Ontario Energy Board | Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2023-0198

HYDRO ONE NETWORKS INC.

Leave to Construct Application - Waasigan Project

BEFORE: Allison Duff
Presiding Commissioner

Emad Elsayed
Commissioner

Robert Dodds
Commissioner

April 16, 2024

TABLE OF CONTENTS

1 OVERVIEW

This is a Decision and Order of the Ontario Energy Board (OEB) on an application filed by Hydro One Networks Inc. (Hydro One) for leave to construct approximately 360 kilometres (km) of electricity transmission line and modify associated facilities in northwest Ontario in the regions of Thunder Bay, Rainy River and Kenora. The transmission line and associated station facilities proposed by Hydro One are collectively referred to as the Project. A map showing the location of the Project is attached as Schedule A to this Decision and Order.

The Project comprises two phases. Phase 1 consists of constructing a new 230 kilovolt (kV) double-circuit transmission line that spans approximately 190 km to connect the existing Lakeland Transmission Station (TS) with the existing Mackenzie TS. Phase 2 consists of constructing a new 230 kV single-circuit transmission line spanning approximately 170 km from the existing Mackenzie TS to the existing Dryden TS. Additionally, modifications to the terminal stations at Lakeland TS, Mackenzie TS, and Dryden TS will be undertaken to accommodate the proposed transmission line.

Hydro One also applied for approval of the form of land use agreements it has offered or will offer to landowners affected by the route of the Project.

For the reasons provided in this Decision and Order, the OEB grants Hydro One's application for leave to construct the Project. The OEB finds that the Project is in the public interest based on an examination of the Project need, alternatives, cost, customer impacts, reliability and quality of electricity service, and land matters.

The OEB accepts the proposed Project cost of $1,200 million. A prudence review of all costs incurred, including the utilization of the Project contingency, may be conducted by the OEB at the appropriate future revenue requirement proceeding after the Project is completed.

The OEB approves the forms of land use agreements that Hydro One has offered or will offer to landowners affected by the routing and construction of the Project. The leave to construct is subject to the OEB's conditions of approval, attached as Schedule B to this Decision and Order.

2 PROCESS

Hydro One applied to the OEB on July 31, 2023, under section 92 of the Ontario Energy Board Act, 1998, for an order granting leave to construct approximately 360 km of electricity transmission line and associated facilities northwestern Ontario.

Hydro One also applied under section 97 of the OEB Act for approval of the form of land use agreements it has offered or will offer to landowners affected by the route of the Project.

On August 24, 2023, the OEB issued its Notice of Hearing. Hydro One made two requests for an extension of time to complete service of notices on August 25, 2023 and again on October 3, 2023, which the OEB granted. The OEB issued updated Notices of Hearing on August 30, 2023 and October 5, 2023. As a result of the extension requests, the OEB's planned timeline for adjudicating this application was extended by 44 calendar days.

The following persons and groups applied for intervenor status:

- Gwayakocchigewin Limited Partnership (GLP)
- Independent Energy System Operator (IESO)
- Kurt Krause
- Lac des Mille Lacs First Nation (LDMLFN)
- Larry Richard
- Neighbours on the Line (NOTL)
- Northwestern Ontario Metis Community and Region 2 of the Metis Nation of Ontario (MNO)
- Ontario Power Generation Inc. (OPG)

GLP, Kurt Krause, LDMLFN, Larry Richard, NOTL, and MNO also applied for cost eligibility. No objection to the requests for intervention or cost eligibility were received from Hydro One.

The OEB issued Procedural Order No. 1 on November 10, 2023. GLP, IESO, Kurt Krause, LDMLFN, Larry Richard, NOTL, MNO and OPG were approved as intervenors. GLP, Kurt Krause, LDMLFN, Larry Richard, NOTL, and MNO were also granted eligibility to apply for costs in respect of matters that are within the scope of this proceeding.

The OEB did not grant cost eligibility to NOTL in respect of representing the interests of landowners who are not directly affected by the Project. The OEB noted that except in extraordinary circumstances, the OEB does not grant cost eligibility to individual

landowners unless the facilities that are the subject of the application are on their property or the utility requires access to their property.

Procedural Order No. 1 established the schedule for filing interrogatories and responses and included the standard issues list for electricity transmission Leave to Construct applications which reflects the OEB's authority under section 96(2) of the Act. Procedural Order No. 1 noted that the OEB's consideration of environmental and Indigenous consultation matters is limited by section 96(2) of the Act and these matters can only be considered to the extent they are relevant to the issues of price, reliability and quality of electricity service.[1]

In response to MNO's request in a letter of November 22, 2023 for an extension, the OEB issued Procedural Order No. 2 on November 24, 2023 which provided a one-week extension to December 5, 2023 for intervenors to file their interrogatories.

In accordance with the procedural schedule, Kurt Krause, NOTL, MNO, Larry Richard, and OEB staff filed interrogatories and Hydro One filed its responses to interrogatories.

On January 16, 2024, the OEB issued Procedural Order No. 3[2] which established procedural steps for intervenors to file evidence, approved Hydro One's confidentiality requests and ordered Hydro One to answer certain interrogatories from intervenor Larry Richard.

Following the issuance of Procedural Order No. 3, no intervenor requested to file evidence.

In Procedural Order No. 3, the OEB found that Hydro One had not provided complete answers to some of Mr. Richard's interrogatories[3] and directed Hydro One to provide complete responses. The OEB stated that if Hydro One believes that any of these responses have no bearing on the price, reliability or quality of electricity service, Hydro One should explain why.

Hydro One filed updated responses to Mr. Richard's interrogatories on January 22, 2024.[4] Mr. Richard sent an email to the OEB on January 27, 2024, arguing that Hydro

[1] Chapter 4 Filing Requirements for Electricity Transmission Applications, Section 96: Scope of OEB Consideration of Public Interest" under section 92, pages 12-13, March 16, 2023.
[2] Decisions on Confidentiality and Motion and Procedural Order No. 3.
[3] Larry Richard Interrogatory 1(a), 2(a), and 3(a) to 3(g), January 22, 2024.
[4] Hydro One's updated responses to Larry Richard Interrogatory 1(a), 2(a), and 3(a) to 3(g), January 22, 2024.

One's responses were still inadequate, and Hydro One filed a response on January 30, 2024.

On January 30,2024, intervenor NOTL also filed a letter regarding Hydro One's interrogatory responses and Hydro One filed a response on February 1, 2024.

On February 2, 2024, the OEB issued Procedural No. 4 in which the OEB found that Hydro One's supplementary responses to Mr. Richard's interrogatories[5] were adequate for the OEB's consideration of the application and denied Mr. Richard's request for responses to further interrogatories. With respect to the requests raised in NOTL's January 30 letter, the OEB found Hydro One's response on February 1, 2024 was satisfactory.

In accordance with the schedule established through Procedural Order No. 4, Hydro One filed its written Argument-in-Chief on February 13, 2024. Written submissions were filed by OEB staff, NOTL, MNO, and GLP on February 21, 2024. Hydro One filed its reply submission on March 8, 2024.

