

Hydro One Networks Inc.

7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5721
Cell: (905) 399-5721
Jeffrey.Smith@HydroOne.com



Jeffrey Smith

Director, Regulatory Initiatives, Compliance and Support

January 21, 2019

BY COURIER

Ms. Kirsten Walli
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON, M4P 1E4

Dear Ms. Walli:

EB-2018-0218 – Hydro One Sault Ste. Marie’s Application for 2019 Revenue Cap and Other Related Matters – Undertaking Responses

Please find enclosed responses to undertakings from the Technical Conference held on January 14 - 15, 2019 in regards to the above noted proceeding.

This filing has been submitted electronically using the Board's Regulatory Electronic Submission System and two (2) hard copies will be sent via courier.

Sincerely,

ORIGINAL SIGNED BY JEFFREY SMITH

Jeffrey Smith

UNDERTAKING – JT 1.1

1
2
3
4
5
6
7
8
9

Undertaking

To file the services agreement between Hydro One and Hydro One Sault Ste. Marie, subject to proprietary or confidential information

Response

See the Affiliate Agreement for HOSSM included with this undertaking as Attachment #1.

THIS AGREEMENT made in duplicate as of the 1st day of October, 2018 (the “Effective Date”).

BETWEEN:

HYDRO ONE NETWORKS INC.
(the “Services Provider”)

- and -

HYDRO ONE SAULT STE. MARIE LP,
By its General Partner, Hydro One Sault Ste. Marie Inc.
(the “Services Recipient”)

1.0 PREFACE

This Agreement is intended to identify the services that are to be provided to the Services Recipient by the Services Provider in accordance with the terms and conditions herein. Except as otherwise specified, the term of this Agreement shall be for a period of 1 year commencing on the Effective Date.

2.0 SERVICES

The Services Provider shall provide the following types of services to the Services Recipient, which collectively constitute the Services and which are more particularly described in Schedule “A” attached hereto, as may be required by the Services Recipient from time to time during the term of this Agreement:

- Asset and Work Management Services
- Engineering Services
- Environmental Services
- Facilities
- Fleet Services
- Flight Safety Services
- Forestry services
- Health and Safety Services
- Joint Use Services
- Large Customer Accounts Services
- Safety Services
- Settlement Services
- Supply Chain
- Transmission, Construction, and Maintenance Services

3.0 DEFINITIONS

In this Agreement, including the recitals and Schedules hereto, in addition to terms defined elsewhere in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words shall have the following meanings:

- (a) **“Agreement”** means this Agreement between the Services Recipient and the Services Provider and shall include Schedules “A”, “B”, “C”, “D”, “E” and “F” attached hereto and any amendments to the body of this Agreement and to the Schedules.
- (b) **“Substantial Performance of the Services”** means the point at which the Services are ready for use or are being used by the Services Recipient for the purpose intended.

4.0 FEES PAYABLE

- (a) The price for the performance of the Services described in Schedule “C” hereto shall be as specified in the said Schedule “C” and shall be exclusive of any sales and use taxes as may be applicable. In the event that the parties agree that the Services Recipient shall pay the Services Provider for the Services on a time and materials basis, such time and materials basis shall be in accordance with the Services Provider’s 2017-2018 hourly rates by job category and fleet rates, which hourly rates and fleet rates may be amended from time to time by mutual agreement of the parties. The parties acknowledge and agree that the Services Recipient has received the Services Provider’s 2017-2018 hourly and fleet rates from the Services Provider.

The parties agree that the price for the Services shall be paid by the Services Recipient to the Services Provider by means of monthly electronic journal transfers which shall be reflected in the applicable books and records of each party or by direct time reporting through Hydro One Inc.’s payroll system.

- (b) The parties acknowledge and agree that they qualify as specified members of a closely related group under subsection 156(1) of the *Excise Tax Act (Canada)*, as amended (the “Act”) and have jointly executed a Form GST25, to make an election under subsection 156(2) of the Act to deem the purchase and sale of the Services to be made for nil consideration for purposes of HST. For the purposes of this Agreement, “HST” means the federal Harmonized Sales Tax chargeable in accordance with Part IX of the Act, as amended, or any similar value-added tax that may be applicable during the term of this Agreement to the Services to be provided hereunder.

5.0 REPRESENTATIONS AND WARRANTIES

- (a) The Services Provider represents and warrants that:
 - (i) it has all the necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder;
 - (ii) the execution of this Agreement and compliance with and performance of the terms, conditions, and covenants contemplated herein have been duly authorized by all necessary corporate action on the part of the Services Provider;

- (iii) all staff employed in the performance of the Services shall have the qualifications, expertise and experience which could reasonably be expected of staff of a services provider performing work similar to the Services; and
 - (iv) all material, tools, machinery and equipment provided by the Services Provider to the Services Recipient as part of the Services shall be new and of a quality best suited to the purpose required and their use subject to the approval of the Services Recipient.
- (b) The Services Recipient represents and warrants that:
- (i) it has all the necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder; and
 - (ii) the execution of this Agreement and compliance with and performance of the terms, conditions, and covenants contemplated herein have been duly authorized by all necessary corporate action on the part of the Services Recipient.

6.0 PERFORMANCE OF THE SERVICES

- (a) **Access to Site:** For each type of Services to be performed, the Services Recipient shall provide the Services Provider with an opportunity to visit and examine the site at which the said type of Services are to be performed prior to commencement of the performance of the said type of Services. Upon commencement of performance of the said type of Services, the Services Provider shall be deemed to have represented and warranted, along with the representations and warranties in Section 5.0(a) above, that the Services Provider has visited and examined the site at which the said type of Services are to be performed and that the Services Provider has satisfied itself as to the form and nature of the site, the quantities and nature of the Services to be performed, the labour conditions existing in the area for the Services involved, facilities present on site, access to the site, the seasonal conditions limiting access to the site, the materials necessary for the performance of the Services, and any restrictions or barriers present at the site that would impact the performance of the Services and which the Services Provider was able to reasonably detect upon examination of the site.
- (b) **Compliance with Standards, Specifications and Applicable Law:** The Services Provider shall perform the Services in a diligent and professional manner and shall comply with the Services Recipient's computer data management and data access protocols contained in the Services Recipient's documents entitled document entitled "Security Policy" (SP 1686 R1) dated December 2016 and any amendments thereto which may be made from time to time by the Services Recipient. The Services Provider shall comply at all times with all statutes, regulations, by-laws, standards and codes as may be applicable to the Services Provider in respect of the Services and the performance of its obligations hereunder and it shall, at its own expense, obtain and maintain in good standing all permits and licences required by any authorities having jurisdiction to perform the Services.

The Services Provider shall also comply with the General Standards and Specifications set out in Schedule "A" attached hereto and the service levels identified in Schedule "C", as may be applicable, in its performance of the Services.

The Services Provider shall be responsible for coordinating all related work activities to be performed.

- (c) **Input from Services Recipient:** The Services Recipient shall cooperate and provide any required input as might be requested by the Services Provider, on a timely basis, to facilitate the performance of the Services by the Services Provider. In addition, the Services Recipient shall disclose to the Services Provider on a timely basis any information within the Services Recipient's possession or control which may reasonably affect the ability of the Services Provider to meet its obligations under this Agreement.
- (d) **Constructor:** The parties acknowledge and agree that the Services Provider shall be the "Constructor" of the Services performed within the meaning of the *Occupational Health and Safety Act*, R.S.O. 1990, c. 0.1, as amended and the regulations thereunder and shall have all of the responsibilities and liabilities of a "Constructor".
- (e) **Safety and Security Measures:** When any part of the Services is to be performed at the Services Recipient's premises, all of the Services Provider's staff engaged in the performance of the Services at the said premises shall comply with the safety and security requirements and measures in effect at the said premises.
- (f) **Cleanup:** The Services Provider shall maintain the location at which the Services are performed in a tidy condition and free from the accumulation of waste products and debris, other than that caused by the Services Recipient, its contractors or their respective employees. Upon completion of the Services, the Services Provider shall remove the material, tools, machinery and equipment and waste products and debris, other than those resulting from the work of the Services Recipient, its contractors and their respective employees.
- (g) **Review and Inspection of the Services:** The Services Recipient shall have access to the Services at all times. The Services Provider shall provide sufficient, safe, and proper facilities at all times for the review of the Services by the Services Recipient. The Services Recipient may order any portion or portions of the Services to be examined to confirm that such work is in accordance with the requirements of this Agreement. If the work is not in accordance with the requirements of this Agreement, the Services Provider shall correct the work and pay the cost of examination and correction. If the work is in accordance with the requirements of this Agreement, the Services Recipient shall pay the cost of examination and restoration. No payment by the Services Recipient shall constitute an acceptance of any portion of the Services which are not in accordance with the requirements of this Agreement.
- (h) **Defective Services:** The Services Provider shall promptly remove from the site at which the Services have been performed and replace or re-execute defective work that has been rejected by the Services Recipient as failing to conform to this Agreement whether or not the defective work has been incorporated in the Services and whether or not the defect is the result of poor workmanship, use of defective products, or damage through carelessness or other act or omission of the Services Provider. The Services Provider shall promptly make good other contractors' work destroyed or damaged by such removals or replacements at the Services Provider's expense. If, in the reasonable

opinion of the Services Recipient it is not expedient to correct defective work or work not performed as provided in this Agreement, the Services Recipient may deduct from the amount otherwise due to the Services Provider the difference in value between the work as performed and that called for by this Agreement. If the Services Provider and Services Recipient do not agree on the difference in value, they shall follow the dispute resolution procedures outlined in Section 8.0 herein.

- (i) **Meetings:** The parties agree to meet quarterly after the Effective Date to review performance, quality and timeliness of the Services provided by the Services Provider.
- (j) **Emergency Priority:** Upon determination by the Services Recipient that the Services Recipient is in an emergency situation, the Services Provider shall give first priority to responding to the said emergency, in priority over any emergency response commitments that the Services Provider may have to a third party.

7.0 CHANGES TO SERVICES

Either party may request a change to the scope of work including work already in progress in accordance with this Section.

If either party desires a change in the work described in the Services, it shall complete and submit to the other party, a Change Notification Form (the "CNF") in the form attached hereto as Schedule "B". The CNF shall identify the reasons and impact (cost and schedule) of the change. The other party shall respond to the CNF no later than 10 business days after receipt thereof. In the event that the parties agree with the change in the scope of work, price and/or time for completion, the parties shall execute the CNF and the executed CNF shall be attached to this Agreement.

In the event that the parties agree on the change in the scope of work but do not agree on a revised price for the changed scope of work, the price shall be fixed on a time and materials basis in accordance with the Services Provider's 2017-2018 hourly rates as may be amended pursuant to this Agreement and the CNF shall be executed by the parties accordingly. The Services Provider shall provide the Services Recipient with an invoice for the said changed scope of work that is payable on a time and materials basis and the invoice shall include a description of the work performed, a breakdown of the number of hours worked and applicable hourly rates. The Services Provider shall also provide to the Services Recipient such other information and supporting documentation as the Services Recipient may reasonably require. Such invoices, information and supporting documentation shall at all reasonable times be open to audit, inspection and copying by the Services Recipient and shall be preserved and kept available by the Services Provider for audit by the Services Recipient until the expiration of two years from the completion date of the changed scope of work.

The Services Provider shall not be obligated to carry out any change in the scope of work and the Services Recipient shall not be obligated to pay for any change in the scope of work unless and until the relevant CNF has been executed.

8.0 DISPUTE RESOLUTION PROCEDURES

Any controversy, dispute, difference, question or claim arising between the parties in connection with the interpretation, performance, construction or implementation of this Agreement that

cannot be resolved by a Director from each party (collectively "Dispute"), other than a Dispute regarding any change to the scope of work activities processed under Section 7.0 above, shall be settled in accordance with this Section. The aggrieved party shall send the other party written notice identifying the Dispute, the amount involved, if any, and the remedy sought, and invoking the procedures of this Section. A director-level employee from each party (as chosen by each party respectively) shall confer in an effort to resolve the Dispute. If the director-level employees are unable to resolve the Dispute within 5 business days after receipt of the written notice of the Dispute, then the parties shall submit the Dispute in writing to the President of Hydro One Limited for resolution.

9.0 CONFIDENTIALITY AND INTELLECTUAL PROPERTY

- (a) **Confidentiality:** Each party (the "Receiving Party") shall maintain in strict confidence all information, analysis, conclusions, drawings, reports, specifications or other information, proprietary or otherwise, whether transmitted orally, electronically or in written form, and received in furtherance of this Agreement from the other party (the "Disclosing Party") or any of the Disclosing Party's directors, officers, employees, consultants, agents or legal, financial or professional advisors (the "Disclosing Party Representatives") (collectively the "Confidential Information"). Except as permitted herein, the Receiving Party shall not publish, reproduce, or disclose, either directly or indirectly, the said Confidential Information to any third party and shall not use the said Confidential Information for any purpose other than for purposes of this Agreement without the prior written consent of the Disclosing Party. The Receiving Party may disclose the Confidential Information only to its shareholder, directors, officers, employees, consultants, agents or professional advisors (the "Receiving Party Representatives") having a need to know same and who have undertaken a like obligation to maintain its confidentiality.

For greater certainty, Confidential Information includes any and all personal information (as that term is defined in the *Personal Information Protection and Electronic Documents Act* (Canada), as they may be amended) and any and all information regarding a consumer, retailer, wholesale buyer, wholesale supplier, or a generator, provided by the Disclosing Party to the Receiving Party for purposes of this Agreement, whether or not such information was initially provided prior to the Effective Date.

The Receiving Party undertakes to protect and safeguard all Confidential Information in its possession or under its control and received by the Disclosing Party, in the manner described in Schedule "F" attached hereto. The Disclosing Party may, on reasonable notice, and during regular business hours, audit the information management practices of the Receiving Party to confirm compliance with the terms and conditions of this Section 9.0 and all applicable statutes, regulations, by-laws, standards and codes, as amended.

