

**EGD Service Recipient 's CCA Business Case  
 2012 HRIS Program Management and Development  
 Service Recipient: Marc Well**

***PART I: Service Requirements Justification***

For those services that you have identified as required for 2012, please provide the following information:

Please explain in sufficient detail why each of the services is specifically required for the operation of EGD

EGD requires an HRIS system to administer payroll, store and manage employee data and provide automated support for various HR related activities (compensation, reporting, recruitment, talent management etc.). In addition, EGD needs to identify, budget and plan for current and future workforce requirements – workforce planning applications enable this ability.

Please provide scope and service level for the required services below:

Itemize Services/Deliverables (include examples)	Expected Service Level (Quantity and Quality Indicators)
<p><b>General:</b></p> <p>Ensure access to personnel records for all EGD staff as established by company policy            Provide user support            Monitor and maintain the accuracy, integrity and confidentiality of the data contained within the HRIS system            Enhancements to the technological supports to maximize efficiencies of HR processes and leverage current and future functionality</p> <p><b>Examples:</b></p> <p>Manage all HRIS and other HR technology system</p>	<ul style="list-style-type: none"> <li>• Continuous and uninterrupted access to HRIS system</li> <li>• Accuracy and integrity of data</li> <li>• On demand user support</li> <li>• Efficient/Maximized usage of PeopleSoft system capability</li> <li>• Expanded functionality achieved cost-effectively due to economies of scale</li> <li>• Ability to accurately perform annual salary planning</li> <li>• Ability to project workforce planning forecasts using a range of scenario-planning sensitivities</li> </ul> <p>Appropriate and rigorous project management process and protocol followed. Projects/initiatives implemented that meet the needs of the</p>

<p><b>projects including initial feasibility and cost/benefit analysis, vendor selection, design, development, testing, implementation, training and post-implementation support</b></p> <p><b>Manage all upgrades to the PeopleSoft system including scheduling, user testing, business process support changes required and implementation</b></p> <p><b>Review HR business needs, objectives to determine how best to provide technical support/solutions</b></p>	<p><b>business. This includes the provision and support of an e learning system (SABA).</b></p> <p><b>Projects/initiatives are implemented on time, within budget and without significant negative impact to the business operation.</b></p> <p><b>Users are fully trained to utilize the system effectively and efficiently.</b></p> <p><b>PeopleSoft and other HR technology investments are fully leveraged</b></p> <p><b>Upgrades are implemented with minimal disruption to regular business</b></p> <p><b>Upgrades are implemented in accordance with PeopleSoft's schedule to ensure continued technical support</b></p> <p><b>Efficiencies are leveraged to ensure ease of use for all users, including managers and employees and enhance productivity</b></p>
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**Identify whether EI is currently the sole provider of those services or a supplemental provider**

**EI is now the sole provider of these services. This function used to exist within the utility which had its' own PeopleSoft system.**

**PART II: Excluded Services**

For those services that you have identified as not required for 2012, please identify the rationale for exclusion by marking one or more of the applicable boxes below with an "X"

Itemize Excluded Services	Ref *	Exclusion Criteria			
		Standardization	Minding the Investment	Additional Management Layer	Other (please specify)
None					

\* service schedule dept/item#

**PART III:**

**Does a reasonably competitive market exist for the required services? Please explain why or why not?** *In your response, please address whether or not the services can be acquired or delivered from other sources – either externally through independent third-party service providers or internally through augmented EGD resources - as an alternative to receiving the services from EI under the shared services model? Please elaborate?*

**Yes.** Some of these services could be sourced through a third party (ie. PeopleSoft can provide business analysts to determine appropriate technical enhancements) but would not have the in-depth understanding of the business and the overall direction the company is taking (i.e. shifting to employee/manager self-service as an example). These services would only be supplemental.

The other alternative would be to repatriate the function back to the utility.

