

1                    **ELECTRICAL CONTRACTORS ASSOCIATION OF ONTARIO (ECAO)**  
2    **INTERROGATORY #1 List 1**

3  
4                    **Interrogatory**

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6                    *Reference: Ex. ANTI5/S8, p. 3 and p. 8; Ex. A/TI61S], p. 8]* The evidence references  
7                    Hydra One's need to contract out a greater volume of distribution work in support of its  
8                    capital investment plans, including its proposed *Green Energy Act* plan. The evidence  
9                    also mentions labour agreement constraints to contracting out.

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11                    a) Please provide a copy of any written Hydro One policy regarding contracting out  
12                    of electrical design, engineering and construction work.  
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14                    b) Please provide copies of any labour agreement provisions to which Hydro One is  
15                    subject and which impact or limit the extent to which Hydro One can contract out  
16                    electrical design, engineering or construction work.  
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18                    c) The evidence posits that all categories of external resources are becoming hard to  
19                    contract as North American demand increasingly exceeds available supply. Please  
20                    detail any Hydro One policies or initiatives to maintain or enhance the quality and  
21                    quantity of available external electrical design, engineering and construction work  
22                    resources.  
23  
24                    d) Please provide, for each of 2008, 2009, 2010 and 2011, the costs incurred/forecast  
25                    for external electrical design, engineering and construction work contracts and the  
26                    total costs (for both external and internal resources) for this work. For 2010 and  
27                    2011 please divide the provided costs figures between *Green Energy Act* plan  
28                    related costs and *non-Green Energy Act Plan* related costs.  
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31                    **Response**

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33                    a) There are no policies with respect to contracting out of electrical design, engineering  
34                    and construction work.  
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36                    b) Please see Attachment 1 and Attachment 2.  
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38                    c) Hydro One has developed specialized power system training programs to increase the  
39                    supply of suitably trained specialist engineering staff in future years. These are  
40                    currently offered at the following universities:  
41                    • University of Waterloo  
42                    • University of Western Ontario  
43                    • McMaster University  
44                    • Ryerson University

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Hydro One has established a consortium of four colleges to offer the college curriculum necessary to prepare for a career as an Area Distribution Technician in the Electrical Utility Sector. The participating colleges are Mohawk, Georgian, Algonquin, and Northern.

There is a Provincial Lines/Power Workers' Union Hiring Hall Apprenticeship Program. The jointly organized program is a 4 year apprenticeship that, when successfully concluded, provides Power Line Technician status. The formal training is delivered by the Hydro One training group which is a recognized Training Delivery Agency (TDA) by the Ministry of Trades, Colleges and Universities (MTCU). The successful technicians go on to work for Hydro One, other utilities, and other external firms.

- d) Our financial reporting systems do not provide the granularity to split external work between electrical design, engineering and construction work. The requested information available is provided below.

<b>Total R1 - Prov Lines, E&amp;CS, Stations, External - \$M</b>						
	Total Net Cost*	GEA**	NON-GEA	Contract Costs	GEA	NON-GEA
2008	\$321			\$19		
2009	\$345			\$21		
2010	\$392	\$17	\$375	\$44	\$13	\$31
2011	\$455	\$34	\$421	\$78	\$17	\$61

\*Does not include Operations or Shared Services

\*\*GEA work per Tables 4 and 5 in Exhibit D1-3-3. Gross GEA work is \$168M in 2010 and \$296M in 2011.

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Collective Agreement  
Between  
Hydro One  
and  
Power Workers' Union  
Canadian Union of Public Employees  
C.L.C. Local 1000  
April 1, 2008 - March 31, 2011

ARTICLE 12  
PURCHASED SERVICES AGREEMENT

**12.0 SCOPE**

This Article has been developed jointly in a spirit of co-operation and trust. It is intended to provide a joint approach to making good business decisions which involve the use of purchased services. Its application calls for these decisions to be made in the same spirit of co-operation and trust.

What follows is based upon the belief that there is a value and benefit to the employee, the co-operation and the customer if:

- There is a greater involvement by employees in the decision-making process.
- There is an improved understanding as to why purchased services are used.
- Employment security is enhanced by a productive, healthy, and cost effective organization.
- Union and Management work together and act responsibly, balancing the interests of the customer, the Company and the employee in decisions relating to the use of purchased services.

This is a way of deciding how work gets done. It is not intended to hinder getting work done.

**12.1 Assignment Of Work**

**12.1.1 Philosophy**

It is the Company's intent to use regular staff to perform most of its work of a continuing nature. Furthermore, the Company will strive to provide regular staff with stability of employment.

The parties agree that a consistent, managed and joint approach to the assignment of work within the Company is necessary to provide security for employees, a more effective, productive organization and an excellent product for the customer.

