CAC (MPI) Pre-Ask 2

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Topic:			
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Preamble to IR:

There appears to be a change in the amounts reported for "Adjust for Initiative Expenses (BO 12.1d)" as reported in PF – 1 Part IX – Pro Formas page 5 line 38 and PF – 1 MPI Exhibit #50, page 5 line 36.

Adjust for Initiative Expenses (BO 12.1 d) $000:

Year	PF -1 Part IX	PF – 1 MPI Exhibit #50 Updated	Difference
2023/24	$29,195	$27,608	$1,587
2024/25	26,142	24,017	2,125
2025/26	26,609	24,202	2,407
2026/27	10,735	6,935	3,800
2027/28	3,634	1	3,633

Question:

a) Please provide the reason for the change in initiative expenses as per the table in the preamble.

b) Please provide a detailed analysis, by initiative and year, of the initiative expenses as per MPI Exhibit #50 updated. Also include the 'useful life' of each

initiative to provide the background for the potential amortization period for each initiative.

Rationale for Question:

RESPONSE:

a) The change in initiative expenses are due to the 2024/25 budgetary process that occurs in between the initial application and the rate update as well as a revision in NOVA P&C allocation stream which affects the whole forecast period. Please note, due to the top down approach taken to the budgetary process and the labour interruption, an alignment of the budget/forecast to the capital master summary schedule was not finalized prior to filing the rate update. Given the resource constraints, a final alignment may not be completed within the current application timeframe.

b) Following MPI's Policy for Capitalization of Organization and Development Costs, the amortization period used for initiative expenses is 5 years except for the NOVA Program whereby costs are amortized over 10-years.

   Please refer to _Appendix 1_ Basic Implementation Expenses Deferred for Rate Setting Purposes and Recovery Schedule.

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Basic Implementation Expenses Deferred for Rate Setting Purposes and Recovery Schedule

