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NEWS AND CASE STUDIES ON MANAGEMENT PRACTICES AND
TECHNOLOGY SOLUTIONS IN RETAIL ENERGY SALES, SERVICE AND DELIVERY

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KCP&L new bill design is clean, flexible, cost-saving

In early 2002 it was obvious to some at Kansas City Power & Light (KCP&L) that an overhaul of the monthly bill was long overdue. Redesigning the utility bill is not a minor undertaking, as KCP&L personnel discovered, but by the end of the year the bill redesign team had cleared the hurdles and launched a clean, easy-to-read bill that would end customer confusion, save in marketing and mailing costs, and allow for the flexibility needed to add new products and services well into the future.

KCP&L was well aware that the company was not making the most of a potential communication piece that finds its way to every customer every month. One of the priorities of the new bill was to add a message board that delivers timely communications each month. Another priority was to add clarity to billing information for customers who were confused about due dates and other details.

"We had not redesigned our bill since 1986," states Nancy Moore, vice president of customer services. "We wanted to have the ability to change some messages, and in doing that we realized how little flexibility we had with our old bill. We really started talking as group about what an opportunity our bill is as a communication tool, because it is something that gets into the customers' hands every single month. Our old bill didn't afford us the opportunity to do that very well. It was time to do something."

As the person who oversees the call center, Moore had been hearing about customer billing calls for some time. A redesigned bill would impact customer satisfaction and also reduce incoming calls. "We were getting a lot of questions and calls coming in because things weren't clear on the bill and it was confusing. Obviously, we wanted to drive down some of those calls."

A recurring problem on the old bill was confusion over the due date, which was not included on the payment stub. Often customers would discard the rest of the bill and then have no way of knowing the due date. Other common questions related to language on the bill, particularly in regard to rate design items.

"We knew the customers didn't understand the bill as well as they could. We felt that we could communicate the basic information in better ways," says manager of marketing communications Mike Willman, who was part of the design team. "We also felt that we had an opportunity to add information that would be useful to them and to 'warm up' the bill from the customer satisfaction standpoint as well."

Executive Summary

Utility: Kansas City Power & Light Company (KCP&L), a wholly owned subsidiary of Great Plains Energy Inc., is a regulated provider of energy-related products and services in the Kansas City metropolitan area. KCP&L services over 490,000 customers in 24 northwestern Missouri and Kansas counties - a territory of about 4,600 square miles.

Topic: Realizing a new bill was long overdue, KCP&L formed a cross-functional bill redesign team in March 2002. Nine months later, following in-depth research into every area of the bill, the team had cleared the hurdles and was ready to unveil the finished product. The new bill is clean, easy to read and has dramatically reduced repeat billing questions to the contact center. It has decreased customer confusion, saved in marketing and mailing costs, and given the flexibility needed to add new products and services well into the future.

Input gathered from across the company

The redesign effort was a nine-month process. To kick off the project, a design team was organized, headed by the billing services manager. It was a joint effort among many groups, including customer contact; communications; IT; regulatory affairs; auditing; market research; and other staff members from the commercial side of the business, who were needed to establish a balance between the needs of residential and commercial customers. The project evolved into a large undertaking, with IT claiming a large portion of the work.

By March 2002, the design team/task force was formed and the project was official. The project manager was charged with determining all the issues around the bill, from customer feedback to IT-related issues and printing details, including the type face, paper quality and size. "Economy of design and production played an enormous part," notes Willman.

Internal personnel tackled the entire project with no outside assistance. "We went through the process of gathering initiatives on what each of our areas needed," adds Willman. The project was heavily driven by the customer service group, which communicates daily with customers, and the revenue group, which was familiar with "misunderstandings on the bill and late pays that we could affect simply by communicating better," he continues.

Next, the project team delved into best practices across a variety of outside, service-related organizations, including other utilities, banks and various businesses that have similar billing issues. Team members gathered an array of information, reviewed the most effective practices and identified relevant bill components and trends.

Although the team accumulated a lot of knowledge about billing practices, in the end it was the customers who provided the most input to the bill, Willman indicates. "We couldn't find a perfect-case scenario so we had to design our own … from what our customers were telling us."

Customer research started with the early, informal tracking of incoming calls. At a certain point in the redesign process, the utility pinned down representative groups of customers to explore their needs and concerns.

"We conducted focus groups to find out not only what levels of comfort they had and what their frustrations were with the existing bill, but what they liked about the bill format we were moving toward. We didn't try to read their minds; we did exhaustive group sessions … so we could address those issues," Willman recalls.

"The most outstanding things they needed to understand were what they owed, when it was due, and what their usage had been. So these were some of the issues we concentrated on," he adds.

There were a few surprises along the way, such as the focus group's initial reaction to a new bill.

"We came up with the prototype and then tested that with customers, and there was a little bit of reluctance to change … which we found very interesting," Moore says.

