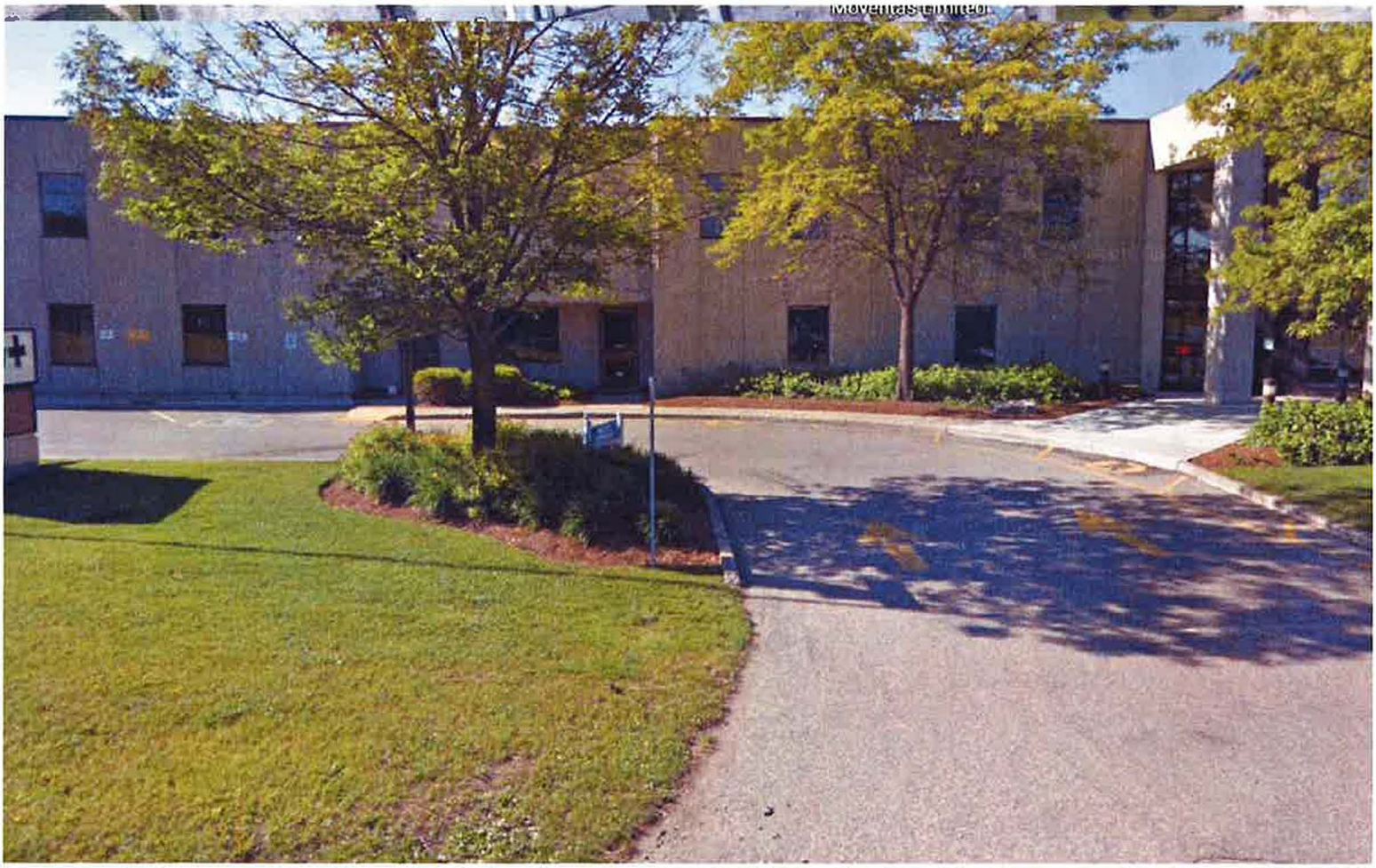
ENERGY + INC.
2019 Rates Application

VECC

COMPENDIUM

March 7, 2019

BUILDINGS




Protrans Personnel Services Inc
Faultless
Brantco Construction
Bishop St N
Bishop St N
Colson Group Canada, Inc
Energy+ Inc
VertForm
Ecologix Heating Technologies
Cambridge Crown and Trim
Nicholls WS Construction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Property Condition Audit

Energy +

64 Grand Avenue,
Cambridge, Ontario

February 2018

Prepared For:

Energy+
ENERGY+ INC.

Prepared By:

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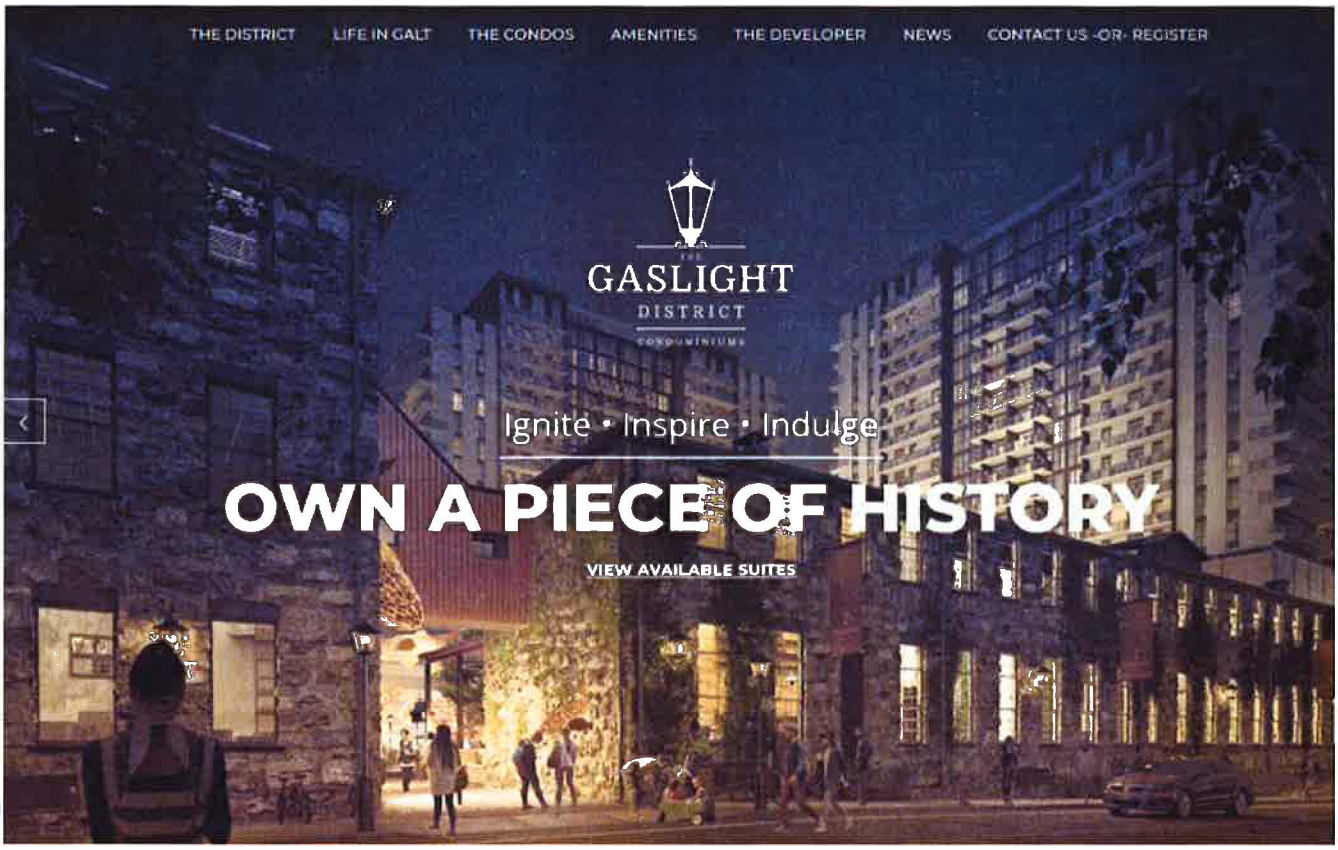
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Appendices

View from Fraser/Glebe Intersection

4.3 Trees and Vegetation

There are no trees on the subject site. There is a strip of landscaping on the south side of the subject property, on the Fraser Street road allowance. This landscaping is subject to change as the City rebuilds Fraser Street. There are also existing vines growing on the south building face in some areas.

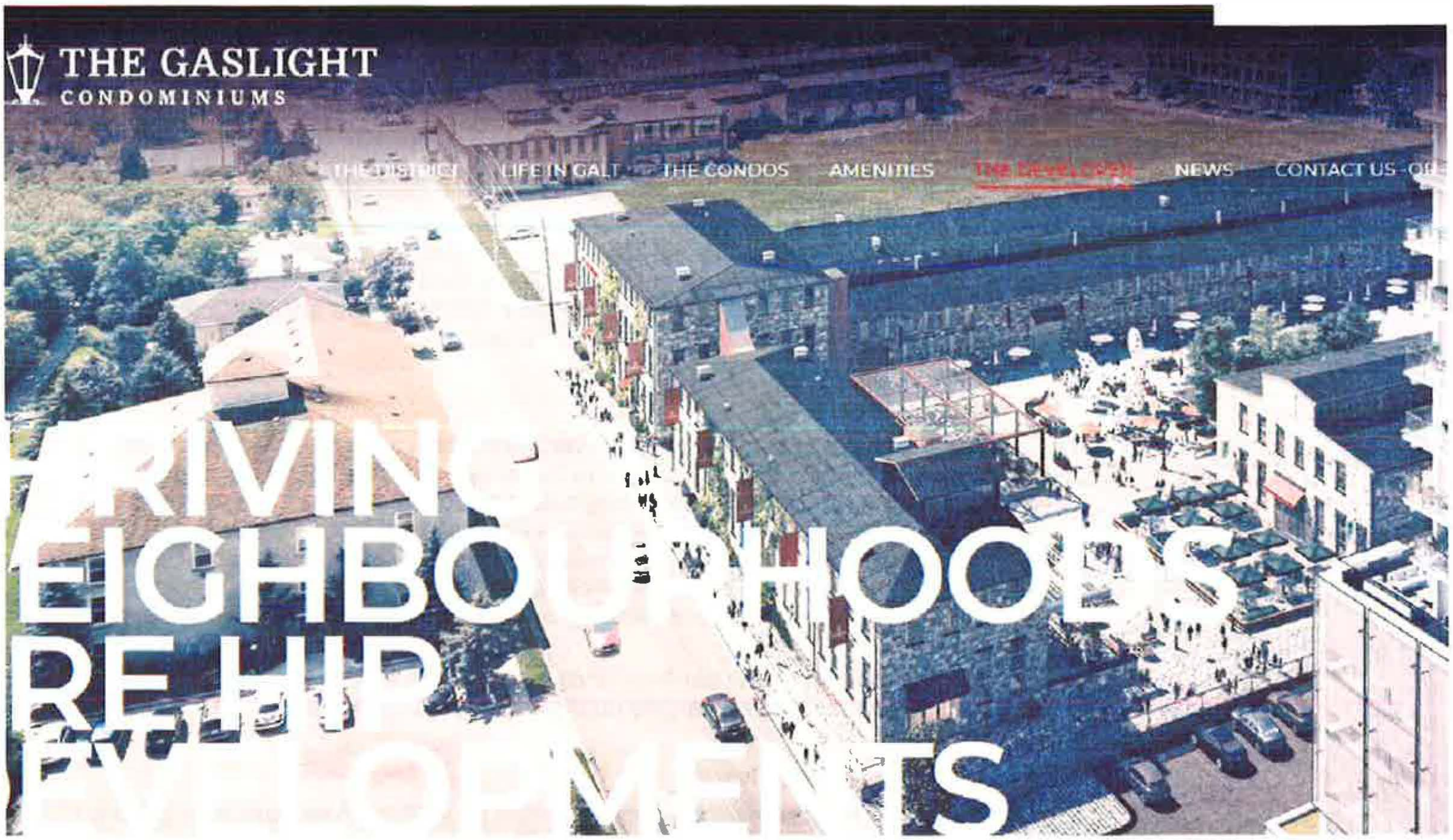
4.4 Slope

There is a significant grade change on the subject site. Over the seventy metre length of site, there is approximately two metres of vertical grade change from East to West across the site, with the greatest slopes existing close to the Fraser/ Glebe intersection. This follows the natural sloping of existing bedrock condition. The section of Fraser adjacent to the western-most 20m of property has a grade of approximately 8.4%. The maximum slope of pedestrian pathway in Cambridge is 5%, however when there is an existing condition such as this, steeper slopes are acceptable.

The fifty and one hundred year flood lines bisect the 64 Grand Ave site, but the subject site and building are largely outside of these flood zones.

4.5 Aspect to North

The subject building is oriented along its length on an East-West axis, with existing window openings facing North and South. Clerestory windows also face North and South.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In 2013, Energy+ entered into a lease at the Thompson Drive Building due to a lack of space at the Bishop Street Building. At the same time, Energy+ commenced a space study analysis and began a process of evaluating options for its long-term space needs. Energy+ conducted a review of the options evaluated below starting in 2013.

The purchase of the former BCP in the latter part of 2014, and the resulting integration of the administrative and back-office staff throughout 2015 and 2016 (to achieve operating synergies and savings) has also had an impact on the overall space requirements for the organization.

