

1 **Undertaking Request (U-19)**

2 **Tuesday, April 24, 2018**

3 **Transcript Reference: Pg. 153, line 10 to Pg. 159, line 7**

4 Undertaking to provide the reduction in the incentive payments would be if only 50% of the
5 financial performance is included in the revenue requirement as ordered by the Board with respect
6 to Newfoundland Power.

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9 **Undertaking Response**

10 If 50% of payments related to financial and regulatory performance were removed from
11 the revenue requirement, the amounts in Hydro's response to RFI PUB-NLH-060 would
12 reduce from \$829,852 to \$724,401 during 2018 Test Year and from \$856,029 to \$730,793
13 during 2019 Test Year. Please refer to U-JH-019, Attachment 1.

1 Q. **2017 General Rate Application - Operations**

2 Page 3.36, lines 4-12 – Does Hydro continue to have a short term incentive plan for
3 non-union staff and are any amounts included in the 2018 TY or 2019 TY revenue
4 requirements related to such payments?

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7 A. Yes, Hydro continues to have a short term incentive plan for Executive and Senior
8 Leadership. The amount included in the revenue requirement during 2018 Test
9 Year is \$829,852 and 2019 Test Year is \$856,029.

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11 The redesign of these short term incentive plans addresses the concerns presented
12 by the Board in P.U. 49 (2016).¹ Hydro has redesigned its short term incentive plan
13 to ensure clear and demonstrable benefit to the customers and it is focused only on
14 Hydro measures of performance related to the areas of: safety; reliability;
15 financial/cost management; integration of Muskrat Falls assets; and regulatory.
16 Hydro has included 100% of its forecast performance contract payments in its
17 revenue requirement.

¹ Board Order No. P.U. 49(2016), page 46, lines 7-12.