

Journey of Revenue Assurance at NSTAR

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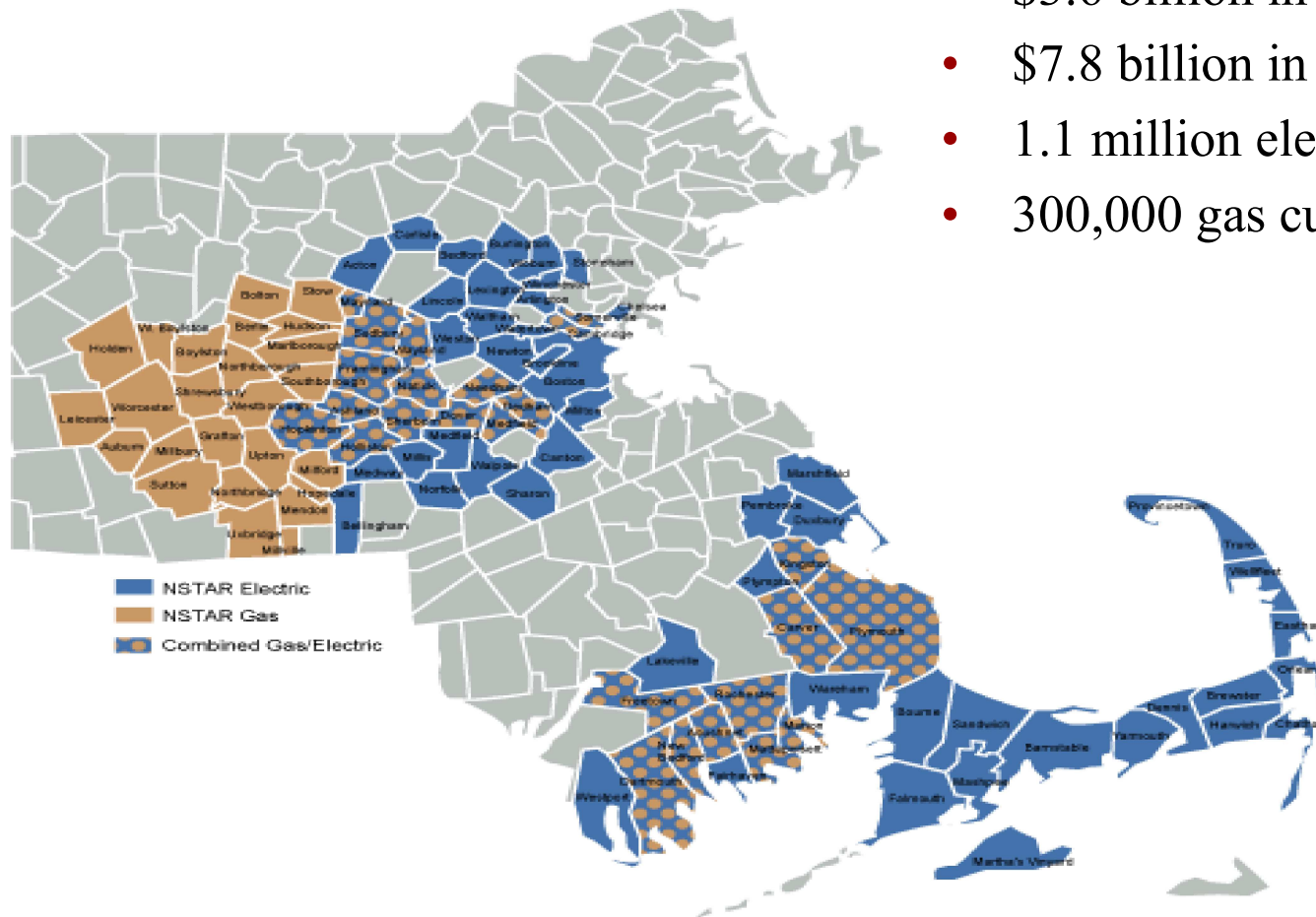
Sharing with you today ...

