

EB-2017-0182
EB-2017-0194
EB-2017-0364

ONTARIO ENERGY BOARD

Upper Canada Transmission Inc. (on behalf of
NextBridge Infrastructure)
Application for leave to construct an electricity
transmission line between Thunder Bay and Wawa, Ontario

-and—

Hydro One Networks Inc.
Application to upgrade existing transmission station facilities
In the Districts of Thunder Bay and Algoma, Ontario

-and—

Hydro One Networks Inc.
Application for leave to construct an electricity transmission line
between Thunder Bay and Wawa, Ontario.

RESPONSE OF HYDRO ONE NETWORKS INC. TO THE ARGUMENT-IN-CHIEF OF NEXTBRIDGE

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I Introduction and Overview

1. This is the Response of Hydro One Networks Inc. (“HONI”) to the Argument-in-Chief (“AIC”) of NextBridge (“NB”).
2. This Response will address NB’s arguments in support of its Leave to Construct Application (“LTC Application”). Since those arguments are in part a critique of HONI’s LTC Application, we will also reply to that critique. Reference will be made to HONI’s Argument-in-Chief (“HONI AIC”).
3. There are two fatal flaws in NB’s LTC Application. The first is that it does not deal with the reality that the East-West Tie (“EWT”) cannot be in service, regardless who builds it, until 2021. NB’s entire case is predicated on having the EWT in service by 2020. The second, and related, flaw is that NB’s forecast costs to construct the EWT cannot be relied on, whether the in-service date is 2020 or 2021.
4. NB provides no evidence as to what it would cost it to construct the EWT to a 2021 in-service date. The result is that the Ontario Energy Board (“OEB”) is asked to grant NB’s LTC Application without knowing the cost and without being able to assess whether that cost is reasonable, and so without knowing the impact of that cost on ratepayers.
5. Given the reality of a 2021 in-service date, and given that NB has provided no evidence of what it would cost to build the EWT for a 2021 in-service date, the OEB has no evidence upon which it can conclude, as section 96 of the *Ontario Energy Board Act, 1998* (“OEBA”) requires it to, that the interests of consumers with respect to price will be protected. Unless the OEB can do so, it cannot grant NB’s LTC Application.
6. NB’s construction cost forecasts have been the critical flaw in its LTC Application from the moment it was filed. The then-Minister of Energy recognized that the scale of the cost increases of the NB LTC relative to the designation proceeding forecast was very concerning to the Ontario Government and asked the IESO to review the need for the project¹. NB has done nothing to correct this flaw. Indeed, NB has made it worse by contradicting its own evidence about the cost consequences of changes in approval dates and construction schedules.

¹ Minister of Energy Letter to IESO, August 15, 2017

7. In an attempt to overcome the above-mentioned fatal flaws, NB has resorted to using the expression “shovel ready” to demonstrate that it can build the EWT line to be in-service by 2020. It also relies on arguments about public and Indigenous support, and on attacks on HONI’s project proposal. All of these arguments and attacks are revealed, on even cursory examination, to lack substance

8. NB does not have a reasonable and effective plan to ensure that customer reliability and quality of service will not be impacted both during construction and over the life of the asset. NB refuses to relocate a line resulting in several line crossings. This poses not only an increased likelihood of future costs to obtain the 650 MW transfer capacity requested by the Order in Council but also a safety issue to workers on the line and citizens in the vicinity of the line in the event of an asset failure. NB plans to operate and maintain the line with two full-time employees. This is not adequate.

9. NB also relies on asking the OEB to assume a jurisdiction that the OEB has always, and properly, rejected, namely to make decisions about the environmental assessment process. NB is asking the OEB to assume how the Ministry of Environment, Conservation, and Parks (“MECP”), and in particular its Minister, will exercise the discretion granted by statute to them.

10. The essence of NB’s critique of HONI’s proposal for the EWT is that, to use NB’s words in paragraph 12 of its AIC, it is “plagued by numerous outstanding critical issues, concerns, and uncertainties”. That is not in fact the case.

11. NB was granted a substantial head start in developing its project proposal, as a result of being named the designated developer. Notwithstanding that head start, and the substantial advantages NB has sought to take advantage of, NB is still unable to address the essential statutory requirement, namely what it will cost ratepayers to have NB build the EWT to a 2021 in-service date.

12. The remarkable fact is that HONI, notwithstanding the disadvantage of not having NB’s head start, has a mature project proposal, with lower and more assured costs, a developed

design and engineering proposal, and has made substantial progress in dealings with Indigenous groups and land owners.

13. HONI has, in one sense, performed a rescue mission for the transmission development planning process as originally envisaged by the OEB and the government. It has restored actual, meaningful competition to that process. It has given life to the objective of ensuring that there be effective competition to benefit ratepayers.

14. NB, by contrast, has effectively squandered the advantages of its head start in the hope that the absence of real competition would allow it to compel the OEB and ratepayers to accept greatly-higher prices for the development and construction, and for the ongoing operation and maintenance, of the EWT.

15. In contrast to NB, HONI's construction costs are predicated on the real in-service date, 2021. In addition, those costs are both lower and more reliable than the estimated costs of NB.

16. On the evidence, HONI submits that its application alone satisfies the statutory criteria of protecting the interests of consumers with respect to price, and the reliability and quality of electricity service.

