

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BILL BENNETT

Plaintiff

- and -

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC.,  
HYDRO ONE REMOTE COMMUNITIES INC., NORFOLK POWER  
DISTRIBUTION INC., and HYDRO ONE NETWORKS INC.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**CERTIFICATION MOTION RECORD  
(Returnable May 9-11, 2017)**

VOLUME 1 OF 4

April 14, 2016

**KOSKIE MINSKY LLP**

20 Queen Street West  
Suite 900, PO Box 52  
Toronto ON M5H 3R3

**Kirk M. Baert** LS#: 309420

Tel: (416) 595-2117 / Fax: (416) 204-2889

**Garth Myers** LS#: 63207G

Tel: (416) 595-2102 / Fax: (416) 204-4024

**LAX O'SULLIVAN LISUS**

**GOTTLIEB LLP**

145 King St West  
Suite 2750  
Toronto ON M5H 1J8

**Eric R. Hoaken** LS#: 35502S

Tel: (416) 645-5075 / Fax: (416) 598-3730

**Ian C. Matthews** LS#: 55306N

Tel: (416) 598-5365 / Fax: (416) 598-3730

**Lisa S. Lutwak** LS#: 659851

Tel: (416) 645-5078 / Fax: (416) 598-3730

**Lawyers for the Plaintiff**

TO: **OSLER, HOSKIN & HARCOURT LLP**  
100 King Street West  
1 First Canadian Place  
Suite 6200  
P.O. Box 50  
Toronto ON M5X 1B8

**Laura K. Fric**

Tel: (416) 862-5889 / Fax: (416) 862-6666

**Lawrence Ritchie**

Tel: (416) 862-6608 / Fax: (416) 862-6666

**Robert Carson**

Tel: (416) 862-4235 / Fax: (416) 862-6666

**Lawyers for the Defendants**

## CERTIFICATION MOTION RECORD

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Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BILL BENNETT

Plaintiff

- and -

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC.,  
HYDRO ONE REMOTE COMMUNITIES INC., NORFOLK POWER  
DISTRIBUTION INC., and HYDRO ONE NETWORKS INC.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**NOTICE OF MOTION  
(Certification Motion returnable May 9-11, 2017)**

**THE PLAINTIFF** will make a motion to the Honourable Mr. Justice Edward Belobaba on May 9-11, 2017, at 10:00 a.m. or as soon after that time as the motion can be heard, at 130 Queen Street West, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

- (a) an order certifying this action as a class proceeding pursuant to the *Class Proceedings Act, 1992*, S.O. 1992, c. 6, as amended (the “CPA”);
- (b) an order appointing Bill Bennett as representative plaintiff for the class;

- (c) an order defining the class as:

All persons and entities, other than the Excluded Persons, who purchased electricity from Hydro One between May 2013 and the date of the certification order in this action.

"**Excluded Persons**" are the defendants, their current and former officers and directors, members of their immediate families, and their legal representatives, heirs, successors or assigns.

- (d) an order that that the within proceeding is certified on the basis of the following common issues:

*Negligence*

1. Do the Defendants owe the class a duty of care to take reasonable steps to ensure that they:
  - (a) employ a billing system that accurately and reliably bills customers for the amount of electricity actually consumed;
  - (b) employ a system or process to ensure that bills issued to customers accurately state the consumption of electricity upon which the bill is based; and/or
  - (c) employ a system of process to ensure that they provide timely, effective, accurate and informed customer service that is responsive to questions posed by Class Members about meter accuracy, distribution rates and billing errors;
2. Did the Defendants breach the standard of care? If so, how?
3. If the answer to (2) is yes, did the breach of the Defendants' standard of care cause damages to the class?
4. If the answer to (3) is yes,
  - (a) can damages be assessed on an aggregate basis?
  - (b) if so, what is the quantum of aggregate damages owed to the Class Members?

*Breach of Contract*

5. Was it a term of Class Members' contracts with the Defendants that the Defendants will:
  - (a) employ a billing system that accurately and reliably bills customers for the amount of electricity actually consumed;

- (b) employ a system or process to ensure that bills issued to customers accurately state the consumption of electricity upon which the bill is based;
  - (c) employ a system of process to ensure that they provide timely, effective, accurate and informed customer service that is responsive to questions posed by Class Members about meter accuracy, distribution rates and billing errors; and/or
  - (d) observe a duty of good faith and fair dealing with customers.
6. Were the terms of the contract between the Defendants the class breached?
7. If the answer to (6) is yes,
- (a) can damages be assessed on an aggregate basis?
  - (b) if so, what is the quantum of aggregate damages owed to the Class Members?

***Unjust Enrichment***

8. Were the Defendants enriched?
9. If the answer to (8) is yes, were the Class Members correspondingly deprived?
10. If the answer to (9) is yes, was there a juristic reason for the Defendants' enrichment?
11. If the answer to (10) is no, can damages be assessed on an aggregate basis?
12. If the answer to (11) is yes, what is the quantum of aggregate damages owed to the Class Members?

***Punitive Damages***

13. Should the Defendants pay punitive damages? If so, in what amount, and to whom?
- (e) an order approving the proposed litigation plan;
  - (f) an order staying any other proceeding based on the facts giving rise to this proposed class proceeding;
  - (g) an order declaring that no other proceeding based upon the facts giving rise to this proceeding may be commenced without leave of the court;

- (h) an order that the defendants shall pay to the plaintiff his costs of this motion plus any applicable taxes; and
- (i) such other relief that counsel may advise and this Honourable Court may permit.

**THE GROUNDS FOR THE MOTION ARE:**

- (a) This action was commenced on August 24, 2015 pursuant to the *CPA*.
- (b) The proposed representative plaintiff advances claims for negligence, breach of contract and unjust enrichment against the defendants, Hydro One Inc., Hydro One Networks Inc., Hydro One Brampton Networks Inc., Hydro One Remote Communities Inc., and Norfolk Power Distribution Inc., due to the defendants' failure to properly plan for and implement a customer information system.
- (c) The action has been discontinued on consent as against the defendant Hydro One Brampton Networks Inc., without costs.
- (d) The pleadings herein disclose causes of action in negligence, unjust enrichment and breach of contract against the defendants.
- (e) There is a large class consisting of all of Hydro One's customers since May 2013.
- (f) The class is objectively defined, membership being comprised of those who have been Hydro One customers between May 2013 and the date of the certification order.
- (g) There is a rational relationship between the class and the common issues and the class is not unnecessarily broad.
- (h) The claims alleged in the Statement of Claim raise common issues, the determination of which will substantially move the litigation forward.
- (i) In light of the access to justice concerns and with regard to achieving judicial economy, a class proceeding is not only the preferable procedure for resolving these claims but is the only manner by which these claims can be realistically adjudicated.

- (j) A class proceeding in this case would constitute the fairest, most efficient and manageable means of adjudication of the common issues.
- (k) The proposed representative plaintiff, Bill Bennett, can fairly and adequately represent the interests of the class, with whom he has no conflict on the common issues.
- (l) The proposed representative plaintiff has produced a workable litigation plan for advancing the claims on behalf of the class up to the common issues trial and afterwards.
- (m) The *CPA*.
- (n) The *Rules of Civil Procedure*; and
- (o) Such other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the affidavit of David Rosenfeld sworn April 11, 2016;
- (b) the affidavit of Bill Bennett sworn March 24, 2016;
- (c) the affidavit of Mary Bates sworn April 12, 2016;
- (d) the affidavit of Errol Soriano sworn April 13, 2016;
- (e) the affidavit of Rajesh Gurusamy sworn April 13, 2016;
- (f) the affidavit of M. Lilly Iannacito sworn April 13, 2016; and
- (g) such other material as counsel may advise and this Honourable Court may permit.

April 14, 2016

**KOSKIE MINSKY LLP**

Barristers and Solicitors  
20 Queen Street West  
Suite 900  
P.O. Box 52  
Toronto ON M5H 3R3

**Kirk M. Baert** LSUC#: 309420

kbaert@kmlaw.ca

Tel: (416) 595-2117

Fax: (416) 204-4924

**Garth Myers** LSUC#: 63207G

gmyers@kmlaw.ca

Tel: (416) 595-2102

Fax: (416) 204-4924

**LAX O'SULLIVAN LISUS GOTTLIEB LLP**

Counsel

Suite 2750, 145 King Street West  
Toronto ON M5H 1J8

**Eric R. Hoaken** LSUC#: 35502S

choaken@counsel-toronto.com

Tel: (416) 645-5075

Fax: (416) 598-3730

**Ian C. Matthews** LSUC#: 55306N

imathews@counsel-toronto.com

Tel: (416) 598-5365

Fax: (416) 598-3730

**Lisa S. Lutwak** LSUC#: 65985I

llutwak@counsel-toronto.com

Tel: (416) 645-5078

Fax: (416) 598-3730

Lawyers for the Plaintiff

TO: **Osler, Hoskin & Harcourt LLP**  
Box 50, 1 First Canadian Place  
Toronto, ON M5X 1B8

**Laura Fric**  
**Lawrence Ritchie**  
**Robert Carson**  
Tel: (416) 862-6608

Lawyers for the Defendants

**BILL BENNETT**  
Plaintiff

**HYDRO ONE INC., ET AL**  
Defendants

and

Court File No. CV-15-535019-00CP

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**NOTICE OF MOTION**  
(Certification Motion returnable May 9-11, 2017)

**KOSKIE MINSKY LLP**  
20 Queen Street West  
Suite 900, PO Box 52  
Toronto ON M5H 3R3  
**Kirk M. Baert** LSUC#: 309420  
Tel: (416) 595-2117 / Fax: (416) 204-2889  
**Garth Myers** LSUC#: 63207G  
Tel: (416) 595-2102 / Fax: (416) 204-4024

**LAX O'SULLIVAN LISUS GOTTLIEB LLP**  
145 King St West, Suite 2750  
Toronto ON M5H 1J8  
**Eric R. Hoaken** LSUC#: 35502S  
Tel: (416) 645-5075  
Fax: (416) 598-3730  
**Ian C. Matthews** LSUC#: 55306N  
Tel: (416) 598-5365  
Fax: (416) 598-3730  
**Lisa S. Lutwak** LSUC#: 65985I  
Tel: (416) 645-5078  
Fax: (416) 598-3730

Lawyers for the Plaintiff

Court File No.: CV-15535019

ONTARIO  
SUPERIOR COURT OF JUSTICE

-0000

BETWEEN:



BILL BENNETT

Plaintiff

- and -

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC., HYDRO ONE  
REMOTE COMMUNITIES INC., NORFOLK POWER DISTRIBUTION INC., and  
HYDRO ONE NETWORKS INC.

Defendants

Proceeding under the *Class Proceedings Act, 1992***NOTICE OF ACTION****TO THE DEFENDANTS**

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the statement of claim served with this notice of action.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this notice of action is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE

TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

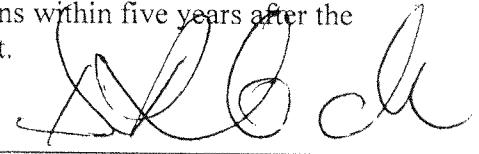
IF YOU PAY THE PLAINTIFF'S CLAIM, and \$10,000 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$400.00 for costs and have the costs assessed by the court.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Issued

Date: August 24, 2015

Issued by



Local registrar

Address of court office 393 University Avenue  
10<sup>th</sup> Floor  
Toronto, Ontario M5G1E6

TO: Hydro One Inc.  
483 Bay Street  
Toronto, Ontario M5G 2P5

AND TO: Hydro One Brampton Networks Inc.  
175 Sandalwood Parkway West  
Brampton, Ontario L7A 1E8

AND TO: Hydro One Remote Communities Inc.  
680 Beaverhall Pl  
Thunder Bay, Ontario P7E 6G9

AND TO: Norfolk Power Distribution Inc.  
PO Box 588  
70 Victoria Street  
Simcoe, Ontario N3Y 4N6

AND TO: Hydro One Networks Inc.  
483 Bay Street  
Toronto, Ontario M5G 2P5

**CLAIM**

## 1. The plaintiff claims:

- (a) an order certifying this action as a class proceeding pursuant to the *Class Proceedings Act, 1992*, S.O. 1992, c. 6 (the “CPA”) and appointing the plaintiff as representative plaintiff for the class, described herein;
- (b) an order directing the defendants to preserve and disclose to the plaintiff all records, in any form, relating to the issues raised in this Notice of Action;
- (c) a declaration that the defendants breached their contracts with some or all members of the class;
- (d) a declaration that the defendants owed a duty of care to the class and that the defendants breached this duty with respect to some or all class members;
- (e) a declaration that the defendants have been unjustly enriched, that the members of the class have suffered a corresponding deprivation, and that there is no juristic reason for such enrichment;
- (f) general damages for the class in an amount of \$100 million or as otherwise calculated on an aggregate basis for breach of contract, negligence and unjust enrichment;
- (g) punitive, aggravated, and exemplary damages in the amount of \$25 million, or such other sum as this Honourable Court may find appropriate;
- (h) an accounting of all sums collected by the defendants from the class members after May 2013;
- (i) prejudgment and postjudgment interest pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43;

- (j) costs of the action on a substantial indemnity basis;
- (k) costs of notice and of administering the plan of distribution of the recovery in this action, plus applicable taxes; and
- (l) such further and other relief as this Honourable Court may deem just.

### **Overview**

2. The defendants (collectively, “Hydro One”) make up the largest electricity transmission and distribution company in Ontario. Hydro One holds a virtual monopoly over electricity distribution with respect to over 1.3 million Ontario customers, including residential customers. Hydro One provides a crucial service to its customers, who are entirely reliant on the timely and effective delivery of its services and the accurate billing for same. Hydro One’s monopolistic nature and the importance of the services it provides render Hydro One customers particularly vulnerable to its administration and billing abuses.

3. On or around May 2013, Hydro One installed a new billing and account management system. Immediately, systemic problems arose as a result of Hydro One’s faulty design, administration and management of this new system: (a) tens of thousands of customers stopped receiving bills; (b) others only received bills based on estimates for long periods, later receiving massive “catch-up” bills; (c) many customers had large sums of money withdrawn automatically by Hydro One from their bank accounts without notice or explanation; and (d) thousands of accounts were affected by billing and administrative errors, including by bills that did not reflect the electricity actually consumed by Hydro One’s customers.

4. The problems experienced by customers were the result of Hydro One's systematic failure to properly implement its new billing and account management system. Hydro One's failure predictably led to a dramatic increase in post-launch calls and complaints. However, Hydro One was not prepared for this deluge. By virtue of their insufficient size and inadequate training, Hydro One's customer service teams were not able to manage incoming communications from its customers and were quickly overwhelmed by the volume and complexity of customer inquiries. This resulted in a tremendous backlog, delay, and inability to service customers in a timely or appropriate manner, further contributing to and exacerbating Hydro One's systemic failures.

5. Instead of responding to customer inquiries and complaints in an appropriate manner, Hydro One representatives deliberately kept the situation under wraps by deceiving customers and stakeholders about the nature and extent of Hydro One's billing and customer service disaster. Rather than acknowledge that its customers were experiencing billing issues, Hydro One engaged in a campaign of deflection and deceit and continued to represent that there was nothing to be concerned about, further exacerbating its systemic billing and account management problems.

6. As a result of Hydro One's systemic failures, its customers have suffered tremendous damages, including overpayment of bills, massive catch-up bills and inflated sums automatically withdrawn from their bank accounts, leaving customers frustrated and confused.

7. Beginning in December 2013, Hydro One's Chief Executive Officer issued the first of what would become a succession of public apologies for the company's

substandard service, culminating in over 1 million apology letters to all residential, seasonal and general service customers on February 20, 2014. However, this was too little, too late.

### **Parties**

8. The plaintiff, Bill Bennett, is an individual residing in Richmond Hill, Ontario. Mr. Bennett is a customer of Hydro One. In 2013 and thereafter, Mr. Bennett began receiving inflated bills, catch-up bills and delayed bills from Hydro One.

9. The defendant Hydro One Inc. is wholly-owned by the Province of Ontario, which appoints its Board of Directors. The defendants, Hydro One Networks Inc., Hydro One Remote Communities Inc., Hydro One Brampton Networks Inc., and Norfolk Power Distribution Inc., are subsidiaries of Hydro One Inc.

10. The plaintiff brings this action pursuant to the *CPA* on his own behalf and on behalf of all persons and entities, other than the Excluded Persons, who purchased electricity from Hydro One between May 2013 and the date of the certification order in this action (the “Class” and the “Class Members”).

11. Excluded from the Class are the defendants, their officers and directors, members of their immediate families, and their legal representatives, heirs successors or assigns (“Excluded Persons”).

### **Hydro One Was Negligent**

12. As a result of its systemic failures described above, the defendants are liable to the Class for negligence. Hydro One owed a duty of care to the Class by virtue of its

transmission and sale of electricity to the Class. Hydro One breached the standard of care through, *inter alia*, its systemic failure to properly design and implement its new billing and account management system, which caused damages to the Class.

#### **Hydro One Breached Its Contract with the Class**

13. As a result of its systemic failure to properly design and implement its new billing and account management system, Hydro One breached the express and implied terms of its contracts with Class Members, including its obligation to act in good faith, causing damages to the Class.

#### **Hydro One Was Unjustly Enriched**

14. As a result of its systemic failure to properly design and implement its new billing and account management system, Hydro One was unjustly enriched by its wrongful acts, and the Class suffered a corresponding deprivation.

15. There was no juristic reason for the resulting enrichment of Hydro One.

16. The Class Members who purchased electricity from Hydro One during the Class Period are entitled to the difference between the price they paid Hydro One for electricity and the price that they would have paid had Hydro One correctly designed and implemented its new billing and account management system.

**Damages**

17. The plaintiff and each Class Member suffered damages as a result of Hydro One's conduct. These include losses suffered as a result of overbilling, lost opportunity, loss of interest, frustration, anxiety and psychological injury.

18. This action is commenced pursuant to the *Class Proceedings Act, 1992*.

19. The plaintiff proposes that this action be tried in the City of Toronto.

*Date* August 24, 2015

**KOSKIE MINSKY LLP**  
20 Queen Street West  
Suite 900  
Toronto, Ontario M5H 3R3

**Kirk M. Baert** LSUC#: 309420  
Tel: (416) 595-2117  
**Garth Myers** LSUC#: 63207G  
Tel: (416) 595-2102  
Fax: (416) 204-2889

Lawyers for the Plaintiff

**LAX O'SULLIVAN SCOTT LISUS LLP**  
145 King Street West  
Suite 2750  
Toronto, Ontario M5H 1J8

**Eric R. Hoaken** LSUC#: 35502S  
Tel: (416) 645-5075  
**Ian C. Matthews** LSUC #: 55306N  
Tel: (416) 598-5365  
**Lauren P. S. Epstein** LSUC#: 64015O  
Tel: (416) 645-5078  
Fax: (416) 598-3730

Lawyers for the Plaintiff

Bill Bennett

Plaintiff v. Hydro One Inc. et al  
Defendants

Court File No.:

CJ-15-535019

-000P

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**NOTICE OF ACTION**

**KOSKIE MINSKY LLP**  
20 Queen Street West  
Suite 900  
Toronto, Ontario M5H 3R3

**Kirk M. Baert** LSUC: 309420  
Tel: 416.595.2117  
**Garth Myers** LSUC: 63207G  
Tel: 416.595.2102  
Fax: 416.204.2889

Lawyers for the Plaintiff

**LAX O'SULLIVAN SCOTT LISUS LLP**  
145 King Street West  
Suite 2750  
Toronto, Ontario M5H 1J8

**Eric R. Hoaken** LSUC: 35502S  
Tel: 416.645.5075  
**Ian C. Matthews** LSUC: 55306N  
Tel: 416.598.5365  
**Lauren P. S. Epstein** LSUC: 640150  
Tel: 416.645.5078  
Fax: 416.598.3730

Lawyers for the Plaintiff

Court File No. CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BILL BENNETT

Plaintiff

and

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC., HYDRO ONE  
REMOTE COMMUNITIES INC., NORFOLK POWER DISTRIBUTION INC. and  
HYDRO ONE NETWORKS INC.

Defendants

Proceeding under the *Class Proceedings Act*, 1992

**STATEMENT OF CLAIM  
(Notice of Action dated August 24, 2015)**

1. The plaintiff claims:
  - (a) an order certifying this action as a class proceeding pursuant to the *Class Proceedings Act*, 1992, S.O. 1992, c. 6 (the "CPA") and appointing the plaintiff as representative plaintiff for the class, described herein;
  - (b) an order directing the defendants to preserve and disclose to the plaintiff all records, in any form, relating to the issues raised in this Statement of Claim;
  - (c) a declaration that the defendants breached their contracts with some or all members of the class;
  - (d) a declaration that the defendants owed a duty of care to the class and that the defendants breached this duty with respect to some or all class members;

- (e) a declaration that the defendants have been unjustly enriched, that the members of the class have suffered a corresponding deprivation, and that there is no juristic reason for such enrichment;
- (f) general damages for the class in an amount of \$100 million or as otherwise calculated on an aggregate basis for breach of contract, negligence and unjust enrichment;
- (g) punitive and exemplary damages in the amount of \$25 million, or such other sum as this Honourable Court may find appropriate;
- (h) an accounting of all sums collected by the defendants from the class members after May 2013;
- (i) prejudgment and postjudgment interest pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43;
- (j) costs of the action on a substantial indemnity basis;
- (k) the costs of notice and of administering the plan of distribution of the recovery in this action, plus applicable taxes; and
- (l) such further and other relief as this Honourable Court may deem just.

#### **A. OVERVIEW**

2. The defendants (collectively, “Hydro One” or the “company”) make up the largest electricity transmission and distribution company in Ontario. Hydro One owns and operates substantially all of Ontario’s electricity transmission system, accounting for 97% of transmission

capacity in the Province. It also delivers and sells electricity to approximately 75% of Ontario electricity customers. Hydro One is currently wholly owned by the Government of Ontario, which appoints its Board of Directors.

3. Hydro One provides a crucial and necessary service to approximately 1.3 million customers across Ontario, who are entirely reliant on the timely and effective delivery of electricity and are entitled to accurate billing for the electricity they consume. For these Ontarians, the company holds a virtual monopoly. In many regions, there are no other electricity distribution companies.

4. As a Crown corporation holding a near-monopoly for the provision of a necessary service, Hydro One has certain obligations to its customers. Its complete and utter failure in meeting these obligations is what gives rise to this class proceeding.

5. As thoroughly detailed in a scathing report by the Ombudsman of Ontario, Hydro One failed in numerous ways in the planning and implementation of its new billing and customer information system (herein "CIS" or the "System").

6. When the System was implemented in or around May 2013, problems arose immediately. Tens of thousands of customers stopped receiving bills. Many customers received months of "estimated" bills, only to be hit with massive "catch-up" bills. In some cases, Hydro One automatically withdrew huge sums from the bank accounts of its customers, causing extreme stress and disruption to their lives. As a result of this billing debacle, the bills issued to customers failed to accurately reflect the electricity actually consumed.

7. When customers contacted Hydro One's customer service to complain and seek help, they were met with delays, confusion, inadequate or inconsistent answers, endless wait times, and doublespeak.

8. Owing to the public outcry and mountain of complaints, the Ontario Ombudsman initiated a comprehensive investigation. The investigation concluded in May 2015, when the Ombudsman issued a 104 page report, making 65 recommendations regarding Hydro One's conduct (the "Ombudsman Report"). The Ombudsman Report documents numerous Hydro One failings, both before and after the System's implementation. Hydro One's implementation of the CIS was flawed at every stage, and its customer service teams were understaffed, inadequately trained, and incentivized to rush customers off the phone instead of helping fix their problems.

9. Some of the steps taken by Hydro One in the implementation of the System were described as "high risk" by PricewaterhouseCoopers LLP in a report commissioned for Hydro One (the "PwC Report"). The PwC Report was critical of many aspects of the preparation and implementation of the company's new CIS.

10. The problems experienced by customers were the result of Hydro One's systemic failure to take reasonable steps to ensure that it was using an accurate and reliable billing system and providing timely, effective, and informed customer service. When faced with problems, instead of acknowledging the issue and working with customers to address problems, Hydro One engaged in a campaign of deflection and deceit, in a bad faith attempt to keep the problem under wraps.

11. As a result of Hydro One's behaviour, systemic failures, and bad faith, its customers have suffered damages.

**B. THE PARTIES**

12. The plaintiff, Bill Bennett, resides in Ontario and has been a Hydro One customer for many years. Mr. Bennett has purchased electricity from Hydro One on numerous occasions since May 2013 for a property located near Gravenhurst, Ontario. Mr. Bennett's Hydro One bills are addressed to Mr. WM Bennett.
13. The defendant Hydro One Inc. is a corporation established under the *Business Corporations Act (Ontario)*, R.S.O. 1990, c. B.16 that is wholly-owned by the Province of Ontario, which appoints its Board of Directors. Hydro One Inc. is a holding company that owns a number of subsidiaries. The defendants, Hydro One Networks Inc., Hydro One Remote Communities Inc., Hydro One Brampton Networks Inc., and Norfolk Power Distribution Inc., are subsidiaries of Hydro One Inc.
14. The defendant Hydro One Networks Inc. operates most of the high voltage transmission grid throughout Ontario and serves approximately 1.3 million customers in homes, farms, and businesses across Ontario.
15. The defendant Hydro One Brampton Networks Inc. distributes electricity to the city of Brampton, Ontario and serves approximately 150,000 urban retail customers.
16. The defendant Hydro One Remote Communities Inc. operates and maintains the generation and distribution assets used to supply electricity to twenty one remote communities in northern Ontario that are not connected to the province's electricity grid. It serves approximately 3,500 customers.

17. The defendant Norfolk Power Distribution Inc. distributes electricity to approximately 18,000 customers in Norfolk County. Norfolk Power Distribution Inc. was purchased by Hydro One Inc. on or about August 29, 2014.

**C. THE CLASS**

18. The plaintiff brings this action on his own behalf and on behalf of a class of all persons and entities, other than the Excluded Persons, who purchased electricity from Hydro One between May 2013 and the date of the certification order in this action (the "Class" and the "Class Members").

19. Excluded from the Class are the defendants, their current and former officers and directors, members of their immediate families, and their legal representatives, heirs, successors or assigns ("Excluded Persons").

**D. SOURCES OF HYDRO ONE'S OBLIGATIONS TO CLASS MEMBERS**

**(i) Regulatory**

20. Hydro One operates in a highly regulated environment. Hydro One Inc. was incorporated on December 1, 1998 pursuant to the *Energy Competition Act, 1998*, S.O. 1998, c.15 which restructured Ontario's electricity sector to introduce competition. Hydro One Inc. was one of a number of companies and agencies created as a result of this major restructuring.

21. Hydro One is registered as a distribution company under the *Electricity Act, 1998*, S.O. 1998, c.15, Sch A. As a distribution company, Hydro One is regulated by the Ontario Energy Board (the "OEB"), which oversees Hydro One's activities pursuant to the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Sch. B.

22. As part of its oversight, the OEB promulgates certain policies, including the Distribution System Code (“DSC”) and the Retail Settlement Code (“RSC”), which set minimum standards that every Ontario electricity distributor must meet in carrying out its operations.

23. As a distributor, Hydro One must meet the obligations set out in the DSC. Under s. 7.11 of that Code, “a distributor must issue an accurate bill to each of its customers”. This requirement must be met “at least 98 percent of the time on a yearly basis”. In other words, Hydro One is required to issue accurate bills to its customers 98 percent of the time. Pursuant to s. 7.1, a bill is accurate if it “contains correct customer information, correct meter readings, and correct rates that result in an accurately calculated bill”.

24. Thus, pursuant to the DSC, Hydro One owes all Class Members an obligation to use a billing system that is accurate and reliable, resulting in accurate bills at least 98 percent of the time.

25. Hydro One must also meet the obligations set out in the RSC. Pursuant to ss. 7.1.3, 7.2.4, and 7.3.3 of that Code, a distributor such as Hydro One has certain obligations in responding to customer inquiries concerning distribution service. These obligations include a duty to respond to customer inquiries regarding meter accuracy, distribution rates, and bill calculation errors. The RSC also imposes obligations on Hydro One regarding billing errors. Included among these are provisions to which Hydro One must adhere in relation to overbilling or under-billing.

**(ii) Contractual**

26. The relationship between each Class Member and Hydro One is defined in part by a contract whereby Hydro One agrees to provide electricity and, in exchange, the Class Member agrees to pay for the electricity actually consumed.

27. Class Members' contracts are informed by the regulatory context in which Hydro One operates, which sets out certain standards that Hydro One must meet in its billing practices.

28. It is an express or implied term of Class Members' contracts with Hydro One that Hydro One will employ a billing system that accurately and reliably bills customers for the amount of electricity actually consumed. It is also an express or implied term of Class Members' contracts with Hydro One that Hydro One will employ a system or process to ensure that bills issued to customers accurately state the consumption of electricity upon which the bill is based.

29. It is also an express or implied term of Class Members' contracts with Hydro One that the company will employ a system or process to ensure that it provides timely, effective, accurate, and informed customer service that is responsive to questions posed by Class Members about meter accuracy, distribution rates and billing errors.

30. Furthermore, it is an express or implied term of Class Members' contracts that Hydro One observe a duty of good faith and fair dealing with them, characterized by candour, reasonableness, honesty, and forthrightness. Put another way, it is an express or implied term of Class Members' contracts that Hydro One will not act in bad faith by being, for example, untruthful, misleading or unduly insensitive.

*(iii) Duty of Care*

31. The relationship between Hydro One and Class Members is a relationship of proximity, such that it would be reasonably foreseeable that any lack of care on the part of Hydro One relating to the System and to its customer service would be likely to cause harm to the members of the Class. The relationship between Hydro One and the Class is also a special relationship

characterized by a power imbalance caused by Hydro One's monopolistic position in providing a necessary service.

32. Proximity between Hydro One and Class Members arose by virtue of representations made by Hydro One to Class Members that it accurately and reliably bills customers for the amount of electricity actually consumed, Class Members' reliance on such representations, and the close and direct interaction between Hydro One and the Class Members. Proximity also arises by virtue of the vendor-purchaser relationship between Hydro One and the Class Members.

33. In these circumstances, Hydro One owes a duty of care to Class Members. At a minimum, this duty of care requires that Hydro One take reasonable steps to ensure that it:

- (a) employs an accurate and reliable billing system and provides timely, effective, and informed customer service to the Class;
- (b) employs a system or process to ensure that bills issued to the Class accurately state the consumption of electricity upon which the bill is based; and
- (c) employs a system or process to ensure that it provides timely, effective, and informed customer service to the Class that is responsive to questions about meter accuracy, distribution rates and billing errors.

34. The content of this duty of care to the Class is informed by Hydro One's obligations under the regulatory scheme and in particular by the DSC and RSC.

**E. HYDRO ONE RUSHED TO IMPLEMENT A NEW BILLING SYSTEM**

**(i) The Preparation Phase**

35. In 2006, Hydro One began a four-phase business transformation project, known as Cornerstone, which would replace Hydro One's business processes and software applications. The fourth and final phase of Cornerstone, which commenced in 2011, was to replace Hydro One's main customer systems with a CIS made by SAP, a manufacturer of enterprise application software. The purpose of the implementation of the system was ultimately to reduce costs. Hydro One predicted that the System would improve customer service and yield up to \$172 million in benefits over a seven-year period.

36. At all material times, Hydro One knew that utility billing and customer service system implementations are complex projects that require expertise, diligence, and precision. Moreover, Hydro One was aware that its CIS implementation posed specific additional challenges caused by, *inter alia*:

- (a) the aggressive timeline set by Hydro One;
- (b) the numerous system, data, and process dependencies that existed;
- (c) the regulatory context of the Ontario electricity market;
- (d) the challenges associated with smart meter data acquisition and related processes;
- (e) complex billing for commercial customers;
- (f) an intricate series of vendor relationships; and
- (g) the planned implementation of the System across all customers at once.

37. During the planning phase, numerous problems arose in the preparations for the CIS implementation. Hydro One was forced to extend the timeline for implementation by seven months and replaced its project executive team. After another series of problems, Hydro One changed the project sponsor, adjusted the project scope, changed the composition of the project's management, and established more specific monitoring.

38. Some of these problems were caused by Hydro One's CIS project team. The CIS project was led by individuals with limited experience leading large, transformational projects. The team also suffered from inconsistent governance and high turnover. The CIS project team was also hindered by having siloed expertise, which impaired its ability to identify and fix the causes of issues and to implement changes in a coordinated and consistent manner.

39. In addition, Hydro One failed to engage an external third party to provide independent oversight of the CIS project's progress. Hydro One was aware that most utilities engage such third party providers when implementing projects of similar size and scope.

40. Another cause of System implementation problems was Hydro One's ineffective vendor management. The CIS project involved numerous vendors with separate spheres of expertise and responsibility. In order to achieve success, Hydro One had to ensure that these vendors worked cooperatively and collaboratively. However, this did not happen.

41. After various delays, Hydro One set the target date for implementation for May 21, 2013. However, even as that date approached, there were further delays.

42. As a result, Hydro One allowed the testing phases of the Systems Integration Testing ("SIT"), User Acceptance Testing ("UAT"), and Operational Readiness Testing ("ORT") to

overlap instead of ensuring that they occur sequentially. At all material times, Hydro One was aware that this type of overlapping testing is a high-risk practice.

43. Hydro One cut corners with System testing in other ways. Almost 18 percent of the 2,900 documented requirements were intentionally excluded from SIT, and thus their capabilities were not evaluated prior to CIS implementation. Similarly, for UAT, only 10 percent of the planned test scenarios were actually run, and for ORT, only 29 of the 1,010 exception types were triggered, received, and completed.

44. Hydro One's CIS implementation team was forced to create workarounds to deal with problems as they arose. These activities occurred up to the night before System implementation. In these circumstances, it was entirely foreseeable that implementation of the CIS on May 21, 2013 would lead to a number of serious but preventable errors.

*(ii) Implementation and Go Live*

45. The System was implemented on the "Go Live" date of May 21, 2013 ("Go Live"). CIS was implemented despite Hydro One's awareness that the System was not ready for implementation and despite the fact that it knew or ought to have known that customers would experience problems caused by defects.

46. Within 30 days of Go Live, it became apparent that there were issues with the System and data analysis as well as problems with the new CIS billing processes. These problems were causing Class Members to receive "estimated" bills, billing exceptions and "no-bills", as well as creating a host of other billing anomalies.

47. Due to the rushed nature of the implementation of the CIS, neither Hydro One's billing employees nor its customer service representatives were able to receive adequate training on the System. This resulted in increased errors that further exacerbated the problems experienced by Class Members.

48. The volume and severity of the problems with the CIS post-Go Live overwhelmed Hydro One's operational support processes.

*(iii) Hydro One's Responses to the Post-Go Live Problems*

49. Customers immediately began contacting Hydro One to report problems and seek solutions.

50. When Class Members contacted Hydro One's customer service with inquiries as to the billing issues and seeking help to fix the problems, they received confusing responses and inadequate assurance that their issue would be resolved in a timely fashion.

51. The backlog of unresolved customer complaints increased steadily from the Go Live date, with more and more Class Members unable to get adequate answers from Hydro One and unable to have their problems resolved. The customer service call centre had inadequate resources to respond to the immense volume of customer complaints.

52. Furthermore, Hydro One incentivized call centre employees to minimize the duration of each customer call. Hydro One call centre employees who failed to meet the average call duration time faced disciplinary measures. As a result, from the moment a call began between a Hydro One representative and a Class Member, the Hydro One representative was trying to bring the call to a

close, rather than trying to solve the customer's complaint or to make a genuine effort to determine the accuracy of the bills that had been issued to the customer.

53. Class Members who contacted Hydro One's customer service did not receive adequate service. Their questions went unanswered, and their problems went unresolved.

54. Even in the face of this mounting volume of customer complaints, Hydro One was unwilling and unable to take action. In this post-implementation period, many of the individuals on the CIS project team departed due to the fixed-price nature of the vendor contracts. This resulted in an unacceptably low level of reporting on key operational measures, such as those related to billing defects. This lack of reporting contributed to Hydro One executives being unable to appreciate the seriousness and volume of operational issues and their impacts on Class Members and rendered them unable to take necessary corrective action.

55. To the extent that Hydro One sought to remediate the billing problems, many of its efforts resulted in more billing issues for Class Members. For example, fixing billing exceptions often resulted in Class Members receiving an exceptionally large "catch-up" bill which led to further inquiries, large automatic bank account withdrawals, cancellations or rebills, and extreme stress.

*(iv) Report of the Ontario Ombudsman*

56. On February 4, 2014, the Ontario Ombudsman, André Marin, announced the commencement of a systemic investigation into complaints about serious problems with billing and customer service at Hydro One. Once the investigation was announced, the Ombudsman's office received more complaints about Hydro One than it had about any single organization in the forty-year history of the Ombudsman.

57. After a thorough 15-month investigation, the Ombudsman released his report entitled “In the Dark”. The Ombudsman Report is highly critical of Hydro One. It described Hydro One’s “mind-boggling maladministration” and found that Hydro One was “completely out of step with public sector values.”

58. As just one example of Hydro One’s failings, the Ombudsman Report stated: “As late as February 2015, during the coldest month in Ontario’s recorded history, the company lied to and bullied customers with the threat of disconnection.”

59. The Ombudsman Report described Hydro One as having adopted “a dismissive and minimizing approach” once the problems began to surface.

60. In its conclusions, the Ombudsman Report made 65 recommendations to Hydro One in order to avoid similar failures in the future.

#### **F. THE PLAINTIFF’S HISTORY AS A HYDRO ONE CUSTOMER**

61. Mr. Bennett’s experience with Hydro One since the implementation of the System has been incredibly frustrating and typifies the conduct of Hydro One described in the Ombudsman Report.

62. In the year prior to the implementation of the CIS, Mr. Bennett would typically receive monthly bills from Hydro One that ranged between approximately \$70 and \$120 in new monthly charges. These bills indicated that the kilowatt hour usage at Mr. Bennett’s property near Gravenhurst, Ontario ranged between approximately 260 kWh and 525 kWh.

63. Following implementation of the System, Mr. Bennett’s Hydro One bills began to reflect increased monthly electricity usage, despite that there had been no change in the usage associated

with his property. For example, the bills received by Mr. Bennett in August and September 2013 indicated electricity usage in excess of 700 kWh.

64. In May 2014, Mr. Bennett received an envelope from Hydro One containing 4 separate "catch up" bills disclosing a significant increase in electricity costs and consumption for the period starting November 8, 2013 through to March 11, 2014. These bills ranged from \$573.00 to \$1,092.00. Included with a package of bills received by Mr. Bennett in May 2014 was a letter from Hydro One, purporting to explain "corrections" being made to Mr. Bennett's bill.

65. The May 2014 Hydro One letter made no reference to the serious and significant issues that Hydro One was experiencing with the System at the time. Instead, it stated that "bill correction can occur for a number of reasons. For example, we make a bill correction when we have estimated one of your past bills but your actual meter readings become available and necessitates a correction to that bill."

66. Distressed by the significantly increased charges and consumption of electricity reflected on these "catch-up" bills, Mr. Bennett contacted Hydro One on numerous occasions. Hydro One, instead of acknowledging any billing issues or other problems, suggested to Mr. Bennett that these increased charges might reflect unauthorized usage of his property during times while he was away. Mr. Bennett was unable to obtain any satisfactory explanation from Hydro One regarding these charges.

67. Between August 2014 and February 2015, Mr. Bennett continued to receive bills from Hydro One that were significantly increased from previous years. During this period, Mr. Bennett's bills fluctuated between approximately \$150 and \$600 in new monthly charges, and indicated electricity usage between 530 kWh and 2700 kWh.

68. On April 6, 2015, without adequate prior forewarning, Mr. Bennett received an envelope from Hydro One containing nearly 40 “revised” bills, dating back to the period between October 2011 and February 2015. These “revised” bills, all dated February 26, 2015, reflected a significant increase of approximately 185% in Mr. Bennett’s alleged electricity bills and usage between the period October 2011 and July 2013. For the period between July 2013 and February 2015, the “revised” bills did not increase Mr. Bennett’s kilowatt hour usage during that period; however, the electricity charges reflected on these bills increased approximately 190%.

