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June 13, 2014

Via Email

BCUC Review Independent Task Force
bcucreview@gov.bc.ca

Attention: Messrs. Peter Ostergaard, Michael Costello, and R. Brian Wallace

Dear Sirs:

Re: FortisBC Utilities Submissions on Terms of Reference of the Independent Review of the British Columbia Utilities Commission

On April 28, 2014, the Ministry of Energy and Mines (MEM) and Minister Responsible for Core Review announced an independent review of the British Columbia Utilities Commission (BCUC or the Commission). MEM appointed a Task Force to implement the independent review of the BCUC (the Review). The Review process includes consultation with key stakeholders as well as written submissions, with the first round due June 13, 2014, and a second round due July 7, 2014.

The FortisBC Utilities (FortisBC or the Companies) are comprised of three natural gas regulated entities, FortisBC Energy Inc. (FEI), FortisBC Energy (Vancouver Island) Inc. (FEVI), and FortisBC Energy (Whistler) Inc. (FEW), one electric regulated entity, FortisBC Inc. (FBC) and one thermal energy regulated entity, FortisBC Alternative Energy Services Inc. (FAES). The FortisBC gas utilities provide service throughout the Inland, Columbia, Fort Nelson, Lower Mainland, Vancouver Island and Whistler regions of BC and serve approximately 962,000 residential, commercial and industrial customers. FortisBC's electric utility provides service throughout the southern interior of BC and serves approximately 128,900 direct and 34,100 indirect residential, commercial and industrial customers. FAES develops and operates Thermal Energy Services projects.

FortisBC has had, and continues to have, significant interaction with the BCUC and is supportive of the regulation of its operations in British Columbia. FortisBC believes that utility regulation needs to be effective and efficient in order to provide the most benefit to all stakeholders.

Historically, the BC regulatory environment has been viewed as being a reasonable and progressive regulatory regime. Effective communication and cooperation between stakeholders resulted in more constructive and efficient regulatory processes and timely decisions. While the current BC regulatory environment is still generally reasonable, in recent years the efficiency of the regulatory environment has somewhat declined due to a general increase in process, costs and time to decision.

Timely and effective regulatory process management by the BCUC is vital to meet the needs of its stakeholders. FortisBC believes it is important to consider the elements that made the past BC regulatory environment successful when considering how to enhance the current regulatory environment efficiency.

FortisBC believes that some operational and administrative changes at the Commission, while maintaining the current legislative framework, will allow for enhancements to be achieved more quickly to the benefit of all stakeholders. The key recommendations in FortisBC's submissions are summarized below:

- Develop and adhere to guidelines for timelines to review and render decisions on applications;
- Re-establish the position of Executive Director within the BCUC to direct and supervise staff and coordinate the review of applications;
- Better balance of full-time and part-time Commissioners to allow for continuity in the review of applications; and
- Develop guidelines for determining standing of possible participants to an application review process to maximize the likelihood of targeted intervenor participation benefiting ratepayers and assisting the Commission and regulatory process.

FortisBC understands that the Task Force has retained a consultant to undertake a review of comparable utility regulatory jurisdictions, and would appreciate an opportunity to review the consultant's report prior to the second round of written submissions. FortisBC provides the following first round submissions on the Terms of Reference scope items for the Review of the BCUC.

Terms of Reference Scope

1. A review of comparable utility regulators and models in other jurisdictions, along with key benchmarks

- FortisBC views the past BC regulatory environment as a generally reasonable and progressive regime. This view of the BC regulatory environment was also shared by FortisBC affiliates and peers in other Canadian jurisdictions;
- This view of the BC regulatory environment was due in part to the Commission's efficient processes and timely issuance of decisions;

