Continuation of Customer Information System Solution Application Public Hearing

<u>August 25, 2022 at 7:00 p.m.</u>

Mark:

Okay. I hereby reconvene the recess to the hearing that was held on July 28th, 2022. I remind everybody who have given testimony and who have sworn to their testimony that they're still sworn in. We're still sworn in. I would ask at this time that the OCA, Jeffrey Donofrio, make a presentation of basically his memorandum, because I've talked to some people about whether he wanted to go through all the questions that were asked. Now, I think the presentation as a memorandum should answer all those questions if not more. I think he would make a good presentation right now, instead of going through each question separately. Does anybody have a problem with that? Okay. Also, if anybody wants to give testimony who has not sworn in, I can do so for you now. Is there anybody? Thank you. Okay. Jeffrey Donofrio, our OCA will now give testimony.

Jeff:

Thank you very much, Mr. Levine. Good evening, everybody. Nice to see everybody. Jeffrey Donofrio, Office of Consumer Affairs. You all received my August 15th memo. I apologize for the length, but this is an atypical project, and more analysis and discussion than usual is necessary and I thought appropriate. As you all know, the authorities' customer information system is essential for customer account creation and management, billing, revenue collections, field service, work management, financial and regulatory reporting, and customer relationship management. The CIS really touches every customer and comes with a significant price tag that is indicated in the application. Including the 10% contingency, the prices and not to exceed approximately 14.8 million dollars. For these reasons, I engaged an expert as my consultant. I engaged a firm out of Washington, DC, by the name of Utility Solutions Partners back on June 10th, shortly after the application was filed.

The scope of the engagement that I gave USP was for USP to provide me with input as to the information required for me to perform a complete review and evaluation of the application. I asked USP to review and comment on the authorities' responses to my interrogatories. I asked USP to evaluate the suitability of the project in terms of the proposed alternative. I asked USP to assess the other alternatives and provide an opinion as to whether the proposed CIS solution is in fact the superior alternative, and I asked USP to provide me with recommendations as to best practices in the event that the RPB ultimately approves the project best practices to be implemented in connection with the project. After I reviewed the application, including the confidential materials, I had an opportunity to discuss the project with USP back in June, and after that discussion, I submitted with input from USP a set of interrogatories in late June. I submitted 37 interrogatories to be exact.

The authority provided its responses to me in the middle of July, and I undertook to review those responses in conjunction with my consultants since they provided me with about half of the interrogatories. My review of those responses played a significant role in the opinion that you see in my August 15th memo to the RPB. I want to spend a little bit of time explaining the relevance of the interrogatories and the authorities' responses. I know at the first meeting back in July, the RPB thought that it would be a good idea for the authority to provide those interrogatories and responses. I know that when Jennifer sent out the agenda materials for tonight, that she included those, but I want to just explain a little bit about what I was looking for, why I was looking for it, and what the significance of the

response is. Now, I can tell you that some of the materials that were provided are confidential, so I'm not able to talk about those in public session.

One thing I can say is that one piece of confidential information were links to the video recordings of the presentations to the authority by vendor number four, the vendor that has been selected by the authority if the project application is approved to provide the CIS solution. As I indicated in my memo, those presentations spanned about 12 hours over three days. I didn't watch all 12 hours. I didn't think that was a good use of my time. I wouldn't have understood about half of it, but I used the playback feature and the table of contents to navigate to sections of the presentation that were of significance to me.

I want to take a few minutes and I want to talk about the interrogatories because that was something that, like I said, played a significant role in my evaluation and also something that the RPB seemed to be interested in last month. The first interrogatory in fact asked for the link to the recording of the demonstration by vendor four. The reason that I wanted that, that was my request, not the consultant. There's nothing like being in the room to see and hear the team's discussion. I wanted to see whether it was more of a marketing and sales presentation, or whether it was a, "Hey, we really know what we're doing, and we'd make a great partner for your discussion." So this was an important piece of information for me. I wanted to see and hear what Dana and Prem and the RWA team saw and heard. So that's why I wanted that information. Like I said, that was an important piece for me.

