

4
5 DIRECT TESTIMONY
6 OF BOBBI L. SCHROEPEL
7 ON BEHALF OF NORTHWESTERN ENERGY
8

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20		

1 **Witness Information**

2 **Q. Please identify yourself, your employer, and your job title.**

3 **A.** My name is Bobbi L. Schroepfel. I am the Vice President – Customer Care,
4 Communications and Human Resources at NorthWestern Corporation d/b/a
5 NorthWestern Energy (“NorthWestern” or “Company”).

6
7 **Q. Please provide a description of your relevant employment experience
8 and other professional qualifications.**

9 **A.** I joined NorthWestern in May of 1998 and have progressed through a number
10 of roles including market research, support services (fleet, warehouse and
11 safety), and strategy. I became the Vice President in charge of Customer
12 Care in 2002 and assumed responsibility for Corporate Communications and
13 Human Resources in 2005 and 2009, respectively. In September 2022, I
14 assumed leadership for Safety and Labor Relations.

15
16 Prior to joining NorthWestern, I worked for an electric cooperative where I
17 held positions in electric and security dispatch, electric use consulting, and
18 marketing and market research.

19
20 I am active in regional and national industry associations including serving as
21 the past board chair for MEA Energy Association and a current board
22 member for Western Energy Institute (WEI). I hold Bachelor of Arts degrees

1 in Statistics and Sociology and a Masters of Business Administration from the
2 University of Minnesota.

3

4

Purpose of Testimony

5 **Q. What is the purpose of your testimony in this proceeding?**

6 **A.** The purpose of my testimony is to discuss at a high level the role of customer
7 satisfaction and customer experience. In addition, my testimony speaks to the
8 critical role the Advanced Metering Infrastructure (“AMI”) project plays in
9 enabling NorthWestern’s vision for customer experience. My testimony is also
10 responsive to the Montana Public Service Commission’s (“Commission”) Final
11 Order No. 7860y (“Order”) from NorthWestern’s 2022 Electric and Natural
12 Gas General Rate Review, which requested that NorthWestern demonstrate
13 how its management considered the benefits and costs in the decision-
14 making process that resulted in the AMI project. My testimony focuses on the
15 customer benefits management considered in its decision-making process. I
16 also describe customer benefits that have occurred and the future customer
17 benefits that NorthWestern anticipates from the AMI project.

18

19

Role of Customer Satisfaction and Customer Experience

20 **Q. What is the difference between Customer Satisfaction and Customer**
21 **Experience?**

22 **A.** Customer Satisfaction and Customer Experience are closely related but
23 NorthWestern considers Customer Satisfaction to be a subset of Customer

1 Experience. Customer Satisfaction is a more direct way of measuring and
2 monitoring how well a company's products and services meet customer
3 expectations, and is typically tied to a specific interaction or event. An
4 example may include a recent call to the contact center or a response to an
5 outage. Customer Experience, on the other hand, is a more holistic and
6 strategic view of how customers perceive and interact with a company brand
7 as a whole and over time. Customer Experience encompasses the journey a
8 customer has with a company over the entire relationship with the company
9 while Customer Satisfaction measures interactions or incidents tied to a more
10 specific point in time. When a company takes a Customer Experience
11 approach, it forces the company to step back and evaluate all potential
12 customer touch points from the view of the customer.

