

ACTIVITY PLAN
2011-2014

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Message from the Chair

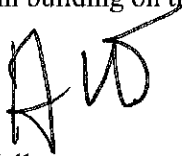
I am pleased to present the 2011-2014 Activity Plan for the Board of Commissioners of Public Utilities. This plan has been prepared in accordance with the directions provided in the *Transparency and Accountability Act* and outlines the goals and objectives in key priority areas for the next three fiscal years April 1, 2011 to March 31, 2014. I am signing on behalf of the governing body which is accountable for the preparation of this plan as well as for the achievement of its goals and objectives.

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

As a Category 3 entity the Board is required to complete multi-year performance based activity plans and must submit annual performance reports to the House of Assembly on its success in achieving its goals and realizing the performance targets or indicators as outlined in the activity plans.

In preparing this activity plan the Board continues to build on the priorities, goals and initiatives that were identified in the past two planning cycles. The Board will continue to respond to emerging issues in regulation by focusing on the management and administration of its processes and practices. This activity plan identifies two strategic priority areas for the next planning cycle: i) enhancing regulatory efficiencies and effectiveness; and ii) enhancing and improving its corporate capacity. The Board will continue to build on past successes by continuing to improve and update our processes to ensure that it has the ability to fulfill its mandate and to respond to future requirements.

The Board's success is the result of the hard work and dedication of the staff and commissioners. I thank them for their contributions in achieving the goals and objectives of the past year and their continued support in building on these achievements in the next planning cycle.



Andy Wells
Chair and Chief Executive Officer

Plan at a Glance

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

By March 31, 2017 the Board will have further improved its capacity to deliver its regulatory mandate effectively and efficiently.

Priority Goals - for the period 2011-2014

Goal I

By March 31, 2014 the Board will have achieved further improvements in regulatory efficiency and effectiveness.

Goal II

By March 31, 2014 the Board will have identified initiatives to enhance corporate capacity.

Overview

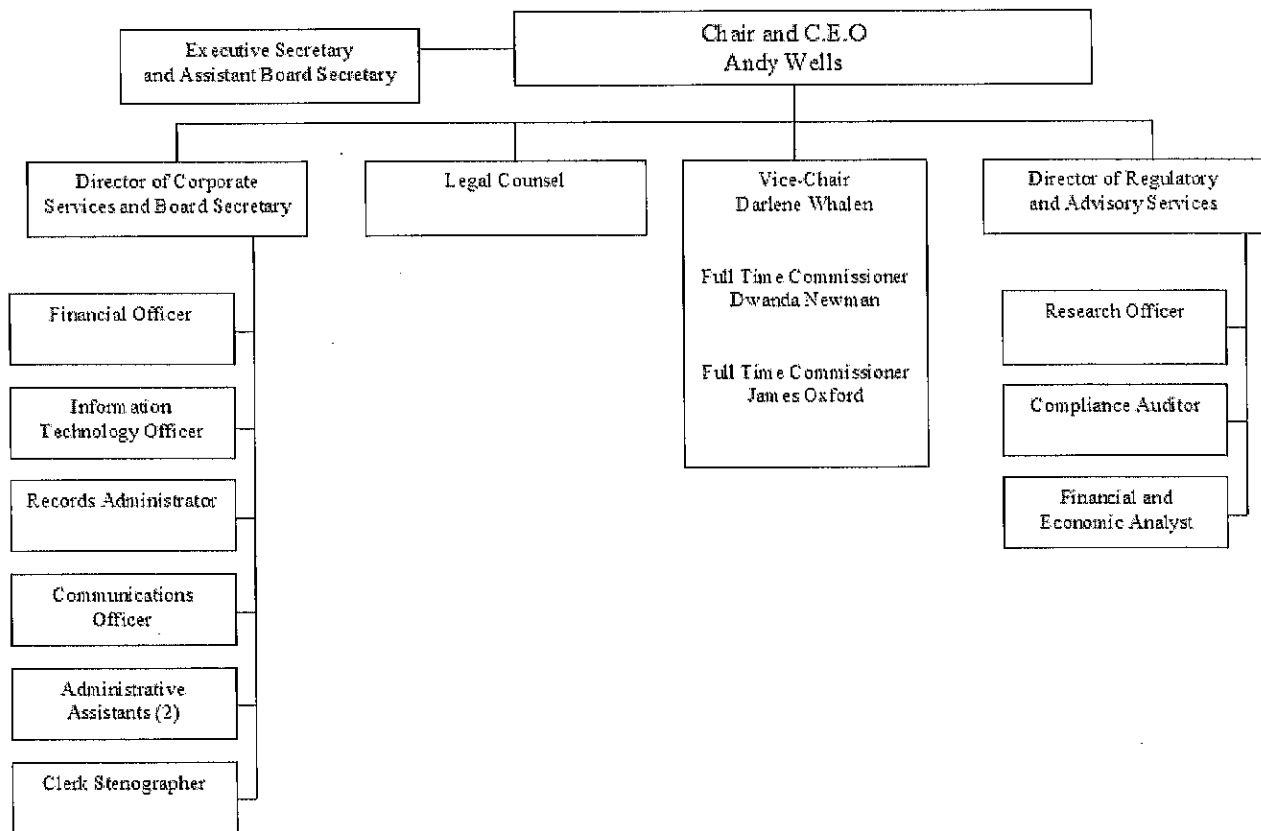
Created by statute in 1949 the Board is comprised of four full-time commissioners, appointed by the Lieutenant Governor in Council, including the Chair and Chief Executive Officer (CEO) and the Vice Chair. The *Public Utilities Act* gives the Chair and CEO the full authority for the overall operation,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

