

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DG 11-040

ORIGINAL	
N.H.P.U.C. Case No.	DG 11-040
Exhibit No.	12
Witness	Panel 3
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**JOINT PETITION FOR AUTHORITY TO TRANSFER OWNERSHIP
OF GRANITE STATE ELECTRIC COMPANY
AND ENERGYNORTH NATURAL GAS, INC.
TO LIBERTY ENERGY UTILITIES (NEW HAMPSHIRE) CORP.**

Pre-Filed Testimony

of

Gregory L. Mann

Timothy M. Connolly

Gorham, Gold, Greenwich & Associates, LLC

"G³ Associates"

Consultants to the Staff of the Public Utilities Commission

April 10, 2012

1 Missouri. I have more than 35 years of experience in strategic planning and management
2 of regulated utility companies. My professional experience has included a decade on the
3 staff of the Vice-Chairman of AT&T with responsibility for acquisition planning and
4 integration, divestiture planning and regulatory compliance. I also served as a senior
5 officer for a leading long-distance services provider with responsibility for mergers and
6 acquisitions, strategic market planning and regulatory compliance. As a senior partner in
7 Gorham|Gold|Greenwich & Associates for the past two decades, I have been actively
8 engaged as an advisor to regulated utilities seeking to diversify their business focus,
9 broaden their ownership interest and ensure regulatory compliance in a rapidly changing
10 marketplace. My professional experience spans both domestic and international markets,
11 issues and regulatory regimes.

12
13 **Q. Have you previously testified before the New Hampshire Public Utilities**
14 **Commission or other regulatory bodies?**

15 A. I have not previously appeared before the New Hampshire Public Utilities
16 Commission; however, as noted in my earlier testimony, filed on October 7, 2011, over
17 the past 30 years I have appeared before a number of other state utility commissions on a
18 range of matters. Additionally, I have appeared before the Federal Communications
19 Commission, the United States Senate Sub-Committee on Nuclear Oversight, the Federal
20 Energy Regulatory Commission, the Nuclear Regulatory Commission and a number of
21 regulatory bodies in the United Kingdom and the European Union.

22

1 **Q. Mr. Connolly, please state your full name, position in the company and**
2 **business address.**

3 A. My name is Timothy M. Connolly, I am the Vice President of Regulatory
4 Compliance with Gorham|Gold|Greenwich & Associates, also known as G³ Associates.
5 My business address is 2005 Arbor Avenue, Belmont, California 94002.

6

7 **Q. Please summarize your educational and professional experience.**

8 A. I have degrees from Creighton University in Omaha, Nebraska, and from the
9 University of Illinois at Chicago majoring in Management and Finance, respectively. I
10 have done post graduate work at the Wharton School, University of Pennsylvania and at
11 Rutgers University School of Economics in Newark, NJ. For the past 19 years I have
12 worked as a consultant to corporations and organizations advising on information
13 systems and technology. I have participated in engagements as an advisor at the
14 executive levels as a project director for implementing technology solutions for specific
15 business issues; and as a project manager for entities entering and leaving lines of
16 business to achieve strategic objectives. Prior to my consulting practice, I was a Director
17 at AT&T's headquarters, where I held a number of positions associated with strategic
18 planning and achieving corporate objectives in restructuring its business units and
19 operations.

20 My current responsibilities with Gorham|Gold|Greenwich & Associates, LLC
21 include engagements where we support state, federal, and other governmental agencies
22 with regulatory oversight of telecommunications, energy, water, transportation, and other

1 infrastructure and work for commercial clients that are subject to such regulatory
2 oversight.

3
4 **Q. Have you previously testified before the New Hampshire Public Utilities
5 Commission or other regulatory bodies?**

6 A. I have not previously testified before the New Hampshire Commission. I have
7 testified in 28 other states before regulatory agencies and departments, and at the federal
8 level I have appeared before the Federal Communications Commission, congressional
9 committees, and in judicial proceedings and at both the state and federal level.

