

1-Staff-1

Ref: (1) Manager's Summary, page 16, August 16, 2021 (2) GA Analysis Workform, Tab Principal Adjustments, August 16, 2021 (3) 2022 IRM Rate Generator Model, Tab 3, August 16, 2021 (4) EB-2020-0016, GA Analysis Workform, August 17, 2020

At Reference #1, Energy+ stated that it had made the following 2019 principal adjustments that were reversed as 2020 principal adjustments. Energy+ stated that these adjustments were made to reflect "revised commodity accounting process."

These adjustments were also reflected at Reference #2 (Tab Principal Adjustments) and Reference #3. The 2019 principal adjustments were also incorporated into adjustments at Reference #4.

OEB Staff Table 1 – Principal Adjustments

	Account 1588	Account 1589
2019 principal adjustment	(189,376)	47,812
2020 principal adjustment	189,376	(47,812)

However, at Reference #2, Tab GA 2020, Energy+ has shown a 2020 Account 1589 debit principal adjustment of \$47,812, instead of a credit principal adjustment of \$47,812.

- a) Does Energy+ agree with the values shown in OEB Staff Table 1? If Energy+ disagrees, please update the table accordingly.
- b) Please clarify that Reference #2, Tab GA 2020, should reflect a credit amount of \$47,812 and not a debit amount.

RESPONSE

- a) Energy+ agrees with the values shown in OEB Staff Table 1.
- b) Energy+ confirms that Reference #2, Tab GA 2020 should reflect a credit amount of \$47,812. Energy+ has revised tabs GA 2020 and Principal Adjustments of the GA Analysis Workform to reflect the figures in OEB Staff Table 1.

1-Staff-2

Ref: (1) GA Analysis Workform, Tab 1588 Reasonability, August 16, 2021 (2) GA Analysis Workform, Tab GA 2020, August 16, 2021 (3) EB-2020-0016, 2021 IRM Decision, December 10, 2020, Tariff of Rates and Charges, page 19

At Reference #1, Energy+ indicated that “Account 1588 as % of Account 4705” for 2020 was 1.6% which is greater than the OEB’s threshold of 1.0%. Energy+ provided the following explanation:

The primary driver of the larger Account 1588 balance, relative cost of power purchased, is the difference between the actual loss factor and the loss factor used for billing purposes. In 2020, Energy+ billed for delivery on 1,642 GWh, compared to 1,655 GWh purchased excluding wholesale market participants. This 0.78% difference directly translates to the variance in Account 1588.

At Reference #2, Energy+ indicated that its “Most Recent Approved Loss Factor for Secondary Metered Customer < 5,000 kW” was 1.0335, however at Reference #3, the most recent approved loss factor is 1.0307.

- a) Please provide support for Energy+’s explanation for its high Account 1588 balance, including how the “0.78% difference directly translates to the variance in Account 1588”.
- b) In the answer to question a), please reconcile the different loss factors provided at Reference #2 and Reference #3 and update Reference #2 if required.

RESPONSE

- a) Energy+’s delivery of 1,642 GWh in 2020 included the approved uplift for line losses. The approved loss factors did not allow for full recovery of the 1,655 GWh in energy purchases in 2020. Revenue was not recovered on the incremental losses, and the cost of the losses would be directly attributable to balances in the 1588 deferral account.

Energy+ has not prepared an in-depth analysis on the Cost of Power, however applying the 2020 average cost per kWh of \$0.059 (cost of power divided by kWh purchased) on the difference of 13 GWh provides an estimated impact of \$767K.

- b) Energy+ has revised the loss factor on Tab GA 2020 of the GA Analysis Workform. The approved loss factor for Secondary Metered Customers < 5,000kW is 1.0307.

1-Staff-3

Ref: (1) 2022 IRM Rate Generator Model, Tab 3, August 16, 2021

At the above reference, Energy+ is requesting clearance of a high balance relating to Account 1588 which is a debit of \$1,557,836, relating to only one year of balances (2020). This is notably driven by the high transactions in 2020 of \$1,359,302. Typically, large balances are not expected for Account 1588, as it should only hold the difference between actual and approved line losses.

- a) Please explain the large requested claim and 2020 transactions for Account 1588, in consideration of line losses.

RESPONSE

- a) Please see the response to 1-Staff-2 a) for additional detail on the impact of line losses on the 2020 transactions.

In addition to the impact of line losses, an additional contributing factor is variances between unbilled estimates and actuals in Energy Sales, which impacts the balance in Account 1588.

Energy+ utilizes estimated consumption and rates when preparing its unbilled computations, and a true-up is completed in subsequent months. Energy+ does not have the required data available during year-end to complete the true-up within the same fiscal year. Any unbilled to actual differences would be recognized in the following year's financial records. Energy+'s accounting records, including the unbilled computations, have been reviewed by Energy+'s auditors, and the audited 1588 balance has been put forward for disposition in this application.

1-Staff-4

Ref: (1) GA Analysis Workform, Tab 2020 GA, August 16, 2021 (2) OEB Instructions for Completing GA Analysis Workform – 2022 Rates, June 24, 2021, page 17-18

At Reference #1, Energy+ provided a reconciling Account 1589 item of a credit of \$564,348 related to the “Impacts of GA deferral.”

At Reference #2, the OEB provided guidance regarding the “Impacts of GA Deferral”.

- a) Please provide high level calculations for the credit of \$564,348, following the OEB’s guidance at Reference #2.

RESPONSE

- a) Energy+ has revised its calculation of the Impact of GA Deferral in the GA Workform to better align with the OEB Instructions for Completing GA Analysis Workform.

The following table provides the high-level calculation for the adjustment of (\$396,726).

Month	GA Costs in Workform	GA Costs in General Ledger	Difference
April	4,524,120	4,943,238	(419,118)
May	4,702,086	4,549,890	152,196
June	5,357,817	5,487,621	(129,803)
Adjustment	14,584,023	14,980,749	(396,726)

1-Staff-5

Ref: (1) ACM Model Ref: (2) EB-2018-0028 Revenue Requirement Workform, July 18, 2019

In tab 3 of reference 1, the total number of unmetered scattered load connections is 568 but in the RRR the unmetered scattered load connections is 468.

a) Please reconcile the difference.

Energy+ has multiple embedded distributor rate classes.

b) Please explain how Energy+ calculated the monthly service charge and distribution volumetric rate for the embedded distributor rate class.

The billed kW in tab 6 of reference 1 do not match the kW provided in reference 2.

c) Please reconcile the difference

RESPONSE

- a) Energy+ confirms the total number of unmetered scattered load connections is 468 and has revised the ACM model.
- b) Energy+ has calculated the monthly service charge and distribution volumetric rate for the embedded distributor rate classes by taking the total fixed and variable distribution revenue for the classes and dividing by the total billing determinants. The following table demonstrates the approach, which is consistent with the approved calculation of embedded distributor ICM rates in the ICM Model from Energy+'s 2020 IRM Application (EB-2019-0031).

Variable Rate	2020 Rate	2020 Billed kW	Revenue
Emb Dist - HONI (CND)	2.1933	28,344	\$ 62,166.90
Emb Dist - WNH	1.7026	119,076	\$ 202,738.80
Emb Dist - BPI	9.7447	850	\$ 8,283.00
Emb Dist - HONI 1	1.2274	28,259	\$ 34,685.10
Emb Dist - HONI 2	-	147,984	\$ -
Total		324,513	\$ 307,873.78

Average Rate \$ 0.9487

Fixed Rate	2020 Rate	2020 Customer Count	Revenue
Emb Dist - HONI (CND)	\$ -	1	\$ -
Emb Dist - WNH	\$ -	1	\$ -
Emb Dist - BPI	\$ -	1	\$ -
Emb Dist - HONI 1	\$ 72.54	1	\$ 72.54
Emb Dist - HONI 2	\$ 72.54	4	\$ 290.16
Total		8	\$ 362.70

Average Rate \$ 45.34

- c) Energy+ has revised the ACM model (Reference 1) to align the billed kW to the Revenue Requirement Workform (Reference 2), and the updated rates have been included in a revised 2022 IRM Model.

1-Staff-6

Ref: (1) 2022 IRM Application, pp. 23-25

Energy+ stated that the tendering costs were \$4.6M, which is \$1.2M lower than the average bid of prices of \$5.8M.

- a) Please breakdown each the costs tendered and provide the original estimates provided at the time of the last cost of service and the reduced estimate because of the OEB's decision in EB-2018-0028.

Energy+ stated that it was able to realize \$570k in cost reductions through value engineering.

- b) Please confirm if the \$540k was the only reduction Energy+ was able to find from the original Class C estimate of \$8.1M.
- c) In the absence of COVID-19, please explain how Energy+ would have completed the Southworks project within the OEB's approved funding envelope of \$6.5M.

RESPONSE

- a) The following table breaks down the costs tendered and provides a comparison to the original estimates from the 2019 Cost of Service, and the reduced estimates from the OEB's decision.

Energy+ derived the reduced estimates from the OEB's decision by pro-rating the overall envelope reduction across the various categories.

Energy+ Inc.
EB-2021-0018
Response to Interrogatories

	2019 Cost of Service Estimate	2019 Cost of Service Decision	Tendered Costs
Demolition / Alterations	\$ 121,797	\$ 97,741	\$ 157,040
Excavation	\$ 67,989	\$ 54,561	\$ 54,600
Irrigation	\$ 4,750	\$ 3,812	\$ 6,363
Landscaping, Planting, Paving Stone, Seat Walls	\$ 84,968	\$ 68,186	\$ 110,091
Asphalt	\$ -	\$ -	\$ 10,735
Curb & Sidewalk	\$ 24,020	\$ 19,276	\$ 105,515
Concrete Forming	\$ 81,525	\$ 65,423	\$ 77,570
Concrete Supply	\$ 74,356	\$ 59,670	\$ 41,544
Rebar	\$ 17,050	\$ 13,682	\$ 19,450
Concrete Finishing	\$ 63,525	\$ 50,978	\$ 72,166
Misc Concrete	\$ 93,677	\$ 75,175	\$ 73,177
Masonry and Stonework	\$ 291,454	\$ 233,889	\$ 274,900
Structural Steel	\$ 300,348	\$ 241,026	\$ 358,890
Misc Metal	\$ 100,339	\$ 80,521	\$ 171,650
Carpentry	\$ 107,115	\$ 85,959	\$ 68,400
Millwork	\$ 47,300	\$ 37,958	\$ 83,978
Roofing	\$ 6,500	\$ 5,216	\$ 8,408
Metal Siding & Roofing	\$ 384,085	\$ 308,224	\$ 302,277
Fire Retardant Coating	\$ 30,011	\$ 24,084	\$ 43,865
Hollow Metal Supply	\$ 5,200	\$ 4,173	\$ 17,350
Wood Door Supply	\$ 7,800	\$ 6,259	\$ 34,030
Finish Hardware Supply	\$ 26,000	\$ 20,865	\$ 37,800
Sliding Door Partitions	\$ 50,000	\$ 40,124	\$ 26,555
Auto Operators	\$ 22,500	\$ 18,056	\$ 12,949
Aluminum Entrances	\$ 647,978	\$ 519,996	\$ 171,200
Residential Aluminum Windws and Sliders / Doors	\$ 159,598	\$ 128,076	\$ 69,375
DW & Acoustic	\$ 304,294	\$ 244,193	\$ 262,085
Flooring	\$ 157,226	\$ 126,172	\$ 88,775
Painting	\$ 49,000	\$ 39,322	\$ 96,200
Washroom Accessories	\$ 4,640	\$ 3,724	\$ 11,286
Floor Grilles	\$ -	\$ -	\$ 8,460
Louvres	\$ -	\$ -	\$ 7,959
Elevators	\$ 90,000	\$ 72,224	\$ 99,500
Mechanical	\$ 775,000	\$ 621,930	\$ 1,080,349
Electrical	\$ 234,000	\$ 187,783	\$ 529,560
Testing & Inspections	\$ -	\$ -	\$ 14,480
TOTAL	\$ 4,434,047	\$ 3,558,278	\$ 4,608,532

- b) Energy+ notes that the reference above the question correctly identifies \$570K of reductions from the Application while the question itself says \$540K. The correct number, based on the evidence is \$570K (see Table 13 of the Application).

No, the \$570K in reductions were not the only reductions that were realized from the Class C estimate. The reductions of \$570K identified in Table 13 in the Application were achieved through the value engineering process and were pure cost reductions compared to the original tender bids received.

Through the tendering process there were various items that resulted in lower costs than the original estimates, however, some of these reductions were offset by increases in other areas.

