

1 **Section 2: Customer Operations/Operating Costs**
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3 **Q. Volume 1, Section 2, page 2-9, lines 9-18. For the new Customer Service System**
4 **completed in 2023 please provide the following:**

- 5 **a) The final total cost of the project vs the budget approved by the Board;**
6 **b) An explanation as to the efficiencies achieved with the new system and how they**
7 **compare to efficiencies anticipated at the time of project approval, including the**
8 **forecast efficiencies described in the response to PUB-NP-013 in the 2022-2023**
9 **General Rate Application; and**
10 **c) The reduction in costs achieved or expected in future years as a result of the new**
11 **system.**

12
13 A. a) The Board approved the *Customer Service System Replacement* project as a
14 three-year project in Order No. P.U. 12 (2021). The project was designed to be
15 executed in three stages: (i) procurement of a new Customer Information System
16 (“CIS”); (ii) implementation of the CIS;¹ and (iii) stabilization of the CIS.
17

18 The costs associated with the *Customer Service System Replacement* project total
19 \$29,521,000 as of December 31, 2023. There is also a carryover of \$2,125,000 in
20 2024 to complete the project. The total costs to date and carryover into 2024 total
21 \$31,646,000, which is consistent with the total approved budget.
22

23 b) As described in the response to Request for Information PUB-NP-013 in the
24 *2022/2023 General Rate Application*, Newfoundland Power forecasted a reduction of
25 approximately two full-time equivalent employees (“FTEs”) within its Customer
26 Services function upon full implementation of the new CIS. At the same time, labour
27 efficiencies in the Customer Services function were forecast to offset a corresponding
28 increase of two FTEs in the Information Systems function associated with support
29 requirements for the replacement system.
30

31 The implementation of the CIS is consistent with the anticipated efficiencies at the
32 time of approval and as described in the response to Request for Information
33 PUB-NP-013 referred to above.² This is consistent with the Company’s objective of
34 maintaining its overall operating efficiency upon implementing the replacement
35 system.
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37 c) The CIS project was justified on providing service continuity and maintaining current
38 levels of service efficiency. While Newfoundland Power anticipates some efficiencies
39 due to the elimination of manual billing processes and reduced customer call times,
40 these efficiencies will be offset by new system support requirements, as described in
41 part b). As such, the Company does not anticipate overall operational cost savings as
42 a result of implementing the CIS.

¹ Includes initiation and planning, confirm and design, development, testing, training and deployment.

² In the 2024 forecast, Customer Services labour is lower by \$0.2 million and Information Systems labour is \$0.2 million higher due to the implementation of the CIS.