



NEWFOUNDLAND AND LABRADOR

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

E-mail: lhallett@newfoundlandpower.com

2024-05-02

Lindsay Hollett
Senior Legal Counsel
Newfoundland Power Inc.
55 Kenmount Road, P.O. Box 8910
St. John's, NL A1B 3P6

Dear Ms. Hollett:

**Re: Newfoundland Power Inc. - 2025-2026 General Rate Application –
To NP - Requests for Information**

Enclosed are Requests for Information PUB-NP-171 to PUB-NP-180 regarding the above-noted application.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacquelyn, by email, jglynn@pub.nl.ca or by telephone 709-726-6781.

Sincerely,

Jo-Anne Galarneau
Executive Director and Board Secretary

ecc **Newfoundland Power Inc.**
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1 **IN THE MATTER OF** the **Public**
2 **Utilities Act**, (the “**Act**”); and
3
4
5 **IN THE MATTER OF** a general rate
6 application by Newfoundland Power Inc.
7 to establish customer electricity rates for
8 2025 and 2026.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NP-171 to PUB-NP-180

Issued: May 2, 2024

1 **Korn Ferry (CA) Ltd. - Executive Compensation Review, filed April 17, 2024**

2
3 **PUB-NP-171** Korn Ferry Report, page 3. An objective of Korn Ferry’s review was stated to be
4 “Comparing NFP compensation values to those of the comparator market
5 consisting of a broad selection of Canadian Commercial Industrial organizations”.

6 (i) The response to PUB-NP-145 states “Newfoundland Power relies on the
7 advice of its compensation consultant, Korn Ferry, to determine the
8 appropriate comparator group for the Company.” Did Korn Ferry
9 recommend this comparator group to Newfoundland Power for the 2024
10 executive compensation review? Please explain in detail the basis for the
11 recommendation and explain the analysis used to determine whether this
12 was the appropriate comparison group for the 2024 review.

13 (ii) Has Korn Ferry recommended this comparator group to Newfoundland
14 Power for use in evaluating executive compensation for years prior to
15 2024? If yes, please state the year this recommendation was first made and
16 when it was last reviewed in detail.

17 (iii) Please explain how the following factors are considered in selecting an
18 appropriate comparator group to use to evaluate the executive
19 compensation of an organization, including (i) the type of business the
20 organization is engaged in, (ii) the geographic location of the organization,
21 and (iii) whether it is a government/public or private organization.
22

23 **PUB-NP-172** Korn Ferry Report, page 3. What comparator groups for executive compensation,
24 other than the Canadian Commercial Industrial Market could be appropriate, in
25 Korn Ferry’s opinion, to use to evaluate Newfoundland Power’s executive
26 compensation?
27

28 **PUB-NP-173** Korn Ferry Report, Appendix C. Please identify (i) all electrical utilities in Canada
29 included as participants in the Commercial Industrial Market; (ii) all organizations
30 in Atlantic Canada included as participants in the Commercial Industrial Market;
31 and (iii) all Newfoundland and Labrador organizations included in the Commercial
32 Industrial Market.
33

34 **PUB-NP-174** Korn Ferry Report, page 8. Please provide details of each compensation element
35 that each Newfoundland Power executive receives that is considered in Target
36 Total Remuneration and state whether each compensation element is regulated,
37 that is included in revenue requirement for recovery from customers or not.
38

39 **PUB-NP-175** Korn Ferry Report, page 9, Table 2. Please explain how each of the compensation
40 elements for the President & CEO has a negative percentage in NFP vs P50 yet the
41 total Target Remuneration is a positive percentage.
42

43 **PUB-NP-176** Does Korn Ferry provide compensation policy advice and services to other
44 Canadian utilities besides Newfoundland Power?

45 (i) If yes, please state what comparator group these utilities use to evaluate
46 executive compensation and whether they have short term incentive plans.

- 1 (ii) Does Korn Ferry know the comparator groups used by other Canadian
 2 utilities that are not clients to evaluate executive compensation?
 3 (iii) If yes, does Korn Ferry know the amount or percentage of total executive
 4 compensation that is included in the client utility's revenue requirement as
 5 a regulated expense to be recovered from customers?
 6
- 7 **PUB-NP-177** Has Korn Ferry ever compared the executive compensation paid by Newfoundland
 8 Power to the executive compensation paid by (i) Canadian utilities, (ii) Atlantic
 9 utilities and (iii) large Atlantic and Newfoundland and Labrador organizations? If
 10 yes, provide details of the review, including the date completed and the results. If
 11 not, why not?
 12
- 13 **PUB-NP-178** In Korn Ferry's opinion does the compensation for executives and managers at
 14 utilities generally trend lower than executive and managerial compensation at
 15 Canadian, Atlantic and Newfoundland and Labrador organizations?
 16
- 17 **PUB-NP-179** In Korn Ferry's opinion does compensation for executive and senior managers in
 18 Atlantic Canada in large organizations generally trend at the national level or
 19 higher or lower? Does compensation in Newfoundland and Labrador for large
 20 organizations generally trend higher or lower than in (i) Atlantic Canada and (ii)
 21 Canada?
 22
- 23 **PUB-NP-180** Please explain in detail how Korn Ferry evaluates and determines the appropriate
 24 KF Hay points for each executive position, including how position descriptions,
 25 meetings with the individual executive, meetings with the President and CEO
 26 regarding other positions, and meetings with the compensation committee of the
 27 Board of Directors are used as part of the evaluation process. In the response,
 28 please explain the degree to which judgement is exercised in the determination of
 29 the appropriate points.

DATED at St. John's, Newfoundland this 2nd day of May, 2024.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per



Jo-Anne Galarneau
 Board Secretary