company is viewed as improving life in the communities we serve.

Q: Does GPE have a strategy to continue to reach out to customers and communities in Westar's service territory to inform them about this Transaction and how it will

impact them?

Q:

A:

Continuous communication and open dialogue with customers and communities is a hallmark of GPE. Since the initial announcement, KCP&L met with community leaders, commercial and industrial customers as well as local news media and business organizations in KCP&L's Missouri service territory. These are meetings to discuss the transaction, its benefits for Missouri customers and toallow for questions and the airing of concerns regarding the Transaction. These meetings will continue throughout the approval and integration processes. It is our goal, that once approval for this Transaction is obtained, that customers and communities continue their already strong relationships with the leaders from GPE and KCP&L. This is consistent with the strong relationships KCP&L has formed over the years with its stakeholders as can be seen from the demonstrative list of awards and recognition KCP&L has received from 2010 – 2015. See Schedule CAC-1.

Finally, we are already communicating with and will continue to communicate directly with our Missouri customers using direct mail, email and online platforms throughout the approval and integration process.

- How would you describe KCP&L's approach to customer satisfaction or customer experience strategy?
- A: KCP&L takes customer experience very seriously and we continually strive to improve our customer satisfaction scores and metrics. We look at five key areas when it comes to our customer experience:

Reliability Metrics: These are standard metrics in our industry that measure the
reliability of the electrical distribution grid. Our goal here is to be in the top
quartile of utilities nationwide in reliability and to see continual improvement in
these metrics.

- 2. Customer Service Metrics: These are standard metrics that the industry uses to measure and benchmark how utilities interact and transact business with customers. This includes measuring and working to see improvements in our billing, contact center, electronic portals, communications and social media. Our goal is to be top quartile among utilities nationwide and to see continual improvement in these metrics as well as continual streamlining in our customer processes.
- 3. Moments of Truth: KCP&L has done considerable research into the transactions and aspects of customer service that matter most to our residential and business customers. These are "moments of truth" in our relationship with a customer that mean more than other types of transactions. By and large, modern electric customers expect reliability. Customers expect that bills will be accurate and on time. By looking at our customer service touch-points and processes from the customer perspective, it is possible to discern where we are missing opportunities to improve service. There are a variety of transactions that create incremental value and a much better overall experience for customers because they are the "moments of truth" or the most important aspect of an interaction to the customer, rather than the utility. KCP&L has identified many of these key

moments,	is	evaluating	current	processes,	both	in	operational	and	
communications terms, and is identifying areas for improvement.									

- 4. Customer Segmentation: KCP&L recognizes that customers are not all the same. Customers are very diverse and have different needs when it comes to service from their electric utility. While KCP&L has top scores in reputation and customer satisfaction, it is not enough to rely on those scores at an aggregate level. KCP&L routinely watches how our customer service is viewed in different customer groups to ensure we are aware of and actively working to meet the diverse needs of our customers. This includes in the way we communicate with customers. We target our content and the method we use to reach customers by research giving us insight into what groups of customers may be more interested in, and how and where they like to receive communication from KCP&L.
- 5. Community Commitment and Involvement: When the communities that KCP&L serves succeed, so does KCP&L. We are a leader in our community efforts in our service territory. We take community involvement very seriously.

Our commitment to customer experience and community service is consistent with Westar's approach today. As a result, customer experience will not suffer or decline from the Transaction. In fact, as a part of the integration process, we will have teams from both KCP&L and Westar working together to take the best practices from both companies to improve the combined company's customer experience.

Q: How does KCP&L perform on key reliability metrics like frequency and duration of outages?

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- 3 A: I have attached a presentation titled Customer Experience and Commitment to 4 Community (hereinafter referred to as "CX Presentation") (attached hereto as Schedule 5 CAC-2). In the presentation, you will see that key metrics such as System Average 6 Interruption Frequency Index (SAIFI), System Average Interruption Duration Index 7 (SAIDI) and other industry benchmarks see steady improvement. For five of the last 8 seven years, KCP&L has been in tier one of the EEI Reliability Rankings. Like Westar 9 we are very committed to tier one reliability and service. Together, through the 10 integration process, we will leverage the best practices of both companies to maintain and 11 improve in these areas.
- 12 Q: You referenced "moments of truth" in your testimony. Can you describe more of these moments and how KPC&L uses them to improve customer experience?
 - Yes, on page four of the CX Presentation (Schedule CAC-2), we list many "moments of truth". In actuality these are simply the most important moments for a customer to interact with their electric utility. For example, restoring power quickly after a storm is important to good customer service. But our research has shown that customers care even more about good communication during an outage. We can restore service quickly and a customer may still not think they received good customer service if he or she had difficulty getting information regarding the status of their outage. In fact, improving communication with customers during an outage will improve their satisfaction significantly more than improving the amount of time it takes to restore them. As a result, we work hard to improve information available to customers in an outage.

