

# Office of the Consumer Advocate

PO Box 23135  
Terrace on the Square  
St. John's, NL Canada  
A1B 4J9

Tel: 709-724-3800  
Fax: 709-754-3800

November 20, 2020

Board of Commissions of Public Utilities  
120 Torbay Road, P.O. Box 2140  
St. John's, NL A1A 5B2

**Attention: G. Cheryl Blundon, Director of  
Corporate Services / Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland Power Inc. - 2021 Capital Budget Application**

Further to the above-captioned, enclosed are the Consumer Advocate's Requests for Information numbered CA-NP-132 to CA-NP-163.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours truly,



Dennis Browne, Q.C.  
Consumer Advocate

Encl.  
/bb

cc **Newfoundland Power Inc.**  
NP Regulatory ([regulatory@newfoundlandpower.com](mailto:regulatory@newfoundlandpower.com))  
Kelly C. Hopkins ([khopkins@newfoundlandpower.com](mailto:khopkins@newfoundlandpower.com))  
Liam O'Brien ([lobrien@curtisdawe.com](mailto:lobrien@curtisdawe.com))

**Newfoundland and Labrador Hydro**  
NLH Regulatory ([NLHRegulatory@nlh.nl.ca](mailto:NLHRegulatory@nlh.nl.ca))  
Shirley Walsh ([shirleywalsh@nlh.nl.ca](mailto:shirleywalsh@nlh.nl.ca))

**Board of Commissioners of Public Utilities**  
Jacqui Glynn ([jglynn@pub.nl.ca](mailto:jglynn@pub.nl.ca))  
Maureen Greene ([mgreene@pub.nl.ca](mailto:mgreene@pub.nl.ca))  
PUB Official Email ([ito@pub.nl.ca](mailto:ito@pub.nl.ca))

**IN THE MATTER OF** the *Public Utilities Act*  
(the “Act”); and

**IN THE MATTER OF** capital expenditures  
and rate base of Newfoundland Power Inc.; and

**IN THE MATTER OF** an application by  
Newfoundland Power Inc. for an Order pursuant  
to sections 41 and 78 of the *Act*;

(a) approving a 2021 Capital Budget of \$111,298.00;

(b) approving certain capital expenditures related to  
multi-year projects commencing in 2021; and

(c) fixing and determining a 2019 rate base of  
\$1,153,556.00.

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**CONSUMER ADVOCATE  
REQUESTS FOR INFORMATION  
CA-NP-132 to CA-NP-163**

**Issued: November 20, 2020**

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- 1 CA-NP-132 How does Newfoundland Power solicit auditing services for such things as  
2 GRA compliance, capital budget compliance, etc? Does NP put out a  
3 competitive tender whenever the need for auditing services comes up, or  
4 does NP consistently use the same auditor? Please provide sample tender  
5 or request for proposals.  
6
- 7 CA-NP-133 How is Newfoundland Power billed for auditing services? For example, do  
8 auditors bill by the hour, do they bill a fixed price according to the type of  
9 job, etc?  
10
- 11 CA-NP-134 How are auditing costs passed through to customers?  
12
- 13 CA-NP-135 Does Newfoundland Power utilize EY for auditing services currently? Has  
14 NP utilized EY for auditing services in the past? If so, how were they  
15 selected to provide such services and over what period of time did they  
16 provide such services?  
17
- 18 CA-NP-136 Other than auditing services and services relating to the CSS Replacement  
19 Project, what other types of services has EY provided NP over the past 10  
20 years?  
21
- 22 CA-NP-137 Please provide a table summarizing the projects undertaken by EY on  
23 behalf of NP over the past 10 years. For each project, identify the procedure  
24 followed in awarding the contract, provide the context of the project,  
25 deliverables, and total dollar amount paid to EY, including their hourly  
26 billing rate.  
27
- 28 CA-NP-138 **Recitals**  
29
- 30 At its 2019/2020 GRA, NP proposed to spend \$1.3 million over the 3-year  
31 period from 2018 to 2020 on an assessment of its Customer Service System  
32 (see NP 2019-2020 GRA, page 3 of 11).  
33
- 34 The EY Report (see EY's March 2020 report – Customer information  
35 system - Assessment results and planning recommendations) (page 1) states  
36 that in 2019 EY was engaged through a competitive tendering process to  
37 “*explore modernization options and implementation approaches*” with  
38 respect to the current Customer Service System.  
39
- 40 The EY Report (page 4) states “*In 2018, Newfoundland Power engaged EY  
41 to perform an assessment of the risks associated with the foundational  
42 technologies that support CSS.*”  
43

