FORTIS BC™

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April 29, 2011

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: FortisBC Energy Inc.[1] ("FE") Certificate of Public Convenience and Necessity ("CPCN") for the Customer Care Enhancement Project ("the Project")

British Columbia Utilities Commission (the "Commission") Order No. C-1-10 dated February 26, 2010 – Compliance Filing

Quarterly Progress Report for the period ending March 31, 2011

On February 26, 2010, the Commission issued Order No. C-1-10 granting a CPCN for the Project. Paragraph 3(i) of Order C-1-10 directed FEI to:

> *(i) file Quarterly Progress Reports on the Project with the Commission including planned versus actual schedule, planned versus actual costs, and identification of any variances or difficulties the Project may be encountering and any other items as determined necessary by Commission staff. The Quarterly Progress Reports are to be filed within 30 days of the end of each reporting period. A Final Report is to be filed within six months of completion of the Project;*

Further on March 12, 2010, the Commission issued Order No. G-46-10 approving the establishment of a non-rate base deferral account for recording of currency exchange rate differences. Pursuant to Order No. G-46-10, paragraph 2, FEI has provided the deferral account transactions as CONFIDENTIAL Appendix 5 to the Quarterly Progress Report. Appendix 4 is also provided on a CONFIDENTIAL basis and FEI requests that the information be made accessible only to the Commission.

If you require further information or have any questions regarding this submission, please contact the undersigned.

Yours very truly,

FORTISBC ENERGY INC.

Original signed by:

Diane Roy

Attachments

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[1] Formerly Terasen Gas Inc.

FortisBC Energy Inc.

Customer Care Enhancement Project Quarterly Progress Report

For the Period January 1 to March 31 2011

Compliance Filing in Accordance with Commission Order C-1-10

Submitted to the

BRITISH COLUMBIA UTILITIES COMMISSION

April 29, 2011

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1   EXECUTIVE SUMMARY

This Quarterly Progress Report (the "Progress Report") for the Customer Care Enhancement ("CCE") Project (the "Project") is the fourth Progress Report filed on the Project, and covers the first quarter ending March 31, 2011.

The current expected cost of the CCE Project including allowance for funds used during construction ("AFUDC") remains unchanged at $115.5 million and the scheduled date that FortisBC Energy Inc. ("FEI" or the "Company") will go live with the new system continues to be January 1, 2012. No significant scope changes have been issued to date and no new risks have been identified.

The Project team is currently engaged in the Realization Phase of the Project, wherein the configuration and development of reports and interfaces are completed. In the first quarter of 2011 resource shortages and some of the development activities taking longer than anticipated, resulted in slippage in the technical development schedule. Remedial action taken in April, which pertains to second quarter activity, including the replacement of resources together with the addition of a resource to provide direct oversight to technical and functional development, is currently showing early positive indications of schedule improvement. The Project team is confident that the current pace can be maintained through to the beginning of May which will ensure the next key milestone date of May 16 to commence the first cycle of integration testing, will be achieved.

Staffing plans for the in-sourced operations have been finalized, along with recruiting and training schedules to manage the large number of new hires to be recruited later in the year in preparation for the January 1, 2012 go-live date. The staffing model has also facilitated the preparation of the 2012 and 2013 O&M forecast expenditure which will be detailed in the FEU 2012 – 2013 Revenue Requirement Application to be filed in early May 2011.

The preparation of the Burnaby and Prince George facilities is ongoing and proceeding according to schedule. The construction improvements to the Prince George facility have been completed while the tenant improvements to the Burnaby facility are in progress and scheduled to be completed by early May.

Five Point Partners, LCC ("Five Points"), a specialized provider of application management consulting services to organizations within the energy and utility industry, continues to evaluate the progress of the Project on seven key dimensions: schedule, resources, ongoing activities, project management, costs, scope and risks. Their independent review of the Project progress has been included as Confidential Appendix 4 of this Progress Report.

2   REPORTING DIRECTIVES

This report is the Quarterly Progress Report for the CCE Project Certificate of Public Convenience and Necessity ("CPCN"), granted by the British Columbia Utilities Commission (the "Commission") Order No. C-1-10. This Progress Report is submitted in compliance with the directives of Order No. C-1-10. Specifically, FEI was directed in paragraph 2(i) to:

> *"file Quarterly Progress Reports on the Project with the Commission including planned versus actual schedule, planned versus actual costs, and identification of any variances or difficulties the Project may be encountering and any other items as determined necessary by Commission staff. The Quarterly Progress Reports are to be filed within 30 days of the end of each reporting period. A Final Report is to be filed within six months of completion of the Project. "*

Further, in Order No. G-46-10 under paragraph 2, FEI was directed to file the deferral account transactions as a confidential Appendix to the Quarterly Progress Reports. This report serves to provide details and a comprehensive overview of the Project progress and accomplishments for the period ending March 31, 2011.   The specific items outlined above can be found in the following sections of this report:

Table 2-1: Report Sections

Order No.	Item	Section Reference
C -1-10	Planned versus Actual Schedule	Section 7.1: Milestone Summary
C-1-10	Planned versus Actual Costs	Section 8: Project Costs
C-1-10	Variances or Difficulties Encountered	Section 5: Detailed Project Status
G-46-10	Deferral Account Transactions	Appendix 5: Confidential

3 PROJECT BACKGROUND

The Project involves in-sourcing key components of customer service activities and the implementation of a new CIS under the control of FEI. This involves the implementation of technologies, including a new CIS technology platform, integrated with new contact centre technologies for managing customer interactions together with the creation of a new strategic sourced Customer Service group to support the capability to deliver customer service excellence. SAP's CIS, CRB system is the technology platform that will be used to enable the business processes needed to deliver customer care services. The Project represents a transition from the current Business Process Outsourcing[1] model to a Strategic Sourcing model for customer service activities. These include:

- Contact Centre

- Billing and Payments

- Collections

- Contract Management

- CIS Systems Support and Maintenance

- Meter Reading

The successful implementation of the CCE Project will enable FEI to fully own the direct customer experience and better position FEI to adapt to evolving customer needs. Customers will benefit from the expanded functional capabilities inherent in the SAP Utilities CRB module together with an internally managed Customer Service group based in British Columbia. The employee representatives of FEI will have improved knowledge of our broader environment and the impact of events in our marketplace in order to better understand and relate to customer experiences. Direct ownership and oversight of employee training will ensure that customers can access the information that they need from knowledgeable representatives.

