

1 **Q. Reference: Transcript, June 20, 2024, page 1, line 20 to page 2, line 9.**

2
 3 **1. The history of the Hay points for each executive position starting with the points**
 4 **as reflected in the Hay report filed in the 2016 GRA. This historical record should**
 5 **show the change in points for each position from the date of that report to the**
 6 **present, explaining the reasons/rationale for the change.**

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 8 **2. The history of the salary range for each executive position that shows the salary**
 9 **range in effect at the time for each change in Hay points.**

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 11 **A. *Hay Points***

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 13 Table 1 shows the Hay points by executive position for 2016 to 2024.

**Table 1:
 Hay Points by Executive Position
 2016 to 2024¹**

Executive Position	Jan 1, 2016	Jun 1, 2017	Jun 26, 2018	Jun 2, 2023
President & Chief Executive Officer (“CEO”)	2,128	2,128	2,128	2,128
Vice President, Finance & Chief Financial Officer (“CFO”)	1,560	1,358	1,418	1,486
Vice President, Operations & Engineering	1,628	1,628	n/a	n/a
Vice President, Regulation & Planning	1,560	1,560	n/a	n/a
Vice President, Customer Operations	n/a	n/a	1,566	1,486
Vice President, Engineering & Energy Supply	n/a	n/a	1,486	1,486
	6,876²	6,674	6,598³	6,586⁴

14 From 2016 to 2024, the Hay points for Newfoundland Power’s executive officers
 15 decreased from 6,876 to 6,586, or by 290 in total. The changes over this time period were
 16 due to the reorganization of responsibilities among the various Vice President positions.

17
 18 For example, in 2016 the CFO position also had responsibility for Customer Service and
 19 Human Resources. However, in 2017 those responsibilities were not held by the CFO.
 20 Responsibility for Customer Service was assumed by the Vice President, Operations &
 21 Engineering and responsibility for Human Resources was assumed directly by the CEO.

¹ The dates reflected in Table 1 correspond to changes in Hay points.

² See the *2016/2017 General Rate Application, Executive Compensation Review* prepared by Karl Aboud of Hay Group Limited, page 3.

³ See the *2019/2020 General Rate Application, Executive Compensation Review* prepared by Karl Aboud of Korn Ferry, page 5.

⁴ See the *2025/2026 General Rate Application, Executive Compensation Review* prepared by Wiclif Ma of Korn Ferry, page 5.

1 This resulted in a decrease of 202 Hay points for the CFO that were not reallocated at that
2 time.

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4 In 2018, a further executive reorganization was completed and a corresponding
5 re-evaluation of Hay points. The former Vice President, Operations & Engineering was
6 restructured as the Vice President, Customer Operations and included responsibility for
7 Operations, Customer Service and Human Resources. The new role of Vice President,
8 Engineering & Energy Supply assumed responsibility for Engineering, System Planning
9 and Technology. The position of Vice President, Regulation & Planning was
10 discontinued and the CFO assumed responsibility for Regulatory Affairs. Overall, this
11 reorganization and resulting evaluation resulted in a decrease of 76 Hay points.

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13 In 2020, the CFO assumed responsibility for Human Resources, which was previously
14 included in the responsibilities of the Vice President, Customer Operations role. No
15 re-evaluation of Hay points was completed at that time. In 2023, an updated evaluation of
16 all Vice President positions was completed.⁵ This resulted in a decrease in Hay points for
17 the Vice President, Customer Operations and an increase for the CFO position. Overall,
18 this evaluation resulted in a decrease of 12 Hay points.

19
20 ***Median Salary Policy***

21
22 Newfoundland Power sets its salary policy for executive positions to be competitive
23 against the median salary paid by the Canadian Commercial Industrial companies.⁶ Each
24 year, Korn Ferry provides an estimate of median salary by position based upon the
25 current evaluation of the Hay points for each of the executive positions.⁷

⁵ See the response to Request for Information PUB-NP-031, Attachment C for a copy of Korn Ferry's evaluation dated June 2, 2023.

⁶ Newfoundland Power's salary range is +/- 15% as compared to median salary policy. See the response to Request for Information NLH-NP-136 for further information.

⁷ See the response to Request for Information PUB-NP-031, Attachment C for Korn Ferry's annual salary recommendations for Newfoundland Power's executives for 2022 through 2024.

1 Table 2 shows the estimated median salary policy by executive position for 2016 to 2024,
2 which is based on the Hay points detailed in Table 1.

Table 2:
Estimated Median Salary Policy by Executive Position
2016 to 2024
(\$)

Executive Position	2016	2018	2019	2024
President & CEO	372,500	412,600	438,000	510,200
Vice President, Finance & CFO	267,400	254,800	277,600	345,100
Vice President, Operations & Engineering	276,700	305,300	n/a	n/a
Vice President, Regulation & Planning	267,400	292,400	n/a	n/a
Vice President, Customer Operations	n/a	n/a	310,000	345,100
Vice President, Engineering & Energy Supply	n/a	n/a	292,500	345,100

3 Overall, a decrease in total Hay points for Newfoundland Power's executive positions
4 over the 2016 through 2024 timeframe resulted in a lower estimated median salary
5 policy.

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7 Table 3 provides the 2024 median salary policy by executive position, with Hay points as
8 evaluated in 2016 compared to Hay points as currently evaluated.

Table 3:
Comparison of 2024 Median Salary Policy
2016 vs. 2024 Hay Points

Executive Position	Hay Points			2024 Median Salary (\$)		
	2016	2024	Difference	2016 Hay Points	2024 Hay Points	Difference
President & CEO	2,128	2,128	-	510,200	510,200	-
Vice President, Finance & CFO	1,560	1,486	(74)	364,500	345,100	(19,400)
Vice President, Customer Operations	1,628	1,486	(142)	382,400	345,100	(37,300)
Vice President, Engineering & Energy Supply	1,560	1,486	(74)	364,500	345,100	(19,400)

9 As outlined in Table 3 above, for all executive positions the median salary policy for
10 2024 based on the current evaluation of Hay points is a total of \$76,100 lower.⁸

⁸ Further, at the current evaluation of Hay points, all Vice President positions short-term incentive targets are 35% of base salary. At the 2016 evaluation of Hay points, the short-term incentive targets were 40%. This is an estimated decrease in target short-term incentives of approximately \$51,765, based on the 2024 median salary policy (\$345,100 x (35% - 40%) x 3 Vice President positions = -\$51,765).