Some of the interrogatories that I provided asked for representative projects that AAC utility partners, the consultant for the RWA and vendor four had successfully completed. Obviously, the reason I wanted that information was not only to gauge their experience with similar projects for similarly sized water utilities, but also to do a little bit of independent research on my own and dig around and see what I could find out about those projects. That information was provided. USP had some very technical questions. They asked, for example, an interrogatory six about the authority hiring a third party PMO. PMO is project management office. USP wanted to know what the plan was for managing the project in terms of assignment of tasks and whether or not the authority had properly planned out the variety of components and adequately planned for what's ...

We really consider this to be a significant transformation. As much as it was a transformation to go from the legacy system, which I think was probably about 30 years old and running on Cobalt, this is a significant transformation as well because technology continues to move at a rapid speed. A lot of the questions that USP asked were focusing on whether the authority had comprehensively planned for the variety of mission-critical tasks that an implementation of this size would require.

I asked an interrogatory seven about a customer survey because I wanted to know whether we had any idea what the customer demand was for water conservation and billing tools. I have to say with respect to the interrogatories as a whole, the overwhelming majority of the interrogatory responses indicated that the authority had done exactly what we were hoping they had done when we asked the question. There were only a couple of gaps that we found. For example, interrogatory 12 asked whether the authority had any personnel trained on the proposed technology, and that's really a difficult question because you're talking about a variety of platforms and a variety of products, so we wanted to make sure that, hey, we didn't expect that there would be staff trained on the proposed technology platform, but wanted to make sure that the authority was aware of the fact that they would need to negotiate for training services to ensure readiness of staff. That was really the point of the interrogatory. We kind of knew what the answer was, but we just wanted to get that out there in front.

We asked questions about prioritizing internal core team project time, because you'll recall those of you that were on the RPB, and a good number of you were the last time we had an application on CIS, change management is a big concern, and it doesn't sound like when you talk about employee morale and burnout, it doesn't sound like it should be a stressful thing, but when you're talking about transitioning to new technology, anybody that in your work life or in your home life has become dependent on different types of technology, you know what it's like when that technology's not available to you and the anxiety that it creates.

When you're having people have to do their jobs while simultaneously being trained on new technology and migrating data and testing for the integrity of the data, it can be a very stressful scenario. We think it's very important for the success of the project that there be change management planned for from actually now, even before the project begins. Some of the questions that we asked were designed with flushing out what the level of readiness is. For example, interrogatory 10, we asked about RACI which is responsible, accountable, consulted and informed. It's a project management tool that's used to assign responsibility and a workload management tool. And the authority had indicated that they were developing an RACI matrix.

We asked about whether an interrogatory 14, whether the authority had spoken with representatives from other water utilities concerning CIS solutions and implementations, and the authority gave us a list of entities that they'd spoken to, some of whom were projects that were performed by either vendor four or AAC. USP had provided questions 15 and 16, again, talking about the scope of work development and the potential impact and operational risks of the ongoing COVID-19 pandemic. We asked about the plan for updating the five member authority and the RPB on project implementation because obviously, that is something that the RWA did a very good job with the AMI project. There's going to be a lot of interest in this project if it gets approved by the RPB.

You've got an answer in interrogatory 17 that the plan is quarterly updates or ad hoc as requested with key metrics being provided to the five member authority as part of the business update agenda item and to the RPB via consumer affairs committee meetings or other forums as preferred. USP, again, had some technical questions, interrogatories 18 and 19, regarding owning data conversion and data migration for the project. The authority' answer on that was satisfactory. Reusing any project artifacts originally built for the SAP implementation, such as test scripts. The authority answered that it's planning to reuse as is process documentation and current state artifacts that have kept up to date.