- 1 a) Is it accurate to say that to date EY has completed 2 assignments with  
 2 respect to the CSS Replacement Project with the first assignment being  
 3 the risk assessment (June 2018 EY report) and the second assignment  
 4 being the assessment and planning recommendations report submitted  
 5 with the 2021 CBA (March 2020 EY Report)? Please provide details.  
 6
- 7 b) Please confirm that EY will be allowed to bid on a third assignment  
 8 relating to implementation of the CSS replacement project and who will  
 9 be preparing such a bid process.  
 10
- 11 c) The 17 June 2018 cover letter to the EY report on the risk assessment  
 12 appears to suggest that Newfoundland Power contracted EY directly to  
 13 undertake this work (it states "*Newfoundland Power requested a third*  
 14 *party provider to:*" followed by scope of work). Was EY contracted  
 15 directly, or was EY awarded this contract via competitive tender? If via  
 16 competitive tender:  
 17
- 18 i. How many bids did NP receive in addition to that submitted by EY?  
 19
- 20 ii. Did the solicitation include a promise of more work to come in Phase  
 21 2?  
 22
- 23 iii. How much did EY charge NP for this work? Did EY charge by the  
 24 hour or was this a fixed price contract? Provide details.  
 25
- 26 iv. Did EY agree to do the work at a discounted rate knowing that  
 27 follow-on work was coming? What was the hourly rate?  
 28
- 29 v. As part of the work relating to the risk assessment, did EY draft the  
 30 Request for Proposals for the second assignment and what  
 31 involvement, if any, had EY in preparing this request?  
 32
- 33 vi. How did the final cost of the risk assessment assignment compare to  
 34 the bid price?  
 35
- 36 vii. For the record, please provide a copy of the competitive solicitation  
 37 documents and the agreement between NP and EY for the risk  
 38 assessment assignment.  
 39

40 CA-NP-139

**Recitals**

41  
 42 At its 2019/2020 GRA, NP proposed to spend \$1.3 million over the 3-year  
 43 period from 2018 to 2020 on an assessment of its Customer Service System  
 44 (see NP 2019-2020 GRA, page 3 of 11).

1 The EY Report (see EY's March 2020 report – Customer information  
 2 system - Assessment results and planning recommendations) (page 1) states  
 3 that in 2019 EY was engaged through a competitive tendering process to  
 4 “*explore modernization options and implementation approaches*” with  
 5 respect to the current Customer Service System.  
 6

7 The EY Report (page 4) states “*In 2018, Newfoundland Power engaged EY  
 8 to perform an assessment of the risks associated with the foundational  
 9 technologies that support CSS.*”  
 10

- 11 a) With respect to the second assignment that led to EY's March 2020  
 12 report included in the Application, it is understood that EY was selected  
 13 on the basis of a competitive solicitation. Please confirm and provide  
 14 details.  
 15
- 16 b) How many bids did NP receive in addition to that submitted by EY?  
 17
- 18 c) Were all bidders given copies of the EY risk assessment report?  
 19
- 20 d) Did the solicitation include a promise or mention of more work to come  
 21 in 2021 relating to project implementation?  
 22
- 23 e) Please provide for the record a copy of the solicitation documents and  
 24 the agreement between NP and EY.  
 25
- 26 f) What was the final cost of this assignment and how does it compare to  
 27 the bid submitted by EY?  
 28
- 29 g) How do the costs of the assignments to date relating to the CSS  
 30 Replacement Project compare to the \$1.3 million included in NP's  
 31 2019-2020 GRA?  
 32
- 33 h) Did EY have an advantage over other bidders on the second assignment  
 34 given that it had already spent several months gaining an understanding  
 35 of the NP delivery system, customer service function and customer base  
 36 when other bidders would have had to start from ground zero? Please  
 37 explain.  
 38

