

1 Q. With regard to the report entitled Strategic and Business Planning Processes  
2 for Newfoundland and Labrador Hydro (attached to CA-7):

3 (a) On Page 6 it is stated that regulatory trends in other jurisdictions  
4 including streamlined reporting requirements and performance-based  
5 rate setting may be of particular interest. Please provide Hydro's  
6 specific plan with regard to performance-based rate setting.

7 (b) On page 12 it is stated that the purpose of the work identification and  
8 prioritization process is to ensure that only work of the highest value,  
9 consistent with the corporate strategic direction, is submitted for  
10 approval. Please reconcile this statement with the target reliability  
11 improvement of 20% in light of customer surveys that show 50% of  
12 customers prefer lower rates over higher reliability.

13 (c) On page 19 it is stated that approximately 20 executive, senior  
14 managers and directors participate in the incentive plan. How do  
15 senior management staff encourage lower level staff to work toward  
16 improvement of the KPIs?

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19 A. With regard to the report entitled Strategic and Business Planning Processes  
20 for Newfoundland and Labrador Hydro (attached to CA 7 NLH):

21 (a) The strategic issue referred to is titled "Regulatory Framework" and in  
22 its entirety reads as follows:

23 "Hydro recognizes the opportunity to influence the evolution of the  
24 regulatory framework and to thereby assist in creating a climate that  
25 promotes innovation and efficiency. In this regard the trends in other  
26 jurisdictions, including streamlined reporting requirements and  
27 performance-based rate setting, may be of particular interest. "

1 Hydro has no specific plans with regard to implementation of  
2 performance-based rate making but remains willing to participate as a  
3 stakeholder in the process. Refer also to the response to CA 1 PUB.  
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5 (b) Please refer to CA 189 NLH.  
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7 (c) Senior management encourage staff to work towards improvement of  
8 corporate performance through a variety of means, including:

- 9 • Establishing departmental goals and objectives that contribute  
10 towards the overall corporate performance;
- 11 • Devoting time to meeting with staff to discuss and review corporate  
12 performance and staff contributions towards the corporate  
13 performance; and
- 14 • Communicating and internally publishing corporate performance to  
15 date.