- c) In accordance with the "Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module" ("ACM Report"), Energy+ understands that the funding envelope is measured on a +/- 30% basis.

Page 12 of the ACM Report states the following:

In general, the details and need for a project that has received ACM approval in a previous cost of service application should not need to be re-examined in an IR application; however, if the forecasted costs (or timing) are significantly different than what was in the DSP, the onus is on the distributor to support the changes.

In particular, if costs are 30% (or more) above what was documented in the DSP, the distributor has the option of seeking approval for the incremental costs but would typically treat the project as a new ICM and re-file the business cases and other relevant material in the applicable IR year. It is expected that the Board will include this condition as part of the ACM approval. This would provide the applicant and parties an opportunity to argue for a different (higher or lower) percentage depending on the nature of the project.

If costs are less than 30% above what was documented in the DSP, the distributor should still explain the need for the increased costs, whether and how re-prioritizing of capital projects has been considered, how impacts on the rates and bills of the distributor's ratepayers have been taken into account and finally, whether the project is still the best option. Any changes in project scope must be clearly explained and justified.

Energy+ is confident that it would have been able to remain within the funding envelope in accordance with the ACM guidelines in the absence of the COVID-19 pandemic, as it has done so even with the impacts of COVID-19.

1-Staff-7

Ref: (1) 2022 IRM Application, pp. 25-26

In Table 16 of reference 1, Energy+ showed \$2.2M in project cost increases. Energy+ also stated that it had incurred \$1.8M in costs, which were not originally identified.

- a) Please identify the costs in Table 16 that are included in the \$1.8M in unanticipated costs.

Energy+ also identified the construction of a firewall, which was not included in the 2019 cost of service application.

- b) Please explain the driver of the firewall and why it was not identified in the last cost of service application.
- c) Please provide the tendering process Energy+ used to find the best cost for the construction of the firewall. If there was no tendering process, please explain why.

RESPONSE

- a) The identified COVID-19 impacts of \$413K in Table 16 are the reconciling difference between the total of \$2.2M in Table 16 and the \$1.8M referenced on Page 25 of the Application.
- b) During the 2019 Cost of Service application, Energy+ highlighted the requirement of the firewall^{1 2}, however, at that time, Energy+ had understood that the associated costs were included in the masonry work estimates provided by Melloul Blamey in the Class C estimate. As the project progressed, it was clarified that the firewall costs were not included in the original estimate and \$269K was required to complete the work.
- c) Energy+ entered into a Memorandum of Understanding with HIP developments in April of 2017 that required the firewall to be installed as a condition of sale. This condition was also included in the Purchase and Sale Agreement, which was filed as part of the 2019 Cost of Service Application³. The firewall was to be constructed by HIP Developments to complete the property severance conditions and it was agreed that Energy+ would be responsible for 50% of the costs. Section 4.5 of the Purchase Agreement states that the

¹ EB-2018-0028 – Response to Technical Conference Questions – Appendix SEC 2 – Design Brief (Southworks)

² EB-2018-0028 – Oral Hearing Transcripts Volume 1 – Page 36

³ EB-2018-0028 – IRR – Appendix 2-Staff-12 c) (i) – Page 651

“Vendor shall be responsible for all costs related to obtaining and satisfying the Severance Condition save and except for any costs related to firewalls and/or fire separations and other matters the parties may agree on, which shall be shared equally between the Vendor and Purchaser”.

Because Energy+ was not responsible for constructing the firewall pursuant to the terms of the Purchase and Sale Agreement, Energy+ did not utilize a tendering process for the firewall construction.

1-Staff-8

Ref: (1) 2022 IRM Application, pp. 25-26

Ref: (2) 2022 IRM Application – Appendix F

Ref: (3) EB-2019-0180 Decision and Order, December 5, 2019

Energy+ identified that \$1.1M of the cost increases was due to the inflation increases in the local construction industry. Energy+ stated that the OEB used a benchmark of \$300/sq. ft but if non-residential inflation was used, the average cost would be \$351/sq. ft. In Energy+'s last cost of service application, the OEB approved an envelope of \$6.5M based on the benchmark \$300/sq. ft. Energy+ filed a motion to review and vary the decision in reference 3 and provided evidence that if the OEB used a construction sector inflationary index the average cost would have been \$346/sq ft. In reference 3, the OEB stated in its findings that "To argue now that the OEB IRM inflation factors were the wrong measure is an attempt to re-argue the Rate Application."

- a) Please explain how the cost increase of \$1.1M is not an attempt to re-argue the issue of an appropriate inflationary increase.

RESPONSE

The inclusion of the cost increase of \$1.1MM with respect to inflationary impacts is not an attempt by Energy+ to re-argue the 2019 Cost of Service Rate Application (EB-2018-0028).

Energy+ has included new expert evidence in this 2022 IRM Application in support of an appropriate inflationary increase that wasn't available to the panel that decided the original 2019 Cost of Service Rate Application.

As a result, the Board Panel in that Application did not have access to this evidence when making their original decision.

The board panel considering this Application should have the benefit of the best available evidence on inflation in the construction industry, including this additional expert evidence.

1-Staff-9

Ref: (1) 2022 IRM Application, pp. 25-27 Ref: (2) Report of the OEB – Regulatory Treatment of Impacts Arising from the COVID-19 Emergency

In reference 1, Energy+ identified \$1.1M in inflationary cost increases. Energy+ also stated that there were higher labour costs in the active workforce during the COVID-19 pandemic.

- a) Please provide a breakdown of the inflationary costs Energy+ believes are COVID-19 related and the inflationary costs that are not. Please also provide the methodology Energy+ used to provide the breakdown.

In reference 1, Energy+ identified \$413k in capital cost increases because of COVID-19. In reference 2, the OEB established a sub-account of Account 1509 to track COVID-19 impacts for capital-related revenue requirement.

- b) Please explain why Energy+ has proposed to include the incremental amount of \$413k and any amounts identified in part a as part of the updated ACM total expenditure, rather than in the COVID-19 Account 1509 sub-account.
- c) Does Energy+ believe that, as long as additional project costs are prudently incurred, even if they are driven by the impacts of COVID-19, the applicant should be permitted to recover these amounts through the ACM mechanism rather than the Account 1509 mechanism? Please explain and discuss Energy+' views on how the rules for Account 1509 apply to these cost overruns.
- d) Please cite the area of the OEB's COVID-19 report that support Energy+' proposal to record incremental costs as an ACM over-spending recovery, rather than recording these amounts in Account 1509.
- e) Please provide the cost increases in table 16 absent the effects of the COVID-19 pandemic.

In reference 1, Energy+ stated that in the 2020 and 2021 budget Energy+ reduced its capital spending to mitigate the overall impact of COVID-19.

- f) Please provide the actual capital spending in 2020 and 2021 as compared to the amounts provide in the distribution system plan (Table 17 of reference 1).
- g) Please explain whether Energy+ intends to record the capital cost reductions in the COVID-19 sub-account.

Energy+ stated that part of the cost increases was due to the spike in material costs because of COVID-19. During COVID-19, many people were also working from home.

- h) Please explain if Energy+ considered delaying the projects in-service date to mitigate higher temporary material costs, especially when most administrative staff would most likely have been working from home and not in the office. If not, why not?

RESPONSE

- a) The tendered costs received by Energy+ were prepared based on the scope of work and deliverables. The costs were not broken down into cost drivers (i.e. labour, materials, etc.) that could be readily analyzed on a statistical or economic level. As a result, Energy+ was unable to further isolate out the impact of COVID-19 from inflationary costs.
- b) In accordance with the ACM Report, Energy+ followed the accounting treatment outlined under Section 7.5 Accounting treatment which is for incremental capital assets under construction to follow the normal accounting treatment as construction work in progress.

The construction of the Southworks facility is a discrete capital project and the request for funding is subject to the ACM and the IRM filing requirements for computing the rate rider for recovery. The Chapter 3 Filing Requirements specifically states:

“A distributor meeting this requirement must provide the relevant project’s updated cost projections, confirmation that the project or projects are on schedule to be completed as planned, and an updated ACM/ICM module in Excel format.”

The ACM allows capital expenditures for incremental projects that meet the criteria of need, materiality, and prudence to be tracked separately. Energy+ included the capital expenditures for this project in the Application as part of the ACM as, in our view, in addition to meeting the filing requirements, allows for the Board to evaluate the total costs of this project.

In addition, Energy+ has elected not to use the COVID-19 deferral and variance accounts. This decision is supported by the *“Report of the Ontario Energy Board – Regulatory Treatment of Impacts Arising from the COVID-19 Emergency”* which states:

“The OEB agrees with OEB staff, as well as certain stakeholders, that this Account was not established with the intent to capture industry-wide variances

for all pandemic-related impacts. Accordingly, utilities that do not intend to submit claims are not required to record amounts in the Account.”

Energy+ does not intend to submit a claim and thus is not required to record amounts in the account.

The ACM guidelines were implemented to facilitate regulatory efficiency. In Energy+'s view, subdividing the total cost of the project amongst multiple regulatory accounts, and ultimately evaluating recovery in separate rate applications, would not achieve the OEB's objective of regulatory efficiency.

- c) Yes, Energy+ believes that all prudently incurred costs, even if they are driven by the impacts of COVID-19, should be recovered through the ACM mechanism.

The ACM was established to provide for approval of incremental capital requests which are subject to the criteria of materiality, need, and prudence.

As was noted by the OEB, the COVID-19 deferral and variance accounts were not established with the intent to capture industry-wide variances for all pandemic-related impacts.

- d) Energy+ relied on the guidance provided in the ACM Report as the basis for recording all of the project costs as construction work in progress and requesting funding of these costs through the 2022 IRM Application.

Despite the COVID-19 impact, Energy+ remained within the +/- 30% threshold. The ACM mechanism allows capital expenditures for incremental projects that meet the criteria of need, materiality, and prudence to be tracked through this account. Energy+ included the capital expenditures for this project in the Application as part of the ACM as, in our view, in addition to meeting the filing requirements, allows for the Board to evaluate the total costs of this project.

The OEB's COVID-19 report states that utilities that do not intend to submit claims are not required to record amounts in the Account. Energy+ does not intend to use the COVID-19 deferral and variance account.

- e) If the COVID-19 impacts are removed from Table 16 the total cost increases are \$1,810,000.

- f) The following table compares capital spending for the 2020 Actuals, 2021 Budget and 2022 Projection to the amounts in the Distribution System Plan. While 2020 and 2021 are behind the DSP forecast, Energy+ is projecting to catch-up on required capital work beginning in 2022 and continuing for the balance of the DSP period so as to complete all prudent work over the 5 year DSP period. Please refer to the response to SEC-9 b) for the current capital expenditure projections over 5 year DPS period.

(\$000's)	2020 Actual	2020 DSP	Difference
System Access	7,787	4,007	3,780
System Renewal	3,784	8,591	(4,807)
System Service	141	591	(450)
General Plant	4,674	5,556	(882)
Deferred Revenue (Capital Contributions)	(4,281)	(769)	(3,512)
TOTAL EXPENDITURE	12,105	17,976	(5,871)

(\$000's)	2021 Budget	2021 DSP	Difference
System Access	7,010	4,352	2,658
System Renewal	4,140	8,007	(3,867)
System Service	100	954	(854)
General Plant	1,731	1,668	63
Deferred Revenue (Capital Contributions)	(1,220)	(886)	(334)
TOTAL EXPENDITURE	11,761	14,095	(2,334)

(\$000's)	2022 Projection	2022 DSP	Difference
System Access	5,088	3,934	1,154
System Renewal	7,571	8,849	(1,278)
System Service	432	422	10
General Plant	11,068	8,038	3,030
Deferred Revenue (Capital Contributions)	(662)	(772)	110
TOTAL EXPENDITURE	23,497	20,471	3,026

Note: 2020 Actuals do not include \$1.6M in capital expenditures on the acquisition of land for a future transformer station, which is treated as Not In Use for regulatory purposes.

- g) Energy+ does not intend to record the capital cost reductions in the COVID-19 deferral and variance account because Energy+ is not going to submit a claim for this account, and thus Energy+ is not required to record these amounts to the account. Energy+ would also note that the capital reductions in 2020 and the 2021 are not expected to be permanent reductions, but rather deferrals of projects that will be addressed in 2022 and future years.

Energy+ would also note that the net capital additions included in its 2019 Cost of Service Application, and incorporated in rate base, were \$11.4MM. Net capital additions in 2020 and beyond would be incremental to the level of capital expenditures in rate base, and therefore, any reductions in capital expenditures in the years 2020 through 2023 compared to the DSP would not be considered incremental "savings" or cost reductions from what is already included in rates.