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[1]   See Appendix 3 – Glossary – for definition

4 PROJECT ACTIVITIES

In order to manage the various Project activities the Project work has been divided into five workstreams and these workstreams have been categorized into the three groups described below. The detailed activities of the Project's progress are presented in this report based on these three groups of activities.

4.1 Customer Relationship Billing and Operation Process Integration ("OPI")

The CRB workstream involves the implementation of the CRB for Utilities module of SAP and other related components of SAP. For delivery of the CRB system, FEI has partnered with HCL-Axon[2].

The OPI workstream involves the reworking of various integrated processes and technology components that connect utility operations to the existing CIS (Peace 8).

4.2 Contact Centre Technologies ("CCT") and Contact Centre Facilities ("CCF")

The CCT workstream is responsible for the implementation of Interactive Intelligence's[3] all-in-one solution for managing multi-channel customer interactions, integrated with the SAP solution being implemented under the CRB Project. For the implementation of the CCT, FEI has partnered with Altivon[4], who is the implementation partner of Interactive Intelligence.

The CCF workstream includes establishing two new contact centre facilities, one in the Lower Mainland and one in Prince George, to house the new Customer Care department being implemented through the Organizational Design and Staffing Program described below.

4.3 Organizational Design and Staffing ("ODS")

The ODS workstream involves the design and implementation of the new Customer Care department, including the processes and controls required to operate and manage it, together with the hiring, on-boarding and training of the personnel required to staff it.

The ODS workstream is also responsible for the change management and communications activities for the entire CCE Project.

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[2] See Appendix 2 – List of Major Contractors - for background information on HCL-Axon
[3] See Appendix 2 – List of Major Contractors – for background information on Interactive Intelligence
[4] See Appendix 2 – List of Major Contractors – for background information on Altivon

5   DETAILED PROJECT STATUS

This section provides details of the Project team's major accomplishments, work completed and issues resolved for the period ending March 31, 2011, together with a description of the Project plans for the next period. These are described using the three groups of activities outlined in Section 4.

The first two phases of the Project, the Preparation and Business Blueprint phases, have been completed, with the project team currently engaged in the third phase of the Project, the Realization Phase. The Project continues to proceed in accordance with the Project schedule and FEI expects the current phase of the Project to be completed on time by October 31, 2011, with a system go-live date of January 1, 2012.

The Business Blueprint phase was completed on schedule at the end of October 2010 where the Project team completed the documentation of the detailed design of the new CRB SAP system. Through to the end of October 2011, the project team will be engaged in the Realization Phase of the project where they will complete the configuration and development of reports and interfaces together with development and testing of data conversion programs. In addition, integration testing will be completed where all developed and tested system components are brought together and are run in an end-to-end series, to validate the overall business outcomes. Full data conversion is tested during this phase of the project and the overall system cutover plans are detailed. In addition, business integration activities will be ongoing with the development of training materials and system documentation.

5.1   Major Accomplishments, Work Completed and Issues Resolved

The Project team is currently working on the configuration and development of the reports and interfaces, unit testing and integration testing of the new system together with documentation of the business process designs. This quarter additional resources have been added to the team to support these activities.

5.1.1   CUSTOMER RELATIONSHIP AND BILLING AND OPERATION PROCESS INTEGRATION

- Baseline system configuration has been completed, with all system configuration to be completed by the end of April;

- The development and execution of unit test scripts in ongoing and proceeding according to schedule;

- The development of functional specifications is ongoing and is proceeding according to the schedule;

- The technical specing and technical development continues. There has been some schedule slippage with this work and corrective action has been taken, as described in greater detail below;

- The development of integration test plans is ongoing and the development of test cases steps has begun;

- Initial conversion of the test environment has begun in preparation for integration testing;

- Initial planning session for performance testing has begun;

- The Quality Assurance hardware test environment has been installed;

- The first set of business process designs has been completed and has been delivered to the training and documentation teams;

- SAP has completed the initial technical risk assessment as part of their Quality Assurance engagement in assessing SAP system performance, and has prepared a risk mitigation plan that the Project team will be implementing;

- Risk mitigation planning for the 2012 transition and system stabilization period is in progress; and

- An RFP for customer statement printing was re-issued in order to facilitate a greater selection of vendors. All responses are currently being evaluated and a vendor decision is expected by the end of April.

Corrective action taken on the technical development schedule slippage is already showing positive signs. The team experienced a three week schedule slippage in late February and into early March, as a result of staff shortages and some of the development activities taking longer than anticipated. The Project team lost three key resources (two from Axon and one from FEI), of which two were in one subject area. Remedial action taken in April, which pertains to second quarter activity[5], has included the replacement of the three key resources plus the addition of technical development experts to reduce pressure on the existing team. Furthermore, a manager to oversee the functional and technical development has been added to the team, to ensure all activities are appropriately assigned and remain on track through to the end of this phase, for both the technical and the functional teams.

Considering the progress made during April, the Project team believes, it is still on track to meet the May 16 date to begin the first phase of integration testing, with the possibility of overlap of only non-critical development activities continuing through the transition.