- NSTAR Electric & Gas Corp
- Revenue Assurance at NSTAR
- Approaches to address potential RA organizational barriers
- RA journey
- Birth of the comprehensive plan



About NSTAR...

- \$3.6 billion in revenues
- \$7.8 billion in assets
- 1.1 million electric customer
- 300,000 gas customers



We have achieved success when customers recognize us as a service leader and give us high marks.

We're Committed to Delivering Great Service

- Safe & Reliable Energy
- Accurate Information
- A Superior Customer Experience

Revenue Assurance Objectives...

- Ensure all customers are charged for services provided
- Ensure that every customer who should receive a bill is issued one
- Ensure that the bills and charges for the services are correct
- Ensure that payments for these charges are received in timely manner
- Provide accurate reporting to the business on revenue completeness and accuracy

Definition of Revenue Assurance...

... a systematic approach to revenue oriented organizational, process, and technology improvement.

Revenue Assurance Charter...

- **Vision** – Create a revenue responsible Company
- **Mission** – Dedicate to partnering with process and business owners to mitigate revenue related risks and maximize revenue opportunities by leveraging analytics of statistical data
- **Values** – Work with integrity and objectivity, listen to and respect diverse opinions, take responsibility for results

Approaches to address potential RA organizational barriers

Common Organizational Barriers	Potential Approach
Turf Protection & secrecy: RA does not belong in my process; does not belong in the research of issues originating in other groups...	Define cross company RA roles as part of the RA charter; create cross functional working teams to address route cause analysis
Data Hoarding: RA does not need data outside the Billing function...	Define key Revenue Control balancing and trending data points
Work Rejection: RA makes my job harder	Evaluate low-level work drivers and determine minimum effort required across the company. RA work will likely be work moved and avoided, rather than work created, on a net basis
Misunderstanding: Part of the organization assume RA is same as Audit Department	Use process of defining RA Charter to build understanding of the strategic nature of RA

