



**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

Docket No. DG 14-180

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities
Distribution Service Rate Case

DIRECT TESTIMONY

OF

DANIEL G. SAAD

August 1, 2014

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1 **Q. Mr. Saad, please state your name and business address.**

2 A. My name is Daniel G. Saad. My business address is 15 Buttrick Road, Londonderry,
3 New Hampshire 03053.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. As of August 1, 2014, I am the President of Liberty Utilities (EnergyNorth Natural Gas)
7 Corp. (“EnergyNorth” or the “Company”) and Liberty Utilities (Granite State Electric)
8 Corp. (“Granite State”). Previously, I was employed as the Vice President, Operations &
9 Engineering by Liberty Energy Utilities (New Hampshire) Corp. (“Liberty Energy NH”).
10 In that capacity, I was responsible for the day-to-day operations of EnergyNorth and
11 Granite State, including all day-to-day field activities, maintenance, construction,
12 LNG/LPG, dispatch and control, and engineering.

13
14 **Q. Please describe your educational background and professional experience.**

15 A. In 1982, I earned a Bachelor of Science degree in Mechanical Engineering from the
16 University of Massachusetts, and, in 1993, I earned a Masters of Business Administration
17 from Boston College, with a concentration in finance and operations management. From
18 1982 to 1988, I worked in various progressive engineering roles for Stone & Webster
19 Engineering Corporation in its nuclear engineering-mechanics division. From 1988 to
20 2000, I was employed by Boston Gas Company. From 2000 until the time of Liberty
21 Energy NH’s acquisition of EnergyNorth and Granite State, I worked for National Grid
22 USA and its predecessor company, KeySpan Corporation, in various capacities, including
23 Vice President, Gas Operations & Construction, New England. I am also a registered

1 professional engineer, a member of the American Gas Association, a Director of the
2 Energy Council of the Northeast and a former director of the Northeast Gas Association.

3
4 **Q. Have you previously testified before the Commission?**

5 A. Yes. I testified in Docket No. DG 11-040, the docket in which the Commission approved
6 the sale of Granite State and EnergyNorth to Liberty Energy NH, and in Docket No. DG
7 14-155, involving the sale of New Hampshire Gas Corporation to EnergyNorth.

8
9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to discuss the operations of the Company from the time
11 of its acquisition from National Grid, including steps that the Company has taken to
12 transition from the services provided by National Grid to become an independently
13 operated company; to describe my immediate and longer term priorities for the Company,
14 and, to provide an overview of EnergyNorth's filing, including identifying each witness
15 and the subject matter of their testimony.

16
17 **Q. Please describe the Company's transition from services provided by National Grid
18 to its independence.**

19 A. Since EnergyNorth's acquisition by Liberty Energy NH in July 2012, EnergyNorth has
20 been receiving transition services from National Grid given that EnergyNorth was, in
21 effect, a start-up company and did not have all of the information technology systems,
22 key processes or people in place to immediately perform all necessary utility services.
23 As of July 2012, EnergyNorth was receiving 77 transition services from National Grid

1 covering a range of areas such as Human Resources, Operations, Engineering, Customer
2 Service, Financial Management, Regulatory, Records Management, and Information
3 Technology. As of the time of this testimony, the Company is in the process of closing
4 out the last 19 of these transition services with National Grid, which should be complete
5 no later than September 30, 2014. As a result, the Company will be completely
6 independent of National Grid and providing all utility functions on its own.

7
8 **Q. Please describe in more detail the actions undertaken by the Company to put the**
9 **necessary people, processes and systems in place to function independently.**

10 A. EnergyNorth has made significant strides to acquire the people, processes, and systems to
11 operate as a standalone utility. Over the last 24 months, we have, among other things:

- 12 i) Built a gas and an electric distribution company through the hiring of some 200
13 employees across diverse areas of highly specialized expertise such as
14 Engineering, Sales & Marketing, Customer Service, Dispatch & Control, Legal,
15 Regulatory, Finance, Safety, Human Resources, and Energy Procurement. The
16 magnitude of this undertaking, which involved identifying and hiring individuals
17 with the appropriate skill sets and experience to join the Company across a broad
18 range of functions, was enormous, particularly when one considers the number of
19 individuals that had to be on-boarded, trained and productive in such a short
20 period of time. Once the labor force was in place, the Company then began to
21 build out its functional departments and processes to carry out all the necessary
22 activities to ensure safe and reliable service to its customers. This
23 accomplishment alone within a two-year period is significant.

1 ii) Provided safe and reliable gas service to our 86,000 customers through the
2 Company's gas distribution system. In addition, we established a meter shop, gas
3 control room, engineering department, corrosion control department, codes and
4 standards department, GIS/Mapping group, and emergency dispatch center.

5
6 iii) Established customer information systems and other information technology
7 systems used for day-to-day operations of the business. As described in Mr.
8 Lowson's testimony, the Company (along with Granite State) has constructed a
9 new customer information system populated with data from National Grid that
10 serves as the backbone of the Company's customer service function. In addition,
11 the Company has put in place a GIS system to electronically map its distribution
12 assets, a SCADA system for gas control, a gas procurement and supply
13 management system, a work management system, and an electronic dispatching
14 and scheduling system.

15
16 iv) Established a call center through which we have taken over 253,000 calls since
17 July 2013, and more recently, opened customer walk-in centers which are staffed
18 to accept customer payments, answer service questions, and provide information
19 about the availability of Company programs such as energy efficiency.

