

Office of the Consumer Advocate

PO Box 23135
Terrace on the Square
St. John's, NL Canada
A1B 4J9

Tel: 709-724-3800
Fax: 709-754-3800

February 17, 2021

Board of Commissions of Public Utilities
120 Torbay Road, P.O. Box 2140
St. John's, NL A1A 5B2

**Attention: G. Cheryl Blundon, Director of
Corporate Services / Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland Power Inc. - 2021 Capital Budget Application –
Customer Service System Replacement Project**

On July 9, 2020 Newfoundland Power (“NP”) submitted to the Public Utilities Board (the “Board”) its 2021 Capital Budget Application (“2021 CBA”). Since submission of its Application, the Board issued a letter dated October 9, 2020 indicating that the replacement of the Customer Service System project would be addressed in a separate process. An additional round of RFIs has been submitted and responses were provided on January 26, 2021. In a letter dated January 28, 2021 the Board set a date of February 10, 2021 for written submissions by the parties. The date has since been revised to February 17, 2021. This is the submission of the Consumer Advocate on Newfoundland Power’s proposed Customer Service System Replacement Project.

As noted in a prior submission on NP’s 2021 Capital Budget Application, the Consumer Advocate is concerned about the significant level of capital spending by Newfoundland Power. It is even more of a concern at the present time when, barring rate mitigation, rates could potentially increase substantially later this year with the commissioning of the Muskrat Falls Project (“MFP”). Also, we are in the midst of the Covid-19 global pandemic with profound impacts on the provincial economy. The Consumer Advocate submits that every utility expenditure must be carefully scrutinized. Given all of these circumstances, the Province’s ratepayers are unable to bear the burden of higher electricity rates based on unnecessary and unreasonable expenditures.

1. CONSUMER ADVOCATE COMMENTS

The burden of proof is on the Utility to provide sufficient data, information and analyses to justify its capital programs. As stated by Newfoundland Power in its response to CA-NP-128 “*It is Newfoundland Power’s position that the onus is on the utility to fully support with evidence the expenditures proposed in its capital budgets.*” It is the Consumer Advocate’s conclusion and position that the evidence filed in this application falls woefully short of this requirement based on the following.

- 1) Newfoundland Power states that the project is necessary to provide least cost service. However, Newfoundland Power has not provided evidence that customers value the benefits and risk reduction brought on by the project relative to its cost. No evidence has been filed that customers were told during the Customer Service Qualitative Research sessions (the interview process) that the estimated cost of the proposed CSS replacement project would be \$31.6 million.

In CA-NP-151(e) Newfoundland Power was asked “*Did NP at any time disclose to ratepayers the cost of this new system?*” In response NP states “*The costs associated with Newfoundland Power’s CSS Replacement Project are contained in the Company’s 2021 Capital Budget Application, which is publicly available through Newfoundland Power’s customer website.*” This is disingenuous. The Consumer Advocate believes it highly unlikely that customers reviewed the 788-page application. If Newfoundland Power is claiming that their reference to the \$31.6 million CSS replacement project in their technical submission (the 2021 CBA) which is addressed to a specialty administrative tribunal (the Board) amounted to actual notice to its customers of the costs of the project, then the Consumer Advocate submits that such a claim is neither reasonable nor sustainable. It’s the Consumer Advocates position that NP’s customers were **not effectively** informed during the interview process that the benefits of a new CSS would come at an estimate of \$31.6 million. Neither were they told how much the project would impact their electricity bills; so, therefore, customers were clearly in no position to place a value on the benefits and risk reduction brought on by the project relative to its cost. No evidence is on the record to suggest otherwise. Customers would likely have provided much different answers relating to the merits of the project had they been informed of the cost.

While a replacement CSS is not expected to impact system reliability, it parallels the discussion on the merits of a project proposed for the specific purpose of improving reliability. Customers all want 100% reliability, but if you tell them that a project will reduce their annual hours of interruption from 3 hours per year to 2.5 hours per year at an estimated cost of \$31.6 million, that would increase their electricity bills by \$3.00 a month, these customers are likely to tell you that they are satisfied with current levels of reliability.