The Receiving Party undertakes to notify the Disclosing Party immediately upon discovery of any unauthorized use and/or disclosure of any of the Disclosing Party's Confidential Information, to co-operate with the Disclosing Party to help regain possession of such Confidential Information, and to prevent its further unauthorized use and/or disclosure.

The foregoing obligations with respect to confidentiality, use, reproduction, dissemination, publication and non-disclosure herein shall not apply to any information that:

- (i) is previously known to or lawfully in the possession of the Receiving Party prior to the date of disclosure as evidenced by the Receiving Party's written record;
- (ii) is independently known to or discovered by the Receiving Party, without any reference to the information or material;
- (iii) is obtained by the Receiving Party from an arm's length third party having a bona fide right to disclose same and who was not otherwise under an obligation of confidence or fiduciary duty to the Disclosing Party or the Disclosing Party Representatives;
- (iv) is or becomes public knowledge through no fault or omission of, or breach of this Agreement by, the Receiving Party or the Receiving Party Representatives; or
- (v) is required to be disclosed pursuant to a final judicial or governmental order or other legal process, including, without limitation, an order of or legal process involving a regulatory authority such as the Ontario Energy Board.

The parties acknowledge and agree that the Confidential Information shall remain the sole and exclusive property of the Disclosing Party that has disclosed the Confidential Information, and the Disclosing Party shall retain all right, title and interest in and to the Confidential Information it has disclosed to the Receiving Party.

The Receiving Party agrees that it shall keep a record of written Confidential Information furnished to it by the Disclosing Party in a location separate from those locations where the Receiving Party has stored information in respect of other third parties for which it performs work and it shall advise the Disclosing Party of such location.

All Confidential Information furnished by the Disclosing Party, including that portion of the Confidential Information which is contained in analyses, compilations, studies or other documents prepared by the Receiving Party or by the Receiving Party Representatives, is the Disclosing Party's property and will be returned immediately to the Disclosing Party upon its request.

- (b) **Intellectual Property:** Unless otherwise agreed, the Services Recipient shall obtain all rights, title and interests, including copyright ownership, to any reports and any other deliverable that is to be produced and delivered to the Services Recipient by the Services Provider in accordance with this Agreement and, subject to applicable legislation, and notwithstanding clause 9.0(a) above, the Services Recipient may use, disclose or modify such reports or deliverable in any manner it deems appropriate. The Services Provider shall not do any act which may compromise or diminish the Services Recipient's interest as aforesaid.
- (c) **Survival of Obligations:** The obligations in this Section 9.0 shall forever survive the termination or expiration of this Agreement.

10.0 INSURANCE

The Services Provider shall maintain in full force and effect during the term of this Agreement and with financially responsible insurance carriers, the following insurance coverage and the insurance coverage specified in Schedule "E" attached hereto as may be applicable for any and all Services:

- (i) Workers Compensation as required by the Ontario *Workplace Safety and Insurance Act, 1997*, S.O. 1997, c.16, Schedule A, as amended or similar applicable legislation covering all persons employed by the Services Provider for the Services performed under this Agreement. For U.S. employees, appropriate State Workers Compensation must be carried including Employer's Liability for a minimum limit of \$5,000,000 U.S., with a Foreign Coverage Endorsement and, to the extent applicable, Jones Act and U.S. Longshoreman's and Harbor Workers coverage and FELA. To achieve the desired limit, umbrella or excess liability insurance may be used. A waiver of subrogation shall be provided by the insurers to the Services Recipient.
- (ii) Automobile Liability Insurance, covering all licensed motor vehicles owned, rented or leased and used in connection with the Services to be performed by the Services Provider under this Agreement covering Bodily Injury and Property Damage Liability to a combined inclusive minimum limit of \$5,000,000 and mandatory Accident Benefits. To achieve the desired limit, umbrella or excess liability insurance may be used.
- (iii) Commercial General and Excess Liability Insurance with limits of \$5,000,000 inclusive for both bodily injury, including death, personal injury and damage to property, including loss of use thereof, for each occurrence. To achieve the desired limit, umbrella or excess liability insurance may be used. This coverage shall specifically include, but not be limited to, the following:
 - a. Blanket Contractual Liability;
 - b. Damage to property of the Owner including loss of use thereof;
 - c. Pollution Liability coverage on at least a Sudden and Accidental basis;
 - d. Products & Completed Operations to be continuously maintained through the operational liability insurance.
 - e. Employer's Liability;
 - f. Non-Owned Automobile Liability; and
 - g. Broad Form Property Damage

Prior to the commencement of the performance of the Services under this Agreement, the Services Provider shall provide to the Services Recipient's representative and address noted immediately below, evidence of the minimum coverages required under this Section 10.0 in the form attached hereto as Schedule "D", noting the policy number and term and executed by a duly authorized representative of their respective insurers.

**Manager, Risk and Insurance, Hydro One Networks Inc. 483 Bay Street,
South Tower TCT 07, Toronto, Ontario M5G 2P5**

With the exception of subparagraph (ii) above, all insurance coverages noted above shall specify that it is primary coverage and not contributory with or in excess of any other insurance that may be maintained by the Services Recipient.

The Services Recipient shall be included as a Named Insured subject to the Sole Agent provision under coverages noted in subparagraph (iii) above, but only to the extent to which the Services

Provider is liable to the Services Recipient for breach of its obligations under this Agreement. In addition, the parties acknowledge and agree that the insurance coverages noted in subparagraph (iii) above shall contain a cross liability clause and a severability of interests clause.

The parties further acknowledge and agree that the Insurance coverage described in this Section and provided for the Services Provider shall not be invalidated by actions or inactions of others.

11.0 LIABILITY

Unless otherwise agreed in writing, each party shall indemnify the other party and that other party's successors and assigns, directors, officers, employees, contractors and agents from and against all direct costs or damages attributable to the indemnifying party's performance and/or non-performance of its obligations under this Agreement and any amendments or additions thereto that are mutually agreed to in writing, whether arising from or based on breach of contract, tort, negligence, strict liability or otherwise. Notwithstanding any other provision of this Agreement, neither party shall be liable for any special, indirect or consequential damages or for economic loss, incurred by the other or by any third party claiming through or under the other.

The foregoing paragraph shall forever survive the termination or expiration of this Agreement.

12.0 AUTHORIZED REPRESENTATIVES

The authorized representatives of the parties hereto for purposes of this Agreement are the following:

HYDRO ONE SAULT STE. MARIE LP.

By its General Partner, Hydro One Sault Ste. Marie Inc.
2 Sackville Road, Suite B
Sault Ste. Marie, Ontario P6B 6J6
Attention: Kevin Lewis
Telephone: (705) 759-7605
Telecopier: (705) 941-5600

HYDRO ONE NETWORKS INC.

483 Bay St.
South Tower, 7th Floor
Toronto, Ontario
M5G 2P5
Attention: Joel Jodoin
Telephone: (416) 345-5508
Telecopier: (416) 345-6833

All correspondence, reports, documents and/or other communication concerning this Agreement, the Schedules attached hereto or any of the Services shall be directed to the attention of the authorized representatives noted above. Any notice permitted or required to be given hereunder shall be deemed to be sufficiently given if delivered personally, mailed or transmitted by fax to the attention of the authorized representatives at the addresses above, and any notice so given shall be deemed to have been made and received on the date of delivery or on the 5th business day following the day of

mailing of same or on the day of transmission if transmitted during normal business hours, otherwise on the next business day, as the case may be.

13.0 FORCE MAJEURE

Except for the payment of any monies required hereunder, neither party shall be deemed to be in default of this Agreement where the failure to perform or the delay in performing any obligation is due to a cause beyond its reasonable control, including, but not limited to, an act of God, act of any federal, provincial, municipal or government action, or order of court or administrative or regulatory authority, civil commotion, strikes, lockouts and other labour disputes, fires, floods, sabotage, earthquakes, storms, ice storms and epidemics. As soon as a party anticipates that a force majeure event may occur which will delay or prevent it from performing any of its obligations under this Agreement, it shall promptly notify the other party and shall exercise all reasonable efforts to mitigate or limit the effect on the other party.

Once a party becomes subject to such an event of force majeure, it shall promptly notify the other party of its inability to perform, or of any delay in performing, due to an event of force majeure and shall provide an estimate, as soon as practicable, as to when the obligation will be performed. The party subject to the force majeure event shall also continue to furnish timely reports to the other party with respect to the force majeure event during the continuation of the said event and the said party shall exercise all reasonable efforts to mitigate or limit damages to the other party. The party subject to the force majeure event shall use its best efforts to continue to perform its obligations under this Agreement, as the case may be, and to correct or cure the event or condition excusing performance and when the said party is able to resume performance of its obligations thereunder, it shall give the other party written notice to that effect and shall promptly resume performance thereunder. The time for performing the obligation shall be extended for a period equal to the time during which the party was subject to the event of force majeure. The parties shall explore all reasonable avenues available to avoid or resolve events of force majeure in the shortest time possible.

Notwithstanding the two preceding paragraphs, the settlement of any strike, lockout, restrictive work practice or other labour disturbance constituting a force majeure event shall be within the sole discretion of the party involved in such strike, lockout, restrictive work practice or other labour disturbance and nothing in the two preceding paragraphs shall require the said party to mitigate or alleviate the effects of such strike, lockout, restrictive work practice or other labour disturbance.

14.0 ASSIGNMENT

Neither this Agreement nor any the rights and obligations hereunder may be assigned by either party hereto without the prior written consent of the other, which consent shall not be unreasonably withheld; provided, however, that a party may assign this Agreement or any rights, remedies or liabilities to any of its affiliates (as this term is defined in the Ontario *Business Corporations Act*, as amended) without the need for prior consent, in which case the assignor shall provide the other party with written notice of the assignment within 30 days after the effective date thereof. Subject to the foregoing, this Agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

15.0 AMENDMENTS

Any amendment, modification or supplement to this Agreement shall not be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of this Agreement. Notwithstanding the foregoing, the parties acknowledge and agree that the Services Recipient shall be entitled to unilaterally change the General Standards and Specifications attached hereto as Schedule "A" provided however that the parties shall negotiate in good faith the effect of any such changes to the scope of work, time for completion of the said scope of work and the price therefor, in accordance with the process outlined in Section 7.0 above.

16.0 ENTIRE AGREEMENT

This Agreement, together with Schedules "A", "B", "C", "D", "E" and "F" attached hereto, represents the entire agreement between the parties hereto respecting the subject matter hereto and supersedes all prior agreements, understandings, discussions, negotiations, representations and correspondence made by or between them respecting the subject matter hereto.

17.0 CONFLICTS

In the event of any conflict between this Agreement and Schedules "A", "B", "C", "D", "E" and "F", the provisions of the former shall prevail. In the event of any conflict amongst the Schedules, then the Schedules shall take precedence in the following order: (i) Schedule "C", (ii) Schedule "D"; (iii) Schedule "B"; (iv) Schedule "A"; (v) Schedule "E" and (vi) Schedule "F".

18.0 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

19.0 SCHEDULES

Schedules "A", "B", "C", "D", "E" and "F" attached hereto are to be read with and form part of this Agreement.

20.0 RELATIONSHIP OF PARTIES


Nothing in this Agreement creates the relationship of principal and agent, employer and employee, partnership or joint venture between the parties. The parties agree that they are and will at all times remain independent and are not and shall not present themselves to be the agent, employee, partner or joint venturer of the other. No representations will be made or acts taken by either party which could establish any apparent relationship of agency, employment, joint venture or partnership and neither party shall be bound in any manner whatsoever by any agreements, warranties or representations made by the other party to any other person nor with respect to any other action of the other party.

21.0 COUNTERPARTS


This Agreement may be executed in counterparts and the counterparts together shall constitute an original.

IN WITNESS THEREOF the parties hereto have caused this Agreement to be executed by their respective representatives duly authorized in that behalf.

HYDRO ONE SAULT STE. MARIE LP,
By its General Partner,
HYDRO ONE SAULT STE. MARIE INC.


Name: ANDREW SPENCER
Title: PRESIDENT
I have authority to bind the corporation.

HYDRO ONE NETWORKS INC.


Name: Maureen Wareham
Title: VP, Secretary
I have authority to bind the corporation.

Schedule "A"

GENERAL STANDARDS AND SPECIFICATIONS



REVISION HISTORY

Date	Revision No.	Modification	Comments

TABLE OF CONTENTS

REVISION HISTORY.....14

GSS #1 USED, REUSABLE AND WASTE MATERIALS.....16

1.1 DEFINITIONS16

 1.1.1 Reusable Material.....16

 1.1.2 Waste Material.....16

 1.1.3 Recycling.....16

1.2 EXPECTATIONS.....16

1.3 CRITERIA FOR USED MATERIALS16

1.4 FINANCIAL TREATMENT OF USED MATERIAL18

1.5 INFORMATION REQUIREMENTS18

1.6 WASTE MATERIAL19

GSS #2 ENVIRONMENT, HEALTH & SAFETY REQUIREMENTS20

2.1 GENERAL STATEMENT OF COMPLIANCE AND REQUIREMENTS20

2.2 ENVIRONMENTAL REQUIREMENTS20

 2.2.1 General Requirements for Management of the Environment.....20

 2.2.2 Environmental Incident Management.....21

2.3 HEALTH & SAFETY21

 2.3.1 Potential Hazards21

 2.3.2 General Requirements for the Management of Health & Safety.....22

 2.3.3 Health & Safety Event Management.....22

GSS #1 USED, REUSABLE AND WASTE MATERIALS

1.1 DEFINITIONS

1.1.1 Reusable Material

Where practical, the Services Provider shall reuse and re-deploy all material that is removed from service, provided such material is still in good operating condition and satisfies the criteria indicated in this GSS #1.

1.1.2 Waste Material

All other material that is removed from service will be considered to be waste material.

1.1.3 Recycling

Recycling means using waste material for purposes other than those for which the material was originally intended: it does not include destruction (such as incineration or burning as a supplementary fuel) or use as land fill.

1.2 EXPECTATIONS

Costs for the management of used material that is associated with capital projects, including the disposition of such material for re-deployment, re-use and/or disposal, shall be identified in Schedule "C", where applicable (e.g. the cost to pickup, transport and dispose of PCB fluids and contaminated waste).

