

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DG 23-067

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

DIRECT TESTIMONY

OF

LAUREN A. PRESTON

July 27, 2023



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1 **I. INTRODUCTION**

2 **Q. Please state your full name, business address, and position.**

3 A. My name is Lauren A. Preston. I am employed by Liberty Utilities Service Corp.
4 (“LUSC”) as the Vice President of Customer Care. LUSC is a direct subsidiary of
5 Liberty Utilities Co. (“Liberty”) that provides regulated natural gas services to customers
6 in New Hampshire through Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a
7 Liberty (“Liberty EnergyNorth” or “Company”). My business address is 15 Buttrick
8 Road, Londonderry, New Hampshire.

9 **Q. On whose behalf are you submitting this testimony?**

10 A. I am submitting testimony on behalf of Liberty EnergyNorth.

11 **Q. Please describe your educational and professional background.**

12 A. I have 34 years of experience in the public utilities field. My range of experience
13 includes the traditional aspects of customer care such as meter reading, call centers,
14 collections, billing, third-party supplier support, and marketing and communications. My
15 experience includes serving customers in electric, water, and natural gas utilities. I also
16 have experience as an internal auditor and a project leader for large-scale programs. I
17 hold a bachelor’s degree in Management from the University of Massachusetts and a
18 Master's in Business Administration from Boston College. I served in leadership
19 capacities for the American Gas Association and Southern Gas Association.

1 **Q. Please describe your duties as the Vice President of Customer Care for Liberty.**

2 A. As the Vice President of Customer Care for Liberty's regulated utilities my duties include
3 setting strategies and policies for delivery of customer care activities for the electric, gas,
4 and water customers for Liberty's affiliated regulated utilities across the United States
5 and New Brunswick, Canada. Customer Care is responsible for customer billing,
6 customer contact via call centers and walk-in centers, and collections. In some of our
7 areas, we are also responsible for meter reading data collection. We also serve a
8 substantial role in implementing innovative technologies serving customers and
9 complying with regulatory requirements related to customer care and billing.

10 **Q. Have you previously testified in regulatory proceedings before this Commission?**

11 A. Yes, I recently filed testimony in Docket No. DE 23-039, Liberty Utilities (Granite State
12 Electric) Corp. d/b/a Liberty ("Liberty GSE") Request for Change in Distribution Rates.

13 **Q. Have you testified in other regulatory jurisdictions?**

14 A. Yes, in Massachusetts, Maryland, and the District of Columbia.

15 **II. PURPOSE OF TESTIMONY**

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to describe Liberty EnergyNorth's recent implementation
18 of a modern technology platform, Customer First, that replaced a legacy customer
19 information system and several other technology systems. My testimony also describes
20 proposals for new customer programs Liberty EnergyNorth believes will improve
21 customer satisfaction.

1 **Q. Are you sponsoring any required schedules or attachments?**

2 A. Yes, I am sponsoring Attachment LAP-1.

3 **III. CUSTOMER FIRST**

4 **Q. What is Customer First?**

5 A. Customer First is an enterprise-wide project that includes changes to technology and
6 systems, and associated employee training. As a comprehensive project, Customer First
7 serves to install an enterprise-wide solution to replace and improve legacy computer
8 systems. These include systems related to customer information, finance and accounting,
9 network operations, procurement, accounts payable, employee time, and payroll services.
10 The Customer First project provides employees with the tools to deliver the experience
11 that Liberty EnergyNorth's customers demand and deserve. Specifically, Customer First
12 is Liberty EnergyNorth's multi-year, multi-project, transformational journey to create
13 greater consistency around the Company's operations, customer service, and financial
14 functions in a way that will create an industry-leading customer experience.

15 **Q. Is the Company the only Liberty affiliate that will implement Customer First?**

16 A. No. The program is being implemented on a centralized basis. Project elements and
17 their costs will be allocated to the various entities owned by Algonquin Power & Utilities
18 Corporation ("APUC"), the parent company of Liberty EnergyNorth and all the Liberty
19 affiliates. Later in my testimony, I discuss further the decision to implement Customer
20 First on a centralized basis.