- Additionally, the past BC regulatory environment generally included effective communication and cooperation between stakeholders which was reflected in the more frequent use of Negotiated Settlement Processes (NSPs);
- Credit rating agencies, such as DBRS and Moody's, consistently factored in the reasonable and progressive BC regulatory environment as a strength in their rating considerations;
- The BC regulatory environment has changed in recent years, with a general increase in more regulatory processes, time to decision, and regulatory costs;
- The changing BC regulatory environment has been noted by credit rating agencies;
- In its 2004 Credit Rating Report for FBC, DBRS rated the BC regulatory environment as progressive, stating, "FortisBC operates in British Columbia, which has one of the most progressive regulatory environments in Canada";
- DBRS' 2013 Credit Rating Report assessment of the BC regulatory environment, while still generally reasonable, is more tempered, stating only that BC is "a stable and reasonable regulatory environment";
- FBC received a credit opinion from Moody's Investors Service dated June 26, 2013 recognizing that although the BC regulatory environment generally settles rate concerns in a more cooperative atmosphere, "further contention in rate proceedings would weaken the support of this view.";
- Although as noted above Moody's still views the BC regulatory environment positively, it has downgraded its assessment of the regulatory framework in FEI's rating reports from 'Aa' in 2011 to 'A' in 2012;
- FortisBC believes it is important to consider the elements that made the past BC regulatory environment successful when considering how to enhance the efficiency of the current regulatory environment;
- FortisBC surveyed other regulatory jurisdictions and is not aware of a better overall regulatory model outside of BC; however FortisBC sees value in adopting certain elements from other regulatory jurisdictions.

2. BCUC processes:

a. Existing levy funding model and possible alternatives

- FortisBC believes that the existing levy funding model continues to be an acceptable method of utility funding of the BCUC but consideration should be given to cost control mechanisms to ensure that greater transparency and efficiency are brought to the operations of the Commission;
- FortisBC notes that BCUC levies to FortisBC have increased by approximately 50 percent and that total staff count has increased by approximately 43 percent since 2009¹. FortisBC understands that BCUC costs are somewhat dependent on the

¹ BCUC levies charged to the FortisBC utilities in 2009 totaled approximately \$1.7 million and in 2013 totaled approximately \$2.6 million. BCUC staff count in 2009 was 28 and in 2013 was 40.

number and complexity of applications, inflation and other factors, however, in the opinion of FortisBC, these increases in BCUC levies have not resulted in more efficient or effective BCUC hearing processes;

b. Timeliness, effectiveness, efficiency and cost of reviews

- In recent years, FortisBC has experienced an increase in the time taken by the Commission to reach a decision on its applications, an increase in the amount of process in its applications and an increase in the cost of these regulatory processes;
- The following comparison of revenue requirements applications filed by FBC in 2004 and 2011 illustrates that despite being similar applications filed under similar circumstances, the 2012-2013 Revenue Requirements Application (2012-13 RRA) process reflects the increases mentioned above:
 - In 2004 FBC filed its 2005 Revenue Requirements Application² (2005 RRA) which included a System Development Plan, Demand Side Management Plan and Resource Plan. The 2005 RRA also included expert evidence on FBC's capital structure and risk premium. In 2011 FBC filed a very similar revenue requirements application³ (2012-13 RRA) but for a two year period, which also included an Integrated System Plan, Demand Side Management Plan and Resource Plan. No evidence was filed regarding capital structure or risk premium;
 - Both applications used cost of service ratemaking to determine the revenue requirements and both applications were filed following a long period of rate setting using performance based ratemaking. The 2005 RRA was the first revenue requirements application filed with the BCUC under the new Fortis Inc. ownership;
 - The 2005 RRA included one round of information requests (totaling 948) from the Commission and interveners, four technical committees and a four day oral public hearing. The 2012-13 RRA included two rounds of information requests (totaling 1,699), one technical committee and a five day oral public hearing;
 - A decision on the 2005 RRA was issued within six months of the application filing date⁴. A decision on the 2012-13 RRA was issued more than 13 months after the application filing date⁵;
- The following comparison of applications filed by FEI in 2004 and 2013 requesting approval of a performance based ratemaking mechanism to set rates illustrates the difference in the review processes over time:
 - In 2003 FEI filed its 2004-2008 Performance Based Ratemaking Application (2004-08 PBR Plan) requesting approval of a PBR mechanism for the years 2004-2008⁶. In 2013 FEI filed its Application for Approval of a Multi-Year Performance Based Ratemaking Plan for the years 2014-2018 (2014-18 PBR

² <http://www.bcuc.com/ApplicationView.aspx?ApplicationId=60>

³ <http://www.bcuc.com/ApplicationView.aspx?ApplicationId=312>

⁴ The 2005 RRA was filed on November 26, 2004 and a Decision was issued on May 31, 2005.

