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June 1, 2020

Christina Zacharuk  
President & CEO  
PSEC Secretariat  
Suite 210, 880 Douglas Street  
Victoria, BC V8W 2B7

Dear Ms. Zacharuk,

Re: 2019/20 Executive Compensation Disclosure – Columbia Power Corporation

Enclosed please find the Executive Compensation Disclosure report for Columbia Power Corporation (CPC) for fiscal year 2019/20.

I confirm that CPC's Board of Directors is aware of the executive compensation paid in the prior fiscal year and that all compensation disclosed is accurate. Due to the unique arrangement wherein the President and CEO of the Trust was also the Acting President and CEO of Columbia Power from April 10, 2017 to December 31, 2019, and compensation for this role was shared by both organizations, all compensation is disclosed in the attached report for transparency purposes. The CEO's compensation was paid 50% by each corporation. There were no pre-employment payments made prior to the employment contracts. All compensation provided was within CPC's approved compensation plan and complies with the Public Sector Executive Compensation Reporting Guidelines dated April 2020.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Stanley". The signature is written in a cursive, flowing style.

John T. Stanley  
Chair, Board of Directors  
Columbia Power Corporation

Enc. 2019/2020 Executive Compensation Disclosure Report



**STATEMENT OF EXECUTIVE COMPENSATION**  
**FISCAL YEAR 2019/20**

**BACKGROUND**

The mandate of Columbia Power Corporation is to enhance the Corporation's asset management process to ensure long-term profitability and reliability of the facilities through effective and efficient plant operations and maintenance. Columbia Power's compensation program is a key factor in the organization's ability to attract, retain and motivate quality employees.

Part of Columbia's Power mandate is to work with the Ministry of Children and Family Development, Ministry of Energy and Mines, the Ministry of Finance and the Columbia Basin Trust to explore structural options to further enhance value to both the Province and Basin residents while mitigating risk.

From April 10, 2017 to December 31, 2019, Johnny Strilaeff, President & CEO of Columbia Basin Trust, was named as the Acting President & CEO of Columbia Power Corporation. His total compensation is disclosed on the Executive Compensation statements for both organizations for transparency purposes.

**COMPENSATION PHILOSOPHY**

Columbia Power is committed to a total compensation program designed to:

- Attract, retain and motivate key talent and ensure succession of leadership
- Provide competitive salaries, and health and benefit programs within the hydro electric industry
- Align employee performance with pay based on contribution and achievement of the corporation's strategic goals and objectives
- Ensure fairness through transparency and maintain internal equity

Columbia Power benchmarks its compensation levels using market survey results and competitive market data for the hydroelectric industry and targets its compensation at the 50th percentile.

Columbia Power Executives are eligible for a re-earnable annual holdback payment. The maximum holdback level for executive employees is 8% of base salary.

**CORE PRINCIPLES**

The following core principles guide the design, implementation and administration of Columbia Power's compensation philosophy:

- a. Performance: Compensation programs support and promote a performance based (merit) organizational culture. All salary increases are merit based.
- b. Differentiation: Differentiation of salary is supported where there are differences in the scope of the position and/or due to superior individual performance.
- c. Accountability: Compensation decisions are objective and based upon a clear and well documented business rationale.
- d. Transparency: Compensation programs are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public while protecting individual personal information.

## COMPENSATION STRUCTURE

Columbia Power manages its executive compensation in accordance with the statutory requirements and standards set out under the *Public Sector Employer's Act*.

The Columbia Power pay structure, which covers executives and other employees, was developed in 2006 by an independent Human Resources Consultant<sup>1</sup>. The pay structure was developed based on survey data compiled from power industry services organizations from within BC and across Canada as these are considered the key labour markets in which Columbia Power competes for key talent. The market survey compared salaries, benefits, incentives, bonuses, perquisites, and other forms of compensation using benchmark positions. Regression analysis was applied to reflect the revenue and budget responsibilities of the positions in comparison with the relative market.

Updates or revisions to the Columbia Power compensation structure will be conducted using industry specific primary comparators, such as BC Hydro and the utilities industry, as well as the Public Service Agency where applicable for similar roles. Our last update was conducted in November 2015.

An integral component of the Columbia Power compensation plan involves the application of a job evaluation plan that objectively measures and ranks a diversity of job functions, responsibilities and qualifications that exist within the organization. The job evaluation plan provides a formal review process that ensures internal equity between positions is taken into account when establishing individual salaries.

## GOVERNANCE

The Human Resources and Governance Committee (HRGC) of the Board has the responsibility to review and make the following compensation recommendations to the Board, in accordance with corporate governance.

- Review and recommend the Acting President & CEO's compensation, perquisites, including holdbacks, and benefits.
- Review and recommend the Corporation's compensation philosophy, strategy, and guidelines. Approve compensation amendments for periodic review by PSEC.
- In consultation with the Acting President & CEO, review and recommend the appointment of and compensation, including perquisites, professional development, holdback, and benefits for the senior management team.
- Review with the Acting President & CEO existing senior management resources, and performance evaluations, including recruitment and training programs, to ensure that compensation is linked to performance, and that qualified management will be available for succession to executive positions at Columbia Power.
- Monitor the Acting President & CEO's performance and report to the Board.
- Review with the Acting President & CEO any significant outside commitments the Acting President & CEO is considering before the commitment is made. This includes commitments to act as a director or trustee of for-profit and not-for-profit organizations.
- Review significant PSEC and Crown Corporation Employer's Association guidelines and recommendations

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<sup>1</sup> Effective January 1, 2020, the Trust concluded the Shared Services Initiative with Columbia Power Corporation (CPC) by employing 13 additional staff previously employed by CPC. Eleven of these positions remain under the Columbia Power Compensation Structure until such time that the two compensation models will be incorporated into one framework and approved by PSEC

- Ensure that the organization has appropriate human resources policies and compensation policies that satisfy PSEC.