1 **Q. Can you please summarize the primary elements of the Customer First program?**

2 A. Yes. There are six major components, which are summarized in Figure 1. Most of my
3 testimony focuses on the customer-facing components.

4 *Figure 1. Customer First Program*



5
6 **Q. Is Customer First a replacement of obsolete technology or upgrades to newer technologies?**

7
8 A. Both. Across the APUC footprint, Customer First will replace obsolete systems that were
9 becoming increasingly difficult to maintain. In addition to mitigating the operational
10 risks that come with reliance on antiquated systems, Customer First also offers
11 enhancements that will help modernize distribution grids, provide better access to data

1 for customers, and improve the efficiencies with which the APUC utilities plan and
2 operate their systems. Further gains in both areas are created by the simultaneous
3 investment in our employees with corresponding training and work process designed to
4 make the work we perform for our customers and communities better.

5 **Q. How did it come to pass that APUC's regulated utilities rely on so many different,**
6 **disparate systems?**

7 A. That current state is largely attributable to the manner in which the organization has
8 grown since entering the regulated utility space. APUC acquired its first regulated utility
9 in Arizona in 2001 by purchasing a wastewater utility that serves approximately 2,000
10 customers. Since then, through a series of acquisitions, APUC has grown its utility
11 business significantly. Today, utilities owned by APUC provide regulated electric,
12 natural gas, water, and wastewater utility services to over one million customers through
13 its 30 regulated utilities, which operate in 13 states, one Canadian province, Bermuda,
14 and Chile. Many of the information systems utilized by these utilities were developed
15 under different ownership and at a time when business requirements were different than
16 they are today. In 2017, APUC began evaluating its systems and business processes and
17 determined that many were obsolete, lacked capability of support and required significant
18 manual work. This evaluation therefore supported the need for a multi-functional
19 platform. After re-evaluating its customer, business, and security requirements with the
20 technology and processes, and considering a range of alternatives, APUC determined that
21 an investment in Customer First would remedy the gaps associated with its existing

1 individual systems by sustaining the legacy systems, developing localized solutions, and
2 developing an enterprise solution.

3 **Q. Why did APUC choose to implement an enterprise solution, rather than making**
4 **system investments on a utility-by-utility basis?**

5 A. APUC chose an enterprise solution because the business needs across all the subsidiaries
6 have a consistent set of baseline needs which could be used with customization provide
7 the improvements for all of the subsidiaries. Making investments on a utility-by-utility
8 basis would likely have required a more complex project and procurement/development
9 strategy and in doing so increased the risk of system design decisions becoming disparate
10 across the organization. Choosing one set of systems which meets the majority of
11 baseline needs to implement and then configure those to meet the particular differences
12 of each subsidiary creates efficiencies across multiple dimensions. Customer First is an
13 enterprise solution that includes system-wide investments, upgrades, improvements, and
14 changes to business processes across the enterprise. Customer First addresses critical
15 needs across the enterprise by (1) leveraging the capabilities and experience of the
16 organization; (2) upgrading or replacing key systems that have become generally obsolete
17 and costly to maintain; (3) harnessing and creating large, scalable networks and resources
18 which are accessible and allow for efficiencies; and (4) reducing potential security risks.

1 **Q. Please describe the benefits customers will receive with the implementation of**
2 **Customer First.**

3 **A.** One of the most impactful customer-facing benefits from implementing Customer First is
4 the opportunity to replace the Company’s existing customer information system (“CIS”)
5 and billing systems, which were not capable of providing the kinds of services customers
6 want now and in the future. The Company’s CIS and billing systems were increasingly
7 obsolete and had not received a substantial upgrade in more than 10 years. Adapting a
8 system of that age to provide more flexibility in the types of services customers expect
9 from a utility today and in years to come would be complicated, expensive, and likely
10 inadequate. With Customer First and related interfaces, Liberty EnergyNorth can offer
11 several new and improved services and share in the development and maintenance efforts
12 of these services across the enterprise. For example, Customer First has allowed Liberty
13 EnergyNorth to redesign customers’ bills making it easier to read and understand the cost
14 of the services provided. Liberty EnergyNorth also can now offer a digital connection
15 that allows customers to track the status of work orders. Liberty EnergyNorth can
16 expand payment options to customers, including online payment, auto-payment,
17 payments at terminals in walk-in centers, and refresh how payments are made by phone
18 via the Interactive Voice Response (“IVR”) system. The system allows for digital
19 channels for customer contact, self-service enablement, supports demand response
20 programs, and has the flexibility necessary for innovative rate design. The user interface
21 enables customers to set up an account profile, monitor their usage, view bills, make
22 payments, see a map of planned outages, and receive alerts. Further, an omnichannel

