

1 **Q. Has Newfoundland Power discussed/reviewed their plans for its new Customer**
 2 **Service System with Newfoundland and Labrador Hydro with a view to**
 3 **incorporating both of the utilities' requirements into one comprehensive system that**
 4 **could serve both utilities' service territories given the following listed below. If yes,**
 5 **please provide details and reasons for deciding not to pursue a joint solution. If no,**
 6 **please explain the rationale for not doing so. Please address each of the bullets below**
 7 **in your response as appropriate.**

- 8 • **The size of the required investment is in excess of \$31 million.**
- 9 • **The commonality of many service processes across electric utilities. The**
 10 **analysis of Ernst & Young LLP (Volume 1, Tab Customer Service**
 11 **Continuity Plan, page 12 of the June 2020 report, lines 17-20) stated "From a**
 12 **functional perspective, EY assessed that Newfoundland Power's customer**
 13 **service business processes are similar to those of other utilities.**
 14 **Approximately 80% of customer service business processes are common**
 15 **across utilities. These processes are readily delivered in a modern CIS**
 16 **through the base package or standard configuration."**
- 17 • **The consistent customer satisfaction level for Newfoundland Power's service**
 18 **delivery may indicate that there is time for additional consultation with**
 19 **Newfoundland and Labrador Hydro given that there has been no recent**
 20 **customer-perceived degradation of service. Volume 1, Tab Customer Service**
 21 **Continuity Plan, page 7 of the Customer Experience Report, lines 3-4 stated**
 22 **"Customers' overall satisfaction with the Company's service delivery has**
 23 **averaged approximately 86% annually over the last 5 years. This is**
 24 **consistent with longer-term trends." Footnote 13 of the same page states that**
 25 **"Overall satisfaction with Newfoundland Power's service delivery averaged**
 26 **approximately 86% over the last decade (2010 to 2019)."**
- 27 • **The potential opportunities for further capital-saving collaboration with**
 28 **respect to the Geographic Information System and Outage Management**
 29 **System (scheduled in 2024 and 2025) as well as the replacement of the**
 30 **current VHF radio mobile system (scheduled in 2023).**

31
 32 **A. A. Response**
 33

34 Incorporating the requirements of both Newfoundland Power and Newfoundland and
 35 Labrador Hydro ("Hydro") into one comprehensive system is not a viable alternative for
 36 replacing Newfoundland Power's Customer Service System ("CSS").¹
 37

38 Newfoundland Power participated in a review of the technologies implemented by Hydro
 39 through Nalcor Energy's *Business Systems Transformation Program*, including its
 40 current customer service technology. It was apparent at that time that Hydro's current
 41 technology would not meet Newfoundland Power's requirements.²

¹ For more information on why this project cannot be deferred, see response to Request for Information CA-NP-070.

² See part B(i) below for a description of Hydro's technology, part B(ii) for a description of Newfoundland Power's technology, and part B(iii) for a comparison of these technologies.

1 Newfoundland Power completed discussions with Hydro in 2020 regarding its customer
2 service technology. During these discussions, Hydro confirmed that it had implemented
3 the technology planned as part of its program. This, in turn, confirmed that Hydro's
4 technology is not a viable solution for Newfoundland Power. Newfoundland Power also
5 advised Hydro of its plan to replace its CSS during these discussions.
6

7 Furthermore, the Board's consultant, The Liberty Consulting Group, cautioned against
8 implementing a common system among both utilities in 2019.³
9

10 Newfoundland Power is, however, pursuing opportunities for collaboration with Hydro in
11 the areas of joint procurement and metering technologies.
12

13 **B. Supporting Information**

14 *i. Hydro's Customer Service Technology*

15 Hydro utilizes an Enterprise Resource Planning ("ERP") system known as JD Edwards
16 EnterpriseOne. This system provides management of core business processes, including
17 finance and asset management workflows. It was implemented as part of the *Business*
18 *Systems Transformation Program* managed and executed by Nalcor Energy.⁴ Prior to
19 implementing this system, Hydro used JD Edwards World.
20
21