Share your RA expertise and influence positive change

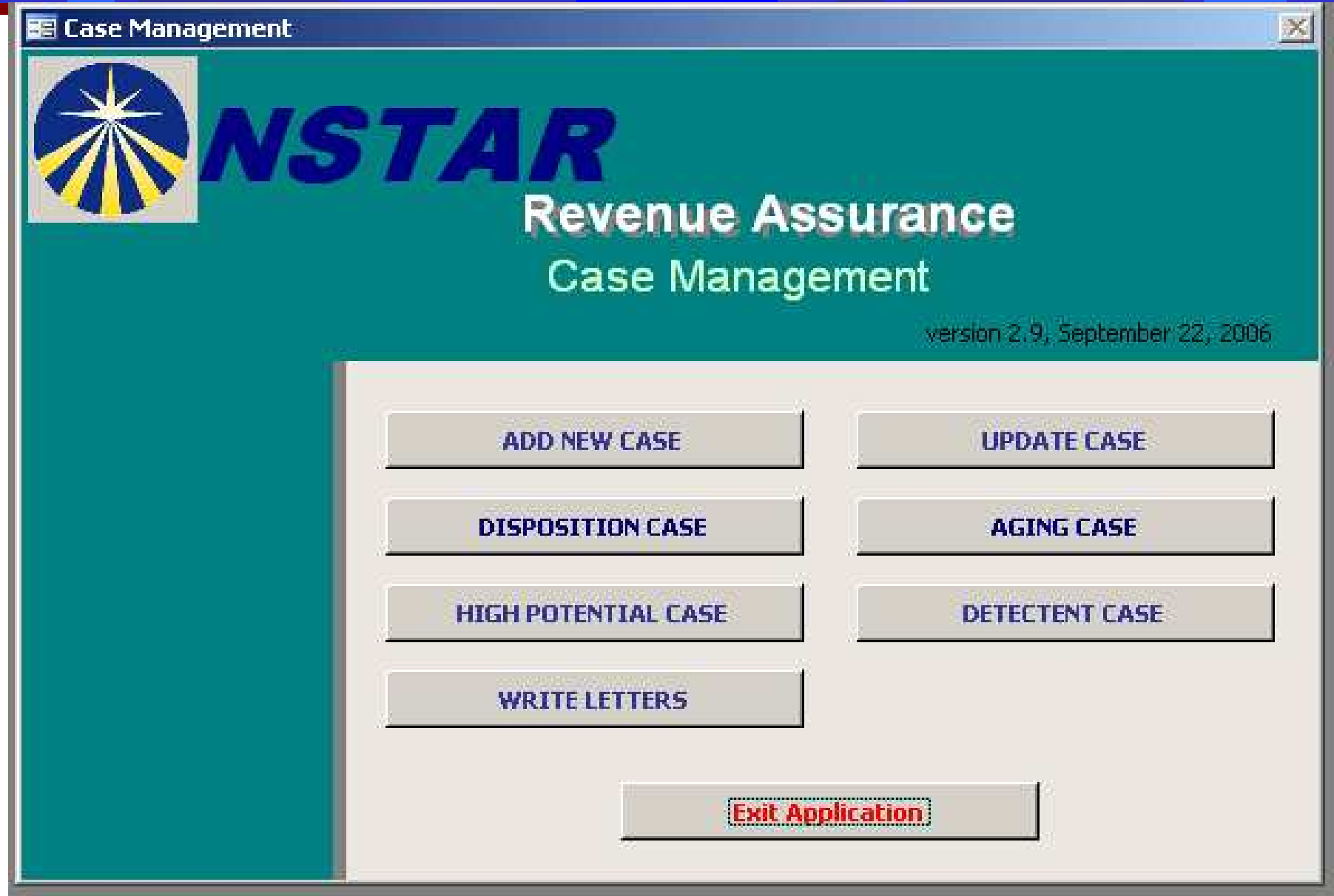
- Start with a RA diagnostic
- Identify where you may have revenue leakage
- Develop RA comprehensive plan
- Engage your business partners to:
 - Understand “As Is” processes
 - Leverage best practices
 - Identify & improve existing processes. Implement new ones
 - Training

View RA as a strategic quality tool

View RA as a change in culture

Journey of RA at NSTAR...

- In 2002, an internal NSTAR study determined:
 - Revenue Protection should be moved from Human Resources to Customer Care
 - Revenue Protection Database needed to be developed



Update Case

Enter Case Number:

Last Updated: 9/11/2007 1:50:17 PM by PSK

Case Number Received Date Assign To Status
 Discovered Date Discovered By Open Date Closed Date

Last Name First Name
 DBA
 Service Address
 Town State Zip Code
 Mailing Address
 Town State Zip Code
 Phone Alternative Phone

Company Account Number Code
 Cause Account Type Multi Case Link
 Case Description

Recommendation

Find Case

Print Case Info

Print Financial Info

Add New Case

Back To Main

Exit Application



Meters Financial Tracking Awards Contractors Evidence Detectent

Meter Number Meter Type
 Company Seal Locking Ring Location
 Color Rate
 Reading Date Reading Demand Reading
 Light Load Test Result Full Load Test Result Date Tested
 Meter Test Remarks

Record: 1 of 1



Journey of RA at NSTAR cont'd...

- Revenue Controls Improvement Project in 2005
 - Improved prioritization and lead processing
 - Created the Manager of Revenue Assurance
 - Triage RA cases

We triage our Revenue Assurance cases

SIMPLE

- Residential
- Processed by RP Assistant
- \$100K billed annually
- 120 cases annually
- \$833/case

COMPLEX

- Commercial
- Processed by Specialist
- \$4.4M billed annually
- 388 cases annually
- \$11,340/case