		Implementation Expenses Deferred for Rate Setting Purposes				Total Implementation Expenses Deferred	Recovery of Implementation Expenses Deferred						Total Implementation Expenses Recovered
Line No.	Project Name	2022/23A	2023/24F	2024/25B	2025/26B		2026/27F	2027/28F	2028/29F	2029/30F	2030/31F	2031/32F	
1	*(C$000s, except where noted)*												
2	Cyber Security Maturity Assessment (ISM)	114,893	-	-	-	114,893	22,979	22,979	22,979	22,979	22,977		114,893
3	Network Operations Centre as a Service	90,659	-	-	-	90,659	18,132	18,132	18,132	18,132	18,131		90,659
4	IBM Infrastructure Refresh - M/S Windows Server 2012	597,002	-	-	-	597,002	119,400	119,400	119,400	119,400	119,402		597,002
5	Vulnerability Management	168,467	212,777	-	-	381,244	76,249	76,249	76,249	76,249	76,248		381,244
6	IT GRC Framework	302,936	-	-	-	302,936	60,587	60,587	60,587	60,587	60,588		302,936
7	Cloud Security Enhancement	26,928	-	-	-	26,928	5,386	5,386	5,386	5,386	5,384		26,928
8	Detection Capability Enhancement	88,564	-	-	-	88,564	17,713	17,713	17,713	17,713	17,712		88,564
9	Enterprise Monitoring (impaired - no future value) (TRM 2021/22)	266,801	-	-	-	266,801	53,360	53,360	53,360	53,360	53,361		266,801
10	Static Application Security Testing (SAST) (2891) (TRM 2021/22)	154,413	252,204	-	-	406,617	81,324	81,324	81,324	81,324	81,321		406,617
11	Cryptographic Key Management (2866) (TRM 2021/22)	125,011	16,038	-	-	141,049	28,210	28,210	28,210	28,210	28,209		141,049
12	Privileged Access Management (PAM) - Enterprise Environment (TRM 2021/22)	455,663	172,287	-	-	627,950	125,590	125,590	125,590	125,590	125,590		627,950
13	IBM Infrastructure Refresh - SQL 2012 (TRM 2021/22)	25,154	-	-	-	25,154	5,031	5,031	5,031	5,031	5,030		25,154
14	Infrastructure Security Capacity Initiative (TRM 2021/22)	(838)	-	-	-	(838)	(168)	(168)	(168)	(168)	(166)		(838)
15	IBM Infrastructure Refresh - Windows 2012 Server (TRM 2021/22)	5,465	-	-	-	5,465	1,093	1,093	1,093	1,093	1,093		5,465
16	IBM Infrastructure Refresh (iseries) (TRM 2021/22)	8,549	-	-	-	8,549	1,710	1,710	1,710	1,710	1,709		8,549
17	Privileged Access Management (Enterprise Environment) (impaired - no future value)	660,340	-	-	-	660,340	132,068	132,068	132,068	132,068	132,068		660,340
18	Infrastructure Security Remediation (TRM 2020/21)	1,335	-	-	-	1,335	267	267	267	267	267		1,335
19	HRMS Gap Analysis	199,953	-	-	-	199,953	39,991	39,991	39,991	39,991	39,989		199,953
20	eTransfer Capability	153,524	8,271	-	-	161,795	32,359	32,359	32,359	32,359	32,359		161,795
21	eSignature	541,023	2,005	-	-	543,028	108,606	108,606	108,606	108,606	108,604		543,028
22	eCash payment capability and direct deposit	1,411	-	-	-	1,411	282	282	282	282	283		1,411
23	Claims Dispute Tribunal Implementation	1,973	26,456	-	-	28,429	5,686	5,686	5,686	5,686	5,685		28,429
24	Customer Experience Maturity	44,238	-	-	-	44,238	8,848	8,848	8,848	8,848	8,846		44,238
25	BPM & Lean CoE 1.0	30,920	-	-	-	30,920	6,184	6,184	6,184	6,184	6,184		30,920
26	ORM Roadmap & Taxonomy	11,497	-	-	-	11,497	2,299	2,299	2,299	2,299	2,301		11,497
27	Cloud backup & Recovery	76,817	-	-	-	76,817	15,363	15,363	15,363	15,363	15,365		76,817
28	Key Management Fortanix	147,299	14,702	-	-	162,001	32,400	32,400	32,400	32,400	32,401		162,001
29	Investment Reporting Solution	1,337	-	-	-	1,337	267	267	267	267	269		1,337
30	VFN 2.0	1,114	-	-	-	1,114	223	223	223	223	222		1,114
31	Prosci ECM License	98,285	-	-	-	98,285	19,657	19,657	19,657	19,657	19,657		98,285
32	BPM and Lean CoE 2.0	96,948	324,529	-	-	421,477	84,295	84,295	84,295	84,295	84,297		421,477
33	Total Loss Payment by e-Transfer	48,856	12,251	-	-	61,107	12,221	12,221	12,221	12,221	12,223		61,107
34	Automated Driver Examiner Scoring	-	48,263	-	-	48,263	9,653	9,653	9,653	9,653	9,651		48,263
35	Culture 2.0 Framework	77,220	-	-	-	77,220	15,444	15,444	15,444	15,444	15,444		77,220
36	Employee Experience	42,590	-	-	-	42,590	8,518	8,518	8,518	8,518	8,518		42,590