I asked interrogatories 20 and 25, trying to capture the authority's plan with regard to lessons learned. The authority indicated that there's lessons learned documentation from the SAP project that'll be included as part of the project planning and implementation for this project. I asked about key performance metrics to get an understanding of how the authority was going to measure CIS processes and identify success. USP had provided interrogatories 23 and 24. 23 talked about executing organizational change management plans as part of a readiness position for starting the actual implementation. The authority gave a detailed response on what the plan is for organizational change management activities. And then, an interrogatory 24. Again, USP had provided me this question about analyzing and quantifying the impact of potential disruptions to operations as a result of the project. Again, there's an extensive answer that the authority provided with regard to risk management through the project governance process and development of mitigation plans for identified risks.

I had asked some specific questions about ROI, and I want to talk about ROI a little bit later when I get back into my non-interrogatory presentation. Asked about AAC's track record over the last five years because the authority's leaning heavily on AAC, and we were given four projects that show estimated

cost versus actual contracted costs and schedule. There's some other technical questions regarding scope impact and ownership with data conversion from SAP, consideration of resource disruption, decommissioning of SAP, contractual escalation if target dates and milestones aren't achieved. Those responses by the authority again were consistent with what USP was hoping to see. We really didn't know when we sent these interrogatories in what to expect in terms of responses, but the interrogatory responses demonstrated a level of competence and a level of readiness that gave us confidence that the authority is proceeding diligently and carefully. That's a summary.

I don't want to spend too much time. I probably spent about 10 minutes on that, but if there's any questions about specific interrogatories, I'm happy to go back and review them. Suffice it to say, I reviewed the authority's responses to the interrogatories with USP, and again, there was very little that wasn't provided in the interrogatories that USP thought should be covered. And again, these are interrogatories. These aren't extensive discussions between the OCA and the authority. I consider these to be summaries of what the authority was up to. When I watched some of the vendor four presentations, I saw much more detail on some of the issues that I had covered in my interrogatories, again, because I got the link to the presentation response to my interrogatories. When I wrote the interrogatories, I hadn't seen the presentations yet.

Look, CIS represents a core investment in the authority's IT portfolio. You can't have management and commodity management and service delivery management, but just as was the case in 2008 when I looked at the prior application on the surface, you look at this and say, "Why are we doing this?" Because when you research CIS projects around the country, you find that they're difficult endeavors. They usually involve business disruption, they usually involve an adverse impact on employee morale, and they can impact customer service. So the inclination may be to say, "Why bother?" When you look at the ROI, it's not a typical analysis because the ROI is the mitigation or elimination of the business risk in continuing with unsupported technologies and continuing with a lack of proper support personnel in caring the high cost of specialist resources, in bearing the burden of an inability to integrate with newer technology and the lack of services sought by customers, and just a functionality shortfall.

The current CIS lacks functionality and it's costly to enhance. 12 years is a long time in the IT world. Without patching and support, the SAP CIS poses unacceptable security and data risks beyond the functionality issues. There's no question the current CIS is not meeting customer service delivery metrics. It presents integration challenges, and it's not strategically aligned with the authority's current business needs. I noted in my memo a comment that I heard from an authority team member just in colloquially back and forth between vendor four and the authority during one of those little four hour sessions. I wrote it down exactly as it was said. We work for our current system rather than our system working for us. That says a lot. When you have an authority that's pretty lean, there's not a lot of duplication if any, there's not a lot of folks that are sitting around with nothing to do all day who can be brought in to troubleshoot.

When you have people that are focused on troubleshooting to get a customer off the phone, and you have people going back and forth between multiple screens and multiple applications to retrieve information, there's a cost associated with that. In addition to having to address the end of life issues for the SAP business suite, the authorities certainly would benefit from a functionally superior customer information system and customer relationship management toolbox. When I researched SAP, I might have grinded my teeth a little bit because it was only three years after the SAP business suite was implemented that SAP announced that they were transitioning to SAP HANA. The dust had not even cleared yet, not even settled yet, and SAP was moving on. That's the reality. That's how those types of

companies make a lot of money, and there's nothing we can do about it. I don't look at this project as the authority going out looking for a project that isn't a necessity.

