

IN THE MATTER of the *Ontario Energy Board Act 1998*, Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Halton Hills Hydro Inc. for an Order or Orders approving just and reasonable distribution rates and other service charges for the distribution of electricity, effective May 1, 2016.

INTERROGATORIES
FROM THE
SCHOOL ENERGY COALITION

Exhibit 1 - Administration

1-SEC-1

Attached as Attachment 1 to these interrogatories is a table (provided in both .pdf and Excel formats) comparing the most recent (2014 RRR, and 2014 benchmarking) results of twenty-four Ontario distributors similar to the Applicant, including the Applicant. With respect to these comparison tables:

- a. Please identify any distributors on the list that the Applicant feels are not appropriate comparators, and provide reasons for that conclusion. Please identify any distributors that the Applicant feels should be on the list, and are not, and provide reasons for that conclusion.
- b. With respect to the OEB efficiency assessment:
 - i. Please confirm that the Applicant regularly keeps its overall cost performance at least 25% below predicted costs using the PEG model. Please provide any studies, reports or other documents the Applicant has in its possession discussing the reasons for that consistent performance.
 - ii. Please confirm that, even with a 24.4% rate increase in 2016 based on forecast increases in cost of service, the Applicant plans to remain at a level at least 25% below predicted costs in 2016. Please provide a forecast, if possible, of the Applicant's 2016 actual costs as a percentage of predicted costs using the PEG model.

- c. With respect to cost per customer, please confirm that nineteen of the comparator distributors had 2014 costs per customer lower than the Applicant, and the Applicant's cost per customer was 13.6% higher than the average of all of the comparators. Please provide any exogenous reasons (for example, customer mix) that should be taken into account in analyzing this metric.
- d. With respect to OM&A per customer and Distribution Revenue per customer:
 - i. Please explain why the OM&A per customer figure is higher than the OM&A per customer for 2014 as reported in the Application.
 - ii. Please confirm that the Applicant's OM&A per customer is 10th best of the comparator distributors, and the Applicant's Distribution Revenue per customer is also 10th best of the comparator distributors. Please provide details of any data inconsistencies or other anomalies known to the Applicant that would make these comparisons incorrect.
- e. Please provide any studies, reports or other materials in the possession of the Applicant analyzing the impact of the Applicant's customer growth on its cost structure and/or any specific cost performance metrics. By way of example, and without intending to limit the scope of the question, has Halton Hills Hydro investigated the extent, if any, to which the newness of its distribution assets impacts its operating and maintenance costs, or the extent, if any, to which its customer demographics impact its billing and collection costs (including such things as e-billing uptake, etc.)?

1-SEC-2

[Ex. 1/2/1 p. 17, 31] Please provide details of the "knowledge mapping exercise" referred to, and provide the most recently updated document detailing that initiative and its status.

1-SEC-3

[1/2/1 p. 18] Please provide full details of all costs, if any, included in the 2016 revenue requirement associated with training of the customer care staff relating to the CDM framework. If those costs are not included in the revenue requirement, please advise how they are funded.

1-SEC-4

[1/2/1 p. 19] Please provide details of the Applicant's plan to promote electronic billing and payment options, including any internal planning documents or presentations relating to that plan.

1-SEC-5

[1/2/1, p. 20, 29] Please describe how the Applicant intends to respond to the transfer tax exemption referred to, and the evolving policies of the provincial government relating to LDC consolidation. Please include in the response details of the Applicant's M&A strategy, if any. Please describe how the possibility of merger with other LDCs is affected, if at all, by the Applicant's strong focus on the local community.

1-SEC-6

[1/2/1, p. 21, and Appendix 2-AC] Prior to the RRFE, what were the primary methods used by the Applicant to get feedback from its customers, and to learn their preferences? Please advise what changes in customer engagement strategy were implemented as a result of RRFE, the cost of those changes, and the incremental knowledge of customer preferences, concerns, and input that have arisen as a result of those changes. Please provide a list of customer preferences and feedback that the Applicant heard in the customer engagement relating to this Application, and were not previously known to the Applicant.

1-SEC-7

[1/2/2 p. 25] Please provide details of the last ten “new ideas and emerging trends in the industry”, identified by the Applicant’s research, that the Applicant has adopted or plans to adopt.

