



bcuc
British Columbia
Utilities Commission

British Columbia Utilities Commission

2018/19 – 2020/21
Business Plan

May 1, 2018

TABLE OF CONTENTS

Page No.

Chair and CEO's statement	ii
Operating environment	1
External environment.....	1
Internal environment	2
Strategic direction	3
Business plan	3
Regulatory process	4
Workplace engagement	5
Reputation	6
Internal processes	7
Performance Measures & Targets.....	8
Financial plan	9
Financial outlook summary	9
2018/19 budget assumptions.....	9
Risk and sensitivity analysis.....	9

CHAIR AND CEO'S STATEMENT

The 2018–2021 British Columbia Utilities Commission (BCUC) business plan sets out our strategic direction, desired future state and the priority initiatives to advance us to that state. The overarching theme of the plan is “Building the trust of the public, stakeholders and government.”

Our business plan initiatives are categorized into four areas: regulatory process, workplace engagement, reputation and internal processes. The initiatives included in the plan do not encompass all the important activities of the BCUC; rather they represent those initiatives that will be undertaken in addition to our ongoing regulatory work.

The energy and compulsory insurance environments are changing. The utilities we regulate are striving to meet the needs of customers for affordability and choice and respond to policy direction established by Government. We must strive to ensure that our regulatory practice responds to the changing environment. To ensure we meet this challenge we will continue to be an active participant in research undertaken to improve confidence in the regulatory process and engage with our regulatory colleagues through industry associations including Canada’s Energy and Utility Regulators (CAMPUT) and its counterpart in the US, National Association of Regulatory Commissioners (NARUC).

The success of the BCUC is because of our dedicated, competent and professional team of staff and commissioners. Many of the initiatives in the plan will ensure that we strengthen our capacity and create a work environment that our people are proud of which also is engaging and fun.

This plan was developed with consideration of external stakeholder feedback and input from staff and commissioners. As the Chair and CEO of the British Columbia Utilities Commission, I affirm responsibility for the contents of this plan and for ensuring that our organizational performance is measured and reported on in the BCUC’s Annual Report.



David Morton
Chair and CEO

OPERATING ENVIRONMENT

Legislative and policy framework

The British Columbia Utilities Commission (BCUC) regulates energy utilities and the Insurance Corporation of British Columbia's universal compulsory automobile insurance. The *Utilities Commission Act (UCA)*, the *Clean Energy Act*, the *Insurance Corporation Act* and the *Administrative Tribunals Act* provide legislative direction to the BCUC. The Government further refines our mandate through its energy and auto insurance policy and various directives to the BCUC. This legislative and policy framework provides us with complex direction to consider regarding economic and environmental interests and impacts.

Vision, Mission and Values

Vision: To be a trusted and respected regulator that contributes to the well-being and long-term interests of British Columbians.

Mission: To ensure that ratepayers receive safe, reliable and non-discriminatory energy services at fair rates from the utilities we regulate, and that shareholders of those utilities are afforded a reasonable opportunity to earn a fair return on their invested capital.

Values: Our value to those we serve is underpinned by independence and fair, efficient process – it is important that we demonstrate:

Integrity – We lead in a straight forward and consistent manner, by making objective and well-reasoned decisions and by treating stakeholders with dignity and respect.

Accessibility – We facilitate fair, transparent and inclusive processes that encourage well represented input from relevant stakeholders who possess the information required to present their views effectively.

Responsiveness – We deliver efficient regulation, aligned with all relevant legislation and regulations and government policies, that takes into account the business needs of regulated entities and the public interest.

Within BCUC we strive to become more effective and efficient and improve the value that we provide – it is important that we demonstrate:

Innovation – We continually strive to develop new efficiencies and innovative solutions in our internal operations and regulatory processes.

Excellence – We support staff and commissioners, to excel in performance and create a culture for leadership

External environment

The BCUC, similar to other regulators across North America, faces evolving technology and changing public expectations. On the technology and energy fronts we continue to see trends toward disruptive technologies; new small utilities, often serving a single development or community; increased concerns about cyber security and cyber risk for utilities; and evolving electric reliability standards. Public concerns continue over the rising cost of living – including rising utility rates and bills – and over the environment, including differing and sometimes competing expectations about de-carbonizing our energy systems. Public expectations are also growing for increased consultation in utility infrastructure projects.

Energy and compulsory auto insurance policy will continue to evolve to support government priorities and policy initiatives. In order to support these initiatives we must ensure our staff and commissioners remain trained, capable and responsive.

Internal environment

The strength of our staff and commissioners arise from their experience and professional knowledge, commitment to their work, and sense of engagement and teamwork. The BCUC's ability to manage complex processes and be responsive to stakeholder needs while safeguarding the public interest is evident in the decisions we make, document and issue. The BCUC is recognized by utilities and ratepayers as fair, transparent and even-handed in its decision making.