The Authority's consultant AAC performed a CIS assessment back in 2018. The assessment really dove deeply into the authority's current and future business needs, how the existing SAP CIS is meeting or not meeting the authority's needs and evaluated available options. That assessment report is attached to the application at appendix H. You can see that the assessment found the current CIS has functional limitations, and it impacts the customer. It inconveniences the customer because of increased call handling time and inability to rapidly retrieve information to serve the customer. Once I was satisfied that the project is necessary and I evaluated the alternatives, I wanted to look at the procurement process because I wanted to see, as I did back in 2008, how the authority went about trying to solve this business problem because that's really what it is.

Back in 2008, I came into the authority and Evelyn Yoder put a box on a conference table for me and I took a bunch of little binders out and read them. This was much easier for me because I was able to actually watch the presentation at my leisure. The RFP that was issued by the authority is included in the application as appendix A, and it was an open RFP. There was no specified base technology. The authority went into this willing to consider any and all options. I thought the RFP was very well done. I review and edit quite a few RFPs in my day job for a variety of scopes, and I thought the authority's RFP was comprehensive and I was impressed with the quality of it. It's very, very, very rare. I would say maybe 1% of the RFPs that I look at, and I don't have some criticism or some red lines on it, but this one I thought was very well done.

After the authority received the proposals, they undertook an appropriate evaluation process, developed a short list, and then applied a business case evaluation to the shortlisted vendors. That business case evaluation is contained in the confidential information to the application at appendix I. If you signed the protective order and you have that information, you look at appendix I, you can see pretty clearly the business case analysis that was utilized by the authority. I thought it was an appropriate and thorough process. I commented on the five alternatives considered by the authority in my memo. Part of it, of course, is projected costs. Appendix K to the application sets forth the projected total costs, capital and O&M for each alternative over the expected life of the project. Alternative four was ultimately determined to best address all aspects of the authority's needs and goals for the project.

I have no issue with alternative four being identified as the preferred alternative. From my review of the work product provided by vendor four and the demonstrations that were videotaped, vendor four demonstrated a high level of competence. They showed themselves to be familiar with the authority's business needs and with water customer needs. They have significant relevant experience with recent implementation for water utilities, and they seem to have a highly configurable cloud-based solution that would be a very attractive tool for water utilities, including the authority. I thought that Dana and Prem and their team did a really good job of emphasizing that the authority's looking for one true solution. I may be quoting Dana. I think that was a Dana phrase, one true solution, all-inclusive solution with no hidden risks or costs. See, Dana's smiling because now she knows I actually did watch the video.

I thought vendor four's solution really appears to be a robust cloud-based CIS, CRM solution that could be a very useful and valuable tool for the authority and its customers. But the success of the project requires much more than good software and a good team. Implementation and execution are critical. The authority is appropriately emphasizing change management, training and communications to prepare itself for the project. I remember back in 2008, being at the hearing, sitting where I am, well, actually I was at [inaudible 00:27:13] then, and saying, "You think you're prepared, but you're not

because that's what my consultant said." This time, my consultant said the authority's better prepared this time than they were last time.

The authority, as it indicated in its response to interrogatory six will have its PMO oversee the project with support from AAC. The authority plans to engage an independent quality assurance professional and utilize various tools for application quality assurance activities. Again, we understand this project comes with a significant price tag. However, I think it's worth noting that the projected O&M costs are approximately $200,000 a year less than what is currently being spent. At the end of the day, with an expected annual cost of the project to an average residential customer of $4 and 86 cents, I think it's a worthwhile investment.

One of the things that when you look at a project like this, just like when you looked at AMI, you say, "Hey, this is a good project, but why does it cost so much money?" That's a conversation I had with my consultant. I said, "Well, what can we get for five million?" Five million's a better number than 15 million. What can we get for five million? Pretty much the answer is you're not getting anything for five million. You're not even patching or beginning to fix what you have. To transition what you have over to HANA is going to cost you more than 15 million, and it's not going to solve some of the functionality challenges and issues that you have. It just really was not an attractive alternative to me or to my consultant.

