

**Public Sector Executive Compensation Reporting  
Form  
BC Hydro and Power Authority**

June 2015

*Statement of Executive Compensation*

## Statement of Executive Compensation

### PURPOSE

BC Hydro must disclose all compensation provided to the Chief Executive Officer (CEO) and the next four highest ranking executives for the services they have provided to the organization. This document outlines the governance, design, and total value of executive compensation for the fiscal year ending March 31, 2015 for BC Hydro, and its two subsidiaries; Powerex and Powertech.

### COMPENSATION DISCUSSION AND ANALYSIS

As a Crown Corporation, BC Hydro designs and administers executive compensation within its approved compensation plan for executives as required under the Public Sector Employer's Act. The Board of Directors, and Governance and Human Resources Committee (GHRC) of the Board also play leadership roles in the development of BC Hydro's overall total compensation philosophy and its application to the Executive Team.

Deviations or changes to BC Hydro's approved executive compensation plan are reviewed and approved by the Board and/or the GHRC prior to submission to the Public Sector Employers Council (PSEC) for final approval.

### GOVERNANCE

Executive compensation is reviewed by the Board and the GHRC. The terms of reference (as related to total compensation) for each are outlined below.

#### Board of Directors

- Approves the CEO compensation structure, and performance-based holdback awards and salary increases, acting upon the recommendation of the GHRC.

#### GHRC

- Approves the total compensation philosophy.
- Reviews and recommends to the Board of Directors the CEO compensation structure, and performance-based holdback award and salary increase.
- Approves the Executive Team compensation structure, and performance-based holdback awards and salary increases, acting upon the recommendation of the CEO.
- Approves the Executive Team benefit and pension plans, acting upon the recommendation of the CEO.

### TOTAL COMPENSATION PHILOSOPHY

BC Hydro's total compensation philosophy is a reflection of the nature of its business and human resource requirements. These characteristics include:

- A long term business planning cycle which includes large, multi-year capital projects
- A need for operational certainty to meet stakeholder expectations of reliable power at a reasonable cost.

The total compensation design at BC Hydro is intended to encourage longer term employment, and balance being able to attract/retain qualified executives with affordability and alignment to public sector executive compensation policy.

External competitiveness is determined by benchmarking to the 50th percentile of BC Hydro's target market for labour on a total compensation basis. BC Hydro's target market includes other Canadian electric utilities, general industry companies of a similar size, and public sector organizations. Compensation is managed within the mandate and policies set by PSEC.

### **PERFORMANCE BASED PAY**

Executives participate in both a merit program and a holdback program which together comprise the performance based pay for the job. The merit program is a review of an individual's performance against the mandate of their role/portfolio and may result in a change in base salary. Executive salaries are currently frozen and have been since 2009.

The objective of the executive holdback program is to put pay at risk, focus the Executive Team on specific performance objectives outlined in BC Hydro's Service Plan and provide a means to recognize achievements.

At the end of the fiscal year (April of each year), each executive summarizes their performance. The process consists of a discussion between the CEO and each Executive Team member about the performance factors, measurement criteria and demonstrated results, including BC Hydro's overall performance. Based on these performance reviews, the CEO determines a final performance score and recommends to the GHRC performance based salary increases and holdback awards for the Executive Team.

Executive holdback awards are based on objectives linked to BC Hydro's performance measures. The F2015 performance measures and results achieved can be viewed in [BC Hydro's Service Plan](http://www.bchydro.com/about/accountability_reports/financial_reports/service_plan.html).  
([http://www.bchydro.com/about/accountability\\_reports/financial\\_reports/service\\_plan.html](http://www.bchydro.com/about/accountability_reports/financial_reports/service_plan.html))

### **ELEMENTS OF THE EXECUTIVE COMPENSATION PLAN**

The current executive offer includes the following elements which align to and support the compensation philosophy described above. The design may differ for subsidiary executives and managers.

