SCHOOL ENERGY COALITION

CROSS-EXAMINATION MATERIALS

CAMBRIDGE 2014 RATES

EB-2013-0116

1.1-SEC-1

INTERROGATORY

Please provide a copy of all documents that were provided to the Applicant's Board of Directors in approving this application and the associated Test Year budget.

RESPONSE

Attached are the following documents provided to CND's Board of Directors in approving the Test Year budget associated with the 2014 Cost of Service Application:

1. 2013-2014 Budget approved in January 2013; and
2. 2014 Revised Budget approved in September, 2013.

In 2012, as part of the process in preparing the 2014 Cost of Service Application, CND prepared an initial two year budget for 2013 and 2014, which was approved by the Board of Directors in January 2013. As part of the process in finalizing the 2014 Cost of Service Application for filing, CND undertook a detailed review of the initial 2014 budget and prepared a Revised 2014 Budget in July and August, 2013, which was approved by CND's Board of Directors in September, 2013. As the Revised 2014 Budget incorporates adjustments from the original budget approved in January, 2013, CND has provided the materials approved in January 2013 and September 2013.

Sarah Hughes, CPA, CA
Phone: (519) 621-8405, Ext. 2638
Fax: (519) 621-0383
Email: shughes@camhydro.com
Website: www.camhydro.com

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

MEMORANDUM

DATE: August 26, 2013

TO: Audit Committee

FROM: Sarah Hughes, CFO

RE: **2014 Operating Budget**

Overview

This package contains the following documents in suggested order of reading:

1. This memo, containing a summary of 2014 operating budget revisions since the original 2014 Budget was approved on January 22, 2013.
2. 2013 - 2018 financial statements, including "waterfall" charts to highlight significant changes between:
    a. The 2013 Projections and 2013 Budget;
    b. The 2014 Revised Budget and 2013 Projections;
    c. The 2014 Revised Budget and the 2014 Original Budget; and
    d. The 2014 Revised Budget OM&A Expenses and 2010 Actual OM&A Expenses (Rate rebasing period).
3. 2014 Budget presentation, including a summary of rate impacts based on the draft 2014 Cost of Service Rate Application.

Revisions

As part of the process in completing the 2014 Cost of Service Application, Management has undertaken a detailed review of the Original 2014 Budget, as approved on January 22, 2013, and prepared a Revised 2014 Budget for consideration and approval by the Board. Such revisions will be incorporated into the final 2014 Cost of Service Application to be submitted on October 1, 2013.

The proposed revisions to the budget are based upon:

- The completion of the 2013 Projection, based upon the results to June 30, 2013 and expectations for the balance of the year with respect to revenue, operating, and capital expenditures.
- Detailed review of 2014 original budget by all departments and submission of proposed adjustments to incorporate:
    - New information regarding timing of planned initiatives, both in operating and capital expenditures;
    - Completion of the IT Strategy and related impacts to operating and capital expenditures; and

- Detailed review of labour hours budget (operating vs. capital), and resource requirements by department.

The revised 2014 Net Income budget is $5.2MM versus the original 2014 Budget of $4.9MM.

The following table summarizes the major changes from the 2014 Original Budget and the 2014 Revised Budget.

Operating Budget

2014		$Millions
Original Net Income Budget Approved by Board January 22, 2013		**$4.9 M**
Electricity distribution revenue	(0.90)	
Other revenue	0.04	
Operating expenditures	0.04	
Depreciation and amortization expense	(0.08)	
Pre-tax adjustment	**(0.90)**	
Income tax	1.20	
After-tax adjustment		**0.3 M**
Revised Net Income Budget		**$5.2 M**

Although the revised operating expenses have not changed materially from the original budget, the following is a summary of significant changes that have been incorporated:

2014	$ Millions
Original Operating Expense Budget Approved by Board January 22, 2013	**$16.01 M**
Incremental resources	0.11
Reduction in overtime	(0.02)
Timing of new hires	(0.03)
Reallocation of resources (capital vs. operating)	(0.38)
IT Costs – IT Strategy/risk mitigation	0.08
Removal costs – no longer eligible for capitalization	0.31
Professional fees	(0.07)
Other	(0.04)
Revised Operating Expense Budget	**$15.97 M**

The revised operating expense budget, as presented for approval, represents a 5.9% increase over 2013 projected results (excluding IFRS driven changes).

Capital Budget

2014	$ Millions
Original Capital Budget Approved by Board January 22, 2013	**$15.5 M**
Distribution System Capital	
Highway 401 Widening	0.5
Upgrade Radios/Controllers at SCADA switch	0.5
New lines – Speedsville Rd. to Boxwood	0.4
Franklin Blvd. Pole Replacements	0.5
Removal costs allocated to capital	(0.8)
Various other	(0.4)
IT Investments to support IT Strategy	
Outage Management System/Distribution Management System	0.7
IVR Solution	0.2
Storage Upgrade	0.2
Business Continuity/Disaster Recovery Hardware	0.2
Other	0.4
Vehicle Replacement – Deferred	(0.4)
Upgrade Radio System	0.1
Revised Capital Budget	**$17.6 M**

Impact on Rates

In 2014, following the approval of our rate-rebasing application, the projected rate increases and total bill impacts by rate class are:

Rate Class	Consumption	Distribution %	Total Bill Impact %
Residential	800 kWh	3.51%	-11.60%
GS < 50 kW	2,000 kWh	-7.99%	-14.36%
GS 50-999 kW	600 kW	15.85%	8.08%
GS 1,000-4,999 kW	5,000 kW	13.64%	7.83%
Large User	25,000 kW	16.34%	6.67%
Street light	1 kW	34.70%	27.33%

The total bill impacts include the disposition of approximately $5.2MM in net regulatory liabilities over a one year period.

Potential Risks Arising from Proposed Budget

Although Management is comfortable that the proposed budget will not have a material impact on our strategy, it is worth noting a number of potential risks that could create volatility in actual-to-budget variances.

- The actual number of capital versus operating labour hours may be tilted more towards operating if there are delays in one or more of our significant capital projects (e.g., Franklin Boulevard relocation / rebuild). *There is also some flexibility in redirecting*

capital work from one project to another if there are delays. Likely impact on budget + or - $0.2M based on history.

- The distribution revenue budget assumes that the 2014 Cost of Service Application, as submitted, which is based on the proposed load forecast, operating and capital budgets, and deemed ROE parameters are approved as filed, with rates effective May 1, 2014. *Any impacts to the distribution revenue would require mitigation through the reduction of planned operating and capital expenditures.*
- The 2013 Projection and 2014 Revised Budget assumes the implementation of a 24/7 Control Room. Future operating and capital expenditures may be reduced if CND is successful in partnering with other LDCs for shared services.