Like I said, I think the authority's in a much more prepared state than it was in 2008. I say this based on several things. First, as I've emphasized, the authority's complete responses and the substance of those responses to my 37 interrogatories really showed me that the level of preparedness and the level of thought and the carefulness and the planning that's taken place probably over the last four years is really manifesting itself in the authority's application.

Secondly, my observations from watching and listening to the excerpts of the vendor four presentation. Third, the experience level of the authority's core team. I think we have a really good team right now. I know Prem's got a significant number of implementation experiences under his belt, and I think the team that's been put together is positioned to succeed. Fourth, the authority's pre-application due diligence, that CIS assessment that was done in 2018 by AAC, the amount of work that went into evaluating what exactly the authority needs from a functionality perspective. There's a high level of transparency when you review the work product from AAC and vendor four. And then fifth, the fact that the authority endured a large scale CIS implementation of SAP and has lessons learned that are documented and can be applied to this project if it's approved. In conclusion, as you know from my memo, I recommend approval of the application.

I did provide from USP as schedule A or appendix A to my memo, several pages of recommendations that are intended to maximize the probability of success, and the authority should strongly consider implementing those recommendations if they're not already part of the plan. I'm satisfied that the core team resources are in place, but I think the authority also needs to have a mitigation plan for dealing with employee attrition, absences or resource issues with vendor four that could directly impact the core team and the timing of deliverables or milestones for the project. I think that planning for those types of contingencies and having backups for key resources, especially complete documentation because complete documentation of processes is critical because you never know who's going to have to pick up the playbook and run with the ball.

I think that would be a prudent measure, and back filling for key core team business representatives to help cover their day-to-day activities while they're working on the project so we can avoid burnout I think is critical. Little things like staying in touch with the core team on a frequent basis to gauge when

somebody's approaching burnout would help quite a bit, and defining, communicating and monitoring are really three themes when you look at appendix A and read my memo, that have to be built into each level of project execution throughout the project life cycle. The authority's got a solid PMO and executive team presence that has to be maintained and has to ensure that the activities are executed. If you have that type of guiding discipline, then you're going to maximize the likelihood of a successful transition from the SAP CIS to the next system. I thank you for listening to my thoughts. I apologize if it's a little long, but like I said, this is an atypical project. Thank you.

Mark:

Thank you for the very thorough presentation. Very impressed there, Jeffrey. Anybody have any questions?

Tony:

Hey, Mr. Chairman. This is Tony Rescigno. I just want to take a second to compliment Jeff and compliment the leadership team at the authority. This is a huge, huge project with lots and lots of issues and complications, but I know Jeff for 25 years, and just a great job, Jeff. It gives me a lot of confidence that you are on it. Thank you.

Jeff:

Thank you.

Mark:

Any questions? Steve, you got a question? Steve Mongillo. You're not on. You're off.

Jeff:

He's muted.

Stephen:

Sorry about that. I'm back. Okay?

Mark:

I knew you had a question. I could feel it.

Stephen:

Well, I do. First, a couple of comments. I want to thank Jeff for a very clear explanation of his position on this. Very well reviewed. I also have every confidence in the current IT staff at the authority and what they've done in vetting this, and I'm sure that they would be well prepared to implement this. I have a question. Representing consumers, if we were to support a dam project, it costs 50 million dollars, that dam might last 100 years. We're looking at a lot of money for a very short time period that may occur for the life of this entity.

My question is this. All of the alternatives that have been proposed are all electronic, but Jeff said ultimately you have business issues to resolve. Was this looked at in terms of the components? You have

billing, you have your ability to support your field efforts, you have customer information, different functions of one system. Was this looked at? For example, in terms of billing consumes half of this system. Could that be contracted out, and then you wouldn't need a system of this caliber to handle the other functions. My questions have to do with what else was considered, if anything.

Prem:

Jeff, do you want me to take it?

Jeff:

Yeah. I have some comments on it, but why don't you provide the substantive answer first?