- **Salary:** A base salary that is determined and approved as described in the preceding sections.
- **Holdback Award:** A holdback award is a portion of salary that can be earned by the executive based on individual and company performance. The maximum holdback award possible is 20% of salary. The maximum holdback award possible for the BC Hydro CEO is 10% of salary.
- **Benefits:** Executives receive comparable benefits available to other management and exempt employees, though the employer paid coverage for life insurance, long term disability, extended health, and vision care are higher. The value of statutory benefits such as employer premiums for WorkSafe BC, Canada Pension Plan, and Employment Insurance are included in the benefit amount reported.
- **Pension:** BC Hydro provides a defined benefit pension plan. The formula for calculating the pension is 2 per cent multiplied by an employee's best 5 average consecutive years of plan earnings multiplied by their years of contributory service. Executives receive additional benefits available through the Executive Pension Plan. These benefits include the option to purchase service, within the guidelines, to a maximum of 5 years.
- **All Other Compensation:** Executives may receive paid parking. The taxable benefit value is reported for paid parking usage. Executives may receive vacation payouts if they were unable to take the vacation days as time off.

**3.1 SUMMARY COMPENSATION TABLE**  
**BC HYDRO**

F2015 Summary Compensation

Name and Position	Salary	Holdback Award	Benefits	Pension	All Other Compensation (see below)	2014/15 Total	Previous Two Years Totals	
							2013/14	2012/13
Jessica McDonald, President & CEO	\$249,079	\$25,000	\$17,982	\$49,816	\$6,824	\$348,701		
Charles Reid, President & CEO (Former)	\$123,051	\$15,000	\$10,842	\$24,610	\$35,285	\$208,787	\$530,859	\$531,521
Chris O'Riley, Deputy CEO and EVP Capital Infrastructure Project Delivery	\$307,133	\$56,455	\$21,320	\$61,427	\$4,436	\$450,770	\$432,605	\$441,572
Greg Reimer, Executive VP, T&D and Customer Service	\$294,142	\$32,818	\$20,952	\$58,828	\$36,660	\$443,401	\$430,526	\$438,493
Cheryl Yaremko, Executive VP, Finance & CFO	\$269,100	\$47,844	\$20,244	\$53,820	\$7,401	\$398,409	\$396,127	\$376,457
Debbie Nagle, Sr VP & Chief HR Officer	\$274,614	\$40,558	\$20,400	\$54,923	\$2,256	\$392,751	\$396,342	\$407,320

F15 Summary Other Compensation

Name and Position	All Other Compensation	Vacation Payout	Vehicle Allowance	Paid Parking
Jessica McDonald, President & CEO	\$6,824	\$6,824		
Charles Reid, President & CEO (Former)	\$35,285	\$30,717	\$3,700	\$868
Chris O'Riley, Deputy CEO & EVP Capital Infrastructure Project Delivery	\$4,436	\$3,026		\$1,410
Greg Reimer, Executive VP, T&D and Customer Service	\$36,660	\$36,660		
Cheryl Yaremko, Executive VP, Finance & CFO	\$7,401	\$5,400		\$2,001
Debbie Nagle, Sr VP & Chief HR Officer	\$2,256			\$2,256

**Notes:**

Ms. McDonald started as President & CEO effective July 14, 2014. She received \$29,420 for consulting services invoiced to BC Hydro earlier in F2015 prior to becoming President & CEO.

Mr. Reid retired effective August 1, 2014. He received a payout of \$30,717 of unused vacation time.

Mr. Reid's total annual compensation limit as CEO was \$550,000. The total annual compensation limit for Ms. McDonald as the new CEO is \$495,000, a 10% reduction.

Mr. Reimer received a payout of \$36,660 of unused vacation time.