1 survey platform to collect Voice of Customer (“VoC”) feedback enables Liberty
2 EnergyNorth to understand how we are serving our customers and what our customers
3 want from their utility provider. These advances coupled with an advanced survey and
4 feedback system allow us to gather information on how our customers feel about our
5 service and to use their insight to make improvements.

6 Customer First will improve how Liberty EnergyNorth engages with customers, manages
7 its assets, operates the system, and plans utility operations. This will allow for long-run
8 efficiencies through integrated software applications that standardize, streamline, and
9 integrate business processes across finance, human resources, procurement, distribution,
10 and other departments. For example, Customer First includes the implementation of
11 PowerPlan, a software solution that specifically addresses the unique asset management
12 requirements of utilities, enables functionality for specialized utility accounting practices,
13 and leverages existing data to support the automation of key activities while meeting
14 regulatory and jurisdictional requirements. Other tools such as Workforce Software will
15 streamline the processing of payroll and reduce compliance risks, and a financial
16 planning and business intelligence platform will allow for collaboration across multiple
17 business units.

18 **Q. Please describe how Customer First incorporates customer needs and expectations**
19 **throughout its design and implementation.**

20 **A.** APUC selected SAP’s industry-leading enterprise resource planning (“ERP”) software
21 system used by large companies including utilities all over the world. The process used

1 to select SAP was based on a comprehensive assessment of customer and employee
2 needs against the capabilities of the software. To implement SAP, APUC hired industry
3 experts in deploying SAP and paired them with teams of experienced company
4 employees to adapt the system to fit local preferences and requirements. As the design,
5 configuration, testing, and implementation of the system is worked through, decisions on
6 how this would work will be incorporated into research on customer and industry
7 practices, regulatory requirements, and procedures to help streamline work for our
8 employees and make information more accessible for our customers. This design
9 included how information is delivered to our customers in a manner that helps them
10 understand and manage their energy usage. The system was also built with the capacity
11 to adapt to innovative programs and technologies as those become available to our
12 customers.

13 **Q. When did Customer First go live in New Hampshire?**

14 A. Customer First went live for Liberty EnergyNorth and Liberty GSE in October 2022.

15 **Q. What is the capital cost for Customer First?**

16 A. Liberty EnergyNorth's allocation of the total APUC capital investment for Customer
17 First is estimated to be \$39.9 million. However, after the project is fully deployed across
18 the enterprise in 2024, Liberty EnergyNorth's allocated share of the total capital
19 investment will be trued-up based on the actual costs incurred by APUC.

1 **Q. Are there recurring annual operating and maintenance (“O&M”) costs related to**
2 **the Customer First project?**

3 A. Yes. The estimated annual O&M costs for Liberty EnergyNorth are estimated to average
4 \$1.7 million per year between 2023 and 2026 and there will be continued O&M costs
5 through 2042 during the project’s 20-year planned life.

6 **IV. ARREARS MANAGEMENT**

7 **Q. Explain how the Company currently addresses customers who have a balance due.**

8 **A. Levelized Budget Billing**

9 A. Liberty EnergyNorth understands the importance of our service and is fully committed to
10 working with our customers on affordability and payment options by offering customers
11 the ability to spread out payments on their bills through a levelized budget billing
12 program. The levelized payment plan bases a customer’s monthly payment on their
13 previous 12-month history and recalculates the average each month. As of June 2023,
14 Liberty EnergyNorth had 6,215 customers participating in the levelized budget billing
15 program.

