

**NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**ACTIVITY PLAN  
2014-2017**

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## **Message from the Chair**

As Chair of Board Commissioners of Public Utilities I am pleased to present the Board's three-year Activity Plan outlining the objectives for 2014-17 fiscal years. The Public Utilities Board is classified as a Category 3 entity and is required to complete a multi-year performance-based activity plan and submit annual performance reports to the House of Assembly on its success in achieving the objectives, measures and indicators outlined in these plans.

The Board operates as an independent, quasi-judicial tribunal constituted under the *Public Utilities Act*. The Board's strategic priorities are focused on the continued improvement of its regulatory tools and streamlining its regulatory framework while ensuring appropriate resources are available to effectively deliver its mandated responsibilities.

The Board is anticipating a very demanding regulatory calendar over the next three years, and its focus will be on further strengthening the efficiencies realized and ensuring continual support of an effective and responsive regulatory environment. The Board's primary focus is to maintain an organization that is responsive to change and is capable of meeting new challenges while completing its ongoing regulatory calendar.

I am signing on behalf of the Board, which is accountable for the preparation of this plan, as well as for the achievement of its objectives.



Andy Wells  
Chair and Chief Executive Officer

## Overview

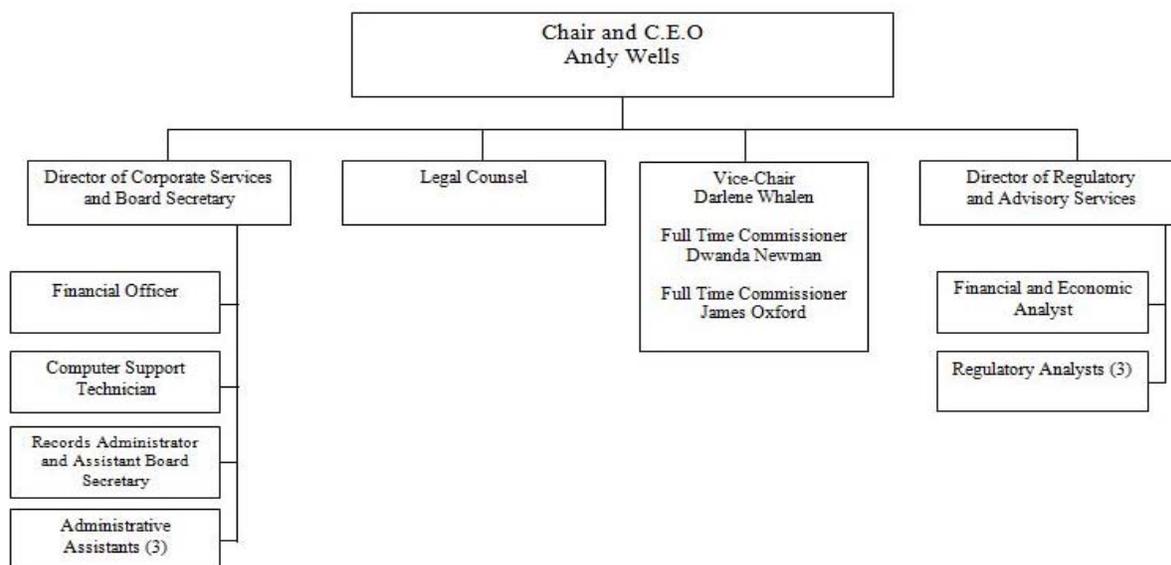
Created by statute in 1949 the Board is comprised of four full-time commissioners, appointed by the Lieutenant-Governor in Council, including the Chair and Chief Executive Officer and the Vice Chair. The *Public Utilities Act* gives the Chair and Chief Executive Officer the full authority for the overall operation, management and financial administration of the Board.

The Board has 13 permanent full-time staff located in offices in St. John's.

The Board's functional organizational structure, shown in the Board's Organizational Chart (Figure 1), consists of **regulatory and advisory services** and **corporate services**. Regulatory and Advisory Services oversees the Board's regulatory mandate with responsibility for coordination and management of applications, research, investigations, compliance monitoring, financial/technical reviews and customer complaints.

