

**BRITISH COLUMBIA UTILITIES COMMISSION**  
**IN THE MATTER OF THE UTILITIES COMMISSION ACT**  
**R.S.B.C. 1996, CHAPTER 473**

**and**

**British Columbia Hydro and Power Authority**  
**British Columbia Utilities Commission Action on**  
**Complaint**

**Vancouver, B.C.**  
**June 1<sup>st</sup>, 2016**

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**PROCEDURAL CONFERENCE**

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**BEFORE:**

<b>D.M. Morton,</b>	<b>Chairman</b>
<b>H. Harowitz,</b>	<b>Commissioner</b>
<b>R. Mason,</b>	<b>Commissioner</b>

**VOLUME 1**

## APPEARANCES

P. MILLER	Commission Counsel
I. WEBB	Counsel for BC Hydro and Power Authority
G. CAROLINE L. WATSON	Counsel for Adrian Dix, MLA
L. WORTH	Counsel Movement of United Professionals (MoveUP)
S. KHAN	Counsel for British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Tenant Resource Advisory Centre and Together Against Poverty Society (BCOAPO)
D. CRAIG	Commercial Energy Consumers' Association of British Columbia (CEC)

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**CAARS**

**VANCOUVER, B.C.**

**June 1<sup>st</sup>, 2016**

**(PROCEEDINGS COMMENCED AT 8:59 A.M.)**

THE CHAIRPERSON: Please be seated. Thank you.

Good morning, ladies and gentlemen. My name is Dave Morton. With me are Commissioners Howard Harowitz and Richard Mason. Welcome to this morning's proceedings to consider various matters related to the Commission inquiry into BC Hydro's SAP expenditures.

This proceeding's purpose is fact-finding; to try to understand the circumstances of BC Hydro's implementation of its SAP platform and SAP modules. And, if appropriate, to make recommendations about further process. The purpose of this inquiry is not to determine or levy any penalty against BC Hydro.

Order G-62-16 laid out the following five items as the proposed scope for this inquiry. Item number 1, what are the total capital and operating expenditures incurred by BC Hydro as at the end of fiscal 2016 on the SAP platform, SAP modules and other supporting capital enhancements to support the platform adoption.

Item 2, what are BC Hydro's approval and oversight controls and processes related to the authorization and governance of information

1           technology, capital expenditures and projects. Were  
2           these controls and processes appropriately designed  
3           and operated effectively with respect to management's  
4           review and oversight of SAP-related expenditures.

5                     Item 3, have the goals outlined in BC  
6           Hydro's information technology and telecommunication  
7           five-year plan related to SAP initiatives been  
8           achieved.

9                     Item 4, what is BC Hydro's planned capital  
10          spending on the adoption of the SAP platform and  
11          independent SAP projects on a go-forward basis.

12                    Item number 5, were all SAP-related  
13          disclosures to the Commission appropriate, reasonable,  
14          and in accordance with the *Utilities Commission Act*.

15                    Order G-62-16 also directed BC Hydro and  
16          registered interveners to provide their comments, if  
17          any, on the Commission's proposed scope of the  
18          inquiry, attached as Appendix B to the Order, as well  
19          as a preferred regulatory process for the inquiry by  
20          Monday, May 30<sup>th</sup>. Subsequently by letter A-4, dated  
21          May 26<sup>th</sup>, 2016, participants were requested to address  
22          the following items at this procedural conference:  
23          the preferred regulatory process and timing for  
24          conducting the inquiry; preliminary submissions on  
25          scope of the inquiry; and any other relevant matters  
26          that participants want to bring to the attention of

1 the Commission Panel.

2 On May 30<sup>th</sup>, submissions were received from  
3 several parties on the scope of the inquiry and the  
4 regulatory process. Parties are invited to address  
5 those submissions now.

6 With regard to submissions made on  
7 participant funding, participant funding will be  
8 available to parties that qualify under the existing  
9 PACA guidelines, and I make that distinction because  
10 as you are probably aware the Commission is working on  
11 a set of new PACA guidelines. But the existing  
12 guidelines will apply to this proceeding.

13 **Proceeding Time 9:03 a.m. T2/3**

14 However, the Panel will not make any  
15 determination regarding who will pay for that funding  
16 at this time, and parties will be invited to address  
17 this issue during final argument.

18 After considering the submissions, the  
19 Panel will issue an order defining the scope of the  
20 proceeding, the regulatory process, the preliminary  
21 regulatory timetable and dealing with any other matter  
22 which may arise this morning.

23 At this stage it is my pleasure to  
24 introduce and acknowledge a number of individuals who  
25 will play an important role in the review of the  
26 application. Sarah Walsh is lead staff for the

1 application, and she is seated at the front, and with  
2 her is Alison Thorson, director of policy, planning  
3 and aboriginal affairs. Commission counsel for the  
4 proceeding is Paul Miller and Lino Bussoli from  
5 Boughton Law Corporation. And finally, our hearing  
6 officer is Mr. Hal Bemister, who is seated over on my  
7 right.