The Board has 14 permanent and 5 contractual staff located in offices in St. John's and Grand Falls-Windsor.

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.

Board Organizational Chart at April 1, 2011



Mandate and Lines of Business

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*), the Department of Government Services (*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

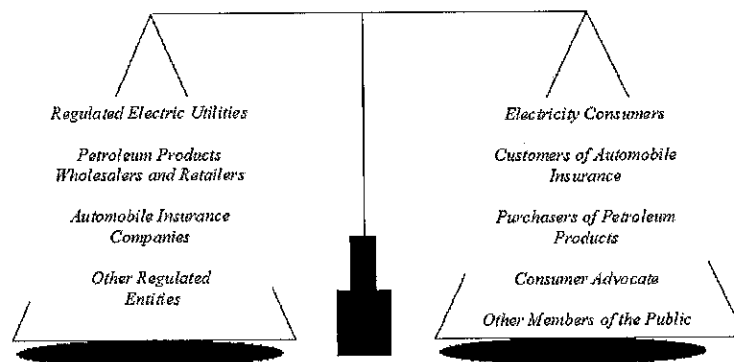
The Board takes ownership and responsibility for all of its actions and decisions. The organization is managed responsibly in order to maintain the confidence, respect and trust of the public, stakeholders and Government.

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 the following:



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 goals and objectives. For these reasons the Board will not be stating an explicit mission in its activity plan.

Strategic Issues

The goals identified reflect the results expected in the next three-year planning cycle while the objectives reflect the results expected during the shorter one year cycle. Measures and indicators are provided to assist the Board and the public in monitoring and evaluating success.

In considering Government's strategic directions, the Board has identified the following two key priorities for the next three-year planning cycle:

1. Enhancing regulatory efficiency and effectiveness.
2. Enhancing corporate capacity.

Strategic Issue I: Enhancing Regulatory Efficiency and Effectiveness

With a broad legislative mandate and diverse regulated markets the Board is continually searching to gain efficiencies in its processes. The Board has provided regulatory leadership by being responsive, proactive and innovative in the successful completion of many of its regulatory initiatives and, to date, the Board has made significant progress in streamlining its regulatory framework. Substantial efficiencies and cost savings have been realized through enhanced communication with its primary clients and continuous technological improvements in the hearings room and administrative support systems. Many of the annual reporting and application requirements and processes have been reviewed, resulting in the issuance of minimum filing guidelines for utility and automobile insurance applications. The Board has moved to weekly price setting of the regulated petroleum products, providing more pricing stability. Administrative changes to the hearing process such as introduction of negotiated settlement processes, compressed sitting hours, daily transcriptions and up-to date information availability have resulted in significant cost savings.