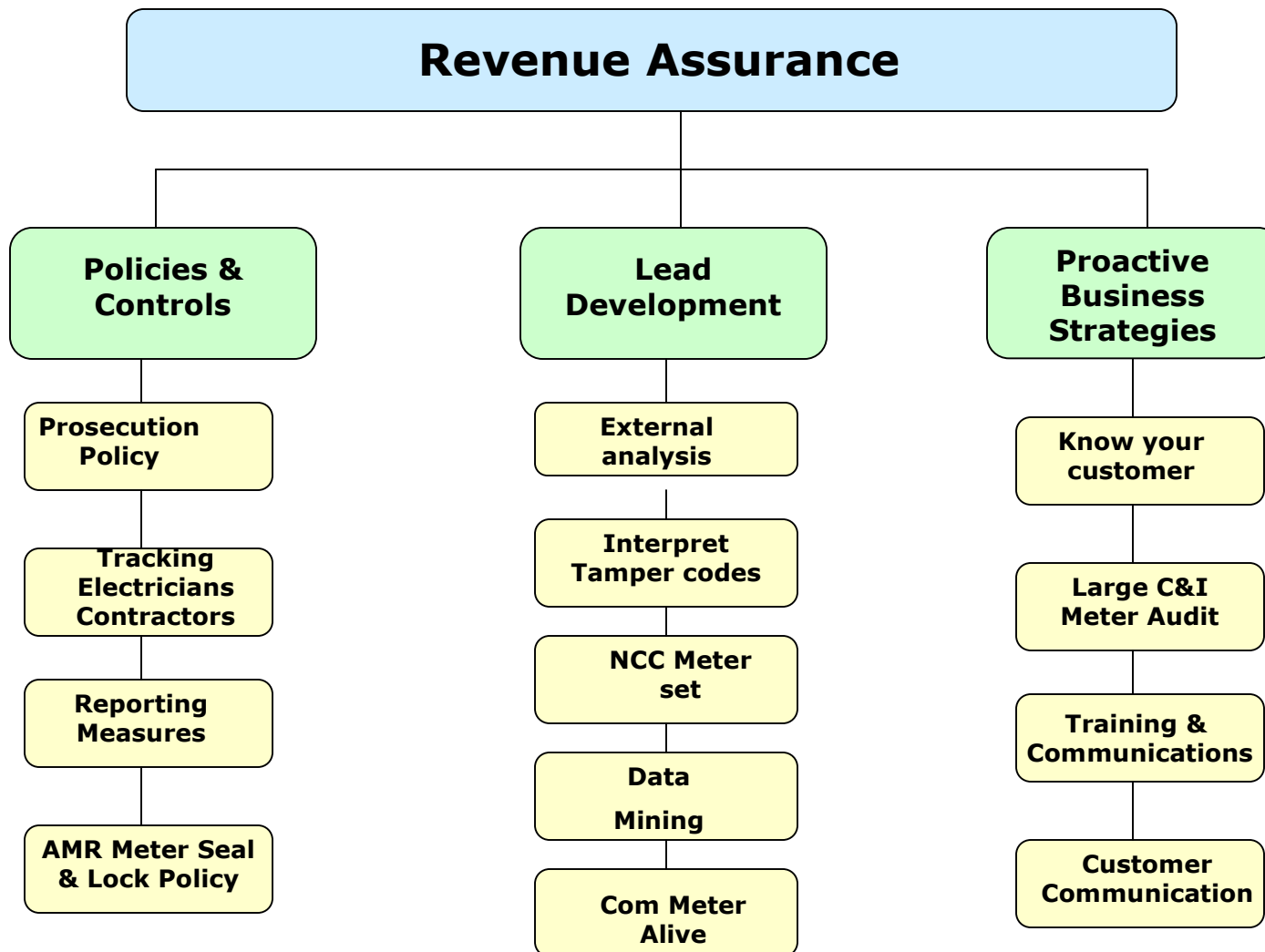
Cost to process cases has reduced by 25%.

