

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B, as amended (the “OEB Act”);

**AND IN THE MATTER OF** an Application by InnPower Corporation to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2017.

**PRELIMINARY INTERROGATORIES**

**OF THE**

**SCHOOL ENERGY COALITION**

1. The Applicant closed land and building to rate base in 2013, and then a new building to rate base in 2015. The total was the subject of an ICM application, EB-2014-0086. As a result of the letters between counsel dated March 7<sup>th</sup> and March 17<sup>th</sup>, copies of which have been filed with the Board, it appears clear that the Applicant does not accept that the Settlement and Board Order in EB-2014-0086 fix the amount to be included in rate base for this project. This appears to have been the largest capital project in the history of the Applicant. SEC would therefore like to explore the prudence of the cost of this project.

In parallel, the Town of Innisfil, which is the 100% owner of the Applicant, completed and put into service its new Operations Centre, next door to the Applicant’s new head office building. The two projects are on adjacent land, with what appear to be common design and common construction. The Operations Centre is included in the Town’s balance sheet at a cost that is less than half of the cost of the Applicant’s head office building. SEC would therefore like to explore any allocations of cost or effort, or other transactions that may have taken place directly or indirectly between the two projects.

The following questions flow from those issues:

- a) Please provide a full detailed breakdown of all costs for the Applicant’s head office building, including land, building, fixtures, incremental furniture and equipment. With respect to the building, please provide a breakdown of the

- cost by contractor and major subcontractor (e.g. architects, engineering, excavation, mechanical, electrical, etc.). If there was a component related to LEED qualification, please break that out as well. Please reconcile the amounts in the breakdown to the amounts included in rate base in the Application.
- b) Please provide a full narrative of the original plan, the choices reviewed, the changes to the plan and the reasons for those changes, and the context within which each step took place (including without limitation all other building, renovation, and asset retirement activities that were going on at the Town's central campus during the same period).
- c) Please provide copies of all forecasts or estimates of the cost of the Applicant's head office or any component of it, such as the land. Those that are already in the evidence can simply be referenced. Please provide any business case, cost-benefit analysis, or other such analysis prepared with respect to the Applicant's head office project, including any of its predecessor designs or plans.
- d) For each component of the cost breakdown, please provide:
- a. The process by which the contract was let (RFP, sole source, etc.), and the basis on which the contractor/supplier was selected (lowest bid, etc.);
  - b. The amount and terms of the original bid, offer, or other such proposal, any changes between the bid and the contract, and any changes between the contract and the final amount paid.
  - c. A copy of the executed contract and any amendments to it.
  - d. Details of any disputes over price or payment relating to the contract.
  - e. A summary of any contractual or other relationships between the contractor and the Town of Innisfil, or any of its officers or elected officials, in the period 2009-2016.
  - f. With respect to each of the above, please ensure that they include (but should not be limited to) the contractual relationships with McKnight, Charon, Laurin, Inc, Brumar Engineering, e-Lumen International, BWK Construction, and Fluent Group Consulting Engineers Inc.
- e) With respect to the physical plans of the project, please provide:

- a. The pre-construction and as-built site plans, with distances shown, and with an explanation of any material changes between the two.
- b. The pre-construction and as-built floor plans, with sizes and measurements shown, with an explanation of any material changes between the two.
- c. Any artist's conceptions or similar drawings, and photos as built.
- d. A version of the as-built floor plans showing the use of each component of the space, and the locations of all existing FTEs within the building (i.e. a current space plan).
- e. A floor plan showing the use of the building by the Applicant when it is fully occupied by the Applicant, including the year that is expected to occur, and the use of each component of the space and the location of all future FTEs within the building (i.e. a future space plan).
- f) Please provide a detailed explanation of all integration and/or co-ordination of the Applicant's head office project and any project by the Town, including but not limited to the Town's Operations Centre project. Please include details of all costs that were subject to allocation between the projects, and any charges between the Applicant and the Town related to these projects. If there was any common accounting between the Applicant's project and the Town's projects, please provide copies of those accounting ledgers.
- g) Please provide the working papers of the auditor for the Applicant for 2015 relating to the head office building project and all related expenditures.
- h) Please provide details of any assessments, analyses, investigations or other reviews of the Applicant's head office building project prepared during or after the project that deal in whole or in part with the manner of its planning and execution, or the value of the work done relative to fair market value or reasonable value or any similar standard. Please provide copies of any reports, memoranda, powerpoints, or other such documents relating to any such review.

With respect to the Town's Operations Centre project, completed in parallel with the Applicant's head office project:

- a) Please provide a full detailed breakdown of all costs for the Town's Operations Centre project, including land, building, fixtures, incremental furniture and equipment. With respect to the building, please provide a breakdown of the cost by contractor and major subcontractor (e.g. architects, engineering, excavation, mechanical, electrical, etc.). If there was a component related to LEED qualification, please break that out as well. Please reconcile the amounts in the breakdown to the amounts included in rate base in the Application.
- b) Please provide copies of all forecasts or estimates of the cost of the Town's Operations Centre project or any component of it, such as the land. Those that are already in the evidence can simply be referenced. Please provide any business case, cost-benefit analysis, or other such analysis prepared with respect to the Town's Operations Centre project, including any of its predecessor designs or plans.
- c) With respect to the physical plans of the Town's Operations Centre project, please provide:
  - a. The pre-construction and as-built site plans, with distances shown, and with an explanation of any material changes between the two.
  - b. The pre-construction and as-built floor plans, with sizes and measurements shown, with an explanation of any material changes between the two.
  - c. Any artist's conceptions or similar drawings, and photos as built.
- d) Please provide a detailed explanation of all integration and/or co-ordination of the Applicant's head office project and any project by the Town, including but not limited to the Town's Operations Centre project. Please include details of all costs that were subject to allocation between the projects, and any charges between the Applicant and the Town related to these projects. If there was any common accounting between the Applicant's project and the Town's projects, please provide copies of those accounting ledgers.
- e) Please provide the working papers of the auditor for the Town for 2015 relating to the Operations Centre project and all related expenditures.

Submitted on behalf of the School Energy Coalition this April 5, 2017.

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Jay Shepherd  
Counsel for the School Energy Coalition