

FRPO INTERROGATORY #5

INTERROGATORY

REF: Exhibit B, Tab 2, Schedule 4, Page 2 and Exhibit D, Tab 1, Schedule 3 and EB-2012-0459, Exhibit I.B18.EGDI.STAFF.58, Page 2

Preamble: We would like to understand better the incremental costs for the WAMS project and the drivers behind those costs.

Part c) of the STAFF.58 in the above reference states: ...”Enbridge made the decision to use an “in-house” approach for several reasons including that it aligns well with current industry practices, has worked effectively for recent major business systems such as CIS, and that it enables Enbridge to have a direct relationship with the product vendor and therefore more influence on sustainability of the product to meet Enbridge’s future needs. These factors, plus the ability to reduce additional vendor related costs, make the proposed approach more cost effective. A review of this approach was conducted by Sync Energy (Exhibit B2, Tab 8, Schedule 2, Attachment 1) and was deemed to be in alignment with current trends for the utility industry.

The above references in the instant proceeding provide the following reasons for the overrun: “Longer duration of solution design and increased scope to ensure quality of design” and “The cost variances are mostly the result of timing delays due to the competitive bid processes, and a greater level of detail in relation to technology and business complexities within the design, construct and quality assurance phases as noted above”.

Given the \$20 million overrun, what is EGD’s view of the cost effectiveness of the WAMS project?

RESPONSE

The previous technology, including both hardware and software that was used for work and asset management, was originally implemented in 2003. As outlined in EB-2012-0459, the primary driver of the WAMS Program was to address the significant technology obsolescence risks associated with that old technology.

The original cost estimate of \$70.6M was developed early in the WAMS Program with the best information available at that time. Note that this estimate was originally developed before the specific replacement technology was chosen, as well as before the System Integrator was chosen. As explained in response to BOMA Interrogatory #12, found at

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Exhibit I.B.EGDI.BOMA.12, as the tendering and implementation of the WAMS Program proceeded it became clear that the necessary costs were higher than originally forecast. At each stage, Enbridge took care to manage costs to a reasonable level.

As explained at Enbridge's Stakeholder Day, the WAMS implementation has been successful and the benefits of the WAMS Program are now being realized by users (see Exhibit D, Tab 3, Schedule 1, pages 71 to 75). Enbridge believes that the costs of the WAMS Program are reasonable in all the circumstances and maintains its view that it was appropriate to proceed with an "in house" IT solution.

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