

1 **Q. The current estimate for a new CIS is \$31.6 million. That is 321.3% higher than the**
2 **current CSS's cost estimate of \$7.5 million, and 210.6% more than the actual cost of**
3 **the CSS, namely \$10.173 million. According to Statistics Canada data, inflation**
4 **from 1993 to the present (Sept. 2020) was 59.7% as measured by the Consumer**
5 **Price Index for Canada. Thus, the new CIS as determined by EY is massively more**
6 **costly than the existing CSS was, even allowing for inflation since 1993. Please**
7 **provide an explanation.**
8

9 A. A modern Customer Information System is not comparable in technology or functionality
10 to the original system implemented by Newfoundland Power 27 years ago.

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12 The system implemented by Newfoundland Power in 1993 provided basic meter-to-cash
13 functionality. The system was significantly enhanced over 2 decades to provide the
14 functionality necessary to meet customers' service expectations and regulatory
15 requirements. As examples, the system was enhanced in 1997 to provide customers with
16 the Equal Payment Plan and in 2016 to deliver the RSP Refund. Each of these
17 enhancements included a capital cost, which would be in addition to the original
18 \$10.2 million investment.

19
20 A modern Customer Information System is not a basic meter-to-cash system. A modern
21 Customer Information System will provide the technology and functionality necessary to
22 deliver Newfoundland Power's existing customer service business processes.

23
24 The estimated cost of implementing a modern Customer Information System for
25 Newfoundland Power is reflective of current market rates and is comparable to the
26 experience of other utilities.¹

¹ See the 2021 Capital Budget Application, Volume 1, Customer Service Continuity Plan, Attachment A, page 23.