Data migration and conversion activities have been progressing according to schedule. Over this quarter the Project team has been focusing on data conversion activities to ensure quality data is available in the system at cutover. These activities include:

- Data Cleansing – identifying and documenting the data quality issues in the current system and determining how to rectify or mitigate those issues in the new system;

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[5] Although this quarterly report is specific to activities completed during the first quarter of 2011, some second quarter activities have been described here in order to illustrate the full scope of work completed by the technical development team.

- Analysis of existing data – identifying and documenting the data required in the new system and how best to present it;

- Data Migration – a set of mapping documents have been completed to outline the process of migrating data from the legacy systems[6] into the new SAP system;

- Development of programs and processes - including program code, configuring tools, and documentation processes to be used as a part of the transition from the legacy systems into SAP; and

- Testing of code – using actual production sample data, the Project team has been testing the configured process for migration. Seventy five percent of the objects to be migrated into SAP have been tested to date.

Over the next few months, the mapping of all data to be migrated to SAP will be completed together with its development and configuration. Furthermore, a data migration cutover plan and its timelines will be developed. With the progress on the data conversion activities made so far, it is expected that data migration will be delivered early. Early delivery will mitigate risk on data conversion from the Peace environment to SAP, by facilitating sufficient time for rework in the eventuality data issues are found.

5.1.2   CONTACT CENTRE TECHNOLOGIES AND CONTACT CENTRE FACILITIES

The development and production systems for the contact centre technology have been installed and configured. The development system installed at Surrey Operations will enable all servicing and testing to be performed centrally while the production systems will be installed at each of the Prince George and Burnaby facilities.

- The development and production environments have been installed;

- Eighty per cent of the base configuration has been completed;

- The workforce scheduling application has been tested and is operational;

- The quality assurance application for recording and scoring has been installed and configured; and

- Telephony hardware and software for the development and testing environment has been installed and configured at Surrey Operations,

5.1.2.1   Contact Centre Facilities

Construction improvements to the Prince George Facility have been completed while the tenant improvements to the Burnaby facility are in progress and on schedule. Tenant improvements in progress at Burnaby include space configuration, along with electrical and mechanical work. It is anticipated that occupation of the facilities by select groups of the Project team will take place in July. This will enable all recruitment and training activities to take place at the new employees'

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6   Legacy systems include Peace, CAFÉ and AMFM

regular place of work. Furthermore, it will reduce pressure on the Surrey Operations building where occupation of the two adjoining large meeting rooms outfitted for the Project team, is now at full capacity.

5.1.3 Organizational design and Staffing

Staffing plans for the ongoing operations of the customer service in-sourced activities have been finalized. These plans have facilitated the recruitment planning process and the preparation of the O&M forecast for 2012 and 2013 which will be detailed in the FEU 2012 – 2013 Revenue Requirement Application to be filed in early May 2011. The recruitment plan has been detailed with an outline of the resources required to support candidate assessment, interviewing and performance of reference checks. FEI expects job postings to be communicated in June with the selection process taking place from July through to September. The plan outlines that the hiring will be undertaken in two waves. The first wave of new hires will join FEI in October and the second wave in November. FEI believes that this will provide sufficient time for hiring and training of the new employees before the January 1 go-live date.

Currently there are thirty two FEI employees working on the Project and will continue to support the new Customer Service department in their respective area of expertise. Some of these employees will join the Customer Service department and others will provide Information Technology ("IT") and Human Resource support beyond the life of the Project. These thirty two employees include the new customer service leaders and analysts who joined the Project in January of 2011, and who have been working on the development of test case steps for this quarter.

Additional activities ongoing this quarter include:
- The detailed plan to integrate process designs with development and testing;
- The development of detailed training material production and delivery plans; and
- The development of business process designs;

Furthermore, a statement of work has been signed with Habanero who will develop a knowledge base repository. Documents stored in the repository will include procedure manuals, training materials, business rules and job aids. This repository will be used both during the Project and for the ongoing Customer Service operations beyond the life of the Project.

5.2 Plans for Next Period (April to June 2011)

The Project team will continue with the Realization Phase activities of constructing the technology systems, designing the business processes and finalizing testing and training plans. With the progress made so far on the technical development the Project team anticipates the first cycle of integration testing will commence according to schedule on May 16.

5.2.1 Customer Relationship and Billing and Operation Process Integration

Over the next three months the Project team will continue working through the functional and technical developments with the commencement of integration testing on May 16.

The following is a list of the activities planned for the next period:

- Complete the system final configuration;

- Complete the functional specification development;

- Continue the development and execution of unit test scripts;

- Commence the first cycle of Integration Testing

- Continue work on the iEM solution design7;

- Install testing environment software;

- Begin initial data conversion in the test environment;

- Continue development of integrated process designs; and

- Continue execution of change impact workshops with operational groups.

5.2.2   CONTACT CENTRE TECHNOLOGIES AND CONTACT CENTRE FACILITIES

The following is a list of activities planned for the next period:
- Installation of the Workforce Scheduling and Quality Assurance desktop solution will be complete;

- Base configuration for the Interactive Intelligence solution will be complete;

- Telephony hardware for the Prince George facility will be installed;

- Interactive Voice Response ("IVR") draft scripts will be complete;

- Predictive dialer design will be complete; and

- Burnaby hardware installation will be complete.

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7   iEM is the "Account On-Line" application being developed by HCL-Axon

5.2.2.1   *Contact Centre Facilities*

Substantial completion of the tenant improvements to the Burnaby facility is expected by early May. Furniture installation will take place from April through to mid May. Equipment installation including computers and telephones will be completed in June. This is in preparation for a move in date of some of the Project team members in July. The Prince George facility preparation will follow a similar schedule, with furniture installation to be completed by the end of May and equipment installation to be completed by the end of June.