Sarah Hughes
Chief Financial Officer

Operating Expense Analysis

- Overview
  - The strategy of investing in IT, Engineering, and Operations continues to have a significant impact on short term results.
  - The investment of resources inherent in this budget also achieves the goal of reducing risk.
  - The return on this investment will be realized in future years as new integrated systems are brought on line to improve productivity within Customer Service, Engineering, and Operations.

Operating Expense Analysis

- What has changed in the 2014 Budget?
  - Increase in ITS expenditures to align with IT Strategy and mitigation of significant risk;
  - Reallocation of operations resources between operating and capital;
  - Incremental resources in Human Resources, Finance, and ITS; and
  - Removal costs related to capital projects (no longer eligible to be capitalized)

Summary of 2014 Budget Revisions

$000's

Description of Adjustment	$ Amount
Operating Expenses - Original	$16,010
Incremental FTEs	117
Reduction in Overtime	(25)
Timing of new hires	(35)
Reallocation of resources (capital vs. operating)	(382)
IT Costs – IT Strategy/Risk Mitigation	83
Removal Costs (Capital Projects)	307
Professional fees	(70)
Various other	(35)
Total reduction in OM&A	**(40)**
Operating Expenses - Revised	**$15,970**

Operating Expense Components 2012 vs. 2013 vs. 2014

Operating Expenses - 2012 Actuals	**13,838**	**Operating Expenses - 2013 Projection**	**14,878**
Increases in 2013			
New FTEs (Operating Only)	570	New FTEs in 2014/Full Year for 2013 New FTEs	436
Merit/Collective Bargaining Increases	224	Merit/Collective Bargaining Increases	264
Increase in Benefit Costs	415	Increase in Benefit Costs	140
Increase Operations/Maintenance Labour Allocation	-	Increase Operations/Maintenance Labour Allocation based on activities	100
PY Smart Meter costs included in 2012	(1,325)		-
Cost of Service Rate Application	250	Cost of Service Rate Application (PY)	(100)
Facilities Review	200	Facilities Review (PY)	(200)
ITS Operating Costs (Maintenance, License Fees, Communication)	256		-
IT Professional Fees (Strategy, DRP, etc.)	154		-
Insurance Premiums (rebate in 2012)	74		-
Painting of Transformers	90	Painting of transformers (non-recurring)	(90)
Building Maintenance/Rental Space	50		-
Incremental Removal Costs (Capital Projects)	150	Incremental Removal Costs (Capital Projects)	207
H&S Training - Apprentices		H&S Training - Apprentices	22
Various other	(68)	Various other < $100k	314
	1,040		1,093
Operating Expenses - 2013 Projection	**14,878**	**Operating Expenses - 2014 Revised Budget**	**15,971**
Increase 2013 Projection vs. 2012 Actual	1,040		1,093
	8%		7%

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

BALANCE SHEET

($'000)

	Actual 2012	Budget 2013	Projected 2013	Budget 2014	Revised Budget 2014	Budget 2015	Budget 2016	Budget 2017	Budget 2018
ASSETS									
Cash and short term investments	$ 14,607	$ 5,288	$ 9,291	$ 3,468	$ -	$ 1,106	$ 1,555	$ 1,410	$ 2,544
Accounts receivable - trade	12,407	11,843	13,298	14,215	14,000	14,699	15,367	16,067	16,801
Accounts receivable - other	655	770	770	664	684	691	698	705	712
Recoverable payments in lieu of taxes	892	-	-	-	-	-	-	-	-
Unbilled revenue	12,911	11,277	14,855	11,685	15,767	19,476	20,363	21,294	22,270
Inventories	2,406	1,449	2,000	1,457	2,020	2,040	2,061	2,081	2,102
Other assets - current	440	311	311	313	313	316	319	322	326
Regulatory assets - current						-	-	-	-
CURRENT ASSETS	44,318	30,938	40,525	31,802	32,785	38,328	40,362	41,880	44,755
Future Tax Asset	2,843	3,460	2,155	3,478	1,195	199	-	-	-
Capital assets	96,084	110,696	108,168	121,525	121,062	129,039	132,248	134,990	153,185
Regulatory assets									
TOTAL ASSETS	143,246	145,093	150,849	156,806	155,043	167,566	172,610	176,870	197,940

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

BALANCE SHEET

($'000)

	Actual 2012	Budget 2013	Projected 2013	Budget 2014	Revised Budget 2014	Budget 2015	Budget 2016	Budget 2017	Budget 2018
LIABILITIES									
Bank indebtedness	-	-	-	-	4,731	-	-	-	-
Accounts payable - trade	11,357	10,792	11,330	10,846	11,445	10,953	11,063	11,174	11,732
Accounts payable - other and accrued liabilities	12,344	10,990	11,100	11,045	11,211	11,323	11,436	11,551	11,666
Payable in lieu of taxes	-	300	303	301	306	304	307	310	313
Intercompany loan payable	3,665	-	3,665	-	3,665	3,665	3,665	3,665	3,665
Due to and from Energy Plus	55	3	3	3	3	3	3	3	3
Customer deposits - current	771	712	719	716	726	723	730	738	745
CURRENT LIABILITIES	28,192	22,797	27,120	22,911	32,088	26,972	27,205	27,440	28,125
Future income liability	-	-	-	-	-	-	807	1,818	2,730
Net Regulatory liabilities	2,248	5,033	9,694	7,599	5,625	5,246	6,431	6,629	6,838
Employee future benefit costs	2,135	2,057	2,156	2,068	2,068	2,138	2,159	2,181	2,203
Customer deposits	2,394	2,463	2,488	2,476	2,513	2,501	2,526	2,551	2,577
Long term debt	38,020	40,210	38,020	48,210	38,020	53,020	53,020	53,020	70,020
TOTAL LIABILITIES	72,989	72,560	79,477	83,264	80,313	89,876	92,148	93,639	112,492
SHAREHOLDER'S EQUITY									
Capital stock	38,224	38,224	38,224	38,224	38,224	38,224	38,224	38,224	38,224
Retained earnings	32,033	31,665	33,148	35,318	36,507	39,466	42,238	45,007	47,225
TOTAL SHAREHOLDER'S EQUITY	70,257	69,889	71,372	73,542	74,731	77,690	80,462	83,231	85,449
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	143,246	142,449	150,849	156,806	155,043	167,566	172,610	176,870	197,940

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

INCOME STATEMENT FORECAST

($'000)

