

- 1 **Q. The CSS Replacement Project is estimated to cost \$31.6 million over a 3-year**
2 **implementation period. It is understood that the implementation project will be**
3 **conducted in two phases and that a consultant, or system integrator, will perform**
4 **the bulk of the work.**
5
- 6 a) **Please provide a high-level description of how EY would undertake this work**
7 **if awarded the contract. What safeguards would EY implement to avoid cost**
8 **overruns, and explain, and provide details of, the costs EY would charge NP**
9 **as the system integrator.**
10
- 11 b) **NP states that the estimate is based on EY experience with similar projects.**
12 **Please document this experience and show how it has led to the \$31.6 million**
13 **estimate, providing a comparison to costs and schedules for similar projects**
14 **undertaken by EY and other CSS implementation/integration firms.**
15
- 16 c) **Has EY verified the cost overruns incurred by other utilities in replacing**
17 **their system and what specific utilities did EY study to determine how other**
18 **projects fared and how estimates compared to project costs? If EY had made**
19 **no such contact or analysis please detail the reasons why?**
20
- 21 A. As a point of clarification, EY recommended a CSS replacement project be
22 conducted in two phases, an 8-month procurement phase followed by a 25-month
23 implementation phase (21-month deployment with 4-months of post deployment
24 support) for an estimated cost of \$31.6 million. This is comprised of the following
25 costs: system integrator, internal labour, hardware, software, facilities, Allowance
26 for Funds Used During Construction, quality assurance, and procurement.
27
- 28 a) Should Newfoundland Power proceed with a formal procurement process and EY
29 participate, EY would spend a significant effort to fully assess the procurement
30 documents and scope details released to participants to provide a comprehensive
31 proposal to Newfoundland Power. Until a time when such an effort is expended,
32 EY is unable to provide details on the specific approach employed as a system
33 integrator. Generically speaking, if awarded any contract, EY would execute its
34 proven Software Development Life Cycle (SDLC) delivery methodology.
35
- 36 In EY's opinion, most cost overruns stem from changes in scope due to
37 missing/incomplete requirements or unanticipated events. This risk is mitigated
38 most effectively before and during the procurement phase. Newfoundland Power
39 has already completed assessment and planning activities which included
40 developing an understanding of the capabilities that modern CIS systems offer
41 and developing and documenting an understanding of Newfoundland Power's
42 technical and functional requirements. As noted in the assessment and planning
43 report, the high degree of commonality noted in business processes indicates that
44 a modern CIS solution would meet Newfoundland Power's requirements with
45 minimal customization. Building upon this effort, EY recommended and
46 Newfoundland Power intends to use an experienced third-party procurement

- 1 advisor to finalize requirements during the procurement phase, define clear
2 contractual terms and conditions, and evaluate vendor responses for quality,
3 completeness and qualifications to perform the specified scope of work.
4
- 5 b) Refer to CA-NP-190 regarding estimate/cost comparability.
6
- 7 Refer to CA-NP-176, which provides the assessment process to arrive at the cost
8 estimate recommended to Newfoundland Power.