

BRITISH COLUMBIA UTILITIES COMMISSION



Performance Plan for the period April 2000 – March 2003

April 2001

TABLE OF CONTENTS

	<u>Page</u>
1.0 INTRODUCTION	1
2.0 STRATEGIC CONTEXT	1
2.1 Vision	1
2.2 Mission	2
2.3 Values	2
2.4 Environmental Scan and Key Strategic Issues	2
3.0 GOALS AND OBJECTIVES	4
4.0 KEY STRATEGIES AND PERFORMANCE MEASURES	8
4.1 Revenue Requirements	8
4.2 Rate Design	10
4.3 Capital Project Reviews	11
4.4 Energy Commodity Costs, Services and Competitive Markets	12
4.5 Safety and Reliability	14
4.6 Complaints	15
4.7 Organizational Efficiency and Effectiveness	16
APPENDIX	
Executive Summary: A Stakeholder Assessment of the British Columbia Utilities Commission	

1.0 INTRODUCTION

The British Columbia Utilities Commission is a regulatory agency of the Provincial Government, operating under and administering the Utilities Commission Act. The Commission's primary responsibility is the regulation of the energy utilities under its jurisdiction to ensure that the rates charged for energy are fair, just and reasonable, and that utility operations provide safe, adequate and secure service to their customers. It approves the construction of new facilities planned by utilities and their issuance of securities. The Commission's function is quasi-judicial and its Decisions and Orders may be appealed to the Court of Appeal on questions of law or jurisdiction.

The Commission's office is in Vancouver.

The Act provides for a Chair, one or more Deputy Chairs, up to seven Commissioners (including the Chair and Deputy Chair(s)), and Temporary Commissioners. As of April 2001, there are six Temporary Commissioners and the Chair. The Deputy Chair position is vacant. The Commission staff of 20 is made up of professional engineers, accountants, economists, and administrative staff.

The Commission's annual budget ranges between \$3.0 and \$3.5 million. Its costs are recovered through a levy on the public utilities it regulates.

Over the last decade, the Commission has successfully reorganized, downsized, and reduced its costs. Over the same period the Commission has increased the effectiveness of its regulatory methods in an increasingly competitive world.

2.0 STRATEGIC CONTEXT

2.1 Vision

*“express the image of
our desired future state”*

To be a leader in the regulation of energy within the mandate of the British Columbia Utilities Commission Act, and to be respected for our independence, professionalism, and competence.

2.2 Mission

“outline the primary purpose of the government organization”

The Commission’s mission is to ensure that ratepayers receive safe, reliable, and non-discriminatory energy services at fair rates from the utilities it regulates, and that shareholders of those utilities are afforded a reasonable opportunity to earn a fair return on their invested capital.

2.3 Values

“The guiding principles for management behaviour. A statement of the organization’s core values.”

At the British Columbia Utilities Commission, we are committed to realizing our vision and mission by:

- Applying regulatory principles, research, and common sense to resolve energy utility problems and render decisions that are timely, fair, workable, and respected.
- Writing high quality decisions, reports, and publications.
- Communicating in an effective and timely manner with co-workers, utilities, ratepayers, government, and the public.
- Promoting learning, innovation, creativity, and the achievement of personal and professional goals.
- Building a work environment that fosters teamwork, cooperation, and respect for the diversity, skills, and experience of individuals.

2.4 Environmental Scan and Key Strategic Issues

A brief description of the external factors, an analysis of the external economic and business environment, and an assessment of the organizations recent performance. This should facilitate a clear

As the energy and utility industries undergo change, and the process of continental integration continues, regulatory agencies face new challenges in protecting the interests of both ratepayers and the utilities themselves.

understanding of the strategic issues facing the BCUC, and provide a context for understanding its goals and objectives.