Options Evaluated

Energy+ considered six options in the development of this facilities business plan in the Cambridge and North Dumfries territory:

1. Build a third floor on the Bishop Street Building
2. Expand the Bishop Street Building
3. Retain the Bishop Street Building for an administrative office and build a new operations centre
4. Build a combined operations centre and administrative office at a new location
5. Renovate an existing building in Cambridge for both administration and operations
6. Renovate an existing building in Cambridge for administrative space and retain the Bishop Street Building for operations

These options were examined over a period of several years, with reports being prepared by subject matter experts as required.

2.7.3.2 Space and Primary Use for Buildings

Table 2-42 and 2-43 below summarizes the current facilities space and proposed facilities space based on the land and facilities plans described above.

Table 2-42: Summary of Current Facilities Space

Building Location	Administration sq. ft.	Operations sq. ft.	Primary Use
Bishop Street	13,182	39,918	Leadership Team, Customer Care, Billing, Communications, Engineering, Operations (Cambridge), Supply Chain, Metering, Fleet, Information Systems Technology (IT), Human Resources (HR). Customer Care, HR, and IT to be relocated to Southworks.
Thompson Drive	5,147	na	Finance, Regulatory and Energy Efficiency (CDM). Lease to be terminated and staff relocated to Southworks in 2020.
Dundas Street	5,007	9,376	Land and building to be sold. Operations staff to be relocated to Garden Avenue.
Total	**23,336**	**49,294**	
Overall Total		**72,630**	

Table 2-43: Summary of Proposed Facilities Space

Building Location	Administration sq. ft.	Operations sq. ft.	Primary Use
Southworks	21,892	Not Applicable	Leadership Team, Customer Service, Billing, Communications, Finance & Regulatory, HR, Energy Efficiency (CDM), IT
Bishop Street	13,182	39,918	Engineering, Operations (Cambridge), Supply Chain, Metering, Fleet
Garden Avenue	2,650 (Energy+ exclusive space)	10,601 (Energy+ exclusive space) Up to 12,243 (Shared space with BPI)	Operations (Brant County)
Total	**35,074**	**53,173**	
Overall Total		**88,247**	

2.7.3.3 Cost Summary

Table 2-44 summarizes the capital and lease costs (and reductions) related to the land and buildings plan. The costs include office furniture, equipment and IT infrastructure.

SOUTHWORKS FACILITY

References: 2-Staff-12; 2-SEC-27

There were no adjustments required to the 2019 Test Year as a result of the updates to the Southworks Facility Plan.

Energy+ has revised its request with respect to the Advanced Capital Module ("ACM") as follows:

Year 2020:

- Remove $4,500,000 for buildings
- Remove $500,000 for furniture and equipment

Year 2022:

- Add $7,600,000 for buildings
- Add $500,000 for furniture and equipment

These revisions have also been reflected in Chapter 2 Appendices – Appendix 2AB – Capital Expenditures 2020 and 2022.

The following table summarizes the adjustments made to Appendix 2AB General Plant for the adjustments for the Shared Facilities with BPI and Southworks:

$000's

Changes made to General Plant	**2019**	**2020**	**2021**	**2022**	**2023**
As originally filed, April 2018	**$5,343**	**$6,156**	**$1,668**	**$3,538**	**$1,765**
Shared Facilities with BPI – Moved to 2020	($4,400)	$4,400			
Southworks – Moved to 2022 and Revised Cost Estimate		($5,000)		$8,100	
Defer Bishop St. renovations in 5 year period				(2,000)	
As revised, December 2018	**$943**	**$5,556**	**$1,668**	**$9,638**	**$1,765**

Models Filed as part of Settlement:

2019 EnergyPlus Chapter2_Appendices-Settlement.xlsm

2019 EnergyPlus ACM Model_OEB – Settlement.xlsm

SEC 5

Technical Conference Question

P.12-13

With respect to Table 6:

a. Please split out the Energy+ column for each facility (Southworks, Garden Avenue and Bishop St.).

RESPONSE

Energy+ has prepared the following Table 6: Cost and Utilization Comparison to Other Distributors – Updated to Split Energy+ Facilities as requested.

Table 6: Cost and Utilization Comparison to Other Distributors - Updated to Split Energy+ Facilities

LDC	Energy+ (Southworks, Bishop Street & Garden Avenue Combined)	Energy+ (Southworks)	Energy+ (Garden Ave)	Energy+ (Bishop St.)	Waterloo North Hydro Inc	InnPower	Milton Hydro Distribution Inc	PUC Distribution Inc.
OEB Docket	EB-2018-0028				EB-2015-0108 EB-2010-0144	EB-2014-0086	EB-2015-0089	EB- 2012-0162
Year of Occupancy	2020/2022/2024	2022	2020	2024	2011	2015	2015	2012
Functions	Administration & Operations	Administration	Operations	Operations	Administration & Operations	Administration & Operations	Administration & Operations	Administration & Operations
Type of Project	Purchase/ Refurbish	Purchase/ Refurbish	Purchase	Refurbish	Custom Build	Custom Build	Purchase/ Refurbish	New Build
Capital Cost	$14,500,000	$8,100,000	$4,400,000	$2,000,000	$26,682,000	$10,896,704	$12,524,790	$23,000,000
Class of Estimate		Class C	Class D	Not Applicable				
Highest Class Estimate %		+20%	+30%	Assume 30% - Similar to Class D				
Square Footage	88,243	21,892	13,251	53,100	105,000	36,172	91,872	110,382
FTEs	131	67	13	51	125	41	61.5	87
Square Foot per FTE	674	327	1,019	1,041	840	882	1,494	1,269
Capital Cost per FTE	$110,687	$120,896	$338,462	$39,216	$213,456	$265,773	$203,655	$264,368
Capital Cost/Square Foot	$164.32	$370.00	$332.05	$37.66	$254.11	$285.79	$136.33	$208.37
Capital Cost @ Highest End of Estimate Range	$18,040,000	$9,720,000	$5,720,000	$2,600,000				
Capital Cost/FTE @ High Range	$137,710	$145,075	$440,000	$50,980				
Capital Cost/Square Foot @ High Range	$204.44	$444.00	$431.07	$48.90				

Notes:

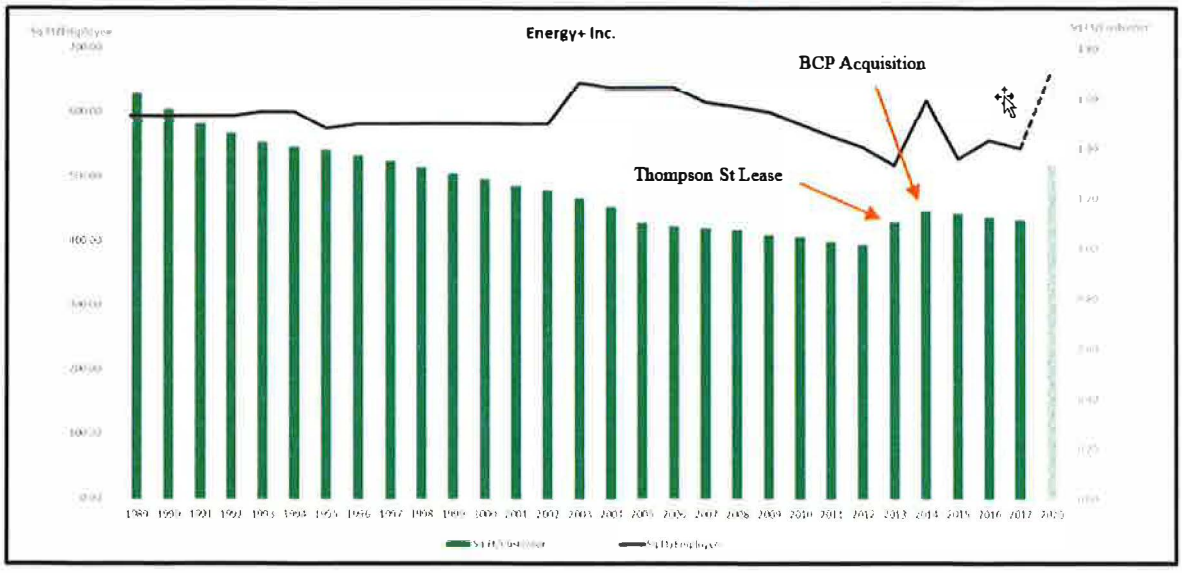
WNH	Amount based on Actual Costs as provided in EB-2015-0108
InnPower	Amount based on OEB Approved as per Settlement Agreement in EB-2014-0086. Settlement included a reduction of $2,909,000. Actual costs as per EB-2016-0085 were $13,491,210, however OEB approved Settlement Amount plus $244,506 for Furniture/Fixtures. Amount in table should be $11,141,210 ($10,896,704 plus $244,506)
Milton Hydro	Amount based on OEB Decision in EB-2015-0089. Actual costs were $14,460,000 less disallowed amounts of $1,935,202. Amount was revised as part of Motion to Review (EB-2016-0255) to add back $505,950 of a capital gain that should not have reduced rate base. Amount in table should be $13,030,748 ($12,524,798 plus $505,950)
PUC Distribution	Amount based on OEB Decision on Cost of Service, which was based on estimate. Actual costs as per EB-2017-0071 were $24,789,141, which were accepted as part of rate base as part of the Settlement.

3. FACILITIES NEEDS ASSESSMENT

Overview of facility metrics since 1988

Figure 1 below illustrates Energy+'s facility statistics in terms of square footage per customer and employee from 1989 until the proforma end state of completing facility changes in 2020.

Figure 1: Energy+ sq ft/employee and sq ft/customer 1989-2020 (est.)



As noted in Figure 1, the total square footage per customer for Energy+'s facilities has been in steady decline due to ongoing customer growth since the expanded Bishop Street Building was occupied in 1989. The square footage per employee also declined during the period from 2008 – 2013 as employee numbers increased to support new programs such as TOU billing, FIT / MicroFIT connections, and CDM.

Both metrics increased somewhat with the addition of the Thompson Drive Building rental space (5,147 square feet) in 2013 and the 2014 acquisition of BCP and its facilities (14,400 square feet).

TIMING

VECC-TCQ - 62

Issue: 1.1 Capital

Reference: Update Evidence December 13, 2018

For each Garden Avenue, Southwork, Bishop Street, and Thompson Drive and Dundas Street facilities please provide a table showing the most recent information of:

i) Where applicable - the start date and completion date of construction/renovations (month and year);

ii) The date of occupancy/vacate and number of staff vacating or occupying on this date (month and year). Please provide both the absolute number of staff and the percentage of current staff using facility in question at the time of occupancy/vacate (e.g. 100% of Dundas Street staff on what month and year and how many staff in total)

iii) Current best estimate of cost of project. If detailed estimates have not yet been developed (i.e. Garden Avenue – please provide the current planning estimate).

RESPONSE

Facility	Construction Period	Occupancy / Move out Date	Number and % Employees	Cost Estimate
Southworks	March 2020 – March 2021	Occupancy July 2021	67 (51%)	$8.1 million
Bishop St.	2024	Engineering & Operations remain occupied	51 (39%)	$2.0 million
Thompson Dr.	N/A	Vacate July 2021	16 (12%)	N/A

Facility	Construction Period	Occupancy / Move out Date	Number and % Employees	Cost Estimate
Dundas St.	N/A	Vacate TBD	13 (10%)	N/A
Shared Facility with BPI	TBD	Occupancy 2020	13 (10%)	$4.4 million

Notes:

1. The dates provided for Southworks construction and occupancy could be pushed out 6 – 9 months based on the detailed construction timeline of the 2 condominium towers that are being constructed as part of the overall development. Energy+ will be utilizing parking space in an adjacent tower for its employees and visitors. Occupancy will only be feasible once the parking garages are completed and construction activity on the site diminishes to a level that enables a safe and comfortable work environment.
2. Any change in the Southworks schedule also affects the schedule for Bishop St. renovations as they cannot begin until all administrative employees are relocated to Southworks.
3. Brantford Power Inc. (BPI) is continuing to explore alternatives for its facility requirements. Energy+ is committed to sharing in the ultimate solution by entering into a long-term lease with BPI.

- The existing building at the Bishop Street facility will be renovated and modernized. This building will continue to be utilized as the operations centre to service customers in the CND service territory. Renovations to the existing building are planned for ~~2022~~ a period beyond the existing five year plan, most likely in 2023-2024.
- The lease for office space at the Thompson Drive facility will be terminated. The employees at this location will be relocated to the Southworks Facility in ~~2020~~ 2022.
- The land and building at the Dundas Street facility were sold for $1.5 million in a sale-leaseback transaction on April 3, 2018. Energy+ has a flexible lease that enables it to vacate the property within five years of the closing date.
- ~~In 2019,~~ As part of a long-term lease agreement to be arranged with Brantford Power Inc. ("**BPI**"), Energy+ will occupy approximately 13,251 square feet of dedicated space and have access to up to 12,243 square feet of shared space at a new facility in Brantford, Ontario. ~~This facility is currently being constructed by BPI.~~ This location will function as the Operations Centre to service customers in the Brant County service territory. Energy+ will enter into a Shared Services Agreement with BPI to share inventory, warehousing, a purchasing manager, a stores person, fueling stations and vehicle maintenance in the new location. There will be significant efficiencies gained by drawing from a single inventory pool, yard, fueling station, tower and fleet of vehicles that will be shared and can service both Energy+ and BPI.

2. FACILITIES UPDATE AND TIMELINE

Subsequent to the filing of the Facilities Plan, and as provided as updates as part of the Interrogatory process, the following is a summary of the status with respect to the Facilities Plan.

