

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket No. DE 23-039

Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty
Distribution Service Rate Case
Customer Care

DIRECT TESTIMONY

OF

LAUREN A. PRESTON

May 5, 2023



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1 **I. INTRODUCTION**

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

3 A. My name is Lauren A. Preston. My business address is 15 Buttrick Road, Londonderry,
4 New Hampshire.

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

6 A. I am submitting testimony on behalf of Liberty Utilities (Granite State Electric) Corp.
7 d/b/a Liberty (“Liberty” or “the Company”).

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

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

18 **Q. Please describe your duties at Liberty.**

19 A. I am the Vice President of Customer Care for the regulated utilities across the United
20 States. My duties include setting strategies and policies for delivery of customer care
21 activities for the electric, gas, and water customers in LUSC’s regulated utilities across

1 the United States and New Brunswick, Canada. Our group is responsible for customer
2 billing, customer contact via call centers and walk-in centers, collections,
3 communications, and social media support. In some of our areas, we are also responsible
4 for meter reading and meter data collection. We also serve a substantial role in
5 implementing innovative technologies serving customers and complying with regulatory
6 requirements related to customer care and billing.

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

8 A. No.

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

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

11 **II. PURPOSE OF TESTIMONY**

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

13 A. The purpose of my testimony is to describe Liberty's recent implementation of a modern
14 technology platform, Customer First, that replaced a legacy customer information system
15 and several other technology systems. My testimony also describes proposals for some
16 new programs Liberty believes will improve customer satisfaction.

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

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

1 **III. CUSTOMER FIRST**

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

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

13 **Q. Is the Company the only LUSC that will implement Customer First?**

14 A. No. The program is being implemented on a centralized basis. Project elements, and
15 their costs, will be allocated to the various entities owned by Algonquin Power &
16 Utilities Corporation ("APUC"), LUSC's parent company. Later in my testimony, I
17 discuss further the decision to implement Customer First on a centralized basis.

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

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

1

Figure 1. Customer First Program



2

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

5 A. Both. Across the APUC footprint, Customer First will replace obsolete systems that were
6 becoming increasingly difficult to maintain. In addition to mitigating the operational
7 risks that come with reliance on antiquated systems, Customer First also offers
8 enhancements that will help modernize distribution grids, provide better access to data
9 for customers, and improve the efficiencies with which the APUC utilities plan and
10 operate their systems. Further gains in both areas are created by the simultaneous
11 investment in our employees with corresponding training and work process designed to
12 make the work we perform for our customers and communities better.

1 **Q. How did it come to pass that the APUC utilities rely on so many different, disparate**
2 **systems?**

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

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

21 A. Because an enterprise solution created efficiencies across multiple dimensions. Customer
22 First is an enterprise solution that includes system-wide investments, upgrades,

1 improvements, and changes to business processes across the enterprise. Customer First
2 addresses critical needs across the enterprise by leveraging the capabilities and
3 experience of the organization; upgrades or replaces key systems that have become
4 generally obsolete and costly to maintain; can harness and create large, scalable networks
5 and resources which are accessible and allow for efficiencies; and reduces potential
6 security risks.

7 **Q. Please describe the benefits customers will receive with the implementation of**
8 **Customer First.**

9 A. One of the most impactful customer-facing benefits from implementing Customer First is
10 the opportunity to replace the Company's existing the existing customer information
11 system ("CIS") and billing systems, which were not capable of providing the kinds of
12 services customers want now and in the future. The Company's CIS and billing systems
13 were increasingly obsolete and had not had a substantial upgrade in more than 10 years.
14 Adapting a system of that age to provide more flexibility in the types of services
15 customers expect from a utility today and in years to come would be complicated and
16 expensive. With Customer First and related interfaces, Liberty can offer several new and
17 improved services and share in the development and maintenance efforts of these services
18 across the enterprise. For example, Liberty has been able to redesign customers' bills
19 making it easier to read and understand the cost of the services provided. Liberty also
20 can now offer a digital connection that allows customers to track the status of work
21 orders. Liberty can expand payment options to customers, including online payment,
22 auto-payment, payments at terminals in walk-in centers, and refresh how payments are

1 made by phone via the Interactive Voice Response (“IVR”) system. The system allows
2 for digital channels for customer contact, self-service enablement, supports demand
3 response programs, and has the flexibility necessary for innovative rate design. The user
4 interface enables customers to set up an account profile, monitor their usage, view bills,
5 make payments, see a map of planned outages, and receive alerts. Further, an
6 omnichannel survey platform to collect Voice of Customer (“VoC”) feedback enables
7 Liberty to understand how we are serving our customers and what our customers want
8 from their utility provider. These advances coupled with an advanced survey and
9 feedback system allow us to gather information on how our customers feel about our
10 service and to use their insight to make improvements.