[5] Larry Richard Interrogatory 1(a), 2(a), and 3(a) to 3(g), January 22, 2024.

3 Duty to Consult

The Project is within the traditional territories of the Treaty #3 and Robinson-Superior First Nations and traverses the Northwestern Ontario Métis Community and Northern Lake Superior Métis Community.[6] Hydro One stated it understands that individual Indigenous communities are independent Nations and have expressed unique relationships, jurisdictions, responsibilities, and requirements as pertaining to land rights.[7]

Hydro One stated that the Crown has a Duty to Consult, and where appropriate, accommodate Indigenous peoples whenever a Crown decision or activity could impact established or asserted Aboriginal and Treaty rights.[8] Hydro One stated that the Ministry of Energy Crown delegated the procedural aspects of the Crown's duty to consult Indigenous communities to Hydro One. The Ministry acknowledged that the Project may have a potential impact on Aboriginal and Treaty rights. Hydro One stated that through a Memorandum of Understanding, Hydro One collaborated with Indigenous groups to develop a comprehensive consultation plan.

Intervenor MNO submitted that the OEB should ensure that, "the constitutional principle of the honour of the Crown is upheld throughout its decision making process and ensure that the duty to consult is met prior to any approval that has the potential to adversely impact Indigenous rights."[9]

In its reply submission, Hydro One stated that throughout the proceeding the scope of the OEB's review was outlined several times, including reference to its legislative mandate. Hydro One submitted that issues related to the environment or the government's duty to consult do not form part of the OEB's review unless it relates to price, reliability and quality of electricity service. Hydro One added that "[f]or matters related to the Crown's duty to consult, the OEB relies on the consultation (efforts and actions), as procedurally delegated by the Ministry of Energy to Hydro One, conducted during the Terms of Reference, the EA, and ongoing commitments for continued consultation opportunities throughout subsequent projects phases (e.g., design and construction)."[10]

[6] Exhibit E, Tab 1, Schedule 1, p. 2.
[7] Exhibit E, Tab 1, Schedule 1, p. 2.
[8] Exhibit E, Tab 1, Schedule 1, p. 2.
[9] MNO submission, p. 3.
[10] Reply submission, p. 22.

Findings

The OEB notes that issues raised by MNO which are related to the Environmental Assessment process, including the duty to consult, are beyond the scope of this proceeding except to the extent that they affect the cost, reliability and quality of electricity service. The OEB finds the issues raised by MNO do not affect these parameters.

However, the OEB's approval of the Project is subject to a number of conditions as attached in Schedule B to this Decision and Order. The first condition of approval states in part that Hydro One "shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project." This condition would include any approvals associated with the Environmental Assessment process. The third condition of approval requires Hydro One to advise the OEB of any proposed material change in the Project, including but not limited to, Environment Assessment approvals.

4 DECISION

Section 92 of the OEB Act provides that leave of the OEB must be obtained for the construction, expansion or reinforcement of electricity transmission lines. Section 96(2) of the OEB Act limits the scope of the OEB's review in an application under section 92 to the interests of consumers with respect to prices and the reliability and quality of electricity service.

The OEB's findings on the Project's impacts on price (which includes an analysis of Project need and alternatives), reliability and quality of electricity service, land matters and conditions of approval are addressed in this chapter.

4.1 Project Need

The Project (previously known as the "Northwest Bulk Transmission Line") was identified in the Ontario Government's 2013 and 2017 Long Term Energy Plans to increase electricity supply to the region west of Thunder Bay, provide a means for new customers and growing loads to be served with clean and renewable sources that comprise Ontario's supply mix, and enhance the potential for development and connection of renewable energy facilities.[11]

In support of the need for the Project, Hydro One filed an Order in Council (OIC) and Ministry of Energy Directive issued on December 11, 2013 under section 28.6 of the Act.[12] The OIC and Directive required that Hydro One's electricity transmission license be amended to add a requirement for Hydro One to develop and seek approvals for the Project.

On January 9, 2014, the OEB updated Hydro One's electricity transmission license to, amongst other things, establish the scope and timing of the Project through collaboration with the IESO (at the time the Ontario Power Authority) and to seek approvals of the Project.[13]

The IESO described the need for the Project in its first letter to Hydro One dated October 1, 2014,[14] and again in more detail through subsequent letters dated October 24, 2018,[15] May 3, 2022,[16] and April 24, 2023.[17] In its April 2023 letter, the IESO

[11] Long-Term Energy Plan 2013, Long-Term Energy Plan 2017.
[12] Exhibit B, Tab 3, Schedule 1, Attachment 1.
[13] EB-2013-0437; Exhibit B, Tab 3, Schedule 1, Attachment 3.
[14] Exhibit B, Tab 3, Schedule 1, Attachment 5.
[15] Exhibit B, Tab 3, Schedule 1, Attachment 6.
[16] Exhibit B, Tab 3, Schedule 1, Attachment 7.
[17] Exhibit B, Tab 3, Schedule 1, Attachment 8.

recommended that Phase 1 be placed in service as close to the end of 2025 as possible with Phase 2 coming in service as soon as practical after Phase 1.

In the IESO's Waasigan Transmission Line Project: Need, Alternatives, and Recommendations Report (IESO Report),[18] published July 2023, the IESO stated that the electricity system today is close to capacity and due to the future development of mining projects there will be an immediate need for additional supply capacity. The IESO Report stated that the risk associated with not building that capacity now is that new customers may not be able to connect or reliability of electricity supply in the region may be degraded.

In its submission, OEB staff agreed that there is a need to increase electricity supply in the region based on a projected growth of mining developments and the electrification of existing mining activities, as noted in the IESO Report.

Findings

The OEB finds that the Project is needed based on the reasons provided in the 2023 IESO Report, the Minister's Directive and OIC and the IESO's letters of direction. It is a non-discretionary project.

4.2 Project Alternatives

The Project technical alternatives are addressed in this section. The Project's alternative routes are addressed in the Project Costs section.