8 Before Mr. Miller takes over, I'd like to  
9 ask you to please make sure that your submissions are  
10 directed to the issues that I've just outlined,  
11 together with any other issues that you or any of the  
12 other participants identify, and that the Panel  
13 accepts is appropriate for addition to the agenda. In  
14 identifying any additional issues, please bear in mind  
15 it's not the purpose or the goal of this conference to  
16 compare or discuss the merits of the inquiry, but to  
17 address the issues that I've just described.

18 In the view of the Panel, the issues are  
19 most effectively canvassed collectively, as opposed to  
20 issue by issue, but if anyone disagrees we are  
21 prepared to consider any alternative approach you may  
22 suggest. However, please address this during your  
23 appearance. After appearances the order of  
24 submissions will begin with BC Hydro, and then follow  
25 the order of appearances. Once we reach the end of  
26 the interveners, beginning with the last intervener to

1 speak, interveners will have a right to reply to other  
2 interveners submissions in reverse order. BC Hydro  
3 will have the final right of reply.

4 We will take a break around mid-morning,  
5 and if required we'll take a lunch break and continue  
6 in the afternoon.

7 I am now going to ask Mr. Miller to call  
8 for appearances. As you enter your appearance, please  
9 state and spell your name for the record, the party  
10 you represent, and identify any additional issues at  
11 that time, and advise whether you prefer that the  
12 issues be dealt with all together, or if you require a  
13 separate round of submissions.

14 So, on that note, Mr. Miller, please go  
15 ahead.

16 MR. MILLER: Thank you, Mr. Chair. The first in the  
17 order of appearances is BC Hydro and Power Authority.

18 MR. WEBB: Good morning, my name is Ian Webb, I-A-N W-E-  
19 B-B, appearing on behalf of the British Columbia Hydro  
20 and Power Authority. Firstly, I have no additional  
21 issues to request to be added to the agenda, and  
22 secondly, am quite content to speak to both issues at  
23 once.

24 THE CHAIRPERSON: Thank you, Mr. Webb.

25 MR. WEBB: Thank you.

26 MR. MILLER: Mr. Dix, MLA?

1 MR. CAROLINE: Good morning, Gary Caroline --

2 MR. BEMISTER: Can you come to the microphone please?

3 Because we are broadcasting.

4 MR. CAROLINE: I thought my voice was loud enough. Gary

5 Caroline, G-A-R-Y, C-A-R-O-L-I-N-E. Appearing on

6 behalf of Mr. Dix, together with Lyndsay, L-Y-N-D-S-A-

7 Y, Watson, W-A-T-S-O-N. Our position is similar to

8 Mr. Webb's on behalf of BC Hydro, sorry. We'll deal

9 with all the issues together, and I don't think we

10 will be that long either.

11 THE CHAIRPERSON: Okay, great. Thank you, Mr. Caroline.

12 MR. MILLER: Movement of United Professionals?

13 MS. WORTH: Good morning, Mr. Chair, members of the

14 Panel, Leigha Worth, L-E-I-G-H-A, W-O-R-T-H, here as

15 counsel for the Movement of United Professionals. I'm

16 content to deal with all of the issues together, and I

17 have nothing to add to the agenda this morning.

18 THE CHAIRPERSON: Thank you, Ms. Worth.

19 MS. WORTH: Thank you.

20 THE CHAIRPERSON: B.C. Old Age Pensioners Organization,

21 et al.

22 MS. KHAN: Sarah Khan, K-H-A-N, appearing on behalf of

23 the B.C. Old Age Pensioners Organization, Active

24 Support Against Poverty, Council of Senior Citizens

25 Organizations of B.C., Disability Alliance B.C.,

26 Tenants Resource Advisory Centre, and Together Against

1 Poverty Society, and we have no additional items to  
2 add to the agenda, and we are content to deal with  
3 both issues at the same time.

4 THE CHAIRPERSON: Thank you, Ms. Worth.

5 MR. MILLER: Commercial Energy Consumers Association of  
6 British Columbia?

7 MR. CRAIG: Good morning, Mr. Chair and Panel. Apologies  
8 from Mr. Weafer who is not able to be here. It's  
9 David Craig, C-R-A-I-G appearing on behalf of the  
10 Commercial Energy Consumers Association of B.C., and  
11 we are happy to deal with all the issues together and  
12 have nothing further to add to the agenda.

13 THE CHAIRPERSON: Thank you, Mr. Craig.

14 **Proceeding Time 9:08 a.m. T04**

15 MR. MILLER: That concludes the order of appearances, Mr.  
16 Chair.

17 THE CHAIRPERSON: Thank you, Mr. Miller. Mr. Webb, are  
18 you prepared to go ahead?

19 MR. WEBB: Yes, thank you.

20 **SUBMISSIONS BY MR. WEBB:**

21 I'll deal first with the scope of the  
22 inquiry, if that's all right, and although we  
23 obviously have had advance notice of the other  
24 parties' positions through their filing of written  
25 submissions on Monday, I'm just going to deal at this  
26 point with BC Hydro's submissions, and then reply to

1           what we've seen both in writing and we'll hear today  
2           in my reply submissions later on.

3 THE CHAIRPERSON:    Okay.

4 MR. WEBB:       So on the scope of the inquiry, as indicated  
5           in our written submission, BC Hydro supports the  
6           Commission's proposed scope of inquiry to address the  
7           questions set out in Appendix B to Order G-62-16. We  
8           don't recommend any changes.