Policy review and establishment

- RA strategic plan
 - Policies and Controls
 - Lead Development
 - Proactive business strategies

Partnerships with other business partners is critical to RA programs success

RA Strategic Plan



We are enforcing our revenue policies

- Electric meter seal & lock policy
- Adherence to NSTAR's electric service requirements
- Zero Use
- Employee Policy

Adherence to NSTAR's electric service requirements

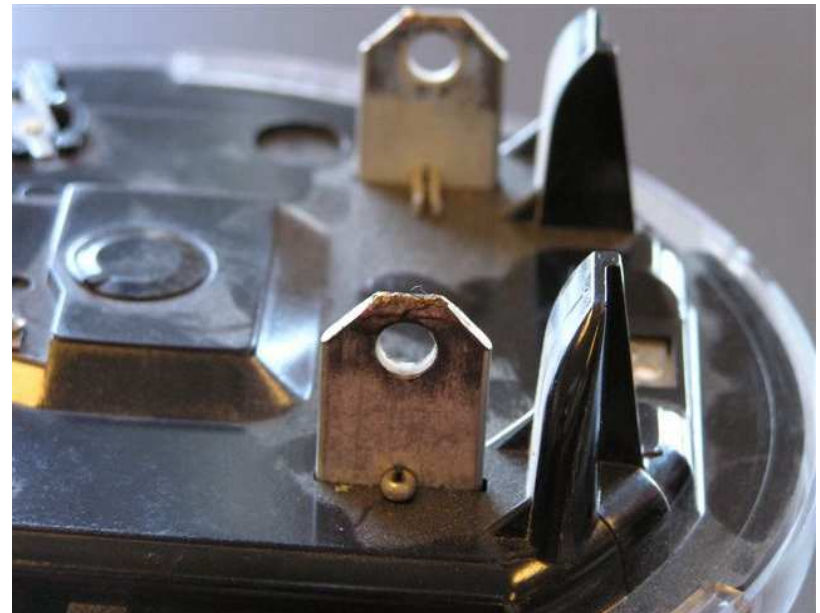
- Electricians and contractors
 - Adherence to NSTAR's Information & Requirements for Electric service
 - Tracking mechanism
 - Route cause analysis
 - Financial impact to electricians
 - Partnerships with Cities and State

Zero Use Policy

- Be in compliance with DPU
- Process and system programming changes
- New policy (temporary)
 - Residential accounts to be back billed to date of the first notification of low use pattern
 - Commercial accounts to be back billed to date of the first zero use

Employee policy

- Managing employee energy account
 - Service equipment identification
 - Account info changes
 - Account payment responsibility

