

GAS, POWER, AND TELECOMMUNICATIONS GOVERNANCE REVIEW

EXECUTIVE SUMMARY

As directed by the City Clerk's Office's *Proposed Council Committee Governance Models and Meeting Efficiencies* report, Administration has undertaken a review of the Gas, Power, and Telecommunications (GPT) committee's governance structure. GPT members were consulted on alternative governance model options, but have concluded that the current structure provides numerous benefits and should remain unchanged.

ADMINISTRATION RECOMMENDATION(S)

That the Gas, Power, and Telecommunications Committee recommend that Council:

1. Receive this report for information; and
2. Adopt that three voting members of the Gas Power and Telecommunications Committee are required to meet quorum. This includes extension to the designate in the case of the absence of the Chief Financial Officer.

PREVIOUS COUNCIL DIRECTION / POLICY

The current mandate of Gas, Power, and Telecommunications, as set out in Bylaw No 44M2006, is, "*to monitor and participate as necessary in regulatory proceedings to protect the interests of The City of Calgary in its role of municipal government.*" In 2012, Administration conducted a review of the GPT mandate. In report GPT2012-0245, *Gas, Power, and Telecommunications Committee Mandate Review*, Administration advised the Committee that the current mandate was considered sufficiently flexible to the regulatory environment and recommended that no changes be made. The Council Committee Governance Review report did not address the mandate.

In the spring of 2016 the City Clerk's Office conducted a Council Committee Governance Review, seeking feedback from stakeholders regarding current council committees. In the ensuing report, *Proposed Council Committee Governance Models and Meeting Efficiencies* (LGT2016-0585), the City Clerks did not provide recommendations for the Gas, Power, and Telecommunications Committee due to a lack of decisive direction from stakeholders. The report's third recommendation was for Council to, "Direct the City Clerk, Administration, and the Gas, Power and Telecommunications Committee to further investigate the future state of this Council Committee and return to Council with recommendations no later than Q2 2017."

BACKGROUND

Administration presented the City Clerk's report at the 2016 September meeting of the GPT committee. GPT directed Administration to further investigate the future state of the Committee and report back with its findings.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The 2016 September 15 discussion with GPT members regarding the Clerk's Office's report revealed a unanimous desire to maintain the current governance structure, which has many benefits. Given its mandate to protect the interests of The City in regulatory proceedings, it is important that Councillors are on the GPT committee in order to define what these interests are. The GPT Committee also provides a means of analyzing and debating very technically complex regulatory issues. The committee reviews and thereby authorizes the strategies and positions

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taken to protect those interests. The current GPT Governance structure is ideal for achieving these objectives.

The inclusion of democratically elected officials on the GPT committee is what grants Calgary legitimacy in its regulatory interventions at regulatory proceedings such as those held at the Alberta Utilities Commission (AUC) or the Canadian Radio-Television and Telecommunications Commission (CRTC). In its interventions at the AUC, Calgary has been repeatedly asked to confirm that the council committee supports the positions taken on behalf of The City. Without the inclusion of elected officials, Calgary may not be able to legitimately represent the interests of citizens of the City of Calgary.

Other Governance Options

Administration, The City Clerks' Office, and the GPT Committee have considered the options for governance put forward for discussion by LGT2016-0585. The Clerks' report included the following suggestions:

1. *Public member experts be included in the composition of GPT (similar to the Audit Committee model),*
2. *Members of Council should not be included in the composition, and*
3. *An opportunity exists for converting the GPT Committee to an Administration Committee without Council representation.*

GPT members felt that the inclusion of a public member expert would be an unsuitable approach to GPT governance for two main reasons. Firstly, there is an extremely limited pool of members of the public who have the experience and qualifications to assist in governance of the Committee. Most individuals with relevant regulatory experience are associated with the utilities and would therefore have a conflict of interest. Secondly, the vast majority of GPT's discussions are held in camera, because they frequently cover sensitive information such as strategies for regulatory interventions. Adding a member of the public could increase the risk that confidential discussions could be made public.

The option of excluding members of council from GPT would also present difficulties. Councillors are needed on the committee to define The City's regulatory interests and to authorize regulatory strategies. As politicians, Councillors are able to use their network of political contacts to influence policies and decisions that impact Calgary. Additionally, the inclusion of members of council provides a channel for sensitive regulatory issues to be presented to Council.

In its discussion with the report's authors, Administration learned that feedback received from stakeholder interviews implied a need to enhance committee members' knowledge of utility regulation. This feedback has resulted in a commitment from Administration to enhance its communications with GPT so that members are able to gain a more thorough understanding of The City's regulatory program. Steps will also be taken to ensure that reports are shorter and more focused going forward.

Quorum

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At the 2015 October 19 Organizational Meeting of Council, Council amended the composition of the Gas, Power and Telecommunication Committee by reducing the Councillor representation to four members, and by appointing the Chief Financial Officer (or designate) as the fifth voting member of the Committee. Currently, the Chief Financial Officer (or designate) is able to vote, but does not count towards quorum. In order to provide greater clarity with respect to quorum, it is recommended that quorum for the Gas, Power and Telecommunications Committee be confirmed as three voting members, including the Chief Financial Officer (or designate). This has been reflected in the recommendation.

Stakeholder Engagement, Research and Communication

Not applicable.

Strategic Alignment

This report is in alignment with the mandate of the Gas, Power and Telecommunications Committee.

Social, Environmental, Economic (External)

This report has been reviewed for alignment with The City of Calgary's Triple Bottom Line Policy Framework. No implications are identified.

Financial Capacity

Current and Future Operating Budget:

This report does not propose a decision and there is no direct budget or business plan implication.

Current and Future Capital Budget:

There are no budget or business plan implications arising from this report.

Risk Assessment

No specific risks are associated with this report

REASON(S) FOR RECOMMENDATION(S):

Administration has been directed to follow up on the LGT2016-0585 direction that Administration report back to Council with its findings no later than Q2 2017.

ATTACHMENT(S)

None.