22 Hydro's customer service technology is a module of JD Edwards EnterpriseOne known
23 as Utiligy360.⁵ Utiligy360 uses the same hardware, technology, user interface and
24 application foundation as all other JD Edwards EnterpriseOne modules. Its functionality
25 depends on integration with the other modules of JD Edwards EnterpriseOne, including
26 accounts receivable, work order management, asset management and general ledger
27 components.⁶
28

29 Utiligy360 was selected by Hydro on the basis that it had a clear migration and data
30 conversion path from its previous JD Edwards solution.⁷ Hydro is the only user of
31 Utiligy360 among the Nalcor Energy group of companies.⁸
32

³ See part B(iii), page 4, for more information on an assessment by the Board's consultant, The Liberty Consulting Group in 2019.

⁴ According to Hydro, it participates in the Corporate Business Systems Transformation Program as part of shared services offering led by its parent company, Nalcor Energy. The program is managed and executed by Nalcor. See the *Corporate Business Systems Transformation Program Justification Report*, page 4.

⁵ See page 11 of Hydro's *Corporate Business Systems Transformation Program Justification Report*.

⁶ See response to NP-NLH-372 filed as part of the Business Systems Transformation Program.

⁷ See response to NP-NLH-372 filed as part of the Business Systems Transformation Program.

⁸ See page 11 of Hydro's *Corporate Business Systems Transformation Program Justification Report*.

1 **ii. *Newfoundland Power's Customer Service Technology***

2
3 Newfoundland Power utilizes a CSS that was implemented in 1993. Newfoundland
4 Power's CSS is designed to:

- 5
6 (i) Store and maintain information related to over 269,000 current customer accounts
7 and over 1 million inactive accounts;
8 (ii) Process monthly metering data to automatically generate approximately 3 million
9 customer bills annually;
10 (iii) Track and apply customer payments, including over 70,000 payment
11 arrangements annually;
12 (iv) Connect directly with the customer website and telephone system to provide
13 efficient self-service options for customers;
14 (v) Provide a record of customers' service history to facilitate responding to
15 approximately 470,000 customer calls and 100,000 customer emails annually;
16 (vi) Facilitate the delivery of programs and services to customers, including over
17 50,000 on-bill conservation rebates and \$9 million in customer financing
18 programs since 2009; and
19 (vii) Log and track day-to-day work queues for customer service staff, such as
20 customer billing adjustments and energy conservation requests.⁹

21
22 CSS supports each of these functions. The functionality of CSS is provided, in part,
23 through 56 integrations and applications used by Newfoundland Power. Examples
24 include the Company's Microsoft Great Plains financial system, Avaya Contact
25 Management System, Responder Outage Management System, and ESRI Geographic
26 Information System.

27
28 **iii. *Combining Customer Service Technologies***

29
30 Newfoundland Power determined that Hydro's customer service technology would not
31 meet its requirements in serving customers.

32
33 From a technical perspective, Hydro's Utiligy360 system requires JD Edwards
34 EnterpriseOne to operate. Newfoundland Power does not use JD Edwards
35 EnterpriseOne. Utiligy360 is not designed to integrate with the applications currently
36 used by Newfoundland Power. It could therefore not deliver the functionality required by
37 Newfoundland Power in serving customers without a significant overhaul of the
38 Company's other systems, related business processes, and the architecture of Utiligy360.

39
40 From a functional perspective, Newfoundland Power's customer service requirements are
41 greater than those of Hydro.¹⁰ Newfoundland Power serves approximately 7 times as

⁹ See the 2021 Capital Budget Application, Volume 1, Customer Service Continuity Plan, pages 2 and 5 to 6.

¹⁰ All customer service data for Hydro is based on its 2017 General Rate Application (Chapter 2: Customers), which is the most recent data available to Newfoundland Power on Hydro's customer service delivery.