The most dramatic development during 2000 was the sharp increase in the continental market price for natural gas, and in particular the winter spot price spikes in the west, from southern British Columbia to California. Soaring prices had a significant impact on consumers' cost of living and businesses' operating costs. In B.C. and elsewhere, there was a public expectation that regulators could somehow "save" consumers from high gas commodity costs, even though they have been set by market forces and passed on to the customers without mark-up by the utilities for over 15 years.

Unlike natural gas, electricity rates in B.C. are based on the costs of generation, transmission and distribution. For B.C. Hydro customers, rates have been and will continue to be frozen by law until October 2001. Meanwhile, the Commission has instituted transmission access principles and tariffs for B.C. Hydro and West Kootenay Power to allow these utilities to participate in regional electricity markets. Deregulation experiences in California and Alberta have slowed the movement towards increased competition and liberalization in electricity markets. In the western United States, low levels of electricity infrastructure investment, low precipitation, and growing demand have led to abnormally high market prices and shortages during peak periods. Under current government policy, B.C. Hydro ratepayers and B.C. taxpayers both benefit from unprecedented electricity trade revenues.

A challenge for government and regulators will be to find suitable long-term planning and management mechanisms which are compatible with electricity market changes. Governments make energy policy and commissions implement policy. The BCUC's regulatory "tool kit" includes arbitration (through structured public hearings), formal and informal mediation (e.g. using its Negotiated Settlement Process Guidelines), workshops, and information publications.

Regulators continue to explore regulatory harmonization, standardization, and streamlining within the limits of their enabling

legislation. The BCUC has ties with tribunals in neighbouring provinces and states, and plays an active role in the Canadian Association of Members of Public Utility Tribunals (CAMPUT).

In order to help assess how and how well it is perceived by its stakeholders, in early 2000 the BCUC retained the University of Victoria's School of Public Administration to survey its "client" utilities and intervenors, as well as a sample of ratepayers who had filed complaints. The Executive Summary is attached as an Appendix. The results indicate that most stakeholders are satisfied with the BCUC's performance, while identifying aspects where improvements may be made.

3.0 GOALS AND OBJECTIVES

The organization's intentions. Appropriate to the vision and mission, and set out to allow a future assessment on whether they are being achieved.

As an economic regulatory agency, the BCUC strives to produce fair and equitable decisions and findings with due diligence, at a reasonable cost, and in accordance with the principles of due process. To this end, the BCUC will pursue the following goals and objectives.

To Maintain and Improve Public and Worker Safety

The safety of the public and utility workers is paramount. This includes system designs and maintenance to protect workers and avoid user and public safety issues such as pipeline ruptures, electrocution, and fire hazards.

To Ensure the Financial Viability of Utilities

Energy services are vital to the public. The Commission has a direct responsibility in its oversight capacity to try to keep energy utilities financially viable and capable of providing high quality service to customers. This goes beyond providing a reasonable opportunity to earn a fair return on shareholder capital, to include matters such as debt financing, depreciation rates, and stability of investments

compared to possible future customer revenues to support the investments.

To Maintain and Improve Quality and Reliability of Utility Service

Many ratepayers are requiring a higher level of power quality to run computers and sensitive appliances. On natural gas systems, gas fireplaces and other appliances tend to increase demands during peak periods. Therefore, the quality and reliability of service needs to improve over time. Also, some customers are prepared to receive a lower quality of service at a lower price, so the BCUC needs to consider new services to meet varying customer demands.

To Maintain and Improve Customer Satisfaction with Utility Service

The BCUC requires a high level of accountability of utilities to their ratepayers. Customer satisfaction levels should be maintained or improved, and systematically reported.

To Maintain Non-discriminatory Services and Introduce Effective Commodity Purchasing Options

The Commission needs to be vigilant in avoiding monopoly pricing tactics by utilities. Similar pricing (e.g. basic monthly charges, delivery charges per unit) for similar usage will be critical in successfully implementing competitive markets for those who wish to buy gas from a supplier other than their delivering utility.