Hydro One's evidence is based on the 2023 IESO Report which outlines the emerging needs in the region due to the anticipated growth in demand across different forecast scenarios. In addition, it examines alternative solutions to address these needs and ultimately recommends the construction of the Project as the optimal solution. The 2023 IESO Report states that the "IESO considered several alternatives to address the needs arising under each of the Region's demand forecast scenarios, including transmission reinforcement, incremental conservation and demand management (CDM), new non-emitting supply resources (including storage), and new gas-fired generation".[19] The 2023 IESO Report concludes that the Project is the recommended alternative as it

[18] Exhibit B, Tab 3, Schedule 1, Attachment 9, IESO Report Waasigan Transmission Line Project: Need, Alternatives, and Recommendations.
[19] IESO Report, Exhibit B, Tab 3, Schedule 1, Attachment 9, p. 14.

improves system capability, meets the supply capacity needs, and is the most cost-effective alternative when compared to a benchmark gas generation alternative.[20]

Hydro One undertook an analysis of the conductor size alternatives that would meet the supply forecast needs in the west of Thunder Bay area and would also be the optimal conductor size and rating, based on the expected load scenario in terms of line losses. Hydro One evaluated the following Aluminium-Conductor Steel-Reinforced cable (ACSR) conductor sizes: 795 kcmil, 997 kcmil, 1192 kcmil, and 1443 kcmil. Hydro One confirmed that ACSR 795 kcmil (Alternative 1), Hydro One's preferred alternative, is the minimum conductor size that would suitably address the supply load need for each phase of the Project. [21]

Hydro One conducted a 50-year net present value (NPV) analysis of the alternatives using Alternative 1 as the base conductor. The analysis evaluated the incremental capital cost and line loss reduction to determine which conductor alternative provided the best incremental NPV result. Additionally, Hydro One conducted an incremental NPV sensitivity analysis to account for line loss reduction across the alternatives at varying Hourly Ontario Energy Prices (HOEP).

Hydro One stated that the results of the NPV analysis show that Alternative 1 has the lowest incremental NPV based on capital costs alone, and Alternative 1 also has the lowest incremental NPV if losses are included at an HOEP of $47.30/MWh. Hydro One stated that the results of the incremental NPV energy price sensitivity analysis showed that for the incremental costs of the Alternative 2 to be at least economically neutral to the ratepayers, the average annual increase to HOEP would have to be approximately $30/MWh greater than the HOEP of $47.30/MWh.

OEB staff noted that the differences in costs between Alternative 1 and Alternative 2 are marginal. OEB staff calculated Alternative 2 to be 0.4%[22] higher in costs than Alternative 1. OEB staff noted that in scenarios where HOEP increases past $78/MWh, the NPV sensitivity analysis demonstrates that Alternative 2 is marginally more economic, while in scenarios where HOEP is below $78/MWh, Alternative 1 is marginally more economic.

OEB staff further stated that given that there is no material cost difference between Alternative 1 and Alternative 2, OEB staff does not oppose Hydro One selecting Alternative 1 as the proposed option.

[20] IESO Report, Exhibit B, Tab 3, Schedule 1, Attachment 9, p. 20.
[21] Interrogatory response to OEB Staff 6a).
[22] 0.4% = $5 million / $1,200 million.

Hydro One did not respond to the points raised by OEB staff regarding the marginal difference between Alternative 1 and Alternative 2.

Findings

The OEB finds that the Project is the best alternative solution to address the emerging needs in the region based on Hydro One's evidence and the recommendation of the 2023 IESO Report. The 2023 IESO Report considered several alternatives and concluded that the Project is the recommended alternative as it improves system capability, is technically feasible and is the most cost-effective option when compared to other alternative solutions.

4.3 Project Costs

Hydro One estimated that the Project will cost $1,200 million.[23] The estimate includes a contingency amount in recognition of risks, with the key project risks including land acquisition, engagement and consultation, and approvals, permits and authorizations. The cost estimate carries a level of confidence equivalent to a Class 3 AACE estimate, which ranges from -20% to +30%.[24]

Hydro One stated that the Project lines cost estimate is based on a fixed price Engineering, Procurement, and Construction (EPC) contract, which reflects current market-tested EPC pricing to deliver the Project, along with corresponding risk that will be transferred to the EPC contractor.

The background and findings for this section are organized as follows:

- Proposed Route
- Contingency Costs
- Overhead Capitalization Incentive
- Environmental Mitigation Costs
- Overall Costs

[23] Exhibit B, Tab 7, Schedule 1, p. 1.
[24] Exhibit B, Tab 7, Schedule 1, p. 4.

4.3.1 Proposed Route

As a condition of its license, Hydro One is required to undertake the development and seek approvals for a new 230 kV double-circuit transmission line in the region west of Thunder Bay. The license condition does not specify the precise route that the transmission line must follow. In the pre-filed evidence, Hydro One filed a map of the proposed route for the Project.

Hydro One's Environmental Assessment (EA) evaluated four route alternatives based on natural environment, socio-economic environment, technical and cost related matters, and Indigenous consultation criteria.[25] Based on the performance of these route alternatives against these criteria, the EA established the preferred route which is proposed in this application.

Hydro One stated that it undertook extensive consultation as part of the EA process to inform the development of the Project route that would best meet Project needs.[26] Hydro One stated that stakeholder feedback on alternate routes – including feedback from certain intervenors in this proceeding – was considered and studied further through the EA process.[27]

Intervenors NOTL, Larry Richard and Kurt Krause, sought clarity in this proceeding on Project routing alternatives and inquired why the line could not move away from the preferred route in areas that impacted those parties.[28]

NOTL's Alternative Routes

NOTL stated that Hydro One's proposed route for the Project will negatively impact affected landowners and devalue their properties.[29] Hydro One stated that NOTL proposed two alternative routes: one that was brought to Hydro One's attention for the first time during this application and another that was considered during the EA process.[30]

NOTL's first proposed route would "go directly to Dryden via Upsala and Ignace, bypassing Atikokan" and would be situated "north of Thunder Bay to west of Upsala

[25] Final Environmental Assessment Report for the Waasigan Transmission Line, p. 2.2-10.
[26] Argument-in-Chief, p. 11.
[27] Argument-in-Chief, p. 11.
[28] Kurt Krause's email correspondence dated January 29, 2024; NOTL's letter dated January 30, 2024; Larry Richard Interrogatories, December 5, 2023; Larry Richard's email correspondence dated January 10, 2024; Larry Richard's email correspondence dated January 27, 2024.
[29] NOTL letter, November 16, 2023.
[30] Argument-in-Chief, pp. 13-14.

then northwest past Ignace to follow the existing 230 kV Transmission Line to Dryden".[31] Hydro One argued that this alternative route constitutes a new proposal that had not previously been shared with Hydro One.[32] Hydro One confirmed that it did not perform a financial assessment of NOTL's new proposed route because by-passing Atikokan does not meet the IESO's system planning requirements[33] which require the Project to connect through the Mackenzie TS in Atikokan.[34] The IESO requirement to connect through the Mackenzie TS in Atikokan was initially identified in a 2018 Letter of Direction[35] and confirmed in a 2023 report.[36]

Hydro One stated that NOTL's second alternative route proposed during the EA process was considered by Hydro One and a financial evaluation was performed.[37] Hydro One rejected this alternative route based on the outcome of the financial evaluation, which determined that it would be approximately 41 km longer and approximately 22% greater in cost than Hydro One's preferred route. Hydro One stated that the associated increased cost to construct this proposed alternative, along with the negative impact to Indigenous communities and natural environment, were sufficient bases for Hydro One to reject it as a preferred alternative.[38]

Larry Richard's Alternative Route

Intervenor Larry Richard sought clarification regarding a route alternative described as the "Steep Rock Mine brownfield corridor" (a decommissioned 115 kV right-of-way located in the Atikokan to Shebandowan Lake area).[39] In response, Hydro One explained that these limited sections were assessed to be not optimal given the need for crossovers that would be required for the line to be operated and maintained amongst existing facilities. Hydro One further noted that the "Steep Rock Mine brownfield corridor" was rejected because it had limited space to construct a 230 kV transmission line, included physical constraints (i.e., an active aggregate operation) and introduced natural environment disadvantages (i.e., habitat fragmentation for wildlife).

