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**British Columbia Utilities Commission  
Sixth Floor  
900 Howe Street,  
Vancouver,  
British Columbia,  
V6Z 2N3**

Attention: **Ms. Erica Hamilton**  
**Commission Secretary**

**Dear Ms. Hamilton,**

**Re: British Columbia Hydro and Power Authority  
Supply Chain Application Project #  
Procedural conference Intervener Submission in absentia**

I am writing to advise that I am unable to attend the upcoming BC Hydro Supply Chain Application Procedural Conference this coming March 10<sup>th</sup> 2017, as my wife is having another operation that day.

Please accept this submission to the proceedings in absentia.

Before getting into the details, I wish to assure the Commission and BC Hydro, I am in strong support of SAP, and all the benefits that will eventually materialize. I also wish to thank BC Hydro for addressing all my Information Requests, I am well satisfied with their responses.

Given the Commissions Exhibit A-4 of March 3<sup>rd</sup>, wherein the Commission has limited scoping of this procedural conference, I have spent some time trying to reconcile the proposed timetable set out in the application, and repeated in exhibit A-4. In as much as understanding the timetable events between Phase One and Phase Two, and the protracted project time span.

Of particular concern is item 4 from Exhibit A-4, quote:

“Merits of a two-phase regulatory process, as opposed to a single approval of the total capital expenditures for the Supply Chain Applications Project”

For the record, my preference is to request the Commission enter into a two phase regulatory process, that reviews each project segment’s capital expenditures, not lump sum total capital expenditure.

Ms. Erica Hamilton  
 Procedural Conference, continued:

Reasons for Request for a Two Phase Process:

In the application Chapter 4 Project Description details 8 distinct project segments. By addressing for just one example of my concerns, Table 4-1 Supply Chain Solutions Program Costs, where BC Hydro explains on page 4-10, quote:

“Supply Chain Solutions – SharePoint: This project developed a system for managing supply chain documents (Microsoft Word and Excel, Adobe PDF) using a Microsoft IT platform called SharePoint. SharePoint provides BC Hydro with a common system for exchanging documents with suppliers and storing documents in BC Hydro’s records management system. The IT tool that was delivered by this project is called the Supply Chain Workspace”.

In the table BC Hydro summarizes the final cost at \$19.1 million. The cost assignments given in this table are ridiculous to the point of excess. The software discussed is standard software I use all the time in these BCUC hearings. Apparently, if I understand correctly, the Commission has approved in a past submission the expenditure of \$19.6 million for this “solution”, which I refer to as a “segment”. The movement of data between the software applications are straight forward and seamless. I can take any readable word document, excel spreadsheet or pdf document in minutes, and transform the data into each software program. As an example Table 4-1 has been copied right from page 4-10 in the BC Hydro Application as a pdf page, using Abode Conversion software, convert into an excel file in a minute (slightly reformatted to demonstrate flexibility and manageability of data/file attributes), as provided by example below.

**Table 4-1 Supply Chain Solutions Program Costs (\$millions)**

Project	Total Authorized Amount	Final Project Cost	Difference
SC Solutions – SAP	7.7	7.7	0.0
SC Solutions – Meters	2.5	2.2	(0.3)
SC Solutions – PassPort	0.7	0.6	(0.2)
SC Solutions – SharePoint	8.7	8.7	0.0
<b>Total</b>	<b>19.6</b>	<b>19.1</b>	<b>(0.5)</b>

The point of the demonstration is, one page in one minute. It is beyond comprehension that BC Hydro has “SPENT” \$19.1 million doing the same thing. I can further copy this table from “Word” (this document to the Commission), and move the table into excel (either .xls, or .xlsx format) to double check the arithmetic, in less than 20 seconds, using (copy/paste function keys ctl-c/ctl-v, then the sum).

At a labour rate of \$40.00/hr, these steps would have cost \$0.67 per page. Allow 20% for file management and housekeeping, that page would cost out at \$0.80 x \$19.1 million translates to 23.87 million pages. This example hopefully enlightens the Commission to question this expenditure, and affirm the need to approve a two phase approval

process incorporating project capital expenditures on the remaining project on a segmented basis.

\$ 40.00	Labour rate
60	minutes in hr
\$ 0.66667	cost per page
\$ 0.80	20% overhead
\$ 19,100,000.00	Project cost
23,875,000.00	Pages

Ms. Erica Hamilton  
Procedural Conference, continued:

Further, I then scanned the entire BC Hydro Application (pdf file) for “19.1” and “19.6”, these two numbers do not appear anywhere else in the application other than in Table 4-1 on page 4-10.

Further, I then double checked for \$19.1 million in “Table 2-1 Information Included in Attachment F”, and “Table 2-2 Mid-Range Cost Estimate (\$ million)”, and “Attachment F”. I found a reference in the application electronic version (pdf options attachments to Appendix F spreadsheet). Once I opened the attachment, in worksheet “B1-SCA Appl Tables” at the very bottom of this worksheet, is the Table 4-1 numbers. The numbers are totally unconnected to any other cell within the entire spreadsheet file. These cells in this table are “stand alone”, they have no cost reference to tally to. Given the vastness of this file, *(which is tremendous and very complex, loved some of the cell formulas)*, that is most unusual and note worthy. Steering this intervener to question the values given in this table, as compared to so many other traceable cell calculations within the entire spreadsheet.

This is a rather long winded explanation of why I am requesting the Commission approve a two phase process. If I can without too much effort hi-light questionable SAP related costs so easily, then what else exists within the detail that should be reviewed by the Commission before granting general approvals of “ANY COSTS”.

On March 6<sup>th</sup>, I received a telephone call from BCUC Staff on another matter. At the time of the conversation I accepted Staffs explanations, (well somewhat). Later that evening I turned my attention to this application with the notion that Staff had tried to give me assurances with the knowledge, the BCUC have two accountants and a lawyer working on the issue we were talking about. It was made clear (very politely I might add), I am going to have to wait until the Commission and BC Hydro have completed their final irritations before I will find out whether these two accountants and a lawyer have completed their work. And only then I was advised, can I write to the Commission with any concerns or complaint I may have. The horse has bolted out of the barn.

I believe BC Hydro have detailed so many project segments (parts) to the overall project into small cost estimated elements, that sum to over \$70 million, it is most appropriate for the BCUC Commission Panel to follow each segment, and their costs **ahead of any overall project Commission approvals.** I believe the BCUC Commission should definitely follow a two phase process, with particular attention to the remaining project segmentation costs, any cost over runs, ahead of granting any approvals to the next segment in each phase within the total project. *(emphasis added).*

Without the Commissions “due diligence” (accountants and lawyers working hard) to providing project cost oversight on a regular timetable basis, cost management could easily escalate beyond the current \$70 million contemplated for the Commission’s approval. Come on... \$19.1 million for data software integration without accountability.

With regard to items 1, 2, 3, and 5, I am content to accept the Commission’s decision, while noting cost management, cost containment, no cost overruns, and due diligence.

All of which is respectfully submitted in absentia.



Richard T. Landale