

**HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)  
SUBMISSION OF ORAL HEARING UNDERTAKING**

**DELIVERED: April 11, 2011**

**NO. J1.8: TO CONFIRM METHODOLOGY FOR THE \$855,000 ESTIMATE FOR FACILITIES UPGRADE AND EXPANSION, AND WHETHER IT INCLUDES REQUIREMENTS FOR STAFF IN THE UNREGULATED BUSINESS**

**Response:**

In order to determine the budget for this project, Horizon Utilities took what it considers a reasonable approach to evaluating the required investment for the Facilities Upgrade Project. Specifically, Horizon Utilities based the evaluation on the following: an evaluation of the immediate needs across its facilities’ footprint with due consideration for priority factors such as safety, the environment and current building codes and based on past experience on the associated costs for facilities upgrades that have been completed by Horizon Utilities.

With these two key factors in mind, Horizon Utilities determined that, at a minimum, it would need to address the state of disrepair at its Nebo Road service centre facility, which primarily houses the Construction and Maintenance workforce. That building for safety purposes requires: the separation of parking for commercial vehicles versus personal vehicles to avoid pedestrians from walking into potential hazards; additional office space to address the lack thereof; and, immediate renovation of the shower facilities that pose a health and safety hazard due to falling tiles, for example.

In Horizon Utilities’ experience, the cost associated with previous single floor office space renovation has been approximately \$1MM, excluding furniture. On that basis, Horizon Utilities determined that the \$855,000 allocation to capital investment for the facilities upgrade project would be the minimum cost, though even this figure is likely understated. That said, Horizon Utilities is committed to maintaining its facilities in good repair and to providing an effective work environment for its employees, while balancing

- 1 customer interest.
- 2 The renovation cost does not include requirements for staff in the unregulated business.