

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

May 27, 2014 - 10:00 a.m.
Concord, New Hampshire

NHPUC JUN10'14 AM 9:41

RE: DG 11-040
NATIONAL GRID USA, ET AL.:
Joint Petition for Authority to
Transfer Ownership of Granite State
Electric and EnergyNorth Natural Gas,
Inc., to Liberty Energy Utilities Corp.
(Status conference)

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Robert R. Scott
Commissioner Martin P. Honigberg

Jody Carmody, Clerk

APPEARANCES: Reptg. Liberty Utilities:
Sarah B. Knowlton, Esq.

Reptg. National Grid:
Steven V. Camerino, Esq. (McLane, Graf...)

Reptg. Residential Ratepayers:
Rorie E. P. Hollenberg, Esq.
Stephen Eckberg
Office of Consumer Advocate

Reptg. PUC Staff:
David Wiesner, Esq., Esq.
Amanda Noonan, Dir./Consumer Affairs Div.
Randall Knepper, Dir./Safety Division
Timothy Connolly (G3 Consulting Group)
Greg Mann (G3 Consulting Group)
Stephen Frink, Asst. Dir./Gas & Water Div.
Grant Siwinski, Electric Division

Court Reporter: Steven E. Patnaude, LCR No. 52

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P R O C E E D I N G

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2 CHAIRMAN IGNATIUS: I'd like to open the
3 proceedings today in Docket DG 11-040. This involves
4 Liberty Utilities' status as it moves towards its planned
5 cutover to its new systems, and continuation of compliance
6 with merger requirements that were set forth in prior
7 Commission orders. It's a little different today. This
8 is not an adjudicative proceeding, not a hearing, but it's
9 going to be an opportunity on the record to hear updates
10 from the Company on where it stands on a number of issues,
11 to allow for some questioning from the Consumer Advocate,
12 the Commission Staff, and Commissioners, on any follow-up
13 information. But we're not going to put people under
14 oath, this isn't going to be formal cross-examination.
15 It's really just information-gathering. A bit more like a
16 legislative-type hearing that is just trying to get at the
17 most up-to-date information.

18 We have a letter issued May 5th, 2014
19 that laid out the expectations for the day. And, let me
20 just, for the record, explain what we called for in that
21 letter. It acknowledged Liberty's commitment to defer the
22 conversion of its electric customer accounts from National
23 Grid's system to Liberty systems until the weekend of July
24 3rd through 6th, 2014. And, then, it called for today to

1 have a status conference, where Liberty would be prepared
2 to, and this is a quote, "provide a detailed description
3 of its progress in resolving, and its future plans to
4 resolve, the billing, customer service, and network
5 security assessment issues raised in Staff's memorandum,
6 as well as other issues relevant to the status of
7 Liberty's information technology transition and its
8 conversion of customer accounts, including the timing of
9 such conversion."

10 We should begin, we don't need to take
11 formal appearances, but we should identify who's here from
12 the Company and other parties, who intends to speak and
13 respond to questions, and identify their role within the
14 Company, consultants, whatever you may have brought with
15 you, as well as other parties that may be here today. So,
16 why don't we begin, Ms. Knowlton, if you want to identify
17 the kind of team for Liberty today.

18 MS. KNOWLTON: Sure. Thank you. Good
19 morning, Commissioners. Sarah Knowlton, for Liberty
20 Utilities (EnergyNorth Natural Gas) Corp. and Liberty
21 Utilities (Granite State Electric) Corp. With me today,
22 we have a number of people here from the Company: David
23 Pasieka, John Lawson, Dick Leehr. And, at the table
24 behind me, we have Katy Cook, Bill sherry, Nicole Smith --

1 I'm sorry -- Nicole Harris, Mark Smith, David Carleton.
2 And, at the table behind them, Bill Killeen, and Jennifer
3 Johnson, from PricewaterhouseCoopers, Salim Hasham, from
4 PricewaterhouseCoopers. And, then, on the other side of
5 the room, we have Steve Mullen and Steve Hall. And, that
6 is our team for the day.

7 I wanted to let the Commission know that
8 we put together a handout presentation that goes through
9 all of the issues that the Commission asked the Company to
10 address in the various correspondence leading up to the
11 status conference today. So, we have that, and we'll be
12 prepared to proceed with that at your pleasure.

13 CHAIRMAN IGNATIUS: Thank you. That's
14 helpful to know, because we've been through the list of
15 questions from the Staff, and hoped that you'd be tracking
16 those. So, that's useful. Thank you.

17 Other parties who are present?

18 MR. CAMERINO: Good morning, Chairman.
19 Steve Camerino, from McLane, Graf, Raulerson & Middleton;
20 Celia O'Brien, from National Grid; and also joining us
21 today a little later will be Madeline Hanley, who is the
22 IT Transition Lead on behalf of National Grid. And, we're
23 here, obviously, an interested party in the proceeding,
24 and here to observe today.

1 CHAIRMAN IGNATIUS: Thank you.

2 MS. HOLLENBERG: Good morning. Rorie
3 Hollenberg and Stephen Eckberg, here for the Office of
4 Consumer Advocate.

5 MR. WIESNER: Dave Wiesner, Staff
6 attorney with the Commission. With me today are Amanda
7 Noonan, Director of Consumer Affairs Division. And, also
8 at this table, from G3, are Tim Connolly and Greg Mann.
9 And, behind me are Steve Frink and Randy Knepper, and I
10 believe Grant Siwinski is here as well.

11 CHAIRMAN IGNATIUS: A hand up there, way
12 in the back. Thank you. Anyone else we haven't
13 identified who wants to be a participant today?

14 (No verbal response)

15 CHAIRMAN IGNATIUS: Okay. Thank you
16 very much. And, thank you to the Company, for everyone
17 for being here, and with bringing plenty of people who can
18 really answer questions while we're here and not have to
19 go back and search out the answers.

20 So, is the expectation that the Company
21 make a presentation to begin, and then we start working
22 through any follow-up questions?

23 MS. KNOWLTON: I think so. And, we
24 would hope that this will be an interactive discussion.

1 So, as we go through the presentation, we hope that
2 everyone will ask questions as we hit topics.

3 So, if I may, I'll proceed to hand out
4 the presentation. And, then, we also have written
5 responses to the specific questions that Staff asked,
6 which we can pass out when we're done, but we will go
7 through those.

8 CHAIRMAN IGNATIUS: Thank you.

9 (Atty. Knowlton and Mr. Killeen
10 distributing documents.)

11 CHAIRMAN IGNATIUS: Please proceed
12 whenever you're ready.

13 MR. PASIEKA: Yes. Thank you. Good
14 morning, Commissioners. My name is David Pasioka. I am
15 the President of Liberty Utilities. I am based in
16 Oakville, Canada, headquarters of Algonquin Power &
17 Utilities Corporation, which is the parent of Liberty
18 Utilities.

19 I just wanted to make a couple of
20 opening remarks, to suggest to the Commissioners and to
21 Staff that we take these concerns that have been addressed
22 very seriously. And, we are very committed to making sure
23 that we're 100 percent compliant with the Settlement
24 Agreement. We understand that billing our customers is

1 really paramount in a utility space, to get your bills out
2 in an accurate manner and in a timely manner, and that's
3 central to our business. We've implemented a number of
4 fixes and corrections to the -- to the billing process.
5 And, we've addressed a number of processes, a number of
6 technology changes, and also modified some people and
7 personnel issues to address any of the concerns that have
8 come up since the conversion in September.

9 I'm happy to say that management at all
10 levels, including our CEO, who, unfortunately, could not
11 be here today due to a prior commitment, are actively
12 engaged in addressing and resolving and making sure that
13 we're 100 percent. We also, as you'll hear about a bit
14 later, we have our vendors, who are key to our process,
15 also actively engaged in solving and resolving and making
16 this right.

17 As is a tradition and a culture here at
18 Liberty, we like to start off any meeting with greater
19 than five folks with something called a "safety moment".
20 We stole this from our friends at National Grid. And, I'm
21 here to say that, after two and a half years of working
22 with National Grid, it is part of the institution of
23 Liberty Utilities. So, the idea is that we call on -- the
24 person usually speaking at the microphone randomly calls

1 out somebody in the audience to describe a little bit of a
2 safety vignette, something that they were thinking about
3 as maybe they walked into the room or as they got up in
4 the morning. And, the idea is to put safety on top of
5 mind. And, everyone's on edge, because they're wondering
6 who I'm going to call on.

7 Not wanting to embarrass anyone, I
8 graciously asked Rorie if she would be kind enough to
9 furnish us with a safety moment this morning.

10 MS. HOLLENBERG: I'd be happy to.
11 Although, I wasn't aware it would be on the record when I
12 agreed to do it.

13 My moment I guess I would share with you
14 this morning was that I always travel with a laptop, which
15 is unfortunately an older lap -- an older version, and is
16 not a wireless version. And, so, I travel usually with
17 lots and lots of cords and extension cords. And, when I
18 do set it up, I try to take care to tuck the cords under
19 the table or out of the way, and/or notify people of their
20 existence, when they're walking around me.

21 MR. PASIEKA: Perfect. Thank you very
22 much for that, Rorie. Also, I'm happy to report, too,
23 that we've actually taken the safety moment to our Board
24 meeting. So, actually, the Board of Directors, and Ian

1 Robertson, our CEO, usually kicks off the Board meeting
2 with a safety moment. So, the legend continues, if you
3 will.

4 Moving along, I'm on the Agenda chart,
5 which I think is Page 3. I assume they're numbered. Yes,
6 they are numbered. So, basically, what we're going to do
7 is I've got a couple of opening remarks. I'll reiterate
8 what the key objectives are of today. And, then, we're
9 actually going to drill right into the billing, customer
10 service, and network security issues. And, what we did in
11 our presentation is we've got sort of a high-level chart
12 that kind of talks -- or, a couple of charts that talks to
13 each of the items, and explains the root causes, if you
14 will, what we've done to resolve, and what the go-forward
15 path looks like relative to each one of those things.

16 We've also, as Sarah had indicated, done
17 a mapping, question by question, so that we've got
18 100 percent lock on the questions that came out in the May
19 27th dialogue -- or, I'm sorry, in the May 12th dialogue.

20 And, then, we'll talk a little bit, it
21 wasn't -- on the IT conversion, and the readiness, if you
22 will. As you're probably aware, we were originally
23 scheduled to go Memorial Day Weekend in Granite State,
24 which was this past weekend. And, we did use the

1 opportunity to do a dry run, if you will. So, even though
2 we weren't converting, we tested the ability to move data
3 between National Grid and ourselves. And, we'll have a
4 little update on what that looks like, so that the
5 Commissioners will have some comfort about our readiness
6 as we move into the -- into the schedule, currently
7 rescheduled for that July long weekend. And, then, we'll
8 wrap up with a summary.

9 Moving over to Page 4, I just wanted
10 to -- I've got a couple of pieces on this busy chart. But
11 I just wanted to reiterate a couple of things that are
12 critical to our model. First, our model, if you recall,
13 is very unique in the utility space. We build our
14 strategy centrally, and we do that in Oakville. And,
15 you'll see later on, when we actually go through some of
16 the Liberty team here, we've got a combination of those
17 people who actually build the strategy for IT or build the
18 strategy for customer service and billing. And, then,
19 what we do, is our model is all about local execution.
20 So, we build local teams, including the President of
21 Liberty Utilities New Hampshire, Dick Leehr, and he builds
22 out a team to actually execute. So, our model is very
23 locally driven. It was the commitment that we made in
24 the -- in the Settlement Agreement.

1 And, part of that commitment was that we
2 would bring new jobs to the State of New Hampshire. And
3 year-to-date, I'm not sure if you've tracked it, but we've
4 added 140 jobs here to the organization, and 90 of those
5 actually are right here from New Hampshire. So, I think
6 the model is playing out the way that we had described it
7 to the Commission several years ago.

8 We're committed to investing locally.
9 We've actually invested in Londonderry, as a matter of
10 fact, and just recently in the process of opening up our
11 new building in Londonderry. And, sometime in Q3, we're
12 actually going to deliver the third aspect of our local
13 strategy, which is to open up our local walk-in centers,
14 and allow a customer to actually come to the door and be
15 greeted as they walk in, and the ability to pay or ask
16 questions locally. And, this is a model that we have
17 deployed in ten -- or, nine other states, besides this
18 one, and to great success. And, also, it's well received
19 by the customers. Why? Because their problems and issues
20 are being dealt by people who actually live and work in
21 the community. And, you cannot underestimate the value of
22 that personal interconnection, if you will.

23 Those agents also are wired to the
24 phones, and we'll talk about that a little bit later. So,

1 if there's not a person waiting to come in and talk
2 face-to-face, those same agents are actually taking a
3 phone call. So, think about going to your local bank and
4 having your bank teller actually wired up to a call, an
5 IVR call center package. That's essentially what we've
6 got in each of our local offices. And, it works in all
7 other states. And, of course, the Commission, the
8 Commissioners and Commissions in each of those states are
9 very appreciative of the approach that we've taken. It
10 makes us very unique.

11 The last thing --

12 CHAIRMAN IGNATIUS: Mr. Pasieka?

13 MR. PASIEKA: Yes.

14 CHAIRMAN IGNATIUS: How many walk-in
15 centers will there be in New Hampshire?

16 MR. PASIEKA: I think the initial plan
17 is to open three. Is that correct, Bill? And, then, move
18 it up to four.

19 MR. SHERRY: Yes. Four in total,
20 though.

21 MR. PASIEKA: Yes. To four.

22 CHAIRMAN IGNATIUS: Thank you.

23 MR. PASIEKA: And, in our Londonderry
24 office today, we've actually built out those stations.

1 So, people can actually see what it looks like right now.
2 And, right now, the agents are just taking the inbound
3 calls. I know that we've got active renovations underway
4 in Lebanon, for example, and that center is not quite
5 ready for prime time at this juncture. And, the Salem
6 office has come around quite nicely, too. So, that will
7 also be available.

8 So, the last thing I wanted to comment
9 here was, just on the left-hand side of the chart is our
10 set of Company values. We're a very values-driven
11 organization. We operate under those -- under those six
12 principles of family, care, community, commitment,
13 efficiency, and quality. And, I think -- and, what we do
14 on a regular basis, on a weekly and monthly basis, we
15 actually celebrate the successes of our employees who
16 actually successfully demonstrate the values under which
17 we have on this chart here.

18 The point I want to make about this is
19 think about the value of family. And, we think about
20 ourselves as, you know, a family community, Liberty
21 Utilities delivering to, you know, as a family, delivering
22 service to our customers.

23 We think about care. We think about
24 care in how we do our job from a safety perspective. We

1 think about care in how we treat our customer
2 interactions, whether that be on the phone or through a
3 technology, IVR, or through a walk-in center.

4 We're quite invested in the community.
5 And, I think, over time, you will see our community
6 presence continue to grow and participate locally and
7 invest locally.

8 And, I think the last two that I think
9 are relevant to today is that we have a high standard for
10 quality. And, as a result of that, when you look at
11 things that don't quite go up to our standard, there is a
12 pretty good exercise around getting that right and getting
13 it right quickly. And, that's certainly one of the things
14 that we can bring to the table as a Liberty Utilities,
15 which is a nimble capability to actually fix things that
16 may not have gone "oh so perfect".

17 And, then, the last thing is commitment.
18 Well, I'm here to say that we're committed to the
19 stakeholders here in New Hampshire. And, we're committed
20 to providing a high level of quality customer service to
21 our customers.

22 Moving on to Chart 5, I think Sarah has
23 done a good job kind of laying out the team. I think
24 we've got a good combination of people from Oakville here,

1 as well as the local team here. And, we felt, for today,
2 it was useful to hear from both sides of the equation, if
3 you will. Some of the strategists, but also the local --
4 the local team as they actually get to execute.

5 There have been a number of questions
6 and concerns over the ISO 27001 network security
7 component. And, we've had lots of data requests and
8 dialogues back and forth, as well as periodic meetings
9 with G3 Consulting Group. And, we felt this time it might
10 be useful to bring the two partners who have been actually
11 helping us through this initiative to the table. And, in
12 the presentation later today, you will hear a little bit
13 from Salim and Jennifer, relative to PwC. I'll also note
14 that Jennifer Jones, she's a famous Canadian from the East
15 Coast, of course, you know, an Olympic curler of some
16 note. This is not the Jennifer Jones [Johnson?] we have
17 in the back, unfortunately, but she has other skills and
18 talents, which we'll hear about later on.

19 If we go over to Page 6, a couple of the
20 key objectives for today. I thought it was just useful to
21 state them, so that you got them. We want to address any
22 concerns that Staff has raised, and provide some comfort
23 that we understand what that root case was, understand
24 that, if we've implemented some fixes, what those look

1 like, and what the timing and the net result of those
2 fixes produces. Obviously, we're very responsive. We
3 want to respond and leave today with a good understanding,
4 and you have good understanding of where we're at, and,
5 you know, where things will get better, and the things
6 that have already been fixed.

7 And, then, as I said, the last thing
8 would be a little dialogue around the readiness for the
9 cutover of Granite State Electric, currently scheduled for
10 that first weekend in July, subject, obviously, to the
11 dialogues here.

12 The last slide here is talking about
13 "Technology, Process and People". And, I think I just
14 wanted to make a couple of notes here. You know, we have
15 come a long way from the handoff from National Grid to us.
16 There's a series of transition services agreements that we
17 have been knocking down on a quarter-by-quarter basis.
18 And, of course, Staff is quite aware, through our
19 quarterly interactions with the CEO and Staff. We've got
20 a good flavor on how we've been sort of weaning ourselves
21 off the reliance on Grid. I'm here to say that they have
22 done an excellent job supporting us, and they're
23 delivering to what it is they said they were going to do,
24 which is good to our process.

1 There has been a lot of significant
2 change. If you can imagine, we're unraveling, you know,
3 EnergyNorth's systems, which took 35 years to build and
4 get -- and get humming and working. I believe the number
5 was something like 250 unique systems that EnergyNorth
6 were using to run their business, or collectively run
7 their businesses. And, we've sort of put those into our
8 standard technology platform. So, there has been
9 significant change in technology.

10 With that, we also, you know, flagged
11 that we have to make some process changes. Some -- you
12 know, the system doesn't necessarily operate the same way
13 that it did before. We recognize that there are
14 Commission requirements to do certain things. Our system
15 needs to be compliant with that. Some things that -- that
16 you may not have an opinion about, we might have had to
17 change and put different processes in place to make the
18 system glue together.

19 And, finally, on the people side, a lot
20 of, you know, 140 new jobs, new people doing new things,
21 working with new systems. So, we have some teething pangs
22 that are relative to that, as well as some leadership
23 issues, and making sure that our managers are managing and
24 that our people are performing, and that we are

1 consistently operating under the six values that Liberty
2 Utilities sees and holds in high regard.

3 So, with that, I've completed my opening
4 remarks. And, if it's okay with the Commissioners, I'd
5 like to move into the detail, and start in to Chart 8 --
6 sorry, Chart 9, and the chart is labeled "Billing Delays".
7 I'm going to ask Katy Cook, Katy works with us up in
8 Oakville, Canada. And, she's our Director of Customer
9 Care Strategy. She has been with us for two plus years,
10 and has a long-standing background in customer care and
11 billing. And, I'm going to turn it over to her to lead us
12 through the next phase of the dialogue.

13 CHAIRMAN IGNATIUS: Thank you.

14 MS. COOK: Good morning, Commissioners
15 and other attendees.

16 CHAIRMAN IGNATIUS: And, before we
17 begin, let me just say -- Steve, this can be off the
18 record.

19 (Brief off-the-record discussion
20 ensued.)

21 MR. SMITH: We're going to dive right
22 in, into the issues that were addressed, and what we'll
23 talk about first is billing delays. And, the concern was
24 raised that some bills have been rendered late. And, some

1 bills have been rendered late. What we wanted to talk
2 about are "what are some of the issues that cause these
3 bills to be late?"

4 So, during the normal course of running
5 billing, a small number of bills would be rejected from
6 the -- the bill file gets sent to the bill print provider.
7 And, there's actually quality checks in place that say
8 "The total of this bill is X and when it comes out of the
9 print file it is also X", so that way we can ensure that
10 the bill is accurate. There are times where, on a small
11 number of exceptions, they will not balance. And, so,
12 what happens is, that file rejects. In other words, it's
13 sent back to us and we don't send that bill out.

14 What happened between September and
15 February is that, when we had one file -- so, we send to
16 our bill print provider batches. So, typically, they're
17 about the size of a bill -- of a meter read cycle. So, it
18 could be, you know, or a bill cycle, could be 5,000 files
19 we send in one batch. What was happening between
20 September and February is, if I had one bill out of that
21 5,000 with a failure, the entire batch was being sent back
22 to Liberty. And, then, we were taking that one file out,
23 and then resending it back out. And, that did delay the
24 process, in getting from the bill print date to getting it

1 posted.

2 When we made that change, what we did in
3 February is now that they're able to -- the bill print
4 provider is able to send us just the one failure. So, a
5 dramatic difference, instead of sending back 5,000 bills,
6 it would send back the small exception of files, a handful
7 of files that were rejected.

8 The other thing that we did that drove
9 some billing delays was we introduced something called a
10 "Process and Hold" feature, and we introduced this at our
11 vendor. And, what it really allowed us to do was that,
12 after the bills were printed, they would actually hold all
13 of the bills for us electronically, and we could go in and
14 view and do some quality checks. We do these quality
15 checks now in advance of sending them to the vendor. And,
16 then, we do have another window available to us to do
17 quality checks. But, between January and mid April, we
18 had the Process and Hold in place. So, again, there was a
19 delay to the customer bills getting out.

20 Another example where we've run into is
21 a bit of a conservative approach. So, we would run our
22 billing, the bill calculation and the totals were
23 accurate, but the billing descriptor, you know, sort of
24 the gas supply charge and the details, in the descriptor,

1 not in the actual dollar value, was not accurate. So, we
2 held those bills until we could make sure that that
3 descriptor was accurate. So, that would be an example of
4 where we, as a company, made a decision to hold back the
5 bills to ensure accuracy to the customer and an accurate
6 bill, but did result in the customer getting their bill
7 sent out late. So, we waited until the correction was in
8 place before sending the bill.

9 And, then, you know, through the winter
10 months, we would like to acknowledge that there were also
11 a few days that the weather in the Northeast did impact
12 the delivery of bills. And, so, customers were impacted
13 by that.

14 So, what did we do to try and improve
15 that situation and how do we move forward more
16 effectively. I think I mentioned this one already, which
17 was really enabling us to have just the one bill that's
18 rejected be sent back to us, rather than the whole batch.
19 So, that's a dramatic improvement. Removing the "Process
20 and Hold". So, we have looked at our quality control in
21 billing. And, we right now have a rigorous process where
22 we're actually validating the bills and the calculations
23 prior to being sent to the print vendor. And, then, when
24 they're output from the print vendor, there's a window of

1 time where we can go in and validate those electronic
2 bills. So, we have been able to remove that "Process and
3 Hold" feature, which again will be more timely. It's
4 about a 24-hour period at a minimum that they were holding
5 them for.

6 And, then, we've also just, working with
7 our vendor, when the issues about delays were being
8 flagged, they -- they have regular real-time conversations
9 with USPS, whenever there are weather delays that are
10 impacting mail. And, they are now communicating those to
11 us once they hear about them, which enables us to go
12 communicate to our customers and to our internal employees
13 so that they can more effectively respond to customer
14 inquiries.

15 I wanted to let people know that the
16 service level and just the timeliness of the bills. So,
17 Fiserv is our bill print preventer --

18 (Court reporter interruption.)

19 MS. COOK: Fiserv is our bill print
20 provider, and they print the files Monday to Friday. Our
21 internal target is to have 95 percent of those bills
22 processed within three days from the bill date to the mail
23 date. And, some of the things that we're doing to make
24 sure that the actions we've taken are resulting in an

1 improved performance, is we have our daily quality
2 assurance process. So, every time a bill cycle is run,
3 it's doing those validations, those checks, to ensure the
4 quality. And, also making sure that we have a really
5 robust escalation process between both IT and the vendor.
6 So, we've always had an escalation process. I think,
7 really, the key difference here is that, if we have a
8 billing issue, it is immediately flagged as an "urgent"
9 issue. It gets immediately addressed with a conference
10 call. And, both our vendor from our bill print, by
11 Fiserv, and our billing system, Cogsdale, are engaged on
12 those calls. So, I think just the heightened awareness of
13 it.

14 That explains why some of the bills
15 would have gone out late. But I think there's additional
16 clarity that the Staff was seeking, and they gave us some
17 guidance on May 12th. So, I would like to take a minute
18 to maybe respond to some of those questions.

19 CHAIRMAN IGNATIUS: That would be great.
20 And, I think, when we get finished with the bill delay
21 issue, maybe we'll stop, see if there are any further
22 questions from the Consumer Advocate or Staff or the
23 Commissioners, and then we'll move to the next section.

24 MS. COOK: Perfect.

1 CHAIRMAN IGNATIUS: All right.

2 MS. COOK: Perfect. And, as I go
3 through some of the details on billing -- on this entire
4 section, actually. Billing delays, posting payments, and
5 some of the specific issues, I may call on some of my
6 colleagues sitting here with me here today to add a little
7 bit of detail.

8 So, first, the first question that was
9 asked was "How does Liberty determine if a bill has been
10 issued on time?" So, Liberty tracks the time from the
11 meter upload to the bill calculation to the bill posting
12 at the vendor. "What's the acceptable interval of the
13 meter read date to the bill date?" There is a 4-day
14 window for the meter reads, including uploading the reads.
15 Once the cycle is read, there's one day to calculate the
16 bill. The bill date --

17 MR. SHERRY: Keep going.

18 MS. COOK: The bill date -- now I was
19 thrown off. Oh. Okay. Sorry. The bill date is the date
20 upon which the bill is calculated.

21 "What is the acceptable interval between
22 the bill date and the postmark or mail date?" The
23 acceptable interval is three days: One day to calculate,
24 review the date and address exceptions, one day to export,

1 and one day to mail.

2 And, I think we're going to take a pause
3 here, if you don't mind, and we'll actually hand out the
4 answers that I'm reviewing.

5 MS. KNOWLTON: If that's helpful, we can
6 give those to you now.

7 MS. COOK: To keep you from frantically
8 scribbling.

9 MS. KNOWLTON: And, we're going to go
10 through them sequentially as we hit the various topics in
11 the presentation.

12 CHAIRMAN IGNATIUS: That's a good idea.
13 Thank you.

14 (Atty. Knowlton distributing documents.)

15 MS. COOK: So, for those of you now
16 following along on the paper version, we're talking --
17 we're at Number 2, on Page 1. "Explain and provide the
18 formula used to calculate the percentage of timely bills
19 included in the April 24th response to Staff." The
20 formula used on April 24th response to Staff memo was as
21 follows: Total bills less rejects divided by the total
22 bills. "Where were the bills being mailed from?" The
23 bills are mailed from our vendor location in Sugarland,
24 Texas. "There's an apparent discrepancy between Liberty's

1 self-reported billing timeliness in the April 24, 2014
2 response and recent customer reports to the Commission
3 regarding billing timeliness." The answer is "yes", we
4 have -- we have had recent changes in Liberty's reporting
5 of billing timeliness that could account for this
6 discrepancy. Our April 24th response considered
7 timeliness for the period from September to March.

8 During that time, if a bill was delayed,
9 the calculations we performed for bill timeliness used
10 revised bill dates. So, in the example that I -- I want
11 to just elaborate a little bit on how this works. In the
12 example that I gave, where an entire batch would have been
13 returned to us, when that batch was returned to us, we
14 adjusted the bill date, which automatically adjusted the
15 customer's due date. And, so, when the person went back
16 and validated "was the bill sent on time?" It would
17 appear that the bill was sent on time. So, the person
18 creating that report is really just administering "here's
19 the bill date, here's the due date."

20 And, I think that, doing a deeper dive,
21 you can see that some of these bills were going out late,
22 later than what a customer might have expected. The
23 intention -- fortunately, there were no late payment fees,
24 and customers were, in terms of payment, were not

1 negatively impacted. But, certainly, a customer may have
2 seen this as a delay in actually receiving their bill. If
3 every month they were used to a bill on the 10th, it may
4 have come out actually on the 15th. And, I think that's
5 an appropriate discrepancy that we hope to have addressed.
6 And, I think this batch processing, and addressing the
7 single files when there's a reject, really enables us to
8 step up and meet the target. And, we are seeing a
9 positive trend at this point.

10 Okay. I'm now moving on to "posting
11 payments". But I think there was a request to stop at
12 this point.

13 CHAIRMAN IGNATIUS: Why don't we just
14 see if there are any follow-up questions or
15 clarifications. Does the Consumer Advocate's Office have
16 any questions on billing delays?

17 MS. HOLLENBERG: One moment please.
18 Thank you.

19 (Short pause.)

20 MS. HOLLENBERG: Could you give me an
21 example of what a "descriptor" is, in the "Root Cause"
22 section, on Page 9. I'm just trying to get a handle on
23 what -- an example what that might be.

24 MS. COOK: Okay. I'm just going to --

1 MR. SHERRY: If you don't mind,
2 Commissioner, we'll show the Consumer Advocate a sample of
3 a bill, --

4 CHAIRMAN IGNATIUS: Oh, that's fine.

5 MR. SHERRY: -- to see what the
6 descriptor is.

7 MS. COOK: So, literally, the descriptor
8 here(indicating). So, the chart is calculated correctly.

9 MR. SHERRY: Into the mike, Katy.

10 (Court reporter interruption.)

11 MS. COOK: No. Fair enough. I was just
12 showing her that the descriptor would be -- an example
13 would be the distribution charge. And, I'm also showing
14 the rate here. And, the rate was actually calculating
15 properly, by the descriptor, the information in here
16 [indicating] was not accurate. So, we decided to hold the
17 bills until the descriptor was corrected, and then mailing
18 those bills out with the correct descriptor.

19 MS. HOLLENBERG: And, the descriptor was
20 inaccurate because it had inaccurate information of the
21 customer's usage? Is that how it would have been
22 inaccurate or were the words --

23 MS. COOK: No, it was with the numbers
24 that were listed here.

1 MS. HOLLENBERG: Okay.

2 MS. COOK: And, if you want more firming
3 detail, I'm not sure if one of my esteem colleagues wants
4 to spell it out.

5 MS. HOLLENBERG: No. I think I
6 understand. It's the portion of inaccuracy was the usage,
7 basically. You had inaccurate usage numbers for each
8 level of each tier of the charge, each distribution tier.

