

1 Q. On page 1 of the Risk Assessment report it is stated “*These recommendations are*
2 *supported by risk assessment results which indicate higher levels of risk across the*
3 *dimensions evaluated ...*”. Is it true that these “higher levels of risk” are in
4 comparison to installation of a new CSS? Isn’t this an obvious conclusion? Doesn’t
5 adding a year of operation to any piece of equipment increase its risk of failure
6 relative to replacing it with a new piece of equipment? Please confirm that EY made
7 no attempt to quantify the risk of continued operation of the existing CSS. Please
8 explain.

9
10 A. It is true that EY assessed: (i) the risks facing CSS in 2018; (ii) how those risks were
11 forecast to change over the subsequent 5 to 10 years; and (iii) how those risks compare to
12 the risks of operating a modern Customer Information System.¹

13
14 EY found that the risks facing CSS were expected to increase across all dimensions over
15 the subsequent 5 to 10 year period.² EY also found that a modern Customer Information
16 System would reduce risks across all dimensions.

17
18 While, in general, newer equipment may be less prone to failure than older equipment,
19 age is not a determining factor in replacing CSS. CSS was implemented in 1993 with an
20 expected service life of 20 years. The Company has extended the service life of CSS by
21 10 years, or 50%. This life extension was achieved through a combination of routine risk
22 assessments and periodic system upgrades and enhancements that effectively managed
23 the probability that the system would fail.

24
25 However, the risks facing the continued operation of CSS have increased since 2018 and
26 are forecast to continue increasing. A replacement solution is required by 2023 to avoid
27 operating CSS with a high risk of failure.

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29 For more information on the risks facing CSS, including qualitative and quantitative
30 information, see response to Request for Information PUB-NP-014.

¹ See EY, *CSS Technical Risk Assessment*, June 2018, page 21, Figure 4.6.

² The 5 risk dimensions used by EY in its assessment were: (i) vendor market share risk; (ii) vendor health risk; (iii) business-enabling risk; (iv) support capacity risk; and (v) reliability and security risk. For an explanation of these risks, see EY, *CSS Technical Risk Assessment*, June 2018, pages 2 to 3.