We continue to face challenges and potential risks from our aging legacy information technology systems. Access to information to support our staff analysis of utility applications is problematic. We have initiated a three-year project to modernize our information systems and the first phase, focusing on Compliance and Complaints, will be delivered this calendar year.

We must increase our organizational capacity to meet the current workload, to provide capacity, to respond to unplanned work and to enable staff to invest in learning. We are restricted in our ability to provide competitive compensation and this presents a challenge in attracting staff and commissioners with energy and regulatory experience.

In 2017, the BCUC initiated change to optimize our organizational structure to better respond to the nature of our work and to meet our commitments to improved effectiveness. Areas which we are focusing on include:

- Staffing and workload levels;
- Collaboration among teams;
- Clarity of roles and processes within our organization;
- Clarifying aspects of our vision, mission and values; and
- Developing, supporting and recognizing staff.

This work will continue in 2018.

STRATEGIC DIRECTION

Our overall strategic direction remains:

To increase efficiency and effectiveness through a strong employee and commissioner workforce that executes its mandate collaboratively with engaged stakeholders.

To support this strategic direction we will continue to:

- Adapt our regulatory processes and tools to the changing environment and strive for more efficient regulation.
- Create a supportive work environment and work toward competitive compensation.
- Engage stakeholders and the public to encourage participation and improve understanding and support for our role.
- Provide our staff and commissioners the tools and support systems that will enable them to undertake work effectively and efficiently.

In the preparation of this plan we identified an overarching theme that encapsulates our strategic direction and underpins our desired future state and that is:

Building the trust of the public, stakeholders and government.

Business plan

The initiatives included in the business plan represent the actions that will be undertaken to create our desired future state for each of: regulatory process; workplace; reputation; and internal processes. There are many ongoing activities that are core to our work and success of the BCUC that are not included in the plan.

Overall execution of the plan rests with the CEO and COO and they will work with the management team to ensure progress is being made on all priorities. No ranking or prioritization has been applied to the initiatives.

REGULATORY PROCESS

Future state:

- Consistent regulatory processes are engaging, well understood by all, and valued by the public.
- Regulatory processes are appropriately scoped and scaled to enable us to produce timely and respected decisions.
- Regulatory processes are recognized as efficient and strike a balance between the need to collect and test evidence, and the time and resources required for parties to provide that evidence.

Initiative		Measure of Success
1.1	<p>Regulatory framework – publish a regulatory framework to guide exemptions and regulatory schemes that are appropriately scaled to the utility application. The objective is to improve regulatory efficiency and meet legislative requirements and regulatory objectives.</p>	<p>A regulatory framework has been developed through an inclusive BCUC initiated hearing.</p> <p>The framework is being applied to reduce costs and improve efficiency of regulation of non-traditional utility applications.</p>
1.2	<p>Regulatory practice templates – develop standard templates for issue identification, issue briefs and other required templates identified by staff and commissioners. The objective is to provide content in a form that facilitates ease of decision making by commissioners.</p>	<p>Templates are accepted by and in use by panels.</p> <p>Regulatory staff is trained in their use.</p>
1.3	<p>Decision writing – The BCUC’s product is its written decisions and orders and we strive to demonstrate our reasoning and decisions in a logical and clear manner. An assessment of our decision writing is underway and programs will be developed to enhance the overall BCUC decision writing.</p>	<p>Needs assessment for training and guidance tools is complete.</p> <p>Training program and decision writing guides are in place and practice.</p>
1.4	<p>Rate adjustments indexed to BC Hydro rates – There are a number of small utilities that the BCUC has approved rate adjustment schemes that are indexed to BC Hydro rates. Because there have been a number of government directives for BC Hydro rates there may be more appropriate methods.</p>	<p>A review and analysis has been completed to determine if there are more effective alternatives.</p> <p>Consistent solutions have been established.</p>
1.5	<p>Utility regulation costs – At present we do not track utilities’ costs to manage their regulatory activities. We capture BCUC costs and intervener (participant) costs. The objective is to monitor the overall costs of regulation.</p>	<p>A standard system including a format for utilities to report their costs to support regulatory processes is in place.</p>
1.6	<p>Participant Assistance Cost Award (PACA) costs – At present we do not have a method to track costs by intervener or intervener third-party costs. This information would be useful to determine the significance and reliance on this funding for these participants.</p>	<p>An IT tool has been developed to capture and track these costs.</p>

WORKPLACE ENGAGEMENT

Future state:

- The workplace is pleasant, stimulating and engaging. Staff are proud and they consider coming to work to be fun.
- Because we have an excellent workplace environment that provides competitive compensation and opportunities for personal and professional development, we are one of BC’s most sought after employers.
- Our organization is resilient because we are fully resourced, support employees to manage their own time, provide them with development opportunities and a meaningful work-life balance.

