

STATE OF NEW HAMPSHIRE  
DG 08-048

IN THE MATTER OF  
UNITIL CORPORATION AND NORTHERN UTILITIES, INC.  
JOINT PETITION FOR APPROVAL OF STOCK ACQUISITION

DIRECT TESTIMONY OF  
AMANDA O. NOONAN

JULY 16, 2008

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Amanda Noonan. I am employed by the New Hampshire  
3 Public Utilities Commission, 21 South Fruit Street, Suite 10, Concord NH  
4 03301.

5 Q. WHAT IS YOUR POSITION WITH THE NEW HAMPSHIRE PUBLIC  
6 UTILITIES COMMISSION?

7 A. I am Director of the Consumer Affairs Division.

8 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

9 A. Yes, I have.

10 Q. PLEASE OUTLINE YOUR EDUCATIONAL BACKGROUND AND  
11 PROFESSIONAL EXPERIENCE.

12 A. I have been employed with the Commission since January 1992. During that  
13 time, I worked in the Engineering Division, the Electric Utility Restructuring  
14 Division and the Consumer Affairs Division. I have been Director of the  
15 Consumer Affairs Division for 11 years. I am a member of the NARUC Staff  
16 Subcommittee on Consumer Affairs and chairperson of the New England  
17 Conference of Public Utility Commissioners Staff Committee on Consumer  
18 Affairs. Prior to joining the Commission, I was employed by BankEast  
19 Corporation for 6 years where I was responsible for the design and development  
20 of corporate training programs relating to management and customer service as  
21 well as bank operations. I have a B.S. in business administration from the  
22 University of New Hampshire's Whittemore School of Business and Economics.

23 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

1 A. My testimony addresses the potential impact of the proposed acquisition on  
2 customer service levels and provides recommendations designed to ensure there is  
3 no net harm to customers in the area of customer service levels should this  
4 transaction be approved.

5 Q. WHAT LEVEL OF SERVICE DO CUSTOMERS OF NORTHERN UTILITIES  
6 CURRENTLY RECEIVE?

7 A. In DG 01-182, the Commission established service quality levels for Northern  
8 Utilities as follows:

- 9       ▪ 80% of all non-emergency calls answered within 30 seconds;
- 10       ▪ 90% of all emergency calls answered within 30 seconds;
- 11       ▪ no more than 2% of calls, measured quarterly, shall encounter a busy  
12       signal or other busy indicator;
- 13       ▪ 95% of all mutually agreed upon appointments for service shall be met on  
14       the day scheduled; and
- 15       ▪ 95% of complaints referred to Northern by the Commission Staff will be  
16       resolved to the satisfaction of the Commission Staff within 2 weeks.

17 Failure to meet any of these service quality measures in a given month results in  
18 an automatic penalty of \$5,000 for that month. These service quality measures  
19 were implemented by Northern Utilities in January 2003. Since July 2003,  
20 Northern Utilities has successfully met the established measures.

21 Q. DOES NORTHERN REPORT ANY OTHER SERVICE QUALITY  
22 INFORMATION?

1 A. Yes. In addition to the above service quality measures, Northern also agreed in  
2 the settlement approved in DG 01-182 to provide the following information each  
3 month in its service quality report:

- 4       ▪ the monthly average speed of answer for its billing queue, service queue,  
5           and credit queue;
- 6       ▪ the monthly number of calls abandoned; and
- 7       ▪ the monthly average time to abandon.

8 As with the service quality standards established by the Commission, Northern  
9 began reporting this information on its other service quality measures in January  
10 2003.

11 Q. WHAT LEVEL OF SERVICE DOES UNITIL PROVIDE TO ITS  
12 CUSTOMERS?

13 A. During discovery, Unitil provided call center performance metrics for its call  
14 center for the period 2002 through May 2008. Unitil tracks calls answered within  
15 20 seconds, number of calls that abandon, and the percent of calls that abandon.  
16 Its internal performance goal is to answer 80% of calls within 20 seconds.  
17 Unitil's actual performance is shown in the table below.

	% answered within 20 seconds	# of calls that abandon	% of calls that abandon
2002	64%	n/a	n/a
2003	66%	13721	6.3%
2004	75.7%	5006	2.6%
2005	68.3%	6507	3.5%
2006	64.9%	11668	5.5%
2007	60.2%	20730	8.5%
2008 (YTD)	85.4%	2128	2.3%

1 Q. HAS UNITIL AGREED TO PROVIDE SERVICE AT THE LEVELS  
2 ESTABLISHED FOR NORTHERN UTILITIES BY THE COMMISSION IN  
3 DG 01-182?

4 A. Yes. In its filing, Unitil committed to continue to meet all of Northern's  
5 regulatory obligations, which would include the service quality standards and  
6 reporting requirements set by the Commission in DG 01-182.