17. In this Response, HONI will address the following matters:

- (a) The Stations Application;
- (b) The timing of the in-service date of the EWT;
- (c) The costs of construction of the EWT;
- (d) The reliability and quality of service of the EWT;
- (e) Public Support;
- (f) Indigenous Support; and
- (g) The EA process.

II The Stations Application

18. In paragraph 11 of its AIC, NB states that it supports HONI's Stations Application. Given that, and except for three observations, this Response will not deal with that Application.

19. The first observation is in response to the statement, in paragraph 51 of NB's AIC, that "it is not clear that Hydro One has been treating the EWT Station project in a sufficiently urgent matter to this point". There is no evidence to support that statement. As NB well knows, any delay in the work on the Stations is solely the result of the MECP's direction that no permits for work can be applied for until the EA work on the NB EWT project is approved.

20. The second observation, in the same paragraph of NB's AIC, is that "NextBridge sees no reason why the substation work cannot be accelerated by Hydro One to achieve a December 2020 in-service date, or alternatively, why the upgraded substations cannot be in service either one or two months thereafter". NB knows that both these alternatives are impossible, again due to the position of the MECP. Given that NB knows that, it is surprising that NB would make that argument.

21. Finally, and again in the same paragraph of NB's AIC, NB suggests that the OEB's decision in HONI's Stations application should include requirements for "an expedited schedule, along with potentially requiring that Hydro One absorb extra costs incurred by NextBridge or ratepayers from the EWT Line Project in-service date being delayed because of the EWT Station Project". The delay is, as NB knows, solely due to the positions taken by the MECP.

III The Timing of the In-Service Date of the EWT

22. Central to NB's case for its LTC Application, indeed arguably the only argument in its favour, is that it can have the EWT in-service by the end of 2020. NB continues to repeat its view that a 2020 in-service date is required by the Order-In-Council, notwithstanding the

OEB's decision, to the contrary, in dismissing NB's motion². In addition, NB continues to state, for example, in paragraph 64 of its AIC, that the IESO has "required timelines", as opposed to the reality that the IESO is simply recommending a 2020 in-service date³. NB seeks to reinforce the significance of the 2020 in-service date by listing, in paragraph 45 of its AIC, materials in which that date is mentioned. NB continues to ignore the reality that, as a result of positions taken by a government ministry, the MECP, a 2020 in-service date is no longer relevant. Furthermore, the IESO's evidence is that the need can be managed until the end of 2022. Therefore, the materials listed in paragraph 45 of NB's AIC are no longer relevant to the decision the OEB must make.

23. Throughout its evidence, NB has stated that its objective has been to have the EWT in-service by 2020. Given that purporting to be able to meet that in-service date is the only argument in favour of its LTC Application, that singular focus is not surprising. But that focus in the face of information that the date is no longer possible, has distorted virtually every aspect of NB's LTC Application and its conduct in the hearing.

24. In June of 2018, NB was put on notice that the MECP's linking of the work on HONI's stations upgrade and the completion of NB's EA meant that the upgrade of the stations could not be completed in time to meet a 2020 in-service date⁴.

25. In paragraph 51 of its AIC, NB states, "That information [the delay to 2021 of the completion of the Stations work] was not made clear to NextBridge until just before the oral hearing began". That statement is simply untrue, as the strategic use of the words "made clear" suggests and as the facts disclose. There is ample evidence on the record that the need to receive EA approvals in 2018, in order to start construction on the Stations Work, was known to NB. The evidence is as follows:

- (1) In Hydro One's leave to construct application for the Stations project (EB-2017-0194), Exhibit B, Tab 1, Schedule 1, page 3 says "The proposed in-

² The OEB, in its Decision and Order dated July 19, 2018, made the following finding at page 7: "The OEB is persuaded that, on a plain reading of the Priority Project OIC, the priority project is not tied to a 2020 in-service date."

³ In the same Decision and Order, also on page 7, the OEB noted that the IESO's Updated Needs Assessment recommended but did not require that the project be in service by 2020.

⁴ Exhibit I, Tab 1, Schedule 14

service date of the EWT Station Project is November, 2020 assuming a construction commencement date of May, 2018”;

- (2) The project schedule provided in Exhibit B, Tab 11, Schedule 1, of that application clearly shows station construction work starting in May 2018.
- (3) Exhibit B, Tab 7, Schedule 1, page 2, says that a delay in “obtaining required approvals including environmental approvals” was identified as a risk to the project.
- (4) On June 20, 2018, an email was sent to Ms. Tidmarsh, advising NB of “a potential problem that we [HONI] are facing with the EWT Station Project. Both the MOECC and the MNRF have indicated to our Environmental Planners that they are not planning to approve our station project until the EWT Line Project’s EA is also approved. We are reaching out for legal advice on this latest communication and will continue to work with the two agencies to try and reach a solution. Unfortunately, the EA approval is a critical step for the Station project – particularly with Marathon TS.” Ms. Tidmarsh responded to this email the same day, showing that she and NB were aware in June 2018, long before her testimony at the OEB oral hearing began, of the Stations EA problem and the resulting effect on the LTC Application to construct the line.
- (5) On June 27, 2018, NB was copied on a letter that HONI sent to the then-Ministry of the Environment and Climate Change, expressing HONI’s concern about the linking of the Station EA with the EA approval of the EWT Line. In that letter, Hydro One wrote, “The station work requires lead time prior to construction on the tie line but, without the ability to obtain further permits and approvals, the station work will not be completed in time to support the EWT’s proposed 2020 in-service date.” Again, NB received that information months before Ms Tidmarsh’s testimony at the OEB oral hearing.