9                       With respect to process, in the interests  
10           of facilitating an efficient and effective inquiry, we  
11           suggest that as a first step BC Hydro file  
12           consolidated information in relation to each of the  
13           final questions the Commission determines are in  
14           scope. In some cases this proposed filing would  
15           involve taking what BC Hydro has already filed in its  
16           initial response to the complaint, in its responses to  
17           Commission IRs, and repackaging that, so to speak, to  
18           align it to the final in-scope questions determined by  
19           the Commission. Some of the questions, there is no  
20           evidence yet on the record that addresses them, so  
21           there would be some new evidence in addition to  
22           repackaging of existing evidence. But again, the  
23           objective would be to align the information to the  
24           final questions determined by the Commission, and the  
25           purpose would be to assist in particular the new  
26           participants to the inquiry who aren't as familiar

1 with what the issues are, what the evidence to date  
2 is, and provide them with a basis from which they can  
3 move forward in this proceeding.

4 BC Hydro is certainly interested in hearing  
5 from the interveners here today whether they would  
6 consider this proposed consolidated information filing  
7 as helpful or not.

8 If the Commission considers at the end of  
9 the day THAT this proposed filing to be appropriate,  
10 and assuming the final in-scope questions are largely  
11 as set out by the Commission in Order G-62-16, BC  
12 Hydro will be able to file a consolidated information  
13 by June 29<sup>th</sup>, 2016.

14 BC Hydro proposes that a round of written  
15 Information Requests follow the information filing.  
16 What we're suggesting is that that would be two weeks  
17 after the information filing, or July 14<sup>th</sup>, and that BC  
18 Hydro file its response on August 12<sup>th</sup>, which would be  
19 approximately four weeks later.

20 Some of the things we're trying to  
21 accommodate with that schedule are other matters which  
22 BC Hydro and parties here today are involved in. In  
23 particular, the BC Hydro rate design application  
24 hearing, which is in the middle of August. At least  
25 two, I think, of the interveners here today have filed  
26 their own evidence in that proceeding or are in the

1 process of answering IRs. So we're trying to work  
2 around our understanding of parties' other activities,  
3 as well as BC Hydro's in proposing this schedule.

4 In terms of what happens after that, after  
5 the filing of BC Hydro's responses to Information  
6 Requests, what we're proposing is that there then be a  
7 step for participants to make submissions on further  
8 process after that.

9 **Proceeding Time 9:12 a.m. T05**

10 And this recognizes that, for one thing,  
11 the final scope of the inquiry has not yet been set.  
12 That will be something that the Commission will be  
13 determining as a result of submissions today. And  
14 also that for many of these parties, they are new to  
15 the complaint and new to the issues, and have yet to,  
16 I would say, fully sort of digest the information  
17 that's already on the record. Haven't had a chance  
18 yet to ask their IRs and review the responses.

19 At the time that everybody has had a chance  
20 to review that information, they will be in the best  
21 position to make submissions to the Commission on what  
22 they believe further process should be, and in my  
23 submission the Commission will be in the best position  
24 to make a determination on what the remainder of the  
25 process should be.

26 And so what we're suggesting is that that

1 would happen, having regard to the RDA hearing being  
2 in the middle of August, obligations on the  
3 interveners that that would happen on or around  
4 September 2<sup>nd</sup>, and would involve interveners making  
5 submissions on what further process they want, and BC  
6 Hydro having the opportunity to reply.

7 There is some flexibility around these  
8 dates, and I'm certain from what I've heard this  
9 morning you will hear some submissions from the others  
10 on the dates as well. And in reply, I will respond to  
11 them. But just at this point, I want to sort of point  
12 out that the two, the two largest obligations on BC  
13 Hydro and some of the other interveners here are, one,  
14 the filing of BC Hydro's revenue requirement  
15 application, which is targeted for the end of July.  
16 So that week in particular will be an extremely busy  
17 week for BC Hydro's regulatory department, and they'd  
18 prefer not to have any other filings in this  
19 proceeding during that week.

20 And the other is the RDA hearing, and  
21 likely the weeks before and after that. And that, I  
22 think, is more of a workload on the interveners here,  
23 some of which will be presenting their own witnesses  
24 in that proceeding.

25 So those are kind of the two things that  
26 we're trying to work around in proposing this

1 schedule.

2 Subject to any questions, that's all I have  
3 for my main submissions on scope and process.

4 THE CHAIRPERSON: Just one -- if you could clarify, Mr.  
5 Webb. You're talking about submissions on further  
6 process September 2<sup>nd</sup>? And then you talked about  
7 replies. Would you see a procedural conference,  
8 perhaps, on the 2<sup>nd</sup> as being efficient? Or would you  
9 specifically prefer --

10 MR. WEBB: We don't have any opposition to a procedural  
11 conference. Whether you prefer it in writing or to  
12 have oral submissions on that, you know, we have no  
13 strong preference.