Here, in the absence of evidence that customers value the benefits and risk reduction brought on by the CSS replacement project, the parties and the Board are unable to assess the merits of the project and Newfoundland Power fails to meet the burden of proof required. As a result, the project cannot be credibly approved.

Also, the shoddy practice that Newfoundland Power has employed of partially informing customers, in the interview process referenced above, cannot be condoned. This practice is unacceptable. These customers who took part in this interview deserved better.

- 2) Newfoundland Power has not quantified the benefits of the CSS replacement project or the risks of not proceeding with the project, stating only that the risks of continuing to operate

the existing CSS are high while providing no evidence quantifying “*how high*”. The Board in PUB-NP-023 asked EY to opine on the risks and costs associated with one-, two- and five-year project delays. EY responded “*It is difficult to accurately predict the realization of risks and related costs over any deferral period, whether it be one-, two-, or five-years.*” EY goes on to say “*In EY’s opinion, the noted risks and costs of deferring the project increase each year.*” EY indicates that they typically do not quantify risks for CSS replacement projects (CA-NP-177) stating that in its experience “*risks and benefits to consumers for projects of this magnitude are typically described in qualitative terms.*” This falls well short of what the Consumer Advocate considers an “*expert*” opinion. The question is not “*are the risks increasing*” but rather “*have the risks increased to the point where the existing system can no longer meet customer service requirements*”. EY’s speculative response provides no value to the parties and the Board. The Consumer Advocate submits that these are not “*typical*” times. It is a disservice to customers to approve an estimated \$31.6 million project during these very difficult economic times without a proper quantification of risks and benefits. “*Typical*” and “*challenging*” are not adequate responses when it comes to justification of a \$31.6 million estimate that NP describes as a once-in-a-generation project.

- 3) Further to the previous point, Newfoundland Power has made no attempt to assess life extension of the existing CSS. In CA-NP-164, EY was asked if it had “*access to, or was it aware of, any studies by an independent third-party to determine how NP’s existing CSS might be managed to ensure its continued reliable and secure operation for the next 10 years*”. EY responded that it “*did not have access to, and was not aware of, any such studies.*” Further, in CA-NP-166 EY states “*it was not part of EY’s scope to assess whether the existing CSS could operate satisfactorily until at least 2028*”. In CA-NP-180, EY states “*A comparison of the new CSS sustaining costs to the expected cost of continuing operation of the existing CSS was not included in EY’s scope of work.*” Again, the proposed CSS replacement project falls short of meeting the requirement that the burden of proof is on the utility to fully support with evidence the proposed capital expenditure. The possibility of extending the life of the existing CSS was not considered by EY. The parties and the Board have no way of knowing if the existing CSS can operate beyond 2023 and how this option compares to the proposed CSS replacement project. This flaw in Newfoundland Power’s Application should not be ignored.
- 4) Newfoundland Power indicates there are costs associated with the continued operation of the existing CSS. In PUB-NP-020 NP states “*While a delay of 2, 3 or 5 years would result in additional costs to customers, costs are expected to increase the longer the project is delayed.*” NP goes on to say, “*Delaying the replacement project by 2, 3 or 5 years would therefore be inconsistent with the provision of least-cost, reliable service to customers.*” How can Newfoundland Power conclude that the proposed project is necessary to provide least-cost, reliable service when there is no cost comparison of the alternatives? EY states in CA-NP-180 that a cost comparison was not in its scope. PUB-NP-020 indicates that costs for maintaining the existing CSS include \$1.6 million for a system upgrade, \$0.6 million to update the service continuity plan, system failure costs (no dollar amount given), and other costs (no dollar amount given).