10
11 **II. PURPOSE OF THE TESTIMONY**

12 **Q. Please describe the purpose of your testimony.**

13 A. The purpose of our joint testimony is to introduce the results of our investigation
14 on behalf of the New Hampshire Public Utilities Commission of Liberty Energy's
15 information technology program and planning. The full text of our investigation is
16 appended to this testimony as Attachments A and B.

17
18 **III. OVERVIEW OF THE PROJECT**

19 **Q. Please describe the work assigned to G³ Associates.**

20 A. Through its Request for Proposals and follow-up discussions, the Commission
21 defined its primary interest in certain software products and hardware solutions that
22 Liberty intends to deploy to support a variety of front and back office functions and the
23 transfer of data from National Grid systems to Liberty Energy systems.

1 Our review covered the full range of IT systems that National Grid currently has
2 and those that Liberty Energy has proposed implementing to support gas and electric
3 operations in New Hampshire. The list of systems to be reviewed was developed by the
4 consultant in conjunction with Staff, with input from National Grid and Liberty Energy,
5 and includes, but is not limited to, the following:

- 6 • Retail support functions such as billing, customer accounts, collections,
7 accounting;
- 8 • Systems (database software and/or spreadsheet applications) for supply-
9 related contract administration, accounting of supply asset utilization,
10 supplier invoice reconciliations and approvals, and management of natural
11 gas, LNG and LPG storage inventories;
- 12 • System management software (database, CIS, other) of the daily metered
13 and non-daily metered unbundled transportation customer choice program
14 and coordination between the gas supply and customer information
15 systems; and
- 16 • Outage management system and related Internet capabilities.

17 Specifically, we were asked to perform the following tasks:

- 18 • Assess the systems and functions currently used by National Grid in its New
19 Hampshire operations to provide service to its New Hampshire electric and gas
20 customers, to ensure equivalent systems and functionality will be provided by
21 Liberty Energy.

- 1 • Evaluate whether National Grid uses appropriate and sufficient methods to ensure
2 data in various systems are consistent, or whether data reconciliation should be
3 performed prior to transfer of data to Liberty Energy.
- 4 • Review and assess Liberty Energy's testing and cut-over readiness processes,
5 including but not limited to a review of the systems testing strategy, plans, test
6 cases and expected outcome of the test cases, conversion of source data, and the
7 testing acceptance criteria along with an analysis of the testing strategy and plans
8 for adequacy, feasibility, and comprehensiveness in addressing all necessary
9 functions moving from National Grid to Liberty Energy, including IT back-up
10 plans.
- 11 • Observe selected system and business process acceptance tests, as appropriate,
12 and review the detailed test results for key acceptance criteria.
- 13 • Review Liberty Energy and National Grid plans to transfer necessary data from
14 National Grid to Liberty Energy systems in a reasonable time frame; verify that
15 the plans will provide the expected results; and identify potential delays or
16 failures.
- 17 • Review and evaluate the readiness of Liberty Energy's systems to support all gas
18 and electric operations at cut over, including simulated order activity, as
19 appropriate.
- 20 • Review and evaluate National Grid's support capabilities following the system
21 conversion.
- 22
- 23

1 **Q. Have you drawn a general conclusion from your investigation?**

2 A. Yes. Despite the initial reservations expressed in our earlier testimony, we
3 conclude that Liberty Energy – given appropriate support from its partners, sufficient
4 time to ensure an orderly transformation, and the fulfillment of the commitments it has
5 made through the Settlement Agreement – is capable of effectively executing its
6 information technology program for Granite State Electric and EnergyNorth Gas to the
7 benefit of New Hampshire.

