

Public Sector Executive Compensation Reporting Form

BC Hydro and Power Authority

May 2013

Statement of Executive Compensation

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Statement of Executive Compensation

1.1 PURPOSE

BC Hydro must disclose all compensation provided to the Chief Executive Officer and the next four highest ranking executives for the services they have provided to the organization. This document outlines the design, provisions, and total value of executive compensation for the fiscal year ending March 31, 2013 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 and Human Resources and Safety Committee (HRSC) 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 (to be implemented in Fiscal 2014), are reviewed and approved by the Board and/or the HRSC prior to submission to the Public Sector Employers Council (PSEC) for final approval.

2.2 GOVERNANCE

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

Board of Directors

- Approve the BC Hydro CEO's compensation package.
- Review the compensation design of executives acting upon the advice of the CEO and upon recommendation of the HRSC.
- Review and approve benefit and pension arrangements acting upon advice of the CEO and upon recommendation of the HRSC.

Human Resources and Safety Committee of the Board (HRSC)

- Approve the total compensation philosophy and annually review the compensation structure.
- Review the performance of the BC Hydro CEO and recommend to the Board, compensation for the CEO of BC Hydro including salary, incentive awards, perquisites, benefits and other remuneration.
- Review and approve the CEO's recommendations for executive performance based salary increases and incentive payments.
- Review and approve subsidiary CEO performance based salary increases and incentive payments.

2.3 BUSINESS DRIVERS FOR BC HYDRO'S TOTAL COMPENSATION PHILOSOPHY

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

- A long term business planning cycle which includes sizeable, multi-year capital projects and sizeable public policy mandates directly influencing and impacting British Columbians.
- A need for operational certainty to meet stakeholder expectations of high reliability for power at a reasonable cost.

The total compensation design at BC Hydro is balanced and flexible in order to maximize attractiveness to prospective employees. The design has also been built to encourage long term employment, and pay for performance.

2.4 TOTAL COMPENSATION PHILOSOPHY

BC Hydro's total compensation programs:

- Align employees with BC Hydro's strategic objectives through performance based pay
- Support our culture and HR strategy
- Balance internal equity and external competitiveness
- Maintain affordability
- Ensure regulatory compliance
- Support employee understanding, attraction, and retention

External competitiveness is determined by benchmarking 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 which includes public and private sector organizations.

2.5 PERFORMANCE MANAGEMENT AND PAY AT RISK

Executives participate in both a merit program and an incentive based variable pay program which together comprise the 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 variable pay plan 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 his/her 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 HRSC performance based salary increases and variable pay awards for the Executive Team.

Executive variable pay is based on objectives linked to BC Hydro's short term priorities. The F2013 short-term priorities 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 in sections 2.3 and 2.4. The design may differ for subsidiary executives.

- **Salary Structure:** A salary range that outlines the typical range for base pay dependent on performance, knowledge, skills, and experience of the individual.
- **Incentive Pay:** The potential variable pay amounts possible under different scenarios of performance against pre-set performance descriptions as described in section 2.5. Variable pay target percentages are either 20 or 25 per cent depending on the nature of the executive portfolio and can reach a maximum of two times the target percentage. The variable pay maximum for the BC Hydro CEO and CFO is 20 per cent and the variable pay target percentage for the Powerex Managing Director is 150 per cent.
- **Registered Pension Plan:** BC Hydro provides to employees 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.
- **Executive Pension Plan:** The BC Hydro Executive Pension Plan offers eligible participants special provisions in addition to the benefits available through the BC Hydro registered pension plan. These special provisions include a lifetime bridge benefit, 100 per cent pensionable incentive pay as well as the option to purchase service, within the guidelines, to a maximum of 5 years. The executive pension plan for some subsidiary executives may be reduced or may not be provided.
- **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 is higher. Some subsidiary executives participate in the benefit plan for management and exempt employees. The disclosed benefit value includes statutory benefits such as WorkSafe BC employer premiums.
- **Other Compensation:** Executives may receive perquisites in the form of a vehicle allowance or lease, paid parking and an expense allowance. The perquisites for some executives may be reduced or may not be provided.

3.1 SUMMARY COMPENSATION TABLE

BC Hydro

Summary Compensation Table FISCAL 2013

Name and Position	Salary	Incentive Plan Compensation	Pension	Benefits	All Other Compensation (expanded below)	2012/13 Total	Previous Two Years Totals	
							2011 /12	2010 /11
Charles Reid, President & CEO	\$356,041	\$57,240	\$85,450	\$20,445	\$12,345	\$531,521	\$493,322	\$458,199
Chris O'Riley, Executive VP, Generation	\$234,213	\$89,300	\$56,211	\$17,461	\$44,387	\$441,572	\$425,267	\$439,862
Greg Reimer, Executive VP, T&D	\$245,065	\$89,018	\$58,816	\$17,726	\$27,868	\$438,493	\$401,389	\$328,819
Cheryl Yaremko, Executive VP, Finance & CFO	\$249,168	\$41,310	\$59,800	\$17,827	\$8,352	\$376,457	\$327,512	\$315,061
Debbie Nagle, Sr VP & Chief HR Officer	\$209,300	\$80,325	\$50,232	\$16,850	\$50,613	\$407,320	\$381,125	\$373,449

