

Q. Please provide in respect of 2008 and 2009 copies of the STI (Short Term Incentive Plan) performance targets for each NP employee eligible to participate in the same.

A. Executives and Managers are currently the only participants of the STI Plan.

Table 1 and Table 2 show the corporate performance measures and targets for 2008 and 2009, respectively.

**Table 1
Short Term Incentive Plan
Corporate Targets for 2008**

Category	Measure	Target (100%)	Weight
Reliability ¹	Outage Hours/Customer (SAIDI)	2.94	15%
Customer Satisfaction	% Customer Satisfaction ²	88%	7.5%
	First Call Resolution	87%	7.5%
Safety	All Injury Frequency Rate	1.9	15%
Financial	Controllable Operating Cost ³ /Customer	\$207	20%
	Earnings	\$31.7m	35%

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.

Table 2
Short Term Incentive Plan
Corporate Targets for 2009

Category	Measure	Target (100%)	Weight
Reliability ⁴	Outage Hours/Customer (SAIDI)	2.74	15.0%
Customer Satisfaction	% Customer Satisfaction ⁵	89%	7.5%
	First call resolution	88%	7.5%
Safety	All Injury Frequency Rate	2.2	15.0%
Financial	Controllable Operating Cost ⁶ /Customer	\$206	20.0%
	Earnings	\$31.7 m	35.0%

Attachment A provides the individual targets.

⁴ Excluding Hydro loss of supply.

⁵ As measured by Customer Satisfaction Survey.

⁶ Controllable operating costs exclude costs related to pension and retirement allowances, PUB assessments and inter-corporate charges.

Individual Targets

2008 Short Term Incentive Plan Performance Targets

VP – Engineering & Operations

Category	Target	Payout			
		Weight	0%	100%	150%
Productivity/Operating Efficiency	Improve productivity and operating efficiency within Operations and Engineering.	20%	Subjective with corporate operating costs +1%.	Subjective with corporate operating costs as plan.	Subjective with corporate operating costs -1%.
Operations	Lead development of Workforce Plan, including forecast of retirements and hiring and plans to maximize opportunities to streamline the workforce.	20%	Subjective	Subjective	Subjective
Reliability	Enhance reliability to customers (with consideration of SAIDI and SAIFI targets excluding Hydro caused outages).	25%	Subjective with SAIDI of 3.23 & SAIFI of 2.68.	Subjective with SAIDI of 2.94 & SAIFI of 2.44.	Subjective With SAIDI of 2.65 & SAIFI of 2.20.
Safety	Provide leadership in enhancing safety and ensuring complete integration of OHSAS 18001 into the Company (with consideration of the all injury/illness frequency rate).	25%	Subjective	Subjective	Subjective
Community Profile	Actively increase personal and corporate profile in communities the Company serves.	10%	Subjective	Subjective	Subjective

2008 Short Term Incentive Plan Performance Targets

VP – Finance & Chief Financial Officer

Category	Target	Payout			
		Weight	0%	100%	150%
Financial Results	Provide leadership in financial management to deliver appropriate corporate results.	40%	Subjective with minimum earnings of \$30.7m.	Subjective with minimum earnings of \$31.7m.	Subjective with minimum earnings of \$32.7m.
Financial	Lead financial aspects of IFRS development, renewal of credit facilities and inter-corporate priorities.	15%	Subjective	Subjective	Subjective
	Promote business principles and personal profile throughout the organization.	15%	Subjective	Subjective	Subjective
Risk Management	Maintain an appropriate risk management strategy for the Company.	15%	Subjective	Subjective	Subjective
Human Resources	Lead union negotiations and provide leadership in HR Corporate Strategy.	15%	Subjective	Subjective	Subjective

VP – Regulatory Affairs & General Counsel

Category	Target	Payout			
		Weight	0%	100%	150%
Corporate	Develop and implement corporate wide energy efficiency/conservation strategy that is coordinated with the Provincial Government's <i>Energy Plan</i> .	40%	Subjective	Subjective	Subjective
Employee Development	Improve development of Company's business management capabilities.	35%	Subjective	Subjective	Subjective
Governance	Reassess, and refresh where appropriate, current practices associated with providing ongoing information to the Board of Directors.	25%	Subjective	Subjective	Subjective

