

PLEASE REFER TO THE PORTION OF THE HUMAN RESOURCES POLICIES ENTITLED DISCLAIMERS WHERE YOU WILL FIND A STATEMENT, WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

VARIABLE PAY PLAN

- 1.1 The VARIABLE PAY PLAN is a discretionary performance-based plan linked to the Authority's accomplishments at various levels. Each year, the Trustees of the New York Power Authority [the "Authority], or their designees, may approve VARIABLE PAY as part of the overall salaried compensation program.
- 1.2 This policy governs the administration of VARIABLE PAY for all full-time, part-time and provisional exempt and non-exempt salaried Authority employees, as defined in the Employee Eligibility for Benefits policy (EP: 3.1).
- 1.3 This policy enables the New York Power Authority:
 - a) To compensate employees based on the performance results of the Authority, each business unit or department, and the individual employee, in a given calendar year;
 - b) To reinforce the focus on performance by enabling employees to benefit in proportion to the results they produce.

General Guidelines

- 2.1 Upon Trustee approval, availability of VARIABLE PAY in any given year is based on minimum Authority goals (one or more "go/no go criteria").
- 2.2 The maximum amount (% of salary) of VARIABLE PAY is determined prior to the start of the year.
- 2.3 Strategic Authority goals and performance measures for each business unit and department form the basis for determining the amount of VARIABLE PAY employees in each group can earn. These measures are established by the beginning of the applicable calendar year.
- 2.4 In addition, PERFORMANCE PLUS ratings further determine eligibility for, and the specific amount of, VARIABLE PAY individual employees may receive.
- 2.5 VARIABLE PAY is awarded as a lump sum payment, generally in the first quarter of the calendar year following the year for which performance is measured.

Variable Pay Calculation

- 3.1 Authority and business unit and department performance results are combined at year-end to develop the VARIABLE PAY percentage. The combination of results is as follows:

Power Operations – Headquarters

- 50% from NYPA overall measures
- 50% from business unit

Power Operations – Facilities

- 50% from NYPA overall measures
- 50% from facility-specific measures

Transmission

- 40% from NYPA overall measures
- 60% from business unit

Other Business Groups, Units & Departments

- 75% from NYPA overall measures
- 25% from business unit / department

- 3.2 The VARIABLE PAY percentage is applied to base salary only, earned as of December 31st of the applicable calendar year. For non-exempt salaried employees, it is applied to base salary plus any approved overtime payments earned as of December 31.

Individual Eligibility

- 4.1 Generally, VARIABLE PAY will be awarded to all eligible employees [see section 1.2] employed by the Authority on the last regular working day of the prior calendar year, at the employees' normal work location. Employees hired after September 30th or with less than 3 months of continuous service with the Authority are not eligible to participate in the VARIABLE PAY PLAN.
- 4.2 An employee must earn a PERFORMANCE PLUS rating of '1', '2', '3' or '4' to receive VARIABLE PAY. [For ratings definitions, go to "Human Resources - Human Capital & Development" on the NYPA Powernet].
- 4.3 A PERFORMANCE PLUS rating of '4' will earn 1/3 of the applicable business unit or department VARIABLE PAY amount.
- 4.4 No VARIABLE PAY is earned by an employee receiving a PERFORMANCE PLUS rating of '5'.
- 4.5 The percentage of VARIABLE PAY each employee earns is based generally upon the performance results of the Authority, the business group, unit or department to which the individual is assigned, and the individual's PERFORMANCE PLUS rating.

- 4.6 VARIABLE PAY, for an employee who is assigned to a different business unit or department for 3 or more months during the calendar year, will be calculated by pro-rating proportionally the VARIABLE PAY percentage from each group.

Union Participation

- 5.1 Participation in the VARIABLE PAY PLAN by Authority bargaining unit employees is subject to the terms of the applicable collective bargaining agreement between the New York Power Authority and any recognized labor organization.

Leaves of Absence

- 6.1 For employees on an approved leave in excess of three months during the calendar year, VARIABLE PAY will be prorated by the length of the leave that exceeds three months.

Exceptions

- 7.1 Exceptions to the policy require the specific approval of the Human Resources Department Head, or designee, for positions up to, but not including Executive/Management Band positions. The approval of the President & Chief Executive Officer, or designee, is required for exceptions involving Vice Presidents and Executive/Management Band positions.



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