Initiative	Measure of Success
<p>2.1 Active recruitment of staff and commissioners – At present there is not sufficient capacity to keep with the current volume of regulatory work, respond to unplanned events, support non regulatory initiatives and enable staff and commissioners to keep current on professional development.</p>	<p>The BCUC is at full compliment.</p>
<p>2.2 Compensation plan – Changes in the roles of regulatory staff have been implemented to support a change to a project or matrix approach. The current compensation framework does not reflect our current work practices. The current compensation framework hinders the ability to recruit individuals with senior regulatory and/or energy specific experience. In order to address recruitment and retention the compensation framework needs to be current and competitive.</p>	<p>Compensation plan that provides competitive compensation and supports our current work methods is implemented.</p>
<p>2.3 Defining regulatory roles –The BCUC has implemented a matrix approach to undertaking regulatory projects and programs and role descriptions will be updated to reflect this change.</p>	<p>Complete Regulatory Roles and Responsibilities descriptions, communicate to staff and adopt as practice.</p>
<p>2.4 Staff recognition – Staff engagement results identified the need to improve recognition and create opportunities to celebrate success.</p>	<p>An authentic staff appreciation and service recognition culture is in place.</p>
<p>2.5 Skills assessment and development – The skills required to undertake work at the BCUC is varied. We do not have an assessment of our overall needs and analysis of how our staff roster compares to our needs. This information will inform recruiting and staff development plans</p>	<p>A needs and gap analysis has been completed. A plan is in place to address the gaps.</p>

REPUTATION

Future state:

- The public recognizes the BCUC brand as a respected and independent regulator with staff and commissioners who are highly competent and are experts in the areas we regulate.
- We are a go-to organization on energy issues and regulation. The BC government supports and respects our mandate.
- Our stakeholders value and appreciate our approachability and transparency.

Initiative	Measure of Success
<p>3.1 In 2017 BCUC initiated the process to operationalize the communication plan. The plan includes a number of initiatives:</p> <ul style="list-style-type: none"> • Proactive and strategic media relations • Engaging in the digital world • Solidified issues management protocols • Consistent two-way internal communications • Regular opportunities for stakeholder input • Increasing public consultation and engagement <p>The Director of Communications role was established with responsibility for the plan of activities. Progress is being made on each of the activities and the objective in 2018 in to fully operationalize the plan.</p>	<p>Communication objectives are integrated into all BCUC activities.</p> <p>The role of Communications is established.</p> <p>A communications operational plan is in place to support the BCUC brand and objectives.</p> <p>Stakeholder support is trending positively and brand recognition is improving.</p>
<p>3.2 Community outreach and consultation – Increased BCUC presence at outreach events to promote the BCUC and inform the public and stakeholders on current regulatory matters</p> <p>Implement best practices for consultation strategies for proceedings</p>	<p>An outreach plan consisting of a calendar of events and topics is developed and the BCUC delivers to the plan.</p>
<p>3.3 Stakeholder and Public Research Initiative – Undertake a research initiative that provides data from various stakeholder groups on their understanding of the role of the BCUC, support for its mandate and other issues of relevance for the BCUC to address in it regulatory processes and outreach activities. This initiative will lead to development of an ongoing program and annual plan of research initiatives and implementation methods.</p>	<p>Plan is delivered and our regulatory and outreach activities are modified to respond to the input we receive.</p>

INTERNAL PROCESSES

Future state:

- Information technology needs are being met and we have access to reliable and up-to-date equipment and software systems.
- Our internal processes and supporting tools are embraced by our staff, commissioners and external stakeholders. They have ease of access to information and processes which enables them to carry out our work effectively and efficiently.