69. No explanation from Hydro One was included with this massive envelope of “revised” bills received by Mr. Bennett on April 6, 2015, nor did Hydro One make any attempt to rationalize these bills to those that had been received by Mr. Bennett over the previous years. Mr. Bennett was told that he owed \$2,587.69 to Hydro One. The revised bills fail to properly record amounts that had been paid by Mr. Bennett to Hydro One since October 2011. Mr. Bennett has tried and failed to seek an adequate explanation from Hydro One.

70. Mr. Bennett has, on numerous occasions, written to Hydro One, the Ombudsman, Ontario legislators, and the Ontario Energy Board for assistance. The complete and utter fiasco that Mr. Bennett has experienced since the implementation of the System remains unresolved. Even though Hydro One admits that its customers expect and deserve timely and accurate billing information, this is not what Mr. Bennett has received.

71. Mr. Bennett’s situation was caused or contributed to by Hydro One’s failures in the planning and implementation of the CIS, as detailed in the claim. The plaintiff pleads that his experience is but one example of the havoc caused to Class Members by its failings detailed in this Claim.

**G. SYSTEMIC BREACHES OF CLASS MEMBERS' CONTRACTS**

**(i) *Failure to Ensure Accurate Billing***

72. Contrary to the express or implied terms of the Class Members' contracts as informed by the DSC and the RSC, Hydro One systemically failed to employ a System that accurately and reliably bills customers for the amount of electricity actually consumed. Specifically, Hydro One breached Class Members' contracts by, *inter alia*:

- (a) issuing inaccurate bills to some or all Class Members;
- (b) failing to employ a system or process to ensure that bills issued to Class Members accurately state the consumption of electricity upon which the bill is based;
- (c) issuing multiple bills for the same period to some or all Class Members;
- (d) failing to issue bills for every billing period to some or all Class Members;
- (e) withdrawing from some Class Members' bank accounts significant sums that did not reflect actual electricity consumed; and
- (f) failing to rectify these issues in a timely manner.

73. Further particulars of Hydro One's conduct are within the knowledge of the company and will be provided before the trial of the common issues.

**(ii) *Failure to Provide Adequate Customer Service to Address Problems***

74. Contrary to the express or implied terms of the Class Members' contracts, Hydro One systemically failed to provide timely, effective, and informed customer service. Specifically, Hydro One breached Class Members' contracts by, *inter alia*:

- (a) failing to provide adequate training to customer service representatives;
- (b) failing to ensure that customer service representatives were sufficiently informed on the System and its defects;
- (c) creating an environment in which customer service representatives were asked to reduce the average duration of calls with Class Members rather than seeking to address Class Members' problems;
- (d) providing insufficient customer service resources such that Class Members had long wait times to have their problem addressed;
- (e) providing customer service that did not deliver honest answers and failed to address Class Members' complaints.

**(iii) Failure to Act in Good Faith**

75. Contrary to the express or implied terms of the Class Members' contracts, Hydro One systemically acted in bad faith with respect to its obligations to Class Members. Specifically, Hydro One breached Class Members' contracts by, *inter alia*:

- (a) failing to act in good faith by refusing to acknowledge that the System was causing serious losses and harm to Class Members;
- (b) failing to act in good faith by delaying taking action to address the systemic issues that were causing harm to Class Members; and
- (c) failing to act in good faith by misleading class members and obfuscating the serious nature of the problems plaguing Hydro One's CIS.

**H. HYDRO ONE HAS ACTED NEGLIGENTLY**

76. Given the relationship of proximity that exists in the customer relationship between Hydro One and Class Members, Hydro One owes Class Members a duty of care. This duty requires that Hydro One take reasonable steps to ensure that it employs an accurate and reliable billing system and provides timely, effective, and informed customer service to the Class.

77. Due to Hydro One's unique position as a Crown-owned monopolistic corporation providing a necessary service, it has a heightened duty to ensure it acts with due care with respect to Class Members. This duty of care is informed by Hydro One's obligations set forth, *inter alia*, in the DSC and the RSC.

78. Hydro One has breached this duty of care by, among other things:

- (a) issuing inaccurate bills to some or all Class Members;
- (b) failing to employ a system or process to ensure that bills issued to Class Members accurately state the consumption of electricity upon which the bill is based;
- (c) issuing multiple bills for the same period to some or all Class Members;
- (d) failing to issue bills for every billing period to some or all Class Members;
- (e) withdrawing from some Class Members' bank accounts significant sums that did not reflect actual electricity consumed;
- (f) failing to rectify these issues in a timely manner;
- (g) failing to provide adequate training to customer service representatives;

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- (h) failing to ensure that customer service representatives were sufficiently informed on the System and its defects;
- (i) creating an environment in which customer service representatives were asked to reduce the average duration of calls with Class Members rather than seeking to address Class Members' problems;
- (j) providing insufficient customer service resources such that Class Members had long wait times to have their problem addressed;
- (k) providing customer service that did not deliver honest answers and failed to address Class Members' complaints;
- (l) failing to act in good faith by refusing to acknowledge that the System was causing serious issues for Class Members;
- (m) failing to act in good faith by delaying taking action to address the systemic issues and the individual issues experienced by Class Members; and
- (n) failing to act in good faith by misleading class members and obfuscating the serious nature of the problems plaguing Hydro One's CIS.

**I. HYDRO ONE HAS BEEN UNJUSTLY ENRICHED**

79. Hydro One has been unjustly enriched as a result of its systemic failure to properly design and implement the System. Specifically, Hydro One has been enriched by:

- (a) billing Class Members for amounts over and above each Member's actual electricity consumption;

- (b) charging Class Members interest on amounts that do not reflect the actual electricity consumed by Class Members; and
  - (c) levying service charges and delivery charges on Class Members without providing the Class with the services that these charges are meant to reflect.
80. The Class Members have suffered a corresponding deprivation, including in the form of:
- (a) amounts paid to Hydro One that were over and above what Class Members owed based on actual electricity consumption;
  - (b) interest on overbilled charges; and
  - (c) improper electricity service and delivery charges.
81. There was no juristic reason for the resulting enrichment of Hydro One. The contracts between Hydro One and its customers provide that customers will pay for the electricity actually consumed. The amounts paid to Hydro One that reflected higher than actual electricity consumption and the related interest and fees thereon were paid for no juristic reason.
82. Class Members are entitled to the difference between the price they paid Hydro One for electricity and the price that they would have paid had Hydro One correctly designed and implemented the System. Class Members are also entitled to the interest that would have accrued on payments that were improperly demanded by and made to Hydro One.
- J. A CLASS PROCEEDING IS APPROPRIATE**
83. As individuals, Class Members cannot match the resources of Hydro One in the context of a legal proceeding. Hydro One is a large and well-resourced company, backed by the Government

of Ontario. An individual Class Member's lawsuit would be unlikely to have any real or lasting impact on its behaviour. On the other hand, a class proceeding would produce either a voluntary change or a court-ordered change by Hydro One.

84. The alternative to a class action would be a multitude of individual legal proceedings. This would both be inefficient and create the potential for inconsistent results.

#### K. DAMAGES

85. As a result of the conduct of Hydro One detailed above, Class Members have suffered damages in the amount of \$100 million or as otherwise calculated on an aggregate basis for breach of contract, negligence and unjust enrichment.

86. This is an appropriate case for the class proceedings judge to admit statistical evidence of class members' losses and to award damages based on an aggregate assessment, as contemplated by sections 23 and 24 of the *CPA*.

87. Further, members of the Class are entitled to aggravated, exemplary, and punitive damages in an amount of \$25 million, or such other amount as this Honourable Court may determine, owing to the arbitrary, callous, and highhanded actions of Hydro One set out above.

88. The plaintiff pleads and relies on the following statutes and regulations:

- (a) *Energy Competition Act*, 1998, S.O. 1998, c.15
- (b) *Electricity Act*, 1998, S.O. 1998, c.15, Sch A
- (c) *Ontario Energy Board Act*, 1998, S.O. 1998, c.15, Sch. B
- (d) *Class Proceedings Act*, 1992, S.O. 1992, c. 6; and

(e) *Courts of Justice Act*, R.S.O. 1990, c. C.43.

89. The plaintiff proposes that this action be tried in the City of Toronto.

Date: September 9, 2015

**KOSKIE MINSKY LLP**

Barristers and Solicitors  
20 Queen Street West  
Suite 900  
P.O. Box 52  
Toronto ON M5H 3R3

**Kirk M. Baert** LSUC#: 309420

kbaert@kmlaw.ca

Tel: (416) 595-2117

Fax: (416) 204-4924

**Garth Myers** LSUC#: 63207G

gmyers@kmlaw.ca

Tel: (416) 595-2102

Fax: (416) 204-4924

**LAX O'SULLIVAN SCOTT LISUS LLP**

Counsel  
Suite 2750, 145 King Street West  
Toronto ON M5H 1J8

**Eric R. Hoaken** LSUC#: 35502S

ehoaken@counsel-toronto.com

Tel: (416) 645-5075

**Ian C. Matthews** LSUC#: 55306N

imathews@counsel-toronto.com

Tel: (416) 598-5365

**Lauren P.S. Epstein** LSUC#: 64015O

lepstein@counsel-toronto.com

Tel: (416) 645-5078

Fax: (416) 598-3730

Lawyers for the Plaintiff

-25-

TO: Hydro One Inc.  
483 Bay Street  
Toronto, Ontario M5G 2P5

AND TO: Hydro One Brampton Networks Inc.  
175 Sandalwood Parkway West  
Brampton, Ontario L7A 1E8

AND TO: Hydro One Remote Communities Inc.  
680 Beaverhall Pl  
Thunder Bay, Ontario P7E 6G9

AND TO: Norfolk Power Distribution Inc.  
PO Box 588  
70 Victoria Street  
Simcoe, Ontario N3Y 4N6

AND TO: Hydro One Networks Inc.  
483 Bay Street  
Toronto, Ontario M5G 2P5

BILL BENNETT  
Plaintiff

-and- HYDRO ONE INC. et al.  
Defendants

Court File No. CV-15-535019-00CP

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding Commenced at Toronto

Proceeding under the *Class Proceedings Act*, 1992

**STATEMENT OF CLAIM**  
**(Notice of Action dated August 24, 2015)**

**KOSKIE MINSKY LLP**  
20 Queen Street West  
Suite 900  
Toronto ON M5H 3R3

**Kirk M. Baert** LSUC: 309420  
kbaert@kmlaw.ca  
Tel: 416.595.2117

**Garth Myers** LSUC: 63207G  
gmyers@kmlaw.ca  
Tel: 416.595.2102  
Fax: 416.204.4924

Lawyers for the Plaintiff

**LAX O'SULLIVAN SCOTT LISUS LLP**  
Suite 2750, 145 King Street West  
Toronto, Ontario M5H 1J8

**Eric R. Hoaken** LSUC: 35502  
ehoaken@counsel-toronto.com  
Tel: 416.645.5075

**Ian C. Matthews** LSUC: 55306N  
imatthews@counsel-toronto.com  
Tel: 416.598.5365  
**Lauren P. S. Epstein** LSUC: 64015O  
lepstein@counsel-toronto.com  
Tel: 416.645.5078  
Fax: 416.598.3730

Lawyers for the Plaintiff

Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BILL BENNETT

Plaintiff

and

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC.,  
HYDRO ONE REMOTE COMMUNITIES INC., NORFOLK POWER  
DISTRIBUTION INC. and HYDRO ONE NETWORKS INC.

Defendants

Proceeding under the *Class Proceedings Act*, 1992

**AFFIDAVIT OF DAVID ROSENFELD  
(Sworn April 11, 2016)**

I, David Rosenfeld, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a partner at Koskie Minsky LLP, one of the firms representing the proposed representative Plaintiff in this action, and as such have knowledge of the matters hereinafter deposed, except where stated to be on information and belief, in which case I disclose the source of my information. I believe these facts to be true.
2. No portion of this affidavit is meant to waive, nor should it be construed as a waiver of, solicitor-client, litigation, or any other type of privilege.
3. I have acted as counsel in over a dozen class actions in the areas of regulatory negligence, institutional abuse, securities, overtime eligibility, environmental contamination, and product liability. For example, I was counsel in *Dolmage v HMQ*, an

institutional abuse class action against the Province of Ontario on behalf of persons with disabilities, *Anderson v Canada*, a residential school abuse class action in Newfoundland against the Government of Canada, and *Smith v Inco*, an environmental class action on behalf of residents of Port Colborne, among many others.

4. I have been involved in every aspect of class proceedings including commencement, certification, appeals, discoveries, common issues trials and in settlement negotiation, approval and administration. In particular, I have been involved in the preparation for and/or conduct of three common issues trial: (a) the *Smith v. Inco* class action involved a three month common issues trial; (b) the *Dolmage v. HMQ* class action settled on the first day of what was scheduled to be a three month common issues trial; and (c) *Anderson v Canada*, which trial is currently ongoing and has been for four months.

5. I swear this affidavit in support of the Plaintiff's motion for certification of this action as a class proceeding and for no other or improper purpose.

6. The Statement of Claim in this action asserts claims of negligence, breach of contract and unjust enrichment against Hydro One Inc., Hydro One Networks Inc., Hydro One Remote Communities Inc., and Norfolk Power Distribution Inc. for their failure to properly plan for and implement a customer information system. The proposed class action has since been discontinued as against Hydro One Brampton Networks Inc., without costs.

7. I understand that the Plaintiff, Bill Bennett, seeks to represent a class comprised of all of the Defendants' customers since May 2013 and that putative class member

Mary Bates is willing to serve as a proposed representative Plaintiff in addition to Mr. Bennett, or in his stead if necessary.

8. To prosecute an action such as this one on an individual basis may be difficult, time consuming and expensive. Experts must be retained. The documentary evidence will likely be extensive and time consuming to collect and review. Given our experience in other class actions, there may be thousands, if not tens of thousands, of relevant documents.

9. As a result, this action will be very expensive to litigate, and individual actions would likely be uneconomical for many class members to pursue individually given the likely size of their claim.

10. For many class members, who I assume are of average means, the costs of pursuing an action on an individual basis may be prohibitive and uneconomical, thereby reducing access to justice and insulating the Defendants from the claims made in this action.

11. In addition, the Class Proceedings Fund has agreed to provide financial support to this class action for legal disbursements and to indemnify the proposed representative Plaintiff for costs that may be awarded against him. That would not be available in individual actions.

12. If each putative class member is forced to commence his or her own action to recover his or her damages, assuming each class member has the means and inclination to do so, I believe that the resulting multiplicity of proceedings would place a significant

burden on judicial resources which would be substantially greater than the resources required to manage this litigation in its current form. Furthermore, the commencement of multiple individual actions may result in inconsistent findings by different courts.

13. A single determination of the significant legal issues in this case eliminates the prospect of a multiplicity of proceedings that the *Class Proceedings Act, 1992* was designed to prevent, thereby facilitating judicial economy.

14. I believe that the proposed representative Plaintiff's ability to access the courts to prosecute claims against a utility company on behalf of himself and class members is an important means of enhancing public protection from unfair practices. It creates an incentive for utility companies, such as the Defendants in this action, to take appropriate precautions to protect the public. This concern is particularly acute in the circumstances of this case where virtually all class members have no alternative other than to contract with Hydro One.

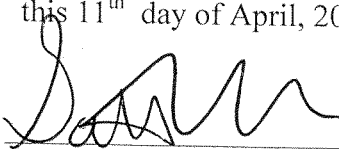
15. I believe that the successful resolution of this action, if certified as a class proceeding, will deter the Defendants and other similarly situated companies from engaging in any of the alleged activity claimed in this action in the future and will encourage potential defendants to plan for and to implement their customer information systems, including their billing systems, in an accurate and reliable way.

16. The Defendants' conduct will likely attract publicity should the proposed representative Plaintiff succeed in this proceeding. Such adverse publicity, along with the knowledge that utility companies can be held accountable for their behaviour, should

also provide incentive for all utility companies in Ontario to engage in accurate and reliable billing practices.

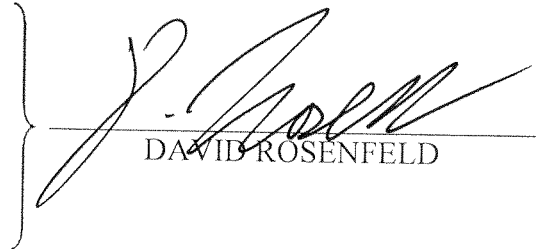
17. The proposed litigation plan sets out a workable method of advancing the proceedings on behalf of the class members. The litigation plan is subject to review and ongoing modification by this Honourable Court, as well as input from the Defendants. Attached hereto as **Exhibit "A"** is a copy of the proposed litigation plan.

SWORN BEFORE ME at the City of Toronto  
this 11<sup>th</sup> day of April, 2016.

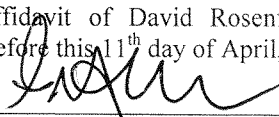


A Commissioner for taking Affidavits (or as may be)

Garth Myers

  
DAVID ROSENFELD

This is **Exhibit "A"** referred to in the  
affidavit of David Rosenfeld, sworn  
before this 11<sup>th</sup> day of April, 2016



A Commissioner for Taking Affidavits

Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BILL BENNETT

Plaintiff

- and -

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC., HYDRO ONE REMOTE  
COMMUNITIES INC., NORFOLK POWER DISTRIBUTION INC., and HYDRO ONE  
NETWORKS INC.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**LITIGATION PLAN**

**RESOURCES AND EXPERIENCE OF COUNSEL**

1. The Plaintiff has retained Koskie Minsky LLP and Lax O'Sullivan Lisus Gottlieb LLP ("Class Counsel") to prosecute this proposed class action. Class Counsel has the requisite knowledge, skill, experience, and resources to prosecute the action to resolution.
2. The Plaintiff has successfully obtained funding from the Ontario Class Proceedings Fund to assist with the cost of disbursements, and to provide an indemnity in the event of an adverse cost award.

**REPORTING AND COMMUNICATION**

3. Class Counsel has posted information about the nature and status of this action on Koskie Minsky's website.<sup>1</sup> That information will be updated regularly. Copies of important,

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<sup>1</sup> Hydro One Class Action, < <https://kmlaw.ca/cases/hydrooneclassaction/> >.

publicly available court documents, court decisions, notices, documentation and other information relating to the action are or will be accessible from the website.

4. The website also:

- (a) contains a communication page, a feature that permits putative class members to submit inquiries to Class Counsel's communications department, who will promptly respond; and
- (b) lists a toll-free telephone direct dial number, permitting putative class members to make inquiries to a live person.

### **NOTICE OF CERTIFICATION**

5. If certification is granted, the content of the notice of certification will be approved by the court. The Plaintiff proposes the following plan for dissemination of notice to class members:

- (a) Hydro One shall mail a notice of certification directly to its customers with a regular bill and make a copy of the notice of certification available to customers who access their accounts online; and
- (b) Class Counsel will post a copy of the notice to its website and will provide a copy of the notice to any class member who requests it.

6. The court will be asked approve an opt-out form. The court will be asked to set a date by which the opt-out forms are to be delivered to Class Counsel.

### **PLEADINGS, DISCOVERY AND DOCUMENT MANAGEMENT**

7. The Plaintiff proposes that the Defendants be required to deliver their Statement of Defence within 30 days of certification.

8. The Plaintiff proposes that the parties will meet to discuss and finalize a discovery plan within 60 days of certification.

9. Class Counsel will use data management systems to organize, code and manage the documents produced by the Defendants and all relevant documents in the Plaintiff's possession. Class Counsel will seek the agreement of Defendants' counsel to facilitate the electronic exchange of documents.

10. The Plaintiff proposes the appointment of a special master to hear all discovery related issues.

### **EXPERT OPINIONS**

11. Any expert opinions shall be delivered by each party pursuant to Rule 53.03 of the *Rules of Civil Procedure*.

### **REFINEMENT OF THE COMMON ISSUES**

12. Following certification, examinations for discovery, the exchange of any expert opinions, and before the trial of the common issues, the Plaintiff may ask the court for an order to amend or further refine the common issues, if required.

### **DISPUTE RESOLUTION**

13. The Plaintiff would consider participating in mediation or non-binding alternative dispute resolution efforts if the Defendants are prepared to do so.

### **DETERMINATION OF THE COMMON ISSUES AT TRIAL**

14. The Plaintiff will ask the court to fix the date for the trial of the common issues promptly following the conclusion of examinations for discovery, delivery of undertakings and any motions for refusals.

15. The Plaintiff proposes the creation of a Trial Management Plan in advance of the trial under the supervision of the Case Management Judge. The Trial Management Plan shall pertain to the following issues, including but not limited to,

- a. Joint Document Brief;
- b. Chronology and Glossary;
- c. Discovery Read-Ins;
- d. Request to Admit and Notices;
- e. List of Anticipated Witnesses;
- f. Written Opening Briefs;

- g. Trial Schedule;
- h. Written Closing Submissions;
- i. Digital Trial Management;
- j. Protective Order; and
- k. Further Directions

16. The Plaintiff proposes to work with the Defendants' counsel to establish and organize the trial schedule to the greatest extent possible in the context of the Trial Management Plan.

17. The class will be informed of the results of the common issues trial by publication of notice approved by the court.

18. If the Defendants are wholly successful on the common issues then the class action litigation shall be at a close.

19. If the Plaintiff is wholly or partially successful on the common issues then it is anticipated that further proceedings, as described below, may be needed to resolve any outstanding individual issues.

#### **DISTRIBUTION OF AGGREGATE DAMAGES**

20. If aggregate damages are awarded at the common issues trial, the Plaintiff will bring a motion pursuant to section 24 of the *Class Proceedings Act, 1992* to approve a methodology to distribute the aggregate award of damages among the class members.

#### **INDIVIDUAL ISSUES DETERMINATION**

21. If the court concludes that damages cannot be determined on an aggregate basis or there remain any other individual issues, the Plaintiff will ask the court to settle the manner of determining the remaining individual issues in the most efficient manner possible in accordance with section 25 of the *Class Proceedings Act, 1992*.

22. At that hearing, both parties will be at liberty to make submissions regarding the methodology for resolving the remaining individual issues. Potential methods include claims processes, references, mini-trials, mediation, arbitration or other means approved by the court

pursuant to section 25 of the *Class Proceedings Act, 1992*. At this time, the Plaintiff intends to propose a method of resolving outstanding individual issues as set out below.

23. The court will be asked to specify procedures and deadlines by which class members shall identify themselves as claimants wishing to make claims for individual compensation.

24. The Plaintiff will ask the court to settle the form and content of a notice of resolution of the common issues and to set a date by which class members will be required to file a claim with a person designated by the court.

25. The Plaintiff will ask the court to order that the notice be distributed in accordance with the notice program set out above, except it shall not be mailed to class members who validly opted out of the class action.

26. The Plaintiff anticipates that given the nature of the damages suffered by class members, adjudication of the claims could be resolved through an efficient process which could involve the following steps, and which would be subject to the court's discretion:

- (a) Each claimant could submit a claim form to a referee appointed by the court (the "Referee"). The claim form shall include supporting documentation and/or expert evidence, as applicable.
- (b) The Referee shall deliver a copy of the claim form and any supporting documentation and/or expert evidence to the Defendants.
- (c) The Defendants shall have thirty days following receipt of the claim form and documentation, or such other time period as may be set by the court, in which to file with the Referee a written opposition to all or part of the claim, including responding documentation and/or expert evidence. The written opposition shall state the reasons for the opposition and shall be deemed to constitute their response. The Defendants shall attach all supporting documentation and/or expert evidence, as applicable.
- (d) On request by either of the parties, the Referee shall determine what if any additional production is required by either party, what examination may be conducted, and whether participation by any other parties is necessary in the process.
- (e) The Referee shall communicate his/her decisions in writing to the claimant and to the Defendants.
- (f) The assessment of damages may be in writing or by means of oral hearing, depending on the nature and complexity of the claim and the severity of the alleged damages, in accordance with the court's determination. The availability and manner of appeal procedures will be determined by the court.

- (g) It may be possible to categorize and value claims in accordance with a grid according to the nature and severity of the damages.

27. The need for further procedures under section 25 of the *Class Proceedings Act, 1992* to resolve the individual issues will be determined by the court.

#### **REVIEW OF THE PLAINTIFF'S LITIGATION PLAN**

28. The Plaintiff's litigation plan may be reviewed or modified as deemed necessary by the parties or the Case Management Judge during case management.

#### **CASE MANAGEMENT**

29. During the litigation, regular case planning, conferences and any interlocutory motions will be scheduled as required.

Bill Bennett      Hydro One Inc., et al.  
Plaintiff      and      Defendants

Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**AFFIDAVIT OF DAVID ROSENFELD  
(Sworn April 11, 2016)**

**KOSKIE MINSKY LLP**

Barristers and Solicitors  
20 Queen Street West  
Suite 900, P.O. Box 52  
Toronto ON M5H 3R3

**Kirk M. Baert** LSUC#: 309420

Tel: (416) 595-2117 / Fax: (416) 204-4924

**Garth Myers** LSUC#: 63207G

gmyers@kmlaw.ca

Tel: (416) 595-2102 / Fax: (416) 204-4924

**LAX O'SULLIVAN LISUS GOTTLIEB LLP**

Counsel

Suite 2750, 145 King Street West

Toronto ON M5H 1J8

**Eric R. Hoaken** LSUC#: 35502S

Tel: (416) 645-5075 / Fax: (416) 598-3730

**Ian C. Matthews** LSUC#: 55306N

Tel: (416) 598-5365 / Fax: (416) 598-3730

Lawyers for the Plaintiff

Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BILL BENNETT

Plaintiff

and

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC.,  
HYDRO ONE REMOTE COMMUNITIES INC., NORFOLK POWER  
DISTRIBUTION INC. and HYDRO ONE NETWORKS INC.

Defendants

Proceeding under the *Class Proceedings Act*, 1992

**AFFIDAVIT OF BILL BENNETT  
(Sworn March 24, 2016)**

I, Bill Bennett, of the Town of Gravenhurst, in the Province of Ontario, MAKE  
OATH AND SAY:

1. I am the Plaintiff in the within action and as such have knowledge of the matters hereinafter deposed, except where stated to be on information and belief, in which case I disclose the source of my information. I believe these facts to be true.
2. I swear this affidavit in support of the Plaintiff's motion for certification and for no other or improper purpose.
3. No portion of this affidavit is meant to waive, nor should it be construed as a waiver of, solicitor-client, litigation, or any other privilege.

## NATURE OF THE ACTION

4. This action was commenced on August 24, 2015 against Hydro One Inc., Hydro One Brampton Networks Inc., Hydro One Remote Communities Inc., Norfolk Power Distribution Inc. and Hydro One Networks Inc. (together, "Hydro One"). I am advised by Garth Myers of Koskie Minsky LLP that this action has been discontinued on consent as against the Defendant Hydro One Brampton Networks, Inc.

5. In this action, I allege on my own behalf and on behalf of a class of Hydro One's customers that Hydro One failed to properly plan for and implement a new billing and customer information system. As a result of this failure, Hydro One's customers were the victims of a variety of billing issues causing myself and others to be invoiced for our supposed electricity usage in amounts that were greater than what was consumed. These failures on Hydro One's part have caused extreme stress, frustration and disruption to myself and, the claim alleges, to the lives of numerous other customers of Hydro One.

6. I brought this action to seek compensation from Hydro One for its overbilling and mismanagement of my account, negligent customer service, and other irregularities, and because of my concern for other customers.

7. I chose to advance this action as a class proceeding because of the obstacles I would face in prosecuting this action individually, including the cost of legal fees and the potential exposure to an adverse cost award. My individual losses do not justify the legal and expert costs of advancing my claim as an individual action. Furthermore, any potential adverse cost award does not justify pursuing this action individually. I am

advised by Mr. Myers and I verily believe that adverse cost awards after a trial could be in the tens of thousands of dollars or more.

8. Finally, I appreciate that many of the claims of Hydro One's customers may be relatively small and these customers likely do not have the ability to advance expensive complex commercial litigation of this nature. They could not afford it, and for those that can, it may not make financial sense to do so.

**WILLINGNESS TO ACT AS A REPRESENTATIVE PLAINTIFF**

9. I wish to pursue a claim for damages arising from Hydro One's billing practices, customer service failures, and other account management failures.

10. In this proposed class action, I seek to represent all of Hydro One's customers since May 2013.

11. I understand that as a representative Plaintiff, I would be obliged to help direct this litigation, in collaboration with any other potential representative Plaintiffs, to give instructions to my lawyers, and to act in the best interests of the class members. For example, I understand that any settlement discussions with the Defendants in a class action cannot relate only to my damages, but must relate to the claims of the class members as a whole.

12. I understand the major steps of a class action include:

- (a) commencing the lawsuit with a statement of claim;
- (b) a motion for certification, which I understand involves the court's consideration of whether this action is appropriate to proceed as a class action;

- 4 -

- (c) if the action is certified, there would be notice to the class of the certification and the right to opt-out (i.e. a chance for class members not to participate in the class action);
- (d) the disclosure and exchange of relevant documents;
- (e) examinations for discovery;
- (f) a pre-trial conference where a judge can help the parties attempt to achieve a settlement of the case;
- (g) a trial of the common issues (*i.e.*, a trial that only deals with the certified common issues as opposed to my individual issues and those of other Class Members);
- (h) notice to the class if individual hearings or participation is required;
- (i) the determination of individual issues, if required;
- (j) the distribution of proceeds (if any) of a money award by judgment or settlement;
- (k) appeals, which might include appeals from the certification motion, other motions, or the trial of the common issues; and
- (l) settlement discussions, which could happen at any time.

13. I understand that if I were appointed as a representative Plaintiff I would have, among other things, the following responsibilities:

- (a) review and keep myself informed of the steps in this litigation;
- (b) familiarize myself with the issues to be decided at the common issues stage and other issues in the action;
- (c) help prepare the affidavits and other materials, in support of certification, other motions and the materials that would be used at a common issues trial;
- (d) attend any cross-examination on my affidavit or otherwise;
- (e) attend the examinations for discovery;
- (f) assist in preparing and executing an affidavit of documents, which will list the relevant documents that I have in my possession, power or control;

- 5 -

- (g) attend at the common issues trial, providing any direction or assistance to class counsel and give evidence regarding the case;
- (h) express my views on any settlement offers that I receive or that I make on behalf of Class Members; and
- (i) assist in preparing materials in support of a court order approving any settlement.

14. I understand that the Ontario Class Proceedings Fund (the "**Fund**") has agreed to provide financial support for this proposed class action.

15. That is, the Fund has agreed to help pay for disbursements in this lawsuit, such as the cost of expert witnesses and other necessary expenses. The Fund has also agreed to indemnify the representative Plaintiff against any adverse cost award. That is, if the class action is not successful on the common issues, any obligation to pay a portion of the Defendants' legal costs is owed by the Fund, and not by me (or by other class members).

16. I retained my lawyers on a contingency fee basis. I have agreed to pay them a percentage of any recovery. I will not owe them anything if the lawsuit is unsuccessful.

17. I have discussed with my lawyers whether there would any other way to hire them, and also whether there would any other reasonable alternatives to a class action.

18. I have elected not to hire my lawyers on a fee for service basis. The financially prudent manner to pursue this claim is by way of a contingency fee charged at the end of the case if there is a recovery.

19. I have discussed with my lawyers whether we could reasonably pursue my claim as an individual lawsuit instead of as a class action. My lawyers have advised me that an

individual lawsuit could be very expensive, and that the costs of hiring expert witnesses for an individual lawsuit might exceed the value of my own individual claim.

20. I understand that a class action offers important advantages for me, as compared to an individual lawsuit. This would include the potential for greater net compensation to me, and to others like me, because the costs of this litigation could be fairly shared among everyone who might benefit from a successful verdict or settlement. It also includes the financial support and cost protection that the Fund provides, which is not available in an individual lawsuit.

21. I am not aware of any conflict of interest I may have with the proposed class members with respect to any of the common issues in this case.

#### **MY EXPERIENCE WITH HYDRO ONE**

22. My wife Janet Bennett and I own a property located on 1387 Breezy Point Road, in Gravenhurst Ontario. I have owned this property for approximately 30 years.

23. I understand that Hydro One implemented a new billing and customer information system in May 2013.

24. In the year prior to Hydro One's implementation of a new billing and customer information system in May 2013, I typically received monthly bills from Hydro One that ranged between approximately \$70 and \$120 in new monthly charges. These bills indicated that the kilowatt hour usage at my property ranged between approximately 260 kWh and 525 kWh.

25. Following implementation of the System, my Hydro One bills began to reflect increased monthly electricity usage, despite that there had been no change in the usage associated with my property. For example, the bills I received in August and September 2013 indicated electricity usage in excess of 700 kWh.

26. In May 2014, I received an envelope from Hydro One containing four separate "catch up" bills disclosing a significant increase in electricity costs and consumption for the period starting November 8, 2013 through to March 11, 2014. Included with a package of bills was a letter from Hydro One, purporting to explain "corrections" being made to my bill. Attached hereto as **Exhibit "A"** is a copy of the May 2014 letter. For the periods of November 2013 to March 2014, I made payment to Hydro One under protest.

27. The May 2014 Hydro One letter made no reference to the serious and significant issues that I now understand – based on a report of the Ontario Ombudsman – that Hydro One was experiencing at the time with its new billing and customer information system. Instead, it stated that "bill correction can occur for a number of reasons. For example, we make a bill correction when we have estimated one of your past bills but your actual meter readings become available and necessitates a correction to that bill."

28. I contacted Hydro One on several occasions, through both letters and telephone calls, because I was concerned about the significantly increased charges and consumption of electricity reflected on these "catch-up" bills.

29. Instead of acknowledging any billing issues or other problems, Hydro One suggested to me that these increased charges might reflect unauthorized usage of my

property during times while I was away. However, as I brought to the attention of Hydro One, I have employed a "Winter Watch" service for this property, which includes regular visits (usually weekly) as well as an inspection after any substantial winter storm. This service includes reporting to me if any unusual or unexpected events have occurred, including unauthorized usage. This service provider has confirmed to me that there has never been anything unusual to report, including no unauthorized usage.

30. I was unable to obtain any satisfactory explanation from Hydro One regarding these charges.

31. In approximately May or June 2014, I accessed my account on the Hydro One website. My online account contained five separate bills dated March 28, 2014 for various time periods dating back to April 23, 2013. Four of these bills were for time periods for which I had already been billed by Hydro One, and included significant increase to the original costs. When I made payment in respect of these charges, I did so under protest.

32. In June 2014, I received a letter from Hydro One acknowledging the Ombudsman's investigation. A copy of the June 2014 letter from Hydro One is attached hereto as **Exhibit "B"**.

33. On August 25, 2014, I received a letter from Hydro One purporting to explain why I was receiving a "high bill as a correction". A copy of the August 25, 2014 letter from Hydro One is attached hereto as **Exhibit "C"**.

34. On October 15, 2014, I received a letter from Hydro One purporting to explain a delay in issuing my bill. A copy of the October 15, 2014 letter from Hydro One is attached hereto as **Exhibit "D"**.

35. On April 6, 2015, I received an envelope from Hydro One containing 39 "revised" bills, dating back to the period between October 2011 and February 2015.

36. No explanation from Hydro One was included with this massive envelope of "revised" bills I received on April 6, 2015, nor did Hydro One make any attempt to rationalize these bills to those that I had received over the previous years. I was told that I owed an additional \$2,587.69 to Hydro One.

37. The current status of my account is paid in full, other than my most recent bill.

38. I have tried, on numerous occasions, and failed to seek an adequate explanation from Hydro One for these "revised" invoices.

39. I have, on numerous occasions, written to the Ombudsman, the Ontario Energy Board, the Minister of Energy, and my local Member of Provincial Parliament for assistance with respect to my serious billing and customer service issues with Hydro One. Attached hereto as **Exhibits "E" and "F"** are copies of my letters to the Minister of Energy and my local Member of Provincial Parliament. However, the complete and utter fiasco that I have experienced since the implementation of Hydro One's new billing and customer information system, and the mismanagement of my account, remains unresolved. Even though Hydro One admits that its customers expect and deserve timely

and accurate billing information, this is not what I have received. I have not received an adequate explanation or adequate compensation from Hydro One.

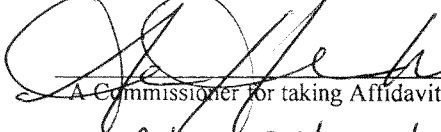
40. I have spent a very significant amount of my personal time (in excess of over 100 hours) reviewing my bills, speaking with Hydro One employees, writing numerous letters, and trying to make sense out of the information that Hydro One has provided to me. I have experienced tremendous stress, anger and frustration as a result of Hydro One's conduct.

41. Finally, in many circumstances I received invoices dating to periods many months in the past. This has rendered it impossible for me to take any necessary timely corrective action, concerning the electricity consumed on property, which I would have liked to do.

SWORN BEFORE ME at

COLLIER COUNTY FLORIDA

this 24 day of March, 2016.

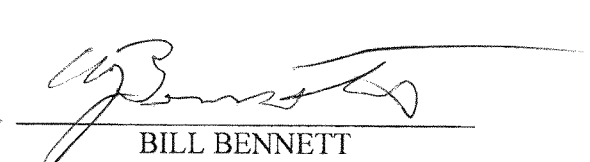
  
A Commissioner for taking Affidavits (or as may be)

Alan F. Hrnisch

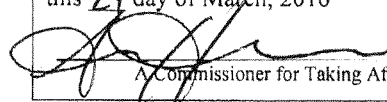
FSN 88647

501 GOODLETTE FRANK RD A-210

Naples, FL 34102

  
BILL BENNETT

This is **Exhibit "A"** referred to in the  
affidavit of Bill Bennett, sworn before  
this 24 day of March, 2016

  
A Commissioner for Taking Affidavits



Mr. Wm Bennett  
511-10101 Yonge St  
Richmond Hill ON L4C 0V6

Dear Valued Customer:

The purpose of this letter is to explain corrections we have made to your bill and to provide guidance for making your bill payment.

In this envelope you will find your current Hydro One bill as well as a number of your previous bills marked, "For your information. Please see enclosed letter."

We understand that receiving multiple bills within a short period of time is frustrating. We also recognize that electricity billing can be complex and we are working hard to make it easier to understand.

**What should I pay?**

Please pay only the charges on your current bill shown in the, "Total Amount You Owe" line at the top of page 1 of the current bill. If you are a Pre-authorized Payment Plan customer, this amount will be withdrawn from your bank account on your regular payment date.

**Why did you produce multiple bills for my account?**

Anytime we need to make a correction to an already-issued bill, we cancel that bill and produce a new bill. This new bill contains the corrected information for that billing period and for each billing period from that point forward. This bill correction can occur for a number of different reasons. For example, we make a bill correction when we have estimated one of your past bills but your actual meter readings become available and necessitates a correction to that bill.

The reason we have included your previous bills is to ensure that your records are complete, that you have the opportunity to review all your bills in sequential order, and that you have the information you need for your files.

RECEIVED May 14

You deserve bills that are clear, timely and accurate. Please know that ultimately, you will only pay for the electricity you consume. We appreciate your patience as we take steps to resolve issues concerning your bill.

If you have any questions, or require any further information, please call our Customer Communications Centre at 1-888-664-9376. Our office hours are Monday to Friday from 7:30 a.m. to 8 p.m.

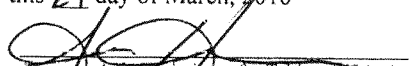
Sincerely,

A handwritten signature in black ink, appearing to read 'Oded Hubert', with a stylized flourish at the end.