16 **B. Financial Hardship Assistance**

17 For customers who need additional help, Liberty EnergyNorth supports six programs that
18 provide direct payment or lower rates. These include the New Hampshire Homeowner
19 Assistance Fund Program, the State Supplemental Electric Benefit Program (“SSEBP”),
20 the Residential Gas Assistance Program (“RGAP”), the Fuel Assistance Program (also
21 known as the Low-Income Home Energy Assistance Program (“LIHEAP”), and the

1 Neighbor Helping Neighbor Fund. Together these programs provided benefits of
2 \$1,502,848 and \$870,985 in 2021 and 2022, respectively.

3 **Q. How has the Company addressed arrearages arising from the COVID-19**
4 **pandemic?**

5 A. Liberty EnergyNorth informs customers about assistance programs through bill inserts,
6 on the website, and during conversations our employees have with customers. The
7 Company also works with community anti-poverty agencies to use data files to promptly
8 post payments these agencies approve for eligible customers.

9 During the pandemic, Liberty EnergyNorth limited its collections efforts to phone calls
10 and letters, and helped customers seek assistance from Federal, State, and local programs.
11 Liberty EnergyNorth did not shut off any services for non-payment. As more normal
12 collection practices resumed in the spring of 2023, Liberty EnergyNorth will continue to
13 encourage customers to engage in reasonable repayment plans and apply for assistance
14 programs.

15 **C. Arrearage Management Program (“AMP”)**

16 **Q. Please explain the Company’s proposed AMP.**

17 A. The Company is proposing an AMP which will provide arrearage forgiveness of up to
18 \$1,200 in total to eligible low-income customers. Eligible customers participating in the
19 AMP will receive \$100 in monthly arrearage forgiveness for each timely payment of their
20 current monthly bill (“AMP Credit”) unless the remaining arrearage balance is less than
21 \$100.

1 **Q. Why is the Company proposing to offer an AMP?**

2 A. The Company is proposing to offer an AMP to provide financial relief to customers who
3 find themselves in financial hardship and require assistance in paying their gas utility bill.
4 This program is timely considering the economic impacts resulting from the COVID-19
5 pandemic and the current inflationary economic environment. The AMP enables the
6 customer to develop consistent bill habits; protects the customer from service
7 disconnection while participating in the program; and enables the customer to draw down
8 on the arrears as the AMP Credit is applied with each payment made. For the utility, the
9 costs associated with collection activities on these accounts are diminished as field visits
10 and disconnections/reconnections are avoided.

11 **Q. Please describe the Company's AMP.**

12 A. As described above, the AMP will provide arrearage forgiveness of up to \$1,200 to
13 eligible low-income customers. Eligible customers can participate one time on the AMP
14 for the reduction of their arrearage balance. One of the objectives of the AMP is for
15 customers to be in a position where they have addressed their arrearage balance and have
16 a fresh start for the payment of future bills. The length of time the customer will be on
17 the AMP will depend on their arrearage amount and will be determined by dividing the
18 customer's total arrearage amount at the time the customer enrolls in the AMP by \$100.
19 When on the AMP, customers must enroll in the Company's budget billing program. The
20 Company calculates the customer's AMP budget installment amount based on their
21 historical usage and this is the amount the customer is required to pay each month to
22 receive the AMP Credit. Both the monthly AMP budget installment amount and the

1 Company's AMP Credit contributions will be displayed as a separate line item on the
2 customer's bill. Customers that pay their then-current monthly budget amount on time
3 will receive the \$100 AMP Credit, reducing their total arrearage amount. In addition,
4 customers on the AMP will be protected from service disconnection.

5 **Q. Please walk through an example of how the AMP works and is reflected on the**
6 **customer's bill.**

7 A. As an example, if a customer has a total arrearage balance of \$1,200 at the time of
8 enrolling in the AMP, the AMP term will be 12 months (\$1,200/\$100 of the AMP
9 Credit). The customer will receive an AMP Credit of \$100/month for 12 months
10 provided they make their monthly AMP budget installment payment. As shown in
11 Attachment LAP-1, the customer's monthly bill will show (a) the monthly AMP budget
12 installment amount due for payment that month, (b) the actual bill charges to date, (c) the
13 accumulated AMP budget installment amount, (d) the accumulate AMP Credits, (e) the
14 total payments made by the customer to date, and (f) the actual account balance which
15 reflects the accumulated AMP credits and customer's payments.