8

9 **Q. Could you elaborate on the initial reservations you outlined in your earlier**
10 **testimony and report?**

11 A. Based on our initial research, including through on-site meetings and discovery,
12 and rigorous review with cooperation from the Joint Petitioners, we were disappointed
13 Liberty Energy had not made more progress toward implementing the IT systems Granite
14 State Electric and EnergyNorth Gas required for the future and were concerned that the
15 proposed timelines to implement the systems were overly optimistic. We expressed our
16 concern that the work needed to complete the transfer is difficult, complex and that
17 Liberty Energy had not shown its IT systems competencies to the extent they would be
18 needed for efforts of this magnitude. We further expressed our opinion that the
19 Commission must maintain an oversight role for an extended period of time after
20 granting any approval to ensure the public's interest is served by this transfer.

21

22 **Q. Has the intervening period between your earlier testimony and now given**
23 **you more information on Liberty Energy's IT program?**

1 A. Yes. We noted in our initial testimony that Liberty Energy had made progress in
2 defining its information technology (IT) requirements and developing plans for IT
3 deployment at Granite State/EnergyNorth. We also indicated that Liberty Energy had
4 made efforts to secure the commitments of all of its suppliers and provisioning partners to
5 its IT plan; and had adopted an IT provisioning strategy that meets its basic operational
6 needs, exploits proven technologies and realizes benefits not otherwise achievable. Since
7 our initial review, we have seen additional steps taken by Liberty Energy to strengthen
8 the cooperation with its partners, clarify roles and responsibilities, enhance management
9 controls and discipline planning processes to work toward the remaining implementation
10 requirements.

11
12 **Q. Are these achievements sufficient to ensure the overall success of the**
13 **proposed ownership transfer?**

14 A. These achievements substantially improve the likelihood of success but alone
15 cannot guarantee it. The ultimate success of Liberty Energy's IT initiative, and the
16 sustainability of the New Hampshire operating units that the initiative is intended to
17 serve, remains heavily dependent on a number of independent factors. Specifically,:

- 18 • dedicated executive leadership able to effectively manage the company's
19 transition activities across all operational areas;
- 20 • protocols that have been negotiated with National Grid that preserve access to
21 historical information important to the New Hampshire utility operations;
- 22 • commitment from National Grid to assist Liberty Energy for whatever time is
23 deemed necessary to successfully execute the transition; and

1 • the ability of numerous, non-affiliated third-parties to fully execute critical parts
2 of Liberty's IT provisioning responsibilities.

3 In recent months, Liberty Energy has concluded contractual agreements with
4 National Grid that affirm Liberty's right to historical data held by National Grid in its
5 archives, incorporated National Grid executives into its IT leadership team and fortified
6 its vendor relationships to ensure control over them.

7
8 **Q. In your opinion, do the measures taken by Liberty Energy and National Grid**
9 **satisfy your initial concerns?**

10 A. Yes. Based on the commitments made by Liberty Energy and National Grid and
11 embodied in the proposed settlement agreement with Staff, we believe the individuals
12 and institutions potentially affected by any decision to approve this change of control will
13 not be harmed as a result of the IT undertaking required to effect the proposed change of
14 control. We maintain that a considerable amount of implementation work remains to be
15 completed before Liberty Energy is able to fully assume responsibility for all aspects of
16 the New Hampshire operations and, in large part, doing so is dependent upon National
17 Grid's IT support during the transition. The IT planning and management processes
18 Liberty has developed provide the needed linkage between its initial Day 1 and its final
19 Day N operating environments. We continue to hold the opinion that ensuring that an
20 efficient and cost-effective transfer is achieved requires active monitoring by NHPUC
21 Staff during the transition and implementation period. The parties understand the
22 importance of this concern and have made provisions in their proposed settlement
23 agreements to that effect.

1 In summary, we are confident that the conditions and concessions made in the
2 proposed settlement agreement are sufficient to protect the public's interest in achieving a
3 successful transition from National Grid to Liberty Energy, pose no threat to the financial
4 integrity or independence of either party and are consistent with the statutory duties,
5 obligations and authority of the New Hampshire Commission.

6
7 **Q. Does that conclude your testimony?**

8 **A. Yes.**