

1 Q. **Reference: Capitalization Process**

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3 With reference to the sixth slide of the Capitalization Process presentation, entitled “Capitalized
4 Labour by Division”, please provide a breakdown of the 3 year average capitalized labour (salary
5 and benefits) by division, as a percentage of the total average capitalized labour over this
6 period, e.g. what percentage of total average capitalized labour over this 3 year period is
7 represented by Engineering Services?

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10 A. Please refer to Table 1 for the three-year average capitalized labour as a percentage of total
11 average capital labour.

Table 1: Percentage of Capital Labour by Division

Division	Capital Labour
Executive	0%
Finance	1%
Corporate Service & Regulatory Affairs	4%
Production	16%
Engineering	37%
Transmission Operations	42%
Total Capital Labour %	100%

12 Engineering Services represents 37% of Hydro’s total capital labour while Transmission
13 Operations represents 42%. This is primarily because the total salary and benefits in
14 Transmission Operations is significantly higher than Engineering Services. As a percentage of
15 capital labour charged out of their total salary and benefits, Engineering Services capitalized
16 labour at a rate of 72% in comparison to Transmission Operations rate of 28%. Please refer to
17 Table 2 for a summary of the three-year average ‘Capitalized Labour by Division’ which was also
18 included in the sixth slide of the Capitalization Process presentation.

Table 2: Capitalized Labour by Division

Division	Capital Labour Charge Out %
Executive	0%
Finance	3%
Corporate Service & Regulatory Affairs	15%
Production	11%
Engineering	72%
Transmission Operations	28%