



Ontario  
Energy  
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**BY EMAIL**

June 26, 2024

Joanne Richardson  
Director – Major Projects and Partnerships  
Hydro One Networks Inc.  
483 Bay Street, South Tower 7<sup>th</sup> Floor  
Toronto ON M5G 2P5  
[Joanne.Richardson@HydroOne.com](mailto:Joanne.Richardson@HydroOne.com)

Dear Ms. Richardson:

**Re: Hydro One Networks Inc. (Hydro One)  
Leave to Construct Application – Richview to Trafalgar Reconductoring  
Project, Change Notification  
Ontario Energy Board File Number: EB-2021-0136**

This letter acknowledges receipt of Hydro One's notification to the OEB, on June 3, 2024, with respect to changes in the estimated cost for its Richview to Trafalgar Reconductoring Project (Project).

The OEB notes that the updated Project cost estimate is 52% higher than the cost estimate presented in the leave to construct proceeding. Hydro One presented the initial cost estimate as an Association for Advancement of Cost Engineering (AACE) Class 3 estimate with a confidence level of +30% / -20%.<sup>1</sup> It is especially concerning to see that the updated costs are well above the confidence level presented in the leave to construct proceeding.

The OEB further notes that this is the second instance over the past two years where a Hydro One reconductoring project has experienced a substantial increase in budget.<sup>2</sup>

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<sup>1</sup> Interrogatory Response from Applicant (OEB Staff Interrogatory 9) / October 8, 2021 / EB-2021-0136.

<sup>2</sup> As per the letter sent by Hydro One on January 18, 2023, the revised forecast cost for the Hawthorne to Merivale Reconductoring Project (EB-2020-0265) was \$46.9M versus \$21.3M originally approved by the OEB.

Costs associated with the Project that are sought for recovery from ratepayers shall be subject to review in Hydro One's next cost-based transmission revenue requirement proceeding (currently expected for the effective period starting in 2028).

The OEB expects Hydro One to include, in that proceeding, evidence substantiating the nature of the increases at a sufficiently granular level so that the prudence of these incremental costs can be reviewed. Further, the OEB also expects Hydro One to include details regarding the steps it is taking to improve its cost estimation process for reconductoring projects. Hydro One's cost estimation process may also be scrutinized in future leave to construct proceedings.

The OEB reminds Hydro One that if there are any additional changes to the Project, Hydro One shall advise the OEB in accordance with the conditions of approval as outlined in the Decision and Order of the above noted proceeding.<sup>3</sup>

Yours truly,

Nancy Marconi  
Registrar

c: All Parties in EB-2021-0136

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<sup>3</sup> Decision and Order / December 2, 2021 / Schedule B.