

1 Q. Further to the response to PUB-NLH-023 and Chart 2.4, page 2.17 of the  
2 Application, in which wages/salaries from Alberta, Hebron and Vale are shown,  
3 what comparator or peer group does Hydro consider in assessing whether its  
4 wages, salaries and benefits are reasonable and competitive? Describe in detail the  
5 criteria used in the selection of the comparator group and whether there are  
6 different groups used for various positions or classifications, including the executive  
7 and senior management.

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10 A. Hydro needs to be competitive relative to the labour markets where it competes for  
11 necessary staff. Competition for labour typically varies based on the industry, the  
12 level of position, type of position (union versus non-union), and any requirements  
13 for considering special skill sets. General economic conditions within a geographic  
14 area can create regional differentials that also affect positioning and choice of an  
15 appropriate comparator group to benchmark against. Hydro, in consultation with  
16 its compensation consultants, selects its comparator groups based on all these  
17 considerations. The following outlines the typical comparator group(s) for three  
18 specific categories of employees within Hydro.

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20 **Union Positions:** Union wages are negotiated through collective bargaining.  
21 Typically, the comparator group is set to be the median of the Atlantic Canada  
22 Electric Utilities for comparable positions.

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24 **Non-Union Positions Below Executive:** The applicable comparator group for this  
25 group, which are mostly professional, technical, and supervisory positions (includes  
26 front-line, middle and senior management) is the median of the Atlantic Canada  
27 Electric Utilities.

1       **Executive Positions:** The benchmark comparator group for positions at the  
2       executive level is the median of a group of similar sized companies representing a  
3       broad cross section of the Canadian industry (excludes financial, education,  
4       healthcare, and pharmaceutical industries). A secondary comparator group is utility  
5       companies that participate in the Mercer Total Compensation Survey.

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7       PUB-NLH-023 reflects a comparison of Hydro to Atlantic Canada Electric Utilities,  
8       which is the typical benchmark for Hydro positions below executive. It included a  
9       comparison to the construction industry, which as a result of large scale  
10      construction projects in the province, is tightening the labour market for the  
11      technical and skilled trades talent within the province. While Hydro sets its  
12      comparator group to be the Atlantic Canada Electric Utilities, it must also monitor  
13      the demand for occupations that are critical to Hydro's operations and consider  
14      these in setting its benchmark and appropriate positioning within the labour  
15      market.