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| <b>REQUESTOR NAME</b>             | <b>VECC</b>                       |
| <b>INFORMATION REQUEST ROUND:</b> | <b># 1</b>                        |
| <b>TO:</b>                        | <b>ERTH Power Corporation</b>     |
| <b>DATE:</b>                      | <b>December 4, 2024</b>           |
| <b>CASE NO:</b>                   | <b>EB-2024-0021</b>               |
| <b>APPLICATION NAME</b>           | <b>2025 IRM Application – ICM</b> |

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VECC-1

Ref: Appendix A p.4

ERTH Power is requesting ICM Approval to fund the purchase of property, design, construction, and furnishing of a new administrative and operational facility with an in-service date in Q4 of 2025.

- a) Please provide the start date and current status of the project.
- b) Please provide the latest project schedule for the project and provide the latest in-service date.
- c) When was the need for the project first identified?

VECC-2

Ref: Appendix B1 p. 1

The evidence states “ERTH Power maintains three (3) operations centers located in Aylmer, Goderich and Ingersoll with the latter retaining all executive, administration, finance, customer service, metering and engineering departments.

VECC seeks to understand the full scope of the operations centres currently maintained by ERTH Power.

- a) Please complete the following table:

| Operations Centre | Address | Acres | Own or Rent | Total 2023 Rent \$ | Total Square Footage of all Facilities | Total 2023 Cost to Operate \$ | Total Square Footage of Centre | # FTEs | # Fleet | % Capacity |
|-------------------|---------|-------|-------------|--------------------|--|-------------------------------|--------------------------------|--------|---------|------------|
|                   |         |       |             |                    |  |                               |                                |        |         |            |
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- b) For each of the operations centres in part a) please list the individual facilities at each Centre, and provide the associated square footage, functions and condition of each of these individual facilities.
- c) Please complete the Table in part a) for the New Facility based on forecast 2026 rent and operation costs.
- d) Please provide a map that shows of the location of the existing Operation Centres and the distance/travel times between them.
- e) Has EARTH Power retained any 3<sup>rd</sup> Parties to study its operation facility needs? Please provide copies of all 3<sup>rd</sup> Party reports.

#### VECC-3

Ref: Appendix A p. 11-14

ERTH Power explains the Bell Street Property Challenges.

Please provide a breakdown of costs to rectify these property challenges.

#### VECC-4

Ref: Appendix A p. 14

ERTH Power explains the Aylmer Property Challenges.

Please provide a breakdown of costs to rectify these property challenges.

#### VECC-5

Ref: Appendix A p.15

ERTH Power has determined that addressing the challenges associated with its Bell St and Aylmer Properties is best performed through a consolidation of both facilities into a new Operations and Administrative property (New Facility).

- a) Please provide the cost/benefit analysis to support this assessment.
- b) Please provide a Business Case to support this assessment.
- c) Please provide any third-party studies of the Bell Street and Aylmer properties.

#### VECC-6

Ref: Appendix A p.15

ERTH Power discusses the ability to reduce the cost of rent (Bell St. Property to 0%, Aylmer Property to 50% for use as job and emergency staging) through consolidated operations. ERTH Power recognizes that the cost of rent is currently embedded within its approved rates. ERTH Power is open to innovative ways to recognize the savings on rent charges within the confines of an ICM application.

- a) Please provide the savings on rent charges calculation.
- b) Please provide a breakdown of the rent costs embedded in approved rates.
- c) Please explain further the job and emergency staging related to the 50% rent proposal of the Aylmer property.

#### VECC-7

Ref: Appendix A p.16

In Table 1, ERTH Power identifies the major specifications required of a New Facility.

- a) Please explain the process of how these specifications and new facility characteristics were determined.
- b) Please provide the internal documents that set out these specifications.

#### VECC-8

Ref: Appendix A p.17

ERTH Power determined that Ingersoll is the optimal location for the New Facility.

- a) Did ERTH Power consider other locations? If not, why not?
- b) If yes, please provide other locations considered and the analysis and criteria used to determine Ingersoll is the optimal location for the New Facility.

#### VECC-9

Ref: Appendix p. 17

In early 2023, ERTH Power's conditional offer to purchase land in Ingersoll for its New Facility was accepted by the property seller.

- a) What was ERTH Power's condition and was it accepted by the vendor? Provide details.
- b) Did ERTH Power consider other land opportunities to purchase in Ingersoll? Provide details.

- c) Please explain how ERTH Power's land costs of \$6.217 million for the New Facility compare to the market prices for similar properties.

VECC-10

Ref: Appendix p. 17

ERTH Power commissioned Powell Engineering to produce an engineering design of the New Facility that meets its requirements and mitigates the challenges noted above with the Bell St and Aylmer Properties.

- a) Please describe the process ERTH Power followed to retain Powell Engineering.
- b) Did ERTH Power consider other engineering designs for the New Facility? If yes, please provide details of the alternatives considered including costs and the criteria used to decide to proceed with this design of Powell Engineering.

VECC-11

Ref: Appendix p. 18

The New Facility is being designed to be a serviceable operations and administrative center that once completed, will house ERTH Power's employees and generate rental income from ERTH CORP.

Please provide the rental income details and forecast amounts for the next three years.

VECC-12

Ref: Appendix p. 18

Table 2 provides a breakdown of New Facility Costs.

- a) Please provide a details breakdown of Building Costs.
- b) Please provide a detailed breakdown of Furniture, Fixtures & Equipment.
- c) Please provide a detailed breakdown of Mechanical and Energy Systems.

VECC-13

Ref: Appendix p. 29

In order to assess the relative reasonableness and prudence of EARTH Power's New Facility, a benchmarking analysis was completed which compared the new building to those of other mid-sized distributors in Ontario in recent years, across a variety of metrics.

- a) Please provide a copy of the benchmarking analysis document.
- b) Please explain how the peer group was chosen.
- c) Please identify other utilities considered but not included in the analysis and why.
- d) Please provide the underlying data in Figures 8-14.