

1 **Q. Further to PUB-NP-007, provide 2015 template STI Plans for one executive and one**
 2 **director that illustrates the corporate and individual performance measures, the**
 3 **weighting targets for each, the criteria used to evaluate performance related to the**
 4 **established targets, and the outcome for each measure.**

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 6 A. Only Newfoundland Power’s Executives and Directors participate in the Company’s
 7 Short-term Incentive (“STI”) plan. The underlying rationale for the STI plan is to incent
 8 senior management performance by making a significant portion of total compensation
 9 dependent on performance.

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 11 The STI plan provides for annual cash payments to Executives and Directors, with the
 12 amount of each payment determined through an annual assessment of both corporate and
 13 individual performance, based on a percentage of salary.

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 15 Payouts are established as percentages of base salary (“target percentage payouts”). The
 16 current target percentage payouts are 40% of base salary for Vice Presidents and 15% of
 17 base salary for Directors.

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 19 Table 1 outlines the respective weightings for corporate and individual performance for
 20 the Vice President, Engineering and Operations and the Director Engineering.

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Table 1
Short Term Incentive Plan
Incentive Target and Weightings

Position	Corporate Performance	Individual Performance
VP, Engineering & Operations	50%	50%
Director Engineering	50%	50%

1 Table 2 shows the corporate performance measures, targets and results for 2015 for both
2 the Vice President, Engineering and Operations and the Director Engineering.
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Table 2
Short Term Incentive Plan
Corporate Targets and Result for 2015

Category	Measure	Target (100%)	Weight	Result
Reliability	Outage Duration Index (SAIDI) ¹	2.30	15%	2.36
Customer Satisfaction	% Customer Satisfaction ²	84.7%	15%	86.1%
Safety	Injury Frequency Rate	0.69	20%	0.176
Regulatory	Regulatory Performance	Subjective	15%	140%
Financial	Controllable Operating Cost ³ /Customer	\$232	10%	\$220
	Earnings	\$37.7m	25%	\$38.8m

¹ Excludes Hydro loss of supply.

² As measured by Customer Satisfaction Survey.

³ Controllable operating costs exclude costs related to pension and retirement allowances, PUB assessments and inter-corporate charges.

1 Table 3 shows the individual performance measures, targets and results for 2015 for the
2 Vice President, Engineering and Operations.
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Table 3
Short Term Incentive Plan
Vice President, Engineering and Operations
Individual Targets and Results for 2015

Category	Measure	Target (100%)	Weight	Result
Productivity/ Operating Efficiency	Improve productivity and operating efficiency within Operations and Engineering.	Subjective	30%	130.0%
Operations	Ensure effective implementation of operations deployment with focus on efficiency and a strong customer focused delivery culture. Enhancing the technical/customer service skills of the Company through leadership in employee development. Efficient execution of capital program and improve development of 2016 capital budget.	Subjective	30%	120.0%
Reliability	Enhance reliability to customers (with consideration of SAIDI and SAIFI targets excluding Hydro caused outages).	Subjective with SAIDI of 2.3 & SAIFI of 1.96	20%	100.0%
Safety	Improve safety of field operations. Improve the connection of our corporate safety team into field operations.	Subjective	20%	150.0%

1 Table 4 shows the individual performance measures, targets and results for 2015 for the
2 Director Engineering.

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Table 4
Short Term Incentive Plan
Director Engineering
Individual Targets and Results for 2015

Measure	Target (100%)	Weight	Result
Execution of the capital plan with minimum power outages.	Subjective	35%	140%
Deliver 2015 capital projects and programs on time and within budget. Effectively utilize resources to meet targets.			
Lead in safety with consideration of safety performance (all injury frequency rate), OHSAS 18001 safety audit, and success in SMS objectives, targets and programs including improvements in contractor safety, employee safety training, work observation program and asset management program.	Subjective	20%	140%
Deliver on 2015 operating budget plan with consideration of employee productivity, customer service, environmental performance and planning for future operating cost improvements.	Subjective	10%	135%
Development of 2016 and 5 year corporate capital budget.	Subjective	20%	130%
Lead in employee development of managers and supervisors.	Subjective	15%	125%
Improve project execution and succession planning.			