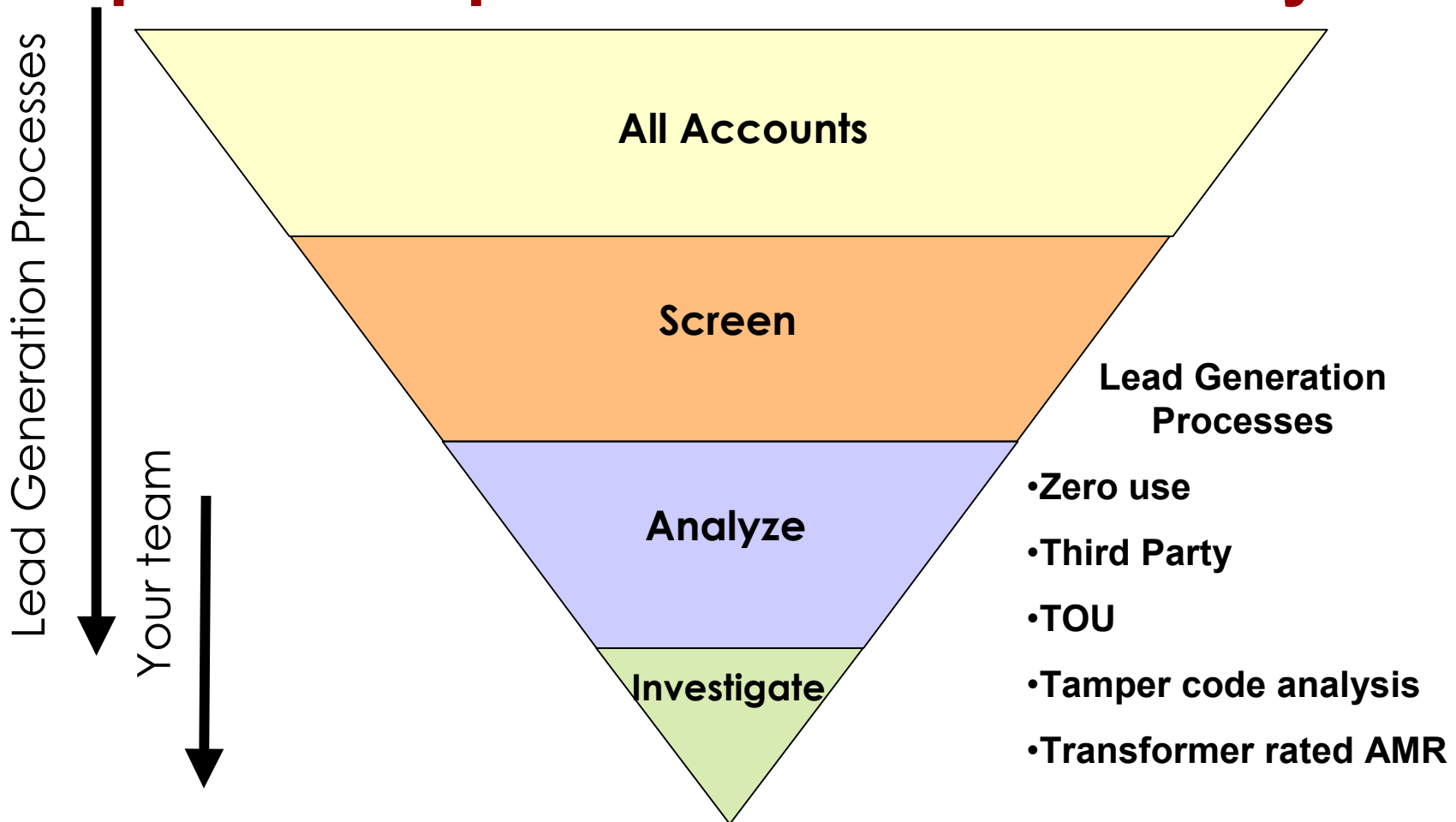


We are drafting new policies

- Prosecution policy
- Meter audit results over the DPU set limits
- Application for service for small and mid size commercial customers

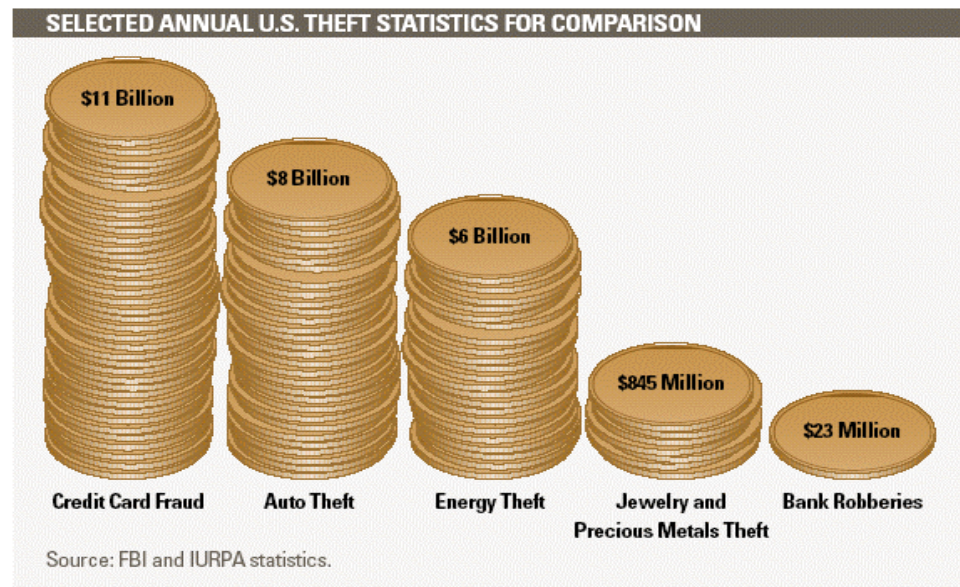


Leads are generated via third party partnership and internal data analysis



Proactive Business Strategies

- Training and communication
 - Employees
 - Customers
 - Law Enforcement Agencies

