

SEC-1

[p.46] Please show where the Applicant informed the Board that it would be filing an application for an ICM when it requested approval to defer rebasing for 2020 rates.

Response:

Burlington Hydro did not indicate that it would be filing an ICM application when it requested approval to defer rebasing for 2020 rates; nor was this information requested by the OEB on March 7, 2019, when it requested subsequent information from Burlington Hydro prior to rendering its decision on the deferral request.

SEC-2

[p.46] Please explain why the two ICM projects are required to be completed in 2020 and cannot wait until the Applicant's rebasing application.

Response:

Burlington Hydro intends to file a rebasing application for May 1, 2021 rates in August 2020. Waiting to complete the two ICM projects until its next rebasing application would require project implementation dates in May 2021 or later. Burlington Hydro would expose its business and its customers to significant risk if it waited until such time to complete the two ICM projects.

GIS: If Burlington Hydro waited until its next rebasing application, the new GIS would have gone live in May 2021, almost 1½ years after its current go-live date in January 2020. As identified in Appendix J: (i) Burlington Hydro's old GIS is only compatible with Windows 7. Microsoft support for Windows 7 ended on January 14, 2020. Operating a critical system which relies on an unsupported, out-dated version of Microsoft Windows for 1½ years poses a significant cyber security risk to Burlington Hydro and its customers; ii) the old GIS vendor no longer supports bug fixes, enhancements or updates; and (iii) compatibility issues and the obsolete technology create operational inefficiencies. GIS is a central repository for all distribution asset information and supplies information for/to Asset Data Collection, Asset Management, and Burlington Hydro's Outage Management System. Deferring the GIS replacement until May 2021 (or any date beyond January 14, 2020) would have exposed Burlington Hydro and its customers to risks it is not willing to accept.

CIS: If Burlington Hydro waited until its next rebasing application, the new CIS would go live in May 2021, eight months after its current go-live date in August 2020. Burlington Hydro is well underway with programming, user acceptance testing and training. Deferring the completion of the project until May 2021 would incur additional operating and capital expenses (e.g. unnecessary hosting fees, duplicate maintenance and modification fees, and retraining of staff) as compared to a 2020 implementation. Modifications required in response to new public policy initiatives and on-going regulatory changes (e.g. customer service rule changes, Ontario Electricity Rebate implementation), are costly and difficult to make in Burlington Hydro's heavily customized current CIS. Further, as identified in Appendix I: (i) the current CIS is technologically obsolete and doesn't meet the needs of current Advanced Metering Infrastructure ("AMI") based billing processes; (ii) the vendor does not provide full CIS upgrades in the Ontario market and (iii) the CIS is unable to meet customer demand for new functionality. Burlington Hydro decided to implement its new CIS in 2020 to (i) mitigate the risk associated with operating a technologically obsolete system and (ii) provide additional functionality to its customers sooner rather than later.

SEC-3

[p.45-46] Please provide and explain what the Applicant believes is its project-specific materiality threshold.

Response:

Burlington Hydro's project-specific materiality threshold is 1% of its overall capital budget. Burlington Hydro's updated 2020 budget as provided in its response to Staff-14 is \$11,014,608 and therefore for 2020 its project-specific materiality threshold is \$110k.

Burlington Hydro relied on the OEB's Decision in Alectra's 2018 IRM Application for guidance (EB-2017-0024) to determine its project-specific materiality threshold. In that decision, the OEB stated that, "Amending the ICM policy to include a mathematical materiality calculation for this second test should only be done through a policy review."¹

In assessing the project specific materiality of each project, the OEB was guided by the words "significant influence on the operation of the distributor" and "minor expenditure in comparison to the overall capital budget"². Alectra's combined capital budget was \$267.7M and the lowest individual project that was approved for the recovery of incremental capital funding was the York MS project with a total cost of \$2.3M³.

This suggests that, in the OEB's opinion, a project that has a cost that is 1% of the total capital budget is a major project that has significant influence on the operation of the distributor. As such, Burlington Hydro has applied that same rationale to determine that, for 2020, its project-specific materiality threshold is \$110k; equal to 1% of its budget of \$11,014,608. Both the CIS and GIS exceed Burlington Hydro's project-specific materiality threshold at revised cost estimates of \$2,092,862 and \$589,413 respectively. These projects represents 19.0% and 5.4% respectively of Burlington Hydro's 2020 capital budget; and both have a significant influence on its operations.

¹ Decision and Order, Alectra Utilities Corporation, EB-2017-0024, page 25

² IBID, page 26.

³ IBID, page 60.

SEC-4

[Appendix I] With respect to the Customer Information System Replacement program:

- a. Please provide an update on the status of the project.
- b. Please provide a detailed project schedule.
- c. Please explain the basis of the project cost estimate.
- d. Please explain how the project vendor was selected.
- e. Please provide any internal project business case or similar document for the project.
- f. The Applicant states "BHI's customers have expressed their dissatisfaction and frustration with its current system and have been asking for more functionality for many years." Please provide further details regarding customer dissatisfaction, and how the new CIS will address these issues.
- g. Please detail and quantify the savings customers can expect because of the new CIS.

Response:

- a. The project had an original projected cutover date of June 1, 2020. However, staffing changes have impacted critical project resources, delaying the scheduled cutover to August 1, 2020.

The original estimated project cost was \$1,445,000. BHI has revised this estimated project cost to \$2,092,862. Project cost revisions are due to the following:

- Additional funding due to an accelerated cutover of a new integrated Customer Portal;
 - Additional funding for backfill of Burlington Hydro staff;
 - Additional funding for hosting fees during the implementation period; and
 - Additional funding for a new reporting platform, enhanced partner systems testing and additional contract labour.
- b. A detailed project schedule is filed as "BHI_CIS Project Schedule_20200116".
 - c. The project cost estimate includes Software (including an Integrated Customer Portal; and a new reporting and business intelligence platform), Installation, Implementation, Testing, Training, Contingency and Project Management/Administration.
 - d. Please refer to the response to Staff-15d).
 - e. Burlington Hydro provides the project charter for the CIS project as "BHI_CIS Project Charter_Redacted_20200116". The charter has been redacted to remove employee names.

- f. Please refer to the response to Staff-16.
- g. Please refer to the response to Staff-15b).

SEC-5

[Appendix II] With respect to the Geographic Information System Replacement program:

- a. Please provide an update on the status of the project.
- b. Please provide a detailed project schedule.
- c. Please explain the basis of the project cost estimate.
- d. Please explain how the project vendor was selected.
- e. Please provide any internal project business case or similar document for the project.
- f. Please detail and quantify the savings customers can expect because of the new GIS savings.

Response:

- a. The project went live as scheduled on January 13th, 2020. The original estimated project cost was \$500,000. Final project costs are \$589,413. The increase in project cost is due to higher than planned requirements for concurrent licenses.
- b. A detailed project schedule is filed as "BHI_GIS Project Schedule_20200116".
- c. The project cost estimate includes Software, Industry Model Configuration, Data Migration, Web Viewer Configuration, Testing, Installation, Training, Production Cutover/Warranty, and Project Management/Admin.
- d. Please refer to Staff-18a).
- e. The RFP for the project is filed as "BHI_GIS RFP_Redacted_20200116". The RFP has been redacted to remove employee names.
- f. As discussed in Appendix J, Burlington Hydro expects the new GIS to rectify the compatibility issues of its previous GIS, which impacted operational efficiency. These efficiency savings will reduce re-work and enable Burlington Hydro staff to focus on higher value-added tasks. Savings in the form of cost reductions to customers are not expected as a result of this project.