



MILTON HYDRO DISTRIBUTION INC.

200 Chisholm Drive, Milton, Ontario, L9T 3G9
Telephone (905) 876-4611 • Fax (905) 876-2044

June 30, 2022

RESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON, M4P 1E4

Attention: Nancy Marconi, Registrar

Dear Ms. Marconi:

**Re: Milton Hydro Distribution Inc. (Milton Hydro)
EB-2022-0049: Cost of Service Rate Application for 2023 Electricity Distribution Rates
(Application) – Updated Redacted Information Relating to Control Room**

Milton Hydro filed the Application on April 14, 2022. In the Application, Milton Hydro made a request for confidential treatment of certain information related to the physical location of its control room based on security concerns, pursuant to the OEB's Practice Direction on Confidential Filings.

In the OEB's decision on confidentiality regarding Milton Hydro's confidential treatment on the physical location of its control room, the OEB accepted Milton Hydro's confidential treatment regarding the control room¹. The OEB stated that Milton Hydro acknowledged that it inadvertently redacted the square footage of the control room and was amenable to disclosing the square footage of the control room. The OEB agreed that the square footage of the control room should be disclosed on the public record.

Milton Hydro provides the enclosed updates to the following redacted evidence on the public record to disclose the square footage of the control room:

Appendix 'A' - Updated Excerpts from the Building Renovations Business Case

Appendix 'B' - Updated Excerpts from the Cresa Strategic Facility Plan Report

Appendix 'C' - Updated Excerpts from the Bringing Disallowed Space into Rate Base Business Case

Yours truly,

Dan Gopic, CPA, CMA
Director, Regulatory Affairs
Milton Hydro Distribution Inc.

cc: Tim Pavlov, Torys LLP

¹ EB-2022-0049 OEB Decision on Confidentiality and Issues List, June 29, 2022

APPENDIX 'A'

Updated Excerpts from the Building Renovations Business Case

Building Renovations

With a continuously growing customer base and the resulting need for additional employees, Milton Hydro decided to improve its space utilization across the office portion of the premises. To assist Milton Hydro to develop such plans, in 2021, the utility retained a third-party expert, Cresa, to develop a Strategic Facility Plan (SFP) with recommendations to address the utility's needs and requirements.

Cresa (i) reviewed and assessed the current layout of the building as well as Milton Hydro's forecasted FTE growth projections, (ii) identified future requirements for the premises and (iii) developed a feasibility plan to accommodate a control room operations, the forecasted FTE growth, and other needs of Milton Hydro and its customers, such as relocating a customer service desk¹. More specifically, the SFP reports provides the following three-phase feasibility plan to address Milton Hydro's near and long-term business objectives in connection with the improved space utilization over the next five years:

Phase I – Control Room and FTE Growth - \$1,111,882

The following outlines the scope of Phase I work:

- [REDACTED] – 1,400 Sq. Ft.
- Add new workstations and offices [REDACTED] - 3,800 Sq. Ft.
- Add additional hoteling on the ground floor for Lines.
- Add informal collaboration spaces in various open areas in the space plan

Phase II – Relocate Customer Service Desk - \$369,288

- Milton Hydro determined that the location of the customer service department including the Customer Service Desk needs to be relocated from the 2nd Floor to the 1st Floor.
- The elevator near the service desk does not function properly, is very small and operates exceptionally slowly. There is a large staircase that customers would otherwise need to use to get to the customer service counter.

¹ The SFP can be found in Exhibit 2 Attachment 2-2 of Exhibit 2, Appendix I. Cresa Strategic Facilities Plan.



As part of its Phase I Implementation Plan

In 2022, Milton Hydro plans to implement the Phase I of the SFP. More specially, Milton Hydro will invest approximately \$1,100,000 to build a control room² and add new workstations and offices to accommodate forecasted FTE growth [REDACTED] Milton Hydro also plans to add additional hoteling on the ground floor for Lines; and informal collaboration spaces in the open areas of the plan. In the SFP, Cresa identified that the current layout of the building provides assigned seating for 63 employees. Based on Milton Hydro's FTE projections, by 2023, the utility will have 83 employees that will require 71 seats and by 2026, the utility anticipates having 93 staff that will require 80 seats.

The utility plans on issuing a Request for Proposal in Q2 2022 and completing the renovation work by the end of 2022 so that the new renovated space is used and useful by the end of that year.