- h) Energy+ did not consider delaying the project's in-service date because it did not legally have the discretion to do so. The risks associated with deferring the project far outweighed the incremental costs associated with COVID-19.

Both the Memorandum of Understanding signed in April 2017, and the final Purchase Agreement signed in June 2019, required that renovations commence within 12 months of the closing date, and that the facility be at least 90% occupied within 18 months of the start of renovations⁴. Energy+ took ownership in June 2019, which required renovations to commence in June 2020 at the latest. Deferral of the project could have risked repossession of the property, and the costs incurred to that point being written off.

The Purchase Agreement also outlined that within 90 days of closing, Energy+ was required to commence its construction contract with Melloul-Blamey. As the construction of the facility was deemed essential construction, there were no construction work stoppages in 2020. If Energy+ decided to defer the project it would have had to terminate its contract with Melloul-Blamey, and had obligations to pay for all work performed, including reasonable profits and other damages sustained because of the termination.

Energy+ would have also incurred costs to maintain the vacant building without utilization of the asset including property taxes, insurance, utilities, and financing charges. A deferral would have foregone the benefit of terminating its leased satellite office for administrative staff, and relocation of staff from the current head office which is over capacity.

In total, Energy+ believes that the incremental risks and costs associated with delaying the project's in-service date greatly outweighed the incremental costs associated with proceeding with the project with COVID-19.

⁴ EB-2018-0028 – IRR – Appendix 2-Staff-12 c) (i) – Page 651

1-Staff-10

Ref: (1) Sheet 20. Bill Impact

OEB staff has identified that the Non-RPP Retailer Average Price and Average IESO Wholesale Market Price used at the above reference were incorrectly entered as \$0.2689. OEB staff has updated the pricing to reflect the correct amount of \$0.1060. Please confirm that the model included with these interrogatories reflects this update.

RESPONSE

Energy+ confirms that the model included with OEB Staff interrogatories reflects the update of the Non-RPP Retailer Average Price and the Average IESO Wholesale Market Price.

SEC-1

Please place on the record in this proceeding all evidence from EB-2018-0028 and EB-2019-0180 related to the Southworks Project. ((Note: It is sufficient for the Applicant to simply agree to deem its evidence in that proceeding on the record for this proceeding and provide a link to the OEB's WebDrawer, as opposed to re-filing all the material)).

RESPONSE

Energy+ agrees to deem its evidence from the EB-2018-0028 and EB-2019-0180 proceedings on the record for this proceeding. The following are links to the OEB's WebDrawer for the applications:

EB-2018-0028

<https://www.rds.oeb.ca/HPECMWebDrawer/Record?q=CaseNumber=EB-2018-0028>

EB-2019-0180

<https://www.rds.oeb.ca/HPECMWebDrawer/Record?q=CaseNumber=EB-2019-0180>

SEC-2

[Ex.1, p.20] Please confirm that notwithstanding the OEB's decision to only approve a funding envelope of \$6,500,000, the Applicant's final cost for the Southworks Project is *higher* than what it originally requested.

RESPONSE

Energy+ confirms that the final cost for the Southworks Project is higher than what it originally requested.

SEC-3

[Ex.1, p.20] After the OEB's Decision in EB-2018-0028, please detail all attempts and investigations, implemented or otherwise, successful or otherwise, the Applicant took to reduce the cost of the Southworks Facility.

RESPONSE

After the OEB's Decision in EB-2018-0028, Energy+ hired Colliers Project Leaders ("Colliers") as the Project Manager. The scope of the Project Management engagement includes: (i) Project Planning; (ii) Cost Control; (iii) Procurement Services; (iv) Design Review; (v) Permitting; (vi) Contractor Co-ordination; (vii) Construction Monitoring and Reporting; and (viii) Project Closure. One of the first areas of focus by Colliers was to complete an in-depth review of Energy+'s requirements and facilitate the identification of cost reductions. With Colliers' support, Energy+ undertook the following measures:

- Elaborated and refined the design from the Class C estimate from the 2019 Cost of Service to working drawings suitable for tendering. This enabled various checks to be undertaken with cost estimates to support alignment to budget.
- Throughout the design process, various cost estimates performed by the construction manager indicated an overage to the budget. Bi-weekly design meetings were held to review the design and propose alternatives that would better align to the budget.
- The value engineering process and scope review were implemented to address the forecasted overages. As a result, aspects of the project were re-designed including architectural, landscaping, mechanical, electrical, structural, and civil where there was indication of overage.
- The designers also reviewed alternative products with manufacturers and suppliers to better specify materials and equipment to reduce cost.
- Examples of the changes include:
 - Removed frameless glass and aluminum entry and replaced with wood door/frame and standard hardware;
 - Revised specifications for the mechanical and electrical systems;
 - Revised specifications for concrete and forming;
 - Removed exterior handrails with lighting and replaced with standard handrails;
 - Revised specifications of operable partitions;
 - Removed fencing surrounding transformer area and revised specifications for landscaping including the elimination of the south terrace;
 - Removed stone veneer from feature stairs and simplified finishes and details;
 - Removed feature metal wall and replaced with paint finish;
 - Revised drywall finishing specifications;
 - Revision to exterior sidewalks to eliminate paving stones and replace with asphalt;
 - Revision to washroom accessories; and
 - Reduced allowance for foundation repairs for scope not yet defined.

- The construction manager reviewed alternatives with prospective trades to alter the design and specifications to reduce costs.
- Processes were established to deal with unforeseen conditions including contingencies within the budget to accommodate.
- Alternative solutions were reviewed for changes and unforeseen costs in construction to limit the cost impact.

SEC-4

[Ex.1, p.23] Please provide any information provided to the Applicant's Board of Directors related to the Southworks Project after the issuance of the OEB's Decision in EB-2018-0028.

RESPONSE

Please refer to Appendix 1 for copies of the information provided to the Energy+ Board of Directors following the issuance of the OEB's Decision. Please note that certain information provided to the Board may have been included with other materials that are not relevant to the Southworks project. Energy+ has redacted the information included in Appendix 1 that is not related to the Southworks facility project, and thus is not relevant to the matters at issue in this application.

SEC-5

[Ex.1, p.20] If the OEB had approved the ACM request as include in the Applicant's 2019 Application of \$8,099,792, what would the total cost of the project have been.

RESPONSE

Energy+ cannot be certain of what the total cost of the project would have been if the full request was approved. It is possible that Energy+ may not have made certain changes.

SEC-6

[Ex.1, p.23, Table 12] The Applicant has provided a breakdown of the '2019 COS Approved Funding' into various cost categories. In the OEB's Decision in EB-2018-0028, it did not approved breakdown of costs. When and on what basis breakdown of the approved \$6.5M made.

RESPONSE

Energy+ estimated the breakdown of the '2019 COS Approved Funding' by pro-rating the overall envelope reduction across the various categories.

SEC-7

[Ex.1, p.25, Table 14] Please provide the underlying information that is used to derive the minimum, average and maximum costs in Table 14.

RESPONSE

The following table provides the underlying information that is used to derive the minimum, average and maximum costs:

SEC-8

[Ex.1, p.26, Table 15] Please explain how the Applicant estimated the \$996,833M of costs yet to be tendered.

RESPONSE

Colliers provided the estimates for the costs yet to be tendered. These costs include provisions for interior and exterior stone wall work, office equipment, audio/video equipment, appliances, and the residual project contingency.

SEC-9

[Ex.1, p.27] The Applicant states: “In 2020, and as part of the 2021 Budget, Energy+ reduced its capital spending to mitigate the overall impact of COVID-19 on the utility, while also recognizing that the cost forecast for the Southworks facility exceeded the approved \$6.5MM funding envelope”.

- a. Please provide further details.
- b. Please provide a revised version of Table 17 showing actual and any revised forecast capital expenditures in each year between 2019 and 2023.

RESPONSE

- a) Energy+ reduced its capital spending with respect to planned underground renewal projects in 2020 and 2021 to mitigate the cost forecast for the Southworks facility.

Selection of the projects to defer was done prudently to ensure system reliability and safety were not impacted, and the deferrals were supported by the completion of cable testing which identified that the tested underground cables were in fair to good condition.

- b) The following table provides actual and revised forecast capital expenditures in each year between 2019 and 2023:

CATEGORY (\$000's)	2019 Actual	2020 Actual	2021 Budget	2022 Projection	2023 Projection
	\$ '000				
System Access	9,820	7,787	7,010	5,088	4,363
System Renewal	5,464	3,784	4,140	7,571	9,623
System Service	10	141	100	432	422
General Plant	1,303	4,674	1,731	11,068	1,915
Deferred Revenue (Capital Contributions)	(4,071)	(4,281)	(1,220)	(662)	(522)
TOTAL EXPENDITURE	12,526	12,105	11,761	23,497	15,801

VECC-1

Ref: Manager's Summary Page 20

Upon the OEB's Decision and Order, Energy+ immediately took measures to reduce the costs of the project through design changes and tendering strategies. Despite Management's best efforts, the \$6,500,000 target was not achieved due to unforeseen costs and the impact of the COVID-19 pandemic.

- a) Please provide a breakdown of the unforeseen costs.
- b) Please confirm the cost impact of the COVID-19 pandemic.
- c) Please provide the total cost impact of the unforeseen costs and COVID-19.

RESPONSE

- a) Please refer to Table 16 Project Cost Increases at Page 26 of the Application for a breakdown of the unforeseen costs. Please also refer to Response to 1-Staff-7(a).
- b) Energy+ confirms the estimated cost impact of the COVID-19 pandemic on material costs and safety measures is \$413K.
- c) The total cost impact of unforeseen costs and COVID-19 is \$2,223K, as outlined in Table 16 in the Application.

VECC-2

Ref: Manager's Summary Page 20 Table 9
The Maximum Eligible Incremental Capital is \$12,575,556.
Please provide the derivation of the \$12,575,556.

RESPONSE

The Maximum Eligible Incremental Capital amount is derived by deducting the materiality threshold calculated in the ACM Model from the 2022 capital expenditures plan.

Energy+ has revised the ACM Model to incorporate the responses to interrogatories, including the use of its most recent 2022 capital expenditure projections.

The updated Maximum Eligible Incremental Capital is \$12,941,236, which was calculated by taking the 2022 net capital expenditures of \$23,497,000 and deducting the materiality threshold of \$10,555,764.

VECC-3

Ref: Manager's Summary Page 22

In 2020, Energy+ achieved a regulated rate of return of 7.89%, which does not exceed 300 basis points of its deemed return of 8.98% embedded in rates.

Please provide the estimated rate of return for 2021.

RESPONSE

Energy+'s projected rate of return for 2021 is 8.2%.

VECC-4

Ref 1: Manager's Summary Page 23 Table 12 – Summary of Southworks Cost Forecast

Ref 2: Manager's Summary Page 24 Table 13 – Project Cost Reductions

a) Please map the project cost reduction items in Table 13 to the cost forecast items in Table 12.

b) Please explain the cost items included in soft costs.

RESPONSE

a) The following table maps the project cost reduction items in Table 13 to the cost forecast items in Table 12.

Item	June 2021 Forecast	Cost Reductions
Sitework Costs	\$ 444,344	\$ 75,000
Building Costs	\$ 4,549,299	\$ 395,000
General Conditions	\$ 791,626	\$ -
Allowances	\$ 458,933	\$ 100,000
Professional Fees	\$ 455,000	\$ -
Construction Total	\$ 6,699,201	\$ 570,000
Soft Costs	\$ 1,453,715	\$ -
Total	\$ 8,152,916	\$ 570,000

b) The soft costs include professional fees for architectural and engineering work, permits, legal fees, and real estate fees, as well as the cost of furnishings and the firewall.

VECC-5

Ref 1: Manager's Summary Page 24 Table 14
Table 14 provides the Tender Cost Ranges.

Table 14 – Tender Cost Ranges

	Amount
Minimum	\$ 4,608,532
Average	\$ 5,809,294
Maximum	\$ 8,251,362

- a) Please provide the total number of bids and value of each bid.
- b) Please specify the costs in Table 12 and Table 16 included in the above tender.

RESPONSE

- a) Please refer to the response to SEC-7.
- b) The categories from Table 12 have been included in the response to SEC-7.

With respect to the items in Table 16 and how they relate to the tenders, the COVID-19 impacts are attributable to the Carpentry, Millwork, Drywall and Structural Steel items.

The increases due to conduit replacement, waterproofing and design coordination were incremental to the scope of the items originally tendered in the procurement phase of the project and were added to the existing contracts awarded via the change process in the contracts.

