

1 **Q. (Reference CA-NP-006)**

- 2 a) **Please confirm that: i) Newfoundland Power created a document titled:**  
 3 **Newfoundland Power, a Fortis Company, ANNUAL INFORMATION FORM**  
 4 **FOR THE YEAR ENDED DECEMBER 31, 2020, dated February 11, 2021,**  
 5 **which document is publicly available on the [www.sedar.com](http://www.sedar.com) website at:**  
 6 **<https://www.sedar.com/CheckCode.do>, ii) that 'Fortis' appears in the**  
 7 **document 47 times, not including its appearance on the document's cover page,**  
 8 **and iii) references in the document related to 'Fortis' include a number of**  
 9 **references to a Named Executive Officer ("NEO") being paid some form of**  
 10 **compensation or remuneration or otherwise receiving a financial benefit that**  
 11 **involves or is related to Fortis Inc. and/or Fortis Inc. stock or Fortis Inc. shares,**  
 12 **which references are included in Attachment A.**
- 13 b) **Please indicate whether the NEOs referenced in Attachment A each have a**  
 14 **personal financial interest in Fortis stock or Fortis shares increasing in value.**
- 15 c) **Please provide a detailed description of the incentive arrangement described**  
 16 **in the statement: "Incentive is based on Fortis' and Newfoundland Power's**  
 17 **performance over a 3-year period against predetermined measures." Please**  
 18 **include a description of how the performance of Fortis and Newfoundland**  
 19 **Power is measured or assessed.**
- 20 d) **Please indicate whether an increase in the total amount of capital budget**  
 21 **expenditures by Newfoundland Power will contribute to an increase in the**  
 22 **value of how the performance of Fortis and Newfoundland Power is measured**  
 23 **or assessed.**

- 25 A. a) Newfoundland Power confirms that it filed its Annual Information Form for the  
 26 year ended December 31, 2020 dated February 11, 2021 (the "AIF") on SEDAR  
 27 on February 12, 2021. The Company's AIF was prepared in accordance with  
 28 National Instrument 51-102 – *Continuous Disclosure Obligations*.
- 29
- 30 b) The named executive officers ("NEOs") referenced in the AIF are shareholders of  
 31 Fortis Inc. ("Fortis").  
 32
- 33 c) The quote referenced in part c) of this Request for Information refers to  
 34 Performance Share Units ("PSUs"), a component of Newfoundland Power's  
 35 executive compensation program. PSUs are share-based awards that provide  
 36 NEOs the opportunity to earn cash based on performance metrics at the end of a  
 37 3-year period. See page 18 of the AIF for a description of how the performance  
 38 of Fortis and Newfoundland Power is measured.<sup>1</sup>  
 39
- 40 The cost of PSUs is a non-regulated expense and is not recoverable in customer  
 41 rates.

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<sup>1</sup> "Predetermined measures" refers to the 3-year Total Shareholder Return ("TSR") of Fortis, as compared to the 3-year TSR of Fortis' North American peer group.

1           d)       Further to part c), Newfoundland Power's performance reflects the capital plans  
2                   submitted to the Board as part of Newfoundland Power's annual capital budget  
3                   applications. An increase in capital budget expenditures would not necessarily  
4                   increase the Company's performance.

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6                   With respect to Fortis' performance, it is uncertain how an increase in  
7                   Newfoundland Power's capital budget expenditures would impact Fortis' 3-year  
8                   TSR as compared to its North American peer group.<sup>2</sup>

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<sup>2</sup> Newfoundland Power represents approximately 3% of Fortis' consolidated assets.