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

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

3 A. Liberty selected SAP's industry-leading enterprise resource planning ("ERP") software
4 system used by large companies including utilities all over the world. The process used
5 to select SAP was based on a comprehensive assessment of customer and employee
6 needs against the capabilities of the software. To implement SAP, Liberty hired industry
7 experts in deploying SAP and paired them with teams of experienced company
8 employees to adapt the system to fit local preferences and requirements. As the design,
9 configuration, testing, and implementation of the system is worked through, decisions on
10 how this would work will be incorporated into research on customer and industry
11 practices, regulatory requirements, and procedures to help streamline work for our
12 employees and make information more accessible for our customers. This design
13 included how information is delivered to our customers in a manner that helps them
14 understand and manage their energy usage. The system was also built with the capacity
15 to adapt to innovative programs and technologies as those become available to our
16 customers.

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

18 A. In October 2022.

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

20 A. Approximately \$17 million. That total is the capital amount allocated to Liberty of a total
21 capital investment of \$472 million.

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

3 A. Yes. The estimated annual O&M costs for Liberty are estimated to average \$781,000 per
4 year between 2023 and 2026 and there will be continued ongoing costs through 2042
5 during the project’s 20-year planned life.

6 **IV. ARREARS MANAGEMENT**

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

8 **A. Levelized Budget Billing**

9 A. Liberty understands the importance of our service and is fully committed to working with
10 our customers on affordability and payment options by offering customers the ability to
11 spread out payments on their bills through a levelized budget billing program. The
12 levelized payment plan bases a customer’s monthly payment on their previous 12-month
13 history and recalculates the average each month. As of April 2023, Liberty had 699
14 customers participating in the levelized budget billing program.

15 **B. Financial Hardship Assistance**

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

1 Helping Neighbor Fund. Together these programs provided benefits of \$205,933 and
2 \$668,303 in 2021 and 2022, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

8 A. As an example, if a customer has a total arrearage balance of \$2,400 at the time of
9 enrolling in the AMP, the AMP term will be 24 months ($\$2,400/\100 of the AMP
10 Credit). The customer will receive an AMP Credit of \$100/month for 24 months
11 provided they make their monthly AMP budget installment payment. As shown in
12 Attachment LAP-1, the customer's monthly bill will show (a) the monthly AMP budget
13 installment amount due for payment that month, (b) the actual bill charges to date, (c) the
14 accumulated AMP budget installment amount, (d) the accumulate AMP Credits, (e) the
15 total payments made by the customer to date, and (f) the actual account balance which
16 reflects the accumulated AMP credits and customer's payments.

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

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

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

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

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

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

11 A. In 2022, the Company wrote off \$277,403 due to unpaid balances. On average, the
12 Company has written off \$383,999 per year for the last five years. As shown below,
13 write-offs were paused at the time Liberty went live with Customer First. An adjustment
14 of approximately \$25,000 was applied to the last quarter of 2022 reflecting write-offs
15 during the period.

1

Table 1. Unpaid Balance Write-offs

Granite State Electric					
Write-Offs Less Recalls / Recoveries					
	2022	2021	2020	2019	2018
Jan	28,592	31,184	36,089	85,879	44,213
Feb	41,350	49,473	10,894	18,196	42,053
Mar	32,842	28,523	22,302	31,236	54,222
Apr	15,400	6,669	36,878	27,257	40,234
May	33,343	23,224	-615	11,762	47,750
Jun	42,930	21,537	24,267	43,851	11,563
Jul	12,465	27,020	17,864	41,946	24,362
Aug	50,397	45,149	23,177	52,675	136,487
Sep	1,471	28,855	30,132	30,473	8,619
Oct	-	44,100	16,034	33,114	30,277
Nov	-4,830	64,123	60,678	26,848	25,204
Dec	-1,199	34,661	31,218	45,074	40,505
YTD Total	252,761	404,518	308,918	448,311	505,489

2

3 **Q. What are the AMP eligibility criteria?**

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

- 10 • Supplemental Nutrition Assistance Program (SNAP);
- 11 • Home Energy Assistance Program (HEAP);
- 12 • Low-Income Home Energy Assistance Program (LIHEAP);
- 13 • Temporary Assistance for Needy Persons/Families (TANF);

- 1 • Low-Income Household Water Assistance Program (LIHWAP); and
- 2 • Supplemental Security Income.

