

**Public Sector Executive Compensation Reporting
Form**

BC Hydro and Power Authority

June 2014

Statement of Executive Compensation

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1.1 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, 2014 for BC Hydro, and its two subsidiaries; Powerex and Powertech.

2.1 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 Safety, Human Resources and Environment Committee 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 and from BC Hydro's approved executive compensation plan, including those required to achieve alignment with the Crown Corporation Executive Compensation Policy, are reviewed and approved by the Board and/or the Safety, Human Resources and Environment Committee prior to submission to the Public Sector Employers Council (PSEC) for final approval.

2.2 GOVERNANCE

Executive compensation is reviewed by the Board and the Safety, Human Resources and Environment Committee. 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 Safety, Human Resources and Environment Committee.

Safety, Human Resources and Environment Committee of the Board

- 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.

2.3 CHANGES FOR F2014

In alignment with the government's Crown Corporation Executive Compensation Policy, BC Hydro made the following changes to executive compensation in F2014 as approved by PSEC:

- Eliminated the variable pay program
- Eliminated perquisites (e.g. vehicle and expense allowances)
- Implemented a holdback program
- Adjusted base salaries as required

2.4 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 target market includes other Canadian electric utilities and general industry companies of a similar size, as well as public sector organizations.

2.5 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.

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 Safety, Human Resources and Environment Committee 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 F2014 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)

2.6 ELEMENTS OF THE EXECUTIVE COMPENSATION PLAN

The current executive offer typically 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.
- **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 CEO may also be provided a vehicle by BC Hydro. The taxable benefit value is reported for paid parking and vehicle 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

Summary Compensation Table F2014

Name and Position	Salary	Holdback Award	Benefits	Pension	All Other Compensation (expanded below)	2013/14 Total	Previous Two Years Totals	
							2012/13	2011/12
Charles Reid, President & CEO	\$358,802	\$64,080	\$22,860	\$71,760	\$13,357	\$530,859	\$531,521	\$493,322
Chris O'Riley, Executive VP, Generation	\$305,450	\$51,617	\$21,297	\$61,090	(\$6,849)	\$432,605	\$441,572	\$425,267
Greg Reimer, Executive VP, T&D	\$293,081	\$45,449	\$20,934	\$58,616	\$12,445	\$430,526	\$438,493	\$401,389
Cheryl Yaremko, Executive VP, Finance & CFO	\$269,100	\$45,023	\$20,232	\$53,820	\$7,952	\$396,127	\$376,457	\$327,512
Debbie Nagle, Sr VP & Chief HR Officer	\$273,107	\$45,945	\$20,349	\$54,621	\$2,320	\$396,342	\$407,320	\$381,125

Summary Other Compensation Table at F2014

Name and Position	All Other Compensation	Vacation Payout	Company Vehicle	Paid Parking
Charles Reid, President & CEO	\$13,357		\$11,101	\$2,256
Chris O'Riley, Executive VP, Generation	(\$6,849)	(\$8,380)		\$1,531
Greg Reimer, Executive VP, T&D	\$12,445	\$12,445		
Cheryl Yaremko, Executive VP, Finance & CFO	\$7,952	\$5,400		\$2,552
Debbie Nagle, Sr VP & Chief HR Officer	\$2,320	\$15		\$2,305

Notes:

Mr. O'Riley had a negative vacation payout balance as he repaid a portion of 2013 flex days that had been taken as cash and reported in F13. Mr. O'Riley repaid the amount as the flex day program was eliminated partway through 2013.

Ms. Yaremko's total compensation increased in F14 as she was promoted in F13 and therefore F14 is her first full year of earnings in the Executive VP, Finance and CFO position.

SUBSIDIARIES

POWEREX

Summary Compensation Table F2014

Name and Position	Salary	Holdback Award	Benefits	Pension	All Other Compensation (expanded below)	2013/14 Total	Previous Two Years Totals	
							2012/13	2011/12
Teresa Conway, President & CEO, Powerex	\$324,776	\$57,995	\$21,863	\$64,955	\$22,953	\$492,542	\$450,268	\$464,228
Thomas Bechard, Managing Director	\$358,800	\$540,000	\$19,437	\$20,694	\$34,500	\$973,431	\$1,019,687	\$976,504
John Irving, Chief Legal Officer	\$264,068	\$53,209	\$20,084	\$52,814	\$10,453	\$400,629	\$403,114	\$392,891
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$205,975	\$41,481	\$15,692	\$21,866	\$19,791	\$304,805	\$309,317	\$300,562
Amit Budhwar, Director, Risk Management	\$215,628	\$17,377	\$15,929	\$21,484	\$20,388	\$290,806	\$271,726	\$268,789

Summary Other Compensation Table F2014

Name and Position	All Other Compensation	Vacation payout	Paid Parking
Teresa Conway, President & CEO, Powerex	\$22,953	\$17,166	\$5,788
Thomas Bechard, Managing Director	\$34,500	\$32,429	\$2,072
John Irving, Chief Legal Officer	\$10,453	\$6,917	\$3,536
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$19,791	\$16,592	\$3,199
Amit Budhwar, Director, Risk Management	\$20,388	\$20,388	

Notes:

Ms. Conway's total compensation increased in F14, primarily due to a payout of unused vacation days.

Mr. Bechard earned an additional \$20,000 in incentive pay that has been deferred for payment at a later date.

POWERTECH

Summary Compensation Table F2014

Name and Position	Salary	Holdback/Incentive Pay Award	Benefits	Pension	All Other Compensation (expanded below)	2013/14 Total	Previous Two Years Totals	
							2012/13	2011/12
Don Stuckert, President & CEO Powertech, and Vice-President, Technology & Security	\$254,697	\$28,229	\$19,810	\$50,939	\$1,861	\$355,536	\$357,623	\$358,205
Raymond Lings, Managing Director	\$199,600	\$31,920	\$15,536	\$21,142	\$4,578	\$272,777	\$223,311	\$ -
Mark Dubois-Phillips, Director, Smart Utility Services	\$158,575	\$8,369	\$14,531	\$14,964	\$1,215	\$197,654		
Lei Wang, Director, Software Technologies	\$161,355	\$13,837	\$14,599	\$15,778	\$12,652	\$218,222		
John Vandermaar, Director, High Voltage Lab & Cable Technologies	\$139,045	\$12,841	\$14,053	\$13,478	\$11,663	\$191,080		

Summary Other Compensation Table F2014

Name and Position	All Other Compensation	Vacation Payout	Paid Parking
Don Stuckert, President & CEO Powertech, and Vice-President, Technology & Security	\$1,861		\$1,861
Raymond Lings, Managing Director	\$4,578	\$4,578	
Mark Dubois-Phillips, Director, Smart Utility Services	\$1,215	\$1,215	
Lei Wang, Director, Software Technologies	\$12,652	\$12,652	
John Vandermaar, Director, High Voltage Lab & Cable Technologies	\$11,663	\$11,663	

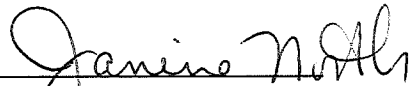
Notes:

Mr. Ling's total compensation increased in F14, as it was his first full-year working at Powertech. He was hired partway through F13 (June 11, 2012).

BC Hydro Board Attestation

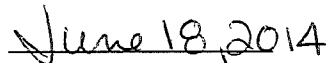
To: Lee Doney
Interim President & CEO
Public Sector Employers' Council Secretariat
Suite 210, 880 Douglas St
Victoria, B.C.
V8W 2B7

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

Chair, Safety, Human Resources & Environment Committee



Date