The Services Provider shall handle all reusable material removed from service in a manner that is consistent with Schedule "C" (where identified) and in accordance with applicable legislation, statutes, by-laws, codes, guidelines, regulations, and Hydro One procedures. Such material shall be stored in a safe and secure manner to minimize any risk of physical damage and/or of environmental or health and safety impacts associated with such damage, pending re-deployment or shipment to storage.

The Services Provider shall manage and dispose of waste material in a manner that is consistent with Schedule "C" (where identified) and in accordance with applicable legislation, statutes, by-laws, codes, guidelines, regulations, and Hydro One procedures. Preference will be given, where practical, to disposal options that maximize the potential for recycling.

1.3 CRITERIA FOR USED MATERIALS

Material	Criteria and Action
Poles	<ul style="list-style-type: none">• Distribution poles shall be less than 16 years old• Transmission poles shall be less than 12 year old• Penta-treated poles shall not be reused• All wood poles no longer required by the Services Recipient shall be returned to the appropriate service/operations centre.• All wood poles no longer required by the Services Recipient shall be disposed of appropriately.

Material	Criteria and Action
Pole-Mounted Transformers	<ul style="list-style-type: none"> • Must be no older than 1974 • If less than 200ppm PCB, a pole-mounted transformer shall be drained, refilled and re-tested after 2 years • If bushings are side-mounted they shall be recycled • Pole-Mounted Transformers shall be visually inspected (remove cover). If the inspection indicates no damage to the coil, they shall be returned for repair • If a transformer fails inspection and is over 50ppm PCB, it shall be scrapped as PCB-contaminated waste
Pad-mount Transformers	<ul style="list-style-type: none"> • All such transformers shall be returned for repair • If less than 200ppm PCB, a pad-mounted transformer shall be drained, refilled and re-tested after 2 years • Pad-mounted transformers shall be visually inspected. If the inspection indicates no damage to the coil, they shall be returned for repair • If a transformer fails inspection and is over 50ppm PCB, it shall be scrapped as PCB-contaminated waste
Line Voltage Regulators	<ul style="list-style-type: none"> • This includes any 50A line regulator retained for parts; all others shall be returned for repair • If less than 200ppm PCB, line voltage regulators shall be drained, refilled and re-tested after 2 years • Line voltage regulators shall be visually inspected (remove cover). If the inspection indicates no damage to the coil, they shall be returned for repair • If a regulators fails inspection and is over 50ppm PCB, it shall be scrapped as PCB-contaminated waste
Oil Circuit Reclosers	<ul style="list-style-type: none"> • If less than 200ppm PCB, the reclosers shall be drained, refilled, and re-tested after 2 years • Reclosers shall be visually inspected (remove cover). If the inspection indicates that there is no damage, they shall be returned for repair • If a recloser fails inspection and is over 50ppm PCB, it shall be scrapped as PCB-contaminated waste
Metering Transformers / Units	<ul style="list-style-type: none"> • If less than 200ppm PCB, the units shall be drained, refilled and re-tested after 2 years • The units shall be visually inspected (remove cover). If the inspection indicates no damage to the coil, it shall be returned for repair • If a unit fails inspection and is over 50ppm PCB, it shall be scrapped as PCB-contaminated waste
Capacitors	<ul style="list-style-type: none"> • No PCB or Dielektrol I- or II-filled capacitors shall be reused • Capacitors shall not have an unknown PCB content unless permission is obtained from the Services Recipient. Some capacitors manufactured before January 1981 may contain PCB over 50 ppm.
Primary Conductors	<ul style="list-style-type: none"> • If less than 3/0, primary conductors shall be reused for extensions where the main line is of the same size • Before reusing, #2 shall be inspected for deterioration in the core • All other conductors shall be reused
Secondary Conductors/ Underground Cable	<ul style="list-style-type: none"> • Secondary Conductors/Underground Cables shall be reused if they pass an asset condition test • The units must contain no splices (in the underground cable) that test greater than 50 mg/kg PCB. In addition, end sections must not have come from terminations that test greater than 50 mg/kg PDB. • All secondary conductors shall be reused • No underground cables shall be reused if they are more than 10 years old
Submarine Cable	<ul style="list-style-type: none"> • No submarine cable shall be used if it is more than 5 years old

Material	Criteria and Action
Insulators	<ul style="list-style-type: none"> All single piece porcelain pin insulators shall be reused (not other porcelain insulators): the intent is to replace insulators with silicone (polymer) types on 115 kv and 230 kv, where practical Epac insulators shall not be reused Cob porcelain post insulators shall not be reused
Cross-arms	<p>Distribution:</p> <ul style="list-style-type: none"> Cross-arms shall be reused if no apparent cracking or excessive aging is evident
	<p>Transmission:</p> <ul style="list-style-type: none"> All wooden cross-arms shall be removed and disposed All steel cross-arms shall be reused
Spool Bolts	<ul style="list-style-type: none"> All spool bolts shall be reused
Switches	<p>Distribution:</p> <ul style="list-style-type: none"> No Kearney switches nor rigid polymeric insulator-type switches shall be reused
	<p>Transmission:</p> <ul style="list-style-type: none"> All shall be 115 kV & 230 kV in-line polymeric switches Only those switches that have tested satisfactorily shall be reused
Insulating Oil	<ul style="list-style-type: none"> All insulating oil is required to meet specification for Voltesso 35 Category "B" oil OR have the potential to be upgraded to meet this specification Insulating oil must contain less than 50 mg/kg PCB by laboratory test

1.4 FINANCIAL TREATMENT OF USED MATERIAL

The Services Provider shall report all units removed from service. When used materials are reused for capital or maintenance work, the materials shall be charged to the work as if the material was new.

1.5 INFORMATION REQUIREMENTS

The Services Provider shall record and report the following information to the Services Recipient according to a schedule specified in the description of Services in Schedule "C" to the Agreement.

- Transformer Units by MVA/kVA and voltage, whether installed, salvaged or disposed as waste (new or used material)
- Regulator/Rabbit Units by kVA and voltage, whether installed, salvaged or disposed as waste (new or used material)
- Recloser Units by voltage and interrupting rating
- Switches by manufacturer type and voltage rating
- Capacitor Units by total MVA/kVAR, including voltage, number of phases and control type, whether installed, salvaged or disposed as waste (new or used material)
- Transmission line structures and distribution pole units by type (steel or wood pole), height, age, ownership (Hydro/Bell Canada/MEU), Bell Canada I.D. (exchange, route and pole number), structure number
- Conductor Units by size, type and length, whether installed, salvaged or disposed as waste (new or used material)
- Cable size, type, length and voltage, whether installed, salvaged or disposed as waste (new or used material)
- Record or retained material, including volumes scrapped, reused or repaired and reused.

(1) Note: The information listed above is required for accounting purposes at the plant.

1.6 WASTE MATERIAL

For waste material that is classified as either hazardous or as liquid industrial, the Services Provider shall follow specific requirements. These requirements are detailed in the appropriate legislation (e.g., *Environmental Protection Act, Occupational Health & Safety Act*) and internal policies/standards/procedures (e.g., Waste Management Manual). Records of hazardous waste volumes shipped to disposal shall be reported to the Services Recipient and such records shall be maintained according to established records management. All hazardous waste material shall be handled and managed with due regard for worker and public health and safety.

GSS #2 ENVIRONMENT, HEALTH & SAFETY REQUIREMENTS

2.1 GENERAL STATEMENT OF COMPLIANCE AND REQUIREMENTS

The Services Recipient expects to receive the same level of compliance, where applicable, for services provided under the Agreement. As a minimum, the Services Provider shall comply with the following:

- Federal and Provincial legislation;
- Municipal by-laws;
- The Services Recipient's Safety Rules and Policies;
- All legacy Ontario Hydro policies, procedures and standards still applicable to the Services Recipient;
- Policies approved by the Services Recipient's Board of Directors;
- The Services Recipient's Environment, Health & Safety Management policies, procedures and associated standards; and
- The Services Recipient's Policy for Health & Safety Incident Management.

2.2 ENVIRONMENTAL REQUIREMENTS

2.2.1 General Requirements for Management of the Environment

For managing the environment, the Services Provider shall abide by the following:

- a) The Services Provider shall design, construct, operate, maintain and decommission the Services Recipient's facilities in accordance with standards to be developed by the Services Recipient and made available to the Services Provider.
- b) The Services Provider shall perform all work on behalf of the Services Recipient in a manner that is consistent with the principles of an environmental management system including, as a minimum:
 - Assigning and communicating individual accountability and responsibility for the environment;
 - Engaging qualified employees and agents (i.e. with respect to knowledge, training and experience to perform the work assigned) to perform the work;
 - Having emergency preparedness and response capability suitable to the range of issues that could be encountered during the course of the work detailed in Schedule "C" to the Agreement;
 - Inspecting, maintaining and monitoring equipment, facilities and employees during the course of providing the Services;
 - Reporting environmental incidents, performing incident investigations and implementing corrective actions in response to an incident; and
 - Periodically reviewing environmental management processes and making improvements, as necessary.
- c) The Services Provider shall consider the environmental implications of all work and integrate environmental considerations into its plans for all work that could have an adverse effect on the environment.
- d) In performing the services, the Services Provider shall:
 - Use materials, products and equipment that are government-approved, industry-accepted and sustainable (i.e., from environmental, economical, social perspectives). The Services provider shall give preference, where practical, to materials and products that have low toxicity and do not contain substances that are included on Schedule 1 (List of Toxic Substances) of the *Canadian Environmental Protection Act* or on the Priority Substances Lists 1 and 2.
 - Maximize the efficient use of resources;
 - Be energy efficient; and
 - Conserve heritage resources.
- e) The Services Provider shall, when included in the project scope, prepare and implement project-specific environmental specifications when the prevention or mitigation of predicted environmental impacts can only be assured by the application of a specific damage prevention or mitigation approach. Such environmental management specifications will be consistent with applicable standards.
- f) The Services Provider shall prepare and provide to the Services Recipient, project-specific, As-Constructed Reports for all projects that require any one or more of the following, where the Services Recipient and the Services Provider shall mutually determine which environmental authorities or industry or legislative standards shall be used in developing such reports:

- Environmental permits;
 - Environmental considerations or special commitments;
 - Access agreements, construction property agreements and special conditions that contain a record of the final environmental state of the project;
 - Documentation of significant environmental situations or activities; and
 - Property rights summaries.
- g) The Services Provider shall provide to the Services Recipient, the records identified in (b), (e) and (f).

2.2.2 Environmental Incident Management

The Services Provider shall consistently respond and report environmental incidents and ensure that all such incidents involving Distribution or Transmission assets and lands are managed effectively. Included as “environmental incidents” are:

- Vandalism, natural events (such as lightning, ice, and wind) and animal activity;
- Accidental or inadvertent public contact with electrical system assets or equipment (such as motor vehicle accidents, ladders into lines);
- Mechanical/electrical failure for no apparent reason or unknown cause;
- Asset management standards that are subsequently shown to have contributed to the incident; and
- Operation or maintenance activities in accordance with accepted standards that would not normally be expected to cause leaking, equipment failure or malfunction.

The Services Provider shall document all environmental incidents (such as spills and fires) involving the Services Recipient’s assets and/or lands (owned or easement) (e.g., complete a Hydro One Environmental Incident Report). The Services provider shall enter this information into the Web Environmental Incident Collector (WebEIC) database and/or any other similar database, as directed by the Services Recipient.

The Services Provider shall consistently respond to, and report, environmental incidents. The Services Provider shall also ensure that all environmental incidents involving the Services Recipient’s assets and land are managed effectively.

2.3 HEALTH & SAFETY

2.3.1 Potential Hazards

There are two significant hazards associated with work on the Services Recipient’s assets:

- Hazards inherent to working in proximity to electrical equipment; and
- Hazards inherent to working at heights.

The Services Provider may also work in buildings or at sites where hazardous substances are present. Inventories and assessments of potentially hazardous or hazardous substances have been completed for the majority of the Services Recipient’s sites; they are available to the Services Provider on request. All requests should be made locally.

The Services Provider shall manage all hazards associated with all Services with the Services Recipient.

2.3.2 General Requirements for the Management of Health & Safety

The Services Provider shall perform all work on behalf of the Services Recipient in a manner that is consistent with the principles of a health and safety management system including, as a minimum:

- (a) Assigning and communicating individual accountability and responsibility for health and safety;
- (b) Engaging qualified employees and agents (i.e. with respect to knowledge, training and experience to perform the work assigned) to perform the work;
- (c) Having emergency preparedness and response capability suitable to the range of issues that could be encountered during the course of the work detailed in Schedule "C" to the Agreement;
- (d) Inspecting, maintaining and monitoring equipment, facilities and employees during the course of providing the Services;
- (e) Reporting safety events, performing event investigations and implementing corrective actions in response to an event;
- (f) Periodically reviewing health and safety management processes periodically and making improvements, as necessary; and
- (g) Submitting the records identified in (e) and (f) to the Services Recipient.

The Services Provider shall ensure the protection of the public in the performance of all work for the Services Recipient.

2.3.3 Health & Safety Event Management

The Services Provider shall consistently respond and report all health and safety events involving the Services Recipient staff and/or members to the Services Recipient. Included as health and safety events are:

- Vandalism, natural events (such as lightning, ice, and wind) and animal activity;
- Accidental or inadvertent public contact with electrical system assets or equipment (such as motor vehicle accidents, ladders into lines);
- Mechanical/electrical failure for no apparent reason or unknown cause;
- Asset management standards that are subsequently shown to have contributed to the event; and
- Operation or maintenance activities in accordance with accepted standards that would not normally be expected to cause leaking, equipment failure or malfunction.