1-SEC-8

[1/2/2, p. 28] Aside from the benchmarking work done by the Board, what benchmarking has the Applicant done of its rates and the costs underlying its rates? Please provide any studies, reports or other documents benchmarking the Applicant’s costs and/or rates to other LDCs or other businesses.

1-SEC-9

[1/3/1, p. 43] Please confirm that the reduced working capital allowance from 15% to 7.5% reduced the deficiency by about \$350,000. Please confirm that increased depreciation increased the deficiency by \$970,000. Please advise why those cost drivers are not included in Table 1-4. Please reconcile Table 1-4 with Table 6-5.

1-SEC-10

[1/3/2, p. 44] Please describe the “top-down approach” used to control OM&A. Please provide details of any external benchmarks or other sources of information used to establish a reasonable overall OM&A level, independent of bottom-up budget asks.

1-SEC-11

[1/4/1, p. 65] Please how responses to an online survey can be included in the calculation of the margin of error. Please confirm that online surveys cannot be considered statistically valid samples.

1-SEC-12

[1/5/1, p. 74] Please provide the most recent consolidated financial statements of Halton Hills Community Energy Corporation.

1-SEC-13

[1/8/1, p. 80] With respect to SouthWestern Energy Inc.:

- a. Please describe the business of the affiliate.
- b. Please file the most recent financial statement of the affiliate.

- c. Please confirm that the affiliate has only one employee, and 2014 revenues of less than \$700,000.
- d. Please describe the role of the affiliate in the \$1.8 million LED conversion project for the Town of Halton Hills, as set out in more detail in Attachment 2 to these interrogatories. Please provide a detailed budget for the project, showing all services to be provided by the Applicant, or performed by the employees of the Applicant, related to the project, and how each of those services will be costed. Please show where each cost to be incurred by the Applicant related to this project is included in the Application, and where recovery of that cost from a third party, whether the affiliate or some other party, is also included in the Application.

1-SEC-14

[1/8/1, p. 82] Please provide the full text of the current Shareholder Direction of the Applicant, the current Shareholder Direction of the Applicant's parent company, and any prior Shareholder Direction of the Applicant or the parent company dated after January 1, 2012.

1-SEC-15

[1/8/1, p. 84] Please provide any budget or rate application presentation given to the Board of Directors at its November, 2015 Board meeting.

1-SEC-16

[1/App. 1-D/2014, p. 5] Please file the OEB PP&E Review dated January 14, 2014.

1-SEC-17

[1/App. 1-D/2014, p. 5] Please confirm that, for each of the Term Loans listed, the Applicant is subject to interest rate changes annually.

1-SEC-18

[1/App. 1-H] Please identify all references in the Code of Conduct to promoting the best interests of the customers.

2-SEC-19

[1/2/1, p. 15] Please confirm that no part of the land or design costs for the new transformer station are included in rate base for the Test Year.

2-SEC-20

[1/3/4, p. 51] Please describe the difference between "Feeder Renewal Projects" and "Feeder Upgrade and Reinforcement".

2-SEC-21

[1/4/1, p. 65] Please confirm that the Applicant no longer operates any assets on a run to failure basis. If not confirmed, please provide details of all asset classes currently operated on a run to failure basis, and the current schedule for when that operational basis is expected to be changed. Where the operational basis will be changed in the future, please describe for each asset class being changed the new operational basis that will be used, e.g. inspection and testing, scheduled replacement, etc.

2-SEC-22

[2/1/1, p. 6] Please add three rows at the bottom of Table 2-3, and calculate for each year the revenue requirement of the forecast assets to be included in revenue requirement in EB-2011-0271, the revenue requirement of the assets actually placed in service in that year, and the (asymmetrical) amount by which the forecast revenue requirement exceeds the actual revenue requirement.

2-SEC-23

[2/1/1, p. 19, 25] Please explain how Computer Software, whether in Account 1925 or in Account 1611, can have a negative net book value at the end of the Test Year. Please explain how the depreciation included in rates for the Test Year can exceed the total of the net book value at the beginning of the year, plus the additions during the year.

