Board Staff Interrogatory #171

Interrogatory

Reference:
Exhibit D2 / Tab 2 / Schedule 11 / Attachment 3 / pp. 17, 56

Preamble:

Bates White noted that the labour costs in the RSMeans database are based on a standard 5-day, 8 hour per day workweek with no overtime. The D2O Storage Project construction workers are on a 4-day, 10 hour per-day workweek schedule, with 2 hours a day of overtime.

Bates White also noted that actual average hourly rates for OPG contractors were higher than the labour rates embedded in RSMeans for the Toronto metropolitan area. To determine how much higher, Bates White computed the ratio of actual OPG contractor wage rates for various trades (e.g. electrician journeyman, structural steel foreman, and plumber) to RSMeans wage rates for the same trades at comparable seniority levels. Bates White obtained the OPG contractor rates from a Canadian government source and factored in 2 hours' worth of overtime pay daily to account for the contractor's 10-hour day. Bates White found that the contractor's average labour rate was, on average, 1.46 times higher than the RSMeans presumed labour cost. In other words, if RSMeans reported a CAD $50 per hour wage rate, the commensurate actual wage rate was CAD $73 per hour.

Question(s):

a) Please advise whether D2O Storage Project workers were on a 4-day, 10 hour per day (with 2 hours of overtime) schedule throughout the entire duration of the D2O Storage Project. If not, please explain how this was reflected in the labour cost adjustment.

b) Please explain why D2O Storage Project workers were on a 4-day, 10 hour workday (with 2 hours of overtime). Please provide rationale supporting the necessity for OPG to pay the costs associated with 2-hours of overtime every day that was worked.

c) Please confirm that the 1.46 labour cost factor includes both the wage differential and the cost of overtime.

Response

Parts a and c of the below response were prepared by Bates White:

a) Yes. Conversations between Bates White and OPG indicated that the construction personnel for the D2O Storage Project worked four days per week, 10 hours each workday. As this was consistent with Bates White experience on other major construction projects, Bates White used this as a basis for its EPC direct labor costs.

b) The rationale for working 10 hours shifts, as compared to a pure standard time schedule, is increased productivity which results in lower project costs inclusive of overtime wages paid. Fundamentally, “non-wrench time” (e.g. pre-job briefing, lunch) tends to be the same irrespective of shift length. The goal with a 10 hour shift schedule is to achieve more “pure wrench time” as a ratio of total shift time. The trades were primarily on a 10-hour day, four days a week schedule throughout the project. As explained in evidence, around May 2018, the project moved all trades working in the building to two10-hour shifts, five days a week (Ex. D2-2-10, p. 100) in order to further increase productivity, and reduce the then existing schedule conflicts as multiple trades completed work on the project.

c) Confirmed. This is discussed in Ex. D2-2-11, Attachment 3, Appendix C, Section C.2 of the Bates White report.