	Actual 2012	Budget 2013	Projected 2013	Budget 2014	Revised Budget 2014	Budget 2015	Budget 2016	Budget 2017	Budget 2018
Energy / provincial charges	$ 166,496	$ 152,648	$ 178,870	$ 154,296	$ 187,814	$ 197,204	$ 207,064	$ 217,418	$ 228,289
Energy / provincial costs	166,496	152,648	178,870	154,296	187,814	197,204	207,064	217,418	228,289
Gross margin	-	-	-	-	-	-	-	-	-
Electrical distribution revenue	25,027	23,686	24,016	28,432	27,532	28,500	28,928	29,361	29,802
Other operating revenue	1,759	1,540	1,540	1,328	1,369	1,382	1,396	1,410	1,424
Operating income	26,786	25,226	25,556	29,760	28,900	29,882	30,324	30,771	31,226
Operation and maintenance expenses	5,352	4,548	4,459	5,295	5,221	5,240	5,036	4,929	4,820
Administrative expenses	8,486	10,486	10,419	10,715	10,750	10,898	11,107	11,321	11,540
Operating expenses	13,838	15,034	14,878	16,010	15,971	16,138	16,143	16,250	16,360
Net income before interest, depreciation, amortization and taxes	12,948	10,192	10,678	13,750	12,929	13,744	14,180	14,521	14,866
Depreciation and amortization	4,774	4,175	4,000	4,672	4,756	4,971	5,344	5,656	5,957
Interest	2,528	2,508	2,508	2,353	2,356	2,739	2,738	2,741	3,382
Net income before taxes	5,646	3,509	4,170	6,725	5,817	6,034	6,099	6,125	5,527
Provision for income tax	403	930	417	1,782	582	603	610	612	553
Net income for the period	$ 5,243	$ 2,579	$ 3,753	$ 4,943	$ 5,235	$ 5,431	$ 5,489	$ 5,513	$ 4,974
Final Budget presented to BOD on Jan 18, 2013:									
Net income before taxes		$ 3,509	$ 3,509	$ 6,725	$ 6,725	$ 7,553	$ 7,657	$ 6,713	
Net Income for the period		$ 2,579	$ 2,579	$ 4,943	$ 4,943	$ 5,551	$ 5,628	$ 4,934	

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

CASH FLOW PROJECTIONS

($'000)

	Actual 2012	Budget 2013	Projected 2013	Budget 2014	Revised Budget 2014	Budget 2015	Budget 2016	Budget 2017	Budget 2018
Estimated net earnings after tax	$ 5,243	$ 2,579	$ 3,753	$ 4,943	$ 5,235	$ 5,431	$ 5,489	$ 5,513	$ 4,974
Add back: Amortization	4,774	4,175	4,000	4,672	4,756	4,971	5,344	5,656	5,957
Net change in working capital	3,657	-	5,653	-	(4,487)	(4,145)	885	(170)	112
Cash flow from operations	13,674	6,754	13,406	9,615	5,504	6,256	11,717	10,998	11,042
Capital expenditures, net of contributed capital	(8,302)	(18,205)	(16,084)	(15,501)	(17,650)	(12,947)	(8,552)	(8,398)	(24,152)
	5,372	(11,451)	(2,678)	(5,886)	(12,146)	(6,691)	3,165	2,600	(13,110)
Dividend payment	(2,948)	(2,297)	(2,638)	(1,290)	(1,877)	(2,472)	(2,716)	(2,744)	(2,756)
Funds returned to Plus for solar projects	-	3,665	-	-	-	-	-	-	-
Financing	-	2,000	-	8,000	-	15,000	-	-	17,000
	2,424	(8,083)	(5,316)	824	(14,023)	5,837	449	(144)	1,134
Cash on hand (bank indebtedness), beginning of year	12,183	10,727	14,607	2,644	9,291	(4,731)	1,106	1,555	1,410
Cash on hand (bank indebtedness), end of year	$ 14,607	$ 2,644	$ 9,291	$ 3,468	$ (4,731)	$ 1,106	$ 1,555	$ 1,410	$ 2,544
Short-term borrowing (Line of Credit)									
Bank indebtedness		-	-	-	(4,731)	-	-	-	-
LC borrowing rate (Prime = 3%)		3%	3%	3%	3%	3%	3%	3%	3%
Interest costs		-	-	-	142	-	-	-	-
Long-term borrowing (new)									
LT loan		$ 2,000		$ 10,000	$ -	$ 15,000	$ 15,000	$ 15,000	$ 32,000
LT borrowing rate		3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
LT interest costs		75	-	375	-	563	563	563	1,200
Existing loan from Sun Life									
LT loan		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
LT borrowing rate		4.9622%	4.9622%	4.9622%	4.9622%	4.9622%	4.9622%	4.9622%	4.9622%
LT interest costs		$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 1,737	$ 1,737

4.3-SEC-31

INTERROGATORY

Reference: Ex.1, Appendix 1-6B

With respect to the IT Strategic Plan:

(a) p. 5. Please provide the Appendices.

RESPONSE

Copies of the requested Appendices are supplied as named in Exhibit 1, Appendix 1-6B, IT Strategic Plan, pg. 5:

ITSTRAT002, “CND IT Strategic Plan: Assessments”
ITSTRAT003, “CND IT Strategic Plan: Tactical Plan Inventory”
ITSTRAT004, “CND IT Strategic Plan: Departmental Vision”
ITSTRAT005, “CND IT Strategic Plan: Vision / Mission, ITS Workshop”

(b) p. 6. Please provide the most recent "programme/project matrix", and advise how and to whom it was published.

RESPONSE

The most recent version of the programme / project matrix document is provided for reference.

The programme / project matrix is a living document created on an annual basis as part of CND's annual budgeting process. The projects in the programme / project matrix document reflect business priorities and are deemed to be the key business projects requiring IT resources for the upcoming budget year. This programme / project matrix document is reviewed by the Leadership Team during the annual budgeting process and is built based on demand for IT services from the business departments. The IT Steering Committee (also comprised of the Leadership team) reviews the programme / project matrix document in order to assist the VP, ITS with respect to determining the priority of projects, given the request for limited IT resources. Priority decisions by the IT Steering committee are final, subject to any major changes in projects or changing business requirements. The programme / project matrix document is also reviewed on a monthly basis with the key business stakeholders – VPs, Managers, Supervisors – thus keeping all stakeholders up-to-date on their projects or changing project priorities based on feedback from the IT Steering Committee.

(c) p. 6. Please provide the most recent “IT Strategy Tactical Plan”.

RESPONSE

Please refer to Appendix, ITSTRAT003, “CND IT Strategic Plan: Tactical Plan Inventory” as provided for question (a).

(d) p. 7, 10. Please describe the status of each of the following:

a. The “predictive maintenance” “integration” project.

b. The “comprehensive field asset management program”.

c. The most recent “change management mechanisms” provided to other parts of the business.

d. The “automated management of information” project.

e. The “transition to self-management of departmental IT budgets”.

f. The development of “business-wide reporting and analysis capability”.

