



**ORDER NUMBER**  
**G-58-16**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

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

**BEFORE:**

D. M. Morton, Commissioner  
D. A. Cote, Commissioner  
K. A. Keilty, Commissioner

on April 28, 2016

**ORDER**

**WHEREAS:**

- A. On December 10, 2015, the British Columbia Utilities Commission (Commission) received a letter of complaint dated December 8, 2015, from Mr. Adrian Dix, which makes a number of statements and allegations against British Columbia Hydro and Power Authority (BC Hydro) pertaining to its conversion to SAP as its Information Technology platform (Complaint);
- B. On December 11, 2015, the Commission requested BC Hydro review the Complaint and provide a response to the statements and allegations made;
- C. On January 8, 2016, BC Hydro filed its response to the Complaint which, amongst other things, acknowledges that in the Commission's oral public hearing of BC Hydro's 2009 and 2010 Revenue Requirement Application, BC Hydro did not provide the most accurate disclosure of certain information technology decisions involving SAP, but submits that accurate information was provided to the Commission shortly after the hearing. The response makes submissions regarding certain SAP cost amounts, project approval requirements and indicates that various components of the SAP project are not yet complete. The response also suggests some additional steps that may be beneficial in this circumstance including:
  - (i) an in-depth review of SAP-related expenditures in an appropriate Commission forum; and
  - (ii) discussions with the Commission regarding improvements to the practice for the review and oversight of Information Technology and Telecommunications capital projects and a change in practice that would provide more timely opportunities for review and oversight of BC Hydro capital projects;
- D. On January 21, 2016, the Commission requested Mr. Dix provide a response to BC Hydro's January 8, 2016 submission;

- E. On February 4, 2016, Mr. Dix filed a response reaffirming the Complaint and outlined several outstanding issues not addressed in BC Hydro's January 8, 2016 letter. Also in the response, Mr. Dix suggests that the Commission could take a number of actions to address his correspondence including:
- (i) Pursuit of a charge of an Offence against BC Hydro under section 106 of the *Utilities Commission Act*;
  - (ii) a prudency review to determine if the Commission was "misled"; and/or
  - (iii) an in depth review to achieve a common understanding of SAP-related expenditures.
- F. On March 9, 2016, the Commission issued questions to BC Hydro related to the Complaint and BC Hydro's January 8, 2016 response document;
- G. On April 8, 2016, BC Hydro responded to the Commission's questions providing further details of BC Hydro's SAP platform adoption and disclosures;
- H. Upon receiving a complaint, section 83 of the *Utilities Commission Act* assigns the Commission powers to determine whether a hearing or inquiry is to be had, and generally whether any action on its part is or is not to be taken; and
- I. The Commission reviewed the various correspondences and supporting material in relation to the Complaint and determines that further process is warranted.

**NOW THEREFORE** pursuant to section 83 of the *Utilities Commission Act* the British Columbia Utilities Commission orders as follows:

1. A proceeding is established to review the regulatory oversight of British Columbia Hydro and Power Authority's (BC Hydro) capital expenditures and projects. A Commission order establishing the regulatory process and timetable will follow.
2. An Inquiry is established to review BC Hydro's expenditures related to the adoption of the SAP platform. A Commission order establishing the regulatory process and timetable will follow.
3. BC Hydro is to provide a copy of this order to all registered interveners and interested parties of its last revenue requirement proceeding.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 3<sup>rd</sup> day of May 2016.

BY ORDER

*Original signed by:*

D. M. Morton  
Commissioner