Oded Hubert

Acting Vice President, Customer Service

This is Exhibit "B" referred to in the  
affidavit of Bill Bennett, sworn before  
this 24 day of March, 2016

  
A Commissioner for Taking Affidavits



# news release

## Hydro One statement regarding the annual report of the Office of the Ombudsman

TORONTO, June 23, 2014 – Carmine Marcello, President and CEO, Hydro One Inc. issued the following statement today in response to the Office of the Ombudsman of Ontario's Annual Report:

*Since the announcement of the Special Ombudsman Response Team investigation, Hydro One has worked collaboratively with Ombudsman's staff on the investigation while dedicating time and resources on resolving billing issues related to delayed bills and bills using repeated estimated consumption.*

*Hydro One has reviewed the Ombudsman's Annual Report and would like its customers to know that we have been working tirelessly – and have made progress -- to resolve the customer service issues currently before us.*

*We are taking the opportunity to not only resolve technical problems that resulted from introducing a new billing system, but to also improve service through new customer friendly policies and by changing our customer service culture.*

*I want to thank our customers for their patience and understanding as we work to deliver the service they expect and deserve.*

*We recognize that, in addition to its Annual Report, the Ombudsman's Office will continue with its investigation of Hydro One billing practices.*

### Progress Update

- To date, Hydro One has received 1,733 complaints from the Office of the Ombudsman and has successfully resolved 1,567 with customers.
- Hydro One is successfully billing 98.4% of its customers on time, improved from 95% at the launch of the Ombudsman's investigation.
- Hydro One is currently billing 99.2% of its customers on actual usage and is working steadily to decrease the number of accounts persistently billing on estimates.

- Hydro One has introduced a 10-day commitment for resolving customer issues, with a resolution within 10 days or by a promised date.
- Hydro One has made changes to call centre training, introduced policies such as interest-free payment plans for customers who receive bills to cover long billing periods and waived service charges for customers who have been inconvenienced.
- Of customers who have been offered the choice of a credit on their bill or a refund, Hydro One has issued 5,112 cheques.

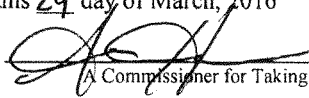
For more details concerning the status of Hydro One's efforts to resolving billing system issues, please visit: <http://www.hydroone.com/WorkingtoGetBetter>

Hydro One delivers electricity safely, reliably and responsibly to homes and businesses across the province of Ontario and owns and operates Ontario's 29,000 km high-voltage transmission network that delivers electricity to large industrial customers and municipal utilities, and a 121,000 km low-voltage distribution system that serves about 1.3 million end-use customers and smaller municipal utilities in the province. Hydro One is wholly owned by the Province of Ontario.

-30-

For more information, contact Hydro One Media Relations 24 hours a day at 1-877-506-7584 (toll-free in Ontario only) or 416-345-6868. Our website is [www.HydroOne.com](http://www.HydroOne.com).

This is Exhibit "C" referred to in the  
affidavit of Bill Bennett, sworn before  
this 24 day of March, 2016

  
A Commissioner for Taking Affidavits



Mr. Wm Bennett  
511-10101 Yonge St  
Richmond Hill ON L4C 0V6

Dear Valued Customer:

I am writing this letter to explain your enclosed bill and to provide options for making your bill payment.

In this envelope you will find your current Hydro One bill which is higher than you would normally expect. We understand that receiving such a high bill as a correction is frustrating. We also recognize that electricity billing can be complex and we are working hard to make it easier to understand.

### **What should you pay?**

The amount due for the electricity you used is shown in the, "Total Amount You Owe" line at the top of page 1. You can pay this amount now or we would be pleased to offer you an interest-free installment plan to spread out your payments over a longer period of time. To set up your instalment plan please call us at 1-844-814-7411. Our office hours are Monday to Friday from 7:30 a.m. to 8 p.m.

### **Why did we make a correction to your account?**

Billing corrections have to be made for a number of reasons. For example, when previous estimates are not in line with your usage we need to adjust your bill to reflect your electricity usage based on your actual meter reading. Please know that ultimately, you will only pay for the electricity you consume.

You deserve bills that are clear, timely and accurate. We appreciate your understanding and hope to address any concerns you may have.

If you have any questions, or require any further information, please call our Customer Communications Centre at 1-844-814-7411. Our office hours are Monday to Friday from 7:30 a.m. to 8 p.m.

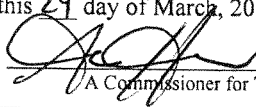
Sincerely,

A handwritten signature in dark ink, appearing to read "Oded Hubert".

RECEIVED Aug 25/14

Oded Hubert  
Acting Vice President, Customer Service

This is Exhibit "D" referred to in the  
affidavit of Bill Bennett, sworn before  
this 24 day of March, 2016



A Commissioner for Taking Affidavits



October 15, 2014

Mr. Wm Bennett  
511-10101 Yonge St  
Richmond Hill ON L4C 0V6

Dear Mr. Wm Bennett,

**Account Number: 200116964082**

We are writing to explain the delay in issuing your bill. We are currently experiencing a system issue that is affecting some of our accounts, and we expect to have this fixed within the next three weeks. We apologize for this delay.

We recommend that you continue to make regular payments based on your current budget billing plan. Of course because this is our error no late payment charges will be applied to your account and you will not be subject to any collection activity.

We are working diligently to identify the cause of the system issue. Once it is fixed we will be reviewing your account to ensure that your bill is accurate before we send it to you.

When you receive your bill, if the amount owing poses a challenge for you, we will be happy to create a payment arrangement. If you have any questions or would like to request a payment arrangement once you receive your bill, please call our Customer Communications Centre at 1-888-664-9376. Our office hours are Monday to Friday from 7:30 a.m. to 8 p.m.

Again, we apologize for the inconvenience you have experienced, and we thank you for your patience.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Quail". The signature is stylized with a large, looped 'R' and a distinct 'Q'.

Rob Quail  
Vice President, Customer Service

## Frequently Asked Questions

**When will I receive my next bill?**

Our goal is to have your bill(s) in the mail by the end of October. If we discover additional issues related to your account, there may be a further delay in billing. We want to apologize and let you know during this delay in billing, there will be no late payment charge applied to your account and you will not be subject to collection action. Once you have received your bills, we will gladly work with you to set up suitable payment arrangements.

**Will I be penalized for this delay in invoicing?**

No, we will not be applying a late payment charge to your account and you will not be subject to collection action. Also note that the delay in your bill will not impact the calculated amount of your monthly budget bill. Again, we apologize for this inconvenience as this was our error.

**Does this mean that I will receive more than one bill?**

Yes, you may receive multiple invoices. If we are sending more than one bill, a letter will be attached with the bills to explain the package.

**What happens when I finally receive a bill and I can't afford to pay it all at once?**

We will work with you when you receive your bill to provide you with payment options. You can wait until you receive your bill to make a payment, or if you wish, you can make a payment now in the amount of your monthly budget billing plan. Rest assured, you will not be charged late payment charges on your account. Again, we apologize for any inconvenience.

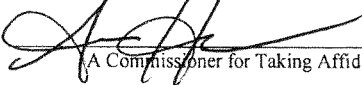
**My account is on budget billing and I am on the pre-authorized payment plan. I cannot afford to have multiple bills due for payment at one time.**

We understand your concern. Please contact us and we can temporarily suspend your account from our pre-authorization plan and set up an interest free instalment plan to help you with the outstanding balance.

**Will the delay in billing impact my monthly budget billing amount?**

No. The delay in billing will not impact your budget bill amount.

This is Exhibit "E" referred to in the  
affidavit of Bill Bennett, sworn before  
this 24 day of March, 2016

  
A Commissioner for Taking Affidavits

COPY

June 27<sup>th</sup>, 2014

Suite 511,  
10101 Yonge Street,  
Richmond Hill, Ontario  
L4C 0V6

Minister of Energy,  
Ontario Provincial Parliament,  
4<sup>th</sup> Floor, Hearst Block,  
900 Bay Street,  
Toronto, Ontario  
M7A 2E1

ATTENTION – Mr. Chiarelli

Dear Sir-

**RE HYDRO ONE**  
**Account # 200116964082**

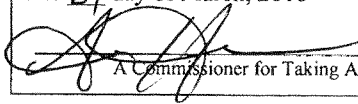
It is unfortunate that I found it necessary to send the attached letter to Hydro One. After your review of the facts included in this letter, I am certain that you will agree with me that this account has been grossly mismanaged by them. I would appreciate your assistance to contact the proper authorities at Hydro One and ensure that these errors are corrected promptly.

I appreciate your assistance with this matter.

Regards,

Bill Bennett

This is Exhibit "F" referred to in the  
affidavit of Bill Bennett, sworn before  
this 24 day of March, 2016

  
A Commissioner for Taking Affidavits

COPY

June 27<sup>th</sup>, 2014

Suite 511,  
10101 Yonge Street,  
Richmond Hill, Ontario  
L4C 0V6

Member of the Provincial Parliament,  
District of Parry Sound-Muskoka  
Room 440, Main Legislative Building,  
Queen's Park,  
Toronto, Ontario  
M7A 1A8

ATTENTION – Mr. Norm Miller

Dear Sir-

**RE HYDRO ONE**  
**Account # 200116964082**

It is unfortunate that I found it necessary to send the attached letter to Hydro One. After your review of the facts included in this letter, I am certain that you will agree with me that this account has been grossly mismanaged by them. As a resident of your constituency, I would appreciate your assistance to contact the proper authorities at Hydro One and ensure that these errors are corrected promptly.

I appreciate your assistance with this matter.

Regards,

Bill Bennett

Bill Bennett  
Plaintiff

Hydro One Inc., et al.  
and  
Defendants

Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**AFFIDAVIT OF BILL BENNETT  
(Sworn March 24, 2016)**

**KOSKIE MINSKY LLP**  
Barristers and Solicitors  
20 Queen Street West  
Suite 900  
P.O. Box 52  
Toronto ON M5H 3R3

**Kirk M. Baert** LSUC#: 309420  
Tel: (416) 595-2117 / Fax: (416) 204-4924  
**Garth Myers** LSUC#: 63207G  
gmyers@kmlaw.ca  
Tel: (416) 595-2102 / Fax: (416) 204-4924

**LAX O'SULLIVAN LISUS GOTTLIEB LLP**  
Counsel  
Suite 2750, 145 King Street West  
Toronto ON M5H 1J8

**Eric R. Hoaken** LSUC#: 35502S  
Tel: (416) 645-5075 / Fax: (416) 598-3730  
**Ian C. Matthews** LSUC#: 55306N  
Tel: (416) 598-5365 / Fax: (416) 598-3730

Lawyers for the Plaintiff

Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BILL BENNETT

Plaintiff

and

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC.,  
HYDRO ONE REMOTE COMMUNITIES INC., NORFOLK POWER  
DISTRIBUTION INC. and HYDRO ONE NETWORKS INC.

Defendants

Proceeding under the *Class Proceedings Act*, 1992

**AFFIDAVIT OF MARY BATES  
(Sworn April 12, 2016)**

I, Mary Bates, of the Town of Washago, in the Province of Ontario, MAKE  
OATH AND SAY:

1. I am a member of the proposed class in the within action and, as such, have knowledge of the matters hereinafter deposed, except where stated to be on information and belief, in which case I disclose the source of my information. I believe these facts to be true.
2. I swear this affidavit in support of the Plaintiff's motion for certification of this action as a class proceeding and for no other or improper purpose.
3. No portion of this affidavit is meant to waive, nor should it be construed as a waiver of, solicitor-client, litigation, or any other type of privilege.

## **BACKGROUND**

4. I live at 3366 Lake St. George Boulevard in the Town of Washago, in a house owned by myself and my husband. We have lived at this house for approximately 7 years.

5. My husband and I have been since November 2007, and are currently, Hydro One Networks Inc. customers.

6. I understand that a proposed class action, seeking to represent all of Hydro One's customers since May 2013, has been commenced by Mr. Bill Bennett.

7. I am a member of the proposed class because I fall within the above description. Attached hereto as **Exhibit "A"** is a copy of my May 2013 Hydro One bill.

8. If this lawsuit is certified as a class action, I wish to participate in it to pursue a claim for damages.

## **MY EXPERIENCE WITH HYDRO ONE**

9. Beginning in May 2013, I began to experience problems with Hydro One's billings and customer service. My billing issues with Hydro One have included payments that have not been properly applied to my account, missing bills, not receiving bills for long periods of time, including a period of over 3 months, and multiple bills arriving at the same time.

10. My customer service issues with Hydro One relate to the many inquiries I have made to Hydro One's Customer Communications department in response to the billing issues identified above. I have emailed and called Hydro One many, many times. There

have been long delays in Hydro One responding to my emails. Attached hereto as **Exhibit "B"** is a copy of my email to Hydro One of December 20, 2013, following up after Hydro One did not answer my emails and phone calls for over three weeks. Attached hereto as **Exhibit "C"** is a copy of an email from Hydro One dated January 28, 2014, advising that it could not produce a copy of a missing bill.

11. I have been variously told by Hydro One that: (a) my problems would "work themselves out"; (b) my problems would be corrected; (c) a missing bill was "cancelled"; (d) the matters were currently under investigation; (e) the issue had previously been forwarded to the appropriate department; and (f) the appropriate department was in the process of completing an investigation to resolve the issue. I have not received satisfactory replies to any of my inquiries.

12. In some circumstances, a month would go by without an update from Hydro One's Customer Communications department.

13. I have spoken to and corresponded with many different Customer Communications employees, including Vehbina, Danielle, Hari, Robin, Dina, and several others.

14. I contacted the Ombudsman's Office with my complaints. Attached hereto as **Exhibit "D"** is a copy of an email from the Ombudsman's Office acknowledging the submission of my complaint, which is also set out in the email. The Ombudsman's Office directed me to liaise with a Hydro One customer service representatives.

15. I also contacted my local Minister of Provincial Parliament, Mr. Garfield Dunlop, to ask whether his office could help me with my concerns. Attached hereto as **Exhibit "E"** is a copy of an email exchange with my MPP's office. My MPP's office directed me back to a Hydro One representative.

16. Neither the Ombudsman's Office nor my MPP's office have been able to help resolve my problems with Hydro One.

17. In March 2014, I received a letter from Hydro One apologizing for its billing and customer service issues. Attached hereto as **Exhibit "F"** is a copy of the March 2014 apology letter from Hydro One.

18. I received another letter from Hydro One that is undated. I believe that I received this letter in or around May 2014. This letter states that Hydro One has been experiencing difficulties in issuing my bill on time. Attached hereto as **Exhibit "G"** is a copy of the undated letter from Hydro One.

19. My problems with Hydro One have caused me extreme stress, frustration and anxiety.

20. I estimate that I have spent over 30 hours reviewing my Hydro One bills, speaking with Hydro One employees and making complaints about Hydro One to other offices.

**WILLINGNESS TO ACT AS REPRESENTATIVE PLAINTIFF**

21. If for some reason Mr. Bennett is not available to serve as the representative Plaintiff or if this Honourable Court determines that more than one Plaintiff should serve in this role, then I would be pleased to accept such an appointment.

22. I understand that as a representative Plaintiff, I would be obliged to help direct this litigation in collaboration with any other representative Plaintiff(s) to give instructions to the Plaintiff's lawyers and to act in the best interests of the class members. For example, I understand that any settlement discussions with the Defendants in a class action cannot relate only to my damages, but must relate to the claims of the class members as a whole.

23. I understand the major steps of a class action include:

- (a) commencing the lawsuit with a statement of claim;
- (b) a motion for certification, which I understand involves the court's consideration of whether this action is appropriate to proceed as a class action;
- (c) if the action is certified, there would be notice to the class of the certification and the right to opt-out (i.e. a chance for class members not to participate in the class action);
- (d) the disclosure and exchange of relevant documents;
- (e) examinations for discovery;
- (f) a pre-trial conference where a judge can help the parties attempt to achieve a settlement of the case;
- (g) a trial of the common issues (i.e., a trial that only deals with the certified common issues as opposed to my individual issues and those of other class members);
- (h) notice to the class if individual hearings or participation is required;

- (i) the determination of individual issues, if required;
- (j) the distribution of proceeds (if any) of a money award by judgment or settlement;
- (k) appeals, which might include appeals from the certification motion, other motions, or the trial of the common issues; and
- (l) settlement discussions, which could happen at any time.

24. I understand that if I were appointed as a representative Plaintiff I would have, among other things, the following responsibilities:

- (a) review and keep myself informed of the steps in this litigation;
- (b) familiarize myself with the issues to be decided at the common issues stage and other issues in the action;
- (c) help prepare the affidavits and other materials in support of certification, other motions and the materials that would be used at a common issues trial;
- (d) attend any cross-examination on my affidavit or otherwise;
- (e) attend the examinations for discovery;
- (f) assist in preparing and executing an affidavit of documents, which will list the relevant documents that I have in my possession, power or control;
- (g) attend at the common issues trial, providing any direction or assistance to class counsel and giving evidence regarding the case;
- (h) express my views on any settlement offers that I receive or that I make on behalf of class members; and
- (i) assist in preparing materials in support of a court order approving any settlement.

25. Whether or not I am appointed as a representative Plaintiff, I am interested in this case and I will be participating in it by expressing my views to the Plaintiff's lawyers and receiving updates from them, as I have already been doing. I understand, however, that if I am appointed as a representative Plaintiff, this roll will involve an increased level of

responsibility and that some of the tasks listed above may not be required of a class member who is not appointed in that capacity.

26. I understand that the Ontario Class Proceedings Fund (the "**Fund**") has agreed to provide financial support for this proposed class action. That is, the Fund has agreed to help pay for disbursements in this lawsuit, such as the cost of expert witnesses.

27. The Fund has also agreed to indemnify the representative Plaintiff against any adverse cost award. This means that, if the class action is not successful on the common issues, any obligation to pay a portion of the Defendants' legal costs is owed by the Fund, and not by me, Mr. Bennett, or any other class members.

28. I have discussed with Garth Myers at Koskie Minsky whether there would be any other way to hire the Plaintiff's lawyers. I cannot afford to hire the Plaintiff's lawyers on a fee for service basis. The only way that I can afford to pursue this claim is by way of a contingency fee charged at the end of the case if there is a recovery.

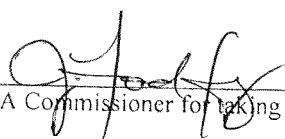
29. I have discussed with Garth Myers of Koskie Minsky whether there would any other reasonable alternatives to a class action and whether I could reasonably pursue my claim as an individual lawsuit instead of as a class action. The Plaintiff's lawyers have advised me that an individual lawsuit could be very expensive and that the costs of hiring expert witnesses for an individual lawsuit might exceed the value of my own individual claim.

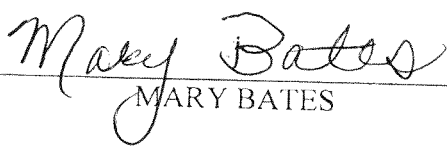
30. I understand that a class action offers important advantages for me, as compared to an individual lawsuit. This would include the potential for greater net compensation to

me and to others like me, because the costs of this litigation could be fairly shared among everyone who might benefit from a successful verdict or settlement. A class action would also include the financial support and cost protection that the Fund provides, which is not available in an individual lawsuit.

31. I am not aware of any conflict of interest I may have with the proposed class members with respect to any of the common issues in this case.

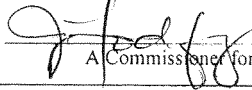
SWORN BEFORE ME at the City of Orillia  
this 12<sup>th</sup> day of April, 2016.

  
A Commissioner for taking Affidavits (or as may be)

  
MARY BATES

Jennifer Lynn Godfrey,  
a Commissioner, etc., Province of  
Ontario, for HGR Graham Partners LLP,  
Barristers and Solicitors.  
Expires December 2, 2017.

This is Exhibit "A" referred to in the  
affidavit of Mary Bates, sworn before  
this 12th day of April, 2016



A Commissioner for Taking Affidavits

Jennifer Lynn Godfrey,  
a Commissioner, etc., Province of  
Ontario, for HGR Graham Partners LLP,  
Barristers and Solicitors.  
Expires December 2, 2017.



Service address:

MRS. MARY BATES  
MR. ALVIN BATES  
3366 LAKE SAINT GEORGE BLVD

Your account number:

200039433804

Bill Cycle 04

Billing date:

May 27, 2013

Page 1 of 2

## Customer service

Hydro One Networks Inc.  
PO Box 5700  
Markham, Ontario L3R 1C8

View your electricity use at  
[www.HydroOne.com](http://www.HydroOne.com)

For billing and service  
inquiries, call  
1-888-664-9376  
Monday to Friday  
7:30 a.m. - 6 p.m.

For 24 hour power  
outages or emergency  
service, call  
1-800-434-1235

Standard Service supplied by  
Hydro One

## Here's what you owe

Balance forward

\$1,240.25

Your Budget Billing Plan amount

\$335.00

Total amount you owe

\$1,575.25

The total amount you owe, as indicated on this bill, is due on the billing date. If payment is not received by **June 15, 2013** (the Required Payment Date), a late payment charge of 1.5% compounded monthly (19.56% per year) will be calculated from the billing date and applied to your next bill.

The OEB has approved a change in Delivery rates and Regulatory Charges, effective May 1, 2013. The new rates are reflected in this bill. Visit [www.HydroOne.com/RatesandPrices](http://www.HydroOne.com/RatesandPrices) for details.

\*\*\*Ontario Clean Energy Benefit takes 10% off the cost of up to 3,000 kWh/month of electricity use. Some exceptions apply, please see [Ontario.ca/OCEB](http://Ontario.ca/OCEB) or call 1-888-668-4636

We've launched a new Customer Information System. There are changes to your bill. See enclosed insert for details or call us.

Welcome to our Budget Billing Plan.

The OEB has increased Time-of-Use electricity prices to: 12.4 cents per kWh for on-peak, 10.4 cents per kWh for mid-peak and 6.7 cents per kWh for off-peak, effective May 1, 2013.

Point of Delivery 11145956

Compare the electricity  
you are using

	Number of days	Average Daily Electricity Use (kWh)			Average electricity you used per day (kWh)
		On-Peak	Mid-Peak	Off-Peak	
Apr 04, 2013 - May 18, 2013	44	21	17	55	92
Mar 04, 2013 - Apr 04, 2013	31	34	25	88	147
Feb 01, 2013 - Mar 04, 2013	31	35	27	108	170
Jan 03, 2013 - Feb 01, 2013	29	39	29	90	158
Nov 30, 2012 - Jan 03, 2013	34	20	13	61	94
Nov 01, 2012 - Nov 30, 2012	29	18	11	42	71
Apr 02, 2012 - May 03, 2012	31	13	10	38	61



Please return this slip with your payment.

Your account number 200039433804

Total amount you owe

\$1,575.25

Amount enclosed

\$

174

(1)

280

012737

MRS. MARY BATES  
MR. ALVIN BATES  
3366 LAKE ST GEORGE BLVD  
RR 2  
WASHAGO ON L0K 2B0

HYDRO ONE NETWORKS INC.  
PO BOX 4102 STN A  
TORONTO ON M5W 3L3

2000394338040001575251

103129001

96



MR. ALVIN BATES  
3366 LAKE SAINT GEORGE BLVD

093

Your account number:

200039433804

May 27, 2013

Page 2 of 2

## How we calculated your charges

<b>Balance forward</b>	Amount of your last bill	\$235.00
	Amount we received on May 14, 2013 - thank you	\$235.00 CR
	Adjustments, credits and/or other charges applied since your last bill	\$1,240.25
	<b>Balance forward</b>	<b>\$1,240.25</b>

### Your electricity charges

Your service type is Residential - Medium Density

#### Electricity used this billing period

Meter J2819219 for billing period April 04, 2013 to May 18, 2013

Metered usage in kilowatt-hours  $(3,748.3884 \times 1) = 3,748.3884$  kWh

Adjusted usage in kilowatt-hours  $(3,748.3884 \times 1.085^*) = 4,067.0014$  kWh

Electricity: Winter On-Peak: 723.1354 kWh @ 11.8000 ¢	\$85.33
Mid-Peak: 484.8381 kWh @ 9.9000 ¢	\$48.00
Off-Peak: 1,824.9158 kWh @ 6.3000 ¢	\$114.97

Electricity: Summer On-Peak: 188.4111 kWh @ 12.4000 ¢	\$23.36
Mid-Peak: 271.9513 kWh @ 10.4000 ¢	\$28.28
Off-Peak: 573.7497 kWh @ 6.7000 ¢	\$38.44

Delivery	\$211.23
Regulatory Charges	\$25.27

Debt Retirement Charge	\$26.24
HST (87086-5821-RT0001)	\$78.17

Total of your electricity charges	\$679.29
Ontario Clean Energy Benefit: 10% off applicable electricity charges and taxes***	\$67.93 CR
New total of your electricity charges	\$611.36

Your Budget Billing Plan amount	\$335.00
---------------------------------	----------

<b>Your plan summary</b>	Total of your actual charges billed to date (including this bill)	\$1,851.61
	Total of your Budget Billing Plan amounts billed (including this bill)	\$335.00 CR
	Balance remaining in your plan after you have paid this bill	\$1,516.61

Im 1240.25  
Agreed to amt after paying 1240.25

**Electricity:** This is the cost of the electricity supplied to you during this billing period and is the part of the bill that is subject to competition. The electricity consumed is multiplied by the adjustment factor\*. Hydro One collects this money and pays this amount directly to our suppliers.

\*When electricity is delivered over a power line, it is normal for a small amount of power to be consumed or lost as heat. Equipment, such as wires and transformers, consumes power before it gets to your home or business. The adjustment factor accounts for these losses.

**Delivery:** These are the costs of delivering electricity from generating stations across the Province to Hydro One then to your home or business. This includes the cost to build and maintain the transmission and distribution lines, towers and poles and operate provincial and local electricity systems. A portion of these charges are fixed and do not change from month to month. The rest are variable and increase or decrease depending on the amount of electricity that you use.

**Regulatory Charges:** Regulatory charges are the costs of administering the wholesale electricity system and maintaining the reliability of the provincial grid and include the costs associated with funding Ministry of Energy and Infrastructure conservation and renewable energy programs.

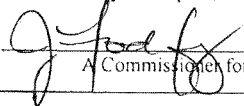
**Debt Retirement Charge:** The debt retirement charge pays down the debt of the former Ontario Hydro.

**NOTE:** For a detailed explanation of electricity terms, please visit [www.HydroOne.com](http://www.HydroOne.com) or [www.onb.gov.on.ca](http://www.onb.gov.on.ca)

#### Time of Use Periods for Summer and Winter

Time Period	Summer (May 1st - Oct 31st)	Winter (Nov 1st - Apr 30th)
On-Peak	Weekdays: 11 a.m. - 5 p.m.	Weekdays: 7 a.m. - 11 a.m. & 5 p.m. - 7 p.m.
Mid-Peak	Weekdays: 7 a.m. - 11 a.m. & 5 p.m. - 7 p.m.	Weekdays: 11 a.m. - 5 p.m.
Off-Peak	Weekdays: 7 p.m. - 7 a.m. & Weekends and Holidays	Weekdays: 7 p.m. - 7 a.m. & Weekends and Holidays

This is Exhibit "B" referred to in the  
affidavit of Mary Bates, sworn before  
this 12th day of April, 2016

  
A Commissioner for Taking Affidavits

**Jennifer Lynn Godfrey,**  
**a Commissioner, etc., Province of**  
**Ontario, for HGR Graham Partners LLP,**  
**Barristers and Solicitors.**  
**Expires December 2, 2017.**

**Subject:** Re: Missing October 2013 bill Case Ref: SA2583863X  
**From:** MARY BATES (ambates@rogers.com)  
**To:** CustomerCommunications@HydroOne.com;  
**Date:** Friday, December 20, 2013 2:30 PM

Could you please provide an update to this case?  
I checked today online and still can not display this bill.  
Thanks,  
Mary Bates

---

**From:** "CustomerCommunications@HydroOne.com" <CustomerCommunications@HydroOne.com>  
**To:** ambates@rogers.com  
**Sent:** Saturday, November 30, 2013 11:48:30 AM  
**Subject:** Missing October 2013 bill Case Ref: SA2583863X

Dear Ms. Bates,

Thank you for your email.

Please be advised that this issue was previously forwarded to the appropriate department.

Unfortunately, we are unable to offer you an update at this time as this matter is still under investigation.

We apologize for any inconvenience this has caused and thank you for your patience.

For more information on Hydro One, visit: [www.hydroone.com](http://www.hydroone.com).

Sincerely,

Vehbina  
Hydro One Networks Inc.



-----Original Message-----

**From:** ambates@rogers.com  
**Received:** 11/28/2013 1:45:52 AM

**To:** customercommunications@hydroone.com

**Subject:** Missing October 2013 bill

Since I have been unable to find the hard copy of my October bill that should have been mailed to me;

I spoke with your Customer Service this PM about the fact that I could not see my October bill online. Your customer service rep said that he could not access it either and therefore he assumed that the bill was probably "cancelled???"

My budget billing payment was noted on the November bill as being received therefore I am not concerned about my payment. I am concerned, however, that no one could tell me what my actual charges were for the October bill or any other details from that bill. (Since according to your customer service rep the bill must have been cancelled because your system couldn't display the actual bill for October.)

Could you please email me a copy of the October bill or open the link on your website so that I can display and print it or provide an explanation as to why the bill was cancelled.

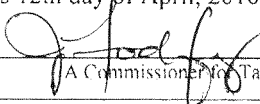
Thanks,  
Mary Bates  
Acct # 200039433804

---

### Attachments

- Untitled2.2.gif (4.32KB)

This is Exhibit "C" referred to in the affidavit of Mary Bates, sworn before this 12th day of April, 2016

  
A Commissioner for Taking Affidavits

Jennifer Lynn Godfrey,  
a Commissioner, etc., Province of  
Ontario, for HGR Graham Partners LLP,  
Barristers and Solicitors.  
Expires December 2, 2017.

**Subject:** Re: Missing October 2013 bill Case Ref: SA2583863X Case Ref: SA2761597X  
**From:** CustomerCommunications@HydroOne.com (CustomerCommunications@HydroOne.com)  
**To:** ambates@rogers.com;  
**Date:** Tuesday, January 28, 2014 12:02 PM

Dear Mrs. Bates,

Thank you for your reply.

Unfortunately we are unable to produce a copy of your bill at this time. We are working diligently to have the bill available to you as soon as possible. Please accept our apologies for the delay, rest assured the matter has been escalated to the appropriate department.

Please be advised you are still able to view your usage online. You may log into the Time-Of-Use Portal and view the periods September 19, 2013 to October 18, 2013 and October 19, 2013 to November 18, 2013.

For your convenience, we have included the breakdown of both periods for you.

For the period September 19, 2013 to October 18, 2013, your total usage was 993.8982 kWh and the total Electricity cost was \$84.80.

For the period October 19, 2013 to November 18, 2013, your total usage was 1766.1108 kWh and the total Electricity cost was \$151.90.

For more information on Hydro One, visit: [www.hydroone.com](http://www.hydroone.com).

Sincerely,

April  
Hydro One Networks Inc.



-----Original Message-----

**From:** ambates@rogers.com  
**Received:** 1/24/2014 3:54:43 PM  
**To:** CustomerCommunications@HydroOne.com  
**Subject:** Re: Missing October 2013 bill Case Ref: SA2583863X

I have been keeping track of my total actual hydro amounts per month, to try to reduce our hydro costs. Since I still have not received a resolution to this issue (now almost two months ago); could you please verify the actual hydro amount for October 2013?

I have calculated the actual amount for October as \$179.54 by subtracting the September total to date from the November total to date.

Please let me know if this is correct.

Thanks,

Mary Bates

---

From: "CustomerCommunications@HydroOne.com" <CustomerCommunications@HydroOne.com>  
To: ambates@rogers.com  
Sent: Saturday, November 30, 2013 11:48:30 AM  
Subject: Missing October 2013 bill Case Ref: SA2583863X

Dear Ms. Bates,

Thank you for your email.

Please be advised that this issue was previously forwarded to the appropriate department.

Unfortunately, we are unable to offer you an update at this time as this matter is still under investigation.

We apologize for any inconvenience this has caused and thank you for your patience.

For more information on Hydro One, visit: [www.hydroone.com](http://www.hydroone.com).

Sincerely,

Vehbina

Hydro One Networks Inc.

-----Original Message-----

From: ambates@rogers.com  
Received: 11/28/2013 1:45:52 AM  
To: customercommunications@hydroone.com  
Subject: Missing October 2013 bill

Since I have been unable to find the hard copy of my October bill that should have been mailed to me; I spoke with your Customer Service this PM about the fact that I could not see my October bill online. Your customer service rep said that he could not access it either and therefore he assumed that the bill was probably "cancelled???"

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Could you please email me a copy of the October bill or open the link on your website so that I can display and print it or provide an explanation as to why the bill was cancelled.


Thanks,  
Mary Bates  
Acct # 200039433804

---

### Attachments

- Untitled1.2.2.gif (4.32KB)

This is Exhibit "D" referred to in the  
affidavit of Mary Bates, sworn before  
this 12th day of April, 2016

  
A Commissioner for Taking Affidavits

Jennifer Lynn Godfrey,  
a Commissioner, etc., Province of  
Ontario, for HGR Graham Partners LLP,  
Barristers and Solicitors.  
Expires December 2, 2017.

Print

<https://ca-mg5.mail.yahoo.com/neo/launch?.partner=rogers-ac&.ra...>

**Subject:** Thank you for your submission - Submitted from the Ombudsman Website  
**From:** complain@ombudsman.on.ca (complain@ombudsman.on.ca)  
**To:** ambates@rogers.com;  
**Date:** Saturday, February 22, 2014 7:48 PM

### Thank You

Thank you for submitting your complaint. An Ombudsman staff member will be in touch with you if a response is needed. If you have any questions, please do not hesitate to contact the Ombudsman's Office at 1-800-263-1830, or by email at [info@ombudsman.on.ca](mailto:info@ombudsman.on.ca).

### Complaint Type

General Complaint

### Name

Mary Bates

### Address

3366 Lake St. George Blvd.

### Phone

705-689-2047 Home

### Alternate phone

705-727-8765 Cell

### Fax

### Email

[ambates@rogers.com](mailto:ambates@rogers.com)

### Signup for The Watchdog?

Yes

### Best time to contact

PhoneEmail

**What government organization or agency is your question or complaint about? (Please identify by name)**

Hydro One

**Who have you dealt with in this organization with respect to your complaint?**

Hydro One Customer Service

**Please summarize the matter you are complaining about and include any relevant dates**

1. Missing October 2013 bill. 2. Budget billing amount jumped from \$235 a month to \$469. Paid arrears from 2012 to 2013. Agreed to new amount of \$335 a mo. The budget billing amt. changed back to \$441 on Nov 2013 bill for no apparent reason. 3. Arrears amount from 2012-2013 (\$1240.25) added to actual amount billed to date for 2013-2014. So it looks like the actual amount for one month is three times what it actually was. When budget billing amount for 2014 is calculated in Apr it will much higher than it should be. 4. I have not received a bill in over 60 days. Last bill was for period Nov 19 - Dec 17, 2013.

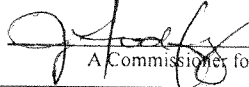
**Summarize what steps you have taken to try and resolve your complaint including any grievance, appeals and/or requests for reconsideration you have submitted and what response you received**

1. Called Customer Service in November 2013. Received incident number via email. Sent emails in Dec and Jan. Hydro just says that it is under investigation. 2. and 3. Contacted customer service via phone three times in May 2013, Aug 9, 2013 and Dec 2013 to try to resolve budget billing amount and actual billed to date amount issues. Could not resolve. From here the story gets too complicated to explain. Please contact me for more details. 4. Sent email Feb 18, 2014 to customer service re not receiving a bill since December.

**If you have received a final decision on an appeal or request for review or reconsideration of your complaint, please indicate what the result was and why you feel this was unfair**

**If you consider the matter urgent, please explain why**

This is Exhibit "E" referred to in the affidavit of Mary Bates, sworn before this 12th day of April, 2016

  
A Commissioner for Taking Affidavits

Jennifer Lynn Godfrey,  
a Commissioner, etc., Province of  
Ontario, for HGR Graham & Partners LLP,  
Barristers and Solicitors.  
Expires December 2, 2017.

Print

<https://ca-mg5.mail.yahoo.com/neo/launch?.partner=rogers-ac&.ra...>

**Subject:** Hydro One complaints  
**From:** MARY BATES (ambates@rogers.com)  
**To:** garfield.dunlopco@pc.ola.org;  
**Date:** Saturday, March 1, 2014 3:24 PM

**Dear Mr. Dunlop:**

I am writing to you to request your help in resolving our issues with Hydro One.

Since my husband and I are retired, on a fixed income and use a forced air electric furnace for heat, we worry how we will be able to continue to pay hydro costs that keep increasing at such alarming rates.

The following details the complaint that I filed to the Ontario Ombudsman:

**Complaint Type**

General Complaint

**Name**

Mary Bates

**Address**

3366 Lake St. George Blvd.

**Phone**

705-689-2047 Home

**Alternate phone**

705-727-8765 Cell

**Fax**

**Email**

ambates@rogers.com

**Signup for The Watchdog?**

Yes

**Best time to contact**

Phone|Email

**What government organization or agency is your question or complaint about? (Please identify by name)**

Hydro One

**Who have you dealt with in this organization with respect to your complaint?**

Hydro One Customer Service

**Please summarize the matter you are complaining about and include any relevant dates**

1. Missing October 2013 bill.
2. Budget billing amount jumped from \$235 a month to \$469. Paid arrears from 2012 to 2013. Agreed to new amount of \$335 a mo. The budget billing amt. changed back to \$441 on Nov 2013 bill for no apparent reason.
3. Arrears amount from 2012-2013 (\$1240.25) added to actual amount billed to date for 2013-2014. So it looks like the actual amount for one month is three times what it actually was. When budget billing amount for 2014 is calculated in Apr it will much higher than it should be.
4. I have not received a bill in over 60 days. Last bill was for period Nov 19 - Dec 17, 2013.

**Summarize what steps you have taken to try and resolve your complaint including any grievance, appeals and/or requests for reconsideration you have submitted and what response you received**

1. Called Customer Service in November 2013. Received incident number via email. Sent emails in Dec and Jan. Hydro just says that it is under investigation.
- 2.and 3. Contacted customer service via phone three times in May 2013, Aug 9, 2013 and Dec 2013 to try to resolve budget billing amount and actual billed to date amount issues. Could not resolve. From here the story gets too complicated to explain. Please contact me for more details.
4. Sent email Feb 18, 2014 to customer service re not receiving a bill since December.

**If you have received a final decision on an appeal or request for review or reconsideration of your complaint, please indicate what the result was and why you feel this was unfair**

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**If you consider the matter urgent, please explain why**

Sincerely,  
Mary Bates

Print

<https://ca-mg5.mail.yahoo.com/neo/launch?.partner=rogers-ac&.ra...>

**Subject:** RE: Hydro One complaints  
**From:** Dunlop-CO, Garfield (garfield.dunlopco@pc.ola.org)  
**To:** ambates@rogers.com;  
**Date:** Monday, March 3, 2014 9:11 AM

Mary,

In order for us to make an inquiry on your behalf we require your Hydro One account number, address and phone number please. We would be happy to forward your concerns to our liaison and have someone contact you.

Regards,

Heather

Heather Thompson  
Constituency Assistant  
Garfield Dunlop MPP  
Simcoe North

---

**From:** MARY BATES [mailto:ambates@rogers.com]  
**Sent:** Saturday, March 01, 2014 3:24 PM  
**To:** Dunlop-CO, Garfield  
**Subject:** Hydro One complaints

**Dear Mr. Dunlop:**

I am writing to you to request your help in resolving our issues with Hydro One.

Since my husband and I are retired, on a fixed income and use a forced air electric furnace for heat, we worry how we will be able to continue to pay hydro costs that keep increasing at such alarming rates.

**The following details the complaint that I filed to the Ontario Ombudsman:**

**Complaint Type**

General Complaint

**Name**

Mary Bates

**Address**

3366 Lake St. George Blvd.

**Phone**

705-689-2047 Home

**Alternate phone**

705-727-8765 Cell

**Fax**

**Email**

[ambates@rogers.com](mailto:ambates@rogers.com)

**Signup for The Watchdog?**

Yes

**Best time to contact**

Phone|Email

**What government organization or agency is your question or complaint about? (Please identify by name)**

Hydro One

**Who have you dealt with in this organization with respect to your complaint?**

Hydro One Customer Service

**Please summarize the matter you are complaining about and include any relevant dates**

1. Missing October 2013 bill.
2. Budget billing amount jumped from \$235 a month to \$469. Paid arrears from 2012 to 2013. Agreed to new amount of \$335 a mo. The budget billing amt. changed back to \$441 on Nov 2013 bill for no apparent reason.
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4. I have not received a bill in over 60 days. Last bill was for period Nov 19 - Dec 17, 2013.

