



## Staff Report

**Report Title: Ripley Industrial Park Hydro Servicing Agreement**

**Prepared By: John Yungblut, Director of Public Works**

**Department: Public Works**

**Date: Jul. 3, 2023**

**Report Number: PW-2023-07-40**

**File Number: C11 PWO 23**

**Attachments: Hydro One Draft Servicing Agreement**

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### **Recommendation:**

THAT the Township of Huron-Kinloss Committee of the Whole hereby receives for information Report Number PW-2023-07-40, prepared by John Yungblut, Director of Public Works;

AND authorizes entering into a hydro servicing agreement with Hydro One Networks Inc. for the Ripley Industrial Park;

AND FURTHER authorizes Staff to proceed with Option A as outlined;

AND FURTHER authorizes entering into an easement agreement with Hydro One Networks Inc;

AND FURTHER authorizes any appropriate by-laws be brought forward to the next Council meeting.

### **Background:**

Township staff have received the final primary hydro servicing plan for the Ripley Industrial Park and the servicing agreement. The agreement requires a deposit of \$97,392.26 plus HST, which will be refunded as customers are connected within the first five years after the development is energized. The amount refunded will be \$5,514.23 per connection, which means that we will need eighteen connections within the first five years to fully recover the deposit.

The agreement also offers two options for the construction of the primary hydro servicing:

Option A – Hydro One completes all the work and the Township will receive a refund of \$1,130 after the work is completed and further refunds are based on customer connections made each year.

Option B – the Township hires a contractor to complete the “contestable” work and Hydro One only makes the necessary connections to energize the system (referred to as “non-contestable” work). Under this option the Township is eligible to receive a refund of \$61,084.18.

The Township will also be required to execute easement agreements along the primary hydro lines in favour of Hydro One. This is intended to provide access for future line maintenance.

**Discussion:**

After Staff reviewing the agreement, a review by the Township Solicitor and discussing the two options further with Hydro One, Township staff would prefer to proceed with Option A because of the expected cost savings.

In Option B, the Township does have more control over the schedule, however, we anticipate that the construction of the “contestable” work will be approximately \$95,000. Once the refund of \$61,084.18 is applied, the net cost is expected to be \$34,000 rather than the refund of \$1,130 if Option A is selected.

The only potential concern with Option A is the lack of control over the construction schedule. Township staff have been informed by Hydro One that they expect construction under Option A to begin in August and be completed in one week.

Based on the size of lots sold so far, Staff are not expecting to have eighteen connections within the first five years, so we may not be able to fully recover our deposit.

**Financial Impacts:**

The capital budget included \$100,000 for hydro servicing costs. This will cover the portion of the \$97,392.26 plus HST deposit that is not refunded by Hydro One after five years. This is being recovered by the sale of lots.

**Strategic Alignment / Link:**

Action Item P4.1 – Ripley Industrial Park

**Respectfully Submitted By:**

John Yungblut, Director of Public Works, C.E.T.

**Approved By:**

Mary Rose Walden, Chief Administrative Officer