In CA-NP-090 NP states “*Over the most recent 5-year period, Newfoundland Power has incurred total capital costs of approximately \$2.5 million associated with the existing CSS.*” For a new CSS (CA-NP-181), maintenance cost would be \$1.3 million annually, and a minor system upgrade would be required in year 4 at \$2.1 million and a larger system upgrade would be required in year 8 at \$4.0 million (these figures do not include inflation). CA-NP-075 (Table 1) indicates that annual support and maintenance costs are expected to be 53% greater for a replacement CSS than the existing CSS (\$1.278 million versus \$0.836 million).

The response indicates there may be some “*offsetting savings*” in the future owing to reduced full-time equivalents (2 FTEs), but these “*savings*” appear to fall short of making up the cost difference. Of course, there is also the \$31.6 million “*estimate*” to consider for the new CSS. Based on the cost information on the record, it would appear that continuing with the existing CSS would have a considerable cost advantage over the proposed CSS replacement project.

- 5) Newfoundland Power indicates that it has made no attempt to train staff as recommended by EY in its risk assessment report. In CA-NP-143(b) NP states “*Based on Newfoundland Power's research, it is not feasible to develop a contingency plan for CSS support and training*”. In CA-NP-170 EY states “*Estimating the cost of a training program was not part of EY's scope.*” Why would an expert such as EY make a recommendation that is not feasible and without providing a cost estimate? The Consumer Advocate maintains that no assessment of the cost to keep the existing CSS in operation beyond 2023 has been undertaken. Again, this Application is flawed.
- 6) In CA-NP-183 EY lists a number of benefits of a new CSS over the existing CSS, but no evidence has been filed that identifies cost savings. For example, it is stated that a new CSS would “*streamline existing processes*” but it does not provide an indication of how much money this would save customers. There is no indication of how much money would be saved if the net metering program were administered with a new CSS, if electrification programs were administered with a new CSS, if time-of-use (TOU) rates were administered with a new CSS, or when these cost savings, if any, might be passed on to customers.

The Consumer Advocate notes that in the Boston Gas Company (National Grid) Customer Information Systems (“CIS”) Business Case submission¹ annual benefits of a new CIS were quantified at \$15.4 million in the first full year of operation (2030). The benefits of the National Grid CSS replacement project fall into three categories: “*“Type 1” benefits are those that will result in direct, quantifiable financial impacts (cost reduction, revenue growth, cash flow, or profit); “Type 2” benefits are those that directly create an improvement in process, productivity, quality, cost control/avoidance, controls environment, or operations (business or technical). Type 2 benefits do not directly create a type 1 benefit; and “Type 3” benefits are those that indirectly enable a type 1 or type 2*

¹ <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/12873622>

benefit, create customer/employee satisfaction, or improve the company's brand reputation/regulator position.”

No such analysis has been undertaken by Newfoundland Power. No attempt has been made to quantify the benefits of a new CSS as has been done by utilities such as National Grid. Again, Newfoundland Power’s proposed CSS replacement project fails to meet the burden of proof requirement.

- 7) EY indicates (PUB-NP-24) that an important factor/measure of when it is time to replace a CSS relates to “*regulatory requirements and customer expectations*”; i.e., when a utility believes it “*may not be able to meet a pending regulatory requirement or emerging customer expectation without the new system in place*”. But UTILITEC provides clarification, stating, “*There’s no denying that market restructuring and deregulation is changing the way utilities operate and interact with their customers. The Customer Information System (CIS) is an essential part of these changes.*”² However, no evidence has been filed to suggest there is an upcoming change in regulation in the Province. There is no evidence that the Province will restructure the power sector from the current fully-regulated regime to a power sector with competition at the wholesale or retail level. We note that many of the utilities in the survey that have implemented new CSSs, particularly those in the United States, are in markets where power sector restructuring with competition has been introduced. In this province, neither are any mergers or acquisitions expected in the power sector which might justify CSS replacement.