5.2.3   ORGANIZATIONAL DESIGN AND STAFFING

Recruitment for nine positions has been initiated; five of these new hires will join the Revenue Cycle and Billing operations group, one will join the Contact Centres operations and three will provide IT expertise . It is anticipated that these new Project team members will work on system testing, preparation of training documentation and some of these individuals will assist with the training of the customer service representatives and billing representatives later in the year.

5.3   Quality Assurance Review

Five Points has been engaged to provide assurance of on-time execution of the Project together with guidance on mitigation of risks. Five Points is a specialized provider of application management consulting services to organizations within the energy and utility industries. They bring expert knowledge and experience in managing the development of CIS and will be utilizing their experience with numerous similar projects throughout North America to evaluate the Project on seven key dimensions: schedule, resources, ongoing activities, project management, costs, scope, and risks.   Please see Confidential Appendix 4 for Five Points' Project status report.

6 PROJECT SCOPE

All scope changes and requests for funding for specific items from the project contingency budget are reviewed and approved by the CCE Project Steering Committee before implementation. While there was no material functional scope changes in quarter one, specific requests for spend of the Project contingency budget follow the same process, and therefore for the purpose of this report are characterized as "scope changes". There were six such scope changes issued and approved during this period.

1) Extension of key HCL-Axon resources
As part of the risk mitigation planning, the Project recommended that key HCL-AXON resources be extended beyond their original end date as per the original proposal. The majority of HCL-AXON resources have been extended for approximately one month during the project stabilization period after go-live to ensure adequate resourcing is available to support the transition to a stable operating environment. In addition, four resources originally scheduled to be rolled off once testing begins have been retained to participate in the testing and ongoing project support. It is anticipated that expenses associated with the extension of these resources can be managed within the existing expense budget. The total cost of this change request amounted to $536 thousand.

2) Additional hardware requirements
After the completion of detailed design of the iEM component of the project along with the finalization of the training strategy and planning, it was determined that additional hardware was required. Additional servers are required to support the iEM solution's development, quality assurance and production environments. More comprehensive training requirements have resulted in additional server requirements for both the Contact Centres and the Revenue Cycle and Billing operations. Total cost of this scope change amounted to $600 thousand

3) Requirement of additional computer monitors
As part of the detailed process design, it was determined that two computer screens operating from a single computer for each Customer Service Representative would facilitate a more efficient service delivery process The total cost of this change request amounted to $15 thousand

4) Additional resourcing requirements
Based on the final scope of development required and to support the loss of three key project resources, additional Project resources were required. It is anticipated that there will be minimal expenses associated with these resources and can be managed within the existing expense budget. Total cost of this change request was $820 thousand.

5) Additional business operations resources added to the Project team.

The Project required additional resources from the Operations department to support the detailed process and documentation designs. The total cost of this scope change amounted $136 thousand.

6) Additional Contact Centre functionality.

After detailed process design, it was determined that an additional software module to facilitate the post call quality review process would be required. Total cost of this change request was $122 thousand.

The control budget filed as part of the Fourth Quarter 2010 Progress Report outlined a total contingency budget of $10.84million. The total scope changes approved this reporting period amounted to $2.229 million and have been managed within the approved budget of $115.5 million (including AFUDC) by drawing down on the contingency budget. Therefore at the end of the First Quarter of 2011, the Project has a remaining contingency budget of $8.611 million.

7 PROJECT SCHEDULE

The overall Project schedule's critical path remains on track and the scheduled date FEI will go live with the new CIS continues to be January 1, 2012.

7.1 Milestone Summary

The targeted Project milestone dates for each of the Project phases are outlined below. The Project phases are described in more detail in Appendix 1. The Business Blueprint phase of the Project was completed as scheduled on October 29 2010, and the Project team is currently engaged in the Realization Phase. This phase of the project comprises of two stages of Integration Testing, and the entire Realization phase is forecasted to be completed by October 31, 2011. With the increased focus on the technical development work in recent weeks, the Project team believes that the May 16, 2011 forecasted date for commencement of integration testing is still achievable.

Table 7-1: Milestone Schedule

Phase	Milestone Start			Milestone End		
	Plan	Actual	Forecast	Plan	Actual	Forecast
1. Project Preparation	Mar 1,2010	Mar 1,2010	n/a	May 15,2010	Jun 30,2010	n/a
2. Business Blueprint	May 3,2010	May 10,2010	n/a	Oct 29,2010	Oct 29,2010	Oct 29,2010
3. Realization	Nov 1,2010	Nov 1 ,2010	Nov 1,2010	Oct 31,2011	n/a	Oct 31,2011
3a. Integration Test 1	Jun 6,2011	n/a	May 16,2011	July 31,2011	n/a	July 31,2011
3b. Integration Test 2	Aug 1,2011	n/a	Aug 1,2011	Oct 31,2011	n/a	Oct 31,2011
4. Final Preparation	Nov 1,2011	n/a	Nov 1,2011	Dec 31,2010	n/a	Dec 31,2010
5. Stabilization	Jan 1,2012	n/a	Jan 1,2012	Mar 31,2012	n/a	Mar 31,2012

7.2 Project Schedule

The Project schedule is attached as Appendix 1 and reflects the full scope of work to be completed for the Project. The Project schedule detail for the first stage of the Integration Testing through to May 16, 2011 has been updated.

8 PROJECT COSTS

The project spend remains on track with no variance to the approved spend of $115.5 million, as shown in the resource view format below. To reflect the approved expenditures against the contingency budget, the table below details the movement of dollars from the contingency budget to the applicable cost categories and a recast of the control budget to reflect this allocation.