Schedule "B"

CHANGE NOTIFICATION FORM (No. xxx)

Date issued: xx-xxx-xx

Services Description		
Project ID	Services Recipient	Services Provider
Scope Change		
Reason for Change		
Schedule/Delivery Impact		
Impact on Price	Old Price: New Price:	
Approvals	<u>Hydro One Networks Inc.</u>	<u>Hydro One Sault Ste. Marie LP</u>
Effective Date of Change:		
Proposed By:		
Date:		
Reviewed By:		
Date:		
Approved by:		
	(Authorized Signatory)	(Authorized Signatory)
Date:		

Schedule "C"

Description of Services

ASSET & WORK MANAGEMENT SERVICES

A. Description of Services:

- Development, definition and preparation of Asset Management strategy, policy , projects, programs, processes, standards, tools, etc., on behalf of HOSSM related to the management of HOSSM assets and systems (T&D) for the purpose of maintaining system and asset reliability , safeguarding public safety and environment , meeting applicable regulatory compliance requirement(s) , as well as any applicable requirement under OEB's Transmission System Code.
- Perform related technical / economical / environmental /any specialize assessments as required to evaluate HOSSM's asset and system's needs.
- On behalf of HOSSM , work and coordinate with necessary stakeholders, vendors, contractors and other external entities, including but not limited to, IESO, OEB, NERC , NPCC, provincial and federal government ministries , HOSSM 's existing and potential customers, for HOSSM short term and long term asset management needs.
- Develop and manage HOSSM's related investments, formulation of HOSSM Business plans and budget envelope. Where necessary, redirect projects / program as required to meet HOSSM short term and long term asset management needs, within the budget envelop and regulatory framework approved by OEB.
- Provide supportive functions in HOSSM's Investment Planning & Performance Reporting (including Reliability).
- Provide services related to post event investigation, asset data collection, data governance & strategy development, administration of Secondary Land Use Assessments, Joint Use requests.
- Represent HOSSM as lead transmitter in HOSSM's current service territory; carry out business related to regional planning of its existing service territory.
- Plan, facilitate new connections and modifications to existing connections in HOSSM system at customers' requests

(ii) Regulatory Submission

- Preparation of , submission of and participation in HOSSM rate application and related processes , including preparation of any associated documentation and evidences , such as the Transmission System Plan and investment plans, on behalf of HOSSM per OEB requirements;

(iii) Regulatory Compliance

- Monitor and maintain satisfactory regulatory compliance with all applicable regulating bodies, such as but not limited to, IESO, OEB, NERC, MoE. Report non-compliance as mandated by applicable regulations, formulate corrective action plan to remediate non-compliance as required.

B. Price and Terms of Payment:

The Services Recipient shall pay to the Services Provider the following estimated amounts required to perform these services:

2018: \$25,303.49 per month

2019: \$35,921.07 per month

C. Service Levels

The Services Provider shall,

Develop / renew HOSSM investment plan, including the review, identification and justification of investment needs. Formulate and evaluate alternatives on an annual basis.

Review actual spend vs budget, together with work accomplished monthly based on updates or reporting from work management on a monthly basis. Trigger re-direction process as required.

Every 5 years, or as required, perform regional planning review and trigger related regional infrastructure planning process, whichever is earlier.

Carry out asset event investigation, work scoping and releases to demand situations (such as equipment failure) on as need basis.

Prepare regulatory submissions based on OEB filing time frame requirements

Report on reliability compliance and reliability performance metrics on monthly basis.

ENGINEERING SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following engineering services:

Drawing Services

- Modify contractor drawings for designated stations as required and incorporate them into Meridian
- Make up connection and elementary wiring diagrams, mechanical layout and architectural drawings as required
- Develop connection wiring and elementary wiring diagrams for switchgear design that resembles the standards used by the Services Provider

Technical Support

- Assist in the development of Distributed Generation Connection Requirements
- Provide technical analysis of station transformer equipment and arcflash requirements for switchgear
- Assist with fuse co-ordination analysis

B. Price and Terms of Payment:

The Services Recipient shall pay to Services Provider for these engineering services on a time and materials basis.

C. Service Levels:

In accordance with standards no less than what Hydro One Networks Inc. performs for itself aligned with all applicable regulatory requirements.

ENVIRONMENTAL SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following environmental services as required:

- Quarterly Legislative Review
- Compliance Reviews and compliance support
- Emission Calculations and verification
- Certificate of Approval Amendments
- Support for remediation projects
- Investigations of diesel fuel alternatives
- Waste Management support
- Emergency response support

B. Price and Terms of Payment:

The Services Recipient shall pay to the Services Provider the cost of time and materials required to perform these services.

C. Service Levels:

All environmental services will be provided by the Services Provider in accordance with a jointly agreed work plan. Quarterly reviews of progress to be performed.

D. Commencement Date of Services:

Notwithstanding the Effective Date of this Agreement, the commencement date for the provision of the environmental services shall be August 15, 2018 and will continue until September 30, 2019.

FACILITIES SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following facilities services:

- Facility Minor/Major Projects
- Real Estate Acquisition
- Leasing
- Preventative Maintenance
- Contract Administration
- Business Support Services.

B. Price and Terms of Payment:

\$500,000 per annum.

C. Service Levels:

In accordance with standards no less than what Hydro One Networks Inc. performs for itself aligned with all applicable regulatory requirements

FLEET SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following fleet management, maintenance, repair and rental services relating to the use of transport and work equipment:

- a) Inspections, maintenance and repair of fleet transport and work equipment. The identification and completion of minor repairs and maintenance will be the Services Recipient's responsibility and at the Services Recipient's expense.
- b) Supply of fleet licensing and provision of insurance as per Hydro One Inc. requirements.
- c) Advise on fleet planning and acquisition as per the Services Recipient's evolving requirements. Increase or decrease of fleet compliment will be reviewed annually and fees paid adjusted accordingly.
- d) Supply the current transport and work equipment complement for the fee specified,
- e) Co-ordinate the replacement program including assistance with justifications for additions and replacements to current complement.

B. Price and Terms of Payment:

The Services Recipient shall pay to the Services Provider the depreciation costs of the Services Recipient's vehicles and the Services Recipient's costs for fuel, labour and external repairs. The scheduling of charter flights to the Services Recipient's sites will be arranged and paid for directly by the Services Recipient.

C. Service Levels:

The Services Provider shall, on a monthly basis during the term of the Agreement, provide the Services Recipient with a written summary of the total fleet costs by transport and work equipment unit and a written monthly fuel usage report for any equipment, spare parts, material and fuel purchases made by the Services Recipient from the Services Provider using the fleet credit card.

FLIGHT SAFETY SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following services related to flight safety:

1. Monitor all aviation occurrences between the Services Recipient and the commercial passenger charter companies with which it contracts, which occurrences shall include but not be limited to the following:
 - Accidents, incidents or occurrences as defined in GEN 3.3 of the Aeronautical Information Publication and the Canadian Aviation Regulations
 - Non-airworthiness defects (*cosmetic repairs*) and airworthiness defects (*that would result in the aircraft being grounded until repaired*)
 - Feedback from the Flight Evaluation Report (*internal report used to provide feedback from passengers and pilots to the Services Recipient to identify aircraft and contract problems*)
 - All incidents deemed to be High MRPB (*High Maximum Reasonable Potential for Harm*)
 - occurrences of a lesser risk, low MRPB, and occurrences handled at the Services Recipient's local operations level in Thunder Bay; the Services Provider shall track these occurrences and the Services Recipient when the number of these occurrences becomes of concern.
2. Assess, control and respond to occurrence reports.
3. Provide Team Lead/key resource for all High MRPB incident investigations.
4. Provide charter contract administration of all technical job specifications along with liaison representation with the Services Recipient's Superintendent of Operations and maintenance for new pilot interviews as well as current pilot presentations.
5. Assist with the planning of and participate in the annual Flight Safety Staff Meeting which shall be arranged by the Services Recipient at a date and time to be mutually agreed upon by the Services Recipient and the Services Provider. The Services Provider will arrange for its "Flight Safety Officer" to attend and present new and current information relevant to flight charter contracts and the aviation industry including a presentation of related flight safety information, approved pilot and aircraft lists, audit and monitoring results, and corrective action feedback.
6. Perform pre-award audits and provide a summary report on any fixed wing charter carriers prior to the award of any contract for passenger charter air service.

B. Price and Terms of Payment:

The Services Recipient shall pay to Services Provider for these flight safety services on a time and materials basis.

In addition, the Services Recipient will pay the cost of the administration and reporting in respect of this Contract, material, travel and per diem costs related to the provision of the Services described in this Contract. The scheduling of charter flights to the Services Recipient's sites will be arranged and paid for by the Services Recipient.

C. Service Levels:

The Services Provider will report on a monthly basis the cost and accomplishment of the Services provided by its personnel.

FORESTRY SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following forestry services:

1. Upon the Services Recipient's request, perform condition assessments of the Services Recipient's transmission systems, and prepare a proposed multi-year forestry maintenance cycle for the Services Recipient.
2. Upon the Services Recipient's request, perform condition assessments of the Services Recipient's assets, and prepare cost estimates depicting at a minimum: labour hours and type (Technician, Supervisory, Maintainer, HH, etc.), TWE rates and requirements, material costs, board and lodging expenses, transportation costs excluding air charters, and applicable sundries in sufficient detail necessary for work scheduling and business planning purposes. As well, the amount of joint use right of way and associated clearing costs shall be identified by the Services Provider within the estimates.
3. Site monitoring of line clearing and/or brush control performed by third party contractors retained by the Services Recipient for servicing its rights of way in First Nation Communities as identified by the Services Recipient's representative. As required, the Services Provider shall clear lines and remove brush within the limits of approach to make it safe for First Nation Community contractors to clear lines and control brush outside the limits of approach.
4. Perform line-clearing in all communities within the Services Recipient's designated territory and brush control on all assets located on provincial land as identified by the Services Recipient. As well, from time to time as requested by the Services Recipient, the Services Provider will perform brush control activities on First Nation lands when the First Nation is unable to unwilling to perform the task to meet applicable standards.
5. Perform brush control measures including herbicide application where applicable in all station yards within the Services Recipient's territory.
6. Assist with the development of the line clearing and brush control specifications and standards necessary for negotiations with third party contractors and First Nations Administration.
7. Assist in providing notification of forestry services to communities and attaining necessary permissions from property owners or custodians.
8. Obtain various work permits such as cutting rights and stumpage fees on Crown Land or from companies with assigned cutting rights, fuel wood and stream crossing permits from the Ministry of Natural Resources, or transportation/crossing arrangements with the Canadian National Railway or Canadian Pacific Railway for the performance of the forestry services.
9. Provide forestry support for emergency line clearing and trouble calls.
10. Provide forestry support for line clearing and brush control as required for work driven by extensions, connections, betterments and upgrades to transmission facilities.

11. Provide documentation and support to enable the Services Recipient to obtain Purchase Service Agreements (PSA) with the Power Workers Union (PWU) for line clearing in First Nation communities, as well as, necessary sole source and procurement documentation.
12. Prepare and provide detail cost estimates of identified planned work to the Services Recipient Annually in order to facilitate business planning for the following year as may be needed. The Services Recipient shall identify the work to be estimated annually by March 1st. Other estimates that may be required throughout the year and will be prepared and provided 15 days after the request is received by Forestry Services Scheduling.
13. The Services Provider shall prepare and provide necessary PSA and procurement documentation for First Nation brushing contracts annually by April 15. The Services Recipient will be responsible for managing and completing PSA negotiations with the PWU and approve procurement documents as it deems necessary.
14. The Services Provider shall complete 100% of the annual planned line clearing and brush control operations annually by December 15. The details of the annual plan will be discussed at a meeting between the Services Recipient's Managing Director or delegate and the Services Provider's Forestry Superintendent for the appropriate zone or Territory Manager delegate and shall be held annually before the end of February where the parties will confirm activities and expectations for the year.

B. Price and Terms of Payment:

The Services Recipient shall pay the Services Provider for the forestry services on a time and materials basis in accordance with the wage schedules of the Services Provider.

The above fees payable excludes all airfares and lodging and contractual obligations as required under the collective agreement for the Services Provider's costs while working at the Services Recipient's facilities, which shall be paid directly by the Services Recipient. The Services Recipient will arrange and pay for the scheduling of charter flights to the Services Recipient's sites.

C. Service Levels:

The Services Provider shall report the following information in writing to the Services Recipient annually by December 15th:

- Kilometers of line controlled / treated in each community
- Number of helicopter landing sites cleared
- Total actual cost of the forestry services in each community
- Instances of customer objection to use of herbicides and/or treatment of vegetation by any method; such customer disputes shall be resolved by the Services Recipient if resolution could not be attained through the Services Provider's regular procedures
- Detailed work completion reports of line clearing and brush control in each community upon completion of project.

HEALTH AND SAFETY SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following services in order to assist the Services Recipient with its health and safety program:

(i) WSIB Claims Management

- support the supervisor in WSIB reporting and early and safe return to work;
- provide guidance and interpretation of WSIB policy and legislation to the Services Recipient's line management;
- manage the financial impact of the WSIB claim cost statement and submit monthly premium remittance the Workplace Safety and Insurance Board on behalf of the Services Recipient.

(ii) Care Management

- support the Services Recipient's sick leave program that deals with sick leaves greater than 5 days and that is medically supported;
- support (via the Services Provider's Disability Management Consultant, the affected supervisor and employee through a third party provider while the employee is absent from work due to a major medical absence with a view to assisting in providing the right care at the right time for the right outcome

(iii) Long Term Disability (LTD)

- provide the Services Recipient with LTD case management services including application assignment to LTD payroll and ongoing case management and rehabilitation activities through a third party provider

(iv) Audiometric Testing

- support the Services Recipient's supervisors to carry out an Audiometric Program through the Health, Safety and Environment Management System (HSEMS) that establishes the requirement to implement operational controls to minimize a health and safety risk

(v) Respiratory Screening Program

- support the Services Recipient's supervisors in determining how respirators will be managed at the Services Provider's premises

(vi) Ergonomic Assessments

- support the workplace parties through the Workstation or Vehicle Ergonomic Assessment process.

(vii) Physical Demands Analysis (PDAs)

- develop and maintain Physical Demand Analyses to assist with the Services Recipient's employees fitness to return to work

B. Price and Terms of Payment:

The Services Recipient shall pay to Services Provider for these health and safety services on a time and materials basis.