**If the equivalent services can be acquired externally, what would the annual cost be at market rate?**

	# of Consultants Required		# Hours per Consultant		Hourly Market Rate		Estimated \$	
	2011	2012	2011	2012	2011	2012*	2011	2012
<b>Managing Partners</b>								
<b>Senior Consultants</b>	1	1	2,000	2,000	191	194	382,000	388,000
<b>Consultants</b>	2	2	2,000	2,000	78	79	312,000	316,000
<b>Technical Consultants</b>		3*		2,000		100		600,000
<b>Support Staff</b>								
<b>Sub-total (Fees)</b>							<b>694,000</b>	<b>1,304,000</b>
<b>Other disbursements, please detail type of expense and costing assumptions:</b>								
<b>Consulting support/assisted provided by third parties (such as PeopleSoft or other vendors plus external contractors) would be fully incurred by the utility (at present, cost is shared in the allocation) - total consulting dollars required estimated at \$1,491,154 and \$1,976,521 based on EI budgets for 2011 and 2012, respectively.</b>								
<b>Sub-total (disbursements)</b>								
							<b>1,491,154</b>	<b>1,976,521</b>
<b>Total - Mean</b>								
							<b>\$2,185,154</b>	<b>\$3,280,521</b>
<b>Total - Lower Range (80% of Mean)</b>								
							<b>\$1,748,123</b>	<b>\$2,624,417</b>
<b>Total - Upper Range (120% of Mean)</b>								
							<b>\$2,622,185</b>	<b>\$3,936,625</b>
<i>* 2011 values are inflated by the forecast 2012 Ontario CPI of 1.7%.</i>								

\* In an effort to continue to evolve the HR system (through the HRCore project), additional resources have been added to reflect the need to maintain functionality/capability of the new system post-implementation.

**If the equivalent services are to be performed by EGD personnel, how much would it cost on a fully-loaded basis?**

	No. of FTEs Required		Average Job Rate		Benefits Multiplier (% of Salary)		Occupancy Multiplier (% of Salary)		Estimated \$	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Executive Management			\$490,844	\$519,976	32%	32%	2.0%	1.8%		
Senior Management			\$277,179	\$295,540	32%	32%	2.5%	2.3%		
Middle Management	1	1	\$170,438	\$178,187	30%	30%	2.6%	2.4%	226,001	235,920
Senior Advisor		3*	99,215	\$121,190	30%	30%	2.6%	2.4%		481,367
Professional/ Technical	2	2	\$81,400	\$86,783	30%	30%	3.4%	3.1%	217,175	231,016
Union			\$59,749	\$62,028	27%	27%	2.3%	2.2%		
<b>Other expenses, please detail type of expense and costing assumptions:</b>										
Expenses, training, certification etc.									43,129	43,862
Additionally, any consulting support/assisted provided by third parties (such as PeopleSoft or other vendors plus external contractors) would be fully incurred by the utility (at present, cost is shared in the allocation) - total consulting dollars required estimated at \$1,491,154 and \$1,976,521 based on EI budgets for 2011 and 2012, respectively.									1,491,154	1,976,521
As of 2010 the no. of FTEs required has been rounded to reflect the following rules: Below 0.25, the value stays the same Above or equal to 0.25 but below 0.5, the value rounds to 0.5 FTE Above 0.5, the value rounds to 1 FTE										
Qualifying note: the above rounding rules represent a very conservative costing approach. It is not practical for EGD to hire fractions of FTEs, as EGD would be obliged to hire whole FTEs.										
<b>Total - Mean</b>									<b>\$1,977,459</b>	<b>\$2,968,686</b>
<b>Total - Lower Range (80% of Mean)</b>									<b>\$1,581,967</b>	<b>\$2,374,949</b>
<b>Total - Upper Range (120% of Mean)</b>									<b>\$2,372,951</b>	<b>\$3,562,423</b>
Notes:										
<ul style="list-style-type: none"> <li>Annual incentive compensation including Stock Based Compensation (where applicable) is incorporated into the average job rates.</li> <li>Benefits Multiplier incorporates employee benefits, including short term disability and scheduled day-off benefits. It excludes recruitment/severance and training &amp; development costs</li> <li>Occupancy Multiplier incorporates office space, building</li> </ul>										

interior/exterior maintenance, furniture and IT O&M costs. Beginning in 2010, O&M and depreciation costs inclusive of CIS and exclusive of Envision were used. <ul style="list-style-type: none"> <li>For other expenses, 2011 costs are inflated by the forecast 2012 Ontario CPI of 1.7%</li> </ul>		
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\* In an effort to continue to evolve the HR system (through the HRCore project), additional resources have been added to reflect the need to maintain functionality/capability of the new system post-implementation.

