



bcuc
British Columbia
Utilities Commission

British Columbia Utilities Commission

2019/20 – 2021/22
Business Plan

May 2019

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CHAIR AND CEO'S STATEMENT

The 2019/20–2021/22 British Columbia Utilities Commission (BCUC) Business Plan sets out our strategic direction and priority initiatives for our organization. The overarching theme of the plan remains “building the trust of the public, stakeholders and government.”

Our Business Plan initiatives are divided into the following categories: 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.

2019-20 fiscal will be a busy year at the BCUC. Phase 2 of the Inquiry into the Regulation of Electric Vehicle Charging Service will proceed along with an Inquiry into the Regulation of Indigenous Utilities, an Inquiry into whether and how municipally owned corporations should be regulated and an Inquiry into the price of gasoline and diesel fuel in BC. These inquiries will take place while we review revenue and rate applications for our three largest regulated entities.

The BC Government has implemented significant changes to previous directions provided to the BCUC in the regulation of the Insurance Corporation of British Columbia (ICBC) and the British Columbia Hydro and Power Authority (BC Hydro) and further, they have reformed the rate design for ICBC's universal compulsory vehicle insurance. Our scope of oversight is increasing, and we have been building our capacity to respond with our expertise when called upon.

Many of the initiatives in the Business Plan will ensure that we continue to strengthen our capacity and create a stimulating and engaging working environment that our team is proud of. We are successful because of the dedication of staff and commissioners, and we continue to implement processes and system improvements to assist our team in undertaking its work more efficiently.

To deliver on our mandate, we continue to keep informed of what is happening in the regulatory sector within Canada, the U.S. and worldwide. We continue to be an active participant in research undertaken to improve confidence in the regulatory process and we regularly engage with our colleagues through industry associations including Canada's Energy and Utility Regulators (CAMPUT) and its counterpart in the U.S., the National Association of Regulatory Utility Commissioners (NARUC).

This plan was developed with consideration of external stakeholder feedback and input from staff and commissioners. As the Chair and CEO of the BCUC, I affirm responsibility for the contents and the implementation 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 (ICBC) universal compulsory automobile insurance. The *Utilities Commission Act*, the *Clean Energy Act*, the *Insurance Corporation Act* and the *Administrative Tribunals Act* provide legislative direction to the BCUC. The BC Government further refines our mandate through its energy and auto insurance policy and by various directives to the BCUC. This legislative and policy framework provides us with complex directions 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 make objective and well-reasoned decisions and we treat 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 considers the business needs of regulated entities and the public interest.

Within the 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

We continue to see trends toward disruptive technologies; new small utilities, often serving a single development or community; continuing and increasing concerns about cyber security and cyber risk for utilities; and evolving electric reliability standards.

The BC Government is establishing policies that places priority on de-carbonizing our energy systems, increasing our scope in regulating British Columbia Hydro and Power Authority (BC Hydro) and restructuring the rate design for ICBC's universal compulsory vehicle insurance.

To support these initiatives, we must ensure our staff and commissioners remain knowledgeable, capable and responsive.

Internal Environment

The BCUC manages complex processes and is responsive to stakeholder's needs. This is a testament to the strength of the staff and commissioners.

To meet current workload, we continue to recruit to increase our organizational capacity. This will allow our staff to respond to unplanned work and to participate in professional development activities.

We continue to face challenges and potential risks from our aging legacy information technology systems. Access to information that supports our staff analysis and tools to support collaboration are lacking and we are implementing technology and system changes to address these gaps.

In 2017, the BCUC initiated changes to optimize our organizational structure to better respond to the nature of our work and to meet our commitments to improve effectiveness. Areas of focus include:

- staffing and workload levels;
- collaboration among teams;
- clarity of roles and processes within our organization; and
- developing, supporting and recognizing staff.

This work will continue in 2019.

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 with the tools and support systems that will enable them to undertake work effectively and efficiently.

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

Trusted by 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 in each of the following:

- regulatory process;
- workplace;
- reputation; and
- internal processes.

There are many ongoing activities that are core to the 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 executive team to ensure progress is being made on all priorities. No ranking or prioritization has been applied to these initiatives.

REGULATORY PROCESS

Future state

- Regulatory processes are accessible, understood 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.

12-month initiative	Success is when...
Improve decision writing	<ul style="list-style-type: none"> • Peer review implemented • Plain language consistently applied in all decisions • Ongoing training program is developed and implemented
Establish Residential Rate Payer Group	<ul style="list-style-type: none"> • Stakeholder supported plan is complete • Implementation is underway
Implement improvements to the regulatory process	<ul style="list-style-type: none"> • Develop an enhanced skills assessment and development plan • Undertake a stakeholder engagement survey • Implement improvements identified through internal lessons learned and stakeholder engagement results

WORKPLACE ENGAGEMENT

Future state

- The workplace is pleasant, stimulating and engaging.
- We are one of BC's most sought-after employers because we have an excellent workplace environment that provides competitive compensation and opportunities for personal and professional development.
- 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.