Initiative	Measure of Success
<p>4.1 Policy and practice manuals – The purpose of this initiative is to create BCUC approved resource documents that will assist commissioners and staff undertake work more efficiently. There is a plethora of policy, guidelines and other resources that currently reside on the Shared Drive and in the existing Administrative Manual that need to be vetted to ensure that they remain valid or require updating. Once updated, a process to keep the information current will be established. This is an important precursor to our IT system implementation.</p> <p>The materials can be classified into three categories:</p> <ul style="list-style-type: none"> • Administrative procedures • Corporate policy • Regulatory practice 	<p>Three manuals are prepared and there is a process to keep the material current.</p>
<p>4.2 Information Technology Strategic plan – In 2017, an IT strategy was developed that identified Microsoft as the BCUC’s technology platform. Microsoft SharePoint and Dynamics would be utilized to support BCUC regulatory processes and store and retrieve information. The implementation will be undertaken in stages – stage one consists of updating and implementing SharePoint and Dynamics to Complaints and Compliance processes and to introduce a basic intranet. Stage one will complete in 2018</p> <p>Stage 2 will address the regulatory applications process. Stage 2 will commence in the fall of 2018.</p>	<p>Stage 2 plan is in place and the project is tracking to the plan</p>
<p>4.3 Information Technology Operations plan – The BCUC relies solely on BC Shared services for IT support including application support and hosting, workstation support and IT Security.</p> <p>The BCUC has chosen to move hosting services for SharePoint and Dynamics to a third party service provider. The BCUC will undertake a study to determine the most effective model to meet its IT requirements.</p>	<p>Information Technology Manager is hired.</p> <p>An operational model and implementation plan is approved.</p> <p>Implementation is tracking to plan.</p>

Performance Measures & Targets¹

The BCUC will continue to assess and report its performance against the following Performance Measures and Targets:

Performance Measure	2018/19 Target
Decision Cycle Time	90% of decisions issued in 90 calendar days or less
Other Proceedings Total Cycle Time	Maximum annual average of 40 calendar days
Total Expenditure per Capita	No target. Indicative measure. ²
Energy Regulation Expenditure per Gigajoule	No target. Indicative measure.
Employee Engagement	Baseline (73) / Benchmark ³
Complaint and Enquiry Response Time	85% in 5 business days or less
Participant Assistance/Cost Award Cycle Time	100% issued in 60 calendar days or less

¹ BCUC's Performance Measures and Targets were developed through consultation with stakeholders as defined and reported in the BCUC Performance Measures and Targets Final Report, December 14, 2015, available at: <http://www.bcuc.com/about/annual-reports-business-plans-performance-measures.html>

² Indicative performance measures do not have targets due to the potential for erratic trends caused by external factors outside of BCUC control. Targets may be developed for these indicative performance measures once more historical data is obtained.

³ BCUC's 2015 baseline score was 73 and the benchmark is set to the most recent BC Public Service WES Engagement score that is available.

FINANCIAL PLAN

The BCUC continues to increase organizational capacity by adding staff and investing in improved organizational processes that are enabled through information technology. This investment commenced in 2015 after the Independent Review of the BCUC was completed. The need to increase organizational capacity was a finding of the Independent Review and this observation was subsequently supported by the Office of the Auditor General Observations on the BC Utilities Commission issued in March of this year. This investment is the most significant factor that is contributing to expenditure increases.

Financial outlook summary

ANNUAL REPORTING	ACTUAL	FORECAST	BUDGET	BUDGET	BUDGET
	2016/17	2017/18	2018/19	2019/20	2020/2021
A. Operating Expenditures	8,028,475	9,270,270	10,830,200	12,055,400	12,374,900
B. IT Strategic Initiatives ⁴		458,540	1,150,000		
C. Site C Inquiry Costs		3,660,000			
Total Expenditures	\$ 8,028,475	\$ 13,388,810	\$ 11,980,200	\$ 12,055,400	\$ 12,374,900

2018/19 budget assumptions

The BCUC is planning to increase expenditures in 2018/19 to address the following key items:

- Staff merit increases;
- Increase staff complement by 11 positions;
- Recruitment of three full-time commissioners;
- Increased public consultation and awareness initiatives;
- Nominal increases to office and business expenses tied to increased capacity requirements; and
- \$1.15 million in information technology initiatives to increase efficiencies and improve service delivery.

Risk and sensitivity analysis

BCUC budgeting is highly dependent on the size and number of regulatory proceedings in a given year. Not all applications from the regulated entities can be anticipated in advance or accurately forecasted. However, the majority of these costs are directly recoverable from the affected entities. For example, in 2017/18 the Site C Inquiry resulted in an additional \$3.8 million of non-budgeted expenditures but the cost was completely recovered before the end of that fiscal year.

The majority of operating costs are covered by fixed levies and annual fees assessed based on the forecasted expenditures. They are charged to the regulated entities in advance on a quarterly basis. The BCUC is revenue-neutral but cannot under-recover its costs since it is an independent agency of the Provincial Government. To reduce the risk of an under-recovery, contingencies are built into the budget based on historical data.

Future year budgets for 2019/20 and 2020/21 are highly sensitive to change due to the time horizon involved. The projections are based on basic growth assumptions tied to the maintenance of the identified future state. Legislative changes to the size and scope of BCUC regulation by the Provincial Government can significantly affect these forecasts.

⁴ The budget for the Information Technology Strategic Initiatives is to update our legacy information technology systems with system solutions or improvements that were identified in the Information Technology Strategic and Operational Plan.