Prem:

Yeah. Thank you. Yeah. Great question, Steve. Absolutely like you had mentioned, when we looked at the solution, one of the key constraints we looked at is the longevity of the solution. When Jeff mentioned in his report about a cloud solution, one of the key things we looked at is, as we tried to invest in this new CIS solution, we did not want to go back and reinvest and keep updating the solution in terms of keeping it up to date. Cloud, as a matter of fact, brings that automatically. We picked a platform that is actually more robust. We picked the Microsoft platform, the vendor four, and we know that for the fact that there's a lot of R&D efforts, there's a lot of investment that goes in it. They keep the system secure from a security standpoint.

We actually looked at in terms of all of those different angles, and from a functionality perspective, to your point, we looked at feel, we looked at the customer relationship management. This one solution can provide all of that functionality. As many of you know, a lot of you know, a lot of effort, time and money goes into really integrations. This solution we picked actually addresses all of those concerns. We had a keen interest on making sure, and we listened to and all the inputs from the past, the challenges we had with SAP system, et cetera. The solution we picked, we looked at very transparently with an open mind to see what's going to work for us and what is going to work for us for our sites. We took both into account from a cost perspective because this is customer's money we're spending. With all that being said, the idea was to really put a solution that does not need more and more investment, heavy investment in the case of SAP.

Now, we picked a solution that's going to be more robust and which is scalable. I think that was a critical criteria we looked at. From customer standpoint, Jeff also commented on this where customer expectations are changing and technology is changing almost every other day as we all know. We want to really make sure we look at something that satisfies customer expectation. We did not go out and look for something that's golden. We looked at something that's going to work for our customer. We had a long-term view of what our [inaudible 00:38:41] requirements are, and we put the solution in play.As a matter of fact, the vendor four came to be the cheapest solution of all. All the alternatives if you compare it, this was the cheapest solution. Fortunately, we looked at comparing with all of our discussions. This was not a marketing thing as Jeff had commented as well. This was really going through our requirements, looking at each functionality, literally going through each script. We had 179 specific requirements and processes we talked about. We are trying to put all that in place so it'll cover the entire base of our regional water authority's functionalities, whether it's billing, collections, call center, field services, customer relationship management. We looked at everything. Hopefully, this provides that insight, Steve,

Stephen:

Okay. Going forward, do we have less maintenance for this type of a technical approach?

Prem:

Yes. Actually, as a matter of fact, cloud solution brings a lot of functionality with it, and also as you all know, it also brings a lot of security concerns. That's why we picked the Microsoft platform and we want to really make sure that we look in terms of what's being rolled out. As a matter of fact, the solution provides frequent updates for us to make sure that it's up to date, and we don't have to manage it pretty intensely like in the past. For example, SAP system, we did. Absolutely. I think you're right. That was one of the key criteria as well.

Stephen:

Thank you.

Jeff:

Steve, one of the things I wanted to say, and you reminded me that I wanted to say this is we get pretty far down the path of being dependent upon technology to function as a business. Sometimes, we forget why we went down that path to begin with. I know in my business, when I was doing a budget a couple years ago, I was looking and saying, "Why do we pay all these licensing fees?" We license for time and contact management software, we license for billing software, we license for managed services, we license for Outlook 365 email. We've got cybersecurity insurance and blah, blah, blah. And then, I remembered the reason we went and got all that technology was so we could be faster and have fewer people.

When I add up all the licensing fees and all the money I'm spending, it's still a fraction of what it would cost me in human beings and it's about client service. People expect to get access to account information and billing information instantly. We all remember. We joke in my house all the time that my kids don't know what it was like to have dial-up modems. If you went from page to page in a minute, you were happy and you hope no one called you and knocks you offline.

The technology, we've all become, we could debate whether we're all overly dependent upon it, but there's no turning back at this point. We don't need the latest greatest. I don't think the water authority is in a business where they need to have the absolute, every bell and whistle feature. That was one of the questions that I asked in my interrogatory was about a customer survey to figure out let's not go buy a bunch of tools that the customers don't want or need. Let's focus on what our customers need, and have a customized solution that addresses the actual needs and wants of the customer instead of trying to just have a fancy new toy.