⁵ The 2012-13 RRA was filed on June 30, 2011 and the Decision was issued on August 15, 2012.

⁶ The 2004-2008 PBR Plan was negotiated for four years and became the 2004-2007 plan, which was later extended to 2008-2009.

- Plan) requesting approval of a similar PBR mechanism to the 2004-2008 mechanism⁷;
- The 2004-07 PBR Plan included one round of information requests (totaling 370) and a negotiated settlement and a decision was issued just over three months after the application filing date. The 2014-2018 PBR Plan, while not yet concluded, consisted of three rounds of information requests (one joint round with FBC), totaling over 3,500, and a decision is expected in the fall of 2014, nearing approximately 15 months after the initial filing date of the application;
 - The increase in information requests posed by BCUC staff has contributed to the decreased efficiency of regulatory review processes in recent years without adding commensurate value to the record, especially with respect to revenue requirements applications⁸;
 - In FortisBC's experience, the increasing amount of information requests from BCUC staff can be attributed to the fact that many of the information requests are:
 - investigative of historical information already available from previous applications and processes and not directly relevant to the current application;
 - investigative of activities that have been previously determined by a Commission decision, and therefore duplicative to what has already transpired;
 - intended to fill in all apparent gaps in the evidentiary record without regard to their relevancy to the key issues of an application;
 - The nature and amount of information requests posed in recent applications has added to the length and cost of review processes with, in the opinion of FortisBC, limited added benefit to the process or decision. FortisBC also notes that the amount of time spent in responding to marginal information requests necessarily detracts from the time and attention that can be focussed on responses which may in fact be more important;
 - The sheer amount of information added to the record of applications due to information requests may actually detract from the process. It is frequently difficult for FortisBC to ascertain whether the questions are intended to probe a matter of concern to Staff or just to fill the record. All of the material must be reviewed by stakeholders and Commissioners, which has required FortisBC to provide expanded written arguments to cover off many issues raised by Commission IRs that may or may not have been of significance to begin with. The vast amount of material ultimately limits the amount of attention that can be given to key issues and inevitably lengthens the amount of time required to come to a decision by the Commission⁹;
 - As noted in FortisBC's response to item 2a, increasing regulatory process has similarly resulted in an increase in regulatory costs. BCUC costs, intervener funding

⁷ A 2014-18 PBR Plan was also filed by FBC and the review process for the applications and a joint review process was established by the Commission.

⁸ Total number of IRs answered by the FortisBC Energy utilities in 2013 was approximately 7,800 compared to the total IRs answered in 2006 of approximately 1,200.

⁹ In FEI's Application for a Multi-Year Performance Based Ratemaking Plan for the years 2014 through 2018, BCUC IRs resulted in over 3,000 pages of evidence being added to the record.

costs and internal application costs have all increased over time, and increased regulatory costs are ultimately borne by utility ratepayers¹⁰.

