

1 Q. Further to the response to PUB-NLH-139 and PUB-NLH-147 how does Hydro ensure
2 that there is effective corporate governance given the percentage of time shown in
3 PUB-NLH-147 that the officers of the company are engaged in Hydro's regulated
4 operations?

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7 A. There are several mechanisms and processes in place to ensure an effective level of
8 corporate governance and engagement in Hydro's regulated operations on the part
9 of the officers of the Company.

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11 a) Dedicated Executive oversight of regulated operations – The Vice-President,
12 Newfoundland and Labrador Hydro and the Vice-President, System Operations
13 and Planning are employees of Hydro and allocate the vast majority of their
14 time to Hydro's operations and activities.¹

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16 b) Integrated annual corporate planning process – Hydro's annual planning process
17 is highly integrated to ensure that functional support areas are actively engaged
18 in discussing priorities and determining the support they will be required to
19 provide. In this context, the officers of Hydro are actively involved in the annual
20 and five-year planning process for Hydro, both directly and through the senior
21 operations and functional leaders in their areas.

22 c) Regular review of Hydro's performance – The performance of Hydro relative to
23 its annual plan and the Company's corporate goals is reviewed, on at least a bi-

¹ The Regulated Operations Division (Hydro) was restructured in April of 2013. The restructuring consolidated Systems Planning and System Operations under a new Executive position that results in an additional Executive position based in Hydro.

1 monthly basis, by the officers of Hydro at meetings of the Nalcor Leadership
2 Team.

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4 d) Active functional participation on Hydro's Leadership Team – Officers of Hydro
5 representing the Corporate Services Functions in the support areas of Finance;
6 Safety and Health; Environment; Human Resources and Labour Relations;
7 Corporate Relations and Communications; Project Execution and Technical
8 Services; and Legal are actively represented on Hydro's Leadership Team by
9 senior direct report managers in their respective areas with participation, as
10 required by Executive Leadership. See Hydro's response to PUB-NLH-328 for
11 additional details.

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13 e) Senior functional leaders dedicated to Hydro – In order to ensure that Hydro's
14 corporate services requirements are appropriately supported, and to help
15 ensure that the Company's officers accountable for those areas are adequately
16 informed and engaged in the business activities of Hydro, senior level positions
17 are in place to provide dedicated support to Hydro. These include the following:

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- 19 ▪ Controller, Hydro (formerly Divisional Controller, Electric Utilities);
- 20 ▪ Human Resources/Labour Relations Lead;
- 21 ▪ Team Lead, Safety and Health;
- 22 ▪ Manager, Project Execution (Regulated); and
- 23 ▪ Senior Communications Advisor.
- 24

25 As well, Hydro functional leads have a broad base of resources within their
26 respective areas for consultation with respect to business interests, projects and
27 issues they are advancing for Hydro.

1 In addition to the above, the amount of time that officers of the Company other
2 than the Vice-President, Hydro and the Vice-President, System Operations and
3 Planning allocate to Hydro is not fully reflected in Hydro's response to PUB-NLH-
4 147. Company officers from functional support areas are regularly involved in
5 Nalcor issues and priorities that span, and are common to, all lines of business, of
6 which Hydro is by far the largest. While this time will not specifically be allocated to
7 Hydro or other lines of business, Hydro's requirements and interests are
8 consistently represented in these cases.