2008 Short Term Incentive Plan Performance Targets

VP – Customer Relations & Corporate Services

Category	Target	Payout			
		Weight	0%	100%	150%
Customer Service	Provide leadership in improving quality of customer service (with consideration of customer service and first call resolution (FCR) target results).	35%	Subjective with customer satisfaction of 86% & FCR of 85.	Subjective with customer satisfaction of 88% & FCR of 87.	Subjective with customer satisfaction of 90% & FCR of 89.
Productivity	Provide leadership in reducing corporate operating costs.	20%	Subjective with corporate operating costs plan +1%.	Subjective with corporate operating costs as plan.	Subjective with corporate operating costs plan -1%.
	Provide leadership in AMI and credit projects.	15%	Subjective	Subjective	Subjective
Community Profile	Actively increase personal and corporate profile in communities the Company serves.	15%	Subjective	Subjective	Subjective
People Leadership	Promote and foster employee success culture within the Company with particular focus on development of future leaders and top talent.	15%	Subjective	Subjective	Subjective

2008 Short Term Incentive Plan Performance Targets

President & Chief Executive Officer

Category	Target	Payout			
		Weight	0%	100%	150%
Financial Results	Provide leadership and oversight to deliver appropriate corporate results.	35%	Subjective with minimum earnings of \$30.7m.	Subjective with minimum earnings of \$31.7m.	Subjective with minimum earnings of \$32.7m.
Safety	Provide leadership in enhancing employee, contractor and public safety (with consideration of all injury/illness frequency rate).	15%	Subjective	Subjective	Subjective
Reliability & Customer Service	Enhance service to and maintain reliability for customers.	20%	Subjective	Subjective	Subjective
Stakeholder Relations	Ensure relationships with municipal and provincial governments, communities and major customers are fostered and maintained.	15%	Subjective	Subjective	Subjective
People Leadership	Promote and foster an employee success culture within the Company with particular focus on development of future leaders and succession planning.	15%	Subjective	Subjective	Subjective

2009 Short Term Incentive Plan Performance Targets

VP – Engineering & Operations

Category	Target	Payout			
		Weight	0%	100%	150%
Productivity/ Operating Efficiency	Improve productivity and operating efficiency within Operations and Engineering.	20%	Subjective with corporate operating costs +1%.	Subjective with corporate operating costs as plan.	Subjective with corporate operating costs -1%.
Operations	Lead development of Workforce Plan, including succession plan for senior management, technical leaders and critical trades. Implement opportunities to streamline the workforce. Implement an action plan to develop the skills of the 4 operations managers. Accelerate the development of the 7 young engineers on the top talent list.	20%	Subjective	Subjective	Subjective
Reliability	Enhance reliability to customers (with consideration of SAIDI and SAIFI targets excluding Hydro caused outages).	25%	Subjective with SAIDI of 2.88 & SAIFI of 2.49.	Subjective with SAIDI of 2.74 & SAIFI of 2.37.	Subjective With SAIDI of 2.60 & SAIFI of 2.25.
Safety	Improve safety of field operations. This will be completed by improving the connection of our corporate safety team into field operations, establishing a Work Methods Committee and a Meter Reader Task Group specific to meter reader issues.	25%	Subjective	Subjective	Subjective
Community Profile	Actively increase personal and corporate profile in communities the Company serves.	10%	Subjective	Subjective	Subjective

2009 Short Term Incentive Plan Performance Targets

VP – Finance & Chief Financial Officer

Category	Target	Payout			
		Weight	0%	100%	150%
Financial Results	Provide leadership in financial management to deliver appropriate corporate results.	40%	Subjective with minimum earnings of \$30.7 m.	Subjective with minimum earnings of \$31.7 m.	Subjective with minimum earnings of \$32.7 m.
Financial	Lead financial aspects of IFRS development, long term financing and regulatory applications.	15%	Subjective	Subjective	Subjective
	Promote business principles and personal profile throughout the organization and the community.	15%	Subjective	Subjective	Subjective
Risk Management	Maintain an appropriate risk management strategy for the Company.	15%	Subjective	Subjective	Subjective
Human Resources	Develop and provide leadership in HR Corporate Strategy. Reassess and refresh HR role within the Company.	15%	Subjective	Subjective	Subjective

