

STATE OF NEW HAMPSHIRE
Before the
PUBLIC UTILITIES COMMISSION

DOCKET NO. DG 08-048

UNITIL CORPORATION

AND

NORTHERN UTILITIES, INC.

JOINT PETITION

for

APPROVAL OF STOCK ACQUISITION

DIRECT TESTIMONY OF

GEORGE R. GANTZ

March 31, 2008

1 **Q: PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.**

2 A: My name is George R. Gantz. I am Unitil Corporation's ("Unitil's") Senior Vice
3 President for Customer Services and Communications. My business address is 6
4 Liberty Lane West, Hampton, NH 03842.

5

6 **Q: PLEASE REVIEW YOUR BACKGROUND AND QUALIFICATIONS.**

7 A: I have been with the Unitil companies for almost 25 years in varying capacities
8 including Manager of Rates, Assistant Vice President for Regulatory Services and
9 Power Supply, Vice President of Regulatory and Customer Services, and Senior
10 Vice President of Customer Services and Communications. I participated in the
11 process of forming the Unitil system in 1985, establishing the company's first
12 power supply contract portfolio in 1986, initiating the company's first energy
13 efficiency programs in the late 1980's and integrating Fitchburg Gas and Electric
14 Light Company ("FG&E") into Unitil in 1992. I have helped direct the company's
15 strategic planning efforts and served as principal media spokesperson for more
16 than a decade. During this period I have been active with many community and
17 business organizations. I presently serve on the Boards of the Business and
18 Industry Association of New Hampshire, the Community Foundation of North
19 Central Massachusetts, the United Way of North Central Massachusetts and the
20 Fitchburg State College Foundation.

21 Prior to joining Unitil I served for two years on the staff of the New Hampshire
22 Public Utilities Commission (the "Commission") working on electric rates and

1 least cost planning and almost two years as Director of Planning and Analysis in
2 the New Hampshire state energy office. I began my career in the energy field
3 with two years as a Research Scientist with Energy Resources Company in
4 Cambridge, Massachusetts. I have a Bachelor of Science degree in Mathematics,
5 with Honors in Humanities, from Stanford University.

6

7 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A: I will testify on Unitil's capabilities and plans for the provision of key services to
9 the customers of Northern Utilities ("Northern") including call center services and
10 billing as well as customer communications, energy efficiency and special
11 programs for low income customers. I will review our plans for customer and
12 community relations leading up to and immediately following the acquisition of
13 Northern by Unitil, and discuss our long term plans for increasing gas usage and
14 improving economic development in the communities we will be serving in New
15 Hampshire and Maine.

16

17 **Q: PLEASE PROVIDE A BRIEF OVEVIEW OF UNITIL'S CUSTOMER**
18 **SERVICE OPERATIONS.**

19 A: Unitil operates a centralized customer service center ("CSC") with approximately
20 45 employees in Concord, New Hampshire. The CSC is responsible for billing,
21 customer service call response, payment services, customer accounting, credit and
22 collections and most customer communication functions. We process nearly

1 100,000 bills and payments each month and handle an average monthly call
2 volume of about 25,000. Approximately 15 percent of these calls are processed
3 through our Integrated Voice Response ("IVR") system which provides full
4 functionality for automated account inquiries, bill payments, service order
5 generation and outage notification. The IVR provides opt-out capability for
6 emergency calls as well as for customers wishing to talk to a representative, and it
7 offers a full-function Spanish language option. We also offer full-function
8 customer services over the internet including account inquiry, bill presentment
9 and payment, credit card and e-check payments, etc. We track call statistics as
10 well as customer satisfaction – our most recently service quality filing in
11 Massachusetts noted good results in all areas, with a superior result in handling of
12 Gas Emergency/Odor Calls.

13
14 In March 2008 we completed the conversion and outsourcing of our bill printing
15 and mailing operations to Kubra, a provider of customer communication
16 management solutions in Secaucus, New Jersey. While we maintain full control
17 of our systems and data, the conversion provides significant advantages in terms
18 of cost control and technological sophistication.

19
20 The backbone of our customer information system is the H.T.E. Customer
21 Information System, which we acquired in 1996. The system is upgraded nearly
22 every year, with the next upgrade scheduled for April, 2008. The system operates

1 on an IBM AS-400 mainframe which is upgraded every three years. The next
2 upgrade to the most current production version is scheduled for July, 2008. The
3 system has the functionality and expansion capacity for integrating Northern's
4 customer records and billing into the CIS. We have been quite satisfied with
5 these hardware and software platforms and with our vendors and do not anticipate
6 any significant changes in the foreseeable future.