c. Standing/funding for interveners

- The basis on which standing is granted to potential participants in a process affects whether the regulatory process will be efficient and cost effective. Ratepayers should not pay for interveners to pursue irrelevant or immaterial issues. Ratepayers pay this cost in at least two ways; through participant funding, if granted, and even if it is not, through decreased regulatory efficiency. Therefore, FortisBC believes that guidelines should be developed that set out the criteria for establishing standing in a regulatory proceeding for potential participants;
- FortisBC recommends that among the factors to be considered in determining the value or benefit of the proposed intervention should be whether or not the proposed intervener is or is not representing a ratepayer interest of the involved utility. FortisBC's concern is with respect to interveners who are not customers of the Companies that perpetually intervene in FortisBC's processes advocating a position for their singular benefit to the potential detriment of the Companies' ratepayers. FortisBC notes that the Commission had this concern in mind in FBC's recently completed 2012 Advanced Metering Infrastructure (AMI) CPCN Application, and did deny standing to potential participants that were not direct customers of FBC;
- FortisBC notes that the Ontario Energy Board (OEB or the Board) recently concluded the first phase of its *Consultation to Review the Framework Governing the Participation of Intervenors in Board Meetings*. The resulting changes to the OEB's intervener framework include the provision of a clear statement from a prospective intervener appointing and authorizing the individual(s) to represent them in Board meetings. Such statement is to satisfy the Board that the representative is accountable to the intervening organization or constituency¹¹;
- FortisBC believes that the BCUC Participant Assistance/Cost Award Guidelines set out in Appendix A to Order G-72-07 (the PACA Guidelines) allow for adequate funding for interveners whose standing has been established (and who otherwise meet the funding criteria) to participate in regulatory processes, and that the Commission has applied its judgement in awarding PACA to reasonable effect, where FortisBC has seen the Commission limit PACA awards based on the relative value of the participant's intervention;
- The PACA Guidelines also allow consideration by the Commission Panel of a participant's ability to participate in the proceeding without an award and FortisBC submits that the Commission Panel should give greater weight to this consideration. For clarity, where an intervener has the means to participate without an award, no

¹⁰ PACA awards paid to interveners by the FortisBC Energy Utilities in 2006 totaled approximately \$0.15 million and \$0.97 million in 2013. BCUC direct charges to the FortisBC Energy Utilities in 2006 totaled approximately \$0.15 million and \$0.77 million 2013. In 2006, the FortisBC Energy Utilities had 12 major regulatory proceedings, and in 2013 only 6 major proceedings.

¹¹ OEB Review of the Framework Governing the Participation of Intervenors in Board Proceedings – Completion of First Phase,
<http://www.ontarioenergyboard.ca/oeb/Industry/Regulatory%20Proceedings/Policy%20Initiatives%20and%20Consultations/Framework%20Governing%20Participation%20of%20Intervenors>

PACA funding should be awarded irrespective of whether or not the intervener added value.

d. Review processes

i. Conventional oral and written public hearings

- FortisBC believes that overall the Commission has used appropriate processes for the review of applications;
- Due to the time and cost of oral hearings, conventional oral hearings should be limited to extraordinary processes where cross-examination and oral testimony is necessary to aid and complete written evidence already on the record;
- In FortisBC's experience, the Commission has generally been judicious in its use of oral hearings and has also been effective in determining appropriate scope for oral hearings where not all issues in an application require cross-examination and oral testimony¹². Limiting the scope of oral hearings to key issues serves to increase the efficiency and cost effectiveness of this type of regulatory review. Additionally, the Commission has made effective use of town hall or community input sessions in cases where there is broad stakeholder opinion that is not necessarily suited to an oral hearing format (one example being FBC's AMI CPCN Application);
- In most cases, written and other alternative hearing processes provide a complete and adequate evidentiary record for decision making purposes.

ii. Alternative review processes, including expedited hearing processes and negotiated settlement processes

- FortisBC's experience with the Streamlined Review Process (SRP) has been positive. FortisBC believes that there is opportunity to make greater use of the SRP, however the current SRP guidelines limit the use of this type of process;
- The SRP has elements of the oral hearing; it gives participants the ability to ask questions directly to the applicant and engage in a discussion of issues to enhance the understanding of all stakeholders of issues that are key to the merits of the application;
- Stakeholders also have the ability to provide their position on the application at the end of the SRP, with the Commission Panel typically providing a decision within a very short timeframe (oral reasons for decision are even possible);
- FortisBC recommends removing impediments in the existing guidelines to using SRP more broadly;
- FortisBC encourages the broader use of the Negotiated Settlement Process (NSP) where appropriate. However, the success of an NSP is dependent on all parties