Newfoundland Power argues that customer expectations are changing, identifying net metering, electrification and TOU rates as examples. However, as stated above, there is no evidence documenting cost savings and no evidence that any of these programs are expected to dramatically change Newfoundland Power’s business before 2030. There is no evidence filed that shows net metering will increase dramatically over current levels, no evidence that electrification will change how NP does business, and no indication that time-of-use rates will be implemented before 2030. In fact, time-of-use rates would require expensive changes in metering. Customers have recently had to shoulder increased metering costs with the introduction of meters with remote meter-reading capability. Sadly, these meters are unable to support implementation of time-of-use rates.

- 8) With respect to metering, the Consumer Advocate notes that Lubbock Power & Light (LP&L) in Texas has embarked on a “*set of contracts totaling about \$35 million to purchase advanced metering infrastructure, the customer information system and the new billing system for smart meters.*”³ The article goes on to say “*LP&L's progression toward advanced meters moved forward last year when the board approved a contract for new billing software that could accommodate advanced meters. The board passed a budget for this fiscal year that included \$38 million for the infrastructure, data management and information*

² <https://www.utilitec.net/2019/11/18/investing-in-the-future-with-customer-information-systems-4/>

³ <https://www.govtech.com/fs/Lubbock-Texas-Votes-to-Spend-35M-on-Smart-Electric-Meters.html>

technology related to these advanced meters, as well. The cost for smart meters has been part of the rate hikes LP&L implemented the previous four years. The annual rate hikes that concluded this fiscal year consisted mostly of yearly 5.75 percent increases to the base rate that makes up about 30 percent of electric bills. The increases to the base rate were projected to collect \$333 million, and \$38 million of that was budgeted for smart meters.”

Newfoundland Power offers only estimates of the cost of a replacement CSS at \$31.6 million, but this may only be the beginning of a series of capital projects for smart metering and billing systems that have not been identified in the Application. We note that LP&L’s need for a smart metering and billing system with a new CIS is driven by a desire to join the ERCOT electricity market which has retail competition, a regulatory requirement that is not expected to materialize any time soon, if ever, in NL.

- 9) On page 11 of the June 2018 EY Report, the table shows that 9 of the 27 utilities (NP excluded) listed will still likely be on C/1 in 5 years (i.e., 2023). That is about one-third of the utilities. In its response to CA-NP-171, EY states “*Based on the data we have presently, of those nine, six have initiated evaluation/replacement CIS projects or already moved to a new CIS*”. This statement is meaningless. There is no information provided for utilities who may have evaluated replacement projects and decided to continue with their existing systems because the costs and risks of a new CSS are too great. There has been no evidence filed of publicly available studies of CSS replacement projects evaluated elsewhere. In most cases the information provided by EY is based on discussion with colleagues rather than publicly available information issued by utilities or regulatory boards. As stated in CA-NP-162 “*No, EY did not advise Newfoundland Power of the costs of new Customer Information Systems that other Canadian electric utilities have adopted.*” While it has been argued that Newfoundland Power’s new CSS would be unique, that does not preclude the value of filing experience with CSS replacement projects elsewhere so the parties and the Board can gauge the reasonableness of the cost estimate provided by EY. What other companies have done or are not doing in reference to a CSS system is relevant evidence. Newfoundland Power is effectively cherry-picking the information it is providing. Again, Newfoundland Power fails to meet the burden of proof requirement for capital expenditures.
- 10) The Consumer Advocate notes that the Boston Gas Company submission on a replacement CSS referenced earlier includes benchmarking/case studies on Pepco Holdings, Inc (a multi-jurisdiction, multi-service utility); California IOU’s (Southern California Edison/SCE; San Diego Gas & Electric/SDG&E – Sempra Company), and a large utility in the south (multi-jurisdictional, multi commodity utility) (Appendix C). Further, the submission includes a summary of “*Compliance with Golden Rules and Critical Success Factors*” (Appendix D), and a “*Risk Register and Project Risks*” with discussion of the risks of implementing the CSS replacement project (Appendix E). Further, the business case presented in the submission followed the approval of SAP as the software vendor and included SAP’s proposed software solution, information deemed by Boston Gas to be necessary to gain project approval. The Newfoundland Power submission includes none of this information. The CSS discussed in the Boston Gas business case covers numerous utilities owned by

National Grid with a total of 7 million customer service accounts in gas and electric at a total cost of \$500 million, so is a considerably larger undertaking than the Newfoundland Power proposal. Nonetheless, the Newfoundland Power proposal falls far short of providing the information set out in the Boston Gas Company submission, and far short of meeting the burden of proof requirement for capital projects. It is fair to conclude that this application filed by Newfoundland Power in this jurisdiction would not get to first base before some other regulators having regard to the standards employed by these regulators for approving a CSS system.

