


**STATE OF NEW HAMPSHIRE**

## Inter-Department Communication

**DATE:** April 16, 2014**AT (OFFICE):** NHPUC**FROM:** Amanda O. Noonan **SUBJECT:** Liberty Utilities – IT Conversion**TO:** Amy Ignatius  
Robert Scott  
Martin Honigberg  
Debra Howland**CC:** Stephen Frink  
Thomas Frantz  
Randy Knepper  
David WiesnerSummary of Staff's Position

Staff has identified numerous significant issues regarding the conversion of Liberty's natural gas customer accounts from National Grid's systems to Liberty's systems, and believes that problems related to this conversion may have resulted in Liberty's failure to report and possible comply with certain customer service metrics. Staff also believes that Liberty has not complied with the requirement under the approved settlement agreement to have a third party network security assessment completed and provided to the Commission. Based on these issues and related concerns, Staff recommends that the Commission open an investigation into the performance of Liberty's customer information systems and Liberty's compliance with certain requirements of the settlement agreement in DG 11-040. In the context of this investigation, the Commission should consider whether Liberty's conversion of electric customer accounts from National Grid's systems to Liberty's systems should be deferred past the scheduled conversion date currently planned by Liberty.

Background and Analysis

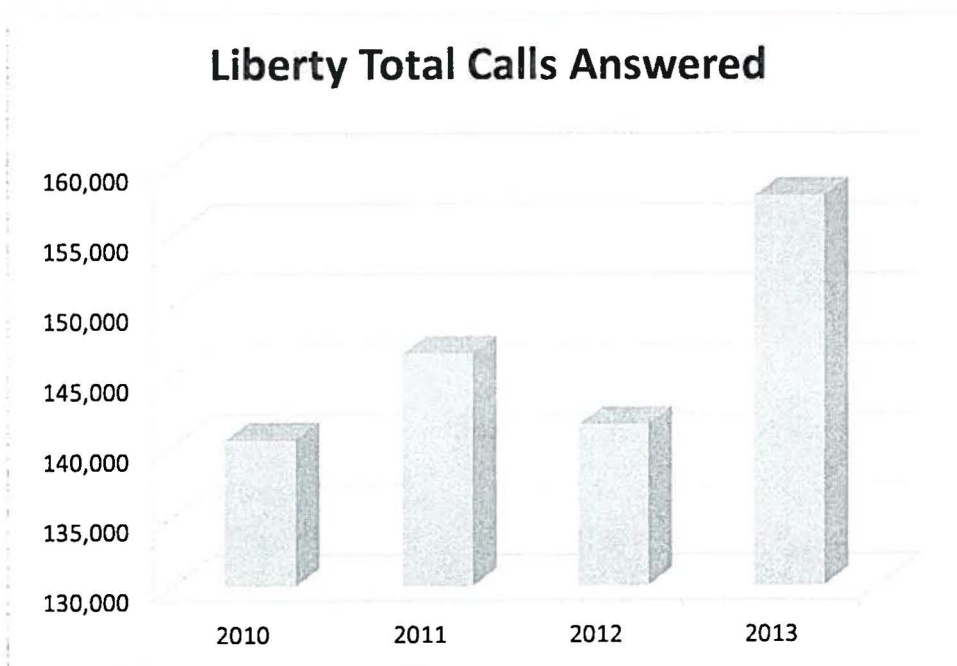
Liberty Utilities converted its gas accounts from National Grid's customer information system to Liberty's new customer information system over the September 2013 Labor Day weekend. In the few weeks following the conversion, there were a few issues that arose which were addressed quickly by Liberty. Since that time, a number of additional issues affecting customers have arisen which have not been adequately addressed and continue to create considerable confusion and dissatisfaction among customers.