2-SEC-24

[2/2/2, p. 71] Please confirm that the planned capital additions for Computer Hardware and Computer Software in the Test Year is zero. If the capital additions formerly categorized as such have been changed, and are now categorized in other lines on the table, please map those changes.

3-SEC-25

[3/1/1, p. 11] Please explain the large increase in GS>50 customers in 2012.

3-SEC-26

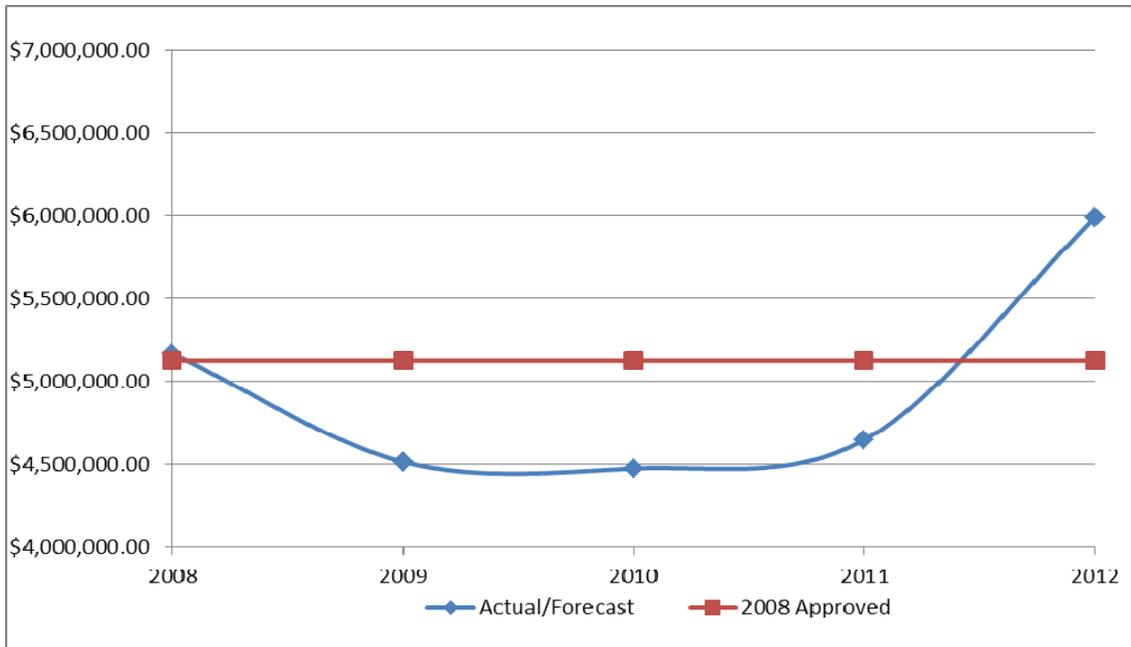
[3/1/2, p. 22] Please confirm that the 11 year average for GS>50 is 0.3037 and that using the 11 year average rather than the 5 year average would result in forecast kW approximately 10% higher for that class. Please provide all studies, reports and other evidence available to the Applicant showing that the 5 year average is a better predictor of the Test Year relationship between kW and kWh than the 11 year average.

4-SEC-27

[4/1/1, p. 3] Please confirm that the 2012 Board-approved OM&A did not include the amount of \$951,608 one-time recognition of Smart Meter OM&A. Please re-state Table 4-2 without the reduction for those costs.