The Board is committed to building on the efficiencies achieved by continuing to monitor and make improvements where required. A Quality of Service Review of the two regulated utilities has been started as part of the Board's regulatory oversight, which will provide a framework for on-going monitoring and early identification of technical and operational issues. The Board has also commenced reviews of individual application processes in an effort to improve regulatory efficiency.

Goal 1

By March 31, 2014 the Board will have achieved continued improvement in regulatory efficiency and effectiveness.

Measure: Continued improvement in regulatory efficiency and effectiveness achieved.

Indicators: Regulatory programs reviewed.
Enhanced processes identified and implemented.
Policies and procedures documentation further developed and updated.

Objectives

1.1 By March 31, 2012 the Board will have commenced a comprehensive review of its regulatory programs.

Measure: Comprehensive review of its regulatory programs commenced.

Indicators: Consultations with appropriate stakeholders completed.
Analysis commenced.

1.2 By March 31, 2013 the Board will have, where appropriate, identified opportunities to improve processes.

1.3 By March 31, 2014 the Board will have implemented the changes to the policy and procedures documentation where identified.

Strategic Issue II: Enhancing corporate capacity

Corporate services provides oversight and management of the Board's administrative, financial, records management, and technological resources to ensure the Board has the people, technology, information and capacity necessary to carry out its mandate.

Changing demographics, retiring baby boomers and recruitment issues are having a direct impact on the Board's human resource capacity. The Board recognizes that a well developed human resource strategy is vital in ensuring that it has the resources and capacity to meet new challenges and opportunities and to ensure a continuity of knowledge. In the last planning cycle the Board initiated a training and educational strategy for its employees. The Board will continue with this initiative and complete a comprehensive human resources plan that will incorporate succession and individualized learning/development plans with a performance feedback program.

Effective management of the Board's information assets ensures compliance with legislative, fiscal and accountability requirements. To ensure the integrity of its records the Board will continue its efforts to establish an economical, efficient and comprehensive information management program for the creation, classification, retention, storage, maintenance, retrieval, preservation, protection, disposal and transfer of records.

Providing clear, well-reasoned decisions and timely information is an important aspect of maintaining trust and confidence of consumers, the public and our stakeholders. The Board's current communications strategy includes issuing notices of applications and press releases of major decisions and orders providing timely responses to complaints or inquiries, and maintaining up-to-date information on the Board's website of the Board's activities including filings in major hearings. In the next planning cycle the Board plans to review its communications strategy.

Goal 2:

By March 31, 2014 the Board will have enhanced corporate capacity.

Measure: Corporate capacity initiatives enhanced.

Indicators: Human Resource Plan operationalized.
Electronic information management system implemented.
Communications strategy review completed.

Objectives

2.1 By March 31, 2012 the Board will have operationalized its Human Resource Plan.

Measure: Human Resource Plan operationalized.

Indicators: Learning and development plans implemented.
Succession plans reviewed.
Human resource policies updated and recommendations implemented.

2.2 By March 31, 2013 the Board will have developed and implemented an electronic information management system.

2.3 By March 31, 2014 the Board will have completed a review of its communications strategy.

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 Department of Justice has communicated its strategic directions for the next planning cycle and the focus areas identified do not apply to the Board. While the Board does not have a direct role in the outcomes of the strategic directions identified by the Department of Justice, it does support the principles of **Public Trust and Confidence** and **Innovation and Efficiencies** by conducting its business in an open, transparent, effective and efficient manner and by providing leadership in the establishment of innovative and efficient regulatory processes. Improved capacity to deliver effective and efficient regulation in the Province contributes to the overall strategic directions that define the priorities of Government, particularly in terms of accountability and transparency.