13

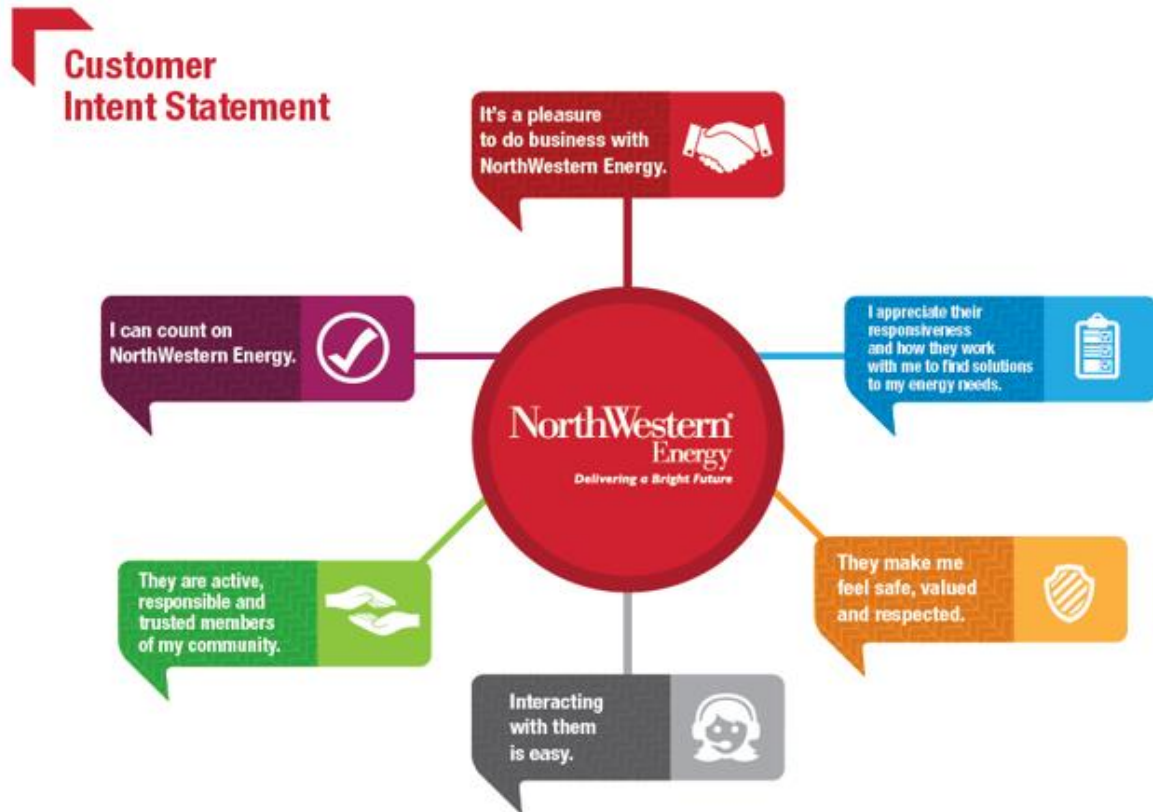
14 **Q. What is NorthWestern's Customer Experience strategy?**

15 **A.** NorthWestern developed its initial Customer Experience strategy in 2015. The
16 strategy outlines NorthWestern's approach to Customer Experience and
17 includes a framework for employees to apply in the course of their work. One
18 of the core tenets of the strategy is the Customer Intent Statement. A cross-
19 functional group of employees developed this statement utilizing customer
20 research, and we intend for it to serve as the blueprint for how employees can
21 deliver on the NorthWestern Customer Experience. The graphic below
22 illustrates the Customer Intent Statement.

23

Customer Intent Statement

The Customer Intent Statement is the employee “blueprint” of how team members can deliver on the customer experience.



- 1 In August 2022, NorthWestern launched a cross-functional process to refine
- 2 and build out a more robust digital and AML customer experience vision,
- 3 strategy, and roadmap. This phase (phase 1) concluded in December 2022.
- 4 Phase 2, focusing on tactical planning, launched in January 2023 and
- 5 concluded in April 2023. Currently, NorthWestern is in execution mode based
- 6 on the outcomes of phase 2 with a focus on:
- 7
 - Channel strategy refinement, which will guide decisions about which
 - 8 channels (e.g. phone, email, website, text, etc.) to use, and how to

1 structure and manage each channel to optimize the customer experience,
2 and
3 • Preference center implementation, which will allow customers to manage
4 their communication preferences for billing, payment, and outage alerts,
5 as well as other information from NorthWestern.