4-SEC-28

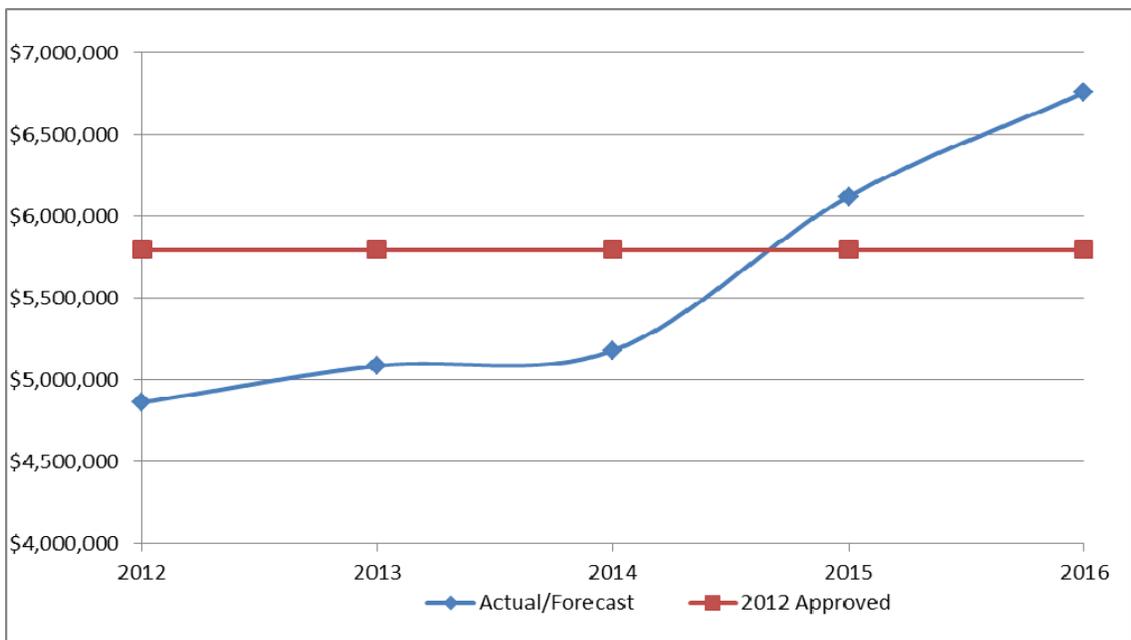
[4/1/1, p. 2] In EB-2011-0271, a chart that was similar to the following chart, detailed the Applicant's pattern of Board-approved and actual OM&A from 2008 to 2012, was filed by SEC:



The Board, in its Decision with Reasons in that proceeding, comments at page 17 as follows:

“However, the Board also notes that HHH’s actual OM&A spending in 2008 to 2010 was significantly lower than 2008 Board approved spending. Such a pattern followed by a significant increase in the test year is a potential cause for concern.”

A similar table, for the period 2012 to 2016, and adjusting for the \$951,608 one-time recognition of Smart Meter OM&A in 2012, shows the following:



Please explain why, once more, and despite the Board's stated concern, the Applicant continues to show a pattern of underspending on OM&A relative to Board-approved after rebasing, but then substantial increases at the time of rebasing.

4-SEC-29

[4/1/1, p. 10] Please provide the original business case for the ERP Software. Please provide details of any changes in the costs of the ERP project from the original approval of the spending, to the final actual total, and the reasons for those changes.

4-SEC-30

[4/1/1, p. 17] With respect to the change in the capital allocations from 65% to 75% for Operations, and from 30% to 70% for Engineering,

- a. Please provide the detailed calculations used to establish the new percentages.
- b. Please provide all benchmarking or other comparisons the Applicant did to other LDCs or other businesses to validate the new percentages.
- c. Please calculate the impact on revenue requirement in the Test Year of using the old percentages rather than the new percentages.

4-SEC-31

[4/2/1, p. 22, 27] Please provide all of the overhead rates set at the beginning of each year from 2011-2016, and for each completed year the overhead rates resulting from the true-up process. For each year's overhead rates, please provide the calculations used to establish those rates.

4-SEC-32

[4/2/1, p. 34] Please confirm that the total Executive and Management Salaries and Expenses (5605 and 5610) are expected to increase from \$738,533 in 2012 to \$1,171,906 in 2016, an increase of 58.7% over four years. Please provide a detailed explanation of this increase. Please specify, and provide details, of the extent if any to which the change in the management team in 2014, referred to elsewhere in the Application, caused this four year increase to be higher or lower than it otherwise would have been.

4-SEC-33

[4/2/1, p. 41] Please confirm that, prior to 2013, the cost of Health and Safety programs was zero.

4-SEC-34

[4/2/1, p. 56] Please re-state Table 4-15 excluding connections from the Number of Customers line, and excluding from 2012 OM&A the one-time recognition of Smart Meters OM&A of \$951,608.

4-SEC-35

[4/3/2, p. 60] For Table 4-17, please advise for each year the amount of total employee costs capitalized.