RESPONSE

a. The reference to “predictive maintenance” “integration” project may be found in the following context as referred to in Exhibit 1, Appendix 1-6B, IT Strategic Plan, p. 7:

> “ITS will enable predictive maintenance through integration of existing systems, enablement of business intelligence through data sharing / reporting / warehousing, and through other initiatives, noted elsewhere in the IT Core Strategy, to become a more effective business partner.”

Effort on this initiative is in the initial stage of identifying the key CND IT application systems that must be integrated to enable the capability to do predictive maintenance.

Reference to this initiative arose because one of the goals of the CND IT Strategy is to enable the business to be positioned to do predictive maintenance of its assets and/or physical resources. As a support department, ITS will enable / assist with this objective through the development of required technology integrations between identified key CND IT applications / systems. Such technological integrations will enable the business

to meet its goal with respect to predictive maintenance.

b. The reference to "comprehensive field asset management program" may be found in the following context as referred to in Exhibit 1, Appendix 1-6B, IT Strategic Plan, p. 7

> "ITS will enable through tool provisioning and training for CND's Engineering and Operation departments, a comprehensive field asset management program to be created and delivered in a manner that meet the needs of the company."

This initiative is currently in the investigation stage.

Reference to this initiative arose because a goal of the CND IT Strategy is to enable the business, through the use of technology, to implement a comprehensive field asset management program. As a support department, the role of ITS will be to assist the business in selecting, implementing and maintaining an appropriate technology solution at the required time in a manner that is cost effective for the organization. Additionally, ITS must ensure that training on the use of the chosen technology solution/tool provides the business with the capability it requires to meet the business objective.

c. The most recent "change management mechanisms" provided to other parts of the business may be found in the following context as referred to in Exhibit 1, Appendix 1-6B, IT Strategic Plan, p. 7:

> "ITS will offer up change management mechanisms to other parts of the business, for example, Operations and Engineering, geared to internal processes, to assist them in bringing greater visibility in to the changes that are undertaken in order to assist with the tracking of issues related to the delivery and supply of power. The foundation of this offering will be a sound Service Desk / ITIL capability organic to ITS."

Currently, the ITS department is undergoing a transformation, lead by the implementation of company-specific Information Technology Infrastructure Library (ITIL) practices. Since the delivery of the CND IT Strategy, a number of initiatives have been instituted, and these include but are not limited to:

- Monthly programme / project matrix reviews;

- Reporting of incidents in a more timely manner including root cause of the incident, changes required to procedures or practices;
- Introductory training of all CND IT staff with respect to ITIL foundations to prepare the IT Staff with respect to the implementation of ITIL-based customer service practices at CND; the training of CND IT team provided them with the skills to guide, assist and train CND staff on the new processes and practices for reporting/requesting IT services, incidents and changes as these new processes and practices are implemented organization-wide;
- Use of a Service Desk automated tool to assist with the recording, scheduling, tracking and reporting on incidents and requests for service;
- A weekly change management advisory board with representatives from all departments to bring about awareness of and feedback with respect to planned or unplanned changes to the IT environment;
- The creation of an IT Steering Committee to oversee and provide guidance to and assisting the VP, ITS with respect to project priorities given the demand for ITS limited resources, and;
- The development and release of company-specific project management practices. These initiatives are being implemented and delivered in ITS currently, however these initiatives would complement and/or help improve processes in other departments that are IT change and/or project driven, such as Engineering and Operations. These change management mechanisms are currently being implemented in the CND ITS department and are scheduled to be rolled out organizationally in 2014.

d. The reference to the "automated management of information" project may be found in the following context as referred to in Exhibit 1, Appendix 1-6B, IT Strategic Plan, p. 10:

> "ITS will facilitate, through pioneering tools and techniques, and training in same, automated management of information and document creation, management, approval and other elements of workflow."

Work on this initiative has already begun. CND is leveraging its Electronic Document Management (EDM) solution from Loris Technologies Inc., to deliver automated

information and document creation, management and workflow with respect to the automation of locate requests from Ontario One Call. Refer to the Response to Board Staff Interrogatory 4.1-Staff-9. In addition, planning and requirements development has commenced with the Human Resources department to further extend the use of this technology with respect to implementing workflow, approval, storage, maintenance and retention policies with respect to CND's human resources documentation.

e. The reference to the "transition to self-management of departmental IT budgets" may be found in the following context as referred to in Exhibit 1, Appendix 1-6B, IT Strategic Plan, p. 10:

> "ITS will work with Finance and the rest of the business to transition to self-management of departmental IT-related budgets."

Currently, CND's ITS department is responsible for all IT acquisitions, including all software (specialized or utility), corporate desktop, corporate laptop and corporate mobile devices. With the support from CND ITS, select IT hardware and software acquisitions can be budgeted at the departmental level – corporate standard items such as utility software, corporate desktop computers, corporate laptop computers or corporate mobile devices. Departmental needs are best known by and thus budgeted for at the departmental level. CND would act in an advisory capacity supporting such departmental expenditures by setting corporate standards with respect to approved hardware and software that has been identified to meet standard business needs. This approach to budgeting is planned for implementation as part of the 2015 budget process/cycle.

f. The reference to the development of "business-wide reporting and analysis capability" may be found in the following context as referred to in Exhibit 1, Appendix 1-6B, IT Strategic Plan, p. 10:

> "ITS will work with the business to:
>
> - Develop business-wide reporting and analysis capability, commonly called Business Intelligence, to unlock broad trends and help transform information into knowledge."

As a support department, CND ITS is positioned to provide research, advice, business requirements analysis services, project management capability and assistance with the implementation of a vendor supplied solution to meet this goal. This initiative is referenced in the response to 4.3-SEC-31 question (a.) ITSTRAT003, “CND IT Strategic Plan: Tactical Plan Inventory”, item 20, and has a planned start of Q2, 2015.

(e) p. 10. Please provide a copy of the "sweeping review of current reporting capabilities".

RESPONSE

The reference to the "sweeping review of current reporting capabilities" may be found in the following context as referred to in Exhibit 1, Appendix 1-6B, IT Strategic Plan, p. 10:

"ITS will work with the business to:

- Do a sweeping review of current reporting capabilities, leading to more-useful, self-managed reports to assist departments in financial and other forms of management."

The IT Strategy, captured this business objective based on the workshops that were held during the formation of the IT Strategy document, results of which are referenced in the response to 4.3-SEC-31 question (a.) ITSTRAT004, "CND IT Strategic Plan: Departmental Vision". In the programme / project matrix for 2014, refer to 4.3-SEC-31 IT Programme Project Matrix, and the project therein, entitled GP Corporate Reporting, which will be the start off the IT supported process to review CND's reporting capabilities. The initial focus of this project will be in the Finance area, and is scheduled to occur in Q2/Q3 of 2014.

(f) p. 11. Please provide details of the last three instances where the IT departments has "reach[ed] out to other LDCs with the objective of offering, or taking advantage of, a shared service.