### **12.1.2 Principles**

The following principles apply to the relationship between the Company and the Union and the work performed by Union members.

- (a) We will within the Company have all work conducted as effectively as possible.
- (b) We will measure the effectiveness of all work by its impact on staff, on the business and by its ultimate impact on our customers.
- (c) We will do most work of a continuing nature with Company employees.
- (d) We will determine when work is to be done by non-PWU members through a joint decision making process and the results of these decisions will be a joint responsibility.
- (e) We will ensure that the impact of these decisions on continuous employment is minimized.
- (f) We will use a team and consensus approach when making decisions and any issues arising will be resolved internally where possible.
- (g) We will consult and make timely decisions consistent with the need to get work done.
- (h) We will develop, implement and continue a joint process of communications and education.
- (i) We will achieve consistency through the use of these principles versus policy and procedure.

### **12.2 Decision Process** (See Mid-Term Agreement MT-50 also)

#### **12.2.1 Responsibility for Decisions**

The persons who are responsible for applying the decision process are the Company representative with the appropriate decision authority and the Union representative designated by the Sector Vice President. It is recognized that a given decision may require the involvement of more than these two persons.

Subject to 12.2.6 and 12.3.2(c) below, decisions to use purchased services will be made on a consensus basis. Both parties must consider all relevant criteria with the mutual goal of selecting the most effective option.

The decision makers are responsible for making timely decisions and for the decision itself.

#### **12.2.2 Opportunity**

The parties recognize that work may be done more effectively internally or externally. Opportunities for the application of this Article to new or existing work can be initiated by Management and/or the Union. It is intended that joint discussion should commence as soon as possible and before detailed definition of the need to have new or existing work done by purchased services.

#### **12.2.3 Definition of Need**

The parties will consider what work must be done and why and include such dimensions as when it must commence and the duration of the work; the quantity of resources required; the quality of the results; the skills required and their availability internally and externally; and safety requirements.

#### **12.2.4 Alternatives**

The parties will consider such alternatives as, do the work internally; do part of the work internally and part externally; do the work externally and agree to acquire capability to do the work internally in future; or do the work externally.

#### **12.2.5 Evaluation**

The parties will evaluate the alternatives considering the impact on the customer, employees and the business. Such criteria as reliability of service to the customer, customer responsiveness, community impact, Company relations impact, job continuity, ability to perform work, degree of overtime required for the work, availability of resources, cost, timeliness, quality, need for control over results, safety and impact on environment will be assessed.

The total effectiveness of the alternatives will be evaluated considering both the short and long-term impacts. In given situations, certain criteria may be given a greater or lesser degree of importance.

#### **12.2.6 Establishment of Thresholds**

The establishment of the threshold is designed to remove from the process on a case by case basis certain issues relating to purchased services. The threshold will operate in such a way as to allow flexibility in local decision making. Any decisions regarding what is below the threshold will be non-precedent setting.

If there is a dispute with the union on whether the proposed purchased service is permitted by the threshold and there is no consensus, and if it makes sense in the circumstances the dispute will be resolved before the purchased service occurs. Lack of agreement on obtaining an advance resolution will not preclude the work from being performed, neither will it preclude the matter from being resolved under the 12.2.7 process.

The guidelines to determine whether a purchased service is below the threshold are as follows:

- subject matter lacking in substance; or
- any consequences are relatively insignificant; or
- where the nature or consequences of the work which represents a purchased service is remote from work currently performed by the PWU on a continuing basis. For purposes of clarity, this does not mean geographically remote; or
- emergencies; or
- any work performed under a manufacturer's warranty, except where the manufacturer authorized the Company to do the work.

Except in the case of an emergency, failure by the Company to supply the Union with the following information by fax or as otherwise agreed will result in the work in question being deemed to be above threshold. (In the case of emergency such decisions to use purchased services will be subject to the same information requirements, review and dispute resolution as non-emergency cases).

The Company will notify the Union of the:

- Value of Work as reflected in Tender/Contract/Bid or Estimate Documents
- Scope of the Work
- Location of Work
- Estimated Date of Commencement and Duration of the Work

Except in the case of emergency, after receipt of the above information regarding the work the union shall have three (3) working days to request an opportunity to discuss the proposed purchased service, failing which the proposed purchased service will be deemed to be below threshold.

The parties will make themselves available for discussion within three (3) working days of the request for a discussion.

Upon request, once the work has been performed the Company will provide the Union with the details of the final contract costs.

(a) Threshold grievances will be completed by the Chief Steward responsible for the PSA and presented to the line Management person responsible for the work in question.

(b) Line Management must respond in writing to the grievance citing its position within 48 hours (as is required with all other grievances). Both parties should endeavour locally to complete a Record of Discussion form or an agreed statement of fact sheet.