The firewall construction and legal/real estate fees were single sourced, and the inflationary impacts were inherent throughout the project.

VECC-6

Ref 2: Manager's Summary Page 25 Table 15

- a) Please identify the remaining costs to be tendered.
- b) Please provide Tendered costs, Construction Management & Consultant Fees, General Allowances and Single Source Provider costs from the estimates provided at the time of the last cost of service application.

RESPONSE

- a) Please refer to the response to SEC-8.
- b) The following table summarizes the 2019 Cost of Service estimate using the groupings from Table 15:

	Amount
Tendered Costs	\$ 5,567,205
Construction Management & Consultant Fees	\$ 1,057,772
General Allowances (Melloul Blamey)	\$ 735,815
Single Source Providers	\$ 739,000
Total	\$ 8,099,792

Notes:

- (1) Construction Management and Consultant Fees include Melloul-Blamey construction management fees, as well as the Architectural fees.
- (2) Majority of costs included in the category "single source providers" relate to site services provided by Melloul-Blamey (i.e. site supervision, cranes, heating, insurance, etc.). These costs were categorized as "General Conditions" in the Class C estimate.

VECC-7

Ref: Manager's Summary Page 27 Table 17

- a) Please update Table 17 for 2020 actuals and 2021 and 2022 forecasts.
- b) Please provide a detailed breakdown of the capital budget for 2022 (as per Appendix 2-AA).
- c) Please discuss whether and how re-prioritizing of capital projects in 2021 and 2022 has been considered.

RESPONSE

- a) Please refer to the response to SEC-9 b).
- b) In response to SEC-9, Energy+ has provided a breakdown of the 2022 capital projection by the categories utilized in the DSP. Energy+ is currently in the process of preparing its 2022 Budget and does not have a project level breakdown as per Appendix 2-AA.
- c) Please refer to the response to SEC-9 a).

APPENDIX 1

REPONSE TO SEC-4 – REQUEST FOR BOARD MATERIALS

Energy+ Inc.
Summary of Facilities Costs
As at August 31, 2019

	Notes	Cumulative	Approved 2019 Expenditures (3)	2019 Forecast	Prior Quarter
Southworks Facility					
Opening Costs, January 1, 2019		\$ 252,499			\$ 252,499
YTD 2019 Expenditures	1,2	\$ 422,483	\$ 1,684,614	\$ 1,000,000	\$ 48,633
Total		<u>\$ 674,983</u>			<u>\$ 301,132</u>



Notes:

- 1 Purchase of Southworks property closed on June 6, 2019.
- 2 Increase in expenditures principally reflects the \$1 purchase; 50% cost of Firewall; legal and real estate closing costs.





2019 COST OF SERVICE – FINAL UPDATE

Audit Committee Meeting

September 10, 2019

2019 COST OF SERVICE – SUMMARY OF FINAL DECISION ON UNSETTLED ITEMS

- [REDACTED]
- Advanced Capital Module (review of prudence) – Southworks facility
 - Need and materiality requirements met for ACM
 - Prudence – approval of \$6.5MM versus requested \$8.1MM
 - Final approval of capital/funding at time of IRM Application or Cost of Service (based on in-service date – e.g. 2021/2022)

- [REDACTED]

- [REDACTED]

SOUTHWORKS FACILITY – MOTION TO REVIEW OEB’S DECISION ON ACM

- Advanced Capital Module Approval for Southworks Facility
 - Demonstrated Need and Materiality were met
 - Prudence – Approved \$6.5MM versus the requested \$8.1MM based on “benchmarking” of previously approved facilities projects
 - ACM approval is intended to provide for a less detailed review of the actual project when it is placed “in-service”
 - If actual costs > 30% of amount approved as part of ACM, distributor is generally required to seek approval for the incremental costs and re-file the business case and other relevant evidence to support the costs.
 - If actual costs < 30% of amount approved, distributor is still required to explain the need for increased costs, how capital projects were reprioritized, impacts on rates and total bill, and changes in project scope must be clearly explained and justified.
 - Actual funding (rate rider) of the project is only received once an IRM Application is filed based on the expected in-service year (currently planned for 2022)

SOUTHWORKS FACILITY – MOTION TO REVIEW OEB’S DECISION ON ACM

- Energy+ has requested a Motion to Review the ACM Decision on the following grounds:
 - The OEB relied on “benchmark” comparisons that were not filed in evidence by the parties and were not tested as part of the evidentiary record.
 - The OEB used an extrapolation to arrive at \$300 per sq. ft., when there was no evidence on the record to support this average cost.
 - The inflation index applied by the OEB in arriving at the benchmark based on the IRM factor as opposed to inflation factors from the construction industry.
- Estimated cost for the Motion to Review is between \$30-50k, including expert witness evidence on the benchmarking for the construction industry. Energy+ has engaged CBRE to assist.
- Procedural Orders issued by OEB provide for the following:
 - ✓ Energy+ to file further evidence by September 13, 2019
 - ✓ Intervenors and OEB staff interrogatories to Energy+ by September 23, 2019
 - ✓ Energy+ Responses to Interrogatories by October 3, 2019
 - ✓ Intervenors and OEB Staff written submissions by October 17, 2019
 - ✓ Energy+ Reply Submission by October 30, 2019

Energy+ Inc.
Summary of Facilities Costs
As at September 30, 2019

	Notes	Cumulative	Approved 2019 Expenditures (3)	2019 Forecast (4)	Prior Quarter
Southworks Facility					
Opening Costs, January 1, 2019		\$ 252,499			\$ 252,499
YTD 2019 Expenditures	1,2	\$ 431,040	\$ 1,684,614	\$ 500,000	\$ 416,675
Total		<u>\$ 683,540</u>			<u>\$ 669,174</u>



Notes:

- 1 Purchase of Southworks property closed on June 6, 2019.
- 2 Increase in expenditures principally reflects the \$1 purchase; 50% cost of Firewall; legal and real estate closing costs.
- 3 Detailed report filed as part of March 2019 Audit Committee package.
- 4 Forecast revised from \$1MM to \$0.5MM - Roof/Windows will not be completed in 2019.

Energy+ Inc.
Summary of Facilities Costs
As at December 31, 2019

		Approved			
	Notes	Cumulative	2019 Expenditures	2019 Forecast	Prior Quarter
Southworks Facility			(3)	(4)	
Opening Costs, January 1, 2019		\$ 252,499			\$ 252,499
2019 Expenditures	1,2	\$ 462,242	\$ 1,684,614	\$ 500,000	\$ 431,040
Total		\$ 714,741			\$ 683,540

Notes:

- 1 Purchase of Southworks property closed on June
6, 2019.
- 2 Increase in expenditures principally reflects the \$1
purchase; 50% cost of Firewall; legal and real
estate closing costs.
- 3 Detailed report filed as part of March 2019 Audit
Committee package.
- 4 Forecast revised from \$1MM to \$0.5MM -
Roof/Windows were not completed in 2019.

Summary of Facility Costs in WIP
Southworks Facility
As of December 31, 2019

	Costs Incurred Dec. 31, 2018	2019	Costs Incurred to Dec. 31, 2019	2019 Estimated Costs	Total Cumulative Estimate (to Dec. 31, 2019)	Comments
Design Consultant	154,876	67,069	221,945	25,000	179,876	Contract ended in latter part of 2019.
Architect	78,169	22,201	100,370	80,000	158,169	Assumed balance of Design Work re Mechanical and Electrical; and Pre-Construction Work. January to December.
Land/Building Purchase Price		1	1	1	1	Closed June 6, 2019
Real Estate Commission		82,000	82,000	82,000	82,000	June 2019; Agreement with DBRE.
Estimated Construction Costs:			-			
Construction Management Fee (2 Mths)			-	65,000	65,000	Constuction Management Agreement signed January 2020; Work expected to start in February 2020.
Firewall		269,477	269,477	254,000	254,000	Paid on closing of land acquisition.
Concrete Flooring/Cuplex/Environmental Remediation			-	330,133	330,133	Work deferred to 2020
Metal Siding and Roofing and Structural Roof Reinforcing			-	644,085	644,085	Work deferred to 2020
Demolition/Alterations			-	121,797	121,797	Work deferred to 2020
Replacement Windows			-	159,598	159,598	Work deferred to 2020
Legal Fees/Other	19,454	21,495	40,949	5,000	24,454	(i) Closing costs - June 2019; and (ii) Legal costs associated with negotiation and completion of Standard Construction Agreement with MB.
Total Costs	252,499	462,242	714,741	1,766,614	2,019,113	
2019 Amount Previously Approved				1,684,614		

Energy+ Inc.
Summary of Facilities Costs
As at March 31, 2020

	Notes	Cumulative To- Date	2020 Budget	2020 Forecast
Southworks Facility				
Opening Costs, January 1, 2020		\$ 714,741		
YTD 2020 Expenditures		<u>\$ 66,611</u>	\$ 1,500,000	\$ 2,244,000
Total		<u>\$ 781,352</u>		
			(Note 1)	(Note 2)

Notes:

- 1 2020 Budget for Work in Progress - \$1.5MM.
- 2 As per Cash Flow Analysis provided by Colliers in May 2020

1. [REDACTED]

Energy+ Inc.
Southworks Facility
Estimated Cash Flows for 2020

	<u>Prior Yrs.</u>	<u>2019 Actual</u>	<u>Cumulative to- date</u>	<u>2020 Estimate</u>
Design Consultant	154,876	67,069	221,945	
Construction Project Manager				40,000
Architectural/Structural/Mechanical□	78,169	22,201	100,370	301,200
Land/Building Purchase Price		1	1	
Real Estate Commission		82,000	82,000	
Legal Fees/Other	19,454	21,495	40,949	
Estimated Construction Costs:				
Construction Management Fee				175,000
Consultants - Acoustics/Environmental				34,000
Firewall		269,477	269,477	
Mechanical/Electrical/Lighting□				30,000
General Site Conditions/Costs				302,125
Metal Siding and Roofing and Structural Roof Reinforcing				305,000
Structural Steel/Metal				75,000
Masonry, Stone Work				275,000
Concrete, Forming, Rebar, Concrete Finishing				102,250
Rough Carpentry, Millwork				62,000
Landscaping/Sidewalks/Irrigation/Excavation				157,500
Windows/Doors				145,000
Various				
Furniture/AV Systems/Security/Applicances				220,000
Contingency				20,000
Total Costs	252,499	462,242	714,741	2,244,075

Notes:

1. Estimated cash flows for 2020 based on Colliers Cash Flow Projection
2. Class A Construction Cost Estimate in progress and expected to be completed in June 2020.
Total Class A Constructin Cost Estimate will be provided as part of September 2020 Reporting.



FACILITIES UPDATE AND APPROVALS

Audit Committee Meeting
September 15, 2020

TABLE OF CONTENTS

	Page No.
Facilities Cost Summary – As at July 31, 2020	3
<div></div>	<div></div>
Update – Southworks Administrative Offices	5
Approval – Southworks Administrative Offices	7
Appendix I – Southworks Projected Costs	
Appendix II – Southworks Project Status Report (Colliers)	
Appendix III – Shared Facilities with BPI – Construction Photos	

FACILITIES COSTS SUMMARY – YTD JULY 31, 2020

Energy+ Inc.					
Summary of Facilities Costs					
As at July 31, 2020					
			Cumulative To- Date	2020 Budget	2020 Forecast
Southworks Facility					
Opening Costs, January 1, 2020		\$	714,741		
YTD 2020 Expenditures		\$	405,674	\$ 1,500,000	\$ 2,244,000
Total		\$	<u>1,120,415</u>		
				(Note 1)	(Note 2)
Notes:					
1	2020 Budget for Work in Progress - \$1.5MM.				
2	As per Cash Flow Analysis provided by Colliers in May 2020				

SOUTHWORKS ADMINISTRATIVE OFFICE FACILITY – UPDATE

- OEB approved Advanced Capital Module (“ACM”) of \$6.5MM, compared to Class C Estimate of \$8.1MM
- Last formal Board Approval included:
 - Approval to purchase the land
 - Approval to enter into Construction Contract with Melloul-Blamey
 - Expenditures of \$1.5MM included in WIP as part of 2020 Budget
 - Cash Flow Forecast of \$2.4MM for 2020 was provided as part of June 2020 Reporting to Audit Committee and Board of Directors
- Current Status:
 - Colliers hired for overall Project Management – providing monthly Project Status Report and regular reporting with respect to cost estimates and results of tendering process.
 - Builders Risk Insurance Coverage obtained effective August 24, 2020
 - Construction commenced last week of August 2020
 - Tenders for Structural, Concrete Supply and Finishing, Cupolex awarded
 - Current projected costs are \$8.6MM – See Appendix I

SOUTHWORKS ADMINISTRATIVE OFFICE FACILITY – UPDATE

- Project estimate is \$0.5MM higher, principally explained by:
 - Colliers hired as Project Manager (\$0.3MM) - experienced project management and appropriate oversight of project, including overall cost management of the project;
 - Real estate and legal fees on acquisition were not included in construction estimate (\$0.1MM). These would be considered costs associated with the land purchase.
 - Construction of firewall and pre-closing construction was understood by Energy+ to be included in Class C estimate, however, this has been confirmed as not being included in the original estimate (\$0.2MM).
- Energy+ can expect additional scrutiny from the OEB with respect to costs. Costs > 30% over approved amount will require detailed analysis and documentation to support the costs. Energy+ working closely with Colliers to ensure appropriate level of documentation and justification with respect to decisions and cost overruns, if any.
- Financial risks that OEB does not approve amounts > \$6.5MM will be a reduction in the return on rate base, currently 8.98%, which equates to approx. \$0.2MM per year based on \$8.6MM estimate.
- Quarterly reports will be provided to Audit Committee and Board of Directors with respect to latest projected costs as tendering and construction progress continues. Refer to Appendix II for latest Project Status Report.