9 MS. COOK: Well, the calculated total
10 was correct. It's really just what was represented on the
11 bill. So, there's -- it's a complicated calculation to
12 get to the distribution charge. And, there's multiple
13 numbers that get added together and put together, and then
14 we send the file out. And, then, when it comes out on
15 your bill print, it presents back a number. And, so, it
16 was this presentation of this number was inaccurate, but
17 the actual total dollars was accurately calculated. So,
18 this number wouldn't have aligned to that.

19 MR. SHERRY: Katy, if I -- if I might,
20 Commissioner? On the -- at the March 20th meeting, we
21 went over the bill calculation behind -- that bill we were
22 just showing you, Rorie, is an example of a bill. It's
23 not one with a bill descriptor problem. At the March 20th
24 meeting, you'll recall we walked through a very complex

1 example of the calculations behind the scenes in Cogsdale,
2 and how it rolled up to the bill export file, and
3 ultimately led to the printing. Amanda, if you'll
4 remember that big spreadsheet.

5 At the time we held the billing, there
6 was an error between the roll up in the bill export file
7 and when it went to Fiserv for the bill print. So, what
8 resulted, the customers didn't see a bill with the wrong
9 descriptor. We caught it in the quality control process
10 and held it. I don't know if that answers your question.

11 MS. HOLLENBERG: It does. Could you
12 just remind me why those problems were happening?

13 MR. SHERRY: Mark, can you --

14 MR. SMITH: It's mainly because of some
15 math calculations that are done at the time of bill print.
16 So, because of the complexity of the assembling the
17 charges, when we send it to bill print, we actually work
18 backwards from the total amount billed to determine the
19 rate, rather than working from the rate forward. So,
20 there's a fairly complex calculation of, you know, what
21 was the total amount billed, divided by the usage, to come
22 back to the rate. And, in some instances, we were having
23 some issues with that, particularly with rounding and
24 things like that.

1 MS. HOLLENBERG: Was it input error or
2 was the calculator not functioning the way it was supposed
3 to be functioning?

4 MR. SMITH: No. The charges to the
5 customer were calculated correctly.

6 MS. HOLLENBERG: Uh-huh.

7 MR. SMITH: They were always billed for
8 the right usage over the right period using the correct
9 rates. But, when we went to present it on the bill, to
10 come back to what that rate is, because it's actually a
11 blended rate that the customer sees, there's a calculation
12 that has to take place. And, in some cases, where, you
13 know, depending on where it was rounded, we were having
14 some issues getting it back to the number. So, when they
15 --

16 MS. COOK: So, rounding it four digits
17 versus five digits, --

18 MR. SMITH: Correct.

19 MS. COOK: -- in just calculating the
20 initial rate.

21 MR. SMITH: Right. But, in all cases,
22 the customer was billed the correct amount for the usage
23 that they had for that period.

24 MS. HOLLENBERG: Okay. You said earlier

1 that you had experienced weather, weather-related delays
2 in the Northeast. Was that something that you experienced
3 in other areas of your service areas? And, where
4 specifically were those other areas?

5 MS. COOK: Yes. We definitely had some
6 issues in Georgia this year. So, I mean, there were some
7 ice storms there, most people heard about them. And,
8 there were delays getting some payments through Georgia
9 and the mid states, that impacted us. And, they're not
10 common events, like weather is quite small.

11 One of the things we found, this also
12 ties to posting payments, right, so, there have been
13 changes in USPS and posting schedules. You know, some of
14 the -- some states are moving to a five-day mail pickup
15 and drop box. So, some of those things are causing some
16 payment delays. But the weather, there's usually one or
17 two instances a year by region, I would say.

18 MR. ECKBERG: Yes. I have a follow-up
19 to the question that Rorie asked about the descriptors. I
20 think that I heard you say that there's calculations that
21 are done in the bill print process. Maybe that's
22 accurate, I wasn't at the -- I don't believe I was at the
23 March 20th meeting where this was discussed in tremendous
24 detail. But I would -- that sounds a little confusing to

1 me. I would have imagined that the bill print process,
2 your printing information that's in each customer's
3 specific file, which is part of a batch of a large number
4 of files. But it sounds as if you're doing additional
5 calculations on the information that's in the customer
6 information file, rather than simply printing information
7 that's in there. Am I --

8 MR. SMITH: No, there is a calculation
9 done at the bill print vendor. It's not a calculation of
10 a charge. It's a calculation to determine the rate to
11 present for that charge.

12 MR. ECKBERG: Okay.

13 MR. SMITH: Okay?

14 MR. ECKBERG: That's helpful.

15 MR. SMITH: Yes. It doesn't -- we don't
16 actually touch the charges. The charges are in the bill
17 export file, they're presented as billed, the consumption
18 is presented as billed. But, to get back to the rate, we
19 have to -- I mean, the simple way of looking at it is
20 divide the charge by the consumption to come back to the
21 rate. But, because of the various splits and places where
22 the rate, you know, isn't just a straight rate
23 calculation, it can get complicated.

24 MR. ECKBERG: Okay. Thank you.

1 MR. SMITH: You're welcome.

2 CHAIRMAN IGNATIUS: Does the --

3 MS. HOLLENBERG: Actually, no. I'm all
4 set. Thank you.

5 CHAIRMAN IGNATIUS: Thank you. Does the
6 Commission Staff have any follow-up questions?

7 MR. WIESNER: Yes, we have a few, madam
8 Chair. When the response refers to a number of days for
9 billing intervals, are those calendar days or business
10 days?

11 MS. COOK: They're business, business
12 days.

13 MR. WIESNER: Okay. Thank you. And,
14 how does the timing described in the response, how does
15 that compare to the time intervals that were used by
16 National Grid prior to the conversion to Liberty systems?

17 MS. HARRIS: In the billing process, the
18 meter reading process, it was still -- it's a four-day
19 window, as it is with Liberty Utilities. However, with
20 the National Grid system, on the fourth day the meter
21 readings were uploaded, and National Grid systems would
22 bill the entire cycle batch, get the doors out -- the
23 bills out the door the next day, and the exceptions would
24 be worked afterwards. In the Liberty process is we're

1 working those exceptions ahead of time, before releasing
2 the bill batch. We have an ability to place a particular
3 account on hold and so we don't hold up the batch. So,
4 it's a combination of pushing bills through and placing
5 them on hold. So, it's that manual review up front which
6 takes us a few more days, the scrubbing of the meter
7 readings, the review of the bills, which is done ahead of
8 time. Whereas, in National Grid's system is that it was
9 afterwards.

10 MS. NOONAN: Does the review of the
11 exceptions, the working of the exceptions beforehand, then
12 delay all the other bills?

13 MS. HARRIS: We do have to review
14 everything. We run what we call "smart lists", --

15 MS. NOONAN: Uh-huh.

16 MS. HARRIS: -- to catch all, you know,
17 the high/low, the meter reading exceptions. Whereas,
18 systematically, with the National Grid systems, it would
19 push all the correct ones out the door and hold back the
20 exceptions, --

21 MS. NOONAN: Okay.

22 MS. HARRIS: -- to be worked at a later
23 date.

24 MS. NOONAN: Okay. And, so, the Liberty

1 process is the reverse. Where all the bills are held
2 until the exceptions are worked, and then they're all
3 issued at the same time?

4 MS. HARRIS: Right. Or, placed -- we do
5 have what we call "off-cycle billing".

6 MS. NOONAN: Uh-huh.

7 MS. HARRIS: So, anything that's an
8 off-cycle, those are the bills that are placed on hold,
9 whether we need to send out for another read or just work
10 the account to fix it, to make sure it's within line.

11 MS. NOONAN: Okay. Thank you.

12 MR. CONNOLLY: Madam Chairman, I have a
13 few other questions. This is Tim Connolly. In the
14 delayed bills, what -- how does Liberty measure the number
15 of days delay for those bills?

16 MS. COOK: So, each of the step -- each
17 process in the bill, each step is tracked, right? So, if
18 the bill date is set, when the meters are uploaded, the
19 bill date is set. And, then, you would add the three days
20 into -- the three days for what the appropriate posting
21 date is. We then get a report back that says when the
22 bills were posted from the vendor, and you can see if it
23 was within that time frame or not. And, it's actually
24 tracked on a daily basis.

1 MR. CONNOLLY: Okay. Let me ask my
2 question better, hopefully. There are bills that are
3 delayed that go into this calculation that reduce from
4 100 percent to 95 percent. How delayed are the bills that
5 are in that 5 percent? Are they delayed by five days?
6 Seven days? Ten days? And, what do you use internally to
7 manage, so that that interval is always, hopefully, always
8 being shortened?

9 MS. COOK: Yes. You know what, why
10 don't I toss it to young Ms. Harris, because she's
11 executing it with her team.

12 MS. HARRIS: On a daily basis, we check
13 out the exceptions, and we bill every day off-cycle bills.
14 So, basically, we track the number of all the bills that
15 were rendered for a particular cycle, and then we count
16 the number of exceptions. And, then, like I said, we have
17 an off-cycle bill batch. And, that's what we measure
18 against the -- the exceptions against the total bills that
19 go out the door.

20 MR. CONNOLLY: Okay. So, the person
21 that has the responsibility to do these reviews of bills,
22 to recalculate them or whatever they're going to do to fix
23 them, do they know on their desk that they have got bills
24 that are fifteen days old, fourteen days old, ten days

1 old, five days old? Or, do you, as a supervisor, do you
2 know what those delay days are?

3 MS. HARRIS: There are -- there are what
4 they call "smart lists", which holds the accounts that
5 have not been billed. Yes.

6 MR. CONNOLLY: So, there's an --
7 (Court reporter interruption.)

8 MS. HARRIS: Yes. If there was an aging
9 in that smart list? I don't -- I'd have to defer that
10 question, because I'm not familiar with the specifics of
11 that smart list and what it exactly contains.

12 MR. CONNOLLY: Okay. Because it would
13 seem that there's some impact certainly on customers that
14 have a bill that's ten days old from when they should have
15 been billed, regardless of what the process breakdown was,
16 it's the fact that the customer is not getting the bill
17 has got some impact, and the impact would intensify the
18 longer it goes. Okay. Thank you for those.

19 In your statistic, in Number 2, you say
20 that the formula used is total bills minus rejects divided
21 by total bills. Correct?

22 (No verbal response)

23 MR. CONNOLLY: What is "total bills"?
24 Are those bills actually mailed or are those bills to be

1 mailed?

2 MS. COOK: Those are the bills to be
3 mailed, right.

4 MR. CONNOLLY: So, this batch of 5,000
5 that you send from Liberty production office or the data
6 center to Fiserv, that 5,000 files, that would be the
7 denominator?

8 MS. COOK: Yes.

9 MR. CONNOLLY: Thank you. In the case
10 where, in Number 4, you mention that there was an
11 adjustment to the expected payment date to correspond to
12 the adjustment to the bill mailing date, that left the
13 customer with the same allowed interval for making
14 payment. If, in month two, there was this problem, the
15 bill was delayed by five days, you adjusted the payment
16 due date by five days, again, calendar days, --

17 MS. COOK: Uh-huh.

18 MR. CONNOLLY: -- the next month's bill
19 being correct internally in your system, would that not be
20 presented to the customer at a 25-day interval from the
21 previous month, rather than the normal 30-day interval?

22 MS. HARRIS: It would be rendered on its
23 normal bill cycle. So, there could be a potential of
24 overlap, if that's what you're kind of getting at.

1 Because --

2 MR. CONNOLLY: Well, it was 30, and you
3 made it -- you adjusted it by five days, so that it's
4 still 30, then, the following month the customer got
5 billed 25 days, instead of 30 days.

6 MS. HARRIS: The bill would be -- no, it
7 would go back to its normal cycle.

8 MR. CONNOLLY: Right. The bill is due
9 out on the 5th of the month, and it is sent on the 5th of
10 the month for month one.

11 MS. HARRIS: Yes.

12 MR. CONNOLLY: Month two, it's going to
13 go out on the 10th of the month, because of some internal
14 problem, then, it's going to be sent on the 10th. The
15 following month it's going to revert to the 5th.

16 MS. HARRIS: Yes.

17 MR. CONNOLLY: Is that correct?

18 MS. HARRIS: Correct.

19 MR. CONNOLLY: So, that third month, the
20 customer gets a bill sooner, relative to the previous
21 bill, than any other time?

22 MS. HARRIS: That's correct.

23 MR. CONNOLLY: That's all for me. Thank
24 you.

1 CHAIRMAN IGNATIUS: Thank you.

2 MS. NOONAN: I just have one last
3 follow-up question on that same line. The longest delays
4 in billing were, I believe, in November and December, if
5 that's correct. Do you recall what the longest interval
6 was for a delayed bill?

7 MS. HARRIS: I don't have that.

8 MS. COOK: I don't have the information
9 on that specific one. I think we could get that for you.

10 MS. NOONAN: Okay. Yes. You know, I'm
11 just curious. I think I have that somewhere as well.
12 But, you know, to understand what the impact was on a
13 customer, --

14 MS. COOK: Uh-huh.

15 MS. NOONAN: -- in terms of the length
16 of time between one month's bill and the next month's
17 bill.

18 MR. WIESNER: One last question. If
19 there are "weather-based delays", as you described before,
20 and those delays are communicated to customers, how does
21 that communication occur?

22 MR. SHERRY: Well, I'm sorry, we didn't
23 say they were communicated to customers. We do put it up
24 on the website, during the course of the winter, when we

1 became aware of it. And, if you recall, if you recall,
2 the weather issues that were striking, not only the
3 Northeast, but, really, across the country, January,
4 February, and March, in particular, were shutting down air
5 traffic in the whole Northeast, all across, through
6 Chicago. So, they were -- the air system is the bulk of
7 the carrier for the mail. That was -- we were getting the
8 information from Fiserv, who was getting the information
9 from the Postal Service, about the delays, not only in
10 bills, you know, bills going out, payments coming in, it
11 was affecting not only our company, but anybody else who
12 was using those postal hubs for delivery. So, we were
13 communicating via the website. We were providing
14 information to our customer service reps. So, they were
15 answering customer calls when they were coming in. But it
16 was a broader picture than was just impacting Liberty.

17 MR. WIESNER: Okay. Thank you. I think
18 that's all we have.

19 CHAIRMAN IGNATIUS: Questions,
20 Commissioner Scott?

21 CMSR. SCOTT: Thank you, and good
22 morning. And, thank you all for coming. First, before I
23 ask my question, I want to thank you for the item-by-item
24 response. That it gets very -- I think that will prove to

1 be very helpful. So, thank you for that.

2 Just so I understand -- and, whoever
3 feels best to answer, maybe Katy, since she started. So,
4 if I understood right, so, a lot of the batching has gone
5 away. So, if you find a discrepancy, you pull just the
6 discrepancy, not the whole batch. So, that obviously
7 helps in getting the bills out, correct?

8 MS. COOK: Correct.

9 CMSR. SCOTT: So, can you explain, so,
10 the ones that are held, can you explain the process a
11 little bit, more detail for me?

12 MS. COOK: I can start to explain the
13 process, and then I may defer to either Nicole or to -- or
14 to Mark. So, what happens when the individual rejected
15 file comes back to us, and then we identify why was that
16 rejected. And, in fact, I think two slides on from here,
17 we actually go into a specific issue, because we were
18 seeing the number of rejects was a little -- we identified
19 two root cause issues that was causing files to reject.
20 And, maybe we could use -- I could go over the details of
21 that. But I don't know if --

22 CMSR. SCOTT: Or, I can wait. If it's
23 in here further, I can wait when you get there. That's
24 fine.

1 MS. COOK: Yes. I'm not sure if there's
2 anything we'd add to how those rejects are worked, once we
3 identify them.

4 MS. HARRIS: Yes. A lot of them can be
5 corrected right away and placed in an off-cycle batch, and
6 actually get out the door the next day. So, it depends on
7 what that particular reject or why it was placed on hold.

8 CMSR. SCOTT: So, obviously, there's a
9 manual process to look at them and evaluate them?

10 MS. HARRIS: Yes.

11 CMSR. SCOTT: And, does that include
12 some IT staff, so they understand fixes that may be needed
13 that cause this?

14 MS. HARRIS: If we run into any issues
15 where we're having a problem with rebilling it again, we
16 issue a case ticket on those particular accounts, which is
17 our internal IT issue problem reporting system.

18 CMSR. SCOTT: Okay. Thank you.

19 MR. SHERRY: Again, if I could add to
20 that, Commissioner. In most of these cases, these are
21 normal billing issues. Is that something has fallen
22 outside of -- something has fallen outside of a window in
23 a series of test parameters and the bill checks that cause
24 this account to reject. It could be a bad meter reading,

1 could be a "could not get it", there's a host of things,
2 non-IT related. And, the difference in the Liberty
3 process versus the National Grid process we described
4 earlier, is, in the Liberty process, we work that right
5 away at that point, deal with that reject or exception,
6 and send it out usually the next day in an off-cycle bill.
7 In the National Grid process, it was set aside for working
8 after-the-fact. So, it would be worked -- could be worked
9 that day, could be worked the next day, it could be a
10 couple of days. But it was still a manual process to deal
11 with that exception.

12 CMSR. SCOTT: That's helpful. I was
13 more, obviously, in tuned to the IT crossover issue, you
14 know, cutover issue. And, do you have the same issues, I
15 mean, there's manual billing, but there's still -- I
16 assume there's a fair size of your customers are doing
17 electronic billing, is that correct?

18 MS. COOK: Yes.

19 CMSR. SCOTT: And, is it the same
20 issues?

21 MS. COOK: So, the creation of the bill
22 print is a consistent practice. So, they would have a
23 similar delay, if the file rejected.

24 Mark, I'm not sure, if you could enhance

1 that a little please.

2 MR. SMITH: Yes. The electronic bills
3 and paper bills go through essentially the same process,
4 until they're actually -- the decision point is made to
5 either put it on paper or send a, you know, a *pdf* copy and
6 an email notification to the customer. So, up till that
7 "mailing point", if you want to describe it that way, they
8 go through an identical process. So, an electronic bill
9 could and would reject for the same reasons that a paper
10 bill would.

11 CMSR. SCOTT: Thank you.

12 CHAIRMAN IGNATIUS: Commissioner
13 Honigberg.

14 CMSR. HONIGBERG: On the answer to
15 Question 1(a), talks about a "4-day window for meter
16 reads", can you walk me through that, what that "4-day
17 window" means?

18 MR. SHERRY: Sure. Gladly,
19 Commissioner. We're operating off the same meter reading
20 schedule that had been in place for EnergyNorth prior to
21 the sale. The utility companies establish an annual meter
22 reading calendar, if you will. And, it usually is built
23 around a 28 to 32-day cycle. So, we end up rendering a
24 bill on a monthly basis. So, when the batch, the cycle is

1 sent out to the meter reading department to go get the
2 monthly readings, they have four days to go -- actually
3 physically go out and get that reading. Usually, it's
4 accomplished in less than that. You know, most of meters
5 are AMR-equipped. Okay? In the case of residential and
6 small commercial meters, the meter worker drives down the
7 street in a truck, they pick up the readings
8 electronically. But, as the system is picking up those
9 readings, it's identifying failed reads. So, a remote
10 transponder net may not be working, something else, we're
11 not getting the reading through the system. So, that
12 flags a message. So, a meter reader has to physically go
13 to that site and find out if something is wrong with the
14 meter, if we need a meter reading, we have to replace
15 something called a "remote" -- "ERT transponder". So, the
16 schedule is built around a four-day window to capture
17 those readings, as many as we can, to then upload them in
18 our billing system. Could be weather impacts, could be
19 something else going on. The same staff that's doing the
20 meter readings is also responding, in some cases, to gas
21 emergencies, turning off services, doing credit
22 collections work. So, it all rolls together. If that
23 answers your question?

24 CMSR. HONIGBERG: It does, in part.

1 But, then, the next part of it is, so, the meters read on
2 day one of the four-day cycle bill, are billed at the same
3 time as the meters read on day four of the four-day cycle?

4 MR. SHERRY: Conceivably.

5 CMSR. HONIGBERG: Okay.

6 MR. SHERRY: Conceivably.

7 CMSR. HONIGBERG: That's all I have.

8 Thanks.

9 CHAIRMAN IGNATIUS: Ms. Cook, I wanted
10 to ask you one follow-up to something you had said, that,
11 with the changes you've already instituted, you're seeing
12 a positive trend --

13 MS. COOK: Uh-huh.

14 CHAIRMAN IGNATIUS: -- in meeting the
15 target. Can you be more specific in what you're seeing
16 and what your -- what period you're measuring?

17 MS. COOK: Well, as I just looked at our
18 May performance, and we see the number of bills that have
19 been -- the number of -- the timeliness of the bills going
20 out. So, where we've taken that original bill date, as
21 opposed to any adjusted bill date, we're seeing that, you
22 know, in May, the run rate was over 90 percent, which
23 would demonstrate that getting these bills out the door is
24 happening much more quickly than when we were holding, you

1 know, a few cycles at a time. The delay is minimized.

2 I think the other trending we see is we
3 usually track at what step a delay can occur, right? So,
4 was there a meter reading delay that occurred? Was there
5 a bill processing or calculation delay? And, then, was
6 there a delay with our vendor? And, I think we're seeing
7 consistently, in April and May, that any delays at the
8 vendor are being minimized, which would indicate that
9 addressing that batch file and addressing the rejects is
10 improving the process.

11 CHAIRMAN IGNATIUS: So, you said that
12 you're currently seeing, in looking at the May performance
13 thus far, over 90 percent being billed on time, correct?

14 MS. COOK: Uh-huh. Yes.

15 CHAIRMAN IGNATIUS: Do you have any
16 other statistics or any other measurements that you're
17 looking at right now, since these changes have gone in and
18 started to be implemented?

19 MS. COOK: Are you referring to, have I
20 looked at other months' data or --

21 CHAIRMAN IGNATIUS: Since making some
22 improvements, --

23 MS. COOK: Yes.

24 CHAIRMAN IGNATIUS: -- is there anything

1 else that you can see that shows whether those are
2 improving the situation?

3 MS. COOK: Yes. No, no, --

4 MR. SHERRY: Commissioner, if I could
5 add to that. We track the performance of, and we'll speak
6 about service levels later, but we track the performance
7 of the billing process on a daily basis. So, Nicole and I
8 are seeing data on a daily basis. Are we on track for the
9 meter reading cycles? Are we on track for the billing
10 calculation and the data review or the scrubbing process?
11 And, are we on track sending the bills to Fiserv and is
12 Fiserv getting them out the door on time? So, we're
13 tracking that on a daily basis with the team. And, if
14 something is amiss, then we're talking to the team to
15 identify, is it a process issue? You know, were people
16 out sick? Were we short-staffed? Is there a system
17 issue? And, then -- so, we're acting on that daily. Go
18 ahead.

19 MS. COOK: Sorry, I was just -- and Mark
20 could hopefully jump in. But just the number of reject
21 files. So, we get the rejects back from the vendor when
22 we sent it. And, so, where we used to get a batch file
23 returned with the total numbers, we're now, obviously,
24 getting the individual returns. And, so, you're seeing

1 that improvement. And, I think that's the real-time
2 improvement that you notice. And, I'm not sure if there's
3 any --

4 CHAIRMAN IGNATIUS: Mr. Sherry, you said
5 you're "tracking" those things. And, I'm just wondering,
6 do you have any indication of the results of the tracking?
7 Is it flat? Is it trending upward? Is it trending
8 downward?

9 MR. SHERRY: It's trending -- well, for
10 the month of May, as Ms. Cook said, we're trending --

11 (Court reporter interruption.)

12 MR. SHERRY: Sure. We're tracking it
13 towards, you know, 90 percent in the month of May, and
14 that's what we're monitoring right now. So, in terms of
15 tracking it, so, that's tracking better than it had been
16 previous months. I think, as Amanda had mentioned, we had
17 some problems in the November/December time period for
18 some of the issues articulated earlier. The "Process and
19 Hold" step that we had in place in the winter, coupled
20 with bad weather, caused us some trouble in February. So,
21 we saw an impact in February. And, those were our worst
22 months. And, since then, March got a little bit better,
23 April has gotten a little bit better, May is getting
24 better.

1 And, so, in addition, we've added staff
2 to the billing team at the local level in New Hampshire.
3 We're conducting all of this here. And, we're adding
4 additional staff in anticipation of the electric
5 conversion. And, the staff is getting more experienced.
6 They started doing this last August and September. So, as
7 the months go by, they're getting more familiar with the
8 processes. Working with Mark Smith and the team in
9 Oakville, we've developed improved checklists and
10 procedures to go through this, to go through the smart
11 lists, to go through the billing routines. So, the team
12 is working it faster as the billing data comes in.

13 CHAIRMAN IGNATIUS: Thank you. Then,
14 why don't we move to the next area, which is payment
15 posting delays.

16 MS. COOK: It's Slide 10. Issue is that
17 there have been delays in posting payments to accounts.
18 So, there are several reasons why a small group of
19 customers may have received -- may have experienced
20 delayed posting to their accounts. I wanted to speak to a
21 few of the most common issues that we've seen, and then
22 what steps we've taken.

23 There have been delays in addressing and
24 managing situations where unidentified -- where there have

1 been unidentified account numbers. So, this is when a
2 customer sends a payment through a lock box. And, if
3 there is any -- you know, the account number is not
4 clearly identified, or they're unable to reconcile it to
5 an account, that payment -- that payment gets put into a
6 suspense account. The process we have with our vendor,
7 Fiserv, is that they send those payments electronically to
8 us. So, we have a 48-hour window to review the payment
9 and identify the appropriate -- where the appropriate
10 allocation needs to be. If there's any delay in doing
11 that, they, after 48 hours, they remove it, in part from
12 security reasons, and they actually send us the hard
13 copies for us to manage internally. I would say, early on
14 in the conversion, we had some delays at meeting that
15 48-hour window, which meant that we were getting a higher
16 number of payments sent to us that we then needed to
17 manually reconcile. So, there would have been a delay
18 seeing that payment post to that customer account, because
19 we were unable to turn that around in a timely way.

20 I'm happy to report that right now, in
21 that suspense accounts, we have 66 payments. And, I think
22 that is a reasonable expectation, to say that we are now
23 achieving the target that we want to get to.

24 CHAIRMAN IGNATIUS: Is there a metric

1 for that? Is there an actual measurement?

2 MS. COOK: No. There is not a
3 measurement.

4 CHAIRMAN IGNATIUS: What's an example of
5 where you were when things were not going as well,
6 compared to the 66?

7 MS. COOK: I do not have an example of
8 what it was in call it the September and October time
9 frame.

10 CHAIRMAN IGNATIUS: Anything else on
11 that issue, before we see if there are any questions? Ms.
12 Cook?

13 MR. ECKBERG: Just one quick question.
14 You said that Liberty has 48 hours to review those
15 payments?

16 MS. COOK: Uh-huh.

17 MR. ECKBERG: Is that 48-hour period
18 measured again in business days, --

19 MS. COOK: Yes.

20 MR. ECKBERG: -- as going the other
21 direction?

22 MS. COOK: Yes.

23 MR. ECKBERG: Okay. Thank you.

24 CHAIRMAN IGNATIUS: Does Staff have any

1 questions on this issue?

2 MS. HOLLENBERG: I'm sorry,
3 Commissioner. I actually had a question.

4 CHAIRMAN IGNATIUS: Oh, I'm sorry.

5 MS. HOLLENBERG: I wasn't totally sure
6 if you were done. When you say a "small group of
7 customers", what's the number of customers that is
8 impacted by --

9 MS. COOK: Well, there's a few other
10 issues here. And, so, then maybe I'll go over the numbers
11 that I know of. I mean, I don't have the exact number of
12 unbankables. I can speak to the number I just -- the
13 numbers I just spoke to, which is those 66 payments.
14 However, there are other issues that cause delays. And,
15 so, let's, if you don't mind, I could maybe talk to them
16 and it will flag a few numbers.

17 CHAIRMAN IGNATIUS: So, I misunderstood.
18 I thought you were done. So, go ahead --

19 MS. COOK: Yes. No.

20 CHAIRMAN IGNATIUS: -- and finish this
21 issue.

22 MS. COOK: Yes. So, customers
23 continuing to make payments to either their old account
24 number or the old remittance address. So, one of the --

1 and these are customers who are making their payments to
2 National Grid.

3 MS. HOLLENBERG: Uh-huh.

4 MS. COOK: One of the things we had done
5 with National Grid, during any transition of the sale,
6 there is a need for that last month, prior to when I've
7 got an old account under and a new account number, I make
8 a payment, and, you know, let's say we do the conversion
9 one weekend, we still -- the old remittance address is
10 still on all those payments that are sort of "in-transit",
11 as it were. So, there's a period of time where National
12 Grid would continue to get those payments. We had set up
13 a process with National Grid, where they would process the
14 payments, and then send us the file. And, we continue to
15 run that process. And, so, in April and March, as an
16 example, there were some -- I think it's 500 accounts
17 where customers were continuing to pay National Grid. We
18 have since contacted all of those customers, along with
19 there are some details in the notes about communications
20 that we've had with those customers. And, National Grid
21 is now, as of April 1st, begun returning those payments to
22 the customer.

23 So, the lesson learned here is that we
24 tried to do something that would create a smoother

1 transition for the customer by enabling National Grid to
2 take the payments on our behalf and make it smooth. I
3 think that we stayed in that process too long. And, as we
4 look to our electric conversion, you know, we're working
5 with National Grid right now to say what is the
6 appropriate time frame, before we kind of draw the line
7 for the customer and say "no, you must change, you must
8 change your remittance address, you must update your
9 account numbers". Because, in hindsight, that's caused
10 some delay. And, so, you asked about a number. So, the
11 March and April number of customers were 500 that had gone
12 down that path that we had contacted.

13 Another issue that we had were customers
14 who have electronic payments that they have set up at
15 their own financial institutions. So, there were some
16 3,000 customers at conversion who paid National Grid
17 electronically, and, when we made the switch, would need
18 to, on their own accord, go in and change their account
19 number. And, that number is now somewhere less than 200,
20 and we have also contacted those customers.