- 11) It is clear that replacement of the CSS in the manner proposed by Newfoundland Power is not the only feasible option. We note that EY's assessment of the three alternatives to the proposed CSS replacement alternative takes up only two pages of its report. As noted by Kerry K. LeCrone, Senior Vice President ASP, Docucorp International, *"The complexity of Customer Information Systems means that implementations can be time-consuming and costly. As technology changes, the capital investment required can rise exponentially. Obsolescence provides an expensive and real threat. As a result, outsourcing the CIS to an Application Service Provider (ASP) is the best fit for many companies. Under this model, utilities are billed on a pay-per-use basis. The ASP provides the expertise required to host, customize, support and maintain the application. The key benefit of an ASP is the ability to cost-effectively obtain specific IT processes and applications for organizations that lack the necessary labor, expertise, technology and/or finances. The ASP model allows quicker implementation and the ability to respond rapidly to new regulatory requirements or business initiatives. It also enables utilities to leverage the expertise of niche service providers on an ongoing basis."*⁴ LeCrone goes on to say *"By outsourcing its Customer Information System, utilities can leverage the IT and industry expertise of niche service providers and access the latest technology while avoiding huge upfront costs.* (Emphasis added.)

As stated in westMONROE Perspectives, *"Even under the best of circumstances, the replacement of a utility CIS is risky, time-consuming, and costly. These projects are difficult to implement and operationalize due to the vast number of business processes that CISs handle, the criticality of systems to core operations, and complex integrations required with nearly all other core utility applications. We conclude that an alternative approach exists that would allow a utility to centralize and modernize customer engagement activities more quickly and with less risk through the deployment of a front-end customer relationship management (CRM) system that integrates with CIS and other information systems. This approach is referred to as the Customer Information Platform (CIP)."*⁵

4 <https://electricenergyonline.com/energy/magazine/50/article/CIS-Technology-What-s-the-Advantage-.htm>

5 <https://www.westmonroepartners.com/perspectives/point-of-view/customer-platforms-for-utilities-choosing-an-evolution-over-a-big-bang>

Vertex states “*With our modular solutions, we can upgrade and extend your existing CIS with the latest in customer self-service and mobile capabilities. We can also deliver mobile workforce management, add reporting and analytics, and more—all better, faster and cheaper than with traditional CIS implementations. Or we can simply provide you exceptional support and systems management until you’re ready to embark on a longer journey.*”⁶ Vertex has a worksheet for calculating the total cost of ownership such as: implementation costs for replacing a CIS; ongoing software maintenance; ongoing application managed services; application support; upgrades; hardware/infrastructure management; operations management; and other costs. As stated “*The worksheet helps the utility understand the total cost of ownership of your current CIS solution and whether you are spending your technology budget in the right places.*” In CIS Transformation: Unlocking the Value of Utilities’ Customer Information Systems – Cognizant 20-20 Insights, it is stated “*The cost of an all-out CIS replacement exercise can be extremely prohibitive — scaling anywhere from US\$50 million to US\$100 million for a large electric utility serving over a million customers.*” “***The pace of technology evolution renders current technology obsolete in about three years — the time it could take to implement a full replacement.***”⁷(Emphasis added.)

Clearly, there are many alternatives to study, particularly when one considers the high cost and risk associated with a CSS replacement project. These alternatives have not been given careful consideration by Newfoundland Power in its proposal to replace the existing CSS. In fact, while Newfoundland Power and EY spend considerable time talking about the risks of continued operation of the existing CSS, they barely mention the risks associated with undertaking a full CSS replacement project at an estimated \$31.6 million with a technology solution that may be obsolete soon after the project is completed.