- (6) On July 20, 2018, Ms. Tidmarsh arranged a tri-party meeting for July 26, 2018 with HONI and MECP to discuss the Stations Project and associated permitting.
- (7) On July 26, 2018, a meeting discussing the Stations Project took place with representatives of NB, HONI and MECP in attendance, once again bringing home to NB the MECP's linking approval of the EA for the Stations Project with the NB EWT line project and once again bringing home to NB the fact that the station work could not be completed in time to support NB's proposed 2020 in-service date.

26. NB's submission that it was not aware, of the impact of the MECP's decision to HONI's Stations construction schedule, until shortly before the oral hearing began at the OEB, is without merit and untrue.

27. NB elected, for reasons which can only be speculated about, to ignore that critical piece of information and continued to insist, in communications with the Government and others, that achieving a 2020 in-service date was still possible. NB continued to communicate this to the public and all external stakeholders, resulting in confusion, as illustrated by the letters discussed in paragraph 79 below.

28. The reality is that a 2020 in-service date is no longer possible, and so it is no longer relevant to the decision the OEB must make in assessing these applications. Notwithstanding that, NB's entire case continues to be built around that concept, hence its need to rely on its meaningless claim of its project being "shovel-ready".

29. Given the reality of a 2021 in-service date, the issue for the OEB is which of the two applications gives the OEB greater confidence that it can satisfy the statutory criteria in meeting a 2021 in-service date. HONI submits that the HONI Application alone satisfies those criteria.

IV The Costs of Construction of the EWT

(a) NB's Costs

30. The starting point for any consideration of NB's costs is this reality: NB's costs, estimated to be \$737 million, are at least 80% higher than the forecast cost which it advanced in the designation phase in order to be awarded the Development Transmitter for this Project. That forecast was a determining factor in NB's success in being named the designated transmitter to complete the development work of this project. The sheer magnitude of the increase undermines the whole purpose of the Designation Process, namely achieving the public policy objective of having competition reduce the costs of building the EWT for the benefit of ratepayers.

31. In paragraph 6 of its AIC, NB asserts that its proposal supports "cost certainty". In paragraph 21 of its AIC, NB asserts that its "forecast costs are accurate, reliable and achievable". The evidence supports neither of those assertions; on the contrary, the evidence leads to the conclusion that the OEB can have no confidence in NB's forecast costs. This includes NB not being able to provide any memorialized documentation between NB and Valard that costs will not increase as a result of the schedule change, and even stranger, no internal NB documentation that acknowledged that confirmation was received from Valard that the schedule change would not impact costs.⁵

32. NB's cost estimate of \$737 million, and the reliability of that estimate, is undermined first by the fact that it is contradicted by NB's own repeated assertions that the costs would increase if there were delays in the start of its construction.⁶ The reliability of the cost estimate is also undermined given that NB has changed the schedule for construction without providing any objective evidence in support of its contention that the costs will not increase⁷.

33. Hydro One's schedule is clearly defined in Exhibit I, Tab 1, Schedule 5. Hydro One further provides current estimates of how any EA approval delay up to one year will impact the cost of the Project while holding the leave to construct approval constant⁸. This cost and

⁵ The facts underlying this circumstance are reviewed in paragraphs 49 and 50 of HONI's AIC.

⁶ The assertions by NB about the cost increases arising from delays in the construction schedule are set out in paragraphs 44 to 50 inclusive of HONI's AIC.

⁷ HONI's AIC p 50.

⁸ Hydro One's anticipated leave to construct approval date in this analysis is January 2019 which aligns with the OEB's intent to have a decision released by the end of 2018.

schedule sensitivity analysis was provided by HONI in Exhibit I, Tab 1, Schedule 7. Conversely, NB, from the outset has refused to provide any scenario analysis of its costs and schedule. In the Technical Conference, NB was asked a number of “what if” questions to assess the impact on price and schedule of any delay. NB’s response to these questions was that they have not completed nor thought about anything other than the costs associated with their proposed schedule. The proposed schedule at the time contained many unreasonable assumptions. If these assumptions did not materialize as NB surmised, and they did not, NB gave no indication of what that meant to their project cost or schedule other than to generally state that any delays beyond 2020 would result in a significant cost increase⁹. It was not until October that NB slightly changed their evidence, not by providing any scenarios or supporting evidence that can be tested, but by arbitrarily stating that NBs price will fall with a plus or minus 10% range of their estimated construction cost.

34. Given NB’s repeated insistence that it can build the line to meet a 2020 in-service date, its claim that it can shorten the construction period, and change the scheduling of the construction, without an additional cost, is crucial to its case for the approval of its LTC application.

35. Notwithstanding the critical importance of that claim, NB has offered no objective evidence by which the OEB can assess the accuracy of the claim. Instead, NB resorts to the following:

- (a) The empty rhetoric of claims that its project is “shovel-ready”;
- (b) Its reliance on the AACE formulae, which are misleading and unhelpful in the face of the reality of the circumstances of these applications, for the reasons set out in paragraphs 58 to 65 inclusive, below; and
- (c) The supposed virtues of its EPC contract.

36. NB’s reported claim that its project is “shovel ready” is both meaningless and misleading, in effect a piece of empty rhetoric, because the timing of when it can begin

⁹ JT1.25

construction, and the costs of that construction, are uncertain. It is clear that the EWT line cannot be in service until 2021. So even if NB would somehow magically overcome the seasonal and scheduling constraints it repeatedly said would cause delay and added costs, it would be building a line that would sit unused for somewhere between 6 and 12 months. More realistically, NB will have to park its shovels, and recalculate all of its costs, to meet the realistic in-service date, leaving everyone unclear as to what those costs would be.