RESPONSE

CND has reached out to other neighboring LDC's with respect to the following strategic goals:

- Disaster Recovery (DR) services / initiatives – CND initiated conversations with local LDC IT leaders, in the third quarter of 2013, to determine what their status on such a service / initiative was and if it would be possible to partner or set-up a group purchase from a DR solution vendor thus offering some reduction in service cost if this could be accomplished through a group-buy scenario.
- Interactive Voice Response (IVR) solution initiative – as part of the IVR initiative underway at CND, discussions in last quarter of 2013 with other LDCs was undertaken to understand where they were at with such an initiative and to also look to leverage a shared solution or if this could be accomplished through a group-buy scenario.
- Data Base Analyst (DBA) services – looking to put in place a shared resource amongst LDCs, hence reached out in third quarter of 2013 on this initiative. These resources command a premium, and given the size of CND and the fact that there would not be enough work requiring a full-time DBA, CND approached local LDCs to determine their support with respect to pool funding for a DBA resource that would enable all to take advantage of such a skill set in a more cost-effective manner than would be possible individually.

(g) p. 13. Please provide a copy of the “partner management strategy”.

RESPONSE

The reference to “partner management strategy” may be found under the following context as referred to in Exhibit 1, Appendix 1-6B, IT Strategic Plan, p. 13:

> “Simply outsourcing is not a panacea, so ITS will produce a thoughtful partner management strategy, policy, and operating procedures to maximize the success in the two-way interaction that is partnering.”

This strategic initiative is currently in the research stage of development and there is no formal partner management strategy document at this time.

(h) p. 17. Please provide details of the "significantly reduce[d] expenses" to be obtained from the two new positions, and show where those reductions are set out in the Application.

RESPONSE

The reference to "significantly reduce[d] expenses" to be obtained from the two new positions may be found in the following context as referred to in Exhibit 1, Appendix 1-6B, IT Strategic Plan, p. 17:

> "The second uplift will be to the Business Analyst position (currently contracted). The core value provided by this role is to significantly reduce expenses from Third Party solution providers, who would otherwise provide and invoice for this role's services. So, this role can assist in reducing third party costs with respect to the development of business requirements, IT functional requirements, test planning, test case development and testing support."

With respect to the Business Analyst position, CND has incorporated the cost of this resource as part of its 2014 capital budget. The Business Analyst position will support a number of significant capital projects to be delivered in 2014. Please refer to 4.3-VECC-15 for a description of the capital projects that will require the knowledge and expertise of the Business Analyst. In the absence of this resource, CND would have outsourced this expertise to third party consultants.

The Business Analyst position will support CND's implementation of information systems technology projects, and will reduce CND's reliance on third party consultants. Previously, CND has used third party vendors (software vendors) to conduct the business requirements and analysis phase of a project. This represents a significant expenditure when compared to an in-house resource given the current going market rates from a vendor for such a skillset, which currently ranges from $185 to $200 per hour.

In 2014 and onwards, the benefits to CND of this position is that CND has the necessary skill set in-house to support, test case development, IT functional requirements development, test planning, test case execution, testing practices, and business-level

6.2-Energy Probe-18

INTERROGATORY

Ref: Exhibits 1, 2 & 4

a) Please describe, with references to the evidence, the operational effectiveness initiatives that the distributor has or is planning to undertake.

RESPONSE

The following is a summary of operational effectiveness initiatives undertaken or to be undertaken by CND in the 2014 Test Year.

CND considers operational effectiveness initiatives to include actions taken to introduce or increase automation, improve processes and workflows, leverage existing technology and resources to provide additional value added services, and to continuously measure and improve performance.

Initiatives identified within the Application

E-service/solutions

- Home Connect - January 2013 (Exhibit 1, Tab 5, Schedule 2, Page 2)

  Home Connect is an online tool that enables customers to view their hourly electricity usage, and assists customers to better understand time of use pricing as it relates to their personal energy use patterns. This tool introduced in 2013 effectively provides improved information and measurements for customers to understand their patterns of electricity use.

- Bill Connect - March 2014 (Exhibit 1, Tab 5, Schedule 2, Page 3)
  Bill Connect is a paperless billing solution that CND is implementing in 2014, with a "go-live" rollout targeted for customers in March 2014. Paperless billing with the Bill Connect module is leveraging existing technology on the website, the secure "Customer Connect" portal together with the automation introduced with File Nexus bill presentment functionality, integrated into the Customer Information System.

- New Corporate website – January 2013 (Exhibit 1, Tab 5, Schedule 2, Page 2):
  A new website content and design was launched, built with many enhancements, including easy to use online forms, focus on conservation information, contact us pages and a customer feedback survey on the home page, twitter feed, online links to pay customer bills, My Account with Customer Connect portal, Home Connect and soon to launch Bill Connect.

  The new website is designed for ease of access. The improved layout and set up of move forms resulted in an increase of use by more than 100% in the first year. In 2012 on the old website, some 850 moves were processed and for the year following launch of the new site the results more than doubled. The increase in use of online forms and contact us emails means that CND's call centre is spending more time responding to online enquiries than previously. As CND moves forward over the next 2 – 3 years, the next step is to fully integrate the move forms so that moves will be seamless with little or no interaction by call centre staff.

- Interactive Voice Response Solution – December 31, 2014 (Exhibit 2, Appendix 2-8A)
  CND will be implementing an Interactive Voice Response ("IVR") solution integrated to its Outage Management Solution. Phase 1 of the project is to facilitate customer's accessing information about outages and restoration times. The IVR will allow the customer to report outages to assist in identification of the location or incident. This solution will offer customer's "around the clock" information without the requirement of resources in the Customer Care Call Centre. The solution will be designed to be able to perform transactional surveys once power has been restored to engage with the customer and confirm power is back to normal, all without the use of a Call Centre Resource.

- Mobile Web Platform – January 2014 (Exhibit 1, Tab 5, Schedule 2, Page 4)
  A fully mobile web platform with complete search function and online Twitter link was launched to respond to customer requests for better communication, and providing functionality for customers wanting to use their smart phone to pay a bill through CND's website. The functionality will deliver an enhanced experience to customers using a Smart Phone to access CND's website. Once the Outage Management System is launched customers will be directed to the corporate website to obtain details about the

scope, nature and restoration times of an outage. This will drive efficiencies as the interaction will not require a Customer Care Representative to provide the information to the customer.