Staff has identified the following issues which have a direct impact on customers. Since November 2013, Staff has undertaken many discussions with Liberty regarding these issues but has seen little improvement:

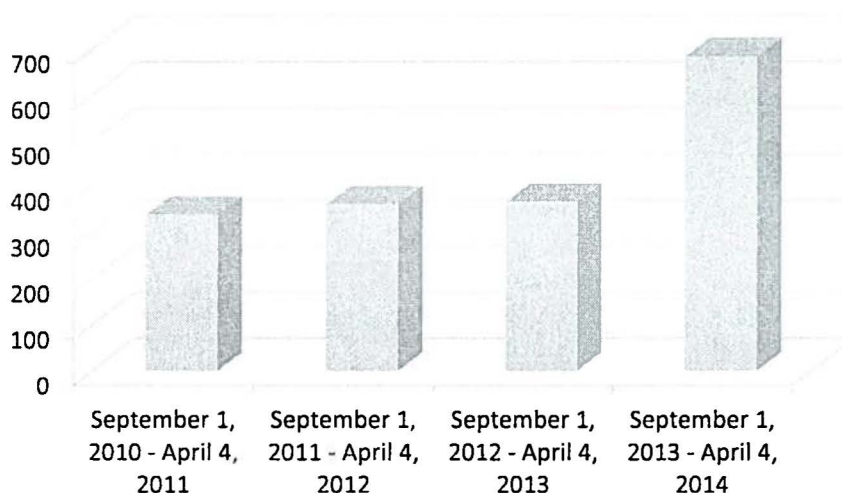
- billing delays
- delays in the posting of payments to accounts
- accounts that have not received bills since the conversion
- the inability of Liberty to break down billing into billing months when issuing bills that cover more than one billing period (cancel/rebills or general rebilling of unbilled charges spanning multiple billing periods)
- repetitive or cumulative bills, where the billed usage continues to go back to the meter read obtained when service started resulting in overbilling to the affected customers
- the inability for electronic billing customers to view their bill online in a timely way

On March 20, 2014, Staff convened a conference call between Staff and Liberty Utilities employees in New Hampshire and in Canada to discuss the information technology (IT) issues affecting New Hampshire natural gas customers. During that meeting, Liberty acknowledged the issues raised by Staff; however, no plan for corrective action was identified by Liberty and no commitments for resolving the issues were forthcoming.

Given the significance of the issues raised, Staff is concerned with Liberty's scheduled conversion of electric customer accounts from National Grid's systems to Liberty Utilities' systems currently scheduled for Memorial Day weekend, May 23, 2014 to May 25, 2014. The identified issues affecting the natural gas accounts are not unique to providing gas service. Those issues have had a significant impact on customers, driving customer calls to the company and to the Commission, as shown below. Unless the identified issues are addressed prior to the conversion, Staff believes the problems will simply be exacerbated with the addition of approximately 40,000 more customer accounts.



## Customer Calls to Commission



The performance of Liberty's call center and the accompanying service levels have been impacted as well. The settlement agreement in DG 11-040 established a call center service level requirement of 80% of calls answered within 30 seconds for EnergyNorth Natural Gas and 80% of calls answered within 20 seconds for Granite State Electric. The service level is measured as a 12-month rolling average. In March 2013, EnergyNorth had a rolling 12-month average service level of 84.5%, meaning 84.5% of the calls received were answered within 30 seconds. In January and February of 2014, the rolling 12-month average service level had dropped to 79.5% and 79.8%, respectively. See attachments A – D for historical information regarding the EnergyNorth service levels.

Staff has also identified two areas where Liberty is not in compliance with the terms of the settlement agreement in DG 11-040. Since the cutover of its gas customer accounts in September 2013, Liberty has not provided data for EnergyNorth Natural Gas as it relates to three performance metrics: bill accuracy, estimated bills percentage, and percentage of bills with exceptions. Those metrics are set forth in Attachment N of the settlement agreement in DG 11-040, approved by the Commission in Order No. 25,370, and these metrics require monthly reporting. Staff has questioned Liberty regarding the absence of these metrics on several occasions and has not received an adequate explanation for the failure to provide the data required by the settlement. On April 3, 2014, Liberty filed its monthly customer service metric report for February 2014 and stated:

Please note that Liberty Utilities (EnergyNorth Natural Gas) Corp.'s metrics information is not provided. As we discussed at our meeting with you on March 20, 2014, we are actively assembling all of the metrics for EnergyNorth and will provide that information to you in the near future.

To date, no information related to EnergyNorth's performance since cutover as it relates to these three key metrics has been provided to the Commission.



