

1 Q. **Reference: Application, 2023 Capital Expenditures Overview**

2 With respect to internal labour versus outside contract labour costs:

- 3 a) Are Hydro's internal labour costs less than outside contractor costs, or is this an
4 anomaly owing to Covid?
- 5 b) If Hydro's internal labour costs are less than external labour costs, why does Hydro not
6 make greater use of internal labour for projects?
- 7 c) Should Hydro increase staffing levels to reduce the backlog of capital projects?

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10 **A. a)** Generally speaking, Newfoundland and Labrador Hydro's ("Hydro") internal labour cost has
11 historically been lower than outside contractor costs.

12 **b)** Where the expertise required to execute capital projects exists, Hydro attempts to maximize
13 the utilization of internal resources as much as possible. There are times when specific skills,
14 certifications, resource constraints, and/or project schedules require the use of external
15 labour to complete the work, as noted in Hydro's response to CA-NLH-106 of this
16 proceeding, for example.

17 **c)** Hydro is continuously assessing its workforce requirements and adjusting, where necessary,
18 to address its operational needs, recognizing the costs associated with contract resources.
19 At times, contract resources are necessary and an appropriate method for work execution.
20 As noted in Hydro's response to NP-NLH-001 of this proceeding, resourcing is not the
21 primary contributor to capital carryover at this time. There are, however, specific areas
22 where resourcing has been a challenge; these are being addressed, as noted in Hydro's
23 response to CA-NLH-106. From a more general resourcing perspective, recruitment and
24 retention is an ongoing concern for Hydro, like many organizations today. Recruitment and
25 retention efforts have been impacted by internal factors such as compensation, as well as
26 broader market trends of increased resignation rates coming out of the pandemic,
27 increasingly competitive job markets due to growth in other sectors, and competition

1 beyond the local market due to the emergence of remote work. Given the changing energy
2 landscape in the province and nationally, and Hydro's role in that, there will no doubt be
3 additional requirements for staffing to support ongoing sustaining capital work, new major
4 capital work, and ongoing operational and support requirements. Hydro is assessing these
5 needs and prudently adjusting its workforce complement as required.