Shared Facilities with BPI

- In September, 2018, as part of the Interrogatory process, Energy+ advised that the in-service date for the Garden Avenue facility had moved from the 2019 Energy+ Test year to 2020. (Response to Staff Interrogatories 2-Staff-15).

SEC 7

Technical Conference Question

P.7-8

Please provide the expected date of the 3 listed project milestones.

RESPONSE

Energy+ expects that the Severance Application will be approved by about mid-February 2019.

Environmental due diligence and a peer review of the approved Record of Site Condition and proposed mitigation solution is expected by the end of March 2019.

Energy+ expects to enter into a Construction Agreement with Melloul-Blamey by the end of April 2019.

Class B Estimates will be developed following completion of construction diagrams by Martin Simmons in the 4th quarter of 2019.

Class A Estimates will be based on tender results expected to be completed in the 1st quarter of 2020.

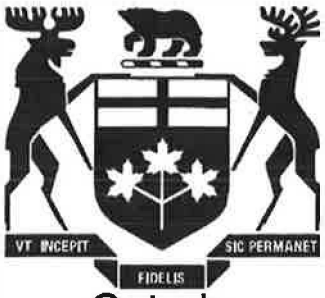
generally based off high level concepts and overall square footage estimates derived from similar projects. Within the construction industry a Class D estimate is generally considered to have + or – accuracy of up to 30%.

The Class C cost estimate is attached as Attachment 1 to this Addendum.

- As identified in Response to Interrogatories 2-Staff-12, the development of the Southworks Facility has been delayed due to site approvals. Currently, while the Southworks Facility may be ready for occupancy in 2021, actual occupancy may not occur until 2022. The delay in occupancy is due to the availability of parking spaces in the condominium tower that is being constructed as part of the overall site development. To ensure the safety of our employees, Energy+ would avoid having Energy+ staff working in the vicinity of a condominium that is under construction.

- The plans for the Southworks Facility are not final and are subject to proper environmental due diligence. The environmental approvals for the Southworks Facility are being managed by HIP Developments for the entire Southworks District Project (which includes two 20 story condo towers and retail/restaurant space). HIP Developments will provide Energy+ a copy of the Record of Site Condition from the Ministry of Environment as soon as it is available. HIP expects to have this available by the end of this year (2018). The Record of Site Condition will outline any mitigation measures that need to be put in place as a condition of obtaining all remaining permits for construction and occupancy of the buildings. Energy+ intends to engage a third-party environmental firm to conduct a peer review of the Record of Site Condition and the recommended mitigation measures. This would be completed by March of 2019 assuming the Record of Site Condition is available by year-end.

- On December 13, 2018, the Energy+ Board of Directors approved a motion to proceed with the development of detailed plans to renovate 21,500 square feet of administrative office space at 64 Grand Avenue, Cambridge based on an updated Class C estimate of $8.1MM. Additional Energy+ Board of Directors approval will be required for the following key project milestones:



Ontario

ONTARIO ENERGY BOARD

FILE NO.: **EB-2018-0028** **Energy+ Inc.**

VOLUME: **Technical Conference**

DATE: **January 23, 2019**

class C cost estimate?

MR. MILES: Yes, that's correct. The class C estimate pertains to the renovations and the construction component only. There's still some soft costs, like the architectural fees, that are included in the overall total of the 8.1 million that we are asking for in the ACM.

MS. ZHANG: Okay. So the detailed breakdown is in responses to SEC 1?

MR. MILES: Correct.

MS. ZHANG: In the table here?

MR. MILES: That's correct.

MS. ZHANG: Okay, thank you. That's all my questions on the facilities plan.

MS. DJURDJEVIC: Okay, any other questions on the facilities plan from intervenors?

EXAMINATION BY MR. GARNER:

MR. GARNER: I have a few. Mark Garner for VECC. If you can turn up VECC technical question 62, I think is where I'd start. And I just want to clarify some dates, Mr. Miles, on that.

You have the Southworks for the construction period being March 2020 to March 2021. But then later on in that response, I think you go on to say it could be six to nine months later.

Are you saying the construction period could start for Southworks as late as, I guess, nine months from March 2021, which would be roughly January 2022. Is that fair, it could be as late as that?

would occupy, which is the historical building, and then there's two condos that arise out of -- or within sort of the property of that.

MR. MILES: Adjacent to it, yes.

MR. GARNER: Adjacent to it, yeah. And all of your parking issues are reliant on that condo unit being built. Are any other constructions of the historical building, the renovations, also reliant on that condo building, or is that all separate from that?

MR. MILES: It's really separate. The other component to the building that we are going to occupy is an event space kind of area, and the parking for that is going to be on the street or -- you know, I don't know where it's going to be, frankly. But we have about 70 employees that will be working there every day, so it's important that we know where our employees are going to park when they come to work.

MR. GARNER: Right. I think you have said this at some point, is it right that you cannot occupy your building until the parking is completed in the condo? Is that correct?

MR. MILES: That's correct.

MR. GARNER: Okay. And so in some sense, regardless of the construction of Southworks, the occupancy of Southworks is totally dependent upon the condo being completed and the parking being available.

MR. MILES: That's correct.

MR. GARNER: And is that end of -- I'm sorry, when I

for the north building being 2019?

MR. MILES: Yes, they do.

MR. GARNER: Okay, thank you. Sorry, I am just quickly going through these.

So, I think maybe you can point me to this, for Southworks, what are the costs that are being incurred in 2019? Is that somewhere in the evidence?

MR. MILES: No -- well, I think we did file something on the architectural fees. We continue to incur fees for the architectural and design work. And we have, in one of the answers, talked about what we have spent to date as of the end of 2018. It's a little over $200,000.

We will continue to incur some design fees as we go into 2019, likely another two to three hundred thousand dollars, and it's possible that some of the base building work will also occur in 2019, so the roof and the windows and the fire wall that separates the building. The fire wall has actually already been constructed and we've agreed to pay 50 percent of that cost with the developer.

MR. GARNER: Okay, thank you, Mr. Miles. Would I be correct to say the reason you want to do the ACM versus an ICM later, when you might have more certainty, is that it's not the financial burden you have over '19 and maybe even '20; it's the uncertainty you would enter into in entering into any construction without the certainty you will be able to move forward. Is that really the issue?

MR. MILES: That's correct and that is the issue, yes.

MR. GARNER: Okay, thank you. One final question, and

VECC-TCQ - 61

Issue: 1.1 Capital

Reference: Update Evidence December 13, 2018

a) Given the delay in the Southworks project from 2020 to 2022 and the associated uncertainties as to costs why is it not preferable to address funding for this project through an ICM application made in 2020 (or later)?.

RESPONSE

Energy+'s proposal with respect to an ACM for the Southworks facility is based on the understanding that the ACM was intended to enable review during a cost of service application for the need and prudence of any incremental capital module funding requests for discrete projects that are part of a distributor's DSP, and that are planned to come into service during the IRM period ("Advanced Capital Module").

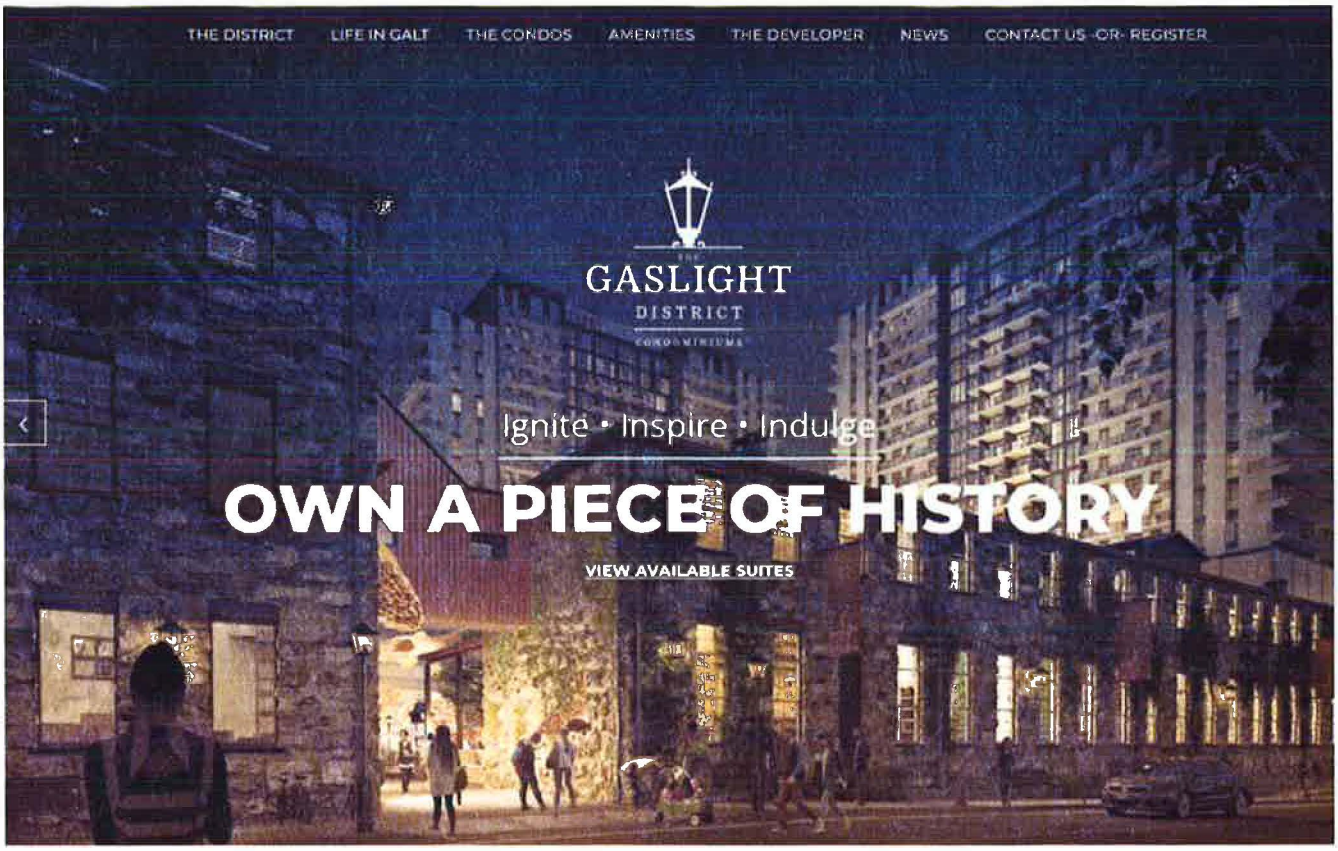
The Southworks facility is expected to be completed during the IRM period and is a discrete capital investment. In accordance with the ACM, "advancing the reviews of eligible discrete capital projects, included as part of a distributor's Distribution System Plan and scheduled to go into service during the IRM term, is expected to facilitate enhanced planning and smoothing of rate impacts, as the distributor, the Board and other stakeholders will be examining the capital projects over the five-year horizon of the DSP."

While the plans for Southworks are not final, and there is some uncertainty with respect to the exact timing, the project is still anticipated within the IRM period.

Energy+ also expects to incur some costs associated with improvements to the building shell (roof, windows, firewall) in 2019 and 2020. In addition, soft costs such as architectural and engineering fees will be incurred as designs are more fully developed.

For these reasons, Energy+ is seeking the review and approval of the need and prudency of this investment as part of the ACM prior to making more significant investments during the construction phase of this project.

SOUTHWORKS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"An ACM proposal is made during a cost of service application to identify, based on the 5-year capital plan in the Distribution System Plan, qualifying incremental capital expenditures during the subsequent IRM period that are necessary but require funding beyond what is sustained by IRM-adjusted rates and customer and load growth. Reviewing ACM projects as part of a cost of service application allows for testing of the need, pacing and prioritization of projects as part of the more comprehensive review that occurs in processing a cost of service application".

The capital project applied for in this ACM is part of the overall investment by Energy+ in upgrading its facilities, but more specifically is with respect to the refurbishment of a building that will be the new administrative office for Energy+ in 2020 (Southworks). As outlined in Section 2.7.3 and in the business case provided as part of the DSP, Energy+ has taken a longer term approach to its investments in its facilities and has made efforts to extend the period over which to make these investments in order to mitigate customer bill impacts, while at the same time recognizing the need to invest in upgrades to its facilities.

The 2019 Test Year includes net capital costs in the amount of $4.4MM related to a capital lease with Brantford Power Inc. for a shared operations centre to service the Brant service territory. The existing operations facility in Paris, Ontario will be sold in 2018.

In 2020, Energy+ plans to invest $4.5MM to renovate a building that will be the new corporate and administrative offices of Energy+. The land and building are being acquired by Energy+ for $1.00. Energy+ will be the anchor tenant in a larger development project that will ultimately include mixed uses including condominiums, office and retail space. This $4.5MM, plus an additional $0.5MM for office furniture and equipment, is the subject of this ACM application.

In 2022, Energy+ has included an additional $2MM in the DSP as an estimate of costs for the renovation of the existing Bishop Street operations facility that was originally built in the early 1980's. At this time, the estimated cost for these renovations is too preliminary and therefore has not been included as part of the ACM.