- 12) Newfoundland Power has filed no evidence indicating that the number of failures of the existing CSS is increasing and that the system is about to collapse leading to detrimental impacts on customer service. Neither has Newfoundland Power filed evidence indicating that there have been any security violations. In CA-NP-147(c) NP states “*Newfoundland Power does not maintain a record of unplanned outages to CSS. In the Company’s experience, CSS operates reliably. This is consistent with EY’s findings.*” Further, in part (d) of the response NP states “*There have been no security violations for CSS within the last 10 years. This is consistent with EY’s finding that the system operates securely.*” Newfoundland Power states (CA-NP-151(d) “*the vast majority of customers are satisfied with Newfoundland Power’s service delivery.*” Clearly, replacement of the existing CSS is not driven by failure rates that have had adverse impacts on customers in terms of service reliability and security, or any deterioration in customer satisfaction.
- 13) EY states (page 3 of the EY Report) “*The estimated costs to procure, implement, and stabilize a modern CIS replacement solution is estimated at approximately \$31.6 Million over an 8-month pre-*

⁶ <https://cdn2.hubspot.net/hubfs/488357/2019-CIS-Guide-1.pdf>

⁷ <https://www.cognizant.com/whitepapers/CIS-Transformation-Unlocking-the-Value-of-Utilities-Customer-Information-Systems.pdf>

implementation period, a 21-month implementation period, and a 4-month post-implementation period". We note use of the words "estimated" and "approximately". EY does not provide a confidence level for the estimate (i.e., +/- 10%) in spite of being asked for one in CA-NP-184 (a). In CA-NP-185 EY provides its experience with cost estimates for CSS projects. It has had an average cost overrun of about 5%. In CS-NP-178 EY states "*In EY's opinion, most cost overruns stem from changes in scope due to missing/incomplete requirements or unanticipated events.*" Who is to say that there will not be a change in scope with the proposed CSS replacement project? In CA-NP-187 EY indicates that a 10% contingency is included in the \$31.6 million estimate. EY indicates this is standard practice "*in replacement projects due to their size, complexity, and duration to cover events not specifically accounted for and compensate for the inherent uncertainty in cost/time estimates.*" EY will not cover any cost overruns (CA-NP-179(c)). The \$31.6 million is clearly a cost estimate rather than a quote.

The Consumer Advocate points out that the cost of the existing CSS was well over budget. NP's response to CA-NP-080, Attachment A, page 7 of 19 indicates that in 1991 the estimated cost of the existing CSS was \$7.5 million. However, the actual cost of the current CSS turned out to be \$10.173 million by the time it was operational in 1993, a 35.6% cost overrun. In CA-NP-176 EY states that NP will have a "*more precise cost estimate once they have completed contract negotiations with the successful vendor*". EY notes that NP "*might have difficulty*" getting a firm cost quote without a defined regulatory approval and start date. What does "*might have difficulty*" mean? Is it being suggested that utilities across the country and in the United States are not requiring a firm cost quotation and allowing projects to proceed based on estimates? Certainly, the cases cited previously suggest otherwise.

It is highly unlikely that a private sector business would approve a project without first obtaining a firm quote. Furthermore, no homeowner would allow a contractor in their home to commence renovations based on an estimate and not a firm quote. Neither should a regulated utility have its project approved on the backs of its customers without obtaining a firm quote from all service providers.

