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**BY E-MAIL**

August 28, 2015

To: All Parties in EB-2013-0421 (Phase 2)

**Re: PHASE 2 - Hydro One Networks Inc.'s Supply to Essex County  
Transmission Reinforcement Project (SECTR)  
OEB File No. EB-2013-0421.**

Hydro One Network's Inc. (Hydro One) filed an application on January 22, 2014, with the Ontario Energy Board (OEB) under section 92 of the Ontario Energy Board Act for an order granting leave to construct the following transmission facilities as part of the SECTR project - approximately 13 km of new 230 kV transmission lines; installation of optic ground wire, and; construction of a new 230/27.6 kV Transformer Station (Leamington TS). On July 16, 2015, the OEB issued its decision regarding Phase 1 of the application. The OEB granted leave to Hydro One to construct the proposed facilities.

Given the scope of the issues in the application, the OEB originally decided to proceed with the application in two parallel phases. Phase 1 would deal with matters related to the leave to construct application, while Phase 2 would deal with matters related to the cost allocation proposal forwarded by Hydro One. Further, in Procedural Order No. 3, the OEB noted that the decision in Phase 1 would be contingent on the completion of Phase 2 and planned to issue both decisions concurrently.

Although the OEB's original intent was to issue both Phase 1 and 2 decisions together, a number of factors, such as the complexity of the issues in Phase 2 that were brought to light in the discovery process, the need for the project and the timing of the project caused the OEB to reconsider. Accordingly, in Procedural Order No. 6, dated June 22, 2015, the OEB stated "... it is best to consider the need for the project (i.e. Phase 1) now rather than later. The cost allocation matters being considered in Phase 2 are not

determinative of the need for the project; if Phase 1 is approved these matters can be dealt with as the necessary facilities are being put in place”.

On July 10, 2015, the OEB issued Procedural Order No. 7 which acknowledged the intervenor evidence filed by E3 Coalition and cancelled the oral hearing on Phase 2 of the proceeding until further notice.

After further consideration of the matter and given the complexities of the issues in Phase 2 their implications, the OEB has determined that it will not proceed with Phase 2 through an adjudicative process. The OEB will review these issues from a policy perspective, considering whether there are any implications for the Distribution System Code and Transmission System Code. In this way, a full spectrum of public interest considerations can be canvassed in a more efficient manner. This approach will also allow the OEB to assess whether changes are needed to the cost responsibility provisions in the Distribution System Code and Transmission System Code from a broader perspective (i.e. not based on one specific project). The OEB thanks all parties for their participation in establishing a robust record of proceeding that will be available for consideration as part of the policy review.

The OEB will notify parties in due course on the process it intends to follow for this policy review.

Sincerely,

*Original signed by*

Kirsten Walli  
Board Secretary