SOUTHWORKS ADMINISTRATIVE OFFICE FACILITY – APPROVAL

- Approval requested:
 - Audit Committee to recommend to the Board of Directors on September 17, 2020:
“To authorize the CEO and CFO to execute agreements and contracts for the construction of the Southworks facility for an amount not to exceed \$8.6MM.”

APPENDIX I – SOUTHWORKS PROJECTED COSTS

Southworks Cost Estimate

Budget Item Number	Budget Item Description	Class C Estimate to OEB	Forecasted Costs (July 2020)	Variance: Latest Forecast to Class C Estimate	Notes
1	Consultant Fees	617,772	943,772	326,000	
1.01	Project Management Fees		300,000	300,000	Upset limit of \$10,000 per month for 32 months. Project Manager was not included in original budget.
1.02	Prime Consultants Fees	607,772	607,772	-	Architect Fees, including design, mechanical, etc.
1.03	Acoustic Consultant (formerly budget for LEED Consultant)	10,000	12,000	2,000	Allowance.
1.04	Environmental Consultants		24,000	24,000	Exp services.
1.05					
2	Construction Costs	6,753,020	6,712,000	(41,020)	
2.01	Construction Management Fee (Melloul-Blamey)	450,000	495,000	45,000	Includes pre-construction and construction management fee. Taken from MB Cost estimate.
2.02	Cost of Work	6,303,020	6,217,000	(86,020)	Sum of Site Work Costs, Building Costs and General Condition Costs
2.02.1	Site Work Costs	305,525	384,500	78,975	
	Demolition/Alterations -	121,797	170,000	48,203	
	Excavation	67,989	70,000	2,011	
	Site Services	-	-	-	
	Shoring	-	-	-	
	Fencing	-	10,000	10,000	
	Irrigation	4,750	-	(4,750)	
	Landscaping, Planting, Paving Stone, Seat Walls	84,968	60,000	(24,968)	
	Site Furnishings/Bike Racks	2,000	2,000	-	
	Asphalt	-	7,500	7,500	
	Curb & Sidewalk	24,020	65,000	40,980	
	Sutera Garbage Unit and Garbage Enclosures	-	-	-	

Southworks Cost Estimate

Budget Item Number	Budget Item Description	Class C Estimate to OEB	Forecasted Costs (July 2020)	Variance: Latest Forecast to Class C Estimate	Notes
2.02.2	Building Costs	4,580,203	4,747,500	167,297	
	Concrete Forming	81,525	80,000	(1,525)	
	Concrete Forming for exterior stair retaining wall		60,000	60,000	
	Concrete Supply	74,356	75,000	644	
	Rebar	17,050	30,000	12,950	
	Concrete Finishing	63,525	80,000	16,475	
	Misc Concrete - Anchor bolts. Grouting, Foundation Insulation etc.	93,677	105,000	11,323	
	Hollow core Slabs	-	-	-	
	Architectural Precast	-	-	-	
	Masonry and Stonework	291,454	330,000	38,546	Firewall was assumed to be allocated to this line item in original budget, scope still required.
	Structural Steel	300,348	395,000	94,652	Will review for opportunities to reduce.
	Misc Metal	100,339	85,000	(15,339)	
	Timber Systems Mezzanine	-	-	-	
	Carpentry	107,115	115,000	7,885	
	Millwork - Common Space, Elevator Lobbies, and Main Lobby	47,300	50,000	2,700	
	Waterproofing	2,475	5,000	2,525	
	Pedestrian Traffic Coating	-	-	-	
	Roofing	6,500	7,500	1,000	
	Foam Insulation	-	-	-	
	EIFS	-	-	-	
	Metal Siding & Roofing	384,085	275,000	(109,085)	
	Composite Panels	50,220	-	(50,220)	
	Sandblasting				
	Fire Retardant Coating	30,011	-	(30,011)	
	Firestopping	2,660	5,000	2,340	
	Caulking	10,000	10,000	-	
	Hollow Metal Supply	5,200	5,000	(200)	
	Wood Door Supply	7,800	45,000	37,200	
	Finish Hardware Supply	26,000	45,000	19,000	
	Hollow Metal Door, Frame and Hardware install	4,810	15,000	10,190	

Southworks Cost Estimate

Budget Item Number	Budget Item Description	Class C Estimate to OEB	Forecasted Costs (July 2020)	Variance: Latest Forecast to Class C Estimate	Notes
	Building Access control - Supply and install	4,800	-	(4,800)	
	Sliding Door Partitions	50,000	55,000	5,000	
	Auto Operators	22,500	15,000	(7,500)	
	Aluminum Entrances - Storefronts / Curtain Wall	647,978	300,000	(347,978)	
	Residential Aluminum Windows and Sliders / Doors	159,598	125,000	(34,598)	
	Glazed Balcony Railings	-	10,000	10,000	
	Misc Glazing - Mirrors etc.	8,240	20,000	11,760	
	Interior Feature Walls	-	15,000	15,000	
	DW & Acoustic	304,294	350,000	45,706	
	Flooring	157,226	140,000	(17,226)	
	Painting	49,000	60,000	11,000	
	Lockers	3,375	-	(3,375)	
	Toilet Partitions	1,700	-	(1,700)	
	Washroom Accessories	4,640	5,000	360	
	Floor Grilles	-	-	-	
	Mailboxes	5,400	-	(5,400)	
	Signage	10,000	10,000	-	
	Wood Shutters	-	15,000	15,000	
	Elevators	90,000	100,000	10,000	
	Sprinklers	60,000	65,000	5,000	
	Mechanical	775,000	1,100,000	325,000	Evaluating opportunities to reduce while keeping the planned system in place.
	Electrical	234,000	545,000	311,000	Evaluating opportunities to reduce.
	Lighting / Lutron package	286,000	-	(286,000)	

Southworks Cost Estimate

Budget Item Number	Budget Item Description	Class C Estimate to OEB	Forecasted Costs (July 2020)	Variance: Latest Forecast to Class C Estimate	Notes
2.02.3	General Conditions, Allowances & Fees	1,417,292	1,085,000	(332,292)	
	Site Supervisions & Facilities	349,042	425,000	75,958	Looking for opportunities to bring this back in line with original estimate.
	General Expenses	163,423	175,000	11,577	Looking for opportunities to bring this back in line with original estimate.
	Cranes, Hoists	80,200	50,000	(30,200)	
	Winter Heat	41,064	45,000	3,936	
	Temporary Power & Lighting	15,764	15,000	(764)	
	Bonding Costs	-	-	-	
	Insurance Costs	31,984	30,000	(1,984)	
				-	
	Allowances			-	
	Testing & Inspections	10,000	20,000	10,000	
	Existing Conditions Surveys	5,815	-	(5,815)	
	Commissioning	10,000	10,000	-	Confirm what is the scope and what this allowance covers.
	Connections - Water, Sanitary, Storm	-	15,000	15,000	Can we confirm what these costs will be?
	Connections - Gas	-	15,000	15,000	Can we confirm what these costs will be?
	Connection - Hydro	50,000	-	(50,000)	Transformer deposit. No longer required.
	Building Security	-	-	-	
	Soil Remediation	100,000	-	(100,000)	Recommend any requirements come out of contingency
	Str Roof Reinforcing	260,000	-	(260,000)	
	COVID Allowance	-	-	-	Recommend any requirements come out of contingency
	Contingency	300,000	300,000	-	

Southworks Cost Estimate

Budget Item Number	Budget Item Description	Class C Estimate to OEB	Forecasted Costs (July 2020)	Variance: Latest Forecast to Class C Estimate	Notes
3	Furniture, Fixtures, and Equipment	400,000	330,000	(70,000)	
3.01	Office Furniture	400,000	300,000	(100,000)	Furniture consultant has been tasked with identifying opportunities to meet the revised estimate.
3.02	A/V Equipment		10,000	10,000	No previous allowance indicated. Allowance currently proposed estimated by Colliers. Not included in MB estimate.
3.03	Appliances		5,000	5,000	No previous allowance indicated. Allowance currently proposed estimated by Colliers.
3.04	Security Systems		15,000	15,000	No previous allowance indicated.
3.05					
4	Jurisdictional Fees	10,000	7,350	(2,650)	
4.01	Permit Fees	10,000	7,350	(2,650)	MECP Fees and Permit Fees only.
5	Contingency	300,000	200,000	(100,000)	
5.01	Project	300,000	200,000	(100,000)	If include Legal and Real Estate Fees, balance of contingency very low for remainder of project.
Total Construction Estimate		8,080,792	8,193,122	112,330	
6	Previously Incurred Costs	611,371	491,422	(119,949)	
6.01	Legal Fees	37,949			Reallocated to Project Contingency
6.02	Real Estate Fees	82,000			Reallocated to Project Contingency
6.03	Design Consultant Fees	221,945	221,945		Previous Design Consultant
6.04	Firewall Work/Other Closing Costs	269,477	269,477		This was originally understood by E+ to be included in Construction Costs, however, Scope of Masonry and Stonework requires full allocation.
Total Project Estimate		8,692,163	8,684,544	(7,619)	

Southworks Cost Estimate

Budget Item Number	Budget Item Description	Class C Estimate to OEB	Forecasted Costs (July 2020)	Variance: Latest Forecast to Class C Estimate	Notes
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Total Project Estimate Submitted to OEB

8,100,000

Project Cost Approved by OEB

6,500,000

Variance to OEB Approved Amount	2,192,163	34%
Variance to Class C Estimate provided to OEB	592,163	7%

APPENDIX II – SOUTHWORKS PROJECT STATUS REPORT

PROJECT STATUS REPORT

To:	Energy+ Inc.	Contact:	Ian Miles
From:		Ref:	811506-0015(1.0)
Project:	Administration Office Renovation	Date:	September 8, 2020
Report Period:	Project Status Report – August 2020		

1. Project Dashboard

Current Project Phase: Tender / Construction

Status	Overall Status	Scope	Budget	Schedule
Last Period	Green	Green	Yellow	Green
This Period	Green	Green	Yellow	Green

Green = On track. **Yellow** = moderate risk. **Red** = high risk, likely to affect project outcome.

2. Planned Activities Next Period

Description and Information Required	Owner	Due By
1. Review of tender submissions and budget.	All	September 2020
2. Receive Full Building Permit.	MSA/MB	August 2020
3. Commence preliminary works.	MB	September 2020

3. Key Risk Changes

Description	Impact on Scope / Schedule / Budget	Mitigation Strategy
COVID-19	Schedule/Budget	Monitoring the day to day activities of any site related works, status and team members required. Review impact of tender costing or supply chain delays. Increase sanitation methods on-site and review screening/questionnaire protocols for workers.
Unknown and unforeseen conditions in the existing facility	Schedule/Budget	Exploratory openings to investigate areas of concerns.
Adjacent Construction Activities	Schedule	Coordinate closely with developer related activities to monitor schedule.
Owner requested changes and design coordination issues	Schedule/Budget	Allow for sufficient contingencies in the budget to accommodate changes. Ensure there is a process to evaluate changes prior to commencing.
Volatile construction market	Budget	Maintain contingencies in the budget to allow for higher than expected tendered costs.

