Meeting Consumer Expectations

One Payment at a Time

October 21st 2014
Rick VanBeek
Kaitlin Pomeroy
Our Company

- PGE is a regulated investor-owned utility engaged in the generation, transmission and distribution of electricity.
- Oregon’s Largest Utility Headquartered in Portland
- 2,596 employees
- 833,000 customers
- 43% of Oregonians depend on PGE for electricity
Revenue Collections Org Structure

Terry Davis
Manager

Rick VanBeek
Supervisor
Electronic Bills & Payments
3 FTE

Cyndie Gomez
Supervisor
Cash Remittance
7 FTE

Eric Houger
Supervisor
Community Offices
6 Offices 24 FTE

Print & Mail Services
13 FTE
Payment Options

Web
Checking (One-time or Recurring)
Credit/Debit

IVR
Check (One-time)
Credit/Debit

Text
Web Enrolled Checking

Western Union
Cash
Debit Card

VCOM / Softgate
Cash

Community Office
Cash
Check
Credit/Debit
Gift Card

Cash Remittance
Check
Gift Card

Consolidators
RPPS
Checkfree
Transactions by Channel

- Electronic/3rd Party: 63.48%
- Mail Remittance: 30.94%
- Walk-In Offices: 5.58%
Transactions by Channel

- Mail
- Walk-In
- Electronic

Year 2002 to 2013
Revenue by Channel

- Mail Remittance: 47.65%
- Walk-In Offices: 6.21%
- Electronic/3rd Party: 46.14%
Revenue by Channel

- Mail
- Walk-In
- Electronic
Payment Initiatives

- **Cash Remittance**
  - Lockbox Change

- **Community Offices**
  - Advanced Functionality ATM Pilot

- **Electronic Bills & Payments**
  - Absorbed Fee Bank Card
Cash Remittance

Lockbox Change
Equipment
Staffing

SUPERVISOR
LEAD/ SYSTEM ADMIN

PRODUCTION

NON LIGHT & POWER

EXCEPTION POSTING / KEYING

PRODUCTION KEYING
Case for Change?

Primary Driver:
- Image Cash Letter

Secondary Drivers
- Bill Pay/Exception Checks
- Check and List
What Went Well

- RFP Process
- Site Visits
- Employee Engagement
- Requirements Gathering
- Core Payment Processing
- Aperta was a Partner
Challenges

- Our account number was inconsistent
- Coordination with IT (work changed teams)
- Developer onsite for installation was not the developer who customized our application from requirements
- Single sourced with understanding of the system
- Knowledge shift from experienced team members to team members more comfortable with technology
Results

- Drove Company Decision Not to Outsource
- Saved over 100K in annual costs
  - Lower cost service agreement
  - Eliminated Bank Courier
- Reduced an FTE Immediately
  - Plans for an additional FTE reduction
- Approx: 40% of Exception Payments are now Automated
Community Offices

Advanced Functionality ATMs
Case for Change?

Primary Driver:
- ATM for Customer Convenience
What Went Well

- CardTronics willingness to conduct a year long pilot
- ATMs did not require much of an effort for PGE
- Established relationship with Softgate
- The ability for customers to pay by Visa
- An ATM to withdraw cash to make cash payments
- Ability to pay other bills at our walk-in location
Results

- Averaging only 400 Payments a month at two locations
- Customers are frustrated with how many steps are required to make a payment
- Customers have not adopted the ability to pay other vendors at the volumes we expected
- Higher levels of down time in one location
- Employees felt they were being replaced and didn’t promote the functionality
Moving Forward

- Decided to end the pilot in February 2015

- What we would have needed to move forward?
  - More user friendly user experience with not so many steps required to pay their PGE bill
  - Make PGE the landing page
  - Payment posting in real-time
  - Automatically cancel disconnects/send for reconnect
  - Let the customer make the choice on the receipt method; print, email, text, etc.
  - Show account balance after payment made or on receipt
Electronic Bills & Payments

Absorbed Fee Bank Card
Case for Change?

Primary Drivers:

- #1 Request from Customer Feedback

- Trigger
  - Peer/Neighbor Utility Got Approved in Rates
Can we predict our Adoption Rate?
### Customer and Transactions Totals

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Customers Accounts</td>
<td>735,765</td>
<td>736,256</td>
<td>736,747</td>
<td>737,238</td>
<td>737,729</td>
<td>738,221</td>
<td>738,602</td>
<td>739,083</td>
<td>739,514</td>
<td>739,945</td>
<td>740,377</td>
<td>740,809</td>
</tr>
<tr>
<td><strong>Total Credit/Debit Transactions</strong></td>
<td>839,226</td>
<td>836,566</td>
<td>837,077</td>
<td>837,625</td>
<td>838,112</td>
<td>838,620</td>
<td>839,063</td>
<td>839,695</td>
<td>840,086</td>
<td>840,550</td>
<td>841,047</td>
<td>841,539</td>
</tr>
</tbody>
</table>

### Growth Rate & Adoption Rate Assumptions

- **Residential Customers Growth Rate**
  - Residential Customers Growth Rate: 0.07%  
  - Commercial Customers Growth Rate: 0.03%

- **Credit Card Adoption Rate**
  - Credit Card Adoption Rate: 3.20%  
  - Debit Card Adoption Rate: 4.08%