Corporate Services is responsible for management of the internal administrative functions of the Board including finance, communications, information technology and human resource services.

*Figure 1*  
*Board Organizational Chart at April 1, 2014*



## **Mandate**

The Board operates as an independent, quasi-judicial tribunal constituted under the *Public Utilities Act*.

The Board has mandated responsibilities as set out in the following legislation:

*Public Utilities Act*  
*Electrical Power Control Act*  
*Automobile Insurance Act*  
*Insurance Companies Act*  
*Petroleum Products Act*  
*Motor Carrier Act*  
*Expropriation Act*  
*Public Utilities Acquisition of Lands Act*

The *Public Utilities Act* defines the general powers of the Board, granting authority for the general supervision of public utilities to ensure compliance by public utilities with the law. The public utilities regulated by the Board include Newfoundland Power Inc. and Newfoundland and Labrador Hydro.

The *Electrical Power Control Act* sets out the power policy of the province and provides the Lieutenant Governor in Council with the authority to refer electrical power matters to the Board. The Board also has responsibility under this Act with respect to the establishment and oversight of water management agreements between power suppliers on rivers.

The *Automobile Insurance Act* gives the Board responsibility for the general supervision of the rates an insurer charges or proposes to charge for automobile insurance in the Province. The Board also has responsibilities in relation to the underwriting guidelines and risk classification systems of insurers operating in the Province. Under the *Insurance Companies Act* the Lieutenant Governor in Council can direct the Board to undertake a review of any aspect of insurance in the province.

The *Petroleum Products Act* sets out the manner in which the Board is required to establish maximum prices for regulated petroleum products in the province.

The *Expropriation Act* requires the Board, at the request of the Minister of Transportation and Works or the City of St. John's, to determine the appropriate level of compensation for land expropriated by Government or the City of St. John's.

The *Motor Carrier Act* gives the Board the power to grant certificates and approve rates for public service carriers such as ambulance operations and regularly scheduled bus service along the Trans Canada Highway.

These Acts fall under the responsibility of various departments of Government, including the Department of Justice (*Public Utilities Act*), Service NL (*Automobile Insurance Act, Insurance Companies Act, and Petroleum Products Act*) and the Department of Natural Resources (*Electrical Power Control Act*).

To deliver its regulatory mandate the Board conducts public hearings, technical conferences, stakeholder meetings, compliance monitoring, audits, detailed technical/financial reviews and investigations.

## **Values**

The Board takes significant pride in the regulatory work it performs on behalf of the people of the Province. The Board believes it must not only be open, transparent and accountable but also must carry out its mandate in a way that reflects a standard of excellence and demonstrates a competence and responsiveness that will engender public trust and confidence.

### **Excellence**

The Board strives for excellence in the performance of its duties. It endeavors to write reports, decisions and orders that are of the highest quality, well reasoned and understandable.

### **Integrity**

The Board is committed to adhering to the highest ethical and professional standards in the performance of its duties and responsibilities.

### **Objectivity and Fairness**

Openness and transparency are essential elements in regulation. The Board strives to ensure that its activities are conducted in compliance with the legislation and regulations by applying legal and regulatory standards objectively and fairly.

### **Public Trust and Confidence**

The Board takes ownership and responsibility for all of its actions and decisions. The organization is managed responsibly in order to maintain the confidence, respect and trust of the public, stakeholders and Government.

### **Teamwork**

The Board believes that teamwork and a spirit of cooperation are essential to its success.

## **Primary Clients**

In serving its clients the Board strives to achieve an equitable balance between the interests of consumers and service providers in the electric utility, automobile insurance, petroleum product and motor carrier industries. These clients include:

- Electrical Utilities
- Petroleum Products Wholesalers and Retailers
- Automobile Insurance Companies
- Electricity Consumers
- Automobile Insurance Customers
- Petroleum Products Customers
- Consumer Advocate

## **Vision**

The vision of the Board of Commissioners of Public Utilities is excellence in regulation which engenders the trust and confidence of the people of the Province.