7

8 **Q: HOW WILL YOU INTEGRATE NORTHERN'S CUSTOMERS INTO**
9 **YOUR CUSTOMER SERVICE OPERATIONS?**

10 A: The integration of Northern's customers into our customer service operations will
11 take approximately nine months, and begins with a comprehensive review of our
12 respective business processes and information systems. This work has already
13 started. Based on this review, we will develop procedures for migrating
14 Northern's customer records into our CIS where extensive testing routines will be
15 conducted for all areas of the revenue and receivables and meter reading
16 functions. When all test protocols have been satisfied, and we are assured of the
17 integrity of the data and all of the associated processes, we will be prepared for
18 system cutover. The goal is to schedule the cutover on or as soon after the closing
19 date of the transaction as possible. Should the cutover take place sometime after
20 the closing date, NiSource and Bay State Gas ("Bay State") personnel will
21 continue to fulfill the necessary customer service functions pursuant to the

1 Transition Services Agreement between the companies, as more fully discussed in
2 Mr. Brock's testimony.

3
4 A similar comprehensive transition planning process is being undertaken with
5 respect to our communication systems and equipment – to insure that at the point
6 of cutover, phone, email, internet, paging and other communication tools are fully
7 operable and capable of providing the same or improved services to the customers
8 of Northern after the cutover.

9
10 While the systems review and integration is being developed, we will also be
11 preparing a detailed staffing and management plan for the combined customer
12 service operations. We anticipate hiring approximately 12 employees to
13 supplement our current staffing complement at the CSC. We will expand our
14 office space into the area recently vacated in the outsourcing of our mailroom,
15 hire our new employees and implement an expanded training program that will
16 include training all of our current staff on the additional responsibilities associated
17 with Northern Utilities. While the acquisition is a significant increase in the
18 number of customers and brings in a new regulatory jurisdiction, our existing
19 personnel are familiar with regular and emergency-related gas company
20 operations, billing and rates and with multi-state regulatory environments. We
21 will design and implement the hiring and training processes to coincide with the

1 system conversion so that a fully trained and expanded staff complement will be
2 in place by the time the cutover occurs.

3
4 Although our electric and gas operations will overlap in several New Hampshire
5 communities after the cutover, we have no immediate plans to consolidate
6 customer account information and billing for customers with both gas and electric
7 delivery service. This is an option we may consider in the future if warranted by
8 the expected benefits to customers.

9
10 During the transition period our managers will also be establishing relationships
11 with the key regulatory, business, community and social service personnel with
12 whom they will be dealing on a regular basis after the transition. This process has
13 already begun, with the full support of the NiSource, Bay State and Northern
14 managers and employees.

15
16 In addition, the companies will be working jointly on customer communications
17 in advance of the acquisition, in order to keep the Northern customers informed
18 about the pending transition. After the acquisition, Northern will be integrated
19 into Unitil's customer communications program and outreach services.

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1 **Q: PLEASE DESCRIBE UNITIL'S CUSTOMER COMMUNICATIONS AND**
2 **OUTREACH PROGRAM.**

3 A: Our most important customer communication tool is the monthly bill. In addition
4 to the basic billing and consumption information, the bill includes bill messaging
5 which can be targeted by subsidiary/state and by rate class. We also include with
6 each bill a monthly customer newsletter, tailored by state, and additional bill
7 insert material such as safety information, required regulatory notices, and
8 supplemental energy efficiency information. Bill inserts can be spot-inserted to
9 specific customer subsets as appropriate. Each month our customer service,
10 business services and communications personnel meet to review our annual plan
11 and the details of our communication plans for the next three months. Through
12 this review process we also coordinate our bill-centered customer
13 communications with other key communication tools which include our website,
14 local advertising, media and community outreach, IVR scripting and CSR
15 training.

16
17 One of our key objectives is to communicate natural gas safety messages to our
18 customers, including the topics of gas pipeline safety, the hazards of Carbon
19 Monoxide, identifying and reporting gas leaks, and home safety. Unitil employs
20 various distribution methods for this information including print and electronic
21 media, bill inserts, web posting and group presentations.

22

1 Some of our other key objectives in customer communications include energy
2 efficiency information and programs, bill payment and bill assistance options
3 especially for low-income customers, marketing of natural gas and general energy
4 education.