These improvements include customer contact representatives having access to restoration estimates, a new highly interactive outage map, proactive communication to business customers and we are working to do more proactive outage communication with residential customers. As another example, for business customers, a moment of truth that matters a great deal is meeting construction and connection deadlines. This is an area that is a matter of first impression for business customers and hugely important to them. As a result, we track the percentage of construction deadlines met for our business customers to ensure that we meet our commitments and are always improving in this "moment of truth" for a business customer.

Q:

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Can you describe KCP&L's customer service efforts around its online presence, including social media and electronic transactions? How does this impact customer experience?

KCP&L was an early adopter of electronic portals and has seen the importance of a strong digital platform for more than a decade. As stated previously, all customers are different. Some customers prefer talking to a representative on the telephone and paying their bill through the mail. However, a growing segment of customers prefers to find information on the internet and to conduct business online. To accommodate those customers, KCP&L has had a robust digital and online strategy for nearly a decade. Our focus here is to provide online and mobile solutions that work for our customers.

Currently, KCP&L has a mobile-optimized public website as well as a highly-utilized authenticated electronic transaction portal for residential customers called MyAccount. At the end of 2015, more than 55% of KCP&L's customer transactions now occur via online sessions within the MyAccount portal. Said another way, more than half

of all transactions at KCP&L are occurring online. This is an increasing trend for the electric utility industry, and KCP&L's customer satisfaction with these portals is industry leading (attached hereto as Schedule CAC-2, pages 5-6).

KCP&L has also developed multiple social media platforms to serve customers who prefer to contact us via Facebook and Twitter. Currently, KCP&L has YouTube, Facebook and Twitter feeds. Many utilities use social media as a sort of online billboard, a one-way tool to communicate marketing and image-related messages to stakeholders. KCP&L sees social media as a way to engage stakeholders in a low cost medium and provide real-time, updated information to customers as well as respond to customer service issues and questions. The team managing the social media presence works with the contact center to ensure a consistent and integrated customer experience, and has a goal of 100% response to customer questions and inquiries via social media.

Westar recently redesigned its corporate website and won significant industry praise as having one of the best websites in the utility industry. Like KCP&L, Westar has a strong online and social media presence. With both companies strongly committed to this emerging customer engagement platform, sharing best practices and leveraging the strengths of both companies we will improve this vital customer experience area. In fact, teams from both Westar and KCP&L have already begun to discuss the integration in this area and are already finding areas that can be leveraged to improve the digital customer experience. Finally, KCP&L is currently undergoing an upgrade to its customer information system which is expected to enhance KCP&L's ability to provide service to customers in the future.

Q: How does KCP&L approach customer service with business customers?

A:

A separate team of employees works with business customers. Typically, business customers have more complex requirements than residential customers. Their bills are generally more complex. Business customers often have higher voltage service, more complex bills with multiple accounts associated with one customer as well as various adjustments to their tariffed rates, such as an economic development rider.

To serve these customers, several groups at KCP&L work together to provide advice and service. Our goal is to be a trusted energy advisor to the businesses in our service territory. KCP&L has a Business Center. This team works with businesses that have an annual electric bill in excess of \$25,000. Instead of going to the Customer Contact Center, these customers have a specialized team trained in handling more complex accounts that they work with. In addition, we have a team of Energy Consultants. This group handles KCP&L's largest customers—the top two hundred customers by revenue. This group also works with critical infrastructure customers, even if they are not in the top two hundred customers from a revenue perspective. In addition, the KCP&L Economic Development team works with existing customers to help them expand their business throughout our service territory in Kansas and Missouri. All of these groups work hand-in-glove with our team in Delivery to make sure reliability issues are quickly addressed, that the customers are fully informed regarding their bill and that they take advantage of programs that can reduce their energy use and save them money.

KCP&L has a very strong relationship with its business customers and we continue to try and improve those relationships. In 2015, KCP&L was named a Most Trusted Business Partner by Cogent reports and placed number two in the 2016 JDP

Business Study, one point out of first place (Schedule CAC-2, page 11-12). While rules do not allow us yet to operate as one company, in planning the integration process, executives from both KCP&L and Westar, as well as KCP&L Energy Consultants and Westar Business Managers have already started to introduce KCP&L to these customers and to answer questions they may have about the transaction and begin developing relationships with KCP&L personnel. These meetings have been welcomed by business customers and are demonstrative of KCP&L's commitment to make the integration process as smooth as possible for business customers.

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How does KCP&L use residential customer research and demographic information to improve customer service and experience?

While our aggregate customer satisfaction scores are high, research often points out groups of customers that are underserved or areas where we can improve our processes. Sometimes special programs are created to address these situations. A more complete list of these types of programs are listed on pages 16 and 17 of the CX Presentation (Schedule CAC-1), but I would like to discuss a few examples in particular.

During the recession in 2008, customer research showed us that a higher number of people were having a difficult time paying their bills. It became clear as the recession progressed that there were many people who were having financial difficulty for the first time. This group of customers was not educated on how to access financial aid programs, and frequently did not qualify for aid. Essentially, many programs are not designed for the working poor.

As a result, KCP&L developed a couple of programs to assist customers. First, we developed and implemented the Connections Campaign (which eventually turned into

an ongoing program). This program was an aggressive effort to educate customers on programs that KCP&L has to assist with bill payment. We partnered with relief agencies and other community groups and went all over the service territory conducting educational meetings and educating people on how to access, not just KCP&L programs, but a range of assistance programs.

