

DEC 17 2018

Dear Ms. Walli,

ONTARIO ENERGY BOARD

In the Toronto Hydro Rate Application currently before the Board (⁶⁵~~EB-2018-0156~~), Toronto Hydro has made several inaccurate or misleading statements with respect to its new ERP system.

At page 1567 of Exhibit 2B Toronto Hydro States:

Enterprise Resource Planning

Compared to the 2015 to 2019 period, Toronto Hydro is proposing to decrease its spend in relation to the ERP system. As discussed in the 2015-2019 DSP (Exhibit 2B, E8.6), the utility detailed its need to replace the legacy system, Ellipse, in favour of a modern application to address significant reliability and cybersecurity risks. Through a competitive process, Toronto Hydro procured an independent System Integrator services provider for SAP implementation. In addition, the approved ERP program entailed the consolidation of 30 other legacy systems into the new ERP to streamline the effort required to administer and support those functions over the long run and minimize business risks.

There are several misleading inferences in the above text.

“a modern application” – Toronto Hydro did not implement “a modern application”. It implemented 3 separate modern applications – SAP ECC 6, SAP Ariba and SAP Success Factors. Ariba is being used for Contract Management and, as such, overlaps with core procurement functionality available in SAP ECC6. Success Factors is being used for Human Resources and, as such, overlaps with core human resources functionality available in SAP ECC6. The implementation of these additional SAP products are at odds with the “single product” approach as discussed in the 2015-2019 DSP referenced above. Toronto Hydro should inform the Board why it is presenting 3 systems as one system. It should also inform the Board why it did not advise of this change in IT strategy as well as the costs and benefits of this change in strategy to the ratepayer.

“a competitive process ... [to procure] independent System Integrator services” -- This is true, but there is no evidence that there was a competitive process to evaluate addition Procurement and Human Resources software generally or to purchase Ariba or Success Factors software. Expenditure in this area was not insignificant and Toronto Hydro should inform the Board of why it purchased these additional systems without a full evaluation and what the benefit to the ratepayer is for these additional software purchases over and above the standard functionality available in ECC6.

“to streamline the effort” – Supporting 3 systems entails more effort than supporting 1.

Hopefully these comments are helpful to the Board in holding Toronto Hydro to account.