2.9.2 Eligibility Criteria

Appendix J

By-law 103-17, *City of Cambridge*

Purpose and Effect of By-law No. 103-17

64 Grand Avenue South – Gaslight District

City File No.: OR01/16

The Purpose of this By-law is to amend the zoning classification of a parcel of land located at 64 Grand Avenue South, legally described as Lot 51-56 and Block A, Plan 456; Lot 27, Plan D10; Part Malcolm Street, Plan 456; City of Cambridge [PIN 03806-0091] and Regional Municipality of Waterloo from the (F)C1RM1M2 and C1RM1 zones to the Holding (H)(F)C1RM1 S. 4.1.327 zone and (H)C1RM1 s. 4.1.327 zone to permit the following:

- A maximum building height of 69 metres (226 ft)
- Maximum of 396 residential units
- A minimum northern interior side yard of 2.5 metres (8.2 ft) for the first five storeys
- A minimum northern interior side yard setback of 8.1 metres (26.57 ft) for storeys six through 20
- A minimum exterior side yard setback of 0 metres for the existing buildings facing Grand Avenue South and Fraser Street
- Site development specifications, including floor space index, and parking requirements shall be based on the site as a whole existing at the date of passing of this by-law despite the future creation of interior lot lines through the registration of a condominium description or approval of severance applications
- A public beverage making establishment (e.g. microbrewery or other similar use) is also a permitted use
- A motor vehicle repair shop and a drive-thru automobile service shop are not permitted
- The definition of a retail commercial establishment is being amended to permit artist studios on the property by allowing goods to be produced on the property as well as being held and offered for sale
- A public square to be used as a place of assembly for gatherings, events and outdoor retail related uses
- A grocery store in which not more than 1500m^2 (16,146 ft^2) of gross leasable commercial floor area is provided
- Remove Industrial M2 zoning from this property so that light industrial uses will not be permitted

All of the currently permitted uses in the Commercial C1 and Residential Multiple RM1 zones would be permitted on this property, with the exception of the motor vehicle repair shop and drive-thru automobile service shop.

The public benefits in exchange for the increased height for the residential towers are to be provided to the satisfaction of the City of Cambridge. The applicant will be required to negotiate with Cambridge Council to enter into a bonusing agreement, registered on title.

A Holding (H) provision is included in the zoning by-law. The Holding provision is not required for the existing Southworks buildings since there is current Commercial C1 zoning in place which allows those existing buildings to be used for non-residential purposes already.

The proposed Holding (H) Provision can be lifted in future by Cambridge Council passing a by-law for the future residential portion of the proposal on the property provided:

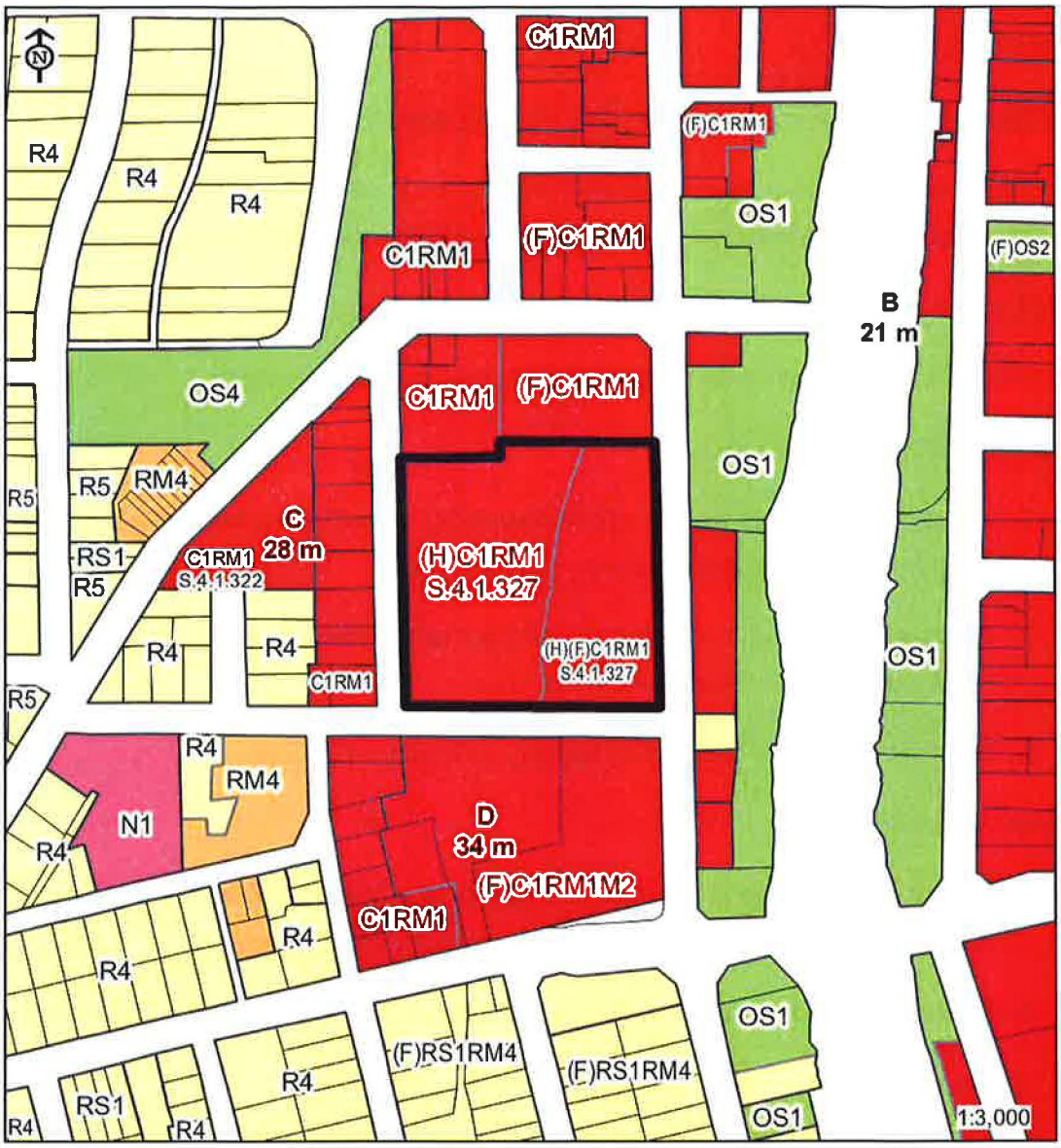
1) a bonusing agreement has been registered on the title of the property;

2) a written acknowledgement of a Record of Site Condition by the Ministry of Environment and Climate Change has been provided to the City; and

3) the Transportation Impact Study is finalized to the satisfaction of the City of Cambridge and an agreement is entered into for the construction of the required road improvements.

The Effect of the By-law will permit the construction of two 20 storey residential buildings on the subject property as part of a mixed re-use development of the property.

Schedule 'A'



This is Schedule A attached to and forming part of By-law

Lands affected by the by-law

Zoning Classification

- OPEN SPACE
- MEDIUM HIGH DENSITY RESIDENTIAL
- LOW DENSITY RESIDENTIAL
- INSTITUTIONAL
- COMMERCIAL

Technology Services
GIS Division

VECC-TCQ - 63

Issue: 1.1 Capital

Reference: Update Evidence December 13, 2018, pgs. 6-7

b) Please provide a list of all approvals required for the Southwork project, noting those that have been received to date and the expected date for outstanding approvals.

RESPONSE

The following lists Energy+'s Board approvals for the Southworks project:

Approvals to date:

1. Approval to enter into a Letter of Understanding with HIP Developments, engage architects, and begin due diligence – March 30, 2017.
2. Approval to execute Purchase & Sale Agreement for the Southworks property (subject to closing conditions) – November 17, 2017.
3. Approval of updated $8.1 million budget – December 13, 2018.

Future Approvals:

1. Closing the Purchase of Southworks property (assumes Severance Application is approved and Environmental peer review is acceptable) – March 30, 2019.
2. Execution of Construction Agreement with Melloul-Blamey – June 30, 2019.
3. Approval of Class B Estimate – September 30, 2019.
4. Approval of Class A Estimate and tenders for construction – January 31, 2020.

Third Party Approvals:

1. Zoning bylaw amendment for a site specific zoning regarding density and building height. All have been fulfilled, just waiting for letter from City of Cambridge.
2. Bylaw Variance, Parking reduction.
3. Application for Consent to sever property.
4. Bylaw variance for reduced setbacks for Artist Studios

5. **Site Plan Approval:**

   Submission #1: July 2018

   Submission #2: September 2018

   Submission #3: January 2018

   Submission #4: By end of January 2019 (last submission addressing final Energy + comments and Engineering comments). Deadline is end of February 2019 to have the Site plan Agreement.

Construction:

1. Firewall Building Permit, February 2018, still open but work is complete.
2. Demolition Permit, April 2018, work ongoing.
3. Building Permit for Base Buildings C and D – January 2019.
4. Building Permit for Event Space (building D) Tenant Improvement – January 2019.
5. Building Permit for two residential towers and podiums –February 2019
6. Building Permit for North Base building (buildings A and B) - February 2019
7. Building Permit for Energy+ part of building – January 2019.

Environmental (all completed):

1. Risk Assessment
2. Certificate of Property Use
3. Record of Site Condition

Final Step still required: During construction, the implementation of vapour mitigation measures and site capping, then final testing to ensure it meets all the requirements of the Risk Assessment.

2–Staff-12

INTERROGATORY

Ref: DSP, Appendix N, Facilities Business Plan - CND

g) Please confirm that an annual $150,000 fee is required for parking at the Southworks Facility.

RESPONSE

Energy+ confirms that there will be annual $150,000 cost for parking at the Southworks Facility. Parking spaces will be leased at an adjacent, new condominium building that is being constructed as part of the overall development of the property.

COSTS

2–Staff-12

INTERROGATORY

Ref: DSP, Appendix N, Facilities Business Plan - CND

k) Please discuss the accuracy of the estimated renovation cost and discuss Energy+'s plan to mitigate any risks.

RESPONSE

The Melloul-Blamey cost estimate provided in response to interrogatory 2-Staff-12i) is a "Class C" estimate. "Class B" and "Class A" cost estimates will be prepared, with the Class estimate being very detailed and suitable for tender documents.

The Class C cost estimate is based on having the design about one-third complete and is therefore a reasonable estimate. Energy+ will have the detailed drawings and estimates prepared prior to the start of renovations. Energy+ will engage a highly qualified Project Manager to help ensure that the renovations are completed on schedule, within scope and within budget. The approach to construction will be "design build" as opposed to "custom build". The design build approach allows some flexibility to make the most cost effective decisions during the renovation process. Energy+ will ensure that there is regular reporting on progress and costs by the Project Manager to the Leadership Team, as well as on-going review and reporting to Energy+'s Board of Directors.

MELLOUL-BLAMEY CONSTRUCTION INC.
CLASS C COST ESTIMATE
Energy + Steel Framed Mezzanine

Estimate Description: Budget based on Design Meeting Brief dated May 2, 2018, as well as followup discussions on extant assumptions, and cost saving design changes. This estimate reflects the design as of a meeting regarding cost with MSA, Energy + and M-B December 2018. Firewall costs are not included in this budget.

	# Suites		# Storeys	m2	SF
1 bedrm					0
2 bedrm		Parking Area			0
3 bedrm		Ground Floor Area		1,325	14,262
		Mezzanine Area		672	7,233
Total	0	Overall Building	0	1,997	21,490

	1.0 SITEWORK COSTS	Gross Costs	S/F Costs on Gross Costs	Remarks
1.1	Demolition / Alterations - Clearing Wood/Structure	[illegible]	[illegible]	[illegible]
1.2	Excavation	[illegible]	$3.16	[illegible]
1.3	Site Services	$0	$0.00	[illegible] by others
1.4	Shoring	$0	$0.00	
1.5	Fencing	$0	$0.00	
1.6	Irrigation	[illegible]	[illegible]	
1.7	Landscaping, Planting, Paving Stone, Seat Walls	[illegible]	[illegible]	[illegible]
1.8	Site Furnishings / Bike Racks	[illegible]	$0.00	
1.9	Asphalt	$0	$0.00	
1.10	Curb & Sidewalk	[illegible]	$1.1?	
1.11	Sulera Garbage Unit and Garbage Enclosures	$0	$0.00	
	SITEWORK Sub-total (excl. H.S.T.)	**$305,525**	**$14.21**	**-$232,732**