To Contain Utility Cost of Service Increases

For many years, the BCUC has been successful in reducing the real cost of utility energy service to ratepayers. New technologies and economies of scale have helped. With unregulated commodity costs rising, it is important that the BCUC contain utilities' costs of service to ratepayers. At the same time, some utility infrastructure is reaching the end of its useful life, or limits to its capacity. For these, capital additions may be needed at considerable cost.

To Limit Any Increases in the Cost of Regulation Per Unit of Energy Sold Below Inflation Rates

Since the Commission fully recovers its costs from the utilities it regulates, it is the ratepayers who pay the Commission's costs. The Commission has been very successful in reducing its own costs of regulation to a level which is about half a cent per gigajoule of energy sold, or about 1/10 of one percent of the revenues collected by utilities. The Commission now employs only a small group of expert and specialized staff to achieve its mandated responsibilities, and continues to seek ways to keep its costs low through more efficient regulatory techniques and considering offsetting revenue sources.

The BCUC continues to monitor and amend its Participant Assistance/Cost Award Guidelines to ensure intervenors' submissions are useful, avoid duplication, and that costs claimed are reasonable.

To Improve Communications About, and Ratepayer Satisfaction With, BCUC Regulatory Matters

The BCUC has tried to make its regulatory processes friendlier through its publications, website, public workshops, and evening sessions at hearings. It should strive to improve its communication efforts, including the level of public awareness of, and satisfaction with, the Commission's information services and the assistance available to participants at proceedings. It must balance its duty to inform consumers, intervenors, and the public about its operations, procedures, timetables, and decisions with its duty to avoid casting doubt on its objectivity, independence, and impartiality.

To continue its efforts to streamline the regulatory process, including the use of negotiated settlements and incentive-based mechanisms where appropriate.

The Commission already uses mechanisms which are alternatives or complementary to traditional public hearings. These include technical

workshops and meetings, pre-hearing conferences, working groups, and the negotiated settlement process. A multi-year automatic adjustment formula setting rates of return on equity has replaced annual hearings for each utility. A more recent example is the quarterly review of utility gas commodity costs to ease rate changes during these times of volatile gas prices. Incentive- or performance-based mechanisms are designed to improve and reward utility performance while increasing consumer satisfaction.

To Review and Improve the BCUC's Work Processes

In order to continue to deliver quality regulatory services at reasonable cost, the Commission needs to periodically review its organization to clearly define each person's and each unit's responsibilities. It also emphasizes teamwork, complementarity among the units, and an approach to performance evaluation based on results.

4.0 KEY STRATEGIES AND PERFORMANCE MEASURES

Means by which the objectives will be achieved. Information on the performance measures, targets and expected results for the identified objectives and strategies.

4.1 Revenue Requirements

Strategy: The Commission has been a leader in Canada in implementing incentive regulation, which includes quality of service targets and financial incentives, along with requirements to improve customer satisfaction. Multi-year reviews have been able to expand the group of incentives and have reduced Commission costs as a result. There is a need, however, to periodically examine most utility revenue requirements by a formal adversarial public hearing process. This is particularly important when a utility's viability is at stake. Hearings can be streamlined by using advance educational workshops to better inform participants of the issues to be resolved.

2001/02 Revenue Requirement Major Activities, Performance Measures, and Targets

Major Activity

Performance Measures and Targets

Returns on Equity

Review aspects of the generic return on equity multi-year rate-setting mechanism for investor-own utilities.

Written hearing process May-September 2001.

Commission Decision, with well articulated reasons in Fall, in time for December 2001 Order for 2002 rates of return.

Pacific Northern Gas – 2001 Revenue Requirements

PNG's revenues have been severely affected by the Methanex plant closure and its gas rates are becoming less competitive with electricity. Methanex has applied for a load retention rate. An oral public hearing was held in Terrace and Vancouver in March 2001.

Commission Decision, with well articulated reasons, by mid May 2001.

