

Q. Volume 1, Section 2, page 2-34, lines 9-11. Provide a detailed explanation of Newfoundland Power's short-term incentive and bonus plans, including the eligible participants and the criteria for payments. With the response include sample 2024 short-term incentive performance targets for a director position and an executive position.

Section 2: Customer Operations/Operating Costs

A. Executive and Directors

Newfoundland Power's Executives and Directors participate in the Company's short-term incentive ("STI") plan. The purpose of the STI plan is to motivate senior management to achieve strong annual business performance by making a significant portion of total compensation dependent on performance.

The STI plan provides for annual cash payments to Executives and Directors, with the amount of each payment determined through an annual assessment of both corporate and individual performance, based on a percentage of salary. Before any payout occurs, the Company's return on equity must reach a minimum threshold level.

Payouts are established as percentages of base salary ("target percentage payouts"). Current target percentage payouts are: (i) 50% of base salary for the President and Chief Executive Officer; (ii) 35% of base salary for Vice Presidents; and (iii) 15% of base salary for Directors.

Payouts are based on performance and may range from a minimum of zero to a maximum of two times the target percentage payout. The Board of Directors reviews and approves all payouts for the Executives, and the Executives review and approve all payouts for the Directors.

In accordance with the Board's direction in Order No. P.U. 19 (2003), STI payouts in excess of one times the target percentage payouts are charged to non-regulated expenses. In accordance with Orders No P.U. 18 (2016) and P.U. 3 (2022), 50% of the costs of the STI components for earnings, regulatory performance, and cash flow are also charged to non-regulated expenses.

The relative weighting of corporate and individual performance targets reflects the ability of individual employees to influence corporate performance, as is shown in Table 1.

Table 1: Relative Weightings of Corporate and Individual Targets (%)

	Corporate	Individual
President and Chief Executive Officer	70	30
Vice Presidents	70	30
Directors	50	50

Corporate performance is assessed based on the Company's performance relative to weighted targets, which are set by the Company's Board of Directors. The targets and weightings are modified annually to reflect changes in corporate focus and priority, and to encourage continual improvement. The minimum threshold for corporate performance is 50%; no payout occurs if the Company's performance is below the minimum threshold.

In addition to corporate measures, the STI plan incorporates measures that are intended to encourage improvements in individual performance. These measures are aligned with the specific focus of the Executive or Director, and are designed to promote leadership in enhancing employee and corporate performance in specific areas of responsibility, thereby contributing to the overall performance of the Company. Individual measures and weightings are adjusted annually to reflect corporate priorities.

Attachment A provides the corporate STI performance targets for 2024.

Attachment B is a sample of the individual STI performance targets for an executive position (President and Chief Executive Officer individual targets for 2024).

Attachment C is a sample of the individual STI performance targets for a director position (Director, St. John's Region individual targets for 2024).

Managerial Employees

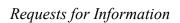
Newfoundland Power's other managerial employees do not participate in the Company's STI plan. These employees are compensated through a pay-for-performance compensation system which includes both a salary progression component and an annual cash compensation component.

The Company's pay-for-performance system is designed to encourage and reward employees based on their individual performance including technical competency, execution and self-development. The annual cash compensation is paid in the year in which the recognition of performance is attributable. Target percentage payouts vary depending on the employee's compensation band level and range from a maximum of 4.5% for Band 2 to a maximum of 9% for Band 9.

Unionized Employees

Newfoundland Power's unionized employees are not eligible to participate in the Company's STI plan or the Company's pay-for-performance compensation system.

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Attachment	A

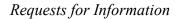


2024 Corporate STI Performance Targets

2024 Corporate STI Performance Targets

Category	Measure	Minimum (50%)	Target (100%)	Stretch (150%)	Maximum (200%)	Weight
Financial	Earnings	\$46.7M	\$49.2M	\$51.7M	\$52.9M	30%
	Controllable Operating Cost per Customer	\$278.6	\$270.5	\$266.4	\$262.4	10%
Safety	All Injury Frequency Rate (AIFR)	1.12	0.56	0.28	0.00	12%
	Quality Leading Indicators	86.8%	91.8%	94.3%	96.8%	8%
Reliability	Outage Duration Index (SAIDI)	3.09	2.69	2.49	2.29	15%
Customer Satisfaction	% of Satisfied Customers as measured by Customer Satisfaction Survey	84.9%	86.9%	87.9%	88.9%	15%
Regulatory	Regulatory Performance	Subjective	Subjective	Subjective	Subjective	10%
Total						100%

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Attachment	B

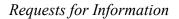


Sample of the Individual STI Performance Targets For an Executive Position

President and Chief Executive Officer 2024

Catanana	Target	Payout				
Category		Weight	50%	100%	200%	
Stakeholder Relations	Provide leadership with a customer focus on matters related to the electricity sector.	40%	Subjective	Subjective	Subjective	
Financial Results	Provide leadership in delivery of financial results, including delivery of the 2024 capital plan.	15%	Subjective with minimum earnings of \$46.7M	Subjective with minimum earnings of \$49.2M	Subjective with minimum earnings of \$52.9M	
Safety	Provide leadership in enhancing employee, contractor and public safety (with consideration of injury frequency rate and reduction of high potential incidents).	15%	Subjective	Subjective	Subjective	
Reliability & Customer Service	Enhance service to, and maintain reliability for, customers.	15%	Subjective	Subjective	Subjective	
People Leadership	Focus on succession of the leadership team. Promote and foster a people culture to increase employee engagement.	15%	Subjective	Subjective	Subjective	

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Attachment	C



Sample of the Individual STI Performance Targets for a Director Position

Director, St. John's Region 2024 Individual Targets					
Ensure efficient use	Provide leadership	Deliver 2024 capital	Provide	Foster a culture of	
of resources and	in safety with a	program and projects	leadership in	innovation through	
operational	focus on the	on time and within	employee	contributions to	
technologies to	prevention of	budget.	engagement.	business	
increase workforce	injuries and		Foster a respectful	development and	
productivity, with a	exposure to high	Lead five-year capital	workplace with a	evaluation of new	
focus on reducing	energy incidents.	plan development for	focus on	technologies.	
operating costs.		the Region with a focus	diversity, equity		
	Enhance contractor	on maintaining	and inclusion.	Lead management of	
Deliver on	safety management	reliability, climate		Company	
reliability targets,	practices through	change adaptation, and	Promote a culture	transportation fleet,	
while responding	alignment with	grid modernization for	of service	with a focus on	
safely and	2024 safety	increased efficiency.	excellence to	heavy fleet	
effectively to	objective, targets		enhance overall	requirements,	
outage events.	and programs.	Implement plan to	customer	availability to	
Improve vegetation		reduce risk of oil spills	experience.	support crew	
conditions on right	Complete safety	from pad-mount		productivity, and	
of ways to reduce	training plan and	transformers, including	Deliver on line	cost management.	
tree related outages.	ensure high quality	improvements to	supervisor		
	completion of job	inspection and	capacity building,	Assess and evaluate	
Advance the T&D	safety plans and	maintenance practices,	with a focus on	opportunities to	
asset management	incident	design standards and	productivity in	reduce vehicle	
program and	investigations.	retrofits of existing	line operations	emissions through an	
deliver on T&D		units to contain or	and enhancing the	anti-idling program	
inspection and		prevent leaks.	safety and work	for heavy fleet and	
maintenance plan.			quality.	cost-effectively	
				integrating electric	
				vehicles in the	
				Company fleet.	
30%	20%	20%	15%	15%	