As part of its Phase II Implementation Plan

In 2024, Milton Hydro plans to invest approximately \$370,000 to relocate its customer service desk from the second floor to the ground floor to provide a more customer centric experience for visitors.

As part of its Phase III Implementation Plan

Milton Hydro will have the current state of the windows professionally evaluated to determine when replacement work should be completed. The utility expects to incur costs associated with replacing its windows in 2024 and 2025 with the goal of completing all the work by the end of 2025.

² For further details on the business case for the control room and the estimated construction capital costs, refer to Exhibit 4 sub-section 4.4.2.4 Network Control Room Operations.

APPENDIX 'B'

Updated Excerpts from the Cresa Strategic Facility Plan Report

Executive Summary

CONFIDENTIAL

- Milton Hydro engaged Cresa to complete a Strategic Facilities Plan for its current head office and operations facility located at 200 Chisholm Drive, Milton (“Premises”). Cresa was selected based upon its experience within the power distribution industry including completing similar work for Alectra, Toronto Hydro and other organizations.
- Milton Hydro recognizes that the layout of the Premises are inefficient and requires a plan to better align the Premises with Milton Hydro’s near and long-term business objectives over the next 5 years.
- The current facility can accommodate dedicated seats for 63 employees. Preliminary space programming suggests that Milton Hydro will require approximately 80 seats to accommodate its forecasted FTE growth over the next 5 years.
- Employees have indicated that there is not enough collaborative spaces within the current facilities, due to meeting rooms being converted to offices as a result of FTE growth.
- Milton Hydro has also suggested that the location of the Customer Service desk is not ideal as it requires visitors to the building to use the stairs or elevator.
- A feasibility plan was completed by Cresa that demonstrated that [REDACTED] could accommodate [REDACTED] and the forecasted FTE growth. Additional formal and informal meeting space was added [REDACTED] of the existing premises.
- A feasibility plan was completed to demonstrate how the Customer Service desk could be relocated to the ground floor.
- The total cost of the renovations is estimated to be \$1.5 million based upon Class “D” estimates prepared by Cresa.
- Cresa also observed that the windows throughout the office area of the building are original, and Milton Hydro should develop a plan to have these replaced. The estimated cost of replacement is approximately \$750,000.

Introduction

CONFIDENTIAL

Background

- Milton Hydro engaged Cresa to complete a Strategic Facilities Plan for its current head office and operations facility located at 200 Chisholm Drive, Milton (“Premises”).
- The Premises are comprised of a total of 91,828 SF broken down as following:
 - 59,028 SF of Warehouse/Operations Space
 - 32,800 SF of Office/Administration Space
- The current layout provides assigned seating for 63 employees.
- Milton Hydro recognizes that the layout of the current Premises is inefficient, and that better planning could allow it to achieve a better utilization rate across the office portion of the Premises.
- Milton Hydro would like to construct its own [REDACTED] [REDACTED] 5,160 square feet [REDACTED]
- Mezzanine space utilized for additional FTE growth.
- Meeting space created in open areas throughout office
- Cresa was selected based upon its experience within the power distribution industry including completing similar work for Alectra, Toronto Hydro and other organizations.

