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May 31, 2013

Tom Vincent
Vice President
Provincial Employers' Sector Council
2nd Floor – 880 Douglas Street
Vancouver, BC V8W 2B7

Dear Mr. Vincent:

Re: Executive Compensation

Pursuant to section 14.8 of the Public Sector Act, the British Columbia Utilities Commission is filing its required disclosure of executive compensation. This letter also confirms the compensation plan; individual figures are true and accurate and the Commission has remained within the established plan.

Best regards,

A handwritten signature in black ink that reads "Len Kelsey". The signature is written in a cursive, flowing style.

Len Kelsey

PURPOSE

As a public sector organization the British Columbia Utilities Commission is required to disclose compensation of its CEO and the 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 PHILOSOPHY

The Commission's compensation philosophy is to provide a total compensation program which will attract and retain competent and motivated individuals to assist in fulfilling its mission.

The Commission strives to provide total compensation equivalent to the median total compensation provided to 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). This approach has been tempered by the current restrictions on government compensation. The Commission's primary competitors for skilled recruits include public and private energy and utility companies, as well as other regulatory boards and commissions.

Fiscal 2013 total compensation increases were determined by a number of factors including natural progression through the ranges, performance directly linked to performance targets and measured throughout the year, as well as an overall review of the department's performance.

PERFORMANCE INCENTIVE PLAN

All salaried employees of BCUC, except for the Chair/CEO and Commissioners participate in the performance incentive plan. An employee's individual incentive award is based on the employee's salary, employee's annual performance assessment rating for each of his or her personal objectives and competency areas, and total amount of incentive pool available. The typical incentive paid at the Commission, following a performance review, ranges between four to seven percent of the employee's current salary, ten percent being the maximum incentive an employee may receive, and zero being the minimum.

BENEFITS

The Commission participates in the BC Public Service Pension Plan and all employees are covered by the services in this plan which include; group life insurance, medical, extended health and dental and long term disability plans.

All employees are provided four weeks annual vacation. Annual vacation increases occur after the eighth year of employment and range between one to two days a year, reaching a maximum entitlement of 35 days in the 25th year of employment.

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>.

Summary Compensation Table at FISCAL, 2013

| Name and Position (a) | Salary (b) | Bonus and / or Incentive Plan Compensation (c) | Benefits (d) | Pension (e) | All Other Compensation (expanded below) | 2012/13 Total | Previous Two Years Totals | |
|---|---------------|---|-----------------|----------------|--|---------------|---------------------------|------------|
| | | | | | | | 2011 / 12 | 2010 / 11 |
| Len Kelsey, Chair / CEO | \$ 179,384 | \$ - | \$ 18,848 | \$ 22,411 | \$ 3,252 | \$ 223,895 | \$ 224,743 | \$ 227,324 |
| Doug Chong, Director, Strategic Services | \$ 119,324 | \$ 8,621 | \$ 13,613 | \$ 13,831 | \$ 14,669 | \$ 170,058 | \$ 183,359 | \$ 169,456 |
| Mark Thomas, Director, Emerging Technologies & Innovation | \$ 135,462 | \$ 8,834 | \$ 14,024 | \$ 17,133 | \$ 3,108 | \$ 178,560 | \$ 167,670 | \$ 163,644 |
| Philip Nakoneshny, Director, Rates & Finance | \$ 142,115 | \$ 8,633 | \$ 14,777 | \$ 17,910 | \$ 4,227 | \$ 187,661 | \$ 187,976 | \$ 179,764 |
| Brian Williston, Director, Engineering & Commodity Markets | \$ 24,951 | \$ - | \$ - | \$ - | \$ 10,942 | \$ 35,894 | \$ 188,082 | \$ 179,572 |

Summary Other Compensation Table at FISCAL, 2013

| Name and Position (a) | All Other Compensation | Severance (f) | Vacation payout (g) | Leave payout (h) | Vehicle / Transportation Allowance (i) | Perquisites / other Allowances (j) | Other (k) |
|---|---------------------------|------------------|---------------------------|------------------------|---|---|--------------|
| Len Kelsey, Chair / CEO | \$ 3,252 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,252 |
| Doug Chong, Director, Strategic Services | \$ 14,669 | \$ - | \$ 2,044 | \$ 12,288 | \$ - | \$ 337 | \$ - |
| Mark Thomas, Director, Emerging Technologies & Innovation | \$ 3,108 | \$ - | \$ - | \$ - | \$ - | \$ 398 | \$ 2,710 |
| Philip Nakoneshny, Director, Rates & Finance | \$ 4,227 | \$ - | \$ - | \$ - | \$ - | \$ 974 | \$ 3,252 |
| Brian Williston, Director, Engineering & Commodity Markets | \$ 10,942 | \$ - | \$ 10,942 | \$ - | \$ - | \$ - | \$ - |

ATTENTION - Crown Agency Policy changes are being implemented. They may not be reflected in the 2012/13 executive compensation disclosure.

Notes:

Fiscal 2013 total compensation increases were determined by a number of factors including natural progression through the ranges, performance directly linked to performance targets and measured throughout the year, as well as an overall review of the department's performance.

Benefits include Extended Health and Dental, Group Life, Medical Service Plan, Long Term Disability, Workers Compensation, Employee Family and Assistance Program, Influenza Program.

Amounts in "Other" are Parking Allowance

Amounts in "Perquisites / Other Allowances" are Professional Fees