"The idea of change was not something they were in favor of initially, until we explained it to them," notes Willman. "But when we started to show them examples of the new things that we might do, they thought those were good ideas. We found out through the research that they very much did appreciate these changes."

A very expensive project

After organizing the project and listening to the focus groups, the task force created a formal business case, which was approved by upper management. The business case had many components, from large issues to minute details, such as the type of equipment needed to print the bills and the software required to produce the bill.

"All these things were much more expensive than we ever imagined. When you put all the related costs together it was considerable," states Willman.

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It was decided to enlarge the bill to one 8" x 11" piece, in contrast to the old bill that sometimes required several sheets of smaller paper. "The smaller size allowed the bills to go through the system," Willman continues, which would "then break them so that we could lay them two-up. Twenty years ago it was a practical way to do the bill. It was loaded with information, but because it was inflexible [it wasn't possible] to add new items and move other items around. That's why we went to the larger format."

An important point in the business case, also, was the reduced cost of mailing out one sheet of paper. "There were some very definite efficiencies that we could pick up in the process. The size allowed us flexibility and we could load more information onto a [single] two-sided bill."

According to Willman, the new format is very customer-friendly in the following ways:

• There is a very simple account summary on the front side, with all the details on the back. "Through customer research we determined how much detail they needed," which includes monthly and yearly comparisons of energy usage and a detailed breakdown of charges.

• Located in the upper right-hand corner of the bill are specific customer service contact numbers. "If they live in the rural areas, for example, we give them the one number they need to contact for billing or other questions, whereas previously we had a very cluttered, long list of numbers on the back of the bill."

• "We added the message board, which clarifies [important utility-related issues] as well as giving them programs and energy tips that they need to know about."

• "We made it very clear what location they were being billed for and the period they were being billed for on both sides, for those customers with multiple accounts."

• "We kept it very basic, but we deliver the brand in a very consistent fashion in order to maintain brand integrity. Our brand includes a tag line, 'energizing life,' that's delivered on the bill itself."

• "We studied fonts extensively … and we worked through IT … [but] we were limited to some extent according to the fonts available in our system. We did an exhaustive study … on readability, size and other details, to make sure the bill was clear and readable." The utility chose Arial, with a clean and a simple format, and chose not to add print colors due to the expense.

Due to the work of IT, the new bill has enough flexibility to allow the utility to add line item charges as needed in the future. This gives KCP&L the ability to develop new programs according to customer demand. "It was part of the business case … for future flexibility. We couldn't do these things on the old bill," Willman says.

Message board spotlighted

One of the most appreciated efficiencies from the utility's viewpoint was the decision to add the message board. This enabled KCP&L to eliminate some bill inserts, which had been growing to three or four a month. Some of these were mandated, regulatory messages that can be included easily on the message board. Reducing the number of monthly inserts has helped reduce expenses associated with printing bill inserts and paying additional postage on the bills. These types of savings showed up as a positive entry on the business case.

"We created a schedule that allows for only two bill inserts in every bill

1

Kansas City Power & Light
Pay online @ kcpl.com

For emergencies or lights out : **1-888-544-4852** (1-888-LIGHT-KC)
For billing and service information : **816-471-5275** (816-471-KCPL)

2

Customer Name : **JACK SAMPLE**
Service Address : **123 E STREET AVE**
Account Number : **0123-45-6789**

Due upon receipt : **$ 157.33**

Page 1 of 2
Billing Date: 10/16/2002

Message Board

Happy Holidays from Kansas City Power & Light. We look forward to serving you in the new year.

Winter saver. Lower your thermostat setting a few degrees and save on heating costs - up to 3 percent per degree.

Bill payment options. Pay online at **kcpl.com** using **AccountLink**. Call **1-800-527-7643** to pay by credit card, debit card, ATM or electronic check. Or, call **(816) 471-KCPL** for pay station locations. When paying by phone or pay station, allow up to two working days to credit your account.

3

Account Summary
for service from 09/11/2002 to 10/10/2002

Previously Billed	$ 306.67
Payment Received 09/19/2002 - Thank you	- 306.67
Current Charges *(details on back)*	
123 E STREET AVE	157.33
Due upon receipt	**$ 157.33**
Late charge if received after November 8, 2002	3.24
Amount due with late charge	$ 160.57

4

Please return this portion with your payment. Thank you.

Customer Name : **JACK SAMPLE**
Service Address : **123 E STREET AVE**
Account Number : **0123-45-6789**
Billing Date : 10/16/2002

5

Due upon receipt : **$ 157.33**
Payment must be received by : **November 8, 2002**

Amount enclosed : **$** ________

CHECK HERE
to indicate address or phone changes on back of stub

JACK SAMPLE
123 E STREET AVE
KANSAS CITY MO 64100-1122

Please return payment to:

KANSAS CITY POWER & LIGHT
PO BOX 219330
KANSAS CITY MO 64121-9330

KCP&L's new bill is easier to read and includes new features such as 1) How to reach us; 2) Account 0information; 3) Message board; 4) Account summary.

