



June 4, 2014

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***By Hand Delivery and Electronic Mail***

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301-2429

**Re: Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities  
July 2014 IT Conversion**

Dear Ms. Howland:

In follow-up to the Commission's request at the May 27<sup>th</sup> status conference, I am writing to provide Liberty Utilities (Granite State Electric) Corp.'s ("Liberty" or the "Company") comments on its scheduled cutover of its customer information systems (the "CIS Cutover") from National Grid USA ("National Grid") from July 3<sup>rd</sup> to July 6<sup>th</sup>.

As discussed in detail below, the July 4<sup>th</sup> CIS Cutover should proceed because:

- Liberty and National Grid are ready to successfully conduct the cutover based on the results of the Memorial Day weekend dress rehearsal;
- It is critical to keep the Liberty-National Grid-Vendor Team sharply focused on the cutover. There is tremendous momentum geared toward the July 4<sup>th</sup> cutover - to delay the cutover may cause the knowledge to become stale and for employees and vendors to lose their focus;
- The July 4<sup>th</sup> weekend is optimal for cutover because it is a three-day weekend with very low customer call volumes;
- Customers are currently being informed of the July 4<sup>th</sup> cutover and their active participation in the cutover is important to its success, and;
- Cutover before the late summer/fall storm season is desirable to ensure all systems are in place and ready to go for outage management.

**1. Liberty's Experience Conducting CIS Cutovers**

As indicated by Mr. Lawson (Vice President of Transition Management and Information Technology for Liberty Business Services) at the May 27<sup>th</sup> status conference, both he and the Company have significant experience conducting conversions of customer information systems. Over his career, Mr. Lawson has had significant responsibility in seven customer information system cutovers, and has worked in a supporting role in many others. Since 2011, Liberty itself has undertaken CIS conversions of four other acquired utilities prior to the Granite State conversion including Calpeco, Mid States and Georgia –

conversions to the same set of applications and services as will be used by Liberty with largely the same set of staff both within Liberty and its key vendors. This cluster of recent conversion experience places Liberty in a position with significant knowledge in order to conduct the CIS Cutover, using a trained and experienced workforce while being directed by a highly skilled and experienced team leader.

## 2. Liberty and National Grid Have Undertaken Sufficient Planning for the CIS Cutover

A key component of the CIS Cutover is to transfer customer accounts and related data from the National Grid CIS system to the Liberty CIS system. Every aspect of the process for the transfer of this data has been well defined over the past year Liberty has been planning the cutover. Prior to the Memorial Day weekend dress rehearsal, Liberty and National Grid conducted five data conversions in preparation for the CIS Cutover, each of which refined the data mappings, determined the data needed from National Grid's CIS, determined the tables and fields in the new CIS into which the data should be loaded, and provided estimates of the time required for these steps in the process. Liberty, National Grid and the key IT vendors of both companies have dedicated substantial resources towards this effort for the past six months.

More broadly, teams from Liberty and National Grid have worked over the last several months on the overall cutover plan for the electric system. The plan identifies all the tasks necessary by both companies to complete the cutover. The comprehensive planning effort, including walkthrough and refinement of the plan, together with the dress rehearsals, positions the companies for a successful conversion on the July 4<sup>th</sup> weekend.

## 3. The Memorial Day Weekend Dress Rehearsal Was Successful

As indicated at the May 27th status conference, Liberty and National Grid conducted a dress rehearsal of the CIS Cutover during Memorial Day weekend, which in essence was a full "dry run" of the conversion to take place in July. Like July 4th weekend, Memorial Day weekend provided the necessary three-day window of time to conduct the mock conversion in order to minimize the impact on both Liberty and National Grid's customers. The dress rehearsal involved the efforts of approximately twenty Liberty, National Grid and vendor staff working throughout Memorial Day weekend.