37. NB claims, in paragraph 29 of its AIC, that the EPC contract with Valard provides a number of benefits. Included in the listed benefits is a “presumption against change orders”. That is an odd claim, given that the contract with Valard has a Change Order clause¹⁰ and was changed, in a fundamental way, by changing the schedule of construction in the third week of September 2018, on the eve of the oral hearing.

38. The important point is that NB’s EPC contract offers less protection for ratepayers and less cost certainty than HONI’s EPC contract.

39. HONI’s EPC contract is superior to NB’s EPC contract in a number of important ways. Chief among them is the fact that a significantly higher percentage of the total costs are those of its contractor, SNC-Lavalin, and are fixed. To the extent that SNC-Lavalin exceeds its costs, it must bear the excess, not Ontario’s ratepayers. By contrast, a far smaller portion of NB’s total costs are the responsibility of its contractor, Valard, leaving a significantly higher portion of the costs exposed to increases and excess costs to ratepayers.

40. In addition to the greater portion of total project cost being covered within the HONI EPC contract, it is also worthwhile to understand the difference between the two contracts in terms of division of responsibility as documented in Exhibit K5.1¹¹. In general terms, the HONI EPC contract has greatly reduced the interface risks between key deliverables such as engineering and construction. It is often these interface issues that result in Change Orders on a project of this nature. By including accountability for both engineering and construction deliverables with the EPC partner, HONI has shielded that interface risk from customers.

¹⁰ EPC contract between Valard and NB – Sections 8.3 and 9.5.1

¹¹ Page 38

41. NB's witness, Mr. Mayers in response to questions from OEB panel member Ms. Duff, seemed to have implied that the EPC contract that NB has secured with Valard protects NB from costs associated with labour disputes; safety or environmental incidents not covered by an insurance program; significant changes in costs of materials, commodity rates and/or exchange rates; any conditions imposed by regulatory bodies or Governmental agencies; and likely most shocking, force majeure events¹². This would seem to be a benefit to ratepayers. However, again, a review of the NB and Valard EPC contract proves that this testimony is not true.

42. Mr. Mayers testified "The Contractor is not entitled to a labour dispute"¹³. This demonstrates a lack of understanding by NB of the circumstances of labour disputes. Labour disputes are not brought by the Contractor – they are brought by labour. NB has not addressed in its contract how it as Owner will handle a labour dispute that occurs with the obvious result that there will be delays that can affect the ability to deliver the project on time and on budget – while at the same time NB as owner of the project is divorcing itself of having any responsibility to the detriment of ratepayers

43. With respect to the insurance program, there are express limits to the insurance that are in place with the Contractor in NB's EPC. HONI would certainly expect that both Valard and NB would have insurance, as Mr. Mayers testified, but if any event occurs, including a safety or environmental event, where the damage is greater than the insurance limit, then the insurance will NOT cover the damage suffered in excess of the insurance limit.

44. With respect to changes in material indices and exchange rates, HONI stated in testimony that within a short period after being awarded LTC the EPC Contractor would procure a hedge and hence provide protection of this pricing from fluctuations in material indices and exchange rates. NB has stated that NB has not signed a contract or placed an order on any of the material¹⁴ and hence the offers they have, will have some adjustment mechanisms for material indices that will be reconciled on placement of the order given that these original estimates were provided prior to July 2017 when NB filed its LTC. As noted, when taking into account the two Division of Responsibility lists that Schools Energy Coalition collated to demonstrate the

¹² Transcript Vol. 7, page 61-65

¹³ Transcript Vol. 7, page 62, lines 16-20

¹⁴ Transcript Vol. 7, pages 63-64

difference in delivery model by the competing LTC submissions¹⁵, it is evident that more items reside with NB as an Owner Obligation, compared to the items that reside with HONI, including material purchasing. Accordingly, NB would be at greater risk of incurring additional costs associated with this risk in their EPC Contract with Valard than what HONI would in the EPC Contract with SNC-Lavalin. This risk of NB would then need to be borne by the ratepayers of Ontario.

45. NB in testimony wrongfully assumes that HONI is limiting conditions posed by government and regulatory bodies to matters related to the environmental assessment¹⁶. Unforeseen circumstances can be driven by the provincial and/or federal government and any and all ministries and agencies of the government or regulatory bodies. The definition of “Applicable Law” in NB’s agreement includes “any requirements under or prescribed by any Applicable Permits, licenses, and/or common law”. As per NB testimony, permits have not been issued, and NB acknowledged, that, for example, that there are going to be changes and conditions relating to the environmental assessment¹⁷. In Sections 8.3 and 9.5.1 of NB’s EPC, Valard is allowed a Scope Change Order with a provision for change in contract price and project schedule for such a change. It is disingenuous for NB to state categorically that there will be no change in contract schedule or price when NB, as yet, does not know the scope of the change required to meet the Environmental Assessment requirements and the contract allows for Valard to change the contract schedule and contract price. Contingent on these and other potential government or regulatory body changes, the NB contracted schedule and price may change significantly. In fact, the schedule already has changed based on the results of this regulatory review and that of the MECP.