VP – Regulatory Affairs & General Counsel

Category	Target	Payout			
		Weight	0%	100%	150%
Regulatory	Lead development of regulatory position on employee future benefit cost recovery; oversee effective management of regulatory proceedings.	60%	Subjective	Subjective	Subjective
Employee Development	Provide guidance for Company's overall employee development policy and practice.	25%	Subjective	Subjective	Subjective
Governance	Provide guidance with respect to sound governance practice.	15%	Subjective	Subjective	Subjective

2009 Short Term Incentive Plan Performance Targets

VP – Customer Relations & Corporate Services

Category	Target	Payout			
		Weight	0%	100%	150%
Customer Service	Provide leadership in improving quality of customer service with consideration of customer service and first call resolution target results.	40%	Subjective with customer satisfaction of 87% & FCR of 86%.	Subjective with customer satisfaction of 89% & FCR of 88%.	Subjective with customer satisfaction of 90% & FCR of 89%.
Safety	Provide leadership in improving safety performance of customer relations function throughout the Company, with emphasis on meter reading.	25%	Subjective	Subjective	Subjective
Energy Efficiency	Provide leadership in delivery of energy efficiency programming to customers (subject to regulatory approval of cost deferral)	15%	Subjective	Subjective	Subjective
Productivity	Provide leadership in reducing corporate operating costs	10%	Subjective with corporate operating costs +1%.	Subjective with corporate operating costs as plan.	Subjective with corporate operating costs -1%.
Community Profile	Increase personal and corporate profile	10%	Subjective	Subjective	Subjective

2009 Short Term Incentive Plan Performance Targets

President & Chief Executive Officer

Category	Target	Payout			
		Weight	0%	100%	150%
Financial Results	Provide leadership and oversight to deliver appropriate corporate results.	35%	Subjective with minimum earnings of \$30.7m.	Subjective with minimum earnings of \$31.7m.	Subjective with minimum earnings of \$32.7m.
Safety	Provide leadership in enhancing employee, contractor and public safety (with consideration of all injury/illness frequency rate).	15%	Subjective	Subjective	Subjective
Reliability & Customer Service	Enhance service to and maintain reliability for customers.	20%	Subjective	Subjective	Subjective
Stakeholder Relations	Ensure relationships with municipal and provincial governments, communities and major customers are fostered and maintained.	15%	Subjective	Subjective	Subjective
People Leadership	Promote and foster an employee success culture within the Company with particular focus on development of future leaders and succession planning.	15%	Subjective	Subjective	Subjective

2008 Managers' Individual Targets (Valued at 50% ¹) (All Subjective)

Western Region	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.		Deliver on 2008 operating budget plan with consideration of employee productivity, customer service, environmental performance and planning for future operating cost improvements.		Deliver on 2008 capital projects with consideration of cost variances, effective deployment of resources and planning for future capital expenditures.	Enhancement of personal and corporate profile with customers and community.
	35%		25%		25%	15%
Information Systems & Customer Relations	Leadership in corporate customer service improvement with first call resolution rate of 87% & customer satisfaction rating of 88.5%	Operating cost management	Leadership in identifying and leveraging technologies to enhance corporate productivity and customer service	Enhancement of personal & corporate profile with employees, customers and in the community	Leadership in customer service & IS employee development	
	30%	20%	20%	15%	15%	
Rates & Regulation	Advancement of a coordinated corporate focus on energy efficiency.		Oversee the retail rate review		Reassess and refresh the energy supply and sales forecasting methodologies	
	45%		30%		25%	

2008 Managers' Individual Targets (Valued at 50% ¹) (All Subjective)

Eastern Region	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	Deliver on 2008 operating budget plan with consideration of employee productivity, customer service, environmental performance and planning for future operating cost improvements	Deliver on 2008 capital projects with consideration of cost variances, effective deployment of resources and planning for future capital expenditures	Enhancement of personal and corporate profile with customers and community.
	35%	25%	25%	15%
Electrical Engineering	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	Deliver on 2008 operating budget plan with consideration of employee productivity, customer service, environmental performance and planning for future operating cost improvements	Deliver on 2008 capital projects with consideration of cost variances, effective deployment of resources and planning for future capital expenditures	
	40%	30%	30%	

