STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

EnergyNorth Natural Gas, Inc. d/b/a National Grid NH

Docket DG 10-017

Direct Testimony
of
Kevin Spottiswood

February 26, 2010

Q. Please state your name and business address.

A. My name is Kevin M. Spottiswood. My business address is 130 Elm Street, Manchester, New Hampshire.

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

A. I am employed by EnergyNorth Natural Gas, Inc., which does business under the name National Grid NH. (I will also refer to National Grid NH as the "Company".) I am a Foreman and currently serve as President of Local 12012-03 of United Steelworkers of America.

Q. How long have you been employed by National Grid NH?

A. I have been employed for nineteen years by National Grid NH (which was previously called KeySpan Energy Delivery and, before that, EnergyNorth Natural Gas. I began with the Company in 1990 in the position of Apprentice Technician. I progressed to the position of Service Technician A and then transferred to the Maintenance Department, where I worked as an Operator and then progressed to Foreman.

Q. How long have you served as President of Local 12012-03?

A. I was first elected President four years ago. My term was three years, and in April 2009, I was reelected to a second three-year term.

Q. What is the purpose of your testimony?

A. My testimony will provide my observations as an employee of National Grid NH regarding the changes I have seen in how the Company interacts with its employees and provides service to its customers since the merger between KeySpan Corporation and National Grid USA in 2007.

Q. Did the Company ask you to testify in this case?

A. No. In the summer of 2009 I spoke with Bill Akley, Senior Vice President of Operations and Construction and shared my views regarding National Grid's operation of the Company and told him I would be happy to be of assistance if there was anything I could do to make sure that the Commission and others were aware of the changes that have been occurring at the Company in recent years. He told me that the Company was considering filing a rate case in 2010, and I offered to be a witness.

Q. Are you being paid to testify or are your work conditions contingent in any way on your testimony?

A. No. The Company's representatives have repeatedly made clear to me that whether I provide testimony is completely up to me, that anything I say should be my own thoughts, and that any testimony submitted under my name would have to be reviewed and approved by me before it was filed. As I indicated, my testimony came about because I sought out Company management. I should stress that, since the local union of which I am President is not a formal intervenor in this case, the testimony reflects my personal views and experiences, although

obviously I would not have expressed these views if I felt they were at odds with the views of my fellow employees.

Q. Were you an intervenor in the PUC docket in which the KeySpan/National Grid merger was approved?

A. Local 12012-03 was an intervenor, and I was its representative in that case.

Q. What was the local's position regarding the merger?

A. We were initially opposed to the merger, a position that I very much agreed with.

Q. Has your view changed since that time?

A. Yes. Very much so. At the time, I believed that another acquisition of the Company resulting in its becoming part of a still larger organization would be bad for both employees and customers. I was concerned that, in an effort to cut costs and boost profits, National Grid would reduce the number of employees providing service and would not provide us with the resources we need to do our jobs well. I was also concerned that a larger enterprise would care little about its workers. In fact, just the opposite has proven to be true.

Q. Can you provide some specific examples of changes that you've seen.

A. Since the merger between KeySpan and National Grid, there have been a lot of changes that I believe benefit customers by enabling employees to perform their jobs more effectively, efficiently and safely. Many of these improvements

1 responded to concerns and challenges that have been long-standing and, in some
2 cases, existed when EnergyNorth Natural Gas was a stand-alone company. As
3 you might expect, as a small company, EnergyNorth was resource constrained at
4 times, and therefore we did not always have the most up-to-date tooling and
5 technology to do our jobs. As a larger company with experience in other states,
6 National Grid has provided us with better tooling and access to a broad array of
7 expertise from outside New Hampshire.
8
9 One example, where we have made great strides that benefit customers is the use
10 of key holing equipment. Key holing, which was initially begun under KeySpan
11 and has since been expanded, involves using specialized equipment to excavate a
12 very small area when a pipe or valve needs to be repaired. By using key holing
13 techniques and equipment, we are able to disrupt a much smaller area of
14 pavement than used to be necessary. The key holing process allows our crews to
15 complete their work on most routine excavation projects in a single day and avoid
16 the substantially higher cost of a major paving restoration. The average paving
17 costs for a project that can be key holed is $50-55. For the same project, using
18 traditional methods, the paving costs are about $700. The use of key holing
19 technology also leads to better customer and public satisfaction because of the
20 shortened time that our crew has to disrupt the street or other area near the
21 affected location. In addition, because of the pavement restoration process used
22 in key holing, our work crews are able to permanently restore the pavement at the
23 conclusion of their work, rather than temporarily patching the pavement and then

returning later to perform permanent restoration. If you are at all familiar with the size of the area that we traditionally had to excavate and restore for even more minor system repairs, you can understand that use of key holing has been extremely positively received by the municipalities where our system is located.

National Grid has also achieved efficiencies and improved employee skill levels by utilizing Company employees to perform many functions for which outside contractors were previously used. The Company provides ongoing training for its employees who need special skills, such as welding, for these functions. Customers benefit because the Company has ready access to the personnel it needs when the system requires these skilled services, rather than having to go outside the Company and wait until a contractor is available to respond. The Company has also increased the local workforce in select areas, which has resulted in improvements to emergency response and compliance with mandated program work.