B.C. Hydro – 2002 Revenue Requirements

Rate freeze legislation ends September 30, 2001. B.C. Hydro's revenue requirements application for 2002 is expected in the fall, followed by an oral public hearing.

Extensive, thorough oral public hearing process.
Timely Commission Decision with well articulated reasons.

BC Gas – 2002 Revenue Requirements

BC Gas is expected to file its application in September, followed by an oral public hearing or negotiated settlement process, or both, in November.

Public process.
Timely Commission Decision with well articulated reasons.

Pembina Oil Pipeline Revenue Requirements and Supervision of Service

This common carrier oil pipeline between Taylor and Kamloops suffered a major break in August 2000. Repairs and upgrades may raise tolls, and Pembina wants to shut or sell all or part of the line, possibly affecting the viability of B.C.'s two refineries and netbacks for northeast B.C. oil producers.

Extensive, thorough oral public hearing in April 2001.
Commission Decision, with well articulated reasons in June 2001.

Revenue Requirements for Smaller Utilities

Applications for revised revenues are expected from several small utilities, such as Port Alice, Centra Whistler, Sun Peaks, and Stargas.

Individual processes or proceedings commensurate with level of public interest, significance, and rate impacts.
Timely Commission Decisions and, where contested, with well articulated reasons.

4.2 Rate Design

Strategy: The Commission undertakes periodic rate design reviews to apportion the revenue requirement fairly to different classes of customer, while ensuring there is no undue discrimination in the rate structures of the utilities. The Commission tries to avoid rate shock to any customer class as it modifies a utility's rate design. The Commission also encourages the development of new services to customers in response to commodity competition and changing customer needs.

2001/02 Rate Design Major Activities, Performance Measures, and Targets

Major Activity	Performance Measures and Targets
<p>BC Gas Rate Design In February 2001, BC Gas applied for rate design changes and increases resulting from the Southern Crossing Pipeline. A workshop and prehearing conference will be followed by a negotiated settlement process, a public hearing, or both.</p>	<p>Public process (negotiated settlement, oral hearing, or both) commensurate with BC Gas, stakeholder, and Commission's preferences. Timely Commission Decision, with well articulated reasons.</p>
<p>Centra Gas Rate Design Centra Gas, on Vancouver Island, becomes subject to conventional cost of service regulation in 2003. It needs to apply for a cost of service allocation method and rate design framework to be used in determining customer class rates. The rate design may also affect tolls to the pulp and paper mills and cogeneration plants.</p>	<p>Oral public hearing, likely in Fall 2001. Timely Commission Decision, with well articulated reasons.</p>
<p>B.C. Hydro Rate Design High load factor industrial customers have been unable to have their rates reviewed because of the rate freeze. Other alleged rate design inequities are expected to be raised at the revenue requirements proceeding. This may prompt a Rate Design Application from B.C. Hydro in early 2002.</p>	<p>Oral public hearing, likely in Spring 2002. Timely Commission Decision, with well articulated reasons.</p>

4.3 Capital Project Reviews

Strategy: The invested plant of a utility may account for up to 75% of the utility cost paid by customers. The Commission ensures timely reviews of the capital projects through applications for Certificates of Public Convenience and Necessity, while providing for an appropriate level of public input. The Commission must ensure that utilities take advantage of technological innovations to lower costs to ratepayers and improve the quality of services. These include enhanced customer information systems, turbine/generator improvements, new pipe installation methods and energy efficiency programs that can reduce or delay supply-side capital projects.

2001/02 Capital Project Reviews Major Activities, Performance Measures, and Targets

Major Activity

Performance Measures and Targets

Gas Supply to Southwestern British Columbia

Regional price spikes may be indicative of an imminent shortfall in gas deliverability to the Lower Mainland/Vancouver Island. If so, solutions may involve new and/or expanded pipelines, and/or LNG storage.

