

UNDERTAKING J8.16

Undertaking

To provide material to explain the current status of justification for the \$7 million re-engineering of the OPG help desk.

Response

OPG's 2008 Business Plan includes a total OM&A cost amount of \$7.0M (of which \$3.7M is allocated to the regulated facilities and included in the revenue requirement for the test period) related to an initiative to re-engineer OPG's IT Help Desk.

The Help Desk is operated by OPG's external service provider New Horizon System Solutions (NHSS). The re-engineering initiative was conceived and would be executed by NHSS, not OPG. Preliminary discussions between NHSS and OPG proposed that OPG would bear the one-time cost of \$7.0M of re-engineering, with future savings being credited back to OPG. The initiative was estimated by NHSS to have approximately a two-year payback period. On the basis of these preliminary discussions with NHSS, OPG included a cost of \$7.0M in 2008 and cost savings of \$3.0M in 2009 in its approved Business Plan. Of the \$3.0M of cost savings planned for 2009, \$2.1M is allocated to the regulated facilities and included in the test period revenue requirement.

This special initiative is not a project as defined by OPG for business planning purposes; and therefore, the planning business case requirements (as outlined in Ex. A2-T2-S1, section 4.3.1) did not apply to this initiative. However, given the unique nature of the initiative, a formal business case will be provided once the full scope of the work has been identified and prior to the release of any funds towards the initiative.

To date, no funds have been released and no formal business case has been prepared. The Senior Vice-President of Business Services and Information Technology is reviewing this initiative and is currently awaiting a final proposal from NHSS.

The impact of the planned costs of this initiative on year-over-year variances in CIO costs is addressed in the response to undertaking J8.15.