Q. **a)** Did Hydro engage an outside consultant to assist in determining the appropriate organizational structure upon amalgamation with Nalcor?

b) What measures or processes has Hydro put in place to evaluate the effectiveness of the new organizational structure?

A. **a)** In December 2024, the *Hydro Corporation Act, 2007*, was repealed and replaced by the *Hydro Corporation Act, 2024,* which served to finalize the legal merger of Nalcor Energy ("Nalcor") into Newfoundland and Labrador Hydro ("Hydro"). Operationally, the legal merger did not have a material impact, as Hydro had begun streamlining aspects of its regulated and non-regulated business segments following Government of Newfoundland and Labrador's ("Government") announcement on June 23, 2021, that the operations of Nalcor would be moved to Hydro.[1] With the exception of external legal counsel, Hydro did not engage an external consultant on the legal amalgamation process.

When Hydro reorganized its executive structure in November 2, 2021, the focus of the restructure was to reduce costs and focus on better serving its customers.[2] As a result, the restructure consolidated existing business functions (e.g., human resources, finance, safety, health and environment, etc.) and allocated operational and engineering functions amongst a reduced executive team. An external consultant was not engaged at the time as the focus was on arriving at a smaller number of executive portfolios.

On December 4, 2024, Bill 33, an Act Respecting the Amalgamation of Newfoundland and Labrador Hydro-Electric Corporation and Nalcor Energy, received Royal Assent. This legislation, cited as the *Hydro Corporation Act, 2024,* came into force on January 1, 2025,

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[1] Government of Newfoundland and Labrador, "Premier Furey and Minister Parsons Announce Nalcor Operations Moving Under Newfoundland and Labrador Hydro," June 23, 2021, https://www.gov.nl.ca/releases/2021/exec/0623n04/.
[2] Newfoundland and Labrador Hydro, "Newfoundland and Labrador Hydro Streamlines Executive Structure to Reduce Costs and Focus on Better Serving the Province," November 2, 2021, https://nlhydro.com/newfoundland-and-labrador-hydro-streamlines-executive-structure-to-reduce-costs-and-focus-onbetter-serving-the-province/.

per Order in Council OC2024-210. The corporate structure of the Hydro Group of Companies post-amalgamation is provided as Figure 1-3 in Chapter 1 of Hydro's 2026 General Rate Application.

As a result of the amalgamation, Nalcor's and Hydro's assets, liabilities, obligations and agreements continue under Hydro, and all Nalcor subsidiaries are now subsidiaries of Hydro. These 13 subsidiaries[3] continue to operate as they did previously.

b) Hydro does not evaluate the effectiveness of its organizational structure through a separate standalone review process. Rather, Hydro assesses organizational effectiveness through its established business planning, performance monitoring, governance, and financial management processes, including the successful delivery of key business outcomes, such as:

- Safety performance;
- Reliability performance;
- Customer satisfaction;
- Employee engagement;
- Financial performance and cost management; and
- Regulatory Compliance.

Hydro's Strategic Plan and annual business planning processes establish corporate objectives and performance measures that support safe, reliable, and cost-effective service. Performance against these objectives is monitored and reviewed on an ongoing basis. The effectiveness of the organizational structure is reflected in Hydro's ability to execute strategic priorities, deliver planned initiatives, maintain service reliability, manage risks, and achieve operational efficiencies.

[3] In addition to Hydro's partnerships – Labrador-Island Link (2021) Limited Partnership and Labrador-Island Link Limited Partnership.