**Summarize what steps you have taken to try and resolve your complaint including any grievance, appeals and/or requests for reconsideration you have submitted and what response you received**

1. Called Customer Service in November 2013. Received incident number via email. Sent emails in Dec and Jan. Hydro just says that it is under investigation.
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4. Sent email Feb 18, 2014 to customer service re not receiving a bill since December.

**If you have received a final decision on an appeal or request for review or reconsideration of your complaint, please indicate what the result was and why you feel this was unfair**

**If you consider the matter urgent, please explain why**

Sincerely,  
Mary Bates

**Subject:** Help with Hydro One issues - for Heather Thompson

**From:** MARY BATES (ambates@rogers.com)

**To:** garfield.dunlopco@pc.ola.org;

**Date:** Saturday, March 22, 2014 8:55 PM

Dear Heather,

I have waited a couple of weeks to reply to you in hopes of receiving invoices from Hydro One for January and February.

As of this date I still have not received an invoice since December 2013.

I am able to see my Kwh's and total usage costs on line for daily, and monthly values. Therefore it looks like they are receiving info from my meter. I am very concerned that if Hydro One is pushed to send out invoices that they will be outrageous estimates as others have received and that it will take months to correct the billings. I am saving the information displayed on their online usage to have something to fight with if this happens but I really don't want to have to go that route.

Also, re my budget billing issue I would like to sit down with someone to go over the invoices to explain what they have done. They've made such a mess of a simple transaction that it's impossible to explain without seeing the invoices.

Here is the information you requested.

Account # 28362-16009

Mary Bates

3366 Lake St. George Blvd.

Washago, Ontario L0K 2B0

Home: 705-689-2047

Cell: 705-727-8765

Could you please contact me to arrange to meet with someone in your Orillia office to discuss these issues in person?

Thanks for you help,  
Mary Bates

Mary,

In order for us to make an inquiry on your behalf we require your Hydro One account number, address and phone number please. We would be happy to forward your concerns to our liaison and have someone contact you.

Regards,

Print

<https://ca-mg5.mail.yahoo.com/neo/launch?.partner=rogers-ac&.ra...>

Heather

Heather Thompson  
Constituency Assistant  
Garfield Dunlop MPP  
Simcoe North

**From:** MARY BATES [mailto:ambates@rogers.com]

**Sent:** Saturday, March 01, 2014 3:24 PM

**To:** Dunlop-CO, Garfield

**Subject:** Hydro One complaints

**Dear Mr. Dunlop:**

I am writing to you to request your help in resolving our issues with Hydro One.

Since my husband and I are retired, on a fixed income and use a forced air electric furnace for heat, we worry how we will be able to continue to pay hydro costs that keep increasing at such alarming rates.

The following details the complaint that I filed to the Ontario Ombudsman:

**Complaint Type**

General Complaint

**Name**

Mary Bates

**Address**

3366 Lake St. George Blvd.

**Phone**

705-689-2047 Home

**Alternate phone**

705-727-8765 Cell

**Fax**

**Email**

ambates@rogers.com

**Signup for The Watchdog?**

Yes

**Best time to contact**

Phone|Email

**What government organization or agency is your question or complaint about? (Please identify by name)**

Hydro One

**Who have you dealt with in this organization with respect to your complaint?**

Hydro One Customer Service

**Please summarize the matter you are complaining about and include any relevant dates**

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Print

<https://ca-mg5.mail.yahoo.com/neo/launch?.partner=rogers-ac&.ra...>

**If you have received a final decision on an appeal or request for review or reconsideration of your complaint, please indicate what the result was and why you feel this was unfair**

**If you consider the matter urgent, please explain why**

Sincerely,  
Mary Bates

Print

<https://ca-mg5.mail.yahoo.com/neo/launch?.partner=rogers-ac&.ra...>

**Subject:** RE: Help with Hydro One issues - for Heather Thompson  
**From:** Dunlop-CO, Garfield (garfield.dunlopco@pc.ola.org)  
**To:** ambates@rogers.com;  
**Date:** Monday, March 24, 2014 8:56 AM

Mary ,

Now that I have received your account information from you I will forward it to our Liaison at Hydro One and ask that someone contact you.

Thank you

Regards,

Heather

Heather Thompson  
Constituency Assistant  
Garfield Dunlop MPP  
Simcoe North

---

**From:** MARY BATES [mailto:ambates@rogers.com]  
**Sent:** Saturday, March 22, 2014 8:55 PM  
**To:** Dunlop-CO, Garfield  
**Subject:** Help with Hydro One issues - for Heather Thompson

Dear Heather,

I have waited a couple of weeks to reply to you in hopes of receiving invoices from Hydro One for January and February.

Print

<https://ca-mg5.mail.yahoo.com/neo/launch?.partner=rogers-ac&.ra...>

As of this date I still have not received an invoice since December 2013.

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Also, re my budget billing issue I would like to sit down with someone to go over the invoices to explain what they have done. They've made such a mess of a simple transaction that it's impossible to explain without seeing the invoices.

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Mary Bates

3366 Lake St. George Blvd.

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Home: 705-689-2047

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Thanks for you help,

Mary Bates

Mary,

In order for us to make an inquiry on your behalf we require your Hydro One account number, address and phone number please. We would be happy to forward your concerns to our liaison and have someone contact you.

Regards,

Heather

Heather Thompson  
Constituency Assistant  
Garfield Dunlop MPP  
Simcoe North

---

**From:** MARY BATES [<mailto:ambates@rogers.com>]  
**Sent:** Saturday, March 01, 2014 3:24 PM  
**To:** Dunlop-CO, Garfield  
**Subject:** Hydro One complaints

**Dear Mr. Dunlop:**

I am writing to you to request your help in resolving our issues with Hydro One.

Since my husband and I are retired, on a fixed income and use a forced air electric furnace for heat, we worry how we will be able to continue to pay hydro costs that keep increasing at such alarming rates.

The following details the complaint that I filed to the Ontario Ombudsman:

**Complaint Type**

General Complaint

**Name**

Mary Bates

**Address**

3366 Lake St. George Blvd.

**Phone**

705-689-2047 Home

**Alternate phone**

705-727-8765 Cell

**Fax**

**Email**

[ambates@rogers.com](mailto:ambates@rogers.com)

**Signup for The Watchdog?**

Yes

**Best time to contact**

Phone>Email

**What government organization or agency is your question or complaint about? (Please identify by name)**

Hydro One

**Who have you dealt with in this organization with respect to your complaint?**

Hydro One Customer Service

**Please summarize the matter you are complaining about and include any relevant dates**

1. Missing October 2013 bill.
2. Budget billing amount jumped from \$235 a month to \$469. Paid arrears from 2012 to 2013. Agreed to new amount of \$335 a mo. The budget billing amt. changed back to \$441 on Nov 2013 bill for no apparent reason.
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2. and 3. Contacted customer service via phone three times in May 2013, Aug 9, 2013 and Dec 2013 to try to resolve budget billing amount and actual billed to date amount issues. Could not resolve. From here the story gets too complicated to explain. Please contact me for more details.
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**If you have received a final decision on an appeal or request for review or reconsideration of your complaint, please indicate what the result was and why you feel this was unfair**

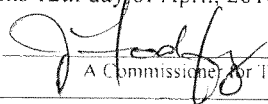
Print

<https://ca-mg5.mail.yahoo.com/neo/launch?.partner=rogers-ac&.ra...>

**If you consider the matter urgent, please explain why**

Sincerely,  
Mary Bates

This is Exhibit "F" referred to in the affidavit of Mary Bates, sworn before this 12th day of April, 2016



A Commissioner for Taking Affidavits

Jennifer Lynn Godfrey,  
a Commissioner, etc., Province of  
Ontario, for HGR Graham Partners LLP,  
Barristers and Solicitors.  
Expires December 2, 2017.

March 2014



648553-6010678  
MRS. MARY BATES  
3366 LAKE SAINT GEORGE BLVD  
WASHAGO ON L0K 2B0

18/1    xx(J)

Dear Mrs. Mary Bates,

First and foremost, I would like to apologize to you if you are experiencing billing and customer service issues. As the leader of Hydro One, I am directly accountable for customer service and I promise you that I will focus our resources on not only fixing these problems but on changing our customer service culture.

This past May, Hydro One transitioned to a new billing system. Our previous billing system was more than a decade old and needed to be replaced to continue to reliably and effectively meet our customers' needs and manage our business. While the new system did correct some of the existing issues, the unanticipated result was that some of our customers have experienced prolonged estimated bills, delayed bills, multiple bills or no bills at all. We also know that some of you who are calling our Customer Communications Centre have also experienced a lower level of service as we have been unable to provide you with the answers to your questions in a timely manner. As well, some of your escalated complaints are sometimes taking months to resolve.

Clearly, this is not the level of service you deserve from Ontario's electricity delivery company. It is not the level of service we aim to deliver. I have focused every available resource on resolving these issues.

The last thing I want is for our customers to worry. You deserve bills that are clear, timely and accurate. I want to assure you that we will make this right and customers will only pay for the electricity they use.

If you receive a catch-up bill because you have been billed on estimates or have not received a bill for some time, we will work with you to arrange a reasonable payment plan.

see over →

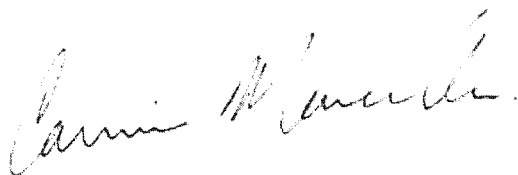
If we have made a mistake on a bill, we will not charge interest.

If we find that we have overbilled you, we will offer a refund cheque.

We are improving training at our Customer Communications Centre to make sure our agents have the information they need to answer more of your questions on the first call. I also pledge to keep you informed on our efforts to transform our customer service culture.

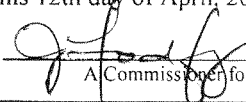
We know that you count on us to deliver safe, reliable and affordable electricity. We owe it to you to make sure that we learn from these issues and I promise you that we will do better.

Yours truly,

A handwritten signature in cursive script, reading "Carmine Marcello".

Carmine Marcello  
President and CEO  
Hydro One

This is Exhibit "G" referred to in the affidavit of Mary Bates, sworn before this 12th day of April, 2016



A Commissioner for Taking Affidavits

Jennifer Lynn Godfrey,  
a Commissioner, etc., Province of  
Ontario, for HGR Graham Partners LLP,  
Barristers and Solicitors.  
Expires December 2, 2017.



Mrs. Mary Bates  
3366 Lake St George Blvd  
RR 2  
Washago ON L0K 2B0

Dear Mrs. Mary Bates,

**Account Number: 200039433804**

Hydro One has been experiencing difficulties in issuing your bill on time. You have the right to receive your bill on time, and we apologize for not meeting your expectations.

We have now resolved the issues associated with your account. Enclosed in this package you will find your current bill, identified with the most current billing date. We have also included all of your past bills that we were previously unable to issue, and marked them "For your information. Please see enclosed letter."

As an apology, we have applied a service credit for each billing period where we were unable to issue your bill. The total amount of this credit appears on page 2 of your current bill in the "Adjustments" section as "Credit applied since your last bill." As a result, your bill now has a credit balance. If you would like to have this amount repaid by cheque, please call us. Otherwise, we will apply this credit towards the charges on your next bill.

If you have any questions or require further information, please call our Customer Communications Centre at 1-844-814-7411. Our office hours are Monday to Friday, from 7:30 a.m. to 8 p.m.

We apologize for the inconvenience you have experienced, and we thank you for your patience.

Sincerely,

A handwritten signature in black ink, appearing to read "Oded Hubert".

Oded Hubert  
Acting Vice President, Customer Service

BILL BENNETT  
Plaintiff

HYDRO ONE INC., ET AL.  
Defendants

and

Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**AFFIDAVIT OF MARY BATES  
(Sworn April 12, 2016)**

**KOSKIE MINSKY LLP**  
Barristers and Solicitors  
20 Queen Street West  
Suite 900  
P.O. Box 52  
Toronto ON M5H 3R3

**Kirk M. Baert** LSUC#: 309420  
Tel: (416) 595-2117 / Fax: (416) 204-4924  
**Garth Myers** LSUC#: 63207G  
gmyers@kmlaw.ca  
Tel: (416) 595-2102 / Fax: (416) 204-4924

**LAX O'SULLIVAN LISUS GOTTLIEB LLP**  
Counsel  
Suite 2750, 145 King Street West  
Toronto ON M5H 1J8

**Eric R. Hoaken** LSUC#: 35502S  
Tel: (416) 645-5075 / Fax: (416) 598-3730  
**Ian C. Matthews** LSUC#: 55306N  
Tel: (416) 598-5365 / Fax: (416) 598-3730  
**Lisa S. Lutwak** LSUC#: 65985I  
Tel: (416) 645-5078 / Fax: (416) 598-3730

Lawyers for the Plaintiff

Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

B E T W E E N :

BILL BENNETT

Plaintiff

- and -

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC., HYDRO ONE  
REMOTE COMMUNITIES INC., NORFOLK POWER DISTRIBUTION INC., and  
HYDRO ONE NETWORKS INC.

Defendants

*Proceeding under the Class Proceedings Act, 1992*

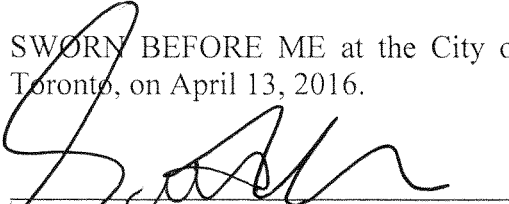
**AFFIDAVIT OF ERROL SORIANO**  
(sworn April 13, 2016)

I, **Errol Soriano**, of the City of Toronto, in the Province of Ontario, MAKE  
OATH AND SAY:

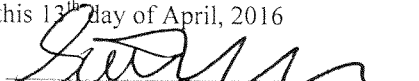
1. I am the Managing Director at Campbell Valuation Partners Limited. As such, I have knowledge of the matters set out below. Where that knowledge is based on information obtained from others, I have so indicated and believe that information to be true.
2. I was retained by Koskie Minsky LLP and Lax O'Sullivan Lisus Gottlieb LLP, counsel for the proposed representative Plaintiff, to prepare a report regarding the availability of a reasonable methodology to calculate damages on an aggregate basis in respect of the claims asserted in this action. A copy of the report I have prepared is attached as **Exhibit "A"**. My curriculum vitae and acknowledgement of expert's duty are included in this report.

3. I swear this affidavit in support of the proposed representative Plaintiff's motion for certification of this action as a class proceeding and for no other or improper purpose.

SWORN BEFORE ME at the City of  
Toronto, on April 13, 2016.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits  
Garth Myers  
\_\_\_\_\_  
ERROL SORIANO

This is Exhibit "A" referred to in the  
affidavit of Errol Soriano, sworn before  
this 13<sup>th</sup> day of April, 2016

  
A Commissioner for Taking Affidavits

April 13, 2016

Koskie Minsky LLP  
20 Queen Street West  
Suite 900  
Toronto, ON  
M5H 3R3

Lax O'Sullivan Lisus Gottlieb LLP  
145 King St. West  
Suite 2750  
Toronto, ON  
M5H 1J8

Attention: Kirk Baert and Garth Myers

Attention: Eric Hoaken and Ian Matthews

Re: Bennett v. Hydro One Inc. et al

### Introduction

1. The proposed Class includes all persons and entities who purchased electricity from the defendants (collectively "**Hydro One**") between May 2013 and the (yet to be determined) certification date (the "**Class Period**").<sup>1</sup> There are approximately 1.4 million customers of Hydro One in Ontario, the majority of which are residences and small businesses. The other customers are large businesses and government entities.

### Mandate

2. Further to your letter dated February 18, 2016 I am writing to:
  - a. Describe my professional experience and qualifications as they relate to the quantification of financial loss; and,
  - b. Based on my preliminary assessment, summarize what I consider to be a "... *reasonable methodology to calculate damages on an aggregate basis in respect of the claims asserted in this action without proof by individual class members.*"<sup>2</sup>
3. I understand that you have requested my comments for the purposes of the upcoming certification motion. I confirm that no part of my compensation is contingent on the nature of my comments presented herein, or on the outcome of the litigation.
4. The comments in this letter are based on the premise that the financial damages, if any, are to be calculated as the difference between the amounts invoiced by the defendants to the proposed Class after May 2013 (the "**Invoiced Amounts**") and the dollar value of the

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<sup>1</sup> Excluding the defendants and certain parties related thereto. I am advised that the proposed class action has been discontinued against Hydro One Brampton Networks Inc.

<sup>2</sup> Letter from Koskie Minsky dated February 18, 2016. Refer to **Appendix A**.

amounts that the defendants should have charged according to stipulated rates and actual consumption (the "**Proper Amounts**").

5. In general, putative Class members are invoiced monthly. The Proper Amounts comprise charges from the defendants that include fixed monthly amounts and amounts based on consumption (monthly volume multiplied by a stipulated rate per unit of electricity consumption).
6. I have reviewed various public documents to understand the nature and purpose of the various charges that are permissible charges to the putative Class members. I anticipate that the comments in this letter concerning the nature and purpose of applicable charges may be refined as further information is produced in this matter.
7. Based on the premise that any such refinements will be to the categories or amounts of fixed monthly charges or the rate applicable to variable charges, I do not foresee that any such revisions will affect my overall conclusion that the damages can be quantified for the proposed Class on an aggregate basis.

#### **Summary of the Qualifications of Errol Soriano**

8. I am a Managing Director with Campbell Valuation Partners Limited.
9. I graduated from the University of Western Ontario's Ivey School of Business in 1987 with a degree in Honours Business Administration. I am a Chartered Professional Accountant (1991), Chartered Business Valuator (1993) and Certified Fraud Examiner (1994).
10. I am among the approximately 3% of members awarded the honorary title of Fellow by the Canadian Institute of Chartered Business Valuators and separately, by the Canadian Institute of Chartered Professional Accountants in recognition of my contributions to the profession and the community over the span of my career.
11. For almost 25 years, my practice has been dedicated exclusively to matters involving the quantification of financial loss and the valuation of business interests. During this time I have likely prepared in excess of 1,000 expert reports. I have prepared expert reports in class action proceedings, including consumer cases.
12. I have been qualified as an expert in business valuation, financial loss and accounting (among other things). I have provided testimony as an expert witness more than 40 times in Canada and the United States. Each of these cases is listed in my curriculum vitae, a true copy of which is attached as **Appendix B** to this letter.
13. I have also been appointed as an Inspector by the Ontario Courts to investigate the accounting records and financial reporting of a privately held company.

14. I have written numerous articles, course notes and two books on issues concerning accounting, business valuation and financial loss, including course and reference materials used by the Canadian Institute of Chartered Business Valuators and also by the Canadian Institute of Chartered Accountants (in the specialist program in Investigative and Forensic Accounting).
15. My Acknowledgement of my duties as an expert is provided in **Appendix C**.
16. The scope of documents I reviewed in preparing this report is summarized in **Appendix D**.

#### **Price Parameters – Residential and Small Business Customers**

17. The Invoiced Amounts and the Proper Amounts include various categories of charges summarized below.
18. This sub-group of putative Class members are charged:
  - a. ***For the volume of electricity consumed*** – All rates reflect the wholesale price for electricity in some fashion plus a Global Adjustment.<sup>3</sup> The wholesale price is set based on bids and offers that are settled in the electricity market operated by the IESO.<sup>4</sup> The Global Adjustment changes monthly (set within 10 days of the month-end).

Residential and small business customers are billed from amongst three price plans:

- i) Time of Use Pricing - Most customers pay time of use rates for their electricity consumption. This plan prices electricity according to the time of day (and week) into one of three tranches defined as *Off-Peak*, *Mid-Peak* and *On-Peak* periods.<sup>5</sup> The price periods also change by season. The Ontario Energy Board (“OEB”) reviews and authorizes time of use rates charged to consumers (every six months);
- ii) Tiered Pricing - Customers are allocated a certain volume of energy each month at a set price and charged a higher price for consumption above this threshold. There are different thresholds for residential and business customers; or,
- iii) Retail Contract – Customers enter into a contract to purchase their power from a retailer, typically at a fixed price per unit of volume (regardless of the time of use).

<sup>3</sup> “The GA was established by the Ontario government in 2005 to cover the cost of providing adequate generating capacity and conservation programs for Ontario.” Source: The Independent Electricity System Operator (“IESO”).

<sup>4</sup> The wholesale price of electricity in Ontario changes hourly based on a multitude of variables affecting consumer demand.

<sup>5</sup> For small businesses, the price for Off-Peak, Mid-Peak and On-Peak delivery rates vary depending on whether the business is classified as General Service-Urban Energy or General Service – Energy.

- b. **For the cost to distribute the electricity to the consumer** – This charge is on account of the costs to deliver the electricity from the power generator to the consumer's premises and includes the cost to build and maintain transmission lines, distribution lines, transmission towers and other equipment operated by the provincial and local distribution companies ("LDCs").<sup>6</sup>

For residential and small business customers, monthly charges vary depending on the location of the consumer (classified as Urban Density, Medium Density, Low Density) and include a (fixed) service charge, a distribution volume charge (based on usage) and a retail transmission charge (comprising connection, network and smart metering charges, based on usage).<sup>7</sup>

For small business customers that consume less than 150,000 kWh per year there is also a "Line loss adjustment factor" for electricity lost during delivery (i.e. transmission).<sup>8</sup>

- c. **For a regulatory charge** – This charge is on account of the costs for regulatory oversight of the system. The amount charged is subject to OEB regulation. For residential consumers the charge includes:

- i) The Wholesale Market Service Charge - includes Rural and Remote Rate protection charges, the Energy Reliability Charge, the Renewable Connection Charge and the charge for physical limitations and losses.<sup>9,10</sup>
- ii) The Standard Supply Service Charge - covers a portion of the LDC's administrative costs.

For small business consumers, the charge includes a fixed monthly administration charge and various variable charges calculated using set rates applied to consumption, including the rural rate protection charge, the wholesale market service charge and the Ontario electricity support program charge.

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<sup>6</sup> There are approximately 80 LDCs in Ontario. The LDCs are "... responsible for delivering electricity, transformed from the high voltage transmission system to the low voltage transmission system, to more than four million homes, businesses and public institutions." Source: IESO.

<sup>7</sup> Over the next 4 to 8 years (depending on the consumer's service type) the OEB is replacing the variable component with a fixed monthly charge such that the entire distribution charge will be a fixed monthly amount.

<sup>8</sup> A similar charge is classified as a Regulatory Charge for residential consumers.

<sup>9</sup> Residential consumers in remote regions (that have not been classified as Seasonal) are eligible for rural and remote rate protection which reduces the monthly service charge by a stipulated amount.

<sup>10</sup> For small businesses that consume less than 150,000 kWh per year, the charge for energy lost in transmission is part of the delivery charge.

- d. **For debt retirement** – A charge based on usage (and location) to pay down the residual debt from the former Ontario Hydro.

**Price Parameters – Large Business and Government Consumers**

19. This sub-group of putative Class members use more than 250,000 kWh of electricity per year (typically these customers are charged more than \$2,000 per month).
20. Large business and government customers pay the wholesale electricity price (typically set hourly)<sup>11</sup> or a fixed price set in a contract with a retailer. For most customers, interval meters installed at the premises measure the hourly consumption (or for some customers, every 15 minutes). For unmetered customers, charges reflect the weighted average of consumption patterns from similar consumers.
21. These customers are also charged:
- a. The Global Adjustment;
  - b. The Wholesale Market Service Charge:
    - i) Physical Limitations and Loss;
    - ii) Energy Reliability (re: spare capacity);
    - iii) IESO Administration Service Fee (to manage the power system and operate the electricity market in Ontario);
    - iv) Ontario Power Authority Administration fee (to manage the OPA);
    - v) Rural and Remote Electricity Rate Protection;
    - vi) Debt Retirement Charge;
    - vii) Transmission Charges (connection charges, network charges and transformer credits);<sup>12</sup> and,
    - viii) Distribution Charges - to deliver the electricity to the consumer; and,

---

<sup>11</sup> Commonly referred to as the Hourly Ontario Energy Price.

<sup>12</sup> Transformer credits apply to customers that own their own transformers.

- c. Fixed Costs:
  - i) Standard Supply Service Charge – to cover the LDC's administrative costs to provide electricity to consumers; and,
  - ii) Customer Service – to cover LDC's administration costs such as meter reading and customer service.

### **CVPL Proposed Calculation Framework**

#### Assumptions

- 22. I am aware that Class counsel has retained Rajesh Gurusamy, an information technology expert. I have reviewed his report dated April 12, 2016 and it appears to me as follows:
  - a. Hydro One's legacy and SAP billing systems store each customer's classification (reflecting Hydro One's business rules);
  - b. Hydro One's legacy and SAP billing systems separately store consumption data for each customer (i.e. before the consumption data is migrated into Hydro One's billing system);
  - c. The IT experts can build a model that replicates Hydro One's business logic used to determine amounts owing by individual customers.

#### Framework

- 23. The financial loss is calculated as the difference between the Invoiced Amounts and the Proper Amounts (for the duration of the Class Period). In my view the loss to the Class, if any, can be calculated on an aggregate basis with a reasonable degree of precision. I say this because:
  - a. The Invoiced Amounts can be determined from Hydro One's business records; and,
  - b. The customer categorizations, consumption volumes and rates necessary to calculate the Proper Amounts are available from Hydro One's database records because:
    - i) Billing parameters are based on stipulated amounts or rates; and,
    - ii) The consumption for each (billing) category of customers is determinable from Hydro One's billing records because these amounts are measured and necessary for the defendants to operate their business (i.e. to invoice customers).

24. I anticipate that my review will be facilitated by virtue of the fact that I am calculating charges on an aggregate level and thereby avoiding many of the complexities that would arise from trying to assess damages to each putative Class member individually.

Preliminary Issues

25. There are preliminary issues to be addressed in this assignment, including:

a. *Volume of Transactions*

There are approximately 1.4 million customers of Hydro One in Ontario.

My analysis would be facilitated by analyzing a statistically valid sample of the putative Class members (and then extrapolating the results of my analysis to the population that is the putative Class).

Determining the characteristics of the sample, the sample size and sample selection methodology are complex undertakings outside my area of expertise. Based on my previous experience working with statisticians in a similar (large volume) consumer class action, if statistical sampling is to be undertaken, a statistician should be retained to select the representative samples.

b. *Access to Hydro One's Data and Knowledge*

Given the number of transactions involved in this analysis, and the numerous issues the defendants experienced during the implementation of the SAP system, it is possible that exceptions to general business rules will be identified. For example, Hydro One may have provided rebates, credits etc. on an ad hoc basis which may not be describable by a general rule (algorithm) in Hydro One's accounting system. This question, and other questions that may arise, will be most efficiently dealt with through consultations with Hydro One representatives.

**Restrictions**

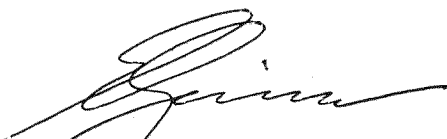
26. We reserve the right, but will be under no obligation, to revise the contents of this letter in light of subsequent information and analysis. This letter is not intended for general circulation or publication and is not to be referenced, reproduced or used for any purpose other than in connection with the purpose stated herein without our prior written permission in each specific instance. We will not assume any responsibility or liability for losses occasioned to the Class, defendants or the shareholders, employees and affiliates

of these entities or any other party as a result of the circulation, publication or use of our letter contrary to the provisions of this paragraph.

Yours truly,

**Campbell Valuation Partners Limited**

Per:



Errol D. Soriano, FCPA, FCA, FCBV, CFE  
Managing Director

## Appendix A

**KOSKIE  
MINSKY**  
JUSTICE MATTERS

February 18, 2016

Garth Myers  
Direct Dial: 416-595-2102  
Direct Fax: 416-204-2102  
gmyers@kmlaw.ca

Errol Soriano  
FCPA, FCA, FCBV, CFE  
Managing Director  
Campbell Valuation Partners Limited  
70 University Ave., Suite 320  
P.O. Box 11  
Toronto, Ontario, M5J 1M4

Dear Mr. Soriano:

Re: **Hydro One Class Action**  
**Our File No. 15/1080**

I am writing to request your professional, objective opinion in this matter.

Please prepare a letter addressed to me which speaks to the following questions:

1. Please describe your professional experience and qualifications as they relate to the quantification of loss.
2. Based your knowledge and experience and any relevant reports or documents, is there a reasonable methodology to calculate damages on an aggregate basis in respect of the claims asserted in this action without proof by individual class members?

In preparing your letter, please provide a list of any documents or assumptions that you relied upon in forming your opinion.

**KOSKIE  
MINSKY**  
JUSTICE MATTERS

Page 2

Thank you for your assistance with this project.

Yours truly,

  
**KOSKIE MINSKY LLP**

Garth Myers  
GM:st

c Eric Hoaken, Ian Matthews and Lauren Epstein, Lax O'Sullivan Lisus Gottlieb

## Appendix B

### *Errol D. Soriano, FCPA, FCA, FCBV, CFE*

Campbell Valuation Partners Limited  
70 University Avenue  
Suite 320, P.O. Box 11  
Toronto, Ontario, M5J 2M4

Direct line: (416) 597-4520

General line: 416-597-1198

Fax: (416) 597-9779

Email: [esoriano@cvpl.com](mailto:esoriano@cvpl.com)

Website: [www.cvpl.com](http://www.cvpl.com)

Linkedin: [ca.linkedin.com/in/errolsoriano](https://ca.linkedin.com/in/errolsoriano)

### Profile

Errol Soriano graduated from the University of Western Ontario's Ivey School of Business Administration in 1987. He obtained his designation as a Chartered Accountant in 1989 and his designation as a Chartered Business Valuator in 1993.

Since 1991, Errol's practice has been dedicated exclusively to the areas of business valuation and the quantification of financial loss in the context of product liability, class actions, tax disputes, transaction disputes, franchise disputes, shareholder disputes, estate litigation, breach of contract, breach of fiduciary duty, patent infringement (including Section 8 damages), forensic reviews, insurance claims (including professional negligence), and international trade and investment disputes. He has provided services to clients in Canada, the United States, Europe, South America and the Middle East.

Errol has been qualified as an expert in business valuation, financial loss quantification and related matters and has testified over 40 times, in various Canadian Courts and in both domestic and international arbitration proceedings (listed subsequently in this document). Errol has also been appointed as an Inspector pursuant to the Ontario Business Corporations Act.

Errol has received the honorary designation of Fellow from the Canadian Institute of Chartered Business Valuators and also from the Canadian Institute of Chartered Accountants in recognition of his valued contribution and overall leadership in the profession.

Errol has been voted the most highly regarded arbitration expert witness in Canada (2015) and is one of four damages experts in Canada currently named to the International Who's Who of Commercial Arbitration (2013, 2014, 2015) based on their survey of Canadian lawyers and their assessment of other publicly available information.

In addition to his broad practical experience, Errol is the author of authoritative texts on the quantification of financial loss and business valuation (and co-author of a second text), and he has lectured extensively to professional interest groups in Canada, the United States, Europe and the Middle East.

*Errol D. Soriano, FCPA, FCA, FCBV, CFE*

### **Recent Work Experience**

2009 – present	<i>Managing Director Campbell Valuation Partners Limited, Toronto, ON</i>
2004 – 2009	<i>Director LECG Canada Limited, Toronto, ON</i>
1998 – 2004	<i>Principal Low Rosen Taylor Soriano, Toronto, ON</i>

### **Academic and Professional Qualifications**

Fellow, Canadian Institute of Chartered Accountants	2013
Fellow, Canadian Institute of Chartered Business Valuators	2012
Certified Fraud Examiner, Association of Certified Fraud Examiners	1994
Chartered Business Valuator, Canadian Institute of Chartered Business Valuators	1993
Chartered Accountant, Canadian Institute of Chartered Accountants	1989
Honours Business Administration, University of Western Ontario	1987

### **Professional Memberships and Associations**

Association of Certified Fraud Examiners

Canadian Institute of Chartered Accountants

Canadian Institute of Chartered Business Valuators

Institute of Chartered Accountants of Ontario

Ontario Expropriation Association

### **Committee Participation & Awards**

Professional Practice and Standards Subcommittee on International Valuation Standards, CICBV, Committee Member (2011- current)

International Who's Who of Commercial Arbitration, Global Arbitration Review (2013-2015)

Committee on Continuing Education, CICBV, Committee Member (2009-2011)

Education Committee, CICBV, Committee Member (2009-2011)

***Errol D. Soriano, FCPA, FCA, FCBV, CFE***

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**Committee Participation & Awards (cont'd)**

Professional Practice Coordinator, CICBV (2006-2007)

Communication Award, CICBV (2006)

Public Practice Committee, CICBV, Committee Member (2006)

Regional Conference for Eastern Canada, CICBV, Chairman of the Planning Committee (2003)

Communication & Membership Services Committee, CICBV, Committee Member (2003-2005)

The Toronto Professional Development Workshop Series, CICBV, Planning Committee Member, (1998-2003), Chairman (2001-2003)

**Book Publications**

Osler, Hoskin & Harcourt LLP, *Canadian Franchise Guide* (Second Edition) Carswell, 2015 (contributing author), Looseleaf

CVPL, Canada Valuation Service, Carswell (contributing author), Looseleaf

Soriano, Errol, *Understanding Financial Analysis in Litigation*, Carswell, 2004.

Soriano, Errol, *The Accountants Guide to Litigation Support Services*, Carswell, 1996 (co-author).

**Articles and Presentations**

*M&A Valuation Techniques for CFO's*, Federated Press, Speaker (2015)

*Assessing Financial Loss*, Specialization Certificate in Investigative and Forensic Accounting, University of Toronto, Lecturer (2004-2012, 2015)

*Concepts in Business Valuation*, Ontario Bar Association, Speaker (2014, 2015)

*Expert Evidence*, The Canadian Bar Association, Webinar Speaker (2015)

*Moore v. Getahun Revisted – Can We Talk?*, Mondaq (2015)

*Proving Financial Loss*, The Canadian Institute, Speaker (2014)

*Expert Witnesses in Business Litigation*, Federated Press, Speaker (2013-2014)

*Demonstrative Aids for Expert Evidence*, The Advocates' Society, Speaker (2014)

*Expert Evidence Gets A Hearing Among Lawyers*, The National Post, Interview (2013)

*Business Valuation in Trusts and Estates*, Ontario Bar Association, Speaker (2013)

***Errol D. Soriano, FCPA, FCA, FCBV, CFE***

---

**Articles and Presentations (cont'd)**

*Best Practices for Damages Experts*, CICBV Continuing Education (Calgary), Speaker (2013)

*Expert Evidence*, Queen's Energy Regulation Course, Speaker (2012-2013)

*Financial Aspects of Recent Franchise Class Action Decisions*, Ontario Bar Association, Franchise Law Conference, Speaker (2012)

*Assessing Financial Loss When Fiduciaries Compete*, Advocates Journal (2012)

*Working With Experts – The 7 Deadly Sins*, Mondaq Business Briefing (2012)

*Class Actions Litigation Bootcamp*, The Canadian Institute, Speaker (2012)

*Expert Evidence*, Ontario Bar Association, Speaker (2012)

*Practical Tips for Litigators That Work With Experts*, Mondaq Business Briefing (2012)

*Proving Financial Loss*, Rotman School of Management, University of Toronto, Speaker (2003-2012)

*Accreditation Course*, CICBV, Lecturer (2006-2011)

*Graduate Certificate in Fraud Examination and Forensic Accounting*, Seneca College, Course Materials (2007-2011)

*Selected Topics in Damages Quantification*, Canadian Bar Association, Speaker (2011)

*Expert Reports: More Than Just Findings*, Lawday (2010)

*Expert Evidence: New Rules Confirm Existing Responsibilities*, Lawday (2010)

*Current Issues in Assessing Damages in Class Action Proceedings*, CICBV Eastern Regional Conference, Speaker (2009)

*Damages in Class Actions*, CICBV National Web Broadcast, Speaker (2009)

*Practical Issues in Loss Quantification*, Investigative & Forensic Accounting In Residence Program, Speaker (2009)

*Expert Witness Testimony in International Arbitration*, Foundation for International Arbitration Advocacy, Contributor (2008)

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***Errol D. Soriano, FCPA, FCA, FCBV, CFE***

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**Articles and Presentations (cont'd)**

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*Quantification of Maintainable Income for Litigation Cases*, CICBV, Eastern Regional Conference, Speaker (1997)

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**Education Materials**

*Specialization Certificate in Investigative and Forensic Accounting Course Materials*, CICA (2002-ongoing)

*Accreditation Exam*, CICBV, Contributing Author (1998)

*Litigation Accounting Final Exam*, CICBV, Co-Author (1994-1997)

*Business Valuation Course Materials*, CICBV, Contributing Author (1996)

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*Errol D. Soriano, FCPA, FCA, FCBV, CFE*

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**Testimony**

- 1) Yazdanfar vs. Gardiner Roberts LLP, et al, CV-10-411762 - (2016)
- 2) Barber v. Humber River Regional Hospital, ONSC 1838, Court File No. 08-CV-347579PD3 – (2015)
- 3) Abraham Reichmann v. Olympia Tile International Inc. et al, CV-14-10519-00CL – (2015) (Affidavit)
- 4) Margaritta Castillo and Tropic International Limited, et al, CV-11-9062-OOCL – (2015) (Application)
- 5) Mayotte v. Her Majesty the Queen in the Right of Ontario, CV-09-389696-CP00 – (2015)
- 6) Arbitration Matter (Pharmaceutical Industry) - (2015)
- 7) Karamanos v. Jaca Capital Management Corp. et al – CV-14-518863 - (2015) (Affidavit)
- 8) Midland Resources Holding Limited, Alex Schnaider v. Michael Shtaif, ONSC 997 - (2014)
- 9) 1250264 Ontario Inc. v. Pet Valu Canada Inc., ONSC 6056 (Can LII), Court File No. CV-09-392962-CP - (2014) (Affidavit)
- 10) Arbitration matter (Pharmaceutical Industry) - (2014)
- 11) AGC Inc. v. Rizzo et al, CV-10-398634 - (2014) (Affidavit)
- 12) David Jonas in trust, et al v. Kevin McConnell. et al, ONSC 6169, Court File No. CV-12-9629-00CL – (2014)
- 13) Kirby v. Raman, 2014 NLTD(G) 154, Court File No. 200601T0814 - (2014)
- 14) Rosenthal v. Rosenthal, ONSC 317 (Assistance to Amici) - (2014)
- 15) Edward Baker v. Her Majesty The Queen, 2010-637(IT)G - (2014)
- 16) Stilwell v. World Kitchen Inc. et. al., ONSC 3354 (Can LII) Court File No. 43208 (Jury Trial) - (2013)
- 17) Arbitration Matter (Insurance Brokerage Industry) - (2013)
- 18) Beldycki Estate v. Jaipargas, ONCA 537 (CanLII) - (2012)
- 19) AGF Private Investment Management et al ats. Gordon Vipond, ONSC 7068 - (2012)
- 20) Cannon v. Funds for Canada et al, ONSC 399 - (2012) (Affidavit)
- 21) Sabre Inc. v. International Air Transport Assn., CarswellOnt 95, ONSC 206 - (2011)
- 22) Markson v. MBNA - ONSO 871 - (2011) (Affidavit)

*Errol D. Soriano, FCPA, FCA, FCBV, CFE*

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- 24) 1397868 Ontario Ltd. v. Nordic Gaming Corporation et al CarswellOnt 1322 ONCA 181 - (2010)
- 25) Aquafor Beech Limited et al v. Robert J. Whyte et al, ONSC 3746 - (2010)
- 26) Arbitration Matter (Construction) - (2010)
- 27) K.K. v. K.W.G., ONCA 489 (CanLII) - (2008)
- 28) Global Royalties and Brandon Hall v. Spencer Sullivan and Xcentric Ventures LLC, Court File No. 06-CV-315577PD2 - (2008)
- 29) Arbitration Matter (Commercial Real Estate) - (2008)
- 30) Rick Szijarto v. Cast Group of Companies Inc. et al, ONCA 747, 37 B.L.R. (4th) 50 - (2007)
- 31) Gary Segal et al v. Plazavest Financial Corporation et al, CarswellOnt 4016 - (2007)
- 32) Mary Fish et al v. Dr. Joseph Zev Shainhouse et al, CarswellOnt 5265, O.J. No. 4575, (2005)
- 33) J.M. Schneider Inc. v Parmalat Food Inc., 2005 CarswellOnt 2514 - (2005)
- 34) C&B Corrugated Containers Inc. v. Quadrant Marketing Ltd. CarswellOnt 1625 - (2005)
- 35) Arbitration Matter (Commercial Printing) - (2004)
- 36) KJA Consultants v. Jonathan Soberman, CarswellOnt 4576 - (2004)
- 37) Lionel Reis v. Jaroslava Dorman et al, CarswellOnt 6524 (Jury) - (2004)
- 38) Food Basics v. A&P - Court File 62 O.R. (3d) 535 (S.C.J.) - (2004) (Affidavit)
- 39) The Moving Store Franchise System Inc. v. Norseman Plastics Limited CarswellOnt 1821 (2004)
- 40) Randy Harding v. First Associates Investments Inc., CarswellOnt 4486 - (2003)
- 41) David George v. Imagineering Ltd., 23 C.C.E.L. (3d) 31- (2002)
- 42) Donald Murray v. the TDL Group Ltd., CarswellOnt 4474 - (2002)
- 43) Derek Umlauf v. Suzanne Florence Umlauf et al, CarswellOnt 851 - (2001)

## Appendix C

Court File No. CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BILL BENNETT

Plaintiff

and

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC., HYDRO  
ONE REMOTE COMMUNITIES INC., NORFOLK POWER DISTRIBUTION  
INC. and HYDRO ONE NETWORKS INC.