(c) The PWU office will assign a grievance number. Copies of the completed grievance and associated fact sheets or Records of Discussion forms should be sent to the PWU office and Labour Relations - Corporate Human Resources.

(d) Grievances will be referred to Arbitration and scheduled through joint agreement between Labour Relations - Corporate Human Resources and the PWU office.

(e) If it makes sense to do so, local discussions may take place with a view to resolving the threshold grievance up to the arbitration date.

### **12.2.7 Dispute Resolution Process**

(a) Mr. Teplitsky shall be appointed as Facilitator to assist the parties to resolve all issues of application and interpretation of this Article with the power and authority of an arbitrator under the Ontario Labour Relations Act but not subject to the Arbitrators' Act.

(b) Any dispute between the parties relating to whether this Article applies to any decision to use purchased services or if a purchased service falls within the categories set out in 12.2.6 will be determined in an expedited manner by the facilitator whose decision shall be final and binding.

(c) The Union will not be prejudiced in any subsequent case by a particular purchase of services. Similarly, the Company will not be prejudiced by any decision not to purchase services. This applies to all cases including threshold cases.

## **12.3 Joint Resolution Committee**

### **12.3.1 Purpose**

The purpose of this Joint Committee is to resolve disagreements, on a consensus basis in a timely and expeditious manner, as to whether proposed purchased services which are above threshold above may proceed. In its deliberations, the committee will consider the factors in items 12.0, 12.1 and 12.2.

Prior to a meeting of the Joint Committee, the Company will provide the Union with the following information related to the proposed PSA:

- copies of the Tender or Request for Proposal documents, if there are any;
- an accurate description of the work which is the subject of the proposed PSA;
- accurate details on bids e.g., price, scope of the work as set forth in the bid;
- a full cost benefit analysis including incremental costs but excluding overhead costs which would be incurred.

### **12.3.2 Membership**

The membership of the Joint Committee shall be as follows:

- (a) The facilitator Mr. Teplitsky who shall act as Chairperson;
- (b) One Management and one union representative plus additional resources as required.
- (c) In the event of the parties not being able to reach a consensus decision the facilitator will have the power to make decisions. Mr. Teplitsky will have the authority to make such orders as he deems appropriate to give full affect to his decision(s) and to deal with any consequences his decision(s) might have in the workplace.
- (d) Where either party wishes to proceed with a Purchased Services discussion which is above threshold, the parties will endeavour to complete discussion within 10 days of notice to the union in the prescribed form and that full resolution, including review by the JRC, will occur within 30 days of notification.

## **12.4 Application of This Article**

**12.4.1** The parties will jointly develop and maintain an operating plan consistent with the provisions of this Article. Such plans will be approved by the appropriate Company official and the Power Workers' Union Vice President. Failure to jointly develop an operating plan will not adversely affect either party's rights under the provisions of this Article.

These operational plans will include:

- An approach for the development and delivery of joint training of decision makers
- An identification of the type of contracts that are not subject to an in-depth review.
- A guideline for a time table on how often contracts of a recurring nature must be reviewed under this Article.
- A process for joint review of potential contracts which involve work normally

performed by PWU represented employees and other stakeholders.

- A process and a time frame for decision making.
- An internal process for dispute resolution.

**12.4.2** Management and Union representatives may choose to jointly review the application of their operating plan and determine the need for changes at any time over the life of this agreement.

**12.4.3** Until *March 31, 2008*, Article 13, Article 14, Mid-Term Agreement MT-12 Contracting Out, MT-21, MT-21 Appendix A, and Mid-Term Agreement MT-14 Future Agency Employees are suspended. Item 12.1 of this Article will apply to decisions regarding the use of agency employees.

COLLECTIVE AGREEMENT  
Between  
Hydro One Inc.  
and  
The Society of Energy Professionals

67 PURCHASED SERVICES

*(Suspended for term of the collective agreement except for the last bullet).*

**67.1 Approvals**

**67.4.1 Blanket annual PSA approval will be given for each organization headed by a direct report to the President at the beginning of each calendar year subject to the following conditions:**

- ***Hydro One commits to use regular staff for most core work;***
- ***External resources will be primarily used for work such as supplementing peaks, responding to new business opportunities, low value work, non-recurring work etc.;***
- ***Hydro One commits to enhancing and maintaining skill level of staff;***
- ***As soon as possible and in any event no later than early in the calendar year each direct report to the President will review and discuss the staffing strategy with the Society Hydro One Local Vice-President for the purpose of trying to reach a common understanding with respect to the strategy. If a common understanding cannot be reached, management will make the final decision;***
- ***Each direct report to the President will provide to the Society at the end of the calendar year a list of contracts let during the year including total contract dollars;***
- ***No employee will be laid off as a direct result of contracting out.***