46. Finally, with respect to force majeure events, NB’s testimony that NB has a “narrow definition of force majeure” in its EPC agreement is an illusion and is actually open-ended. NB definition of force majeure reads “...any event or circumstance, or combination of events or circumstances which may include, without limitation, ...”(emphasis added). It is apparent that this definition is not at all restrictive and any market tested and market based categorization of a force majeure event can satisfy these criteria.

¹⁵ Exhibit K5.1 page 38

¹⁶ Transcript Vol. 7, page 64

¹⁷ Transcript Vol. 7, page 65

47. In summary, it appears, on the face of the contract that is in evidence before the OEB, and contrary to the testimony of NB witnesses, the items excluded from the HONI price, as documented in Exhibit B, Tab 7, Schedule 1 of the HONI Application, are also excluded from the NB price so there is no benefit to ratepayers between the two proposals on these matters.

48. NB's witness, Mr. Mayers, repeatedly referred to the fact that the HONI EPC contract has not been signed, the intended implication being that the EPC contract would be changed in some way to either increase the price or reallocate the obligations as between HONI and its contractor. What Mr. Mayers sought to imply is that the HONI and SNC-Lavalin witnesses were misleading the OEB, which is simply untrue, as confirmed by testimony from HONI and SNC-Lavalin witnesses that both parties are prepared to sign the execution-ready EPC pending an approved LTC.

49. This is a serious allegation, one which should have been put to the HONI and SNC-Lavalin witnesses for their response. Long-standing law, as reviewed by HONI in paragraphs 134 to 137 inclusive of its AIC, requires it, and the failure to do so requires that the OEB give the suggestion no weight.

50. In paragraph 30 of its AIC, NB makes the groundless suggestion that HONI would "...turn over the engineering, construction and procurement to an EPC contractor...". The implication is that HONI would not supervise SNC-Lavalin, which is non-sensible considering HONI's track record as an experienced constructor. HONI's cost estimates even include \$6 million for contract supervision and oversight.. The important point, however, is that HONI's EPC contract protects the interests of consumers with respect to price by fixing a higher percentage of the costs and making those costs the responsibility of its contractor. NB's EPC contract offers far less protection for ratepayers. Ratepayers must rely on NB for cost control, something which has proven to this point to be worthless.

51. Given its poor record of cost control to this point, the OEB and ratepayers should have no confidence in NB's claim, in paragraph 30 of its AIC, that "with more hands-on ownership of the construction project schedule and budget, the risks of poor quality, loose environmental compliance, increased costs and extended schedule are reduced".

52. The reality is that the OEB cannot rely on NB's cost estimates. It asks the OEB to be confident that the price increase will be no more than 10% above \$737 million, without providing any evidence upon which the OEB can assess that.

53. A 10% increase, from \$737 million, would raise the cost of construction to \$810 million, which is more than double the cost that NB forecast to become the Designated Transmitter.

54. In paragraph 27 of its AIC, NB tries to defend its costs by stating that the resulting cost per customer is "modest". That is an argument often made by applicants in rate cases, where the applicant attempts to minimize the absolute increase in cost by spreading it over many ratepayers. HONI has done an analysis of the impact on revenue requirement and on the Network rate impact, comparing its costs with those of NB, based on four scenarios. Scenario One represents a comparison of costs as submitted for approval for construction costs and OM&A for each proponent. Scenario Two provides the same starting point for construction and OM&A costs but adds the upper bound of both estimates as provided in testimony, 10% for NB and 6% for HONI. Scenario Three adds the total expended development costs to the Scenario One analysis, i.e., an additional \$40M to the NB estimate and \$17M to the HONI estimate. This in essence provides a total project estimate. Lastly, Scenario 4 is a case scenario for ratepayers where the OEB approves all the requested NB developments costs of approximately \$40M and also approves the HONI development costs for the HONI alternative (\$642M plus \$40M). The construction estimates remain as provided by each proponent. The outcome of these scenarios is shown in the table below. In all cases HONI's Application results in less costs being recovered from ratepayers than any NB alternative.

2018 Rate Impacts	Proponent	Project and Sustainment Costs	Max Revenue Requirement Deficiency \$k	Network 2018 Rate Impact %
Scenario One	NB Construction	\$737M & OM&A \$3.9M	\$ 62,086	6.96%
	HONI Construction	\$625M & OM&A \$1.5M	\$ 50,856	5.57%
Scenario Two	NB Construction	\$737M+10%, OM&A \$3.9M	\$ 67,904	7.52%
	HONI Construction	\$625M +6% & OM&A 1.5M	\$ 53,818	5.85%
Scenario Three	NB Construction & Development	\$777M; \$3.9M	\$ 65,258	7.24%
	HONI Construction & Development Costs	\$642M & \$1.5M	\$ 52,196	5.85%
Scenario Four	NB Construction & Development	\$777M; \$3.9M	\$ 65,258	7.24%
	HONI Construction & Nx & HONI Development Costs	\$682M & OM&A \$1.5M	\$ 55,387	6.13%

55. Even if the OEB were able to rely on NB’s estimate of its costs, those costs would no longer be relevant. They are costs which are predicated on NB’s claim that it can meet an in-service date of 2020. The in-service date is now 2021, regardless of who builds the EWT. NB, when asked by the OEB panel member Ms. Duff, was unable to even estimate its costs to meet an in-service date of 2021¹⁸. As a result, the OEB is given two choices. It can either grant NB’s LTC Application on the basis of an estimated range of costs between \$737 million and \$810 million, knowing those costs have no relevance to a 2021 in-service date. In the alternative, it can grant the LTC Application without knowing the costs, and so without knowing that consumers would be protected with respect to price. Either way, the OEB is not able to satisfy its statutory mandate of protecting the interests of consumers with respect to price.