39 CA-NP-140

**Recitals**

40  
 41 At its 2019/2020 GRA, NP proposed to spend \$1.3 million over the 3-year  
 42 period from 2018 to 2020 on an assessment of its Customer Service System  
 43 (see NP 2019-2020 GRA, page 3 of 11).  
 44

1 The EY Report (see EY’s March 2020 report – Customer information  
 2 system - Assessment results and planning recommendations) (page 1) states  
 3 that in 2019 EY was engaged through a competitive tendering process to  
 4 “*explore modernization options and implementation approaches*” with  
 5 respect to the current Customer Service System.  
 6

7 The EY Report (page 4) states “*In 2018, Newfoundland Power engaged EY  
 8 to perform an assessment of the risks associated with the foundational  
 9 technologies that support CSS.*”  
 10

- 11 a) If approved, will all bidders on the project implementation work be  
 12 given a copy of the EY reports on the first 2 assignments of the CSS  
 13 Replacement Project?  
 14
- 15 b) If approved, will EY have an advantage over other bidders on the project  
 16 implementation work given that they have already been paid a  
 17 substantial sum of money to gain a thorough understanding of the NP  
 18 delivery system, customer service function and customer base over the  
 19 past three years when other bidders would have to start from ground  
 20 zero? For example, might EY bid \$1 million over its best price knowing  
 21 that it has a \$1.3 million advantage over the next closest bidder?  
 22
- 23 c) Please explain how the solicitation can be considered fair and equitable  
 24 under such circumstances.  
 25

26 ***EY June 2018 report titled “CSS Technical Risk Assessment”***  
 27

28 CA-NP-141 The cover letter to the EY report on the risk assessment states:  
 29

30 *Newfoundland Power requested a third-party provider to:*

- 31 ► *Conduct high-level research to document risks associated with the*  
 32 *foundational technologies used to implement the current in-house*  
 33 *supported and maintained CSS;*  
 34 ► *Identify any growing risks associated with the prolonged use of the*  
 35 *technologies; and*  
 36 ► *Develop a recommendation with regard to a suitable course of action to*  
 37 *help remediate concerns highlighted by the review.*  
 38

- 39 a) Is this not leading, directing bidders to identify risks associated with the  
 40 existing CSS before they have conducted their assessment?  
 41
- 42 b) Did NP commission a study by an independent third-party to determine  
 43 how the existing CSS might be managed to ensure its continued reliable  
 44 and secure operation for the next 10 years? If not, why not?

1 CA-NP-142 The disclaimer to the EY report on the risk assessment states: *“In preparing*  
 2 *this report, EY relied on information by publicly available sources and*  
 3 *information provided by the client. EY has not audited, reviewed or*  
 4 *otherwise attempted to verify the accuracy or completeness of such*  
 5 *information.”* How independent is the EY report given that EY simply  
 6 accepted what it was given them by NP staff without any attempt to verify  
 7 the accuracy or completeness of such information? Please explain.  
 8

9 CA-NP-143 In the executive summary (page 1) it is stated:  
 10

11 “The overall recommendation arising from the review is that Newfoundland  
 12 Power should formalize and deepen its examination of CSS modernization  
 13 options to include a thorough evaluation of the costs and benefits of  
 14 replacement and deployment options. ***In addition, Newfoundland Power***  
 15 ***should develop contingency plans for CSS support and training to***  
 16 ***mitigate any unexpected loss of key personnel over the next five years.”***  
 17 ***(emphasis added)***  
 18

