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May 6<sup>th</sup>, 2016

Christina Zacharuk  
President & CEO  
Public Sector Employers' Council Secretariat  
Suite 200, 880 Douglas Street  
Victoria, BC  
V8W 2B7

**Re: Columbia Power Corporation Statement of Executive Compensation Fiscal Year  
2015/2016**

Dear Ms. Zacharuk:

I am writing to advise you that as per its disclosure obligations, Columbia Power Corporation has submitted its Statement of Executive Compensation for the Fiscal Year 2015/2016.

As Board Chair of Columbia Power Corporation I am aware of the compensation paid to the executives and can verify that the compensation provided was within approved compensation plans.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee Doney". The signature is stylized with a large, sweeping loop at the end.

Lee Doney  
Board Chair  
Columbia Power Corporation



**COLUMBIA POWER CORPORATION**  
**STATEMENT OF EXECUTIVE COMPENSATION**  
**FISCAL YEAR 2015/16**

**BACKGROUND**

The mandate of Columbia Power Corporation is to efficiently develop and operate commercially viable, environmentally sound and safe power project investments for the benefit of the Province and the residents of the Columbia Basin. In making power project investments, Columbia Power's goal is to support the employment, economic development and resource management objectives of the Province, within the constraints of a commercial enterprise. Columbia Power is committed to building a competent and skilled workforce that can effectively deliver on its current and future strategies within a competitive labour market. Columbia Power's compensation program is a key factor in the organization's ability to attract, retain and motivate quality employees.

**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 Vice Presidents and current CEO are eligible for a re-earnable annual holdback payment. The maximum holdback level for executive employees is 8% of base salary.

**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 (see Appendix B). 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.

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 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 CEO, review and recommend the appointment of and compensation, including perquisites, professional development, holdback, and benefits for the senior management team.
- Review with the 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 CEO's performance and report to the Board.
- Review with the CEO any significant outside commitments the 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
- 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 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) Holdback Payment

As of April 2013, the Vice Presidents, and President & CEO of Columbia Power are eligible for a holdback payment of up to 8% of the individual's annual base salary. Holdback payments are non-pensionable and are re-earnable each year based on the individual's contribution to the Corporation's overall performance during the previous fiscal year.

Upon Board review of the Corporation's profitability and level of attainment of its corporate goals and objectives for the fiscal year, the total amount to be allocated for holdback payment is approved by the Board. The holdback payments made to the named executive officers are tied to the attainment of specific performance measures, benchmarks, and targets which are linked to the Corporation's strategic plan, service plan, operating and capital budgets, and established individual objectives.

The 2015/16 executive performance objectives and measures are: achievement of service plan objectives; financial performance measured against budgeted net income and audited financial statements including variance financial reports.

The annual holdback payments for the named executive officers are recommended to the Human Resources and Governance Committee by the CEO and approved by the Board. A formula is used to determine the percentage of the holdback payment that the executives may qualify for, based on

the weighted outcome of the individual's annual performance review and how well the individual met their annual corporate and personal performance objectives and targets.

### 3) 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.

### 4) 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.

The Vice President's receive a monthly car allowance or a Columbia Power paid vehicle for their use which is a fully taxable benefit. As of January 2014 the current CEO is not eligible for a car allowance.

## 2015/16 FISCAL YEAR COMPENSATION

Base Pay - Consistent with the government mandated net zero increase Columbia Power did not adjust its salary ranges in 2015/16.

Holdback Payment - Columbia Power's holdback payment targets and weightings are consistent with PSEC guidelines and have an equal weighting for individual and organizational performance. The organizational performance of 100% was achieved for the fiscal year and this combined with the individual performance measures will equal the holdback payments for eligible named executives.

There were no other monetary payments to executives or changes to compensation plans.

## STATEMENT OF EXECUTIVE COMPENSATION

The Statement of Executive Compensation spreadsheet attached contains the compensation breakdown for the CEO, interim CEO and the four (4) highest ranking/paid named executive officers of Columbia Power for the year April 1, 2015 to March 31, 2016. 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 year.

Summary Compensation Table at FISCAL, 2016								
Name and Position (a)	Salary (b)	Holdback / Bonus / Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2015/16 Total	Previous Two Years Totals	
							2014/15	2013/14
Frank Wszelaki, President & CEO	\$ 198,042	\$ 15,843	\$ 8,126	\$ 20,956	\$ 342	\$ 243,309	\$ 243,076	\$ 247,132
Giulio Ambrosone, VP, Capital Projects	\$ 182,333	\$ 14,587	\$ 10,258	\$ 19,230	\$ 15,481	\$ 241,889	\$ 241,716	\$ 241,714
Karim Hirji, VP, Project Development	\$ 169,427	\$ 13,554	\$ 13,028	\$ 17,812	\$ 27,570	\$ 241,390	\$ 237,748	\$ 234,396
David de Git, Director, Finance	\$ 144,936	\$ -	\$ 11,996	\$ 15,121	\$ 10,101	\$ 182,154	\$ 184,152	\$ 193,882
Susan Dyer, VP, Operations	\$ 169,420	\$ 13,554	\$ 10,041	\$ 17,811	\$ 15,437	\$ 226,263	\$ 207,460	\$ -
John T Stanley, Interim CEO	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summary Other Compensation Table at FISCAL, 2016								
Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)	
Frank Wszelaki, President & CEO	\$ 342	\$ -	\$ -	\$ -	\$ -	\$ 342	\$ -	
Giulio Ambrosone, VP, Capital Projects	\$ 15,481	\$ -	\$ -	\$ 12,667	\$ 2,814	\$ -	\$ -	
Karim Hirji, VP, Project Development	\$ 27,570	\$ -	\$ 16,347	\$ 3,269	\$ 7,175	\$ 778	\$ -	
David de Git, Director, Finance	\$ 10,101	\$ -	\$ -	\$ 10,069	\$ -	\$ 33	\$ -	
Susan Dyer, VP, Operations	\$ 15,437	\$ -	\$ 8,500	\$ -	\$ 6,936	\$ -	\$ -	
John T Stanley, Interim CEO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Notes:								
Frank Wszelaki, President & CEO	Parking Taxable Benefit \$242; Active Living Allowance \$100; On Medical Leave June 18 to Sept. 22, 2015							
Giulio Ambrosone, VP, Capital Projects	Flex Payout \$12,667; Auto Taxable Benefit \$2,814							
Karim Hirji, VP, Project Development	Flex Payout \$3,269; Car Allowance \$7,175; Parking Taxable Benefit \$778							
David de Git, Director, Finance	Flex Payout \$10,069; Active Living Allowance \$33							
Susan Dyer, VP, Operations	Car Allowance \$6,936							
John T Stanley, Interim CEO	Interim CEO from June 18 to October 18, 2015							