(b) NB’s Critique of HONI’s Costs

56. NB’s critique of HONI’s costs takes two principal forms. One is to argue that HONI’s costs are subject to what NB terms “uncertainties” and so may increase. The second is that HONI’s costs are in a higher AACE class and so are subject to the risk of material increases. HONI submits that neither argument has merit.

57. NB’s critique of HONI’s costs turns on the claim that these costs are subject to “uncertainties” which may increase costs. In paragraph 62 of its AIC, NB lists the additional costs which it claims are related to those uncertainties. They are:

¹⁸ The exchange is set out in paragraph 71 of HONI’s AIC.

(a) EA-related costs

NB claims that HONI will have increased costs if it cannot rely on NB's approved EA. NB argues that those costs will increase if its own EA is not approved. Elsewhere in its AIC NB claims that its EA is near approval. NB cannot have it both ways: if approval of its EA is a near-certainty, as it has said to the OEB, then HONI will be able to rely on it.

(b) Costs where HONI cannot transverse Pukaskwa National Park

This is an argument utterly without merit. HONI alone has the legal right, under its Licence, to build its line through the Park. The evidence is that it has been discussing the new EWT line with Parks Canada for more than a year and that Parks Canada has never so much as hinted at the possibility that it will not approve the new line.

(c) Cost of consultants and economic participation with First Nations and Métis groups

HONI has a successful record of undertaking meaningful consultation with Indigenous communities and reaching economic participation agreements with Indigenous groups. There is no reason to believe it will not be able to do so in this case or that the costs of doing so will materially change the forecast costs.

(d) EPC Contract

Here again, NB suggests that the fact that the EPC contract with SNC-Lavalin had not been signed may result in increased costs. For the reasons described above, this claim should be given no weight.

(e) Additional ratepayer costs from delay

NB states that it is "currently known that Hydro One cannot meet its own December 2021 in-service date". That assertion is wrong. HONI's evidence is that it can meet a 2021 in-service date. Ironically, it is NB which cannot forecast

its costs to meet a 2021 in-service date, which means that neither the OEB nor ratepayers can know what those costs will be. By contrast, ratepayers and the OEB know what it will cost HONI to meet its 2021 in-service date.

58. The second form of NB's critique of HONI's costs is based on the use of the AACE classes. NB claims that its cost estimate is on the cusp of an AACE Class 1 estimate, and therefore more reliable than HONI's cost estimate, which is an AACE Class 3 estimate.

59. First of all, no matter how close NB may believe it is, NB is still at an AACE Class 2 estimate. This is verified by NB in response to HONI Interrogatory 7, where NB in their own words, states "*Per AACE, the construction cost could go up 20% or go down -15%, which could decrease construction costs to \$626 M*".

60. Secondly, when NB is completing comparisons of AACE classifications, it would be prudent to use the correct industry standard. NB, in all its comparisons, has utilized the AACE 18R-97 classification which is used for process industries which for a Class 3 estimate has an accuracy band of -20%/+30%. A utility infrastructure project, on the other hand, is better reflected by the AACE 56R-08 classification¹⁹ which, at its extreme, has an accuracy of -15% to +20% for a Class 3 estimate. This would have been the more appropriate classification to use. HONI had self-assessed its estimate to an AACE Class 3 which has an accuracy band of -15% to +20% on the extreme. Since this self-assessment

61. Most importantly however, the determination of how reliable particular cost estimates are must be determined on the facts of each case and not by reference to external formulae. Both estimates in this proceeding are founded on fixed-price EPC contracts. HONI's EPC contract covers 85% of the project cost estimate in contrast with NB's EPC, which governs less than 60% of its project cost estimate. Hydro One has been transparent that its self-assessment is a AACE Class 3 estimate however, the volatility of that estimate and its correlated impact on ratepayers is mitigated by the fixed-price contract with SNC-Lavalin. Engineering design has been brought to 80% complete, detailed access plans have been produced and major

¹⁹ https://web.aacei.org/docs/default-source/toc/toc_56r-08.pdf?sfvrsn=4

material bids have been secured which were all within SNC-Lavalin's fixed price. Based on all the aforementioned, including the SNC-Lavalin fixed price offer, Hydro One is confident that its project can be constructed for \$624M +6/-5% thus minimizing ratepayer price impact relative to the NB proposal.

62. In this case, HONI submits that reliance on the AACE categories is misleading and that the OEB must assess the reliability of the two cost estimates based on the specific circumstances of, and the evidence in, this case.

63. The reasons why NB's cost estimates are unreliable have been set out in paragraphs 30 to 55, inclusive, above.

64. HONI's cost estimates are, by contrast, reliable. As set out in Undertaking response JT2.25, HONI has calculated that its project costs are subject to a variance of -5% to +6%, with an upper limit of \$676 million.

65. It bears repeating that, as described in the evidence and as summarized in its AIC, HONI's proposal offers material financial benefits to ratepayers. They include the following:

- (a) A lower overall cost to construct the EWT of \$624M;
- (b) Lower income tax, as a result of a 34% equity partnership with the BLP First Nations, a partnership which will reduce the annual revenue required to be recovered from ratepayers;
- (c) Lower ongoing OM&A costs of approximately \$2.4M per annum; and
- (d) Lower overall Uniform Transmission Rates.²⁰

V Reliability and Quality of Service

66. In support of its claim that its construction project is reliable, NB relies on the IESO's conclusion in the SIA that it meets reliability standards.²¹ The IESO said the same about HONI's proposal. Therefore, NB's criticism of this aspect of HONI's project is devoid of merit.