7 Q. DO YOU HAVE CONCERNS ABOUT UNITIL'S ABILITY TO MEET THE  
8 REQUIRED SERVICE LEVELS FOR NORTHERN?

9 A. I do have some concerns. Unitil's historical data is based on calls answered in 20  
10 seconds while Northern measures calls answered in 30 seconds making it difficult  
11 to draw a comparison. However in 2002, 2003, 2005, 2006, and 2007, Unitil's  
12 service levels were so significantly lower than 80% of calls answered in 20  
13 seconds that it is unlikely that Unitil's call center would have met a standard of  
14 answering 80% of calls in 30 seconds. During discussions with Unitil, the  
15 company admitted that it had struggled with its service levels in the past few years  
16 due in part to management changes and staff turnover. The company indicated  
17 that it has implemented measures, including the appropriate staffing resources, to  
18 meet its internal service measure of 80% of calls answered in 20 seconds. A  
19 review of the 2008 year to date call center performance substantiates the  
20 company's statements.

21  
22 More staff will need to be added to Unitil's call center to handle the  
23 approximately 99,000 additional calls annually that Northern handles from its

1 New Hampshire and Maine customers. Northern estimates that 8.5 full time  
2 equivalents are necessary to handle the call volume from its New Hampshire and  
3 Maine customers and maintain the performance levels required by the  
4 Commissions in those states. The most recent figures provided by Unitil to Staff  
5 call for six new customer relations representatives and one new customer relations  
6 supervisor to be added to Unitil's call center staff. I am concerned by the  
7 difference between Northern's estimate of its current staffing level for New  
8 Hampshire and Maine calls and the level proposed by Unitil going forward.  
9 However, as there are automatic penalties associated with the failure to meet an  
10 80/30 service level, I am not recommending Unitil modify its proposal for staffing  
11 its call center. Should Unitil's projected staffing level not be sufficient, the  
12 automatic penalty should provide the incentive for the company to adjust the  
13 staffing in its call center to ensure the service measures are being met.

14  
15 My final concern regarding Unitil's ability to meet the service measures the  
16 Commission established for Northern relates to the responsiveness of the  
17 company to complaints referred to it by the Commission. Northern is required to  
18 resolve 95% of complaints referred to it by the Commission Staff to the  
19 satisfaction of the Commission Staff within two weeks. There is no such  
20 requirement for handling complaints referred to Unitil for its electric customers in  
21 New Hampshire. Staff has seen no plan for how Unitil intends to comply with  
22 this service measure and cannot comment on whether the company has allocated  
23 sufficient resources to meet this service measure.

1 Q. ASIDE FROM THE SERVICE QUALITY MEASURES ALREADY  
2 REQUIRED, ARE THERE OTHER SERVICE QUALITY MEASURES THAT  
3 SHOULD BE IMPLEMENTED TO PREVENT DEGRADATION OF SERVICE  
4 TO NORTHERN CUSTOMERS?

5 A. I would recommend a service measure be adopted for percent of calls that  
6 abandon. A review of the 2006 and 2007 service quality reports submitted by  
7 Northern Utilities show an average of .7% and .8% of calls that abandon. This is  
8 significantly different from the Unitil reported performance for 2007 of 8.5%. A  
9 change of this magnitude in service provided to customers would result in net  
10 harm to customers. Accordingly, I recommend that a service measure of no more  
11 than 1% of calls abandon be adopted as a condition of the acquisition.

12 Q. ARE YOU RECOMMENDING THAT THE AUTOMATIC PENALTY  
13 PROVISIONS APPLY TO THIS NEW MEASURE?

14 A. At this time, I am not recommending the automatic penalty provision apply to the  
15 new measure for percent of calls that abandon. Should Unitil miss this service  
16 quality measure for 6 consecutive months, I recommend the automatic penalty  
17 provision be applied to this measure.

18 Q. ARE THERE OTHER SERVICE RELATED ISSUES WHICH YOU WOULD  
19 LIKE TO ADDRESS?

20 A. Yes. Unlike other mergers, the acquisition of Northern Utilities by Unitil moves  
21 the ownership and management of Northern Utilities into the State, not out of it.  
22 As a result, customers are protected from the loss of familiarity with the State and  
23 its communities that often occurs when ownership and management of a utility

1 transfers out of state. In addition, Unitil service representatives are already  
2 knowledgeable regarding New Hampshire rules for utility service; and as  
3 Fitchburg Gas calls all flow through Unitil's call center in Concord,  
4 representatives are also familiar with gas service questions and issues. These  
5 benefits, in conjunction with the continuation of the service measures established  
6 by the Commission for Northern in DG 01-182 and the addition of a service  
7 measure for the percentage of calls that abandon, should protect customers from  
8 any degradation of service as a result of the proposed acquisition.

9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10 A. Yes, it does.

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