Furthermore, Hydro One explained that implementing the route sections noted in "Steep Rock Mine brownfield corridor" would increase the total cost of the Project due primarily

[31] Letter from NOTL, November 16, 2023.
[32] Argument-in-Chief, p. 12.
[33] Exhibit B, Tab 3, Schedule 1.
[34] Argument-in-Chief, p. 12.
[35] Exhibit B, Tab 3, Schedule 1, Attachment 6, p. 4.
[36] Exhibit B, Tab 3, Schedule 1, Attachment 9, pp. 9-10.
[37] Argument-in-Chief, p. 13.
[38] Argument-in-Chief, p. 13.
[39] Larry Richard Interrogatory 1.

to the complexity of design, footing requirements, tower heights, span lengths and engineering effort required for these sections.[40]

In its submission, OEB staff acknowledged that price is a key consideration in a section 92 application and recognized that the route of the transmission line can have a material impact on the overall price that is passed on to consumers through rates. OEB staff noted, however, that detailed route selection is determined in the EA process which evaluates the route based on a comprehensive evaluation considering the natural environment, socio-economic environment, technical and cost related matters, and Indigenous consultation.

Findings

Based on the evidence provided by Hydro One, the OEB finds that the selected Project route is preferable to other alternative routes, including those suggested by NOTL and Larry Richard based on an assessment of cost and the extent to which these alternatives impact the price, reliability and quality of electricity service. The OEB notes that other considerations raised by intervenors affecting the route selection are expected to be addressed through the Environmental Assessment process which is beyond the scope of this proceeding.

4.3.2 Contingency Costs

The Project cost estimate is comprised of $993.7 million for line work and $206.3 for station work. These Project costs each include estimated contingency costs of $99.9 million for line work and $23.7 million for station work, totaling $123.6 million in contingency. These estimates were developed with the guidance of a risk assessment framework. Hydro One stated that the top project risks were land acquisition, engagement and consultation, and approvals, permit and authorizations.

Hydro One provided the following table comparing the Project's contingency estimates to other recent Leave to Construct applications with significant budgets.

[40] Hydro One's updated response to Larry Richard interrogatories, January 22, 2024.

Table 3: Contingency Cost Comparison from OEB applications[41]

	Waasigan Project Phase 1	Waasigan Project Phase 2	Chatham Lakeshore Project	East-West Tie Line
Line Cost	10.5%	9.5%	8.9%	6.7%
Station Cost	11.2%	12.3%	4.6%	12.2%

OEB staff observed that the Project's contingency costs were significantly higher than the comparators and that a more detailed explanation comparing the contingency costs would have been helpful.[42] OEB staff stated that it was unclear how pre- and post-Covid-19 pandemic conditions have contributed to significant changes to risk factors and the contingency cost. OEB staff also noted that the Chatham Lakeshore Project was also undertaken post-Covid-19.

OEB staff submitted that the contingency cost estimates for the line portion of the Project should be reviewed in the Project's cost-based transmission revenue requirement proceeding.[43]

Hydro One responded that it would be inappropriate and procedurally inefficient for the OEB to defer approval of the Project's contingency cost estimates as this would chill future energy infrastructure project investment and stifle economic growth in Ontario.[44]

Hydro One noted that its approach to developing the contingency costs followed an industry established best practices methodology utilizing a risk management model.[45] Hydro One explained that the Project cost contingency is not a funded liability of all risk items (such as explicit delays arising from Indigenous community engagement and consultations) but rather it is a probabilistic amount based on Hydro One's assessment of the likelihood of occurrence.[46]

Hydro One also noted that the contingency budget for the East-West Tie Line was absorbed soon after construction commenced. Hydro One submitted that the contingency percentages provided in that application provide no reasonable basis to establish the contingency budget for this Project.

[41] Interrogatory response to OEB Staff 7.
[42] OEB staff submission, p. 12.
[43] OEB staff submission, p. 13.
[44] Argument-in-Chief, p. 13.
[45] Argument-in-Chief, p. 12.
[46] Argument-in-Chief, p. 13.

Findings

The OEB accepts the estimated total Project cost of $1,200.0 million (see Section 4.3.5), which includes a contingency budget of $123.6 million.

The OEB recognizes OEB staff's concerns that the $123.6 million contingency budget may be excessive. However, the OEB agrees with Hydro One that certainty and regulatory assurance is needed before construction is commenced so that reasonable capital expenditures may be recovered.

The prudence of spending this contingency budget may be examined by the OEB in a prudence review at the appropriate future revenue requirement proceeding after the Project is completed.

The following summarizes the OEB's reasons for these findings. Relevant cost estimate components are shown below:

- Total Project cost estimate (including contingency) is $1,200.0 million
- The fixed price EPC contract represents a significant percentage of the total Project cost estimate[47]
- The contingency budget of $123.6 million represents 11.5% of the pre-contingency Project cost estimate

The 11.5% contingency may seem reasonable if not for the fact that the EPC contractor is assuming the risk of any over-expenditure in the EPC contract, which represents a significant portion of the total Project cost estimate. In its application, Hydro One stated "Thus, the cost estimate reflects current market-tested EPC pricing to deliver the Project, along with corresponding risk that will be transferred to the EPC contractor."[48] This risk allocation to the contractor is typically the case in any fixed price EPC contract unless Hydro One changes the Project scope which would negate the benefits of a fixed price contract.

For a contractor to enter into a fixed price EPC contract, one would expect that the contract price includes a contingency to deal with project planning and execution risks assumed by the EPC contractor. This contingency is included in the EPC contract price and is not part of Hydro One's estimated Project contingency. Therefore, the real cost contingency is likely significantly higher than 11.5%.

[47] The estimated EPC contract cost was deemed by the OEB to be confidential and only to be made available to OEB staff, counsel and Commissioners.
[48] Exhibit B, Tab 7, Schedule 1, p. 4.

In its response to an OEB staff interrogatory[49], Hydro One does not address the risk (or lack of risk) to Hydro One associated with the fixed price EPC contract. The OEB notes that Hydro One identified the top three Project risks, based on which the estimated cost contingency was determined, as:

- Land acquisition
- Engagement and consultation
- Approvals, permits and authorizations

4.3.3 Overhead Capitalization Methodology

Hydro One stated that it adopted a fixed price EPC methodology for the Project to effectively define and manage scope, schedule, and risk, ensuring cost predictability for a project of this scale.