- 19 a) Does this statement imply that at the time of its study EY believed that  
 20 the existing CSS could operate satisfactorily until at least 2028 provided  
 21 NP implemented a contingency plan for CSS support and training to  
 22 mitigate the unexpected loss of key personnel?  
 23
- 24 b) It is understood that NP did not develop contingency plans as  
 25 recommended by EY. Why not, given EY’s expertise in this field?  
 26 Please explain.  
 27
- 28 c) Given EY’s involvement in the CSS replacement project since 2018,  
 29 how can EY be considered an independent expert in recommending that  
 30 NP *“formalize and deepen its examination of CSS modernization*  
 31 *options to include a thorough evaluation of the costs and benefits of*  
 32 *replacement and deployment options”* given the fact that it would be  
 33 allowed to bid on this work? Please explain.  
 34
- 35 d) Was the fact that EY would not be disqualified from bidding the second  
 36 and third assignments relating to this project a condition of its bid on the  
 37 risk assessment assignment? When was EY notified it would not be  
 38 disqualified? Did any such discussion take place at any time with EY?  
 39

40 CA-NP-144 On page 1 of the Risk Assessment report it is stated *“These*  
 41 *recommendations are supported by risk assessment results which indicate*  
 42 *higher levels of risk across the dimensions evaluated ...”*. Is it true that these  
 43 *“higher levels of risk”* are in comparison to installation of a new CSS? Isn’t  
 44 this an obvious conclusion? Doesn’t adding a year of operation to any piece

1 of equipment increase its risk of failure relative to replacing it with a new  
 2 piece of equipment? Please confirm that EY made no attempt to quantify  
 3 the risk of continued operation of the existing CSS. Please explain.  
 4

5 CA-NP-145 Please confirm that none of the metrics considered by EY in its 2018 report  
 6 were considered high-risk. Did EY consider risk only at that snapshot in  
 7 time? What value can be assigned to such a risk assessment when both EY  
 8 and NP know that it would take at least 3 years to implement a new CSS?  
 9

10 CA-NP-146 In its risk assessment did EY consider actual failure rates? For example, did  
 11 EY examine failure rates over a number of years to determine if they were  
 12 increasing? Did EY consider failure rates in light of the availability of the  
 13 back-up function on the existing CSS?  
 14

15 CA-NP-147 On page 2 of the report, “*support risk*” is rated “*moderate*” and “*reliability*  
 16 *and security risk*” is rated “*low-moderate*”.

- 17
- 18 a) With respect to “*support risk*” EY states “*When we decompose CSS we*  
 19 *find that each of the foundational technologies is supported by only one*  
 20 *or two employees judged to have a high-level of proficiency (a total of*  
 21 *four employees over five technologies). This level of support is lean but*  
 22 *representative of how Newfoundland Power has supported its CSS for*  
 23 *many years.*” Does NP conclude from this statement that “*support risk*”  
 24 is no different than it has been for the past 30 years, and if NP  
 25 implements a training program, “*support risk*” would be expected to be  
 26 less than it has been for the past 30 years? Please explain.  
 27
- 28 b) Has NP decided that it would rather replace the existing CSS than  
 29 implement a training program? What is the cost of a training program?  
 30
- 31 c) Further on page 2 of the report, with respect to “*reliability and security*  
 32 *risk*”, EY states “*The system is stable, unplanned outages are*  
 33 *infrequent, and there were no apparent security issues associated with*  
 34 *the foundational technologies noted during our research or our*  
 35 *interviews.*”  
 36
- 37 i) Has there been any change in the number of unplanned outages?  
 38 Please undertake to provide a list of all unplanned outages along  
 39 with reasons over the past 10 years.  
 40
- 41 ii) Have any security issues come up in the past 2 years that did not  
 42 exist in 2018? Please undertake to provide a list of security  
 43 violations in the past 10 years along with reasons.

1 CA-NP-148

2 Appendix B to the June 2018 Report provides results of a survey of users  
3 from NP's team that has been examining CSS options. This Technical  
4 Adequacy Questionnaire covered 29 items related to business risk where  
5 responses were indicated using a 1 to 5 scale (inadequate to good).