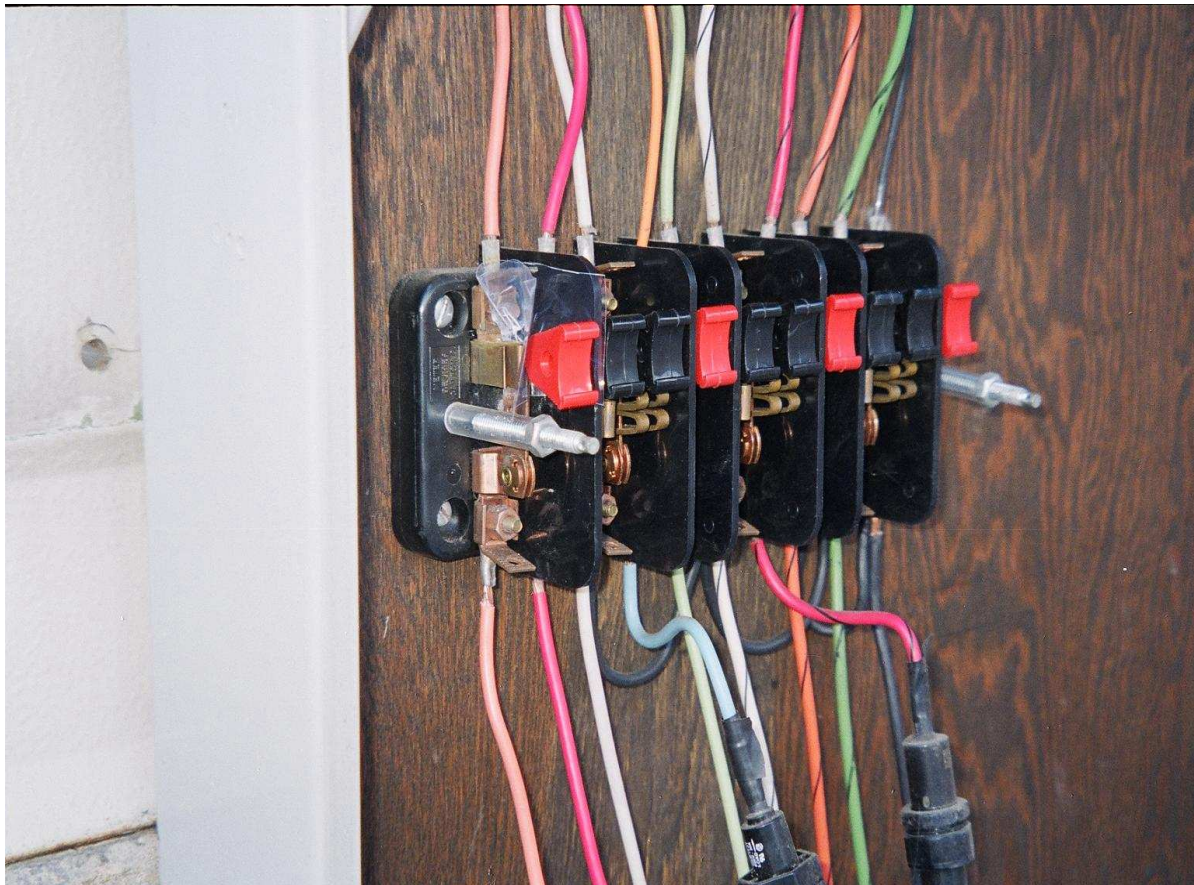


Proactive Business Strategies cont'd...

