Q. **Reference: Volume 1, page 1.11**

Hydro states (lines 6 to 7) "*A significant reorganization of the executive structure occurred in November 2021, with a sizable reduction in the executive team from 18 positions down to 11…*" Provide an estimate of the savings (net of allocations amongst affiliates) to Hydro regulated operations in the 2027 Test Year related to the reduction of the executive team.

A. As detailed in Chapter 2 of Newfoundland and Labrador Hydro's ("Hydro") 2026 General Rate Application, a number of changes occurred upon the reorganization of the executive structure, including:

- Reduction of the total number of executive positions by approximately 50% in 2021, including the merging of several positions;
- Removal of short-term incentives and lump sum merit payments for executive employees in 2021;
- Adjustments to executive salary scales in 2021; and
- Removal of executive vehicle allowances in 2021.

Please refer to Hydro's response to PUB-NLH-078 of this proceeding for estimated savings from these changes. Given the passage of time since the executive team restructuring occurred, together with the various offsetting cost increases and reductions across business units, any savings associated with the reduction in executive positions have become embedded within overall operating costs. As a result, it is not feasible to separately quantify the impact of this change within the 2027 Test Year budget.

In relation to other changes made to executive compensation and benefits, approximately $400,000 in nominal dollars was paid in 2021 in short-term incentives and vehicle allowance payments to members of the executive within Hydro's regulated business segment. Therefore, it is reasonable to assume that Hydro has avoided that cost (in addition to inflation) within its 2027 Test Year in relation to those benefits to its executives.