



BC Hydro - Accenture Media Presentation

February 28, 2003



Introduction

- ❖ Purpose: announce signing of BC Hydro/Accenture deal
- ❖ Format for today's teleconference
- ❖ Introductions

Background

- ❖ RFEI initiated by BC Hydro in Fall of 2001
- ❖ Responses received from 19 private sector companies
- ❖ Two finalists selected in early 2002
- ❖ Accenture selected as successful proponent in Spring 2002
- ❖ Parts of BC Hydro involved are
 - ◆ Customer Services
 - ◆ Westech
 - ◆ Network Computing Services
 - ◆ Human Resources
 - ◆ Financial Systems
 - ◆ Purchasing
 - ◆ Building and Office Services

Transaction Key Objectives – BC Hydro

- ❖ Cost savings and performance improvements
- ❖ Will allow BC Hydro to focus on Core Business
- ❖ Employee opportunities
- ❖ Maintain/increase jobs in BC

Transaction Key Objectives

- Accenture

- ❖ This business is an important element in Accenture's growth strategy.
- ❖ Accenture is building a BC-based business to:
 - serve BC Hydro; and
 - aggressively pursue an existing \$58 CDN billion North American utilities services market which is focused on improving operational efficiency and reducing costs.
- ❖ BC Hydro's solid reputation within the industry, its skilled workforce, and Accenture's long working relationship with BC Hydro, made BC the right place to locate this business.



Overview of Agreement

- ❖ Accenture Business Services of BC to start April 1, 2003
- ❖ Business structure
- ❖ Ten year contract
- ❖ People
- ❖ Assets

Commercial Confidentiality, Due Diligence and Disclosure

- ❖ Disclosing all but commercial and personal information
- ❖ Examples include pricing, deal attributes, aspects that provide “competitive advantage”
 - ◆ These terms only available to BC Hydro
- ❖ Due diligence by BC Hydro includes
 - ◆ BMO Nesbitt Burns Fairness Opinion
 - ◆ External Legal Counsel
 - ◆ Doug Louth & Associates
- ❖ All other information available for viewing on BC Hydro website



Cost Savings and other Financial Benefits

- ❖ \$250 million in contractually obligated cost savings over life of 10-year contract
- ❖ BC Hydro may realize up to an additional \$180 million over the life of the contract

Performance Measures and other Protections

- ❖ Current service levels will be maintained and protected.
- ❖ Move to 1st quartile levels by end of third year – will provide best-in-class services
- ❖ Service levels will be measured by Customer Satisfaction surveys, benchmarking and service metrics.
- ❖ Service Levels to evolve after “go live” date

Customer and Provincial Benefits

- ❖ Seamless transition of operations – the change will be invisible to customers:
 - Service level agreements will ensure customer service is maintained;
 - Skilled and knowledgeable workforce maintained; and
 - Hydro bills will continue to arrive on BC Hydro stationery.
- ❖ Service improvements and new offerings to be introduced over time (e.g. *eBilling, payment online, AMR*).
- ❖ The government will benefit from job creation and new tax revenues that will result from a growing business.
- ❖ Accenture has already identified new business opportunities for Accenture Business Services of BC





Employees

- ❖ This business will commence operations with a well-trained and knowledgeable workforce focused on delivering exemplary customer satisfaction.
- ❖ 1543 employees will transfer from BC Hydro to Accenture Business Services of BC.
- ❖ This represents an annual cost of \$155 million.
- ❖ All in-scope employees were offered the opportunity to transfer. Over 90% of OPEIU employees voted to transfer, and over 95% of the M&P employees accepted job offers.
- ❖ The employees will join a new growth and service-oriented business focused on serving BC Hydro AND other North American utilities.

Assets

- ❖ No assets will be transferred
- ❖ “Refreshed” hardware/assets to be acquired by Accenture Business Services of BC
- ❖ All at same or declining unit costs



Future

- ❖ 10 year contract
- ❖ Allows for 5 year extension or early termination by BC Hydro



Next Steps

- ❖ Agreement now officially signed
- ❖ Accenture Business Services of BC begins April 1, 2003

Q & A