Table 8.1: Contingency Allocation Report Summary to March 31, 2011

Project Costs (000's)	Project Total		
	Control Budget	Approved Expenditures Against Contingency Budget	Revised Control Budget
Capital			
Internal Labour	4,775	-	4,775
Consulting	30,827	1,356	32,183
Hardware	2,528	615	3,143
Software	6,600	122	6,722
Expenses	5,063	-	5,063
Facilities	14,502	-	14,502
Contingency	6,950	(2,093)	4,857
	71,245	**-**	**71,245**
Deferred O&M			
Internal Labour	6,810	136	6,946
Consulting	25,003	-	25,003
Hardware	447	-	447
Software	600	-	600
Expenses	2,025	-	2,025
Facilities	1,380	-	1,380
Contingency	3,890	(136)	3,754
	40,155	**-**	**40,155**
Net Total	**111,400**	**-**	**111,400**
AFUDC	4,100	-	4,100
Grand Total	**115,500**	**-**	**115,500**

The table below shows the YTD Project spend against the revised control budget:

Table 8.2: Cost Report Summary to March 31, 2011

Project Costs (000's)	YTD Spend to Date	Revised Control Budget	Project Forecast	Variance
Capital				
Internal Labour	1,714	4,775	4,775	-
Consulting	14,852	32,183	32,183	-
Hardware	860	3,143	3,143	-
Software	5,517	6,722	6,722	-
Expenses	2,011	5,063	5,063	-
Facilities	9,568	14,502	14,502	-
Contingency	-	4,857	4,857	-
	34,522	**71,245**	**71,245**	**-**
Deferred O&M				
Internal Labour	654	6,946	6,946	-
Consulting	2,807	25,003	25,003	-
Hardware	-	447	447	-
Software	-	600	600	-
Expenses	258	2,025	2,025	-
Facilities	8	1,380	1,380	-
Contingency	-	3,754	3,754	-
	3,728	**40,155**	**40,155**	**-**
Net Total	**38,250**	**111,400**	**111,400**	**-**
AFUDC	1,390	4,100	4,100	-
Grand Total	**39,640**	**115,500**	**115,500**	**-**

As unforeseen opportunities still lie ahead as the Project team continues through a more complex phase of the Project, including building and testing the new system, along with a significant recruitment and training undertaking, the Project budget continues to track well against plan. At this time, the Company has not identified any significant changes in scope that could cause the project spend to be greater than the +/- 10% band established as per Order No. C-1-10.

9   PROJECT RISKS

The Project management team has identified the following areas of focus in order to manage Project risk.

Table 9-1: Project Risks

Risk Description	Potential Risk	Mitigation Strategy
Inflexibility of the go-live date	Solution quality may be sacrificed in order to meet the required date	A knowledgeable and experienced design team is engaged in the system design and a strong emphasis will be placed on the quality of the design and the solution. HCL-AXON, SAP, and Five Points have all been engaged to provide additional quality assurance on the project
System Performance	The stabilization period may be longer than anticipated as a result of system performance issues	SAP's Active Global Services will be on site periodically to assist the project team with testing and risk mitigation of system performance issues. They have sufficient experience to identify performance risk areas and resolve the types of system issues that could be encountered when the system goes live.

The Project team has started work this quarter on the preparation of a comprehensive risk analysis for the January 1, 2012 transition and will continue with this work through the next quarter. This will involve preparing simulations of potential issues that could arise at cutover and evaluating and developing the optimal risk mitigation plans to ensure a smooth transition.

Appendix 1
PROJECT SCHEDULE

ID	Task Name	Duration	2010 Qtr 1	Qtr 2	Qtr 3	Qtr 4	2011 Qtr 1	Qtr 2	Qtr 3	Qtr 4	2012 Qtr 1	Qtr 2
1	**Customer Care Enhancment PM Tasks**	**545 days?**										
2	**CCE Project Prep Phase**	**63 days?**										
32	**CCE Business Blueprint Phase**	**112 days?**										
100	**CCE Realization Phase**	**305 days?**										
101	**Performance Reporting**	**247 days?**										
153	**Quality Management**	**305 days?**										
192	**Updated Plans**	**5 days**										
199	**CCE Final Prep Phase**	**77 days?**										
200	**Performance Reporting**	**40 days?**										
212	**Quality Management**	**40 days?**										
216	**Updated Plans**	**5 days**										
223	**CCE Go-live and Support**	**65 days?**										
224	Milestone Go-live	1 day?									1/2	
225	Stabilization PM tasks	20 days										
226	**Program Closure**	**20 days**										
229	Milestone Completion	1 day?									3/30	
230	**Customer Relationship and Billing Project**	**545 days?**										
231	**TGI SAP CRB Implementation Plan**	**545 days?**										
1	**Project Definition Phase**	**80 days?**										
149	**Business Blueprint Phase**	**395 days?**										
882	**Realization Phase**	**330 days?**										
883	**Project Management Realization Activities**	**260 days**										
887	**Configure SAP**	**150 days?**										
888	**RE-05 System Configuration Complete**	**150 days?**										
1130	**Develop Enhancements and Workflow**	**240 days**										
1131	**RE-01 Functional & Technical Specifications Develope**	**240 days**										
1136	**RE-04 Enhancements Completed & Approved**	**80 days**										
1138	**Develop Reports & Forms**	**240 days**										
1139	**RE-06 Develop Forms**	**120 days**										
1143	**RE-07 Develop Reports**	**240 days**										
1147	**Develop Interfaces**	**120 days**										
1148	**RE-13 Develop Interfaces**	**120 days**										
1152	**Data Migration Activities**	**195 days**										
1153	**RE-14 Provide Legacy System Data Extracts**	**120 days**										
1156	**RE-12 Data Migration Load and Unit Testing**	**130 days**										
1159	Perform Data Cleansing Activities	20 days										
1160	Data Migration Mock # 1	10 days										
1161	Resolve Data Migration Test Issues	45 days										