C. Service Levels:

None.

JOINT USE SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following services in order to assist the Services Recipient with its Joint Use Program:

- (a) Support and participate with the Services Recipient's staff in drafting, negotiating, tracking and arranging for execution of joint use agreements for the Services Recipient as required and requested by the Services Recipient;
- (b) add, remove and change permits or similar authorizations and update and/or remove documents as required by the Services Recipient;
- (c) issue invoices to tenants/licensee for the Services Recipient in accordance with the Services Recipient's joint use agreements and manage the related accounts receivables accordingly;
- (d) manage and input information concerning the Services Recipient's joint use agreements into the Services Provider's "Joint Use" database and maintain said information separate from the Services Provider's own joint use information;
- (e) liaise with the Services Provider's "Joint Use" database on behalf of the Services Recipient; and
- (f) provide training to the Services Recipient's staff with regard to the Database, joint use agreements and other joint use activities, all as requested by the Services Recipient.

B. Price and Terms of Payment:

The annual price for the performance of the Services for the Services Recipient shall be \$15,000.00, exclusive of any sales and use taxes, as may be applicable.

C. Service Levels:

None.

LARGE CUSTOMER ACCOUNT SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following Large Customer Accounts services:

- i. Account Executive (AE) services for transmission connected customers
- ii. Reporting and contract support for transmission connected customers
- iii. Network Management Officer (NMO) services for transmission connected customers
- iv. Service Level
- v. Costs

These services are described in greater detail below.

(i) Account Executive services will include:

- Provide customer relationship support for TX customers connected within the HOSSM network including customer conference invitations, meeting coordination, executive sponsorships where required, escalation of urgent issues, contract negotiations, “voice of the customer” events, coordination with internal stake holders, customer account plans, customer satisfaction surveys, maintaining CRM up to date for TX customers.
- Function as the TX customer advocate for activities associated with HOSSM and/or HONI as appropriate by understanding the TX customers’ operations and bridging the gap to internal stakeholders to develop justifications and solutions.
- Support for new and modified connections including evaluation of options, contracts, scheduling, commitments, true-ups and Confirmation of Verification Evidence Reports (COVERs).
- Support for TX customer questions including modifications, , , , Real Estate, Settlements, Access, Invoicing, and any other type of customer questions.
- Provide TX customer reliability status by way of an annual report and where applicable customer delivery point performance if threshold for being considered an outlier is exceeded.

Reporting and Contract Support

- Support the Account Executive with contract execution including connection contracts, station access and other required agreements
- Manage the Customer Relationship Management (CRM) system that houses customer contact data, satisfaction information, customer intelligence, commitment tracking and customer agreement obligations (milestone payments, true ups etc.)
- Manage the storage and retention of all contracts and customer correspondence
- Issue invoices and track payments for customer projects
- Provide customer reporting including connection estimate reports, satisfaction and commitment reporting

(ii) Network Management Officer services will include:

- Provide TX customer with post event support typically related to unplanned interruptions and providing customer briefings and incident reports of events.
- Support TX customer questions related to power quality issues and work towards solutions that would be the responsibility of the transmitter.
- Support TX customer operations related questions such as ,short circuit values, protection issues
- Support TX customer updates and revisions to their Transmission Connection Agreement (TCA) Schedule A Details of Specific Operation.
- Provide follow up TX customer support for questions associated with the Control Room, SCADA and Outage Planning.

B. Price and Terms of Payment:

\$138,198.15 per annum.

C. Service Levels:

- Large Customer Accounts service availability will be during normal business hours excluding holidays. Availability after normal working hours will be on a case by case situation and primarily only for emergencies.
- Response time will vary depending on the magnitude and complexity of the TX customers' needs, however acknowledgement of customer inquiries are usually within 48 hours of receipt.
- HOSSM TX Customers will have no higher or lower priority than HONI TX Customers and will follow the Transmission System Code in situations where capacity allocation is concerned.
- An escalation path is available to HOSSM TX Customer to the assigned AE's or NMO's manager within Large Customer Accounts.
- The assigned AE and NMO will meet face-to-face with HOSSM TX Customers when and where required, however most meetings and correspondence will be over the phone, email and by courier. TX Customers with new and modified connections will have more frequent meetings than TX Customers that have no requests for customer support, however during visits in the vicinity of HOSSM, every opportunity to be available will be presented to mitigate or minimize the need for multiple trips.
- Transmission Connection Agreement, Schedule A, Details of Operations will be reviewed and updates requested from TX Customers will be done annually or earlier where changes are requested by the TX Customer.

SAFETY SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with following services related to safety:

1. Incident Reporting

The Services Provider shall assist the Services Recipient's Line Management with the proper and timely notification of safety related incidents for:

- Corporate reporting requirements
- Workplace Safety and Insurance Board
- Ministry of Labour

2. Incident Investigation

The Services Provider shall provide assistance/leadership for the investigation of high MRPH (Maximum Reasonable Potential for Harm) incidents and other lower incidents as requested by the Services Recipient's Line Management, the scope of which activities shall include, but not be limited to, the following:

- Prepare an initial bulletin notice of incident occurrence
- Assist with the Terms of Reference for incident investigations
- Being an investigation team member/leader
- Review/present the final report of the incident investigations to the Services Recipient's Line Management
- Assist with the development of an action plan to implement investigation recommendations

3. Health and Safety Management

The Services Provider shall assist the Services Recipient's Line Management with the development and maintenance of the Services Recipient's Health and Safety Activities, in support of their Environmental Health and Safety Management System (EHSMS) which may include the following:

- conduct an annual review of the Services Recipient's EHSMS, provide analysis and make recommendations for improvements;
- identify Hydro One safety requirements and provide information/advice on legal and other requirements applicable to the Services Recipient's business;
- Prepare/issue a quarterly newsletter of recent H/S legislative changes and developments affecting the Services Recipient.

4. Compliance Reviews

In consultation with the Services Recipient's Line Management, coordinate and conduct an annual compliance review of the Services Recipient's legal and other requirements that pertain to health and safety. Where required, the Services Provider shall develop appropriate protocols for the evaluation of health and safety compliance, in accordance with the Services Recipient's EHSMS procedures. The Services Provider shall also prepare and provide to the Services Recipient a written report summarizing the findings of the compliance review within 3 weeks of the field visits.

5. Miscellaneous Services

The Services Provider shall:

- attend Safety Meeting presentations given by both parties and provide support on urgent items or significant rule and regulation changes
- provide Job Planning Assistance including site visits, upon request
- review quality of work process inspections performed by the Services Recipient and recommend improvements, upon request
- perform work process inspections upon request and provide results to the Services Recipient
- provide the Services Recipient with a monthly written report at the end of each month during the term of the Agreement wherein it will describe the costs and accomplishments of these miscellaneous services provided by its personnel for the said month.

B. Price and Terms of Payment:

The Services Recipient shall pay to the Services Provider for the safety services, based on actual time and expenses incurred, in accordance with the hourly rates referred to in the Agreement.

In addition, the Services Recipient will pay the cost of the administration and reporting in respect of the safety services, material, travel and per diem costs related to the provision of the safety services. The Services Recipient will arrange and pay for the scheduling of charter flights to the Services Recipient's sites.

C. Service Levels:

None.

SETTLEMENT SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following Transmission settlements services:

- i. Transmission Totalization Table Maintenance
- ii. Reconciliation of the Monthly Transmission Quantities and Revenues
- iii. Maintain and Update the HOSSM Transmitter List
- iv. Manage secure access to all related records necessary for audit of this process.

These services are described in greater detail below.

(i) Totalization Table Maintenance

- The HOSSM Transmission totalization tables will be revised and updated to reflect any changes to the corresponding IESO registered metering points based on input from the relevant Metering Service Providers and HOSSM staff. These changes will be updated and coordinated with the relevant Metering Service Providers in the IESO Appian metering point registration / update process.
- Site Registration Reports (SRR) from the IESO resulting from any revisions to Transmission totalization tables will be reviewed and approved per the IESO process.

(ii) Reconciliation of the Monthly Transmission Quantities and Revenues

- retrieve the wholesale meter data and determine billable quantities based on totalization tables.
- Determine if the meter data has the same peak as Transmitter Reconciliation Data Files received from the IESO. If not, enter a Notice of Disagreement per IESO process and follow up to resolution.
- Calculate and verify the dollar amount being paid to HOSSM is correct as per calculated billable peaks by using applicable IESO transmission tariffs as per OEB approved Universal Transmission Rate schedule. If not, enter a Notice of Disagreement per IESO process and follow up to resolution.
- Inform by email to the Managing Director of HOSSM or his substitute that the IESO invoice has been reviewed and confirmed. The Managing Director of HOSSM will acknowledge and approve the invoice by return email. Ensure approval of IESO invoice in SAP workflow per defined process.
- Confirm receipt of expected amount from the IESO and execute accounting process with other Hydro One Networks groups to recognize revenue.

(iii) Maintain and Update the HOSSM Transmitter List

- Revise and update the HOSSM Transmitter List based on input from HOSSM staff and Hydro One Networks staff to ensure it is accurate and up to date and submit revisions as necessary to the IESO per IESO process

(iv) Manage secure access to all related records

- Ensure all records related to HOSSM transmission reconciliation, totalization tables and Transmitter List are maintained in a secure manner and available for audit purposes.

B. Price and Terms of Payment:

4 to 8 hours/month approx. \$5000 per year

C. Service Levels:

- In accordance with standards no less than what Hydro One Networks performs for itself aligned with all applicable regulatory requirements

SUPPLY CHAIN SERVICES

A. Description of Services:

The Services Provider shall provide the Services Recipient with the following supply chain services:

- management and procurement;
- vendor management;
- process development;
- data management;
- Investment recovery.

B. Price and Terms of Payment:

\$25,000 per annum.

C. Service Levels:

In accordance with standards no less than what Hydro One Networks performs for itself aligned with all applicable regulatory requirements

TRANSMISSION, CONSTRUCTION, AND MAINTENANCE SERVICES

A. Description of Services:

Demand Work and Trouble Repairs:

Subject to the Services Provider's availability of personnel and resources which shall be determined by the Services Provider in its sole discretion, the Services Provider shall, in accordance with the Services Recipient's request from time to time, maintain the Services Recipient's transmission system by providing the following activities, as may be requested by the Services Recipient:

- Trouble Call Response, power restoration and storm damage repairs
- Line layout, estimating and staking
- Service Layouts and Collections
- Station maintenance, construction and repair
- Power line maintenance, construction and repair
- Transmission system operation including application of the Work Protection Code

For the performance of the above-referenced provincial lines services, the Services Provider shall provide:

1. subject to staff availability, short duration (six weeks or less) release of up to a maximum of 2 Regional Line Maintainers (RLMs) to cover absence/augment crew size. The Services Recipient will contact the Services Provider (Customer and Business Service Manager) as soon as practical to identify the need for all resources;
2. trouble Call Response: provide work crew(s) from appropriate geographical locations in response to customer trouble calls dispatched by either the Services Recipient's First Line Manager/Union Trades Supervisor lines or the Services Provider's Supervisor on call. Trouble Calls crews shall be provided by the Services Provider on short notice and are subject to availability;
3. subject to staff availability, Customer Demand Work: Provide work crew(s) from appropriate geographical locations in response to customer connection/ minor line construction requests from the Services Recipient's First Line Manager;
4. subject to staff availability, Lines Technical Work: Provide an Engineering Technician, or Line Technician upon request from the Services Recipient's First Line Manager;
5. respond to requests for system technical services and engineering approval(s).

Planned Work:

The Services Provider will work with the Services Recipient's First Line Manager to include in the Services Provider's plans the availability and supply of personnel and resources to meet the requirements for planned work in the Services Recipient's service territory. The Services Provider shall, in accordance with the Services Recipient's work plans respond to the Services Recipient's requests, from time to time, to maintain the Services Recipient's transmission and distribution systems

1. . It is agreed that the Services Recipient will pay for all costs incurred by its staff to attend this training. Costs associated per Services Recipient employee will be agreed to prior to the Services Recipient employee attending the training.
2. Health and Safety incidents involving crews under the Services Provider's direct supervisory control shall be the responsibility of the Services Provider's lines operations centres.

Transport and Work Equipment (TWE) Provision

1. The Services Recipient will provide TWE at all fly-in sites for types of work, i.e. Trouble Calls, other Line work, Technician work.
2. For demand work at road access sites, trouble calls and new connects, the Services Provider will supply TWE, the cost of which will be included in the fees payable by the Services Recipient.
3. For Technician work at road access sites, the Services Provider will supply TWE and the costs of TWE will be included in the fees payable by the Services Recipient.

B. Price and Terms of Payment:

Except as specifically provided herein, the Services Recipient shall pay the Services Provider for the Provincial Lines Services on a time and material basis, including overtime.

The Services Recipient will pay for all costs associated with fly-in work.

Planned Work

- Time and Materials including any required overtime.
- The Services Recipient shall pay all incremental travel/overtime costs for the assignment of personnel from locations other than Thunder Bay for Lines, Technician and Customer Service personnel.
- In addition, the Services Recipient will pay the Services Provider's costs of the administration and reporting in respect of these Provincial Lines Services, material, transport and work equipment, travel and per diem costs related to the provision of these provincial line services other than trouble call response services.

C. Service Levels:

Service Level for Demand Work:

The Services Recipient will contact the Services Provider's relevant Zone Business Manager when demand work is required. The Services Provider's Business Manager will inform the Services Recipient of staff availability within 48 hours of being contacted by the Services Recipient. For short duration (six weeks or less) demand work requiring one staff member, the Services Recipient must provide the Services Provider with at least 4 business days' notice of a need for such work. For short duration (six weeks or less) demand work requiring four staff members, the Services Recipient must provide the Services Provider with at least two weeks' notice of a need for such work.