¹² Two recent examples of the Commission's use of effectively scoped oral hearings for the review of applications are the FEI and FBC Applications for a Multi-Year Performance Based Ratemaking Plan for 2014 through 2018 (2014-2018 PBR Application) and FBC's AMI CPCN Application.

being willing to negotiate in good faith. This cannot be forced upon parties; therefore, FortisBC does not believe NSPs should be mandated.

iii. Involvement of the BCUC in alternative regulatory processes

- FortisBC believes BCUC staff involvement in an objective, neutral and advisory role in regulatory processes is important for efficient and cost effective processes;
- FortisBC believes that the role of Commission staff is to provide objective technical and administrative support to Commissioners in reviewing utility applications. While recognizing the NSP Guidelines have special provisions for the role of Commission staff in that particular process, FortisBC further believes that BCUC staff should be fulfilling a role that is more akin to a mediator, rather than a party who takes positions on particular issues;
- FortisBC believes there is value in the more frequent use of technical committees and stakeholder working groups to help better educate all parties on the issues and focus issues in an application.

iv. Generic proceedings on specific issues that apply to more than one utility

- FortisBC does not support the expanded use of generic proceedings;
- BC, with only a few large utilities, has limited instances of common issues affecting multiple utilities that would benefit from the use of generic proceedings;
- The most common use of a generic proceeding is for the regulatory review of cost of capital, as all utilities are subject to regulatory determinations with respect to allowed ROE and capital structure. However, even in this instance, the benefits are limited as BC uses a benchmark approach where utilities other than FEI (the designated benchmark) have their respective cost of capital set in reference to the benchmark.

v. Opportunities to make hearing processes more efficient and more focused

- FortisBC believes that there is opportunity to develop a guideline or policy that sets out a simple framework for the efficient review of applications that takes into consideration timelines around the deliberation and rendering of decisions on applications;
- FortisBC believes timely decisions are crucial for business planning purposes and for a utility's ability to react to market opportunities and customer requirements, and that they allow utilities to implement decisions in a more efficient manner to the benefit of all stakeholders;
- FortisBC would support and participate in the development of guidelines that establish general timeframes based on the type of application in which applications are to be reviewed and a decision rendered within a specified time from the filing date;
- Decisions may be rendered outside of the guidelines, but the Commission would be required to justify varying from the guidelines;

- Many other jurisdictions have timelines for the review of applications, including Ontario¹³, Oregon¹⁴, and Vermont¹⁵;
- Actual time to decision performance metrics should be tracked and reported for transparency purposes.

vi. The role, effectiveness and use of guidelines and policies

- FortisBC believes that guidelines and policies are important in achieving effective and efficient BCUC processes;
- Guidelines and policies set out expected requirements, conduct and process for all participants to a process, while still allowing sufficient flexibility for variances in extraordinary circumstances;
- Please also see FortisBC's submissions in item 2d(v) on the development of guidelines for timelines for review.

vii. Application cycle (turnaround) times and establishing timelines for reviews and decisions

- FortisBC supports the establishment of timelines for the completion of reviews and issuance of decisions. Please refer to FortisBC's submissions under item 2d(v).

viii. Coordinated regulatory processes

- FortisBC supports the use of coordinated regulatory processes where and when requested by the applicant;
- FortisBC has already pursued coordinated regulatory processes between its various entities for applications where a combined process would result in increased effectiveness and efficiency;
- FortisBC does not support the development of specific guidelines regarding coordinated regulatory processes as the value of coordination is largely dependent on the commonality of the applications in question.

