



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

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2021-01-07

Kelly Hopkins
Corporate Counsel
Newfoundland Power Inc.
55 Kenmount Road, P.O. Box 8910
St. John's, NL A1B 3P6

Dear Ms. Hopkins:

Re: Newfoundland Power Inc. - 2021 Capital Budget Application - Customer Service System Replacement Project - Requests for Information

Enclosed are Requests for Information PUB-NP-019 to PUB-NP-024 regarding the above-noted application.

If you have any questions, please do not hesitate to contact the Board's Hearing Counsel, Maureen Greene, Q.C., by email, mgreene@pub.nl.ca or telephone (709) 726-3175.

Yours truly,


Cheryl Blundon
Board Secretary

CB/cj
Enclosure

ecc **Newfoundland Power Inc.**
Liam O'Brien, E-mail: lobrien@curtisdawe.com
NP Regulatory, E-mail: regulatory@newfoundlandpower.com
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1 **IN THE MATTER OF** the *Public*
2 *Utilities Act*, (the “Act”); and
3
4 **IN THE MATTER OF** capital expenditures
5 and rate base of Newfoundland Power Inc.; and
6
7 **IN THE MATTER OF** an application by
8 Newfoundland Power Inc. for an order pursuant
9 to sections 41 and 78 of the *Act*:
10 (a) approving a 2021 Capital Budget of \$111,298,000;
11 (b) approving certain capital expenditures related to
12 multi-year projects commencing in 2021; and
13 (c) fixing and determining a 2019 rate base of
14 \$1,153,556,000.
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**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NP-019 to PUB-NP-024

Issued: January 7, 2021

1 Customer Service System Replacement Project

2
3 **PUB-NP-019** The response to PUB-NP-014 at page 9 of 10 states that a capital project
4 would be required in 2021 to upgrade the Customer Service System (“CSS”)
5 to the last line of Integrity servers at an estimated cost of \$1.6 million to be
6 consistent with Newfoundland Power’s policy of replacing servers every 7
7 years if the CSS project is delayed. Although the proposed CSS project is not
8 planned to be deployed until the 3rd quarter of 2023, it does not appear that
9 Newfoundland Power plans on replacing the servers in 2021 if the CSS
10 replacement project is approved. How did Newfoundland Power determine
11 that it would be appropriate to defer replacement of the servers beyond the
12 seven-year period if the CSS project commences in 2021? If the CSS
13 replacement project is deferred by one to two years could the replacement of
14 the servers be further deferred? If not, why not?
15

16 **PUB-NP-020** Further to the response to PUB-NLH-014 which describes risks and costs
17 associated with delay of the Customer Service System project by 2, 3, and 5
18 years, please explain in detail if the risks and costs are the same for a delay of
19 2 years as they are for a delay of 5 years. In the response, please explain how
20 qualitatively and quantitatively the risks and costs change by each year of a
21 delay up to five years.
22

23 Requests for Information for Ernst & Young

24
25 **PUB-NP-021** In its June 17, 2018 report Ernst & Young (“EY”) provided its assessment of
26 the technical risks associated with the continued use of Newfoundland
27 Power’s Customer Service System (CSS), including its assessment of three
28 risks as moderate-high: the vendor market share risk, the vendor health risk,
29 and the business enabling risk; one risk as moderate: support risk and one risk
30 as low-moderate: reliability and security. What criteria did EY use in
31 determining that a risk was low, moderate or high?
32

33 **PUB-NP-022** Further to PUB-NP-021, in the opinion of Ernst & Young (“EY”) have the
34 risks of the CSS changed since its June 17, 2018 report? In the response,
35 please explain in detail the manner and the degree to which any risks have
36 changed and their current status. Please also provide EY’s current opinion
37 how the risks could change in the next 5 to 10 years.
38

39 **PUB-NP-023** Newfoundland Power is seeking approval to replace its Customer Service
40 System commencing in 2021 with project deployment scheduled for the third
41 quarter of 2023. In Ernst & Young’s opinion what are the risks and costs, if
42 any, associated with a one-year delay, a two-year delay and a five-year delay
43 in project commencement and how do the risks change over that time period?
44

45 **PUB-NP-024** In its March 2020 report at page 4 Ernst & Young’s (“EY”) stated that “while
46 CSS does not pose an immediate operational risk to Newfoundland Power,
47 there are significant functional and technical risks associated with continuing
48 to operate and maintain the application” and further that “These risks are not
49 static and will increase over time”. Given that the CSS is not an immediate

1 operational risk, what factors or criteria should, in EY's opinion, be used to
2 determine the most appropriate time to commence replacement of the system?

DATED at St. John's, Newfoundland this 7th day of January, 2021.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per


Cheryl Blundon
Board Secretary