## **Mission**

As a Category 3 entity the Board has the option of developing its own mission, adopting the mission of its responsible department, the Department of Justice, or choosing to do neither and not express a mission statement in its activity plan. As an independent, quasi-judicial regulatory tribunal it would not be appropriate for the Board to adopt the mission of the Department of Justice as the Board's work does not contribute to the Department's goals and objectives. The Board has also determined that the development of its own mission would be repetitive of its mandate and objectives. For these reasons the Board will not be stating an explicit mission in its activity plan.

## **Strategic Directions**

A strategic direction is the articulation of desired physical, social or economic outcomes set by Government that would require action or involvement of more than one government entity. The *Transparency and Accountability Act* requires government entities to take into account these strategic directions in preparing their performance-based plans. The strategic directions of government, as communicated by the Minister of Justice, were considered in the development of the plan; however, none were applicable to the Board at this time.

## **Strategic Issues**

The 2014-2017 planning cycle marks an opportunity for the Board to build upon previously identified priority action areas. Over the next three years the focus will be on further strengthening the efficiencies realized and ensuring continual support of an effective and responsive regulatory environment.

The Board's work is responsive in nature. The Board prepares its work and activity plans around its annual regulatory calendar of routine filings and applications filed in compliance with previous Board orders and legislative requirements. While the Board has full control over its regulatory processes circumstances beyond the Board's control, such as the submission of major applications requiring timely decisions, referrals from government and unforeseen investigations can significantly impact the Board's regulatory agenda.

Over the next three years the Board has a very demanding regulatory calendar. In late December 2013 and early January 2014 power outages on the Island Interconnected system resulted in the establishment of an investigation and hearing process that will significantly impact the Board's activities in 2014-15 and into 2015-16. The hearing of Hydro's general rate application is running concurrent to the supply issues investigation and hearing. The Board is also anticipating a number of major applications that will be time sensitive and require significant dedication of Board resources. Newfoundland Power is also expected to file a general rate application in 2015 for new rates for 2016.

In 2017 the Muskrat Falls generating station will be interconnected with the North American electrical grid which may result in a new regulatory regime for the provincial electrical system. In January 2014 Government also announced "*An independent review will be conducted to look at the current electricity system in Newfoundland and Labrador and how it operates, is managed and is regulated as the province moves from an isolated system to an interconnected system.*" The potential impacts on the Board's regulatory operations are unknown at present. The Board will continue to build on its human resource strategy to ensure required resources and capacity are available to respond to a possible new regulatory framework and to be able to support a new legislative mandate as required.

In meeting its vision for openness and transparency the website provides information to its primary clients on the significant applications and matters before the Board. Stakeholder and consumer feedback has generally been positive. The amount and complexity of information being posted has increased significantly over the last number of years. The Board will complete a review of its website to assess whether the information posted is relevant and meets the primary needs of its end users.

The Board's primary focus is to maintain an organization that is responsive to change and is capable of meeting new challenges while completing its on-going regulatory calendar. To meet the changing regulatory environment the Board has identified the issue of continued regulatory responsiveness as the key priority over the next three fiscal years.

Over the three years covered by this Activity Plan, the Board will have a consistent focus and objective. The below noted objective will be utilized for the 2014-15, 2015-16 and 2016-17 fiscal years, and will be reported on in the Board’s Annual Reports.

**Issue: Regulatory Responsiveness**

The Board has provided regulatory leadership by being responsive, proactive and innovative in the successful completion of many of its regulatory initiatives. In particular the Board has made significant progress in streamlining its regulatory framework and reducing regulatory costs. The Board is committed to building on the efficiencies achieved and will continue to make improvements where required.

<b>Objective</b>	<b>By March 31, 2015, the Board will have enhanced effective and efficient regulation.</b>
<b>Measure:</b>	
<b>Effective and efficient regulation enhanced</b>	
<b>Indicators:</b>	
Effective regulatory response	
Enhanced website	
Enhanced internal capacity	