4-SEC-36

[4/3/3, p. 71-3] Please provide details of all services provided to, and all services received from, SouthWestern Energy Inc. (SWE) Without limiting the generality of the foregoing, please explain what personnel of SWE provide the services to the Applicant, and what personnel (positions) of the Applicant provide the services to SWE. Please identify the independent website of SWE (i.e. other than the website www.haltonhillshydro.com), and provide copies of all agreements between SWE and the Applicant.

4-SEC-37

[4/5/1, p. 101 and Table 4-42] Please explain how the Applicant has no non-capital losses available, if every year from 2012 to 2016 it has a non-capital loss for tax purposes. Please provide full details on loss carryforwards and carrybacks for the losses in each of those years.

6-SEC-38

[6/1/4, p. 8] Please recalculate Table 6-4, including the indicated deficiency for the Test Year, using a working capital rate of 15% rather than 7.5%.

Submitted by the School Energy Coalition December 11, 2015.

Jay Shepherd
Counsel for School Energy Coalition

ATTACHMENT 1

Company	# of Customers	OM&A/ Customer	DX. Rev/ Customer	Gross PPE/ Customer	Net PPE/ Customer	Aging Ratio	Efficiency Assessment					Cost per Customer	Cost per km of Line	
							2010	2011	2012	2013	2014			3 Year
BLUEWATER POWER DISTRIBUTION CORPORATION	36,115	\$336.47	\$596.97	\$2,715.63	\$1,441.75	53.09%	-3.2%	1.7%	6.4%	5.9%	0.3%	4.2%	637	29,216
BRANTFORD POWER INC.	38,789	\$235.71	\$445.98	\$2,625.12	\$1,631.01	62.13%	3.8%	-2.5%	4.7%	0.7%	-3.6%	0.6%	503	39,047
CAMBRIDGE and NORTH DUMFRIES HYDRO INC.	52,684	\$274.29	\$525.45	\$4,067.29	\$2,090.55	51.40%	-10.1%	-7.8%	-3.3%	0.5%	-1.9%	-1.6%	634	29,241
CANADIAN NIAGARA POWER	28,627	\$329.51	\$653.78	\$4,829.35	\$2,944.46	60.97%	16.4%	15.6%	10.0%	13.8%	12.9%	12.2%	749	21,202
ENTEGRUS	40,503	\$230.35	\$492.53	\$3,281.01	\$1,778.28	54.20%	-13.1%	-13.4%	-10.9%	-12.5%	-16.7%	-13.4%	533	22,585
ESSEX POWERLINES CORPORATION	28,640	\$235.64	\$406.15	\$2,401.82	\$1,545.55	64.35%	-17.0%	-17.1%	-12.6%	-17.2%	-12.7%	-14.2%	524	32,562
FESTIVAL HYDRO INC.	20,362	\$322.01	\$558.73	\$3,818.56	\$1,914.97	50.15%	20.5%	18.0%	20.2%	19.6%	16.6%	18.8%	634	50,028
GREATER SUDBURY HYDRO INC.	47,187	\$328.46	\$505.18	\$4,129.28	\$1,650.06	39.96%	-2.4%	14.1%	16.7%	4.8%	14.9%	12.2%	648	30,698
GUELPH HYDRO ELECTRIC SYSTEMS INC.	52,963	\$271.51	\$552.15	\$2,872.28	\$2,374.91	82.68%	12.4%	14.7%	-2.0%	0.8%	-4.8%	-2.0%	601	28,683
HALDIMAND COUNTRY HYDRO INC.	21,323	\$352.62	\$620.61	\$3,737.07	\$2,238.68	59.90%	-27.6%	-24.1%	-18.7%	-23.7%	-23.6%	-22.0%	711	8,762
HALTON HILLS HYDRO INC.	21,534	\$246.30	\$475.89	\$2,682.71	\$2,424.87	90.39%	-27.2%	-24.9%	-27.5%	-35.7%	-31.3%	-31.5%	701	9,886
