

Submitted by
Councillor Davis

EX 32.9.2

Toronto Hydro using workers in India

Toronto Hydro has given some work to contractors with operations in Bangalore.

Rick Madonik / Toronto Star



A protester walks past the main doors of Toronto Hydro prior to a demonstration against impending layoffs last year.

By: John Spears Business reporter, Published on Sat Jun 08 2013

~~Meet Toronto Hydro's Bangalore team.~~

Companies that supply goods and service to Toronto Hydro may get their payments courtesy of a contracting firm with employees in Bangalore, in southern India.

Indian technicians are also working to produce digital versions of Toronto Hydro engineering drawings.

Toronto Hydro says the amount of work being contracted abroad is less than one per cent of over-all capital and operating spending, and no jobs have been lost.

But the union representing hydro workers says a principle is involved for the company, which is owned by the City of Toronto.

"Any amount is wrong," said John Camilleri, president of Canadian Union of Public Employees Local One.

He has written to Mayor Rob Ford asking about city policy on outsourcing work to foreign countries, but hasn't received a reply to his April 23 inquiry.

In an interview, Toronto Hydro executives said two kinds of operations have resulted in work going to India.

One is a portion of Toronto Hydro's operation of making payments to suppliers.

The work has been contracted to a New Jersey firm, which instructs Toronto Hydro suppliers to mail invoices to a post office box in Jersey City, N.J.

Alternatively, they can submit invoices electronically to an e-mail address.

"All seven A/P staff (four in Bangalore and three here) would be able to sign into the mail box," reads an internal memo. A/P stands for accounts payable. Elsewhere, the memo also refers to the "Bangalore team."

The accounts payable service produces digital versions of invoices, which are then sent to Toronto Hydro's bank. The bank then issues the payments, said Toronto Hydro vice president Blair Peberdy.

Toronto Hydro sent a request for proposals to 13 firms for the accounts payable work, he said. Five were Canadian. One made the short list of finalists, but ultimately the New Jersey firm made the best business case.

A second type of work is also being done in India, through a Toronto company called RMSI Private Ltd.

Peberdy said the company was hired to scan and produce digital versions of Toronto Hydro engineering plans.

Neither contract resulted in job losses, according to Peberdy and Toronto Hydro's chief financial officer J.-S. Couillard.

The small number of accounts payable staff affected were redeployed within the company, Peberdy said.

As for RMSI, no existing employees were affected, Peberdy said.

~~"They're a digital imaging service that we've never done in-house, and it didn't make sense for us to take that on as an internal job,"~~ Peberdy said in an interview.

The contractors in both cases are paid for each unit of work they do, and the firms work for many companies, so it's not possible to say how many jobs the contracted work represents, Peberdy said.

Toronto Hydro says it spends about \$200,000 a year on accounts payable outsourcing, and \$500,000 a year on digitized drawings.

That compares with \$650 million in over-all annual operating and capital spending.

Couillard said Toronto Hydro looks for local suppliers "if it makes sense."

But Toronto Hydro has an obligation to act in the best interest of ratepayers, said Peberdy, and that means keeping costs low.

Camilleri's perspective is different.

He's concerned about jobs that move anywhere outside the city.

"For us, it's about protecting good jobs, technical jobs that can be done here in Toronto," he said.

"Toronto Hydro is a public company. It should have good standards, good policies and serve the people of Toronto, not the people outside Toronto."

Camilleri also questioned whether in the long term it's cheaper to contract out, arguing that the practice erodes the company's competence.

"The city's not doing what it's supposed to do - make sure we have a reliable source of energy and a reliable workforce," he said.

14 Carlton St.
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April 30, 2013

Compugen Systems Ltd
100 Via Renzo Drive
Richmond Hill, ON
L4S 0B8
CA
Attention: Konstantin Malkin

Re: Change in Purchase to Pay Procedures

As part of our ongoing efforts to both improve efficiency and reduce our impact on the environment, we have engaged a third party provider to administer a portion of our "Purchase to Pay" process. Effective April 15, 2013, please submit all invoices to the following address:

Toronto Hydro
123 Town Square Place
PMB #765
Jersey City 07310
USA
E-mail TH-AP@opiscan.com

Although our billing address has changed, all other terms and conditions cited on our purchase orders remain intact. Please note the USA address.

We strongly encourage you to send us your invoices electronically via e-mail to the above noted email address instead of mailing hard copies. This is quicker, less expensive and more environmentally friendly. We continue to require that you also copy the person who requested the good or service on your e-mail.

Invoices that are submitted via e-mail should meet the following specifications:

1. Format: PDF/TIFF (non-editable formats)
2. Resolution: 300 DPI
3. Scan Mode: Black and White
4. Preferred Max Email Size = 10 MB
5. Emails sent to TH-AP@opiscan.com will be accepted from all domains
6. It is preferred that a separate e-mail be sent for each invoice, but if multiple invoices are in single attachment, they should be separated with a patch or blank sheet.

Although Toronto Hydro accepts invoices by e-mail and surface mail, we request that you select one method for sending your invoice to the above mentioned recipients. Receipt by Toronto Hydro of duplicate invoices delays payments.

We would like to take this opportunity to re-iterate the Toronto Hydro, "No PO, No Pay" program. Like many large organizations, Toronto Hydro runs an integrated three way match Procure to Pay process utilizing an integrated software program. This program matches a purchase

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order with a good or service receipt (by an authorized Toronto Hydro employee) which is then matched to your invoice to validate and process payment.

To aid in successful processing, your invoice must specify a valid Toronto Hydro purchase order number (a letter followed by five numbers) of sufficient amount (dollars or units as appropriate) to cover the good or service being billed. If it does not, then it will be returned to you with a request for one. The invoice must match the issued purchase order in terms of material codes, units of measure, and price. Referencing a valid Purchase Order represents a significant protection to you since it is your validation that Toronto Hydro has requested the good or service you provide. *Please do not accept a requisition from Toronto Hydro without a Toronto Hydro purchase order number.*

Your compliance with the above process will minimize delays in the processing of your invoice so that it can be paid.

We also suggest that you work with your operational contact at Toronto Hydro to ensure that they acknowledge receipt of your good or service as quickly as possible following fulfillment of their requirement. If this is not completed, payment could be delayed while we confirm that the good or service was formally ordered by Toronto Hydro and actually received by the authorized individual within Toronto Hydro.

Questions about your account may be submitted to ap@torontohydro.com. Please include your purchase order number and as many specifics as possible.

A handwritten signature in black ink, appearing to read "Aida Cipolla".

Aida Cipolla
Manager, Corporate Accounting and
External Reporting

A handwritten signature in black ink, appearing to read "Owen Nash".

Owen Nash
Director, Operation Support Services