Summary Other Compensation Table FISCAL 2013

Name and Position	All Other Compensation	Severance	Vacation Payout	Leave Payout	Vehicle/ Transportation Allowance	Perquisites/ Other Allowances	Other
Charles Reid, President & CEO	\$12,345				\$11,101	\$1,244	
Chris O'Riley, Executive VP, Generation	\$44,387		\$23,500		\$13,200	\$7,687	
Greg Reimer, Executive VP, T&D	\$27,868		\$8,668		\$13,200	\$6,000	
Cheryl Yaremko, VP, Finance & CFO	\$8,352				\$4,048	\$4,304	
Debbie Nagle, Sr VP & Chief HR Officer	\$50,613		\$29,090		\$13,200	\$8,323	

Notes:

Perquisites/Other Allowances includes value of paid parking and expense allowance, as described in section 2.6.

Mr. Reid was permanently promoted to President and CEO effective July 11, 2012.

Ms. Yaremko was permanently promoted to VP, Finance and Chief Financial Officer (CFO) effective July 13, 2012.

Mr. Reimer received a within range salary adjustment effective June 7, 2012.

Ms. Nagle's job was expanded to include responsibility for Safety, Health and Environment effective December 1, 2011.

SUBSIDIARIES

Powerex

Summary Compensation Table FISCAL 2013

Name and Position	Salary	Incentive Plan Compensation	Pension	Benefits	All Other Compensation (expanded below)	2012/13 Total	Previous Two Years Totals	
							2011 / 12	2010 / 11
Teresa Conway, President & CEO, Powerex	\$249,163	\$98,750	\$59,799	\$17,827	\$24,729	\$450,268	\$464,228	\$522,425
Thomas Bechard, Managing Director	\$358,800	\$540,000	\$21,060	\$17,404	\$82,423	\$1,019,687	\$976,504	\$1,011,718
John Irving, Chief Legal Officer	\$217,816	\$69,606	\$52,276	\$17,059	\$46,357	\$403,114	\$392,891	\$399,225
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$174,628	\$63,777	\$18,635	\$13,702	\$38,575	\$309,317	\$300,562	\$291,947
Amit Budhwar, Director, Risk Management	\$171,591	\$57,236	\$18,285	\$13,641	\$10,973	\$271,726	\$268,789	\$257,091

Summary Other Compensation Table FISCAL 2013

Name and Position	All Other Compensation	Severance	Vacation Payout	Leave Payout	Vehicle/Transportation Allowance	Perquisites/Other Allowances	Other
Teresa Conway, President & CEO, Powerex	\$24,729		\$3,822		\$13,200	\$7,707	
Thomas Bechard, Managing Director	\$82,423		\$79,431			\$2,992	
John Irving, Chief Legal Officer	\$46,357		\$21,854		\$13,200	\$11,303	
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$38,575		\$33,487			\$5,088	
Amit Budhwar, Director, Risk Management	\$10,973		\$10,973				

Powertech

Summary Compensation Table FISCAL 2013

Name and Position	Salary	Incentive Plan Compensation	Pension	Benefits	All Other Compensation (expanded below)	2012/13 Total	Previous Two Years Totals	
							2011/12	2010/11
Don Stuckert, President & CEO Powertech, and Vice-President, Technology & Security	\$209,300	\$54,600	\$50,232	\$16,850	\$26,641	\$357,623	\$358,205	\$361,880
Raymond Lings, Managing Director	\$140,875	\$40,670	\$14,742	\$13,024	\$14,000	\$223,311	N/A	N/A
Nick Dominelli, Manager, Applied Chemistry	\$131,948	\$18,879	\$13,620	\$12,375	\$19,632	\$196,454	N/A	N/A
Craig Webster, Engineering Consultant	\$140,248	\$17,591	\$14,324	\$13,011	\$18,882	\$204,056	\$200,710	\$197,918

Summary Other Compensation Table FISCAL 2013

Name and Position	All Other Compensation	Severance	Vacation Payout	Leave Payout	Vehicle/Transportation Allowance	Perquisites/Other Allowances	Other
Don Stuckert, President & CEO Powertech, and Vice-President, Technology & Security	\$26,641		\$6,720		\$13,200	\$6,721	
Raymond Lings, Managing Director	\$14,000		\$14,000				
Nick Dominelli, Manager, Applied Chemistry	\$19,632		\$19,632				
Craig Webster, Engineering Consultant	\$18,882		\$18,882				

BC Hydro Board Attestation

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



Kim Baird

May 29/13

Date

Chair, BC Hydro Human Resources and Safety Committee