

1 Q. Further to response to Request for Information NP-NLH-076:

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3 Operating costs for Human Resources/Labour Relations are forecast to increase
4 from \$5,519,000 in 2016 to \$7,067,000 in 2019T. Please provide full details of this
5 \$1,548,000 increase, together with a full business justification for the requirement
6 for the increase.

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9 A. The increase in operating cost for Human Resources/Labour Relations is primarily
10 due to an increase in hiring within the apprenticeship program, as well as the
11 training budget. The increase in labour costs are due to salary increases related to:
12 i) progression for apprentices and graduate engineers; ii) intercompany and
13 capitalized labour charges for apprentices and graduate engineers; and iii)
14 increased hiring of apprentices in 2017 after reduced hiring in 2016 (please refer to
15 Hydro's response to PUB-NLH-054).

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17 Hydro experienced a high vacancy rate in 2016 in apprentices as a result of targeted
18 deferral in apprentice hiring. Hydro increased its apprentice hiring in 2017 based on
19 its forecast workforce requirements in the trades, which is driven by attrition due to
20 retirements. Hydro continues to hire and train apprentices internally to be
21 journeypersons, because qualified tradespeople (e.g., Hydro Plant Operators and
22 Industrial Electricians) are not always readily available in the marketplace,
23 especially in rural and remote locations.

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25 The increase in intercompany charges and capitalized labour from 2016 Actual to
26 the 2019 Test Year are also primarily related to apprentices and graduate engineers
27 as a result of less hours charged to non-regulated Hydro and capital projects.

1 The Human Resources/Labour Relations operating budget was reduced in 2016
2 after a targeted deferral was applied to corporate training (please refer to Hydro’s
3 response to PUB-NLH-054). The training budget for Hydro is centrally managed
4 within the Human Resources/Labour Relations business unit; increases in the 2019
5 Test Year are related to maintaining a reasonable level of training and development
6 for Hydro employees to ensure they remain adequately trained to perform their job
7 duties.

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9 Table 1 provides details of the cost drivers.

Table 1 Human Resources/Labour Relations Cost Drivers

	(\$Millions)
FTE Changes	0.2
Salary Increases	0.2
Fringe Benefits	0.2
Capitalized Labour	0.1
Intercompany charges	0.3
Payroll Taxes	0.2
Training	0.3
Total	1.5