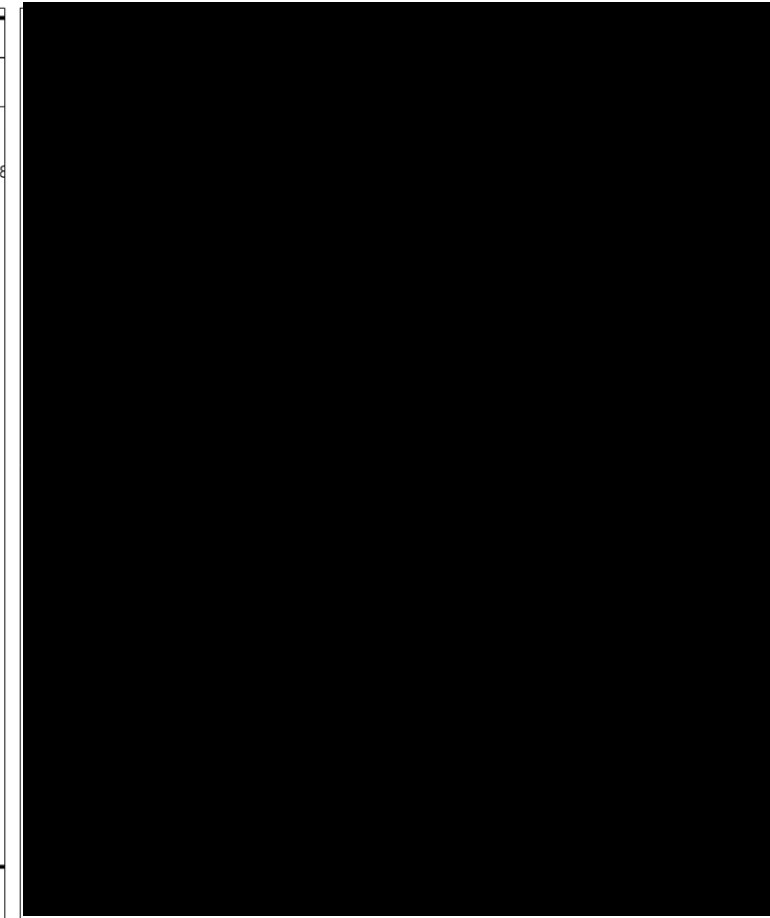
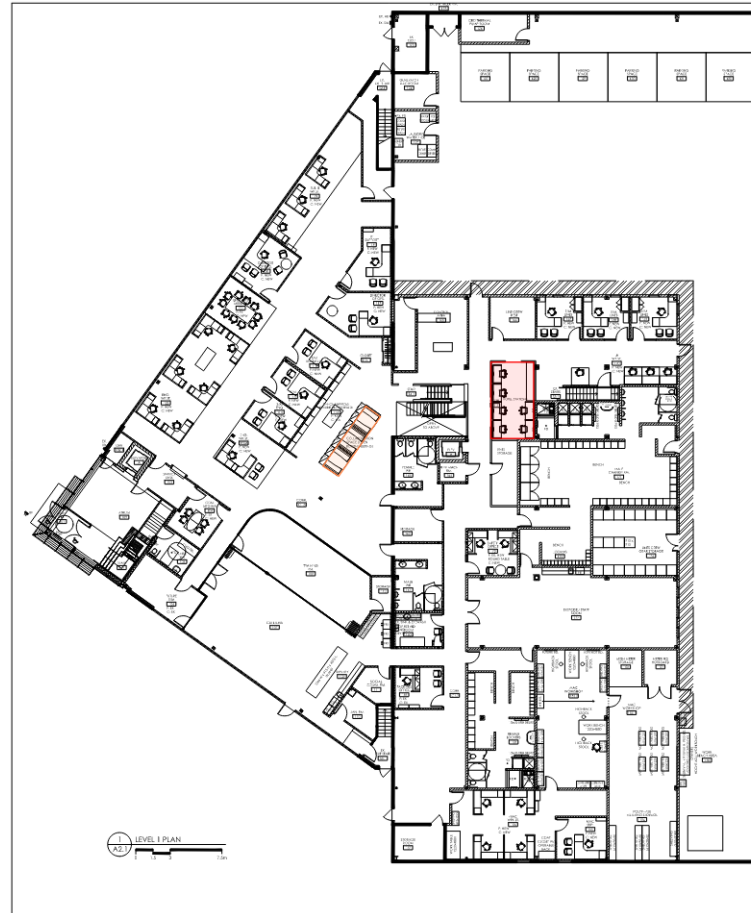


Recommendations

CONFIDENTIAL

Phase I – Control Room & FTE Growth

- Cresa has prepared a feasibility plan to demonstrate how the premises can be modified to meet Milton Hydro's requirements over the next 5 years. Modifications include:
 - [REDACTED] (1,400 SF).
 - Added new workstations and offices in [REDACTED] on the 2nd floor to accommodate forecasted FTE growth (3,800 SF).
 - Added additional hoteling on the ground floor for Lines.
 - Added informal collaboration spaces in the open areas of the plan.