3. Structure, resource needs and performance of the BCUC (including but not limited to):

a. Review the use of stakeholder representation models in other jurisdictions and implications on the role of staff

- FortisBC does not support moving to a regulatory model based on a full-time consumer advocate or similar office as such a model may not necessarily improve efficiency or effectiveness for the following reasons:

¹³ Ontario Energy Board Rules of Practice and Procedure (Revised November 16, 2006, July 14, 2008, October 13, 2011, January 9, 2012, January 17, 2013 and April 24, 2014)

¹⁴ <http://www.puc.state.or.us/Pages/consumer/rates.aspx>

¹⁵ In Vermont, rate cases can take up to 7 months.

<http://psb.vermont.gov/utilityindustries/electric/backgroundinfo/altreg>

- If intervener groups are still able to participate along with the consumer advocate, overlapping interests and increased costs are very likely to occur;
 - FortisBC submits that establishing intervener standing (similar to FortisBC's suggestions in item 2c) is even more critical under this model, and the existing system of funding interveners would need to cease or be amended;
- Typically, consumer advocates represent residential customers (and sometimes commercial customers). A consumer advocacy model could result in certain views not being represented in a process;
 - FortisBC submits if a consumer advocate model is adopted, then intervention besides the consumer advocate should be allowed, subject to intervener standing rules (similar to FortisBC's suggestions in item 2c) and funding may be provided if the intervener does not have the means to participate otherwise;
- Having a dedicated body whose sole mandate is to intervene in applications can result in that party creating additional process in order to justify its existence;
 - FortisBC submits that if such a group or representative is established, there must be transparency in the operations and costs of the dedicated consumer advocate;
 - The guiding principle for a dedicated consumer advocate should not be limited to intervention and representation but also to improve efficiency of the process;
- Clear separation between the BCUC and the consumer advocate office is necessary.

b. Recruitment, retention and compensation of BCUC staff and Commissioners, and staffing levels

- FortisBC supports an examination of the compensation structure of Commissioners and staff to ensure recruitment and retention of qualified individuals;
- Retention of knowledgeable BCUC staff and Commissioners is important for the effectiveness and efficiency of the BC regulatory environment. FortisBC submits that market competitive compensation for BCUC staff and Commissioners may also result in lower overall BCUC costs as the long-term retention of knowledgeable and qualified individuals would result in more efficient and cost-effective regulatory processes and decreased use of outside consultants;
- FortisBC submits that recruiting and retaining qualified BCUC staff and Commissioners require market competitive salary compensation¹⁶;

¹⁶ Current compensation philosophy and compensation levels for the CEO, directors and Commissioners are set out on the Commission's website at the following link: <http://www.bcuc.com/ContactStaff.aspx>. The Commission compensation philosophy is benchmarked against "comparable positions by relevant comparison employers and from time-to-time, the Commission benchmarks its compensation to the relevant market (i.e. regulatory tribunals, energy and utility companies, public utilities, and the general employment market)."

- FortisBC further submits that a portion of BCUC staff compensation could be incentive based and earned based on staff performance in order to promote regulatory efficiency.

c. Organizational structure and BCUC composition, including:

i. Potential Vice-Chair and Executive Director positions

- FortisBC supports the re-introduction of an Executive Director position at the BCUC staff level;
- FortisBC submits that the Executive Director role should include the following:
 - supervising the operations and administrative functions of the Commission allowing the BCUC Chair to sit on more panels;
 - ensuring consistency and efficiency in the administration of applications;
 - engaging relevant government ministries to clarify potential conflicts between regulation and policy;
 - together with staff, providing applicants, prior to applications being filed, with feedback on the key considerations the Commission will likely focus its review on;
 - providing the scope of material issues within an application to bring focus to the development of the evidentiary record, and the efficient use of the information request process to ensure that they are focussed and germane to the material issues, which would, in turn, result in more timely decisions. This could extend to reviewing the information requests of BCUC staff;
 - measuring and reviewing staff performance, and acting as the liaison between the utilities and staff when an issue arises with respect to staff performance.