12-month initiative	Success is when...
Align compensation to the market	<ul style="list-style-type: none"> • Market comparison completed, and submission presented to PSEC
Commissioner and staff recognition	<ul style="list-style-type: none"> • Ongoing recognition of staff and commissioner contributions • Mechanism in place that rewards service milestones
Skills assessment and development. Identify new opportunities to enhance organizational skillsets and alignment	<ul style="list-style-type: none"> • Training program developed (1st yr. program) • Career planning process in place • Succession plan in place
Engagement survey	<ul style="list-style-type: none"> • Results reviewed, and work plans to address results are implemented

REPUTATION

Future state

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

12-month initiative	Success is when...
Operationalize communication plan	<ul style="list-style-type: none"> • Government relations activities are coordinated • Messaging has been improved to be more reader-friendly • New public materials have been created and are being utilized at events and engagement sessions • Website content is kept up-to-date and improved as possible within the existing structure • Phase 2 of our Social Media strategy is in place to grow our followers and reach • Communications has been integrated into all BCUC processes • Public relations and messaging training are in place for staff and commissioners • Information is regularly shared internally, and staff are given an opportunity to provide thoughts and feedback • Staff are engaged and contributing to identifying communications opportunities as well as potential issues • Short listed as one of BC’s Top employers
Stakeholder / public research	<ul style="list-style-type: none"> • Follow-up survey conducted • Results reviewed, and ongoing program developed

INTERNAL PROCESSES

Future state

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

12-month initiative	Success is when...
IT transformation	<ul style="list-style-type: none"> Phase 1 is debriefed Planning for Phase 2 complete, execution underway that includes robust change management
Move to new IT service provider	<ul style="list-style-type: none"> Successful transition to a new service provider Overall IT governance strategy for Planning, Operations and Enhancements implemented Staff and commissioners are provided appropriate tools to effectively perform their duties
Risk assessment and mitigation	<ul style="list-style-type: none"> Internal (BCUC) business continuity plan developed BCUC Risk Management Plan developed Review regulatory oversight of significant utility risks (cybersecurity and emergency preparedness) and their impact on reliability of service and BCUC reputational risk

Performance Measures

Measure	2019 / 20 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
Energy Regulation Expenditure per Gigajoule	No target, indicative measure
Employee Engagement	Baseline (73) / Benchmark
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

FINANCIAL PLAN

We anticipate operating expenditures to increase in the imminent future.

The BCUC continues to increase organizational capacity by hiring staff with regulatory and/or energy experience. In addition, the BCUC is committed to providing staff with the necessary tools to better perform their tasks by improving internal processes and information technology. These investments will allow the BCUC to meet its growing workload in the short-term and continue to efficiently meet its mandate in the long-term.

Financial Outlook Summary

ANNUAL REPORTING	ACTUAL 2017/18	ACTUAL 2018/19	BUDGET 2019/20	BUDGET 2020/21	BUDGET 2021/22
A. Operating Expenditures	9,564,795	10,869,984	13,295,955	13,612,930	13,940,373
B. Information Technology Initiatives		689,679	873,345		
Subtotal (A+B)	9,564,795	11,599,663	14,169,300	13,612,930	13,940,373
C. Site C Inquiry Costs	3,658,412				
D. Indigenous Utilities Regulation Inquiry			2,863,300		
Total Expenditures	13,223,207	11,559,663	17,032,600	13,612,930	13,940,373

2019/20 Budget Assumptions

The BCUC is planning to increase expenditures in 2019/20 to address the following key items:

- Increase staff complement by 12 positions;
- Recruit a full-time commissioner;
- Secure additional lease space and associated office expenses tied to increased capacity requirements;
- Increase public consultation and awareness initiatives;
- Increase Information Technology initiatives to improve efficiencies and service delivery; and
- Provide staff merit increases.

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 forecasted.

The majority of operating costs are recovered from fixed levies and annual fees assessed based on the forecasted expenditures. They are charged to the regulated entities in advance and billed on a quarterly basis. To reduce the risk of an under-recovery, contingencies are built into the budget based on historical data.

Significant and unexpected applications or inquiries are typically directly recoverable separate from the levy. In 2017/18, the Inquiry Respecting Site C resulted in an additional \$3.6 million of non-budgeted expenditures but the cost was completely recovered from BC Hydro. For 2019/20, the costs associated with the Electrical Vehicle Inquiry and Indigenous Utilities Regulation Inquiry will be directly recovered as well.

The 2020/21 and 2021/2022 expenditure assumptions are built from the current year budget. There are many unexpected factors (e.g. legislative changes, inquiries, etc.) that may arise that could affect these forecasts.