²⁰ Paragraph 32 and following of HONI's AIC.

67. NB also called on evidence from Mr. Robert Nickerson to criticize HONI's towers, but Mr. Nickerson was not qualified as an expert, and HONI submits that his "expert" opinion, which in any event was refuted by witnesses from SNC-Lavalin and HONI, should be disregarded.

68. In paragraph 76 of its AIC, NB raises what it describes as "technical concerns" with HONI's design. HONI has, in its AIC, addressed how it meets or exceeds the technical requirements, including the galloping criteria. The other two concerns were not put to HONI's witnesses for a response however they have already been comprehensively addressed in the supplementary evidence filed by HONI on May 7, 2018.

69. In paragraph 77 of its AIC, NB refers to towers failing and the alleged "allocation of all general management and in-the-field construction oversight activity to its contractor" as raising "real concerns" about whether HONI's project will be reliable and provide lasting and dependable quality of service.

70. These suggestions are without merit. To begin with, HONI's evidence is that it has used quad-circuit towers without incident over a long period of time. HONI is not off-loading general management and in-the-field construction oversight to its contractor. HONI's ability to respond quickly and effectively to weather-related incidents is well known. It has a record for dealing with those in the circumstances of Northwestern Ontario. It has a record which NB, which will have a skeleton crew of two employees in Northwestern Ontario and which will monitor operations on the line from Texas, cannot begin to match. HONI knows and understands the electricity needs of customers in Northwestern Ontario, whereas NB is a stranger to electricity in the Province.

71. Additionally, NB has refused to relocate line T1M despite being aware of the need to do since 2016. As documented in the HONI AIC, sections of T1M need to be relocated to eliminate reliability and safety risks. Importantly, in order to effectively complete the mandated future upgrade of the transmission line to meet a 650MW transfer limit, work will be required on T1M. Not relocating the T1M facilities now will impede this future work, resulting in increased costs to ratepayers.

²¹ NB AIC, Para. 42

72. HONI is offering innovative, cost-effective tower design for the route through the Park. Since NB has not been able to do so, it wants the OEB to join it in speculating that HONI's towers will not work. The ratepayers deserve the benefit of innovative designs which reduce costs. That is one of the principal benefits of competition. NB seeks to deny ratepayers that benefit as it has sought to deny ratepayers the other benefits of effective competition.

73. As well, NB has made a significant misstatement to the OEB as to what the IESO has said regarding need: NB stated at paragraph 45 of its AIC that the IESO said that the capacity "shortfall can potentially be managed until 2022," whereas what the IESO has said is very different, namely that "a potential capacity shortfall can be managed until 2022."

74. Finally, HONI's design meets or exceeds all relevant design criteria, including those of the OEB.

VI Public Support

75. In paragraph 4 of its AIC, NB claims that it has the support of "numerous area municipalities". In paragraph 19 of its AIC, NB claims that "this necessary community support" will permit it to meet its schedule. It is important to examine the evidence of that support to see, in particular, the extent to which that support is based on misleading information and reflects the actual circumstances of, first, the Designation Process and, second, the fact that the EWT will be in service in 2021 and not 2020.

76. In this context it is useful to begin with Ms. Tidmarsh's letter to Ministers Rickford and Phillips, dated July 24, 2018. That is the letter which Ms. Tidmarsh, with a hearing of NB's LTC Application pending before the OEB, asked the Ministers to by-pass the OEB by designating NB as the licenced transmitter to undertake the project. That NB would, in the circumstances, make such an extraordinary request certainly suggests a serious lack of confidence in the merits of NB's LTC Application before the OEB.

77. In that letter, Ms. Tidmarsh placed heavy emphasis on the 2020 in-service date. At the time she did so, she knew that the 2020 in-service date was not achievable. NB, in paragraph 51 of its AIC, claims that "that point had not been made clear to NB until just before the hearing began". For the reasons set out above, that claim is untrue. As stated in paragraph

25 above, Ms. Tidmarsh knew, when she wrote to the Ministers, of MECP's decision regarding the EA for the Stations work, which meant that the case for the 2020 in-service date had disappeared. Nevertheless, she was asking the Ministers to by-pass the OEB based on information she knew to be incorrect.

78. The importance of NB's reliance on false or misleading information is apparent in the letters of support it relies on.

79. Misleading, incomplete, or inaccurate information is apparent in the letters of support on which NB relies. Those letters include the following:

- (a) A letter from Common Voice Northwest, dated September 19, 2017.²² The letter was written before HONI filed its LTC Application. Whether the letter would have been different had Common Voice Northwest known that there was a lower cost and a different in-service date is unknown. However, the absence of those two critical pieces of information diminishes the relevance of the letter.
- (b) A letter from Thunder Bay Chamber of Commerce dated August 20, 2018.²³ The letter references an in-service date of 2020. NB knew at the time that letter was written that it could not meet that in-service date. It apparently elected not to tell Thunder Bay Chamber of Commerce that critical piece of information. That the letter was requested by NB is apparent from the reference in it to the Order-in-Council. As in the case in the letter from Common Voice Northwest, the absence of accurate information, in this case about the in-service date, diminishes the relevance of the letter.
- (c) A letter from NOMA dated September 17, 2018²⁴ refers to NB having been awarded the project in 2013. NB was not awarded the project in 2013 or at any other time. The letter is, thus, based on inaccurate and misleading information.