KINGSTON HYDRO CORPORATION	27,356	\$236.44	\$468.79	\$2,385.37	\$1,461.64	61.27%	0.1%	2.2%	2.4%	3.7%	-3.6%	0.8%	501	38,384
MILTON HYDRO DISTRIBUTION INC.	35,111	\$243.34	\$460.29	\$3,776.17	\$2,058.51	54.51%	-4.1%	-3.0%	-37.6%	-4.5%	-4.0%	-15.4%	679	23,629
NEWMARKET-TAY	34,871	\$231.48	\$504.72	\$3,060.63	\$1,581.13	51.66%	-14.6%	-21.0%	-19.5%	-19.5%	-18.6%	-19.2%	566	23,340
NIAGARA PENINSULA ENERGY INC.	51,824	\$329.23	\$624.45	\$4,653.17	\$2,319.69	49.85%	5.4%	5.2%	10.2%	1.1%	7.7%	6.4%	742	19,458
NORTH BAY HYDRO DISTRIBUTION INC.	23,975	\$273.36	\$598.12	\$4,542.57	\$2,197.31	48.37%	3.6%	5.5%	5.8%	5.4%	8.2%	6.5%	659	27,926
OSHAWA PUC NETWORKS INC.	54,731	\$204.78	\$361.92	\$3,105.41	\$1,558.90	50.20%	-21.7%	-18.0%	-14.5%	-17.4%	-18.1%	-16.7%	519	29,881
PETERBOROUGH DISTRIBUTION INCORPORATED	36,058	\$241.81	\$430.11	\$2,828.61	\$1,605.72	56.77%	14.0%	15.6%	13.2%	14.5%	14.5%	14.1%	585	37,415
PUC DISTRIBUTION INC.	33,487	\$329.60	\$557.07	\$4,269.92	\$2,525.27	59.14%	-8.5%	-5.2%	13.4%	22.7%	14.6%	16.9%	664	29,886
THUNDER BAY HYDRO	50,482	\$273.13	\$404.65	\$3,843.00	\$1,805.57	46.98%	9.6%	8.0%	-2.8%	8.2%	7.4%	4.2%	606	26,864
WATERLOO NORTH HYDRO INC.	54,674	\$259.20	\$626.65	\$5,866.41	\$3,415.97	58.23%	-3.1%	6.4%	4.3%	10.6%	11.0%	8.6%	760	26,299
WELLAND HYDRO-ELECTRIC SYSTEM CORP.	22,470	\$277.20	\$412.69	\$2,485.05	\$1,209.00	48.65%	-19.6%	-16.2%	-10.4%	-15.2%	-17.3%	-14.3%	483	23,278
WESTARIO POWER INC.	22,822	\$230.83	\$439.14	\$2,760.53	\$1,765.65	63.96%	-3.1%	-0.2%	-1.4%	2.2%	-4.2%	-1.1%	540	23,829
WHITBY HYDRO ELECTRIC CORPORATION	41,488	\$255.33	\$542.70	\$3,694.88	\$1,707.55	46.21%	0.4%	-3.0%	-7.0%	-0.9%	-6.8%	-6.5%	628	24,275
Averages of 24 Distributors	36,587	\$272.86	\$511.03	\$3,517.99	\$1,968.62	55.96%	-3.7%	-2.1%	-2.5%	-1.3%	-2.5%	-2.2%	617	27,349

ATTACHMENT 2

Report

Report To: Mayor Bonnette & Members of Council
Report From: Maureen Van Ravens, Manager of Transportation & Development Engineering
Date: June 10, 2015
Report Number: INF-2015-0030
Regarding: LED Streetlight Conversion Strategy

Recommendation:

THAT Report No. INF-2015-0030, dated June 10, 2015, regarding LED Streetlight Conversion Strategy, be received;

AND FURTHER THAT Council approves the LED Streetlight Conversion Strategy as indicated in Report No. INF-2015-0030;

AND FURTHER THAT the Manager of Purchasing be authorized to issue a purchase order of a Single Source Award to SouthWestern Energy Inc., 43 Alice Street, Acton Ontario, L7J 2A9 to an upset limit of \$1,800,000.00 plus HST, for the project management and implementation of the LED streetlight conversion program.

AND FURTHER that the Commissioner of Planning and Infrastructure be authorized to enter into a Memorandum of Understanding with SouthWestern Energy Inc. to implement the LED Streetlight Conversion Program.