Stephen:

Yeah. That's my point. We're a water company. We're not Amazon, so it's a different kind of interaction.

Mark:

What's the difference between us and Amazon? I'm sorry.

Tim:

We don't have as many trucks.

Mark:

Anybody else have a question?

Tim:

I do. This is Tim. Jeff, your OCA CIS memo dated 8/15/22 has a fairly large attachment, number A, and of course it lists a lot of things that are things that somewhere along the line have to be a part of all this process. I know it's a good summary thing, but one of the thing is obviously quality management, cost management, but mission creep was one that always comes to mind. My question in your ... What's the purpose of the attachment? It almost speaks for itself, Jeff, but as an attachment. My question is just to define what it is above and beyond what I'm reading, because obviously it's almost like a laundry list of what management has to make sure is happening.

Jeff:

Right. The idea behind, and it was actually a lot longer before I ... What they sent me was longer and I thought it was just too much information. What they did at USP was they identified work streams. In other words, these are categories of a plan that the authority needs to make sure are included in their implementation plan. The idea would be to use this as a checklist and say, "Yes, we've got a plan for scope management to avoid scope creep. We've got a plan for time management to make sure that we're tracking resource hours, and we've got a plan for what we're going to expend for resource hours and we're tracking against that plan." It's really an itemized category report to say, "Okay. For each of these categories, you need to have a plan."

Tim:

I guess the follow-on to management is, I guess that's an ongoing process, some addressed and answered questions, but Prem, really what happens with that appendix and who's the guard keepers and the gatekeepers and the [inaudible 00:45:11]?

Prem:

I think one of the key things, Tim and the rest of the team here, one of the key things they're looking at as Jeff had mentioned, we are creating a PMO governance model. What that means is that all the way from scope management, we are going to look through every milestone and every part of the project lifecycle to be monitored and governed through a set process. We have implemented, for example, or at least looking at tools to be implemented as soon as we have an execution plan moving forward where things like product management, tool, testing tool, et cetera, as a gatekeeper and a milestone keeper for each one of the faces. We are incorporating Jeff's recommendation, the appendix A that we talked about as part of the plan. We also on top of it, have our lessons learned, as Jeff mentioned from 2008, we also have reached out with other lessons learned from other utility companies.

We are building that as part of the PMO governance structure in the model. The plan is to really go through ... There are weekly meetings for the project teams, for example, for the core team. We are planning for monthly meeting and across the management team to make sure we are addressing all the risks that are coming by, what are the next steps and milestones in the project, et cetera. On a quarterly

basis, we're meeting as an executive team, including RPB, and the plan is to really bring forward those updates to really talk about and being transparent about how we're implementing these recommendations and how we are progressing. What I can say and I think I mentioned this even the last month, I can't guarantee that this is going to be a smooth sail. Every project has bumps in the road, and that's why we are as a [inaudible 00:46:48] governance team addressing those bumps in the road and making sure we can remove those roadblocks.

Those will be part of the governance structure. We are going to be implementing all those steps, plus everything else the team had learned from vendor four and also from other utility companies, and that's our plan of implementation. That's how we are approaching it. Absolutely. As a matter of fact, as we go through these updates, as we get some more let's say recommendations and things that we are going to be following through during the course of the project. This is not a small project. We're going to go through a 20 month rigorous project cycle that includes [inaudible 00:47:24], et cetera. We will be implementing changes as we start learning new things when we're putting the product in place. So it's going to be a robust development process. Hopefully that answers, Tim.

Tim:

It does, Prem, and I think it also requires a response for me simply because it's been supported by previous praise for the group and confidence within the group. You certainly have mine, and I appreciate your response, definitely.

Prem:

Thank you.

Mark:

Thank you. Thank you. Anybody else who wanted to ask a question? I have a question unless somebody else does. Okay. Jeff, this CIS project, does it include any hardware and software that's going to be salvageable?