14 THE CHAIRPERSON: Okay. Thanks. Okay, thanks, Mr. Webb.  
15 Mr. Caroline?

16 **SUBMISSIONS BY MR. CAROLINE:**

17 This will be the last opportunity that my  
18 client will have to agree with BC Hydro on most of  
19 these issues. But fundamentally we agree with the  
20 position that was laid out by Mr. Webb. Just going to  
21 address a few particular points.

22 In terms of the scope, as you've seen from  
23 Mr. Dix's submissions on scope, we take no issue and  
24 thank the Commission for identifying the five areas  
25 that it has, in terms of an inquiry. The only points  
26 we were making were secondary, and that is, is that



1           that require an oral hearing, I think is best left to  
2           the -- to a procedural conference of some sort, once  
3           we agree on the schedule.

4                       Where we disagree with BC Hydro, and it's a  
5           very secondary point, is in terms of the timing of the  
6           different steps. And I'm sorry I don't have it  
7           written out for you, but I will go through it slowly.  
8           And this is in respect -- I'll address each of BC  
9           Hydro's procedural steps they've identified if that is  
10          all right?

11   THE CHAIRPERSON:    Please do.

12   MR. CAROLINE:       Okay. Now the first in terms of BC  
13   Hydro's filing, they suggested June 29<sup>th</sup>. We have no  
14   issue with that date. That's obviously -- it's their  
15   work that has to be planned out.

16                       In terms of the second step, and that is  
17   Commission and intervener's filing information  
18   requests, I think that given the amount of material  
19   involved, and the complexity issues, we are suggesting  
20   that a month turnaround time is more appropriate. So,  
21   rather than July 14<sup>th</sup>, we're suggesting July 29<sup>th</sup>.  
22   Which, from what I heard, won't interfere with BC  
23   Hydro's other tasks at the end of July.

24                       The third step, Hydro responding, they  
25   suggested August 12<sup>th</sup>. Given our proposal that we only  
26   -- the filing date for information requests be July

1           29<sup>th</sup>, we suggest extending their reply date to  
2           September 9<sup>th</sup>. So that would give them a period of  
3           time to deal with other proceedings that they may  
4           have, but we are flexible in terms of obviously its --  
5           if Hydro is tied up with other matters, then they can  
6           address that, but we suggest September 9<sup>th</sup> for them  
7           responding to the information requests of the various  
8           participants.

9                         The filing date for making submissions on  
10           the inquiry procedure and timetable, Hydro suggested  
11           September 2<sup>nd</sup>. Given our other proposals, we suggest  
12           September 30<sup>th</sup>.

13                        Whether there ought to be a procedural  
14           hearing -- a conference I should say, I think is in  
15           your hands. But prudence may dictate that in all  
16           likelihood it would be self evident to the  
17           Commissioners or the parties will have identified  
18           issues that they want to address directly with the  
19           Commissioners, but I think that that final  
20           determination about whether there is a procedural  
21           conference or not is in your hands, depending on what  
22           you see before you at that stage.

23                        And unless you have any questions, those  
24           are our submissions.

25   THE CHAIRPERSON:   Thank you, Mr. Caroline. I do have one  
26           question. Earlier in your presentation you made a

1 comment about a procedural conference once we agree on  
2 this schedule. Or did I misunderstand you?

3 MR. CAROLINE: Meaning that if, depending on -- well, the  
4 procedural conference may or may not be in writing.  
5 That's a determination.

6 THE CHAIRPERSON: You're talking about the one in  
7 September now?

8 MR. CAROLINE: That's right.

9 THE CHAIRPERSON: Okay, fair enough.

10 MR. CAROLINE: September or October, actually.

11 THE CHAIRPERSON: Yeah, okay, fair enough.

12 MR. CAROLINE: Based on our proposal it would be in  
13 October.

14 THE CHAIRPERSON: You proposed September 30<sup>th</sup>, is that  
15 what you mean?

16 Mr. CAROLINE: September 30<sup>th</sup> was the deadline for filing  
17 submissions about process.

18 THE CHAIRPERSON: And then have the procedural conference  
19 subsequent?

20 MR. CAROLINE: And after that, either a procedural  
21 conference or not, depending on your views.

22 THE CHAIRPERSON: Got it. Thank you, Mr. Caroline.

23 MR. CAROLINE: Thank you.

24 **Proceeding Time 9:22 a.m. T07**

25 THE CHAIRPERSON: Do you have any questions? No? Thank  
26 you very much.

1 Ms. Worth?

2 **SUBMISSIONS BY MS. WORTH:**

3 Mr. Chair, Members of the Panel. I have  
4 had a chance to review the suggestion on process that  
5 was put forward by BC Hydro. And I want to say that  
6 my client strongly supports the process that BC Hydro  
7 has actually put forward. We think that it's well  
8 thought out. It's certainly something that we see as  
9 being -- contributing to regulatory efficiency,  
10 particularly because of the consolidated submission,  
11 both for the reasons suggested by my friend Mr. Webb,  
12 but also because it would contribute to the ability of  
13 the parties to participate in a streamlined and  
14 efficient manner. And that's particularly a concern  
15 when PACAs are potentially involved, and where the  
16 parties, like many of those here, are actually going  
17 to be firmly embroiled in any number of BC Hydro and  
18 other regulatory processes during that same time  
19 period.