In addition, as part of the Commission's approval of Liberty Utilities' acquisition of Granite State Electric and EnergyNorth Natural Gas from National Grid, the Commission required a third party security assessment of the Liberty Utilities Family of Companies' network security compliance with International Organization for Standardization (ISO) Standard 2700-1 prior to the acquisition closing date. *See* DG 11-040, Settlement Agreement, Section D. 2. c., Bates page 25. The settlement also requires Liberty to resolve any instances of non-compliance with ISO Standard 2700-1 before implementing the applicable element of its IT plan.

On June 28, 2012, Liberty Utilities submitted a Security Assessment Report and Management Response to Commission Staff and requested confidential treatment pending a Commission ruling. In its motion for confidential treatment, Liberty requested "a protective order granting confidential treatment to certain information provided to the Commission pursuant to Section D.2.c of the Settlement Agreement dated April 10, 2012, approved by the Commission on May 30, 2012 in the above-captioned matter."

In January 2013, Gorham, Gold and Greenwich Associates (G3), the consulting firm engaged by the Commission to provide monitoring services during the IT transition, notified Staff that it had reviewed the security assessment report and management response submitted by Liberty on June 28, 2012, and questioned the adequacy of the report and whether the assessment evaluated Liberty's compliance with ISO Standard 2700-1. Numerous efforts were made by G3 to verify the methodology used by Price Waterhouse Coopers (PWC) when it undertook the security assessment to evaluate compliance with ISO Standard 2700-1, as required by the settlement agreement.

It was not until January 13, 2014 that Liberty conceded that the Security Assessment and Management Response filed with the Commission on June 28, 2012, and claimed to be compliant with Section D.2.c. of the settlement agreement, did not assess Liberty's compliance with ISO Standard 2700-1. Liberty stated that it had mapped the results of the PWC assessment to ISO Standard 2700-1 and had determined it was not compliant with that standard. Liberty asserted that it had been working to correct the deficiencies and intended to conduct another assessment in the first half of 2014 that would assess its compliance with ISO Standard 2700-1. To date, Staff has been provided no evidence that such an assessment has been completed or even commenced.

Staff recommends that the Commission open an investigation into the performance of Liberty's customer information systems and Liberty's compliance with the customer service metrics and other requirements of the settlement agreement in DG 11-040. In the context of this investigation, the Commission should consider whether Liberty's conversion of electric customer accounts from National Grid's systems to Liberty's systems should be deferred past the scheduled conversion date currently planned by Liberty.

**EnergyNorth Natural Gas, Inc. d/b/a National Grid NH**  
**Call Answering Report**  
**December 2011**

<u>Month</u>	<u>Year</u>	<u>Calls Answered in 30 Seconds</u>	<u>Total Calls Answered</u>	<u>% Calls Answered in 30 Sec for Month</u>	<u>% Calls Answered in 30 Sec 12 MTD</u>
January	2011	8,692	11,208	77.6%	83.6%
February	2011	8,780	10,988	79.9%	83.2%
March	2011	11,073	11,967	92.5%	83.7%
April	2011	11,538	12,228	94.4%	84.1%
May	2011	11,313	12,909	87.6%	83.7%
June	2011	11,009	11,736	93.8%	83.7%
July	2011	10,372	11,163	92.9%	83.9%
August	2011	11,229	12,645	88.8%	83.6%
September	2011	11,157	13,378	83.4%	83.8%
October	2011	10,535	14,002	75.2%	84.1%
November	2011	10,319	12,875	80.1%	84.7%
December	2011	9,280	11,505	80.7%	85.5%
<b>12 Month Total</b>		<b>125,297</b>	<b>146,604</b>	<b>85.5%</b>	

Note: "Total Calls Answered" include calls answered by a customer service representative (CSR) and calls completed within the Voice Response Unit (VRU). The time to answer is measured once the customer makes a selection to either speak with a CSR or use the VRU.