Purpose of Report:

The purpose of this report is to obtain Council's approval on the LED Streetlight Conversion Strategy and to obtain authorization to move forward on the implementation plan.

Background:

Municipalities in Ontario are actively converting High Pressure Sodium (HPS) luminaires to LED (Light Emitting Diode) streetlights.

As detailed in Report No. PDS-2015-0037, regarding the final consolidated Mayor's Community Energy Plan, the Plan's main objective is to reduce energy use and the associated greenhouse gas emissions within Town facilities as well as across the community. Converting the Town's streetlights to LED technology will make a significant contribution to meeting this objective and reaching the Town's targets.

A LED conversion aligns with the Mayor's Community Energy Plan and the Community Sustainability Strategy, especially the "Environmental Health" pillar and its "Air Quality and Greenhouse Gas Emissions" and "Energy" focus areas, as well as, the "Economic Prosperity" pillar and the "Green Economy" and "Infrastructure" focus areas.

In addition, the project complements the emphasis placed on energy conservation and greenhouse gas emission reductions found within the Town's Green Development Standards.

In 2010, staff completed a pilot project at the Public Works facility to test various types of LED luminaires for quality and energy consumption. Based on the evaluation, a specific LED luminaire type was selected and used in conjunction with the new Edith Street municipal parking lot.

In 2011 and 2012, as part of the Kingham Road project, the Town converted 37 High Pressure Sodium luminaires to LED luminaires. This project included the following sections of roads: Kingham Road, Duby Road, Berry Road, Storey Drive, Cobblehill Road and Mill Street West. The Kingham Road project was the first on-street LED streetlight conversion that resulted in positive feedback from the residents.

In 2012, staff began participating in the Municipal Street Light Focus Group. One area that the group focuses on is the LED technology and lessons learned from various municipalities. Staff has used information provided from this group to move forward on a plan to create a successful LED streetlight conversion program.

Beginning in 2013, as part of all the new subdivisions being built, the Town now requires that LED luminaires be installed. In addition, over the last few years, the Town has been installing LED luminaires at individual rural intersections, new traffic signal locations and along Maple Avenue. The ongoing Lakeview subdivision project is converting the existing High Pressure Sodium luminaires to LED luminaires. In 2014, Phase 1 of the Lakeview subdivision project was completed, which included the conversion of 29 High Pressure Sodium (HPS) to LED luminaires. It is anticipated that this project will be completed in early 2016.

Comments:

Manufacturer competition and advanced quality designs for LED luminaires had reduced the capital costs significantly over the last few years while maintaining a large reduction in energy consumption. The current warranty period for LED luminaires is 10 years.

Based on the lower capital cost, longer life expectancy and the energy savings it is financially feasible to convert the Town's existing High Pressure Sodium streetlights to LED technology.

SouthWestern Energy Inc. (SWE) approached the Town with a proposal that would have them finance the capital cost and the implementation of the project. As part of this proposal, SWE would utilize the Independent Electricity System Operator (IESO) incentives to reduce the overall cost to complete the program. The Town would pay back the cost of the program through energy savings over 5 years.

The proposed cost from SWE was reviewed and validated for competitiveness and competency to complete the project. Staff informally compared the proposed cost to other municipalities and companies that manage this type of work. It was confirmed that the proposal and associated cost to complete the program are competitive and would be beneficial from a project management approach due to the ongoing relationship between the Town and SWE.

The Town currently has approximately 3880 Cobra Style and 570 decorative High Pressure Sodium luminaires that would be converted to LED luminaires. The projected total cost to complete this work is \$1,800,000.00 (plus HST). As part of this cost, SWE will take the lead in project management and full implementation of the program. It will be their responsibility to complete a full audit of our current streetlight assets, provide and maintain a schedule for the conversion, remove and install the new LED luminaires, ensure regular updates are communicated, recalculate the new energy consumption and apply for the IESO incentives.

The Town will be entering into a Memorandum of Understanding with SWE subject to Council's approval. This will ensure the commitment from the Town and SWE to successfully complete the project within the agreed upon scope of work, proposed implementation schedule and cost.