Project: 2011 04 25 CCE Program Date: Mon 4/25/11	Task	▬▬▬	Milestone ◆	External Tasks	▬▬▬
	Split	....	Summary ▬▬▬	External Milestone ◇	
	Progress	▬▬▬	Project Summary ▽▬▬▽	Deadline ⇩	

ID	Task Name	Duration	2010				2011				2012	
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
1162	Data Migration Mock # 2	10 days										
1163	**Security Activities**	**100 days**										
1164	**RE-03 Document Security Model**	**100 days**										
1167	**Perform Testing Activities**	**260 days**										
1168	**RE-08 Perform Unit Testing**	**120 days**										
1172	**RE-11 Develop Integration Test Plan**	**120 days**										
1176	**RE-16 Complete and Approve Integration Testing**	**120 days**										
1183	**RE-17 Document User Acceptance Test Plan**	**99 days**										
1189	**Technical Activities**	**140 days**										
1190	**RE-02 Install QA & Training Systems**	**20 days**										
1202	**RE-09 Production Hardware Sizing Complete**	**80 days**										
1204	**RE-10 Production / DR Hardware Procured**	**50 days**										
1206	**Change Management & Training**	**330 days**										
1207	**Execute Stakeholder Engagement According to Plan**	**120 days**										
1211	**Deliver Communications According to Plan**	**130 days**										
1219	**RE-19 Develop Role Transition Materials**	**120 days**										
1228	**RE-20 Develop Detailed Transition Plans**	**180 days**										
1235	**RE-21 Perform Training Needs Analysis**	**100 days**										
1237	**RE-22 Detailed Training Plans Approved**	**100 days**										
1245	**RE-23 Training Materials Developed & Approved**	**215 days**										
1251	**FP-11 Establishment of Training Facilities**	**200 days**										
1256	**FP-12 Train the Trainer Delivery**	**20 days**										
1262	**RE-24 Manager Cascade**	**150 days**										
1265	**RE-25 Design Support Organization**	**120 days**										
1275	**Perform Detailed Change Impact Assessment**	**120 days**										
1286	**Prepare for Final Preparation and Go-Live Phase**	**20 days**										
1289	Realization Phase Planned Completion Date	0 days							◆ 9/30			
1290	**Final Preparation and Go-live Phase**	**68 days?**										
1291	**Project Management Final Prep Phase**	**65 days?**										
1296	**User Acceptance Testing**	**61 days?**										
1297	**FP01 Perform User Acceptance Test**	**61 days?**										
1301	**Establish Production System (SAP Production System)**	**42 days**										
1302	**FP-02 Production Systems Commissioned & Approved**	**24 days**										
1306	**FP-03 Production Systems Configured**	**8 days**										
1309	**FP-04 Desktop Infrastructure Installed**	**10 days**										
1313	**Data Migration**	**68 days**										
1314	**FP-05 Legacy Data Migrated and Approved**	**68 days**										
1322	**System Testing**	**46 days**										

Project: 2011 04 25 CCE Program Date: Mon 4/25/11	Task	▭	Milestone	◆	External Tasks	▭
	Split	....	Summary	▭	External Milestone	◆
	Progress	▬▬▬	Project Summary	▽	Deadline	⇩

ID	Task Name	Duration	2010				2011				2012	
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
1323	FP-06 Stress Test	42 days										
1326	FP-08 Disaster Recovery Test	46 days										
1330	FP-07a Data Archive Test	30 days										
1333	FP-07b Recovery Test	30 days										
1337	FP-09 Desktop Test	10 days										
1340	Business Change & Integration	65 days										
1341	Stakeholder Engagement & Communication	40 days										
1345	Deliver Communications	65 days										
1351	FP-10 Transition Management	65 days										
1360	FP-13 Training Delivery	50 days										
1364	Learner Practice	15 days										
1366	FP-14 Legacy System Decommissioning Planning	21 days										
1371	Perform Cut-Over to Production	67 days										
1372	Go / No-Go Review Meetings	66 days										
1377	FP-15 Go-Live Decision Approved	1 day										
1380	Post Go-Live Support Phase	65 days?										
1381	Project Management Phase Activities	1 day?										
1383	Technical Stabilization	65 days										
1384	PS-01 Confirm Stabilization Plan	24 days										
1387	Execute Technical Stabilization Activities	65 days										
1392	PS-02 System Performance Tuned & Optimized	65 days										
1396	PS-03 Legacy Systems Decommissioned	65 days										
1398	User Support	65 days										
1399	Key User Support	20 days										
1402	TG SAP Support Team Organization Transition	65 days										
1412	On-Site Consultancy Support	65 days										
1417	PS-04 Outstanding Issues Transitioned to SAP Suppor	55 days										
1419	Business Change & Integration	65 days										
1432	Deliver Post Go-Live Training	65 days										
1434	Project Closure Activities	65 days										
1435	PS-05 Final System Acceptance	65 days										
1437	PS-06 Project Closure Approval	65 days										
1443	iEM Implementation	320 days?										
1444	Onboard Resources	1 day?										
1445	Process Commercial and SOW	20 days										
1446	Design	34 days										
1482	Develop Functional Specifications	84 days										
1497	Build	100 days										

Task	▬▬▬	Milestone	◆	External Tasks ▭▭▭
Split	·················	Summary	▬▬▬	External Milestone ◇
Progress	▬▬▬	Project Summary	▭▭▭	Deadline ⇩