16 **Q. How does the AMP help eligible residential customers?**

17 A. The Company is proposing to only offer the AMP to customers demonstrating a clear
18 financial need. Customers that do not meet financial hardship qualifications for the
19 program can enroll in budget billing or an affordable payment plan. Benefits for hardship
20 customers include protection from disconnection during program participation, learning

1 consistent payment habits, and access to other financial assistance resources and
2 programs that the customer may not otherwise be aware of.

3 **Q. How does the AMP help the Company?**

4 A. The AMP provides the Company with an alternative to disconnecting hardship
5 customers. The regulations allow the Company to disconnect hardship customers outside
6 of the winter protection period, but with the AMP, a customer will be eligible to take
7 steps toward reducing their arrearage without disconnect. The AMP will not be a
8 substitute for any current consumer rules and regulations, but rather another tool to assist
9 our most vulnerable customers.

10 **Q. How much did the Company write off due to unpaid balances in the last five years?**

11 A. In 2022, the Company wrote off \$1,304,175 due to unpaid balances. On average, the
12 Company has written off \$1,348,268 per year for the last five years (2018–2022). As
13 shown below, write-offs were paused at the time Liberty EnergyNorth went live with
14 Customer First. An adjustment of approximately \$25,000 was applied to the last quarter
15 of 2022 reflecting write-offs during the period.

Table 1. Unpaid Balance Write-offs

EnergyNorth Natural Gas						
Write-offs Less Recalls / Recoveries						
Month	2023	2022	2021	2020	2019	2018
Jan	(2,865)	55,042	(14,753)	98,535	83,804	65,992
Feb	(2,050)	67,934	140,968	56,093	97,205	46,280
Mar	48,665	57,717	77,640	59,934	85,325	134,416
Apr	(8,188)	61,400	68,564	58,995	163,655	67,459
May	(3,017)	50,438	42,355	46,585	56,846	49,556
Jun		94,168	118,830	81,893	165,112	114,573
Jul		141,072	129,400	66,723	120,766	165,818
Aug		154,890	218,009	38,367	231,799	467,934
Sep		(10,602)	242,692	50,858	237,448	179,892
Oct		-	147,211	54,478	158,598	139,844
Nov		(17,126)	141,490	104,038	155,210	45,711
Dec		649,243	86,065	91,815	72,716	124,421
YTD Total	32,545	1,304,175	1,398,472	808,315	1,628,484	1,601,898

Q. What are the AMP eligibility criteria?

A. Eligible customers for the AMP (1) must be enrolled in an eligible New Hampshire state governmental assistance program or registered as a “low-income” customer of another New Hampshire utility (i.e., electric or water); (2) must be a residential customer of record for the gas utility account; and (3) the account balance must be greater than \$300 and at least 60 days overdue. There are several eligible governmental assistance programs, including the following:

- Supplemental Nutrition Assistance Program (SNAP);
- Home Energy Assistance Program (HEAP);
- Low-Income Home Energy Assistance Program (LIHEAP);

- Temporary Assistance for Needy Persons/Families (TANF);
- Low-Income Household Water Assistance Program (LIHWAP); and
- Supplemental Security Income.

Q. Who will administer the programs?

A. The AMP will be administered by the Company's Customer Service department. The determination of whether a customer is considered a low-income customer and qualifies for the AMP is primarily undertaken by the government assistance agency. Upon receiving confirmation from the residential customer of record for the gas utility account that they are currently receiving benefits from the government agency or registered as a "low-income" customer of another New Hampshire utility, the Company will enroll the customer in the AMP.

Q. Can a customer still be terminated from AMP enrollment?

A. As discussed above, a customer enrolled in the AMP will be required to certify that they are either receiving benefits from a government assistance agency or registered as a low-income customer for another New Hampshire utility (i.e., water or electricity). The customer is also required to remain the gas utility account holder of record. If the time enrolled elapses over a year, the customer must recertify that they qualify. If the customer is no longer enrolled in an eligible government assistance program, and/or fails to pay their agreed monthly payment plan amount, the customer will be terminated from the AMP and any remaining AMP benefit will be forfeited. AMP participation may be reinstated later if all missed and current payments are made, and the customer reapplies

1 to the AMP. The Company's cost estimate projects that customers would participate for
2 up to 7 months at \$100 per month.¹

3 **Q. Does the Company have an estimate as to how many residential customers would**
4 **quality for the AMP?**

5 A. Yes. The Company has more than 3,000 customers participating in the low-income
6 programs described above. As of January 2023, 1,432 low-income customers
7 participating in the Gas Assistance Program would have met the eligibility criteria to
8 participate in the proposed AMP.