Hydro One stated that the Project follows an Early Contractor Involvement (ECI) delivery model, which engages external engineering firms and EPC contractors (ECI-EPC). Compared to standard Hydro One transmission projects, the ECI-EPC projects require a reduced amount of Hydro One Common Corporate Costs thereby reducing the overhead allocation rate needed for these projects. Hydro One stated that indirect costs allocated to the Project are Common Corporate Costs and are charged to the project through an overhead capitalization rate.[50]

Hydro One engaged the services of Atrium Economics to determine if adjustments to the overhead capitalization methodology were warranted for the new project execution model. Based on recommendations from Atrium Economics, Hydro One adjusted its overhead capitalization methodology, utilizing a blended overhead rate determined by the project type and the source of costs. Specifically, this includes costs associated with ECI-EPC projects, which do not rely heavily on Hydro One's corporate support functions, and non-ECI-EPC costs, which utilize the standard transmission overhead rates.

Hydro One stated that a five-year weighted average overhead rate of 3.0% (rounded) will be applied to the Project's annual capital expenditures.

Hydro One stated that the refined methodology aligns with the methodology agreed upon by parties and accepted by the OEB in Hydro One's Joint Rate Application

[49] OEB Staff Interrogatory 7.
[50] Exhibit B, Tab 7, Schedule 1, p. 6; Argument-in-Chief, pp. 19-21; Reply submission, p. 16.

proceeding[51].[52] Hydro One calculated that by using the refined methodology, it lowers the impact to the Project budget by approximately $60 million (i.e., not charging the Project for components of Hydro One overhead that are being performed by the ECI-EPC contractor).

OEB staff submitted that the review of the proposed methodology should be conducted by the OEB as part of the Project's first cost-based rates application (which is expected to be filed in January 2025), rather than in the current proceeding. OEB staff recommended that the following six points be addressed in the rate application:[53]

1. The new approach is proposed to be a precedent.[54]
2. The new approach is proposed to have a material impact.[55]
3. There are implications on the new approach based on the regulatory accounting standard used.[56]
4. There are implications on the selected date to apply the new approach.[57]
5. It is unclear whether the difference between the legacy overhead capitalization methodology and the new approach is being tracked in a deferral or variance account.[58]
6. The new approach is a rates issue and should be tested by a number of additional ratepayer groups, in conjunction with OEB staff.[59]

Hydro One provided the following responses to the points raised by OEB staff:

1. The proposed methodology is not precedential and is simply a refinement to Hydro One's existing (OEB approved) approach as reviewed by and recommended in the Atrium Economics Report.[60]

[51] EB-2021-0110, Decision and Order, November 29, 2022.
[52] Argument-in-Chief, p. 21.
[53] OEB staff submission, p. 16.
[54] OEB staff submission, p. 16.
[55] OEB staff submission, p. 16.
[56] OEB staff submission, p. 17.
[57] OEB staff submission, p. 18.
[58] OEB staff submission, p. 18.
[59] OEB staff submission, p. 19.
[60] Reply submission, p. 15.

2. Not allowing the new approach would lead to the Project attracting overheads from both the ECI-EPC contractor and from Hydro One and result in artificially inflating the Project costs.[61]

3. The discussion of any future change to accounting standards is irrelevant and out of scope for this proceeding.[62]

4. Not applying the proposed overhead capitalization rate to a portion of the Project costs does not result in a material impact to the total Project cost.[63]

5. Approving the proposed overhead capitalization methodology would eliminate the need to track any differences between the existing and proposed overhead capitalization methodology.[64]

6. OEB's notice requirements for this application were rigorously followed, giving any and all third parties ample opportunity to participate in this proceeding.[65]

Findings

Hydro One's overhead capitalization methodology is a rates issue and is, therefore, beyond the scope of this leave to construct proceeding. Hydro One's current rates are based on an OEB-approved overhead capitalization rate, corresponding operating budgets, and certain overhead administrative functions for which the costs may, or may not, be capitalized. To formally approve a change, or an exception, for large transmission projects in the midst of a five-year rate term is not appropriate as the scope of such considerations is beyond the scope of a leave to construct proceeding.

Ratemaking should not be a constraint to utility innovation and efficiency. The OEB encourages Hydro One and its contractors to find efficiencies in managing capital projects irrespective of the rate term. The OEB accepts Hydro One's evidence and recommendations in the Atrium Economics Report that early contractor involvement is warranted, yielding greater certainty and cost savings for ratepayers. Economic efficiency would be achieved by having one company complete the earlier work and provide the associated overhead functions. Thus, the prospect of transferring responsibility of certain overhead functions from the utility to the third-party contractor appears logical - but not if costs are duplicated.

[61] Reply submission, p. 16.
[62] Reply submission, p. 17.
[63] Reply submission, p. 17.
[64] Reply submission, p. 18.
[65] Reply submission, p. 18.

Hydro One should proceed with the Project in an economically efficient manner. Hydro One appropriately advised the OEB of this interim change in cost incurrence for large transmission projects, but explicit OEB approval in this leave to construct proceeding is not required nor is it provided.

The OEB questions whether Hydro One will reassess and reduce its internal overhead functions in adopting this new ECI-EPC model. While $60 million is at issue in this Project, the OEB expects avoided costs will be material if this new contracting model is extended to all transmission projects as indicated by Hydro One. At the appropriate future proceeding, Hydro One should demonstrate how adopting the ECI-EPC model benefited ratepayers and how overhead functions were reassessed to avoid cost duplication.

4.3.4 Environmental Mitigation Costs

In Procedural No. 1, the OEB noted that the Project is subject to an Environmental Assessment conducted by the Ministry of the Environment, Conservation and Parks. The OEB stated that issues related to the Environmental Assessment process are not reviewed by the OEB except to the extent that they are relevant to the OEB's consideration of price, reliability and quality of electricity service. The OEB noted that it is a standard condition of any approval granted under section 92 of the OEB Act that the applicant obtains all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the project.[66]

Intervenor MNO submitted that the OEB should either deny the application due to the leave to construct request being made prematurely or approval should be subject to the EA being approved, Hydro One obtaining all other applicable approvals, and after any applicable appeal routes from interested parties have been exhausted.

While MNO acknowledged that under section 96(2) of the Act, the OEB only considers the price, reliability, and quality of electricity service to make its decision for this type of application, MNO stated that the outstanding issues identified in the EA submissions impact these factors.[67] MNO submitted that the EA submissions detailed a number of deficiencies in the Project which include, among other things, mitigating the impact to affected Métis communities, fish habitats, harvesting rights, noise, air quality, and wildlife.[68] MNO submitted that many of the deficiencies outlined in the EA submissions

[66] Chapter 4 Filing Requirements for Electricity Transmission Applications, 4.2.2 Related Approvals, pp. 11-12, March 16, 2023.
[67] MNO submission, p. 12.
[68] MNO submission, pp. 10-11.

relate to outstanding environmental impact mitigation efforts which have the potential to significantly affect the costs and the delivery of electricity related to the Project.[69]

In response, Hydro One stated that there is no evidence in this proceeding that the mitigation efforts to address the environmental concerns raised by MNO will exceed the Project's estimated line and station contingency amount of $123.6 million in recognition of potential risks including approvals, permits and authorizations.[70] Hydro One added that ratepayers are protected because the recovery of Project capital expenditures will be subject to prudence review as part of a future revenue requirement application.