6

7 **Q. What role does customer research play in determining NorthWestern's**
8 **Customer Experience strategy?**

9 **A.** Customer research allows NorthWestern to:

- 10 • Identify customer needs and preferences (e.g. proactive outage alerts and
11 communication, billing and usage alerts, energy usage insights, etc.);
- 12 • Uncover pain points when doing business with the Company and gather
13 feedback to aid in continuous improvement;
- 14 • Perform segmentation and analysis to better understand the needs and
15 preferences of distinct groups of customers;
- 16 • Tailor communications to increase effectiveness, reach, and recall;
- 17 • Optimize channel strategy experience (e.g. phone, website, email, etc.),
18 and
- 19 • Identify employee training and development needs.

20

21 **Q. How do customer concerns about affordability fit in NorthWestern's**
22 **Customer Experience strategy?**

1 **A.** NorthWestern is always concerned about affordability and has been
2 participating at the national level in research and conversations about
3 affordability and energy burden. I have provided as Exhibit BLS-1 a summary
4 of research conducted to aid in better understanding low- to moderate-income
5 customers. NorthWestern utilized ethnographic research as part of the low- to
6 moderate-income research. Ethnographic research is a type of research
7 whereby a participant agrees, within the context of the study being conducted
8 under anonymity, to share more about their daily lives to aid in gaining a
9 deeper understanding and appreciation of their world and what influences
10 decisions and behaviors.

11

12 Key findings of the low- to moderate-income research are:

- 13 • Customers can experience high levels of stress and anxiety associated
14 with navigating assistance programs including energy and other non-
15 energy assistance programs;
- 16 • Flexible payment options can help align payments with cash flow (i.e. pay
17 day) but this only helps if the customer energy burden is manageable;
- 18 • Some are reluctant to seek assistance due to feelings of shame and
19 personal pride;
- 20 • Bill surprises contribute to higher levels of stress and anxiety driven in part
21 by not knowing how much you are using until it is too late to take action;
22 and

- 1 • Customers talk about needing assistance creating and maintaining
2 budgets that go beyond their energy bill.

3
4 Our Customer Care employees are well trained and they are committed to
5 helping customers access existing assistance programs. We have hosted
6 assistance open houses and continue to look for ways to improve the
7 Customer Experience for struggling low- to moderate-income customers
8 within the side-boards of existing rules and programs.

9

10 **Role of AMI to Enable NorthWestern’s Customer Experience Strategy**

11 **Q. When did NorthWestern start considering the implementation of AMI?**

12 **A.**NorthWestern has been discussing the concept of a smart grid for many
13 years and began to actively prepare the grid for next generation smart grid
14 technology as far back as the 2011 timeframe. During that time period,
15 NorthWestern convened a formal stakeholder process which brought together
16 a group of individuals who represented elected officials, government
17 agencies, customers, and public works. These stakeholders worked with
18 NorthWestern, over the course of many months, on the development of what
19 became known as the Distribution System Infrastructure Project (“DSIP”). A
20 150-page technical DSIP plan was developed and presented to the
21 Commission on October 31, 2011. The objectives of DSIP were to reverse
22 aging infrastructure trends, build capacity back into the system, maintain
23 reliability over time, improve reliability to rural customers, and position

1 NorthWestern to adopt new and emerging technology, including smart grid.
2 AMI is foundational to a smart grid.

3

4 Although NorthWestern has been preparing for many years for the eventual
5 implementation of AMI, we remained diligent by watching other utilities and
6 learning from their implementations. Generally speaking, we are not an early
7 adopter of new and emerging technologies, but rather focus on a strategy of
8 deployment at the speed of value. We began formally evaluating the
9 implementation of AMI for our South Dakota and Nebraska utilities in the
10 2017 timeframe. Evaluation of AMI in Montana soon followed and
11 NorthWestern made the decision to implement AMI in Montana in 2020.