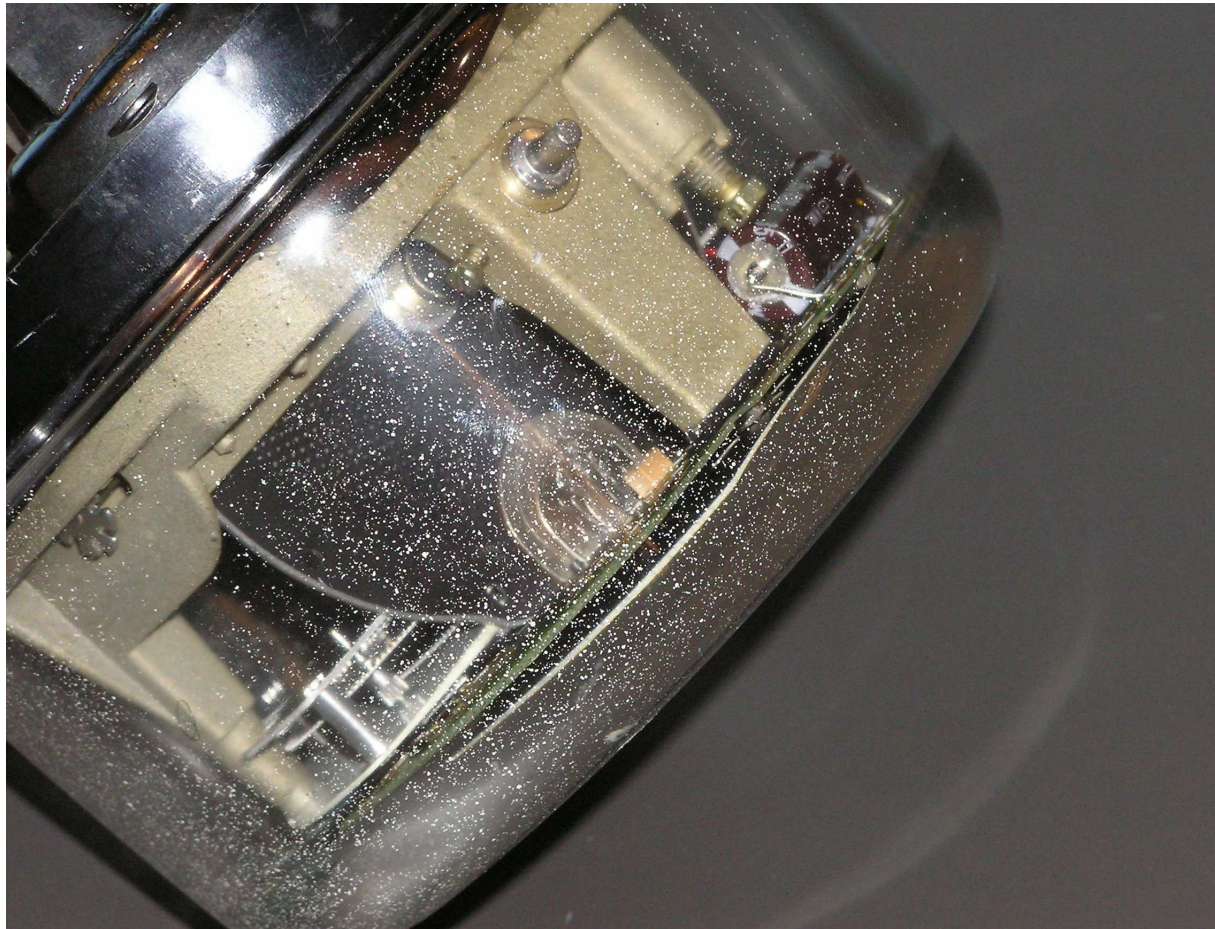
- New meter installation and verification process
- Annual field audit



New technology + new meter installation and verification process = \$1.5M



Prepaid electricity?



How well do you know your customer?

- Full file credit reporting
- PINpoint technology



In closing

- *RA is a long systematic approach*
- *RA is a change in organizational culture*
- *Know and constantly review cross organizational goals and metrics*

Thank you!