3 **Q. Who will administer the programs?**

4 A. The AMP will be administered by the Company’s Customer Service department. The
5 determination of whether a customer is considered a low-income customer and qualifies
6 for the AMP is primarily undertaken by the government assistance agency. Upon
7 receiving confirmation from the residential customer of record for the electric utility
8 account that they are currently receiving benefits from the government agency or
9 registered as a “low-income” customer of another New Hampshire utility, the Company
10 will enroll the customer in the AMP.

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

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

1 In the Company's cost estimate, it is estimated that customers would participate for up to
2 7 months at \$100 per month.¹

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

5 A. Yes. The Company had 1,432 low-income customers participating in the Electric
6 Assistance Program in January 2023.

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

8 A. Yes. Based on an estimate of 1,300 customers participating in AMP, the cost of the AMP
9 is estimated to be \$1,100,890, as illustrated in Table 2. The AMP costs include the
10 \$1,200/customer forgiveness amount, adjusted for a 70% fulfillment rate, IT costs, and
11 communication and outreach costs. Administrative costs in qualifying and assessing
12 customer eligibility for AMP are not included in the cost as the government assistance
13 agency will qualify customers for the program.

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

1

Table 2. AMP Estimated Annual Expense

	Customer Count	Estimated Qualifying Customer Participation	Cost Per Monthly Transaction ⁽¹⁾	Annual Expense
Residential – monthly customer fee waived	38,200	1,300	70	\$1,092,000
Communication/Outreach (one annual bill insert)				\$ 7,640
TOTAL				\$1,099,640

(1) Estimated 70% fulfillment rate on possible \$1,200/year assistance

2

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

3

4

5 **Q. How will the programs be funded?**

6 A. The Company proposes to recover the AMP costs through the Company’s proposed
7 Electric Reconciliation Adjustment Mechanism (“ERAM”). As described in the
8 testimony of Ms. Menard, Regulatory Issues, the Company would submit the tracked
9 AMP costs for inclusion in the annual ERAM reconciliation adjustment.

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

11 A. Yes. Liberty’s Massachusetts affiliate, Liberty Utilities (New England Natural Gas
12 Company) Corp. (“Liberty NEG”), offers an AMP for its qualifying low-income
13 customers. In 2021, Liberty NEG had 1,929 low-income customers participate in AMP
14 and 986 customers completed their AMP. In 2022, Liberty NEG had 2,396 low-income

1 customers participate in AMP and 458 customers completed their AMP. Without AMP,
2 these customers would have experienced possible disconnection and mounting arrearage
3 balances.

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

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

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

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

11 **V. TRANSACTION FEE FREE PROGRAM**

12 **Q. Has the Company identified an additional program that it may offer to improve**
13 **customer satisfaction?**

14 A. Yes. The Company is proposing to implement a fee free card/electronic check payment
15 program to eliminate convenience fees for credit card, debit card, and electronic check
16 payments. Due to the sharing of the billing platforms, Liberty's proposal is contingent
17 on, and to be effective with, approval of a similar proposal for our EnergyNorth Natural
18 Gas company to have a consistent policy for all our New Hampshire customers.
19 EnergyNorth will include a similar proposal in the distribution rate case it intends to file
20 later in 2023.

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

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

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

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

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

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

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

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

13 A. The Company proposes to recover an estimate of the Fee Free Payment Program costs
14 through base rates. The estimated Fee Free Payment Program costs would be reported on
15 and reconciled annually, as described in the testimony of Ms. Menard.

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

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

1 base. The Company also believes this will encourage customers to use the online tools
2 that also provide information about the customer's account and helpful information about
3 energy usage. Finally, the Company believes the faster processing time compared to
4 mailed-in payments may help customers avoid late payment fees.

5 **Q. Is the Company proposing a fee free program for rate classes other than the**
6 **residential class?**

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

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

14 A. If up to 7% of our residential customers pay with a credit card, the annual cost is
15 estimated to be \$46,528. If 5% of our non-residential customers pay with a credit card,
16 the annual transaction fee cost is estimated to be \$32,010.

1

Table 3. Fee Free Payment Program Costs

Fee Free Credit/Debit Cards

	Customer Count	Estimated Participation	Cost per Monthly Transaction	Annual Cost
Residential	38,200	7%	\$1.35	\$43,319
Commercial	9,700	5%	\$5.50	<u>\$32,010</u>
				\$75,329

2

3 **VI. CONCLUSION**

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

5 **A.** Yes.