Distribution System (Exhibit 2, Appendix 2-BA Distribution System Plan)

- CND has invested and continues to invest in remotely operable SCADA switches to restore power more quickly but also to eliminate the cost of sending a crew to manually operate the switch;

- CND acquired GPS (Global Positioning System) surveying equipment in 2013. The use of this equipment allows for quicker collection of field data;

- The installation of the electronic wall board in the control room introduced efficiencies in workflow processes. Updates or changes to the distribution maps are made more quickly with an electronic update versus manual changes with tape and magnets. Maps can be retrieved electronically resulting in time savings versus pulling paper maps;

- The hiring of Design Technicians is expected to reduce the level of planned overtime and third party Engineering Costs for capital projects;

- CND's continuing 8kV rebuilds result in a more efficient electrical distribution system as electrical losses are reduced with the higher 27.6kV operating voltage and the change out of older, less efficient distribution transformers; and

- CND has completed PCB testing of its distribution transformers. Removal of transformers with positive tests (ppm > 50ppm) reduces delays in the event of unplanned transformer change outs since no further oil testing is required. This allows for crew hours to be redirected to other projects and restores power more quickly.

Information Systems Technology

- In 2013, CND transitioned customer underground locate requests over to Ontario One Call. As part of the transition, CND undertook an integration and work flow process

improvement project that leverages CND's Electronic Document Management System (EDMS) to capture, store, and provide locate information to the operations department using an automated workflow process. Using a file feed from Ontario One Call, the EDMS is used to create locate documents for Locate Technicians. Once the technician has completed and captured the locate details, the revised documentation is scanned back into the EDMS. This project resulted in the automation of the locates workflow process, and allows for the electronic storage of locates documentation, eliminates the need to file paper documentation, thus reducing filing space, increases processing time and provides for faster access to stored documentation. Please refer to Response to Board Staff 4.1-Staff-9.

- In 2014, CND will implement an Outage Management System and Distribution Management System (Exhibit 2, Appendix 2-8A). The implementation of the OMS will enable quicker determination of outage causes, and provide the ability to triage multiple outages so that corrective action can be undertaken in a faster and more accurate manner than is currently possible. Additionally, an OMS system will provide operational capability to present, contact and provide customers with more detailed information on power outage situations and allow for better communications, follow-up and reporting on such incidents.

- Extensive use of virtualization technologies, refer to Exhibit 4, Tab 1, Schedule 2, pg. 17 allows CND to run 65 virtual servers on 6 physical server devices. As the result of virtualization, CND is able to reduce the requirement to purchase 59 additional hardware devices (servers) and the associated software licenses, thus representing approximately $1,000,000 in cost avoidance, which can be broken down to approximately $354,000 for server hardware and $590,000 for software licensing.

Smart Meter Technology

While smart meters were installed to comply with provincial regulations and to enable time-of-use billing, CND recognizes that a wealth of information is returned from these devices and that operational efficiencies can be gained through leveraging the AMI technology.

- An early efficiency gain was realized when there was the need to obtain a meter reading or to verify the power status at a particular premise. Rather than a truck roll, an office clerk can "ping" the meter via the AMI web interface and immediately receive its power status and current register reading.

- Through the analysis of reports generated by the AMI system, CND has been able to identify at least two transformer problems prior to an actual failure in the field. Using the data proactively, transformer loading analysis can be done with much greater precision and accuracy than was the case in the past, allowing better optimization of distribution assets. Overloaded transformers are recognized on a more informed basis, and new customer loads can be added to existing assets with a higher degree of confidence.

- Smart Meters can also return voltage values which allow CND to monitor and ensure compliance with CSA standards.

As CND embarks on its development of an Outage Management System, the ability to connect the AMI system in real-time will greatly enhance the precision of the data set that the OMS uses to analyze and predict events on the distribution system.

Other

- Outsourcing of Bill Print (Exhibit 4, Tab 3, Schedule 1, Page 5 of 16) - CND outsourced the printing and mailing of customer bills at the time that its new CIS was deployed. While paper and postage costs remained the same, whether the function is performed internally or by a third-party, there were some avoided costs and operational efficiencies achieved. Prior to outsourcing, CND had leased a large auto-mailer and was paying an annual maintenance fee. CND also had a high capacity printer and was paying the costs of toner and maintenance on this as well. Both of these costs have been avoided through outsourcing, and the floor space this equipment occupied was made available for other use. Outsourcing the bill print function also provided for the creation of bills in a .pdf format that is viewable by internal CND staff and will be used for paperless billing. This process has also allowed CND to bundle bills for those customers that have multiple bills in the same billing cycle.

- CND originally became a member of GridSmartCity to collaborate with a group of utilities of similar size facing similar challenges. More recently, GridSmartCity announced the formation of a non-incorporated cooperative amongst its ten founding LDC members for the purpose of exploring the feasibility of using joint purchasing power to lower costs and providing certain services to its members on a shared service basis. Please refer to Response to VECC Interrogatory 7.4-VECC-32 with respect to realized operating savings as a result of this membership.

As a result of reviewing and responding to this interrogatory, CND identified the following additional initiatives that CND has undertaken or plans to undertaken that were not specifically referenced within the Application:

- The mCare paperless service order processing and dispatch features, facilitates dispatch of service orders from the office to crews and field representatives' real time, in the field, to maximize efficiency of operations in the field and improved response times to customers.

- Preauthorized Payments for Fit and/or Micro/Fit accounts was introduced in 2013. Based on the nature of these accounts, the monthly invoice issued to customers is always a credit balance. To promote operational efficiencies, CND successfully shifted 100% of the accounts to CND's pre-authorized payment plan. Customers now receive their monthly refund through direct deposit into their bank account, reducing CND's time creating, printing and mailing monthly cheques through its accounts payable process.

- Blue Butler Customer Call Recording – March 2013 - CND implemented Customer Call Recording in the call centre and collections department, for three reasons: i) Staff training and development, ii) Protection and dispute avoidance/resolution and iii) facilitate regulatory compliance. The Customer Care Supervisor and staff use the recorded calls for training, education and enhancement of the required skills and knowledge to address customer requests. The call recording software leverages the File Nexus, document archiving solution and drives efficiencies for filing of customer

authorizations electronically on a customer's account in alignment with changes made to the Distribution System Code.

- CND launched a corporate Linked In and Twitter site in January 2014. CND also created and trained a Social Media team, composed of internal resources from across departments. Twitter was launched to improve customer engagement with timely updates, information about programs, tools and services available to customers. The Hoot suite Dashboard allows CND to schedule tweets, monitor conversations and gather details about customer's preferences, compliments and complaints. CND believes social media channels offer an informal means of communicating with customers in productive and timely ways. Social channels are significantly less expensive than traditional, interaction activities such as face-to-face visits or telephone contact and provide an opportunity to reach a larger audience. Well trained staff can leverage the communication created by other companies, and retweet information quickly and efficiently.

- CND uses Google Earth and Google Street View extensively to view existing conditions in the field. This results in a reduced number of trips to the field by Engineering staff, which provides capacity for the Engineering staff to perform other value add activities; and

- Automated IT Service Desk tool was implemented in Q3 2013, which provides for an automated tracking of incidents, problems, changes and requests for service. This tool is expected to reduce the manual effort in tracking IT incidents and provide improved reporting and measurement of IT response times.