Problem definition by Commission survey of key utilities and producers.

Directions to BC Gas.

Okanagan Electricity Transmission Reinforcement

West Kootenay Power supply to the Kelowna-Osoyoos corridor may need to be improved by either a new transmission line from the Kootenays or a new substation connected to the B.C. Hydro grid.

Oral public hearing in the service area, in response to WKP's application

Timely Commission Decision, with well articulated reasons.

4.4 Energy Commodity Costs, Services, and Competitive Markets

Strategy: The Commission must be proactive in the provision of appropriate new services to meet the needs of utility customers. The advent of commodity competition for large natural gas customers led to a myriad of new services and rate options. The same situation is unfolding as competition develops in electricity. The Commission is proposing to implement choice in natural gas supply at the residential level by providing customers with the option of buying gas from marketers, but continuing to be delivered and billed by the utility. The Commission is also implementing new electricity services, including real-time pricing options, price dispatched curtailment options, standby rates, and green power rates for some residential customers.

2001/02 Energy Commodity Costs, Services, and Competitive Markets Major Activities, Performance Measures, and Targets

Major Activity

Performance Measures and Targets

Utility Gas Procurement Oversight

The Commission requires gas utilities to provide annual gas contracting plans, price risk management plans, and individual supply contracts with producers for approval. With high gas costs, the Commission wishes to become more proactive in ensuring utilities plan for reliable supplies at reasonable costs.

Development and implementation of new Guidelines for quarterly review of gas costs.

Approved Gas Contracting Plans, Price Risk Management Plans, and Supply Contracts for BC Gas, PNG, and Centra.

Approved Gas Supply Mitigation Incentive Plan for BC Gas for 2001/02 gas year.

Periodic hedging program reports showing quantified benefits from BC Gas, PNG, and Centra.

Agency, Billing and Collection and Transportation Service Option

Gas utility customer information systems will soon enable non-utility suppliers to offer various price and term options for small customers who wish to buy gas from brokers and marketers. The BCUC, BC Gas, marketers, and consumer representatives are working towards implementation in late 2002.

Target date for introduction is November 2002.

Code of conduct and consumer protection legislation (licensing and bonding) by summer 2002.

Resolution of franchise fee issue with local governments by summer 2002.

B.C. Hydro Export Trade

Electricity export trade revenues potentially benefit both ratepayers and taxpayers. Export trade activities need to be reviewed for the purposes of revenue forecasting, compliance with the code of conduct by non-regulated activities, and oversight of reservoir inflows, market, and operating strategy scenarios.

Quarterly Reports on Export Trade, including actual and forecast trade costs, revenues, forward commitments, reservoir levels, market prices, and operating strategies under a variety of scenarios of reservoir inflows and market prices.

West Kootenay Power Sale of Generation

Assets to Columbia Power

WKP wants to sell its four Kootenay River hydro plants to companies held by Columbia Power and the Columbia Basin Trust. The BCUC must review the proposed sale to determine if it is in the interests of WKP's ratepayers.

Oral public hearing in the service territory in late May 2001.
Timely Commission Decision, with well articulated reasons.

Transmission and Distribution System Access

Distributed generation proponents are requesting access to B.C. Hydro's distribution and transmission system in order to sell electricity within or outside B.C. In response to concerns and complaints from Independent Power Producers, B.C. Hydro's Wholesale Transmission Services tariff may also warrant review and fine-tuning.

Oral public hearing on distributed generation access in May 2001.
Timely Commission Decision, with well articulated reasons.

Electricity Sales by Self Generators

Large industries (mostly pulp mills) with self-generating capacity want to sell their power at market prices, perhaps taking their increased load requirements from B.C. Hydro at (lower) regulated rates. This is the most recent example of market-related proposals that potentially benefit the customer, other ratepayers, and the utility, but also raise obligation to serve and tariff interpretation issues.

