

## CORPORATE STAFFING

### 1.0 OVERVIEW

Hydro One submitted its corporate staffing profile and strategy to the Board during two recent proceedings – EB-2005-0378, Hydro One Networks Inc.'s application for 2006 Distribution rates and EB-2006-0501, its application respecting its Transmission business' 2007 and 2008 revenue requirement. During these proceedings, Hydro One detailed its efforts to maintain the right mix of resources while implementing a more favourable cost structure, within the constraints of a heavily unionized company.

Hydro One's greatest corporate risk with respect to its human resources continues to be an aging workforce and, with a world-wide scarcity of core skills in the industry, a highly competitive labour market. By December 31, 2008, approximately 1,000 Networks staff, representing 24% of the current population, are eligible for an undiscounted retirement. This is a trend which is expected to continue through the next decade and is consistent with challenges faced by other utilities in the electricity sector throughout the world. Recent studies suggest that up to half the workforce in the North American electricity industry will be eligible for retirement in the next five years<sup>1</sup>.

### 2.0 STAFFING STRATEGY

Hydro One utilizes a work-based approach to staffing, whereby the Company resources according to work programs rather than plans the work around the number of internal resources available. To address the fluctuating and seasonal nature of work programs, the Company maintains as much flexibility as possible by not hiring all regular staff. Instead, it utilizes a variety of labour resources, including regular, temporary, hiring hall

1 and contract staff, which provides the needed flexibility to manage in a cost-effective  
2 manner.

3

4 Matching staff to dynamic work programs requires a rigorous approach to staff planning.  
5 The company must consider the amount of work to be done, the nature of the work and  
6 the skills required, as well as the most cost effective means of acquiring those skills,  
7 within the constraints of the collective agreements. Demographic and skills analyses are  
8 conducted annually to ensure that Hydro One retains the appropriate talent in the present  
9 and is positioned properly in the market to attract the talent we need in the future.

10

11 Progress has been made in attaining the optimal number and mix of staff required to  
12 complete the Company's increasing work programs. However, the increases in some of  
13 Hydro One's Distribution programs will add additional challenges, given the tight  
14 competition for labour and power system professionals. It is essential because of the long  
15 learning curves required for competent performance of our highly skilled jobs that we  
16 hire well in advance of expected retirements.

17

### 18 **3.0 HYDRO ONE'S LABOUR PROFILE**

19

20 As part of Hydro One's strategy to efficiently and economically manage its fluctuating  
21 work requirements, Hydro One utilizes four broad groups of staff – regular employees,  
22 temporary employees, casual workers (the Building Trade Unions -BTU's under  
23 agreements with the Electrical Power Sector Construction Association – EPSCA, the  
24 Labourers' International Union of North America - LIUNA, the Canadian Union of  
25 Skilled Workers - CUSW, and Power Workers Union - PWU Hiring Hall employees)  
26 and contract staff, discussed below.

---

<sup>1</sup> Lester B Lave et al, The Aging Workforce: Electricity Industry Challenges and Solutions, Electr J.  
(2007), doi: 10.1016/j.tej.2006.12.007

- 1) Regular Employees of Hydro One can be placed in three categories:
- (i) PWU represented staff: The PWU is an industrial union that represents the trades, operators, technicians and clerical workers. They perform line work, forestry, electrical, mechanical, protection and control, meter reading, stock keeping, system operation, technical and clerical/administrative work. The majority of the PWU-represented employees in Hydro One have post-secondary education, predominately at the community college level. These include Hydro One electrical maintainers, line maintainers, mechanical maintainers, operators, technicians and administrative employees.
- (ii) Society represented staff: The Society is a professional union that represents engineers, technical, administrative and supervisory staff. They perform engineering, high level technical and administrative work as well as supervisory functions. The majority of the Society-represented employees in Hydro One have either post-secondary education (university degrees) and/or post-graduate education. These include graduate engineers, finance and telecommunication specialists.
- (iii) Management staff, who are excluded from representation because they carry out managerial duties or work on confidential labour relations matters or legal matters.
- 2) Temporary Employees are employees in any of the three categories set out above, engaged in work that is not of a continuing nature.
- 3) Casual Workers
- Although the PWU does perform some construction work, the majority is performed by the PWU Hiring Hall, the Building Trades Unions (under

1 agreements with EPSCA), the Labourers, and members of the Canadian Union of  
2 Skilled Workers

3

4 (i) Hiring Hall Employees (PWU) are utilized to meet fluctuating work  
5 demands, performing primarily supplemental construction and  
6 maintenance work on the distribution system. Non-recurring work  
7 peaks and special projects are resourced through the hiring hall.

8 (ii) Fifteen construction BTU's supply a contingent workforce through their  
9 hiring halls, negotiating their collective agreements with EPSCA. These  
10 represent the construction trades employed by Hydro One, with the  
11 exception of those represented by the CUSW and the Labourers.

12 (iii) The Labourers' International Union of North America (LIUNA) is a  
13 construction union that Hydro One negotiates with directly as opposed  
14 to via EPSCA.

15 (iv) The CUSW represents lines and electrical tradespersons who work on  
16 transmission construction, including the construction of lines over 50kV,  
17 transmission stations, switchyards, substations, system control centres,  
18 and associated telecommunications systems. Their members are  
19 contingent workers, accessed through the CUSW hiring hall to perform  
20 specific work programs and then laid off. They are paid a total wage  
21 package (including benefits and pension payments) for each hour worked.  
22 This relationship ensures that workers with the required skill set are hired  
23 in the right location for only the exact duration of the work assignment  
24 and that Hydro One has no on-going obligations with respect to benefits  
25 or pension for them.