Energy North Natural Gas Inc  
 5020 Call Answering Report  
 Month Ending December 31, 2012

**EnergyNorth Natural Gas, Inc.  
 Call Answering Report  
 December 2012**

<u>Month</u>	<u>Year</u>	<u>Calls Answered in 30 Seconds</u>	<u>Total Calls Answered</u>	<u>% Calls Answered in 30 Sec for Month</u>	<u>% Calls Answered in 30 Sec 12 MTD</u>
January	2012	10,453	11,232	93.1%	86.7%
February	2012	9,600	10,479	91.6%	87.5%
March	2012	9,908	10,212	97.0%	87.8%
April	2012	11,014	11,732	93.9%	87.7%
May	2012	12,100	12,898	93.8%	88.3%
June	2012	11,253	11,531	97.6%	88.6%
July	2012	10,646	10,961	97.1%	88.9%
August	2012	11,588	12,531	92.5%	89.2%
September	2012	11,246	13,075	86.0%	89.4%
October	2012	11,288	14,349	78.7%	89.8%
November	2012	9,307	12,515	74.4%	89.3%
December	2012	7,660	10,029	76.4%	89.1%
<b>12 Month Total</b>		<b>126,063</b>	<b>141,544</b>	<b>89.1%</b>	

Note: "Total Calls Answered" include calls answered by a customer service representative (CSR) and calls completed within the Voice Response Unit (VRU). The time to answer is measured once the customer makes a selection to either speak with a CSR or use the VRU.

# ATTACHMENT C

Energy North Natural Gas Inc  
5020 Call Answering Report  
Month Ending December 31, 2013

## EnergyNorth Natural Gas, Inc. Call Answering Report December 2013

<u>Month</u>	<u>Year</u>	<u>Calls Answered in 30 Seconds</u>	<u>Total Calls Answered</u>	<u>% Calls Answered in 30 Sec for Month</u>	<u>% Calls Answered in 30 Sec 12 MTD</u>
January	2013	8,808	11,814	74.6%	88.7%
February	2013	6,951	10,294	67.5%	85.8%
March	2013	9,013	11,279	79.9%	84.5%
April	2013	11,168	12,995	85.9%	83.9%
May	2013	13,902	16,253	85.5%	83.2%
June	2013	11,057	13,089	84.5%	82.2%
July	2013	11,689	12,753	91.7%	81.9%
August	2013	12,562	13,071	96.1%	82.3%
September	2013	13,087	14,166	92.4%	82.9%
October	2013	11,805	13,884	85.0%	85.0%
November	2013	7,983	14,763	54.1%	81.4%
December	2013	8,748	13,497	64.8%	80.3%
<b>12 Month Total</b>		<b>126,773</b>	<b>157,858</b>	<b>80.3%</b>	

Note: "Total Calls Answered" include calls answered by a customer service representative (CSR), calls answered by vendor (CCS), and calls completed within the Voice Response Unit (VRU). The time to answer is measured once the customer makes a selection to either speak with a CSR or use the VRU.

## ATTACHMENT D

Liberty Utilities (Energy North Natural Gas) Corp.  
5020 Call Answering Report  
Month Ending February 28, 2014