21 CHAIRMAN IGNATIUS: Anything else on the
22 posting issue?

23 (No verbal response)

24 CHAIRMAN IGNATIUS: All right. If not,

1 Ms. Cook, you're done on the posting issues?

2 MS. COOK: I am done on the posting
3 issues. I just wanted to -- I wondered if there was
4 any -- if I should review one of the questions that were
5 answered as well, if you don't mind?

6 CHAIRMAN IGNATIUS: Please.

7 MS. COOK: So, "apparent discrepancy
8 between Liberty's self-reported payment posting timeliness
9 in the April 24 response and" --

10 (Court reporter interruption.)

11 MS. COOK: -- "recent customer
12 reports to the Commission regarding payment posting
13 timelines [timeliness?]. Have there been any recent
14 changes to Liberty's payment posting process that would
15 account for this discrepancy?" So, we have not had any
16 changes to our payment processing. However, I believe our
17 response focused on payment process with our vendor on the
18 April 24th response.

19 And, we did not address the issue with
20 customers continuing to pay to National Grid. I think I
21 just walked through the process with Grid. And, I think
22 that may account for some of the discrepancy that was
23 felt.

24 MR. SHERRY: Commissioner, if I could

1 just -- I'm sorry, are you good? If I could add, in terms
2 of what lessons -- what lesson did we learn from that
3 particular piece of the conversion. Customers can pay us
4 about five different ways. But I'll just focus, the
5 customer who has their own -- their payment set up through
6 their own financial institution, their bank, credit union
7 or PayPal, where they direct the payment once the bill
8 comes in, needed to go in and take action to change
9 account numbers and to change the remittance address.

10 Clearly, we thought we communicated
11 enough with those customers prior to the conversion. And,
12 they received all the same pre-conversion communications
13 as the rest of our remembers. Since January, that group
14 of -- and, there was around 3,000 customers in that group
15 at the time of the conversion. Since conversion, those
16 customers have received two direct mailing pieces. I
17 should note, they've also received now eight monthly gas
18 bills, with the proper account number and the proper
19 remittance address. And, in trying to make it easy for
20 the customer, National Grid was continuing to process the
21 payments and move them back to us, it was creating a long
22 time to post those payments, because there was handling of
23 those funds that were going back and forth. Working with
24 National Grid, we shut off that process on April 1st. So,

1 if that payment now comes in and National Grid receives
2 it, if they receive an -- if your bank tried to send an
3 electronic payment to National Grid, National Grid would
4 reject it. But, in some cases, the bank or PayPal would
5 drop it to a paper check and automatically mail it to
6 National Grid, without you knowing anything about it. So,
7 now, National Grid gets the check, and then refunds it
8 with another check back to the customer, with a
9 personalized letter saying "Please contact Liberty
10 Utilities to update your number." We have also called all
11 those customers directly. And, as those payments continue
12 to trickle in over the next billing cycle or so, we'll
13 continue to call all of them directly to try to wrap this
14 up.

15 What did we learn from it, in
16 anticipation of the electric conversion, was significantly
17 more communications with this group of customers in
18 advance. And, I don't have examples of the communications
19 with me today, but we'll share them with Amanda and her
20 staff over time.

21 But, regarding this, these payment
22 channels, you'll see bright bold red, you know, "you need
23 to do something. Take action here. Change your account
24 number." And, then, working with National Grid, we're

1 going to shut this off very quickly after conversion, so
2 we don't exacerbate the situation.

3 CHAIRMAN IGNATIUS: Thank you. Anything
4 further, Ms. Hollenberg?

5 MS. HOLLENBERG: No thank you.

6 CHAIRMAN IGNATIUS: All right. Does
7 Staff have any questions on this issue?

8 MS. NOONAN: Yes, we do have a couple.
9 I just wanted to confirm, when a customer mails their
10 payment to Liberty, where that payment is going to?

11 MS. COOK: So, it goes to the -- to
12 Chicago.

13 MS. NOONAN: Okay. And, once it gets to
14 Chicago, does it go into a lock box? Could you kind of
15 walk me through that process.

16 MS. COOK: Yes. The lock box is in
17 Chicago. So, they would receive it. And, they -- and,
18 Mark, jump in, if I -- just from my terminology, I think
19 basically auto-open and scan and process it, --

20 MR. SMITH: Correct.

21 MS. COOK: -- as received. And, then,
22 electronically send the files the same day.

23 MR. SMITH: That's right.

24 MS. NOONAN: Okay. And, so, then

1 Liberty gets the files, and you have a 48 or two business
2 day window to process those payments and post them to the
3 customer's account?

4 MR. SMITH: No. The payments are
5 processed the day we receive the file. The 48 hours
6 applies to accounts where they can't locate --

7 MS. NOONAN: Okay.

8 MR. SMITH: -- the payments where they
9 can't locate an account.

10 MS. COOK: That's the exception.

11 MR. SMITH: In that case, we've got an
12 electronic notification for two business days to attempt
13 to find the account. If we can't find the account in the
14 two business days, they then send us the paper. So, the
15 payment and the information is never lost. It's just that
16 we lose the opportunity to send it electronically, "here's
17 the account we would like to apply the payment to." They
18 will send us the paper, and it gets a little -- obviously,
19 it takes a little more time to research that and get it
20 applied appropriately.

21 MS. NOONAN: Okay. And, so, I guess I'm
22 trying to reconcile all of that with the accounts that
23 we've gotten from customers that it's taken 14 days or 15
24 days for their payment to post to their account after

1 having mailed it here in New Hampshire, with the proper
2 remittance slip and the proper envelope and so forth. Is
3 there a step in there that I'm missing?

4 MR. SHERRY: Hang on just a second,
5 Amanda.

6 MS. NOONAN: Sure.

7 MR. SHERRY: I mean, it's a difficult
8 one to answer, in that if the customer says they mailed a
9 payment here in New Hampshire 14 days prior to when it was
10 posted. But we can't, until the payment is received at
11 our lock box, I don't know -- we don't know when they
12 actually mailed it, and how long it took the Post Office
13 to deliver it. So, it's a tough one to, you know,
14 quantify. I think, if we, you know, if we had a specific
15 customer, where, you know, take the bill, go to the Post
16 Office in Londonderry, mail it, and we could track it,
17 that's something we could do. But I can't think of a way
18 to answer that otherwise.

19 MS. NOONAN: Okay.

20 MR. SMITH: Our print provider
21 process -- or, sorry, our payment provider process
22 100 percent of the payments they receive daily.

23 MS. NOONAN: Uh-huh.

24 MR. SMITH: They don't have a backlog

1 waiting to be processed. And, they send us the file
2 overnight and we apply it the next business day.

3 MS. NOONAN: Uh-huh. Would there be
4 advantages to New Hampshire customers, if the payments
5 were being mailed locally, instead of to Chicago, in terms
6 of timeliness for payment posting and so forth?

7 MS. COOK: You know, I'm not sure I
8 can --

9 MR. SHERRY: I don't know if we can --

10 MS. COOK: Truthfully, I don't think I
11 could answer -- answer that here.

12 MS. NOONAN: Okay.

13 MS. COOK: Yes.

14 MS. NOONAN: And, the other methods that
15 Liberty has for accepting payments, other than through the
16 mail, that go to your vendor, an agent, walk-in,
17 check-by-phone, credit card-by-phone, those various
18 payment channels, and I guess, particularly, the payments
19 through an agent might be the most problematic. The
20 posting date for those payments, does it reflect the date
21 that the payment was actually made to either that payment
22 agent or through that payment channel? So, even if you
23 don't receive it from the agent for four or five days,
24 because of whatever might transpire, is that payment

1 posted effective the date it was made?

2 MR. SHERRY: Hang on just one second.

3 (Mr. Sherry conferring with Company
4 representatives.)

5 MR. SHERRY: Amanda, I think we're going
6 to need to give you some more specifics on that detailed
7 stuff. The files come in through our payment agent,
8 they're transferred to us, to our Finance Department.
9 Finance posts the payments. There's a -- we just need to
10 find out some more information on how fast that occurs.

11 MS. NOONAN: Okay. And, I'm just
12 talking about your authorized payment agents, your walk-in
13 centers, --

14 MR. SHERRY: Right.

15 MS. NOONAN: -- all your authorized
16 payment channels?

17 MS. COOK: Yes.

18 MR. SMITH: And, those payments also are
19 received daily, and processed the next business day.

20 MS. NOONAN: Okay.

21 MR. SMITH: And, in some cases, daily,
22 including the weekend. Like, the walk-in centers send us
23 a file on the weekends as well.

24 MS. NOONAN: Okay.

1 MR. SMITH: But they're processed the
2 next day by Finance.

3 MS. NOONAN: Okay. Thank you.

4 MR. CONNOLLY: I have just a couple of
5 questions. In the April 24 letter from staff back to the
6 Commission, under the paragraph "Delays in posting of
7 payments to accounts", Liberty says that there's
8 "electronic payments which are received by Fiserv from a
9 customer after the 4:00 p.m. EST cut-off on a particular
10 day are processed the following day." Is that cut-off
11 date established by Fiserv or by Liberty? Meaning, Fiserv
12 can't send it or Liberty can't receive it?

13 MS. COOK: Well, I believe when we --

14 MR. SMITH: We agreed to it.

15 MS. COOK: Yes. We agreed to the
16 recommendation that they gave us when we established the
17 relationship. So, --

18 MR. CONNOLLY: So, it serves Fiserv's
19 purpose?

20 MR. SMITH: Well, they have to have a
21 time to send the file. They have to have a cut-off for
22 the business day to know when to send the files. It's not
23 a real-time system. They send -- we receive one file a
24 day, they need to know what time that file should be sent.

1 MR. CONNOLLY: And, I'm just trying to
2 make it clear how 4:00 p.m. Eastern Standard Time was
3 constructed?

4 MR. SMITH: It was by mutual agreement
5 between Liberty and Fiserv.

6 MS. COOK: Yes.

7 MR. CONNOLLY: The four payment channels
8 that Fiserv provides, could you identify those for us
9 please?

10 MS. COOK: So, you have your lock box.

11 MR. CONNOLLY: I'm sorry?

12 MS. COOK: Lock box.

13 MR. CONNOLLY: All right.

14 MS. COOK: You have your IVR and Web
15 payment channels. So, the one-time payment channels. You
16 have your walk-in centers. And, you also have the
17 recurring billing, electronic billing.

18 MR. CONNOLLY: Okay. The use of the
19 lock box process means that the payments, customer
20 payments and their notices and whatnot, all go to a bank
21 in Chicago, is that correct? That's a lock box?

22 MR. SMITH: It's not a bank.

23 MS. COOK: Yes.

24 MR. SMITH: It's Fiserv. It's a

1 financial services company.

2 MR. CONNOLLY: So, Fiserv, with this
3 lock box, opens the mail, processes the payments, and puts
4 the payments into Liberty's bank account?

5 MR. SMITH: Yes.

6 MR. CONNOLLY: So, Liberty has the cash
7 upon receipt in that processing by Fiserv?

8 MR. SMITH: Yes. Next day.

9 MR. CONNOLLY: The customer's account
10 gets the payment posted to it, satisfying the customer's
11 obligation to Liberty, whenever Liberty posts the payment
12 to their account receivable in your Cogsdale billing
13 system, is that right?

14 MR. SMITH: I sorry. I didn't follow
15 your question.

16 MR. CONNOLLY: Cogsdale -- Liberty
17 receives the payment notice from Fiserv, process it into
18 your Cogsdale database, that's where the customer's
19 account receivable reflects that payment was made?

20 MR. SMITH: Yes.

21 MR. CONNOLLY: And, that can be any
22 number of these days after the payment was received in the
23 lock box?

24 MR. SMITH: It's the next business day.

1 MR. CONNOLLY: I'm sorry?

2 MR. SMITH: It's the next business day.

3 MR. CONNOLLY: Without exceptions, it
4 would be the next business day?

5 MR. SMITH: If there was -- excepting
6 any errors in processing, yes.

7 MR. CONNOLLY: Right.

8 MR. SMITH: It would be the next
9 business day.

10 MR. CONNOLLY: Okay. Great. Thanks.

11 CHAIRMAN IGNATIUS: All right. Then,
12 let's -- oh, I'm sorry. Questions, Commissioner Scott?

13 CMSR. SCOTT: No. Nothing.

14 CHAIRMAN IGNATIUS: Commissioner
15 Honigberg? I don't. Is there anything else on the
16 posting issue?

17 (No verbal response)

18 CHAIRMAN IGNATIUS: Appears not.

19 MS. COOK: Just wondering if we wanted
20 to, to advise that the number of dollars sitting in those
21 66 payments has a value of \$16,400, I believe right now.
22 So, it's a fairly low dollar value that's sitting in that
23 suspense account, which is the one where we don't know
24 where the payments goes.

1 CHAIRMAN IGNATIUS: And, did we ask how
2 long those 66 accounts have been sitting?

3 MS. COOK: You know what, it's a dynamic
4 number, because you work it every day as you get it. I
5 don't have the timeline on those specific ones. I could
6 find out from our Finance group.

7 CHAIRMAN IGNATIUS: Yes. I think the
8 question would be, how quickly are these issues resolved?

9 MS. COOK: Yes.

10 CHAIRMAN IGNATIUS: And, if it's -- it
11 must be frustrating to you, when you've told people, you
12 know, who to be dealing with and where to send their
13 payments, and they don't comply. But are there reasons
14 other than those that you have things in that suspense
15 account?

16 MR. SMITH: Sometimes. I mean,
17 customers will sometimes do unusual things. And, you can
18 get -- you know, you can get a check with no account
19 number and no address on it. How do you know who to apply
20 that to? You're trying to read the customer's signature
21 and find a name to track that person down, like, that does
22 happen. So, you know, it's sometimes difficult, if the
23 check doesn't come with the appropriate documents, to
24 trace where it should be.

1 CHAIRMAN IGNATIUS: All right. Thank
2 you. Then, shall we turn to the next area, which was on
3 the issue of "Bills Not Rendered".

4 MS. COOK: Okay. So, the issue or the
5 concern is that customers' bills have not been rendered.
6 We are not aware of accounts that have not been -- that
7 have remained unbilled for the entire period. There are a
8 limited number of customers who did miss bills. There
9 were, if I can refer to the notes here, 33 customers not
10 billed for three months, and 129 customers that were not
11 billed for two months. We've identified some specific
12 scenarios where the bill calculation totals did not match
13 the print file. And, I think -- I'm hoping this may help
14 address Commissioner Scott's question earlier. So, what
15 do we do when we have this situation?

16 So, a file was sent to the bill print
17 provider, and it said "this is the total due." The output
18 at the print file didn't match. So, one of our quality
19 checks is to say "Sent 100, is it showing 100? And, if
20 the answer is "no", it rejects. When we receive those
21 reject files, we go in and we pull the file and we
22 investigate. So, we look at "what is the discrepancy?
23 Why would there be a reject?"

24 If it's something that can be corrected

1 real-time, then, the team in the field, in New Hampshire,
2 would do that correction. If it appears to be something
3 that they can't explain, so, it's not a human error,
4 potentially, or a process error that's established, they
5 would open up what we call a "case ticket". Which is
6 really just a trouble ticket that we open up with our IT
7 team, and we would track the issues that way. The IT team
8 then, in conjunction with the local representatives, a
9 head office representative, somebody on my team, and the
10 vendors, work together to identify "why would these two
11 files not match?"

12 In the instance here, when we think
13 about the bills not rendering, and some of the exceptions
14 that we were seeing, we identified two specific scenarios.
15 One of the scenarios was, in our bill calculation, if a
16 customer -- if we were voiding a late payment charge, we
17 send a file to the bill print provider that says how we're
18 doing the calculation. That file did not have the
19 appropriate credit showing. So, when we put a credit
20 through on the bill calculation on the bill print file, it
21 wasn't reflecting that credit, which would cause the
22 customer's account to fail.

23 The second issue that we identified, I
24 just want to make sure I tell you the right -- is, when

1 there was a meter exchange, if there was a minimum charge
2 on an old meter, it was not included in that bill file.
3 So, a second reason why the balances wouldn't balance out
4 and it would reject that file.

5 So, those were instances where, when the
6 rejects came back, we opened up case -- these help desk
7 tickets to our IT team to work with the vendor to revolve.

8 I think that the good news here is that
9 the vendor did identify a resolution to these. And, with
10 our release, which we did last weekend, of their version
11 of their software, 11.29.1, these two specific issues,
12 where we were getting rejects, were corrected. So, now,
13 the appropriate voided payment that should be credited is
14 actually going over and voiding onto the print file. So
15 that, when I send an account through with that situation,
16 it will have the right charges coming back. This will
17 help to eliminate or further reduce the number of
18 exceptions that we were seeing. But that would be one of
19 the reasons why we saw customer bills failing.

20 I think, if we want to maybe go into the
21 Staff questions, to just answer any of the questions that
22 didn't get answered with that overview?

23 CHAIRMAN IGNATIUS: Thank you.

24 MS. COOK: "Please verify that the data

1 provided in the April 24th, 2014 response accurately
2 reflects all the accounts for which bills were not
3 issued." So, we're not aware of an individual customer
4 who has failed to receive a bill since conversion. Out of
5 approximately 90,000 EnergyNorth customers, I think I
6 reiterated the stat, that 33 customers were not billed for
7 three months and 129 were not billed for two months.

8 "Describe the actions taken by Liberty
9 taken to identify all accounts that experienced delays in
10 billing." The number of bills is tracked throughout the
11 billing process. And, it's validated three times through
12 the 16-step billing process. I think here this is saying
13 we get the number of bills that were calculated, and then
14 we have a process check again about the number of bills
15 that were sent to the bill print provider, and then we
16 have a process check again when the bills come back, to
17 validate that the total number of bills that we originally
18 sent and that we originally calculated, sent, and were
19 returned to us actually all equal.

20 "Have all accounts identified as having
21 delayed bills now received bills?" The identified
22 customers have received bills; however, only those who
23 requested a specific month's bill had a manual bill
24 generated. For the others, the charge is rolled over to

1 their next bill.

2 The next one is about the root cause. I
3 spoke to the root cause. So, I will proceed, unless asked
4 to repeat.

5 "Regarding the scheduled upgrade to
6 Liberty's new billing system referenced on April 24th,
7 please describe the areas of the billing system that are
8 being upgraded. Will the planned upgrade provide enhanced
9 functionality for the billing system or is it focused only
10 on correcting known issues within the billing system?"

11 The upgrade contains both upgraded functionality and
12 corrections. In addition to the items already mentioned,
13 significant aspects of the system have been upgraded to
14 include: Improved performance of batch programs; minor
15 enhancements to many aspects of business including
16 collections, credit ratings, meter reading, billing and
17 service order processing.

18 Breakdown of the bills -- oh, I'm done
19 answering the questions regarding that.

20 CHAIRMAN IGNATIUS: Thank you. Does the
21 OCA have any questions on this issue?

22 MS. HOLLENBERG: No thank you.

23 CHAIRMAN IGNATIUS: Staff? Mr.
24 Connolly.

1 MR. CONNOLLY: Yes, I have one please.
2 In the 33 customers not billed for three months, how many
3 of those were in the 129 that were not billed for two
4 months?

5 MS. COOK: I'm sorry. Can you repeat
6 the question?

7 MR. CONNOLLY: There's 33 customers who
8 were not billed for three months. How many of them are
9 also in the 129 customers who were not billed for two
10 months?

11 MR. SHERRY: I don't know. We'll have
12 to get back to you on that.

13 MS. COOK: Yes. I think we should get
14 back to you on that, just to validate it.

15 CHAIRMAN IGNATIUS: So, just to be
16 clear, does the number "129" include --

17 MS. COOK: Yes.

18 CHAIRMAN IGNATIUS: -- the 33 that were
19 not billed for three months, or are those two different
20 categories that need to be added together for a total?

21 MS. COOK: Yes. I'd just like to
22 confirm.

23 CHAIRMAN IGNATIUS: That's fine.

24 MR. CONNOLLY: And, in (c), your

1 response to (c), about the manual bill rolling over into
2 the following month?

3 MS. COOK: Uh-huh.

4 MR. CONNOLLY: Is that considered a
5 customer default, and, under an obligation, is there a
6 late payment associated with that, a late payment fee,
7 since it's being adjusted out of that extra month?

8 MS. COOK: Right. So, we had not run
9 the late payment fee. So, there was no impact to the
10 customer for that delay.

11 MR. CONNOLLY: Thanks.

12 CHAIRMAN IGNATIUS: Commissioner Scott,
13 a question?

14 CMSR. SCOTT: Thank you. Quickly, on
15 the meter changes, is that analogous, is it the same issue
16 for electric meters also? So, is the fix comparable to
17 both?

18 MR. LOWSON: Yes.

19 (Court reporter interruption.)

20 MR. SHERRY: I'm concurring, "yes".

21 It's comparable to both.

22 CHAIRMAN IGNATIUS: All right. And, I
23 think that's it for questions from the Commissioners.
24 And, the next item is "Clarity of Multiple Month Bills".

1 Let's go off the record for a moment.

2 (Brief off-the-record discussion
3 ensued.)

4 CHAIRMAN IGNATIUS: All right. So,
5 we're back on the record. "Clarity of Multiple Month
6 Bills" is the next section.

7 MS. COOK: Okay. So, the issue is that
8 bills spanning a multiple month billing period, while
9 accurate, have been confusing to the customer. The system
10 is actually functioning as designed, and it does render
11 the bills for multiple months accurately. We've reviewed
12 the bills in question to validate the accuracy of those
13 charges. We also worked with the vendor to develop code
14 change to allow individual month calculation and
15 re-billing on one bill. This code change was implemented
16 on May -- May of this year. Executing the daily quality
17 assurance process, we're able to validate that it is
18 indeed working. And, for customer requests prior to the
19 May code change, we are doing a manual re-calculate
20 monthly bills as requested.

21 CHAIRMAN IGNATIUS: And, let me just
22 note, some of the questions in the Staff filing are fairly
23 long. You don't need to read those full questions.

24 MS. COOK: Probably good for me to read.

1 Okay. So, let's jump into the Staff questions.

2 "Breakdown of those covering more than one period." I'm
3 not missing the Staff questions. Gotcha. (a) Our use of
4 the words "unusual requirement" was solely to explain
5 that, as it pertains to our billing system, the condition
6 is not regularly occurring and is not occurring in other
7 states. We acknowledge that several thousand customers
8 make this an important activity. And, we will continue to
9 commit to billing it accurately.

10 I'll transfer to Number 2. Or (b)? Oh,
11 sorry. I jumped to Number 2, before talking about our
12 LIHEAP customers. The question was, "there were
13 approximately 5,000 customer accounts that became eligible
14 for the low income rate as resulted from the LIHEAP
15 eligibility manually rebilled?" So, yes. Here are the
16 billing steps taken to ensure these customers received the
17 discounted rate: Received and processed the weekly
18 enrollment files from Community Action Agencies; coded the
19 fuel assistance customers in Cogsdale; added collection
20 exception to the accounts; updated the accounts with the
21 low income rate; canceled/rebilled those customers on the
22 low income rate back to November bill and billed on their
23 next cycle read. Bill.

24 MR. SHERRY: Sure. And, the next

1 question relates to "meter tests that resulted in a
2 failure of plus or minus 2 percent". This has been a
3 discussion that several staff have been having with the
4 Company. And, what's provided here in the chart are the
5 number of meters that were tested in the January to April
6 2014 period, the number that resulted in "fast" and
7 "slow". So, we tested 1,052: 54 tested fast/18 tested
8 slow. In the year 2013, you'll see the corresponding
9 data.

10 We're finishing -- there's been recent
11 discussions between Staff and the Company on how we will
12 apply the credits or debits for those accounts. And,
13 we're finalizing that process now. Nicole is going to be
14 following up with Amanda this week with some questions
15 about how we apply the 2 percent credit towards the
16 accounts who were billed fast. And, we have our manual
17 process in place to take care of applying those credits
18 needed under the 1200 rules.

19 CHAIRMAN IGNATIUS: Thank you.

20 MR. SHERRY: Now, just one final note.
21 This lists the Company-tested meters, not
22 customer-requested tests. Those are handled on a -- the
23 meters, the numbers listed on this handout reflect
24 Company-tested meters. If a customer calls in and

1 requests a meter test, it follows a distinctly separate
2 process.

3 CHAIRMAN IGNATIUS: All right.

4 MS. COOK: I've move to Question 3. So,
5 the Cogsdale system was designed to rebill multiple months
6 in a single calculation. Effective with Cogsdale's
7 release version 11.29, our staff can now select a
8 month-to-month option for rebilling of accounts. This
9 should provide greater clarity for our LIHEAP customers
10 and other affected customers.

11 The month-to-month rebilling upon
12 request is being enabled. Customers on Fuel Assistance
13 would be identified by the commitment letters and the
14 rebill request processed when the letter are received with
15 no action required from the customer. That was the answer
16 to Number 4.

17 CHAIRMAN IGNATIUS: I'm sorry. Can you
18 just repeat that? The answer was about things being
19 automated, and --

20 MS. COOK: Yes. So, --

21 CHAIRMAN IGNATIUS: -- also about
22 customer requesting -- the question blended both
23 automation and customer requests. So, I was sort of
24 confused by the question, I guess, more than the answer.

1 MS. COOK: Okay. So, I will re-read it,
2 just for my own sanity. "Regarding the referenced upgrade
3 to the billing system scheduled for May 2014, please
4 clarify which process is being automated: Month-to-month
5 rebilling as a matter of course; or month-to-month
6 rebilling upon request." And, the answer is
7 month-to-month billing upon request is being enabled.
8 Customers on Fuel Assistance would be identified by the
9 commitment letter and the rebill request processed when
10 the letters are received with no action required from the
11 customer.

12 CHAIRMAN IGNATIUS: So, unless someone
13 seeks to go to the month-to-month rebilling, what happens?

14 (Mr. Lowson conferring with Mr. Sherry
15 and Ms. Cook.)

16 MS. COOK: Yes. So, I'm not sure if
17 this will clarify for folks, but maybe, I'll reiterate.
18 The customer does not, we will, in choosing the
19 month-to-month calculation. So, the person generating
20 that bill can now choose, being the user, would now choose
21 "do I want month-to-month billing on this recalculation?"
22 And, if the answer is "yes", it will do a month-to-month
23 recalculation. So, the customer doesn't need to do
24 anything. Internally, we need to make the decision. The

1 option is, "do you want to do a month-to-month or not?"
2 So, there's really an option to choose.

3 Doesn't sound like I helped at all in
4 that description. Maybe I would -- would it benefit
5 somebody else speaking to it?

6 MR. LOWSON: Yes. Well, I can -- am I
7 on? I think we're getting -- the way the answer is
8 described feels like we're getting -- we're introducing
9 confusion between the way the system works and what the
10 users need to do and what we're expecting of our
11 customers. So, maybe just to reiterate. The change
12 that's been implemented in the billing system enables a
13 user to select, when needing to cancel and rebill a
14 customer over multiple months, the functionality is in
15 place to allow that to take place month by month. So, the
16 customer can get -- if the customer was being rebilled for
17 three months, they can see those three months separately.
18 I think that's the key, the key part of the answer to the
19 question.

20 What we're saying, I think, in the
21 second piece, maybe the Customer Service team can speak
22 to. But, if there are situations, like the one described
23 here on Fuel Assistance, where it's known in advance what
24 the appropriate form of cancel and rebill should be, then,

1 we don't need to ask -- you know, we don't need to ask the
2 customer what option you want, we'll just effect what is
3 the most appropriate option for rebilling in that specific
4 scenario.

5 CHAIRMAN IGNATIUS: Why would "cancel
6 and rebill" be something that you would be discussing at
7 the outset? It seems like an odd situation.

8 MS. COOK: So, this is when the customer
9 is -- becomes eligible for the energy assistance/fuel
10 assistance. Do you want to just speak to the process?

11 MS. HARRIS: Yes. So, what happens, we
12 receive fuel commitments from November through April, or
13 through end of March. And, upon receipt of that
14 commitment, we'll do a cancellation back to November. So,
15 it's a cancellation, to go back, change the rate to the
16 low income rate, and rebill with the next cycle reading.
17 So, that has been coming -- you know, going to customers
18 as a lump-sum bill for that time frame, instead of month
19 by month, with the readings that were obtained originally.

20 CHAIRMAN IGNATIUS: And, so, would your
21 plan be that you would ask customers, "in the event you
22 become eligible for the LIHEAP benefit, do you want to be
23 rebilled on a month-to-month basis?"

24 MS. HARRIS: It's not something that we

1 would ask the customers, no.

2 CHAIRMAN IGNATIUS: Okay. Then --

3 MS. HARRIS: It's more of an internal
4 business process that we need to define as a company.

5 CHAIRMAN IGNATIUS: All right. The
6 answer makes sense, except now I don't understand the
7 first part of the answer, which was, I thought you said,
8 "if the customer has already told you which way to go,
9 then you don't need any more customer input." So, that's
10 where I'm getting lost.

11 MS. COOK: I think that the customers
12 are the feedback, and one of the reasons why we requested
13 this change with our billing system, is that customers,
14 from what we've heard, are showing a preference for the
15 month-to-month. And, so, we will be going month-to-month
16 when we receive those requests. So, we're not going to
17 then try and contact the customer to make that decision.
18 We'll just go month-to-month.

19 I don't know if that is helpful.

20 CHAIRMAN IGNATIUS: Should we, a little
21 more on this question, before we -- all right. Then, why
22 don't we work our way around the other parties. Is there
23 anything else that you had, Ms. Cook, on the --

24 MS. COOK: No.

1 CHAIRMAN IGNATIUS: -- the general topic
2 of the multiple month bills?

3 MS. COOK: No.

4 CHAIRMAN IGNATIUS: All right. Then,
5 Ms. Hollenberg.

6 MS. HOLLENBERG: Thank you. What are
7 the types of reasons are there for having to issue a
8 multiple month bill, besides the example that you've
9 given, which is the customer becoming eligible for the Low
10 Income Assistance Program that the gas utilities offer?

11 MS. HARRIS: It could be a situation
12 where there is a meter exchange, and maybe we didn't
13 process it in a timely manner. So, it could equal it to a
14 two month bill and a delay in processing. Another reason
15 may be -- those are the two main reasons, actually, for a
16 cumulative bill.

