



**2013 Business Case - Summary of Results**

version: BVA v8.0  
period: 2013

date last saved: 5/3/2012  
last saved by: desalb

Project Name:	Capman - O&M	EMT Area:	Legal & Information Technolog	Rankable:	Yes
Program Leaf:	M252910IT1	Finance Lead:	Tunde Adesipo	Unrankable Type:	N/A
Project Manager:	Walter Carvajalino				

**Project Description:**

The Capital Management System involves a number of in-house custom built applications that are utilized as tools to budget, report, forecast, track and control capital costs. It also assists Construction and Customer Connections Managers analyze their capital costs and drive efficiencies.

**Project Overview:**

The Capital Management System is being adopted by EGD as a tool to forecast, plan, track and control capital costs. This helps operational managers analyze their capital costs and drive efficiencies.

A similar system is needed to gain better insights and control into O&M costs. In order to do this, O&M costs have to be unitized and managed in a manner similar to capital. The COMMS System is essentially a significant evolution of the Capital Management System, designed to provide the tools to monitor and control not just capital, but also O&M costs.

Storing unitized capital and O&M information in a single place also makes it possible to manage the allocation of overhead costs across capital and O&M, and thus enables better insight into overhead costs and accuracy of allocations.

The 3 incremental benefits of such a system above and beyond Capital Management are:

1. Single place to track productivity metrics related to financial costs (This historical tracking of productivity will be needed at the time of rebasing)
2. Ability to optimize O&M costs by providing timely variance analysis
3. Transparency of labour-related costs (reconciling costs against FTEs and headcount)

**FINANCIAL ASSESSMENT**

(in thousands)	
NPV of Capital Investment	\$987
2013 Budget	\$1,000
5 Year O&M expenses	\$0
5 Year Net Earnings impact	-\$284
Total Multi-Year Capital Cost	\$1,000
Performance Index 'Bang for Buck'	0.63

	Hard Benefits	Soft Benefits	Total Benefits
Revenues	\$0	\$0	\$0
Expenses (O&M)	-\$22	-\$127	-\$149
Avoided O&M	\$0	\$513	\$513
Avoided Capital	\$0	\$0	\$0
CCA	\$256	\$0	\$256
<b>Total</b>	<b>\$235</b>	<b>\$386</b>	<b>\$621</b>

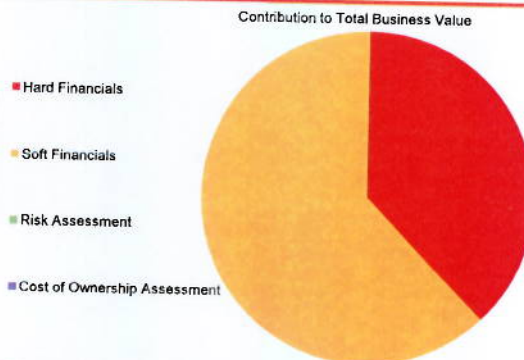


**RISK ASSESSMENT**

Major Risk Event	Description	NPV (\$ thousands)
Identified Risk #1	No Data Provided	0
Identified Risk #2	No Data Provided	0
Identified Risk #3	No Data Provided	0
Identified Risk #4	No Data Provided	0

**BUSINESS VALUE ASSESSMENT**

	Contribution	Contribution (\$)	% Contribution
Hard Financials	0.24	\$235	38%
Soft Financials	0.39	\$386	62%
Risk Assessment	0.00	\$0	0%
Cost of Ownership Assessment	0.00	\$0	0%
<b>Total Business Value Assessment</b>	<b>0.63</b>	<b>\$621</b>	<b>100%</b>



The above results may be subject to change contingent on any additional information that is provided following the original business case / BVA session, and a consistency check. The consistency check will occur once all programs and projects have been through the business case / BVA process. The purpose of the check is to ensure that all programs and projects have been treated equally and fairly with respect to financial assumptions, risk frequency and impact assumptions, etc.

**Go to Instructions**

**Go to BC Home and Choose BC Format Again**

## 2013 Business Case: Format 3 Rankable Project

Date:

**NOTE: All inputs are to be done in \$ thousands**

<b>Project Name:</b>	Capman - O&M	<b>EMT Area:</b>	Legal & Information Technology
<b>Program Leaf:</b>	M252910IT1	<b>Finance Lead:</b>	Tunde Adesipo
<b>Business Sponsor:</b>	Raymond Lei	<b>Rankable:</b>	Yes
<b>Project Manager:</b>	Walter Carvajalino	<b>Unrankable Type:</b>	

**Short Project Description**

• Provide short description for the project  
 The Capital Management System involves a number of in-house custom built applications that are utilized as tools to budget, report, forecast, track and control capital costs. It also assists Construction and Customer Connections Managers analyze their capital costs and drive efficiencies.