During the dress rehearsal, the key objectives were to transfer customer accounts and related data from the National Grid CIS system to Liberty's CIS system and to finalize the timeline required for critical path activities within the conversion. This process typically consists of the following steps which are standard for any CIS conversion:



The dress rehearsal resulted in the successful conversion of National Grid's data into Liberty's system the results of which provide Liberty and National Grid with confidence to proceed with a July 4th weekend cutover. The Company has provided the Staff with detailed information on the results of the dress rehearsal; the following includes some of the key results:

- a) Financial Controls: Financial control totals reconciled very closely and well within acceptable tolerances. By way of example, total accounts receivable reconciled within \$754 out of a total of \$10,730,227. In the case of budget balances, they reconciled exactly, and deposits on hand reconciled within \$1915 out of a total of \$664,595. Non-financial control totals reconciled after known adjustments, which was a very positive result.
- b) Data validation: A sample of accounts is viewed online in both the old CIS and the new CIS; various key data fields are visually inspected and compared in both systems. This validation serves as an additional validation that data has been accurately transferred. In the dress rehearsal, one validation field did not match due to late payment charge discrepancies. Follow-up identified differences in the data loaded to National Grid's online test system used during validation versus data passed to Liberty during the third data conversion. Liberty and National Grid teams are working to ensure this issue does not arise during the actual cutover.
- c) Timing: Based on the experience of the dress rehearsal, the expected duration of steps 2-4 outlined in the graphic above was adjusted to 40 hours which meets the business needs of both Liberty and National Grid. It is important to point out that in this regard, National Grid is most at risk because any delay in the resumption of its normal business operations places it at risk in the jurisdictions in which it does business. That National Grid is confident in proceeding indeed is evidence of Liberty's readiness.

#### 4. The Teams Are Ready to Go

The most important reason that the CIS Cutover should proceed on the July 4th weekend is that Liberty, National Grid and all associated vendors are ready to conduct the cutover successfully. As both Liberty and National Grid have articulated to Staff, "when the team is ready, it is ready." Both companies have conducted significant planning and readiness exercises for months in advance of the cutover. The results of those exercises have been positive. The companies worked successfully over Memorial Day weekend to conduct a dress rehearsal of the cutover, which demonstrated that they and their vendors are sufficiently prepared to proceed.

To delay the cutover until Labor Day weekend puts at risk the focus and engagement of this critical human resource, which is essential to the conduct of a successful cutover. In particular, the successful dress rehearsal confirmed there is no objective evidence of any lack of readiness. Any delay to the planned cutover date could negatively impact the attention of employees and vendors alike. Team members could be diverted to other matters during the delay period or leave the employment of either of the companies or the vendors. Because all of the necessary resources are committed to proceed on the July 4<sup>th</sup> weekend, it is critical to take advantage of that readiness and proceed. Any delay in the

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cutover could impact the availability of those resources to the detriment of customers and the companies.

Significant effort has gone into hiring, training and preparing for this conversion. The extra staff needed to support the additional work associated with serving Liberty's electric customers have been hired, and are completing training in the month of June. Any lengthy delay in the conversion would require retraining many employees so the training is fresh in their minds at the time of conversion.

#### 5. The July 4<sup>th</sup> Weekend For Cutover Is Optimal

When considering the timing for the conversion, the July 4th weekend is optimal for the CIS Cutover. Call volumes and customer activity are historically lower in early July (because it is a peak vacation period) than on other three-day weekends, including Labor Day weekend. The day after Labor Day is historically one of the busiest days of the year for calls as customers return to work and school and many seasonal move-ins/move-outs are taking place. In addition, the Company plans to suspend collections activities for 60 days after the electric conversion. A July CIS Cutover allows Liberty time to re-institute collections in September, well in advance of the winter months and any associated moratorium on disconnections.

In addition, it is important that the Company establish its Outage Management System well in advance of the winter storm season, which would be achieved by a July cutover. While there is the possibility of summer storms, a September cutover puts the Company in the heart of hurricane season, which is best avoided.