20
21 v) Moved into a new corporate headquarters in Londonderry from which we have
22 consolidated the location of many services, including gas and electric dispatch

1 and system control, engineering, customer service, human resources, legal, rates
2 and regulatory, governmental affairs, finance, and energy procurement.
3

4 vi) Provided award winning energy efficiency programs to our customers.
5

6 vii) Implemented, improved and rescaled new internal and external processes from
7 those used by National Grid to better suit New Hampshire's needs.
8

9 Each of these milestones in its own right has been a significant undertaking. As could be
10 expected with the creation of a new company, we have had some challenges but are
11 thoroughly dedicated to refining the way in which we do business so that we provide a
12 best-in-class experience for our customers.
13

14 **Q. What are your immediate priorities for the Company?**

15 A. First and foremost, we must focus on the fundamentals of utility service across every part
16 of our New Hampshire gas and electric business so that we meet or exceed the
17 expectations of our stakeholders, which include our customers, regulators, government
18 officials, shareholders, employees, and the communities we serve. This includes
19 providing safe and reliable utility service to our customers, accurate and timely bills, and
20 easy access to the Company and information about it, whether in-person through the
21 walk-in centers, on the telephone, or through the website and other electronic means.
22

23 In addition, I will be working to implement performance management programs to

1 improve accountability and the transparency of our performance now that we are
2 functioning independent of National Grid. In addition, I will be implementing continuous
3 improvement programs in order to establish an engrained continuous improvement
4 culture as we will not only be judged on what we do, but how we do it and how we are
5 perceived by our stakeholders.

6
7 **Q. What are your longer term priorities for the Company?**

8 A. Over the longer term, EnergyNorth will strive for best-in-class performance whether in
9 customer growth programs, managing receivables, driving improvements in asset
10 replacement programs to enhance safety and reliability, taking calls in our call center and
11 leaving our customers with a positive experience, meeting or exceeding all regulatory
12 requirements, and ensuring our employees are supported so they can perform at their
13 best.

14
15 **Q. Please provide an overview of EnergyNorth's request in this docket.**

16 A. In this docket, EnergyNorth is seeking recovery of an annual revenue deficiency of
17 \$13,442,972 million based on a rate base of \$172,908,291 million. The Company is also
18 seeking approval of a step increase of approximately \$2.6 million to recover additional
19 capital that will be expended through March 31, 2015 (twelve months after the test year).

20
21 As part of this case, the Company is also seeking approval of a revenue decoupling
22 mechanism that will allow the Company to remain an effective champion of energy
23 efficiency initiatives without the financial disincentives that currently exist and to

1 mitigate the impact on the Company's earnings from energy efficiency programs,
2 changing economic conditions, and weather that is warmer or colder than normal.
3 Revenue decoupling has been adopted in many jurisdictions throughout the nation as
4 regulatory commissions recognize the benefits to their state's energy policies that result
5 when utilities can be effective champions of energy efficiency initiatives without concern
6 for the impact of those initiatives on earnings. Regulatory commissions also recognize
7 that decoupling mitigates the impact on earnings that can result from factors such as
8 increased conservation, changing economic conditions, abnormal weather, and customer
9 behavior that causes the use of natural gas to differ from amounts assumed in the
10 ratemaking process. It is an appropriate time to pursue revenue decoupling for the
11 Company in light of the increasing desire among public policy makers to pursue all cost-
12 effective energy efficiency in order to address the impacts of energy production and use.
13 It is important to note that customers benefit directly from aggressive energy efficiency
14 programs through reduced energy consumption and thus lower bills. We anticipate that
15 the Commission and other key policy makers in the state will be looking to the Company
16 and other utilities in the state to increase the scale of energy efficiency programs in order
17 to address these concerns. The Company supports these initiatives but should not suffer
18 financial consequences because of them.

19
20 **Q. Please provide a listing of the Company's witnesses and the topic of their testimony**
21 **in this case.**

22 **A.** The following witnesses are providing testimony in support of our filing:

- 1 • Steven E. Mullen is Manager, Rates and Regulatory and Howard S. Gorman is
2 President, HSG Group, Inc. Their testimony sponsors the calculation of
3 EnergyNorth's revenue requirement and the request for permanent rates. They
4 also provide testimony in support of the Company's request for temporary rates.
5
- 6 • Christian P. Brouillard is Director, Engineering. His testimony discusses the
7 capital investment that EnergyNorth has made since the last rate case as well as
8 planned investment in the twelve months following the end of the test year
9 (March 31, 2014).
10
- 11 • Kevin M. McCarthy is Vice President, Finance. His testimony presents the
12 Company's revised Cost Allocation Manual.
13
- 14 • John Lowson is Vice President, Transition Management and IT for Liberty
15 Utilities (Canada) Corp. His testimony addresses the IT conversion from National
16 Grid to Liberty Utilities.
17
- 18 • Ray Dusome is Director, Billing and Collections for Liberty Utilities Co. His
19 testimony discusses the efforts that EnergyNorth is undertaking to reduce its
20 accounts receivable balances and thus its uncollectible expense.
21
- 22 • James D. Simpson is Senior Vice President for Concentric Energy Advisors. His
23 testimonies describe the Company's revenue decoupling proposal and marginal

1 cost study. In addition, Mr. Simpson is sponsoring joint testimony along with
2 Stephen R. Hall, Director, Regulatory and Government, on rate calculations and
3 EnergyNorth's tariff.

- 4
- 5 • David A. Heintz is a Vice President at Concentric Energy Advisors. His
6 testimony discusses the functional cost of service study used as support for the
7 proposed rates.

- 8
- 9 • Robert B. Hevert is Managing Partner of Sussex Economic Advisors, LLC. His
10 testimony proposes the cost of equity and capital structure for EnergyNorth.

11

12 **Q. Does this conclude your testimony?**

13 **A.** Yes, it does.

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