**Project Overview**

• Provide Background of Initiative.  
 The Capital Management System is being adopted by EGD as a tool to forecast, plan, track and control capital costs. This helps operational managers analyze their capital costs and drive efficiencies. A similar system is needed to gain better insights and control into O&M costs. In order to do this, O&M costs have to be unitized and managed in a manner similar to capital. The COMMS System is essentially a significant evolution of the Capital Management System, designed to provide the tools to monitor and control not just capital, but also O&M costs. Storing unitized capital and O&M information in a single place also makes it possible to manage the allocation of overhead costs across capital and O&M, and thus enables better insight into overhead costs and accuracy of allocations. The 3 incremental benefits of such a system above and beyond Capital Management are:  
 1. Single place to track productivity metrics related to financial costs (This historical tracking of productivity will be needed at the time of rebasing)  
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Note: To start a new line within the text box, hit ALT + ENTER

**Business Goals & Objectives**

- Identify Project Strategic Fit.
- Check the boxes with an X that apply and provide a short explanation. If possible, identify the **top two** objectives that fit best to your project.

	Explanation
<input type="checkbox"/> Ensure Hewitt Best Employer Status	
<input type="checkbox"/> Achieve & Maintain Top Decile Safety Performance	
<input type="checkbox"/> Enhance Governance, Integrity and Transparency in All Business Processes	
<input type="checkbox"/> Protect & Enhance the Enbridge Brand with Customers & External Stakeholders	
<input checked="" type="checkbox"/> Growth the Business Earnings by 8% Annually	The enhancement is required to bring Operations & Maintenance ("O&M") costs into the Capital Management System to provide the Operations Managers with better oversight & control of O&M costs.
<input type="checkbox"/> Other specify: <input style="width: 200px;" type="text"/>	

**Other Project Details**

- Project Term - number of years the project will generate benefits for. Please select the number of years.
- Anticipated Start Date - date when project starts incurring costs. Please select a date.  
 (For In-Progress project that has a start date before 1/1/2013, please select 1/1/2013)
- Implementation Period - period from the Anticipated Start Date until assets are put in service.  
 Please select the number of months.
- AFE timing - indicate approximately when AFE will be submitted

**Project Costs**

**1/ Direct Capital Cost**

- Identify Direct Capital Costs, including Direct Capital Overhead, but excludes Indirect Capital Overhead.
- Check the boxes with an X that apply and provide a brief explanation where appropriate

*For Customer Adds / Reinforcement / Replacement Project Type:*

	Explanation
<input type="checkbox"/> Reinforcement Mains	
<input type="checkbox"/> Distribution Mains (Future Mains)	
<input type="checkbox"/> District Stations	
<input type="checkbox"/> Services	
<input type="checkbox"/> Cost of Land	
<input type="checkbox"/> Cost of Retirement	
<input type="checkbox"/> Internal Engineering, Planning, and Design Costs	
<input type="checkbox"/> Budgeted Contingency	

For IT, Operations Support, Storage, Non-Customer Adds, and Other Project Type:

		Explanation
<input type="checkbox"/>	Buildings & building components (HVAC, plumbing, etc)	
<input type="checkbox"/>	Trucks, cars, vans and trailers	
<input type="checkbox"/>	Heavy Duty equipment	
<input type="checkbox"/>	Other 1 specify: <input type="text"/>	
<input type="checkbox"/>	Other 2 specify: <input type="text"/>	
<input type="checkbox"/>	Budgeted Contingency	
For IT only:		
<input type="checkbox"/>	Computer Equipment (Hardware and Op System Software) [CCA Class 52 only]	
<input checked="" type="checkbox"/>	Application Software (Purchased, Developed, Enhanced)	Total with contingency is \$1.0M ( for an initial analysis phase and to design, build, test and rollout the technology aspects of the solution through 2013)
<input type="checkbox"/>	Telecom	
<input type="checkbox"/>	Other 3 specify: <input type="text"/>	
<input type="checkbox"/>	Other 4 specify: <input type="text"/>	
<input type="checkbox"/>	Budgeted Contingency	


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- Identify any Capital Spent Prior to 2013 or Future Capital to be Spent beyond 2013 and provide a brief explanation. (for multi-year project only)

	Explanation
<input type="checkbox"/> Capital Spent Prior to 2013	
<input type="checkbox"/> Future Capital to be Spent beyond 2013	

**2/ O&M Cost**

- Identify incremental O&M cost due to the Project. Provide a brief explanation.