20 So, I have no issues with the timing and  
21 the process that BC Hydro has suggested, and I've  
22 reviewed it just sort of in quick written notes, the  
23 process that was suggested by Mr. Caroline, and I just  
24 had one thing.

25 I certainly have no problem with the  
26 altered timing, but I understand that my friend and BC

1 Hydro may have submissions on their workload and their  
2 ability to actually adapt to this.

3 But Mr. Caroline has suggested that the  
4 submissions on hearing and then afterwards a  
5 procedural conference. I'm going to suggest that  
6 perhaps the two could be consolidated to one, so that  
7 we either have written submissions and then the  
8 Commission issues its order, or we have a procedural  
9 conference rather than dragging this out even farther  
10 into October.

11 As I've said, the regulatory process and  
12 timing is completely fine. The preliminary  
13 submissions that I have on the scope of the inquiry  
14 are that -- the same that I provided the other day,  
15 which is that MoveUP strongly supports the five issues  
16 the Commission has identified for this inquiry, and  
17 that we see that this is really going to bring the  
18 ability of the participants to address the issues that  
19 were raised by Mr. Dix in his submissions.

20 And we have no other relevant matters to  
21 address at this time, pending any questions.

22 THE CHAIRPERSON: Thanks, Ms. Worth. So, just to  
23 clarify, you -- and we've got two slightly different  
24 timelines before us here.

25 MS. WORTH: Mm-hmm.

26 THE CHAIRPERSON: So you're supporting BC Hydro's

1 timeline, or you're supporting Mr. Caroline's?

2 MS. WORTH: I'm supporting BC Hydro's, but I have no  
3 issues with Mr. Caroline's should that be found to be  
4 appropriate.

5 THE CHAIRPERSON: Okay.

6 MS. WORTH: I'm not identifying any concerns that I have.  
7 Again, I acknowledge that BC Hydro may have concerns.

8 THE CHAIRPERSON: Yes.

9 MS. WORTH: They're sort of the most affected party, as  
10 well as perhaps BCOAPO and CEC, because they have  
11 filed evidence in the rate design.

12 But I did identify that one aspect, which  
13 was the consolidation potentially of the submissions  
14 on process --

15 THE CHAIRPERSON: Right.

16 MS. WORTH: -- and the oral procedural conference, should  
17 that be appropriate.

18 THE CHAIRPERSON: Great, thank you.

19 MS. WORTH: Thank you.

20 THE CHAIRPERSON: Ms. Khan?

21 **Proceeding Time 9:26 a.m. T8**

22 **SUBMISSIONS BY MS. KHAN:**

23 First on the scoping issue, we have  
24 provided some written comments already which can be  
25 found at Exhibit C1-2. And I just wanted to recap  
26 because we have a few suggested items to add or a few

1           comments regarding scope.

2                       So first of all, item 1 doesn't refer to  
3           the original budget for the SAP at the time that SAP  
4           was approved, and the inquiry into this question, in  
5           our submission, would be much more meaningful if we  
6           were to have as a reference point BC Hydro's original  
7           capital and operational budget documents for the SAP.  
8           We therefore are asking that item 1 also address how  
9           BC Hydro's actual SAP-related spending, as of the end  
10          of F2016, compares to its anticipated SAP-related  
11          spending at the time BC Hydro decided to adopt the SAP  
12          platform.

13                      With respect to item 2, it's unclear to us  
14          whether the Commission views BC Hydro's initial  
15          decision to adopt the SAP platform as part of  
16          "management's review and oversight of SAP-related  
17          expenditures." And so the decision to convert to SAP  
18          was a fundamental shift in BC Hydro's IT strategy and  
19          the originating point of all SAP-related expenditures.  
20          Therefore we think that it's important to address  
21          whether BC Hydro's approval and oversight controls and  
22          processes were appropriately designed and operating  
23          effectively with respect to the initial decision to  
24          adopt the SAP platform.

25                      We also suggested one further item to be  
26          added to the list of in-scope items, and it would be

1           appropriate to also consider whether BC Hydro  
2           appropriately defined independent SAP-related projects  
3           that, in aggregate, met or exceeded prescribed  
4           expenditure thresholds. This stems from Mr. Dix's  
5           suggestion that BC Hydro may have broken up the IT  
6           plan into smaller projects that were below the  
7           financial threshold that would trigger a BCUC review.

8                         Now, we've reviewed CEC's written comments  
9           as well and we see that they've suggested that a  
10          prudency review of the expenditures relating to the  
11          SAP should take part, either as part of this  
12          proceeding or as part of a future proceeding, and we  
13          also support that request.

14                        So those are all the comments I have on  
15          scope. With respect to the regulatory process,  
16          regarding the process that's been proposed, we agree  
17          with Hydro that the existing information and  
18          submissions currently on the record are clearly  
19          relevant to the questions to be addressed through the  
20          inquiry, but they are not organized to facilitate  
21          consideration of the Commission's itemized questions.  
22          So we would therefore welcome BC Hydro's offer to  
23          prepare an information filing that would take what has  
24          already been filed on the record and reorganizing it  
25          to adopt -- sorry, to align to the final in-scope  
26          questions determined by the Commission and to update

1 the information where appropriate, including adding  
2 SAP-related expenditures to the end of F2016.