From research we learned that many customers could pay their bills, but they were in need of temporary timing flexibility. As such, we increased the amount of time customers had to pay bills and created more flexible billing options. We also developed the Economic Relief Program, which targeted working poor families and seniors who might not be eligible for financial assistance from the state or other aid agencies, but were in need of help.

These efforts were well received by customers and we learned a great deal from the Connections efforts. Out of that program, we learned that many customers, especially seniors and those who live in underserved and poorer areas, really appreciate being able to meet in person with KCP&L personnel to discuss billing and service issues. There is also a large knowledge gap around renewable energy, energy efficiency and other emerging energy programs with residential customers. As a result, KCP&L is partnering with the Urban League of Kansas City, the Full Employment Council and other civic groups to start KCP&L Connect—a storefront where people can go to pay their bills, talk to a service representative, learn about energy efficiency and other programs and access a variety of community services. In addition, we have created two vehicles to be able to go into other neighborhoods and rural areas and take the same customer service and experience to other regions of our service territory (Schedule CAC-2, pages 20-25).

Finally, KCP&L is in a leading group of utility companies who are extensively utilizing customer demographic information paired with our own customer usage data and research to develop a robust content strategy for our residential customers (Schedule CAC-1, page 18). The goal of this effort is to understand what information different groups of residential customers routinely need or look for, and to deliver it to them in a timely fashion and on the platform (mail, email, telephone, online, social media) that they would like to receive it. The more effectively we can target customers with information relevant to them, on the platform through which they want to communicate, the more likely it is we can penetrate the information clutter to deliver useful information effectively. This effort, underway now for nearly two years is starting to foster noticeable improvement in our communications scores.

Q: How does KCP&L see customer experience developing in the future?

A:

Customer expectations continue to evolve and increase. Customers do not judge our customer service relative to other utilities, but by what is commonplace in the market. For example, if a credit card company can send an email alert when a person's credit card is used to make a high dollar purchase or is outside the geographic area that the card is typically used, they do not understand why a utility cannot send a high bill alert or notify a person via text message when their power is out and when it is expected to be back on. We want to use customer research and data to continue to expand how we interact with customers and meet their growing expectations—whether on the phone, in field operations, online or on their phones. We have made a lot of progress over the last five years, but will continue to work diligently to improve. Having the best customer

- experience possible is one of the pillars of how KCP&L believes we create value for our customers and we will continue that commitment after the closing of this Transaction.
- Q: Will the acquisition of Westar improve customer experience for Missouri customersof KCP&L in any way?
 - A: Absolutely. While KCP&L has a well-developed commitment to improving customer experience, any platforms or processes that Westar uses with its customers that are currently not available to KCP&L's Kansas and Missouri customers will be evaluated for use in Missouri. For example, Westar currently has robust power outage restoration communications for residential and business customers. In contrast, KCP&L only does outage communication through email to business customers. This acquisition will speed the time of development for both the platform and the operational processes for implementing a residential outage communication system in Missouri. Another example is that Westar uses smart phone "apps" for some of their consumer transactions. As a result of the transaction, KCP&L will evaluate those for potential use in Missouri. If those apps yield higher customer satisfaction and a better user experience than KCP&L's current mobile-optimized customer portals, they could be deployed for customers in Missouri.
- **Q:** Does that conclude your direct testimony?
- 19 A: Yes it does

BEFORE THE PUBLIC SERVICE COMMISSION STATE OF MISSOURI

IN THE MATTER OF THE VERIFIED JOINT APPLICATION OF GREAT PLAINS ENERGY INCORPORATED, KANSAS CITY POWER & COMPANY AND KCP&L GREATER MISSOU OPERATIONS COMPANY FOR A VARIANCI FROM THE COMMISSION'S AFFILIATE TRANSACTIONS RULE, 4 CSR 240-20.015	LIGHT) Docket No. EE-2017
AFFIDAVIT OF CH	IARLES A. CAISLEY
STATE OF MISSOURI)) ss COUNTY OF JACKSON)	
Charles A. Caisley, being first duly sworn o	n his oath states:
· · · · · · · · · · · · · · · · · · ·	ork in Kansas City, Missouri, and I am employed by
Kansas City Power & Light Company as Vice Presi	
	eof for all purposes is my Direct Testimony on behalf
•	ry Power & Light Company, and KCP&L Greater
	Leen (18) pages, having been prepared in written
form for introduction into evidence in the above-cap	
	et forth therein. I hereby swear and affirm that my
-	the questions therein propounded, including any
attachments thereto, are true and accurate to the bes	
attachments thereto, are true and accurate to the ses	CA Caisley Charles A. Caisley
Subscribed and sworn before me this <u> Z</u> day of Oct	ober 2016.
My commission expires: Fub. 4, 2019	Notary Public NiCOLE A. WEHRY Notary Public - Notary Seal State of Missouri Commissioned for Jackson County My Commission Expires: February 04, 2019 Commission Number: 14391200