17 Or, if a customer has taken
18 responsibility for a bill that was already rendered, say
19 they, you know, moved in in January, and it was in the
20 landlord's name, you can't take it out of the owner's
21 name, and then cancel, and then put in the new person, and
22 then rebill them to date. Those are probably the three
23 most common scenarios.

24 MS. HOLLENBERG: And, with the Low

1 Income Gas Program customers, you are manually doing that
2 process for all of the customers that are on that program?

3 MS. HARRIS: That's correct.

4 MS. HOLLENBERG: As they're -- as you
5 receive notification that they're eligible, in one way or
6 another, you take that step, you take the steps that you
7 need to for each of those accounts?

8 MS. HARRIS: That's correct. As soon as
9 we receive the commitment letter, it will get canceled and
10 rebilled with the next bill cycle, the customer's next
11 bill cycle.

12 MS. HOLLENBERG: Thank you. No other
13 questions. Thank you.

14 CHAIRMAN IGNATIUS: Thank you. Does
15 Commission Staff have questions?

16 MS. NOONAN: Just a couple, just to
17 clarify. So, not only does Cogsdale now have the
18 functionality to automatically do the month-to-month
19 rebilling, it will be the Company's business practice that
20 any cancel/rebill, for whatever reason, would provide the
21 monthly detail for each billing period within that
22 cancel/rebill period?

23 MS. HARRIS: Yes.

24 MS. NOONAN: Okay. Just wanted to make

1 sure we were all on the same page on that. But the
2 customers that went on the gas low income discount this
3 year, as a result of enrolling in the Fuel Assistance
4 Program, the cancel/rebills they received were for the
5 consolidated period of the cancel/rebill. You didn't
6 manually calculate each month separately?

7 MS. HARRIS: Unless requested.

8 MS. NOONAN: Okay. Okay. And, then,
9 you mentioned that the chart showing the Company
10 request -- the Company tests, in accordance with the gas
11 rules, have a different process than customer-requested
12 meter tests. What's the difference in the billing
13 adjustment process? I mean, understandably, one's
14 initiated because you have a requirement to test so many
15 meters a year, the other is initiated by the customer, as
16 a result of a high bill or some other reason. But, in
17 terms of the billing adjustment, what's the difference in
18 the process?

19 MS. HARRIS: There isn't.

20 MS. NOONAN: There isn't.

21 MS. HARRIS: I think we were just
22 clarifying that these accounts or meters in this chart
23 were as a result of the random sampling, --

24 MS. NOONAN: Okay.

1 MS. HARRIS: -- and not
2 customer-requested.

3 MS. NOONAN: Okay. So, have there been
4 a number of customer-requested meter tests with
5 outstanding bill adjustments that need to be worked,
6 similar to the Company tests?

7 MS. HARRIS: I'm not aware of any.

8 MS. NOONAN: Okay.

9 MR. CONNOLLY: Yes. One quick -- or,
10 two quick questions. The change to Cogsdale for the
11 month-to-month option for rebilling, is that something
12 that was exclusive to Liberty EnergyNorth Gas that you
13 asked Cogsdale to put that feature in?

14 MR. SMITH: I don't believe it's
15 exclusive to Liberty.

16 MR. CONNOLLY: But did you ask
17 Cogsdale -- did Liberty ask Cogsdale to implement that
18 month-to-month option for rebilling?

19 MS. COOK: Yes.

20 MR. CONNOLLY: When did you make that
21 request?

22 MS. COOK: You know, I don't have that
23 date with me right now.

24 MR. CONNOLLY: But you can get that date

1 for us.

2 MS. COOK: I believe the answer is
3 "yes".

4 MR. CONNOLLY: Thank you.

5 CHAIRMAN IGNATIUS: Thank you.
6 Commissioner Scott.

7 CMSR. SCOTT: Thank you. I wanted to
8 revisit the chart with the meter tests. And, so, this is
9 for my edification. That's a representative sample of
10 those numbers? You don't target age of meters or anything
11 like that, is that correct?

12 MR. SHERRY: Commissioner, I'm not
13 familiar enough with the testing requirements under that.
14 We'd have to defer to our Operations colleagues. I'll
15 look into it. I don't know if, Randy, can you speak to
16 the "pick for" test criteria at all?

17 MR. KNEPPER: Yes. You have to take the
18 age into consideration. There are specific rules --

19 (Court reporter interruption.)

20 MR. KNEPPER: Sorry, Steve. You do have
21 to take the age into consideration. We have specific
22 requirements within our rules that describe exactly what
23 those are.

24 CMSR. SCOTT: Well, my question really

1 goes to, if I understand the -- assuming it is a
2 representative sample, and not skewed by just old meters
3 that hopefully maybe need replacing, it would appear that,
4 you know, in the first block, we were talking about
5 roughly 7 percent are outside the 2 percent tolerance, and
6 the bottom block we're talking closer to 13 percent are
7 outside the 2 percent tolerance. So, roughly speaking,
8 we're talking one out of ten meters are out of tolerance.
9 So, I'm just questioning, is that normal and should I be
10 concerned with that?

11 MR. SHERRY: Commissioner, we'll get
12 some more information and get back to you on that
13 question.

14 CMSR. SCOTT: Okay. Thank you.

15 CHAIRMAN IGNATIUS: All right. I don't
16 think there are any other questions from the
17 Commissioners.

18 The next issue then is "Repetitive or
19 Cumulative Bills".

20 MS. COOK: Customers have received
21 duplicate or cumulative bills. So, why would this occur?
22 Meter reading remained open in the system when
23 transitioning from one customer account to another. What
24 did we do to resolve the issue? Additional training was

1 provided to the Customer Service staff in February to
2 avoid the error. And, then, we requested the vendor
3 develop a permanent solution. The training was completed,
4 and the IT code change was completed and implemented in
5 May. And, executing the daily quality assurance process
6 ensures that this has been corrected.

7 I'm going to move to address some of the
8 Staff questions. So, I'm on Page 5, Question 1, under
9 "Repetitive or cumulative bills". There's a bit of an
10 explanation here. When a meter reading is received in
11 Cogsdale, it is in an "open" status until it is used for
12 billing or otherwise closed. Depending on the timing,
13 it's possible to receive a meter read after the date the
14 customer was due to move out, but before the account is
15 finalized. These reads -- reads are held at the location
16 level. So, when this happens, the "open" read can be
17 applied to the new customer, even though it may have been
18 for a date before they moved in. In cases such as
19 landlords assuming responsibility between tenants, they
20 could receive multiple bills because of this issue.

21 On an interim basis, the issue is
22 corrected manually by closing the "open" read when the
23 service order is finalized -- the service order to
24 finalize the account is completed. The automated closing

1 of the open reads was corrected as part of the release
2 11.29 in May of this year.

3 In Question 2, we refer to the
4 description in Section 1. I won't bore you with my
5 reading it again. And, in Question 3, it also refers to
6 the same process that's causing this issue. I've moved on
7 to Question 4: "Describe the resolution of this issue
8 that Liberty has stated its software vendor is currently
9 working on. What's the proposed resolution?" The
10 solution will automatically close "open" reads. This will
11 ensure that a new customer is not charged for usage for a
12 period prior to moving into the location. Liberty is
13 finalizing proposed changes to its occupant billing
14 process and will present those changes to the PUC Staff
15 and OCA in June.

16 Question 5 is about the manual -- the
17 manual process used by Liberty to resolve the issue. At
18 Step 8 of the 16 -- of the 16 of the billing process,
19 company staff run a smart list which filters out accounts
20 with reads greater than 35 days and less than 10 days.
21 Once these accounts are identified, they are set aside to
22 work as exceptions, which are handled on a daily basis.
23 Any follow-up customer contact would occur as part of this
24 manual process. Any customer refunds are processed on a

1 weekly basis.

2 And, our famous answer in Number 1 is
3 repeated at Point Number 6. I'm not sure if there are
4 questions?

5 CHAIRMAN IGNATIUS: All right. Any
6 questions, OCA, on this issue?

7 MS. HOLLENBERG: Yes. I wanted to -- I
8 had a question about how this issue relates to the
9 occupant accounts. And, based on your response to Number
10 4, I'm curious if you envision a number of occupant
11 accounts increasing as a result of this new process, where
12 your open reads are going to be automatically closed and
13 not billed to the next customer?

14 MS. COOK: Let's digest your question.
15 (Short pause.)

16 MR. SHERRY: Let me try to answer that.
17 We're -- the Company, we're aware of the fact that our
18 occupant billing process has been the subject of
19 discussion for some time. And, as the previous answer
20 mentioned, we're having internal discusses right now and
21 making some significant changes to the occupant billing
22 process.

23 MS. HOLLENBERG: Uh-huh.

24 MR. SHERRY: So, we'll be back to you

1 and Staff hopefully in early June, but before the end of
2 the month of June. We need to talk it through with
3 Operations right now. In particular, there are some items
4 related to inside meters, are something we need to sort
5 out a little bit. And, once we change the occupant
6 billing process, we think it will address that piece of
7 your question. So, --

8 MS. HOLLENBERG: Okay. But can I -- I
9 mean, is it not logical that, if, before the change that
10 you talk about in (4), if the open meter reads were left
11 open until the new customer was billed for usage that
12 didn't even occur when that customer was there, now that
13 the open reads are being closed, and the new customer is
14 not being billed for that usage, where is that usage being
15 billed?

16 MS. HARRIS: That is billed to occupant.

17 MS. HOLLENBERG: Okay.

18 MS. HARRIS: Yes.

19 MS. HOLLENBERG: So, my question was, is
20 it logical that, now that you're adding more to "occupant
21 account" category, there will be more occupant account --

22 MS. HARRIS: Not necessarily, because we
23 would catch that anyways. It's just, it was a crossover
24 in the timeframe where the open read with the final bill

1 for the occupant hadn't been closed yet within the system.
2 So, I mean, we'd have to close it anyways, either way.
3 So, I don't think it would be an increase of occupant
4 usage.

5 MS. HOLLENBERG: Okay. Thank you.

6 CHAIRMAN IGNATIUS: Mr. Wiesner.

7 MS. NOONAN: I really kind of hate to
8 get like so far down into the weeds, but I'm having a
9 difficult time understanding the explanation about the
10 "open" status, and closing it out, and how that all
11 relates with the occupant accounts. So, let me just draw
12 out a scenario and see if I'm understanding it correctly.

13 A customer has an account in their name,
14 and they move out on April 15th, and their read is
15 April 30th. So, their bill is final as of April 15th,
16 based on the April 30 read. And, if a customer moves in
17 April 26th, you still have this open read. You have a
18 period of time for occupant usage, from the 16th to the
19 26th, and that open read is what caused this issue of
20 continually going back to that read on April 30th every
21 time the customer was subsequently billed?

22 MS. COOK: Yes. Yes, you are correct.

23 MS. NOONAN: Yes. Okay.

24 MS. COOK: Because the system bills to

1 the open read.

2 MR. SMITH: Bills to the open read.

3 MS. NOONAN: Okay. All right. So, on
4 the answer to Question 6, where you said "see the response
5 to Question 1", is there a -- are there parameters in the
6 billing exceptions process that would look at the usage or
7 the dollar amount on an account and kick that bill out and
8 say "this just doesn't look right"? So, you know, for
9 example, and I realize the winter months are problematic,
10 but suppose it's spring or summer, and all of a sudden you
11 have a \$500 bill being generated in June. Does that --
12 are there parameters that says "this usage or this dollar
13 amount isn't right", and pushes it out for somebody to
14 look at, that would potentially catch this open read
15 issue? Is really kind of what I was trying to ask with
16 that question.

17 MS. HARRIS: Yes. Well, our system
18 doesn't kick out exceptions --

19 (Court reporter interruption.)

20 MS. HARRIS: The system doesn't kick out
21 exceptions.

22 MS. NOONAN: Uh-huh.

23 MS. HARRIS: We have to run queries or
24 smart lists in order to identify that, you know, the open

1 read situation. And, you know, there is a smart list, we
2 call it a "smart list", or query, that does catch that for
3 reads -- for bills with readings greater than 35 days or
4 less than 10 days, and that's where they're catching them
5 manually.

6 MS. NOONAN: And, so, is that
7 calculation of the read from the open read, which I'll
8 make up a new date, let's say was January 1st. And, then,
9 in March, you're looking at it, and now it's beyond 35
10 days. Is it calculating the time from March back to
11 January?

12 MS. HARRIS: Well, if the read is open,
13 it's picking up that open read.

14 MS. NOONAN: Okay.

15 MS. HARRIS: So, you're seeing that
16 larger usage for a smaller time frame.

17 MS. NOONAN: Okay. So, even though
18 you've read in between, it doesn't calculate to that
19 interim read date. It goes back to the --

20 MS. HARRIS: -- first open read, yes.

21 MS. NOONAN: Okay.

22 MR. CONNOLLY: Yes, just a couple
23 please. As I understand it, the way the system was
24 working was to design. With this open read, and the

1 intervening subscriber coming in, that was -- it was
2 operating the way that you wanted it to operate, is that
3 right?

4 MR. SMITH: Yes. It was operating as
5 the system was designed, but there was a procedural step
6 that needed to occur, whereby, when the account -- when an
7 account was finalized, somebody went in and manually
8 closed the open reads to ensure that this situation
9 wouldn't happen. The design was simply to use all
10 available readings for billing.

11 MR. CONNOLLY: Right. So, as you're
12 moving forward towards Granite State, the same system
13 would work exactly the same way?

14 MR. SMITH: Well, we deployed a new
15 version on May 16th, where the open reads are now
16 automatically closed when the account finalizes.

17 MR. CONNOLLY: Okay.

18 MR. SMITH: So, we eliminated that need
19 for that manual step to --

20 MR. CONNOLLY: For an external process?

21 MS. COOK: Right.

22 MR. SMITH: Correct.

23 MR. CONNOLLY: Now, there's a new
24 occupant -- revised occupant billing process that is being

1 worked on, that will be proposed in June. When would you
2 expect to implement that?

3 MR. SHERRY: Shortly thereafter.

4 MR. SMITH: Yes.

5 MR. SHERRY: Shortly thereafter. Once
6 we've agreed upon it with Staff, I expect we can put it in
7 place relatively quickly.

8 MR. CONNOLLY: So, is it -- so, then, is
9 that a manual process that's outside the system or is it
10 inside one of these applications?

11 MR. SHERRY: The system supports it.
12 There won't be any changes --

13 (Court reporter interruption.)

14 MR. SHERRY: There will not be any
15 additional changes needed in Cogsdale.

16 MR. CONNOLLY: So, it's manual
17 intervention?

18 MR. SHERRY: No. No. Without getting
19 into it in a lot of detail, we take -- Staff has provided
20 us with examples of occupant billing processes used by
21 other New Hampshire utilities. We've taken those under
22 advisement. We're looking at it from an operating
23 perspective what makes sense for Liberty, to try to
24 tighten this up significantly.

1 So, at a high-level example, a customer
2 moves out. We don't have a subsequent tenant moving in to
3 take -- or, a customer moving in to take over that
4 account. We would set a disconnect notice potentially 10
5 days out, 15 days out, 30 days out, depending on what
6 works operationally. And, if a customer hasn't taken over
7 that account in that time period, the account is closed,
8 the meter is locked out. So, there is no -- it would
9 eliminate customers moving to occupant completely. We
10 still have some issues to work around related to inside
11 meters, landlord situations, and so forth. And, then,
12 Cogsdale would be able to accommodate going from one to
13 the other without the occupant billing step.

14 MR. CONNOLLY: Okay. So that the
15 testing, prior to implementation of Granite State, will
16 consider these configurations of customers and tenants and
17 landlords?

18 MS. HARRIS: We would follow the same
19 process for gas and electric, where the process wouldn't
20 change.

21 MR. CONNOLLY: So, testing that would go
22 on would come up with exactly the same results for gas and
23 electric?

24 MR. SMITH: Right.

1 MR. LOWSON: Right.

2 MR. CONNOLLY: Where you're experiencing
3 with gas live, testing would show the same kind of results
4 for electric?

5 MR. SMITH: Yes.

6 MR. LOWSON: Yes.

7 MR. CONNOLLY: And, that would be in --
8 what test cycle would we see those in?

9 MR. LOWSON: Well, it would certainly be
10 in Test Cycle 4. I can't answer as to whether it would --
11 those scripts would also have occurred in earlier test
12 cycles. But it would definitely be in Test Cycle 4.

13 MR. SHERRY: Definitely in 4.

14 MR. CONNOLLY: Thank you.

15 CHAIRMAN IGNATIUS: Anything further
16 from the Staff?

17 MS. NOONAN: I just had one last
18 follow-up question. The smart list which filters for
19 accounts with readings greater than 35 days and less than
20 ten days, is that something that was recently implemented?

21 MS. HARRIS: I believe, Amanda, it was
22 in January.

23 MS. NOONAN: Okay. Thank you.

24 CHAIRMAN IGNATIUS: I had one other

1 question on the smart list. You had said that it is only
2 run when you ask it to, the queries that it puts it
3 through. Why do you not just automatically have it run as
4 a filter on everything, so you don't have to actively
5 remember to go and ask it the questions?

6 MS. HARRIS: We actually have a
7 checklist of all the smart lists. I believe it was 18
8 steps --

9 MR. SHERRY: Sixteen.

10 MS. HARRIS: 16 steps, I'm sorry. And,
11 one of those -- you know, that smart list is included in
12 that 16 steps, or substeps of one of the steps.

13 CHAIRMAN IGNATIUS: So, is there ever a
14 process where you don't run the smart list queries?

15 MS. HARRIS: No. It's just a whole part
16 of the billing routine. It's just incorporated within,
17 you know, on how we get the bill out the door, and the
18 validation that goes along with that.

19 CHAIRMAN IGNATIUS: Good. Thank you.
20 There's one final billing issue on dealing with "online
21 bills". Perhaps we can finish that, and then take a lunch
22 break.

23 MS. COOK: Customers who are enrolled in
24 eBilling can view their balance prior to viewing their

1 bill detail. So, the root cause is that the bill
2 presentment and the account balance presentment for eBill
3 customers are updated by two different files. When we
4 deployed the "Process and Hold" practice at Fiserv in
5 January, the bill presentment was delayed, but there was
6 no synchronization with the account balance. So, that
7 window, where we were holding -- what we did was, to
8 correct it, we removed the "Process and Hold" feature,
9 which eliminated the online viewing delay. I think the
10 "Process and Hold" meant that we were holding those
11 electronic bills for 24 hours or more to review them, but
12 the account balance file had been sent, which did -- we
13 created, to some extent, we created our own issue by
14 putting "Process and Hold" in place. And, so, now that we
15 have removed the "Process and Hold" feature, we've
16 minimized what that window is. They are still two
17 separate files. So, there's a small window, usually in
18 the early a.m. hours, where the account -- the bill
19 presentment and the account balance may be seen -- may not
20 be -- may be seen differently from the customer
21 perspective. But the issue with customers actually having
22 that delay has been removed by removing that process, and
23 we removed that process in April.

24 I guess I'll read, on Page 7, the

1 response. We previously deployed "Process and Hold", the
2 bills were held at the print vendor for review by Liberty
3 prior to release to the USPS and the eBill site. Liberty
4 terminated this feature in April. Fiserv receives two
5 updates each day, one of which includes the current
6 account balance for all Liberty accounts at 3:00 a.m. and
7 another at 4:00 a.m. that contains the file for printing
8 and eBills. This information is presented to customers
9 who register in Fiserv. Fiserv's bill printing and
10 eBilling are two distinct processes that commence each day
11 at 4:00 a.m., and are usually completed by 10:00 a.m.,
12 with the eBill notification being sent shortly thereafter.
13 Since bills are calculated one day and printed the next,
14 there is a short period of time when the current bill
15 amount can be viewed, but the eBill has not been issued.
16 This period may have been a day or more during the billing
17 delays noted above when bills were being held for review.

18 There's a question here about the
19 Web-based customer portal referenced in Liberty's 2014
20 response. We will be soliciting Staff and OCA for dates
21 in June to discuss our web site and provide feedback. We
22 have not finalized the timeline for updating the web site.
23 And, that's it.

24 CHAIRMAN IGNATIUS: Is there any

1 question, Ms. Honig -- excuse me -- Ms. Hollenberg?

2 MS. HOLLENBERG: This used to happen
3 where we used to work, too, right?

4 CMSR. HONIGBERG: I've been waiting for
5 someone to do it, Rorie. Going back to days at the AG's
6 Office.

7 MS. HOLLENBERG: How many customers has
8 this impacted? How many customers use the online billing?
9 What proportion of customers, total customers, just to get
10 a sense of what we're talking about?

11 MS. COOK: You know what, I could, maybe
12 at lunch, pull up the report that has the exact number of
13 customers, and give you a number.

14 MS. HOLLENBERG: Okay. Okay. That's
15 the only question I have. Thank you.

16 CHAIRMAN IGNATIUS: Thank you.

17 MS. COOK: It's in the thousands, not in
18 the tens of thousands.

19 MS. HOLLENBERG: Uh-huh. Thank you.

20 MR. WIESNER: Does the Company expect to
21 have the upgrades to the customer web portal completely
22 prior to the Granite State conversion?

23 MS. COOK: No.

24 MS. NOONAN: Again, just for

1 clarification. The small window that you talked about,
2 Katy, is that the hour, from 3:00 a.m. to 4:00 a.m.? So,
3 if I happen to work the third shift and still be up in the
4 morning, I could see the balance due at 3:00, but not see
5 my bill until 4:00?

6 MR. SMITH: It would be a little later
7 in the day than that, probably between 8:00 and 10:00.
8 So, the file that contains the account balance, if it's
9 sent at 3:00, they process it immediately -- they commence
10 processing immediately. It's a large file, because it
11 includes all of our accounts. Takes them four to five
12 hours to complete the load. Meanwhile, they receive the
13 billing file, that commences at 4:00 a.m., usually ends
14 about 10:00, and the eBill notification goes out. So,
15 some -- you know, approximately between 8:00 a.m. and
16 10:00 a.m., if a customer logged into the website to look
17 at their eBill balance, they could see that, you know,
18 there was a balance from yesterday's billing run that
19 hasn't been reflected in an eBill yet.

20 MS. NOONAN: Okay. Does the
21 functionality exist to swap the two processes, so that the
22 processing of the eBill happens before the processing of
23 the bill amount?

24 MR. SMITH: We'd have to -- we would

1 have to discuss that with the vendor.

2 MS. NOONAN: Okay. So, there may be
3 some implications beyond just simply sending one before
4 the other? Okay.

5 MS. COOK: They're the ones, actually --
6 so, just for clarity, they're the ones that are doing that
7 sending of the files.

8 MS. NOONAN: Uh-huh.

9 MS. COOK: So, that's why we would want
10 to work with them on it.

11 MS. NOONAN: Okay. Thank you.

12 CHAIRMAN IGNATIUS: Just a couple more
13 questions on this. Is there any customer notification put
14 on the website to say that "there may be a short delay in
15 your account showing any payment that's been made"?

16 MS. COOK: Yes, I'm --

17 MR. SHERRY: We're not specifically
18 aware of it.

19 MS. COOK: We would have to check.

20 CHAIRMAN IGNATIUS: Would that be
21 useful, if the problem is a customer is expecting to see
22 something that they don't?

23 MS. COOK: It sounds like it would be
24 useful and fairly easy to accomplish. So, --

1 CHAIRMAN IGNATIUS: And, the other
2 question is, is this an issue just of customer confusion,
3 that they think "well, I sent that thing off, you know, at
4 midnight, and why is it not showing this morning?" Or are
5 there any consequences, where the person thinks that they
6 have come in under a deadline to avoid a late charge,
7 let's say? And, because your processing is taking a few
8 hours longer, I mean, this is not a long period of time it
9 doesn't sound like, but I guess there are sometimes where
10 a matter of a few hours could make a difference, where the
11 sequencing of the processing is usually causing the
12 customer to incur a charge?

13 MR. SMITH: No. This is a processing
14 that's occurring at the time the bill is being rendered,
15 not when they're paying or would be subject to late
16 charge. So, the confusion seems to be that the -- that
17 during that period when we had the bills on "Process and
18 Hold", a customer would log into the website, see a
19 balance of \$100 on their account, but they haven't
20 received a bill for \$100 yet, and wonder "why does your
21 web site say I owe you \$100, when I haven't got a bill
22 yet?"

23 CHAIRMAN IGNATIUS: Okay. You're right.
24 I was crossing into payment issues, and that's not what

1 this situation is.

2 MR. SMITH: Right.

3 CHAIRMAN IGNATIUS: Okay. Thank you.

4 All right. Then, it looks like we're done with the online
5 bills, and that concludes the issues that were directly
6 related to billing.

7 We should take a break, at least a break
8 for 15 minutes or so. But the issues yet to come are
9 fairly complex. And, so, my expectation is that a lunch
10 break would be more appropriate. Does anyone have any
11 concerns with that?

12 (No verbal response)

13 CHAIRMAN IGNATIUS: All right.

14 MS. KNOWLTON: I think we would, if it's
15 helpful, continue to proceed in the same manner that we've
16 been proceeding this morning after we take a lunch break?

17 CHAIRMAN IGNATIUS: Yes. It's been very
18 helpful to us. So, thank you. All right. Then, why
19 don't we take a break. Let's try to keep it to an hour.
20 It's now 12:30. So, if we can resume at 1:30. Thank you.

21 (Whereupon a recess was taken at 12:30
22 p.m. and the status conference resumed
23 at 1:37 p.m.)

24 CHAIRMAN IGNATIUS: We're back for the

1 afternoon session in DG 11-040. Where we left off is with
2 the beginning of the section on Customer Service. And,
3 should we -- anything we need to take up before we dive
4 into this section?

5 MS. KNOWLTON: I just have a few reports
6 back that we wanted to give, things that we were able to
7 follow up on during the lunch break.

8 The first is on the occupant account
9 issue. I wanted to clarify for the record where we are on
10 that. Which is, the Staff had previously asked the
11 Company to consider changing its occupant account process,
12 and has suggested that we look at the Northern Utilities'
13 process, which we are currently doing. And, what we're
14 going to do is sit down with the OCA and the Staff in June
15 and talk about a change to that policy, and then talk
16 about "what are the steps that need to be undertaken to
17 implement a change to that policy?" So, I think we might
18 have gotten a little ahead of ourselves in the discussion
19 this morning on that, and I want to be clear about what
20 we're doing. But it is very much on the forefront of our
21 agenda to follow up on.

22 The second issue I wanted to address is
23 with regard to the number of customers that use the online
24 billing feature, and that is 14,000.

1 And, the last question to follow up on
2 relates to the questioning regarding accounts without
3 bills. This is on Page 2 of the question and answer
4 handout, Question Number 1(a). G3 I believe had a
5 question about the 33 customers that were not billed for
6 three months, and whether that was -- those 33 were among
7 the 129 customers that were not billed for two months.
8 And, they are not. It is not. The 33 is not a subset of
9 the 129.

10 CHAIRMAN IGNATIUS: Thank you.

11 MS. KNOWLTON: So, with that, I'll turn
12 this over to Mr. Pasieka.

13 MR. PASIEKA: Thank you, Commissioners.
14 To move into -- I guess we're moving into the next section
15 on Customer Service. So, we're going to ask Bill Sherry,
16 our Vice President of Customer Service to take the lead.
17 And, as per the morning session, he will be supported by
18 Nicole and Katy.

19 MR. SHERRY: Good afternoon,
20 Commissioners.

21 (Court reporter interruption.)

22 MR. SHERRY: I'm sorry. We're on, the
23 lights are connected. Can you hear me now?

24 MR. PATNAUDE: Yes.

1 MR. SHERRY: Okay. The issue was the
2 12-month call answering performance had dropped below the
3 agreed upon performance level. Just as a reminder, the
4 Company is very cognizant of its commitments to the -- I'm
5 sorry, Commissioner? You're looking perplexed?

6 CHAIRMAN IGNATIUS: No, we were --
7 sorry.

8 MR. SHERRY: Okay.

9 CHAIRMAN IGNATIUS: We were debating
10 whether we had another microphone to move to not have as
11 much need for passing back and forth. And, we do have
12 some extras, if you want, but I don't want to --

13 MR. SHERRY: There we go.

14 MS. COOK: I had promised to be quiet.

15 MR. SHERRY: The issue was the 12-month
16 call answering performance had dropped below the agreed
17 upon performance level. And, just to remind the
18 Commission, the Company has agreed to meet an 80 percent
19 of the calls answered in 30 seconds on a 12-month rolling
20 average for EnergyNorth, and the corresponding standard
21 for Granite State Electric will be 80 percent of the calls
22 answered in 20 seconds.

23 Just some data points for the Commission
24 to consider as we go into the root cause and the

1 discussion. In the period September 2013 through
2 April 2014, when compared to the same period the prior
3 year, we took over 13,500 additional calls in a comparable
4 period, in September of 2013 to April 2014, compared to
5 September 2012 to April of 2013. We had also seen
6 increasing monthly call volume in the months prior to
7 conversion. May, June, July, and August of 2013, call
8 volumes were increasing. Why at this point? You know,
9 don't know. But call volumes had been jumping, 3,000 in
10 the month of April, 1,600 in the month of June, 1,800 in
11 the month of July, and 500 in the month of August. So,
12 customers were calling more.

13 What was the root cause behind our
14 failure to meet the performance level in February? It's a
15 combination of multiple factors. Seasonal call volumes
16 were way up this year. This was a tremendously difficult
17 winter, prices were up, customer bills were up. And, we
18 introduced a new bill format, new phone numbers,
19 everything new about dealing with Liberty, new Staff, new
20 procedures. Were we able to distinguish one from another
21 in what drove the call volume? No. But all these things
22 were contributing to increased call volume.

23 What are some of the actions that we've
24 taken to address this? Additional staff has been added,

1 and is being added, and I'll speak to that in a moment.
2 We've increased the training of our Customer Service
3 staff. And, where possible, we're moving non-call related
4 activities to off hours and weekends.

5 Our service level, again, as I
6 mentioned, we're very aware of our commitment to
7 80 percent of non-emergency calls in 30 seconds.