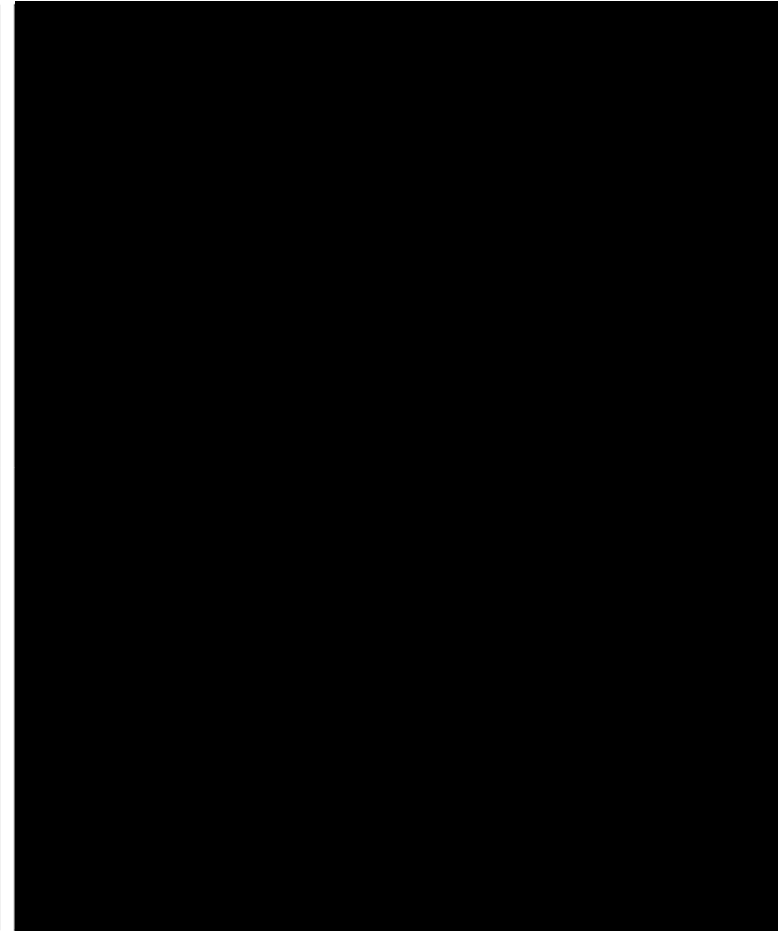
Recommendations

CONFIDENTIAL

Phase II – Relocate Customer Service Desk

- Cresa prepared a feasibility plan to relocate the Customer Service Desk to the ground floor in order to provide a more customer centric experience for visitors and customers to the building.
- A Class “D” budget was prepared for the proposed changes as summarized below.

Item	Total
Professional Fees	\$44,190
Construction	\$252,430
Furniture, Fixtures & Equipment	\$7,000
Technology (Security & Cabling)	\$17,500
Project Contingency	\$48,168
Total Project Cost	\$369,288



APPENDIX 'C'

**Updated Excerpts from the Bringing Disallowed Space
into Rate Base Business Case**

CONFIDENTIAL

In 2023, 56 offices/workstations will be required in the Office & Administration space (excluding the Control Room). Based on the 2016 ratio of 619 sq. ft. of space approved per employee, the requirement for 2023 would be 34,664 sq. feet of space. This represents a theoretical incremental space requirement of 8,664 sq. ft. Milton Hydro realizes that there is common space that is utilized by the incremental offices/workstations and that through planning and optimization of space configuration the theoretical space requirement can be reduced. Through consultation with Cresa, who prepared the Strategic Facility Plan, [REDACTED]

[REDACTED] 1,640 sq. ft. [REDACTED]
[REDACTED] 3,760 sq. ft. [REDACTED] 1,400 sq. ft.
[REDACTED] (3,760 sq. ft.+ 1,400 sq. ft.) = 5,160 sq. ft. [REDACTED]
[REDACTED]