9 **Q. Does the Company have an estimate of the AMP costs?**

10 A. Yes. Based on an estimate of 1,432 customers participating in AMP, the cost of the AMP
11 is estimated to be \$1,202,880, as illustrated in Table 2. The AMP costs include the
12 \$1,200/customer forgiveness amount, adjusted for a 70% fulfillment rate, IT costs, and
13 communication and outreach costs. Administrative costs in qualifying and assessing
14 customer eligibility for AMP are not included in the cost as the government assistance
15 agency will qualify customers for the program.

¹ The estimate is based upon Liberty EnergyNorth's Massachusetts affiliate, Liberty Utilities (New England Natural Gas Company) Corp. ("Liberty NEG") AMP program average participation rate.

Table 2. AMP Estimated Annual Expense

	Customer Count	Estimated Qualifying Customer Participation	Cost Per Monthly Transaction ⁽¹⁾	Annual Cost
Residential – monthly customer fee waived	85,941	1,432	\$70	\$ 1,202,880
Communication/Outreach (one annual bill insert)				\$ 17,188
TOTAL				<u>\$ 1,220,068</u>

(1) Estimated 70% fulfilment rate on possible \$1,200 per year assistance

There is a capital cost of approximately \$25,000 for programming and file integration cost to enroll customers that is not included in the estimated annual expense and is incorporated into the Company's overall capital plan.

Q. How will the programs be funded?

A. The Company proposes to recover the AMP costs through the Company's current Local Distribution Adjustment Clause ("LDAC"). As described in the testimony of Mr. Culbertson, Regulatory Issues, the Company would submit the tracked AMP costs for inclusion in the annual LDAC reconciliation adjustment.

Q. Has the AMP been successful in other Liberty jurisdictions?

A. Yes. Liberty EnergyNorth's Massachusetts affiliate, Liberty Utilities (New England Natural Gas Company) Corp. ("Liberty NEG"), offers an AMP for its qualifying low-income customers. In 2021, Liberty NEG had 1,929 low-income customers participate in AMP and 986 customers completed their AMP. In 2022, Liberty NEG had 2,396 low-income customers participate in AMP and 458 customers completed their AMP. Without

AMP, these customers would have experienced possible disconnection and mounting arrearage balances. In addition, the Company has proposed an AMP for its sister New Hampshire utility, Liberty GSE.

Q. Are there other considerations for the implementation of the AMP?

A. Yes. The Company would need to formally modify the budget bill plan to add the AMP forgiveness. The modification cost is included in Table 2, above.

Q. Can you provide an example of how the AMP Credit will appear on a customer's bill?

A. Yes. Attachment LAP-1 is an example of how the AMP Credit appears on a Liberty NEG AMP customer's bill and will similarly appear on a Liberty EnergyNorth AMP customer's bill.

V. TRANSACTION FEE FREE PROGRAM

Q. Has the Company identified an additional program that would improve customer satisfaction?

A. Yes. The Company is proposing to implement a fee free card/electronic check payment program to eliminate convenience fees for credit card, debit card, and electronic check payments. Due to the sharing of the billing platforms, Liberty EnergyNorth's proposal is contingent on, and to be effective with, approval of a similar proposal for Liberty GSE to have a consistent policy for all our New Hampshire customers. Liberty GSE's fee free proposal was included in DE 23-039.

1 **Q. Please explain the Company's proposal for a transaction fee free program.**

2 A. The Company's payment service provider charges a fee to process credit card and debit
3 card payments to recoup transaction fees charged by the customer's credit and debit card
4 issuing banks. Liberty EnergyNorth currently requires customers to pay this fee, which is
5 \$1.75 per transaction for residential customers up to a maximum payment of \$600, and
6 \$7.75 per transaction for non-residential customers up to a maximum payment of \$5,000
7 per transaction.

