

1 Q. Further to the response to PUB-NLH-060, describe in detail the current short term
2 incentive plan. In the response describe in detail the revisions Hydro has made to its
3 short term incentive plan since Order No. P.U. 49 (2016) to address the concerns
4 expressed by the Board in that Order on Hydro's short term incentive plan.

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7 A. Based on Board Order No. P.U. 49(2016), Hydro has redesigned its short-term
8 incentive plan to ensure clear and demonstrable benefit to the customers, an
9 increase focus on reliability and customer service, and Hydro-only measures of
10 performance related to the areas of: safety; reliability; financial/cost management;
11 Hydro's activities related to the integration of Muskrat Falls assets; and regulatory.

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13 Hydro's Performance Contracts include two components: Corporate (Part A) and
14 Divisional/Departmental goals (Part B). The Corporate component reflects the
15 priorities for Hydro in 2017, including select targets related to safety, reliability,
16 financial performance, and initiatives related to the regulatory filing of the General
17 Rate Application as well as Hydro's activities related to the integration of Muskrat
18 Falls. Financial Performance goals are equally focused on cost management
19 through operating expenditures as well as net income.

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21 Goals around customer satisfaction are included within Part B of the performance
22 contracts of those individuals who have a direct impact on customer service,
23 including Customer Service and Transmission and Rural Operations. Refer to
24 Hydro's response to PUB-NLH-125 for a copy of those performance contracts.

25
26 Table 1 outlines the 2017 plan design for the corporate component.

Table 1 Corporate Component Categories and Weightings 2017

Category	Weighting (out of 30%)
Safety	7.5%
Reliability	7.5%
Financial Performance	6%
Integration	4.5%
Regulatory	4.5%