- In March and April, 2013, CND engaged a third party consultant to conduct a review of CND's work management processes, specifically focused on operations and engineering. The review included a detailed "day in the life" study of various operations and engineering supervisory positions within CND, a mapping of the current state processes and workflows, and recommendations for future state processes based on best practices within the utility industry including opportunities related to: (i) increased automation; (ii) improved processes and work flow; (iii) role clarity between positions and

departments; (iv) performance management and metrics; and (v) other. A copy of the summary report outlining the above opportunities is attached.

OPPORTUNITIES FOR IMPROVEMENT

Opportunities: Automation

- Application of Bar Coding for Material Receipt.
- Introduction of Planning and Scheduling software.
- Management Reports introduced: Performance Reporting and Schedule Adherence.
- Support movement to Office in the Truck for Operations.
- Movement from manual paper processes.
- Use of auto Dialer for Notices in lieu of Linemen delivery.
- Intranet view of Project Plans and overall Master Schedule-read only.
- Introduction of e-Learning to augment face to face training. Self paced approach.
- Document and repository management.
- Standard naming conventions developed.

Opportunities: Process

- Standard lead times and interdependencies identified and applied along entire supply chain.
- Routine practice of materials requisitioned against WO#.
- Standard approach to material handling between Contractors and internal crews.
- Introduction of formal Pre Issue meetings between Sub Forepersons and Techs-use of Checklists applied.
- Designs running too tight to Issue and start date. Create buffer.
- Seamless process between Contractors and Internal crews.
- Harmonized reporting activity between Contractors and internal crews.
- Standard Job Package for Issue to Operations.
- Design bank of 3 to 6 months created.
- Job Progressing: Pre Construction and Construction phases.
- Formal lessons learned documentation between Sub Forepersons and Techs.

Opportunities: Process

- Introduction of Design lead times and checkpoints.
- Use of outside Design shops to create bank of jobs.
- Interdependencies and checkpoints defined for complete lifecycle of a job.
- Exploration and potential application of USF standards.
- Inclusion of Materials in Pre Issue alignment: Operations+ Engineering + Materials.
- Tendering lead times factored into planning process.
- Move from Q3 batching of Deviations to completing and communicating as identified.
- Move to Production concept for Tuesday meeting (what work is pending and what is in process).
- Introduction of Capacity planning-understanding of required mix and volume of work to optimize resources.

Opportunities: Role Clarity

- Use of pick up truck with contract worker to deliver inventory to site.
- Planner scheduler role introduced.
- Non value activity for Supervisors and Managers reduced and/or eliminated.
- Introduction of Central Intake concept to manage work flow.
- One person understands all work in process along complete lifecycle.

Opportunities: Performance Management and Metrics

- Planned versus unplanned inventory tracked and reported.
- Availability factors identified and applied to planning process.
- Inventory metrics identified and tracked.
- Dashboard developed for schedule adherence and key performance metrics.
- 3 month rolling forward view of work in process and pending work.
- Proper mix and volume of work identified to optimize productivity.
- Capacity planning to identify where light or too heavy in workload.

Opportunities: Performance Management and Metrics

- Formal start and finish dates with estimated hours introduced to crews.
- Historical trending for projected workload assessed.
- Review and understanding of all jobs in all phases: Pre Construction, Construction and Post Construction.
- Unit costing applied to OH Tenders. Analogous to UG Tender.

Opportunities: Other

- Formal urgency and priority definitions.
- Communication of material release for small jobs.
- Distribution of Gantt Charts to crews.
- Monthly view of Master Schedule with all key stakeholders-can be viewed on Intranet.

QUICK HITS

Quick Hits

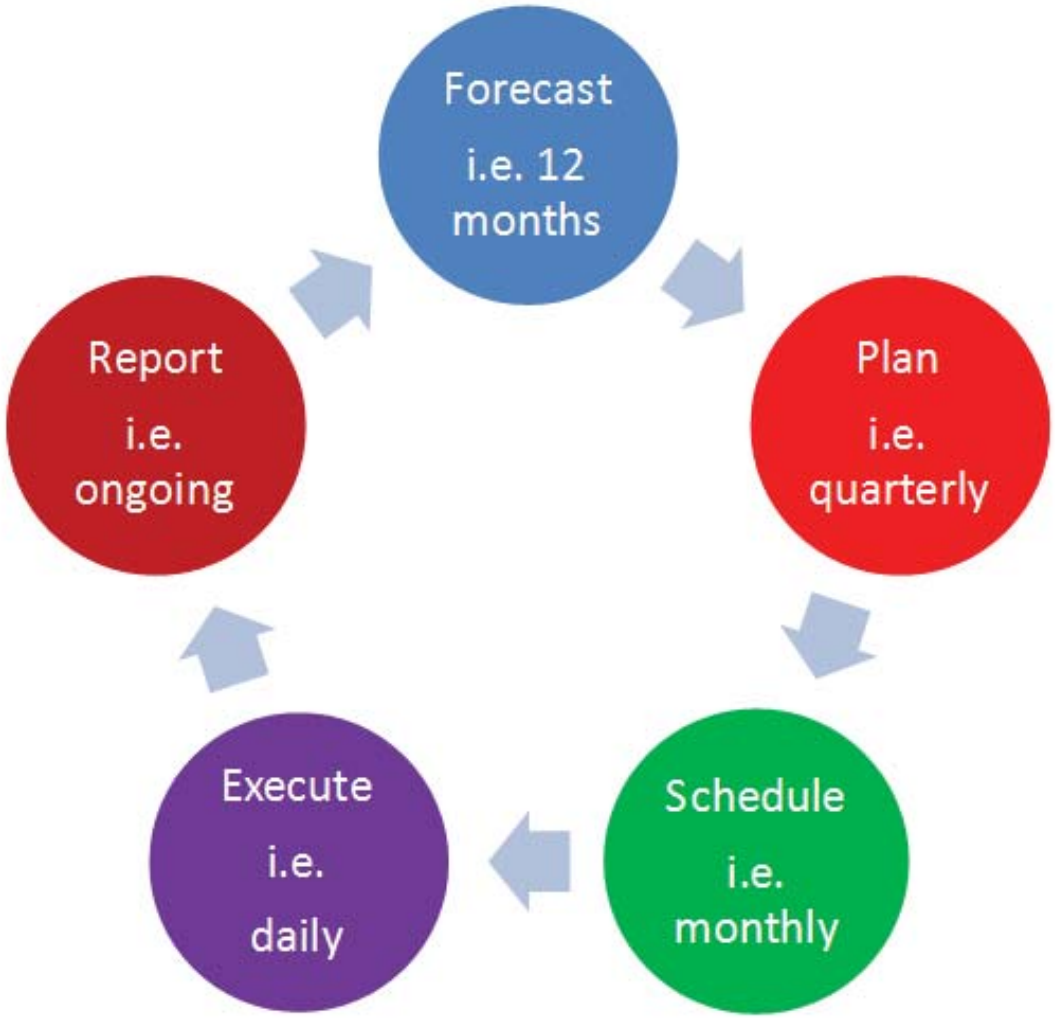
- Formal pre Construction meetings-document checklists and agendas introduced.
- Cost benefit of USF Standards conducted.
- Implementation of Gantt Charts/Project Plans for internal crews (interim solution only).
- Job Progressing from point of issuing job to Operations (interim solution only).
- Revised agenda for Tuesday meeting-move to Production concept (interim solution).
- Deviation report modified to be material.
- Cadence for completion of Deviation Report -completed as change identified and then reported/communicated.