### Market Share - Payment Mix Assumptions

- **Visa Market Share**: 78.00%
- **MasterCard Market Share**: 22.00%
- **Regulated Debit Card Market Share**: 100.00%
- **Non Regulated Debit Card Market Share**: 0.00%

### Per Transaction Cost - Residential

<table>
<thead>
<tr>
<th>Tier Range</th>
<th>VISA</th>
<th>MC</th>
<th>REG DEBIT</th>
<th>Non-REG DEBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>$1.85</td>
<td>$1.25</td>
<td>$0.67</td>
<td>$1.25</td>
</tr>
<tr>
<td>Tier 2</td>
<td>$2.00</td>
<td>$1.40</td>
<td>$0.75</td>
<td>$1.40</td>
</tr>
<tr>
<td>Tier 3</td>
<td>$1.65</td>
<td>$1.04</td>
<td>$0.60</td>
<td>$1.04</td>
</tr>
<tr>
<td>Tier 4</td>
<td>$1.10</td>
<td>$0.70</td>
<td>$0.50</td>
<td>$0.70</td>
</tr>
</tbody>
</table>

### Outputs

#### Transactions - Residential 2014

<table>
<thead>
<tr>
<th>Tier</th>
<th>Tier Range</th>
<th>VISA</th>
<th>MC</th>
<th>REG DEBIT</th>
<th>Non-REG DEBIT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>0 to 225k</td>
<td>83,083</td>
<td>23,434</td>
<td>141,190</td>
<td>-</td>
<td>247,712</td>
</tr>
<tr>
<td>Tier 2</td>
<td>225 to 375k</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tier 3</td>
<td>375 to 525k</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tier 4</td>
<td>525k up</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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#### Total Cost - Residential 2014

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<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>0 to 225k</td>
<td>$112,606</td>
<td>$29,324</td>
<td>$123,032</td>
<td>-</td>
<td>$246,962</td>
</tr>
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<td>-</td>
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</tbody>
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**Cost Per Transaction**: $1.36 $1.25 $0.87 $- $1.07

#### Transactions - Residential 2015

<table>
<thead>
<tr>
<th>Tier</th>
<th>Tier Range</th>
<th>VISA</th>
<th>MC</th>
<th>REG DEBIT</th>
<th>Non-REG DEBIT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>0 to 225k</td>
<td>$364,954</td>
<td>$89,920</td>
<td>$196,054</td>
<td>-</td>
<td>$559,929</td>
</tr>
<tr>
<td>Tier 2</td>
<td>225 to 375k</td>
<td>$35,587</td>
<td>$-</td>
<td>$106,703</td>
<td>-</td>
<td>$142,290</td>
</tr>
<tr>
<td>Tier 3</td>
<td>375 to 525k</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tier 4</td>
<td>525k up</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$340,541</td>
<td>$89,920</td>
<td>$341,099</td>
<td>-</td>
<td>$771,561</td>
</tr>
</tbody>
</table>

**Cost Per Transaction**: $1.34 $1.25 $0.79 $- $1.02

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[Portland General Electric]
2013 Process

Feb: Submitted Rate Case

Apr-May: Numerous Data Requests

June: Settled for 500K with a go-live date of July 1st
Feb: Submitted Rate Case

Apr-May: Numerous Data Requests

June: Made decision to split Residential and Commercial Customers and change go-live to November

Sep 30th: Went live with the absorbed fee model

2014 Process
The Customer Experience
Your Account

Pay Your Bill Online
Make a one-time payment or set up automatic monthly payments through your checking account. If you would like to make payment arrangements or if you have received a disconnect notice, call Customer Service at 503-228-6322 or 800-542-8818.

Information for RICHARD S VANBEEK CHARITY VANBEEK
Account number 0099 12718-41959-2
Service address 12860 SE NORMANDY DR CLACKAMAS, OR 97015

Select a payment type
Make a one-time payment or sign up for automatic monthly payments through your checking account.

Payment type
- Ø One-time Payment
- Ø Automatic Monthly Deduction (Auto Pay)

Make a one-time payment by credit card or debit card through BillMatrix.
Payment date 10/13/2014 (mm/dd/yyyy)
Payment amount $0.00 (Account balance as of October 13, 2014)

If you are on the Equal Pay or Average Pay plan, account balance may not reflect the amount due.

Enter bank account information
Tell us which checking account you would like to use to make your payment.

Ø Use account: *******9526
Ø Enter a different account

Next
Pay Online
Make a payment with your credit card or debit card.

How it works
Through BillMatrix, you can use your VISA, MasterCard or Discover card, as well as any ATM / debit card that displays the Star℠ System logo.

Note: There is a $600 maximum per transaction with the Bill Matrix service.
To continue to the BillMatrix Web site, please click on the "Next" button.
Payment Information

Account Number: 000912718119952

Pay $100 On 10/08/2014 Using Choose Payment Method...

Choose Payment Method...

Checking
Debit Card
Credit Card

Total: $100.00

The information you submit is secure. Click here to verify.
Information provided will be used and disclosed as described in the BillMatrix Privacy Notice.
Results
Lessons Learned

- Have a multi-year card strategy
- Ensure you have organization commitment
- Partnering our card program with another initiative would have been helpful
Thank You