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Date: Mon 4/25/11

ID	Task Name	Duration	2010				2011				2012	
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
1568	**Integration Test**	**75 days?**										
1572	**UAT**	**40 days**										
1574	**Go-Live & Support**	**70 days?**										
232	**Operations Process Integration Project**	**455 days**										
233	**OPI Project Prep Phase**	**20 days**										
234	**Process Scope**	**20 days**										
236	**OPI Business Blueprint Phase**	**89 days**										
237	**Process Designs**	**30 days**										
241	**Functional Approach Docs and Plans**	**15 days**										
246	**Functional Specs**	**45 days**										
251	**SoW's and Detailed Plans**	**15 days**										
256	**OPI Realization Phase**	**241 days**										
257	**Technical Specs**	**40 days**										
262	**Build and Unit Test**	**80 days**										
267	RE-08 Perform Unit Testing	180 days										
268	**Integration testing**	**85 days**										
272	OPI Final Prep Phase	40 days										
273	OPI Go live & Support Phase	65 days										
274	**Organizational Design and Staffing Project**	**460 days?**										
275	**Process Designs**	**260 days**										
280	**Organization Design**	**170 days**										
290	**Communications**	**460 days**										
306	**Change Management**	**400 days**										
320	**Recruitment**	**333 days?**										
321	Recruitment Strategy	30 days										
322	Recruitment and Hiring Plan	60 days										
323	Recruitment Schedule M&E	20 days										
324	Orientation Plan M&E	45 days										
325	Recruitment Schedule COPE	20 days										
326	Orientation Plan COPE	45 days										
327	**Recruit M&E**	**262 days?**										
328	Wave 1 (initial Managers)	30 days										
329	**Wave 2 (January 2011) Hire**	**167 days?**										
341	**Wave 3 (April - June 2011) Hire**	**84 days?**										
355	**Recruit COPE**	**333 days?**										
356	**Wave 2 (January 2011) Hire**	**168 days?**										
368	**Wave 3 (April - June 2011) Hire**	**253 days?**										
380	**Mass hire**	**268 days?**										

Task	▬▬▬▬	Milestone	◆	External Tasks	▬▬▬▬
Split	···············	Summary	▬▬▬▬	External Milestone	◆
Progress	▬▬▬▬	Project Summary	▬▬▬▬	Deadline	⇩

Project: 2011 04 25 CCE Program
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ID	Task Name	Duration	2010				2011				2012	
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
393	**Learning and Documentation**	**375 days**										
394	**Prep and planning**	**130 days**										
401	**Training Programs**	**110 days**										
404	User Documentation & Support Tools Outlines	70 days										
405	**User Documentation & Support Tools**	**150 days**										
407	**Training Roll-out New Organization**	**110 days**										
417	**Training Roll-out Existing Users**	**43 days**										
419	**Business Advisory Team**	**401 days**										
424	**Contact Centre Technology Project**	**490.5 days**										
425	**Solution and Provided selection**	**74 days**										
430	**Contracts**	**37 days**										
434	**Customer Experience Strategy**	**35 days**										
438	**Design and Specification Stage**	**115 days**										
444	**P_Terasen_Gas_CIC_11242010_v1**	**381.5 days**										
1	**Planning Phase**	**2 days**										
3	**Design Phase**	**99.5 days**										
4	Design meetings - Part 1	3 days				Altivon,Terasen Gas						
5	Design meetings - Part 2	2 days				Altivon,Terasen Gas						
6	Design meetings - Part 3	3 days				Altivon,Terasen Gas						
7	**Deliverable--Design Document**	**57.5 days**										
11	Design Accepted	0 days				1/11						
12	**Preparation**	**77.63 days**										
13	**Site Readiness**	**11 days**										
17	**Equipment ordering**	**75.5 days**										
25	**Customer Installation Preparation**	**65 days**										
47	**Test Data Preparation**	**0 days**				2/15						
50	**Altivon Installation Preparation**	**25 days**										
56	**Installation**	**58.13 days**										
142	**Execution**	**185 days**										
143	**Development**	**88 days**										
182	**Cutover / Contingency Plan**	**25 days**										
186	**Testing**	**118.5 days**										
187	**Testing--TG Surrey Ops**	**81 days**										
198	**Testing--TG Prince George Call Center**	**16 days**										
201	**Testing--TG Burnaby Center**	**16 days**										
204	**Failover Testing**	**8.5 days**										
207	**Training**	**170.5 days**										
208	**Training Plan**	**10 days**										

Task	▬▬▬	Milestone ◆	External Tasks ▭▭▭
Project: 2011 04 25 CCE Program Date: Mon 4/25/11	Split ···············	Summary ◤▬▬▬◥	External Milestone ◇
	Progress ▬▬▬	Project Summary ◁▭▭▷	Deadline ⇩

ID	Task Name	Duration	2010				2011				2012	
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
212	**Training execution**	**170.5 days**										
220	**System Go-Live/Cutover-External cutover**	**12.25 days**										
225	**Deliverables**	**22 days**										
227	**Transition to Customer Support**	**0.25 days**										
445	**Contact Centre Facilities Project**	**345 days**										
446	**Lower Mainland Facility**	**239 days**										
447	**Lower Mainland Schedule**	**239 days**										
1	**Programming**	**16 days**										
8	**Space planning + Schematic Design**	**23 days**										
19	**Design development**	**21 days**										
26	**Consultant Documentation**	**52 days**										
37	**Tender**	**35 days**										
42	**Permits and Construction**	**125 days**										
49	**Furniture**	**134 days**										
448	**Prince George Facility**	**344 days**										
449	**Prince George Schedule**	**344 days**										
1	**Programming**	**10 days**										
7	**Schematic Design**	**27 days**										
15	**Design Development**	**19 days**										
23	**Contract documents**	**30 days**										
39	**Tender**	**25 days**										
44	**Permits and Construction**	**277 days**										

