



May 30, 2016

VIA EMAIL

Laurel Ross
Acting Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Ross:

**Re: Inquiry to Review BC Hydro SAP Expenditures
BCOAPO Submissions on Scope of Inquiry and Process for Proceeding**

We make the following submissions on behalf of our clients, the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre, known collectively in regulatory processes as "BCOAPO *et al.*" The constituent groups of BCOAPO *et al.* represent the interests of low and fixed income energy consumers within BC and more specifically in this process, the interests of BC Hydro's low and fixed income residential ratepayers.

Background

The Commission has established an Inquiry to review BC Hydro's expenditures related to the adoption of the SAP platform. In Appendix B to Order G-62-16, the Commission proposed that the scope of this proceeding be to address the following questions:

Item 1: What are the total capital and operating expenditures incurred by BC Hydro as at the end of F2016 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 technology capital expenditures and projects? Were these controls and processes appropriately

designed and operating effectively with respect to management's review and oversight of SAP related expenditures?

Item 3: Have the goals outlined in BC Hydro's Information Technology and Telecommunication (IT&T) Five-Year Plan related to SAP initiatives been achieved?

Item 4: What is BC Hydro's planned capital spending on the adoption of the SAP platform and independent SAP projects on a go-forward basis?

Item 5: Were all SAP-related disclosures to the Commission appropriate, reasonable and in accordance with the Utilities Commission Act?

Order G-62-16 requested that BC Hydro and registered interveners provide their comments, if any, on the Proposed Scope of Inquiry and the process for this proceeding. We provide our comments on each in the sections below.

BCOAPO's Comments:

(a) Proposed Scope of Inquiry

With respect to Item 1, BCOAPO notes that the question makes no reference to the original budget for SAP at the time SAP was approved. BCOAPO submits that this question would be more meaningful if we have as a reference point BC Hydro's original capital and operational budget document(s) for SAP. We therefore request that Item 1 also address how BC Hydro's *actual* SAP-related spending as of the end of F2016 compares to its *anticipated* SAP-related spending at the time BC Hydro decided to adopt the SAP platform.

With respect to Item 2, it is not immediately clear whether the Commission views BC Hydro's initial decision to adopt the SAP platform as part of "management's review and oversight of SAP-related expenditures." The decision to adopt the SAP platform was a fundamental shift in BC Hydro's information technology strategy and the originating point of all SAP-related expenditures. For these reasons, BCOAPO submits that it is important to address whether BC Hydro's approval and oversight controls and processes were appropriately designed and operating effectively with respect to the initial decision to adopt the SAP platform.

Finally, we understand that the Review of the Regulatory Oversight of BC Hydro's Capital Expenditures and Projects will be addressing the issue of clarity on what constitutes a project. We submit that this issue is also a central issue in Mr. Dix's

complaint. On page 2 of Mr. Dix's complaint, Mr. Dix alleges that BC Hydro "hid elements of the IT Plan from the BC Utilities Commission by breaking up programs and projects in the IT Plan into smaller projects under the financial threshold where they would trigger a BCUC review of the program or projects." We therefore request that the Commission add an item (Item 6) to address the issue of whether BC Hydro appropriately defined independent SAP-related projects that, in aggregate, met or exceeded prescribed expenditure thresholds.

Notwithstanding the above comments, BCOAPO is generally agreeable to the scope as proposed by the Commission.

(b) Process for Proceeding

BCOAPO submits that this proceeding will require at least one round of information requests. This will assist in clarifying the timeline of events set out in Mr. Dix's complaint, and any discrepancies between the complaint and BC Hydro's response.

In our view, the appropriate process beyond such discovery should be determined after parties receive responses to the first round of information requests.

Sincerely,

BC PUBLIC INTEREST ADVOCACY CENTRE

Erin Pritchard and Kate Feeney
Staff Lawyers

c. Registered Parties