2008 Managers' Individual Targets (Valued at 50% ¹) (All Subjective)

Civil Engineering	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		Deliver on 2008 operating budget plan with consideration of employee productivity, customer service, environmental performance and planning for future operating cost improvements		Deliver on 2008 capital projects with consideration of cost variances, effective deployment of resources and planning for future capital expenditures			
	40%		30%		30%			
Corporate Affairs	Leadership in development of corporate plan for AMI implementation & credit improvements		Leadership in development of Workforce Plan		Leadership in development of medium to long term plans to reduce customer service functional costs		Enhance personal and corporate profile with employees, customers and in the community	
	30%		30%		30%		10%	
Corporate Relations	Leadership in increase of corporate community profile		Leadership in Government Relations		Development and execution of revised internal communications strategy		Development and execution of revised external communications strategy for the company	
	25%		25%		25%		25%	
Finance	Leadership in management of finance department and development of employees		Enhancement of treasury management function, including credit facility negotiation and cash management		Leadership on IFRS and policy development		Operating cost management	
	40%		20%		20%		20%	

Notes:

- Corporate Targets (50%) + Individual Target (50%) = 100%

2009 Managers' Individual Targets (Valued at 50% ¹) (All Subjective)

Western Region	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.		Deliver on 2008 operating budget plan with consideration of employee productivity, customer service, environmental performance and planning for future operating cost improvements.		Deliver on 2008 capital projects with consideration of cost variances, effective deployment of resources and planning for future capital expenditures.	Enhancement of personal and corporate profile with customers and community.
	35%		25%		25%	15%
Information Systems & Customer Relations	Leadership in corporate customer service with consideration of first call resolution rate target of 88% & customer satisfaction target of 89%.	Operating cost management.	Leadership in identifying and leveraging technologies to enhance corporate productivity and customer service.	Enhancement of personal & corporate profile with employees, customers and in the community.		Leadership in improving safety, with focus on meter reading safety.
	35%	15%	15%	10%		25%
Rates & Regulation	Advancement of a coordinated corporate focus on energy efficiency.		Oversee the retail rate review		Reassess and refresh the energy supply and sales forecasting methodologies	
	45%		30%		25%	

2009 Managers' Individual Targets (Valued at 50% ¹) (All Subjective)

Eastern Region	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	Deliver on 2008 operating budget plan with consideration of employee productivity, customer service, environmental performance and planning for future operating cost improvements	Deliver on 2008 capital projects with consideration of cost variances, effective deployment of resources and planning for future capital expenditures	Enhancement of personal and corporate profile with customers and community.
	35%	25%	25%	15%
Electrical Engineering	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	Deliver on 2008 operating budget plan with consideration of employee productivity, customer service, environmental performance and planning for future operating cost improvements	Deliver on 2008 capital projects with consideration of cost variances, effective deployment of resources and planning for future capital expenditures	
	40%	30%	30%	

2009 Managers' Individual Targets (Valued at 50% ¹) (All Subjective)

Civil Engineering	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		Deliver on 2008 operating budget plan with consideration of employee productivity, customer service, environmental performance and planning for future operating cost improvements	Deliver on 2008 capital projects with consideration of cost variances, effective deployment of resources and planning for future capital expenditures	
	40%		30%	30%	
Corporate Affairs	Leadership in management of Human Resources Department and development of employees.	Leadership in development of “employee future benefits” plan.	Leadership in development of employee development plan.	Enhance personal and corporate profile with employees, customers and in the community	
	40%	25%	25%	10%	
Corporate Relations	Leadership in increase of corporate community profile	Leadership in Government Relations	Development and execution of revised internal communications strategy	Development and execution of revised external communications strategy for the company	
	25%	25%	25%	25%	
Finance	Leadership in management of finance department and development of employees	Enhancement of treasury management function, including long term debt issuance and cash management	Leadership on IFRS and policy development	Operating cost management	
	40%	20%	20%	20%	

Notes:

1. Corporate Targets (50%) + Individual Target (50%) = 100%