- 6 a) Only one feature registered an average score value below 2 on the 1 to  
7 5 scale. That was with respect to "*Ease of Introducing*  
8 *Products/Services Enhancements*". How crucial is the need to add  
9 enhancements? What major or crucial enhancements does NP anticipate  
10 adopting in the next five years and would it be feasible to add those  
11 specific enhancements? Are enhancements needed to provide customers  
12 with the current standard of service?  
13
- 14 b) Only two features were between 2.0 and 2.7. One of them was  
15 "Interfaces," which was assessed at 2.2. Does NP anticipate any new  
16 crucial applications with which the system will have to interface?  
17 Without interfaces with new applications, can NP provide customers  
18 with the current standard of service?  
19
- 20 c) The other feature assessed between 2 and 2.7 was "Portability" which  
21 also was a 2.2. Does this limited portability constrain NP from providing  
22 its customers with the current standard of service?  
23
- 24 d) The other 26 features all attain values of 2.7 or better on the 1 to 5 scale.  
25 An overwhelming majority (22) score at or above 3 with ten being  
26 higher than 4. Do these results not indicate that business risk is entirely  
27 manageable, especially with regard to maintaining the current standard  
28 of service?  
29

30 CA-NP-149

31 On page 11 of the June 2018 EY Report, the table shows that 9 of the 27  
32 utilities (NP excluded) listed therein will still likely be on C/1 in 5 years  
33 (i.e., 2023). That is about one-third of the utilities. It appears that several  
34 of these utilities have well in excess of one million customers.

- 35 a) If these utilities can manage with their various C/1 systems then why is  
36 it that NP cannot?  
37
- 38 b) Please provide details of all contacts NP made with these other utilities  
39 to discuss their systems and what companies were providing services  
40 for maintenance and upgrade to their systems.  
41
- 42 c) Please advise if EY determined that any of the nine utilities that will be  
43 still likely be on the C/1 system up to 2023 will in fact be still using the  
44 C/1 beyond 2023 and, if so, how far beyond 2023?

- 1 d) Of those utilities referenced in the table at page 11 who will no longer  
 2 be using C/1 in five years, does NP have any information regarding the  
 3 age of the C/1 systems currently being used by these utilities.  
 4

5 ***2021 Capital Budget Application including EY March 2020 report titled "Customer***  
 6 ***Information System: Assessment Results and Planning Recommendation"***  
 7

8 CA-NP-150 In its October 1, 2020 letter to the Board, NP states (Page 6 of 8) "*certain*  
 9 *increases in risks facing the system have already materialized and deferring*  
 10 *system replacement would expose customers to a high level of risk.*"  
 11

- 12 a) What risks have materialized in 2019 and 2020 that make the risk  
 13 assessment undertaken by EY in 2018 obsolete? How did an independent  
 14 expert such as EY overlook these risks?  
 15  
 16 b) Have the risks been quantified in terms of the probability of occurrence  
 17 multiplied by the impact on consumers?  
 18  
 19 c) What makes these risks unmanageable and too costly to continue  
 20 operation of the existing CSS?  
 21  
 22 d) How have these risks been mitigated to help the existing CSS remain  
 23 operational until its replacement in 2023, and at what cost?  
 24  
 25 e) Why is it that the mitigation measures used in the recent past cannot be  
 26 repeated to allow deferral of the replacement project by another few years  
 27 beyond 2023 rather than undertaking the project now during this time of  
 28 severe financial stress in the Province?  
 29  
 30 f) Page 23 of the March 20 report suggests that CIS replacement cost per  
 31 customer declines with economies of scale related to the number of  
 32 customers. Does NP anticipate significant growth in its number of  
 33 customers?  
 34  
 35 g) With the stagnation in the province's economy, it is not reasonable to  
 36 expect very limited growth in the number of NP's customers? Would this  
 37 not limit the demands on NP's CSS? Without a return to growing  
 38 population and a growing economy, would it not be prudent to defer such  
 39 a major expenditure?  
 40  
 41 h) Specifically, what is the cost of risk mitigation and how does it compare  
 42 to savings resulting from deferral of the project?  
 43

1 CA-NP-151 Appendix B: Customer Journey Mapping:

- 2
- 3 a) The persona are said to be “*representative of a specific customer segment*”
- 4 (page 5). What percentage of customers correspond to each of the
- 5 fictional personas.
- 6 b) For each of the customer journeys considered, is NP’s existing CSS
- 7 unable to resolve the fictional customers’ issues adequately?
- 8
- 9 c) Has NP done a survey of actual customers to ascertain their satisfaction
- 10 with their interactions with NP when making such inquiries?
- 11
- 12 d) Does NP have a record of complaints from customers who were
- 13 dissatisfied actual customer journeys such as those illustrated in Appendix
- 14 B? If so, please provide a quantitative summary. Does NP regularly
- 15 receive requests from customers for new features to be added to the CSS?
- 16 If so, please provide quantitative information in that regard.
- 17
- 18 e) Did NP at any time disclose to ratepayers the cost of this new system?
- 19