12

13 **Q. Were you part of the management team that made the decisions related**
14 **to implementation of AMI?**

15 **A.** Yes.

16

17 **Q. Please describe what customer benefits NorthWestern's management**
18 **team considered when making the decision to implement AMI.**

19 **A.** NorthWestern management had been monitoring AMI deployments by other
20 utilities for many years. While we did not want to be an early adopter of AMI,
21 we believed an AMI deployment was a matter of when, not if, given the
22 advancements in renewable energy, energy efficiency, distributed generation,
23 demand side management, and a move towards increased electrification in

1 general. We were also seeing growing customer interest in utilities, our
2 customers included, being able to provide what many now consider to be
3 baseline information, such as proactive outage communication, billing alerts,
4 usage alerts, and more real-time information to help customers understand
5 and manage their energy usage proactively.

6

7 One of the most frustrating experiences for customers, and this particularly
8 impacts low- to moderate-income customers, is the sense of stress that exists
9 when they receive an energy bill that is a surprise to them in terms of its
10 magnitude. AMI enables a future where customers will be able to reduce the
11 stress of a surprise bill amount by signing up for proactive alerts. This, in turn,
12 will allow customers to monitor and adjust their energy usage proactively over
13 the course of a month before it is too late to react.

14

15 The customer benefits considered by NorthWestern when making the
16 decision to implement AMI fall into the following categories:

- 17 • Increased awareness and control by providing customers with detailed
18 usage data in real or near-real time including proactive billing and usage
19 alerts – which allows customers to better understand and manage their
20 consumption, to make more informed decisions about their energy usage,
21 and to identify ways they may be able to lower their bills;

- 1 • Proactive outage detection which allows the utility to more quickly
2 respond, improve restoration times, and provide alerts to customers
3 containing information about their outage;
- 4 • Reduction in the need to estimate meter reads which improves billing
5 accuracy and reduces customer confusion and frustration;
- 6 • Alternative rate and payment options such as time-of-use rates and pre-
7 pay options to give customers more flexibility in how they are billed and
8 how and when they pay;
- 9 • Energy conservation and demand response support which allows
10 customers to use energy more wisely and to participate in demand
11 reduction programs to help offset the need to purchase energy on the
12 market during high demand times;
- 13 • Remote electric connect and disconnect which allows the utility to turn a
14 customer on or off in a matter of minutes on a 24 by 7 basis; and
- 15 • Automatic demand reset for commercial meters.

16

17 Additionally, NorthWestern has identified the following customer benefits
18 during implementation of AMI:

- 19 • Events and alarms to aid in detecting potential issues including on the
20 customer side such as faulty wiring or overloading;
- 21 • Aid in detecting issues with customer equipment such as pumps and
22 private solar installations that are not working properly or at all;

- 1 • The ability to send a signal to a meter to ensure power is flowing to the
2 meter, which helps customers determine if the issue is on their side of the
3 meter; and
- 4 • The ability for customers, including elderly or disabled, to allow family
5 members or a close friend to sign up for outage, usage, and payment
6 alerts so they can help monitor for problems with the account or an
7 outage.

8

9 **Q. Did NorthWestern consider other utilities' experience in its decision to**
10 **implement AMI in Montana?**

11 **A.** Yes. The ability to learn from the experience of others is one of the benefits
12 of NorthWestern's strategy of deployment at the speed of value. In the case
13 of AMI, not only did NorthWestern consider and leverage other utilities'
14 experience, but we also gained insight from our own implementation in
15 Nebraska and South Dakota.

