

September 6, 2022

RESS & EMAIL

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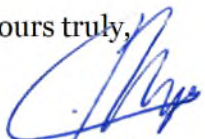
Attention: Ms. Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: Wataynikaneyap Power LP - Application for Approval of 2023 Electricity Transmission Rates (EB-2022-0149) – Korn Ferry Report

We are legal counsel to Wataynikaneyap Power LP (“WPLP”), which is the Applicant in the above-referenced proceeding. On July 6, 2022, WPLP requested confidential treatment of certain information in Korn Ferry’s 2022 Compensation Review Report, filed in Exhibit F-3-1, Appendix A (the “Report”). In its August 31, 2022 reply submissions on confidentiality, WPLP withdrew part of its request for confidentiality and indicated that upon receipt of the OEB’s decision on confidentiality it would file an updated version of the Report on the public record. In its September 2, 2022 Procedural Order No. 2, Decision on Confidentiality and Other Matters, the OEB confirmed the confidential treatment of the remaining aspects and directed WPLP to file a revised public version of the Report, a copy of which is attached hereto as Appendix ‘A’.

Yours truly,



Jonathan Myers

cc: Ms. Margaret Kenequanash, WPLP
Mr. Duane Fecteau, WPLP
Mr. Charles Keizer, Torys LLP
All Parties

APPENDIX 'A'

**KORN FERRY REPORT FOR WATAYNIKANEYAP POWER LP
2022 COMPENSATION REVIEW**



Korn Ferry Report for Wataynikaneyap Power LP

2022 Compensation Review

April, 2022



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Section 1: Introduction and Methodology

Overarching Summary of Findings

Korn Ferry's benchmarking analysis determined that the overall compensation level and related cash compensation costs at Wataynikaneyap Power LP Inc. (Watay Power) are aligned with the median of the Utilities sector. Detailed market benchmarking calculations, results and observations have been provided in Section 2 of this report.

Project Context

Watay Power made its inaugural rate application with the Ontario Energy Board (OEB) in 2021. Pursuant to the OEB's decision in that proceeding, Watay Power is committed to filing a benchmarking study or similar information concerning its compensation costs as part of its next rate application, which is to be filed in 2022.

To this effect, Watay Power engaged Korn Ferry (KF) with conducting a thorough market compensation analysis for the various roles/ levels at the organization. Korn Ferry has completed previous assignments with Watay Power and has a general understanding of the operations, organization structure, functions/ job families, and talent strategy and considerations. Based on the understanding of the scope and requirements, Korn Ferry has conducted an objective compensation benchmarking exercise and the results have been provided in this report.

Market of Comparison

In view of Watay Power's operations and talent context, the Utilities sector was considered to be the most appropriate market of comparison. Please refer to the Appendix for the detailed list of organizations that form the market of comparison.

Methodology and Project Steps

The various steps involved in conducting the compensation benchmarking analyses were as follows:

- Korn Ferry team collected Watay Power's relevant organizational information such as organization charts, job descriptions and compensation data
- Meetings were conducted with Watay Power's HR team to further clarify the organization structure, reporting relationships, scope and nature of the various roles. The meetings were also used to close any follow up queries around job content as well as compensation data provided
- Based on the job descriptions and role understanding, the jobs were evaluated using the KF Hay job evaluation methodology (snapshot of the methodology is provided in the Appendix). The evaluations were reviewed within the Korn Ferry team to ensure quality and accuracy
- Discussions were held with Watay Power's HR team to review the evaluation scores. Based on the completion of job evaluations, all Watay Power positions in scope were mapped to a KF Hay job level. This was a critical prerequisite for compensation benchmarking to ensure a like to like comparative analysis with the market
- Compensation benchmarking analysis was then conducted with the Utilities sector organizations. The market percentiles were statistically analyzed to ensure data accuracy and validity



Data Sources and Compensation Notes

For the purpose of compensation benchmarking, Korn Ferry utilized its proprietary compensation database KF Pay that has compensation data for organizations across industry sectors in Canada.

Each compensation data point in the database is mapped to a KF Hay level. With Watay Power's jobs evaluated and mapped to the same KF Hay level framework, an accurate and like to like compensation benchmarking was ensured. The compensation analysis focused on Base Salary and Total Cash (base salary + short-term incentive) also referred to as Total Salary and Wages including overtime and incentive pay.

