

1 Q. In the response to PUB-NLH-1, Hydro explains in a general way the actions it has
2 taken to deal with lack of resources which was reported in several Capital
3 Expenditure Reports to be the reason capital projects have not been completed on
4 schedule. Hydro proposes to increase its annual capital expenditures from \$55.5
5 million in 2010, to \$87.9 million in 2012 (an increase of 58%) to \$151.7 million in
6 2014 (an increase of 172% over 2010). In the response to PUB-NLH-24, Hydro states
7 it will assess the viability of executing 2012 capital work by internal forces and
8 internal labour costs are expected to be relatively stable. From the responses
9 provided it does not appear that additional internal labour will be hired. Provide a
10 more detailed response than provided in PUB-NLH-1 and PUB-NLH-24 on the plans
11 Hydro has put in place to ensure that it will be able to carry out the proposed
12 capital projects on schedule when it was unable to do so in previous years when
13 capital budgets were significantly lower.

14
15
16 A. Hydro has recognized the gap between capital budget and delivery for previous
17 years, and in early 2011 undertook efforts to identify causes for delivery shortfall
18 and establish structures and processes to address these gaps. Key initiatives arising
19 out of this gap analysis and gap closure plan included:

- 20 • Mapped out resource requirements;
- 21 • Created resource planning;
- 22 • Completed resource gap analysis; and
- 23 • Updated resource plan to close gap and ensure that total project work load
24 is fully resourced for 2012.

25
26 The necessary adjustments in resource planning are imbedded within the 2012
27 submission. It is noteworthy that the relationship between the value of the capital

1 program and the project execution resource requirements are not necessarily
2 linear.

3

4 Hydro has mapped out the resource requirement and is beginning the planning
5 stage for 2012 projects. We have also had several review steps on staffing strategy
6 and steps to be taken following capital budget approval.