100% of requests shall be satisfied within 14 days' after receipt of the request

For short duration (six weeks or less) Line and Technician work – an email request will be provided by the Services Recipient to the Services Provider for all planned work assignments. Fourteen days prior written notice is required to be provided by the Services Recipient to the Services Provider for cancellation/withdrawal of staff/crews committed to short duration (six weeks or less) assignments. The Services Recipient may request personnel and resources of up to 2 RLMs and 2 Distribution Line/Metering Technicians.

Trouble Response – 24/7

Service Level for Trouble Call Response:

Subject to the immediately preceding sentence, the Services Provider shall restore service to customer and/or community within 24 hours after receipt by the Services Provider of the Trouble Call from the Services Recipient. The Services Recipient acknowledges and agrees that during major storm events, the Services Provider's staff may not be available to meet the 24-hour response timeframe, however, staff not involved in emergency work will be dispatched immediately and other staff will be dispatched as soon as conditions allow.

Scope of Trouble Calls that will be responded to by the Services Provider:

- approximately 24-30 calls/year
- Work is mainly transformer re-fusing and switch re-fusing
- Each call is typically 3-4 hours of work and 6-8 hours of travel

For trouble repairs that are required immediately, the Services Recipient will contact the Services Provider's on-call supervisor and the Services Provider's on-call supervisor shall inform the Services Recipient of staff availability within 1 hour of being contacted by the Services Recipient.

Planned Work

The Services Recipient will contact the Services Provider's Business Manager when planned work is required. The Services Provider's Business Manager will inform the Services Recipient of staffing availability within 72 hours of being contacted by the Services Recipient. For planned

work requiring more than 1 individual for periods in excess of three weeks, the Services Recipient must contact the Services Recipient at least three weeks in advance. .

The Services Provider will meet with the Services Recipient's FLM annually and include the Services Recipient's personnel and resource needs in the Services Provider's personnel and resource planning and scheduling. In order to facilitate integration of resource requirements, a meeting will be held during the first quarter of the term with the Services Provider's Zone 7 contact person where the Services Recipient will make known all major planned work for the year. Planned work not identified during this meeting will be subject to staff availability; however, efforts will be made to accommodate and may include resourcing from other parts of the Province.

The Services Recipient's contact person for work assignments is First Line Manager (FLM) Customer Service/Lines and Scheduling.

The Services Provider's contact person for work assignments will be the Superintendent, his delegate or scheduling group as agreed by the parties. Special requirements, scheduling conflicts and service level performance concerns will be discussed with the respective Zone Superintendent.

Schedule "D"

**COMMERCIAL GENERAL LIABILITY INSURANCE CERTIFICATE
SUPPLY ONLY TRADES**

Issued in favour:

Insured:

XXXXXXXXXXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXXXXXXXXXX

This is to certify that policies of insurance listed below have been issued to the insured named above for the period indicated and cover operations of the insured in connection with the **SERVICES BEING PERFORMED UNDER THE MASTER AGREEMENT**

	Policy Number	Effective Date MM/DD/YR	Expiration Date MM/DD/YR	
Type of insurance				
Commercial General Liability				\$5,000,000
(X) Blanket Contractual Liability				\$5,000,000
(X) Broad Form Property Damage				\$5,000,000
(X) 3rd Party Property damage including loss of use				
(X) Sudden and Accidental Pollution Liability coverage				
(X) Products and Completed operations				
(X) Employer's Liability				
(X) Non-Owned Automobile Liability				
Automobile Liability				
(X) Owners				\$5,000,000

Special Condition

Commercial General Liability policy shall (i) include Hydro One Sault Ste. Marie LP as a named insured subject to sole agent provisions, (ii) be primary non-contributing with and not excess of any other insurance available to Hydro One Sault Ste. Marie LP, and (iii) contain a cross liability and severability of interest clause

The Insurer agrees to notify the certificate holder by registered mail not less than 30 days prior to any material change, which reduces or restricts cover, cancellation, termination or non-renewal.

Date:

Name of Insurer:

By: Authorized Official of the Insurance Company

Print Name and Title of Above Official

Schedule "E"

ADDITIONAL INSURANCE COVERAGES

- 1.01 Commercial General Liability and Excess Liability Insurance on an occurrence basis in an amount not less than \$5,000,000 inclusive for both bodily injury, including death, personal injury and damage to property, including loss of use thereof, for each occurrence. To achieve the desired limit, umbrella or excess liability insurance may be used.
- Coverage shall specifically include, but not be limited to, the following
- i) Blasting, pile driving, caisson work, underground work;
 - ii) Products & Completed Operations including a provision that such coverage to be maintained for a period not less than 24 months post Final Performance;
 - iii) Errors and omissions integral to the operation of the Insured;
 - iv) Tenant's Legal Liability;
 - iv) Pesticide Liability; and
 - v) Rail Liability.
- 1.02 Contractor's Equipment Insurance covering equipment and tools, owned, rented or leased for the full replacement cost of such equipment on an "All Risks" basis including marine based risk subject to normal exclusions.
- 1.03 Pollution Liability Insurance: When remediation or abatement is included in the work, the Services Provider shall purchase a policy with limits of not less than \$5,000,000 per occurrence covering bodily injury and property damage claims, including cleanup costs as a result of pollution conditions arising from the Services Provider's and/or its subcontractors' operations and completed operations. Completed operations coverage will remain in effect for no less than 3 years after final completion. The policy will have a retroactive date before the start of the work. To achieve the desired limit, umbrella or excess liability insurance may be used.
- 1.04 Errors & Omissions Insurance: Engineering, Architectural, Design or other Professionals or Consultants and the EPCM (Engineering, Procurement, Construction and Maintenance). The Services Provider shall, at all times, maintain in full force and effect professional liability insurance in an amount not less than \$10,000,000 aggregate limit covering the period from start of conceptual design through to completion of the project and for a further discovery period of 5 years from the issuance of the certificate of Final Completion.
- 1.05 Transit insurance (including loading, unloading and storage during the course of transit including storage at secondary processing facilities) against All Risks of physical damage to the property of the Services Recipient in the Services Provider's care, custody and control until such property is received on the Services Recipient's site.
- 1.06 Aircraft and watercraft liability insurance with respect to owned or non-owned aircraft and watercraft if used directly or indirectly in the performance of the Services, including use of additional premises, shall be subject to limits of not less than \$5,000,000.00 inclusive per occurrence for bodily injury, death and damage to property including loss of use thereof and limits of not less than \$5,000,000.00 for aircraft passenger hazard. Such insurance shall be in a form acceptable to the Services Recipient. The policies shall be endorsed to provide the Services Recipient with not less than 15 days' notice in writing in advance of cancellation, change, or

amendment restricting coverage. To achieve the desired limit, umbrella or excess liability insurance may be used.

- 1.07 Such other insurance as is mutually agreed upon between the Services Recipient and the Services Provider.

Where any of the above coverages are required for any of the Services, the Services Provider shall be bound by and comply with the following:

1. Prior to the commencement of the performance of the Services, the Services Provider shall provide the Services Recipient with a certificate of insurance completed by a duly authorized representative of its insurer certifying that at least the minimum coverages required here are in effect and that the coverages will not be cancelled, nonrenewed, or materially changed by endorsement or otherwise so as to restrict or reduce coverage, without 30 days' advance written notice by registered mail, or courier, receipt required, to:

Manager, Risk & Insurance Department, Hydro One Sault Ste. Marie LP, 483 Bay Street,
TCT7, South Tower, Toronto, Ontario. M5G 2P5

If any of the coverages are required to remain in force after final payment, an additional certificate evidencing continuation of such coverage will be submitted with the Services Provider's final invoice.

2. All deductibles shall be to the account of the Services Provider.
3. All insurance noted above shall specify that it is primary coverage and not contributory with or in excess of any other insurance that may be maintained by the Services Recipient.
4. A waiver of subrogation shall be provided by the insurers to the Services Recipient for coverages 1.02 (Contractor's Equipment).
6. The Services Recipient shall be included as a Named Insured under coverages noted in 1.03 (Pollution Liability) subject to Sole Agent provisions.
7. Coverages noted in 1.03 (Pollution Liability) shall contain a Cross Liability clause and a Severability of Interests clause.
8. Coverage provided for shall not be invalidated by actions or inactions of others.

Schedule "F"

Receiving Party Security Safeguards Regarding Confidential Information Received from the Disclosing Party

The Receiving Party shall protect the Confidential Information by security safeguards appropriate to the sensitivity of the information.

- 1) The Receiving Party shall protect the Confidential Information against such risks as loss or theft, unauthorized access, disclosure, copying, use, modification or destruction, through appropriate security measures, regardless of the format in which it is held.
- 2) All of the Receiving Party's Representatives with access to the Confidential Information shall be contractually required to respect the confidentiality of that information.
- 3) The Receiving Party acknowledges and agrees that the nature of the safeguards will vary depending on the sensitivity, amount, distribution and format of the information, and the method of storage. The Receiving Party shall ensure that more sensitive information will be safeguarded by a higher level of protection.
- 4) The Receiving Party shall ensure that methods of protection will include:
 - (a) physical measures, for example, locked filing cabinets and restricted access to offices;
 - (b) organizational measures, for example, controlling entry to data centers and limiting access to information on a "need-to-know" basis;
 - (c) technological measures, for example, the use of passwords and encryption; and
 - (d) investigative measures, in cases where the Receiving Party has reasonable grounds to believe that the Confidential Information is being inappropriately collected, used or disclosed by anyone whom in law the Receiving Party is responsible.

UNDERTAKING – JT 1.2

1
2
3
4
5
6
7
8
9
10
11
12

Reference

Ref: Exhibit I, Tab 5, Schedule 37

Undertaking

To provide a weighted average of the percentage labour and percentage non-labour for the IPI weights based on some manner of weighting for the size of the utility

Response

The answer to this question was provided at the technical conference and can be found on page 58 of the Technical Conference Transcript for January 14, 2019.

UNDERTAKING – JT 1.3

1
2
3
4
5
6
7
8
9
10
11
12

Undertaking

To provide the actual 2018 OM&A and capital

Response

Based on preliminary, full-year, 2018 financial results for Hydro One SSM:
OM&A - \$9.4M,
Capital expenditures - \$6.3M.

Please note that at time of writing, results for 2018 are unaudited and thus are subject to potential change.

UNDERTAKING – JT 1.4

1
2
3
4
5
6
7
8
9
10
11

Undertaking

To revise the numbers in Table 2, Capital Expenditure summary from Chapter 5 consolidated and to extend it to the year 2026

Response

Below is the table showing the correct, reconciled, forecast amounts for the years 2018-2026 in a table fundamentally the same as Table 2 from Exhibit B2, Tab 1, Schedule 1, Attachment 2.

Forecast Period (Planned)									
	2018	2019	2020	2021	2022	2023	2024	2025	2026
\$000,000s									
System Access	0	0	0	0	0	1.4	3.4	0	0
System Renewal	5.1	3.0	8.0	7.9	5.9	7.6	7.1	8.7	7.8
System Service	1.3	1.3	2.6	2.8	5.5	0.3	0.3	1.6	0.6
General Plant	0.1	2.9	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TOTAL CAPITAL EXPENDITURE	6.5	7.1	10.7	10.7	11.5	9.4	10.8	10.4	8.5
System O&M	9.4	10.7	11.0	11.2	11.4	11.6	11.8	12.0	12.2

UNDERTAKING – JT 1.5

1

2

3 **Undertaking**

4 To make best efforts to provide a ballpark estimate of costs associated with pole
5 replacements

6

7 **Response**

8 The estimated average cost of a typical, two-pole, H frame transmission structure with all
9 associated fittings is as follows:

10

Structure Primary Material	Structure Cost ¹
Wood	\$15,000
Composite	\$29,000-\$38,000

11

12 ¹Note that variation of costs can arise from differences in structure heights/pole ratings,
13 site accessibility restrictions and other factors.

UNDERTAKING – JT 1.6

1
2
3
4
5
6
7
8
9
10
11

Undertaking

To advise whether there are updated reliability indices available for the years 2016, 2017, and 2018 associated with table 6; if so, to provide an updated table 6 inclusive of the 2016 and 2017 and 2018 indices.

Response

Included below is the updated table including the years 2016, 2017 and 2018 as requested.

		2010	2011	2012	2013	2014	2015	2016	2017	2018
HONI	SAIDI	28.1	39.6	75.9	184.3	40.7	66.1	34.4	246.1	21.3
HOSM	SAIDI	150.7	296.7	176.8	861.1	25.4	79.8	10.0	30.9	252.5
HONI	SAIFI	0.76	0.50	0.86	0.97	2.23	0.81	0.84	2.14	0.69
HOSM	SAIFI	1.33	2.14	2.24	1.37	0.47	0.89	0.37	0.42	0.22

UNDERTAKING – JT 1.7

1
2
3
4
5
6
7
8
9
10

Undertaking

To advise whether Hydro One SSM has access to Hydro One reliability indices showing performance of the overall HONI system exclusive of major weather events, if that information is available to representatives of Hydro One Sault Ste. Marie.

Response

See updated table attached to Undertaking JT1.6. This is made available to Hydro One SSM representatives.

UNDERTAKING – JT 1.8

Undertaking

To explain the difference between the forecasted capital expenditures with the transaction taking place in the MAADS application and the TSP

Response

The reason for this difference primarily lies in how the estimates were calculated.

The capital plan scenarios described in the MAADs case were derived by taking the capital plan supplied by GLPT and estimating what costs could potentially be reduced/avoided from a top-down basis. The explanations included in the MAADs case on Page 4-5 of EB-2016-0050, Exhibit A, Tab 2, Schedule 1 describe those potential savings. This review was done with the GLPT plan with no supplemental asset analysis performed.

The capital plan proposed in this application is the result of a bottom-up process executed within an investment planning process on the basis of a detailed Asset Condition Assessment. Details of this assessment are included throughout the TSP in this application. The average capital spending envisioned over the term is in-line with the expected depreciation of the asset fleet, which, given the condition of the HOSSM asset fleet described in the METSCO ACA, is appropriate.

A very detailed explanation of the differences between the original GLPT plan and the currently proposed plan is included in the evidence in Exhibit B2, Schedule 2, Tab 1.

