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INFORMATION RELEASE – BCUC Completes SAP Inquiry

VANCOUVER – The British Columbia Utilities Commission (BCUC) has completed an inquiry regarding BC Hydro’s expenditures related to spending on Information Technology & Telecommunications (IT&T) (Sap Inquiry).

The SAP Inquiry was initiated by the BCUC as the result of a complaint received in December 2015 that alleged, among other things, that the BCUC and ratepayers were intentionally misled on the risks and costs associated with \$400 million in proposed spending by BC Hydro on the adoption of the SAP platform.

By way of a series of information requests and hearings that were held over the course of two years, the Panel for the SAP Inquiry looked into, among other things, if all SAP-related disclosures filed with the BCUC were appropriate, reasonable and in accordance with the *Utilities Commission Act*. The Panel review involved thousands of pages of evidence filed by BC Hydro, three rounds of information requests, two procedural conferences, witness statements filed by BC Hydro, six interveners, and written final and reply arguments.

The Panel made a number of findings on the key issues, including:

- BC Hydro’s spending related to SAP escaped the proper degree of scrutiny as a result of the way in which approvals were sought;
- Testimony provided by BC Hydro regarding its IT&T Plan was incomplete and potentially misleading; and
- BC Hydro management failed to provide information requested by the BCUC at an oral hearing, which resulted in BC Hydro missing an opportunity to provide the disclosure that it was required to provide to the BCUC, though there is no evidence to support a finding that the BCUC was intentionally misled.

Overall, the Panel found that because of lack of training, which gave rise to a culture of reticence within BC Hydro to make disclosures to the BCUC, there was confusion about what disclosures were required. However, the Panel found no evidence to support a finding that the BCUC was intentionally misled.

As a result of this Inquiry, the Panel has made a number of recommendations regarding BC Hydro’s relationship with the BCUC, the role of BC Hydro’s Regulatory and Legal Affairs functions, BC Hydro’s decision-making and approvals framework, and others. These recommendations include the following:

- BC Hydro should foster and adhere to a corporate culture whereby working with the BCUC is a necessary and important element in achieving the best possible decisions;
- BC Hydro should actively and consistently keep Regulatory Affairs informed of actions and decisions that may have regulatory implications; and
- BC Hydro should operate under the expectation that many, if not all, strategic decisions have a financial impact, and that all decisions with financial implications must be disclosed, reviewed and approved in accordance with the regulatory requirements in place at the time of the decision.

The full report is available [here](#).

A separate BCUC proceeding established to review the regulatory oversight of BC Hydro's capital expenditures and projects is ongoing through a separate hearing process.

About the BCUC

The BCUC is a regulatory agency responsible for oversight of energy utilities and compulsory auto insurance in British Columbia. It is the BCUC's role to balance the interests of customers with the interests of the businesses it regulates. The BCUC carries out fair and transparent reviews of matters within its jurisdiction and considers public input where public interest is impacted.

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