

1 **Q. Further to PUB-NP-005 and CA-NP-204, explain why the Canadian Commercial**
2 **Industrial non-executive market was selected as the basis for the salary policy for**
3 **directors. In the response state the date it was selected and last reviewed to**
4 **determine its appropriateness and what other target groups were considered and**
5 **rejected.**

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7 A. The use of the Canadian Commercial Industrial non-executive market for the salary
8 policy for directors (then, managers) was considered by the Board in 1998 when this
9 market was considered in relation to Newfoundland Power's executives. The same
10 reasons which justified the Company's adoption of this market for executive salary policy
11 apply to director salary policy and are described in detail in the response to Request for
12 Information PUB-NP-074.

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14 For approximately two decades, Newfoundland Power has used this consistent market
15 reference for the purposes of establishing its director salary policy.