**SUBSIDIARIES**  
**Powerex**

F2015 Summary Compensation Table

Name and Position	Salary	Holdback Award	Benefits	Pension	All Other Compensation (see below)	2014/15 Total	Previous Two Years Totals	
							2013/14	2012/13
Teresa Conway, President & CEO, Powerex	\$326,562	\$57,536	\$21,870	\$65,312	\$40,064	\$511,343	\$492,542	\$450,268
Thomas Bechar, Managing Director	\$358,800	\$540,000	\$19,683	\$20,653	\$18,567	\$957,704	\$973,431	\$1,019,687
John Irving, Chief Legal Officer (Former)	\$126,534		\$12,070	\$25,307	\$21,652	\$185,562	\$400,629	\$403,114
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$222,327	\$22,350	\$16,435	\$22,595	\$27,615	\$311,322	\$304,805	\$309,317
Amit Budhwar, Director, Risk Management	\$234,679	\$9,420	\$16,729	\$22,538	\$9,439	\$292,805	\$290,806	\$271,726
Janette Lyons, Chief Financial Officer	\$195,561	\$12,775	\$15,798	\$19,008	\$6,635	\$249,778		

F2015 Summary Other Compensation Table

Name and Position	All Other Compensation	Vacation Payout	Paid Parking
Teresa Conway, President & CEO, Powerex	\$40,064	\$37,632	\$2,431
Thomas Bechar, Managing Director	\$18,567	\$16,280	\$2,287
John Irving, Chief Legal Officer (Former)	\$21,652	\$21,652	
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$27,615	\$23,956	\$3,659
Amit Budhwar, Director, Risk Management	\$9,439	\$9,439	
Janette Lyons, Chief Financial Officer	\$6,635	\$1,965	\$4,670

**Notes:**

Ms. Conway received a payout of \$37,632 of unused vacation time.

Mr. Irving retired effective September 18, 2014.

**Powertech**

F2015 Summary Compensation Table

Name and Position	Salary	Holdback Award	Benefits	Pension	All Other Compensation (see below)	2014/15 Total	Previous Two Years Totals	
							2013/14	2012/13
Don Stuckert, President & CEO Powertech, and VP Technology & Security (Former)	\$255,770	\$28,229	\$19,602	\$51,154	\$10,879	\$365,634	\$355,536	\$357,623
Raymond Lings, Managing Director	\$211,814	\$16,347	\$16,185	\$19,351	\$20,888	\$286,199	\$272,777	\$223,311
Mark Dubois-Phillips, Director, Smart Utility Services (Former)	\$171,066		\$15,098	\$15,330	\$656	\$202,149	\$197,654	
Lei Wang, Director, Software Technologies	\$176,445		\$15,343	\$15,861	\$14,113	\$221,762	\$218,222	
John Vandermaar, Director, High Voltage Lab & Cable Technologies	\$150,487		\$14,726	\$13,299	\$25,352	\$203,863	\$191,080	

F2015 Summary Other Compensation Table

Name and Position	All Other Compensation	Vacation Payout	Paid Parking
Don Stuckert, President & CEO Powertech, and VP Technology & Security (Former)	\$10,879	\$8,176	\$2,703
Raymond Lings, Managing Director	\$20,888	\$20,888	
Mark Dubois-Phillips, Director, Smart Utility Services (Former)	\$656	\$656	
Lei Wang, Director, Software Technologies	\$14,113	\$14,113	
John Vandermaar, Director, High Voltage Lab & Cable Technologies	\$25,352	\$25,352	

**Notes:**

Mr. Stuckert was terminated effective February 12, 2015 and placed on salary continuance. His earnings while on salary continuance are included in his reported earnings for F2015.

Mr. Dubois-Phillips was terminated effective February 12, 2015 and placed on salary continuance. His earnings while on salary continuance are included in his reported earnings for F2015.

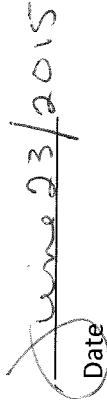
**BC Hydro Board Attestation**

To: Christina Zacharuk  
Interim President & CEO  
Public Sector Employers' Council Secretariat  
2<sup>nd</sup> Floor, 880 Douglas St  
Victoria, B.C.  
V8W 2B7

I am aware of the executive compensation paid in the prior fiscal year and verify that compensation provided was within approved compensation plans.



Janine North  
Director, BC Hydro Board of Directors  
Chair, Governance and Human Resources Committee

  
Date

