



British Columbia
Utilities Commission

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Chair and CEO

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VIA EMAIL

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May 5, 2017

Christina Zacharuk
Public Sector Employers' Council
Suite 210, 880 Douglas Street
V8W 2B7

Dear Christina Zacharuk

Re: British Columbia Utilities Commission - Attestation

This letter is provided to confirm the compensation information uploaded to the Labour Information Gathering and Executive Reporting Program is accurate and the Commission has remained within the established compensation framework.

Regards,

A handwritten signature in blue ink, appearing to be "DM", written over a light blue horizontal line.

David Morton

PURPOSE

The British Columbia Utilities Commission (Commission) is required to disclose compensation of its CEO and the next four highest paid executives who earn \$125,000 or more on an annual basis pursuant to the Public Sector Employers Act, Section 14.8. This document provides information for context to the compensation report enclosed.

COMPENSATION DISCUSSION AND ANALYSIS

As a public sector organization, the Commission designs and administers executive compensation within its approved compensation plan for executives. The Commission competes with regulated entities, accounting and other professional firms to hire and retain staff with the required knowledge, skills and abilities in addition to regulatory expertise.

The Commission's current compensation plan restricts its ability to recruit necessary talent and in turn complicates its ability to deliver on its mandate. This shortcoming was identified in the Independent Review of the Commission initiated by provincial Government in April 2014. The Final Report on the Independent Review was released in February 2015 and concluded that current limits on Commission compensation interfere with the Commission's ability to recruit and retain qualified staff.

COMPENSATION PHILOSOPHY

Due to current compensation mandates the Commission is unable to provide a total compensation program that will attract and retain competent and motivated individuals to assist in fulfilling its mission.

The Commission's compensation philosophy is grounded on four primary principles.

Principle 1 – Performance

Diverse factors are used to determine individual compensation. Performance is directly linked to performance targets and measured throughout the year and, for senior positions, an overall review of the division's performance. The Commission supports and promotes a performance-based (merit) organizational culture and determines progression through approved salary ranges by analyzing employee performance relative to established annual performance plans and targets. Natural, year-over-year progression through an approved salary range is also considered. For senior (management) positions, compensation is contingent on both individual and division (team) performance.

Principle 2 – Accountability

The Commission strives to provide total compensation equivalent to the median total compensation provided to comparable positions. External benchmarks allow the Commission to make objective, clear, and well-documented compensation decisions which demonstrate the appropriate expenditure of public accountability. While the knowledge gained from comparing and benchmarking compensation is valuable, this approach has been tempered by the current restrictions on government compensation.

Principle 3 - Differentiation

The Commission strives to provide internally equitable compensation; the Commission supports differentiation of salary where there are differences in the scope, responsibilities and impact of the position within the organization.

Principle 4 – Transparency

In the interest of transparency, both internally and externally, the Commission's compensation program is designed, managed, and communicated in a manner that ensures clear understanding. The Commission released an internal *Human Resources Policy Manual* in May 2015 in which compensation and operation policies are described.

PERFORMANCE INCENTIVE PROGRAM

As mandated by government the Performance Incentive Program was discontinued as of March 31, 2014.

BENEFITS

The Commission participates in the BC Public Service Benefit Program; the services in this plan include: group life insurance, medical, extended health and dental and long term disability plans. Employees of the Commission are also enrolled in the Public Service Pension Plan.

Further details regarding the Commission are available in the annual report which can be accessed on the Commission's website at <http://www.bcuc.com/AnnualReport.aspx>.

BC Utilities Commission

Summary Compensation Table at 2017

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2016/2017 Total Compensation	Previous Two Years Totals Total Compensation	
							2015/2016	2014/2015
David Morton, Chair and CEO	\$ 180,073	-	\$ 9,757	\$ 21,224	\$ 4,421	\$ 215,475	\$ 56,267	
Doug Chong, Director, Energy	\$ 149,326	-	\$ 12,745	\$ 15,488	\$ 2,941	\$ 180,500	\$ 181,861	\$ 175,624
Philip Nakoneshny, Director, Rates	\$ 12,155	-	\$ 1,498	\$ 1,146	\$ 202,248	\$ 217,047	\$ 185,321	\$ 178,357

Summary Other Compensation Table at 2017

Name And Position	All Other Compensation	Severance	Vacation payout	Leave payout	Vehicle / Transportation Allowance	Perquisites / other Allowances	Other
David Morton, Chair and CEO	\$ 4,421	-	-	-	-	-	\$ 4,421
Doug Chong, Director, Energy	\$ 2,941	-	\$ 2,287	-	-	-	\$ 654
Philip Nakoneshny, Director, Rates	\$ 202,248	\$ 145,931	\$ 7,290	-	-	-	\$ 49,027

Notes

David Morton, Chair and CEO	Other Note: Parking
Doug Chong, Director, Energy	Other Note: Air Quality Incentive (maximum \$200) and Association Dues
Philip Nakoneshny, Director, Rates	General Note: Total compensation of \$145,931 lump sum was paid as severance in FY2017. Severance be paid in 2017/2018 is \$110,047 lump sum. Other Note: Executive Benefit Earned P/O and Parking (\$254.10)