ii. Full-time versus part-time Commissioners

- FortisBC believes a good balance of part-time and full-time Commissioners is appropriate, Regulatory workload is not constant, and therefore retaining only full-time Commissioners is not efficient or cost effective;
- A better understanding of utilities and utility applications is gained through Commissioner continuity and a better understanding contributes to more efficient and effective regulatory processes and decisions. Therefore FortisBC recommends that the Commissioner structure be better balanced with more full-time Commissioners.

iii. Experience and knowledge

- FortisBC believes that the pool of experience and knowledge of Commissioners as a group should reflect a balance of experience and knowledge relevant to the regulatory process and utility experience;
 - As a group Commissioners should be able to draw on experience from a broad knowledge base including legal matters or administrative tribunals; financial

matters; engineering matters: as well as business experience, in particular related to utility or energy enterprises;

- The broad base of experience collectively should allow for composition of panels that can draw on different experiences to enhance the review of applications;
- The selection of Commissioners should take into consideration not only the specific knowledge and experience of the individual, but also the overall composition of the pool of Commissioners to ensure a balance of expertise;
- The current group of Commissioners does represent a variety of backgrounds that are relevant and the selection of future Commissioners should keep in mind this balance;
- FortisBC reiterates its submissions under item 3b regarding market compensation being important for the recruitment and retention of experienced and knowledgeable staff and Commissioners.

iv. The need for regulatory process and utility expertise

- Please refer to FortisBC's submissions in item 3c(v) above.

v. Use of BCUC Counsel

- FortisBC submits that BCUC Counsel should maintain its objective and unbiased role in regulatory processes;
- FortisBC believes the role of BCUC Counsel is to provide focus and assistance in completing the evidentiary record, and good judgement, guidance and advice in dealing with various regulatory and legal issues in proceedings.

d. Efficiency (value for money) and effectiveness of operations and performance, including:

i. Identify standard (reported) performance measures to be reviewed or recommend measures to be developed

- FortisBC believes that the adoption and development of Commission performance measures is an important step in adding transparency and visibility to Commission processes, operations and costs;
- FortisBC supports the development of reportable performance measures;
 - Types of performance measures could include efficiency of processes (as measured by time taken to decision, total number of Information Requests and types of regulatory processes used), and Commission costs by proceeding (measuring total Commissioner costs, total consultant costs, etc.);
 - These performance measures could also factor into the incentive based compensation for BCUC staff that FortisBC has recommended in response to item 3b above.

ii. Identify operational impediments

- FortisBC has not identified any specific operational impediments. However, as mentioned above, FortisBC supports the appointment of an Executive Director. This appointment would support and strengthen the BCUC's operational and administrative functions.

iii. Identify specific opportunities for improvements.

- FortisBC believes the considerations noted above will provide enhancements to regulatory processes in BC;
- However, one specific opportunity for improvement that is legislative in nature is with respect to Administrative Penalties Regulation.
- FortisBC submits that the Commission has adequate authority under the *Utilities Commission Act (UCA)* to oversee utilities without the need for the Administrative Penalties Regulation. In addition, the creation of the Performance Monitoring, Conduct and Compliance (PMCC) office as a separate department at the BCUC, which FortisBC believes was partly in response to the establishment of the Administrative Penalties Regulation, in FortisBC's view, is unnecessary, and likely contributes to the increasing Commission costs.

Conclusion

The business and energy environment in BC has evolved considerably over the past few years and is becoming more complex. Timely and effective regulatory process management by the BCUC is vital to support this changing environment.

FortisBC believes that there is the potential to enhance the effectiveness of the BC regulatory framework without legislative amendments and has made recommendations in its submissions for how this can be achieved. The re-establishment of an Executive Director role, making better use of existing alternative regulatory processes, a better balance of full-time and part-time Commissioners and the development of guidelines for timelines for reviewing and deciding applications are some of the key recommendations FortisBC believes will increase the efficiency of the BC regulatory environment.

If further information is required, please contact the undersigned.

Respectfully submitted,

on behalf of the FORTISBC UTILITIES

Original signed:

Roger A. Dall'Antonia