Defendants

Proceeding under the *Class Proceedings Act*, 1992

**ACKNOWLEDGMENT OF EXPERT'S DUTY**

1. My name is **Errol D. Soriano**, I live in the City of Toronto, in the Province of Ontario.
2. I have been engaged by or on behalf of the Lawyers for the Plaintiff to provide evidence in relation to the above-noted court proceeding.
3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
  - (a) to provide opinion evidence that is fair, objective and non-partisan;
  - (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and
  - (c) to provide such additional assistance as the court may reasonably require, to determine a matter in issue.
4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

April 13, 2016

  
Errol D. Soriano

**Appendix D****Scope of Review**

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1. IESO website.
2. Hydro One website.
3. OEB website.
4. Statement of Claim dated September 9, 2015.
5. Report dated December 2014 entitled "*Hydro One Customer Service and Billing Issues – Lessons Learned*" prepared by PWC.
6. Report dated May 2015 entitled "*In the Dark*" prepared by the Ontario Ombudsman.

BILL BENNETT  
Plaintiff

HYDRO ONE INC., ET AL.  
and  
Defendants

Court File No.: CV-15-535019-00CP

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**AFFIDAVIT OF ERROL SORIANO**  
**(Sworn April 13, 2016)**

**KOSKIE MINSKY LLP**

Barristers and Solicitors  
20 Queen Street West  
Suite 900  
P.O. Box 52  
Toronto ON M5H 3R3

**Kirk M. Baert** LSUC#: 309420

Tel: (416) 595-2117 / Fax: (416) 204-4924

**Garth Myers** LSUC#: 63207G

gmyers@kmlaw.ca

Tel: (416) 595-2102 / Fax: (416) 204-4924

**LAX O'SULLIVAN LISUS GOTTLIEB LLP**

Counsel

Suite 2750, 145 King Street West  
Toronto ON M5H 1J8

**Eric R. Hoaken** LSUC#: 35502S

Tel: (416) 645-5075 / Fax: (416) 598-3730

**Ian C. Matthews** LSUC#: 55306N

Tel: (416) 598-5365 / Fax: (416) 598-3730

**Lisa S. Lutwak** LSUC#: 65985I

Tel: (416) 645-5078 / Fax: (416) 598-3730

Lawyers for the Plaintiff

KM-2149634v1

Court File No.: CV-15-535019-00CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**BETWEEN:**

**BILL BENNETT**

**Plaintiff**

**- and -**

**HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC., HYDRO ONE  
REMOTE COMMUNITIES INC., NORFOLK POWER DISTRIBUTION INC., and  
HYDRO ONE NETWORKS INC.**

**Defendants**

*Proceeding under the Class Proceedings Act, 1992*

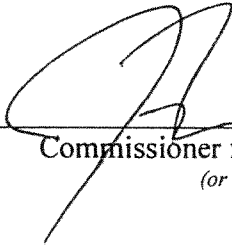
**AFFIDAVIT OF RAJESH GURUSAMY  
(sworn April 13, 2016)**

I, Rajesh Gurusamy, of the City of London, in the Regional Municipality of Middlesex,  
**MAKE OATH AND SAY:**

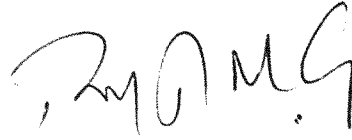
1. I have been retained as an expert witness by the law firm of LAX O'SULLIVAN LISUS GOTTlieb LLP, co-counsel for the Plaintiff. I prepared the reports that are attached as exhibits contained in this affidavit.
2. Attached to this affidavit and marked as Exhibit "A" is a copy of my report, dated April 12, 2016.
3. Attached to this affidavit and marked as Exhibit "B" is a copy of my report, dated April 13, 2016.

-2-

SWORN BEFORE ME at the City of London,  
in the Province of Ontario on April 13, 2016

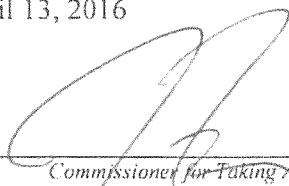


Commissioner for Taking Affidavits  
(or as may be)



**RAJESH GURUSAMY**

This is Exhibit "A" referred to in the Affidavit of Rajesh Gurusamy  
sworn April 13, 2016



\_\_\_\_\_  
*Commissioner for Taking Affidavits (or as may be)*

April 12, 2016

Ian C. Matthews  
Lax O'Sullivan Lisus Gottlieb LLP  
Suite 2750, 145 King Street West,  
Toronto ON  
M5H 1J8 Canada

Dear Mr. Matthews:

**Re: *Bennett v. Hydro One Inc. et al.* (Court File No. CV-15-535019-00CP)**

### **Introduction**

I have been retained by your firm as an expert consultant to provide a professional, objective opinion regarding a proposed class action against Hydro One Inc., Hydro One Brampton Networks Inc., Hydro One Remote Communities Inc., Norfolk Power Distribution Inc. and Hydro One Networks Inc. ("Hydro One").

I understand that the proposed class action alleges deficiencies in the planning and implementation of an SAP-based customer information system ("CIS") that was instituted by Hydro One in May 2013. I further understand that the proposed class action has been discontinued against Hydro One Brampton Networks Inc., and accordingly I do not include this entity within the definition of Hydro One in this report.

### **Duty as an Expert**

In preparing my report, I am aware of my duty of independence and impartiality. Attached as Appendix APPENDIX "A" to this report is my signed acknowledgement of my duty as an expert.

### **Mandate**

I have prepared my opinion in accordance with your instruction letter to me dated April 6, 2016. A copy of this letter is attached as APPENDIX "B". Specifically, you have asked me to provide my opinion on the following questions:

1. Do you believe that Hydro One's legacy and SAP billing systems store each customer's classification (reflecting Hydro One's business rules) and if so, please provide a brief description of what kind of customer classification information you would expect Hydro One's legacy and SAP billing systems to contain;
2. Do you believe that Hydro One's legacy and SAP billing systems separately store consumption data for each customer (i.e., before the consumption data is migrated into Hydro One's billing system); and
3. Do you believe that, in conjunction with other IT experts and if given access to the appropriate information by Hydro One, you can build a model that replicates Hydro One's business logic used to determine amounts owing by individual customers?

**Opinion:****1. QUESTION**

**Do you believe that Hydro One's legacy and SAP billing systems store each customer's classification (reflecting Hydro One's business rules)? If so, please provide a brief description of what kind of customer classification information you would expect Hydro One's legacy and SAP billing systems to contain.**

**1.1 RESPONSE:** Yes, I believe Hydro One's legacy and SAP billing systems store customers classification information and I will proceed to answer the above question in three parts:

**1.1.1 Customer classification storage:** Based on my review of the report prepared by PwC entitled "Hydro One Customer Service and Billing Issues – Lessons Learned" and the document entitled "Non Typical Capital – Customer Information System" ("Hydro One CIS Documentation – 2"), I believe that Hydro One's legacy and SAP billing systems were indeed used to store all the utility's customer (also known in the SAP terminology as Business Partner – "BP") details, including the different types/classifications of customers.

**1.1.2 Business rules:** It is important to distinguish between "business rules available" and "business rules applicable". "Business rules available" would be maintained as a set of "master rules" by Hydro One (for example, the version of the Ontario Energy Board's "Retail Settlement Code" in effect at any given time). "Business rules applicable" would be the set of data at the individual customer level that serve as indicators of the "master rules" that apply to those customers. These indicators would, in effect, comprise the customer classification data referred to above.

In my opinion, in the case of Hydro One's legacy billing system, the master rules would be stored as a combination of tables and "hard code", likely residing in several actual software and/or hardware environments. In the case of Hydro One's current SAP billing system, unless extremely unusual design choices were made during CIS implementation, I would expect that the master rules would be stored as a combination of tables and configuration entries.

**1.1.3 Expected customer classification information:** Bearing in mind and building on some of the descriptions outlined above, customers of a utility distributor are typically classified into:

- a. Residential Customers; and
- b. Commercial & Industrial Customers.

**1.1.3.1** The customer types referred to above have been mentioned in Hydro One CIS Documentation – 2.<sup>1</sup> In addition to the two customer classification types referred to above, customers that had signed up with third party electricity retailers can also be technically classified as customers of the utility distributor. The utility distributor invoices these customers based on their consumption and passes on the payments to the retailers. APPENDIX "C" provides, in diagram form, a high level overview of the classification of utility customers by SAP.

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<sup>1</sup> For Meter Data management, Itron's Enterprise Edition application will use out-of-the-box integration with the SAP core (SAP's flagship product is the ERP – Enterprise Resource Planning solution) technology to facilitate integration to and from the IESO for billing of Time of Use residential customers as well as perform meter data management for interval billed commercial and industrial customers.

**1.1.3.2** The **Residential** customers noted above can be further classified into "Time of Use" ("TOU") and "Tiered Pricing" customers. The electricity consumption for Time of Use customers is calculated based on usage during pre-defined time-blocks during a day. These time-blocks or Time of Use periods are classified into:

- I. On-Peak: Energy demand is low and less expensive sources of electricity are used;
- II. Mid-Peak: Cost of energy and demand are moderate; and
- III. Off-Peak: Demand is highest and more expensive forms of electricity production are used.

The electricity rates differ based on the above time-blocks. Details of current rates for different time-blocks can be found at: <http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Electricity%20Prices#tou>

About 1 in 10 Ontario electricity customers are still billed according to Tiered Pricing. A tiered price consumer can use a certain amount of energy each month at a lower price. When the customer passes that level, the rate goes up for all additional electricity used. Tiers are different for home and business customers. More information on Tiered Pricing is available at:

<http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Electricity%20Prices#tiered>

**1.1.3.3** For the **Commercial & Industrial** customers, the Ontario Energy Board ("OEB") regulations require that all consumers that have an average monthly peak of one megawatt of electricity over the space of a calendar year must have an interval meter. Interval meters are metering devices that store hourly consumption information. Business customers with an interval meter are billed for their hourly energy consumption against the Hourly Ontario Energy Price, which is set hourly by the Independent Electricity System Operator ("IESO").

**1.1.3.4 Customer Data.** Hydro One's legacy system (also known as CSS or Customer/1) contained customer/account services information (Refer to the Hydro One CIS Documentation – 2).<sup>2</sup> In addition, the Hydro One CIS Documentation – 2 refers to the implementation of SAP's CR&B.<sup>3</sup> Based on the information provided in the project overview<sup>4</sup> section of this document, I believe that the customer data including customer classification information will likely be available in Hydro One's SAP applications.

The combination of Business Data and the associated Technical Data constitute the Master Data<sup>5</sup> for a customer. Sections 1.1.3.6 and 1.1.3.7 summarize the key master data objects that make up the SAP IS-U data model.

**1.1.3.5** While I am unable to confirm the details of customer classification information that existed in Hydro One's legacy application without access to that system, I believe that customer classification information would have existed in one or many legacy systems for billing purposes. In addition, based on my past experience working on consulting assignments with various utility distributors that had SAP IS-U systems landscape, I

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<sup>2</sup> The CIS project will replace Hydro One's end of life Customer Information System including customer/account services, billing, settlements, and open market systems. The CSS (Customer Service System) or Customer/1 application was purchased from Andersen Consulting (now Accenture).

<sup>3</sup> SAP IS-U is SAP's Industry Specific Solution for Utilities Industry. It is also referred to as SAP IS-U/CCS (Customer Care and Services) and CR&B (Customer Relations and Billing). SAP Utilities (SAP IS-U) is a sales and information system that supports utility and waste disposal companies.

<sup>4</sup> The CIS project is replacing the legacy CIS systems with a unified platform based primarily on SAP's leading billing application – Customer Relationship and Billing ("CRB").

<sup>5</sup> Master data represents the business objects which are agreed on and shared across the enterprise. The data does not undergo frequent changes e.g., Customer name, Premise, etc.

expect that the SAP billing system at Hydro One will contain some or all of the following Business and Technical Master Data, for any given customer.

#### 1.1.3.6 Business Master Data

Any master data that is used for billing a customer for the services provided is grouped under business data. Business Master Data consists of:

**Business Partner:** A business partner could be a person, an organization, a future customer, a contact person or even an installer who is licensed to provide the utilities services on behalf of the utility company. In most cases, it is easier to correlate the business partner with a human being with whom the utility business can conduct business. In the case of an organization, it is imperative that some human is doing business with the utility on behalf of the organization.

**Contract:** A contract is the legal agreement that the business partner has entered into with the utility for a particular service. For example, a utility may provide electricity, gas and water services. Usually a contract is created in the system for each of these services so that the customer can be billed appropriately.

**Contract Account:** A contract account is a logical way of grouping various contracts. The contract account is used for maintaining the payment, dunning<sup>6</sup> and collection rules that are common to a group of contracts. Through the contract account, the business partner is linked to the contracts. Multiple contracts can be grouped under a single contract account. However, a contract can be linked only to one contract account. Multiple contract accounts can be linked to a business partner, but a contract account can only be linked to one business partner. In the case of big commercial establishments or utility paid apartment complexes, the contract accounts may be used to group multiple suites or apartments under a single business partner, so that the payment responsibility lies with the business partner.

#### 1.1.3.7 Technical Master Data

Any master data that is used for actually providing the services are grouped under technical data. For example, a device or a meter that is installed in a customer location. Technical Master Data includes:

**Device:** This refers to the physical device. It could be an electric meter, gas meter, regulator, sensor, etc. Every device has a unique serial number and in SAP a utility device is piece of equipment with a serial number. Every utility device will have a material number created in SAP as well. Usually each service (electric, gas, water, etc.) will have at the least one device. It is through the device reads that the utility can measure the consumption of the service.

**Device Location:** This refers to the physical location of the device. More than one device can be in a device location or each device can be its own location. Device locations capture the co-ordinates so that when there is maintenance to be performed on the device, it is easy for field personnel to locate the device.

**Connection Object:** This refers to the physical location where the various services are provided. It is the service address and is usually the address of the house. However, in the case of an apartment complex, the connection object could be different than the address of the apartment that actually consumes the service. Device locations (discussed above) take the address of the connection object and add additional qualifiers to pinpoint the physical location of the device itself. For example, in my house (the connection object) there are two device locations. The address of these locations will still be my house address but the additional qualifier would be basement, hallway, etc.

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<sup>6</sup> Dunning - A SAP component/program used to send payment reminders or notices to the customers automatically to remind them of overdue payables and to request payment.

**Premise:** This refers to the spatial unit or the enclosed structure to which the utility services have to be rendered. It is attached to the connection object and takes the address of the connection object but the premise also has other attributes attached to it. For example, in case of apartment complexes, you can attach the owner of the complex to the premise and when the premise is empty, and if the services are still consumed, the apartment owner will be billed. The premise can also hold additional information about the spatial unit, such as in the case of a rental property, how many occupants, etc. Note that there are some differences between a connection object and a premise, because connection object is about location data whereas premise contains additional information about the actual structure and space within.

**Installation:** It is at the installation level where various billing schema, rate tariffs and billing procedures are attached for the services provided. The installation groups various devices based on registers,<sup>7</sup> so that specific billing related information like rate category,<sup>8</sup> can be maintained for the services. Also, every installation is attached to the premise so that the actual supply point<sup>9</sup> can be linked with the site where the services are provided. Note that there is a one-to-one relationship between installation and contract.

**Point of Delivery:** This is a globally identified unique service point where a utility service is provided. In a deregulated market, there are multiple service providers providing different services to a customer. For example, a utility company will be providing the actual electricity and any associated infrastructure around it, whereas another service provider will provide billing, customer service and other related services. So, in a deregulated market, it becomes important to uniquely identify the service point, which is done using the point of delivery data object. There is a one-to-one relationship between point of delivery and installation.

**Device Category:** This groups the various devices into different categories based on the technical characteristics. This allows for the maintenance of data that is common for a group of devices, thereby grouping them in a logical way. Some examples of device categories are meter, transformer, pressure regulator, etc.

## 1.2 In answering the aforementioned question, I have made the following assumptions:

- A. At the time of writing this response, I did not have access to documents referring to Hydro One's business systems landscape. However, a general reference to the SAP and other systems in scope for the Cornerstone Phase 4 project has been made in the Hydro One CIS Documentation-2 (Page 3, Section 3.0 Project Overview) and I have assumed the content in the aforementioned document to be correct in forming my response.
- B. Hydro One's legacy CSS system capabilities and functionalities are assumed to be correct as referred to in the Hydro One CIS Documentation – 2 (Page 2, Section 2.0 Current Customer Information System).
- C. By referring to "customer's classification" in your question, I assume the allusion is to the classification of the contracts for electricity utility service from Hydro One for residential and non-residential customers.

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<sup>7</sup> Device that measures consumption, energy, etc. This can refer to an actual register or a display in an electronic device.

<sup>8</sup> Classification of an installation for billing purposes. In conjunction with rate type (classification of a register, flat rate or reference value for billing purposes), the rate category is used to determine the rate.

<sup>9</sup> Point to which a utility service is supplied.

- D. A small number of Hydro One's Tiered Pricing customers are assumed to exist. These are customers that are still billed on average daily consumption due to the challenges involved in inducting them into Time of Use metering (i.e., Smart Metering).

**1.3 Please refer to:**

1. APPENDIX "D" – Master Data in SAP IS-U: Figures 1 to 10 provide the diagrammatic view of the Business & Technical Master Data in SAP

**2. QUESTION**

**Do you believe that Hydro One's legacy and SAP billing systems separately store consumption data for each customer (i.e., before the consumption data is migrated into Hydro One's billing system)?**

- 2.1 RESPONSE:** I believe that Hydro One's legacy and SAP billing systems separately store consumption data for each customer. In addition, I would expect Hydro One to have implemented a thorough process for archiving all data being used as inputs to its billing systems, both before and after the CIS Replacement Project, going back a number of years. Should any gaps exist, there will likely be fallback options to other records, such as those held by the IESO.
- 2.2** Before providing my expanded opinion on the storage of consumption data on Hydro One's billing systems, I would like to provide brief background on the regulations<sup>10</sup> that exist in the Ontario energy market.
- 2.3** In Ontario, a central MDM/R<sup>11</sup> provides a common platform for processing, storing and managing all Smart Meter data (residential, Time of Use) in the province. The MDM/R has been in existence since 2008 and provides consumption data estimation and validation services, billing determinants<sup>12</sup>, reports and comprehensive audit trails for the data contained in the MDM/R.
- 2.4** The following outlines the process by which a Time of Use customer is billed in Ontario:
- I. On an hourly basis, the amount of electricity you use is recorded by the Smart Meter installed at any home.
  - II. Each day, your hourly electricity consumption information along with a meter read (the reading recorded on the meter's register) is sent wirelessly, or via telephone or power lines to the Local Distribution Company's ("LDC") data collector located in the neighborhood.
  - III. These collectors relay the electricity meter read data information to the LDC's system, which ensures that all the Smart Meters have been read and all the necessary information has been captured.
  - IV. The LDC then transmits this information to the Smart Meter MDM/R which computes how much electricity was used during the Time of Use periods. Only the LDC or their authorized parties have access to the highly secure MDM/R database.

<sup>10</sup> Regulations in the context of the utilities industry refers to "acceptable solutions" or "means of compliance" pertaining to safe supply and use of electricity.

<sup>11</sup> MDM/R (Meter Data Management and Repository) provides a common platform for processing, storing and managing all Smart Meter data in Ontario.

<sup>12</sup> Billing determinants are defined as the energy/demand quantities (e.g., kWh, kW; On Peak and Off Peak) required for the customer's appropriate delivery service company rate schedule.

- V. Upon request, billing determinant information from the MDM/R is sent to the LDC and/or their billing agent so it can be used to prepare a consumer's electricity bill.

More information for reference can be found at:

[http://www.ieso.ca/documents/smart\\_grid/Smart\\_Grid\\_Forum\\_Report-Data\\_Access\\_Vignette.pdf](http://www.ieso.ca/documents/smart_grid/Smart_Grid_Forum_Report-Data_Access_Vignette.pdf)

- 2.5 Based on the information provided in the Hydro One CIS Documentation – 2<sup>1</sup> and the MDM/R process in Ontario, it is my opinion that Hydro One's IEE<sup>13</sup> application interfaces with the IESO's MDM/R for the billing of Time of Use residential customers in SAP IS-U. The billing determinants (i.e., the aggregated consumption data from the MDM/R, based on usage periods - On-Peak, Mid-Peak and Off-Peak) for every Hydro One's Time of Use customer is accessed by Hydro One's billing system for generating customer bills.
- 2.6 In addition, I also believe that the consumption data for the residential Time of Use customers may be available in Hydro One's in-house IEE system, which is potentially used for reporting as well as auditing purposes. IEE, by itself, is capable of performing the same functions as the MDM/R in addition to storing Time of Use and Interval consumption data. Please refer to <https://www.itron.com/about/Pages/default.aspx> for additional information on IEE overview and capabilities.
- 2.7 Referring to the information provided in the Hydro One CIS Documentation – 2<sup>1</sup>, the interval consumption data for the **Commercial & Industrial** customers is managed in IEE. Hence my opinion is that the interval consumption data for Commercial & Industrial customers should be available in Hydro One's IEE before the billing run.
- 2.8 While I am unable to confirm the consumption data storage mechanism that existed in Hydro One pre-May 2013, before the go-live of CIS Replacement Project, I believe that the data would have been available at one or many sources (MDM/R and/or Hydro One's systems landscape) for billing purposes. However, without access to that system I am unable to confirm the consumption data availability in Hydro One's legacy application, CSS.
- 2.9 The following assumptions were made in framing the reply above:
- A. Time of Use data for Hydro One's residential customers will be available in IEE.

### 3. QUESTION

Do you believe that, in conjunction with other IT experts and if given access to the appropriate information by Hydro One, you can build a model that replicates Hydro One's business logic used to determine amounts owing by individual customers?

- 3.1 **RESPONSE:** Yes, given appropriate time and resources, I am confident that I can build a model replicating Hydro One's business logic that can be used to generate customer bill data. In stating this, I would also like to point out that depending on how many customer types and volumes of data were selected, such a project could be a very large undertaking.

<sup>13</sup> IEE is the acronym for Itron Enterprise Edition – Meter Data Management system.

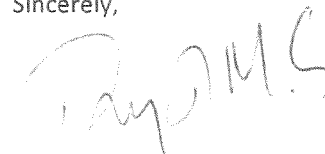
#### 4. References

The following documents were referenced in completion of this document:

**Table-1: Reference Document**

Ref	Document Name and Location	Version/ Reference	Date	Author/Source
1	Hydro One CIS Documentation-2 (Non Typical Capital – Customer Information System)	EB-2012-0136, Exhibit B Tab 3 Schedule 1	June 15, 2012	Lax O'Sullivan Lisus Gottlieb LLP
2	Smart Metering Entity – MDM/R, located at <a href="http://www.smi-ieso.ca/mdmr">http://www.smi-ieso.ca/mdmr</a>	Web link	NA	IESO
3	SAP IS-U Data Model, located at <a href="http://scn.sap.com/community/utilities/blog/2012/03/26/sap-is-u-data-model-business-and-technical-master-data">http://scn.sap.com/community/utilities/blog/2012/03/26/sap-is-u-data-model-business-and-technical-master-data</a>	0.1	March 26, 2012	SAP Community Network
4	OEB Current TOU rates, located at <a href="http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Electricity%20Prices#tou">http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Electricity%20Prices#tou</a>	NA	NA	Ontario Energy Board
5	OEB Tiered Pricing, located at <a href="http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Electricity%20Prices#tiered">http://www.ontarioenergyboard.ca/oeb/Consumers/Electricity/Electricity%20Prices#tiered</a>	NA	NA	Ontario Energy Board
6	Access to Consumer Data, located at <a href="http://www.ieso.ca/documents/smart_grid/Smart_Grid_Forum_Report-Data_Access_Vignette.pdf">http://www.ieso.ca/documents/smart_grid/Smart_Grid_Forum_Report-Data_Access_Vignette.pdf</a>	NA	Dec 11, 2012	IESO
7	Itron IEE overview, located at <a href="https://www.itron.com/about/Pages/default.aspx">https://www.itron.com/about/Pages/default.aspx</a>	NA	NA	Itron
8	Hydro one Customer Service and Billing Issues – Lessons Learned, located at <a href="http://www.hydroone.com/ourcompany/governance/documents/hydro_one_cis_lessons_learned_report.pdf">http://www.hydroone.com/ourcompany/governance/documents/hydro_one_cis_lessons_learned_report.pdf</a>	NA	Dec 2014	PwC

Sincerely,



Rajesh Gurusamy

## APPENDIX "A"

Court File No. CV-15-535019-00CP

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

BETWEEN:

BILL BENNETT

Plaintiff

-and-

HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC., HYDRO ONE  
 REMOTE COMMUNITIES INC., NORFOLK POWER DISTRIBUTION INC. and HYDRO  
 ONE NETWORKS INC.

Defendants

## ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is Rajesh Gurusamy. I live in the City of London, in the Province of Ontario.
2. I have been engaged by or on behalf of the Plaintiffs to provide evidence in relation to the above-noted court proceeding.
3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
  - a. to provide opinion evidence that is fair, objective and non-partisan;
  - b. to provide opinion evidence that is related only to matters that are within my area of expertise; and
  - c. to provide such additional assistance as the court may reasonably require, to determine a matter in issue.
4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date: April 12, 2016

  
 \_\_\_\_\_  
 Signature

NOTE: This form must be attached to any report signed by the expert and provided for the purposes of subrule 53.03(1) or (2) of the *Rules of Civil Procedure*.

10  
**APPENDIX "B"**  
**Instruction Letter**

**Ian C. Matthews**  
 Direct: 416 598 5365 imatthews@counsel-toronto.com  
 File No. 13418  
**Lax O'Sullivan Lissus Gottlieb LLP**  
 Suite 2750, 145 King Street W, Toronto ON M5H 1J8 Canada  
 T 416 598 1744 F 416 598 3730 www.counsel-toronto.com



April 6, 2016

**DELIVERED**

Rajesh Gurusamy  
 c/o IBE Technologies Inc.  
 20 Sachet Drive  
 Richmond Hill, ON L4E 4S1

Dear Mr. Gurusamy:

**Re: *Bennett v. Hydro One Inc. et al.* (Court File No. CV-15-535019-00CP)**

In connection with your retainer for the purpose of providing expert assistance in this proposed class action, please provide a written answer to the questions listed below.

For clarity, please assume that (i) references to "Hydro One" refer to the defendants named in the Statement of Claim (excluding Hydro One Brampton Networks Inc.), (ii) references to Hydro One's "SAP billing system" refer to the new customer information and billing system referred to in paragraph 5 of the Statement of Claim, and (iii) references to the "legacy" system refer to the Hydro One customer information and billing system that was in place immediately prior to the SAP billing system.

Your answers should be based on (i) your knowledge of and experience with SAP-based customer and billing systems (particularly in the utilities context), (ii) any independent research you undertake to provide these answers, and (iii) any documents that you have reviewed in providing your answers. Please provide a written list of any sources you consulted or documents you reviewed at the end of your response. If you believe that it is necessary for you to make any assumptions in answering the following questions, please state these assumptions in your response.

**Questions**

1. Do you believe that Hydro One's legacy and SAP billing systems store each customer's classification (reflecting Hydro One's business rules) and if so, please provide a brief description of what kind of customer classification information you would expect Hydro One's legacy and SAP billing systems to contain;
2. Do you believe that Hydro One's legacy and SAP billing systems separately store consumption data for each customer (*i.e.*, before the consumption data is migrated into Hydro One's billing system); and

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- 2 -

3. Do you believe that, in conjunction with other IT experts and if given access to the appropriate information by Hydro One, you can build a model that replicates Hydro One's business logic used to determine amounts owing by individual customers?

Thank you for your continued assistance with this project.

Yours truly,

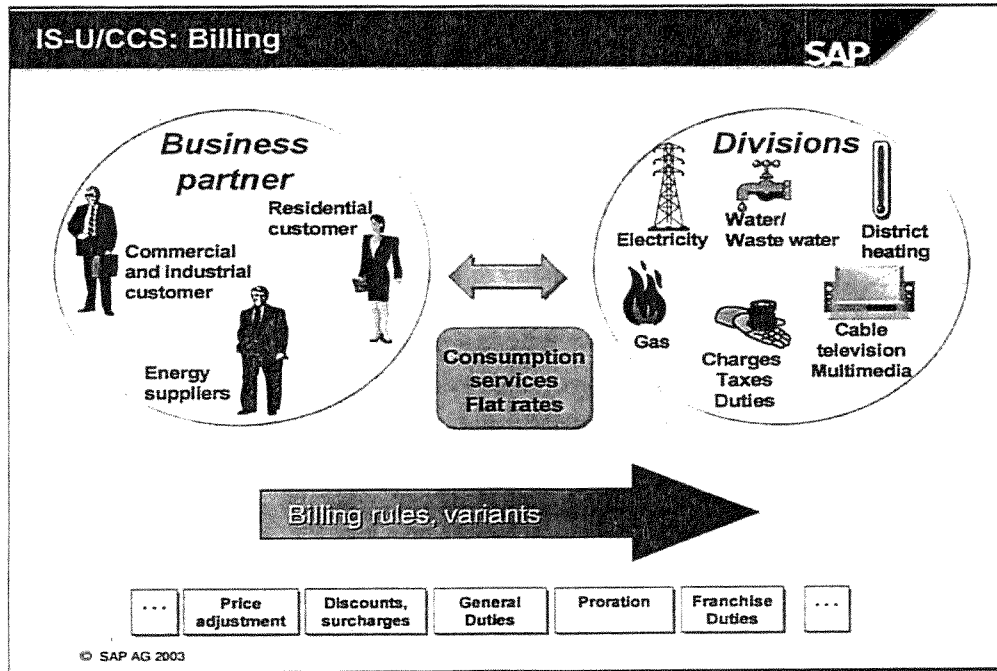


Ian C. Matthews

ICM

cc: Eric R. Hoaken (*Lax O'Sullivan Lisus Gottlieb LLP*)  
Kirk Baert, Garth Myers (*Koskie Minsky LLP*)