Develop a new tariff, tariff supplement, or Commission Guidelines after due process, provided the initiative is consistent with government policy and legislation.

Regional Transmission Organization Formation

The formalization of "RTOs" in the United States is meant to increase system operating efficiencies (i.e. lower costs) and improve reliability (i.e. reduce outages). B.C. Hydro and WKP may propose transfer of operational control of their transmission systems to a B.C. Independent Grid Operator, which would be a public utility regulated by the BCUC, in part to participate more effectively in the RTO being established in the western U.S.

Review of any proposals to participate in RTO West, to ensure B.C. electricity customers benefit.

4.5 Safety and Reliability

Strategy: Utility equipment should be designed, operated, and maintained to provide safe and reliable service to customers. Some of the natural gas and electricity plant is aging to the point where increased inspections, maintenance, and renewal plans are required.

2001/02 Safety and Reliability Major Activities, Performance Measures, and Targets

Major Activity

Performance Measures and Targets

BC Gas System Reliability

The Commission is working with BC Gas to develop a strategy for inspection of critical parts of its system which are more than 40 years old.

Approve a multi-year plan for system inspection.

B.C. Hydro – Vancouver Island

Supply to Vancouver Island is becoming constrained and some existing cables are becoming unreliable. New resources (e.g. gas pipeline, conductors, and/or on-island generation) appear to be lagging behind load growth.

B.C. Hydro has been directed to review its plans for use of the Port McNeill Keogh Plant, and report on both the status of undersea cables and the Georgia Strait natural gas line proposal.

BC Gas and West Kootenay Power Performance Measures

The multi-year settlements of revenue requirements include financial incentives which can only be earned if safety and reliability targets are met.

Measure annually the performance of utilities against the safety and reliability targets.

Develop new safety and reliability measures with input from customers and utilities to broaden the targets when new issues are identified.

4.6 Complaints

Strategy: The Commission has a mandate to deal with customer complaints of unfair treatment by utilities. It must be respectful of complainants and seek resolution of the issues presented where they fall under the jurisdiction of the Utilities Commission Act. The Commission must continue to seek out ways to respond to and rule on complaints fairly and efficiently, while balancing the needs of the complainant, other customers, and the utility.

2001/02 Complaints Major Activities, Performance Measures, and Targets

Major Activity

Complaints Handling Review

The Utilities Commission Act gives the Commission considerable latitude in acting on complaints. Current procedures are articulated in its “Complaints Handling” pamphlet. As the number and complexity of complaints trends upwards, the Commission plans to review its complaint management process, including the resources it allocates to resolve complaints and the ways it communicates its decisions on complaints.

Performance Measures and Targets

“Complaints Management Review” Report by April 2002.

In future stakeholder assessments, improved satisfaction levels by complainants with the clarity of the Commission’s explanations.

4.7 Organizational Efficiency and Effectiveness

Strategy: The BC Utilities Commission is a small, results oriented organization that strives for constant improvement in its work processes. This is why service delivery was maintained or improved during down-sizing in the 1980s and early 1990s. Most public utility tribunals with comparable responsibilities have significantly larger budgets and staff (e.g., in-house lawyers, communications/media relations staff, complaints investigation sections). The Commission must remain vigilant in anticipating, planning for, and managing changes to its organizational structure to meet its goals and objectives.

2001/02 Organizational Efficiency and Effectiveness Major Activities, Performance Measures, and Targets

Major Activity

Performance Measures and Targets

Performance Indicators

The Commission reports annual performance indicators dating back to 1987 in its Annual Reports, including annual staffing levels, orders issued, hearing days, alternative dispute resolution days, commission expenditures, commission costs per customer, and commission costs per gigajoule of energy sold. While these individual indicators do not necessarily measure how efficiently or effectively the Commission meets its mandate, collectively they do reveal important trends.

Maintain Commission budgets and core expenditures at current levels, adjusted for inflation, as measured by costs per utility customer and costs per unit of energy sold.