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	Split	··················	Summary	◣▬▬▬◢	External Milestone	◇
	Progress	▬▬▬▬▬	Project Summary	◁▬▬▬▷	Deadline	⇩

Appendix 2
LIST OF MAJOR CONTRACTORS

List of Major Contractors

Please see the list below of the major contractors employed on the project and a description of their engagement:

Contractor	Description of Engagement
Accenture	As the current support services provider, Accenture will be providing subject matter expertise in the areas of the existing call centre business processes, technical support specifically around the existing CIS technical environment as well as transition services during the cutover from the existing systems to the new environment.
Altivon and Interactive Intelligence	Interactive Intelligence will be providing the Contact Centre Technologies, an all in one solution integrated with the SAP for managing multi-channel customer interactions. For the implementation of the Contact Centre Technologies, FEI has partnered with Altivon, who is the implementation partner of Interactive Intelligence.
Fujitsu	Fujitsu Consulting provides ongoing technical support for many of the existing systems utilized by FEI. Fujistu will be providing technical support for changes required to the these systems as well as the interfaces to and from the new CIS.
Habanero	Habanero Consulting provides application support for the Café system. Habanero will provide technical support for the changes required to the Café system as well as provide Microsoft Sharepoint expertise in developing the Customer Service Knowledge base repository.
Hansen Technologies	Hansen Technologies is the product owner of the CIS system currently utilized by FEI. Hansen will provide data migration services from their existing system to the new SAP CIS with the focus on legacy data quality and extraction.

Contractor	Description of Engagement
HCL- Axon	HCL-Axon is an experienced SAP system integrator and specializes in the implementation of SAP computer systems. They also are experienced in the integration of complementary software packages (such as bill composition software from Streamserve) to form a complete solution. They will be taking a leadership role in all phases of the project and providing expertise on the overall design of the system solution to ensure it conforms to FEI's desired requirements. They will also provide guidance in the development of training and change management specific to the CIS implementation.
Knowledgetech	Knowledgetech will supply personnel to the project team to provide expertise in change management activities including business process design, business impact analysis, communication, training and process documentation.
Five Point Partners	Five Point Partners (Five Points) has been engaged to provide assurance of on time execution of the project together with guidance on mitigation of risks. Five Points is a specialized provider of application management consulting services to organizations within the energy and utility industries. Five Points consultants bring expert knowledge and experience in managing the development of Customer Information Systems. They will be utilizing their experience with numerous similar projects throughout North America to evaluate the project on seven key dimensions: schedule, resources, ongoing activities, project management, costs, scope, and risks.
R-Tech Technologies	R-Tech will be providing day-to-day program management for the CCE program. They will be responsible for coordinating and providing overall management of the various program streams including the CIS implementation, the Contact Centre Technologies and facilities implementation as well as the other existing business processes that will be impacted by the CCE implementation. R-Tech has partnered with FEU on many initiatives over the last few years, and has in-depth knowledge of SAP, FEI's operating model and provides Project Management Institute certified project management services.

Contractor	Description of Engagement
SAP Active Global Support	SAP's Active Global Services provide production support for all SAP customers. On this project, they will be assisting the project team by proactively reviewing key risk areas that have been experienced with other implementations and providing risk mitigation strategies of technical issues such as system performance. They have sufficient experience to identify performance risk areas and resolve the types of system issues that could be encountered when the system goes live.
SAP Consulting Services	As the CIS product vendor, SAP brings in-depth product knowledge and design architecture oversight to the project. They will also provide a quality assurance role in design, and build reviews to ensure the implementation follows SAP best practices for implementation and maintainability.
Gateway Consulting Services	Gateway Consulting specializes in Strategic Training Management, Instructional Design, Communications, e-Learning, Cross Functional Process Development, Workforce Education, and Transition Management. On the project, Gateway Consulting will be providing program leadership in the area of Change Management, Recruiting, Training and Communications.
TELUS	TELUS will be providing technical infrastructure services to the project. This includes all server, desktop and network implementation and support services.

Appendix 3
GLOSSARY OF ACRONYMS AND TERMS

Glossary

Acronyms

CCE   Customer Care Enhancement

CIS   Customer Information System

CRB   Customer Relationship Billing

OPI   Operation Process Integration

CRM   Customer Relationship Management

FRICE-W   Forms, Reports, Interfaces, data Conversion, Enhancements and Workflows

Terms

AFUDC – acronym for *Allowance for Funds Used During Construction*, which allows for the cost of borrowing funds until a project is placed into service to be included in rates; the requirement for AFUDC forms a separate line item of the overall Project cost.

Business Process Outsourcing – the contracting of a specific business task, including all responsibility for the management of the business processes and underlying information technology systems and applications required for the completion of an activity, such as call handling, to a third-party service provider.

Change Management Strategy – outlines the approach for managing the change impacts of the project.

Data Migration Strategy – defines the management, development and documentation for cleansing and transferring data to the new CIS.

Deferred Costs – operating and maintenance costs that are incurred but that will be expensed in the future.

Development System Infrastructure – the platform for where configuring and coding of the new system will take place.

In-source – a business practice in which work that would otherwise have been contracted out is performed by internal staff.

Interface Strategy – outlines the approach to manage the points of interaction with Terasen's existing systems and the new CIS.

Mobilization Team – This is the initial team required on site for project preparation.

Project Toolset – The project toolset is the AXON Project Support Environment ("APSE"). APSE is a structured project document management system used by the project team to manage the CRB project workflow and will serve as a repository for all CIS documentation throughout the life of the Project.

Appendix 4

FIVE POINT PARTNERS ASSURANCE REVIEW

FILED CONFIDENTIALLY

Appendix 5

CURRENCY EXCHANGE RATE DEFERRAL TRANSACTIONS

FILED CONFIDENTIALLY