The Board has final approval on the above matters and the HRGC of the Board ensures that the processes are in place to carry out these activities.

## **EXECUTIVE COMPENSATION PLAN**

### **Objectives of the Plan**

The objectives of Columbia Power's compensation program are to position Columbia Power competitively in the labour market, allowing the Corporation to attract and retain qualified talent while rewarding performance. Total compensation for the Acting President & CEO and other executives consists of base salary, a standard set of benefits equivalent to those provided to senior employees of the BC government (e.g. medical services plan, extended health and dental, disability benefits, life insurance, travel insurance, employment insurance, and employee and family assistance), pension plan, and a re-earnable holdback payment. Executive compensation is linked to the corporation's strategic goals and objectives.

### **Elements of the Compensation Program**

#### **1) Base Pay**

Executive base salaries are set at levels relative to the labour market by using market mean salaries. Salary ranges are established at 20% above and below the mid-point salary with the mid-point salary representing a fully qualified and competent individual. Employees placed below the mid-point salary are generally new employees or employees who are still developing the knowledge, skills and abilities required to satisfactorily perform the duties of the position. Employees placed above the mid-point salary are considered fully competent and high performing individuals.

#### **2) Pension Plan**

The named executive officers are covered under the Public Service Pension Plan. This is the same pension plan that applies to government employees.

#### **3) Benefits, Paid Time Off and Other Compensation**

The named executive officers receive the same standard set of benefits as other Columbia Power employees.

Annual vacation entitlements for named executive officers range from 20 days per year to a maximum of 35 days per year after 25 years of service. As per Columbia Power HR guidelines, up to five (5) unused annual vacation days can be carried forward to the following calendar year, with any unused remaining vacation paid out at the end of the calendar year.

The named executives receive 18 flex days per year in recognition that employees at this level of the organization are expected to work in excess of the regularly scheduled hours of operation to fulfill their job responsibilities. Employees hired prior to January 1, 2011 are encouraged to take their flex time as days off with pay during the calendar year or the outstanding balance is paid out at the end of the calendar year. For employees hired after December 31, 2010, flexible days must be earned and used within the calendar year in which they have been granted, and will not be paid out in cash.

## **2019/2020 FISCAL YEAR COMPENSATION**

Base Pay – As per approval from PSEC, Columbia Power did adjust its salary ranges in 2019/20 by 2% effective January 1, 2020.

There were no other monetary payments to executives or changes to compensation plans. The compensation data is based on actual salaries and amounts received by the employees or paid by the employer on behalf of the employee during the fiscal year.

**Columbia Power Corporation**

**Summary Compensation Table at 2020**

| Name and Position                             | Salary     | Holdback/Bonus/<br>Incentive Plan<br>Compensation | Benefits  | Pension   | All Other<br>Compensation<br>(expanded<br>below) | 2019/2020<br>Total<br>Compensation | Previous Two Years Totals<br>Total Compensation |            |
|---|------------|---|-----------|-----------|--|------------------------------------|---|------------|
|   |            |   |           |           |  |                                    | 2018/2019                                       | 2017/2018  |
| Johnny Strilaeff, President & CEO             | \$ 214,497 | -   | \$ 46,739 | -         | \$ 9,978   | \$ 271,214                         | \$ 260,433                                      | \$ 259,780 |
| Brandon Haney, Executive Director, Operations | \$ 120,456 | -   | \$ 7,893  | \$ 11,865 | \$ 5,547   | \$ 145,761                         |   |            |

**Summary Other Compensation Table at 2020**

| <b>Name and Position</b>                      | <b>All Other Compensation</b> | <b>Severance</b> | <b>Vacation Payout</b> | <b>Paid Leave</b> | <b>Vehicle / Transportation Allowance</b> | <b>Perquisites / Other Allowances</b> | <b>Other</b> |
|---|-------------------------------|------------------|------------------------|-------------------|---|---------------------------------------|--------------|
| Johnny Strilaeff, President & CEO             | \$ 9,978                      | -                | \$ 9,809               | -                 | -   | \$ 169                                | -            |
| Brandon Haney, Executive Director, Operations | \$ 5,547                      | -                | \$ 5,222               | -                 | -   | \$ 325                                | -            |

**Notes**

|   |   |
|---|---|
| Johnny Strilaeff, President & CEO             | <p><b>General Note:</b> Statutory &amp; Health Benefits \$46,739 includes Benefit Allowance plus stat benefit premiums (CPP, EI, WCB). Johnny Strilaeff is the President and CEO of the Trust with a Salary of \$214,497. Johnny was also appointed the Acting Chief Executive Officer of Columbia Power Corporation (CPC) as of April 10, 2017 and received an additional 10% of his Trust salary as compensation for this role. Effective January 1, 2020 the Trust and CPC concluded the Shared Services Initiative. Under this model, the remaining employees of CPC became employees of the Trust who now provide services to CPC. For transparency purposes, his total compensation is disclosed by both Corporations.</p> <p><b>Perquisite/Other Allowance Note:</b> Healthy Active Employee Allowance</p> |
| Brandon Haney, Executive Director, Operations | <p><b>General Note:</b> Brandon Haney, Executive Director, Operations was transferred from Columbia Power Corporation (CPC) to the Trust as part of the Shared Services Initiative with a salary of \$155,819. His salary is reported from April 1 to December 31, 2019 with CPC and for transparency purposes, his salary with the Trust from January 1 to March 31, 2020 was \$38,955.</p> <p><b>Perquisite/Other Allowance Note:</b> \$200 Active Employee Allowance, \$125 Long Service Reward</p>  |