1 many customers as Hydro.¹¹ In comparison to Hydro, Newfoundland Power: (i) responds
 2 to approximately 10 times as many customer calls annually;¹² (ii) responds to
 3 approximately 25 times as many customer emails annually;¹³ and (iii) provides website
 4 self-service to approximately 15 times as many customers annually.¹⁴
 5

6 These differences in work volumes logically result in different business processes and
 7 technology requirements among the 2 utilities. Newfoundland Power requires a higher
 8 degree of automation than Hydro to ensure efficient customer service delivery.
 9 Newfoundland Power also requires an architecture designed to ensure its systems can
 10 accommodate the higher volumes of work, including greater data storage and data
 11 transfer capabilities.¹⁵
 12

13 Ernst and Young LLP (“EY”) completed an analysis of peer utilities that are similar in
 14 size to Newfoundland Power and therefore have similar work volumes. None of the 28
 15 peer utilities included in the analysis used Utiligy360.¹⁶
 16

17 Furthermore, combining the customer service functions of Newfoundland Power and
 18 Hydro was assessed by the Board’s consultant, The Liberty Consulting Group, in 2019.
 19 The assessment was completed as part of the *Reference on Rate Mitigation Options and*
 20 *Impacts*. During the public hearing conducted as part of the reference, Mr. John Antonuk
 21 of The Liberty Consulting Group cautioned against implementing a common system
 22 among both utilities. Specifically, Mr. Antonuk observed:
 23

24 *“I don’t think I’d recommend that as long as they each remain responsible for*
 25 *their own customers because there are ramifications of making them use the same*
 26 *system in terms of how they staff, how they train, all of that. I would be*
 27 *concerned that the small gain you might get though a common system would be*
 28 *wiped out by all the changes they would have to make.”¹⁷*
 29

30 **iv Areas for Further Collaboration**

31
 32 Newfoundland Power and Hydro are exploring areas for further collaboration, including
 33 opportunities that could result in capital cost savings for customers. For example, the 2

¹¹ Newfoundland Power serves approximately 269,000 customers compared to approximately 39,000 by Hydro (269,000 / 39,000 = 6.9).

¹² Newfoundland Power responds to approximately 470,000 customer calls annually in comparison to approximately 45,000 by Hydro (470,000 / 45,000 = 10.4).

¹³ Newfoundland Power responds to approximately 100,000 customer emails annually in comparison to approximately 4,000 by Hydro (100,000 / 4,000 = 25).

¹⁴ Newfoundland Power has approximately 73,000 customers enrolled in self-service options in comparison to approximately 5,000 by Hydro (73,000 / 5,000 = 14.6).

¹⁵ For example, during the widespread outages known as #darkNL, Newfoundland Power received 139,335 customer calls and 947,215 visits to its website over the course of a single week. Its customer service technologies must be designed to accommodate this level of customer interaction.

¹⁶ For EY’s market analysis, see the *2021 Capital Budget Application, Volume 1, Customer Service Continuity Plan, Attachment A, Appendix A*.

¹⁷ See the Hearing Transcript, October 4, 2019, page 99, line 19 to page 100, line 3.

1 utilities have discussed opportunities related to the joint procurement of LED street
2 lights. The 2 utilities are also exploring opportunities for collaboration on metering
3 technology in 2020.

4
5 With respect to other information technologies generally, Newfoundland Power pursues
6 opportunities for capital cost savings within the Fortis group of companies. For example,
7 as of 2020, licensing costs for the Microsoft Enterprise Agreement benefit from joint
8 procurement with other Fortis utilities.

9
10 With respect to the information technologies of Hydro, Newfoundland Power confirmed
11 in 2020 that Hydro does not currently operate an Outage Management System. Should
12 Hydro identify a need to implement an Outage Management System, opportunities for
13 collaboration could be explored at that time. Newfoundland Power also confirmed the 2
14 utilities use a Geographic Information System from the same vendor, ESRI. However,
15 these technologies are intertwined with the distinct operations of the 2 utilities and joint
16 licensing has not been explored.¹⁸

17
18 With respect to the VHF radio mobile system, see response to Request for Information
19 NLH-NP-016.

¹⁸ Licensing costs for Geographic Information Systems are based on a number of factors, including the number of system users, the number of modules purchased, the specific performance metrics required, and the number of servers in operation. The comparability of Newfoundland Power's and Hydro's requirements has not been assessed.