UNDERTAKING – JT 1.9

1
2
3
4
5
6
7
8
9
10
11
12

Undertaking

To reconcile the capital line and the OM&A lines in IR No. 41, as well as in IR 40, Table 2 referred to earlier

Revised IR

The reconciliation should be amongst all of the IRs: Staff-40, Staff-41 & SEC-8

Response

In lieu of a reconciliation amongst the referenced tables, the corrected, forecasted future expenditures are included in the Table included in Undertaking JT1.04.

UNDERTAKING – JT 1.10

1
2
3
4
5
6
7
8

Undertaking

To provide a copy of the initial proposal that was given to HATCH

Response

Hydro One SSM officials reviewed their archives but are unable to locate and provide a copy of the original proposal provided to Hatch regarding their asset study.

UNDERTAKING – JT 1.11

1
2
3
4
5
6
7
8

Undertaking

To provide a forecast of in-service additions for 2019.

Response

Hydro One SSM's current forecast for the amount of capital expenditures to be in-serviced in 2019 is \$2.4 million.

UNDERTAKING – JT 1.12

1
2
3
4
5
6
7
8
9
10

Undertaking

To file the Hydro One scorecard from 2016

Response

Please find as Attachment 1 to this undertaking, a copy of Hydro One Transmission's proposed scorecard filed as Attachment 1 to Exhibit B2, Tab 1, Schedule 1 from the EB-2016-0160 proceeding; the most recently approved Hydro One Transmission rate application.

Proposed Transmission Regulatory Scorecard - Hydro One Networks Inc.

Performance Outcomes	Performance Categories	Measures	Historical Years					Trend
			2011	2012	2013	2014	2015	
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	Satisfaction with Outage Planning Procedures (% Satisfied)	Note 1	78	Note 1	86	92	▲
		Customer Delivery Point (DP) Performance Standard Outliers as % of Total DPs	13.8	10.8	12.8	11.8	Note 2	▲
Customer Satisfaction	Customer Satisfaction	Overall Customer Satisfaction in Corporate Survey (% Satisfied)	85	76	81	77	85	-
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved, and distributors deliver on system reliability and quality objectives.	Safety	Recordable Incident Rate (# of recordable injuries/illnesses per 200,000 hours worked)	3.7	2.3	2.5	1.8	1.7	▲
		T-SAIFI-S (Ave. # Sustained Interruptions per Delivery Point)	0.60	0.61	0.57	0.60	0.59	-
System Reliability	System Reliability	T-SAIFI-M (Ave. # Momentary Interruptions per Delivery Point)	0.60	0.65	0.69	0.48	0.50	▲
		T-SAIDI (Ave. Minutes of Interruptions per Delivery Point)	127.9	71.5	66.0	36.6	44.3	▲
		System Unavailability (%)	0.50	0.48	0.37	0.48	0.66	▼
		Unsupplied Energy (minutes)	21.6	14.0	20.9	12.2	11.8	▲
Asset Management	Asset Management	In-Service Capital Additions (% of OEB approved plan)	95	75	90	106	85	▲
		CapEx as % of Budget	78	81	73	90	106	▲
Cost Control	Cost Control	Total OM&A and Capital per Gross Fixed Asset Value (%)	9.8	8.6	7.6	8.4	9.0	▲
		Sustainment Capital per Gross Fixed Asset Value (%)	2.6	2.8	3.3	4.2	4.6	Note 3
Public Policy Responsiveness Transmitters deliver on obligations mandated by government. (e.g. in legislation and in regulatory requirements imposed further to Ministerial directives to the Board)	Connection of Renewable Generation	% on time completion of renewables connection impact assessments	100	100	100	100	100	-
		NERC/NPCC Reliability Standards Compliance						
Regional Infrastructure	Market Regulatory Compliance	- Number of High Impact Violations (Note 4)	N/A	N/A	N/A	20	2	
		- Number of Medium/Low Impact Violations (Note 4)	N/A	N/A	N/A	5	10	
Financial Performance Financial viability is maintained, and savings from operational effectiveness are sustainable.	Regional Infrastructure	Regional Infrastructure Planning progress - % Deliverables met	N/A	N/A	N/A	100	100	
		Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.24	0.29	0.80	0.69	0.13	
		Leverage: Total Debt (includes short-term & long-term debt) to Equity Ratio	1.27	1.22	1.10	1.16	1.39	
		Profitability: Regulatory Return on Equity	9.66	9.42	8.93	9.36	9.30	
		Achieved (%)	10.95	12.41	13.22	13.12	10.93	

Note 1: Customer Satisfaction survey not done in 2011 and 2013.

Note 2: Results will be available in July 2016.

Note 3: In 2014 strategic decision made to increase sustainment capital.

Note 4: Results from 2011 to 2013 are excluded due to a lack of consistent data compared to 2014 and 2015.

Legend:
 ▲ up
 ▼ down
 - flat

UNDERTAKING – JT 1.13

1
2
3
4
5
6
7
8
9
10
11
12
13
14

Undertaking

To explain the delivery point standards being adopted by HOSSM, to explain the application of the standard of the CDPP

Response

Table 2 included in Staff IR#53 represents the sum of the Duration/Frequency measurements for all delivery points (“DP”) by class. An average per DP could be determined by dividing that sum by the number of DPs. To use the example data point discussed in the transcript, The Minimum Standard listed in Table 2 for the 0-15 MW class is shown as 5,040 minutes across 14 DPs. That equates to an average minimum Standard of 360 per DP, which coincides with the number for that standard provided in Table 1, also located in Staff IR #53.

UNDERTAKING – JT 2.1

1
2
3
4
5
6
7
8

Undertaking

To provide the excel spreadsheet summarizing the capital plan

Response

Please find below, the excel spreadsheet provided to the Managing Director of HOSSM summarizing the capital plan.

		2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Transmission Line Upgrades	Project Priority										
Wood Structure Replacements	1	\$ 4,800,000				\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 24,800,000
Sault #3 Structure & Conductor Replacement	1	\$ 250,000	\$ 3,000,000	\$ 7,000,000	\$ 7,000,000						\$ 17,250,000
Station Upgrades											
Watson TS Protection Upgrade	1	\$ 1,100,000									\$ 1,100,000
Third Line TS T2 Replacement	1				\$ 850,000	\$ 1,700,000	\$ 2,250,000				\$ 4,800,000
Steelton TS Breaker Upgrade	1					\$ 200,000	\$ 960,000	\$ 1,160,000			\$ 2,320,000
Hollingsworth TS Protection Upgrade	1								\$ 500,000		\$ 500,000
Clergue TS M/C Switchgear Replacement	1								\$ 1,000,000	\$ 3,800,000	\$ 4,800,000
Greenfield Station	1		\$ 1,000,000	\$ 2,350,000	\$ 2,500,000	\$ 5,250,000					\$ 11,100,000
Echo River TS Transformer Replacement	2						\$ 1,440,000	\$ 3,360,000			\$ 4,800,000
Echo River TS Breaker Replacement	2			\$ 1,000,000							\$ 1,000,000
Third Line TS Protection Upgrade	2								\$ 500,000		\$ 500,000
Watson TS Power System Upgrade	2							\$ 1,000,000	\$ 3,700,000		\$ 4,700,000
Third Line TS Storage Building	3		\$ 750,000								\$ 750,000
Steelton TS Line Disconnect Upgrade	3								\$ 300,000	\$ 300,000	\$ 600,000
Northern Ave TS T1 Replacement	3						\$ 400,000	\$ 950,000			\$ 1,350,000
Consolidation Capital & Minor Fixed Assets	4	\$ 225,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 2,225,000
General Plant	4	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 1,125,000
Land Acquisitions	4	\$ -	\$ 2,000,000								\$ 2,000,000
Total		\$ 6,500,000	\$ 7,125,000	\$ 10,725,000	\$ 10,725,000	\$ 11,525,000	\$ 9,425,000	\$ 10,845,000	\$ 10,375,000	\$ 8,475,000	\$ 85,720,000
Average Annual Investment		\$ 9,524,444.44									

UNDERTAKING – JT 2.2

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

Undertaking

To provide written explanation of how the spreadsheet was arrived at and what it signifies

Response

The spreadsheet is a template to classify and score the risk taxonomies inherent in potential investment projects under consideration. The template is comprised of dropdown and manual input cells to assist the scorers in their effort. The output of the template preparation process and subsequent deliberation that takes place in the Challenge Sessions (described in Exhibit B1-1-1 p. 70), is a computable risk score that represents the specific sources and magnitudes of risk that each project can be expected to mitigate, if pursued. Hydro One developed the template in-house and has used it in the HOSSM Investment Planning and Prioritization process to consider potential trade-offs among the candidate projects.

The first section is the investment information and description section. This allows for the description of the project scope and reasoning supporting it, including available evidence of condition, operating history, etc. An asset or a strategic driver is selected, in addition to investment staging and parent/child investments (if they exist). Identifying whether the investment will be executed in lines or in stations portfolio is selected and described here.

	A	B	C	D	E	F	G	H	I	
1	e.g., alternative for a station (assign unique names like 'refurb' 'repair' etc.)		Cells in green will be populated if the AR entered is included in Approved Accomplishment File	e.g., portion of disaggregated program (assign unique names to each tranche e.g. critical poles, poor poles, fair poles, etc.)	ACC File based on the AR entered in the ACC File, "N/A" will be required.	Template Details:	v1 - Tr			
2	Dropdown input	Manual input				Save Completed Template As:	Bus TS Metal Clad	Switchgear Replacement_Switchgear	ReplacementSwitchgear	
3	Allocation Grouping	TX - Power Systems								
4	Scorer	James Waburton								
5	Date scored	27-Jun-18								
6	Investment Information									
7	AR	11111	Parent/Child AR	None	NOTE: Pre-populated data is based on ACC Alternatives:		#N/A			
8	Tranche Identifier	Switchgear Replacement	Is this alternative aligned to the Tr Filing alternative?	YES	Driver Title	Power Equipment		Driver Owner	#N/A	
9	Alternative Identifier	Switchgear	Is this the Recommended Alternative?	YES	ISD	#N/A		ISD description	Bulk Station Switchgear and Ancillary Equipment Replacement Projects	
10	A/R Name	Clergue TS Metal Clad Switchgear Replacement	Driver	#N/A	Investment Code - Primary	#N/A		Prog/Proj	Project	
11	Investment strategy	Existing 12kV metal clad switchgear in Clergue TS is obsolete and near the end of its useful life. The switchgear is not arc-flash rated and is posing a risk to workers during switching and maintenance.	Investment Stage		ASP Code Description			Investment Owner		
12					Short Term Planning		#N/A		#N/A	
13	Scoring background									
14	Disaggregated Program?	YES	Data Quality	Medium						

1 The second section is the flagging section. This is separated into two subsections,
 2 mandatory and discretionary flags. If a project is associated with a mandatory flag, such
 3 as ‘compliance’ or ‘3rd party request’, its priority is greatly increased during the
 4 prioritization process. Discretionary flags, such as ‘embedded productivity’ or
 5 ‘corrective’ maintenance serve as reminders to elevate the priority of the investment
 6 during the prioritization process. The more mandatory or discretionary flags that a project
 7 is assigned, the more highly it will slot into project prioritization. See exhibit B-1-1 pp.
 8 67-68 for an additional discussion of the Flagging process. The reasoning for use of
 9 particular flags undergoes discussion during the Challenge Sessions.

Flagging					
For flags that do not apply, please either select FALSE or leave blank					
Mandatory flags			Discretionary flags		
Flag	TRUE/FALSE	Rationale	Flag	TRUE/FALSE	Rationale
3rd Party Request	False		Capital Sustainment	False	
Compliance	False		Corrective Maintenance	False	
Contracts	False		Customer	False	
In-flight	False		Emerging Risk	False	
Load Growth	False		Political	False	
			Prev Maintenance		

10
 11 The next major section is Risk Scoring. This is where safety, environment, and reliability
 12 risks are classified by their ‘Worst Reasonable Direct Impact’ or WRDI. This is usually a
 13 description of the worst event that would be a direct result of deferring execution of the
 14 project. A baseline impact and probability are described and computed, to serve as the
 15 “do nothing” impact comparison. The residual impact and probability, which will take
 16 effect after the investment has been completed, are also described and computed. In this
 17 way, and for each risk taxonomy (safety, reliability, environment), a risk ‘delta’ can be
 18 arrived at using the risk matrix.

19
 20 The rationale for selecting particular risk magnitude values and/or the failure scenarios
 21 associated with a WRDI scenarios undergo detailed discussion and deliberation at the
 22 Challenge Sessions.

	A	B	C	D	E	F	G
34	Multi-asset considerations						
35	Multi-Asset Risk?	Yes					
36	Asset scored	Only use in Non Multi-Asset Risk Investments					
37	Risk scoring						
38	Safety scoring						
40	Risk Multiplier (Unitized Risk)						
41			12				
42	Safety - WRDI	Catastrophic arc flash results in burns/concussive force to an employee whilst operating the switchgear. Possible blinding with significant medical treatment required.	Safety Consequence Type	Impact on employee or contractor	Safety Probability Type	Probability of event occurring in next year	
44	Safety - Baseline Impact Score		5	Safety - Baseline Impact Description	Permanent health consequences that precludes injured party from regular day-to-day activity (blindness)	Safety - Residual Impact Score	5
45	Safety - Baseline Probability Score	Only use in Non Multi-Asset Risk Investments	3	Safety - Baseline Probability Description	1 every 10-25 years	Safety - Residual Probability Score	1
46	Environment scoring						
47	Risk Multiplier (Unitized Risk)						
48			1				
49	Environment - WRDI	N/A	Environment Consequence Type	Plant, animal or habitat impact	Environment Probability Type	Expected time to event	
50	<div style="border: 1px solid black; padding: 2px; width: fit-content;"> Indicated "Yes" if an unutilized asset price is being used and therefore, inflation is not factored in as part of your costs. Note: that any pre-populated costs are based on inflated values. </div>						
51							

1
 2 The next section describes the annual savings that could be realized through the
 3 investment under investigation, as well as the total gross dollar investment required to see
 4 the project through to completion. When relevant / available, these values are taken from
 5 investment estimates and are expressed in real dollars.