Findings

The OEB finds that none of the environmental mitigation concerns are sufficiently relevant to the OEB's consideration of price, reliability and quality of electricity service in the approval of this application.

The OEB notes that the approval of this application is subject to a number of conditions, one of which is that Hydro One obtains all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project. Hydro One identified one of the top three Project risks as "approvals, permits and authorizations". As determined in section 4.3.2 (Contingency Costs) of this Decision and Order, the prudence of using any of the estimated contingency cost should be examined by the OEB at the appropriate future revenue requirement proceeding after the Project is completed. This should include any utilization of the Project contingency associated with the EA process.

4.3.5 Overall Costs

Future Ownership of Transmission Line

The application stated the transmission line facilities comprising the Project will become owned by a future limited partnership that will offer a 50% equity stake to nine First Nation partners. Intervenor GLP[71] represents eight of the nine First Nations partnering with Hydro One on the Project, with the ninth partner being Lac des Mille Lacs First Nation, also an intervenor in this proceeding.

[69] MNO submission, p. 12.
[70] Reply submission, p. 21.
[71] The Gwayakocchigewin Limited Partnership First Nations include Wabigoon Lake Ojibway Nation, Eagle Lake First Nation, Lac La Croix First Nation, Fort William First Nation, Seine River First Nation, Lac Seul First Nation, Nigigoonsiminikaaning First Nation, and the Ojibway Nation of Saugeen.

At the time the application was submitted to the OEB, the formation and structuring of the limited partnership had not been finalized, and hence, commercial details of the partnership were not provided. Hydro One stated that any limited partnership agreement is not anticipated to impact the cost estimate of the Project.[72]

Hydro One has not requested any deferral accounts to be established, however, it has indicated that until the limited partnership is formed, line work costs associated with the construction of the Project will reside in the OEB-approved Affiliate Transmission Projects (ATP) regulatory account[73] and will not form part of Hydro One's rate base.

Comparator Transmission Projects

For the line work, Hydro One referenced four recent double-circuit 230 kV line projects in Ontario. Hydro One constructed three of the four projects (Hawthorne to Merivale,[74] Powering South Nepean[75] and Woodstock Area Transmission Reinforcement Projects[76]), while the fourth, the East-West Tie (EWT) Project,[77] was constructed by Upper Canada 2 Transmission Inc. Hydro One stated that these projects were chosen as comparators because they are 230 kV double-circuit transmission lines, they utilize similar conductor types, and they are either completely or predominantly built using steel lattice structures.[78]

In the pre-filed evidence, Hydro One stated that the total project costs on a per km of line basis for the comparator projects were between $2.4 million and $4.1 million, while the Project is estimated to cost $2.6 million per km. In a response to an interrogatory,[79] Hydro One provided revised analysis for the EWT project with varying adjustments that produced unit costs per km of line of $2.2 million, $2.5 million and $2.8 million. The adjustments were in response to a request by OEB staff to re-calculate the cost per unit km value for the EWT project with Covid-19-related costs discounted. The calculation which produced a $2.2 million per km value was the only analysis that discounted the costs related to Covid-19.

Hydro One's rationale for the higher project costs included global procurement challenges as well as increases in the price of essential commodities and supply chain

[72] Interrogatory response to OEB Staff 2.
[73] EB-2021-0169.
[74] EB-2020-0265.
[75] EB-2019-0077.
[76] EB-2007-0027.
[77] EB-2017-0182.
[78] Exhibit B, Tab 7, Schedule 1, p. 8.
[79] Interrogatory response to OEB Staff 12(c).

shortages that have led to increases in costs for equipment purchased to construct transmission lines.[80]

In its Argument-in-Chief, Hydro One stated that the line portion of the Project is on the lower end of the per km costs of comparable transmission lines. Hydro One stated that the Project cost of $2.6 million per km included in the pre-filed evidence is similar to the EWT transmission line forecasted total costs of $2.4 million per km, and less than the other comparable Hydro One scoped projects (ranging between $3.3 million and $4.1 million per km).[81]

OEB staff submitted that the line portion of the Project costs appear to be $144 million higher than that of the EWT project when considering costs on a per unit km basis. OEB staff recommended that these costs be subject to further review in the Project's cost-based transmission revenue requirement proceeding. OEB staff further submitted that the EWT project is the only fair comparator due to the other three comparator projects being notably shorter in length compared to both the Project and the EWT project.

In its reply submission, Hydro One submitted that its line cost estimate is based upon a robust, arms-length, two-year competitive bid process ending in 2022 which reflects current market conditions and best available pricing information. Hydro One stated that OEB staff's reliance on project comparators constructed either before or throughout Covid-19 should not override the actual results Hydro One has contracted and which it is relying on to substantiate its Project line cost estimate.

Hydro One stated that the Project has been determined to be a priority transmission project for which the IESO has provided a finite in-service date.[82] Hydro One submitted that it would be placed in the unenviable position of trying to find ways to mitigate the financial risks inherent to a future potential $144 million capital cost disallowance.[83]

Findings

The OEB finds that the Project's estimated cost falls within an acceptable range in the cost per km of comparator transmission line projects recently completed in Ontario and provided by Hydro One in its evidence.

In addition, the OEB is satisfied that the estimated cost of the fixed price EPC contract, which represents a significant percentage of the total Project cost, was determined

[80] Exhibit B, Tab 7, Schedule 1, p. 10; Interrogatory response to OEB Staff 8(b).
[81] Argument-in-Chief, p. 18.
[82] Reply submission, p. 4.
[83] Reply submission, p. 4.

through a competitive RFP process using Hydro One's ECI-EPC contracting model which included two years of early contractor involvement. This ECI-EPC contracting model would likely result in a competitive contract price with a higher degree of certainty.

4.4 Impact on Price of Electricity Service

Hydro One stated that all Project costs will be included in the network connection pool and that no customer contributions in aid of capital will be required because the Project is not driven by any specific customer load application.[84]

The application stated that the Project will increase the load meeting capability of the region and release constraints on transfers into the region. Hydro One estimated that the Project will result in a potential growth of approximately 206 MW and $13.3 million in annual incremental network revenue over a 25-year evaluation period using 2023 UTRs. [85]

Hydro One estimated that based on phased in servicing for Phase 1 on December 15, 2025 and Phase 2 on December 15, 2027, the 2023 OEB approved Network rate of $5.37 kW/month increases to $5.71 kW/month by year 4, then decreases to $5.65 kW/month by year 25.

OEB staff submitted that Hydro One's proposed allocation of Project costs to the network connection rate pool is appropriate. OEB staff took no issue with Hydro One's position that no customer contribution is required.

