

1 Reference: Korn Ferry Report, Section 2 and app. C.

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- 3 **Q. Regarding the 390 Commercial Industrial organizations of the total database**
 4 **selected for Newfoundland Power’s review:**
- 5 a) **On what basis were the 390 participants in the comparator market selected out**
 6 **of the total 543 referenced?**
- 7 b) **Please indicate how many of the participants in this reference group are Utility**
 8 **companies. Of the Utilities identified, how many are electric utilities?**
- 9 c) **Is there a comparator group in Korn Ferry’s overall dataset of comparator**
 10 **groups that has a large representation of utilities? If so, what comparator group**
 11 **would that be?**
- 12 d) **Further to part b), what was the rationale for not using a comparator group**
 13 **with a broader utility representation? Would it be more appropriate for Korn**
 14 **Ferry to utilize a comparator group that contains more representation from the**
 15 **Utility industry? Why or why not?**
- 16 e) **When did Korn Ferry begin to use the Canadian Commercial Industrial group**
 17 **as a comparator for Newfoundland Power executive compensation?**
- 18 f) **Please provide the scope of work and other relevant documentation that formed**
 19 **the basis of Korn Ferry’s preparation of its submission on executive**
 20 **compensation.**
- 21 g) **Using the table below, please provide a comparison of the organizations included**
 22 **within the Canadian Commercial Industrial comparator group, including**
 23 **Newfoundland Power, on the basis of revenue, asset base, number of employees,**
 24 **and geography (market served).**

Company	Location	Industry	Market Served (Area/Geography)	Revenue (\$M)	Scope Information	
					Assets (\$M)	Employees (#)
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- 25 h) **Does Korn Ferry provide a similar analysis for Newfoundland Power for**
 26 **Newfoundland Power’s non-union/non-executive personnel? If yes, please detail**
 27 **the comparator market(s) used for non-union/non-executive personnel and**
 28 **explain the associated rationale for the use of the comparator market(s)**
 29 **identified.**

- 1 A. a) The selections are based on (1) private sector organizations and (2) industrial sector
2 organizations, without any inclusion of organizations from the financial industry and
3 from the public sector.
4
- 5 b) See our response to Request for Information PUB-NP-173.
6
- 7 c) Korn Ferry's compensation survey database has utility organizations. Many of them
8 are in the broader public sector and have a different funding / business model
9 compared to Newfoundland Power. Korn Ferry's database does not have enough
10 comparable utility organizations from the private sector to conduct a full analysis.
11 Korn Ferry excluded other subsidiaries of Fortis Inc., the parent company of
12 Newfoundland Power.
13
- 14 d) Korn Ferry's database does not have enough comparable utility organizations from
15 the private sector for a full analysis. Korn Ferry excluded other subsidiaries of Fortis
16 Inc., the parent company of Newfoundland Power.
17
- 18 e) See our response to Request for Information PUB-NP-171.
19
- 20 f) Korn Ferry has been retained by Newfoundland Power to provide a market review of
21 its compensation level for its four senior executive positions:
22
- 23 1. President & CEO
 - 24 2. VP Finance & CFO
 - 25 3. VP Engineering & Energy Supply
 - 26 4. VP Customer Operations
- 27
- 28 The following are the review objectives:
29
- 30 • Comparing Newfoundland Power executive positions with other executive
31 positions in the comparator market on the basis of similar job content (i.e.,
32 evaluation points). This method is consistent with Newfoundland Power's
33 historical executive compensation principles;
 - 34 • Comparing Newfoundland Power compensation values to those of the comparator
35 market consisting of a broad selection of Canadian Commercial Industrial
36 organizations. This approach is consistent with Newfoundland Power's historical
37 executive compensation principles;
 - 38 • Assessing compensation values against the median level (i.e., 50th percentile or
39 P50) of the defined comparator group, which is consistent with Newfoundland
40 Power's historical executive compensation principles; and
 - 41 • Analyzing Newfoundland Power total remuneration including salary, short term
42 incentive, long term incentive and benefits (including pension and perquisites).
43
- 44 g) Precise dimensional information of various database participants cannot be disclosed
45 to third parties or other database participants because (a) they are privately held
46 organizations, and (b) some information requirements are not covered in Korn Ferry

1 surveys (e.g., multiple locations and multiple markets served). Korn Ferry has strict
2 confidentiality agreements with all database participants.

3

4 h) We understand that the information has been previously filed by Newfoundland
5 Power in relation to Request for Information PUB-NP-031, Attachment B.