3 We also support BC Hydro's proposal to have  
4 one round of information requests, followed by  
5 submissions on further process, of the timetable for  
6 all of the steps proposed by BC Hydro as acceptable to  
7 us. But similarly, the proposed timetable of Mr. Dix  
8 is also acceptable to us. In fact it's a little more  
9 lenient given that we do have a number of other  
10 proceedings taking place during the summer in front of  
11 the Commission. And so in fact I think the timetable  
12 proposed by Mr. Dix would be -- it would be easier for  
13 us to deal with that timetable as opposed to the  
14 timetable proposed by Hydro, which is a little tight.  
15 However, we're prepared to work within either  
16 timetable proposal.

17 We also think that having a procedural  
18 conference to determine what further process should  
19 take place after the information requests have been  
20 responded to makes sense. And I do actually think  
21 that having written submissions prior to the oral  
22 procedural conference taking place would be helpful,  
23 although it could be a fairly compressed time frame,  
24 just like this one was, to having the written  
25 submissions within a few days of the oral procedural  
26 conference.



1                   With regard to timetable, the CEC would  
2                   support BC Hydro's timetable as it is appropriately,  
3                   we think, managing a lot of activity that will be  
4                   going on for us over the summer. With regard to the  
5                   timeframe for us in handling what's due to come,  
6                   typically in those early processes we are asking  
7                   questions. Those are, regardless of the complexity of  
8                   information, are not things that need to be overly  
9                   complex in terms of time, for us to do that. And  
10                  Hydro really has the major job in responding in those  
11                  early stages. And so I haven't heard anything that  
12                  would tell me that BC Hydro's proposal is not the  
13                  appropriate one for the Commission to land on.

14                  We're happy to deal with the procedural  
15                  conference, or written proceeding, at the Commission's  
16                  request, depending on what's come up and would support  
17                  MoveUP's suggestion that that be all in one type of  
18                  process, not extended through a double ask about  
19                  process before having a process.

20                  And as you'll see from our submission, we  
21                  believe that the process should eventually go to an  
22                  oral proceeding. We think the Commission may find it  
23                  useful to examine a BC Hydro panel with regard to  
24                  management practices, as that seems to be the key  
25                  subject. And it goes to the root of integrity of how  
26                  things are handled, and that, we think, is best

1 handled in interaction between interveners and the  
2 Commission Panel and a panel put forward by BC Hydro.  
3 We would see that followed by written submissions.

4 And we would support BCOAPO's recommended  
5 additions, although I think in some cases those could  
6 be presumed to be in scope, in that I don't think your  
7 intent in defining the scope was that those words were  
8 necessarily limiting. I think they were intended to  
9 define area, and allow for related things to come into  
10 scope.

11 Those are all my submissions, unless there  
12 are any questions.

13 THE CHAIRPERSON: Thank you, Mr. Craig. What about Mr.  
14 Caroline's timetable?

15 MR. CRAIG: We could accommodate Mr. Caroline's  
16 timetable, and at this point I just don't see the  
17 necessity of it, so I support BC Hydro's timetable.

18 **Proceeding Time 9:35 a.m. T10**

19 THE CHAIRPERSON: Okay. Thanks. Thank you, Mr. Craig.

20 Mr. Miller, is there another --

21 MR. MILLER: There is another participant here but she  
22 has no submissions to make on process, so I believe if  
23 we move back up the order now that would be  
24 appropriate.

25 THE CHAIRPERSON: Okay. Thank you, Mr. Miller.

26 THE CHAIRPERSON: Ms. Khan? Or sorry. Yes, Ms. Khan.

1 MS. KHAN: I've addressed the comments of the other  
2 interveners already. Thank you.

3 THE CHAIRPERSON: Okay, thanks, Ms. Khan. Ms. Worth, do  
4 you have any further submissions?

5 MS. WORTH: Nothing further.

6 THE CHAIRPERSON: Okay, thank you, Ms. Worth.

7 Mr. Caroline?

8 **REPLY BY MR. CAROLINE:**

9 It's all about timing. We agree with the  
10 need for Hydro to determine how much time would be  
11 required for whatever part of the process they're  
12 involved with. But if we look at the second step, and  
13 that is the information requests, that may not be  
14 something that takes an enormous amount of time, but  
15 it also involves potentially document production  
16 issues, which do take a little bit more time to work  
17 through. So that's why we suggested basically a  
18 month. I mean obviously we're sort of guessing at how  
19 much time would be required. But I think that while  
20 it's important to recognize how much time Hydro needs,  
21 and we have no issues with whatever they say in that  
22 respect, there's also an issue of the fairness to the  
23 interveners and it's our estimation that two weeks is  
24 a bit too short, and then that pushes everything else  
25 back.

26 So that's the only comment I would make.

1 THE CHAIRPERSON: When you speak of document production  
2 issues, are you talking about documents for you to  
3 produce or --

4 MR. CAROLINE: No, for Hydro to produce, and that is that  
5 they said they're going to produce potentially  
6 additional documents to those that are already before  
7 this proceeding. And depending on Hydro's  
8 consolidated information, depending on the answers to  
9 the questions that we're formulating, there may be  
10 document requests coming from Mr. Dix.

