



British Columbia
Utilities Commission

David Morton
Chair and CEO

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May 10, 2016

Christina Zacharuk
President & CEO
Public Sector Employers' Council Secretariat
Suite 210, 88 Douglas Street
Victoria BC V8W 2B7

Dear Ms. Zacharuk:

Re: British Columbia Utilities Commission Executive Compensation Disclosure for Fiscal Year 2015/16

The British Columbia Utilities Commission is filing its required disclosure of executive compensation as prescribed in the excel template provided by the Provincial Sector Employers' Council. This letter also confirms the compensation plan; individual figures are true and accurate and the Commission has remained within its established compensation plan. As the Commission does not have a Board, the attestation is provided by the Chair and CEO.

Yours truly,

A handwritten signature in black ink, appearing to be "D. Morton", with a long horizontal flourish extending to the right.

David Morton
Chair and CEO, British Columbia Utilities Commission

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.

Due to limitations on staff compensation, the Commission had only two executives in Fiscal Year 2016 who earned \$125,000 or more, excluding the appointed Chair and CEO.

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. In keeping with common public sector compensation philosophy, 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>.

British Columbia Utilities Commission

June 2016

Compensation Disclosure

Summary Compensation Table at FISCAL, 2016

Name and Position (a)	Salary (b)	Holdback / Bonus / Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2015/16 Total	Previous Two Years Totals	
							2014/15	2013/14
Len Kelsey, Chair / CEO	\$135,918	\$ -	\$4,598	\$ -	\$10,909	\$151,425	\$202,706	\$210,308
Doug Chong, Director, Energy	\$149,807	\$ -	\$11,316	\$15,639	\$5,099	\$181,861	\$175,624	\$176,401
Philip Nakoneshny, Director, Rates	\$151,658	\$ -	\$7,721	\$15,842	\$10,100	\$185,321	\$178,357	\$177,496
David Morton, Chair / CEO	\$45,536	\$ -	\$7,739	\$1,887	\$1,105	\$56,267	\$ -	\$ -

Summary Other Compensation Table at FISCAL, 2016

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	\$ 10,909	\$ -	\$ 7,343	\$ -	\$ -	\$ -	\$ 3,566
Doug Chong, Director, Energy	\$ 5,099	\$ -	\$ 2,451	\$ -	\$ -	\$ -	\$ 2,649
Philip Nakoneshny, Director, Rates	\$ 10,100	\$ -	\$ 5,747	\$ -	\$ -	\$ -	\$ 4,353
David Morton, Chair / CEO	\$ 1,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,105

Notes:

Len Kelsey, Chair / CEO	Wellness program (\$250) and parking (\$3,316) – Appointment ended December 31, 2015
Doug Chong, Director, Energy	Two association reimbursements (\$2,449) and air quality incentive (\$200)
Philip Nakoneshny, Director, Rates	Association reimbursement (\$1,304) and parking (\$3,049)
David Morton, Chair / CEO	Parking (\$1,105) – Appointed as Chair/CEO December 31, 2015. Prior to the Chair/CEO role, Mr. Morton was an appointed BCUC Commissioner. Remuneration in Fiscal 2016 for this appointment was \$91,009.