	A	B	C	D	E	F	G
55	Reliability scoring						
56	Risk Multiplier (Unitized Risk)						
57			6				
58	Reliability - WRDI	Failure of aging switchgear to operate. All energy generated by Clergue GS is injected into the system through the Clergue TS bus system. If switchgear on both buses fail, Clergue GS will be disconnected from the system.	Reliability Consequence Type	Impact on customers	Reliability Probability Type	Probability of event occurring in next year	
59	Reliability - Baseline Impact Score		6	Reliability - Baseline Impact Description	1-7 days for switchgear to be repaired. There are no replacements or spares available due to model being obsolete.	Reliability - Residual Impact Score	4
60	Reliability - Baseline Probability Score		3	Reliability - Baseline Probability Description	1 every 10-25 years	Reliability - Residual Probability Score	1
61	Financial scoring (enter using uninflated literal dollars)						
62	OMA/Annual Savings - Description						
63				OMA annual savings	If specific annual savings are known, please enter them in the section below (column H71), otherwise enter the avg annual savings here	OMA Savings Confidence Level	

6 The result of the process is an investment summary that describes the impacts,
 7 probabilities, drivers, taxonomies, and financial scope of a potential project investment in
 8 a quantifiable manner to enable relative comparison and ranking to other projects
 9 supported by templates developed in a similar fashion. Supported by the risk framework,
 10 the output data can be further analyzed on a variety of metrics, such as risk mitigated per
 11 dollar spend, and feeds directly into the project prioritization process. Utilization of the
 12 prioritization tool allows for the highest-impact projects to be selected through a

Filed: 2019-01-21

EB-2018-0218

Exhibit JT 2.2

Page 4 of 4

- 1 standardized framework that draws on all of the available information regarding the
- 2 project drivers, and is supported by Challenge Session deliberations that ensure the
- 3 objectivity of the underlying categorization scoring and analysis.

UNDERTAKING – JT 2.3

1
2
3
4
5
6
7
8
9
10
11
12
13

Undertaking

To inquire whether information is available about the presence of PCB oil in Sault Ste. Marie's power transformers

Response

Hydro One SSM does possess an inventory of PCB contaminated assets.
The historical inventory of PCB contaminated assets is being verified and monitored via regular sampling.
The contaminated assets will be removed or replaced in line with the timelines mandated in the legislation.

UNDERTAKING – JT 2.4

1

2

3 **Undertaking**

4 To peruse Table A in the handout and confirm or disconfirm that for each year and for
5 each company Dr. Schwartz has indices for each year

6

7 **Response**

8 Mr. Fenrick examined the indices displayed in Table A and can confirm they were copied
9 correctly from PSE's working papers.

UNDERTAKING – JT 2.5

1
2
3
4
5
6
7
8
9
10

Undertaking

To advise whether in Table B the percentage changes were calculated arithmetically or logarithmically

Response

Mr. Fenrick verified the percentage changes calculated in Table B were calculated arithmetically and can confirm they were calculated correctly in Table B using the arithmetic method.

1 **UNDERTAKING – JT 2.6**

2

3 **Undertaking**

4 To confirm the number of positive TFP results in Table B

5

6 **Response**

7 Confirmed. There are 209 positive TFP results in Table B.

UNDERTAKING – JT 2.7

1
2
3
4
5
6
7
8
9
10

Undertaking

To provide an opinion on Mr. Hovde’s alternate calculation for average annual growth rate

Response

Yes, the method of taking the end point and starting point values of the TFP indexes and calculating the TFP arithmetically would be more legitimate than calculating each year arithmetically and then averaging those values.

1 **UNDERTAKING – JT 2.8**

2
3 **Undertaking**

4 To review Peg’s conjecture and provide revised results, if required, that the issue lies
5 with only restricting the sample to “bad TFP observations”, and not additionally for
6 “excluded observation”

7
8 **Response**

9 Mr. Fenrick has reviewed PEG’s conjecture and the revised results will lower the 2004 to
10 2016 industry average annual TFP trend by approximately 0.06%. Please see the
11 response to undertaking JT 2.9 for the TFP trend estimates after the two revisions have
12 been incorporated.

1 **UNDERTAKING – JT 2.9**

2
3 **Undertaking**

4 To review PEG's conjecture and provide revised results, if required, that there are two
5 sets of commands that calculate weighted averages of historic levelized asset prices, i.e.
6 triangulized weighted averages. The first is for HON, which calculates the average for 46
7 years ending in 2002. The second is for the 46 years ending in 1989 used for U.S.
8 companies. It appears that the values of the levelized asset price index, i.e. the variable
9 wka, were not calculated for years prior to 1963 that are needed for the U.S. calculations.

10
11 **Response**

12 Mr. Fenrick has reviewed PEG's conjecture and agrees with PEG that years prior to 1963
13 were not calculated for the wka variable. Mr. Fenrick has inserted these calculations.
14 Making this change reduces the industry TFP 2004-2016 trend by approximately 0.10%.
15 Based off the PSE results found in Exhibit I, Tab 1, Schedule 65, part (b), the 2004 to
16 2016 industry TFP trend becomes -1.45% with the wka revision and the revision found in
17 JT 2.8. This compares to -1.29% found in I-1-65 part (b). The 2010-2016 industry TFP
18 trend becomes -2.39% compared to -2.50% found in I-1-65 part (b).

19
20 The total cost benchmarking results for Hydro One Networks also have slight revisions
21 due to the wka revision. The 2014 to 2016 average is now -21.8% compared to the
22 -22.5% found in I-1-65 part (b). The 2019 to 2022 is now -25.1% relative to -25.3%.

UNDERTAKING – JT 2.10

Undertaking

To provide the variable names that corresponds to responses in part H

Response

The working papers in the Excel sheet entitled, “Final Dataset and Tables Used.xls”, worksheet “SST” include the variables that were tested in part (h) of I-1-65. The variable names in that worksheet are:

pforgis = The percentage of service territory forested (found in column T)

elevstd = Statistical deviation of the elevation within the service territory (found in column V)

avgcir = Average circuits (column AI)

wdd10 = Hourly wind readings above 10 knots, where in each hour the wind reading minus 10 is added to the variable (column BH)

cel30 + celmin15 = Extreme weather temperatures measured by the sum of cooling degree hours above 30 degrees Celsius plus heating degree hours below minus 15 degrees Celsius (sum of columns BI and BJ).

UNDERTAKING – JT 2.11

1
2
3
4
5
6
7

Undertaking

To provide a weighted average return on capital

Response

Year	Weighted Average Cost of Capital (WACC) (%)¹
2002	N/A
2003	N/A
2004	N/A
2005	N/A
2006	N/A
2007	6.82
2008	6.78
2009	6.53
2010	6.60
2011	7.07
2012	6.86
2013	6.46
2014	6.59
2015	6.59
2016	6.54
2017	6.20

8 ^[1] Hydro One Transmission did not have rate applications between 2002 and 2006. As such, allowed
9 WACC is not provided for those years.

UNDERTAKING – JT 2.12

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

Undertaking

To provide whatever information available on customer contributions and what percentage that is of the total property, plant and equipment.

Response

Hydro One is unable to provide customer contributions received as a percentage of the total property, plant and equipment as this amount is not tracked. Hydro One employs the standard functionality for project and fixed asset accounting of its enterprise software (SAP). Capital contributions are normally received from a customer during construction of the asset and are applied against the project cost during construction, which reduces CIP and capital spend (CAPEX). When an asset is capitalized, standard SAP functionality moves the dollar value in the project to the fixed asset; however detailed costs from the project, including cost reductions for capital contributions, are not linked to the fixed asset. The view from the fixed asset sub-ledger is only net costs to build the asset.

UNDERTAKING – JT 2.13

1
2
3
4
5
6
7
8
9
10
11
12
13
14

Undertaking

To advise of the location of the breakdown in the working papers

Response

The voltages by KM of line data for Hydro One Networks are provided in the PSE working papers. The data can be found in the “HONData.xls” Excel file. In the worksheet entitled, “HON Data” columns P through Y will have the voltages and the KM of line at that voltage for Hydro One by year. For example, column P is labeled “km69pl”, this means the voltage is 69 kV and this is a pole length measurement. Column U is labeled “km69ci” and this means the voltage is 69 kV and this is a circuit length measurement. The underlying data is linked to these cells so that the raw data provided to PSE by Hydro One Networks to support the calculations can be examined.

UNDERTAKING – JT 2.14

Undertaking

To provide the Hydro One percentage or if not possible to advise it's something not calculated easily

Response

Hydro One Networks does not have transmission-allocated salaries information for the full study period and therefore cannot exactly reproduce PSE's calculation which reflects the average of each utility over the sample period. Hydro One Networks also notes that its cost data is not separated in the same categories as indicated in the formula shown on page 49 of Exhibit D-1-1, Attachment 1 ("the PSE study") however, Hydro One Networks has provided an illustrative sample calculation for 2014-2016 which reflects the last 3 years of actual data in the PSE study.

Hydro One's understands that the methodology utilized by PSE takes the in-year transmission portion of salaries, not including pension and benefits, plus the costs of outside services employed and divides these amounts by the utility's Total Costs for that year as defined by PSE's Total Cost Benchmarking model.

Value	2014	2015	2016
Tx Salaries (A)	\$422,037,179	\$407,638,106	\$404,880,400
Outsourcing Costs (B)	\$32,069,685	\$32,592,537	\$31,658,770
PSE Model Total Costs ¹	\$2,123,453,000	\$2,230,624,000	\$2,289,979,000
Labour as % of Total Costs ([A+B]/C)	21.4%	19.7%	19.1%

¹ As per Exhibit I, Tab 5, Schedule SEC-20.

1 **UNDERTAKING – JT 2.15**

2
3 **Undertaking**

4 To make best efforts to look at the TFP and cost benchmarking approaches used by the
5 board in the past and currently used now for distribution, and the two studies done for
6 TFP and benchmarking, put them side by side, and explain what the differences are

7
8 **Response**

9 The PSE approach used to calculate transmission TFP and cost benchmarking for Hydro
10 One Networks is quite similar to the approach used in the 4th Generation IR research for
11 electric distributors. Some differences are due to the fact this is an electric transmission
12 rather than an electric distribution study. Therefore, the included variables and outputs
13 are different. For example, the distribution study used the number of customers and
14 maximum system peak demands as outputs. In the PSE transmission study we use KM of
15 transmission line and maximum transmission peak demands.

16
17 The PSE study also includes variables in the total cost model such as transmission
18 substation capacity per substation, the number of substations per KM of line, average
19 transmission line voltages, construction standards of building transmission poles, and the
20 percent of transmission lines underground. Naturally, these variables are specific to a
21 transmission study and are not included, nor should they be, in the 4th Generation IR
22 distribution studies. The assumed depreciation rate is also customized for transmission.
23 While both the 4th Generation IR studies and the PSE transmission studies use the
24 geometric decay method for capital due to the reality that capital assets degrade over
25 time, transmission assets tend to have longer service lives than distribution assets. PSE
26 used a 3.59% depreciation rate assumption in our research versus a 4.59% depreciation
27 rate assumption in the distribution-related research.

28
29 A second key difference is in the sample. The 4th Generation IR research for distributors
30 focused on calculating TFP and benchmarking results using only an Ontario sample of
31 electric distributors. The PSE transmission study uses a U.S. sample plus Hydro One.
32 Conducting an Ontario-only sample is not feasible given the lack of transmission utilities
33 in Ontario plus the incomparability with Hydro One Networks. The use of a U.S. sample
34 necessitates some differences in items such as the input prices used. PSE also levelized
35 capital construction costs to align capital prices with the service territory served by the
36 utility. This improves the accuracy of the total cost benchmarking. This levelization was
37 not done in the 4th Generation IR total cost benchmarking. The sample period in the 4th

Filed: 2019-01-21

EB-2018-0218

Exhibit J

Page 2 of 2

- 1 Generation IR study was 2002 to 2012, a ten-year period. The current PSE transmission
- 2 study has a sample period from 2004 to 2016, a twelve-year period.

UNDERTAKING – JT 2.16

Undertaking

To advise the percentage of the value of underground plant as compared to overall net plant for a recent historical year.

Response

Hydro One has provided the value of underground plant as compared to overall net plant for the most recent historical years. Hydro One notes that this percentage may fluctuate over time depending on the composition of assets placed in service and cannot say for certain if these percentages would hold over the PSE study period. Hydro One cannot provide the information for a longer time period as this information is not readily available.

(\$ million)	2015	2016	2017
Underground Plant (A)	\$ 409.0	\$ 461.0	\$ 462.0
Total Plant (B)	\$ 15,398.1	\$ 16,274.2	\$ 17,076.7
% (A/B)	2.66%	2.83%	2.71%

The amounts above are the gross asset numbers for Hydro One Networks Transmission.

UNDERTAKING – JT 2.18

Undertaking

To revise the number of the total credit balance to the correct amount and to revise Table 2 to clear the full amount of 1.2 million credit against the 2019 proposed revenue requirement

Response

Table 1 – Calculation of the Annual Deferral Account Balance

Deferral and Variance Account Balance. ¹	94,909
Account 1595 - Forecast 2018 Closing Balance ²	1,115,593
Total	1,210,502
Period of Disposition (Years)	1
Annual Amount of Disposition	1,210,502

Table 2 – Forecast Revenue Requirement 2019

Prior Year Base Revenue Requirement	\$39,778,120 ³
Inflation factor ⁴	1.012
Current Year Base Revenue Requirement	\$40,255,457
Deferral Account Disposition	\$1,210,502
Total Revenue Requirement for UTR's	\$39,044,955

¹ Balance requested for approval per Exhibit E, Tab 1, Schedule 1

² Forecast balance of Deferral Account 1595 per Exhibit E, Tab 1, Schedule 4, page 6

³ 2018 Base Revenue Requirement per Exhibit D, Tab 2, Schedule 1, Table 3

⁴ The inflation factor assumes the value used for 2019 per Exhibit D, Tab 2, Schedule 1, Table 3.