4. Budget Status

The construction manager has closed the majority of tender packages and are currently assessing the submissions. The preliminary results indicate some overages to the construction budget and previously targeted project forecast of \$8,656,461. The overages (which is approximately a \$300k variance from the previous target) are currently under review but do include some additional scope and allowances not previously budgeted. It is anticipated that a value engineering and de-scoping exercise will be required to align the scope to the budget.

The attached cost tracking log reflects the forecasted option 1 strategy with the MB updated construction budget.

Current Project Status	Cost	Comments
Proposed Budget	\$8,080,792	E+ original budget from 2018 MB estimate.
Committed	\$2,619,043	Includes results from tender package 3.
Approved Change Orders	\$0	
Forecast Cost at Completion	\$8,916,568	Reflects preliminary results from the remaining tender submissions.

5. Schedule Status

Largely, the majority of tender packages have closed. There are some outstanding packages that will close in early September.

Building permit approval remains outstanding (largely due to vacations) but is anticipated to be issued in early September.

The construction manager has mobilized to site and started some preliminary works which were previously approved that include mostly miscellaneous demolition.

Milestone	Planned	Actual / Forecast	% Complete	Variance (weeks)
Building Permit Granted	July 2020	September 2020	0%	5
Budget Revision #1	April 2020	May 2020	100%	1
Tendering Bid Packages	June 2020	September 2020	95%	4
Construction Mobilization	July 2020	August 2020	100%	2

6. Completed Activities this Period

Description	Owner	Notes
1. Tender Packages Closed	MB	Tender package 4 has closed. A few packages remain outstanding and will close in early September.
2. Awarded Select Trade Packages	E+/Colliers/MB	Trades packages that are under budget continue to be awarded.

Description	Owner	Notes
3. Kick off construction meeting held on site.	MB/Colliers/MSA	Initial meeting held to review processes, schedule and status.
4. Preliminary demolition works have commenced	MB	Floor slab cuts, wall and mechanical removals have commenced.

7. Project Photos (From kick off meeting August 27, 2020)



Figure 1 – Exterior excavation

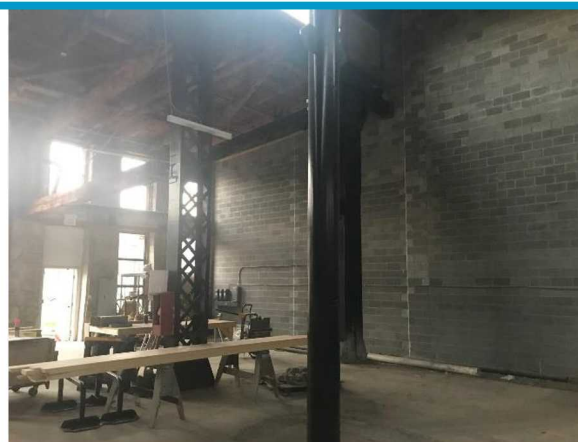


Figure 2 – Existing Conditions.

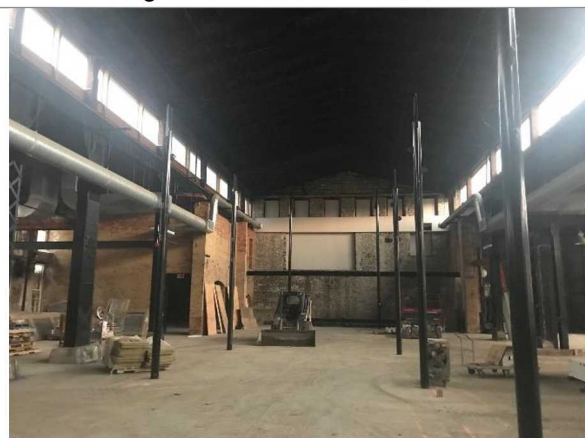


Figure 3 – Existing conditions.



Figure 4 – Existing Conditions.

Attachments

- ☒ Cost Tracking Log 811506-0008(13.0)

Energy+ Inc.
 Summary of Facilities Costs
 As at September 30, 2020

Southworks Facility

Opening Costs, January 1, 2020
 YTD 2020 Expenditures
 Total

Cumulative To- Date	2020 Budget	2020 Forecast
\$ 714,741		
\$ 526,861	\$ 1,500,000	\$ 1,500,000
\$ 1,241,603		
	(Note 1)	(Note 2)

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- 1 2020 Budget for Work in Progress - \$1.5MM.
- 2 As per Cash Flow Analysis provided by Colliers in November 2020 (this has been revised downwards from \$2.2MM)

[REDACTED]

PROJECT STATUS REPORT

To:	Energy+ Inc.	Contact:	Ian Miles
From:		Ref:	811506-0017(1.0)
Project:	Administration Office Renovation	Date:	November 9, 2020
Report Period:	Project Status Report – October 2020		

1. Project Dashboard

Current Project Phase: Tender / Construction

Status	Overall Status	Scope	Budget	Schedule
Last Period	Green	Green	Yellow	Green
This Period	Green	Green	Yellow	Green

Green = On track. **Yellow** = moderate risk. **Red** = high risk, likely to affect project outcome.

2. Planned Activities Next Period

	Description and Information Required	Owner	Due By
1.	Continued monitoring of activities on site and attend site meetings as required.	All	November 2020
2.	Continue to receive, review and process shop drawings to facilitate product delivery.	MSA/MB	November 2020
3.	Continued review of outstanding trade packages.	MB/MSA	November 2020
4.	On board key major trades such as mechanical and electrical to commence miscellaneous start up works.	MB	November 2020
5.	Continue with interior demolition as required.	MB	November 2020
6.	Continue with misc. structural works for openings.	MB	November 2020
7.	Continue with roofing works.	MB	November 2020
8.	Commence block work at elevator and brick infill for windows.	MB	November 2020
9.	Commence sprinkler installation in clearstory section.	MB	November 2020
10.	Commence installation of temporary power and associated meters as required.	MB/E+	November 2020
11.	Receive quotation for security system installation.	Colliers	November 2020
12.	Resume furniture planning	Colliers	November 2020
13.	Confirm strategy for IT installation	Colliers/E+	November 2020

3. Key Risks and Issues

Description	Impact on Scope / Schedule / Budget	Mitigation Strategy
COVID-19	Schedule/Budget	Monitoring the day to day activities of any site related works, status and team members required. Review impact of tender costing or supply chain delays. Increase sanitation methods on-site and review screening/questionnaire protocols for workers.
Unknown and unforeseen conditions in the existing facility	Schedule/Budget	Maintain sufficient contingencies within the budget.
Foundation Wall Repair	Budget	There is risk that once the foundation wall has been exposed, repairs will be required. An allowance has been included within the budget, but the extent of the repair is yet to be determined.
Adjacent Construction Activities	Schedule	Coordinate closely with developer related activities to monitor schedule.
Owner requested changes and design coordination issues	Schedule/Budget	Allow for sufficient contingencies in the budget to accommodate changes. Ensure there is a process to evaluate changes prior to commencing.
Exterior work tender packages	Budget	The developer is reviewing the specification for proposed stone to be used, along with the overall scope of the exterior works. Currently, the exterior work cost projection is excessive, although tracking within the forecasted budget.

4. Budget Status

The construction manager continued to close trade packages within the forecasted budget of \$6,626,872. It was agreed that since the bulk of tender pricing was below budgeted line items, any surplus would be reallocated to contingencies.

Remaining tender packages that have yet to be finalized include exterior landscaping, curbs and sidewalks, signage, acoustic panels and hardware.

Risk to the budget remains as the majority of project contingencies have already been consumed and there are elements of the budget that have yet to be finalized.

Current Project Status	Cost	Comments
Proposed Budget	\$8,080,792	E+ original budget from 2018 MB estimate.
Committed	\$5,756,579	Includes some results from tender package 4.
Approved Change Orders	\$4,115.47	There have been two approved change orders to date.
Forecast Cost at Completion	\$8,599,416	Reflects recent budget update from construction manager.

5. Schedule Status

As the majority of trade packages have been awarded, a full detailed working schedule has been requested for review. The project team has started to submit, review and approve shop drawings. Works continue on site with interior demolition, miscellaneous structural works, masonry and envelope works.

The milestones currently being tracked are as follows.

Milestone	Planned	Actual / Forecast	% Complete	Variance (weeks)
Roofing	December 2020	December 2020	70%	0
Window Installation	December 2020	December 2020	70%	0
Interior Below Grade Structural	December 2020	December 2020	70%	0
Demolition Complete	December 2020	December 2020	70%	0
Building Hand-over to Owner	December 2021	December 2021	0%	0

6. Completed Activities this Period

Description	Owner	Notes
1. Building Permit has been received.	MB	MB is now free and clear to proceed with construction activities.
2. Continued awarded of Major Trade Packages.	E+/MB	Trades packages that are under budget continue to be awarded.
3. Interior demolition has commenced.	MB	Saw cuts and removals of concrete floor sections, interior brick removals of walls and openings, and removal of the existing roof.
4. Structural works have commenced.	MB	Structural support for brick opening installed, temporary shoring for elevator underpinning commenced.
5. Envelope works have commenced.	MB	Installation of roof seals and repairs, installation of framing and insulation. Windows have been delivered to site.
6. Site clearing continues.	MB	Removal of rubble and debris continue at the south end of the building.
7. The adjacent development continues.	MB	Concrete works on the adjacent structure is progressing quickly.

7. Project Photos (From meeting October 27th, 2020)



Figure 1 – Structural footing work.



Figure 2 – Windows on-site.



Figure 3 – Early demolition.



Figure 4 – Adjacent development.

Attachments

- ☒ Cost Tracking Log 811506-0008(15.0)

Energy+ Inc.
Summary of Facilities Costs
As at December 31, 2020

[illegible]

Energy+ Inc.
Southworks Facility
Cumulative Costs to Date

	<u>Prior Yrs.</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>Cumulative to- date</u>	<u>2020 Estimate</u>
Design Consultant	154,876	67,069		221,945	
Construction Project Manager			55,819	55,819	61,000
Architectural/Structural/Mechanical□	78,169	22,201	394,700	495,069	400,000
Land/Building Purchase Price		1		1	
Real Estate Commission		82,000		82,000	
Legal Fees/Other	19,454	21,495		40,949	
Builders Risk Insurance			14,419	14,419	15,000
Construction Costs:					
Construction Management Fee			110,000	110,000	100,000
Building Permits			17,271	17,271	
Consultants - Acoustics/Environmental			8,000	8,000	34,000
Firewall		269,477		269,477	
Demolition/Alterations			141,162	141,162	
Mechanical/Electrical/Lighting□			49,637	49,637	30,000
General Site Conditions/Costs			131,947	131,947	287,750
Metal Siding and Roofing and Structural Roof Reinforcing			206,483	206,483	305,000
Structural Steel/Metal			126,520	126,520	
Masonry, Stone Work			40,000	40,000	
Concrete, Forming, Rebar, Concrete Finishing			72,596	72,596	102,250
Rough Carpentry, Millwork			121,598	121,598	
Windows/Doors			76,092	76,092	145,000
Entrances				-	
Elevators/Sprinklers				-	
Landscaping/Sidewalks/Irrigation				-	
Furniture/AV Systems/Security/Applicances				-	
Various				-	
Contingency				-	20,000
Total Costs	252,499	462,242	1,566,244	2,280,986	1,500,000

Energy+ Inc.
Southworks Facility
2021 Cash Flow Projection

	<u>Spend to Dec.</u> <u>31, 2020</u>	<u>Latest Project</u> <u>Forecast</u>	<u>Balance -</u> <u>2021</u> <u>Projection</u>
Design Consultant	221,945	221,945	-
Construction Project Manager	55,819	300,000	244,181
Architectural/Structural/Mechanical□	495,069	607,772	112,703
Land/Building Purchase Price	1	1	-
Real Estate Commission	82,000	82,000	-
Legal Fees/Other	40,949	40,949	-
Builders Risk Insurance	14,419	14,419	-
Construction Costs:			
Construction Management Fee	110,000	495,000	385,000
Building Permits	17,271	7,350	(9,921)
Consultants - Acoustics/Environmental	8,000	36,000	28,000
Firewall	269,477	269,477	-
Demolition/Alterations	141,162	227,040	85,878
Mechanical/Electrical/Lighting□	49,637	1,645,000	1,595,363
General Site Conditions/Costs	131,947	987,505	855,558
Metal Siding and Roofing and Structural Roof Reinforcing	206,483	278,400	71,917
Structural Steel/Metal	126,520	473,890	347,370
Masonry, Stone Work	40,000	274,900	234,900
Concrete, Forming, Rebar, Concrete Finishing	72,596	378,238	305,642
Rough Carpentry, Millwork	121,598	165,000	43,402
Windows/Doors	76,092	224,625	148,533
Flooring/Acoustics (Cuplex)/Environmental□		500,000	500,000
Landscaping/Sidewalks/Irrigation/Excavation	-	396,540	396,540
Entrances	-	300,000	300,000
Elevators/Sprinklers	-	143,365	143,365
Furniture/AV Systems/Security/Applicances	-	330,000	330,000
Various	-	-	-
Contingency	-	200,000	200,000
Total Costs	<u>2,280,985</u>	<u>8,599,416</u>	<u>6,318,431</u>
Overall Project Costs Approved by Board		<u>\$ 8,600,000</u>	

PROJECT STATUS REPORT

To:	Energy+ Inc.	Contact:	Ian Miles
From:		Ref:	811506-0020(2.0)
Project:	Administration Office Renovation	Date:	January 6, 2021
Report Period:	Project Status Report – December 2020		

1. Project Dashboard

Current Project Phase: Tender / Construction

Status	Overall Status	Scope	Budget	Schedule
Last Period	Green	Green	Yellow	Green
This Period	Green	Green	Yellow	Green

Green = On track. **Yellow** = moderate risk. **Red** = high risk, likely to affect project outcome.