11 THE CHAIRPERSON: Okay.

12 MR. CAROLINE: Of Hydro.

13 THE CHAIRPERSON: Right. So, but Hydro will be  
14 producing the consolidation, potentially more  
15 evidence, potentially some further documents by June  
16 29<sup>th</sup>. And then the question is whether interveners  
17 require two weeks or four weeks, roughly, to analyze  
18 that and prepare a set of questions. But there's no  
19 document production within that two or four week  
20 period.

21 MR. CAROLINE: It would accompany the information  
22 requests coming from the interveners.

23 THE CHAIRPERSON: A request for documents, yes. Okay,  
24 appreciate that, thank you.

25 COMMISSIONER HAROWITZ: I was going to ask a similar  
26 question. So if I understand what you're saying is



1 as Mr. Craig, I believe, said, they can accommodate a  
2 broad range of things, either directly or indirectly,  
3 and BC Hydro's intention is to so accommodate.

4 And that sort of segues into the B.C. Old  
5 Age Pensioners' comments on the scope items. And BC  
6 Hydro has no concern with their proposed revision to  
7 scope item 1. However, we assumed that it already  
8 included what they are proposing, so whether you want  
9 to actually change that scope item or not, either way  
10 is fine with us.

11 Similarly with their proposed change to  
12 scope item number 2, we have no concern with their  
13 proposed change, and we expect that what they're  
14 looking for there is already covered by scope item 2.  
15 Whether or not you want to change it again, we have no  
16 strong view.

17 And with respect to their proposed  
18 additional scope item 6, regarding the definition of  
19 "project" in relation to SAP-related projects, we  
20 expect that scope item 5 already includes inquiry into  
21 the definition or definitions of projects in effect at  
22 all relevant times. A separate question is whether  
23 the historical definition was appropriate -- or sorry,  
24 is appropriate going forward. And that, we would say,  
25 would be part of the separate proceeding the  
26 Commission has initiated to consider oversight of BC

1 Hydro capital projects and expenditures going forward.  
2 So what was the definition at all relevant times is  
3 clearly within the scope of this inquiry. Whether  
4 that is appropriate going forward is part of the other  
5 inquiry. Or, sorry, the other process -- proceeding.

6 CEC, in their written and oral submissions,  
7 and the BCOAPO, picked up on it around the question of  
8 prudence, and whether BC Hydro's decisions and  
9 expenditures on SAP-related projects were prudent; and  
10 if not, what flows from that. And picking up on your  
11 introduction, Mr. Chair, this morning, we would, I  
12 think, put it this way, which is, surely within this  
13 inquiry questions will be asked and answered about  
14 what was that, what was the money spent on, why, what  
15 was the business case, and all of those sorts of  
16 things. The question really is about what is the  
17 outcome of this inquiry going to be.

18 And as you helpfully confirmed this  
19 morning, it's a fact-finding exercise that will result  
20 in a report, for lack of a better word, on the facts  
21 found and recommendations going forward. It will not  
22 include determinations or orders under the *Utilities*  
23 *Commission Act*. Those might come in a subsequent  
24 proceeding, should this Panel's recommendations be  
25 that the Commission look into determining a cost  
26 disallowance, determining the amount of that cost

1 disallowance. That would be in a subsequent  
2 proceeding. Again, if the recommendations arising  
3 from this inquiry warrant that further action. But  
4 this inquiry would not include making such  
5 determinations, as we understand it.

6 **Proceeding Time 9:43 a.m. T12**

7 I'm not looking for any determination on  
8 that, on this point, which is sort of putting out what  
9 we understand will be kind of within the scope of this  
10 inquiry and how things arising from this inquiry might  
11 flow into other proceedings should the recommendation  
12 go there.

13 So those are my only reply comments  
14 regarding scope, and maybe I'll just pause at this  
15 moment for any questions.

16 THE CHAIRPERSON: No, go ahead, please.

17 MR. WEBB: Okay, process. We prefer the process that we  
18 have proposed. However, we also see some merit in Mr.  
19 Caroline's proposal and have no fundamental opposition  
20 to it or even principled opposition to it. It also  
21 accommodates BC Hydro's needs around its other  
22 obligations. It pushes things out by another month.  
23 So I guess other things being equal that's one  
24 downside. It does stretch out the process. But I'm  
25 afraid I can't provide you with any strong view to  
26 make your job easier.

1                   There seems to be unanimity that further  
2                   process after BC Hydro has filed its responses to IRs  
3                   should be determined at that time. And then there's  
4                   been obviously discussion about what should that  
5                   process to determine a further process look like. And  
6                   as I mentioned earlier in response to your question,  
7                   we don't have a strong preference in that regard.  
8                   There is merit in the parties making written  
9                   submissions on further process. Whether or not there  
10                  is also an oral phase like we've had this time, we  
11                  don't have a strong preference. We do see merit in  
12                  the written submissions. Whether there's written  
13                  submissions only or written submissions and an oral  
14                  procedural conference as well, we don't have a strong  
15                  preference.

16                  I'll just quickly have a look and see if I  
17                  had anything else. No, so any questions?