16

17 Some of the key lessons learned that informed our decision-making and
18 implementation in Montana included:

- 19 • The importance of developing an adequate mesh so that communication
20 to and from the meters is stable and robust, and the value of using a
21 concentric model to deploy AMI meters versus replacing meters based on
22 traditional meter reading routes;

- 1 • Our implementation experience in South Dakota helped to inform the
2 deployment schedule in Montana;
- 3 • Negotiating a contract that included fixed pricing which proved to be
4 extremely valuable given inflation and supply chain challenges. The Direct
5 Testimony of Jonathan R. Shafer provides additional detail on this point;
- 6 • The importance of taking the time to develop a robust multi-year roadmap
7 to drive the delivery of the customer benefits of AMI, including conducting
8 a national and global assessment of AMI best practices and emerging
9 trends; and
- 10 • Emerging Customer Experience trends and best practices through our on-
11 going engagement with industry peers and customer research.

12

13 **Q. When you say NorthWestern was not an early adopter of AMI, what does**
14 **this mean?**

15 **A.** In 2022, the U.S. Energy Information Administration (“EIA”) estimated that
16 approximately 72 percent of the electric meters in the U.S. were smart meters
17 and this number has continued to grow. To not have AMI would place
18 NorthWestern and its customers at a disadvantage and make us an outlier in
19 the industry.

20

21

22 **Q. Do other NorthWestern witnesses address the AMI project?**

1 **A.** Yes. The Direct Testimony of Jason C. Merkel provides information regarding
2 the operational benefits of AMI, which in many cases will provide direct or
3 indirect customer benefits over time, that were considered by management at
4 the time of the decision to move forward with the project. The Direct
5 Testimony – Rate Design Policy of Cynthia S. Fang discusses the potential
6 for more meaningful rate options for customers. Mr. Shafer presents
7 testimony on the economic analysis of the expected benefits of AMI
8 compared to the undepreciated costs for existing metering infrastructure as
9 required by the Order.

10

11

Conclusion

12 **Q.** Please summarize your testimony.

13 **A.** My testimony discusses the role of Customer Satisfaction as a sub-
14 component of Customer Experience. NorthWestern started its Customer
15 Experience journey in 2015 with the development of a Customer Experience
16 strategy and a Customer Intent Statement that continues to guide us today.
17 Customer research is an important resource to inform the direction and
18 actions we take as a company.

19

20 Affordability and energy burden are focus areas. We continue to engage
21 nationally on this topic and have conducted research to better understand our
22 low- to moderate-income customers. Our Customer Care employees are

1 highly-trained and committed to helping customers who are struggling to pay
2 their energy bill.

3
4 Approximately 15 years ago, we launched a stakeholder process to help
5 inform our investment in infrastructure. The outcome of the stakeholder
6 process was the development of five guiding objectives, one of which was to
7 position NorthWestern to adopt new and emerging technology, including
8 smart grid. AMI is foundational to a smarter grid.

9
10 While NorthWestern has been preparing for many years for the deployment of
11 AMI, we are not an early adopter and have watched and learned from the
12 mistakes and successes of others. According to the EIA approximately 72
13 percent of electric meters in the U.S. were smart (AMI) meters as of 2022.

14
15 Management considered a host of customer benefits when making the
16 decision to implement AMI that support increased customer awareness and
17 control over how they use energy and improve the outage experience. Since
18 implementation, additional customer benefits have been identified that are
19 aiding in the ability to detect issues proactively including issues with customer
20 equipment and to determine if an out-of-power is on the customer side of the
21 meter by sending a signal to the AMI meter.

22

1 We have developed a multi-year roadmap to drive the customer benefits
2 associated with the investment in AMI. AMI will enable a future where we will
3 be able to deliver increasingly sophisticated information to customers about
4 their energy usage including more timely updates on usage and bill amount
5 throughout the month to alleviate the dreaded bill surprise. We will be better
6 able to work with and serve low- to moderate-income customers who often
7 are the most stressed about their ability to pay their bill and the most
8 impacted by the unknown bill amount until it arrives in the mail.

9

10 **Q. Does this conclude your direct testimony?**

11 **A.** Yes.

12

13

Verification

This Direct Testimony of Bobbi L. Schroepfel is true and accurate to the best of my knowledge, information, and belief.

/s/ Bobbi L. Schroepfel
Bobbi L. Schroepfel