

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

**ACTIVITY PLAN
2020-2023**

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Message from the Chair

I am pleased to present the three-year Activity Plan of the Board of Commissioners of Public Utilities (the Board), outlining the goals for 2020-23 fiscal years. The 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 and indicators outlined in the plan.

This plan has been prepared in accordance with the directions provided in the **Transparency and Accountability Act** and outlines the objectives in key priority areas for the next three fiscal years from April 1, 2020, to March 31, 2023.

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.

In the month before submitting this activity plan two major global events have occurred – a significant drop in world oil prices and the Covid-19 pandemic – which have significantly impacted the country and the province. While a number of regulatory proceedings were expected over the next three years the uncertainty associated with these events and their lasting impact may impact the these proceedings as well as ongoing regulatory activities going forward. The Board will continue to respond to issues as they arise ensuring to fulfill its regulatory mandate as required.

As Chair and Chief Executive Officer I am accountable for the preparation of this plan, as well as for the achievement of its objectives.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer

Overview

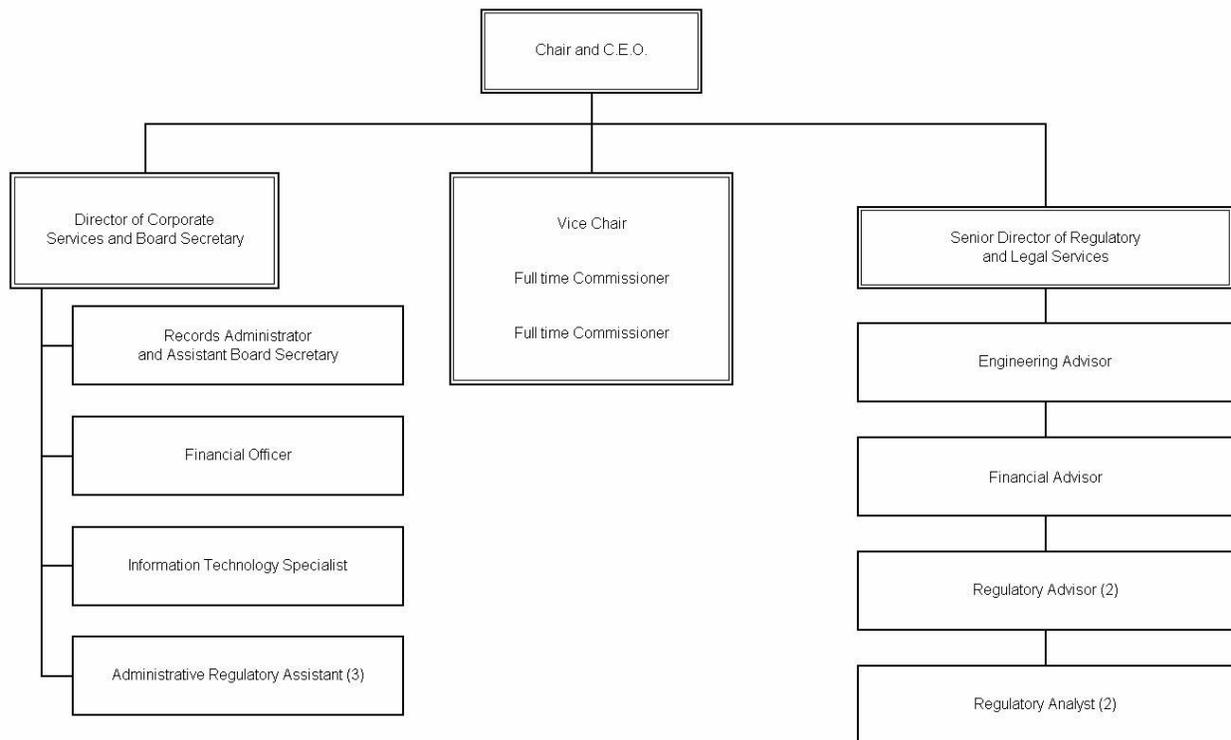
Created by statute in 1949 the Board is comprised of four full-time commissioners, appointed by the Lieutenant-Governor in Council, including the Chair and Chief Executive Officer and the Vice Chair. **The Public Utilities Act** gives the Chair and Chief Executive Officer the full authority for the overall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

The Board has 14 permanent full-time staff positions located in St. John's.

The Board's functional organizational structure 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 of Commissioners of Public Utilities Organizational Chart At March 31, 2020



Mandate and Lines of Business

The Board is an independent, quasi-judicial regulatory body appointed by the Lieutenant Governor in Council, and operates primarily under the authority of the **Public Utilities Act**. The Board was established in 1949.