2. Planned Activities Next Period

	Description and Information Required	Owner	Due By
1.	Continued monitoring of activities on site and attend site meetings as required.	All	January 2021
2.	Continue to receive, review and process shop drawings to facilitate product delivery.	MSA/MB	January 2021
3.	Continue to review of outstanding trade packages.	MB/MSA	January 2021
5.	Continue with interior demolition and removal of concrete as required.	MB	January 2021
6.	Continue with structural steel installation.	MB	January 2021
7.	Continue with roof installation.	MB	January 2021
8.	Complete block work at elevator. Commence block in other areas as required.	MB	January 2021
9.	Continue with underground plumbing work.	MB	January 2021
10.	Commence electrical rough-ins for high ceilings and blockwork.	MB/E+	January 2021
12.	Continue to follow-up with furniture consultant	Colliers	February 2021
13.	Confirm strategy for IT installation	Colliers/E+	February 2021
14.	Finalize design changes for exterior patio, transformer enclosure and lunchroom door.	MSA	January 2021
15.	Continue with high bay electrical installation	MB	January 2021

3. Key Risks and Issues

Description	Impact on Scope / Schedule / Budget	Mitigation Strategy
COVID-19	Schedule/Budget	Monitoring the day to day activities of any site related works, status and team members required. Review impact of tender costing or supply chain delays. Increase sanitation methods on-site and review screening/questionnaire protocols for workers.
Unknown and unforeseen conditions in the existing facility	Schedule/Budget	Maintain sufficient contingencies within the budget.
Foundation Wall Repair	Budget	There is risk that once the foundation wall has been exposed, repairs will be required. An allowance has been included within the budget, but the extent of the repair is yet to be determined.
Adjacent Construction Activities	Schedule	Coordinate closely with developer related activities to monitor schedule.
Owner requested changes and design coordination issues	Schedule/Budget	Allow for sufficient contingencies in the budget to accommodate changes. Ensure there is a process to evaluate changes prior to commencing.
Exterior work tender packages	Budget	The developer is reviewing the specification for proposed stone to be used, along with the overall scope of the exterior works. Currently, the exterior work cost projection is excessive, although tracking within the forecasted budget.

4. Budget Status

The construction manager has continued to close trade packages within the forecasted budget of \$6,626,872. The most recent tender package that was awarded [REDACTED]

There is remaining tender packages that remain outstanding including exterior landscaping, curbs and sidewalks, signage, and acoustic panels.

Risk to the budget remains as the majority of project contingencies have already been consumed and there are elements of the budget that have yet to be finalized.

Current Project Status	Cost	Comments
Proposed Budget	\$8,080,792	E+ original budget from 2018 MB estimate.
Committed	\$5,949,586.76	
Approved Change Orders	\$14,023.68	There have been 9 approved change orders to date. There are 3 pending changes.
Forecast Cost at Completion	\$8,599,416	

5. Schedule Status

Work continues to progress on site. There is interior roof reinforcing, excavation, structural works, underground plumbing, masonry, sprinkler, and electrical work ongoing.

The exterior stone repointing will resume in the spring when more suitable weather has resumed.

The roofing work will extend into January. The works are taking longer than expected, but no issues have been reported.

The preliminary construction schedule has been reviewed by Colliers and returned to Melloul Blamey with minor comments. Melloul Blamey has sent the schedule to the trades to provide feedback. Once feedback has been received from the trades, an overall construction schedule will be finalized to track against.

The preliminary milestones currently being tracked are as follows:

Milestone	Planned	Actual / Forecast	% Complete	Variance (weeks)
Roofing	December 2020	January 2020	80%	3
Window Installation	December 2020	January 2021	85%	4
Interior Below Grade Structural	December 2020	January 2021	95%	2
Demolition Complete	December 2020	December 2020	100%	0
Building Hand-over to Owner	December 2021	December 2021	0%	0

6. Completed Activities this Period

Description	Owner	Notes
1. Continued awarded of Trade Packages – Finish Hardware and Wood Doors.	E+/MB	Trades packages that are under budget continue to be awarded.
2. Interior Demolition.	MB	Concrete removal for U/G plumbing remains on-going.
3. Roof reinforcement has commenced.	MB	Roof reinforcement has commenced.
4. Interior Structural Works.	MB	Interior steel structure work is underway.
5. Envelope works continues.	MB	Installation of blue skin roof seal and repairs complete. Windows installation nearing completion.
6. Commencement of underground plumbing.	MB	Works continue as required.
7. Sprinkler installation ongoing.	MB	Works are on-going for sprinkler install.

7. Project Photos (From meeting December 22nd, 2020)



Figure 1 – Underground plumbing



Figure 2 – Structural Roof Reinforcing.



Figure 3 – Block wall installations.



Figure 4 – Roofing work on-going.

[Attachments](#) ☐

Cost Tracking Log 811506-0008(18.0)

Energy+ Inc.
Summary of Facilities Costs
As at March 31, 2021

Southworks Facility

Opening Costs, January 1, 2021

2021 Expenditures

Total (Work in Progress)

	Cumulative To- Date	2021 Forecast	Cumulative Forecast Total	2021 Budget
	\$ 2,280,986	\$ 6,318,431	\$ 8,599,417	
	\$ 1,666,234			\$ 7,100,000
	<u>\$ 3,947,220</u>	<u>\$ 6,318,431</u>	<u>\$ 8,599,417</u>	<u>\$ 7,100,000</u>

PROJECT STATUS REPORT

To:	Energy+ Inc.	Contact:	Ian Miles
From:		Ref:	811506-0027(1.0)
Project:	Administration Office Renovation	Date:	April 30, 2021
Report Period:	April 1, 2021 – April 30, 2021		

1. Project Dashboard

Current Project Phase: Tender / Construction

Status	Overall Status	Scope	Budget	Schedule
Last Period	Green	Green	Red	Green
This Period	Green	Yellow	Red	Green

Green = On track. **Yellow** = moderate risk. **Red** = high risk, likely to affect project outcome.

2. Planned Activities Next Period

	Description and Information Required	Owner	Due By
1.	Continued monitoring of activities on site and attend site meetings as required.	All	May 2021
2.	Continue to receive, review and process shop drawings to facilitate product delivery.	MSA/MB	May 2021
3.	Continue to review of outstanding trade packages.	MB/MSA	May 2021
4.	Continued interior mechanical ductwork and plumbing installations.	MB	May 2021
5.	Complete remainder of concrete slab on Level 1 after installation of cupolex system.	MB	May 2021
6.	Continue electrical rough-in works and fixture installations.	MB	May 2021
7.	Continue to follow-up with furniture consultant.	Colliers	May/June 2021
8.	Review and resolve water penetration on North-West wall, level 1. Site Instruction has been issued,	MSA/MB/Colliers	May 2021
9.	Continue with wall framing and installation of boarding on level 2 and commence on level 1.	MB	May 2021
10.	Engage Paving Contractor	MB	June 2021
11.	Award Landscaping Tender	All	June 2021

3. Key Risks and Issues

Description	Impact on Scope / Schedule / Budget	Mitigation Strategy
COVID-19	Schedule/Budget	Monitoring the day-to-day activities of any site related works, status and team members required. Review impact of tender costing or supply chain delays. Increase sanitation methods on-site and review screening/questionnaire protocols for workers.
Unknown and unforeseen conditions in the existing facility	Schedule/Budget	Maintain sufficient contingencies within the budget.
Water Penetration - Wall Repair	Budget	There is groundwater penetrating through the West and North walls on Level 1. A Site Instruction has been issued to rectify the leak through a liner and water re-direction.
Adjacent Construction Activities	Schedule	Coordinate closely with developer related activities to monitor schedule.
Owner requested changes and design coordination issues	Schedule/Budget	Allow for sufficient contingencies in the budget to accommodate changes. Ensure there is a process to evaluate changes prior to commencing.
Exterior work tender packages	Budget	The developer is reviewing the specification for proposed stone to be used, along with the overall scope of the exterior works. Currently, the anticipated cost of the selected stone will impact budget.
Stonework	Budget	Some concerns have recently been brought to light concerning the repointing and condition of the existing stone. The team is meeting in site in early May to assess the impact.

4. Budget Status

The remaining outstanding tender packages include exterior landscaping and signage. The curbs and sidewalks tender received approval on April 27, 2021. There were four change orders approved in the month of April. There are currently 8 outstanding change requests that are with Martin Simmons for review and to produce change orders. These outstanding change orders total approximately \$33,648.

Risk to the budget remains as the majority of project contingencies have already been consumed and there are elements of the budget that have yet to be finalized. Colliers is forecasting an increase to projects costs at completion to accommodate some of the recent known changes that have been identified.

Current Project Status	Cost	Comments
Proposed Budget	\$8,080,792	E+ original budget from 2018 MB estimate.
Committed	\$6,154,398	

Current Project Status	Cost	Comments
Approved Change Orders	\$176,797	There have been 34 approved change orders to date. There are 8 pending changes.
Forecast Cost at Completion	\$8,727,611	

5. Schedule Status

Work continues to progress on site and is ahead of schedule based on the Construction Manager's schedule.

Masonry works and re-pointing continue. The electrical and mechanical trades maintain presence on-site and continue to progress. Interior works inclusive of stud framing and boarding has commenced ahead of schedule. The IT scope of work development has been completed and has been covered under a Site Instruction which has been issued to trades for pricing.

The preliminary milestones currently being tracked are as follows:

Milestone	Planned	Actual / Forecast	% Complete	Variance (weeks)
Roofing	December 2020	February 2021	100%	6
Window Installation	December 2020	April 2021	100%	4
Interior Structural Steel	March 2021	March 2021	100%	0
Exterior Works Resume	May 2021	May 2021	10%	0
Commence Interior Finishes	June 2021	May 2021	10%	0
Building Hand-over to Owner	December 2021	December 2021	0%	0

6. Completed Activities this Period

	Description	Owner	Notes
1.	Masonry re-pointing and sill replacement.	MB	Works to continue in May.
2.	Adjustments with existing steel beams for head clearance.	MB	Allow head clearance above meeting room 225 and bathrooms 208, 209, 210
3.	Switchgear has been delivered and installed.	MB	All major equipment is now in place.
4.	Mechanical and electrical rough-in.	MB	Works continue to progress.
5.	Installation of steel studs on level 2 mezzanine	MB	Continue steel stud walls on mezzanine of floating bulkhead now that structural issue is resolved.
6.	Commencement of boarding on Level 2	MB	To be continued into May 2021

	Description	Owner	Notes
7.	Award of curb and sidewalks package	All	Formal award in May 2021
8.	Commencement of door jamb installations	MB	To be continued into May 2021

7. Project Photos



Figure 1 – Stud and Board Installations (Level 2)



Figure 2 – Floor Clearing in Preparation of Cupolex Installation (Level 1)



Figure 3 – Exterior Stone and Brick Installations



Figure 4 – Laydown area and stud framing (Level 1)

Attachments

- ☒ Cost Tracking Log 811506-0008(22.0)

Energy+ Inc.
Summary of Facilities Costs
As at June 30, 2021

Southworks Facility

Opening Costs, January 1, 2021

2021 Expenditures

Total (Work in Progress)

	Cumulative To- Date	2021 Forecast	Cumulative Forecast Total	2021 Budget
	\$ 2,280,986	\$ 6,318,431	\$ 8,599,417	
	\$ 2,983,934			\$ 7,100,000
	<u>\$ 5,264,920</u>	<u>\$ 6,318,431</u>	<u>\$ 8,599,417</u>	<u>\$ 7,100,000</u>

PROJECT STATUS REPORT

To:	Energy+ Inc.	Contact:	Ian Miles
From:		Ref:	P0103-2035159565-40 (1.0)
Project:	Administration Office Renovation	Date:	July 29, 2021
Title:	July 2021 Project Status Report		

1. Project Dashboard

Current Project Phase: Tender / Construction

Status	Overall Status	Scope	Budget	Schedule
Last Period	Green	Green	Red	Green
This Period	Green	Green	Red	Green

Green = On track. **Yellow** = moderate risk. **Red** = high risk, likely to affect project outcome.

