

**BChydro** 

**accenture**  
Business Services  
for Utilities

## **Attachment B: Appendix B3.1**

### **Operating Level Agreement**

**IT Discretionary Optimization for Infrastructure,  
Application Sustainment, and Application Development**

## Document Change Management

Version	Date	Short Description
1.0	Nov 26, 2005	Initial draft
2.0	7-Dec-2005	2 <sup>nd</sup> Draft (v 1.0 received 7-Dec-2005) Edits by E.Haboly
3.0	9-Dec-2005	Edits by E.Haboly & R.Tang
4.0	12-Dec-2005	Edits by T. Withers, A. Champagne, R. Ayling, & P. King
5.0	15-Dec-2005	Accepted ABS BC edits. Add item re: tools per Term Sheet. Add item re: draw down of discretionary. 2 unresolved items – risk premium on fixed fee projects, and value for money on discretionary work.
6.0	22-Jan-2006	Add standard language. Remove risk premium issue. One unresolved item - Value for Money on discretionary work.

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## 1.0 General Overview

This Operating Level Agreement (OLA) is an Appendix to and forms part of, Schedule 4.2 to the AMSA. For the purposes of this OLA, “the Agreement” shall mean the AMSA, “BC Hydro” shall mean BCH, and “ABSU” shall mean ABSBC.

### 1.1 OLA Period

This OLA remains in effect for the duration of the Agreement.

### 1.2 OLA Review and Revision

The OLA may be reviewed at any time, and will be reviewed at least annually. The OLA will be changed through the Change Order Request (“COR”) process of the Agreement.

### 1.3 OLA Interpretation and Application

- (a) This OLA shall be interpreted and applied as described in section 2.7 of this Schedule 4.2 to this Agreement.
- (b) For the purposes of this OLA, the following acronyms apply:
  - (i) “ID” is Infrastructure Discretionary
  - (ii) “AM” is Application Maintenance
  - (iii) “AS” is Application Sustainment
  - (iv) “AD” is Application Development

## 2.0 Contact Information

### 2.1 OLA Administrative Contact Information

The OLA owner manages this OLA and is the review point of contact. The business owner defines the requirements and receives operational reports.

#### 2.1.1 BC Hydro Administrative contacts

<b>OLA Owner</b>	<b>Business Owner</b>
BC Hydro – OCIO OCIO – Contract Manager Edward Hably 7-4408	BC Hydro - OCIO Project Management Office Raymond Tang 7-4543

#### 2.1.2 ABS BC Administrative contacts

<b>OLA Owner</b>	<b>Business Owner</b>
ABS BC – Service Management Senior Manager Alain Champagne 4-3865	Same

### 2.2 Administrative Contact Change

Administrative contacts may be changed from time from time upon mutual agreement of BC Hydro and ABS BC.

### 3.0 Use of Standard Estimating Models

ABS BC will utilize standard estimating models for creating estimates for discretionary efforts (i.e., Infrastructure Discretionary, Application Sustainment, and Application Development), as well as for estimating ongoing effort impacts to Base Services (i.e., IT-AM Services and all Infrastructure Base Service Domains). The following principles apply to the development, refinement and usage of these standard models.

- (a) **[Redacted]**
- (b) A single Accenture “top-down” estimating model will be customized and used for creating high-level sizing estimates for infrastructure and application base and discretionary activities.
- (c) The estimating models will be read-only for the ABS BC project managers (i.e., the only aspects which can be updated are the complexity values and quantities of estimating factors for each task).
- (d) The estimates generated by the standard models will be reviewed and validated by a third-party, and tasks and estimating factors will be jointly agreed to by BC Hydro and ABS BC. Validation will be a comparison of actual effort (hours) by the third-party on various projects as compared to estimates of those projects from the ABS BC models. Third-parties will not access the estimating models except for the very limited purpose of validating third-party actual data to ABS BC estimate data and any other access is strictly prohibited.
- (e) The estimating models will be reviewed and validated by a third-party beginning **[Redacted]** after the AMSA commencement date and every **[Redacted]** thereafter.
- (f) **[Redacted]**
- (g) On a yearly basis, ABS BC will update its models based on these estimate-to-actual comparisons, and will review these updates with BC Hydro prior to performing the updates. These yearly adjustments to estimating factors within the models can only decrease the estimated hours per factor and will not increase over the remainder of the contract.
- (h) On a yearly basis ABS BC will make available to BC Hydro all seven estimating models (after updates to estimating factors).
- (i) ABS BC and BC Hydro will jointly develop an estimating process which describes a) how the estimating tool is used, b) who will provide inputs from BC Hydro, and c) who from ABS BC and BC Hydro will validate and approve the estimates.
- (j) On a mutually agreed to basis by both parties, ABS BC will include a limited number of BC Hydro employees as participants in estimating model training sessions which ABS BC is already conducting with its resources.
- (k) The estimating model for AM estimates steady-state maintenance costs for an application.
- (l) The Parties will mutually agree to the standard estimating factors and default system complexities.
- (m) **[Redacted]**

## 4.0 Discretionary Optimization

Prior to the commencement of the AMSA term, ABS BC and BC Hydro will jointly develop an optimization framework for aligning ABS BC discretionary resources (AS, AD, and ID) with BC Hydro demand for those resources. The following principles apply to the development of that framework.