The following table depicts the details of Watay Power's employee inclusions/ exclusions from a benchmarking analysis standpoint:

Parameter	Details/ Count	Comments/ Notes
Number of roles/ positions included	24	NA
Total headcount included	25	Administrative Assistant was the only multi-incumbent role
Headcount excluded	6	Vacant roles (P&C Engineer; Junior Electrical Engineer; Electrical Engineering Technologist; IT Systems Administrator; Forestry Manager; Manager, Project Relations)
	3	1 Administrative Assistant and 1 Executive Assistant owing to being in temporary/ outside of 'home' roles. 1 part-time contract First Nations Senior Advisor

Additional notes on compensation data:

- The market data is effective as of 2021 which was aged to reflect 2022 levels. The aging factor used was 2.2%, which is the average planned base salary increase for 2022. This was based on Korn Ferry's annual compensation planning survey conducted in August, 2021
- For certain positions, the actual payouts under the Short-term Incentive (STI) plan will begin in 2023 (for Financial Year 2022). For benchmarking purposes, the target payout was used
- For 1 Part-Time employee in scope, compensation has been extrapolated to reflect full-time equivalence for accurate benchmarking with the market



Section 2: Compensation Analyses Results

Comparative Ratio Analysis

Comparative Ratio or Compa ratio is the most often utilized industry-wide metric to determine the competitiveness of pay in an organization. It reflects the ratio of the salary in an organization to the median (P50 or 50th percentile) of the market of comparison (in this case, the Utilities sector). Compa ratio close to 1 indicates compensation levels near the market median. Compa ratio significantly greater or lesser than 1 indicates compensation levels higher and lower than the market median, respectively.

Based on the compensation benchmarking analysis, the table below reflects the average compa ratio for the various levels/ positions at Watay Power:

Watay Levels/ Titles*	KF Hay Levels	Typical Profile	Watay Headcount	Avg. Compa Ratio (Base Salary)	Avg. Compa Ratio (Total Cash)
Senior Manager and above	19 to 23	Senior Managers/ Manager of Managers/ Executives	6	1.05	1.11
Manager/ Senior Engineer/ Engineer/ Lead	16 to 18	Experienced Professionals/ Subject Matter Experts/ Managers	10	0.94	0.95
Advisor/ Accountant/ Coordinator	13 to 15	Entry Level Professionals/ Individual Contributors/ Senior Staff	6	0.90	0.90
Administrative Assistant/ Clerk	9 to 12	Operational Staff	3	0.91	0.93

**As majority of the roles at Watay Power are single employee roles, relevant levels have been grouped to protect individual data confidentiality. Average compa ratio has been shown owing to the same reason.*

While the above table depicts the break-down of compa ratio by levels, **the employee-wise average compa ratio for Watay Power on Base Salary and Total Cash was seen to be 0.95 and 0.98, respectively.**

The compa ratio values being extremely close to 1 (albeit marginally lower) indicate near market median compensation levels for Watay Power overall on both Base Salary and Total Cash.



Watay Power vs. Utilities Sector Compensation Differential

Based on the compensation benchmarking analysis, the table below reflects the average base salary and total cash compensation for both Watay and the market of comparison. This has been depicted for the various levels/ positions at Watay Power. The last 2 columns in the table show the catch-up/ differential for Watay vis-à-vis the market:

Watay Levels/ Titles*	Avg. Base* Salary (Watay)	Avg. Base Salary (Market)	Avg. Total Cash* (Watay)	Avg. Total Cash (Market)	Catch-up (Base Salary)**	Catch-up (Total Cash)**
Senior Manager and above						
Manager/ Senior Engineer/ Engineer/ Lead						
Advisor/ Accountant/ Coordinator						
Administrative Assistant/ Clerk						

*As majority of the roles at Watay Power are single employee roles, relevant levels and data has been grouped to protect individual data confidentiality. Average salary has been shown owing to the same reason.

**Catch-up is calculated as $(\text{Watay} - \text{Market}) / \text{Market}$. A (-) catch-up indicates that Watay's compensation levels are higher than market average. A (+) catch-up indicates that Watay's compensation levels are lower than the market average.

For Senior Manager and above, Watay's average compensation seen to be higher than the Utilities market. For all other levels, Watay's average compensation seen to lag the market average – on both base salary and total cash compensation.



Compensation Cost Analysis

While compa ratio helps in determining the competitiveness of pay in an organization vis-à-vis the market of comparison, it does not provide an indication of the trend on compensation cost. An organization with a < 1 average compa ratio overall may still have a higher than market median compensation cost depending on the distribution and deviation of compa ratio across levels/ roles.

The following table helps ascertain the trend on compensation cost for Watay Power vis-à-vis the market of comparison:

Watay Levels/ Titles*	Base Salary Cost (Watay)	Median Base Salary Cost (Market)**	Total Cash Cost (Watay)	Median Total Cash Cost (Market)**
Senior Manager and above				
Manager/ Senior Engineer/ Engineer/ Lead				
Advisor/ Accountant/ Coordinator				
Administrative Assistant/ Clerk				
Total				

**As majority of the roles at Watay Power are single employee roles, relevant levels have been grouped to protect individual data confidentiality.*

***Reflects the compensation cost if all employees at Watay were to be paid at the median (50th percentile) of the market of comparison.*

In terms of base salary cost, Watay Power is seen to be approximately 2.7% behind the market median. On a total cash compensation basis, the spend seen to exceed the market median by 1.7%.