The Board is responsible for the regulation of the electric utilities in the province to ensure that the rates charged are just and reasonable and that the service provided is safe and reliable. Since 2004 the Board assumed responsibility for ensuring fairness in marketing of petroleum products throughout the province in accordance with the **Petroleum Products Act**. The Board is also responsible for the supervision of rates charged by automobile insurers for the various automobile insurance coverages, limited regulation of the motor carrier industry in relation to certain passenger and ambulance operations as well as conducting hearings and other required activities under the **Expropriation Act**.

Hearings held by the Board in the discharge of its mandate are quasi-judicial in nature and are conducted in accordance with the provisions of the **Public Inquiries Act** and the Board's regulations - **Newfoundland Regulations 39196**. Orders issued by the Board have the force of law and can only be appealed to the Supreme Court of Newfoundland, Court of Appeal.

The Board's jurisdiction is defined by the following legislation which it administers:

- i) **The Public Utilities Act, R.S.N. 1990**
- ii) **The Electrical Power Control Act**
- iii) **Petroleum Products Act**
- iv) **The Automobile Insurance Act**
- v) **The Motor Carrier Act**
- vi) **The Expropriation Act**
- vii) **The Act to Amend the Electrical Power Control Act**
- viii) **The Motor Vehicle Transport Act**
- ix) **The Public Utilities Acquisition of Lands Act**

These Acts fall under the responsibility of various departments of Government, including the Department of Justice and Public Safety (**Public Utilities Act**), Digital Government and Service NL (**Automobile Insurance Act, Insurance Companies Act, and Petroleum Products Act**) and Industry, Trade and Technology (**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.

Strategic Directions

The **Transparency and Accountability Act** requires government entities to take into strategic directions into account in the preparation of their multi-year performance-based plans. The strategic directions of government and the strategic direction of a **“More Efficient Public Sector” as communicated by the Minister of Justice and Public Safety** were considered in the development of the plan.

For the 2020-2023 planning cycle the Board will continue to build upon previously identified priority action areas to further strengthen the efficiencies realized and ensure continued support of an effective and responsive regulatory environment.

Strategic Issue

The Board’s work is responsive in nature. Work and activity plans are prepared around the Board’s 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 calendar and workload.

Given the current uncertainties within the Province the Board may have to reprioritize its regulatory activities over the next few months and possibly for a longer period. At the end of March 31, 2020 the Board’s employees were working from home with only essential work being undertaken in accordance with public health directives issued on March 17, 2020 for the COVID-19 pandemic. The Board’s regulatory calendar has already been affected by these developments with the postponement of a planned expropriation hearing and the delay of the schedule for the review of Newfoundland and Labrador Hydro’s Reliability and Resource Adequacy Study. Hydro has also advised the Board of the implications of the Covid-19 pandemic for the Muskrat Falls Project, including that it was not possible to provide a reliable schedule with respect to the commissioning of the Project.

On January 1, 2020 new automobile insurance regulations (**“NLR 56/19”**) came into effect with respect to automobile insurance rate regulation, which included new rate filing categories, a mandatory rate filing schedule, expansion of the Board’s review processes and new publication requirements. While the full impact of these regulatory changes has not yet been fully realized it

is clear that the changes have significantly increased the Board’s workload with respect to automobile insurance rate regulation. At the same time the Board is monitoring the integration of the Muskrat Falls Project into the province’s electrical system and is expecting an application from Newfoundland and Labrador in the upcoming year to recover associated costs in customer rates.

In light of these uncertainties the Board will focus 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 challenges while completing its ongoing regulatory work. Meeting the challenge of continued regulatory responsiveness in an era of heightened uncertainties will be the Board’s key priority for the next three fiscal years.

The focus of the Board will be consistent over the three years of this Activity Plan period. Each year the Board will report on the results of the objective as detailed below.

Issue: Continued Regulatory Responsiveness

The Board has provided regulatory leadership by being responsive, proactive and innovative in the successful completion of many of its regulatory initiatives. The Board will continue to streamline its regulatory framework and reduce regulatory costs, build on the efficiencies already achieved and continue to make improvements where required.

Objective	By March 31, 2021 the Board will have enhanced effective and efficient regulation.
Indicators:	
Enhanced regulatory response	
Strengthened Information Management capacity	
Enhanced website	
Enhanced internal capacity to meet regulatory challenges	

The objective and associated indicators will be utilized for 2020-23 fiscal years. Each year, the Board will report on the results of this objective in its annual report.