Continue to collect annual statistical indicators to discern trends.

Document Logging and Tracking

The Commission receives thousands of documents by mail, fax, courier and e-mail, ranging from complaint “form letters” to multi-volume utility applications. The current manual recording and tracking method is no longer efficient.

Procure, install, train staff, and use a computer-based document logging, tracking and assignment system by November 2001.

Review and Revise Commission Processes and Programs

Periodic reviews of Commission policies, procedures, programs, processes, and generic decisions are necessary to ensure they remain timely, effective, and efficient.

Monitor the effectiveness of changes to the Commission’s March 2001 “Negotiated Settlement Process: Policy, Procedures, and Guidelines”.

Monitor Participant Assistance/Cost Award claims and approved payments for necessity and reasonableness, and amend published Guidelines as may be necessary.

Review Job Descriptions and Compensation Levels

With its emphasis on teamwork, complementarity among the BCUC's units, and an approach based on results, each person's responsibilities need to be clearly defined and each senior manager should have the opportunity for compensation increases based on meritorious performance.

Regulatory Convergence and Cooperation

Participate in provincial, national, and North American initiatives that promote information sharing, joint processes, reduced duplication, best practices, and common regulatory principles.

Review and revise each position's job description by December 2001. Complete a compensation review for Commission administrative, support, professional, and middle management staff positions.

Lead Canadian regulatory tribunal input into Energy Ministers' Task Force on Energy Pipeline Regulation.

Participate in CAMPUT, the Committee on Regional Electric Power Cooperation, and other organizations promoting efficient and effective energy utility regulation.

**A Stakeholder Assessment of the
British Columbia Utilities Commission**

December, 2000

Prepared By: Lesley Matthews
School of Public Administration
University of Victoria

EXECUTIVE SUMMARY

Objectives

The British Columbia Utilities Commission wishes to examine its current decision-making processes and undertake strategic planning to assist staff and Commissioners in responding to the future needs of the energy and utility industry. As part of this process, the Commission decided to survey key stakeholders to better understand what they feel the Commission is doing right, and what it could be doing differently to meet the needs of the energy and utility industry and its customers.

In December 1999, the Commission sought consulting services from the University of Victoria's School of Public Administration to assess the effectiveness of the Commission's processes and procedures. The Commission wanted information on the perceptions and evaluations held by each stakeholder group and outlined the following three objectives for the survey: (1) provide a clear picture of stakeholder perceptions, (2) assess the Commission's effectiveness in meeting its objectives, and (3) identify areas for the Commission to improve.

Summary of Method

On June 9, 2000, three separate surveys were mailed to the Commission's three stakeholder groups, which include: utility companies, intervenors, and complainants. Utilities comprise all regulated electric, natural gas, and pipeline companies in British Columbia. The sample population of utilities was relatively small compared to the other three stakeholder groups as only 19 utility companies operate in British Columbia. For the purposes of this survey, the utility companies were divided into two sub-groups: large utilities, and small utilities. Five large utilities and 14 small utilities were surveyed. The response rate was 100% for large utilities and 57% for small utilities.

The second stakeholder group surveyed was intervenors, which encompass community groups, ratepayer groups, or individuals who want to challenge an application filed by a utility.

The sample population of intervenors included all those who had actively participated in the Commission's processes and procedures within the last two years. Eighty-eight (88) of intervenors were surveyed and the final response rate was 53%.

Complainants made up the third stakeholder group surveyed. The sample population of complainants consisted of individuals who had filed a complaint with the Commission, against the utility company that serves them, within the last two years. Two sub-groups made up the complaint group: substantive complainants, and regular complainants. One hundred and seventy-five (175) regular complainants and 157 substantive complainants were surveyed. The final response rate was 49% for both groups.

All surveys were returned to the University of Victoria's School of Public Administration, where survey data were coded and analyzed. Once the data were analyzed, the findings have been presented in this report to the Commission for its consideration.