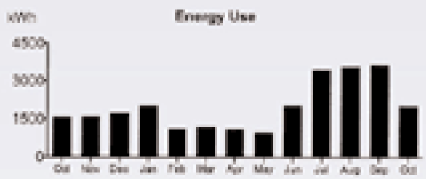
Source: KCP&L.

Customer Name : **JACK SAMPLE**
Service Address : **123 E STREET AVE**
Account Number : **0123-45-6789**

Page 2 of 2
Billing Date: 10/16/2002

123 E STREET AVE

Residential Standard Service - 2RS1A



Comparative Usage Information

Period	kWh	Days	kWh / day	Total $ / day
Current	1,985	29	68.4	$ 5.34
Previous	3,620	29	124.8	$ 10.39
Last year	1,536	29	52.9	$ 4.11

Billing Details - service from 09/11/2002 to 10/10/2002

Energy Charge	$ 136.00
Customer Charge	5.97
subtotal :	$ 141.97
Leawood franchise fee :	7.10
Johnson county sales tax :	1.27
Leawood sales tax :	1.68
Current Charges :	**$ 152.02**

Meter	Start Read Date	End Read Date	Days	End Read	Start Read	(-)	Read Difference	(x)	Meter Multiplier	(=)	Actual kWh Used
12345678	9/11	10/10	29	15076	13091		1985		1		1985

Mtr-Based Surge Protection - MTRKS

Billing Details

Meter-based Surge Protection Service	$ 4.95
Kansas state sales tax :	0.26
Johnson county sales tax :	0.04
Leawood sales tax :	0.06
Current Charges :	**$ 5.31**

Contact Information Change Form

A current telephone listing on file simplifies outage and emergency reporting.
Your service address is identified by the following telephone number:
(913) 555-9999 Change to: (   ) ____ – ______

Mailing Address changes only. *For service address changes call 816-471-5275.*

Address Line 1: ______________________________
Address Line 2: ______________________________
Address Line 3: ______________________________
City: ______________ State: ____ ZIP: ________ e-mail address (optional): ____________

Indicate changes using blue or black ink and don't forget to mark the box on the front.

The back of the KCP&L bill now includes 6)Historical energy use; 7) Billing details; 8) Usage information; 9) Other services; 10) Bill stub.
Source: KCP&L.

now, and we do one newsletter quarterly, which we've added since we redesigned the bill. We have reduced the number of bill inserts that we do every year by at least half. The costs associated with printing and mailing those bill inserts are an enormous savings," says Willman.

It is likely that these spotlighted messages are now are receiving higher readership than when they appeared in bill inserts. "Every bit of research that I've been able to gather indicates that customers read the bill first and foremost before anything else, and in many cases that's the only thing they read," he says.

The message board was given a place of honor on the front of the bill, where it is located in a box on the left side. "The idea is that people read from left to right, and we found out through research that they go to this area first. It doesn't contain any hard-line, account-related information. Instead, the message board has information about seasonal changes, reminders about energy use … and helpful payment information. We just rolled out a check-by-phone program … and we let them know about services and conveniences like that on the message board."

The message board has given the utility an invaluable tool for communicating about issues of importance or misunderstanding. For example, research had shown KCP&L that customers believed the utility had increased rates on a regular basis, despite the fact that there has been no increase since 1986. "We're able to communicate about issues like that on the message board. We're able to impact customer satisfaction and customer perceptions around price and value by very short, direct messages on the bill, which we know they're going to look at and read. It's a tremendous tool for this whole area of customer satisfaction," Willman relates.

Willman is in charge of determining which messages get on the board each month. "We kept this committee [of task force members] together and we polled all areas of the company to find out what messages are important throughout the year. I schedule and write the messages every month, send them to a review committee and the [task force]. Then IT helps us implement them on the bill every month. They're written monthly and seasonally to target specific customer segments. We target commercial and residential customers. We can even target them by zip code if we choose."

Anecdotally, calls are down

KCP&L mailed a brochure to customers to introduce the new bill in December 2002. Although there has been no formal tracking of the bill's impact on customer satisfaction, Moore states that it is obvious it has reduced questions coming into the contact center.

"Call volume is impacted by so many variables … [but] in my opinion it has reduced calls, and supervisors would say they are getting less of those types of calls. We also know that after we implemented the bill, the J.D. Power results did show improvements in some of the specific areas that would relate to [the bill], such as ease of understanding information and being able to find due dates on the bill."

Besides cost savings, the benefits of having a cross-functional task force brought cohesion to the process and positive culture change, Willman adds. "It was really a nice experience working through this together with people from all areas of the company. Our culture benefits from activities like this because through the process we learn things that we'd only assumed before. These kinds of projects really open your eyes."