***If the services are to be provided by EI, please provide cost breakdown***

Type of Charge		Allocator (ex: time, volumetric, capital employed or headcount)	Unit (ex: % time, m <sup>3</sup> , capital \$, or # of headcount)	Total \$	
				2011 (EI's 2011 budget)	2012 (EI's 2012 budget)
Direct	Primary Service			-	-
	Support Service			-	-
	<b>Total</b>			-	-
Indirect	Primary Service			1,888,960	2,615,489
	Support Service			281,032	393,783
	<b>Total</b>			<b>2,169,992</b>	<b>3,009,273</b>
<b>Total Primary Service *</b>				<b>1,888,960</b>	<b>2,615,489</b>
<b>Total Support Service **</b>				<b>281,032</b>	<b>393,783</b>
<b>Total:</b>				<b>\$2,169,992</b>	<b>\$3,009,273</b>

**Comments:**

(Discussion of reasonableness of EI cost)

Centralizing these services within EI and sharing costs across the enterprise (many of which are fixed costs), versus incurring them as a standalone entity, is the most cost-effective way to receive these services. As such, the projected costs are reasonable.

\* Total Primary Service Fully Loaded Dept. Costs includes the following cost components - Labour Salary, Benefits, Stock Based Comp; Training Expenses; Travel Expenses; Professional Fees; Rent +Taxes; Furniture, Computers, Equipment and Office Materials, CIO dept charge includes licence fees.

\*\* Total Support Service Burden includes the following cost components-Financial Projects Support (Financial Associate Program; Environmental, Health & Safety; Helpdesk, Network, Infrastructure and Hardware Support; Information System Support; Invoice Processing and Payment; Payroll and Benefits Processing; Corporate General Accounting; Corporate Office Administration; IT Project Management Support; IT Software Support & Maintenance

**PART IV: Cost Benefit Analysis**

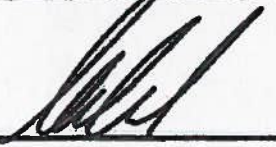
	<i>E.I</i>	<i>External</i>	<i>EGD</i>
<b>Service Cost (per Part III)</b>	<b>\$3,009,273</b>	<b>\$2,624,417 - \$3,936,625</b>	<b>\$2,374,949 - \$3,562,423</b>
<b>Benefits to Ratepayers (tangibles/intangibles)</b>  <b>Examples:</b> <u>Economies of Scale</u> <u>Continuity of Service:</u> Anticipate emerging needs, trends or issues, unlimited flat-rate consultation services <u>Adaptability:</u> Business tools commonality <u>Expertise/Knowledge:</u> familiarity with EGD processes, vision, values and objectives	Although EI's cost is not the lowest, it is within the range.  Understanding of EGD/ Enbridge HR objectives, strategic direction and business processes provide context for design  Effective and efficient utilization of technology provides opportunities for increased productivity which is of benefit to the ratepayer	Some of the function could be provided by external third parties, but they would lack the specific business context and would also be more expensive as a supplier of these services.	Although this could potentially be the lowest cost option, it would not be practical to repatriate the services on a temporary basis to support the higher than normal level of activities currently experienced with the implementation of the HRCore project.

**SUMMARY - Service provider selected and justification:**

Although EI's cost is not the lowest, it is within the range. EGD would also benefit from cross-Enbridge experience and best practices in system implementations and any subsequent on-going maintenance and support.

Prepared by Zee Liao

Date March 1, 2012

Approved by 

Date March 2, 2012