**Liberty Utilities (EnergyNorth Natural Gas) Corp.**  
**Call Answering Report**  
**February 2014**

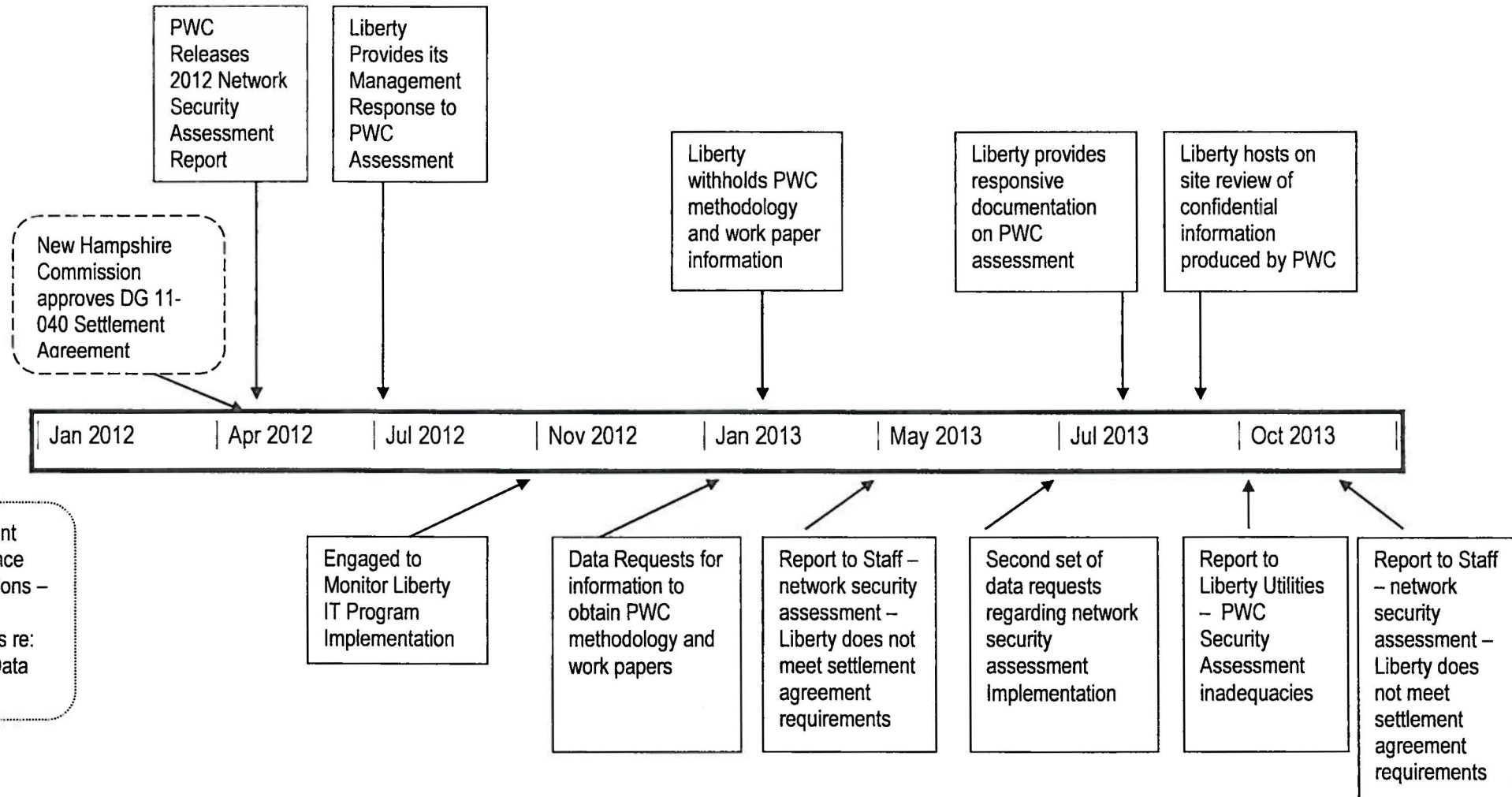
<u>Month</u>	<u>Year</u>	<u>Calls Answered in 30 Seconds</u>	<u>Total Calls Answered</u>	<u>% Calls Answered in 30 Sec for Month</u>	<u>% Calls Answered in 30 Sec 12 MTD</u>
March	2013	9,013	11,279	79.9%	84.5%
April	2013	11,168	12,995	85.9%	83.9%
May	2013	13,902	16,253	85.5%	83.2%
June	2013	11,057	13,089	84.5%	82.2%
July	2013	11,689	12,753	91.7%	81.9%
August	2013	12,562	13,071	96.1%	82.3%
September	2013	13,087	14,166	92.4%	82.9%
October	2013	11,805	13,884	85.0%	85.0%
November	2013	7,983	14,763	54.1%	81.4%
December	2013	8,748	13,497	64.8%	80.3%
January	2014	9,635	14,444	66.7%	79.5%
February	2014	8,848	12,110	73.1%	79.8%
<b>12 Month Total</b>		<b>129,497</b>	<b>162,304</b>	<b>79.8%</b>	

Note: "Total Calls Answered" include calls answered by a customer service representative (CSR), calls answered by vendor (CCS), and calls completed within the Voice Response Unit (VRU). The time to answer is measured once the customer makes a selection to either speak with a CSR or use the VRU.



ATTACHMENT E

## G<sup>3</sup> Associates Activities to Evaluate Liberty Data Network Security Assessment



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SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

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Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
- DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.