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We'll be there.



November 12, 2021

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Dear Ms. Blundon:

Re: Newfoundland Power's 2022/2023 General Rate Application ("2022/2023 GRA") – Request to File Expert Evidence

On November 9, 2021, Newfoundland Power Inc. ("Newfoundland Power" or the "Company") filed a Revised Witness List and Rebuttal Evidence. Included within the filing was a report prepared by Mr. Wiclif Ma of Korn Ferry entitled *Executive Compensation Review* (the "Korn Ferry Report"). On November 10, 2021, the Board issued correspondence to the parties noting that the scheduled date for filing expert reports and pre-filed evidence was September 28, 2021, and directing Newfoundland Power to file a request for an amendment to the schedule to allow the evidence to be filed, outlining: (i) the nature of the evidence to be provided by the proposed witness; (ii) its relevance to the 2022/2023 GRA; and (iii) an explanation for the evidence not being filed in accordance with the established schedule.

The Korn Ferry Report provides a market review of the Company's compensation level for its four executive positions. The report: (i) compares executive positions to others of similar job content; (ii) compares compensation values to a peer group; (iii) assesses compensation values against the median; and (iv) analyzes total remuneration.

Executive compensation costs are included in Newfoundland Power's operating costs and therefore form part of the Company's proposed 2022 and 2023 revenue requirement. The Korn Ferry Report provides market context by which to evaluate those costs.

Of 419 requests for information ("RFIs") filed on the Company's 2022/2023 GRA, only 3 RFIs issued by the Board related to executive compensation. No RFIs relating to executive compensation were filed by the Consumer Advocate or Newfoundland and Labrador Hydro. Consequently, Newfoundland Power did not view executive compensation as an issue requiring expert evidence and did not file expert evidence on the scheduled date.

Newfoundland Power Inc.

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On October 12, 2021, the Consumer Advocate filed its Issues List, which included executive compensation. At that time, the scheduled date for filing expert evidence had passed. However, having been alerted to the Consumer Advocate's issue of executive compensation and intention to examine this issue at the hearing, Newfoundland Power filed an expert report providing a market review of its executive compensation at the earliest practical opportunity.

In Newfoundland Power's view, an expert report and accompanying expert witness is necessary to enable a full interrogation of executive compensation at a hearing. Newfoundland Power respectfully requests an amendment to the schedule to allow the Korn Ferry Report to be filed on the record of this proceeding.

If you have any questions please feel free to contact the undersigned.

Yours truly,



Lindsay Hollett
Senior Legal Counsel

Enclosures

c. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis Browne, Q.C.
Browne Fitzgerald Morgan & Avis