Quick Hits

- Crew communication-expected project duration, hours.
- Formal lessons learned agenda and documentation- for completion of big jobs.
- Address access issues to Intranet from field.
- Review of non-value activities performed by Supervision/Management.

PROPOSED FUTURE STATE

Future State: Design Overview



PROPOSED FUTURE STATE: BENEFITS

Benefits

- Improved throughput
- Lower rework
- Increased availability
- Greater Quality Assurance
- Enhanced productivity
- Lower contractor costs
- Reduced WIP post Construction
- Strategic arrangements with Contractors
- Budget stability
- Clear view of work in process
- Effective Management Reports
- Schedule adherence

Benefits

- Improved customer relationships
- Improved morale
- Supports Strategic decision making
- Clear expectations
- Improved Performance Management
- Proactive management and supervision
- Reduced Procurement and Inventory costs
- Reduced dependency on “Tribal Knowledge”
- Optimizing resource requirements

MIGRATION PLAN

FUTURE STATE MIGRATION PLAN-ONE PROCESS. ONE TEAM

Energy+
Cambridge and North Dumfries Hydro Inc.

Quick Hits-Build on Success-Top 10(+1)

1. Formal pre Construction meetings-document checklists and agendas
2. Cost benefit of USF Standards conducted
3. Implementation of Gantt Charts/Project Plans for internal crews (interim solution only)
4. Job Progressing from point of issuing job to Operations (interim solution only)
5. Revised agenda for Tuesday meeting-move to Production concept (interim solution)
6. Deviation report modified to be material
7. Cadence for completion of Deviation Report - completed as change identified and then reported/communicated.
8. Crew communication-expected project duration, hours
9. Formal lessons learned agenda and documentation-completion of big jobs.
10. Address access issues to Intranet from field.
11. Review of non-value activities performed by Supervison/Management.

Phase One: Implementation of Basics

-Roles defined and Expectations set
-Master Schedule for Operating Cycle defined and implemented
-Key checkpoints and interdependencies defined
-System for Managing defined, designed and implemented
-Key information (KPI's) identified, tracked and reported for entire life cycle

Phase Two: Managing the Process

-KPI's and Performance Management
-Capacity Planning
-Resource Optimization: Contractors and Internal Crews
-Interchangeability between Contractor and Internal-Seamless
-Alignment to Capital Planning and Strategic Plan
-Alignment with Budgeting and Business Planning

Communication and Change Management Plan
-Key messages defined and reinforced
-Training and Development-roles, tools and process understanding
-Pride-leading and ownership
-Celebrate success
-Other

IT-Key Enabler and Migration Support
-Implementation of Quick Wins
-Implementation of Planning software
-Development of key Management Reports (Schedule Adherence and Performance Reporting)
-Other

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b) Please show now these initiatives have, or will result in savings to ratepayers.

RESPONSE

The qualitative impact of many of these initiatives increase the value of service, as more fully described in a) above. While some of these initiatives also result in savings to ratepayers, subject to the exceptions noted below, CND has not been able to quantify the capacity; cost avoidance; or cost savings generated from all of the operating efficiencies described in a).

CND has quantified the following:

- CND through the user of virtualization technologies is able to reduce the requirement to purchase 59 additional hardware devices (servers) and the associated software licenses, thus representing approximately $1,000,000 in cost avoidance, which can be broken down to approximately $354,000 for server hardware and $590,000 for software licensing.
- As identified in Response to Energy Probe Interrogatories 2.1-Energy Probe-4 and 4.2-Energy Probe-12, CND has realized a reduction in annual operating expenses of $250,397 between 2010 and 2014 for meter reading expenses as a result of implementing Smart Meters and related AMI technology.
- As identified in Response to 1.1-SEC-5(c), because of its pole replacement program CND has realized a reduction in annual spot pole replacement costs.

With respect to the Report of the Board *"Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors"* (EB-2010-0379), CND has been assigned to Group 3 for purposes of the assignment of stretch factors based on a distributors relative cost efficiency and unit cost performance as determined through PEG's econometric total cost benchmarking model. The assignment to Group 3 was based on the demarcation points for relative cost performance, whereby actual costs are within +-10% of predicted costs.

As CND outlined in its Application, there has been considerable change in the electricity distribution sector since CND's last rebasing in 2010 including: (i) the implementation of Smart Meters; (ii) Time of Use pricing; (iii) mandated Conservation and Demand Management

programs; (iv) requirements under the Green Energy Act Plan ("GEA") with respect to renewable generation; and (v) the implementation of revised depreciation and capitalization policies for regulatory accounting purposes. These government mandated requirements, which fall under "Public Policy Responsiveness" as part of the RRFE, have translated into incremental OM&A expenditures for CND since its last rebasing. In addition to increased OM&A expenditures as a result of government mandated requirements, CND has also experienced increased OM&A expenditures attributable to: (i) salaries and wages which are trending upwards and have increased by approximately 3.0% per year; (ii) increase in the employee complement to support the government mandated requirements, succession planning, regulatory compliance, and capacity constraints in certain key departments; (iii) increased benefit costs for the current and planned employee complement, and in particular significant increases in OMERS pension costs; and (iv) increase in information system technology costs.

While CND acknowledges that there are further opportunities to leverage its resources and information systems technologies to increase productivity and improve operating efficiencies, CND believes that it has demonstrated, where possible, the achievement of operating efficiencies.

c) Please explain how the savings identified in part (b) above are sustainable.

RESPONSE

CND submits that, to the best of its knowledge, these operational efficiencies are sustainable and have been reflected in the Application. CND will continue to leverage its information systems technology solutions, including CIS, ERP, OMS/DMS, IVR, GIS, SCADA System, AMI technology, and internal resources to improve workflows and processes and increase automation to enhance customer service levels, while at the same time focusing on minimizing future cost increases, or to the extent possible, achieving cost savings.