8 Post implementation monitoring: We're
9 monitoring -- we're assessing and adjusting staffing on a
10 daily basis based on the business needs. That's what
11 Nicole and her team do daily. We adjusted the staffing
12 levels to correspond to peak calling patterns. For
13 example, just in recent weeks, we have discovered we have
14 a significant level of call activity Monday and Tuesday
15 mornings early. So, we're bringing in additional staff
16 early Monday and Tuesday mornings to meet those call
17 volumes as they're coming in. We're communicating these
18 results to our front line employees. Our Customer Service
19 Supervisor, Christine Downing, has a number of senior
20 customer service reps who help run the team of customer
21 service reps. She communicates with them on a daily
22 basis. How did we do with service levels yesterday? How
23 was call handling time? What is our focus for today?
24 We're also increasing the level of communications with the

1 front line reps.

2 Looking ahead, we're looking at
3 alternatives where we could possibly bring in maybe
4 part-time employees, or, using technology, even engage the
5 other Liberty regions to potentially field some calls in
6 emergency situations or in high call volume situations.
7 That would be a ways off. And, we could do the same thing
8 for the other Liberty regions.

9 Now, speaking about staffing. When we
10 entered into the gas conversion in September of last year,
11 we had 25 customer service reps on the property, and that
12 was 15 permanent reps and 10 temporary reps. Today, we
13 have 34 reps on the property. In anticipation of the
14 electric conversion, we're bringing on six more next week
15 who will go through training. So, we'll have 40 on the
16 property in -- around, ready, trained, and ready to go for
17 July 1st. So, we're -- based on everything we're looking
18 at for information right now, we're expecting about 400
19 more calls per day as a result of the Granite State
20 Electric addition.

21 Now, going to the questions. I'll start
22 on Page Number 7. I won't read the entire question.
23 Under "Call Center", Granite State Electric and
24 EnergyNorth will have two distinct Customer Service

1 numbers. We're able to set two -- we are able and will be
2 able to set two distinct queues and to monitor the two
3 separate service levels. If necessary, we can even
4 designate certain customer service reps to be primary gas
5 reps or primary electric reps. As I mentioned, we're
6 hiring additional resources to handle the electric
7 conversion. Our customer service reps are cross-skilled,
8 and they will be able to handle both gas and electric
9 calls.

10 We're continuing to drive non-call
11 activities to the off hours. And, I just wanted to point
12 out, you know, these are all jobs we've added in New
13 Hampshire. Customers are calling and speaking to our
14 Customer Service staff in mostly, today, in Londonderry.
15 And, as David mentioned earlier, we're opening walk-in
16 centers not only in Londonderry, but in Salem, Tilton, and
17 Lebanon. And, if you think of those other locations, this
18 will be a virtual customer service organization. And, so,
19 the customer service reps staffing that walk-in center
20 will also be connected on the phone. So, if they're not
21 handling a walk-in customer, they will be connected and
22 taking calls. And, I mentioned earlier, going forward,
23 we'll be considering alternate staffing ideas, such as
24 permanent/part-time CSRs and improvements in technology.

1 Lastly, and something I just wanted to
2 point out regarding service levels. Going through the
3 process of responding to the letters and the questions of
4 the Commission and the Staff, we discovered in our monthly
5 service level reporting we were only reporting on our
6 normal business calls answered in 30 seconds. The metric,
7 we should be reporting on all calls answered; normal
8 business calls, emergency calls, and calls through the
9 IVR. So, we're handling all of those calls. But the data
10 that we provided so far only reflected, and we just
11 discovered this yesterday, only reflected the normal
12 business calls. So, we're going back now to revisit those
13 numbers and review them. And, we'll be reporting back
14 shortly.

15 CHAIRMAN IGNATIUS: And, do you know, in
16 a general sense, whether, by adding the other categories,
17 the performance improves or declines?

18 MR. SHERRY: The performance appears to
19 improve.

20 CHAIRMAN IGNATIUS: Thank you. All
21 right. Any questions from Ms. Hollenberg?

22 MS. HOLLENBERG: Yes. Thank you. I
23 just wanted to note, and have the Company confirm, that,
24 after the response to the Staff's memo, you have filed a

1 call answering report for the month of April. And that,
2 again, you are below the standard set by the Settlement
3 Agreement and order, is that correct?

4 MR. SHERRY: That was correct.

5 MS. HOLLENBERG: And, I appreciate how
6 you talked about the steps that the Company is taking to
7 prevent the performance from dipping below the 80 percent
8 going forward. What I wonder, though, is that, for three
9 months at this point now, and setting aside the fact that
10 you are going to scrub the numbers again and see whether
11 or not there are changes, that adding the other calls in
12 change your performance for April and February and
13 January, where they were all below the 80 percent. I
14 wonder what, if anything, the Company is prepared to offer
15 customers on account of not meeting standards set by the
16 agreement and the order in the -- in the merger case?

17 MR. SHERRY: I don't think we're
18 prepared to discuss that right now. I would note, Rorie,
19 that, in regards to the winter months, several different
20 dynamics are at play. In January of this year, compared
21 to last year, we had 2,600 more calls; in February, 1,800
22 more calls; in March, 1,600 more calls; and, in April,
23 1,300 more calls. Also, in particular, in March -- excuse
24 me, in April, as we were anticipating the electric

1 conversion coming up, originally scheduled for Memorial
2 Day, we had a significant amount of training that was
3 taking place for our Customer Service staff. So, on any
4 given day, for several weeks, in particular, in April, we
5 had a number of reps off the phone, so they could go
6 through training in anticipation of the electric
7 conversion. We have since delayed -- deferred that
8 training, and we saw the immediate uptick in the end of
9 April. For the month of May so far, we're at 85 and a
10 half percent for the month of May. And, as we prepare for
11 an eventual electric conversion July 4th, we'll be
12 scheduling training off hours, to minimize the number of
13 people taken off the phone during the day when customers
14 are calling.

15 CMSR. HONIGBERG: Quick question. Is
16 the 85 and a half percent the recalculated number or the
17 apples-to-apples number?

18 MR. SHERRY: That's the apples-to-apples
19 number right now, Commissioner.

20 MS. HOLLENBERG: If I could follow up?

21 CHAIRMAN IGNATIUS: Yes, please.

22 MS. HOLLENBERG: Thank you. I thought I
23 had heard you say, Mr. Sherry, that you weren't certain as
24 to why the call volumes increased as they did. Do you

1 have a sense of why they increased, for what reason you
2 had higher call volumes?

3 MR. SHERRY: Well, let me clarify my
4 statement, Rorie.

5 MS. HOLLENBERG: Okay.

6 MR. SHERRY: There were a number of
7 contributing factors we believe that contributed to
8 overall higher call volumes. We introduced, on our end,
9 we introduced a new billing format, new call center, new
10 website, a new experience for customers. On the customer
11 side, this winter we saw some of the highest bills
12 customers have seen in many years. So, volumes of bills
13 went up and cost of bills went up.

14 What I intended to say earlier is that
15 we weren't able to distinguish between those various
16 causes, as to what individual one might have been
17 contributing more.

18 MS. HOLLENBERG: I understood it that
19 way. But thank you for clarifying.

20 MR. SHERRY: You're welcome.

21 MS. HOLLENBERG: I don't have any other
22 questions. Thank you.

23 CHAIRMAN IGNATIUS: Thank you. Staff,
24 questions? Ms. Noonan.

1 MS. NOONAN: Yes. I just wanted to
2 clarify an earlier statement. I thought I heard Mr.
3 Sherry say that emergency calls and calls handled through
4 the IVR were not being calculated in the service levels
5 being reported?

6 MR. SHERRY: That is correct, Amanda.
7 We just discovered that yesterday. We had just been
8 reporting on the normal business calls answered in 30
9 seconds.

10 MS. NOONAN: Okay. Why would emergency
11 calls be included in that calculation? I believe there's
12 a separate service level for response time for emergency
13 calls.

14 MR. SHERRY: That is correct. There's a
15 separate 90 percent in 10 seconds. That's a separate --
16 separate metric reported for emergency. But, prior to the
17 conversion, the numbers that had been reported by National
18 Grid included all calls answered. So, in terms of
19 comparing apples-to-apples, we would need to include
20 normal calls, emergency calls, and IVR calls to capture
21 everything.

22 MS. NOONAN: To do an apples-to-apples
23 comparison to Grid's performance. But, I guess, you know,
24 the Commission needs to determine what an appropriate

1 calculation is for Liberty. Certainly, calls going
2 through the IVR is usually a typical component of the
3 service level calculation. I would agree with that.
4 Sorry, just one more question.

5 CHAIRMAN IGNATIUS: Take your time.

6 MR. CONNOLLY: Thank you. Just a couple
7 of questions, Bill. You said that call volumes in 2012 --
8 or, 2013 versus 2012 show increases in 2013, is that
9 correct?

10 MR. SHERRY: That's correct.

11 MR. CONNOLLY: In 2012, those calls were
12 being handled by National Grid, is that right?

13 MR. SHERRY: That's correct.

14 MR. CONNOLLY: So, just since September
15 or so of 2013 has Liberty been handling those EnergyNorth
16 Gas calls?

17 MR. SHERRY: That's correct.

18 MR. CONNOLLY: Under reporting, because
19 of these exclusions that were -- the emergency calls and
20 the IVR calls are not in either the numerator nor the
21 denominator of the performance statistic? Is that
22 correct?

23 MR. SHERRY: That's correct.

24 MR. CONNOLLY: So, when you add those

1 back in, we're going to see even more volume of calls
2 received?

3 MR. SHERRY: Let me restate that, Tim.
4 We just discovered this yesterday. So, we still need to
5 do some analysis on the numbers. We've been reporting on
6 calls answered in 30 seconds, compared to total calls
7 answered. So, we have some more work to do in this area.

8 MR. CONNOLLY: Okay. So, those
9 emergency and IVR calls are in the statistic reported when
10 National Grid was handling the calls?

11 MR. SHERRY: I believe so, yes.

12 MR. CONNOLLY: And, they're not in --
13 your current assessment is that they're not in since the
14 September of 2013 reported?

15 MR. SHERRY: That's correct. That's
16 correct.

17 MR. CONNOLLY: So -- okay. So, well, I
18 guess we don't know how much of an increase, because we
19 don't know how many -- what those volumes of calls are
20 yet. How would -- how does Liberty in its system, since
21 September, know an emergency call from a regular business
22 call? What data on that call record do you look at that
23 tells you it's an emergency call?

24 MS. HARRIS: It's within the IVR. And,

1 it's a separate queue that's established. So, it's
2 separating out by all business calls, and then it's a
3 separate queue that tracks the emergency calls.

4 MR. CONNOLLY: Does the customer call in
5 to an emergency number? Or does it call the regular --

6 MS. HARRIS: It's the regular
7 1-800-833-4200. And, it's Option 1 for emergency.

8 MR. CONNOLLY: So, when the customer
9 keys in that choice, that's what drives it to that part of
10 the queue for counting?

11 MS. HARRIS: That's correct.

12 MR. CONNOLLY: And also for call
13 answering?

14 MS. HARRIS: Yes.

15 MR. CONNOLLY: And, that's how you'll be
16 able to know how long it took for that secondary queue,
17 the call that went into that second queue to get answered?

18 MS. HARRIS: Yes.

19 MR. CONNOLLY: That's it for me. Thank
20 you.

21 CHAIRMAN IGNATIUS: Commissioner Scott.

22 MR. SHERRY: Excuse me just one second.
23 Sarah -- pardon me just a minute.

24 CHAIRMAN IGNATIUS: That's fine.

1 (Mr. Sherry conferring with Ms.
2 Knowlton.)

3 CMSR. SCOTT: Ready?

4 MR. SHERRY: Ready.

5 CMSR. SCOTT: What are the standard
6 hours for the call-in centers for people to call in?

7 MS. HARRIS: 7:00 a.m. to 5:00 p.m.,
8 Monday through Friday.

9 CMSR. SCOTT: And, during the Granite
10 State cutover, it sounds like you expect increased volume
11 due to increased issues, is that fair?

12 MS. HARRIS: Not necessarily. We
13 will -- we'll be looking at different shifts, and
14 potentially 24-hour coverage.

15 CMSR. SCOTT: That is where I was going.
16 Do you plan to expand your hours available for people to
17 call in?

18 MS. HARRIS: We're looking into that
19 right now.

20 CMSR. SCOTT: Okay. Thank you.

21 CHAIRMAN IGNATIUS: Thank you. I guess,
22 following up on Commissioner Scott's question, I assume
23 that whatever you structure going into it for staffing,
24 that you'll have some sort of ability to assess and

1 revise, if things get more difficult than you're
2 expecting?

3 MR. SHERRY: Yes.

4 (Ms. Harris nodding in the affirmative.)

5 CHAIRMAN IGNATIUS: Have you thought
6 about kind of a backup plan on what you would do if call
7 volume really does go up significantly, as we have seen in
8 at least one other large merger transition?

9 MR. SHERRY: Our long-term plan, of
10 those numbers I mentioned earlier, our current staffing
11 budget this year is carrying 25 permanent customer service
12 reps, anticipating an eventual steady state. So, already
13 we'll have 15 temporary customer service reps on staff
14 booked for the conversion, through the conversion, until
15 we stabilize.

16 Lessons learned from the gas conversion,
17 we brought in resources from the other Liberty Utilities'
18 regions, to assist with the Customer Service staff in
19 handling calls, as well as potentially take calls. And,
20 as I mentioned earlier, one alternative we're examining is
21 being able to handle calls in some of the other regions at
22 the same time. We'll have to do some minor technology
23 adjustments, so people have access to the various Cogsdale
24 databases, but that's not a problem, and it's just a case

1 of directing a call. They're trained Customer Service
2 staff, they will clearly be able to handle, you know, we
3 could designate certain types of calls to be covered in
4 those other regions. That's one of the plans we're
5 considering.

6 CHAIRMAN IGNATIUS: Mr. Sherry, when you
7 said you can measure the increased volume that you've had,
8 but you can't be certain what each of the different
9 possible contributing factors leads to what percentage of
10 the increase in calls, I didn't say that very well, but is
11 that fair?

12 MR. SHERRY: That's fair. We're not
13 tracking calls in a individual call type at this point.

14 CHAIRMAN IGNATIUS: And, that surprised
15 me when you said that, and I would have assumed, maybe
16 based on how our Consumer Affairs Division records calls,
17 that there's a coding of a call to be able to run reports
18 whenever needed to see the kinds of calls that are coming
19 in. And, so, they're down to some general categories of
20 the types of things that people are calling about. You
21 don't have that sort of coding system on your customer
22 calls?

23 MS. HARRIS: The only level that we have
24 is how the -- how they come in on the IVR options. So,

1 it's Option 1, which is emergency, and then, I should know
2 this off the top of my head, but the other options are
3 billing, general inquiries, and then there's another queue
4 for collections, and then as well as sales.

5 CHAIRMAN IGNATIUS: Thank you.
6 Commissioner Scott.

7 CMSR. SCOTT: Another follow-up on the
8 calls. Is there an average duration of a call or is it
9 just they're all over the map?

10 MS. COOK: So, we use a Cisco telecom
11 system, and it does give you an average handle time on the
12 calls. I don't have the exact number for you for what the
13 run rate in New Hampshire is. But, certainly, it's an
14 accessible stat that we can present to people. And, in
15 the queues, it's divided into, so, there's a payment
16 queue, --

17 (Court reporter interruption.)

18 MS. COOK: Oh, I'm sorry. The payment
19 queue has a specific handle time, and then the general
20 queue would have another handle time. So, we could share
21 with you that information.

22 CMSR. SCOTT: I was just curious.

23 MS. COOK: Yes.

24 CMSR. SCOTT: So, I assume I'm correct

1 in saying some calls are fairly easy, some are fairly
2 difficult, and there's a range in between, obviously?

3 MS. COOK: Yes. There is a range in
4 between. I think, you know, the objective is really to
5 answer the customer's question to the best of our ability
6 in one call. So, sometimes a call takes a little longer,
7 some are quicker. I would say that we're cognizant that
8 customers generally don't want to spend lots of time with
9 us. So, if we can effectively and efficiently answer
10 their call accurately, they will be most well served. So,
11 we do look at the handle time and it is available.

12 CMSR. SCOTT: And, do you also track
13 repeat callers for the same issue?

14 MS. COOK: We do not track repeat
15 callers at this time.

16 CMSR. SCOTT: Hopefully, you don't need
17 to. Thank you.

18 CHAIRMAN IGNATIUS: I see Mr. Knepper's
19 hand. Did you have a question for the Staff?

20 MR. KNEPPER: Yes, I have a question.
21 Maybe Mr. Sherry can answer it. I want to make sure I
22 heard this correctly. You don't have a separate number to
23 call in for emergencies or that you -- someone that calls
24 the general number could also click for emergencies?

1 MS. HARRIS: One number. Just one
2 number, the main customer service number.

3 MR. KNEPPER: Well, I wasn't aware of
4 that. Most companies have a separate number for
5 emergencies, whether they be electric or gas, in this
6 state. It's the first I've heard that.

7 CHAIRMAN IGNATIUS: And, is the response
8 the same, both electric and gas, that there's no separate
9 emergency number for either?

10 MS. HARRIS: The electric, there will be
11 a separate emergency line.

12 CHAIRMAN IGNATIUS: All right. The next
13 category is under the heading of "Reporting of Customer
14 Service Metrics". And, Mr. Sherry, is that you again?

15 MR. SHERRY: That's me.

16 CHAIRMAN IGNATIUS: All right.

17 MR. SHERRY: The issue at hand, there
18 were three required reports that were not submitted
19 September 2013 through March 2014, referencing bill
20 accuracy, estimated bills percentage, and percentage of
21 bills with exceptions.

22 The root cause: The requirements for
23 the reports were previously identified. Our ability to
24 test for the reports prior to conversion was limited due

1 to the lack of production data that was available. Post
2 conversion, the development of the query reports proved
3 problematic. And, the problem escalation process
4 internally was not sufficiently formalized.

5 Action taken: In the interim, a manual
6 process was developed to calculate the data for these
7 reports, relying on monthly billing reports, and to
8 continue to work to finalize the query reports. The
9 reports were provided on April 24, 2014 showing acceptable
10 performance in these areas.

11 Post implementation monitoring: The
12 data collection process has been modified to produce the
13 monthly reports on a timely basis. And, we're preparing
14 to file this month's reports this week. And, we'll be
15 reporting -- we're monitoring compliance for the reporting
16 going forward.

17 We clearly were delayed and not formally
18 communicating this to the Commission during this process.
19 We thought we were communicating informally adequately
20 enough. Clearly, that wasn't the case. And, you know,
21 for that, we apologize that they weren't provided. And,
22 going forward, we don't expect a problem with complying
23 with the reports.

24 Included with the package is a chart on

1 Page 18, that shows exactly how we've been performing
2 regarding the billing accuracy, the Liberty numbers are in
3 the dark line, I believe it's blue in color, I have it in
4 black and white here, the billing accuracy line, estimated
5 bills, and bills with exceptions. I'd like to point out,
6 in particular, the estimated bills and bills with
7 exceptions lines. We talked earlier about how our process
8 might take a day or two longer to work those exceptions
9 and deal with the estimated bills prior to the bills going
10 out. What you're seeing here is the effect of less bills
11 being set aside, in terms of setting them aside to work
12 later. So, we're producing less estimated bills and we're
13 producing less bills with exceptions.

14 CHAIRMAN IGNATIUS: Before you leave
15 that chart, just for clarification, --

16 MR. SHERRY: Sure.

17 CHAIRMAN IGNATIUS: -- because there may
18 be more questions on it. "System level" means what?

19 MR. SHERRY: The "system level", again,
20 these reports were provided prior to the conversion and
21 prior to the sale. And, these reports date back to the
22 National Grid/KeySpan transaction. And, it was a
23 comparative between EnergyNorth, or now Liberty, and what
24 was happening across New England for the gas system. So,

1 at this point in time, it would have been a comparison
2 against what otherwise would have been happening within
3 the prior system. Going forward, it probably is not a
4 relevant comparison. So, we can discuss that going
5 forward, in terms of what we compare against.

6 CMSR. HONIGBERG: I'm confused by that
7 answer. So, the yellow line post September of 2013, what
8 is the source of the data there?

9 MR. SHERRY: The source of the data was
10 National Grid.

11 CMSR. HONIGBERG: Oh. So, these are
12 actual --

13 MR. SHERRY: Okay. So, these --

14 CMSR. HONIGBERG: Let me finish the
15 question. So, these are actual National Grid numbers that
16 are shown?

17 MR. SHERRY: Correct.

18 CHAIRMAN IGNATIUS: All right. And, the
19 blue line in "Liberty" is EnergyNorth specifically?

20 MR. SHERRY: Correct.

21 CHAIRMAN IGNATIUS: And, the percentages
22 are percentages of what?

23 MR. SHERRY: Stand by.

24 (Mr. Sherry conferring with Ms. Harris.)

1 MS. HARRIS: "Billing Accuracy" consists
2 of the number of off-cycle bills divided by total bills.
3 The percent of "Estimated Bills" is the number of
4 estimated bills divided by the number of cycle bills.
5 And, the percent of "Bills with Exceptions" are your total
6 exceptions on and off cycle divided by your total bills.

7 MR. CONNOLLY: Nicole, would you give
8 that last one one more time please.

9 MS. HARRIS: The percent of "Bills with
10 Exceptions" are your total exceptions, which includes on
11 and off cycle, divided by total bills.

12 CHAIRMAN IGNATIUS: Thank you. All
13 right. More on this topic, Mr. Sherry?

14 MR. SHERRY: I was just going to the
15 answers to the specific questions. And, in particular,
16 the definition of the metrics is on the bottom of Page 8,
17 going into Page 9, under Question 4, for anybody who was
18 trying to keep up with writing your notes, the definitions
19 of those, "bill accuracy", "estimated bills percentage",
20 and "percentage of bills with exceptions" are clarified
21 there.

22 And, as I mentioned before, under the
23 "Performance Metrics", repeating myself a little bit, we
24 clearly identified the reporting requirements identified

1 in Attachment N prior to the conversion. We were
2 developing and testing queries to generate the data. But
3 our ability to validate the production of the reports was
4 limited due to lack of representative data in the test
5 environment.

6 The next -- I'm sorry, go ahead. Any
7 questions? No?

8 CHAIRMAN IGNATIUS: I guess I just don't
9 know what that means, the "lack of representative data in
10 the test environment"?

11 MR. SHERRY: I'm going to ask Mr. Lowson
12 to answer that.

13 MR. LOWSON: So, the question was asking
14 "What type of testing was performed to ensure that the
15 associated systems could generate required reports that
16 are both accurate and timely?" And, I guess the context
17 was "in advance of the conversion in September". So, the
18 question was getting at "how come we couldn't have tested
19 and made sure that these reports were going to be
20 available prior to Labor Day weekend last year, when we
21 converted?" So, the way in which inside the systems you
22 attempt to furnish these reports is to write queries, that
23 are essentially interrogating the data inside the billing
24 system and pulling up the data. And, then, there's a

1 human task associated with taking that data and populating
2 a report that satisfies the definition of the metric.

3 The challenge that we have before
4 conversion is that there's -- you don't have large volumes
5 of -- you're not billing large volumes of accounts day
6 after day in a test environment prior to the conversion.
7 So, the amount of data that you can draw upon, you've
8 written the query, and you established, with a relatively
9 small amount of dataset, that the query does what you
10 think it needs to do. But, when you go into production,
11 you have much larger volumes of data, then, you know, the
12 person responsible for creating the report starts to look
13 at that, at the results that that query is producing, and
14 we determined that it wasn't, the query was, in fact, not
15 fulfilling the definition of the metric. So, we had to,
16 you know, adopt alternative reporting measures,
17 essentially, to ensure that we were pulling data that
18 would produce the report that was required in the -- for
19 the performance metric.

20 CHAIRMAN IGNATIUS: I think I can come
21 back to that. I'll let people go through the questions.
22 Thank you. Please continue.

23 MR. SHERRY: Mr. Lowson effectively, you
24 know, answered the statement in Question Number 2, which

1 is, when we were testing the reports post conversion, the
2 data did not prove timely and accurate. So, we developed
3 manual processes to produce the reports. And, in
4 hindsight, we should have formally requested an extension
5 from the Commission due to the delay.

6 CHAIRMAN IGNATIUS: Okay. Anything more
7 on that issue?

8 MR. SHERRY: No.

9 CHAIRMAN IGNATIUS: All right. Then,
10 Ms. Hollenberg, do you have questions?

11 MS. HOLLENBERG: Yes. Thank you. Could
12 I take you back to Page 18, the "Customer Service Metrics"
13 tables there. And, just ask a little bit for more clarity
14 on what these tables reflect. I understand that the blue
15 line reflects Liberty's performance with respect to each
16 of these metrics during the time period April 2013 to
17 March 2014. And, is the yellow reflective of National
18 Grid's performance during that same time period?

19 MR. SHERRY: That's correct.

20 MS. HOLLENBERG: What National Grid and
21 what customers are --

22 MR. SHERRY: It represented the gas
23 customers in New England to National Grid's system.

24 MS. HOLLENBERG: Okay. Is the

1 information that you relied on to develop those tables
2 related to National Grid public information or is that
3 just information, like information that would have
4 otherwise been reported to another commission or --

5 MR. SHERRY: No. It was provided
6 internally.

7 MS. HOLLENBERG: Okay. And, then, on
8 the Slide 17, under "Root Cause", we talked about the
9 first couple of sentences. What does "Post conversion,
10 development of query reports proved problematic" mean?

11 MR. SHERRY: If I could refer you to the
12 answer to Question Number 2, on Page 8.

13 MS. HOLLENBERG: Uh-huh.

14 MR. SHERRY: The "development of the
15 query reports proved problematic" in that they weren't
16 producing consistent results. So, I think, as Mr. Lowson
17 articulated, we were testing the reports against the full
18 production database. And, they weren't -- the results
19 weren't being produced consistently according to these
20 metrics. So, we shifted to an alternative method to
21 develop the reports.

22 MS. HOLLENBERG: Okay. And, then, the
23 "problem escalation process was not sufficiently
24 formalized", what does that mean?

1 MR. SHERRY: Internally, we didn't
2 escalate it quickly enough internally.

3 MS. HOLLENBERG: Okay. Is there a
4 different problem escalation process in place now?

5 MR. SHERRY: Yes.

6 MS. HOLLENBERG: How is that different?

7 MR. SHERRY: If something like this were
8 to occur today, it would be a combination of a case
9 ticket, as we described earlier, an IT ticket, if it was
10 routine business. If it needed to be escalated to -- it
11 would be escalated to a phone call or, you know, a
12 conference call or a meeting, depending on the condition.
13 And, in my case, I would escalate it to Katy or to John
14 Lowson.

15 MS. HOLLENBERG: And, with regards to
16 the topic we just talked about, which is the call
17 answering metrics, in that the Company just discovered
18 yesterday that there were certain pieces of information
19 that might be needed to be added for the calculations to
20 be correct, are we at a point where you can say that the
21 calculations that are representative for customer service
22 metrics include all the information that they need to
23 include and are accurate?

24 MR. SHERRY: Reflecting these customer

1 service metrics on this report?

2 MS. HOLLENBERG: Uh-huh.

3 MR. SHERRY: Yes, they do.

4 MS. HOLLENBERG: Okay. Nothing further.

5 Thank you.

6 CHAIRMAN IGNATIUS: Thank you.

7 Mr. Wiesner.

8 MS. HOLLENBERG: Thank you.

9 MR. WIESNER: Just to clarify, will
10 there continue to be a manual component of the process of
11 producing these metrics reports going forward?

12 MR. SHERRY: I'm sorry?

13 MR. WIESNER: You indicated in the
14 response that the April reports on these metrics were
15 produced manually.

16 MR. SHERRY: Yes.

17 MR. WIESNER: Will that continue to be
18 the case going forward?

19 MR. SHERRY: Yes.

20 MR. WIESNER: So, it's not possible to
21 automate the process of producing these reports?

22 MR. SHERRY: We'll be working on
23 developing the query reports. But, in the meantime, we'll
24 continue producing them through the manual method we've

1 developed.

2 MR. WIESNER: Okay. Thank you.

3 CHAIRMAN IGNATIUS: Ms. Noonan.

4 MS. NOONAN: Yes. Thank you. And, I
5 apologize, I don't have the Settlement Agreement in front
6 of me, or have it committed to memory. But, on your
7 response to Question 4, under "Performance Metrics",
8 provides the calculations for each of the three metrics.
9 Is this the same formula that's set forth in the
10 Settlement?

11 MR. SHERRY: Yes. I believe so. Okay,
12 we have the Settlement.

13 MS. NOONAN: You're more prepared than I
14 am.

15 MR. SHERRY: And, thank you, Sarah
16 Knowlton. Attachment N.

17 (Short pause.)

18 MR. SHERRY: I'll read from the
19 Settlement. Attachment, Page 2 of 9 in Attachment N.

20 (Court reporter interruption.)

21 MR. SHERRY: N, as in "November". "Bill
22 accuracy percentage, using correct" -- "(using corrected
23 bill level) this value represents a percentage of total
24 bills delivered that are corrected bills considered" --

1 "considering billing errors. Several types of rebills are
2 excluded as not considered "corrections due to error"
3 (Example: Rebills replacing estimated bills with actual
4 bills; rebills due to start/stop of a balanced or budget
5 billing plan on a current cycle."

6 Now, this calculation, as we defined it
7 in the answer, Amanda, came right from the report as it's
8 been provided.

9 MS. NOONAN: Thank you. I think what I
10 was trying to determine is if this calculation
11 consistently counts the same types of situations that
12 National Grid used in the calculation. So that, as we
13 look at comparing to the benchmark, we have a calculation
14 that would come up with the same number either way.

15 MS. HARRIS: So, the off-cycle bills,
16 that's -- when we're working through our exceptions
17 with -- those are exceptions as we work through the
18 regular batch billing. And, that's what we're looking at,
19 is off cycle.

20 MS. NOONAN: So, those are the ones that
21 you place on hold and you work afterwards to correct the
22 issues?

23 MS. HARRIS: That's correct.

24 MS. NOONAN: Not the ones that you can

1 easily correct in advance of issuing all the bills?

2 MS. HARRIS: Correct.

3 MS. NOONAN: Now, on the other two, are
4 they the same calculations?

5 MR. SHERRY: Sorry. Closed
6 Attachment N.

7 MS. NOONAN: That's okay. I can -- I
8 just want to verify that you're counting the same things
9 and dividing by the same things?