	2.0 BUILDING COSTS	Gross Costs	S/F Costs on Gross Costs	Remarks
2.1	Concrete Forming	[illegible]	$3.79	[illegible]
2.2	Concrete Supply	[illegible]	$3.46	[illegible]
2.3	Rebar	[illegible]	$0.79	
2.4	Concrete Finishing	[illegible]	$2.96	[illegible] SOG & SOD
2.5	Misc Concrete - Anchor bolts, Grouting, Foundation Insulation etc.	[illegible]	$4.36	[illegible]
2.9	Masonry and Stonework	[illegible]	$13.56	[illegible]
2.10	Structural Steel	[illegible]	$13.97	[illegible]
2.11	Misc Metal	[illegible]	$4.67	[illegible]
2.12	Timber Systems Mezzanine	$0	$0.00	[illegible]
2.13	Carpentry	[illegible]	$4.90	[illegible]
2.14	Millwork - Common Space, Elevator Lobbies, and Main Lobby	$47,300	$2.20	
2.21	Waterproofing	$2,475	$0.12	
2.22	Pedestrian Traffic Coating	$0	$0.00	
2.23	Roofing	[illegible]	$0.30	[illegible]
2.24	Foam Insulation	$0	$0.00	
2.25	EIFS	$0	$0.00	
2.26	[illegible] & Roofing	$384,055	$17.87	
2.27	Composite Panels	[illegible]	$7.24	[illegible]
2.28	Fire Retardant Coating	$30,011	$1.40	[illegible] wood roof deck
2.29	Firestopping	$2,650	$0.12	
2.30	Caulking	$10,000	$0.47	
2.31	Hollow Metal Supply	$5,200	$0.24	
2.32	Wood Door Supply	$7,800	[illegible]	
2.33	Finish Hardware Supply	$26,000	$1.21	
2.34	Hollow Metal Door, Frame and Hardware install	$4,810	$0.22	
2.35	Building Access control - Supply and install	$4,800	$0.22	
2.40	Sliding Door Partitions	[illegible]	$2.33	
2.44	Auto Operators	$22,550	$1.05	
2.48	Aluminum Entrances - Storefronts / Curtain Wall	[illegible]	[illegible]	[illegible]
2.49	Residential Aluminum Windows and Sliders / Doors	$159,5[illegible]	$7.42	
2.50	Glazed Balcony Railings	$0	$0.00	
2.51	Misc Glazing - Mirrors etc.	$5,240	$0.35	[illegible]
2.52	D/W & Acoustic	[illegible]	$14.16	
2.53	Flooring	$157,226	$7.31	
2.54	Painting	$49,000	$2.28	
2.55	Lockers	$3,375	$0.16	
2.56	Toilet Partitions	$1,700	$0.08	
2.57	Washroom Accessories	$4,640	$0.22	[illegible]
2.58	Floor Grilles	$0	$0.00	
2.60	Mailboxes	$5,400	$0.25	
2.61	Signage	$10,000	$0.47	allowance
2.66	Elevators	$90,000	$4.19	[illegible]
2.67	Sprinklers	$60,000	$2.79	[illegible]
2.68	Mechanical	$775,000	$36.06	[illegible]
2.69	Electrical	$234,000	$10.89	[illegible]
2.70	lighting / Lutron package	$288,000	[illegible]	[illegible]
	BUILDING Sub-total (excl. H.S.T.)	**$4,580,203**	**$213.08**	**-$298,162**

	3.0 GENERAL CONDITIONS, ALLOWANCES & FEES	Gross Costs	S/F Costs on Gross Costs	Remarks
	3.1 GENERAL CONDITIONS BUDGET based on 12 Months			
3.1.1	Site Supervision & Facilities (Truck, Office/Storage, Toilets, Phone/Fax, etc...)	$349,042	$16.24	
3.1.2	General Expenses (Clean up, Safety, Barriers, Tools etc...)	$163,423	$7.60	
3.1.3	Cranes, Hoists etc.	$80,200	$3.73	
3.1.4	Winter Heat	$41,064	$1.91	
3.1.5	Temporary Power & Lighting	$15,764	$0.73	
3.1.6	Bonding Costs	$0	$0.00	
3.1.7	Insurance Costs	$31,984	$1.49	
	Subtotal General Conditions	*$681,477*	*$31.70*	
	3.2 ALLOWANCES			
3.2.1	Testing & Inspection	$10,000	$0.47	
3.2.2	Commissioning	$5,815	$0.27	
3.2.2	Connections - Water, Sanitary, Storm	$10,000	$0.47	
	Connections - Gas	$0	$0.00	
	Connections - Hydro	$50,000	$2.33	[illegible]
3.2.3	Building Security	$0	$0.00	
3.2.4	Furniture & Equipment	$0	$0.00	
3.2.5	Soils Remediation	$100,000	$4.65	
3.2.6	Str Roof Reinforcing	$260,000	$12.10	[illegible]
3.2.7	Contingency	$300,000	$13.96	
	Subtotal Allowances	*$735,815*	*$34.24*	
	3.3 PROFESSIONAL FEES			
3.3.1	Pre-Construction Services Fee	$30,000	$1.40	
3.3.2	Construction Management Fee	$420,000	$19.54	
3.3.3	Architectural, Structural, Drawings & Preparation	$0	$0.00	
3.3.4	Mechanical & Electrical Engineering	$0	$0.00	
3.3.5	Site Civil & Site Lighting Design	$0	$0.00	
3.3.5	Soils Investigation	$0	$0.00	
	Subtotal Professional Fees	*$450,000*	*$20.94*	
	GENERAL, ALLOWANCES & FEES Sub-total (excl. H.S.T.)	**$1,867,293**	**$86.87**	**-$221,620**

	4.0 ITEMS PAID DIRECTLY BY OWNER	Gross Costs	S/F Costs on Gross Costs	Remarks
4.1	Building Permit			By Owner
4.2	Development Fees			By Owner
4.3	[illegible] Fees			By Owner
4.4	Financing Fees			By Owner
	ITEMS BY OWNER Sub-total (excl. H.S.T.)	**$0**	**$0.00**	

5.0 TOTAL PROJECT DEVELOPMENT COSTS SUMMARY

	Gross Costs	S/F Costs on Gross Costs	Remarks
1.0 SITEWORK COSTS	$305,525	$14.21	-$232,732
2.0 BUILDING COSTS	$4,580,203	$213.08	-$298,162
3.0 GENERAL CONDITIONS, ALLOWANCES, FEES & OTHER	$1,867,293	$86.87	-$221,620
4.0 ITEMS PAID DIRECTLY BY OWNER	$0	$0.00	$0
TOTAL PROJECT DEVELOPMENT COSTS (excl. H.S.T.)	**$6,753,020**	**$314.16**	**-$760,515**

-$760,515

DECEMBER 2018

Note: This [illegible] estimate represents our best [illegible] the current cost trends and our database of past pricing information.
[illegible]
We reserve the right to make changes as required. Melloul-Blamey labour charge-out rates as follows: $60.00/hour for carpenter and $56.00 for labourer.

Date: M-B Approval: ______________________
Print Sign

Date: Owner Approval: ______________________
Print Sign

SEC 1

Technical Conference Question

P.6; 2-Staff-12 I, Appendix

Please explain the material changes between the Class C and Class D estimates.

RESPONSE

The Class D estimate filed with Energy+'s COS application on April 30, 2018 was developed in March 2017 based largely on a conceptual drawing of approximately 21,500 s.f. of office space. This estimate was completed prior to the completion of environmental due diligence and a structural analysis of the existing building.

In Response to Technical Question SEC-2, Energy+ has provided the Design Brief. Included in the Design Brief is an updated Class C estimate. The updated Class C estimate incorporates the results of environmental and structural due diligence. It also reflects some initial design change decisions that were made to keep the overall budget for the project at $8.1 million.

The following is a reconciliation of the updated Class C estimate, with the total project cost of $8.1MM:

Updated Class C Estimate, as per Design Brief	**$**	**6,753,020**
Additional Costs not included in Estimate		
Professional Fees: Architectural, structural, mechanical, electrical, civil	$	607,772
Firewall	$	254,000
Furniture / stations	$	400,000
Building Permit Fees	$	10,000
Increase contingency	$	75,000
	$	1,346,772
Total	**$**	**8,099,792**

The following table summarizes the material changes between the Class D and Class C estimate:

West main entrance façade (to replace brick/stone wall)	$548,000
Mechanical system (based on selected design)	$465,000
Construction management / insurance / temporary services	$337,000
Electrical & Lighting (based on current design)	$320,000
Structural roof reinforcing (to meet current code)	$260,000
Professional Fees (increased to reflect updated cost estimate)	$234,000
Additional cost for sub-floor vapor management system	$207,000
Drywall & Acoustics (based on current design)	$164,000
Replace existing windows (due to condition/efficiency)	$150,000
Masonry and Stonework repair (inside & outside walls)	$76,000
Elevator (increase cost over original estimate)	$40,000
Contingency (increased to reflect project risk)	$175,000
Other (inflation, etc.)	$124,000
Total	$3,100,000

Options Considered	Construction costs estimated by Melloul-Blamey	Additional "soft costs" identified by Energy+ (e.g. building permits, development charges, professional consultants etc.)	Overall project cost
Expand the existing building	$19,150,000	$9,488,555	$28,638,555
Expand the existing building to LEED standards	$23,000,000	$10,078,530	$33,078,530

These costs were considered prohibitive by Energy+.

Option 3, Retain the Bishop Street Building for an Administrative Office and Build a new Operations Centre and Option 4, Build a Combined Operations Centre and Administrative Office at a New Location

In November 2014, Regional Appraisers Inc. determined that the Bishop Street Building had a value of $4,000,000. Regional Appraisers Inc. identified that expansion restrictions resulting from the proximity to wetlands, noted above in the discussion for Options 1 and 2, impacted the appraised value.

In June 2015, CBRE completed a *Market Overview* that identified potential sites in Cambridge for a new operations centre or a new, combined administrative office and operations centre. This study identified fifty sites, some of which were potentially suitable. The cost per acre varied significantly but was generally in the range of $300,000 to $400,000 per acre. Access to major highways and roads limited the number of appropriate sites.

A cost estimate to construct a building at a new site was prepared by Melloul-Blamey on September 20, 2013. These estimates did not include the cost for any additional land.

Options Considered	Construction costs estimated by Melloul-Blamey	Additional "soft costs" identified by Energy+ (e.g. building permits, development charges, professional consultants etc.)	Overall project cost
Construct a new building	$22,800,000	$8,734,277	$31,534,277
Construct a new building to LEED standards	$24,000,000	$8,980,677	$32,980,677

Although the cost to build a LEED building on a new site was slightly lower than expanding the Bishop Street Building to this standard, these costs were again considered prohibitive, particularly since they did not account for the cost of purchasing the required land.

Option 5: Purchase and Renovate an Existing Building in Cambridge for both Administration and Operations

The June 2015, CBRE *Market Overview* identified that is was difficult to find an existing building that could be adapted for an operations centre. Sites generally had a small office and a large space for manufacturing or warehousing. The options identified, as outlined in Appendix D hereto, did not meet Energy+'s need for a large garage to house bucket trucks and other vehicles and significant outside storage for items such as poles, transformers and underground cable on reels.

Option 6: Renovate an Existing Building in Cambridge for Administrative Space and Retain the Bishop Street Building for Operations

In 2016, Energy+ was approached by a developer that was refurbishing buildings (old factories) in downtown Galt and also constructing two twenty storey condominiums. This development is referred to as the Gaslight District. The developer offered part of a building in the "Southworks" area of the Gaslight District (the "**Southworks Facility**") to Energy+ for $1.00 if Energy+ agreed

SEC 5

Technical Conference Question

P.12-13

With respect to Table 6:

a. Please split out the Energy+ column for each facility (Southworks, Garden Avenue and Bishop St.).

RESPONSE

Energy+ has prepared the following Table 6: Cost and Utilization Comparison to Other Distributors – Updated to Split Energy+ Facilities as requested.

Table 6: Cost and Utilization Comparison to Other Distributors - Updated to Split Energy+ Facilities

LDC	Energy+ (Southworks, Bishop Street & Garden Avenue Combined)	Energy+ (Southworks)	Energy+ (Garden Ave)	Energy+ (Bishop St.)	Waterloo North Hydro Inc	InnPower	Milton Hydro Distribution Inc	PUC Distribution Inc.
OEB Docket	EB-2018-0028				EB-2015-0108 EB-2010-0144	EB-2014-0086	EB-2015-0089	EB- 2012-0162
Year of Occupancy	2020/2022/2024	2022	2020	2024	2011	2015	2015	2012
Functions	Administration & Operations	Administration	Operations	Operations	Administration & Operations	Administration & Operations	Administration & Operations	Administration & Operations
Type of Project	Purchase/ Refurbish	Purchase/ Refurbish	Purchase	Refurbish	Custom Build	Custom Build	Purchase/ Refurbish	New Build
Capital Cost	$14,500,000	$8,100,000	$4,400,000	$2,000,000	$26,682,000	$10,896,704	$12,524,798	$23,000,000
Class of Estimate		Class C	Class D	Not Applicable				
Highest Class Estimate %		+20%	+30%	Assume 30% - Similar to Class D				
Square Footage	88,243	21,892	13,251	53,100	105,000	36,172	91,872	110,382
FTEs	131	67	13	51	125	41	61.5	87
Square Foot per FTE	674	327	1,019	1,041	840	882	1,494	1,269
Capital Cost per FTE	$110,687	$120,896	$338,462	$39,216	$213,456	$265,773	$203,655	$264,368
Capital Cost/Square Foot	$164.32	$370.00	$332.05	$37.66	$254.11	$285.79	$136.33	$208.37
Capital Cost @ Highest End of Estimate Range	$18,040,000	$9,720,000	$5,720,000	$2,600,000				
Capital Cost/FTE @ High Range	$137,710	$145,075	$440,000	$50,980				
Capital Cost/Square Foot @ High Range	$204.44	$444.00	$431.67	$48.96				

Notes:

WNH	Amount based on Actual Costs as provided in EB-2015-0108
InnPower	Amount based on OEB Approved as per Settlement Agreement in EB-2014-0086. Settlement included a reduction of $2,909,000. Actual costs as per EB-2016-0085 were $13,491,210, however OEB approved Settlement Amount plus $244,506 for Furniture/Fixtures. Amount in table should be $11,141,210 ($10,896,704 plus $244,506)
Milton Hydro	Amount based on OEB Decision in EB-2015-0089. Actual costs were $14,460,000 less disallowed amounts of $1,935,202. Amount was revised as part of Motion to Review (EB-2016-0255) to add back $505,950 of a capital gain that should not have reduced rate base. Amount in table should be $13,030,748 ($12,524,798 plus $505,950)
PUC Distribution	Amount based on OEB Decision on Cost of Service, which was based on estimate. Actual costs as per EB-20170071 were $24,789,141, which were accepted as part of rate base as part of the Settlement.