Jeff:

Well, I don't know the answer on the hardware, but the software, the SAP software, you can't do anything with that.

Mark:

Okay. Are we going to be changing machinery, computers and stuff, all new stuff?

Jeff:

Not that I know of.

Prem:

Basically, maybe I can help a little bit to add some color there, Mark and Jeff, if you're okay with it. Today, the SAP environment is hosted, which means that we share, if you think about it, as a private space where all other clients of IBM now called Kyndryl company, we host SAP system. The way we contract that is based on a depreciation model. There's nothing for us to salvage because it's not sitting

on the premise here in RWA. It is a hosted environment. From that perspective, we are doing good from that perspective. And then, on the software side to Jeff's point, there's nothing to be salvaged there because the day you say you're going to stop using the software, you're not going to pay for it. So there's no more licensing, et cetera, so we are good with that. Hopefully, that answers your question, Mark.

Mark:

There's no new computers in our facility that will be bought.

Prem:

Yeah. You're right. This will be a cloud solution, and this way we don't have to maintain it like we used to do, and it's going to be more of a functionality of the vendors to help us and support us with that.

Mark:

Thank you. Thank you very much.

Greg:

Hey, Mark.

Mark:

Yeah?

Greg:

Mark.

Mark:

Yeah?

Greg:

This is Greg. Can you hear me?

Mark:

Yes.

Greg:

Is Rochelle on? I have a follow-up question from the last time.

Mark:

Rochelle?

Rochelle:

Yes, I'm here.

Greg:

Okay. Steve asked a question that I was going to ask, but I don't think I heard the answer completely. He asked about, is the current system, is that paid off? I think you said it was fully depreciated. Is that correct?

Rochelle:

That's correct. The initial SAP is already fully depreciated, and we're accelerating the depreciation on any of the more recent implementations.

Greg:

Okay. How about the bond? Has that been paid off or will it be paid off?

Rochelle:

For the shorter lived assets, we pay principle every year. It's fair to say that the bonds that actually went with the initial SAP have already been paid off.

Greg:

Okay.

Mark:

Okay. Thank you. Any other questions? Thank you, everybody. I'm going to now say some things here. Is there anybody from the public that would like to give testimony? Is there anybody from the public here?

Jennifer:

I don't believe there's anybody from the public there. No.

Mark:

Okay. [inaudible 00:51:17]. Okay. Now, the chosen RP member I think is Mr. Havrda. Is it right? Correct? Read the exhibits into the public hearing record. Is that correct? Hello? I can read them. Is there somebody designated to read them?

Mario:

Mark, this is Mario. I would be happy to read them in. I didn't ask Charles to prepare that.

Mark:

Oh, I thought you did. I'm sorry.

Charles:

If Jennifer puts them on the screen. I'll read them in. I can read them.

Mario:

Unless Charles, you're ready for that.

Charles:

Yeah. Jennifer just put them up.

Mark:

I'm sorry. I thought you were-

Charles:

Jennifer, can you enlarge them a little bit? For some reason, they're very blurry. Okay.

Charles:

First one, A is application submitted to the RPB on May 26th, 2022, for customer information system solution project. That's the application. The second one is B, OCA's first set of interrogatories dated June 30th, 2022. The third one is C, notice of public hearings published on July 2nd, 2022, in the Connecticut Post, New Haven Register. The next one is D, management's responses dated July 4th, 2022, to subset of OCA's first set of interrogatories dated June 30th, 2022. All right. Just got to scroll up an inch here. Okay. I think we're on E. Management's final responses, dated July 15th, 2022, to OCA's first set of interrogatories dated June 30th, 2022. The next one is F, application presentation dated July 28th, 2022. Next is G, OCA memorandum dated August 15th, 2022, recommending approval of the application. H, application presentation dated August 25th, 2022. [inaudible 00:53:49].

Mark:

Okay. Thank you very much. Is there anybody else who would like to make any comments? Okay. At this time, I'd like to close the hearing. This hearing is closed. Thank you.