

# F2016 Executive Compensation Disclosure



## **PURPOSE**

BC Hydro must disclose all compensation provided to the Chief Executive Officer (CEO) and the next four highest ranking executives. This document outlines the governance, philosophy, design, and total value of executive compensation for the fiscal year ending March 31, 2016 for BC Hydro, and its two subsidiaries; Powerex and Powertech.

## **GOVERNANCE**

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. Deviations or changes to the design or administration are reviewed and approved by the Board and/or the Governance and Human Resources Committee (GHRC) prior to submission to the Public Sector Employers' Council (PSEC) for final approval.

Executive compensation is reviewed by the Board and the GHRC as per the terms of reference outlined below.

### Board of Directors

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

### GHRC

- Approves the total compensation philosophy and plan design.
- Reviews and recommends to the Board of Directors the CEO's performance-based holdback award and salary increase.
- Approves the Executive Team performance-based holdback awards and salary increases, acting upon the recommendation of the CEO.

## **TOTAL COMPENSATION PHILOSOPHY**

BC Hydro total rewards programs are designed to strengthen our proud and valued workforce and ensure alignment to our values. The following reflect the key total rewards design principles.

**Performance:** Reward programs align employees with strategic priorities and support a performance-based culture, where employees seek to meet and surpass key goals.

**Differentiation:** Differences in position scope and accountability, as well as the performance of individual employees, are the main drivers of the pay an employee receives.

**Accountability:** Reward programs are affordable, linked to business requirements, and are an appropriate expenditure of public dollars.

**Transparency:** Reward programs have clear rules and fair process to ensure consistent and equitable application. Programs are designed and communicated in a manner that ensures they are clearly understood by employees and the public while protecting individual personal information.

**Flexibility:** Reward programs, where possible, allow employees choice to tailor solutions that best meet the needs of our diverse workforce and business.

**Compliance:** Reward programs are compliant with employment and tax laws, collective agreements, and policies set by the Public Sector Employers Council (PSEC).

Compensation is benchmarked to other public sector employers and to other Canadian electric utilities for industry specific jobs.

### **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 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 holdback awards for the Executive Team.

Executive holdback awards are based on objectives linked to BC Hydro's performance measures. The F2016 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 also 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

Name and Position	Salary	Holdback Pay	Benefits	Pension	All Other Compensation (see below)	2015/16 Total	Previous Two Years Totals	
							2014/15	2013/14
Jessica McDonald, President & CEO	\$361,790	\$32,089	\$22,457	\$72,358	\$417	\$489,111	\$348,701	
Chris O'Riley, Deputy CEO and Capital Infrastructure Project Delivery	\$326,658	\$57,946	\$21,529	\$65,332	\$18,070	\$489,534	\$450,770	\$432,605
Greg Reimer, EVP, T&D and Customer Service	\$294,142	\$46,866	\$20,671	\$58,828	\$12,371	\$432,878	\$443,401	\$430,526
Cheryl Yaremko, EVP, Finance & CFO	\$269,100	\$46,116	\$20,010	\$53,820	\$12,834	\$401,879	\$398,409	\$396,127
Janet Fraser, SVP, Corporate Affairs and CHRO	\$251,376	\$45,084	\$19,542	\$50,275	\$2,820	\$369,097		

#### Other Compensation Details

Name and Position	All Other Compensation Total	Vacation payout	Paid Parking
Jessica McDonald, President & CEO	\$417	\$417	
Chris O'Riley, Deputy CEO and Capital Infrastructure Project Delivery	\$18,070	\$16,660	\$1,410
Greg Reimer, EVP, T&D and Customer Service	\$12,371	\$12,371	
Cheryl Yaremko, EVP, Finance & CFO	\$12,834	\$10,800	\$2,034
Janet Fraser, SVP, Corporate Affairs and CHRO	\$2,820		\$2,820

#### Notes:

Ms. McDonald was hired partway through F2015 and therefore F2016 was her first full year of earnings.

Mr. O'Riley, previously EVP, Generation, was promoted to a new role as Deputy CEO & Capital Infrastructure Project Delivery at the start of F2016 and received a promotional increase.

**SUBSIDIARIES**

**Powerex**

Name and Position	Salary	Holdback Pay	Benefits	Pension	All Other Compensation (see below)	2015/16 Total	Previous Two Years Totals	
							2014/15	2013/14
Teresa Conway, President & CEO, Powerex	\$326,562	\$56,487	\$21,527	\$65,312	\$1,058	\$470,945	\$511,343	\$492,542
Thomas Bechard, Managing Director	\$359,421	\$477,758	\$19,651	\$16,902	\$2,287	\$876,019	\$957,704	\$973,431
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$222,759	\$20,115	\$16,590	\$18,348	\$6,999	\$284,810	\$311,322	\$304,805
Amit Budhwar, Director, Risk Management	\$235,182	\$7,079	\$16,868	\$18,298	\$9,439	\$286,867	\$292,805	\$290,806
Janette Lyons, Chief Financial Officer	\$196,227	\$10,907	\$15,996	\$15,456	\$6,363	\$244,950	\$249,778	

**Other Compensation Details**

Name and Position	All Other Compensation Total	Vacation Payout	Paid Parking
Teresa Conway, President & CEO, Powerex	\$1,058		\$1,058
Thomas Bechard, Managing Director	\$2,287		\$2,287
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$6,999	\$3,427	\$3,572
Amit Budhwar, Director, Risk Management	\$9,439	\$9,439	
Janette Lyons, Chief Financial Officer	\$6,363	\$1,965	\$4,398

**Powertech**

Name and Position	Salary	Holdback Pay	Benefits	Pension	All Other Compensation (see below)	2015/16 Total	Previous Two Years Totals	
							2014/15	2013/14
Don Stuckert, President & CEO Powertech, and VP Technology & Security (Former)	\$256,624	\$28,229	\$19,680	\$51,325		\$355,858	\$365,634	\$355,536
Raymond Lings, President & CEO Powertech	\$220,637	\$38,720	\$16,543	\$19,254	\$38,287	\$333,441	\$286,199	\$272,777
Vidya Vankayala, Director, Smart Utility Technologies	\$126,209		\$10,821	\$8,909	\$7,350	\$153,289		
Lei Wang, Director, Software Technologies	\$177,539		\$15,577	\$13,062	\$14,113	\$220,291	\$221,762	\$218,222
John Vandermaar, Director, High Voltage Lab & Cable Technologies	\$152,743		\$15,022	\$11,056	\$24,786	\$203,606	\$203,863	\$191,080

Name and Position	All Other Compensation Total	Vacation Payout
Raymond Lings, President & CEO Powertech	\$38,287	\$38,287
Vidya Vankayala, Director, Smart Utility Technologies	\$7,350	\$7,350
Lei Wang, Director, Software Technologies	\$14,113	\$14,113
John Vandermaar, Director, High Voltage Lab & Cable Technologies	\$24,786	\$24,786

**Notes:**

Mr. Stuckert was on salary continuance in F2016.

Mr. Lings, previously Managing, Director, was promoted to President and CEO, Powertech at the start of F2016 and received a promotional increase.

Mr. Vankayala was hired partway through F2106 (June 29, 2015) and therefore his F2016 compensation represents only a partial year of earnings.

**BC Hydro Board Attestation**

To: Christina Zacharuk  
CEO & President of PSEC 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.



June 17, 2016

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Janine North

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Date

Director, BC Hydro Board of Directors

Chair, Governance and Human Resources Committee