18 THE CHAIRPERSON: Yes, I do have one question, Mr. Webb,  
19                  and it's a new question, so I will give other parties  
20                  an opportunity to respond to this question too. But  
21                  in both your schedule and in Mr. Caroline's schedule  
22                  there's roughly three weeks or so between the IR  
23                  responses and the date for submissions or a procedural  
24                  conference, whatever the case may be.

25                  So to address your concern about stretching  
26                  the timeline out, do you have any comments on the need

1           for three weeks, for a three-week period?

2 MR. WEBB:    I think that's primarily the interveners'

3           step. So they get the information, the response to

4           their IRs. They're going to read it over and figure

5           out what they want to propose in terms of further

6           process. So that's, you know, ultimately their piece

7           of the process and how much time they need. I think

8           our preference is that they have the time they need to

9           review and fully digest the information to make a

10          really informed submission on what they would like to

11          see for further process. We'd prefer not to rush them

12          into making an uninformed submission. We proposed two

13          weeks. Mr. Caroline proposed three weeks. We don't

14          have a strong view on the right number there.

15 COMMISSIONER HAROWITZ:   It seems to me that -- I don't

16          want to presuppose Mr. Caroline's thinking that's

17          going on in his head, but part of the time needed to

18          formulate the IRs I think in some measure might be

19          contingent on if you can in any way describe not only

20          when you recatalogue and reposition the existing

21          material more directly to the scope questions, but is

22          there any descriptive or specific way you can describe

23          to what extent you think new material will also be

24          part of that submission? Because it seems to me that

25          that's a big part of what might or might not also need

26          to be digested.

**Proceeding Time 9:48 a.m. T13**

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MR. WEBB: The work is underway. A somewhat anecdotal response to you, I guess, is that in the Commission's issues list, it's my understanding that item 3, "Have the goals outlined in BC Hydro's IT&T five-year plan and related SAP initiatives been achieved?" To date there is, I think, no information on the record that addresses that item.

So for example, that would be new information, just because it doesn't exist on the record thus far. In most of the other cases it's a reorganization. You know, there is several hundred pages of IRs and attachments that are not aligned to these items, and taking that and realigning. And then in item 1, it asks for -- or contemplates an update to the end of fiscal 2016, whereas the prior information was to the end of calendar 2015, I believe.

So it's not a lot of new information, but some of the items will be completely new information. If that helps.

THE CHAIRPERSON: Is that it, Mr. Webb?

MR. WEBB: Yes.

THE CHAIRPERSON: No, I don't have any further questions, then. Thank you very much, Mr. Webb.

MR. WEBB: Thank you.

THE CHAIRPERSON: And I did ask Mr. Webb for comments on

1 that period of time. If anyone else had any further  
2 comments they wanted to make, please go ahead. No.

3 Okay, so it's ten to ten. I'd like to take  
4 -- the panel would like to take a few minutes and  
5 consider what we've heard here today. So, let's take  
6 until ten o'clock and we'll come back then. Thank  
7 you.

8 **(PROCEEDINGS ADJOURNED AT 9:50 A.M.)**

9 **(PROCEEDINGS RESUMED AT 10:01 A.M.)**

10 THE CHAIRPERSON: Please be seated. Thank you.

11 Okay, so after considering the two  
12 timetables presented by Mr. Webb and Mr. Caroline, the  
13 Panel is of the view that if -- that the interveners  
14 probably will benefit from a little more time to  
15 prepare their IR responses, so we're inclined to agree  
16 with Mr. Caroline's proposed timetable.

17 And regarding the date -- sorry, regarding  
18 the submissions on further process, we thought the way  
19 we approached it this -- for this procedural  
20 conference was quite efficient. So we would like to  
21 have a round of submissions from all parties. One  
22 round of submissions, and then a procedural conference  
23 a day or two later. And we'll schedule that around  
24 the end of September. So I can't say if it will be  
25 exactly the 30<sup>th</sup> or not, but that will be in the Order.  
26 So there will be one round of submissions, and then

1 the procedural conference.

2 Regarding the scope issues, I think there  
3 is general agreement from everyone that the scope, as  
4 it's currently worded, can be interpreted broadly  
5 enough to cover all of -- any of the suggestions that  
6 we've heard today, with one exception that I'll get to  
7 in a moment. And Mr. Webb has also acknowledged that  
8 BC Hydro's position is that that's their  
9 interpretation also. So at this time we won't be  
10 making any changes to the wording of the scope, but we  
11 acknowledge the submissions that we've heard today.

12 The only exception is BCOAPO's proposed  
13 item number 6. I think that most of that can -- is  
14 accommodated in the existing scope items, with the  
15 exception of anything that's forward-looking, as Mr.  
16 Webb was pointing out. This inquiry is an opportunity  
17 to look backward at what has happened and the  
18 Commission has initiated another proceeding that's  
19 forward-looking with respect to SAP-related capital  
20 expenditures. So, I would suggest to BCOAPO that if  
21 they have scope items in that regard, that they  
22 participate in that proceeding, and that would be a  
23 more appropriate place to consider those items.

24 If there is nothing else, we will adjourn.

25 **(PROCEEDINGS ADJOURNED AT 10:05 A.M.)**

26