SEC 5

Technical Conference Question

P.12-13

With respect to Table 6:

b. What class of estimate are the Garden Avenue and Bishop St. forecast costs based on?

RESPONSE

The Garden Ave. facility costs were based on a Class D Estimate. As provided for in the Settlement Proposal, the request for the ACM on the Garden Avenue facility has been withdrawn.

The Bishop St. forecast for 2024, which is outside of the five year Distribution System Capital Plan forecast period, and not included in the ACM request, was based on a high level estimate.

SEC 5

Technical Conference Question

P.12-13

With respect to Table 6:

c. Please revise Table 6 to show the Energy+ project costs at the highest end of the class estimate range for all three projects.

RESPONSE

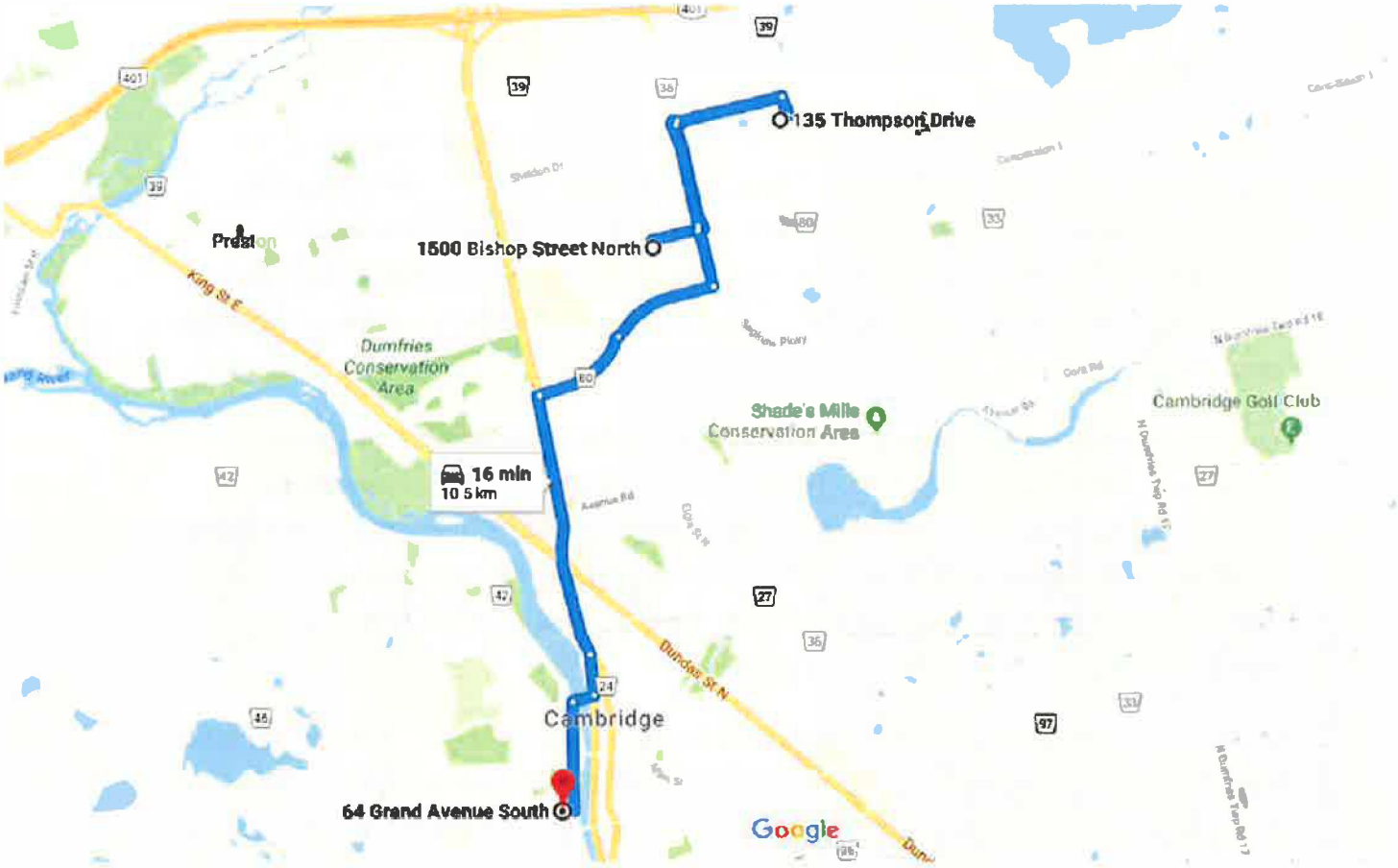
Energy+ has included the following information in the Table 6 provided in response to SEC-5 a) for the three Energy+ projects:

Capital Cost @ Highest End of Estimate – the assumptions used for this estimate are based on: (a) Class C estimate range of +20% for Southworks facility; (b) Class D estimate of range for Garden Ave. facility of + 30%; and (c) Assumed + 30% for Bishop St. as it was neither a Class C or Class D estimate.

Energy+ has also provided the Capital Cost/FTE and Capital Cost/Square Footage using the Highest End of Estimate.

Energy+ does not agree with the premise that each of the projects would be completed at costs that are + 20% to 30% higher than the estimate provide. This is a very unlikely scenario.

LOCATION


135 Thompson Drive
1500 Bishop Street North
64 Grand Avenue South
16 min
10.5 km
Dumfries Conservation Area
Shade's Mills Conservation Area
Cambridge Golf Club
Cambridge
King St E
Dundas St N
Google

2–Staff-13

INTERROGATORY

Ref: DSP, Appendix N, Facilities Business Plan - CND

b) Please explain why the separation provides greater efficiency and utilization of space.

RESPONSE

Energy+ proposes to have separate facilities for Administrative and for Operations. There would be one facility (Southworks) with staff dedicated to administrative functions such as Senior Leadership, Customer Service & Billing, Finance & Regulatory, Human Resources and Safety, Energy Efficiency, and Information Technology Services. This facility will have some additional space to accommodate additional administrative staff, should a merger or acquisition occur, or for other needs.

It also proposed to have two Operations Centres. Bishop Street would have centralized Engineering, Metering, System Control Room, and Operations staff. Crews from the Bishop Street facility would be dispatched to service the Cambridge & North Dumfries service territory. Crews would be dispatched from the new shared Brantford Power facility to service the Brant County service territory. (Crews would cross over these boundaries in the event of a very widespread outage or if necessitated by scheduling.)

Energy+ considers it efficient to have "like" disciplines in separate facilities. It is also considered important to have crews located close to customers given the large service area. Also, as discussed in the Facilities Business Plan, it was very difficult to find a suitable and cost effective location that would house all staff and fulfill all service needs.

2–Staff-12

INTERROGATORY

Ref: DSP, Appendix N, Facilities Business Plan - CND

b) Please confirm Energy+ owns the Southworks Facility.

RESPONSE

Energy+ will own 21,892 square feet of the Southworks Facility. Energy+ will own part of a larger building.

The 2020 metrics reflect the end result of the move of Energy+'s administrative departments to the Southworks Facility, the new Garden Avenue shared facility with BPI in Brantford, the disposition of leased space at the Thompson Drive Building in Cambridge, and the sale of the Dundas Street Facility in Paris.

Staffing Needs and Trends

Staffing levels are projected to be fairly similar to current levels over the next 5 years, as illustrated below:

	2016A	2017F	2018B	2019T	2020P	2021P	2022P
Number of Customers per FTE	489	503	498	507	519	519	543
# of Employees (Excluding CDM)	130	128	131	130	130	129	127
# of Customers	63,651	64,408	65,184	65,970	66,979	67,979	68,993

4. OBJECTIVES

In evaluating suitable facilities alternatives, Energy+'s management has been guided by the following decision objectives and priorities:

1. Maintain operational facilities to provide construction, maintenance, and emergency restoration services in Energy+'s service territory. Given the geography of the service territory, it is necessary to maintain two facilities – one to service the Brant County territory (256 square kilometers) and one to service the Cambridge and North Dumfries territory (306 square kilometers);

2. Consolidate all administrative functions to one location to allow for rationalization and more efficient processes between departments;

The current state of the facility does not provide comfortable or reasonable space to many administrative employees with 35 workstations (42% of total workstations) without access to natural light.

135 Thompson Drive, Cambridge (Thompson Drive Building)

The key issue with this 5,147 square feet of leased space is less than optimal efficiency arising from the physical separation of the finance, accounting, and regulatory functions from the rest of the organization. This results in employees frequently having to travel back and forth between two locations for certain meetings and work requirements.

65 Dundas Street East, Paris

The building is 34+ years old and in poor condition. In the past few years repairs were identified as being required to address roof leaks, flooding, and mold in a portion of the building.

The facility is no longer suited to its original functionality since the amalgamation between the former BCP and CNDHI. The administrative portion of the building (approximately 5,000 square feet) is largely unused since these employees were relocated to Cambridge. The operational space, on the other hand, is too small to accommodate increased rebuild activity and anticipated customer growth in the Brant County service territory.

6. OPTIONS ANALYSIS – CND

Context

Energy+ has experienced customer growth which has created the need to augment staff in some areas. The Bishop Street Building, which serves Cambridge & North Dumfries, was built as an Operations Centre in 1981. Administrative offices were adjoined to the building in 1989. The space is over-utilized, with staff occupying all space and some meeting rooms. Offices have been constructed in common spaces such as reception areas where it was considered reasonable and safe to do so.

SEC 6

Technical Conference Question

P.7

Please provide a copy of all material provided to the Applicant's Board of Directors approving the updated costs to the Southworks facility.

RESPONSE

Attached as Appendix SEC-6 is a copy of the presentation used to update the Board of Directors and obtain approval for the updated cost estimate.

In addition to this information, Board members were also provided with a copy of the Design Brief (September 19, 2018 Draft) and the updated Class C estimate.

APPENDIX SEC-6

PRESENTATION TO BOARD OF DIRECTORS (SOUTHWORKS)

FACILITIES UPDATE AND AMENDED BUDGET APPROVAL

CONFIDENTIAL REPORT TO BOARD OF DIRECTORS

ENERGY+ INC.

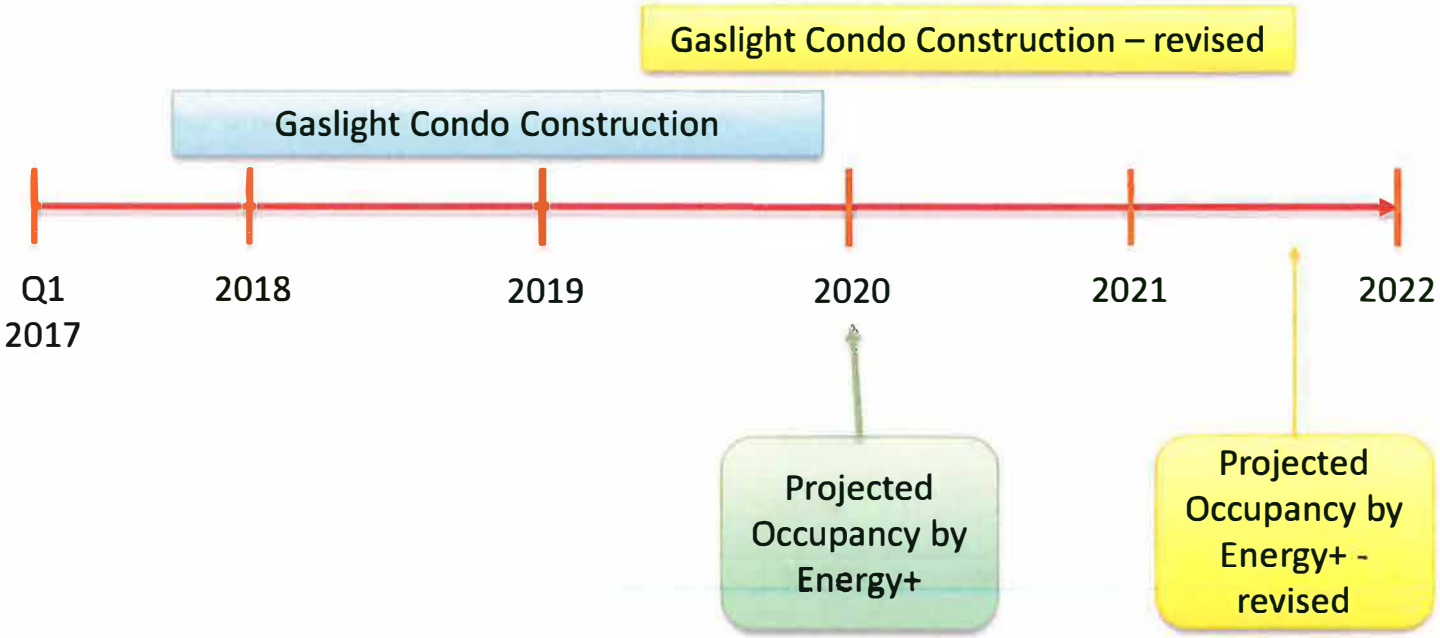
GASLIGHT ADMINISTRATIVE OFFICE FACILITY – RECONCILIATION OF CLASS D VERSUS CLASS C ESTIMATE

Cost Estimate Category	Class D Estimate Mar-17	Class C Estimate Sep-18	Variance	Principle Reason for Variance
Sitework Costs	293,000	538,257	245,257	Environmental mitigation, landscaping
Building Costs	3,044,500	4,576,365	1,531,865	Main entrance wall, firewall, roofing, acoustic treatments
General. Allowances & Fees	808,000	2,088,913	1,280,913	Soil remediation, side roof reinforcement, higher fees
Professional Fees	400,000	675,000	275,000	Higher cost of overall project
Furniture & contingency	500,000	600,000	100,000	Higher contingency
Cost reduction target	-	-400,000	-400,000	Implement lower cost construction materials, lower fees
Total	5,045,500	8,078,535	3,033,035	

Customer impact based on initial budget	$0.68 / month
Customer impact based on revised budget	$1.14 / month

ENERGY+ INC.