5
6 As part of our preparations for the acquisition of Northern, we will begin
7 integrating communication plans for the New Hampshire and Maine divisions of
8 Northern into Unitil's communication planning process. We will review
9 regulatory requirements and expectations, evaluate past practices and develop a
10 comprehensive post-transition communication program for Northern's customers.
11 This program will focus on introducing customers to Unitil, reinforcing messages
12 about safety and energy efficiency, reassuring them that rates, billing and
13 operations are not changing, and confirming the various ways they can reach us if
14 they have a problem or question. The initial customer communications efforts
15 immediately following the closing are expected to include: press release; tailored
16 bill messages; a customer newsletter with details about the transition; a
17 corresponding web feature on www.unitil.com; some local advertising and local
18 media appearances.

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1 **Q: DOES UNITIL PROVIDE ENERGY EFFICIENCY PROGRAMS TO**
2 **CUSTOMERS?**

3 A: Yes, Unitil provides comprehensive energy efficiency programs to all its
4 customers in New Hampshire and Massachusetts pursuant to authorization from
5 state regulatory authorities. This includes gas energy conservations programs in
6 Massachusetts. These programs are administered by an experienced staff in our
7 Business Services department but rely extensively on outside vendors for delivery
8 of energy efficiency services. Unitil participates in the respective state
9 collaborative processes on energy efficiency. We expect to add staff in order to
10 expand our energy efficiency program activities to include the customers of
11 Northern, subject of course to appropriate regulatory oversight.

12
13 Unitil has also been active in promoting energy efficiency and the development of
14 renewable resources with its customers and in advocating for policies to increase
15 deployment of energy efficiency and renewable resources. Unitil has supported
16 revenue decoupling proposals in both Massachusetts and New Hampshire and is
17 promoting legislation in New Hampshire that would encourage electric
18 distribution utilities to invest in distributed energy resources that displace imports
19 of central station generation to the local grid.

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1 **Q: WHAT PROGRAMS DOES UNITIL HAVE IN PLACE TO HELP**
2 **ADDRESS THE NEEDS OF LOW INCOME CUSTOMERS?**

3 A: Our primary objective in dealing with the needs of customers who are having
4 trouble paying their bills is to get them to call us so that we can arrange an
5 affordable payment arrangement and refer them to the appropriate agencies and
6 programs that can provide assistance, including energy efficiency programs.
7 Given the huge increases in energy supply costs in the past several years and the
8 general unsteadiness of the economy, dealing with high bills is an increasing
9 problem for many customers, including many with relatively higher incomes. For
10 customers meeting the respective low income definitions in each state, there are
11 various programs available including discounted rates, special energy efficiency
12 programs, federal fuel assistance and other federal state and local programs that
13 can help. We maintain close working relationships with local social service
14 agencies both in terms of making referrals and in being flexible in dealing with
15 their clients. We are also pro-active in dealing with past due accounts because
16 delays in addressing bill payment problems does not help customers or the
17 company.

18

19 **Q: WHAT IS UNITIL'S APPROACH TO SUPPORTING ITS LOCAL**
20 **COMMUNITIES?**

21 A: Unitil maintains an active and coordinated effort to support community programs
22 and initiatives. Our goal is to help our communities be good places to live and

1 work – places where people and business choose to locate, to grow and to prosper.
2 We do this through cash donations and sponsorships, active promotion of
3 employee volunteer efforts, and leadership involvement by Unitil’s managers and
4 executives. We plan to extend this philosophy into our new communities and
5 build on the relationships and community support that Northern Utilities and its
6 employees have provided in the past.

7
8 One of the most important aspects of Unitil’s support for the communities it
9 serves is the promotion of economic development

10
11 **Q: EXPLAIN UNITIL’S APPROACH TO PROMOTING ECONOMIC**
12 **DEVELOPMENT?**

13 A: As an energy delivery company, we recognize our key role as part of the
14 economic infrastructure in the communities we serve. We need to be ready and
15 able to meet the changing needs of our existing customers with safe, reliable and
16 cost-effective services. We also need to actively promote local and regional
17 economic interests and the growth of healthy, sustainable communities. We do
18 this by partnering with local, regional and state economic development officials
19 and by actively supporting business recruitment and retention efforts in our
20 communities. We also recognize the important and growing role natural gas can
21 play as a clean, convenient and economic energy alternative, one which is
22 particularly under-developed in the New England region. In 2004 we launched a

1 natural gas expansion initiative in our Massachusetts utility subsidiary with a goal
2 of reversing a downward trend in gas sales. In the past three years we have
3 achieved a compound growth rate in firm natural gas sales in excess of 7 percent
4 per year, largely through new customer additions, many of whom were already
5 located on the main. It is our intention in the coming year to evaluate the
6 potential for a similar gas expansion initiative for Northern.

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8 **Q: DOES THIS COMPLETE YOUR TESTIMONY?**

9 A: Yes.

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