



Waterloo North Hydro Inc.

**Application for electricity distribution rates and other
charges beginning January 1, 2021**

DECISION ON CONFIDENTIALITY

December 15, 2020

Waterloo North Hydro Inc. (Waterloo North Hydro) filed a cost of service application with the Ontario Energy Board (OEB) under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Waterloo North Hydro charges for electricity distribution, beginning January 1, 2021.

On November 16, 2020, Waterloo North Hydro filed a settlement proposal and responses to pre-settlement clarification questions received from parties in the proceeding. Waterloo North Hydro requested confidential treatment for several documents (collectively, the “Documents”) in response to pre-settlement clarification question SEC-67 related to the executive evaluation and compensation plans produced by a compensation consultant. Un-redacted versions of the Documents were filed with the OEB.

The Documents consist of the following items:

1. Executive Incentive Program Overview: Presentation slides from Marjorie Richards & Associates Ltd. (Compensation Consultant) on executive compensation and incentive pay
2. Waterloo North Hydro Balanced Scorecard for 2016: Scorecard with description of various goals and criteria to be achieved by Waterloo North Hydro for 2016. This formed part of the Executive Incentive Program Overview
3. Executive Total Compensation Salary Review: Presentation slides from the compensation consultant on its methodology in reviewing Waterloo North Hydro’s executive compensation, findings, observations and recommendations

4. Executive Incentive Program S.M.A.R.T. Objective Guideline: Detailed guideline on S.M.A.R.T. and how to set and evaluate objectives using the methodology
5. Executive Objectives Setting and Evaluation Form: Example of completed Executive Objectives Setting and Evaluation form for Waterloo North Hydro's President and CEO, showing the various objectives and evaluators
6. Tool with Example: Example of weighted rating calculation of bonus opportunity

Waterloo North Hydro submitted that public disclosure of the Documents would prejudice its competitive position in the areas of professional recruitment and retaining talent. It also submitted that disclosure of the Documents could be prejudicial to the consultant, Marjorie Richards & Assoc. Ltd. (Compensation Consultant), that advised Waterloo North Hydro and developed an executive total compensation plan specific to the utility.

Procedural Order No. 3, issued on November 25, 2020, provided for submissions on the confidentiality request. The OEB received a submission from OEB staff on December 2, 2020 and Waterloo North Hydro filed a reply submission on December 9, 2020.

OEB staff submitted that it did not support Waterloo North Hydro's request to have the Documents held entirely in confidence. OEB staff noted that the request should have limited redactions to those items that are typically considered confidential under the Practice Direction¹ and *Freedom of Information and Protection of Privacy Act* (FIPPA)². OEB staff stated that it is common to find executive compensation information on the public record in most rate applications.

With respect to Documents 1, 2, 4, and 6, OEB staff submitted that the information contained in those Documents would not prejudice Waterloo North Hydro's competitive position, nor does it contain commercially sensitive information of the Compensation Consultant and cited examples of other cases where similar types of documents were available on the public record.

With respect to Document 3, OEB staff observed that some of the information contained in that document is not generally treated as confidential in its entirety and has been included on the public record in other rate applications.

¹ Practice Direction on Confidential Filings, October 28, 2016

² R.S.O. 1990, c.F.31

OEB staff agreed with Waterloo North Hydro that Document 5 (Executive Objectives Setting and Evaluation Form) should remain confidential and that public disclosure could prejudice Waterloo North Hydro in the recruitment process as it could be used by third parties to their advantage.

In its reply submission, Waterloo North Hydro agreed that relevant Documents should be made available, in whole or in part on the public record unless a clear rationale for confidentiality is set out.”³ Waterloo North Hydro agreed to narrow its request and to allow the Documents to be made available on the public record, with the exception of the document entitled “Executive Objectives Setting and Evaluation Form” (referred to as Document 5 in OEB staff’s submission). Waterloo North Hydro cited its unique situation where the Chief Executive Officer and Chief Financial Officer will be retiring in 2021 requiring the utility to find their replacements. Disclosing Waterloo North Hydro’s executive compensation strategies when it is planning an upcoming recruitment process would prejudice its position in recruiting potential candidates. In addition, third parties could use this same information to undermine Waterloo North Hydro’s compensation strategy when competing for the same talent.

Findings

The OEB agrees with OEB staff and Waterloo North Hydro that the following documents shall be placed on the public record in their entirety:

Executive Incentive Program Overview

Waterloo North Hydro Balanced Scorecard for 2016

Executive Total Compensation Salary Review

Executive Incentive Program S.M.A.R.T. Objective Guideline

Tool with Example

Regarding the Executive Objective Setting and Evaluation Form, the OEB finds that this document shall be treated as confidential. This form pertains to the performance evaluation of a specific employee (President and CEO) and includes specific performance ratings for the achievement of target performance objectives.

³ EB-2020-0059, Waterloo North Hydro Submission on Confidentiality, December 9, 2020, Page 3

Waterloo North Hydro is directed to re-file the Documents based on the OEB's findings in this decision.

DATED at Toronto, **December 15, 2020**

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar