

1 **Q. Further to CA-NP-451, when and why were the target percentage payments for the**
2 **executive changed and what impact has this change had on the amount of**
3 **remuneration paid since adopted.**
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5 A. The STI target payout percentages for the executive were changed by Newfoundland
6 Power's Board of Directors in October 2011. In Hay Group's review of Newfoundland
7 Power's executive compensation in February 2011, it was recommended that changes be
8 made to the STI target percentage to bring executive total direct compensation closer to
9 the target total direct market median. This letter was included in the Company's response
10 to Request for Information CA-NP-439.
11

12 The impact of this change was to increase target STI percentages for executives as
13 indicated in the response to Request for Information CA-NP-451.
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15 Please refer to the response to Request for Information CA-NP-447 which indicates,
16 amongst other things, that forecast executive cash compensation provided on account of
17 regulated operations for Newfoundland Power (which includes target STI) is to average
18 \$1,693,000 annually for the test period 2013 and 2014.¹ This compares to actual
19 executive cash compensation provided on account of regulated operations of \$1,695,000
20 in 2009.

¹ $(\$1,668,000 + \$1,718,000) \div 2 = \$1,693,000$.