10 MR. SHERRY: Yes.

11 MS. NOONAN: Okay. Thank you.

12 MR. CONNOLLY: Yes. Hi, Bill, and maybe
13 John, I have a question about the testing that was done
14 during conversion -- or, pre-conversion rather. It's my
15 understanding that Test Cycle 3 and 4 involve, in some
16 measure, involve production of bills. Is that -- am I
17 right on that?

18 MR. LOWSON: Yes.

19 MR. CONNOLLY: In each of those, you
20 would have some of these off-cycle situations generated?

21 MR. LOWSON: Yes.

22 MR. CONNOLLY: And, this is for the
23 customer service metric bill accuracy. So, there would be
24 a number of off-cycle bills generated. And, the volumes

1 of bills generated is such that somebody could probably
2 count those by hand?

3 MR. LOWSON: Right.

4 MR. CONNOLLY: And, the total number of
5 bills generated also is a relatively small number, and
6 somebody could count those by hand?

7 MR. LOWSON: I mean, there would be
8 hundreds of bills generated during the test cycles, but,
9 yes.

10 MR. CONNOLLY: Right. But, you know,
11 when you got your test defined and your predicted outcome
12 is established, then, you know that, when you run the
13 test, you're going to have a certain number of bills
14 produced accurately, you're going to have other ones that
15 are going to go to this off-cycle process. And, you would
16 know that your expected results for total bills and
17 off-cycle bills would match?

18 (Mr. Lowson nodding in the affirmative.)

19 MR. CONNOLLY: So, you would have had
20 the ability to calculate this performance metric on that
21 testbed?

22 MR. LOWSON: That's correct. Yes.

23 MR. CONNOLLY: And, I think what I
24 understood, your advice earlier was that, as you went into

1 production, there were more things that became off-cycle
2 bills than were in the test environment?

3 MR. LOWSON: Right. And, there's,
4 obviously, a much, much, much, much richer environment of
5 data once you're in production.

6 MR. CONNOLLY: So, there were more types
7 of off-cycle bills and more volumes of each type of
8 off-cycle bills?

9 MR. LOWSON: Right.

10 MR. CONNOLLY: Which go to -- would grow
11 the numerator, and the number of total bills expected to
12 be generated would still be the control over everything
13 that went to Fiserv or whoever you use to calculate that?

14 MR. LOWSON: Yes.

15 MR. CONNOLLY: So, I don't understand,
16 from what you said, how we couldn't get a calculation of
17 this statistic for six months?

18 MR. LOWSON: Yes. So, can we, Nicole --

19 MR. SHERRY: Excuse us, Commissioner.

20 CHAIRMAN IGNATIUS: No, that's fine.

21 Yes. Take your time.

22 (Mr. Lawson conferring with Mr. Sherry
23 and Ms. Harris.)

24 MR. LOWSON: Sorry. So, I think the

1 answer --

2 CHAIRMAN IGNATIUS: I'm sorry.

3 CMSR. HONIGBERG: Hang on.

4 MR. LOWSON: Oh, I'm sorry.

5 CHAIRMAN IGNATIUS: We're having our own
6 little caucus.

7 (Chairman and Commissioners conferring.)

8 CHAIRMAN IGNATIUS: So, back on the
9 record. Please.

10 MR. LOWSON: Yes. So, to try to explain
11 what I was getting at with the definition of the data that
12 we're trying to pull from the database, in order to create
13 the data necessary to fulfill the reports, that those are
14 what we're describing as "queries" that had been generated
15 and tested before the -- before the conversion.

16 Two kind of fundamental issues as we put
17 those queries in practice to generate the reports that
18 fulfill the requirements, and to make sure that we were
19 generating reports that met the definition. One was to
20 ensure that the queries were actually running correctly
21 across the correct accounts, if you like, within the
22 database. And, we had issues associated with that.

23 The other issue is that the reports --
24 the reports to fulfill the requirements of the definitions

1 require us to generate a numerator and denominator
2 information over a given period of time, so, a month, say.
3 The problem that we encountered with these queries that
4 were being run was that they were -- they're snapshots in
5 time. So that there was a problem in trying to make sure
6 that a query or a set of queries, when added together,
7 would actually create the data that covered the correct
8 transactions or accounts, if you like, that need to be
9 matched both in the numerator and the denominator, to give
10 you the -- to fulfill the definition of that report.

11 MR. CONNOLLY: As these conditions are
12 encountered during the production cycles and during the
13 month, or whenever these conditions are manifest that
14 causes a bill to go into the numerator, are those codes or
15 indicators posted to the account that are within the
16 Cogsdale processing or is it -- can you describe how that
17 gets inputted or reflected in the database?

18 MS. HARRIS: So, we pull the numbers
19 based upon the end of each of the bill calculation, once
20 we're done calculating the batch and exporting it, we get
21 the numbers at that point. And, then, that's where we get
22 the numbers that we put on hold, which we count as
23 exceptions. So, as a result of the end of each cycle
24 billing is when we accumulate or compile the numbers.

1 MR. CONNOLLY: So, is it the Cogsdale
2 system that does that calculation and provides that number
3 or is it something else --

4 MS. HARRIS: It's manual.

5 MR. CONNOLLY: There's a source for the
6 data?

7 MS. HARRIS: That's correct. As a
8 result of the end of the bill calculation routine, where
9 we get the number, so we know how many are actually
10 exported.

11 MR. CONNOLLY: And, what system does the
12 accounting?

13 MS. HARRIS: It's a report that comes
14 up, and then we track the numbers on a spreadsheet.

15 MR. CONNOLLY: But does the number come
16 up from Cogsdale or does it come from Fiserv? Does it
17 come from ABC or --

18 MS. HARRIS: Cogsdale.

19 MR. CONNOLLY: Okay. So, someone at
20 some point said to Cogsdale "I need to have this count
21 produced every time you do these things"?

22 (Ms. Harris nodding in the affirmative.)

23 MR. CONNOLLY: And, was that somebody in
24 Liberty that did that?

1 MS. HARRIS: We did have a requirement
2 session.

3 MR. CONNOLLY: So, when you talked
4 about --

5 MS. HARRIS: We talked about reporting.

6 MR. CONNOLLY: -- what you would require
7 for their system to do, that's part of that dialogue that
8 you had?

9 MS. HARRIS: Yes. We did have
10 conversions about several reports.

11 MR. CONNOLLY: Both for numerator and
12 for denominator?

13 MS. HARRIS: Correct.

14 MR. CONNOLLY: Okay. So, when you asked
15 Cogsdale to do work like this, to produce those counts, is
16 there -- when they deliver the system to you meeting those
17 requirements, they have tested that and they know that
18 they can produce that number, is that correct?

19 MR. LOWSON: Well, I think the answer
20 would be that we -- clearly, we believe that we had. But,
21 whether you regard it as the means to generate the data,
22 but the report was defective, or the requirements hadn't
23 been sufficiently well understood, and, clearly, what we
24 did before conversion we knew was inadequate. So, we

1 needed to rethink the method by which we draw the data
2 from the database in order to fulfill the requirement.

3 MR. CONNOLLY: So, a collaborative
4 effort with Liberty and Cogsdale is necessary to come up
5 with a solution to these information requirements?

6 MR. LOWSON: Yes. I think, in general,
7 yes.

8 MR. CONNOLLY: Yes.

9 MR. LOWSON: But, again, the -- I mean,
10 we're capable of creating smart lists. So, we're not --
11 it's not necessarily a requirement that's fulfilled by
12 Cogsdale. But, I mean, in general terms, the answer to
13 your question is "yes".

14 MR. CONNOLLY: Okay. Great. The
15 requirements for Cogsdale billing, well, and the Cogsdale
16 system, I guess, the CIS, those were started at some point
17 in time back in 2012, and they iterate, change and get
18 modified. And, to this date, we've got -- there was
19 another set of requirements that came up for delivery in
20 the Version 29 that was just installed?

21 MR. LOWSON: Correct.

22 MR. CONNOLLY: So that this process of
23 "I need this" or "I need this system to count this way",
24 "I need it to give me this information", as a result of

1 some many cycles, all of that conversation goes on from
2 time to time?

3 MR. LOWSON: Correct.

4 MR. CONNOLLY: And, it goes back and
5 forth, that "I need this", and they say "yes, we can do
6 that, but it's going to take this time", the typical
7 dialogue between vendor and customer systems?

8 MR. LOWSON: Yes.

9 MR. CONNOLLY: Okay. Okay. Thank you.

10 CHAIRMAN IGNATIUS: Commissioner
11 Honigberg, questions?

12 CMSR. HONIGBERG: The graphs on Page 18,
13 the yellow line prior to September of 2013, actual
14 National Grid numbers, do those numbers include the
15 EnergyNorth numbers from that period of time or were the
16 EnergyNorth numbers peeled out of that.

17 MR. SHERRY: That included all of New
18 England for National Grid --

19 (Court reporter interruption.)

20 MR. SHERRY: The yellow number prior to
21 September 2013 for National Grid's system level included
22 the New England gas operations across Massachusetts, New
23 Hampshire, and Rhode Island.

24 CMSR. HONIGBERG: And, then, from

1 September '13 on, the yellow line would no longer have
2 included EnergyNorth?

3 MR. SHERRY: That's correct.

4 CMSR. HONIGBERG: Okay. It strikes me
5 that that's going to make that graph hard to apply,
6 because the yellow line changes characteristics of what's
7 included and what's not included. Maybe -- it's probably
8 not significant. But it strikes me as a difficult way to
9 use that, use those graphs. And, I'm just making a
10 statement, not really asking a question, I think. I guess
11 I'll ask it. Am I right about that?

12 MR. SHERRY: I would say that's a fair
13 statement, Commissioner.

14 CMSR. HONIGBERG: Okay.

15 MR. SHERRY: I would say that it --
16 (Court reporter interruption.)

17 MR. SHERRY: Sure. I'm sorry. Use the
18 microphone. I would say that's a fair statement,
19 Commissioner.

20 CMSR. HONIGBERG: Okay. Thanks. That's
21 all I have.

22 CHAIRMAN IGNATIUS: If you're on Page 18
23 anyway, let me ask, the "Billing Accuracy" chart has a
24 significant decline from November to January, "decline"

1 meaning "drop in accuracy", correct? And, then makes a
2 similar sharp incline in improvement in accuracy between
3 January and March, correct?

4 MR. SHERRY: That's correct.

5 CHAIRMAN IGNATIUS: Can you explain what
6 was going on that caused both the drop and the regaining
7 ground?

8 MR. SHERRY: Just hold on a minute.

9 (Mr. Sherry conferring with Ms. Harris.)

10 MR. SHERRY: Commissioner, to the best
11 of our knowledge right now, we had a number of challenges
12 we mentioned earlier with billing delays and billing in
13 that time period, in the November/December time period in
14 particular. We'd have to do some more specific digging.
15 We mentioned some root causes earlier as to what caused
16 those billing challenges, but that would contribute to it.

17 CHAIRMAN IGNATIUS: I want to make sure
18 I understand the scenario on these reports accurately.
19 The Company knew what it was required to report post
20 conversion, and had set up a mechanism to be ready to be
21 able to make those reports, correct?

22 MR. SHERRY: Correct.

23 CHAIRMAN IGNATIUS: And, then, once
24 conversion occurred, the queries to generate the reports

1 proved inadequate, and the reports weren't meaningful,
2 weren't representative? What was the problem with the
3 reporting?

4 MR. LOWSON: Well, we recognized that
5 the data that was being pulled was producing a report that
6 wasn't conforming to the definition.

7 CHAIRMAN IGNATIUS: Because the
8 questions turned out to not be properly queried after all?

9 MR. LOWSON: Because the -- yes. The
10 data that was being pulled either was pulling on accounts
11 that it shouldn't have been pulling on or was not
12 adequately reflecting both the numerator and the
13 denominator in the same time period in order to arrive at
14 a monthly data point that was accurate.

15 CHAIRMAN IGNATIUS: And, at that point,
16 you began a couple of different things. To manually
17 produce reports -- or, I guess that came later.

18 MR. LOWSON: Yes.

19 CHAIRMAN IGNATIUS: To rethink how to
20 make those queries --

21 MR. LOWSON: Correct.

22 CHAIRMAN IGNATIUS: -- produce the right
23 information.

24 MR. LOWSON: Right.

1 CHAIRMAN IGNATIUS: And, to discuss that
2 with the Commission Staff, identify that the system wasn't
3 working the way you'd hoped?

4 MR. LOWSON: Correct. Bill?

5 MR. SHERRY: That's correct. It was a
6 running dialogue, Commissioner. And, I mean, we kept
7 trying to get them to work, and the month would go by, and
8 we kept trying, and our reports were getting delayed.
9 And, we got to January and we realized we had to come up
10 with an alternative method.

11 CHAIRMAN IGNATIUS: Okay.

12 MR. SHERRY: So, we started to focus on
13 the alternative methods.

14 CHAIRMAN IGNATIUS: And, then, in April,
15 you produced reports for that period of time?

16 MR. SHERRY: From September through
17 March, correct.

18 CHAIRMAN IGNATIUS: Have you run testing
19 in anticipation of the electric conversion, to be sure, in
20 these or any other reports, that what you think are the
21 right queries are going to prove to be correct and are
22 going to work the way you want them to?

23 MR. LOWSON: Well, as we mentioned
24 earlier, so, we're going to continue to use the current

1 method that now works for electric, and ultimately seek to
2 go back to a more automated form of generating those
3 reports, because what we're currently doing is more
4 time-consuming, but we know that it's reliable. And,
5 because we're querying the same data in the same way for
6 electric, then, obviously, we have a much higher level of
7 confidence that the current method will work for electric.

8 CHAIRMAN IGNATIUS: And, why, when you
9 had said a moment ago that you can "create your own
10 smart", what was your phrase?

11 MS. HARRIS: Smart lists.

12 MR. SMITH: Smart lists.

13 CHAIRMAN IGNATIUS: "Smart lists", thank
14 you. You don't have to have that done at all times
15 through Cogsdale. Why is it still necessary then to do
16 all of this manually? Or, am I getting it wrong, that
17 some things have been automated now, and some others still
18 have to be done manually?

19 MR. LOWSON: Yes, that's correct. It's
20 capable ultimately of being done manually. We just have
21 to go back now and codify what the -- what the manual
22 process is doing for us and turn that into an automated
23 report.

24 CHAIRMAN IGNATIUS: So, as we look

1 towards the electric conversion, do you have confidence
2 that this type of problem, not just with these three
3 reports, but that, overall, that this will not be a
4 problem? And, if you do, what's that based on? What kind
5 of testing have you run that shows that you're gathering
6 the right information?

7 MR. LOWSON: Yes. I mean, I think it's
8 partly the experience of the people involved, and partly
9 more thoroughness now with, in hindsight, of doing deeper
10 dives to make sure that, if we have an expectation that a
11 certain form of reporting will fulfill a requirement,
12 we're more cognizant of the kinds of issues that can
13 arise, so we can test more thoroughly to ensure that the
14 kinds of issues that we've experienced in the past won't
15 recur.

16 But part of it is also, I mean, in any
17 IT system, there is a -- sort of a tradeoff between
18 generating reports through programming that are predefined
19 and always produce the same result. Once you know that
20 that is the result that you want, then, obviously, that's
21 the more efficient way of doing it, versus the use of
22 essentially user queries, which are more flexible, but
23 require the user to more thoroughly understand what it is
24 that that query is actually -- you know, what result that

1 query is actually producing for you.

2 CHAIRMAN IGNATIUS: All right. Thank
3 you. I think that concludes this section.

4 MS. COOK: Do you mind? I just have a
5 point of -- sorry, a quick point of clarification. There
6 was a question earlier about whether or not we had a
7 dedicated emergency number. We do indeed have an
8 emergency number. And, we also have an option for
9 emergencies from the Customer Service number. Both of
10 those point to one queue that has a service level of 90/10
11 associated with it. Thank you.

12 CHAIRMAN IGNATIUS: So, for the gas
13 customers, there is a dedicated emergency number they can
14 call, or they can call the general number and press
15 "Option 1" for emergency?

16 MR. SHERRY: That's correct.

17 MS. COOK: Perfect.

18 CHAIRMAN IGNATIUS: And, how do they --
19 how do they find that emergency number? Where is that
20 listed for them?

21 MS. COOK: It's on the website is one
22 location. It's on all of their bills when they go out, on
23 most of our communications.

24 CHAIRMAN IGNATIUS: Thank you.

1 MS. KNOWLTON: And, I just would also
2 like to add, my understanding is is that there are
3 separate numbers for the police and the fire departments,
4 we don't publish those to the public, but there are
5 additional numbers that we give to them.

6 CHAIRMAN IGNATIUS: All right. So, the
7 next section is on "Network Security Assessments".

8 MR. PASIEKA: Yes. Okay. He's no
9 stranger to our group here today. I'd just like to spend
10 a couple minutes talking about John Lowson. John has been
11 with our group for just over a year. In fact, we've been
12 chasing John to join our group going back three years.
13 So, it was with great delight that he finally accepted to
14 join us last year. And, joined us in the summer of last
15 year, so got to participate on the sidelines, if you will,
16 with the gas conversion. So, he actually took a couple of
17 conversion teams and was monitoring the cycle testing
18 going into last September's Labor Day conversion for
19 EnergyNorth.

20 John, as you can tell from his accent,
21 was not born here in New Hampshire, but went to school in
22 Cambridge, and has over 18 years of utility experience,
23 with over 15 of it as a senior partner in the Accenture
24 organization, specifically working on utility and utility

1 billing. Prior to joining us, John spent the last year
2 and a half working with one of Canada's largest electrical
3 utilities, working on billing and care solutions. So,
4 he's got a good pedigree, if you will, relative to what
5 we're doing.

6 John's role in our organization, he runs
7 the transition. So, the success of those conversion
8 weekends rest with him. As John says, he had a lot of fun
9 this last weekend in our dress rehearsal. So, he was
10 active in that. And, also owns the IT strategy for the
11 organization.

12 And, also joining John today is David
13 Carleton. And, David Carleton is our Director of IT.
14 David has been with our process here for three years. So,
15 part of the original application, and the author of many
16 of the data requests that ultimately resulted in the
17 Settlement Agreement.

18 So, we've got some good background here.
19 So, I'm going to hand it off to John to take us through
20 this exciting section associated with IT and security.

21 CHAIRMAN IGNATIUS: Thank you.

22 MR. LOWSON: Okay. Thank you, David.
23 So, obviously, this is a very important topic. And, I
24 just want to open by saying that we take this whole area

1 very seriously. We had engaged PwC, Liberty had engaged
2 PwC to assist us in this area over two years ago. And, we
3 felt, for this session, it was important to bring, you
4 know, PwC advisors with us to this meeting. So, I'll be
5 introducing both shortly. But I'll speak to this first
6 slide.

7 And, so, the issue that was raised was
8 that the third party Network Security Assessment, the
9 compliance with ISO 27001 that was defined in the
10 Settlement Agreement, had not been performed. And, I want
11 to speak to a bit of the background there and what actions
12 we're taking in this area.

13 So, the Settlement Agreement in DG
14 11-040 did contain the engagement letter for the scope of
15 work that was to be performed by PwC. And, Liberty
16 believed at that time that the -- that that April 2012
17 Network Security Assessment formed an adequate baseline
18 for network security, and gave us the basis of an action
19 plan to go forward. G3, however, raised a concern with
20 Liberty on this issue in October 2013.

21 So, I guess to cut to the chase, we, as
22 a result of my kind of looking into what had happened
23 here, and wanting to make sure that we were -- that we're
24 secure, essentially, we formulated an action plan for the

1 current year, which is summarized here on the slide.

2 So, it's kind of a three-part process.
3 Part one is a Maturity Assessment of our network security.
4 And, Salim, from PwC, will explain shortly in more detail
5 what that consists of. The next step would be the
6 remediation of gaps and issues identified in the Maturity
7 Assessment, which we would undertake over the summer as we
8 complete the IT transition of Granite State. And, then,
9 the final step, for this year, as defined in the
10 Settlement Agreement, would be a reassessment,
11 essentially, a third party reassessment of our compliance
12 with network security provisions of ISO 27001.

13 So, where we're at right now is that we
14 have -- we've issued the engagement letter for the
15 Maturity Assessment, were actually initiated and we're
16 quite a long way through, the performance of the Maturity
17 Assessment, which is the first step in the process. We
18 did have a call last where we discussed the Maturity
19 Assessment methodology with G3. And, we would, as we have
20 been doing throughout the process, provide the results of
21 these assessment in due course to the Commission and to
22 G3.

23 And, now, obviously, as we've said,
24 beyond that, there would be our remediation. And, then, I

1 think the important step that we want to talk about,
2 because part of the challenge here has been the definition
3 of "compliance". So, we want to talk about the plan that
4 we have to conduct the final assessment, the reassessment,
5 which would create -- which would speak to our compliance
6 to the standard. And, there's a line cut off the bottom
7 of the slide here, but one of the things that we committed
8 to the Staff is that we would share both the RFP and the
9 list of companies that we would solicit to actually
10 perform the assessment.

11 So, with that said, I'll let Salim
12 Hasham introduce himself from PwC. And, he'll talk
13 through the next two slides that speak to the current
14 phase of work that's underway, which is the so-called
15 "Maturity Assessment".

16 MR. HASHAM: Good afternoon. I'll focus
17 on the diagram on Slide 21. But, before that, perhaps
18 just a brief moment to introduce myself. As John
19 mentioned, I am a Partner at PwC Canada. I essentially
20 run our information security practice nationally. Prior
21 to that, 15 years in PwC, including the UK, where I've
22 worked across a large number of private and public sector
23 organizations, including the energy and utility concerns,
24 principally as a security advisor.

1 So, I'm here, I think, to help clarify
2 the approach to the Maturity Assessment and see the work
3 that's currently underway. And, in essence, it really
4 comprises a few elements. The ISO 2001 [2700-1?]
5 components really defines the controls to be assessed,
6 which they're not as prescriptive as one would like in
7 standards. But beneath them is ISO 2000 -- 27002, which
8 provides implementation, guidance, and these are
9 high-level principles.

10 In order to build a -- I think a
11 meaningful approach and framework to do the Maturity
12 Assessment, we took the high-level principles and the
13 implementation guidance for the selected controls, and
14 then broke them down, in essence, into 21 very clear
15 control statements.

16 In order to do the Maturity Assessment,
17 we've leveraged a third party tool, it's a tool that's
18 been involved by an organization called the "Information
19 Security Forum". It's a very well-regarded independent
20 think tank. And, we've collaborated, as many other
21 organizations certainly have, in the development of this
22 tool. It's a very thorough and rigorous way of getting to
23 a high-level Maturity Assessment.

24 In essence, the tool utilizes

1 interviews, questionnaires, and review of evidence against
2 some criteria to help assess relative maturity. And, in
3 order to assess maturity, the scale, in many of these
4 cases, is a zero to four scale. For the purposes of
5 Liberty, we really set two goal posts. The bottom goal
6 post, or the minimum standard, we set as a Maturity Level
7 2, which, in essence, is one that demonstrates alignment
8 with the ISO standard, but is repeatable and intuitive.
9 On the upper end, we set the goal posts at a Maturity
10 Level 3, which is regarded by industry as "good practice",
11 and also, within the case of Liberty, is the established
12 targets. So, the intent, over time, is to have all of the
13 maturity results at around a Level 3. And, a 3 really is
14 differentiated from a 3 in the fact that it's a -- it's
15 repeatable, it's measurable, and it's formalized.

16 And, in essence, the results of the
17 assessment will be a series of recommendations that
18 demonstrate an alignment to the ISO principles with their
19 corresponding maturity, and our recommendations that move
20 all of those towards a 3 by completion.

21 MR. LOWSON: So, that takes us through
22 Slides 21 and 22. So, just to recap, ISO defines control
23 statements or network security at a high level. And,
24 then, using the implementation guidance in 27002, coupled

1 with advice and guidance from PwC, we've established a
2 means of assessing our so-called "maturity". So, if you
3 read the control statements, I mean, it's not a "yes" or
4 "no" answer. So that the exercise is geared to, as we
5 call it, a "Maturity Assessment" of where are you on a
6 scale? We've set for ourselves, as Salim said, 2 as a
7 minimum, and 3 as the target. So, from our perspective,
8 you know, we're shooting to be a 3, and we would kind of
9 ultimately regard that as being compliant. So, coming out
10 of this exercise, we have the remediations necessary to
11 move us to that Level 3.

12 If I turn now to the next slide, the
13 Slide 23, then the final point in this process, which is
14 the reassessment that's defined in the Settlement
15 Agreement, we were planning to perform in the fall, after
16 we completed the transition from Granite State. And, in
17 that instance, then, the -- it then becomes a question of
18 "what is the most appropriate form for that assessment to
19 take?" So, we've had some discussions with PwC about how
20 we would undertake that assessment, because, at this
21 point, we want to actually start testing the controls
22 we've defined through 27001 and through our own work
23 coming out of this Maturity Assessment. At that point, we
24 would be wanting to perform some type of specified

1 procedures test to ensure that the controls were actually
2 being, you know, were operating as planned.

3 So, I want to allow my other -- the
4 other person we've invited here from PwC, Jennifer, who
5 has the expertise in this area, to discuss and describe
6 how we would plan to perform this final assessment.

7 CHAIRMAN IGNATIUS: And, before you
8 begin, let me just say, I have to step out briefly for
9 something else. I'll be back. And, Commissioner Scott
10 will preside in my absence.

11 MS. JOHNSON: So, maybe before I get
12 started, just a moment to introduce myself to all of you.
13 I'm an Insurance Partner with PwC Canada, based in
14 Toronto. I specialize in providing audits and reviews of
15 IT controls in particular, and I work significantly with
16 the utilities in the technology sectors over the last 16
17 years. And, really, the goal is to provide both internal
18 and external stakeholders, such as regulators, with
19 comfort over the design and the effectiveness of internal
20 controls in the IT space.

21 As John mentioned, the reassessment plan
22 for the fall is proposed to be a specified procedures type
23 engagement, that is also commonly called an "agreed upon
24 procedures engagement" in the U.S. So, some folks may be

1 more familiar with that particular term.

2 It is a flexible review option, where
3 Liberty and the Staff can really define the scope of the
4 internal controls to be evaluated, as well as the period
5 of time over which those controls will be evaluated for
6 their effectiveness, *per se*. The procedures can very
7 easily be aligned from the 21 control statements that
8 Salim mentioned as an extension of the Maturity Assessment
9 that is currently ongoing. So, this dovetails quite
10 nicely with what's already in process.

11 Additionally, Liberty and the Staff have
12 the ability to determine both the nature and the extent of
13 the test procedures to be performed here. And, what I
14 mean by that is, the nature of the tests, what type of
15 test procedure or audit type procedure would be performed.
16 Whether it be observation of the performance of a control,
17 inspection of evidence that a control has been performed,
18 or, in some cases, actually re-performing a control to
19 ensure that the same outcome was derived. So, these are
20 the different types of nature of the tests. And, the
21 extent of the test, how many samples would be selected?
22 How far do we want to take this test? And, again, over
23 what period of time do you want to conduct this test? The
24 specified procedures type engagement has a lot of

1 flexibility around it, so you can really customize it to
2 the focus areas that are pertinent in this example.

3 The last part really is the independent
4 third party assessor. And, that is where the third party
5 firm comes in to actual execute those specified
6 procedures, and report those in a fact-based pattern, I
7 applied the tests that were described. And, here are the
8 results that we saw. Those results are provided in great
9 detail, such that both Liberty and the Commission, the
10 Staff, can evaluate the impact of those results on the
11 organization. This type of report is issued under
12 accounting standards, both in the U.S. and in Canada.
13 And, so, it must be performed by Certified Public
14 Accountants.

15 John, I don't know if you had anything
16 you want to add to that?

17 CMSR. SCOTT: Before you continue, can
18 you give us an example what kind of test you're talking
19 about?

20 MS. JOHNSON: Sure. So, if one of the
21 control statements --

22 (Court reporter interruption.)

23 MS. JOHNSON: If one of the control
24 statements were to say that "users of the environment must

1 have a formal request and must be authorized by an
2 authorized approver before access is granted to the
3 environment", so, safety of the active directory network,
4 then we would select a sample of users that were granted
5 access during the period of the review, and make sure that
6 that request form had been in place, that there was an
7 approval, the approval came from an authorized person, and
8 the approval was received before the access was granted.
9 That is the type of control test that you might apply to a
10 security control, such as the ones that are being
11 evaluated here.

12 CMSR. SCOTT: Thank you.

13 MR. LOWSON: So, that really covers the
14 description of the 2014 work that we have planned. The
15 other question that was raised that we thought it was
16 worth just pulling a slide together. So, if I could go
17 back to the beginning of this, we commissioned -- I mean,
18 at time of the Settlement Agreement, the concept of our
19 network security was, you know, an important topic. So,
20 this is the origin of this commitment. We had PwC perform
21 a network architecture assessment. So, they're looking at
22 how we had designed the network. And, I just put this in
23 context. Back in early 2012, we were anticipating quite
24 significant growth in our network due to the acquisitions

1 that Liberty was undertaking. So, we knew that this thing
2 was going to grow, and we needed to perform repeated
3 assessments, which is what we committed to do and what we
4 are doing here.

5 So, 2012 consisted of both a network
6 architecture assessment, with associated recommendations,
7 as well as a vulnerability assessment of devices in our
8 network. And, then, in 2013, we basically re-performed
9 the vulnerability assessment, plus some of the other
10 components, and essentially take a kind of check on what
11 our progress had been between 2012 and 2013.

12 So, I'll let David Carleton, who oversaw
13 that work, describe what happened in 2013, and what the --
14 really, what the comparison was between 2012 and 2013.

15 MR. CARLETON: Good afternoon. Can
16 everybody hear me okay? Okay. So, the 2013 assessment
17 was, as John mentioned, grew out of the 2012. And, we
18 continued some parts of that assessment, which were the
19 network architecture design and the vulnerability
20 assessment. We added two more sections to that to monitor
21 what we did in 2012, its findings. So, one of the
22 findings in 2012 is that we needed to have configuration
23 standards for our network and server architecture. So,
24 they did an assessment of our configurations against those

1 standards. And, they also performed an assessment of our
2 DMZ plan, which we had implemented previously, but we're
3 continuing on a three-phase approach for that.