	Explanation
Cost 1 specify:	
Cost 2 specify:	
Cost 3 specify:	

**Project Benefits**

- Identify sources of **financial** benefits:
- Check the boxes with an X that apply and provide a brief explanation

**1/ Hard Financial Benefits (Impact Budget directly)**

<input type="checkbox"/> Customer Adds	
<input type="checkbox"/> Volume Increase	
<input type="checkbox"/> Other Revenues	
<input type="checkbox"/> Avoided Cost (O&M)	
<input type="checkbox"/> Avoided Cost (Capital)	

**2/ Soft Financial Benefits (Does not Impact Budget directly)**

e.g. Productivity Enhancement

<input type="checkbox"/> Revenue Enhancement	
<input checked="" type="checkbox"/> Avoided Cost (O&M)	A high level analysis indicated a reduction of approximately 2 FTE's and is a portion of the effort of a large number of people.
<input type="checkbox"/> Added Cost if Project not Completed	
<input type="checkbox"/> Avoided Cost (Capital)	

**Input Project Costs and Benefits into BVA tool**

Based on the Project Costs and Project Benefits information from above, please input the relevant financial data into the BVA input page.

- For Customer Adds / Reinforcement / Replacement Project Type, click the button to the right =====> **Go to Inputs 1**
- For IT, Operations Support, Storage, Non-Customer Adds, and Other Project Type, click the button to the right ==> **Go to Inputs 2**

**Project Execution Risks**

To improve comparability of projects and maintain consistency, a standard method is used to evaluate the project execution risks in a project. This project execution risks are evaluated in the form of additional contingency required by the project. The assigned contingency is added to the capital cost and serves as a risk adjusted capital based on how risky the project will overrun. This contingency is referred to as the assigned contingency. It is added to the capital cost to get a risk adjusted BVA score but the contingency will not increase the capital budget itself. It should not be confused with the budgeted contingency that capital users budget within the capital cost. If budgeted contingency is smaller or equal to assigned contingency, total contingency (budgeted + assigned) will equal assigned contingency. If budgeted contingency is greater than assigned contingency, total contingency will equal budgeted contingency.

- Please click the button to the right to go to the Project Execution page to complete a contingency assessment====> **Go to Project Execution**

**Risk Assessment**

- Identify up to 3 risk events and the frequency with which they may happen both before and after the project initiative
- Please click the button to the right to go to the BVA Risk page to complete the risk events and their frequencies of occurring ==>> **Go to BVA Risk**

**Project Interdependencies**

- Indicate any project interdependencies.
- In the explanation column, indicate the interdependent project, and provide details of the interdependency.

Project Interdependencies	Explanation
<input type="checkbox"/> Project is dependent on another project	
<input type="checkbox"/> Another project is dependent on this project	
<input type="checkbox"/> This is a completely independent project	

**Capital Efficiencies**

• In a more capially constrained Incentive Regulation environment, we need to identify the most valuable projects and whether we are as capially efficient as possible for the projects that are approved. Capital Efficiency means spending the least amount of capital to complete the objectives of your project. By being capially efficient, we can do more projects with the same amount of money and reward good performance. In this section, we would like to understand how capital efficiency is determined for each project. This will help us understand where additional measures, data, and tools may be needed in the future.

1/ Are there any capital efficiency measures that can be used for your project? Explain.


2/ What is the capital efficiency measures(s) per unit cost for your project? How does it compare to last year's and the past 5 year's average unit cost?

Examples: \$/customer add    \$/residential service install (including extras)  
 \$/MXGI (Capital & O&M)                                      \$/reinforcement for size & material versus historical  
 Weekly Burn Rate for IT                                        \$ spent on tools/field employee


3/ What other alternative(s) have you explored in completing this project? What are their cost(s)?


**Other Comments**


**Project Capital Costs Summary**

	2013	2014	2015	2016	2017	2018 & Up
<b>Direct Capital Cost</b>						
Budget Year	1,000					
Future Years (broken down by Year)		0	0	0	0	0
Total Future Years	0					
Lump-Sum Carry-over from Previous Year	-					
Total Multi Year Project Cost	1,000					
<b>Rankable:</b>	Yes					
<b>Unrankable Type:</b>	0					
<b>Business Case Format:</b>	BC 3					