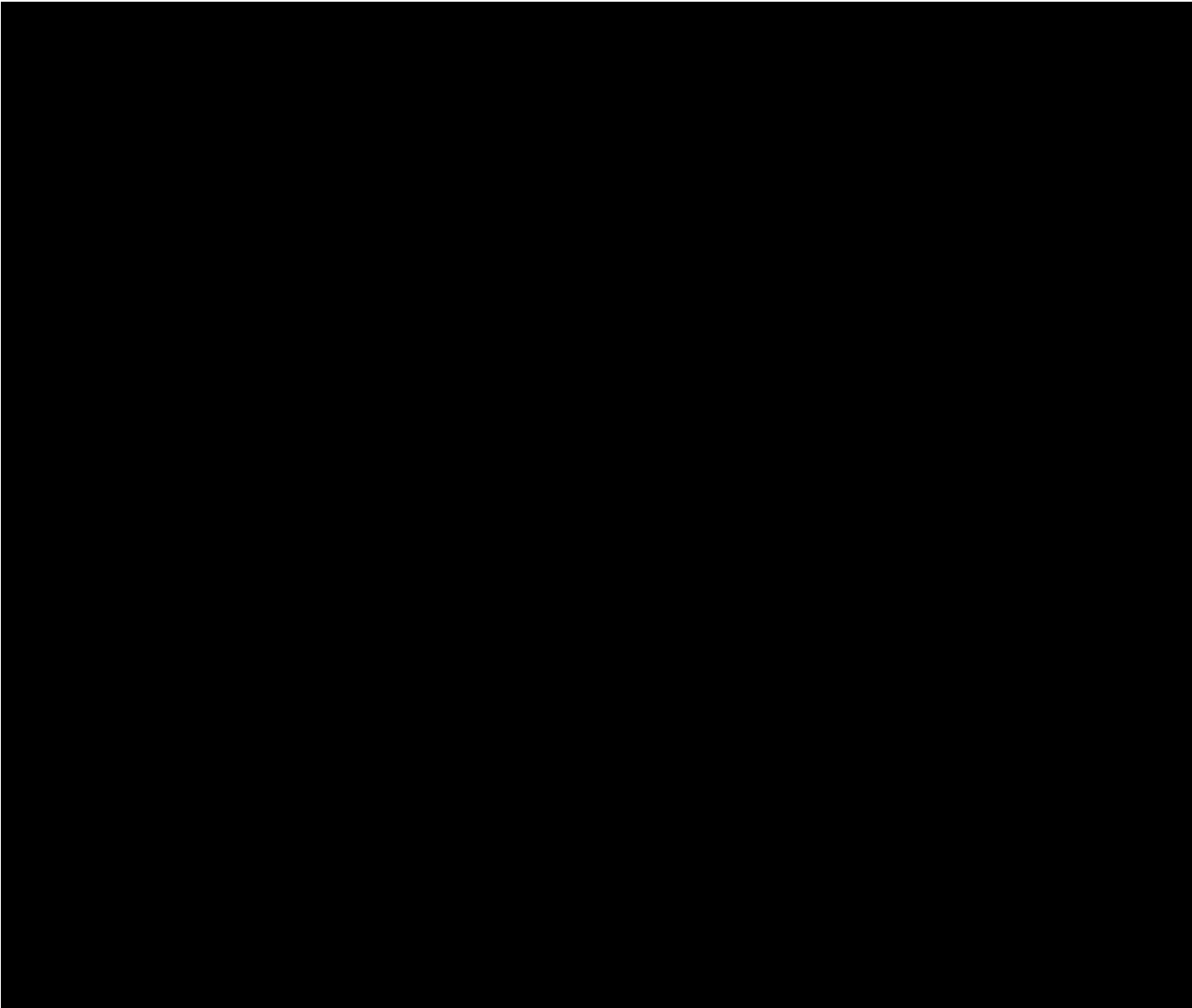
The following sections identify the specific areas that are requested to be in rate base effective January 1, 2023. Overall, in the Office & Administration area, Milton Hydro is requesting to bring into rate base the net book value of 6,800 sq. ft. of space (5,160 sq. ft. finished mezzanine + 1,640 sq. ft. previous excess space that is now being used for provision of electricity service).

[REDACTED] **5,160 Square Feet** [REDACTED]

[REDACTED]

[REDACTED] 1,400 sq. ft.
[REDACTED] 3,760 sq. ft.. [REDACTED]

CONFIDENTIAL



[Redacted] \$267,684² [Redacted]

3.2 Office & Administration (excluding mezzanine) 1,640 Square Feet

With minor reconfiguration and renovation, the existing Office & Administration space can be arranged to improve utilization and add workstations/meeting rooms. Phase I of the Cresa report will include renovations to space [Redacted] and include 2 meeting rooms, 3 collaborative spaces and additional hoteling space for operations. This will help to accommodate the additional FTE’s anticipated for 2023 and also create space for modest growth over the

² \$1,214,822 / \$1,429,202 = 85% X \$314,922 = \$267,684