20 CA-NP-152 The response to CA-NP-070 indicates that “*deferring replacement of the*

21 *existing CSS would increase costs to customers. A capital project would be*

22 *required to replace Newfoundland Power’s server infrastructure in 2020*

23 *with technology that is already obsolete.*”

24

- 25 a) Please explain the nature of this project.
- 26
- 27 b) What would it cost, and how much would it increase costs to customers?
- 28
- 29 c) How does this cost compare to the savings from deferral of the \$31.6
- 30 million CSS replacement project?
- 31
- 32 d) Would the server infrastructure project facilitate deferral of the CSS
- 33 replacement for a number of additional years?
- 34

35 CA-NP-153 Why is the Board being presented with a single option – the full replacement

36 of the existing CSS? The Board is being asked to approve a brand-new off-

37 the-shelf CSS or reject/defer the project that Newfoundland Power says is not

38 an option. Is this correct?

39

- 40 a) Is Newfoundland Power giving the Board no choice but to approve a new
- 41 \$31.6 million CSS? What other options is Newfoundland Power giving
- 42 the Board?
- 43

- 1 b) Is there nothing in between such as developing a list of the minimum  
 2 essentials for a CSS and calling for bids, or setting a budget of \$x and  
 3 calling for consultants to provide what they can for that amount?  
 4  
 5 c) What types of leasing arrangements were considered?  
 6  
 7 d) If the Board approves a 2021 CBA for an amount that is \$10 million less  
 8 than the requested amount, will Newfoundland Power undertake all  
 9 projects submitted in its 2021 CBA anyway and let its shareholder  
 10 absorb the 2021 cost of the CSS Replacement Project?  
 11

CA-NP-154

Newfoundland Power's October 1, 2020 letter to the Board states (pages 6  
 of 8 and 7 of 8) "*All costs to execute this project including product and  
 implementation costs, are included in EY's recommended cost estimate.  
 Acquisition of a specific vendor was therefore not necessary to develop a  
 sound cost estimate.*"

- 18 a) How is it that EY knows what the different vendors will bid in a  
 19 competitive solicitation without having already conducted the  
 20 solicitation or without having already been selected as the winning  
 21 bidder?  
 22  
 23 b) Why is Newfoundland Power seeking a \$31.6 million expenditure  
 24 without first having acquired a vendor that has submitted a detailed cost  
 25 proposal? EY states (page 3 of the EY Report) "*The estimated costs to  
 26 procure, implement, and stabilize a modern CIS replacement solution is  
 27 estimated at approximately \$31.6 Million over an 8-month pre-  
 28 implementation period, a 21-month implementation period, and a 4-  
 29 month post-implementation period"* (emphasis added). Note the words  
 30 "*estimated*" and "*approximately*". Does this suggest that there will be a  
 31 better cost estimate following award of the implementation project?  
 32  
 33 c) Is there a contingency included in the estimated cost of \$31.6 million,  
 34 and if so, how much?  
 35  
 36 d) Would it not be prudent, in consideration of the best use of ratepayers'  
 37 money, to have obtained a detailed cost proposal from various vendors  
 38 and disclosing the winning vendor before Board approval?  
 39

CA-NP-155

The CSS Replacement Project is estimated to cost \$31.6 million over a 3-  
 year implementation period.

- 43 a) Is this likely to be the largest single capital expenditure that will be made  
 44 by Newfoundland Power in this generation?