- a) ABS BC will be responsible for fully and effectively utilizing ABS BC resources to meet BC Hydro project demand
- b) ABS BC will develop and/or introduce a technical solution that will permit automated and/or electronic management of the optimization framework
- c) ABS BC will prepare Statements of Work (SOWs) for usage of all Discretionary Capacity. In the event that multiple, small requests are required in a particular area, a standing SOW can be created for a fixed duration in a given year (minimum one-quarter) against which multiple work requests can be written. ABS BC and BC Hydro will jointly develop and implement principles for the development of standing SOWs.
- d) ABS BC will only draw down on the discretionary capacity via an approved statement of work. There will be a standing SoW(s) to prepare estimates and SoWs for other projects.
- e) ABS BC will price all SOWs as either time-and-materials or fixed price based on mutual agreement between the parties. ABS BC will provide task and estimate detail (from estimating model) with each SoW.
- f) Fixed price SOWs will include risk premiums as part of the amount of Discretionary capacity used. These risk premiums will be calculated as fixed percentages of the total work effort for a project based on the overall project complexity (i.e., Low ([Redacted]), Medium ([Redacted]), or High ([Redacted])). These risk premiums will be built into the total fixed price of the SOW.
- g) BC Hydro may, at its discretion, request ABS BC to estimate management contingency as a percentage of the SOW work effort. Additionally, BC Hydro may include this management contingency as part of the overall project funding. This management contingency is intended to handle unplanned, but potentially required, changes to project scope. The price for this contingency will not be paid by BC Hydro unless it chooses to use some or all of it to address an individual project scope change. As such, the discretionary capacity associated with this management contingency will not be included in the demand forecast and planning processes
- h) ABS BC is responsible for providing resources with the skills required to maintain and enhance the BC Hydro Application Portfolio (Schedule 10.1, Attachment H of the Agreement). This skill inventory will be jointly reviewed and updated on a yearly basis.
- i) BC Hydro may, upon providing ABS BC with [Redacted] months prior written notice, request the use of discretionary capacity for a skill not currently in Attachment G of Schedule 10.1. ABS BC is responsible for acquiring and/or developing those additional skills in the required timeframe.
- j) BC Hydro and ABS BC will develop SOWs which allocate a portion of the discretionary capacity (AS, AD, and ID) for the purpose of ABS BC developing sizing and commitment estimates and writing SOWs.
- k) BC Hydro and ABS BC will jointly develop, review, prioritize and update on a [Redacted] basis [Redacted] month rolling demand plan (see section 6 – Process Flow).
- l) BC Hydro and ABS BC will jointly develop and approve on a [Redacted] basis ([Redacted]) the allocation of the discretionary capacity for the [Redacted] of a contract year ([Redacted] and [Redacted]). As part of this development process, the parties can agree to reduce the required demand during the holiday months of July, August, and December and allocate those reductions across the remaining months within that half of a contract year. This reallocation can only be used to address seasonality of demand and supply during the holiday months of July, August, and December; it is not intended to address fluctuating demand from BC Hydro.
- m) If BC Hydro demand in a [Redacted] exceeds the available discretionary capacity, BC Hydro can choose to either a) reprioritize certain demand to occur later in order to remain within the available capacity, b) use Variable Rate Card rates to perform the work sooner, or c) solicit and use providers other than ABS BC or its affiliates.
- n) If BC Hydro chooses to manage the discretionary capacity in aggregate, then the Office of the CIO (OCIO) of BC Hydro will serve as the central point of contact for all discretionary capacity prioritization to ensure proper

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allocation of discretionary capacity across the BC Hydro Lines of Business (LOB's) and BC Hydro Corporate. However, should BC Hydro choose to allocate discretionary capacity to each BC Hydro LOB, this centralization of prioritization is not required by the OCIO because the options described in (k) above would apply at an LOB level versus aggregate BC Hydro level.