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37	Leadership Agility Sustainment	182,437	-	-	-	182,437		36,487	36,487	36,487	36,487	36,489		182,437
38	Coaching Skills	13,647	-	-	-	13,647		2,729	2,729	2,729	2,729	2,731		13,647
39	Desktop as a Service	296,462	-	-	-	296,462		59,292	59,292	59,292	59,292	59,294		296,462
40	Unified Endpoint Management	80,475	-	-	-	80,475		16,095	16,095	16,095	16,095	16,095		80,475
41	ECM – Collaboration Migration	851,183	6,683	-	-	857,866		171,573	171,573	171,573	171,573	171,574		857,866
42	ECM – Intranet 2.0	34,651	98,539	-	-	133,190		26,638	26,638	26,638	26,638	26,638		133,190
43	ECM Program	138,773	-	-	-	138,773		27,755	27,755	27,755	27,755	27,753		138,773
44	Knowledge Net & Brokers Online	308,279	435,699	-	-	743,978		148,796	148,796	148,796	148,796	148,794		743,978
45	Power BI Rollout Phase 2	128,158	-	-	-	128,158		25,632	25,632	25,632	25,632	25,630		128,158
46	Enterprise Information Architect for DMA	62,110	-	-	-	62,110		12,422	12,422	12,422	12,422	12,422		62,110
47	Duck Data mart enrichment	33,369	-	-	-	33,369		6,674	6,674	6,674	6,674	6,673		33,369
48	DMA - New Data Modelling Tool	220,423	-	-	-	220,423		44,085	44,085	44,085	44,085	44,083		220,423
49	DMA - Data Governance Tool Implementation Part - 1	1,003	25,988	-	-	26,991		5,398	5,398	5,398	5,398	5,399		26,991
50	BI3 Upgrade to Cloud	280,154	1,596,033	-	-	1,876,187		375,237	375,237	375,237	375,237	375,239		1,876,187
51	Cloud Migration	788,517	1,334,664	-	-	2,123,181		424,636	424,636	424,636	424,636	424,637		2,123,181
52	ECM-Public Website	362,247	-	-	-	362,247		72,449	72,449	72,449	72,449	72,451		362,247
53	ECM Content Architecture	28,858	45,392	-	-	74,250		14,850	14,850	14,850	14,850	14,850		74,250
54	Taxi Telemastics	205	278,233	-	-	278,438		55,688	55,688	55,688	55,688	55,686		278,438
55	Independent Vulnerability & Penetration Testing	731	38,907	-	-	39,638		7,928	7,928	7,928	7,928	7,926		39,638
56	Configuration Hardening Enhancements	731	109,964	-	-	110,695		22,139	22,139	22,139	22,139	22,139		110,695
57	Enhance Detection Capability of Cloud and Digital Assets	1,461	594,416	-	-	595,877		119,175	119,175	119,175	119,175	119,177		595,877
58	Master Data Management	-	230,034	-	-	230,034		46,007	46,007	46,007	46,007	46,006		230,034
59	BI Report Rationalization	-	212,444	-	-	212,444		42,489	42,489	42,489	42,489	42,488		212,444
60	Content Architecture Phase 2	-	185,625	-	-	185,625		37,125	37,125	37,125	37,125	37,125		185,625
61	EFM - CX & EX Data Collection	-	371,250	-	-	371,250		74,250	74,250	74,250	74,250	74,250		371,250
62	2023/24 Unallocated Budget	-	11,753,549	-	-	11,753,549		2,350,710	2,350,710	2,350,710	2,350,710	2,350,709		11,753,549
63	2024/25 Unallocated Budget	-	-	10,387,576	-	13,654,575		2,730,915	2,730,915	2,730,915	2,730,915	2,730,915		13,654,575
64	2025/26 Unallocated Budget	-	-	-	18,109,575	18,109,575	-	3,621,915	3,621,915	3,621,915	3,621,915	3,621,915		18,109,575
65	Program NOVA	7,658,394	2,163,842	2,775,944	1,307,460	13,905,640	1,390,564	1,390,564	1,390,564	1,390,564	1,390,564	1,390,564		8,343,384
66	NOVA ongoing operations	639,516	7,036,982	7,775,163	3,750,222	19,201,883	1,920,188	1,920,188	1,920,188	1,920,188	1,920,188	1,920,188		11,521,130
67	NOVA deferred development amortization expense				1,196,676	1,196,676								-
68	ePMO ongoing operations expenses			3,079,741	614,318	3,694,059		738,812	738,812	738,812	738,812	738,812		3,694,059
69	**Total Implementation Expenses**	**16,778,131**	**27,608,027**	**24,018,424**	**24,978,251**	**96,649,832**	**-**	**12,157,965**	**15,779,880**	**15,779,880**	**15,779,880**	**15,779,874**		**6,932,667**