4 So, the comparison of the two results
5 were significantly improved in 2013. We had a per device
6 move down from a 74 vulnerability or 73 vulnerabilities
7 per device, down to 6. So, that was over 74 percent
8 improvement in our total vulnerabilities identified. We
9 had five items come out of our 2012 report, high-level
10 findings. And, then, we had four. Three of them in 2012
11 are high, two of them were this year were low -- or, I
12 mean, high. And, then, we had two mediums to correspond
13 to mediums from the following report.

14 The key findings that we had in 2013
15 were around our configuration standards weren't following
16 close enough our current standards. Now, that doesn't
17 mean that our current standards were supportive enough of
18 the environment. We needed to do more, based on device
19 usage, customization of our standards. So, an example of
20 that would be a Web server for Windows has different
21 configuration standards than an application server,
22 however, we kept them in one single standard. And, we
23 want to make it over two to make those two different use
24 cases. So, we'll be modifying those ones.

1 So, the first part in the security is
2 always document, second part is understanding a little bit
3 better, and then put improved standards in place. And,
4 so, that's where we'll be working on that area.

5 Our patching, we had a finding that we
6 needed to have a better patching strategy; we implemented
7 that. As always, as everybody knows around here, we
8 probably have security patches coming up daily and weekly.
9 So, we have a cycle of going through that. As of last
10 weekend, we did all of our patches in our major ERP and
11 CIS environment when we did the May 16th upgrade. So,
12 we're up-to-date on our patches as best we can be in this
13 vulnerable environment we're in today.

14 The third finding was around new
15 hardware and software deployment. So, we want to make
16 sure that, when we put in new networks, that these
17 standards are adhered to and that they're checked, and
18 that was something that we're working on. And, we did
19 that and completed that item.

20 The fourth item was around the -- we
21 sometimes acquire assets and purchases. And, sometimes
22 these assets will have end-of-life issues and other type
23 of items. So, we have looked at those ones, except for a
24 metering software in a neighboring state that we purchase

1 the utility, we will be putting them onto our overall
2 metering solution. But, for now, we segmented that
3 solution from our network, and also realized it had some
4 issues with end-of-life. But it's going to be replaced in
5 an 18-month to 24-month time frame, and we just mitigated
6 it that way, as opposed to try to put in a brand new
7 metering system currently.

8 The final one of the findings was
9 implementing our DMZ. It wasn't findings that say from --
10 just take a look to make sure you're still making progress
11 in your DMZ strategy. And, we are, we're on time for
12 that, and we just have to continue with that particular
13 approach.

14 So, all in all, it was a positive 2013
15 report versus 2012. However, we still have to
16 continuously improve the security and improve some of
17 those items, like making sure we have improved
18 configuration standards.

19 MR. LOWSON: So, that completes what we
20 were planning to present. I would just run through the
21 questions, to make sure that we've counted them all off.

22 CMSR. SCOTT: Please do.

23 MR. LOWSON: So, I mean, I won't read
24 them all out, but I'll summarize. So, the first question

1 was, have we undertaken an assessment of server
2 infrastructure and data network other than 2012 and 2013
3 assessment? So, yes. The Maturity Assessment that we
4 just described is the additional piece performed this
5 year. And, the answer to the second question, it was not
6 self-performed. It was performed by PwC. And, then,
7 1(c), the consequences for non-compliance findings as I
8 described would be remediating those items where our
9 maturity on the scale that we described is below a 3, and
10 remediate those prior to the reassessment that we just
11 discussed, performing upon completion of the IT migration
12 plan.

13 So, the second question really speaks to
14 what standards we followed, and the relationship between
15 that standard and the ISO 27001. So, again, as we
16 described, the network security architecture assessment
17 was the basis upon which we got input into our network
18 design and the features necessary to incorporate into the
19 design to make the network secure. 27001 is a management
20 standard. So, that's the basis that we used to derive the
21 control statements that kind of sit on top of the actual
22 network itself, if you like. So, I think it's kind of
23 like the American, I know has statements around leading to
24 combine risk-based and compliance-based approaches, and,

1 to me, this is kind of the same thing.

2 So, "did the 2013 assessment assess
3 compliance with the ISO 27001 standard?" No. As we've
4 just described, it was a repeat of the vulnerability
5 assessment, and, obviously, it was designed to review and
6 build upon the progress from 2012. So, the 2014
7 assessment that we're doing now gets directly at
8 compliance with the 27001 standard.

9 Question 4 asks about the 2013
10 assessment. I believe we answered that in the slide.
11 And, we've also provided the report from that assessment
12 in answer to data requests.

13 So, Question 5, I mean, I can go through
14 these, if necessary, but I think we answered Question 5 in
15 our slides.

16 And, Question 6. So, yes, Question 6,
17 yes, we do plan to provide a draft of the RFP, and also
18 the list of third parties that will be contacted. We're
19 very willing to do that.

20 Question 7 was about a term that was
21 used in one of our documents, "ONTRAAC". ONTRAAC is the
22 name of an IT application, which we use to capture both
23 our automated and manual controls data. So, it just
24 assists us with capturing both kind of alerts from our

1 network, as well as results from manual controls.

2 So, Question 8 asked -- we submitted a
3 project plan in answer to a data request that laid out the
4 2014 activities. So, Question 8 is asking us to provide
5 updates to that plan. So, we'll do that as a -- through a
6 data request. But, in essence, the plan -- the plan that
7 was submitted was as of late February. So, the updates
8 would be -- it's, obviously, to show the tasks that have
9 been completed, to move the Granite State conversion date,
10 because in that plan it was shown as Memorial Day, and
11 then add the detail associated with the tasks around the
12 reassessment coming up later in the year.

13 And, then, Question 9 is asking "what
14 assurance can Liberty provide to the Commission that it
15 will engage a third party to conduct an independent
16 assessment?" And, as I said, you know, we're committed to
17 doing that. And, we'll, you know, we'll share the draft
18 RFP with Commission Staff prior to its issuance.

19 That really completes what we had to
20 say.

21 CMSR. SCOTT: Okay. Thank you. And,
22 any questions from the OCA?

23 MS. HOLLENBERG: Yes. Thank you. One
24 moment please.

1 (Short pause.)

2 MS. HOLLENBERG: The Settlement
3 Agreement in the merger docket, specifically Section --
4 I'm trying to find -- Section D.2(c) of the Settlement
5 Agreement, required the Company to get a "network security
6 compliance with International Organization for
7 Standardization Standard 2700-1 (Baseline Assessment) will
8 be performed prior to the Closing Date". That did not
9 happen, is that correct?

10 MR. LOWSON: Correct.

11 MS. HOLLENBERG: Okay. That hasn't
12 happened yet, right?

13 MR. LOWSON: Well, our Maturity
14 Assessment we regard as being the completion of the
15 definition of the baseline, if you like. So, the Maturity
16 Assessment does assess compliance, as we described, on a
17 scale of, you know, it's actually zero to 4.

18 MS. HOLLENBERG: Uh-huh. And, the
19 Maturity Assessment is done at this point in time?

20 MR. LOWSON: I mean, the work is
21 completed. You know, we've circulated draft reports.

22 MS. HOLLENBERG: Okay. So, the
23 compliance with that requirement hasn't been accomplished
24 yet, it is under -- in the works?

1 MR. LOWSON: Correct. Correct.

2 MS. HOLLENBERG: Okay. No questions.

3 Thank you.

4 CMSR. SCOTT: Any questions by Staff?

5 MR. WIESNER: I'd like to invite our
6 consultants from G3 to take first crack at questions, and
7 then we may have follow-up.

8 MR. CONNOLLY: Following up on Rorie's
9 question, about the security assessment baseline report,
10 it's our understanding that PwC's 2012 work and 2013 work,
11 which result -- both of which resulted in reports to
12 Liberty, don't go to satisfy the requirements in that,
13 that Rorie just mentioned, is that right?

14 MR. LOWSON: Correct.

15 MR. CONNOLLY: I wanted to clarify a
16 comment that David made about the 2013 assessment. That
17 was conducted in July 2013 by PwC?

18 MR. CARLETON: Correct.

19 MR. CONNOLLY: The work that -- that was
20 the technical work that assessed the assets and resources
21 of Liberty, it was in July of 2013. The conversion of
22 EnergyNorth Gas to the Liberty system happened in
23 September 2013, is that right?

24 MR. CARLETON: Correct.

1 MR. CONNOLLY: We've had some
2 discussions about these control statements that PwC has
3 been asked to review in the current network assessment,
4 that is the 2014 work. We understand those to be
5 involving access control and network security management
6 within the ISO 2700-1 standards, four control statements.
7 And, as we look at the ISO standard, it's a family of some
8 114 control statements, of which Liberty has chosen these
9 four to work on with PwC. Some of those that are not
10 being addressed, and, as we understand PwC's work, we
11 don't see that there is focus on the ISO standard for
12 leadership, for policy, planning, risk assessment,
13 operations planning and control, performance evaluation,
14 and improvement. "Improvement", meaning continuous
15 reinforcement of the mechanisms, and looking at security
16 problems and looking at the systems, finding problems,
17 finding intrusions, repairing them, so on and so forth.

18 So, as we look at the work that PwC has
19 been assigned to do, we think that their approach of
20 focusing on these network control statements is probably
21 very good. We don't quite have a handle yet on what the
22 21 control statements are that are in its methodology. We
23 expect to have access to that information when we get the
24 report that Liberty is currently reviewing for PwC. But

1 what we understand from our discussions is that the other
2 parts of the ISO standard are not within the purview of
3 PwC, as has been assigned to Liberty. That's some of the
4 questioning behind "Where will the other aspects of the
5 compliance review for compliance with the standard, where
6 will those come? Will Liberty do those independently?
7 Will Liberty do those through another engagement with
8 another third party assessor or evaluator?" And, those
9 are why we come across with additional questions that we
10 don't yet have answers for, relative to the Settlement
11 Agreement requirement to have the IT world at Liberty
12 assessed against the ISO standard.

13 MR. LOWSON: Can I respond?

14 CMSR. SCOTT: Please do.

15 MR. LOWSON: Yes. So, I think, I mean,
16 for context, we -- this piece of work arose as a result of
17 the Settlement Agreement. And, we believe that the
18 language in the Settlement Agreement is clear, in terms of
19 its network security. And, so, we've selected those
20 aspects of ISO 27001 that relate to network security as
21 being the scope of this, of this piece of work. But I
22 think it's important to understand that this is not the
23 only -- these are not the only IT controls that Liberty
24 has. We have, you know, we're a publicly listed company,

1 we have various compliance obligations. So, we have an IT
2 controls environment. And, I think, as folks might be
3 aware, there are various standards that I've used around
4 IT controls. Obviously, COBIT being one.

5 (Court reporter interruption.)

6 MR. LOWSON: COBIT.

7 MR. CARLETON: C-O-B-I-T.

8 MR. LOWSON: So, the choice of ISO
9 27001, specifically to derive the network security
10 controls, I believe has its origins in the view that that
11 was an area where COBIT was not so strong. So, ISO 27001
12 tends to be used as a source of control frameworks
13 specific to network security.

14 MS. KNOWLTON: And, I would just like to
15 add to that that my understanding is is that, I mean, the
16 Company has been talking to G3 about the scope of this
17 next phase. And, that there's a divergence of opinion
18 about what the Settlement language means and what it
19 requires. And, I think the position that none of us want
20 to be in is conducting that assessment, and then having
21 someone later say "Jeez, we don't think that measures up."

22 And, so, I think what we would like is,
23 and we would welcome the opportunity, whether, you know, a
24 representative from the Staff that sits with the Company

1 and G3 and reaches some consensus on what that scope is.
2 I think we're open to that process. But I think we don't
3 want to leave that issue open, and we'd like some
4 resolution to that. And, that's one suggestion about how
5 to get there.

6 MR. PASIEKA: Yes, Commissioners.
7 Further to that, you know, on Page 22 of the Settlement
8 Agreement, and I'll just read a little section here just
9 to -- it says "the Liberty Utilities Family of Companies'
10 network security" -- I'm sorry. "To ensure the security
11 and integrity of Liberty Utilities Family of Companies'
12 server infrastructure and data network, a third party
13 security assessment of the Liberty Utilities Family of
14 Companies' network security compliance with the ISO 2700-1
15 (Baseline Assessment) will be performed prior to closing.
16 Any instance of non-compliance," blah, blah, blah, blah,
17 blah.

18 So, it's very clear in the Settlement
19 language that it was very specific, 2700-1, for the
20 network security component, not the complete standard,
21 which would have these other controls in it. So, this is,
22 I think, forms the basis of our dialogue here. You know,
23 it seems very clear in the language, it also, in the
24 language, references the engagement letter that we had

1 with PwC on 2012. It's actually attached to the
2 Settlement document. So, from our perspective, it's very
3 clear as to what the scope was, and also very clear, from
4 the dialogue and the attachments with the PwC document, as
5 to what we were planning on doing.

6 And, you know, I'm here to tell you that
7 we did execute around, you know, engaging them and getting
8 that -- that early work done, consistent with the letter
9 that was attached to the Settlement Agreement.

10 CMSR. SCOTT: Anything more from
11 Liberty, before I go back to G3?

12 (No verbal response)

13 CMSR. SCOTT: You had more, Mr.
14 Connolly?

15 MR. CONNOLLY: I was going to say,
16 Commissioners, that, in our discussions with Liberty and
17 with PwC on that same discussion, we've offered and
18 extended the willingness to participate in a collaborative
19 effort or a give-and-take back and forth, whatever it
20 takes to get the scope ironed out before work gets done,
21 and would have to be redone. We also believe that we
22 should scope this thing properly and then go forward.

23 As regards the engaging -- the
24 engagement letter with PwC that Mr. Pasioka referenced, if

1 we look through that engagement letter, you will not find
2 any reference at all to the ISO standard. You won't find
3 any reference at all to the server infrastructure and data
4 network security assessment. It's just not there. So,
5 the adequacy of that to discharge the obligation, you
6 know, we just don't find that that was -- that that was
7 part of the engagement that PwC was being recruited to do
8 at that time. I apologize for talking so fast.

9 MS. KNOWLTON: I have one response to
10 that, if I may?

11 CMSR. SCOTT: We'll let Steve catch up.
12 All right.

13 MS. KNOWLTON: I think our -- the
14 historic piece of this, our point in bringing this up, is
15 that, from the Company's perspective, it was clear about
16 what it was doing. You know, the PwC engagement letter
17 was attached to the Settlement Agreement that was filed.
18 And, then, when the work was completed, it was filed with
19 the Commission, actually, it was submitted to the Staff,
20 the security assessment report pursuant to that 2012
21 engagement letter, and the Company's response was filed
22 with the Staff on June 28th, 2012. And, subsequently, in
23 the Fall of 2013, there were issues that were raised about
24 the scope of that work that was conducted. And, honestly,

1 my understanding is that the purpose of that 2012 work was
2 to establish a baseline in the system at that time. We
3 can't go back and do something different than what was
4 done. So, what was done is done. And, I think Mr. Lowson
5 has described in detail, along with the representatives of
6 PwC that are here today, the work that's being done now
7 for the Maturity Assessment and what is to be done. And,
8 I think what we're wanting to convey is that we wanted to
9 make sure that, for the pieces that remain, that it is
10 what the Commission is looking for, and having clarity
11 about that. And, again, inviting the Staff to come to the
12 table with G3 and the Company to sort through what that
13 is, to the extent that there is a divergence of opinion.

14 CMSR. SCOTT: So, before I relinquish
15 back to the Chair, --

16 CHAIRMAN IGNATIUS: Keep going.

17 CMSR. SCOTT: -- so, it sounds like
18 everybody is in agreement, I haven't heard from Staff yet,
19 but it sounds like everybody thinks it's good to have a
20 sit-down to make sure everybody is agreeing on the next
21 steps before anybody continues to work on something that
22 may be in the wrong direction?

23 MS. KNOWLTON: I think that's right. I
24 think the discussions so far have been between the Company

1 and G3. And, we'd like to invite the Staff to the table
2 to join in that discussion.

3 CMSR. SCOTT: And, maybe the OCA?

4 MS. KNOWLTON: Anyone who wants to join
5 us is welcome.

6 CMSR. SCOTT: All right. Thank you.
7 Anything else from Staff?

8 MR. WIESNER: We're all set.

9 CMSR. SCOTT: Well, I have some
10 questions. Well, you just answered one. I'm just
11 curious, on your assessments, do you also look at the --
12 you have your, my words, network policies you're looking
13 at. Do you also, looking at the vendors, we mentioned
14 earlier this morning, you have vendors that process
15 different billing aspects and payment aspects, how do you
16 look at the integration for them?

17 MR. CARLETON: I can speak to that. All
18 of our vendors must sign a third party security affidavit
19 as part of their contracts. And, part of that is the data
20 security, they must protect their source, we have the
21 right to audit. They must have encryption, they must have
22 information detection and prevention programs in place,
23 they must have logs and so forth and so on. It's about a
24 three-page document, and we make them sign that.

1 CMSR. SCOTT: And, do they do third
2 party audits of their systems --

3 MR. CARLETON: Well, they will all,
4 because they will do the SOX compliance ones. So, they
5 will do that affidavit. That's what we request of them.
6 But we also, and I shouldn't say this, but, if we get a
7 request for something special from a regulator, they have
8 to adhere to us for that, we put that in as well.

9 CMSR. SCOTT: Well, that's good to know.

10 MR. CARLETON: I didn't say that.

11 CMSR. SCOTT: And, your documents
12 mentioned a "DMZ". Is that -- are we talking "firewalls"?
13 What are we talking about?

14 MR. CARLETON: Pardon.

15 CMSR. SCOTT: I'll restate. Some of
16 your documents reference a "DMZ".

17 MR. CARLETON: Demilitarized Zone.
18 That's our shared area of protection between applications
19 we want to be outside of our area, as well as applications
20 inside. So, we like to have that. So, if we're dealing
21 between companies as well, or as we have -- if we had a
22 website that we were hosting internally, it would be
23 there.

24 CMSR. SCOTT: Thank you. And, you

1 mentioned, it sounds like, for 2012, you did what you're
2 terming a "baseline", or at least that was the intent, if
3 I understood right, and 2013, looking at it again in 2014.
4 Is there an expectation it will be an annual assessment?

5 MR. CARLETON: That is something we
6 would like to engage with Staff on. This year, we were
7 looking at doing the ISO 27001 compliance assessment, as
8 opposed to necessarily a network assessment for
9 vulnerabilities. That was our plan. But we will relook
10 at that this year, based on discussions.

11 MR. LOWSON: If I could just add a
12 comment. There's -- I'm sorry. As you, I think, are very
13 well aware, this is a pretty evolving field. So, we are
14 in conversations with regulators in a number of the states
15 in which we operate, and, obviously, cybersecurity
16 regulations, and plans are being put forward. So, I
17 think, you know, our view is that we've got, both from a
18 controls perspective, and then the kind of risk
19 assessment, you know, we've got the kind of base -- the
20 base program in place. But we fully expect that that will
21 need to adapt as the world moves on.

22 CMSR. SCOTT: And, you've kind of
23 touched on it, perhaps it was Mr. Carleton on the phone, I
24 know we went to --

1 MR. CARLETON: Correct.

2 CMSR. SCOTT: -- some of our team went
3 to Liberty, and --

4 MR. CARLETON: You missed my beautiful
5 face.

6 CMSR. SCOTT: And -- true.

7 (Laughter.)

8 MR. CARLETON: I didn't know what else
9 to say.

10 CMSR. SCOTT: So, it is -- cybersecurity
11 of your SCADA controls is certainly of interest to us
12 also.

13 MR. CARLETON: Sorry, yes. And, we
14 perform assessments on that environment as well.

15 CMSR. SCOTT: Great.

16 MR. CARLETON: And, we would --

17 CMSR. SCOTT: I didn't hear your last
18 statement?

19 MR. CARLETON: And, we would be willing
20 to share that in a confidential session with you.

21 CMSR. SCOTT: Thank you. That's all I
22 have.

23 CHAIRMAN IGNATIUS: I did have a
24 question. If this has already been covered, somebody wave

1 at me and I'll get it elsewhere. On Page 24, under
2 "Acquired IT Assets", the left-hand column, it says it's
3 been "completed except for a Massachusetts database which
4 was mitigated through segmentation." If that hasn't
5 already been discussed, can somebody tell me what that
6 means?

7 MR. CARLETON: I will recap it.

8 CHAIRMAN IGNATIUS: Thank you.

9 MR. CARLETON: As you know, we purchased
10 New England Gas. And, they have a metering database there
11 that they're using. And, we weren't -- and, we weren't
12 happy, and neither was PwC on the assessment, with it,
13 because it's a little bit antiquated in its technology,
14 and it had some security concerns. So, we are going to be
15 replacing that with our own metering solution when we put
16 our suite of applications in there. And, at this point,
17 we segmented it on the network to protect it. And, we're
18 not going to upgrade the software, because it's going to
19 be 18 to 24 months by the time we replace it, so, it's
20 just not worth that investment.

21 CHAIRMAN IGNATIUS: What implications
22 does that have on the EnergyNorth system?

23 MR. CARLETON: That resegmentation
24 separates it from that area. So, we will separate it from

1 that, from all of New Hampshire -- it's separated from
2 ourselves, it's separated from New Hampshire, EnergyNorth
3 and Granite State. It's separated from our other
4 companies that we have in the other states.

5 CHAIRMAN IGNATIUS: Thank you.

6 MR. CARLETON: You're very welcome.

7 CHAIRMAN IGNATIUS: All right. It
8 sounds like that completes the --

9 MS. NOONAN: I'm sorry.

10 CHAIRMAN IGNATIUS: That's all right.

11 MS. NOONAN: I just had one follow-up
12 question that I don't think we covered. And, I don't know
13 where this falls, in terms of your assessment. But could
14 you please address how or what standard or what process
15 you have in place to protect sensitive customer
16 information, such as Social Security numbers, banking
17 account numbers, and so forth?

18 MR. CARLETON: Well, I'll start off
19 with, we don't keep banking information. That was a
20 strategic decision for us. That is at Fiserv, that --
21 they process our payments. They are professionals, and
22 they have to go through all the audits there, POS, and
23 everything else. And, they look after all of that
24 customer credit cards, the bank account information, for

1 the payments that are processed.

2 The other parts of it are protected from
3 our -- we have basic controls around access controls that
4 we do with our ITGCs, which are --

5 (Court reporter interruption.)

6 MR. CARLETON: ITGCs, IT General
7 Controls, that we must do to be traded on the New York
8 Stock Exchange as it relates to making sure people can't
9 get access remotely into our system, so making sure that
10 we protect the data at rest. So, we use those controls.

11 MS. NOONAN: So, that access component,
12 does that fall under one of the four ISO 2700-1 standards
13 that PwC is going to be looking at?

14 MR. CARLETON: We use the COBIT standard
15 for that, because that's what our audit audits us against.
16 They don't audit us against ISO. They audit us against
17 COBIT. So, we would always use the COBIT standard there.
18 We wouldn't want to have duplicate standards, which costs
19 us and our ratepayers more money, to have a standard for
20 ISO that we have to maintain, plus the COBIT standard.

21 MS. NOONAN: And, how do those standards
22 compare? Are they comparable or is one more stringent
23 than the other?

24 MR. HASHAM: If I can just answer that

1 one. So, think of ISO as a principles-based standard. It
2 will tell you that you need to govern access control, but
3 it will not tell you how to do it. Think of COBIT, and
4 other technical standards, as being subordinate, in that
5 they -- they're very prescriptive in what you should
6 implement and how you should measure effectiveness. So,
7 actually, the two are coexistent.

8 MS. NOONAN: Thank you.

9 CHAIRMAN IGNATIUS: That appears to
10 conclude the security assessment section. There's one
11 more section in the Company's submission on IT transition.
12 And, that's, obviously, a critical issue that all of us
13 are concerned about. What I would suggest is that we take
14 a break for the sake of the court reporter, and everybody
15 stretch a bit, and then we finish up.

16 (Brief off-the-record discussion
17 ensued.)

18 CHAIRMAN IGNATIUS: All right. So, why
19 don't we try to resume at, it's 3:30 now, to resume at
20 3:40, be back here and finish up.

21 (Recess taken at 3:30 p.m. and the
22 hearing resumed at 3:45 p.m.)

23 CHAIRMAN IGNATIUS: All right. We are
24 back for the final phase of this. Talking about the IT

1 transition planning and testing status. And, I guess, who
2 is going to lead off on this? Mr. Pasieka?

3 MR. PASIEKA: John Lowson is going to
4 lead us.

5 CHAIRMAN IGNATIUS: Thank you.

6 MR. LOWSON: So, yes. I've been coached
7 enough now.

8 (Referring to use of the microphone.)

9 MR. LOWSON: So, we thought, obviously,
10 given the topics at hand here, it would be appropriate to
11 provide a status on the electric conversion. I don't -- I
12 mean, we can go into a lot more detail in questions, but I
13 kept the slide fairly high level. So, on Slide 26, we
14 kind of summarize the status by the various work streams.
15 And, so, "CIS and related" is the first row. And,
16 that's -- what's in that work stream is kind of most of
17 what we've been discussing today. So, it includes the
18 Cogsdale Customer Information System, the Cisco IVR, the
19 ITRON metering systems, and the Fiserv bill print and
20 payment systems. The "EDI and Settlement" are closely
21 related to customer -- to CIS. So, there is a, obviously,
22 a customer choice component to Granite State. So, the EDI
23 System is the means by which we exchange transactions at
24 the retail level with the market -- I mean, between the

1 retail market participants and ourselves. And, then,
2 settlement is the solution by which we provide the
3 information that we're obligated to provide to ISO-New
4 England from a wholesale settlement perspective. The rest
5 of the work streams here are, obviously, very important,
6 but they're less relevant to the conversation that we're
7 having today.

8 So, "Work Management" is the system that
9 interacts with Cogsdale and gets service orders and other
10 types of work orders distributed out to our field
11 workforce, ultimately through kind of mobile devices in
12 their trucks, and then closure information associated with
13 those work orders feeds back into the CIS system.

14 The "GIS, Quadra, OMS, FORTIS", those
15 are all essentially kind of around engineering and --
16 engineering and operations applications. Obviously, the
17 OMS is the Outage Management System. So, that has a very
18 critical customer component to it. It sits in this work
19 stream, because it's related to our GIS, our Geographic
20 Information System. But it's also -- it also interfaces
21 with the CIS, which is where it gets its customer data
22 from. And, then, the IVR, obviously, is the primary means
23 by which customers interact with that Outage Management
24 System.

1 Then, finally, the SCADA systems, which,
2 you know, are relatively separate work streams, and,
3 obviously, not directly related to the customer system
4 implementation.

5 So, to give you the status at a high
6 level, I mean, as a precursor step, and we touched on this
7 two or three times today, there's a version of Cogsdale
8 that we recently implemented for EnergyNorth. And, we've
9 been referring to as "Version 11.29", which was
10 implemented in our five regions the weekend before last.
11 So, that version is the version that we will go live with
12 for Granite State. And, we've actually had that version
13 in our test environments since early March. So, we've
14 been testing with that system for the electric accounts
15 since that time.

16 So, the high-level status here is that
17 all the Granite State Electric applications and
18 integrations are in place. We're in our final test cycle.
19 We typically do or we do do four system test cycles, "QA
20 cycles" we call them, followed by a final User Acceptance
21 Testing phase. So, we're in -- we're at 90 percent
22 complete through our final QA test cycle on the CIS and
23 related. And, that test cycle contains around 1,100 test
24 scripts.

1 As mentioned earlier in today's session,
2 each of these CIS conversions includes a number of
3 exercises where we convert the customer data from Grid's
4 system into our CIS system. That's, obviously, a
5 critical -- not just getting the application ready, but
6 getting the data converted is, obviously, a critical part
7 of these exercises. So, we just completed a dress
8 rehearsal this past weekend. And, there is sort of two
9 key components to that, really. One is to ensure that all
10 of the data did convert correctly. So, there are a bunch
11 of reconciliations and checks that are performed at the
12 end of each of these data conversions to satisfy ourselves
13 that we got all the data, that we got all the dollars, we
14 got all the meters and so on and so forth.

15 The other component of it, which in lots
16 of ways is just as critical, is to make sure that it
17 actually fits within -- fits within the timeframe. We
18 have a three-day weekend to do these conversions. And,
19 for both companies, you know, from the point of view of
20 being able to deliver service to our customers, knowing
21 that you can get that conversion fitted within the
22 requisite period of time is critical. So, the dress
23 rehearsal was to be a dry run, if you like, of testing out
24 those components.

1 And, I mean, the results that came from
2 that were that the, you know, quality of the data
3 conversion was satisfactory for what we need. We've got
4 some work to do to get our timings refined, so that we
5 know exactly what starts when, what, you know, we're clear
6 on all the interdependencies, so that we're -- both
7 companies get satisfied that they can undertake all the
8 activities that they need to take within that weekend.
9 So, these are very important exercises to do and put us in
10 good shape for Independence Day weekend.

11 So, what follows from here is, as we
12 said, completing the final QA test cycle, Cycle 4, doing
13 our User Acceptance Testing, which we kick off this week.
14 And, there are other forms of testing that we do. Some
15 performance testing, other forms of testing, just to make
16 sure, or to reduce the risk as much as we can, that all
17 the activities that need to happen once we cutover, you
18 know, are going to be able to get done satisfactorily.

19 From a training point of view, you know,
20 we talked about this earlier, so, given that we were
21 working towards a Memorial Day weekend cutover, and we had
22 started the training for the customer service reps, both
23 the existing EnergyNorth, if you like, customer service
24 reps, who are already provided customer service to our gas

1 customers, do have to learn the sort of electric version
2 of the same job, and plus the incremental staff that Bill
3 Sherry mentioned in his presentation, who are being hired
4 on to, you know, to support us when we're doing both gas
5 and electric. So, some of that training has occurred. We
6 deferred some of it, when we moved the date back to
7 Independence Day. So, we have that to complete by the
8 20th of June.

9 In the EDI and Settlement area, I mean,
10 most of this is really tied to the CIS. So, the testing
11 really goes hand-in-hand. There are some specific aspects
12 of testing that are kind of unique to those applications.
13 So, we're required to test our EDI interaction. If the
14 utility switches over and the retailers all have to kind
15 of retest, if you like, so that process is actually almost
16 complete. And, then, we have a number of cycles where we
17 simulate the end-to-end process of producing all of the
18 data that we need to provide to the ISO with respect to
19 settlement. So, that's -- we've completed four test
20 cycles there, but we have one more to come.