#### 6. Customers Have Been Informed And Their Continued Engagement is Important

Liberty has been communicating the upcoming changes associated with the CIS Cutover to customers since March. While the Company was able to withhold the distribution of most customer communications referring to the Memorial Day weekend cutover, it was not possible to pull all such communications. Currently, the Company is notifying customers of the July 4th weekend cutover. To interrupt or stop those communications mid-course could result not only in customer confusion, but in a lack of confidence by customers in the process and their disengagement. As discussed at the status conference, there are some situations where customers must take action upon cutover, such as changing online payment and ebilling arrangements in order for their payments to be properly processed. Thus, it is critical to maintain customer focus on the conversion as well.

The Company is and will be communicating with customers about the CIS Conversion in the following ways, most which are already underway:

- a) **June Bill Inserts:** These inserts are in production and currently being sent with bills.
- b) **Direct Mail Magazine:** This magazine provides detailed information to customers regarding the cutover, including a sample of the new bill format, new customer numbers, and the actions they may need to take to change their payment arrangements if they pay using online banking or ebill. The magazine was printed June 3<sup>rd</sup> and is scheduled to be mailed June 18<sup>th</sup>.
- c) **Liberty Website:** Currently displaying July 4<sup>th</sup> weekend cutover date.
- d) **National Grid Website:** Currently displaying July 4<sup>th</sup> weekend cutover date.

- e) **Customer Emails:** These are direct emails to customers informing them of the cutover which will be sent beginning the week of June 16<sup>th</sup>.
- f) **Social Media Postings:** These include postings on Facebook and Twitter notifying customers of the upcoming conversion which will begin the week of June 16<sup>th</sup>.

7. There is a Real Potential of Harm if the Cutover is Delayed

Many of the harms associated with delaying the CIS Cutover are the converse of the benefits of converting in July. First and foremost, the state of readiness will be affected by pushing the CIS Cutover out to September. Setting aside any financial implications of the “stop and start” of any delayed cutover, which are significant, the Company cannot emphasize strongly enough the downside of stopping the current momentum building to the July 4<sup>th</sup> weekend CIS Cutover, and asking employees and vendors to redirect their attention in a few months to a later cutover date. Further, there is real risk that if the CIS Cutover is delayed, some members of the cutover team (whether employed by Liberty, National Grid, or the vendors) may move on to other employment or be deployed to other engagements that divert their focus from this project. That the team is fully assembled, trained and ready to go is critical to the success of the CIS Cutover. Delay will only cause harm to that readiness, requiring that employees “stop and re-start” their efforts thereby losing critical momentum. Their cutover skills may no longer be “crisp” thereby impacting the efficacy of their work, not to mention the potential impact to morale of a further delay.

While the Company would work hard to re-engage employees through further training, the impact on training front line employees is significant. For example, employees would need to be retrained in all electrical training courses/programs, which would involve the following efforts:

- a) Customer Service Representatives (“CSR’s”) would have to attend the four-week electrical training program again in preparation for a later cutover date. (Based on effective learning being “just in time learning” there would be too much time between when they first attended weeks 1 and 2 for them to effectively apply what they learned to their job);
- b) To ensure engagement levels were high during all re-training, the Company would need to create new exercises/activities and freshen the approach to already developed training materials;
- c) Rescheduling the program creates considerable re-work with securing instructors, locations, computers and rescheduling five classes of CSRs into training while the others run the existing gas business, including normal customer service operations and credit and collections activities;
- d) Depending on what testing results occur or if new business decisions are made during this time, then training materials may need to be updated; and
- e) Conflicts may occur with new cutover dates merging into other Company training commitments/projects already on the calendar.

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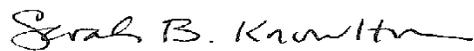
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Similarly, customers may become confused by repeated messages about cutover dates and the continued relationship between National Grid and Liberty. Customers may also become desensitized to the cutover message, tuning out what they need to do to ensure for smooth bill payment or communication with the Company. Given that there is no objective evidence that Liberty is not ready to proceed, the Company submits that the CIS Cutover should proceed, and that there is real risk and potential costs associated with further delay.

The Company appreciates the Commission's consideration of ~~the~~ the Company's position and looks forwards to proceeding with a successful conversion.

Very Truly Yours,



Sarah B. Knowlton

cc. Service List