

1 **Q. NP has a great deal of faith in the EY estimate of \$31.6 million, using it to justify full**
2 **project approval now rather than in two stages (The second stage approval would**
3 **follow selection of a vendor to perform the procurement advisor function.). NP**
4 **states (pages 6 of 8 and 7 of 8 of its October 1, 2020 letter to the Board) "All costs to**
5 **execute this project including product and implementation costs, are included in EY's**
6 **recommended cost estimate. Acquisition of a specific vendor was therefore not**
7 **necessary to develop a sound cost estimate." In this regard:**
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9 a) What is EY's confidence level in the \$31.6 million estimate; i.e., $\pm 10\%$?

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11 b) Is EY's confidence level in the \$31.6 million cost estimate altered in light of
12 the Covid-19 global pandemic? Did EY take account of Covid-19's impact
13 on cost when it was preparing the cost estimate, and if so, how? Has the
14 pandemic increased the estimated cost and schedule as a result of stay-at-
15 home orders, travel restrictions, increases in construction materials and
16 services costs, etc?

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18 c) There is evidence from suppliers in various sectors of the economy that
19 Covid-19 has affected production and distribution resulting in additional
20 costs for fewer available materials. Would it not be prudent for EY, prior to
21 embarking upon any expenditure, to update any estimate and seek
22 information to provide to the Board as to how Covid-19 may affect these cost
23 estimates and the prudence of proceeding versus the prudence of waiting
24 until Covid-19 subsides?
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26 A. a) EY is confident in the \$31.6 cost estimate given the cost estimation activities
27 performed during the 2020 assessment and planning project. Refer to
28 CA-NP-176, which provides the assessment process to arrive at the cost estimate
29 recommended to Newfoundland Power.
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31 b) We do not believe the cost estimate will be altered in light of the Covid-19 global
32 pandemic. Of nine CIS implementation projects in the US which EY is currently
33 a part of, none have yet experienced a schedule or cost shift due to Covid-19.
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35 c) Please refer to part b.