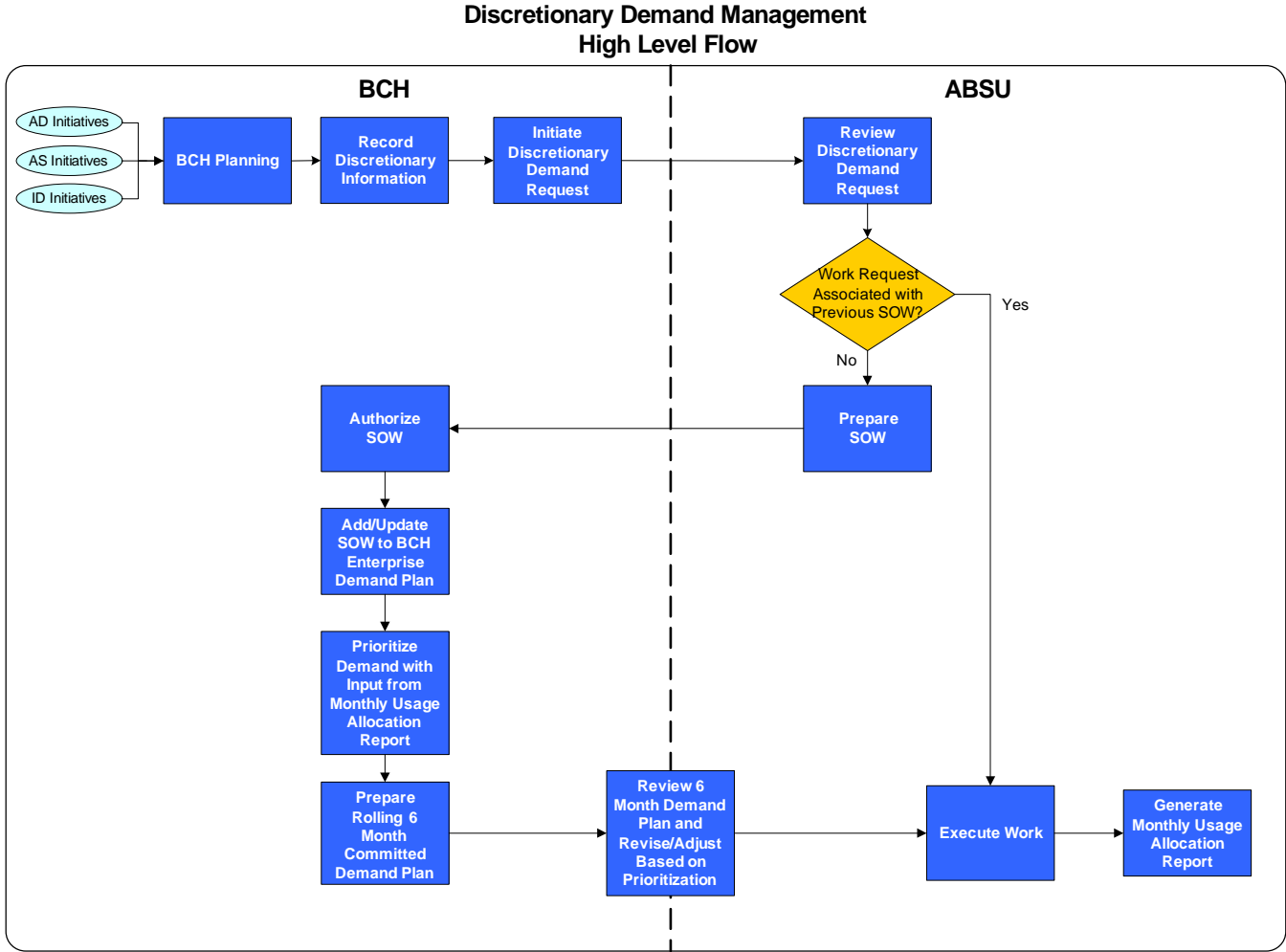
## **5.0 Project Principles**

ABS BC will use discretionary capacity (in ID, AS, and AD) to perform Discretionary Services as defined in the AMSA section 4.2.1 (b) (iii). The project principles described here include the process to determine changes to base maintenance costs and knowledge transfer within ABS BC

- a) ABS BC will continue its cross-training process to provide knowledge transfer on an ongoing basis between the project (ID, AS, and AM) and base maintenance resources (applications and infrastructure).
- b) BC Hydro and ABS BC will agree on a joint SOW template, prior to commencement of AMSA term. As a minimum, each SOW will include the following elements:
  - 1) SUMMARY
  - 2) BUSINESS REQUIREMENT OVERVIEW
  - 3) OBJECTIVES & SCOPE
  - 4) WORK BREAKDOWN (PHASE LEVEL)
  - 5) WORK SCHEDULE
  - 6) TEAM
  - 7) PRICING / RESOURCE EFFORT
  - 8) RISK, ASSUMPTIONS, DEPENDENCIES
  - 9) IDENTIFICATION OF IMPACT ON IN-SCOPE SERVICES AND/OR SERVICE CHARGES
  - 10) IDENTIFICATION OF ANY IMPACT ON BASELINE VOLUME BANDS (BOTH TEMPORARY AND PERMENANT) FOR BASE SERVICES
- c) Each SOW prepared by ABS BC will identify any changes to AM or base infrastructure requirements and ongoing support costs if applicable. The estimates for these costs will be developed using the AM estimating model

### 6.0 Process Flow

The following process flow depicts the activities and processes in the annual and ongoing demand planning processes for BC Hydro discretionary capacity activities.



## 7.0 Reports

The following table outlines the reports ABS BC will deliver to BC Hydro at the stated intervals.

<b>Report Name</b>	<b>Description</b>	<b>Frequency</b>
AS Capacity Utilization	[Redacted]	[Redacted]
AD Capacity Utilization	[Redacted]	[Redacted]
ID Capacity Utilization	[Redacted]	[Redacted]
BC Hydro Demand Forecast	[Redacted]	[Redacted]
LOB Demand Forecast	[Redacted]	[Redacted]
Estimating Model Comparison	[Redacted]	[Redacted]
Skill Inventory	[Redacted]	[Redacted]