High Level classification of SAP IS-U Customers and Divisions



13  
APPENDIX "D"  
Master Data in SAP IS-U

Figure 1

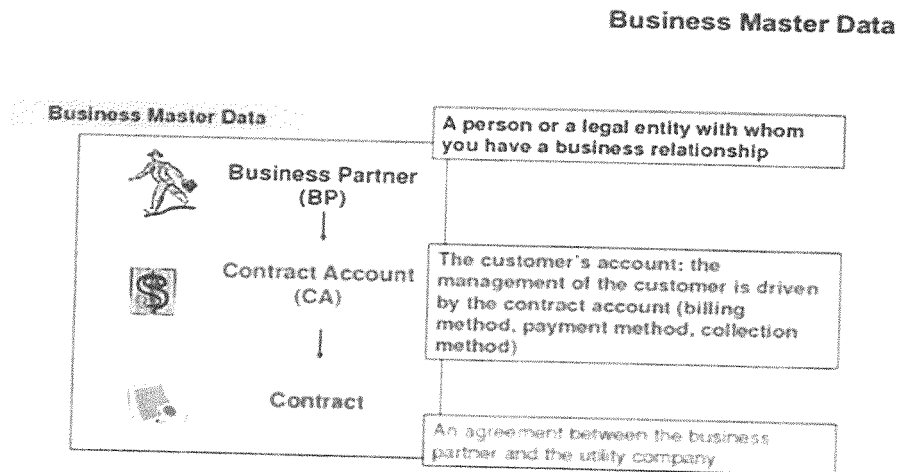


Figure 2

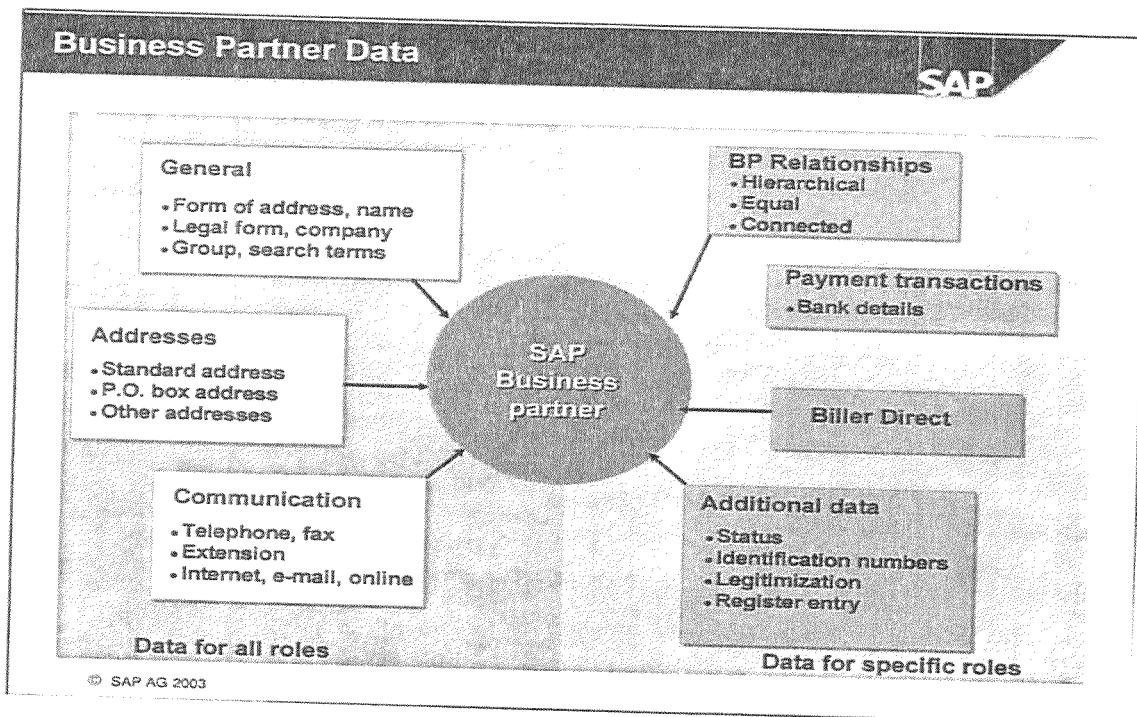


Figure 3

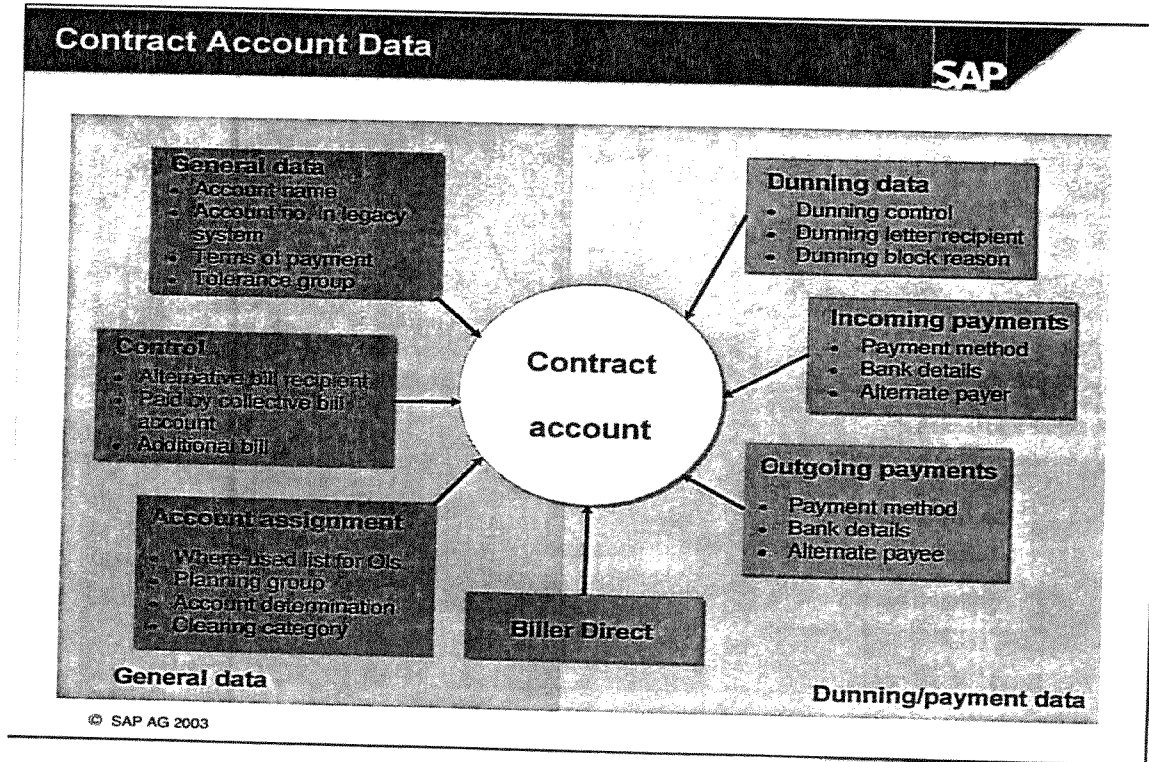


Figure 4

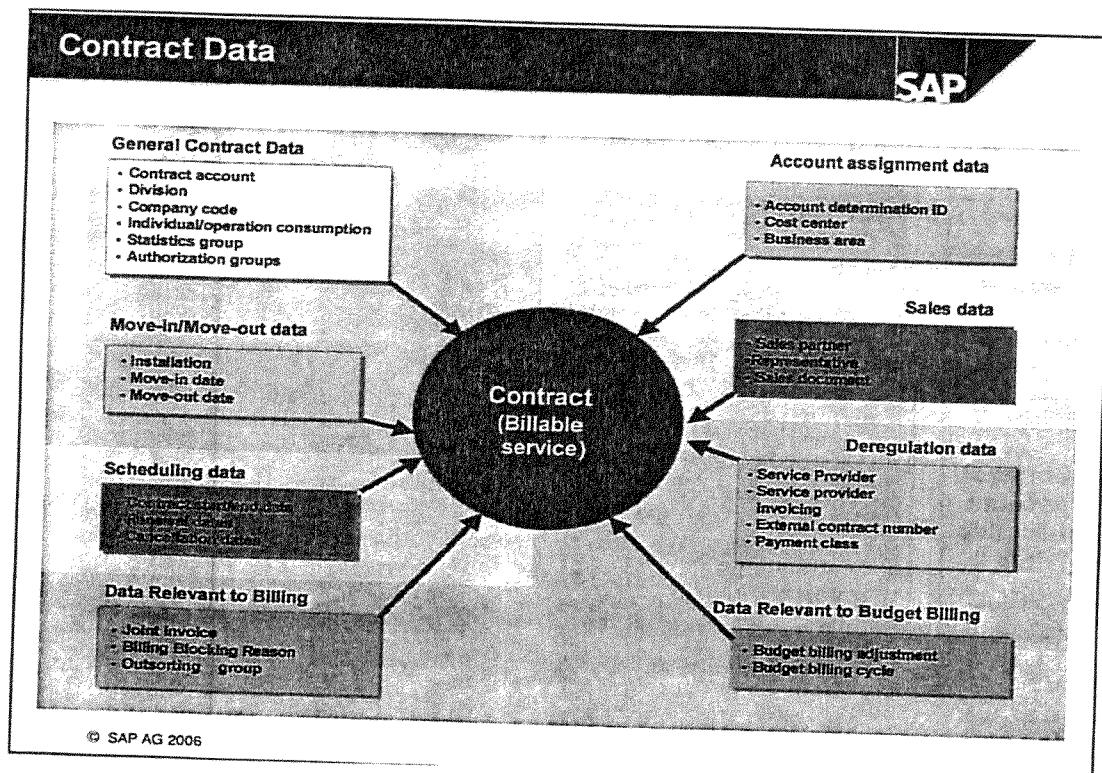


Figure 5

15

## Technical Master Data

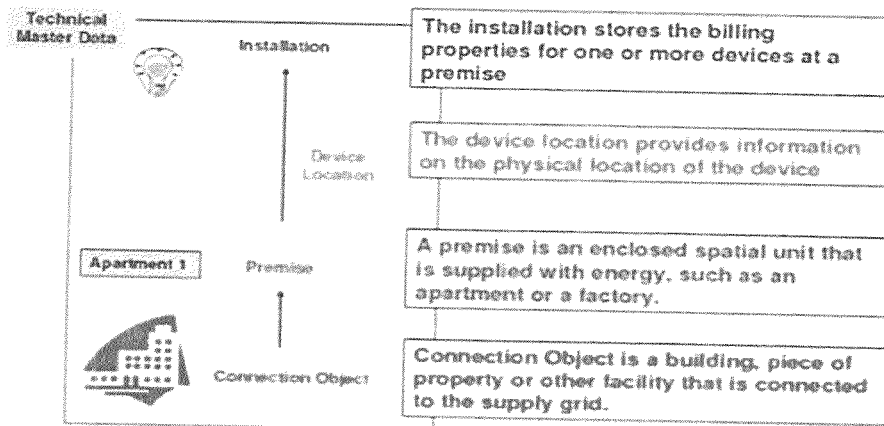


Figure 6

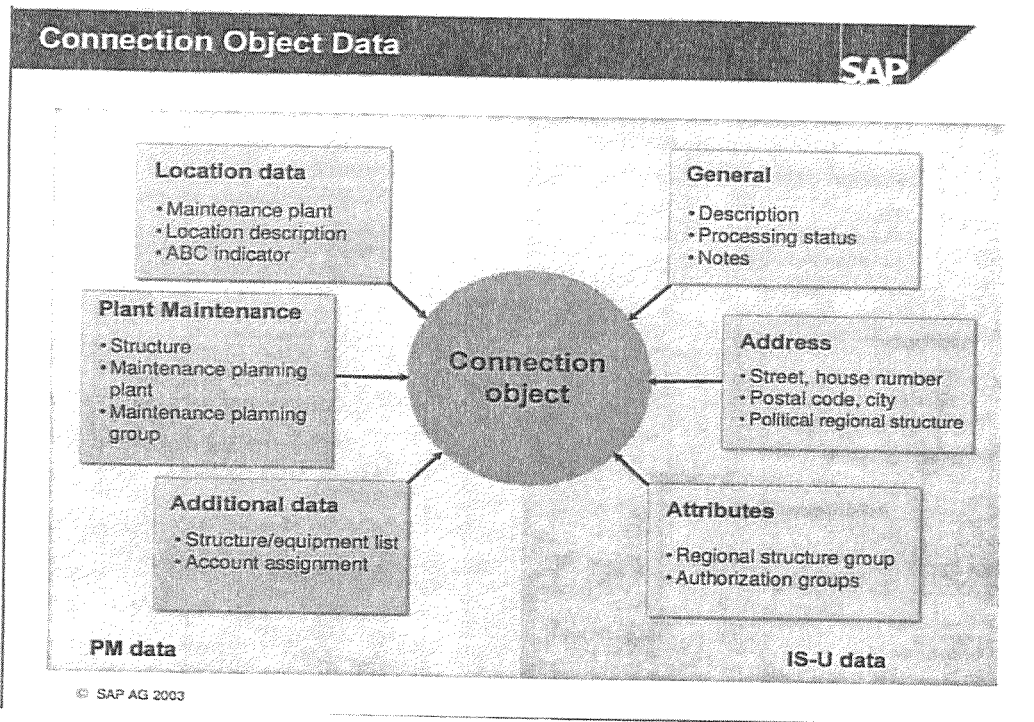


Figure 7

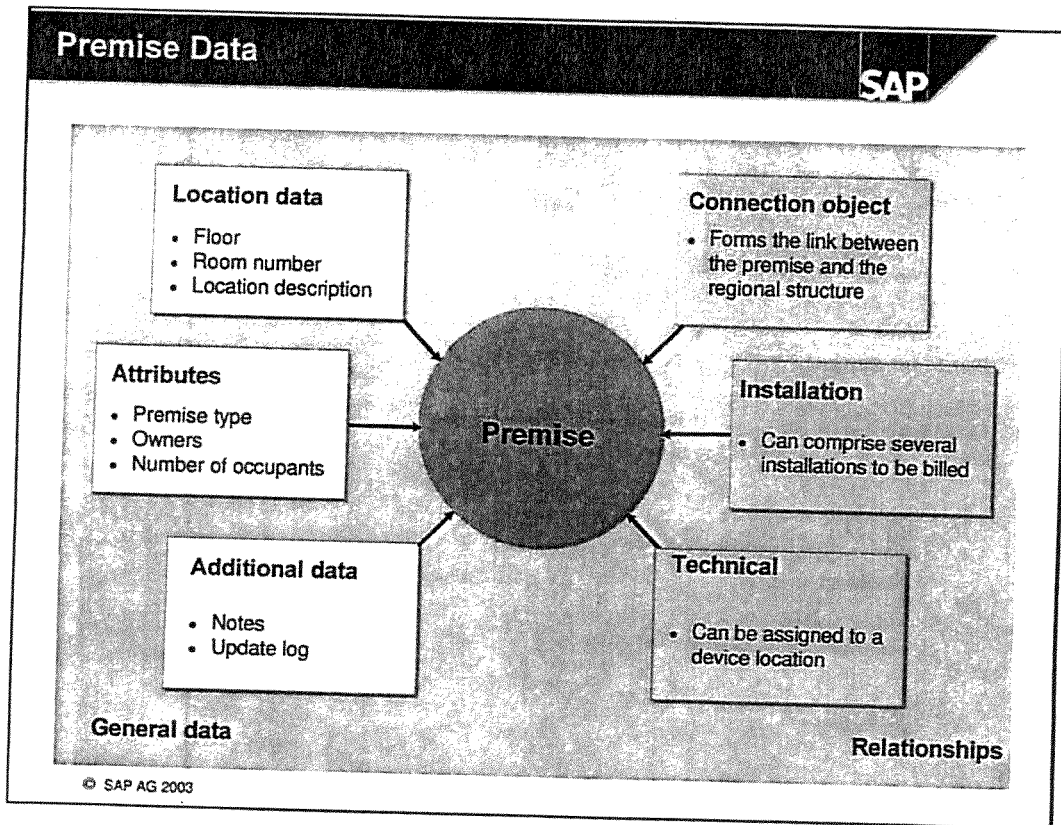


Figure 8

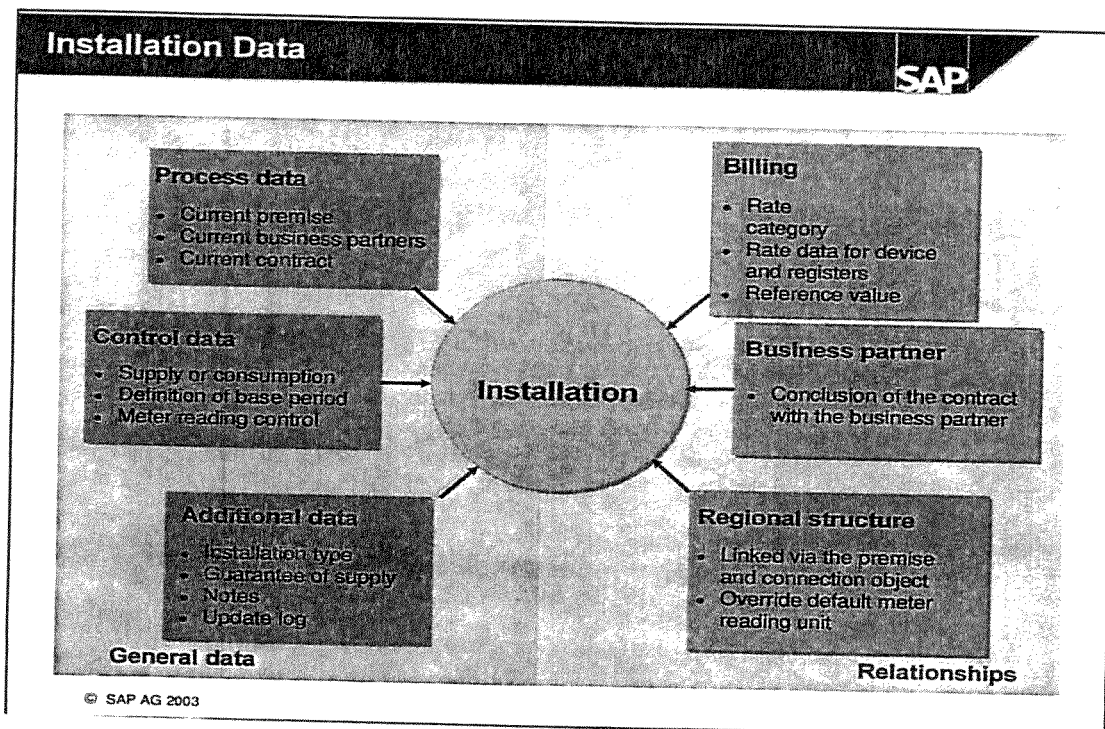


Figure 9

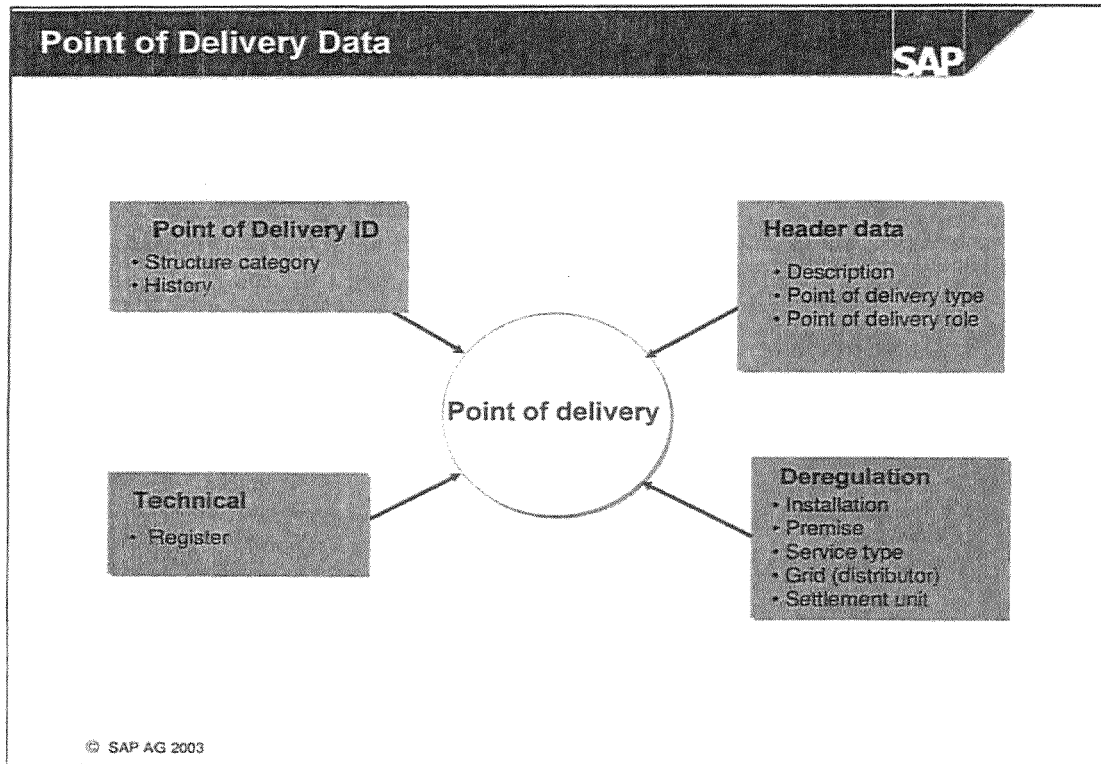
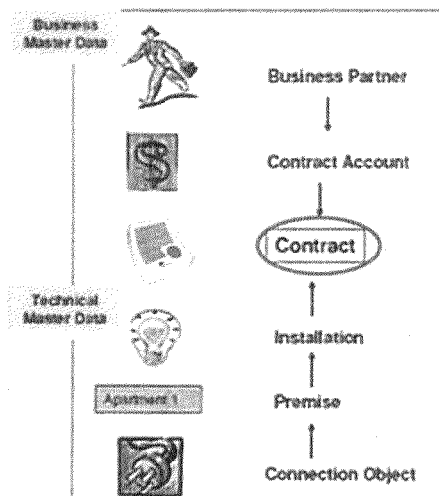


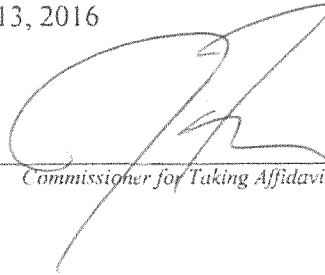
Figure 10

### Business and Technical Master Data Link



- The business master data and the technical master data exist separately
- They are linked with the creation of a contract when the customer moves in (the contract stores the installation number as well as the contract account)
- When a customer moves out, the link is broken; the customer master and technical master data continue to exist separately

This is Exhibit "B" referred to in the Affidavit of Rajesh Gurusamy  
sworn April 13, 2016

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a smaller, more complex flourish.

\_\_\_\_\_  
*Commissioner for Taking Affidavits (or as may be)*

April 13, 2016

Ian C. Matthews  
Lax O'Sullivan Lisus Gottlieb LLP  
Suite 2750, 145 King Street West,  
Toronto, ON  
M5H 1J8 Canada

Dear Mr. Matthews:

**Re: *Bennett v. Hydro One Inc. et al.* (Court File No. CV-15-535019-00CP)**

### **Introduction**

I have been retained by your firm as an expert consultant to provide a professional, objective opinion regarding a proposed class action against Hydro One Inc., Hydro One Brampton Networks Inc., Hydro One Remote Communities Inc., Norfolk Power Distribution Inc. and Hydro One Networks Inc. ("Hydro One").

I understand that the proposed class action alleges deficiencies in the planning and implementation of an SAP-based customer information system that was instituted by Hydro One in May 2013. I further understand that the proposed class action has been discontinued against Hydro One Brampton Networks Inc., and accordingly I do not include this entity within the definition of Hydro One in this report.

### **Duty as an Expert**

In preparing my report, I am aware of my duty of independence and impartiality. Attached as Appendix "A" to this report is my signed acknowledgement of my duty as an expert.

### **Mandate**

I have prepared my opinion in accordance with your instruction letter to me dated February 22, 2016. A copy of this letter is attached as Appendix "B". Specifically, you have asked me to provide my opinion on the following questions:

1. Please describe your professional experience and qualifications, particularly as they relate to the planning for and implementation of SAP-based systems (including SAP IS-U), as well as post-implementation monitoring of newly installed SAP-based customer information and billing systems.
2. Based on your knowledge and experience and any relevant reports or documents, are there any generally-accepted standards of care that pertain to the planning, implementation and/or testing of SAP-based systems? If so, please describe them.
3. In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,
  - a. the timeline leading to the implementation of Hydro One's SAP-based customer information system ("CIS") on May 21, 2013;

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- b. the project scope for the implementation of Hydro One's CIS and any adjustments to that scope that were made thereto prior to implementation;
- c. the various system, data and process dependencies that existed with respect to the implementation of the Hydro One CIS, including vendor management;
- d. the staffing and resource levels that were devoted to the implementation of the Hydro One CIS;
- e. the nature of the expertise (or lack thereof) on the Hydro One CIS project team and any turnover on that team;
- f. the testing that was conducted prior to the implementation of the Hydro One CIS;
- g. the level of external third party oversight of the Hydro One CIS implementation;
- h. the manner in which the Hydro One CIS was implemented (i.e., a "big bang" implementation);
- i. the post-CIS implementation practices, procedures and support provided by Hydro One; and
- j. any other factor or factors that you believe is relevant to the planning, implementation and/or testing of the Hydro One CIS.

For ease of reference, I have reproduced the individual questions listed above at the appropriate junctures in my report.

This report includes a number of important names, technical terms, acronyms and abbreviations. Readers unfamiliar with the particulars of this case may find the following definitions helpful:

- **ASAP** – (Accelerated SAP) – German software vendor SAP's proprietary software implementation methodology.
- **Blueprint** – a term often used to refer to the detailed design and planning phase of a software implementation project. Takes place sequentially after the Discovery phase.
- **CC&B** – (Customer Care and Billing) – the underlying SAP software offering that I believe, based on my review of documents, was used as a base for Hydro One's CIS Replacement project. Also referred to as **SAP IS-U** or **SAP ISU/CCS**.
- **CCS** – (Customer Care and Services)
- **Cornerstone** – the name that I believe, based on my review of documents, Hydro One gave to the multi-year, multi-phase, software platform upgrade initiative that began in approximately 2006.
- **Cornerstone Phase 4** – the 4<sup>th</sup> and final phase to Hydro One's Cornerstone initiative, the scope of which was the centered around the replacement of its Legacy CIS with the new CIS. Also referred to as the **CIS Replacement project**.
- **CPM** – (Critical Path Method) – a project modeling technique.
- **Discovery** – a term often used to refer to the fact-finding phase of a software implementation project. Takes place sequentially before the Blueprint phase.
- **GASC** – (Generally Accepted Standard of Care)
- **HCL Axon** – a British-based technology consultancy, a subsidiary of Indian outsourcing firm HCL Technologies. Based on my review of documents, it appears that HCL Axon was selected by Hydro One to act as both the **Systems Integrator (SI)** and **Project Manager (PM)** for the CIS Replacement project.

-3-

- **Inergi** – an outsourcing company formed in 2002 by the IT consulting firm Capgemini that I believe, based on the documents I reviewed, managed and operated Hydro One’s business and technology services under a 10 year (originally) contract that was due to be put to tender in February 2013.
- **ISO** – (International Organization for Standardization) – an international standard-setting body.
- **IT** – (Information Technology) – an acronym that refers to the use of computers and computer networks in business.
- **Itron** – an American technology firm. Based on the documents I reviewed, I believe that Hydro One deployed Itron’s meter data management software as part of its CIS Replacement project.
- **Legacy CIS** – a name used by Hydro One to refer to the collection of software applications pertaining to customer care and billing that were being utilized by Hydro One immediately prior to the implementation of the new CIS.
- **OEB** – (Ontario Energy Board) – Ontario’s natural gas and electricity regulator.
- **ORT** – (Operational Readiness Testing) – this testing aims to find defects in the business’s readiness rather than the system under test. It ensures that the business is ready for the system under test to Go-Live.
- **PM** – (Project Manager) – a professional firm or individual responsible for the planning and execution of projects. Based on my review of documents, I believe that in Cornerstone Phase 4, Hydro One acted as Project Manager from project inception until it engaged, and handed off this role to, HCL Axon.
- **PMI** – (Project Management Institute) – a non-profit organization founded in 1969 that creates and advocates for standards in the project management profession.
- **PMBok** – (Project Management Body of Knowledge) – an evolving set of standard terminology and generally-accepted guidelines for project management published by the PMI.
- **RFI** – (Request For Information) – a common business process meant to collect written information about the capabilities of various suppliers. Based on the information I reviewed, I believe that Hydro One issued an RFI in the early stages of the CIS Replacement project.
- **RFP** – (Request For Proposal) – a solicitation, often made through a bidding process, by a company or individual interested in procurement of a service or product. The response is usually considered a business proposal. Based on the information I reviewed, I believe that Hydro One issued an RFP as part of the CIS Replacement project that resulted in the selection SAP as the preferred technology, and of HCL Axon as the preferred SI and PM.
- **SAP** – (SAP SE) – a German software company.
- **SAP IS-U** – (SAP Industry-Specific solution for the Utilities sector) – also referred to as **CR&B** or **SAP IS-U/CCS** (Customer Care and Services).
- **SI** – (Systems Integrator) – a consultancy that specializes in integrating complex computer or data systems from multiple vendors. Based on the documents I reviewed, I believe that HCL Axon was selected as the SI (and PM) for the CIS Replacement project.
- **SIT** – (Systems Integration Testing) – this type of testing involves bringing together all of the components that were developed and individually tested during the development phase of a project and running them in controlled testing environments in logical interoperation strings, as well as end-to-end to validate the overall business outcomes.
- **UAT** – (User Acceptance Testing) – this type of testing involves business users, or their appointees, testing a system by performing the daily activities which they normally perform.
- **Vertex** – a company that, based on the documents I reviewed, appears to have been subcontracted by Inergi to deliver Customer Care services on behalf of Hydro One.

In arriving at the opinion contained in this report, I have relied upon a number of published documents provided to me by Lax O’Sullivan Lisus Gottlieb LLP. There are two documents in particular upon which I relied for insights into the planning and implementation of the CIS Replacement and the project’s aftermath:

- “Hydro One Customer Service and Billing Issues - Lessons Learned” (“PwCLL”) – a December 2014 report resulting from an independent review of the CIS Replacement project commissioned by Hydro One’s Board of Directors and carried out by consulting firm PwC; and
- “In the Dark” – a May 2015 report resulting from an investigation into Hydro One’s billing practices and customer processes carried out by the Ombudsman of Ontario (“Ombudsman’s Report”).

The opinions I arrive at in this report rely on the assumption that the information in these and other documents I reference is accurate and complete.

I have not conducted any interviews with those that were involved in the CIS Replacement project. The opinion in this report has been formulated based on my expert assessment of the material reviewed, which was informed by my extensive experience working on various SAP IS-U implementations and support assignments. As more material is produced in the course of this proposed class action, I reserve the right to modify or refine my opinion.

### Overview of Opinion

My more than 16 years working in IT, including 9 years with SAP-based systems, gives me considerable confidence about my ability to render an expert opinion about utility company system implementations, including Hydro One’s CIS Replacement project.

In my education, training and work, I have been exposed to a variety of techniques and standards of care for planning and implementing systems. In this report, I have included a distilled summary of the principles that I believe embody and are supported as the generally-accepted standard of care for such work. I have then elected to cite a particular reference publication that contains a set of more detailed practices consistent with those principles. The edition of the publication to which I refer was available during the timeframe of Hydro One’s CIS Replacement project and is commonly known as the “PMBok Guide (Fourth Edition)” (“PMBok”).<sup>1</sup>

Based on my document review and other research, I learned the following about Hydro One’s CIS Replacement project:

- (a) It was late – it reached its targeted “Go-Live” milestone 7 months later than originally planned; and
- (b) It was seriously flawed – it resulted in unprecedented volumes of delayed or erroneous bills being produced, causing financial problems, understandable stress and lingering dissatisfaction amongst customers.

Based on the same review and research, as well as my experience, I have arrived at the opinion that:

- (a) Hydro One was well aware of generally-accepted standards of care for such projects, and usually incorporated them into their project planning activities;
- (b) Hydro One breached various generally-accepted standards of care during every phase of its CIS Replacement project, including the post-implementation period;
- (c) Breaches occurred enough times and with enough severity, that many of the delays and other problems it experienced arose from clearly foreseeable and avoidable risks; and

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<sup>1</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print.

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- (d) Breaches transpired both during the early phases, when Hydro One had direct project management responsibilities, and during later phases, when Hydro One had indirect project management responsibilities of decision/recommendation review and approval as the CIS Replacement project's sponsor.

In my opinion, the most serious breaches of the generally-accepted standards of care centred around:

- (a) Inadequate project scope management;
- (b) Reckless compromises to the planned testing strategy; and
- (c) Premature implementation – a “Go-Live” decision taken with no proof of readiness.

A more fulsome response to each of the questions you posed to me in your February 22, 2016 letter is contained in the following pages.

## Opinion

### 1. QUESTION

**Please describe your professional experience and qualifications, particularly as they relate to the planning for and implementation of SAP-based systems (including SAP IS-U), as well as post-implementation monitoring of newly installed SAP-based customer information and billing systems.**

- 1.1 RESPONSE:** My professional experience with the SAP-based systems (including SAP IS-U) stems from my education, training and more than 16 years working within the IT sector. This includes 9 years specifically working with and around relevant SAP software, including in the utilities industry. My full resume is attached herewith as Appendix “C”.

I have been involved with the planning for, and implementation of, major SAP-based solutions for diversified industries including utilities, retail and supply chain. These engagements consisted of varying roles spanning solutions architecture, functional and project management responsibilities.

I have considerable specific experience in design and configuration/customization of the Industry Specific-Utility/Customer Care and Services (“SAP IS-U/CCS”) modules, similar to the SAP landscape that was implemented for Hydro One. I say this based on my review of the various reports on Hydro One’s CIS Replacement project that were made available to me, as well as my experience with multiple distributors within the utility industry where those using SAP software have a more or less common landscape.

My involvement with implementation projects has included performing such diverse tasks as complex pre-sales qualification, detailed requirement gathering, business blueprinting and functional design, as well as hands-on work with SAP IS-U Device Management, Configuration and Operations, Front Office/Customer Service, Smart Metering (AMI) and SAP’s ASAP Implementation Methodology. I have also participated in test planning and execution, and post-implementation planning and support.

I have a Bachelor of Engineering degree from Kuvempu University (India), which has been augmented in the intervening years with various SAP and other relevant IT training. One of those courses involved preparing for and passing an Engagement Manager Certificate course offered by CapGemini Australia, which qualified me to act for them in a senior Project/Programme Manager capacity. I am now, and have been at various times in the past, a Member of the PMI, as any interested individual can be, in order to access PMI’s valuable online resources that support the Project Management profession.

## 2. QUESTION

Based on your knowledge and experience and any relevant reports or documents, are there any generally-accepted standards of care that pertain to the planning, implementation and/or testing of SAP-based systems? If so, please describe them.

- 2.1 RESPONSE:** Based on my knowledge and experience, there are generally-accepted standards of care ("GASC") that pertain to the planning, implementation and/or testing of SAP-based systems, or indeed virtually any significant IT system build, install or upgrade project – an opinion supported for example by the 2.9 million professionals that belong to one of the leading related professional organizations documenting those standards, PMI.

In my opinion, the GASC for IT projects such as Hydro One's CIS Replacement project for at least the last two decades can be first broadly described at a high level as follows: use expert judgment to select and tailor an appropriate, proven, project management methodology to follow, and then conduct the project in methodical accordance with it.

To approach the standard less abstractly, and more granularly, I must start delving into the concepts and terminology widely employed by those, like me, involved in the profession of Project Management.

The "planning, implementation and/or testing" activities referred to in the original question are actually some of the methodology elements encircled within a recognized, generic, overall Project Life Cycle Structure, one into which all projects can be mapped:

- I. **Starting the project** – In my opinion, the GASC here is to conclusively establish the project purpose and make categorically certain it is precisely aligned with stakeholder expectations.
- II. **Organizing and preparing** – In my opinion, the GASC here is the adoption and tailoring<sup>2</sup> of, and fidelity to, a comprehensive good-practice project management framework, such as those described in upcoming sections.
- III. **Carrying out the project work** – In my opinion, the GASC here involves the assiduous and disciplined application of both project management skills and hard/technical skills to the tailored project management framework to achieve the goals set out in the project plan.
- IV. **Closing the project** – In my opinion, the GASC here is undertaking thorough and scrupulous final evaluations of the project's conduct and results.

Within such a Project Life Cycle Structure, particularly within large and complex projects, a PM will typically divide item III., above, "carrying out the project work", into logical phases, in order to apply extra control to achieve naturally sequential deliverables/milestones.<sup>3</sup>

- 2.2 DISCUSSION:** The GASC principles described above are widely accepted, albeit perhaps articulated slightly differently by different professional PMs or reference works, but are still not granular enough to be used as a basis to actually run a project or assess a project's conduct. For that, there are various approaches and

<sup>2</sup> "Tailor. The act of carefully selecting process and related inputs and outputs contained within the PMBoK® Guide to determine a subset of specific processes that will be included within a project's overall management approach". Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBoK® Guide)*. Fifth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2013. Print.

<sup>3</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBoK® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print. Section 2.1.3.

methodologies that have arisen in the industry that are vying to become part of the canon of GASC principle-inspired practices for the PM profession.

### 2.2.1 ISO – “Standard 21500”

An increasingly accepted basic reference, or normative standard that describes a professional approach towards project management, is published by the ISO as “Guidance on Project Management: International Standard ISO 21500.” This is a high-level guideline to core principles and good practice for project management. ISO 21500 is not itself a methodology, but it defines project management in this way:

*“Project management is the application of methods, tools, techniques and competencies to a project. Project management includes the integration of the various phases of the project life cycle (. . .) and is performed through processes.”<sup>4</sup>*

Sometimes referred to as practice “frameworks”, project management practice methodologies are effectively organized collections of those methods, tools, techniques and processes. Their roots can be traced to the Engineering and Building disciplines and project modelling techniques such as the “Critical Path Method” (“CPM”) used as early as the 1940s. Over the last 25 years in particular, project management methodologies have been extensively studied, refined, codified and gained widespread endorsement as good practice, which means there is general acceptance that the application of the knowledge, skills, tools, and techniques can enhance the chances of success. Their essentials are now commonly applied – and expected as the standard of care – in well-run, successful IT projects. Example methodologies follow.

### 2.2.2 PMI – the “PMBok”

The most commonly cited collection of project management methods is published by the PMI, and is titled “A Guide to the Project Management Body of Knowledge”.<sup>5</sup> As indicated by the approval seal on its cover, the PMBoK Guide has also been independently approved as an international standard by the ISO through the American National Standards Institute. In my experience, many practitioners refer to it as the “Bible of Project Management” – entering that phrase in most any search engine will quickly corroborate this observation.

The PMBoK Guide contains a globally recognized standard and guide for the PM profession. It includes a framework of 42 core Project Management Processes logically grouped into the following five categories known as Project Management Process Groups that are typically repeated for each phase of a project:

- Initiating;
- Planning;
- Executing;
- Monitoring and Controlling; and
- Closing.

<sup>4</sup> International Standards Organization - ISO/TC 258 Project, Programme and Portfolio Management. *Guidance on Project Management: International Standard ISO 21500*. Geneva: ISO, 2012. Print.

<sup>5</sup>Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBok® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print.

Mapped against the requisite Knowledge Areas (a set of specialized Project Management skills and capabilities), this framework represents the core of the “Standard for Project Management of a Project” (see Appendix “D”).

### 2.2.3 Axelos – “PRINCE2”

In North America, but more so in Europe and a number of other parts of the world, another methodology called PRINCE2 (an acronym from P<sup>R</sup>ojects I<sup>N</sup> C<sup>o</sup>ntr<sup>o</sup>lled E<sup>n</sup>vironments, version 2) is also in common use as a reference work. PRINCE2 is published as “Managing Successful Projects with PRINCE2”<sup>6</sup> by a UK Government/Industry Joint Venture known as Axelos. Individuals participating in European projects are well-advised to familiarize themselves with the concepts of this methodology, as its models and terminologies give teams a common frame of reference for project discussions. I mention it as potentially relevant because SAP software has its origins and headquarters in Germany.

### 2.2.4 Custom/Proprietary Variants

Both of the above methodologies provide comprehensive generic guidance on project planning and management processes and techniques based on the GASCs by articulating “what” to do and providing options and flexibility in “how” those principles are actually followed. Consequently, in many cases, industry players have created specialized, semi-bespoke methodologies that their staff are encouraged or mandated to use to eliminate unnecessary (i.e. pre-tailored) elements for efficiency; to incorporate specialized components and lessons learned from previous similar projects; and to promote more consistent, predictable and hopefully continually-improving results. Although it may seem counterintuitive in a general sense, reducing flexibility can be advantageous in promoting predictability. Another advantage is the possibility of leveraging predefined content.

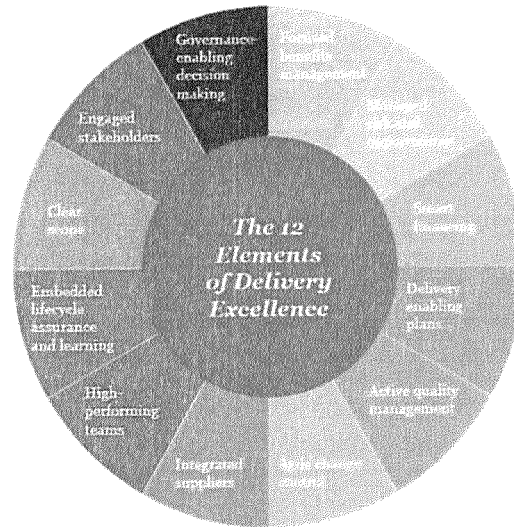
2.2.4.1 As an illustration of the history and evolution of PM methodologies, Appendix “E” shows an example of an earlier vintage custom/proprietary software project management methodology that was formulated by a Canadian software vendor called “Saville Systems” in the late 1990s. The language it uses to describe actions and deliverables are clearly inspired by the same touchstones as more generic frameworks like the PMBoK and PRINCE2. Lineage and longevity such as this reinforce the stature and utility that the models have built up in the industry over the years, and highlight the amount of time that has been available since then to refine, cross-pollinate and codify their axioms as good practice. The diagram does a good job of highlighting the responsibility for the “customer” to be involved with and/or approve various key project deliverables during a project.

2.2.4.2 Another example of a custom/proprietary methodology is mentioned in PwC’s December 2014 “Lessons Learned” document (“PwCLL”). The PwCLL report uses a “PwC framework for project delivery excellence”<sup>7</sup> to guide PwC’s analysis and evaluation of Hydro One’s CIS Replacement project. The following publicly-available diagram summarizes its starting-point elements:

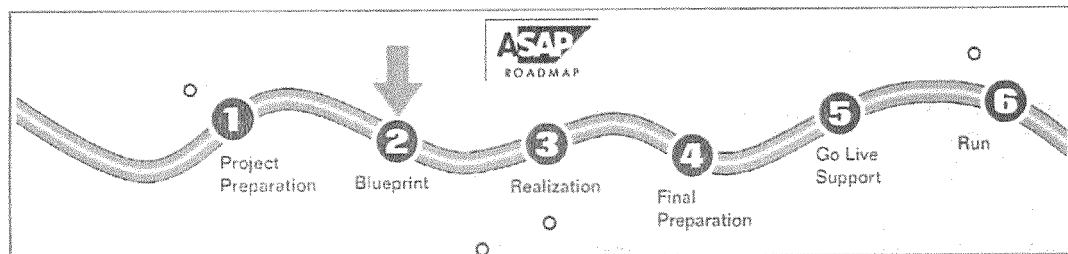
<sup>6</sup> Axelos. *Managing Successful Projects with PRINCE2*. 2009 Edition. London, UK: HMSO, 2009. Print.

<sup>7</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.10.

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2.2.4.3 The most relevant custom/proprietary methodology to discuss here is SAP's "ASAP (Accelerated SAP) Methodology Framework", a methodology that was available for use at the time of the Hydro One CIS Replacement project (Version 8 appears to have been published in 2010). This iconic "Roadmap" diagram often appears in its publicly available collateral material:



2.2.4.4 The ASAP Methodology Framework is also supported by a software platform called "SAP Solution Manager," which I believe is provided to all SAP customers as part of their licensing agreement. Version 7.1 is reported to have been available since September 2011, and so would presumably have been at the disposal of Hydro One and their selected SI/PM, HCL Axon.

2.2.4.5 I cannot conclude with absolute certainty that the ASAP Methodology Framework was employed in the Hydro One CIS Replacement project based solely on the information that I have reviewed. However, in the documents made available to me, some of the hallmarks of the ASAP Methodology Framework appear, such as the terminology contained in the diagram above, suggesting it was at least an influence on the project management methodology used for the CIS Replacement project.

## 2.3 My Assessment Benchmarks

In my experience, years ago, the incipient methodologies and processes were sometimes considered idealistic or aspirational. However, with the passage of time and the growing professionalism of Project Management, the predictability of desired outcomes arising from their use has made them foundational and generally-accepted standards.

Since SAP's proprietary ASAP Methodology Framework is not specifically mentioned in the documents I have reviewed, I cannot discern the extent to which it was specifically chosen or followed. However, SAP claims that

ASAP is "...Aligned with formal project management standards and procedures (including the Project Management Institute [PMI] A Guide to the Project Management Body of Knowledge)."<sup>8</sup>

The PMBoK Guide contains the most globally recognized standard and guide for the project management profession. While derivatives and specialized variations like the ASAP Methodology Framework exist, not all are as ubiquitous or as widely considered "generally accepted" standards.

Consequently, since it represents the more generic, globally-recognized methodology, the remainder of this report will use the PMBoK Guide as a primary reference for GASC practice, with particular reference to the 42 Project Management Processes central to its proposition.

(I point out here that, while a "Software Extension to the PMBoK Guide" also exists, it was not published until October 2013, after Hydro One's CIS Replacement project, and for that reason is not referenced in this report).

### 3. QUESTION:

**In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,**

**(a) the timeline leading to the implementation of Hydro One's SAP-based customer information system ("CIS") on May 21, 2013.**

**3.1 RESPONSE:** Before addressing the specific timeline dimension here, I would like to address the opening premise question that applies to each of the areas of consideration. **In every one of the instances in this report where I conclude that there has been a breach of the GASC, it is my opinion that the breach could and did contribute to the potential for a flawed result – most noticeably billing errors, as they are the most visible flaws reported on in previous Auditor General,<sup>9</sup> PwC,<sup>10</sup> and Ontario Ombudsman<sup>11</sup> reports.**

I would also like to be clear about one other consideration. As a matter of normal course, Hydro One would have initiated the CIS Replacement project as the *de facto* PM. Once it had reached an agreement with consultancy HCL Axon to become the SI and PM, it would have delegated certain mutually agreed upon responsibilities to HCL Axon. However, in my opinion, in remaining as Project Sponsor, it would be normal for Hydro One to continue to bear ultimate responsibility for reviewing and approving all significant or otherwise risk-bearing decisions on the CIS Replacement project.

Moving on, to the timeline component specifically, it is my opinion that Hydro One did, on multiple occasions, breach the GASC (PMBOK6 – Project Time Management) pertaining to the timeline leading to the implementation of its CIS Replacement.

After earlier bringing forward a 2016 target date for the CIS Replacement project, Hydro One subsequently

<sup>8</sup> SAP Services. *ASAP: PROVEN METHODOLOGY FOR FAST, SUCCESSFUL IMPLEMENTATION*. N.p.: SAP Services, 2008. Web.

<sup>9</sup> Bonnie Lysyk. *Office of the Auditor General of Ontario – Annual Report 2014*. Rep. Toronto, Ontario, CDA: Office of the Auditor General of Ontario, Fall 2014. PDF. p.362-406.

<sup>10</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF.