- 14) The Consumer Advocate notes that the additional round of RFIs directed by the Board has provided sparse additional evidence upon which the parties and the Board can assess the merits of the proposed project. A hearing could enable an opportunity to obtain a complete picture of the proposed undertaking and to fully understand: 1) why alternatives to the project are not feasible, 2) the risks associated with the proposed CSS replacement project, and 3) case studies and experience with CSS replacement projects elsewhere. A hearing would have enabled testimony from an expert on alternative solutions to reduce the very high cost of the proposed project and mitigate concerns relating to technology obsolescence. Further, a hearing would provide a better understanding of issues related to the feasibility of Hydro and Newfoundland Power having a single CSS to handle all retail customers in the Province, or if it might be feasible for Newfoundland Power to be part of a combined CSS for it and other Fortis companies in Canada (similar to the National Grid CSS replacement project covering 10 operating gas and electric utilities in the three states of New York, Rhode Island and Massachusetts). The Consumer Advocate had requested a hearing. The Board had denied that request.

2. SUMMARY OF CONSUMER ADVOCATE'S POSITION

In NP's words, "*It is Newfoundland Power's position that the onus is on the utility to fully support with evidence the expenditures proposed in its capital budgets.*" The evidence filed in this application falls woefully short of this requirement. Newfoundland Power has not met the burden of proof requirement for this project.

- 1) There is no evidence on the record that customers were told during customer satisfaction interviews that the cost of the new CSS would be an estimated \$31.6 million. Neither is there evidence on the record that customers were told how this project would impact their electricity bills. As a result, there is no evidence that customers value the benefits and risk reduction brought on by the project relative to its cost and bill impacts.
- 2) An analysis of the cost of the proposed project relative to the cost of continuing with the existing CSS has not been undertaken. The benefits of a new CSS have not been quantified. It is not possible to determine if the proposed project is necessary to provide least cost reliable service to customers.
- 3) There is no evidence of a change in regulation or customer expectations which would drive the need for a new CSS.
- 4) There is not a firm cost quotation upon which to approve the project.
- 5) No evidence has been filed on the costs, evaluations or experience with CSS replacement projects in other jurisdictions, including American jurisdictions as suggested in the cases cited previously.
- 6) The project description in the Application falls far short in its:
 - a. Assessment of alternatives to the proposed replacement project,
 - b. Assessment of project risks,
 - c. Provision of case studies on experience elsewhere, and
 - d. Identification of critical success factors of the project.

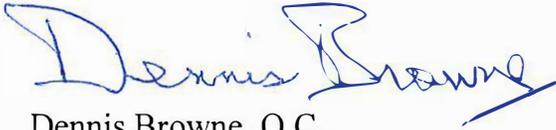
Also, Newfoundland Power has failed to obtain essential financial information by way of a firm quotation from software vendors to gain necessary information on the costs of implementation and schedule.

Based on evidence on the record, the Consumer Advocate is not satisfied that the existing CSS cannot operate satisfactorily without adverse impacts on customers for several more years. Neither are we convinced that a new replacement CSS can be implemented and operated satisfactorily without adverse impacts on customers for the next 15 years. Customers simply cannot afford Newfoundland Power's largesse during this very difficult time with the Provincial economy. The Consumer Advocate recommends that the Board reject the proposed CSS replacement project on the basis that the evidence on the record does not meet the required burden of proof. The project has not been shown to be needed to provide least cost reliable service to customers.

Finally, this application should be dismissed based on the foregoing.

Please contact the undersigned if you have any questions on this submission.

Yours truly,

A handwritten signature in blue ink that reads "Dennis Browne". The signature is fluid and cursive, with the first name "Dennis" being larger and more prominent than the last name "Browne".

Dennis Browne, Q.C.
Consumer Advocate

/bb

cc **Newfoundland Power Inc.**
NP Regulatory (regulatory@newfoundlandpower.com)
Kelly C. Hopkins (khopkins@newfoundlandpower.com)
Liam O'Brien (lobrien@curtisdawe.com)

Newfoundland and Labrador Hydro
NLH Regulatory (NLHRegulatory@nlh.nl.ca)
Shirley Walsh (shirleywalsh@nlh.nl.ca)

Board of Commissioners of Public Utilities
Jacqui Glynn (jglynn@pub.nl.ca)
Maureen Greene (mgreene@pub.nl.ca)
PUB Official Email (ito@pub.nl.ca)