21 And, then, I mean, work management,
22 it's -- you know, we've completed our QA, we're in User
23 Acceptance Testing. That, you know, a piece of that, and
24 in conjunction with the CIS to configure our meter orders.

1 With respect to the GIS and related components, we've
2 completed, I mean, the vendor -- we use Schneider Electric
3 to provide these systems. You know, they provided all the
4 systems long ago. We've done, you know, functional
5 testing, we've done all our integration testing. So,
6 we're ready now. We've got the applications up in the
7 control room, for instance, in a test environment, and the
8 staff are using them. And, we needed to make some
9 adjustments to the GIS data, to -- as we kind of peeled
10 back the way Grid's GIS data is put together, compared to
11 what we need, we discovered that there was some
12 differences in the way it works for its translating into
13 our GIS. So, we're working through making those data
14 adjustments, to ensure that the Outage Management -- well,
15 for a bunch of reasons, but most importantly that the
16 Outage Management System will actually kind of function as
17 it needs to when we're up and running.

18 And, then, with respect to the SCADA
19 systems, again, we're well down the path. We've completed
20 site acceptance testing of the applications. We're
21 working very, very closely with Grid to commission and
22 test all the data points in the electric SCADA network.
23 And, we're very close to completing that commissioning
24 activity, so that we can position ourselves to actually do

1 the -- you know, the hand over of control at some point in
2 June, when both parties are comfortable with that.

3 So, I'll stop there. I mean, obviously,
4 we could go into lots more detail than that. But that's
5 the situation at a very high level.

6 If you flip to Slide 27, I mean, 27 was
7 there just to sort of try to depict the overall process.
8 As we indicate here, we, you know, we're doing remaining
9 stages of Test Cycle 4. And, these are acceptance
10 testing. Training is partially completed, but some
11 remains. And, we have a series of management checkpoints,
12 you know, obviously, we're supporting status on a weekly
13 basis here to monitor progress and satisfy ourselves that
14 we're, you know, we're good to go.

15 And, then, during the cutover weekend
16 itself, there are a series of go/no go decisions of where,
17 you know, between ourselves and Grid, to ensure that, you
18 know, everything is proceeding according to plan, we're
19 both comfortable. And, obviously, there's a, you know, a
20 set of protocols in place, even on that last weekend. If
21 it's determined that we need to back out and not cutover,
22 then, you know, the process is set up to do that.

23 So, I mean, the summary is, you know,
24 we're marching towards that date. You know, we feel very

1 confident about it. There's a lot of momentum. There's a
2 huge amount of effort that I'm sure you can appreciate in
3 both companies. So, you know, we're anxious to get there
4 and get it completed.

5 CHAIRMAN IGNATIUS: Mr. Pasieka.

6 MR. PASIEKA: Yes. I'd just like to add
7 a couple things, if I could, Commissioners. First of all,
8 that go/no go decision, we spent a lot of time working
9 through that. We meet with John on a weekly basis. He
10 does a complete status report. Ian, myself, and the CFO
11 sit in on those meetings. So, we're very engaged right to
12 the top of the house on where he's at, where he's
13 struggling, where he needs some help. And, we work in a
14 very transparent environment. So, if he's got something
15 that's red, he'll declare it's red, and we'll figure out
16 how to solve that for him. So, that's very key.

17 The other thing is, we've done this a
18 couple of times before. So, we've done these conversions,
19 and so we know what it takes. And, I would also say to
20 you that that go/no go weekend, there's usually a
21 checkpoint on Friday night. So, I usually get a call, I'm
22 usually asked to dial into a call on Friday night. And,
23 then, there's another one on Sunday morning, after the
24 data has spent some time converting, just to see how the

1 data converted. And, then, we decide on Sunday morning
2 whether or not we're going backwards or we're going
3 forward. And, so, that's the process that we use. And,
4 Madeleine from National Grid is connected into that
5 process, along with her team.

6 The last time, on Labor Day weekend,
7 too, I also believe that we had a couple of phone numbers
8 from Staff. And, Bill kept the Staff informed through the
9 weekend, and we plan to do that for this conversion, too,
10 so that there's no surprises. No one is waiting to come
11 in on Tuesday morning to know what it is or what it isn't.
12 So, I think there's a pretty transparent process there
13 that we've exercised a couple of times.

14 CHAIRMAN IGNATIUS: Thank you. All
15 right. Should we take questions from OCA?

16 MS. HOLLENBERG: I don't have any
17 questions. Thank you for asking.

18 CHAIRMAN IGNATIUS: Does Staff? All
19 right. Mr. Knepper, do you want to begin?

20 MR. KNEPPER: Yes. I have a question on
21 the -- even though it's not all that important, I guess
22 it's not the CIS system, but I'm worried about the OMS
23 system, because right now you're using National Grid.
24 And, I'm worried about the graphic display that goes to

1 the customers, that kind of goes down to a street level or
2 neighborhood level of where the outage is. I mean, that's
3 what we're used to seeing. Is that still going to be
4 available in the new system?

5 MR. LOWSON: Yes. So, I think the
6 feedback that we've had on -- I think we had some
7 conversations, your group, as I understand, on the -- I
8 don't know whether it was demo or whatever it was, your
9 description, but we got the feedback. We are actually
10 able to modify the way the information is displayed on
11 that website. So, based on that feedback, we're making
12 some modifications to the way that the information is
13 displayed, which I believe, I mean, I haven't been
14 directly involved, but I know that my team are working on
15 that. And, the intent would be to give you an opportunity
16 to see what the end product was going to look like.

17 MR. KNEPPER: Okay. Just my concern is,
18 wait until there's a large, significant widespread outage
19 is not the time to find out that's not what people --

20 (Court reporter interruption.)

21 MR. KNEPPER: When there's a widespread
22 outage in the state is not the time to find out that
23 that's not the information that people want. They're used
24 to going in and looking at it a certain way, and this is

1 one thing that, really, your customers see. And, so, when
2 you disturb things or if it's not exactly the same, we'll
3 get direct feedback here at the Commission. So, I look
4 forward to whatever -- the first cut didn't seem to get
5 down deep enough, maybe the second cut will.

6 MR. LOWSON: Okay.

7 CHAIRMAN IGNATIUS: Other questions from
8 Staff? Mr. Connolly.

9 MR. CONNOLLY: Yes. Excuse me. A
10 question for John, I think, maybe for David Pasieka. The
11 go/no go decision, are there any issues that are hovering
12 in that neighborhood at this time that we should know
13 about?

14 MR. LOWSON: I mean, I don't -- there
15 are always issues. But I don't see any that are of a
16 magnitude that would, you know, be worth going through in
17 any detail at this point.

18 MR. CONNOLLY: So, clear sailing, as far
19 as all indicators are as of now?

20 MR. LOWSON: Yes. I mean, it's -- yes.
21 We're on track. You know, as we've laid out what work
22 remains in front of us, in terms of what we've got left to
23 do, we feel pretty comfortable that we can get through
24 that and be successful.

1 MR. CONNOLLY: Good. Thank you.

2 CHAIRMAN IGNATIUS: Is that it?

3 MR. CONNOLLY: Yes.

4 CHAIRMAN IGNATIUS: Oh. All right.

5 Sorry. Commissioner Scott, a question?

6 CMSR. SCOTT: Thank you. I was just
7 curious. So, it sounds like the dry run over the Labor
8 Day -- Labor Day, excuse me -- the Memorial Day, this last
9 weekend, that sounded like it was productive it sounded?

10 MR. LOWSON: Very productive, yes. I
11 mean, it was very tiring as well.

12 CMSR. SCOTT: And, obviously, and I'm
13 not aware of any other three-day weekends between now and
14 the Fourth of July weekend. But do you plan on doing any
15 other dry run type activity or was really you needed that
16 three-day block?

17 MR. LOWSON: No. I mean, we're not --
18 at this point, we don't see a need to do a repeat of that.
19 I think it gave us the results that we needed.

20 CMSR. SCOTT: Good. Thank you.

21 CHAIRMAN IGNATIUS: Commissioner
22 Honigberg.

23 CMSR. HONIGBERG: How many hours roughly
24 would you say testing did you perform at each of the test

1 cycles?

2 MR. LOWSON: That's a good question. I
3 mean, I could give you a rough order of magnitude. It's
4 probably, in any given cycle, it's probably, you know,
5 eight to ten people, for six weeks on average, something
6 like that.

7 CMSR. HONIGBERG: So, those people,
8 that's their job for those weeks?

9 MR. LOWSON: Correct.

10 CMSR. HONIGBERG: How confident are you,
11 personally, that the IT aspects of this transition will
12 go, I don't want to use the word "smoothly", because
13 that's an unfair word, that it will work correctly over
14 the Fourth of July weekend?

15 MR. LOWSON: Right. So, I'm pretty
16 confident. And, the basis for that is really that we are,
17 you know, if I look at the indicators that I look at, you
18 know, our completion rates on testing, our, you know,
19 defect rates and the rates of clearance of those defects,
20 you know, data quality through the conversions and so on.
21 I mean, the indicators are looking kind of where they need
22 to be. I mean, I say to everyone, you can't ever
23 guarantee no issues. But these are always, you know,
24 assessments that you make based on indicators and the

1 experience that you have of trying to -- of similar
2 conversions. So, based on all those things, we feel
3 pretty confident.

4 CMSR. HONIGBERG: Thank you.

5 CHAIRMAN IGNATIUS: Mr. Lowson, at this
6 point, it sounds like you are verifying that the data that
7 was transferred in the mock process over this past weekend
8 came through the way it was supposed to, correct?

9 MR. LOWSON: Yes.

10 CHAIRMAN IGNATIUS: And, do you have any
11 preliminary analysis to show that it was accurate?

12 MR. LOWSON: Yes. So, the one I -- I
13 haven't got the kind of full, you know, we just finished
14 it last night, but I mean one of the headline numbers is
15 the financial, you do a comparison or reconciliation on
16 various financial amounts out of the two systems. And,
17 the headline financial reconciliations, we call it
18 "control total", matched very, very closely. In fact,
19 more closely than we have in previous versions of this
20 conversion, so -- and, that's a key point, I mean, because
21 that represents a go/no go decision. If you can't get the
22 financials to reconcile, then, obviously, there's a
23 problem.

24 CHAIRMAN IGNATIUS: As you go through

1 all of the findings of that transfer, that mock
2 conversion, will you be notifying the Staff of what the
3 results were?

4 MR. LOWSON: Yes. I mean, what we
5 normally do is we provide, I believe, the monthly status
6 report goes to Staff. So, that would be the means by
7 which we would provide overall status reporting, including
8 that component. I mean, we're very comfortable to
9 providing more information, if that's appropriate.

10 CHAIRMAN IGNATIUS: The monthly, as
11 we're getting down, --

12 MR. LOWSON: Right.

13 CHAIRMAN IGNATIUS: -- we have barely
14 more than a month to go. So, maybe a new system of
15 reporting that's a little more regular would be
16 appropriate. And, I don't know if we want to define that
17 here, but might ask that the Company and Staff talk about
18 that.

19 Similarly, you're about to commence
20 testing on the User Acceptance Testing protocol. That
21 says it's going to go on through -- it's not just a couple
22 of days testing. What does that mean? What goes on over
23 those four weeks?

24 MR. LOWSON: So, again, it's scripted.

1 So, I mean, each test cycle has a defined set of scripts
2 across all the different functions within the system.
3 User Acceptance Testing is primarily designed to give kind
4 of real end-users the opportunity to experience the
5 system. So, the purists would say that it's not, it's as
6 much a test of the user's ability to use the system, as it
7 is of the actual system itself. I mean, the reality is
8 that it's, you know, it's a combination of both. So, it
9 is scripted. And, we make sure that the users have
10 covered all of the relevant system functions through that
11 time. And, they typically borrow scripts that were used
12 in earlier test cycles to conduct that exercise, but
13 they're actually free to, you know, try something, I mean,
14 to try something completely different, if they wish. It
15 can be a more free format, because the earlier stages of
16 testing are where the very structured testing has
17 occurred.

18 CHAIRMAN IGNATIUS: Who are the users
19 here we're talking about?

20 MR. LOWSON: People within the calls
21 team, and then others within our utility here.

22 MR. LEEHR: If I may, I'd like to
23 supplement John's remarks on behalf of the users. A lot
24 of the groups are under my responsibility. It's primarily

1 the Operations group and the Customer Care group. We've
2 had several readiness sessions, two-day sessions, going
3 through extensively some of the gap analysis processes,
4 how the systems will work, and how the users have to
5 address the processes in order to assure accurate and
6 timely reporting and controls. And, for example, we have,
7 in the dispatch center, we have a new bank of control
8 stations for the electric utility, in addition to the gas
9 utility. We have added several Staff in both operations
10 and Customer Service, to address the cutover and the
11 responsibilities coming over to us as a company.

12 I think we've exceeded what was done for
13 the gas conversion with the electric conversion, and have
14 had the benefit of lessons learned from the gas side. So,
15 there's a high degree of confidence from the users' side
16 that the cutover will be successful, both with the past
17 experience, as well as the additional resources dedicated
18 and available. Thank you.

19 CHAIRMAN IGNATIUS: Thank you.
20 Commissioner Scott.

21 CMSR. SCOTT: Just one follow-up.
22 Obviously, it sounds like there was agreement with all
23 parties on the need for a sit-down on the post transition
24 assessment RFP prior to that happening. What's the

1 timing, from Liberty's point of view?

2 (Telephone ringing over the speakers.)

3 CMSR. SCOTT: We're out of time. Sorry.

4 CHAIRMAN IGNATIUS: Let's go off the
5 record.

6 (Off the record.)

7 CHAIRMAN IGNATIUS: Okay. Let's go back
8 to where we were.

9 MR. LOWSON: Yes. I think you're
10 referring to the network security assessment.

11 CMSR. SCOTT: Yes.

12 MR. LOWSON: Yes. So, I think we were
13 targeting to have the assessment performed in September or
14 October maybe. So, we would be looking to have the
15 conversations around scope with someone to be discussed
16 kind of relatively soon. Ideally, within the next month,
17 I'd say, but certainly in July, if not in June.

18 CMSR. SCOTT: Thank you.

19 CHAIRMAN IGNATIUS: Let's go back to a
20 couple more things that still have to happen. On the EDI
21 testing, I assume that's working with the competitive
22 suppliers?

23 MR. LOWSON: Yes.

24 CHAIRMAN IGNATIUS: And, have you

1 already done what you're going to do with them or is that
2 still in process?

3 MR. LOWSON: Yes. There's actually one
4 retailer where this is --

5 (Court reporter interruption.)

6 MR. LOWSON: So, the answer is "yes".
7 Most of it is complete, the testing that has to be
8 performed with the retailers themselves, barring one, as
9 of the last status that I had, which I think was late last
10 week. And, that's really an issue, as I understand it,
11 with that retailer's connectivity to the EDI supplier, and
12 Grid has the same issues with that retailer. And, I can't
13 remember who it is, but -- so, we're close to complete on
14 that.

15 CHAIRMAN IGNATIUS: And, if anyone new
16 is registered by this Commission to take customers between
17 now and then, how do we make sure that they're in touch
18 with you and you're in touch with them?

19 MR. LOWSON: That is a good question,
20 and I don't know the answer to that, to be perfectly
21 honest. And, I could take that as a follow-up. I don't
22 know what the obligations and the time frame are
23 associated with that, because there's obviously some
24 process that they have to go through. So, I'd have to

1 follow up on that.

2 CHAIRMAN IGNATIUS: All right. And, I
3 think we will as well. You had said that one of the
4 positives or reasons to feel confident going into this is
5 that you've been through this a couple of times now. Can
6 you describe what sorts of conversions you've been
7 involved in? How similar they are to this system or these
8 systems?

9 MR. LOWSON: Yes. So, I mean, sort of
10 two pieces to that. In terms of Liberty's experience,
11 this is the -- correct me if I'm wrong, David -- the
12 fourth in kind of recent history, including EnergyNorth as
13 the last of those four. Where, I mean, obviously, each of
14 these conversions has some differences, but the core
15 application set that we're using, particularly in the
16 customer field, it is the same. So, Cisco, Fiserv, --

17 (Court reporter interruption.)

18 MR. LOWSON: Sorry. Cisco, ITRON,
19 Fiserv, and Cogsdale.

20 CHAIRMAN IGNATIUS: And, of the four
21 that have been done, were they both gas and electric?

22 MR. LOWSON: Two gas -- well, three gas,
23 including EnergyNorth, and one electric.

24 CHAIRMAN IGNATIUS: And, were they of a

1 similar size?

2 MR. LOWSON: Yes. So, our CALPECO
3 utility is actually a very similar size to Granite State,
4 I think around 45,000 customers.

5 CHAIRMAN IGNATIUS: Did they involve
6 competitive suppliers?

7 MR. LOWSON: CALPECO did not.

8 CHAIRMAN IGNATIUS: So, --

9 MR. LOWSON: So, that aspect, that
10 aspect of the Granite State conversion, is new; the EDI
11 and the electric wholesale settlement component.

12 CHAIRMAN IGNATIUS: That's something you
13 have not done previously?

14 MR. LOWSON: No, I'm sorry. I have done
15 that in outside of Liberty. But, within Liberty, it's the
16 first time that we're doing an electric conversion
17 involving interactions with competitive suppliers.

18 CHAIRMAN IGNATIUS: All right. And,
19 then, the clarification you were making, that you, for
20 other clients, have done it prior to going to Liberty?

21 MR. LOWSON: Right. I mean, this is --
22 this is the seventh CIS conversion that I've done where I
23 was heavily involved. There have been others where I was,
24 you know, had more peripheral involvement, including

1 conversions that are involving electric, gas, and
2 involving competitive suppliers.

3 MR. PASIEKA: I think, maybe just to
4 supplement that a bit. In addition to John, John is just
5 one guy, we've actually got most of the people, we haven't
6 had any people leave our conversion team. So, the same
7 Cisco tester is the same Cisco tester. And, the test team
8 that we used in the last four conversions is still intact.
9 So, you know, it was good, from our perspective, that we
10 had multiple conversions to move these folks onto other
11 projects. So, we've got a stable of people who have done
12 it multiple times at the detailed nuts-and-bolts level.

13 CHAIRMAN IGNATIUS: One of the areas
14 that went wrong in another large conversion involved
15 customer lists that had to be transferred from one system
16 to another. And, it turned out the customer lists were
17 out-of-date and had misinformation, because they were a
18 month or two old. Is there any risk of that in this case
19 or are you already working the customer lists, that
20 nothing needs to be transferred in that sense?

21 MR. LOWSON: Well, the customer data is
22 part of what is transferred in this, what we were calling
23 the "conversion weekend". So, we take a cut from Grid's
24 Customer Information System at the end of their business

1 day on the last day before the conversion. So, because we
2 have to, we have to get their most current customer data,
3 and specifically we have to get the account balances and
4 so on. So, it's a very standard process in utility CIS
5 conversions. That you basically take the customers from
6 the legacy system, you know, as of the last point of
7 operation, you know, the last meter read, the last bill,
8 the last payment, and then you transfer that, and that
9 forms your -- like your kind of opening balance in the new
10 system.

11 CHAIRMAN IGNATIUS: So, there shouldn't
12 be any way that the data that you start with the moment
13 after the cutover is out-of-date, it's exactly what you
14 came into with it?

15 MR. LOWSON: It's what Grid was using at
16 kind of 5:00 p.m. on Friday of the day before the
17 conversion weekend.

18 CHAIRMAN IGNATIUS: And, on the SCADA
19 systems, on the bottom of your Page 26, you said the
20 cutover of those systems will begin in June?

21 MR. LOWSON: Yes. So, that's a -- I
22 mean, there's a, you know, a technology piece to the SCADA
23 cutovers, and then there's, obviously, the control
24 room-to-control room, the actual transfer of control. So,

1 what we're saying here is this, I mean, if you like, kind
2 of I'm the IT guy. So, we get them into a position where
3 the system is -- the SCADA system itself, the software is
4 in place, the displays are all working. We put all the
5 communications in place around, you know, the devices in
6 the field that we're communicating with, and then we
7 commission. So, the point-to-point testing of each of
8 those. And, that whole process is kind of essentially
9 almost completed. At that point, from our perspective,
10 it's control room-to-control room, where they, you know,
11 they run through their procedures and establish at what
12 point in time they want to do the actual formal handover
13 of control.

14 CHAIRMAN IGNATIUS: Is it correct that
15 you need a full three days to do the transition?

16 MR. LOWSON: Yes.

17 CHAIRMAN IGNATIUS: Does it have to be a
18 long weekend or could it, you know, sort of formal
19 holiday/long weekend, or could it be any three-day block?

20 MR. LOWSON: Well, I mean, in theory, it
21 could be any three-day weekend. But the impact is that
22 the systems on Grid's side are essentially down until --
23 until we get through this thing. So, that's -- so, you
24 know, there's a sequence of events that takes a certain

1 amount of time. And, during that time, the normal
2 operations of call center, in particular, would be
3 impacted. So, I mean, the net of all that is that it
4 needs to be a three-day weekend.

5 Well, I guess, again, in theory, it
6 could be. But, I'm sure, if you ask them to close their
7 call center on a regular -- you don't want to do that.

8 CHAIRMAN IGNATIUS: Because you disrupt
9 all of National Grid's other business?

10 MR. LOWSON: Right. Right.

11 CHAIRMAN IGNATIUS: The National Grid
12 people are nodding emphatically back there.

13 If there were a decision to delay the
14 cutover, either by the Company or by order of the
15 Commission, what harm would that cause? What's the
16 downside to more time to test?

17 MR. LOWSON: I mean, it's really the --
18 from my perspective, it's the, you know, it's the loss of
19 momentum. I mean, in theory, you could do more testing.
20 But, kind of when you're ready, you're ready. And, the
21 real challenge is maintaining the momentum of a team, the
22 impact on the, you know, the user community, the impact on
23 our vendors. I mean, I don't want to make it sound like,
24 you know, they're all just going to walk away. I mean,

1 but that's a challenge that you have. If you, I mean, if
2 you keep postponing, when the -- from the point of view of
3 the people in the project were ready to go, then
4 maintaining that momentum becomes difficult.

5 MS. KNOWLTON: I would add to that that
6 I think we're eager to make this transition this summer
7 and have it done before the storm season comes upon us,
8 you know, because of the systems that are involved. Mr.
9 Lowson has talked about the Outage Management System, and
10 we want to have that up and running July 4th weekend. We
11 don't want to be doing that later on in the year.

12 CHAIRMAN IGNATIUS: Commissioner Scott.

13 CMSR. SCOTT: Real quick. So, am I
14 correct then, for the three-day weekend which the cutover
15 happens, I assume there's no transactions that happen
16 during that timeframe, no bill paying, no EDI
17 transactions, is that true?

18 MR. LOWSON: Correct.

19 MR. SMITH: The customers could pay
20 through any of the various channels existing, customers
21 could pay through the various channels, the files are just
22 held on the server, and they will be processed when we're
23 open for business.

24 CMSR. SCOTT: Okay. In the EDI

1 transactions, how would that work?

2 MR. SMITH: I can't comment on that.

3 MR. LOWSON: I think it -- I'd have to
4 get into the detail, but I believe it's essentially the
5 same process. That they could be transmitted, but they
6 wouldn't be processed.

7 CMSR. SCOTT: And, do the -- the parties
8 that are impacted by that, how do you notify them?

9 MR. LOWSON: Yes. We've already -- I
10 mean, those notifications are already in process.

11 CMSR. SCOTT: Okay. Thank you.

12 CHAIRMAN IGNATIUS: That concludes the
13 questions that we have. I don't know if -- I know the
14 Company had another slide about other achievements. And,
15 I just -- I want to be sure we don't run out of time on
16 sort of the final question of cutover. Well, I might as
17 well tell you, just so that you're not wondering what am I
18 about to say. I think our intention is to review all of
19 the information that we received, and if any of the
20 Company, the Staff or the OCA want to make a
21 recommendation on whether they think the July 3rd cutover
22 date is appropriate, or whether an extension would be
23 appropriate, to submit that in writing. Our preference
24 would be, because I know you're on a time schedule and a

1 lot has got to fall into place, to have those received
2 within, say, a week, if you think that that would be
3 acceptable. If that's too short or too long, I'm happy to
4 hear people's comments. It doesn't have to be a lengthy
5 brief. But, if you do have a recommendation on whether to
6 go forward or not on the date scheduled or to delay, and
7 to what date, we'd want to hear that. It seems as though
8 it's an awful lot to digest to try to do that orally this
9 afternoon, so, we were thinking of written submissions.
10 Does a week cause difficulty for the Company to then --
11 because we then will have to digest what we receive and
12 rule on it?

13 MS. KNOWLTON: I think that's fine. I
14 mean, we're going to continue down the path of preparing
15 for July 4th. That's what we need to do. Full steam
16 ahead. So, we'll submit our comments. And, the sooner
17 that we have a decision, the better. But we need to
18 continue with our preparations.

19 CHAIRMAN IGNATIUS: All right. Thank
20 you.

21 MR. WIESNER: We think it would be
22 helpful, before preparing a final recommendation, to have
23 some more detailed reports back from the Company regarding
24 the results of the dry run that occurred this past

1 weekend, and any problems that were identified, and maybe
2 specific action plans to address those issues, and
3 timelines associated with any necessary action steps.

4 CHAIRMAN IGNATIUS: That before you
5 could make a recommendation?

6 MR. WIESNER: It would aid Staff in its
7 review.

8 CHAIRMAN IGNATIUS: And, is that
9 something that you think could be done in the next couple
10 of days? And, maybe sitting face-to-face, more than
11 filing reports back and forth, I don't know. But --

12 MS. KNOWLTON: We can prepare something
13 and submit it by Friday.

14 CHAIRMAN IGNATIUS: Of sort of major
15 findings coming from your dry run?

16 MS. KNOWLTON: Yes. Yes. We're also
17 happy to have a live discussion, if that's preferable.

18 CHAIRMAN IGNATIUS: All right. I guess
19 I want to leave that to maybe you can talk to each other
20 afterwards on what the best way to do that, is the least
21 cumbersome and most effective way of getting the
22 information, and any follow-up questions people have.

23 Mr. Eckberg, I know Ms. Hollenberg
24 stepped out. But do you have a view on whether a

1 submission within about a week on a recommendation is
2 acceptable?

3 MR. ECKBERG: I think that, of course, I
4 would need to confer with Attorney Hollenberg, but I think
5 that that timeframe is certainly sufficient for the OCA to
6 offer any feedback or recommendation that we would have to
7 the Commission, on what I construe to be -- the purpose of
8 that feedback would be a recommendation regarding the
9 proposed cutover date of July 4th weekend.

10 CHAIRMAN IGNATIUS: Yes. All right.
11 Then, why don't we take you up, Ms. Knowlton, take you up
12 on your offer to have a written report on the mock
13 conversion by this Friday, delivered to OCA and Staff.
14 And, then, if there are any follow-up meetings,
15 discussions, phone calls, leave it to you to work out with
16 the parties on how that's done. And, then, let's ask for
17 any written recommendations on the cutover date to be no
18 later than close of business Wednesday next week, which I
19 think is June 4th.

20 CMSR. SCOTT: Yes.

21 CHAIRMAN IGNATIUS: All right. Thank
22 you for getting that business out of the way, in case we
23 lose people. It's now 4:30.

24 Ms. Knowlton, do you want to have the

1 Company walk through the achievements since the cutover?
2 We may have picked up a lot of those already through the
3 course of the day, but --

4 MS. KNOWLTON: I think we have some
5 brief comments we'd like to offer to wrap things up, if
6 that would be okay?

7 CHAIRMAN IGNATIUS: All right. That
8 would be fine. Thank you.

9 MR. PASIEKA: Okay. Commissioners, in
10 the deck, we did have a series of accomplishments that
11 Dick Leehr was going to walk us through, but, I guess, in
12 the interest of time and wrapping it up. It's certainly
13 been a long and, hopefully, an informative day for
14 everyone around the table. I hope that you would agree
15 that the army of people that we brought here today were
16 certainly transparent, and we provided the information in
17 a concise manner, and we didn't hold anything back. We
18 gave you the good and the bad and the ugly. Less emphasis
19 on the good. There are lots of good things that have been
20 happening in the last nine months, as you can appreciate.

21 We certainly tried to highlight some of
22 those things from a technology change perspective, that
23 needed to happen, that have happened, that will actually
24 make a significant difference. There's some process

1 changes that we identified as a result of the issues that
2 popped up. And, you know, I hope that you would see that
3 we have lived up to that Liberty spirit, which is to be
4 nimble and responsive. And, I think we take this very
5 seriously. And, our customers are paramount in our minds.

6 I think, hopefully, you've also seen
7 that we've moved the needle relative to the billing
8 cycles, the billing accuracy, the posting of the
9 information, repetitive bills. And, I think, through our
10 security dialogue, too, I think you can see that we
11 actually do have a good plan, and we've engaged some very
12 serious people to help us through that.

13 I think we've addressed all of the
14 outstanding issues that were in the various documents.
15 And, as I indicated in the last dialogue, we're quite
16 confident that July 4th is going to be a very appropriate
17 day for Liberty, as we move to Independence Day, and cut
18 the cord, if you will.

19 So, with that, I thank the Commissioners
20 for their time and attention, as well as Staff, G3, and
21 the OCA.

22 CHAIRMAN IGNATIUS: Thank you, Mr.
23 Pasioka. And, that you were right, the army you brought
24 here has been very helpful. And, I know that's a big

1 undertaking for the Company to free up so many people to
2 come on relatively short notice. But it was important to
3 us to have people who knew the specifics as we get to a
4 kind of final decision about cutover. And, the detail
5 that you were able to give today, all of you, was
6 extremely helpful. So, thanks to you for that.

7 Is there anything further to take up
8 this afternoon?

9 (No verbal response)

10 CHAIRMAN IGNATIUS: If not, we'll take
11 all of this under consideration. And, we'll await the
12 final submissions for those who want to make a
13 recommendation on a date. And, we know that time is of
14 the essence, and we will act as expeditiously as we can.
15 Thank you, everyone, for your help today. We're
16 adjourned.

17 **(Whereupon the status conference was**
18 **adjourned 4:34 p.m.)**