<sup>11</sup> Andre Marin. *In the Dark*. Rep. Toronto, Ontario, CDA: Office of the Ombudsman of Ontario, 2015. PDF.

negotiated an October 9, 2012, "Go-Live" date.<sup>12</sup> In my opinion, the 7-plus month delay that ultimately resulted in the new CIS going "live" in May 2013 is *prima facie* evidence that, contrary to earlier statements, a delay to mid-2013 was in fact tenable. In my opinion, with the (foreseeable) deficiencies that surfaced during the implementation, an even longer delay to allow for full testing should have occurred.

Implicit in the PMBoK of the time (and explicit in a later PMBoK edition) was the expectation that, as Hydro One's selected PM from the time of their engagement, the company HCL Axon was "**responsible and accountable for setting realistic and achievable boundaries for the project and to accomplish the project within the approved baselines**".<sup>13</sup> In my opinion, Hydro One stakeholders, as sophisticated technology users, either knew, or should reasonably have known, that they were acting outside of the GASC by imprudently issuing imperatives and carelessly granting approvals during every project phase in the following ways:

- 3.1.1 Project Phase – Impetus/Initiation: At the outset, allowing overstated external business pressures to accelerate (and later adversely affect) appropriate project timing (i.e. being concerned with top-down target date drivers more than bottom-up work duration calculations).
- 3.1.2 Project Phase – Project Prep: During vendor selection, selecting a firm (HCL Axon) as SI / PM who proposed a compressed project timeline that was based on mistaken assumptions about doing an "out-of-the-box" (i.e. largely non-customized) install – and not correcting or challenging those assumptions through the Discovery phase.
- 3.1.3 Project Phase – Discovery: During the Discovery phase, approving an unrealistic "desired" project timeline, materially shorter than (and apparently without any reference to) industry norms.
- 3.1.4 Project Phase – Blueprint: Closing the Blueprint phase prematurely, despite un-finalized requirements, and approving an unchanged project timeline, despite ascertaining that there were vastly more enhancements and complexities in play than earlier assumed.
- 3.1.5 Project Phase – Realization: Late in the Realization phase, approving a drastic project timeline extension at the eleventh hour, proving poor requirement capture and work task sizing in the previous phase, and implying poor project monitoring in this phase.
- 3.1.6 Project Phase – Final Prep: Later still, squeezed by an extended Realization phase, approving a range of irresponsible timing and scope compromises to every aspect of the entire testing program.
- 3.1.7 Project Phase – Post Go-Live: The Go/No-Go decision to pull the plug on live, working, business-critical systems, and begin relying upon what was known to be an incompletely tested new environment was a breach of the GASC. I believe it was also exacerbated by several other injudicious decisions related to staffing and preparation for this phase.

## 3.2 DISCUSSION

- 3.2.1 Impetus/Initiation: The Hydro One CIS Replacement project was also known as Cornerstone Phase 4, and was at one point scheduled to take place in the 2016 timeframe.<sup>14</sup> However, invoking emotive, negative

<sup>12</sup> Marcello, Carmine. *Submission to the Board of Directors, Cornerstone Phase 4 - Request for Funding*. Rep. Toronto: Hydro One, May 2011. PDF. p.2.

<sup>13</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fifth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2013. Print. s.2.2.3.

<sup>14</sup> *Shared Services Capital - Cornerstone*. Rep. Toronto: Hydro One, May 2010. PDF. Regulatory Filing. p.2.

terminology and imagery that would undoubtedly lead many non-technical audiences to conclude the existing (and relatively well-functioning, according to numerous complaint metrics<sup>15</sup>) CIS system was physically deteriorating (“aging”, “legacy”, “discontinued”, “outmoded”, “instability”, “no longer vendor supported”, “risk”, “well past its end-of-life”, “cumbersome”, “risk for total system failure”), Hydro One surely created an exaggerated sense of urgency to replace the Legacy CIS system.

Building on that canvas, Hydro One was also frequently eager to stress the ostensible importance of “optimizing its leverage” in an upcoming outsourcing<sup>16</sup> negotiation. Proponents were ultimately successful in pressing to bring forward the CIS Replacement project from its earlier targeted 2016 in-service date<sup>17</sup> to a new October 2012 Go-Live target.<sup>18</sup> The effect of the self-imposed outsourcing “deadline” was made more explicit later, when it was effectively admitted that the CIS Replacement project timeline that was approved came about “from a work-back schedule allowing CIS to go live before having to negotiate new outsourcer contracts”.<sup>19</sup>

I was puzzled to observe that getting a minor “leverage” advantage in this ancillary outsourcing negotiation was seen as crucial enough to single-handedly justify accelerating and compressing comparatively major and already risk-sensitive, business-critical, CIS system replacements. Given that the outsourcing contract was ultimately extended<sup>20</sup> after all, I believe that it is now obvious that alternatives to the perceived “deadline” were in fact feasible.

**3.2.2 Project Preparation:** There was a seemingly inexplicable delay in recognizing how significantly Hydro One’s requirements surpassed the selected software’s built-in functionality. Even on May 12, 2011, with the Blueprint phase started, the Hydro One Board of Directors was told the “planned CIS Solution will primarily be built upon a vanilla, out-of-the-box, SAP solution.”<sup>21</sup> Having just completed a lengthy three-month Discovery phase with the SI / PM to finalize scope and price, it is incomprehensible to me that none of the specialists involved had divined that the tasks that lay before them were extensively beyond an un-customized product install. Based on the documents I have reviewed, it appears that those reporting to the Board were either ill-informed or misinformed at the time, as I wouldn’t want to speculate that the Board was deliberately misled.

**3.2.3 Discovery:** The original project schedule, as agreed amongst the stakeholders during Discovery, called for an implementation timeline (Blueprint through Go-Live) of just over 17 months, commencing May 2, 2011 and ending October 9, 2012. It actually took over 24 months. Even then, it is my opinion that the CIS Replacement clearly went live prematurely, without full test signoffs. I conclude that neither the SI / PM, HCL Axon, nor Hydro One exercised due diligence, or indeed any diligence, to independently legitimize the proposed duration. If they did make an attempt, it must have either been flawed or rejected on the basis of a mistaken belief that Hydro One would perform better than industry norms.

<sup>15</sup> Andre Marin. *In the Dark*. Rep. Toronto, Ontario, CDA: Office of the Ombudsman of Ontario, 2015. PDF. p.17-26.

<sup>16</sup> Marcello, Carmine. *Submission to the Board of Directors, Cornerstone Phase 4 - Request for Funding*. Rep. Toronto: Hydro One, May 2011. PDF. p.2.

<sup>17</sup> *Shared Services Capital - Cornerstone*. Rep. Toronto: Hydro One, May 2010. PDF. Regulatory Filing. p.11.

<sup>18</sup> Optimus|SBR. *Hydro One CIS Replacement Cornerstone Phase 4 Stakeholder Session*. Rep. Toronto, Ontario, CDA: Hydro One Networks, June 2011. PDF. p.4.

<sup>19</sup> Optimus|SBR. *Hydro One CIS Replacement Cornerstone Phase 4 Stakeholder Session*. Rep. Toronto, Ontario, CDA: Hydro One Networks, June 2011. PDF. p.6.

<sup>20</sup> Hydro One. *Hydro One Annual Report 2013*. Rep. Toronto: Hydro One, 2014. PDF. p.37.

<sup>21</sup> Marcello, Carmine. *Submission to the Board of Directors, Cornerstone Phase 4 - Request for Funding*. Rep. Toronto: Hydro One, May 2011. PDF. p.2.

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**3.2.3.1** In my own experience, the 17-month target was overly optimistic and below industry norms, even for client environments that are less complex and ambitious than Hydro One's. For comparable examples, I can cite my own involvement with two projects in particular that provide relevant benchmarks: the first was for Ausnet Services, where I was focused on only the Advanced Metering Infrastructure implementation, not on an entire CIS, and that less complex project allowed for a 30-month implementation timeline. I also performed solution planning for South Australia Power Networks, a power company about two-thirds the size of Hydro One by subscribers, to implement Billing on SAP IS-U/CRM, and that timeline was 24 months. The extent to which the Hydro One CIS Replacement project was approached in a top-down or bottom-up scheduling manner is not clear based on the documents I have reviewed, but regardless, it appears to me that the GASC technique of analogous estimation (PMBok6.4.2.2 – Estimate Activity Durations) was not adequately exercised in seeking industry benchmarks for comparative validation. Since whatever was or was not used was ineffective, this was ultimately a breach of the GASC of Project Time Management.

**3.2.3.2** My own experience is corroborated by the PwCLL report, which calls the original timeline "aggressive when compared to other similar implementations" of 24 to 36 months.<sup>22</sup> Beyond that quantitative view, as alluded to by the Ombudsman's Report,<sup>23</sup> monopolistic public sector corporations like Hydro One would be expected to recognize their special responsibility and opportunity to act prudently and cautiously in the manner they serve the public interest. Pursuing an "aggressive" timeline adds risk to any large, business-critical project, but it seems especially incompatible if a heightened prudence is called for in a sensitive sector.

According to the documentation I reviewed, there was secondary review of the original timelines: HCL Axon's work plan was reportedly "scrutinized in the Discovery Phase" which also "included several design workshops on all aspects of the proposed solution...[meant to]...greatly minimize the chances of unforeseen scope changes".<sup>24</sup> But it is readily apparent that inadequate care was taken with such scrutiny and workshops, as numerous important aspects or complexities were admitted to have been overlooked<sup>27</sup> or underrated.<sup>25</sup>

**3.2.3.3** Hydro One was not unfamiliar with using external benchmarks for analogous estimation. During stakeholder presentations in 2011, Hydro One was challenged about how their 20% budget contingency reserve had been determined. Hydro One responded by stating that "...20% is typical of major IT projects and consistent with Phase 1 and 2 [of the Cornerstone project]..."<sup>26</sup>

**3.2.4** Blueprint: As alluded to in the previous section, an install shorter than the typical 24-36 month install benchmarks referenced by PwC can be achieved as long as the added complexities are at a minimum. But it turned out the Blueprint phase was full of complexity that far surpassed minimal complexity:

- Numerous external system interfaces to the Legacy CIS system had been highly customized, and "...some of these customizations were not clearly understood or identified by the project team during the Discovery phase".<sup>27</sup>

<sup>22</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.14-15.

<sup>23</sup> Andre Marin. *In the Dark*. Rep. Toronto, Ontario, CDA: Office of the Ombudsman of Ontario, 2015. PDF. p.5.

<sup>24</sup> Marcello, Carmine. *Submission to the Board of Directors, Cornerstone Phase 4 - Request for Funding*. Rep. Toronto: Hydro One, May 2011. PDF. p.7

<sup>25</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.25.

<sup>26</sup> Optimus|SBR. *Hydro One CIS Replacement Cornerstone Phase 4 Stakeholder Session*. Rep. Toronto, Ontario, CDA: Hydro One Networks, June 2011. PDF. p.13.

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- A Smart Metering project on which the new CIS depended was "...still evolving...[and]...the level of understanding of the nuances...was limited".<sup>27</sup>
- By the end of the Blueprint phase, 68 business requirements needing enhancements were belatedly identified, which had not been identified when the initial timeline was determined.<sup>27</sup>

In my opinion, any one of the above issues should have triggered a warning that complexities were not at the minimum level needed to be compatible with an aggressively condensed timeframe. But to exacerbate the situation, in addition to the overlooked issues, significant and complex (but potentially discretionary) planned enhancements (e.g. reduction of a 13-day billing delay and remote meter connect/disconnect) had also slipped into the implementation scope.<sup>28</sup> This would no longer be an "as is" implementation as suggested by Hydro One as late as June 2011, when they stated "...only today's requirements are built-in...".<sup>29</sup> In my view, prudent risk management would have seen these enhancements deferred to a later, post-implementation phase, especially after the overlooked issues were discovered.

The project timeline was not adjusted up front following these discoveries. But, in my opinion, a motivation to keep it short can be inferred:

- Delivering early could benefit the SI and PM, HCL Axon, as it had been engaged on a fixed-cost basis.
- Delivering early could likewise benefit Hydro One, as they believed the Legacy CIS to be "expensive and cumbersome to maintain and update",<sup>30</sup> costing "\$2-3 million per year to maintain."<sup>31</sup>

In my opinion, there was more than adequate incentive for the two firms to want to limit complexities and defer discretionary enhancements. Failing to limit complexities (scope) can tempt project participants to take liberties with the appropriate standard of care and take inappropriate risks to deliver a shorter timeframe. On the other hand, much trust capital had been expended on convincing the powers that be at Hydro One that i) the Legacy CIS was costly and on the verge of collapse, and ii) that replacing it prior to the outsourcing negotiation was crucial. Allowing a more realistic schedule mid-project would show those assertions as overblown. Based on the documents I reviewed, it would appear that the parties had somewhat boxed themselves in.

**3.2.5 Realization:** Twelve months into the (initially) 17-month project, in May 2012, according to the original schedule, the project team was due to hand over the completed systems for User Acceptance Testing ("UAT"). However, the systems at that time were assessed to be still months from completion and Hydro One decided to extend the project schedule by 7 months, to 24 months:

**3.2.5.1** The fact that the handoff date was imminent before someone realized it would be months late demonstrates a breach of the GASC with regard to the original time frame estimation (PMBok6.5 –

<sup>27</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.15.

<sup>28</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.12.

<sup>29</sup> Optimus|SBR. *Hydro One CIS Replacement Cornerstone Phase 4 Stakeholder Session*. Rep. Toronto, Ontario, CDA: Hydro One Networks, June 2011. PDF. p.11.

<sup>30</sup> Optimus|SBR. *Hydro One CIS Replacement Cornerstone Phase 4 Stakeholder Session*. Rep. Toronto, Ontario, CDA: Hydro One Networks, June 2011. PDF. p.4.

<sup>31</sup> Optimus|SBR. *Hydro One CIS Replacement Cornerstone Phase 4 Stakeholder Session*. Rep. Toronto, Ontario, CDA: Hydro One Networks, June 2011. PDF. p.5.

Develop Schedule) and progress tracking (PMBok6.6 – Control Schedule). However, without further project artifacts to review, I am unable to specifically determine whether this arose from a breach of the GASC for Project Scope Management (PMBok5.0) or Project Time Management (PMBok6.0) processes.

**3.2.5.2** The “re-baselined” implementation eventually took 24 months and appears to still have been patently and seriously flawed. In my opinion, this fact in and of itself constitutes *prima facie* evidence of underestimation in both the original and revised schedule allowances for development and testing.

**3.2.5.3** Digging deeper, in addition to the original 7-month development sub-phase receiving 7 extra months to be completed, at some point a decision was also made to grant yet a further 2 months to development by delaying and shortening a subsequent test phase by half – from four months to two months.<sup>32</sup> This would suggest that the GASC was breached (PMBok6.0 – Project Time Management) in poorly sizing the development extension the first time (not to mention failing to protect a test window, which will be addressed later).

**3.2.6** Final Prep: The Realization phase was originally allocated 7 months. Close to its expiry, it (and therefore the project) was granted an extension of 7 months, but actually went on to use 9 months, cutting two months into the Final Prep phase. Based on the documents I reviewed, it was not clear whether the decisions around compromising the Final Prep test activities was made at the time of the extension, or later due to prolonged development delays. Either way, according to the PwCLL report, “...testing timelines were compressed, critical testing phases overlapped and key exit criteria relaxed.” In my experience, these signs are not consistent with a critical project being well-managed to reduce risk and optimize the prospects for success. In my opinion, this demonstrates a hasty, incautious desire to meet an arbitrary delivery date, rather than absorbing the potential costs and embarrassment of a further extension.

**3.2.7** Post Go-Live: Based on my experience and on the documents I have reviewed, in my opinion, the following statement from the PwCLL report is correct:

*“Industry experience suggests that the project team, including HCL, should have been kept intact until such time as the billing system and associated processes were performing to the expected standard”.*<sup>33</sup>

Contrary to that kind of risk-mitigating strategy, and despite growing defect volumes, the project lost “65% of the highly skilled HCL resources” in July 2013, only two months after going live. Further, by September 2013, despite exit criteria not yet being met, Hydro One strangely signed off on system acceptance and released HCL Axon, this at a time when Hydro One was already aware of there being significant billing errors.<sup>34</sup>

**3.3 SUMMARY:** In my opinion, the initially short project timeline was driven by considerable wishful thinking, not properly supported per the GASC by facts and expert judgment (PMBok6.4 – Estimate Activity Durations). Opportunities were missed to course correct from the Discovery phase onwards, but were not exercised until, and just prior to, the original UAT handover target date. In my opinion, there was inadequate diligence during the Discovery phase and subsequently poor impact analysis when changes surfaced during the Blueprint phase. No rigorous GASC change control process (PMBok5.5 – Control Scope) had been put in place to ensure any changes to the scope from the original requirements were vetted appropriately to ensure that there was no adverse impact on cost or schedule.

<sup>32</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.13.

<sup>33</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.22.

<sup>34</sup> Andre Marin. *In the Dark*. Rep. Toronto, Ontario, CDA: Office of the Ombudsman of Ontario, 2015. PDF. at paras 59, 68.

## 4. QUESTION:

In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,

(b) the project scope for the implementation of Hydro One's CIS and any adjustments to that scope that were made thereto prior to implementation.

**4.1 RESPONSE:** In a presentation to the "SAP for Utilities North American Conference" in 2008, Carmine Marcello (not then, but January 2013-September 2015 President and CEO of Hydro One, now Advisor to the CEO) highlighted the success of the Cornerstone Phase 1 project he had overseen, drawing particular attention to known risks with his "Why Projects Fail" placemat diagram.<sup>35</sup> In it, he stresses the importance of "Scope Definition/Containment", listing the apparent hazard areas of "Scope not defined clearly" and "Scope change management governance."

Nevertheless, despite that awareness, it is my opinion that Hydro One did, on multiple occasions, breach the GASC pertaining to the project scope, on Mr. Marcello's watch. Referencing the PMBoK, the GASC (PMBoK5.0) in terms of Project Scope Management is to *"ensure that the project includes all the work required, and only the work required, to complete the project successfully."*<sup>36</sup> Implicit in this standard at the time (and explicit in a later PMBoK edition) was the guidance that *"The project manager is responsible and accountable for setting realistic and achievable boundaries for the project and to accomplish the project within the approved baselines."*<sup>37</sup>

In my opinion, there were at least 6 major project phases that afforded opportunities to ensure the project scope was complete and appropriately circumscribed to be realistic and achievable:

- a. The formulation of the Cornerstone Strategy;
- b. The issuance and evaluation of a software Request for Information (RFI);
- c. The issuance and evaluation of a SI / PM Request for Proposals (RFP);
- d. The project Discovery phase;
- e. The project Blueprint phase; and
- f. The project Realization phase.

In my opinion, during each of these phases, the scope control opportunities were overlooked or squandered in some minor or major fashion.

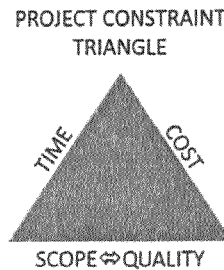
<sup>35</sup> Carmine Marcello, Brian Martin. *Hydro One Cornerstone: Case Study*. PowerPoint. Toronto: Eventure Events, 2008. PDF. p.16

<sup>36</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print. p.103.

<sup>37</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fifth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2013. Kindle Edition. s.2.2.3.

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**4.2 DISCUSSION:** Various techniques are used to portray project boundaries and dynamics. In my experience, the most widely known and referenced technique is a classic model called the Project Constraint Triangle:



The model is meant to illustrate the interplay between project scope (including quality) and its key constraints. For instance, if some scope is added, other scope (or quality) must be removed or, alternatively, time and/or cost must increase, in order to maintain the integrity of the triangle (the project). As stated in the PMBoK Guide, "...if any one factor changes, at least one other is likely to be affected."<sup>38</sup>

Based on the documents I reviewed, it appears that throughout the planning phases, the CIS Replacement project decision makers took great care to set and protect an expectation that the project duration from Blueprint to Go-Live would be under 18 months –an unjustified 75-50% of the 24-36 month industry norm. The decision makers also seemed to take great care to protect their \$180 million budget limit. As scope increased, either by choice or by oversight, the main relief valves were:

- a) initially, squeeze the vendor to cover it - which admittedly affects cost, but not Hydro One's cost;
- b) then, when squeezing is no longer an option, grant a very late 7-month extension (i.e., increase time); and
- c) finally, compress, overlap, forego testing and relax testing exit criteria – i.e. put quality at risk (which ultimately manifested as major billing problems).

In my opinion, it appears that the decision makers did not take the same great care with controlling the project's scope boundaries (PMBOK5.5 – Control Scope) as they did trying to protect their 18-month target duration.

The standard processes for scope management (as itemized in the Project Scope Management Knowledge Area of the PMBoK) are as follows:

- i. Plan Scope Management— The process of creating a scope management plan that documents how the project scope will be defined, validated, and controlled.
- ii. Collect Requirements— The process of determining, documenting, and managing stakeholder needs and requirements to meet project objectives.
- iii. Define Scope— The process of developing a detailed description of the project and product.
- iv. Create WBS (Work Breakdown Structure) — The process of subdividing project deliverables and project work into smaller, more manageable components.

<sup>38</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print. p.7.

- v. Validate Scope— The process of formalizing acceptance of the completed project deliverables.
- vi. Control Scope— The process of monitoring the status of the project and product scope and managing changes to the scope baseline.

In the following sections I discuss key timeline opportunities that existed to influence and protect the project boundaries, and give my opinion about where due care does not appear to have been taken in defining scope (points ii, iii, above) and adjusting scope (points i, vi, above) during the course of the CIS Replacement project.

**4.2.1 Strategy:** The overall four phase “Cornerstone” business improvement/transformation project appears to have been conceived and scoped at some point prior to 2008. Phase 4 was described as follows:

- In September 2008 as “Phase 4 (2012): Replace end of life customer service system (CSS) or Customer-1 application”;<sup>39</sup>
- In July 2009 as “Phase 4 (2016): Replace end of life customer service system (“CSS”) or Customer-1 application”;<sup>40</sup>
- In May 2010 as “Phase 4 (2016): Replace end of life customer information system (“CIS”). Core product is Customer-1 application with numerous best of breed and custom applications fulfilling the remaining functionality of the CIS”;<sup>41</sup> and
- In May 2012 as “Phase 4 (2011-2013): Replace end of life Customer Information System (“CIS”) including customer/account services, billing, settlements, and open market systems. The CIS project is currently replacing the legacy CIS systems with a unified platform based primarily on SAP’s industry leading billing application – Customer Relationship & Billing (CRB). In addition to SAP, the project is implementing an Itron application to facilitate integration to and from the IESO for billing of Time Of Use residential customers as well as perform meter data management for interval billed commercial and industrial customers.”<sup>42</sup>

Across a range of 5 years, from well before the project started, the description of Cornerstone Phase 4’s scope steadily ballooned. In my experience, this hints at a project that, even before starting, suffers from a troublesome lack of due care, breaching the GASC (PMBOK5.5 – Control Scope) around protecting its scope boundaries.

As sophisticated technology users, Hydro One should have instituted a Scope Management Plan early on, and used it to control scope. My opinion that it did not do so is supported by the fact that nothing in the documentation I have reviewed reveals a major change in projected budget or project duration in the years before it commenced, and yet I believe that more and more applications or functions were being progressively added to its scope. In other words, what started as a project to replace one system looks to have gradually accumulated a wish list of ride-along additions that were not subjected to thorough impact analysis.

<sup>39</sup> *Shared Services Capital - Cornerstone*. Rep/Regulatory filing. Toronto: Hydro One, September 2008. PDF. p.2.

<sup>40</sup> *Shared Services Capital - Cornerstone*. Rep/Regulatory filing. Toronto: Hydro One, July 2009. PDF. p.2.

<sup>41</sup> *Shared Services Capital - Cornerstone*. Rep/Regulatory filing. Toronto: Hydro One, May 2010. PDF. p.2.

<sup>42</sup> *Shared Services Capital - Cornerstone*. Rep/Regulatory filing. Toronto: Hydro One, May 2012. PDF. p.2.

- 4.2.2 **RFI Issuance:** A Request for Information was written and distributed to various relevant software vendors for response.<sup>43</sup> By definition this document would have to contain preliminary high-level scope information regarding the solution sought.

It is not clear from the documentation I have reviewed precisely when this document was issued, but it was before the July 2010 RFP for the SI / PM. This aligns with the timing of OEB filings that suggest a very simple "vanilla, out-of-the-box"<sup>44</sup> (i.e. minimal customization) CIS Replacement project was still contemplated, and for that reason I conclude that the Collect Requirements (ii) job was either not done, or inadequately done. A fulsome collection of business/software requirements before issuing the RFI would have informed the respondents in a way that allowed them to indicate baseline functionality gaps in their software that would require customization. As highlighted in the regulatory filings listed above, only a few months later, descriptions of Hydro One's desired solution were already broadening. If what turned out to be an incomplete description of the solution of interest was issued, it is entirely likely that it fed into the subsequent RFP phase, underrepresenting the true complexity of the project.

- 4.2.3 **RFI Assessment:** The informational responses to the RFI were evaluated by Hydro One for best fit against its requirements.

Only SAP and Oracle responded to the RFI.<sup>43</sup> In my opinion, Oracle's chances were slim, since there had been a preference for SAP solutions for the previous three Cornerstone project phases, and a frequently touted importance for the new CIS being able to tightly integrate (i.e. exchange data) with those solutions. Going from my experience, if SAP were chosen for this phase, some of the integration would be expected to be included by the vendor, whereas for Oracle the integration would have to be custom-built or more heavily configured (usually seen as less desirable).

With that in mind, Hydro One should have had its Legacy CIS experts perform a thorough Gap Analysis of legacy functionality against new software functionality, to get a comprehensive list of features that would require significant customizations (a list that later turned out to tally some 170 enhancements). Refining scope is necessary to refine the Project Charter into the Project Plan (PMBOK5.1 – Collect Requirements), and PMBOK5.1.2.4 even suggests tools like Affinity Diagrams might help cross-validate needs to software features. Without access to further project artifacts, I do not know whether a Gap or Affinity analysis was skipped, or performed and ignored, but in my opinion it was a breach of the GASC either way.

In my opinion, this step was not optimized. I have searched the materials I reviewed for any evidence that a SAP-based solution was going to be a foregone conclusion, and the Oracle involvement was just window-dressing. If this was the case, it may have led to a lack (breach) of diligence in this earliest vendor vetting step.

- 4.2.4 **RFP Issuance:** A Request for Proposal was written and distributed to various SIs on July 30, 2010 for response.<sup>21</sup> By definition, this document would have to have contained as much scope information as was available about the overall project being contemplated.

If this RFP was issued without including an extensive requirement/feature/compliance matrix from an exhaustive RFI evaluation, it is unclear what purpose the RFI was meant to serve. Since the standard of care mentioned earlier in this section is to "...ensure that the project includes all the work required ...", this appears to be an area where Hydro One fell below the GASC (PMBOK5.2 – Define Scope).

<sup>43</sup> Optimus|SBR. *Hydro One CIS Replacement Cornerstone Phase 4 Stakeholder Session*. Rep. Toronto, Ontario, CDA: Hydro One Networks, June 2011. PDF. p.5.

<sup>44</sup> Marcello, Carmine. *Submission to the Board of Directors, Cornerstone Phase 4 - Request for Funding*. Rep. Toronto: Hydro One, May 2011. PDF. p.3.

**4.2.5 RFP Assessment:** The resulting proposals were evaluated for best fit in October/November 2010.<sup>45</sup> Bidders were HCL Axon (SAP), Accenture (SAP), CGI (Oracle) and PwC (Oracle). HCL Axon was tentatively selected as the winning SI and PM. It was also the lowest bidder.<sup>46</sup>

It is reported that at the time of vendor selection, HCL Axon agreed to a compressed timeline for two reasons: a) the CIS Replacement was expected to require little customization, and b) the nuances of Smart Metering and the Ontario market were not well understood by HCL Axon.<sup>27</sup>

Regarding point a), in my opinion, by this time, Hydro One either knew or should have known that significant CIS customization would indeed be required. In my opinion, Hydro One had sufficient time to evaluate the earlier RFI responses, yet did not take due care to disabuse bidders of the notion that this would be a low-customization project.

Regarding point b), in my opinion Hydro One did not take adequate care to weigh the importance of Smart Metering and Ontario market knowledge in its evaluation scoring, instead apparently favouring price and timeline scoring criteria considerations:

- Specifically, in my opinion, Hydro One cannot say that it did not understand the nuances, as they had by and large already been implemented in its Legacy CIS. Hydro One would (or should) have brought that experience and knowledge of the Ontario electricity market ecosystem to bear in the RFP creation and evaluation.
- Another bidder, Accenture, had installed Hydro One's Legacy CIS, and had been working with Hydro on the three previous Cornerstone Phases, so Accenture could presumably point to more Ontario market experience than HCL Axon.
- London Hydro had recently implemented the same SAP/Itron mix into the same Ontario market (the first to do so) in 2009.<sup>47</sup> Apparently it did not result in the kind of high-profile Ombudsman reports decrying its billing problems. In fact, Hydro One was impressed enough with that implementation to sign a related collaboration MOU with London Hydro.<sup>48</sup>

**4.2.6 Discovery:** Hydro One and HCL Axon participated in the project a Discovery phase, to set overall scope boundaries.

As mentioned earlier, up until this point, Hydro One had been acting as the *de facto* PM. Now HCL Axon would assume that role,<sup>49</sup> and with it, the responsibility to ***"ensure that the project includes all the work required, and only the work required, to complete the project successfully"***<sup>50</sup> and to be ***"...accountable for setting realistic and achievable boundaries for the project and to accomplish the project within the***

<sup>45</sup> Marcello, Carmine. *Submission to the Board of Directors, Cornerstone Phase 4 - Request for Funding*. Rep. Toronto: Hydro One, May 2011. PDF. p.2.

<sup>46</sup> Optimus|SBR. *Hydro One CIS Replacement Cornerstone Phase 4 Stakeholder Session*. Rep. Toronto, Ontario, CDA: Hydro One Networks, June 2011. PDF. p.12.

<sup>47</sup> Ontario Energy Board (Board Staff). *Interrogatory #18*. EB-2012-0136, Oct 11, 2012. PDF. p.2.

<sup>48</sup> Ontario Energy Board (Board Staff). *Interrogatory #20*. EB-2010-0136, Oct 11, 2012. PDF. p.1.

<sup>49</sup> Hydro One. *Customer Information System Replacement – Project Update – Cornerstone Phase 4 – Update for Stakeholders*. PowerPoint. Toronto, Ontario, Canada: Hydro One, October 19, 2011. PDF. p.3.

<sup>50</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fifth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2013. Print. p.105.

*approved baselines.*" However, as Project Sponsor, according to the GASC (PMBOK2.3 – Stakeholder Identification-Sponsor), Hydro One should still have been involved in key authorizations and decisions.<sup>51</sup>

Importantly, as HCL Axon proceeded to Collect Requirements (ii) and Define Scope (iii), in the context of an already committed aggressive timeline and budget, it encountered the following:

- 2900 requirements<sup>52</sup> (200 more than the earlier 2700 reported);<sup>53</sup>
- 102 enhancements;
- 90 interfaces<sup>52</sup> with other systems (10 more than the earlier 80 reported);<sup>54</sup>
- 141 data conversions;
- New complex CIS functionality thrown in that made this more than an "as-is" Legacy CIS replacement, such as:<sup>55</sup>
  - Reduction of the 13-day billing delay;
  - Remote meter connect/disconnect;
  - Incremental exception codes; and
  - The complex nature of the electricity regulations that existed in the Ontario market; and
- Smart meter launch-open issues to resolve<sup>56</sup>.

As a result, the proposed scope increased. However, based on the documents I reviewed, I see no indication that the timeline or cost was changed commensurately. Accordingly, I conclude that:

- HCL Axon did not perform the necessary impact analyses;
- The impact was misjudged; or
- HCL Axon decided to (or was pressured by Hydro One to) somehow absorb the impact.

It is also reported that there was no Hydro One PM during this phase,<sup>57</sup> nor were the parties that would eventually run the systems and provide customer service, Inergi and Vertex,<sup>57</sup> involved. Based on my implementation experience, it is my opinion that such an exclusion is unprecedented, irresponsible and would lead to later misunderstandings and errors.

<sup>51</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print. p.125.

<sup>52</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.14 & 21.

<sup>53</sup> Optimus|SBR. *Hydro One CIS Replacement Cornerstone Phase 4 Stakeholder Session*. Rep. Toronto, Ontario, CDA: Hydro One Networks, June 2011. PDF. p.19.

<sup>54</sup> Hydro One. *Customer Information System Replacement – Project Update – Cornerstone Phase 4 – Update for Stakeholders*. PowerPoint. Toronto, Ontario, Canada: Hydro One, October 19, 2011. PDF. p.8.

<sup>55</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.15.

<sup>56</sup> Bonnie Lysyk. *Office of the Auditor General of Ontario – Annual Report 2014*. Rep. Toronto, Ontario, CDA: Office of the Auditor General of Ontario, Fall 2014. PDF. p.362. I note that it is not clear what these smart meter launch issues entailed, as this launch was supposedly completed in 2010.

<sup>57</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.24.

**4.2.7 Blueprint:** An expanded group of project team representatives participated in a Blueprint phase, to finalize the detailed scope and develop designs and plans.

HCL Axon, as SI / PM, would have had the same responsibilities here as in the previous phase, in terms of ensuring the project scope was complete and appropriately circumscribed to be realistic and achievable. HCL Axon encountered the following:

- 68 additional enhancements; and
- Unexpected and incomplete device management requirements.

In performing a Work Breakdown Structure to break larger tasks into smaller, manageable/assignable tasks, they would also likely have identified numerous discrete work streams (e.g. testing, infrastructure, training, data migration) that would highlight additional resource needs and dependencies.

Again, if an impact analysis on the incremental enhancements was performed as part of scope control, there are no indications based on the documents I reviewed that it was used to adjust cost or schedule, as required by the Project Constraint Triangle, or that any other features were cancelled or deferred. The relief valve had to be either HCL Axon's budget, or deliverable quality (e.g. billing errors). Assuming it was the latter, then in my opinion this was an extremely imprudent judgment call.

Additionally, the Blueprint was signed off before the device management requirements were completed.<sup>57</sup> By definition then, at that point, HCL Axon would not be able to say with certainty that they were achievable within the target date, thereby breaching the GASC (PMBOK5.5 – Control Scope).

**4.2.8 Realization:** The project participants executed the Realization phase to deliver the finalized scope, as well as any subsequently approved adjustments to the scope.

It is not unusual for formal scope change/increase requests to arrive during this phase in any project, and be managed and controlled with through impact/variance analysis via the Scope Management Plan. However, *"Uncontrolled changes are often referred to as project scope creep",<sup>58</sup> or as stated elsewhere, "Adding features and functionality (project scope) without addressing the effect on time, costs, and resources..."* is referred to as "scope creep."<sup>59</sup>

In my opinion, for this project, because of scope creep, there were problems at the commencement of this phase:

- The SI / PM had already agreed to Hydro One's aggressive (later proven unachievable) timeline;
- The SI / PM had a deficient sense of the complexity (and therefore scope) of many parts of the requirements – many were not fully apprehended until the spring of 2012.<sup>60</sup> Hydro One did not apply adequate diligence in correcting this misapprehension; and

<sup>58</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print. p.125.

<sup>59</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print. p.448.

<sup>60</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.13.

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- The SI / PM had accepted new requirements during the Discovery and Blueprint phases without adjustments to original time and cost – i.e. scope creep, and Hydro One approved these new, ambitious changes.

But even months after the Realization phase started, it became apparent that billing and smart meter data processing was much more complicated than originally anticipated.<sup>60</sup>

In May 2012, falling badly behind schedule, Hydro One made a decision to “re-baseline” the CIS Replacement project timeline, extending it by 7 months and releasing an additional \$25 million from its contingency fund. This is the Project Constraint Triangle in action, and normally I would compliment Hydro One for making this tough decision. However, in my opinion, this “second chance” opportunity was mishandled in the following ways:

- The work remaining was underestimated such that, at the end of the 7-month extension, yet another two months were required for development;
- At this point, rather than take another 2-month delay to the already revised Go-Live target date, Hydro One opted to purloin 2 months for development from the subsequent Acceptance Testing phase, compressing it by cutting it in half; and
- Once again, now on its third chance, the development work remaining was underestimated, as evidenced by the defective implementation that, according to a recent news report,<sup>61</sup> continued to have repercussions.

**4.3 Summary** – It is my opinion that Hydro One’s CIS Replacement project suffered from classic scope creep. Throughout its life cycle, as the work desired or required began to swell, nobody seemed to be guarding the plan by deferring discretionary risk. It is a departure from the GASC (PMBok5.1 – Collect Requirements, and 5.5 – Control Scope) that so much complexity could be missed or underrated. It would have been the responsibility of those at Hydro One who were knowledgeable about the Legacy CIS to properly vet the project plan and all of its component parts to ensure they were accurate and complete. If such knowledgeable workers were not even assigned to the project, then Hydro One management were careless (read unqualified) with what they approved.

#### 5. QUESTION:

In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,

(c) the various system, data and process dependencies that existed with respect to the implementation of the Hydro One CIS, including vendor management.

**5.1 RESPONSE:** This was a substantial project with many dependencies, including some 90 interfaces with other internal and external systems. Unfortunately, there is insufficient CIS Replacement project information available to me at this time to definitively analyze how project dependencies were mapped and handled.

<sup>61</sup> The Canadian Press. “Hydro One Billing Complaints Probe Ends, Because Company Is Being Privatized.” Huff Post Business Canada. TheHuffingtonPost.com, Inc, 04 Dec. 2015. Web. 08 Apr. 2016.

However, PwC states in the PwCLL report that it had access to considerably more project information and artifacts during its review in 2014.<sup>62</sup> The PwCLL report cites the “many system, data, process and vendor dependencies” that contributed to making the delivery of the CIS Replacement especially “complex”, “difficult”, “ambitious” and “challenging”. This is yet another argument for using a generous, as opposed to an aggressively compressed, project timeline.

PwC specifically cited the following in its PwCLL report as, effectively, its best practice standard of care related to project dependencies:

*“A comprehensive and robust understanding of existing systems, business processes and hard dependencies must be applied to appropriately assess project scope, requirements, approach, budget and timelines”.*<sup>63</sup>

In my opinion, that statement from the PwCLL is valid, and there is nothing in it that is inconsistent with the GASC as informed by the PMBoK Guide. Again, in my opinion, the “comprehensive and robust understanding” was not achieved up front on this project, and there continued to be misunderstandings and errors long after “Go-Live”,<sup>64</sup> which indicates that this comprehensive and robust understanding may not have been achieved at all. The PwCLL report goes on to observe that:

*“Hydro One’s CIS project experienced issues with respect to scope definition, dependency mapping, project structure, team composition, and the implementation strategy and timelines. Prior to the implementation of Hydro One’s new CIS, the Company’s customer system was comprised of many complex legacy applications. Many of these applications had interdependencies which were not always documented or understood. This contributed to project risks and adverse outcomes in both the late stages of the project and in the post go-live phase of the CIS project”.*

PwC points out that the “project experienced issues”, language which I think does not adequately address a necessary accountability question. Projects do not cause problems, those running them do. Forging ahead with partial or flawed systems requirements can be done when using one of the iterative or adaptive project management approaches<sup>65</sup> that have gained popularity in recent years, but Hydro One’s CIS Replacement project was run using a fully plan-driven, or predictive approach that relied upon freezing definitive requirements ahead of development.<sup>66</sup> From my experience and based upon my review of the materials, there was in my opinion, a lack of the requisite “robustness” in both the SI / PM’s work attempting to define requirements, and a level of inadequate scrutiny on the part of Hydro One in approving incomplete or erroneous requirements. As the actor most knowledgeable about its own needs, if Hydro One did not apply due expertise and diligence to its review and approval obligations, its sign-off would have been misinformed or uninformed.

Regarding vendor management, in my opinion there is no single standard of care that can be guaranteed to ensure a vendor delivers the desired results, there are only actions that can be taken that are more likely to improve prospects or inhibit prospects. The consistent goal that should be strived for is to get expectations aligned. Based on my review of the PwCLL report, I detect misalignments on expectations about diligence and quality between Hydro One and HCL Axon that were never addressed to a mutually satisfactory conclusion, which resulted in the visible shortcomings in interim and final results.