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- b) It is understood that Newfoundland Power considered a separate application for this project but decided against it. Is this true? Why?
- c) Given that this once in a generation project does not warrant a separate application, is it accurate to say that Newfoundland Power does not believe that any of its capital projects now, or at any time in the future, should be the subject of a separate application?
- d) Is Newfoundland Power pushing the Board to approve this project before the stricter Capital Budget Guidelines recommended by its consultant, Midgard are approved?
- e) Wouldn't it be more appropriate to treat a project of this magnitude, the largest single capital project in a generation, under the new guidelines likely to be adopted by the Board?
- f) Should not a project of this magnitude, a once in a generation project, not be subject to more stringent requirements, in particular, an assessment where the risks and benefits are quantified?
- g) Would it not be appropriate and prudent, prior to embarking upon such a large expenditure, that there be a public hearing into this matter to allow ratepayers a full opportunity. in keeping with the Board's mandate to balance the interest of ratepayers with those of the Utility, prior to approving capital expenditure.

CA-NP-156

The CSS Replacement Project is estimated to cost \$31.6 million over a 3-year implementation period. It is understood that the implementation project will be conducted in two phases and that a consultant, or system integrator, will perform the bulk of the work.

- a) Is this an accurate characterization of the implementation component of the project?
- b) Please provide a high-level description of the consultant's scope of work.
- c) Please provide a breakdown of the estimated \$31.6 million? Specifically, how much of the estimate will be allocated to the consultant, how much to the software vendor, how much to NP staff and how much to materials/hardware?

CA-NP-157

In NP's response to CA-NP-080, Attachment A, page 7 of 19 indicates that in 1991 the estimated cost of the current CSS was \$7.5 million. However,

1 due to cost overruns, the actual cost turned out to be \$10.173 million by the  
2 time the CSS was operational in 1993. **That was a 35.6% cost overrun.**

- 3  
4 a) What measures would NP take to avoid such a large cost overrun for a  
5 new CIS?  
6 b) Is the potential for such cost overruns a good reason for waiting until  
7 you have vendor bids before going to the Board for approval of a \$31.6  
8 million project?  
9  
10 c) Will Newfoundland Power's shareholder absorb any cost overruns on  
11 the CSS Replacement Project?  
12

13 CA-NP-158 The current estimate for a new CIS is \$31.6 million. That is 321.3% higher  
14 than the current CSS's cost estimate of \$7.5 million, and 210.6% more than  
15 the actual cost of the CSS, namely \$10.173 million. According to Statistics  
16 Canada data, inflation from 1993 to the present (Sept. 2020) was 59.7% as  
17 measured by the Consumer Price Index for Canada. Thus, the new CIS as  
18 determined by EY is massively more costly than the existing CSS was, even  
19 allowing for inflation since 1993. Please provide an explanation.  
20

21 CA-NP-159 Please provide a summary of the annual cost of maintenance and upgrades  
22 to the CSS up to the present, and compare to the anticipated cost of  
23 maintenance and future upgrades to the proposed new CIS.  
24

25 CA-NP-160 Has NP carried out a Net Present Value Analysis of the CIS proposed by  
26 EY? If not, why not? If so, please file a copy for the record.  
27

28 CA-NP-161 In its deliberations with EY, did NP ask for different configurations of CISs  
29 in order to establish a trade-off between different features-cost  
30 combinations? Did EY suggest such an approach?  
31

32 CA-NP-162 As part of its Market Analysis, did EY identify and advise NP of the costs  
33 of new CISs that other Canadian electric utilities have adopted? If so,  
34 please provide that information.  
35

36 CA-NP-163 What has been the experience of NP's sister utilities: Fortis Alberta, Fortis  
37 BC Electric and Fortis Ontario with respect to their customer service  
38 systems? Specifically, describe their current systems, when they were  
39 implemented and at what cost. Are those utilities planning to replace their  
40 CISs in the near future? If so, what cost estimates do they have? Did they  
41 consider leasing options?

**DATED** at St. John's, Newfoundland and Labrador, this 20<sup>th</sup> day of November, 2020.

Per:   
\_\_\_\_\_

**Dennis Browne, Q.C.**

**Counsel for the Consumer Advocate**

Terrace on the Square, Level 2, P.O. Box 23135

St. John's, Newfoundland & Labrador A1B 4J9

Telephone: (709) 724-3800

Telecopier: (709) 754-3800