26

27 4) Contract Staff are individuals engaged as independent contractors, not on the  
28 Corporation's payroll. Contract staff are retained for their particular skill sets on

1 projects, or to perform other work that is not of an ongoing nature. They are  
2 engaged at Hydro One for varying amounts of time and paid varying amounts  
3 commensurate with their skill sets and the market rate for that skill. Contract staff  
4 are tracked by work programs or activities and not by headcount. Where  
5 applicable, the procurement of contract staff is governed by the terms of the  
6 collective agreements between the Corporation and its respective unions where  
7 applicable.

8

#### 9 **4.0 RECRUITMENT**

10

11 To help address the expected significant wave of retirements in its critical trades,  
12 technical and engineering groups, Hydro One continues to hire into its Graduate Training  
13 Program. Training and development is identified in consultation with the line  
14 organization and each graduate trainee takes part in an extensive program that involves  
15 rotations through various parts of the company as well as in-house and external  
16 workshops, seminars and courses. Since January 1, 2004, 59 graduate trainees have been  
17 hired through the Company's on-campus recruitment program, with the hiring of a further  
18 40 to 50 graduate trainees anticipated in the Fall of 2007. New Graduates bring not only  
19 much needed skills but also new perspectives and fresh energy to the work of Hydro One.

20

21 Hydro One also continues its recruitment into trades apprenticeship and technical training  
22 programs and has partnered with universities and colleges to develop curricula that  
23 educate students in areas where we face a shortage of skilled professionals and trades  
24 people. Hydro One has taken a leadership role in support for power system engineering  
25 programs, assisting in developing on-line power system engineering programs, and  
26 providing scholarships to encourage enrolment in key areas where we face a labour  
27 shortage. Hydro One holds the Chair of the Electricity Sector Council, a Canada-wide  
28 organization composed of employers, bargaining agents, educators, associations and

1 government representatives designed to deal with the skills shortage in the industry. The  
2 Council's primary goal is to increase the number of qualified individuals for employment  
3 within the industry. Hydro One also holds the Chair of the Canadian Electrical  
4 Association's Human Resources Committee. Its mandate is to assist the CEA Board in its  
5 oversight of HR support and development for the industry, monitor and report on  
6 emerging HR issues and share best practices and work collaboratively in development of  
7 mutually beneficial initiatives.

8  
9 The Corporation is also partnering with the PWU in an initiative called "Trade Up for  
10 Success", which educates Grade 9 and 10 students and their parents in the benefits of  
11 choosing skilled trades careers and the educational requirements needed to enter  
12 applicable college programs.

13  
14 In addition, Hydro One, with the clear support of the PWU and the Society, has become a  
15 corporate participant in Career Bridge – a national, private-sector, non-profit initiative,  
16 which aims to provide internationally qualified professionals with Canadian work  
17 experience in their field of expertise.

18  
19 Hydro One will also continue its support of the University and College Co-Op Education  
20 Program, hiring approximately 200 co-ops a year. This is a mutually beneficial process  
21 in that Hydro One gains bright, skilled workers trained in the latest theories and practices  
22 to work for four- or eight-month work-terms, while the students gain "real world" work  
23 experience that can be used to develop their future careers. We have also found that the  
24 Co-op programs have proven a rich source of talented candidates for Graduate Trainee  
25 positions by offering us an opportunity to assess the student's "fit" and long-term  
26 potential with the company. Once hired our experience shows that these former co-op  
27 students have a shorter learning curve than other new hires with no previous Hydro One  
28 experience.

1 **5.0 TRAINING**

2  
3 In addition to the Graduate Training Program outlined above, Hydro One offers  
4 considerable training and development opportunities that are critical to the retention and  
5 motivation of staff.

6  
7 **5.1 Trades and Technical Training**

8  
9 Hydro One provides a comprehensive selection of trades and technical training, designed  
10 to target the specific needs of field staff in relation to the work requirements of the asset  
11 base.

12  
13 **5.2 Leadership and Senior Management Development**

14  
15 The primary objective of this program is to ensure that Hydro One has a systematic  
16 management development framework. This helps ensure we retain a competitive  
17 advantage by developing, maintaining, and enhancing those management competencies  
18 deemed to be essential.

19  
20 Hydro One has established a Management Development Steering Committee to oversee  
21 the identification of Management Development needs in the Company. The committee  
22 includes senior managers from both line and support functions, and is also responsible for  
23 the succession planning process. Each year a Management Development Program  
24 Schedule is created based on the developmental needs of management staff.

1     **5.3     Succession Planning**

2

3     A Succession Planning Process has been developed for all senior management staff  
4     within the Company. The program's goal is to ensure that for each of the senior  
5     management positions, at least two successor candidates have been identified, and that a  
6     developmental plan for each of the candidates is developed and implemented.

7

8     **6.0     SUMMARY**

9

10    Attracting, motivating and retaining the right people is key to Hydro One's success.  
11    Despite the Company's efforts to date to ensure that we have an adequate supply of  
12    labour, it continues to face staffing challenges. In addition to the potential retirement of  
13    up to 1,000 employees in the next couple of years, there is a increasing distribution work  
14    program. Hydro One will continue to utilize a mix of regular, non-regular and contract  
15    staff in order to maintain the necessary flexibility to react to a changing environment.

16

17    In an industry with aging demographics and a highly competitive labour market, the  
18    Corporation needs to be positioned as an attractive employer if it is to succeed in  
19    recruiting and retaining staff with the requisite skills. To do so, it must provide a  
20    competitive compensation package and challenging and rewarding job opportunities.  
21    Hydro One believes its staffing strategy will allow us the flexibility to respond effectively  
22    and efficiently to any scenario that will arise over our business planning period.

23

24

25