UPDATED HIGH LEVEL TIMELINE



Energy+
ENERGY+ INC.

COST ALLOCATION
RATE DESIGN
EVIDENCE

A map of Energy+'s Distribution Service Territory is provided in Appendix 1-7.

Energy+ is supplied through seven high voltage transformer stations. Five of these stations are owned and operated by Hydro One Networks, one is owned and operated by Energy+ and one is jointly owned and operated by Energy+ and Brantford Power. The 35 feeders emanating from these stations supply Energy+ customers and operate at 27.6kV. The system has no substations remaining as the last one was decommissioned in 2017.

Energy+'s service area is 562 square kilometres and utilizes 1,486 circuit kilometres of lines. The distribution voltages are 27.6kV, 8.32kV, 16kV and 4.16kV which are stepped down through approximately 9,648 LDC owned distribution transformers.

Energy+ owns and maintains approximately 63,000 smart meters installed on its customers' premises for the purpose of measuring hourly consumption for billing. Meters vary in type by customer and include meters capable of measuring kWh consumption, kW demand as well as hourly interval data.

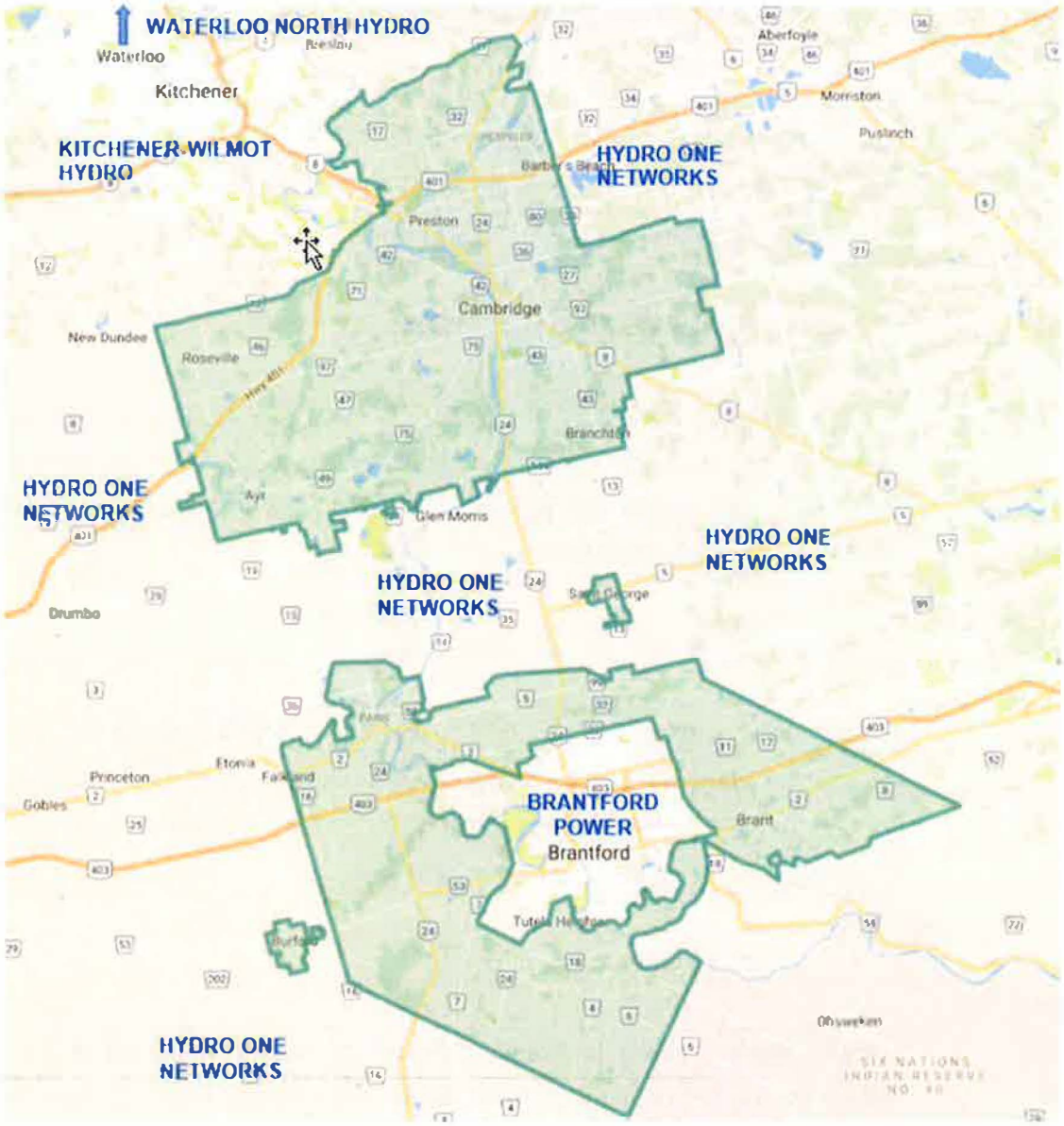
List of Neighbouring Utilities

The following distributors are located adjacent to the Energy+ service area:

- Hydro One Networks Inc.
- Waterloo North Hydro Inc.
- Kitchener-Wilmot Hydro Inc.
- Brantford Power Inc.

Chart 1-2, below, provides the location of Energy+ service territory as well as the relative location of neighbouring distributors.

Chart 1-2: Energy+ Service Territory



There are no Long Term Load Transfer ("LTLT") Customers remaining as a result of the final LTLT agreements and settlements completed in 2017 with Hydro One and Waterloo North Hydro.

The following is a description of various locations that involve interconnection with other utilities other than at a transformer station:

- Ayr PME (Township of North Dumfries)

Hydro One delivers power at low voltage (27.6kV) from the Wolverton DS Station. The feeder has an IESO registered meter at the boundary. Commodity and associated charges are settled via the monthly IESO settlement process. Distribution related charges are settled via a monthly invoice from Hydro One.

- Fountain St. N. PME (City of Cambridge)

Energy+ delivers power to WNH by way of a 27.6kV feeder that has an IESO registered meter at the boundary. Commodity and associated charges are settled via the monthly IESO settlement process with WNH. Low voltage charges and other associated charges are invoiced monthly by Energy+.

- Highway 8 (Township of North Dumfries)

Energy+ delivers power to Hydro One by way of a 27.6kV feeder that has a meter at the boundary between the Township of North Dumfries and the City of Hamilton. Energy+ invoices Hydro One Networks monthly for the commodity and for low voltage wheeling charges and other associated charges.

- 119 Jennings Road (County of Brant)

Energy+ delivers power to Brantford Power by way of a tap off of an 8.32kV distribution line at 119 Jennings Road (Brant Conservation Area). Energy+ invoices Brantford Power monthly for the commodity and for low voltage wheeling charges and other associated charges.

- Brant County Road 18 (near Blossom Avenue) (County of Brant)

Energy+ delivers power to Hydro One Networks by way of a 27.6kV feeder that has a meter at the boundary between the service area of Energy+ and the service area of Hydro One Networks on County Road 18 near Blossom Avenue. Energy+ invoices Hydro One Networks monthly for the commodity and for low voltage wheeling charges and other associated charges.

- Brian Drive (Burford, County of Brant)

A Hydro One Networks owned 27.6kV feeder which starts at Brant TS supplies Energy+ customers as it is running through the Energy+ service area. There is a meter at the boundary on Brian Drive in Burford to measure the outflow of power to Hydro One Networks. The difference between the measurement at Brant TS and the three outflow points (Brian Drive, King Street and Pleasant Ridge Road) is the consumption by Energy+. Energy+ invoices Hydro One Networks monthly for the commodity, a monthly fixed fee and other associated charges. There is no volumetric wheeling charge since Hydro One Networks owns all the main line 27.6kV feeder assets up to this point and beyond.

- King Street (Burford DS, County of Brant)

A Hydro One Networks owned 27.6kV feeder which starts at Brant TS supplies Energy+ customers as it is running through the Energy+ service area. There is a meter at the Hydro One Networks owned Burford DS Station on King Street in Burford to measure the outflow of power to Hydro One Networks. The difference between the measurement at Brant TS and the three outflow points (Brian Drive, King Street and Pleasant Ridge Road) is the consumption by Energy+. Energy+ invoices Hydro One Networks monthly for the commodity, a monthly fixed fee and other associated charges. There is no volumetric wheeling charge since Hydro One owns all the main line 27.6kV feeder assets up to this point and beyond.

- Pleasant Ridge Road (County of Brant)

A Brantford Power owned 27.6kV feeder which starts at Brantford TS supplies power to Energy+ on Colborne Street West at the boundary between the City of Brantford and County of Brant. There is an IESO registered meter at the boundary. Commodity and associated charges are settled via the monthly IESO settlement process with Brantford Power. Low voltage charges and other associated charges are invoiced monthly by Brantford Power. As of February, 2017, this supply point is used as a back-up during contingencies rather than a regular supply point.

- St. George PME

Hydro One delivers power at low voltage (27.6kV) from the Brant TS. The feeder has an IESO registered meter at the boundary. Commodity and associated charges are settled via the monthly IESO settlement process. Distribution related charges are settled via a monthly invoice from Hydro One.

Host/Embedded Distributor

Energy+ is a partially embedded distributor and a host distributor. The connection details for both the Cambridge and North Dumfries area and the Brant area are provided below.

Cambridge and North Dumfries Area – Connection Details

The Cambridge and North Dumfries area receives power at 230 kV from two (2) circuit taps. The power is stepped down at three (3) Transformer Stations ("TS"): Galt TS, MTS #1, and Preston TS. Energy+ owns MTS #1, while Galt TS and Preston TS are owned by HONI. The Cambridge and North Dumfries area also receives power from the Wolverton Distribution Station ("DS"), owned by HONI, via the Wolverton F2 feeder shared with HONI. Hydro One Networks (HONI) and Energy+ each own the portion of this 27.6kV feeder within their respective service areas. This feeder supplies both HONI customers and Energy+ customers. The feeder is demarcated by a primary metering unit at the boundary (Swan Street at Brant Waterloo Road). Energy+ is embedded to HONI for the 27.6kV supply from the Wolverton F2 feeder.

TMMC INTERROGATORY

IR-TMMC-15

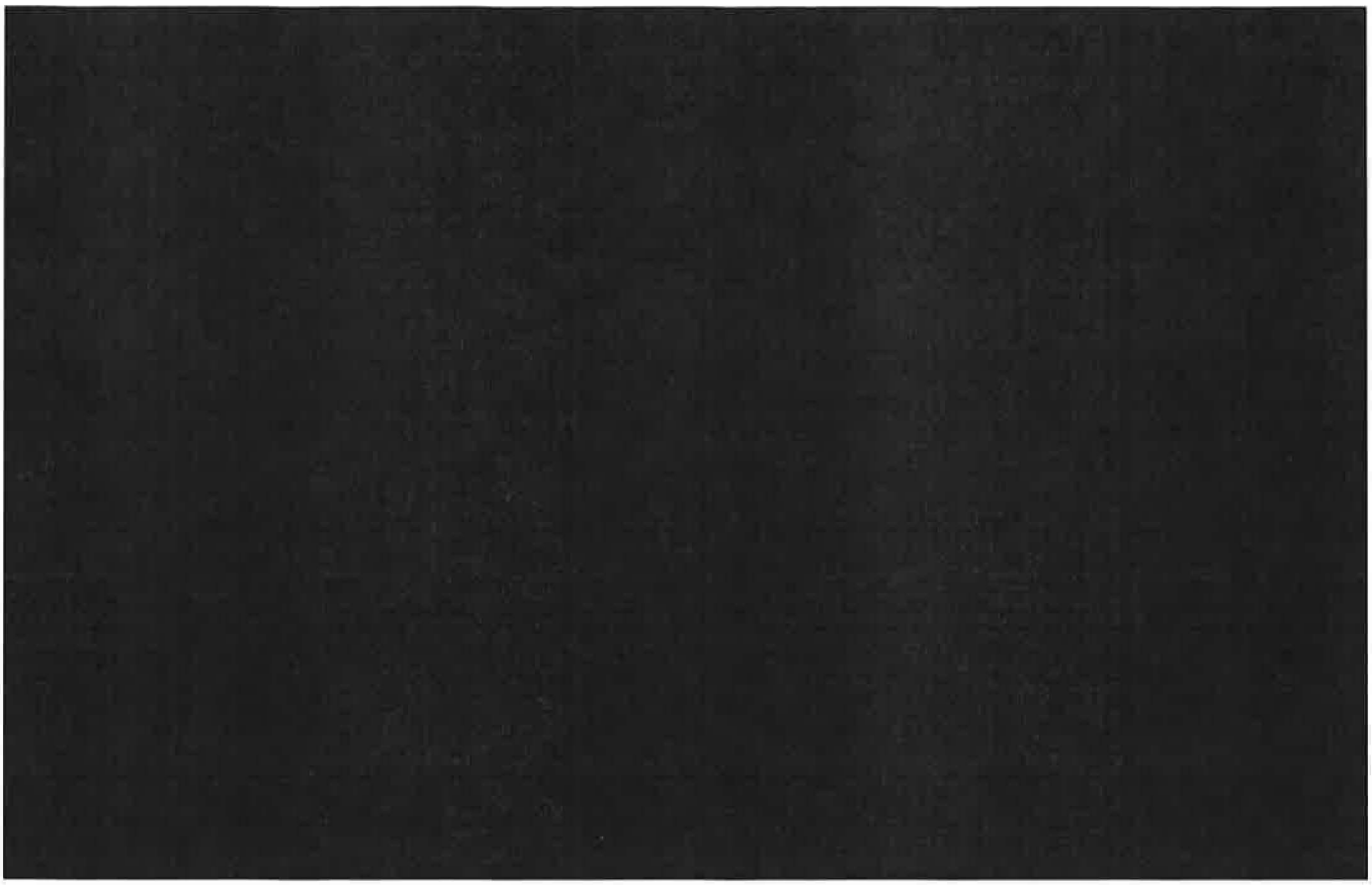
INTERROGATORY

Ref: Energy+ Application, Exhibit 2, Appendix 2-1 Distribution System Plan

4. Provide an electric one-line diagram that shows the interconnection between the Energy+ distribution system, TMMC, and each customer in the Large User class, and that identifies the specific distribution facilities owned by Energy+ that serve TMMC and other customers in the Large User class. For these facilities, please also indicate whether these facilities also serve other (non-Large User) loads and, if so, state the peak demand(s) of these other loads.

