

**BC Hydro Supplemental Evidence
Direct Testimony of Dennis Maniago**

1. *State your full name and position please.*

My name is Dennis Maniago, and I am Vice-President, BC Hydro Field Services.

2. *What is the purpose of this direct testimony?*

This evidence is supplemental to my direct testimony filed on March 29, 2004, and is meant to respond to questions raised by intervenors regarding the participation of the Line Contractors Association (LCA) in this proceeding.

3. *What is the status of LCA participation in this proceeding?*

As I understand it, the LCA has withdrawn its evidence and its information requests in this proceeding, but remains an active intervenor. Their withdrawal of evidence and information requests follows on an arrangement that Field Services (on behalf of BC Hydro) came to with the LCA regarding work allocation.

4. *What is the nature of the arrangement referred to?*

The arrangement is captured in an agreement attached to this testimony as Appendix A. The essence of the agreement is that Field Services agrees to put a ceiling on the number of Power Line Technicians (PLTs) it employs, while the LCA agrees to maintain capacity sufficient to perform the work Field Services anticipates requiring. In particular,

- Field Services will keep a core staffing level of 370 regular PLT positions, and agrees to reduce the number of contingent PLTs from 55 to 40 (over the past 3 years, Field Services has employed an average of 47 contingent PLTs);
- Field Services is not limited in hiring or developing apprentices;
- The vast majority of work assigned to contractors will continue to be procured through a tendering process; the remainder of the work (typically emergent work) will be priced at a negotiated rate with all contractors (the same rate);
- If contractors are unable to meet the work supply requirements of Field Services then Field Services may, with three months notice, increase its staffing above what the agreement provides for;
- The term of the agreement is three years, effective June 1, 2004, subject

to a Commission determination that it is not in the interests of BC Hydro's ratepayers; and

- There will be ongoing regular meetings between the LCA and Field Service representatives to review items of mutual concern and work allocation—both volumes and cost.

5. *Why did Field Services enter in to this arrangement with the LCA?*

Field Services manages three pools of labour resources – internal regular core staffing, internal contingent (temporary) staffing; and external contractors. I believe that this strategy allows us to retain sufficient flexibility to respond to differing work volumes while ensuring costs to our ratepayers are kept as low as possible over the long term. It does so by creating a healthy competitive tension amongst the participants for this type of work. The result is that BC Hydro is a leading North American performer in a number of cost metrics.

The arrangement with the LCA is simply a more formalized continuation of this strategy. It provides a higher degree of certainty for both the LCA and Field Services, which I believe will allow Field Services to increase the value of the pool strategy described in the previous paragraph.

6. *Why has Field Services entered into the arrangement with the LCA at this time?*

Field Services and the LCA have for some time been discussing the merits of a more formalized arrangement. This revenue requirement proceeding, and the awareness of both parties that contractor allocation issues had taken up significant time and resources in BC Hydro's last revenue requirement proceeding, provided us with an impetus to come to an arrangement that made good business sense sooner rather than later.

7. *Does this complete your supplementary testimony?*

Yes it does.

Agreement Between BC Hydro/Line Contractor's Association of B.C.

This agreement dated and agreed to on April 19, 2004 is as follows:

- BC Hydro's number of active PLT's at CBU will be no more than 40.
- Core staffing of PLT's will go from 370 in regular and 55 in CBU to 370 regular and temporary and 40 in CBU, for a total of 410, from 425.
- This agreement is to be for 3 years and during this 3-year period the above numbers will not be exceeded with the exception of PLT Apprentices. However, if an apprentice assigned to CBU acts as a journeyman they are to be considered part of the 40 count.
- Minimum 2 PLT's from CBU will be reduced in each of the following areas. Prince George, Vernon and Vancouver Island.
- LCA to withdraw BCUC application and evidence and may attend hearings, also BC Hydro not to proceed with rate hearings as it pertains to this application (e.g. BC Hydro not to promote CBU or Field Services at LCA's expense).
- BC Hydro agrees to work with the LCA to develop a communication strategy and meet quarterly to address issues related to work allocation and or other items of concern.

The 3-year term will be continued provided that the Contractor community meets BC Hydro supply needs. If there is a problem with the Line Contractor supply meeting the needs of BC Hydro and BCTC, BC Hydro will provide written notice to the LCA, three months in advance of potential staffing changes. This agreement will be effective June 1, 2004.

This agreement should in no way impede BC Hydro from reducing core and CBU staffing levels in the event of a reduction of work.

This agreement will be as outlined above subject to any BC Utilities Commission determination that it is not in the interests of BC Hydro's ratepayers.



President
Line Contractor's Association



BC Hydro Vice-President, Field Services

April 23, 2004
Date

April 23, 2004
Date