Another improvement that National Grid has made is in the area of inventory management and tool maintenance. National Grid has hired an individual who is responsible for monitoring the inventory and maintaining tools and equipment at our three operations yards in New Hampshire (Tilton, Manchester and Nashua) to ensure that needed supplies, including those required for emergency situations, are on hand and in working order. While this enables us to ensure that we have the materials we need on site when we need them, it also ensures that we do not

have more inventory than is needed. The Company still utilizes a central warehouse operated by the larger National Grid organization, but the addition of local oversight of the local inventory has been a real improvement in this area. The presence of a local person is also important with regard to maintaining the specific types of tools that are needed for emergency situations. In addition to the obvious safety concerns of being able to respond promptly and efficiently when an emergency situation is reported, having the proper supplies and tools often allows work crews to make a permanent repair on the spot when they are responding to an emergency, rather than making a temporary repair that requires further attention at a later date.

In addition, having a local tool repair person eliminates the cost of paying outside vendors for repair work. National Grid has also instituted a practice of ensuring that backup tools are available in many cases, so that related work can continue even while the tool is being repaired. Damage to an important tool used to delay any work for which the tool was required until it had been repaired and returned. The result is lower cost and better customer satisfaction.

The Company has also demonstrated a concern for safety and customer service by ensuring that emergency crews are available in all three service areas so we can respond promptly as situations require. Under National Grid's management, our approach to emergency staffing has been well thought out and effective and serves both customers and the general public well. For example, the Company

now has emergency pressure regulation personnel available on standby on a 24/7 basis. In addition, there is a local residency requirement for emergency positions to ensure that the Company can respond to emergency calls on a timely basis.

Q. Please describe the relationship between the Company's management and its employees.

A. National Grid has taken concrete steps to make sure that employees in New Hampshire know that they are important to the Company and to consider their input into decisions affecting the Company's operations. The Company holds periodic employee meetings that are attended by senior management to discuss issues of concern and to update employees on developments throughout National Grid USA. There are also opportunities for employees to share their ideas about ways in which the Company can improve working conditions and the Company's operations, and it has been my experience that this input is taken seriously.

Q. Please give some examples of how the Company's approach to worker safety has changed under National Grid's management.

A. The Company makes a considerable effort to ensure that employees have appropriate personal protective equipment available to them on the job, and it implements procedures and oversight processes to ensure that the equipment is used as intended. The Company has also implemented a practice of equipping Maintenance and Service trucks with cable avoidance devices to help prevent injuries from electric and telephone cables and avoid the potential for

inadvertently causing an electrical or telephone outage while performing gas-related work. Workplace safety is a way of life at National Grid in a way that I have not experienced under prior management or seen at other employers I am aware of.

Q. Are there other ways in which National Grid has demonstrated a commitment to its employees?

A. Yes. In addition to focusing on worker safety and maintaining open communication channels, another significant area where that commitment has been demonstrated is employee training. There is ongoing training in many areas, including ensuring that employees obtain the certifications needed to perform their jobs at the highest level. Worker training, in addition to focusing on workplace skills, is also utilized to reduce workplace injuries. One example is training that was conducted to teach employees how to move and stretch in order to reduce the incidence of soft tissue injury. The Company's emphasis on employee training is supported by the creation of a second training center in Amesbury, Massachusetts in addition to the Norwood, Massachusetts facility that was utilized under KeySpan's management. The Amesbury training center is much closer to our New Hampshire facilities, making training even more accessible for our New Hampshire work force.

Q. The Commission has focused attention on the important public safety concerns related to the gas industry such as odor response and underground

facility damage prevention. What is your perspective on the Company's performance in those areas?

A. In response to the settlement agreement in the KeySpan/National Grid merger docket, the Company added Service personnel to improve its response time for gas odor calls, putting two new employees in place at each of the Company's three local yards. The Company successfully achieved the response times established in the settlement and has not missed any of the goals since. The Company's Damage Prevention program is an area that is of particular interest to me because it is a key issue that the union wanted to see addressed in the merger proceeding. I believe our Damage Prevention group is among the best in New Hampshire in terms of both training and the equipment available to them. To ensure that Company employees are familiar with the latest Damage Prevention processes and techniques, the Company brings in consultants from other parts of country for training sessions. In addition, the Company utilizes its key holing equipment to find gas pipe that Damage Prevention personnel may be unable to locate due to inaccurate records or untraceable plastic pipe. This high level of skill and performance in the area of Damage Prevention prevents injury to Company personnel and others, avoids unnecessary service disruptions, and improves customer and public satisfaction with our utility service.

Q. Are there other areas in which you have seen substantial improvement at the Company?

A. Yes. Another area that has led to substantial improvement under National Grid's management is the Company's ReDig program. Under that program, the Company spot checks completed excavation projects by redigging randomly selected projects that were installed by Company employees as well as outside contractors. The purpose of redigging a completed project is to ensure that the work conforms to Company standards and to identify common problems that need to be addressed through better training, improved processes or increased supervision.

Under National Grid, the Company has also been performing mandated work in a more timely fashion. This work includes service inspections, corrosion inspections and valve inspections. This was an area in which historically there were backlogs, but under National Grid that backlog has been substantially reduced.

Q. Have you talked with employee representatives at other utilities to compare their views to those of employees at National Grid NH?

A. Yes. In my capacity as President of the local union, I talk from time to time with employee representatives at other utilities in New Hampshire and in other states. I can't say strongly enough how important it is to be part of an enterprise that provides the resources needed to do a good job, that demonstrates concern for worker safety and that works cooperatively with its employees to deliver good service to its customers. That is something that many people may take for

1 granted, but I know from talking to employees at other utilities that that is not the
2 case everywhere. National Grid is a real asset for New Hampshire, and
3 demonstrates what can be done when there is a strong corporate vision combined
4 with a productive work force.
5
6 **Q. Does that conclude your testimony?**
7 A. Yes. It does.