Section 3: Appendix

List of Comparator Organizations

Data from the following list of organizations was used for benchmarking purposes:

S. No.	Organization Name	S. No.	Organization Name
1	Aegion	24	Kitchener-Wilmot Hydro Inc.
2	Alectra Inc.	25	Lakefront Utility Services Inc.
3	Bluewater Power Distribution Corp.	26	Lakeland Power Distribution Ltd.
4	Brantford Energy Group of Companies	27	London Hydro
5	Burlington Hydro Inc.	28	Maritime Electric Company
6	E.L.K. Energy Inc.	29	Nalcor Energy
7	EDP Renewables Canada Ltd.	30	NB Power Holding Corporation
8	Elexicon Energy	31	Newfoundland and Labrador Hydro
9	Energy+ Inc.	32	Newfoundland Power Inc.
10	Entegrus Inc.	33	Newmarket-Tay Power Distribution Ltd.
11	EnWin Utilities Ltd.	34	Niagara Peninsula Energy Inc.
12	EPCOR Electricity Distribution Ontario	35	North Bay Hydro Distribution Limited
13	Essex Powerlines Corporation	36	Northern Ontario Wires Inc.
14	FBC AES Inc.	37	Orangeville Hydro Limited
15	Festival Hydro Inc.	38	Oshawa PUC Networks Inc.
16	Fort Frances Power Corporation	39	Ottawa River Power Corporation
17	Fortis Inc. (multiple entities)	40	PUC Services Inc.
18	Greater Sudbury Hydro Inc.	41	Sioux Lookout Hydro
19	Grimsby Power Incorporated	42	Synergy North
20	Halifax Regional Water Commission	43	Utilities Kingston
21	Halton Hills Hydro Inc.	44	Wasaga Distribution Inc.
22	Hydro Ottawa Limited	45	Waterloo North Hydro
23	InnPower Corporation	46	Westario Power Inc.



KF Hay Job Evaluation Methodology Snapshot

THE KORN FERRY HAY GUIDE CHART-PROFILE METHODSM

The Korn Ferry Hay job evaluation method is a form of factor comparison that has been used by thousands of organizations to evaluate clerical, trade and technical, management and professional, and executive level jobs. At present, it is used in profit and non-profit organizations in over forty countries around the world. A substantial number of clients have relied on our approach for many years, applying the methodology through many reorganizations; during periods of growth and also when they must rationalize their structures. They have also used it to evaluate totally new product and service organizations and as a means to maintain consistency in periods of great change or legal challenge to the previously established order.

The Korn Ferry Hay method works because it is a dynamic process that organizations adapt and apply in ways that meet their needs. It is based on the notion that jobs can be measured on the basis of their relative contribution to the overall objectives of the organization. By considering core aspects of content and context that are common to all jobs, it provides a clear, understandable and systematic basis for defining and comparing the requirements for all kinds of jobs at all levels. However, the Korn Ferry Hay method can readily be adapted to reflect special determinants that affect only some jobs in some organizations.

It is this combination of discipline and flexibility that has made it possible for the fundamental principles of the Korn Ferry Hay method to remain intact over the years, even as there have been many refinements in language and application. For example: in Canada core factors of Know-How, Problem Solving and Accountability have been expanded to include, once again, a fourth factor – Working Conditions – in response to equal pay legislation. The following explanation covers all four factors and their twelve dimensions.

The Four Factors Used by Korn Ferry

Know-How

This factor is used to measure the total of every kind of **knowledge and skill, however acquired**, needed for acceptable job performance. Three dimensions are considered:

- practical procedures and knowledge, specialized techniques, and learned skills;
- planning, coordinating, directing or controlling the activities and resources associated with an organizational unit or function; and
- active, practising, person-to-person skills in the area of human relationships.

Problem Solving

This factor measures the **thinking required** in the job by considering two dimensions:

- the environment in which the thinking takes place; and
- the challenge presented by the thinking to be done.

Accountability

This factor measures the relative degree to which the job when performed competently, can affect the end results of the organization or a unit within the organization. The opportunity to contribute to an organization is reflected through three dimensions:

- the nature and degree of the decision-making or influence of the job;
- the unit or function most clearly affected by the job; and
- the nature of that effect.

Working Conditions

This factor measures **the context** in which the job is performed by considering four dimensions:

- **Physical Effort** – Levels of physical activity that vary in intensity, duration and frequency that contribute to physical stress and fatigue.

- **Physical Environment** – Progressive degrees of exposure of varying intensities to unavoidable physical and environmental factors which increase the risk of accident, ill health or discomfort.
- **Sensory Attention** – Levels of sensory attention (e.g., seeing, hearing, smelling, tasting, touching) during the work process that vary in intensity, frequency and duration.
- **Mental Stress** – Progressive degrees of exposure of varying intensities of factors inherent in the work process which increase the risk of such things as tension or anxiety.

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.

