



# **ERTH Facilities ICM Model Output Summary**

**Data Set: November 27, 2023**

**Utilis Consulting Inc.**

# New Operations Centre Financials/Assumptions

ERTH MAIN Rate Zone			
Project Descriptions:	Proposed ACM/ICM	Amortization Expense	CCA
Building	\$ 14,005,120	\$ 350,128	\$ 560,205
Solar Photovoltaic System	\$ 1,185,000	\$ 59,250	\$ 355,500
Ground-Source Heat Pump System	\$ 2,370,000	\$ 94,800	\$ 1,185,000
Furnishings	\$ 688,880	\$ 68,888	\$ 137,776
Land	\$ 4,266,000	\$ -	\$ -
<b>Sub-Total</b>	<b>\$ 22,515,000</b>	<b>\$ 573,066</b>	<b>\$ 2,238,481</b>
ERTH GODERICH Rate Zone			
Project Descriptions:	Proposed ACM/ICM	Amortization Expense	CCA
Building	\$ 3,722,880	\$ 93,072	\$ 148,915
Solar Photovoltaic System	\$ 315,000	\$ 15,750	\$ 94,500
Ground-Source Heat Pump System	\$ 630,000	\$ 25,200	\$ 315,000
Furnishings	\$ 183,120	\$ 18,312	\$ 36,624
Land	\$ 1,134,000	\$ -	\$ -
<b>Sub-Total</b>	<b>\$ 5,985,000</b>	<b>\$ 152,334</b>	<b>\$ 595,039</b>
ERTH TOTALS			
Project Descriptions:	Proposed ACM/ICM	Amortization Expense	CCA
Building	\$ 17,728,000	\$ 443,200	\$ 709,120
Solar Photovoltaic System	\$ 1,500,000	\$ 75,000	\$ 450,000
Ground-Source Heat Pump System	\$ 3,000,000	\$ 120,000	\$ 1,500,000
Furnishings	\$ 872,000	\$ 87,200	\$ 174,400
Land	\$ 5,400,000	\$ -	\$ -
<b>Grand Total</b>	<b>\$ 28,500,000</b>	<b>\$ 725,400</b>	<b>\$ 2,833,520</b>

New Building cost summary, excluding HST		Interest	Total	Useful Life	CCA Class & %
Building	16,222,000	875,760.30	17,097,760.30	40 yrs	1 = 4%
Includes \$1M contingency					
Solar	1,500,000	80,978.95	1,580,978.95	20 yrs	43.1 = 30%
Ground Source Heat Pump	3,000,000	161,957.89	3,161,957.89	25 yrs	43.2 = 50%
Engineering fees	1,506,000	81,302.86	1,587,302.86	40 yrs	1 = 4%
	22,228,000	1,200,000	23,428,000		
Furniture	872,000	-	872,000.00	10 yrs	8 = 20%
Land	5,400,000	761,000	6,161,000.00	-	
	<b>28,500,000</b>	<b>1,961,000</b>	<b>30,461,000</b>		

- ▶ Current forecasted project cost:
  - ▶ New Operations Centre: \$23.5M
  - ▶ Furniture: \$0.9M
  - ▶ Land Purchase: \$6.1M
  
- ▶ Forecasted capital allocated 79% Main Rate Zone & 21% Goderich Rate Zone

# New Operations Centre: Revenue Requirement

- ▶ Total Forecasted ICM Revenue Requirement of \$1.94M per year until rebasing May 1, 2028
- ▶ Assumptions:
  - ▶ Capital, Amortization & CCA as per Financial Assumptions slide (i.e. prior slide)
  - ▶ Forecasted capital allocated 79% Main Rate Zone & 21% Goderich Rate Zone
  - ▶ Inflation Rate of 3.7%, Stretch Factor of 0.3%
  - ▶ Use of 2024 OEB ICM Model's which will be updated for 2025 ICM application

ERTH Main Incremental Revenue Requirement	
Component	Amount
Return on Rate Base - Total	\$ 1,274,793
Amortization Expense - Total	\$ 545,823
Grossed-Up Taxes/PILs	-\$ 297,110
Sub-Total Incremental Revenue Requirement	\$ 1,523,506
ERTH GODERICH Incremental Revenue Requirement	
Component	Amount
Return on Rate Base - Total	\$ 343,540
Amortization Expense - Total	\$ 152,334
Grossed-Up Taxes/PILs	-\$ 83,091
Sub-Total Incremental Revenue Requirement	\$ 412,783
ERTH TOTAL Incremental Revenue Requirement	
Component	Amount
Return on Rate Base - Total	\$ 1,618,333
Amortization Expense - Total	\$ 698,157
Grossed-Up Taxes/PILs	-\$ 380,201
<b>Grand Total Incremental Revenue Requirement</b>	<b>\$ 1,936,289</b>

# New Operations Centre: Revenue Requirement

- ▶ Total Forecasted ICM Revenue Requirement of \$1.94M per year until rebasing May 1, 2028
- ▶ Materiality Thresholds:
  - ▶ Main Rate Zone: \$4,586,187
  - ▶ Goderich Rate Zone: \$757,779
- ▶ Assumptions:
  - ▶ Capital, Amortization & CCA as per Financial Assumptions slide (i.e. prior slide)
  - ▶ Forecasted capital allocated 79% Main Rate Zone & 21% Goderich Rate Zone
  - ▶ Inflation Rate of 3.7%, Stretch Factor of 0.3%
  - ▶ Use of 2024 OEB ICM Model's which will be updated for 2025 ICM application

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# New Operations Centre: Estimated Bill Impacts

- ▶ Total Bill Impact Range Residential
  - ▶ MAIN Rate Zone: 3.2%
  - ▶ GODERICH Rate Zone: 3.94%
- ▶ Distribution Bill Impacts are greater than 10% across all Rate Classes (See note below regarding Goderich Street Lighting)
- ▶ Note: Issue with Goderich 2024 IRM Model in which the kW rate for Streetlighting Class is being applied to kWh billing determinants. Estimated bill impacts are consistent with this IRM Model. Utilis can adjust the bill impacts to correct for the issue if ERTH would like.

ERTH MAIN Rate Zone Bill Impacts Due to ICM Revenue		
ICM Rate Rider Bill Impacts	Distribution Impact	Total Impact
RESIDENTIAL SERVICE CLASSIFICATION	11.72%	3.21%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	11.64%	2.19%
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	11.71%	0.52%
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	11.71%	0.44%
LARGE USE SERVICE CLASSIFICATION	11.71%	0.77%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	11.71%	4.23%
SENTINEL LIGHTING SERVICE CLASSIFICATION	11.74%	7.02%
STREET LIGHTING SERVICE CLASSIFICATION	11.72%	2.50%
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	11.71%	2.81%

ERTH GODERICH Rate Zone Bill Impacts Due to ICM Revenue		
ICM Rate Rider Bill Impacts	Distribution Impact	Total Impact
RESIDENTIAL SERVICE CLASSIFICATION	13.79%	3.94%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	13.84%	2.78%
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	13.78%	0.71%
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	13.78%	0.44%
LARGE USE SERVICE CLASSIFICATION	13.78%	0.82%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	13.78%	10.63%
SENTINEL LIGHTING SERVICE CLASSIFICATION	13.79%	0.15%
STREET LIGHTING SERVICE CLASSIFICATION	5.49%	4.23%