8 **Q. Why is the Company proposing these modifications?**

9 A. In general, society is becoming an increasingly cashless system of commerce and
10 consumers expect that transaction fees associated with credit cards and other forms of
11 electronic payment should be absorbed by merchants and embedded in product pricing.
12 Liberty EnergyNorth believes that it is part of an increasingly smaller segment of
13 merchants who charge a separate fee and the proposal to eliminate this charge will
14 eliminate a point of frustration for customers and allow all costs associated with payment
15 options to be treated equally.

16 Liberty EnergyNorth believes adding a payment option without a convenience fee will
17 improve customer satisfaction and encourage customers to use our self-serve options and
18 website. It is an increasingly popular option and customers routinely express
19 dissatisfaction with having to pay a fee to pay their bill.

1 **Q. How will the fee free billing payment benefit customers?**

2 A. Paying online or over the phone with a credit or debit card allows customers the
3 convenience of not sending payments through the mail or travelling to an in-person
4 location. It will also save customers the cost of postage for mailing payments to a
5 lockbox. It encourages customers to use our online self-service tools by providing a
6 secure way to store their payment information. Finally, sponsoring the program through
7 Liberty's cost of service will allow the Company to receive a better price per transaction
8 from the payment processing vendor. Moving to a biller-funded model, the rate for
9 residential customer payments would decrease from \$1.75 per transaction to \$1.35 per
10 transaction.

11 **Q. How is the Company proposing to recover the costs associated with the proposed fee**
12 **free payment program?**

13 A. The Company proposes to recover the Fee Free Payment Program costs through base
14 rates.

15 **Q. Why is it equitable to change the model from a per-transaction direct charge to a**
16 **cost spread across the entire customer base?**

17 A. Liberty EnergyNorth believes this is a convenience customers want and expect and,
18 similarly to how the cost of a Customer Service Representative who processes a check is
19 shared, the cost should be shared across the entire customer base. For example, customer
20 care costs include items like lockbox processing fees which are spread across the entire
21 customer base. The Company also believes this will encourage customers to use the

online tools that also provide information about the customer's account and helpful information about energy usage. Finally, the Company believes the faster processing time compared to mailed-in payments may help customers avoid late payment fees.

Q. Is the Company proposing a fee free program to rate classes other than the residential class?

A. Yes, Liberty EnergyNorth would like to offer the fee free program to both residential and non-residential customers. The current arrangement with payment services providers limits the payment transaction size and quantity to eight transactions per 26-day period, and up to \$600 per transaction for residential customers and \$5,000 per transaction for commercial customers. As a practical matter, the commercial offering would primarily benefit small and medium-sized customers with monthly invoices of less than \$40,000.

Q. How much do you estimate the fee free program would cost?

A. If up to 7% of our residential customers pay with a credit card, the annual cost is estimated to be \$97,457. If 5% of our non-residential customers pay with a credit card, the annual transaction fee cost is estimated to be \$38,610,907.

Table 3. Fee Free Payment Program Costs

Fee Free Credit/Debit Cards

	Customer Count	Estimated Participation	Cost per Monthly Transaction	Annual Cost
Residential	85,941	7%	\$1.35	\$ 97,457
Commercial	11,790	5%	\$5.50	\$ 38,907
				\$ 136,364

1 **VI. OTHER ADDITIONAL SUPPORT PROPOSED**

2 **Q. Is the Company proposing to add any additional employee costs to support**
3 **customer services?**

4 A. The Company proposes to add \$46,360 in customer service labor costs; these costs will
5 fund a pro-rata share of a Customer Advocacy Manager. This employee would serve as a
6 liaison for the New Hampshire Department of Energy (“DOE”) staff and a point of
7 contact for elected officials who may have consumer or constituent concerns brought to
8 them about the Company’s services. This manager would also have the ability to
9 investigate any concerns raised by our customers and the authority to expedite any
10 resolution necessary. The Customer Advocacy Manager will report to our Senior
11 Manager of Customer Service. The Company believes adding an employee with a
12 focused responsibility will provide support to both the Company’s customer and the DOE
13 staff.

14 **VII. CONCLUSION**

15 **Q. Does this conclude your pre-filed direct testimony?**

16 A. Yes.

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