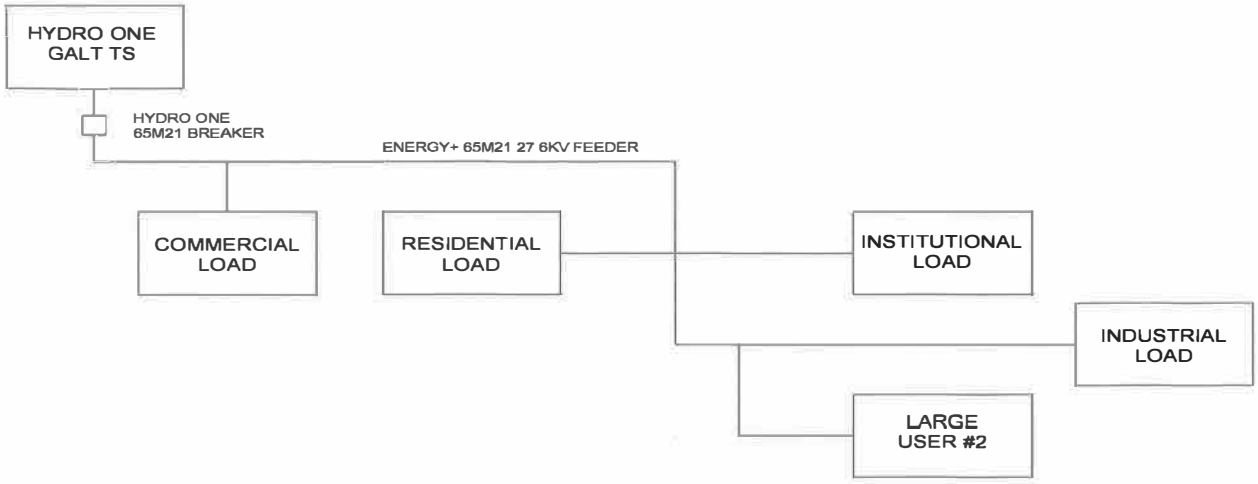
RESPONSE

There are two Large User Class customers on Energy+'s distribution system. TMMC is one of the Large Users. There is no interconnection between the supply to TMMC on the overhead 27.6kV feeders designated as [redacted] and [redacted] supplied from [redacted] Transformer Station (TS) and any other customers. These feeders are dedicated exclusively to TMMC. A one line diagram of the supply to TMMC is shown below. Hydro One owns the [redacted] TS and the [redacted] and [redacted] feeder breakers. Energy+ owns the 795MCM Aluminum overhead feeder wires from [redacted] TS to TMMC along with insulators, clamps, bolts, brackets, connectors, in-line switches (designated as IL1105, IL1106, IL24CB1 and IL30CB2 on the one line diagram), loadbreak switches (designated as LB2367 and LB2466 on the one line diagram), poles located directly at [redacted] TS and lightning arresters on [redacted] and [redacted] None of these assets serve other customers. The poles, guying and anchoring supporting the [redacted] and [redacted] circuits also support other 27.6kV circuits supplying other customers in a wide range of service classes except for poles located directly at [redacted] TS.



One-Line Diagram – Supply to TMMC

The other Large User customer on Energy+'s distribution system is supplied quite differently. This customer is supplied from the Hydro One owned Galt Transformer Station (TS) on the 27.6kV 65M21 feeder. The 65M21 feeder is shared with other residential, institutional, industrial and commercial customers. A high level one line diagram of the 65M21 feeder is shown below. A detailed diagram is very involved as it supplies 1,982 customers. Energy+ owns overhead and underground 27.6kV and secondary wires, distribution transformers, fused cutouts, lightning arresters, loadbreak switches, poles, brackets, insulators, clamps, bolts, guying/anchoring, lightning arresters and other distribution equipment along the 65M21 feeder.



One-Line Diagram – Supply to Other Large User Customer

The peak loading of the 65M21 feeder in 2017 was 11.9MVA.

EVIDENCE OF J. POLLOCK

EB-2018-0028

ONTARIO ENERGY BOARD

IN THE MATTER the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an application to the Ontario Energy Board by Energy+ Inc. pursuant to Section 78 of the *Ontario Energy Board Act* for approval of its proposed distribution rates and other charges effective January 1, 2019.

REDACTED VERSION

Updated Written Evidence

of

Jeffry Pollock
(J. Pollock Incorporated)

On behalf of

Toyota Motor Manufacturing Canada Inc.

February 15, 2019

J. POLLOCK
INCORPORATED

Q. WHAT FURTHER CHANGES HAVE YOU MADE TO SCHEDULE JP-5 THAT ARE NOW REFLECTED IN SCHEDULE JP-11?

A. First, **Schedule JP-11** corrects several inadvertent errors and incorporates more up-to-date information. Second, as previously stated, **Schedule JP-11** is based on two Large Use classes in contrast to the Settlement CCOSS and my One Large Use Class/Partial Direct Assignment study (**Schedule JP-5)**, which are both based on one Large Use class. Third, in **Schedule JP-11**, I directly assigned all distribution costs (with the sole exception of the primary poles) to TMMC using Energy+'s Direct Assignment Study, whereas only the costs of the M24 and M30 Feeders were directly allocated in **Schedule JP-5**. Finally, unlike in **Schedule JP-5**, I did not allocate any >50 kV (Bulk) distribution costs to TMMC and to the other Large Use customer in **Schedule JP-11**.[8]

Q. PLEASE DESCRIBE THE SPECIFIC CHANGES IN SCHEDULE JP-11.

A. There are two specific changes. The first change is a correction to the demands and associated allocation factors due to the inadvertent removal of the wholesale market participants' adjustments to the GS >50 kilowatt (kW) classes. The second change reflects the use of more up-to-date data, namely the revenue requirement settlement reached by Energy+ and intervenors and filed with the Board on December 12, 2018 (Settlement Proposal).

[8] In **Schedule JP-5** as updated in **Appendix C** of this evidence, the >50 kV distribution costs were allocated to all retail customer classes, including the Large Use class.

Q. HOW ARE SHARED DISTRIBUTION FACILITIES DIFFERENT FROM LOCAL DISTRIBUTION FACILITIES?

A Shared distribution facilities are generally used by all customers, whereas local distribution facilities serve only a specific customer or customer groups. To use an analogy, shared facilities are the highway and byway, while local facilities are the side-street and driveway.

Q. WERE ANY OTHER CHANGES MADE AS A RESULT OF USING ENERGY+'S DIRECT ASSIGNMENT STUDY?

A. Yes. As discussed previously, for the Two Large Use Class/Direct Assignment CCOSS in **Schedule JP-11**, I directly assigned the costs of the facilities that are exclusively used by TMMC (*i.e.,* the M24 and M30 Feeders, meters, capital contribution). Because all costs are being directly assigned to TMMC, with the exception of the primary poles, I also removed TMMC's loads from the four non-coincident peak (4NCP) demand allocation factors that are used to allocate primary distribution costs. This adjustment is shown in **Schedule JP-12**. Removing TMMC's loads is consistent with OEB policy. Specifically:

> When direct allocation is used, the distributor should consider whether it needs to adjust the appropriate allocation factors so that the rate classification to which costs for a specific function are directly allocated is not allocated further costs related to that function, except where there are joint costs that apply to the customer classification. For example, if a customer classification has all its assets and O&M costs directly allocated to the classification, then the load data used to allocate

"common" assets and O&M costs should exclude the load data associated with this customer classification.[12]

Q. DID YOU USE THE SAME ALLOCATION FACTORS AS ENERGY+ IN ALLOCATING THE COSTS ASSOCIATED WITH THE PRIMARY POLES?

A. No. In allocating the primary poles, which are booked to USoA 1830-4, I removed Energy+'s LDG facility adjustment. This is because there is no evidence that TMMC would always use Standby Distribution service that is 100% coincident with TMMC's 4NCP demands. The reasons for removing Energy+'s LDG adjustment are further discussed in **Appendix D-1**.

Q. HAVE YOU CHANGED YOUR RECOMMENDATION ON ALLOCATING UNDERGROUND FACILITIES IN SCHEDULE JP-11?

A. No. As was the case with my One Large Use Class/Partial Direct Assignment study (**Schedule JP-5)**, I did not allocate any underground investment (*i.e.,* conduit and conductors) and related expenses (including overhead costs) to TMMC. TMMC is served entirely from an overhead "radial" distribution system, and Energy+ does not use any underground equipment to serve TMMC. Further, because the radial system is not electrically connected to any underground facilities, TMMC cannot possibly benefit from any system integration function that these facilities provide, if any. Accordingly, allocating zero underground costs to TMMC is consistent with cost-causation principles.

[12] EB-2005-0317, Cost Allocation Review, *Board Directions on Cost Allocation Methodology for Electricity Distributors* at 32 (Sept. 29, 2006).

VECC IR RESPONSE

7.0 Reference: **TMMC Updated Evidence, page 16 (lines 3-6)**
Energy+ Application, Exhibit 1, p. 177-178
TMMC's Response to VECC 11.2
Technical Conference Transcript, page 102

Preamble: The updated evidence states: "Shared distribution facilities are generally used by all customers, whereas local distribution facilities serve only a specific customer or customer groups."

7.1 Are "shared distribution facilities" the same as the "integrated network" referred to in the response to VECC 11.2? If not, what is the difference?

7.2 Are the primary poles that support the dedicated M24 and M30 Feeders "generally used by all customers"? If yes, please explain how this is the case? If not, why are they considered "shared distribution facilities"?

Responses:

7.1 & 7.2 No, not necessarily. In this specific instance, the primary poles that support dedicated Feeders M24 and M30 are "shared facilities" because the same primary poles also support the three other (non-dedicated) feeders that serve other customers. This does not mean that these primary poles are part of an integrated system. If Feeders M24 and M30 were fully integrated with Energy+'s other 27.6 kV feeders, then the poles would be part of an integrated system.

15.0 Reference: TMMC Updated Evidence, page 28 (lines 10-17)
TMMC Updated Evidence, page 29 (lines 15-20)

15.1 It is noted that the costs of primary poles, towers and fixtures (USoA #1830-4) are allocated across all rate classes including the TMMC Large Use rate class using the 4NCP allocation factor. Given this common treatment, please explain why in the derivation of the Standby Rate applicable to TMMC the poles, towers and fixtures costs allocated to the TMMC Large Use class are considered to be a shared facility cost and used to derive the daily volumetric rate (per page 28). However, in the derivation of the Standby Rate applicable to the GS 50-999 kW class they are considered to be a local distribution facility cost (as opposed to a shared facility cost) and used to derive the contract volumetric rate.

Response:

15.1 The identity of local and shared distribution facilities, and the corresponding costs, can only be determined from a specific analysis. Mr. Pollock has conducted a specific analysis for TMMC. That analysis identified all directly assigned facilities as local facilities and all allocated facilities (*i.e.,* the primary poles supporting Feeders M24 and M30) as shared facilities.

The very same analysis should be conducted for other customer classes. As stated in Mr. Pollock's Updated Evidence, the illustration presented in Schedule JP-15 assumed that all primary and secondary facilities were local and the >50 kV facilities were shared. A more in-depth analysis could reveal that some of the primary facilities are shared, rather than local, facilities. Mr. Pollock has not conducted this analysis for any customer class other than TMMC.

Alternatively, generic estimates may be used. For example, in New York, the New York State Public Service Commission has used the following assumptions to define the percentage of "local" and "shared" distribution costs in designing cost-based rates for Standby Distribution service.

Percent of Local vs. Shared Distribution Facilities			
Function	**Secondary Customers**	**Primary Customers**	**≥138 kV Customers**
Secondary	75%/25%		
Primary	25%/75%	75%/25%	100%/0%
Substation	0%/100%	50%/50%	100%/0%
Transmission	0%/100%	0%/100%	25%/75%