Intervenors did not make submissions on the matter.

Findings

The OEB finds that the projected transmission rate impacts that will result from the Project are reasonable.

4.5 Impact on Reliability and Quality of Electricity Service

Hydro One filed the Final Expedited System Impact Assessment (SIA) prepared by the IESO and the Final Customer Impact Assessment (CIA) prepared by Hydro One.[86]

[84] Exhibit B, Tab 9, Schedule 1, p. 1.
[85] Exhibit B, Tab 9, Schedule 1, p. 1.
[86] Exhibit F, Tab 1, Schedule 1; Exhibit G, Tab 1, Schedule 1.

The SIA concluded that the Project is expected to have no material adverse impact on the reliability of the integrated power system, provided that all requirements in the SIA report are implemented.

In the SIA report, the IESO stated that it recommended that the design of the two new 230 kV circuits between Lakehead TS and Mackenzie TS be revised such that they are configured on double-circuit towers for their entire length to support system reliability and resiliency. The SIA report stated that this area of the province is prone to adverse weather from the spring to fall months, which poses a risk of simultaneous multiple circuit contingencies due to tower sharing. The SIA report also recommended specific equipment replacements and reconfiguring transmission elements at some of the stations.

The CIA concluded that the resulting voltage changes on the area's high-voltage and low-voltage buses are within planning limits and recommended that area customers review the impact of the short circuit change on their facilities.

OEB staff did not have any concerns about the reliability and quality of service associated with the Project.

Intervenors did not make submissions on the matter.

Findings

The OEB does not have any concerns with the IESO's System Impact Assessment which concluded that the Project will have no material adverse impact on the reliability of the integrated power system. The OEB also has no concerns with Hydro One's Customer Impact Assessment which concluded that the Project will not have any adverse impact on customers with respect to reliability and quality of electricity service.

4.6 Land Matters

Hydro One filed a map of the route of the Project with its application pursuant to section 94 of the OEB Act. Hydro One indicated that the new corridor for the Project is sited alongside an existing Hydro One transmission corridor. Consistent with *Ministry of Municipal Affairs and Housing Provincial Policy Statement*, *2020* under the *Planning Act* Hydro One proposed to use this existing right-of-way to the extent possible.

With respect to non-Indigenous land rights, Phase 1 of the Project will require Hydro One to acquire land rights from approximately 164 directly impacted property owners, consisting of 156 privately held properties, 5 Crown properties, 1 municipally held

property and 2 railway crossings. The majority of properties will require Hydro One to acquire easement or fee simple corridor takings, at the property owner's election.[87]

Phase 2 of the Project will require Hydro One to acquire land rights from approximately 97 directly impacted property owners, consisting of 78 privately held properties, 1 federally held property, 7 Crown properties, 7 municipally held properties, 2 Ontario Power Generation properties and 2 railway crossings. Like Phase 1, Phase 2 of the Project will require Hydro One to acquire easement or fee simple corridors on the majority of properties, at the property owner's election.[88] Hydro One stated that the new Project corridor includes a combination of land rights requirements and requested OEB approval of the following:

- Land Use Permits on unpatented Crown Lands (new land rights required)
- Easement or fee simple rights on private, municipally owned, provincially owned and federally owned properties (new land rights required)
- Rail crossing agreements (new land rights required)
- Temporary access and/or construction rights on provincially owned, unpatented Crown and private properties for access roads, temporary work headquarters, laydown areas, and material storage facilities (new land rights required)

The pre-filed evidence listed the different land rights agreements that Hydro One may require, including details on the extent to which the forms of agreement have previously been approved by the OEB in prior proceedings.[89]

In an interrogatory response,[90] Hydro One confirmed that all impacted landowners have the option to receive independent legal advice regarding the land agreements, and that it would commit to reimbursing those landowners for reasonably incurred legal fees associated with the review and completion of the necessary land rights including the new form of agreement for early access.

OEB staff submitted that it had no issues or concerns with Hydro One's proposed forms of agreements. OEB staff also noted that many of the agreements are generally consistent with the agreements approved by the OEB through previous proceedings.[91]

[87] Exhibit E, Tab 1, Schedule 1, pp. 2-3.
[88] Exhibit E, Tab 1, Schedule 1, p. 3.
[89] Exhibit E, Tab 1, Schedule 1, pp. 9-10, Tables 4, 5 and 6.
[90] Interrogatory response to OEB Staff 15(a-b).
[91] OEB staff submission, p. 23.

OEB staff noted that the route maps submitted by Hydro One meet the OEB's requirements.

Findings

The OEB approves the forms of landowner agreements proposed by Hydro One. The OEB notes that most of these forms have previously been approved by the OEB for similar projects.

4.7 Conditions of Approval

The OEB Act permits the OEB, when making an order, to impose such conditions as it considers proper. The OEB has established a set of standard conditions of approval for transmission Leave to Construct applications.

OEB staff proposed that the leave to construct order in this proceeding be made subject to the standard conditions of approval.

MNO submitted that, if the OEB approves the application, approval should be subject to the Environmental Assessment (EA) being approved, Hydro One obtaining all other applicable approvals, and after any applicable appeal routes from interested parties have been exhausted.[92]

Hydro One stated that it is common for the approvals for the EA and section 92 application for a transmission project process to occur in parallel rather than in sequence. Hydro One stated that this approach aims to seek regulatory approvals efficiently and thereby allow the Project to be completed in a timely manner. [93]

Hydro One submitted that the OEB's standard conditions of approval serve as a safeguard to ratepayers to ensure all regulatory approvals are obtained prior to construction commencing for the Project, including the Final EA approval. Hydro One also noted that the standard conditions of approval also require Hydro One to notify the OEB if there are any material changes to the Project as it is described in the application once the Decision and Order is issued for the application.[94]

[92] MNO submission, pp. 4-5.
[93] Reply submission, p. 22.
[94] Reply submission, pp. 22-23.

Findings

This Decision and Order is subject to the standard conditions of approval attached as Schedule B. These conditions also apply to any future Hydro One affiliate that would own and maintain the Waasigan transmission line. Hydro One had no concerns with these conditions. Regarding MNO's concern about the EA approval, one of the conditions in Schedule B requires Hydro One to obtain all necessary approvals, permits, licences, certificates, agreements and rights which are required to construct, operate and maintain the Project. This would include all necessary EA approvals.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Hydro One Networks Inc. is granted leave, pursuant to section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), to construct the Project as described in the application.

2. Leave to construct is subject to Hydro One Networks Inc. complying with the Conditions of Approval set forth in Schedule B.

3. The OEB approves the proposed forms of agreements that Hydro One Networks Inc. has offered or will offer to each owner of land affected by the Project.

4. Eligible intervenors shall file with the OEB and forward to Hydro One Networks Inc. their respective cost claims in accordance with the OEB's Practice Direction on Cost Awards on or before **April 26, 2024**.