2. Planned Activities Next Period

	Description and Information Required	Owner	Due By
1.	Continued monitoring of activities on site and attend site meetings as required.	All	August 2021
2.	Continue to receive, review and process shop drawings to facilitate product delivery.	MSA/MB	August 2021
3.	Continue masonry repointing and infills where required.	MB	August 2021
5.	Measurements of Aluminum Frames to commence.	MB	August 2021
6.	Floor polishing to commence.	MB	August 2021
7.	Exterior works to continue.	MB	August 2021
8.	Interior finishes to commence.	MB	August 2021
9.	Interior framing and drywall to be completed.	MB	August 2021
10.	Review layouts and commence furniture procurement discussions/	Colliers	August 2021

3. Key Risks and Issues

Description	Impact on Scope / Schedule / Budget	Mitigation Strategy
COVID-19	Schedule/Budget	Monitoring the day-to-day activities of any site related works, status and team members required. Review impact of tender costing or supply chain delays. Increase sanitation methods on-site and review screening/questionnaire protocols for workers.

Description	Impact on Scope / Schedule / Budget	Mitigation Strategy
Unknown and unforeseen conditions in the existing facility	Schedule/Budget	Maintain sufficient contingencies within the budget.
Adjacent Construction Activities	Schedule	Coordinate closely with developer related activities to monitor schedule.
Owner requested changes and design coordination issues	Schedule/Budget	Allow for sufficient contingencies in the budget to accommodate changes. Ensure there is a process to evaluate changes prior to commencing.
Exterior Pavers	Schedule/Budget	The CM has included a budget within the landscape tender but notes they still require a final quantity to firm up pricing. Delivery is not expected until late fall which may impact schedule. Installation may not occur until the following year if weather conditions are not favorable.
Stonework	Budget	The team is still reviewing issues related to the repointing and condition of the existing stone.

4. Budget Status

There were three change orders approved in the month of July. There are currently eleven outstanding change requests that pending approval. These outstanding change requests total approximately \$40,456.

Risk to the budget remains as most project contingencies have already been consumed and there are elements of the budget that have yet to be finalized. Colliers is forecasting an increase to projects costs at completion to accommodate some of the recent known changes that have been identified. However, once confirmation on exterior works is clarified and coordination with Rogers is complete, forecast cost at completion should reduce. Colliers continues to monitor the budget and provide recommendation where cost-savings may be possible.

Current Project Status	Cost	Comments
Proposed Budget	\$8,080,792	E+ original budget from 2018 MB estimate.
Committed	\$7,780,092	
Approved Change Orders	\$306,492	
Forecast Cost at Completion	\$8,782,109	

5. Schedule Status

Work continues to quickly progress on site and is ahead of schedule based on the Construction Manager's schedule.

The preliminary milestones currently being tracked are as follows:

Milestone	Planned	Actual / Forecast	% Complete	Variance (weeks)
Building Exterior Works	October 2021	November 2021	10%	0
Interior Finishes	November 2021	November 2021	50%	0
Building Hand-over to Owner	December 2021	December 2021	0%	0

6. Completed Activities this Period

	Description	Owner	Date
1.	Taping and drywall is nearing completion.	MB	July 2021
2.	Sump pit and forcemain installation is nearing completion.	MB	July 2021
3.	Smoke baffle shoes have been installed.	MB	July 2021
4.	Underground piping installation has been completed.	MB	July 2021
5.	Boilers have been installed on floor brackets. Piping to commence.	MB	July 2021
6.	Removal of the additional wall in the IT Room has been completed.	MB	July 2021
7.	Held a Site walkthrough with Energy+'s IT Team to verify all IT requirements.	Colliers	July 2021
8.	Held monthly project status update meeting with Energy+.	Colliers	July 2021

7. Project Photos

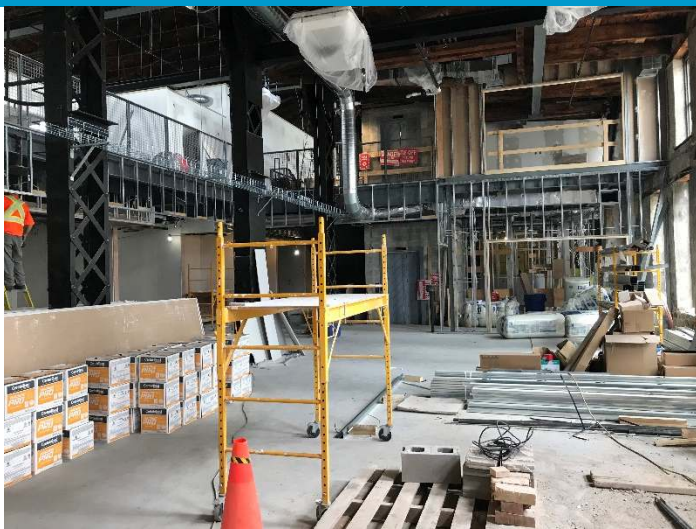


Photo 1 – July 6, 2021



Photo 2 – July 6, 2021



Photo 3 – July 6, 2021



Photo 4 – July 6, 2021



Photo 5 – July 6, 2021



Photo 6 – July 6, 2021



Photo 7 – July 6, 2021

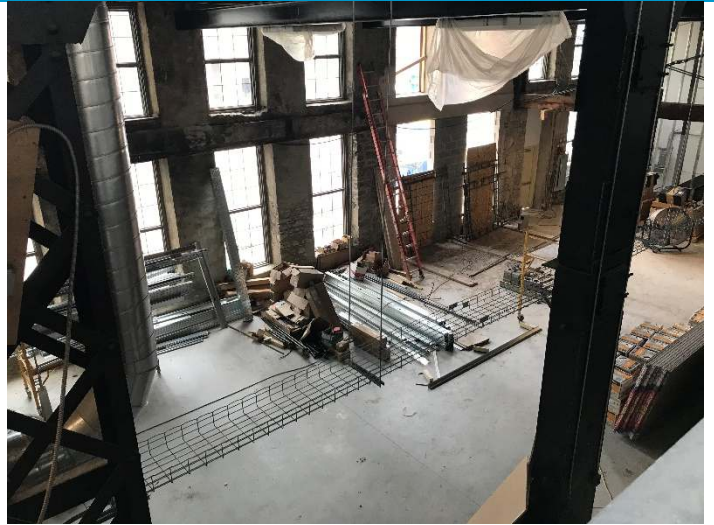


Photo 8 – July 6, 2021



Photo 9 – July 6, 2021



Photo 10 – July 20, 2021



Photo 11 – July 20, 2021



Photo 12 – July 20, 2021



Photo 13 – July 20, 2021



Photo 14 – July 20, 2021



Photo 15 – July 20, 2021



Photo 16 – July 20, 2021

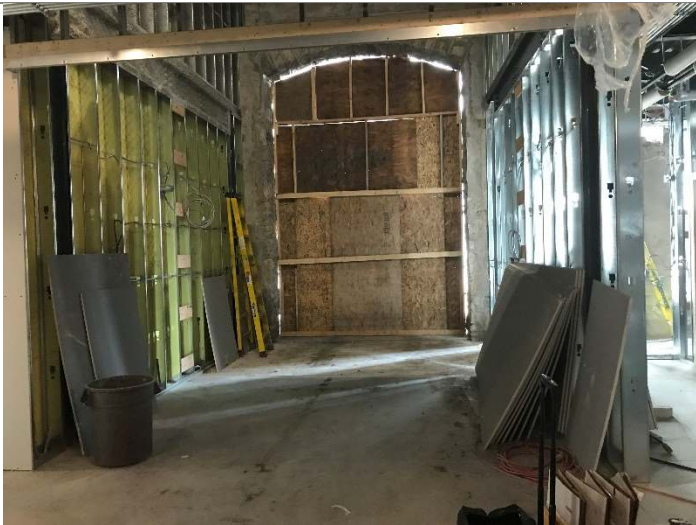


Photo 17 – July 20, 2021



Photo 18 – July 20, 2021

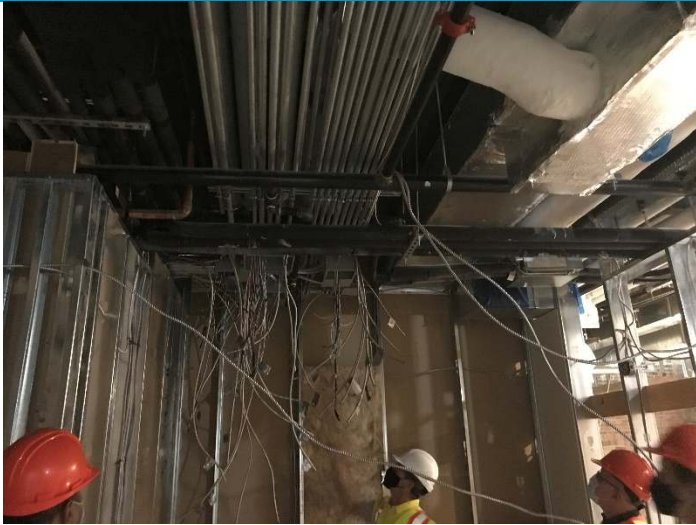


Photo 19 – July 20, 2021

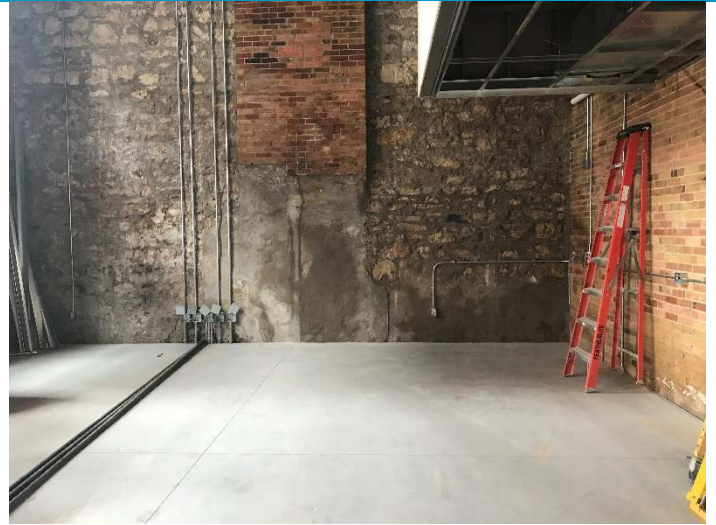


Photo 20 – July 20, 2021



Photo 21 – July 20, 2021



Photo 22 – July 20, 2021

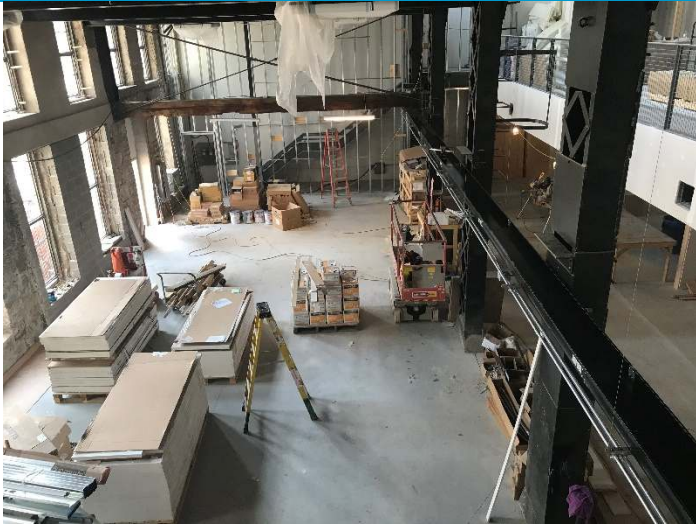


Photo 23 – July 20, 2021



Photo 24 – July 20, 2021



Photo 25 – July 20, 2021



Photo 26 – July 20, 2021

Attachments

- ☒ Cost Tracking Log Doc No. P0103-2035159565-9(26.0)