Findings and Recommended Improvements

The surveys looked at a number of areas in relation to stakeholder perceptions of the Commission and the effectiveness of the Commission's practices and procedures.

In terms of key stakeholder perceptions of the Commission, stakeholders reported positive assessments about the helpfulness of the staff at the Commission. On a scale of one to five: one indicating very dissatisfied and five indicating very satisfied, utilities and intervenors reported a mean satisfaction score of 4.23 and 4.33 respectively. Complainants reported a slightly lower, although still positive mean satisfaction score of 3.43.

Respondents were also asked to rate the importance of different aspects of the Commission's work on a scale from one to five: one indicating very unimportant and five indicating very important. Results demonstrated that stakeholders feel that there is a gap between their satisfaction and the importance they attach to the Commission's performance in providing well reasoned and well articulated decisions. Utilities and intervenors reported a mean

satisfaction score of 3.67 and 3.56 respectively. However, utilities and intervenors reported a significantly (.007 for utilities and .000 for intervenors) higher importance score of 4.67 and 4.33 respectively.

Related to the Commission's communication of decisions to intervenors and utilities, the Commission also communicates its decision to a complainant regarding the Commission's decisions on the complainant's grievance. Regular complainants and substantive complainants report a satisfaction rating of 3.19 and 2.99 respectively. This indicates a neutral to positive rating from regular complainants and a neutral rating from substantive complainants with respect to the clarity of the explanation they received from the Commission.

Utilities and intervenors also report that there is a gap between their level of satisfaction with the fairness of proceedings and the importance of the Commission running proceedings in a fair manner. Utilities and intervenors reported a mean satisfaction score of 3.90 and 3.69 respectively. However, utilities and intervenors reported a mean importance rating of 5.00 and 4.38 respectively. The differences proved to be significant, as indicated by the reported significance levels of .000 for utilities and .010 for intervenors.

Results also indicate that stakeholders feel that the Commission must make improvements in the areas of providing consistent information and advice; and providing easy to understand documents, information and procedures. In all cases, stakeholders felt that average staff performance was less than the average importance of these features of the Commission.

Overall, intervenors and utilities reported that they are satisfied or very satisfied with their experience as a participant in the Commission's proceedings. Sixty-nine percent of the combined group of utilities and 72% of intervenors feel satisfied or very satisfied with the Commission's proceedings; within the proceedings they have been involved.

Respondents reported mixed opinions with respect to the Negotiated Settlement Process and the Public Hearing Process. One hundred percent (100%) of large utilities report that they agree or strongly agree the Negotiated Settlement Process is meeting its mandate. Fifty percent (50%) of small utilities strongly agree the Negotiated Settlement Process is meeting its mandate

and 54% of intervenors reported that they agree or strongly agree the Negotiated Settlement Process is meeting its mandate.

In terms of the Public Hearing Process, utilities and intervenors reported relatively positive responses. Seventy-five percent (75%) of large utilities report that they agree the Public Hearing Process is effective. Sixty-three percent (63%) of intervenors agree or strongly agree the Public Hearing Process is effective and 100% of small utilities report a neutral level of agreement that the Public Hearing Process is effective.

In light of stakeholder perceptions of the Commission, the greatest challenges reported by respondents were communications and perceived fairness of proceedings. Stakeholder input suggests the Commission must make more of an effort in the following five areas: (1) running proceedings in a fair manner, (2) providing well articulated and well reasoned decisions, (3) providing easy-to-understand documents and information to clients, (4) providing easy-to-understand procedures for clients to follow, and (5) communicating consistent information and advice to clients.

Lastly, this survey is not the last step in recognizing areas where the Commission is being effective and discovering ways in which the Commission may improve. A less extensive survey process could be conducted yearly and the results could be used as a performance tool, with which the Commission could set goals, in terms of client s satisfaction, and measure its progress year to year.