5. Hydro One Networks Inc. shall file with the OEB and forward to intervenors any objections to the claimed costs of the intervenors on or before **May 3, 2024**.

6. If Hydro One Networks Inc. objects to any intervenor costs, those intervenors shall file with the OEB and forward to Hydro One Networks Inc. their responses, if any, to the objections to cost claims on or before **May 10, 2024**.

7. Hydro One Networks Inc. shall pay the OEB's costs of, and incidental to, this proceeding upon receipt of the OEB's invoice.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Please quote file number, **EB-2023-0198** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the OEB's online filing portal.

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the Regulatory Electronic Submission System (RESS)

Document Guidelines found at the File documents online page on the OEB's website.

- Parties are encouraged to use RESS. Those who have not yet set up an account, or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the File documents online page of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the Practice Direction on Cost Awards.

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Vithooshan Ganesanathan at Vithooshan.Ganesanathan@oeb.ca, and OEB Counsel, Ljuba Djurdjevic at Ljuba.Djurdjevic@oeb.ca.

Email: registrar@oeb.ca
Tel: 1-877-632-2727 (Toll free)

DATED at Toronto April 16, 2024

ONTARIO ENERGY BOARD

Nancy Marconi

Digitally signed by Nancy Marconi
Date: 2024.04.16 16:52:05 -04'00'

Nancy Marconi
Registrar

SCHEDULE A

DECISION AND ORDER

HYDRO ONE NETWORKS INC.

EB-2023-0198

APRIL 16, 2024

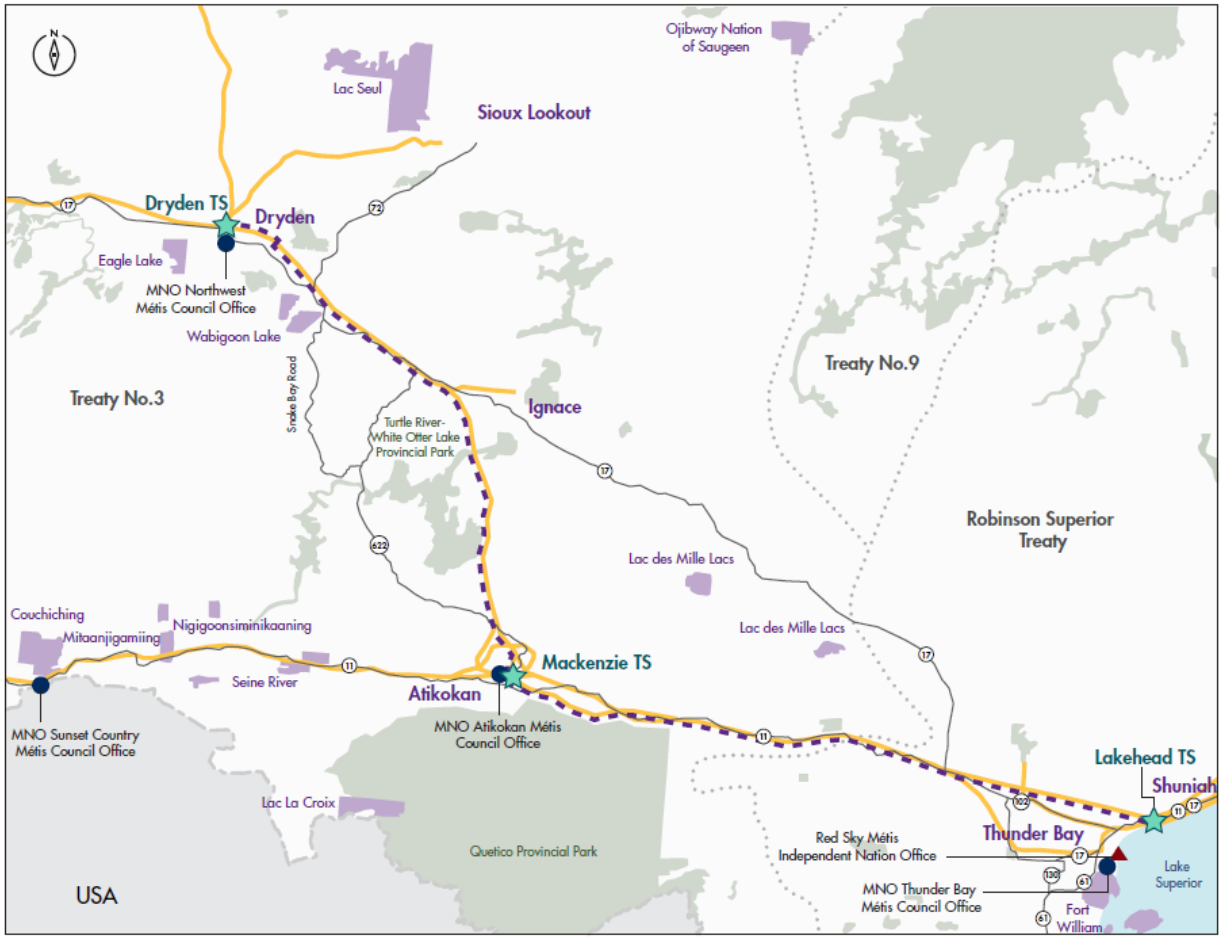
SCHEDULE A – WAASIGAN PROJECT MAP
HYDRO ONE NETWORKS INC.
EB-2023-0198
APRIL 16, 2024

hydro one

WAASIGAN TRANSMISSION LINE

Map Legend

- Existing Transformer Station (TS)
- Preferred Route
- Existing Transmission Line
- Highway
- International Border
- Red Sky Métis Independent Nation Office
- Métis Nation of Ontario (MNO) Council Office
- Treaty Boundary
- First Nation Reserve
- Provincial Park



SCHEDULE B

DECISION AND ORDER

HYDRO ONE NETWORKS INC.

EB-2023-0198

APRIL 16, 2024

SCHEDULE B: STANDARD CONDITIONS OF APPROVAL FOR ELECTRICITY LEAVE TO CONSTRUCT APPLICATIONS HYDRO ONE NETWORKS INC. EB-2023-0198

1. Hydro One Networks Inc. shall fulfill any requirements of the SIA and the CIA, and shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the project.

2. Unless otherwise ordered by the OEB, authorization for leave to construct shall terminate 12 months from the date of the Decision and Order, unless construction has commenced prior to that date.

3. Hydro One Networks Inc. shall advise the OEB of any proposed material change in the project, including but not limited to changes in: the proposed route, construction schedule, necessary environmental assessment approvals, and all other approvals, permits, licences, certificates and rights required to construct the project.

4. Hydro One Networks Inc. shall submit to the OEB written confirmation of the completion of the project construction. This written confirmation shall be provided within one month of the completion of construction.

5. Hydro One Networks Inc. shall designate one of their employees as project manager who will be the point of contact for these conditions, and shall provide the employee's name and contact information to the OEB and to all affected landowners, and shall clearly post the project manager's contact information in a prominent place at the construction site.