The program is expected to reduce the overall energy consumption by approximately 55% to 60%, which will reduce the greenhouse gas emissions. The overall energy savings through Halton Hills Hydro is estimated to be approximately 40%. These savings will be used to pay back SWE for the program. Based on our most up-to-date information and the current IESO incentives being provided through Halton Hills Hydro, it is expected that the project will take approximately 5 years to pay back. In year 6, the operating budget can be reduced or re-directed to other priority areas.

Project Schedule

Subject to Council approval of this report, staff is anticipating that the project will commence in July. As part of this work, staff has retained a consultant to evaluate the LED luminaires' suppliers based on typical road cross-sections within the Town. Once this work has been completed, a supplier will be chosen for the conversion program and SWE will commence with the material order and implementation.

In conjunction with this work, SWE will be proceeding with the data collection and management of our existing streetlight inventory. This will be completed through a GIS Audit by an experienced third party contractor to collect data from every road and streetlight in the Town. Data such as pole condition, existing wattage, new LED wattage, unit type, pole type and serial number will be recorded. As part of this work, the Town will be requiring that each pole be numbered, tagged and recorded for future maintenance.

Throughout the duration of the project, staff will communicate and have regular meetings with SWE to receive progress updates. It is anticipated that the project will take approximately nine (9) months to complete. SWE has ensured that they will have the necessary resources to complete the project within this time frame without a negative impact on customer service.

Relationship to Strategic Plan:

The LED Streetlight Conversion Strategy responds to the following aspects of the Strategic Plan:

- A.6 To develop innovative programs and partnerships related to sustainable design and energy efficiency.
- B.5 To conserve energy through community design, land use planning, transportation planning, and the design/retrofitting of public and private buildings.
- H.1 To provide infrastructure and services that meets the needs of our community in an efficient and environmentally sustainable manner.

Financial Impact:

The strategy and implementation plan will not have direct financial implications to the Town. The LED streetlight conversion will be financed by SWE and paid back through energy consumption savings over approximately 5 years. It is anticipated that there will also be a reduction in maintenance costs; however, this has not been included in the pay-back period. Savings through the annual maintenance costs for streetlighting will fluctuate. Any savings on an annual basis will be used to accelerate the pay-back period to SWE.

Communications Impact:

Notice of the proposed work will be updated on the Town's webpage. The webpage will be updated on a continuous basis updating the zones that have been completed.

Sustainability Implications:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life. The relationship between this report and the Strategy is summarized below:

Do the report's recommendations advance the Strategy's implementation? Yes.

Which pillar(s) of sustainability does this report support?

Economic Prosperity (Focus Areas: Green Economy, Infrastructure)

Environmental Health (Focus Areas: Air Quality and Greenhouse Gas Emissions, Energy).

The LED Streetlight Conversion Strategy supports the Economic Prosperity and Environmental Health pillars of the Community Sustainability Strategy. It is also directly aligned and builds on the Mayor's Community Energy Plan with its focus on achieving energy efficiency and greenhouse gas emission reductions.

Overall, the alignment of this report with the Community Sustainability Strategy is: Very Good.

Consultation:

Planning and Infrastructure collaborated with the Finance Department to ensure that the strategy and implementation plan is economically feasible and that the procurement process for all aspects of the project was adhered to. Town staff had several working meetings with SouthWestern Energy Inc. to provide clarity and confirmation on the implementation plan. Town staff is satisfied with the overall Strategy and Implementation plan that will be delivered by SouthWestern Energy Inc. The Manager of Purchasing is in agreement with the award.

As part of the work, Community and Corporate Services were included in various meetings so that this information can be considered when converting municipal parks, trails, pathways, parking lots and facilities to LED luminaires.

Conclusion:

The LED Streetlight Conversion Strategy and Implementation Plan will provide energy savings of approximately 40 %. SouthWestern Energy Inc. is financing the capital cost and implementation of the LED conversion, and the Town will reimburse SWE through savings in energy consumption over approximately 5 years. The conversion of LED streetlights aligns with the Mayor's Community Energy Plan.

It is anticipated that through the successful implementation of this program, the next phase will be to investigate extending the LED conversion program with SWE to municipal parks, trails, pathways, parking lots and facilities.

Respectfully submitted,

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