

1    Q.    **2012 Capital Plan**

2            What plans has Hydro put in place to ensure that it has sufficient resources, such as  
3            labour, during this short intense period of capital spending?

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6    A.    The largest capital projects included in the 2012 Capital Plan are the projects to  
7            upgrade the Bay d’Espoir to Western Avalon transmission corridor (\$209,376,000)  
8            and install a new transformer at Oxen Pond (10,540,000). Material costs represent  
9            a significant portion of both projects, along with contract work. Contract costs are  
10           in large part driven by local supply and demand conditions. To combat inflationary  
11           pressure, Hydro intends to pursue a number of alternatives, including:

12           a.        Securing long-term labour arrangements with qualifying contractors;

13           b.        Encouraging competition from national and international suppliers and  
14           contractors; and

15           c.        Assessing viability of executing work by internal forces.

16           Such activities are always to be subject to governing law and regulations, such as  
17           the Public Tender Act. Internal labour costs are expected to be relatively stable.