<sup>62</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.10.

<sup>63</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.25.

<sup>64</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.13.

<sup>65</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBok® Guide)*. Fifth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2013. Kindle Edition. s.2.4.2.3

<sup>66</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBok® Guide)*. Fifth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2013. Kindle Edition. s.2.4.2.2

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The two specific instances of poor vendor management I noted were a) what appears to be a failure to vet and secure continuity of key resources supplied by HCL Axon, and b) a premature system acceptance sign-off by Hydro One in September 2013, releasing HCL Axon.<sup>67</sup>

Regarding the management of the Inergi or Vertex customer service vendor relationships, I note that PwC offered some improvement suggestions about contingency readiness in its report.<sup>68</sup> It is my own opinion that, by agreeing to a significantly compressed and compromised testing strategy in order to meet a self-imposed Go-Live deadline, Hydro One should have foreseen that more errors would remain undiscovered until the post Go-Live phase, and it should therefore have more significantly bolstered its customer service staffing.

#### 6. QUESTION:

**In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,**

**(d) the staffing and resource levels that were devoted to the implementation of the Hydro One CIS.**

**6.1 RESPONSE:** Accurately predicting staffing levels needed for a project starts with an accurate project scope. Expert judgment can then be applied to gauge the sizing and skills mix based on prior experience with similar projects. Alternatively, and more accurately, the GASC applicable to staffing and resource levels on projects such as the CIS Replacement project is to calculate resourcing in a bottom-up manner (PMBok6.3.2.4 – Estimate Activity Resources). The processes supporting this include:

- The scope is decomposed through a Work Breakdown Structure process to identify deliverables;
- Deliverables are decomposed into work packages;
- Work packages are decomposed into activities;
- Activities are analyzed through a resource estimation process; and
- Resource estimates are adjusted for skill levels.

Since, in my opinion, the scope was flawed and a moving target, it is not surprising that the PwCLL report as well as the Ombudsman's Report both observe that resource planning failed to identify the sufficient number of resources required from third-party suppliers, as well as how many internal resources Hydro One should have planned to dedicate to the project. Resource planning oversights resulted in:

- Exclusion of key Hydro One smart metering resources in the Discovery phase, leading to requirement gaps in the meter-to-cash process that culminated in an under-estimation of project complexity, scope and timelines;<sup>69</sup>

<sup>67</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.20.

<sup>68</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.23.

<sup>69</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.19.

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- Addition of 70+ resources during the Blueprint and Realization phases of the implementation;<sup>69</sup>
- SAP business intelligence resources augmentation, post Go-Live, to deliver the full scope for reporting requirements;<sup>69</sup>
- Post-implementation, Hydro One's outsourced call centre and its in-house customer relations centre were inadequately resourced to handle the increasing number of customer service issues.<sup>70</sup> According to the Ombudsman's Report, it was not until February 2014 that the adequate number of resources were deployed to deal with the increasing backlog of customer service issues;<sup>71</sup>
- A shortage of technical resources, and particularly a shortage of appropriately trained technical personnel, during the post-implementation hyper-care period, which led to the inability of the operations team to address the number of defect exceptions;<sup>71</sup>
- Resourcing challenges during the hyper-care period in resolving the increasing number of CIS defects due to the rolling-off of 65% of the HCL Axon project implementation resources, post Go-Live. Having inexperienced technical resources to resolve the defects did not help bring down the defect exception volume;<sup>72</sup> and
- Resource shortfall, during the hyper-care period, as Vertex's recommendation (incremental hiring plan following the Operational Readiness Testing (ORT)) had not been acted upon.<sup>73</sup>

Based on my experience and the documents I reviewed, my opinion is that HCL Axon and Hydro One did not use a comprehensive bottom-up resource estimating technique, and likely used a hybrid approach that resulted in a "guesstimate." This may be viable for smaller, simpler projects, but not for larger, complex ones such as the CIS Replacement project where misestimating leading to significant percentage resource shortages – or cost overruns – could be massive in absolute terms. Not adequately decomposing upper level project objectives (PMBok5.3 – Create Work Breakdown Structure), as occurred here, leads to faulty Human Resource Management (PMBok9.1 – Develop Human Resource Plan), which breaches the GASC.

## 7. QUESTION:

In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,

(e) the nature of the expertise (or lack thereof) on the Hydro One CIS project team and any turnover on that team.

**7.1 RESPONSE:** In my opinion, the collective set of knowledge, competencies and attitudes residing in the workforce is arguably the most important determinant of an organization's ability to achieve success on a project such as this. This is even more crucial in project leadership roles, such as Project Manager/Project Sponsor (Hydro One) or Systems Integrator/Project Manager (HCL Axon), where any single leader's abilities and comportment can influence the work of dozens or perhaps hundreds of individual contributors. When formulating a team for a

<sup>70</sup> Andre Marin. *In the Dark*. Rep. Toronto, Ontario, CDA: Office of the Ombudsman of Ontario, 2015. PDF. p.68.

<sup>71</sup> Andre Marin. *In the Dark*. Rep. Toronto, Ontario, CDA: Office of the Ombudsman of Ontario, 2015. PDF. p.5.

<sup>72</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.22.

<sup>73</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.23.

project such as the CIS Replacement project, skillset, skill level and personality are so critical that it is very common and best practice for customers to negotiate a contractual right to review and approve/reject all key staff that the vendor proposes to assign to a project.

Based on the documents I reviewed, it is not clear whether Hydro One insisted upon or exercised used such a provision, but in the case of the CIS implementation, as reported in the PwCLL report, numerous knowledge and skill gaps on both sides were accepted or arose that adversely impacted the project delivery. These include:

1. Limited experience of the new set of Hydro One executives in leading a critical project such as the CIS Replacement project;<sup>74</sup>
2. The prime solution architect (HCL Axon) rolling off the project (i.e. being released prematurely) during the Blueprint phase.<sup>75</sup> While this was presumably a decision (critically misguided to me) by HCL Axon, it seems like it could have been readily prevented if a knowledgeable Hydro One Project Sponsor was paying appropriate attention;
3. "The HCL Project Manager (PM) changed three times during the course of the project, twice at the request of Hydro One due to performance issues";<sup>76</sup>
4. The replacement of the HCL Axon leadership and project management team midway during the Realization phase, which led to the newly-inducted resources trying to play catch-up in terms of familiarization and project knowledge, thereby impacting the project continuity;<sup>77</sup>
5. Lack of resources with expertise in the Smart Meter to Cash process, during the Discovery phase, that resulted in an incomplete scoping exercise leading to incorrect assessment of the complexity and delivery timelines;<sup>77</sup>
6. Gaps in the in the area of SAP reporting, whereby all the reports in the project scope had not been delivered on Go-Live. Additional resources had been deployed after Go-Live to build the rest of the reports;<sup>77</sup> and
7. Hydro One's outsourced call centre and its in-house customer relations centre were left to cope with the ensuing flood of calls and complaints without proper training or adequate tools and resources.<sup>78</sup>

Qualified, experienced project team members will be more productive and more adaptable to unforeseen eventualities. Underqualified, inexperienced team members are still learning, and when facing unfamiliar issues, may have to divert others from their work to give them guidance – multiplying the negative performance impact.

Understaffing, or staffing with less-qualified resources, is not necessarily just a consequence of poor planning. In the case of an underpriced, undersized and expanding scope project, it can be a consequence of trying to maintain profitability during adversity – or at least limit losses. But of course it adds delivery risk, which can result in delayed and/or defective results.

<sup>74</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.19.

<sup>75</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.16-diagram.

<sup>76</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.17.

<sup>77</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.19.

<sup>78</sup> Andre Marin. *In the Dark*. Rep. Toronto, Ontario, CDA: Office of the Ombudsman of Ontario, 2015. PDF. p.5.

The symptoms of all of the above potential root causes related to project expertise issues are present in respect of the CIS Replacement project. Accordingly, based on the documents I reviewed, I conclude that the initial bias towards time and cost restraints were indeed allowed to impact vendor selection, vendor resource quality and internal qualified resource availability. This was exacerbated by poor screening. The resulting weaknesses multiplied or amplified the mistakes made in the incipient stages of the CIS Replacement project, which had repercussions throughout its duration. Hydro One set up a constrained environment where the participants, including themselves, did not seem to be able to justify bringing their full "A" teams to bear to optimize the prospects for success, in accordance with the requirements of s. 9.2 of PMBoK8.0, which indicates that the "failure to acquire the necessary human resources for the project may affect project schedules, budgets, customer satisfaction, quality and risks."

#### 8. QUESTION:

In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,

(f) the testing that was conducted prior to the implementation of the Hydro One CIS.

8.1 RESPONSE: Hydro One's 2012 Annual Report, published in 2013 and signed by (then) Chairman James Arnett and President and CEO Carmine Marcello, contains the following statement on page 38:

*"We are currently in the process of a planned phased replacement of key enterprise IT systems. The last phase of this project is underway and will replace our existing billing and customer system with a new CIS. With projects of this size and complexity, there is risk to the Company if the resulting solution encounters performance problems or calculation errors. Any such system problems could have a material adverse effect on our company. To mitigate this risk, extensive testing and user training is taking place. Testing includes performance, system integration, parallel billing (comparing legacy system bill calculation to the new system), and operational/business readiness. Since this system directly impacts our end customers, stringent test exit criteria must be met prior to placing it into production".<sup>79</sup>*

In my opinion and based on the material I have reviewed, there is no question that Hydro One breached the GASC (PMBoK8.2 – Perform Quality Assurance & 8.3 – Perform Quality Control) when it comes to the topic of testing on this project. More patently in fact, Hydro One even breached its own quality-related imperatives set out in its 2012 Annual Report. As acknowledged by Hydro One itself in the Annual Report, stringent testing was the public's last line of defense against being subjected to the rampant, bizarre, confusing, frustrating and protracted billing errors that did actually occur,<sup>80</sup> and yet it was fatally compromised.

As I stated earlier in this report: *"...choosing and following good practice methodologies is widely regarded as the most proven path to successful outcomes for most projects".*

Hydro One and its project partners may very well have recognized their responsibilities to "Validate Scope", which the PMBoK states *"...brings objectivity to the acceptance process and increases the chance of final product, service, or result acceptance by validating each deliverable."* They may have accordingly conscientiously

<sup>79</sup> Hydro One. *Hydro One Annual Report 2012*. Rep. Toronto: Hydro One, 2013. PDF. p.38.

<sup>80</sup> Andre Marin. *In the Dark*. Rep. Toronto, Ontario, CDA: Office of the Ombudsman of Ontario, 2015. PDF. p.5

selected, tailored and prepared to execute a comprehensive, multi-faceted, multi-phased, multi-layered testing strategy for the CIS Replacement project.

But, in order to preserve the revised Go-Live date of May 21, 2013 and for other dubious rationales listed in the PwCLL report, much of any such careful strategy appears not to have been followed. The extensive assessment of this area in the PwCLL report suggests to me that a multidimensional plan existed, but was dangerously compromised. PwC does critique some test planning choices, but it levels its primary criticism at the incautious last-minute modifications to the strategy – in the rather mildly titled “Gaps in testing disciplines” section.<sup>81</sup>

## 8.2 DISCUSSION

### 8.2.1 Testing (General):

In my opinion, the key comments from the PwCLL report on the area of testing can be summarized as follows:

- The important UAT/ORT that was originally planned for 4 months was compressed to 2 months;
- SIT/UAT/ORT testing phases were supposed to be conducted sequentially. However, these activities were overlapped as a consequence of condensed timelines and as a consequence of the extension to the Realization phase of the project. This is not an issue of good or bad practice, it is an issue of logic: the value of testing something that is still changing due to rectifications being applied from the previous step can only generate inconclusive results. The PwCLL report uses descriptors like “high risk” practice<sup>81</sup> for what occurred here; and
- Despite what the PwCLL report calls “industry leading” practice, and I would call an unthinkable choice, a total of 519 requirements (out of approximately 2,900 total requirements) that were considered out-of-the-box SAP IS-U functionalities were excluded from testing, simply because it was believed that base functionality would not be put at risk by any of the other 2,381 customizations. To me this would be like making thousands of modifications to a car and not testing the brakes before driving down a hill, in the hopes that none of the modifications inadvertently affected the braking system.

**8.2.2 Systems Integration Testing (“SIT”):** Software systems are made up of interoperating components. During this phase, all of the components that were developed and individually tested during the development phase are brought together and run in controlled testing environments in logical interoperation strings, as well as end-to-end to validate the overall business outcomes. Also in this phase, full data conversions (the reformatting and migrating of data from the Legacy CIS to the replacement system) are tested and the overall cutover planning is detailed (an action list of steps to be taken once the “Go-Live” decision is made). Training material and system documentation development is also initiated and training plans are established. Business process owners or key users confirm and sign off on the results.

Based on the PwCLL report,<sup>81</sup> it appears that four cycles of SIT were performed. However, under compressed timelines, not one single “clean” cycle of SIT was performed. In other words, all the four SIT cycles were overlapped (i.e., identified defects from one SIT cycle were being remediated with code changes while the subsequent test phases were being executed). The GASC (PMBok8.0 - Project Quality Management) notes that “the plan-do-check-act cycle is the basis for quality improvement”, which is really what should have been applied in iterative test and rectification cycles. In my opinion, Hydro One was flagrantly breaching this standard by inadvisably carrying these steps out in parallel, rather than sequentially.

**8.2.3 User Acceptance Testing (“UAT”):** This testing involves business users, or their appointees, testing the CIS Replacement system by performing the daily activities which they normally perform. Key business

representatives are selected to participate in this effort. Test scenarios should have been comprised of a subset of key business processes before a final sign off.

Based on the PwCLL report, three UAT cycles had been planned, but only one was executed. The scope of process testing was reduced – from a total of 271 planned test scenarios covering 68 business processes to 29 test scenarios covering 32 business processes. In other words, testing for only 50% of the business processes and 10% of the planned scenarios were executed.<sup>81</sup> Like all of the testing compromises made to preserve the latest “Go-Live” date, in my opinion, this was a clear breach of the fundamental GASC principle of conducting the project in accordance with the expert plan that had been created.

- 8.2.4 Operational Readiness Testing (“ORT”):** Operational Readiness Tests are performed at the final stage of testing cycle when all other testing activities are performed and the system is ready for live deployment. Operation readiness testing aims to find defects in a business’ readiness rather than the system under test. It ensures that the business is ready for the system under test to Go-Live. ORT should not be a ‘bolt on’ at the end of the testing lifecycle. It should start early enough to ensure that the operational procedures are well-specified and that the testing phases find problems in the operation and business processes such that defects can be fixed without impacting the intended timelines.

Exception Processes: Exception processes are most likely to cause billing problems. Typical exception processes include terminations, meter change outs, upgrades, and additions or deletions; contract updates, customer moves, special promotional billing programs, etc. These processes need to be clearly documented, understood, and assigned ownership for effective control. Sampling for errors prior to and during the implementation can point out trouble spots in the processes.

Based on the PwCLL report, I note that:

- Only 29 of the planned 101 exception types were executed before “Go-Live”;<sup>82</sup> and
- Newly identified exceptions during UAT could not be assessed and remediated. As a consequence, workarounds were created to deal with these exceptions. But the documentation was not sufficient for the sustainment team to handle these exceptions post Go-Live.

Based on the documents I reviewed, the importance of ORT appears to have been ignored and proper documentation for manual workarounds had not been made available.

- 8.2.5 Parallel Testing:** This testing is performed to compare the output of a new application against a similar, often the original, application. Billing is the core of IS-U/CCS. It covers the invoicing of supply categories and services.

Input data is converted and confirmed from the Legacy CIS system to SAP. During parallel testing, billing results from the Legacy CIS billing system are compared to the billing results from SAP to identify any differences. Both the new and the existing processes should be run in parallel to determine risk points and errors, especially for the exception processes.

Considering the critical importance of the billing and invoicing to the organization as well as the scope of the project, and despite assurances in the Hydro One 2012 Annual Report that it would be prioritized, it appears from the documents I reviewed that this most important aspect of the implementation’s quality assurance was not performed at all. The implications for billing accuracy were potentially – and actually – dire. In my

<sup>81</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.21.

<sup>82</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.21.

opinion, had a single parallel billing run to cross-reference even a previous month's billing been performed, there would have been glaring, inescapable evidence and justification to support what we now know should have been a "No Go" decision, delaying "Go-Live" until the problems were rectified.

In my experience, I have never seen a billing system replacement, or even a significant billing system enhancement project, be authorized for production use without evidence from a parallel run. In my opinion, such a test is part of the GASC (PMBok8.0 – Project Quality Management) and was breached here.

**8.3 SUMMARY:** Right up until May 13, 2013, Hydro One had an opportunity and obligation to protect the public from the extensive and serious billing errors that were about to occur. Hydro One recognized its responsibility, making statements to the public that *"Since this system directly impacts our end customers, stringent test exit criteria must be met prior to placing it into production."* However, Hydro One allowed testing compression, overlap, exclusion and relaxation, apparently without any evidence from any parallel runs that bills would be accurate, and in fact had audit documents citing "unresolved problems."<sup>83</sup> Still, Hydro One made what I believe was a mind-boggling decision to "Go-Live" and breach the GASC.

#### 9. QUESTION:

In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,

(g) the level of external third party oversight of the Hydro One CIS implementation.

**9.1 RESPONSE:** In my experience with similar projects, I have often noted the value of review, scrutiny and a confluence of perspectives from various project stakeholders. However, I have limited personal experience with external third party oversight of projects as such. By that I mean that I have not been required to interact with external third oversight providers, but have been aware of their engagement and involvement in reviewing and scrutinizing projects in which I have been involved.

In the PwCLL, PwC states that *"...most utilities who are implementing projects of this size and complexity with a similar risk profile bring in external independent third parties to evaluate progress and risk assessments at the various gates of the project. This is done to provide a direct, independent line of communication to the Board..."*<sup>84</sup>

The inference here – and in my experience with similar projects – is that involving external independent third parties in this manner is becoming common – and therefore presumably good – practice. I have seen it on occasion, and therefore accept this trend reported by PwC as an increasingly generally accepted and expected standard of care.

That being the case, I see no evidence that Hydro One met this standard. It instead relied on internal stakeholder groups to inform its decision making. Other than Hydro One's Risk and Internal Audit teams, internal stakeholders may not be able to take an objective view of issues as they would have a vested interest in not delivering bad news about project issues.

<sup>83</sup> Andre Marin. *In the Dark*. Rep. Toronto, Ontario, CDA: Office of the Ombudsman of Ontario, 2015. Print. p.51.

<sup>84</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. Print. p.17.

The PwCCL report concludes that "commissioning an independent third party to provide project oversight and risk assessments over the course of the project would have provided an arm's length, objective view of the project's progress, risks and mitigation strategies at each project gate, thereby enhancing the Board's and EC's decision making ability."<sup>84</sup> I agree with and accept this conclusion.

#### 10. QUESTION:

In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,

(h) the manner in which the Hydro One CIS was implemented (i.e., a "big bang" implementation).

**10.1 RESPONSE:** This question probes the wisdom of Hydro One choosing between a "big bang" implementation, which means implementing all desired SAP functionality at once, and a "phased" roll-out, which means implementing (or migrating) functionality in an incremental way. There are actually a variety of ways to undertake the latter strategy, including:

- i. Phased by application function (e.g. Customer Care & Collections, then Billing, etc.);
- ii. Phased by line of business (e.g. government customers, then business customers, then residential customers, etc.);
- iii. Phased by geography (e.g. one or two districts at a time);
- iv. Phased by application status (e.g. "as is" functions first, new enhanced functions later); or
- v. Some combination of the above-noted options.

In the final analysis, these are risk mitigation strategies, and the relative costs (e.g. the new risks they introduce) and benefits of each option must be a factor in deciding which to pursue.

The strategy that I believe should have been pursued by Hydro One was item (iv) above. Considering the implementation timeline, I believe the ideal approach would have been to put the basics in first, stabilize the solution and then grow the functionality in a structured way over time. If Hydro One had instructed the team to execute a pure "as is" migration first, and deferred all new functionality to a later phase, it could have reduced risk and freed up scarce resources to improve quality and stability in other areas. Most substantially, I would have considered deferring the entire Itron/MDUS smart meter implementation. This extra meter data management application seems to have been added to scope late in the CIS Replacement project charter and was, in my opinion, the source of a great deal of the project and data difficulties encountered.

Arguing that all the enhanced functionality could not wait is inconsistent with the 7-month project extension. It did wait. Therefore, in my opinion, pushing the project through was unnecessary and irresponsible. Any opportunity to mitigate risk would have helped to ensure that the CIS Replacement project's scope was realistic and achievable. In my opinion, not doing so was a breach of the GASC (PMBOK11 – Risk Management).

The PwC report provides support for my conclusion on this question. Specifically, it notes that "...choosing to adopt a "big bang" implementation approach, versus a phased implementation approach, may have added to the complexity of the system requirements, implementation and testing."<sup>85</sup>

In my personal experience, having worked on multiple SAP implementations, lengthy, "big bang" projects that look to deploy enormous functionality can be destructive to the client's business. Whilst SAP has a huge amount of functionality that can be deployed, implementing too much of this functionality at once, within an aggressively short timeline, can cause long-lasting problems, particularly high-visibility billing issues. Given the amount of customization involved in this implementation, and given the aggressively compressed timeframe, the decision to have a "big bang" implementation may have contributed to the billing errors experienced by Hydro One.

#### 11. QUESTION:

In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,

(i) the post-CIS implementation practices, procedures and support provided by Hydro One.

11.1 RESPONSE: In my opinion, the applicable GASC is derived from PMBoK8.0:

***"Management Responsibility: Success requires the participation of all members of the project team, but remains the responsibility of management to provide the resources needed to succeed."***<sup>86</sup>

In my experience, most post-implementation defect logs begin to quickly diminish after "Go-Live" as they are resolved with priority by project support staff. With Hydro One's CIS implementation, gauged by the reported ongoing growth in billing error backlogs over at least the 8 months following "Go-Live" implementation,<sup>87</sup> my opinion is that Hydro One breached the above GASC by failing to deploy adequate resources to handle post-implementation support.

In my opinion, the need to seriously bolster post-implementation staffing was foreseeable, but not done.

By the time of the Go-Live decision, Hydro One management knew results were not going according to plan. Hydro One's attempt to recover from a missed delivery deadline by extending the project by 7 months was a late, but positive intervention, albeit one that ultimately proved to be inadequate. In my opinion, attempting to recover another "miss" by compressing and compromising the last line of defense against error – the testing strategy – was shocking and harmful. Based on my experience and the documents I reviewed, I believe that such an exceptional and desperate move should have at least been an obvious signal to prepare to encounter increased errors after the Go-Live decision was made.

But not only did Hydro One fail to keep technical teams intact for post-Go-Live support purposes, it allowed them to be diminished, "losing 65% of the highly skilled HCL resources"<sup>88</sup> within 2 months of implementation, rather than prudently staying through a few billing cycles to confirm everything was performing to an

<sup>85</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.15.

<sup>86</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print. p.191.

<sup>87</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.13.

<sup>88</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. Print. p.22.

acceptable standard. In my opinion, this loss was subsequently exacerbated when "...Hydro One inexplicably signed off on the acceptance of the system and released HCL".<sup>89</sup>

Post-implementation staffing is admittedly a highly subjective matter, as the activity is reactive. If testing is thorough and highly successful, one might argue for cutting back on post-implementation staffing levels. However, since Hydro One's testing was anything but thorough or successful (and at least half of its planned testing was dispensed with, effectively in favour of "testing in production"), it would be hard to argue that the GASC should be anything less than maintaining the support/rectification staffing levels that would have existed during the testing phase. Hydro One did not do this, and tens of thousands of Hydro One customers suffered the consequences.

## 12. QUESTION:

In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,

(j) any other factor or factors that you believe is relevant to the planning, implementation and/or testing of the Hydro One CIS.

**12.1 RESPONSE:** Another factor relevant to this project that has not been covered extensively in other sections is Project Risk Management. This important knowledge area has been studied abundantly as a GASC (PMBok Section 11 – Project Risk Management). The following definition and commentary can be found in the PMBoK Guide:

*"The objectives of Project Risk Management are to increase the probability and impact of positive events, and decrease the probability and impact of negative events in the project".<sup>90</sup>*

*"Project risk is always in the future. Risk is an uncertain event or condition that, if it occurs, has an effect on at least one project objective. Objectives can include scope, schedule, cost and quality...[...]...Project risk has its origins in the uncertainty present in all projects. Known risks are those that have been identified and analyzed, making it possible to plan responses for those risks. Specific unknown risks cannot be managed proactively, which suggest that the project team should create a contingency plan. A project risk that has occurred can also be considered an issue."<sup>91</sup>*

Project teams have therefore known for some years that effective, professional risk management skills and techniques combined with expert judgment can go a long way to identify risks, gauge probability and impact, develop mitigation strategies, as well as contingency plans – should mitigation be insufficient and risks become issues. The PwCLL report supports this view, reinforcing that "Effective Risk Management is a critical discipline on large-scale projects".<sup>92</sup>

The PwCLL report also states that "Hydro One undertook several Risk Assessments...over the course of the

<sup>89</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. Print. p.20.

<sup>90</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBok® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print. p.273.

<sup>91</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBok® Guide)*. Fourth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2008. Print. p.275.

<sup>92</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.28.

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project...".<sup>93</sup> However, the PwCLL report appears to omit any commentary on the quality of these apparent Risk Assessments, and on whether they were acted upon. The Hydro One Management Response contained in the PwCLL report likewise seems to sidestep the issue of why this potentially powerful process was underutilized.

With such limited information, it is difficult for me to discern whether Project Risk Management work itself was inadequate, or that Hydro One and/or HCL Axon management ignored or suppressed its recommendations. Either way, the effect is the same: in my opinion, Project Risk Management was applied at a level that breached the GASC.

\* \* \*

13. This brings me to the conclusion of the body of my report. I look forward to the opportunity to continue to provide expert advice, particularly if your case proceeds to a point where more detailed project artifacts can be examined to shed further light on the Hydro One CIS Replacement project.

Sincerely,



Rajesh Gurusamy

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<sup>93</sup> PwC. *Hydro One Customer Service and Billing Issues - Lessons Learned*. Rep. Toronto: PwC, 2014. PDF. p.28.

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## APPENDIX "A"

Court File No. CV-15-535019-00CP

ONTARIO  
SUPERIOR COURT OF JUSTICE

BETWEEN:

BILL BENNETT

Plaintiff

-and-

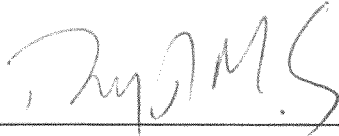
HYDRO ONE INC., HYDRO ONE BRAMPTON NETWORKS INC., HYDRO ONE  
REMOTE COMMUNITIES INC., NORFOLK POWER DISTRIBUTION INC. and HYDRO  
ONE NETWORKS INC.

Defendants

## ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is Rajesh Gurusamy. I live in the City of London, in the Province of Ontario.
2. I have been engaged by or on behalf of the Plaintiffs to provide evidence in relation to the above-noted court proceeding.
3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
  - a. to provide opinion evidence that is fair, objective and non-partisan;
  - b. to provide opinion evidence that is related only to matters that are within my area of expertise; and
  - c. to provide such additional assistance as the court may reasonably require, to determine a matter in issue.
4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date: April 13, 2016

  
\_\_\_\_\_  
Signature

**NOTE:** This form must be attached to any report signed by the expert and provided for the purposes of subrule 53.03(1) or (2) of the *Rules of Civil Procedure*.

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APPENDIX "B"  
INSTRUCTION LETTER

Ian C. Matthews  
Direct: 416 598 5365 imatthews@counsel-toronto.com  
File No. 13418  
Lax O'Sullivan Lisus Gottlieb LLP  
Suite 2750, 145 King Street W, Toronto ON M5H 1J8 Canada  
T 416 598 1744 F 416 598 3730 www.counsel-toronto.com



February 22, 2016

DELIVERED

Rajesh Gurusamy  
c/o xiBOSS Corporation  
Victoria Tower, 44 Victoria St.  
Suite 820  
Toronto, Ontario M5C 1Y2

Dear Mr. Gurusamy:

Re: *Bennett v. Hydro One Inc. et al.* (Court File No. CV-15-535019-00CP)

Please prepare a letter addressed to me which speaks to the following questions:

1. Please describe your professional experience and qualifications, particularly as they relate to the planning for and implementation of SAP-based systems (including SAP IS-U), as well as post-implementation monitoring of newly installed SAP-based customer information and billing systems.
2. Based on your knowledge and experience and any relevant reports or documents, are there any generally-accepted standards of care that pertain to the planning, implementation and/or testing of SAP-based systems? If so, please describe them.
3. In your opinion, based on your knowledge and experience with SAP-based customer information systems, your review of documents relating to this class action and any additional research you may conduct, is there some basis to believe that Hydro One may have breached any of the standards you have identified in response to question 2? If so, please explain and consider, to the extent you believe it to be relevant and within the scope of your expertise,
  - a. the timeline leading to the implementation of Hydro One's SAP-based customer information system ("CIS") on May 21, 2013;
  - b. the project scope for the implementation of Hydro One's CIS and any adjustments to that scope that were made thereto prior to implementation;

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- c. the various system, data and process dependencies that existed with respect to the implementation of the Hydro One CIS, including vendor management;
- d. the staffing and resource levels that were devoted to the implementation of the Hydro One CIS;
- e. the nature of the expertise (or lack thereof) on the Hydro One CIS project team and any turnover on that team;
- f. the testing that was conducted prior to the implementation of the Hydro One CIS;
- g. the level of external third party oversight of the Hydro One CIS implementation;
- h. the manner in which the Hydro One CIS was implemented (i.e., a "big-bang" implementation);
- i. the post-CIS implementation practices, procedures and support provided by Hydro One; and
- j. any other factor or factors that you believe is relevant to the planning, implementation and/or testing of the Hydro One CIS.

In preparing your letter, please provide a list of any documents or assumptions that you relied upon in forming your opinion.

If there are additional questions that we wish you to consider in addition to those mentioned above, we will send you further correspondence.

Thank you for your assistance with this project.

Yours truly,



Ian C. Matthews

ICM

cc: Eric R. Hoaken (*Lax O'Sullivan Lisus Gottlieb LLP*)  
Kirk Baert, Garth Myers (*Koskie Minsky LLP*)

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## APPENDIX "C"

### CREDENTIALS

Name: Rajesh Gurusamy
Level: SAP IS-U & Success Factors Workforce Project Manager and Managing Consultant
Languages: English

Education, Professional Experience
– Bachelor of Engineering (Electronics & Communication)
Core Competencies
<b>SAP</b> <ul style="list-style-type: none"> <li>• Solutions Architecture</li> <li>• SuccessFactors (SF) &amp; Workforce</li> <li>• IS-U Device Management (DM), Billing, IDEX &amp; AMI</li> <li>• Materials Management (MM)</li> <li>• CRM 7</li> <li>• Plant Maintenance (PM)</li> <li>• Public Sector Social Services</li> <li>• ASAP Methodology</li> <li>• Implementation Methodology Best Practices</li> <li>• Solution Manager</li> </ul>
<b>BPM, Business Process Management</b> <ul style="list-style-type: none"> <li>• Business Requirements Analysis</li> <li>• Business Process Improvement</li> <li>• Process Modeling/Mapping</li> <li>• Visio</li> <li>• HPQC</li> </ul>
<b>Project Management</b> <ul style="list-style-type: none"> <li>• Engagement Management</li> <li>• MS Project</li> <li>• Team leadership</li> <li>• Multi-cultural &amp; Distributed Team Management</li> <li>• Agile</li> </ul>

Industry and Project Experience (Selection)
<ul style="list-style-type: none"> <li>• Over 16 years of experience, that includes over 8 years in SAP and 7 years on IBM midrange systems.</li> <li>• SAP implementations on diversified industries including utilities, retail and supply chain. Experienced in SAP implementation and over 6 years of managing and leading SAP functional and development teams.</li> <li>• Managed all aspects of SAP solution design through technical implementation.</li> <li>• Functional expertise includes solution design, testing, implementation and support of SAP systems.</li> </ul> <p>Strength lies in implementing integrated solutions and knowledge of varied functional areas of SuccessFactors (SF), Device Management, Billing, CRM, Sales and Distribution, Materials Management, and Finance.</p> <ul style="list-style-type: none"> <li>• Experienced in solution design of the SAP IS-U/CCS and CRM modules – Device management Billing and Customer service with specific expertise in connection point management, device management and AMI.</li> <li>• Experienced in requirement gathering, business blueprinting and functional design.</li> <li>• SAP ECC/IS-U, CRM and SuccessFactors application support experience.</li> <li>• Instrumental in providing comprehensive responses for numerous RFI, RFP &amp; RFQ processes.</li> <li>• Experience with complex project circumstances including multiple vendors, high degree custom development and onsite-offshore delivery model.</li> </ul>

***Regulatory project for Utility Distributor, Canada***

- Project manager, responsible for delivering a regulatory project for an Ontario-based utility distributor. This regulatory change is initiated by the Ministry of Energy to provide ongoing and on-bill rate assistance to eligible low-income electricity consumers in Ontario. The program is available for customers on January 1, 2016. Rajesh's responsibilities as the owner for the regulatory project containing multiple releases involved managing a team of SAP IS-U resources in delivering the enhancements primarily impacting SAP IS-U Billing and FICA modules

***Enterprise Blueprint and Customer Systems Replacement Program for South Australia Power Networks***

- SAP CRM/IS-U Solution Architect responsible for the assessment of business requirements and developing the solution architecture, including module-wise solution mapping for the Single View of Customer (SVOC) project from the SAP CRM/SAP IS-U perspective.

***Rationalisation of Legacy Systems for a Utility Distributor, Melbourne, Australia***

- United Energy – Solution Architect for SAP IS-U
- Business case and systems landscape assessment leading to a phased implementation solution from legacy systems to a central SAP instance

***Advanced Metering Infrastructure (AMI) Implementation, Melbourne, Australia***

- SP-Ausnet - Melbourne
- Lead the successful design, development, deployment and maintenance of SAP to address the industry deregulation change
- Manage resources in order to design, plan, accurately estimate, document and deliver software assets to time, budget and quality targets
- Ensure that there is proper technical impact assessment of all risks and issues and changes to scope, requirements or design. Provide advice on any avoidance, mitigation or remedial actions required

***SAP IS-U and SAP CRM 7 - Implementation & upgrade***

- Mighty River Power - Auckland, New Zealand
- The project involved implementation of CRM 7 including data migration of business partners from SAP CRM 5, applying enhancement packs for SAP ECC (EHP5), CRM 7 (EHP1) and implementing the campaign management functionality. Rajesh was involved as a functional specialist to provide inputs during the business requirements and solution blueprinting.

***Smart Metering Implementation***

- Mighty River Power - Auckland, New Zealand
- The Smart Meter project was split into 3 phases namely deployment of smart meters, transition to smart meter reading units & decommissioning of associated access products. Rajesh was involved both as a solutions designer as well as a functional consultant on this implementation.

***Legacy AS400 to SAP Migration***

- Foodstuffs (South Island) Limited - Christchurch, New Zealand
- Rajesh was a team member for the implementation of SAP R/3 logistics and warehousing modules that included reviewing the existing processes, identifying gaps, developing the To-Be state and creating functional specifications for the transactional data migration from WMS (on IBM AS400) to SAP.

**APPENDIX "D"**  
**PROJECT MANAGEMENT PROCESS GROUP AND KNOWLEDGE AREA MAPPING<sup>94</sup>**

Knowledge Areas	Project Management Process Groups				
	Initiating Process Group	Planning Process Group	Executing Process Group	Monitoring and Controlling Process Group	Closing Process Group
<b>4. Project Integration Management</b>	4.1 Develop Project Charter	4.2 Develop Project Management Plan	4.3 Direct and Manage Project Work	4.4 Monitor and Control Project Work 4.5 Perform Integrated Change Control	4.6 Close Project or Phase
<b>5. Project Scope Management</b>		5.1 Plan Scope Management 5.2 Collect Requirements 5.3 Define Scope 5.4 Create WBS		5.5 Validate Scope 5.6 Control Scope	
<b>6. Project Time Management</b>		6.1 Plan Schedule Management 6.2 Define Activities 6.3 Sequence Activities 6.4 Estimate Activity Resources 6.5 Estimate Activity Durations 6.6 Develop Schedule		6.7 Control Schedule	
<b>7. Project Cost Management</b>		7.1 Plan Cost Management 7.2 Estimate Costs 7.3 Determine Budget		7.4 Control Costs	
<b>8. Project Quality Management</b>		8.1 Plan Quality Management	8.2 Perform Quality Assurance	8.3 Control Quality	
<b>9. Project Human Resource Management</b>		9.1 Plan Human Resource Management	9.2 Acquire Project Team 9.3 Develop Project Team 9.4 Manage Project Team		
<b>10. Project Communications Management</b>		10.1 Plan Communications Management	10.2 Manage Communications	10.3 Control Communications	
<b>11. Project Risk Management</b>		11.1 Plan Risk Management 11.2 Identify Risks 11.3 Perform Qualitative Risk Analysis 11.4 Perform Quantitative Risk Analysis 11.5 Plan Risk Responses		11.6 Control Risks	
<b>12. Project Procurement Management</b>		12.1 Plan Procurement Management	12.2 Conduct Procurements	12.3 Control Procurements	12.4 Close Procurements
<b>13. Project Stakeholder Management</b>	13.1 Identify Stakeholders	13.2 Plan Stakeholder Management	13.3 Manage Stakeholder Engagement	13.4 Control Stakeholder Engagement	

<sup>94</sup> Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*. Fifth ed. Newtown Square, Pennsylvania, USA: PMI Publications, 2013. Print. p.423.



**BILL BENNETT**  
Plaintiff

-and-

**HYDRO ONE INC., et al**  
Defendants

Court File No. CV-15-535019-00CP

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**AFFIDAVIT OF RAJESH GURUSAMY**  
(sworn April 13, 2016)

**KOSKIE MINSKY LLP**

Barristers and Solicitors  
20 Queen Street West, Suite 900  
Toronto, ON M5H 3R3

**Kirk M. Baert** LSUC#: 309420

kbaert@kmlaw.ca

Tel: (416) 595-2117 / Fax: (416) 204-4924

**Garth Myers** LSUC#: 63207G

gmyers@kmlaw.ca

Tel: (416) 595-2102 / Fax: (416) 204-4924

**LAX O'SULLIVAN LISUS GOTTLIEB LLP**

Counsel

Suite 2750, 145 King Street West  
Toronto, ON M5H 1J8

**Eric R. Hoaken** LSUC#: 35502S

ehoaken@counsel-toronto.com

Tel: (416) 645-5075 / Fax: (416) 598-3730

**Ian C. Matthews** LSUC#: 55306N

imathews@counsel-toronto.com

Tel: (416) 598-5365 / Fax: (416) 598-3730

**Lisa S. Lutwak** LSUC#: 65985I

llutwak@counsel-toronto.com

Tel: (416) 645-5078 / Fax: (416) 598-3730

Lawyers for the Plaintiff

**BILL BENNETT**

**HYDRO ONE INC., ET AL.**

Plaintiff and

Defendants

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**CERTIFICATION MOTION RECORD  
(Returnable May 9, 2017)**

VOLUME 1 of 4

**KOSKIE MINSKY LLP**

20 Queen Street West

Suite 900

PO Box 52

Toronto ON M5H 3R3

**Kirk M. Baert** LS#: 309420

Tel: (416) 595-2117 / Fax: (416) 204-2889

**Garth Myers** LS#: 63207G

Tel: (416) 595-2102 / Fax: (416) 204-4024

**LAX O'SULLIVAN LISUS GOTTLIEB LLP**

145 King St West

Suite 2750

Toronto ON M5H 1J8

**Eric R. Hoaken** LS#: 35502S

Tel: (416) 645-5075 / Fax: (416) 598-3730

**Ian C. Matthews** LS#: 55306N

Tel: (416) 598-5365 / Fax: (416) 598-3730

**Lisa S. Lutwak** LS#: 659851

Tel: (416) 645-5078 / Fax: (416) 598-3730

Lawyers for the Plaintiff