²² NB reply to OEB Staff IR 53, Attachment 1, p. 8 of 34

²³ NB reply to OEB Staff IR 53, Attachment 1, p. 21 of 34

²⁴ NB reply to OEB Staff IR 53, Attachment 1, p. 27 of 34

- (d) A letter from the Thunder Bay Community Economic Development Commission dated September 17, 2018²⁵ refers to the OEB’s “highly unusual decision” to allow a second LTC Application. That statement reflects a misunderstanding of the Designation Process, which was perpetrated by NB.
- (e) A letter from the Thunder Bay Chamber of Commerce dated September 17, 2018²⁶ refers to “investor confidence in the regulatory process”. The regulatory process was one dictated by the desire to achieve public policy objectives. The regulatory process has not, as the letter implies, been distorted by the fact of HONI’s competing LTC Application.
- (f) A letter from the Thunder Bay Mayor dated September 21, 2018²⁷ refers to a 2013 decision awarding the project to Thunder Bay. It then refers to the OEB’s decision “to let HONI come in”. This reflects a misunderstanding of the Designation Process.
- (g) A further letter from Common Voice Northwest, dated September 23, 2018²⁸ is premised on the claim that the project had been awarded to NB, a claim which is not true.

80. It is possible that all these communities and customer advocacy groups simply misunderstood what NB has been informing them over the past five years. Unfortunately, the record of this proceeding indicates otherwise. It appears, on the face of the record, that NB has been informing the public since 2013 that it was going to own, build and maintain this line. Figure 1 below is an extract from Round 1 of NB Open Houses. NB explicitly documents that the new lines will be owned and operated by NB.

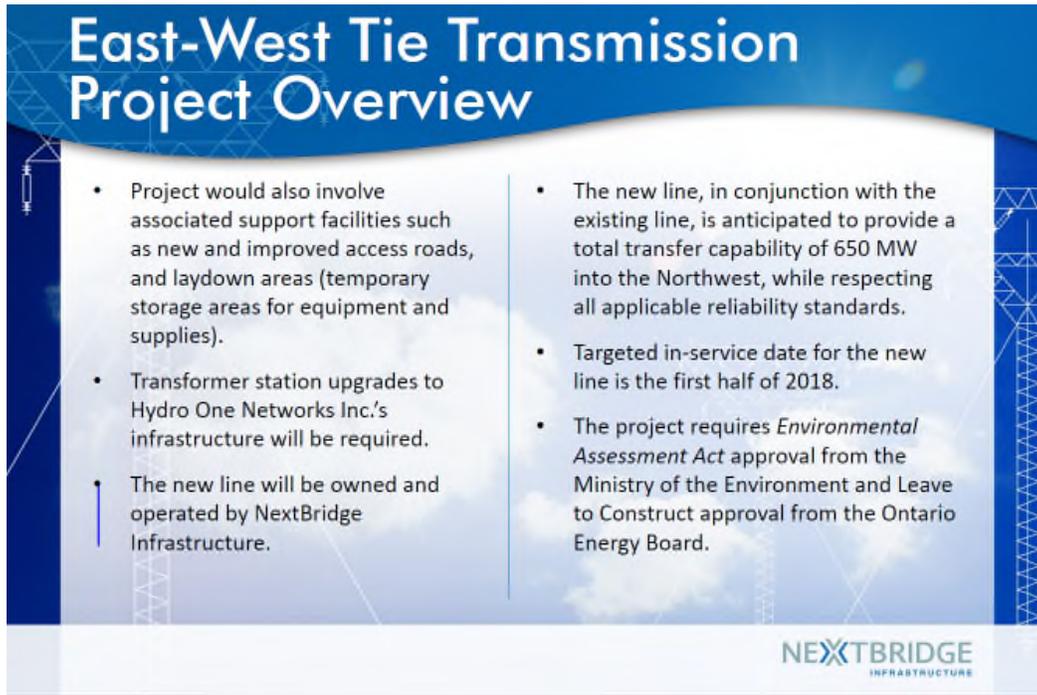
²⁵ NB reply to OEB Staff IR 53, Attachment 1, p. 28 of 34

²⁶ NB reply to OEB Staff IR 53, Attachment 1, p. 29 of 34

²⁷ NB reply to OEB Staff IR 53, Attachment 1, p. 30 of 34

²⁸ NB reply to OEB Staff IR 53, Attachment 1, p. 32 of 34

Figure 1 – PIC Round 1 Open House Slide 4



This misinformation is further exemplified in Exhibit.I.E.NextBridge.STAFF.36, Attachment 1, Page 10 of 26, where the evidence indicates that during a meeting in Dorion in 2014 NB responds to a ratepayer when asked who will own the new line, that *NextBridge will develop, build, own and operate the new transmission line.*

81. HONI does not quarrel with the importance to the people, the municipalities, and the economy of Northwestern Ontario of the EWT. However, all the expressions of support for the EWT relied on by NB are suspect because they do not reflect, first, the material difference between NB's and HONI's costs to construct the line; second, the actual in-service date; and third, the facts of the Designation Process and of the public policy objectives that Process was intended to achieve.

82. HONI finds it troubling that NB would elicit letters of support asking the Government to by-pass the OEB process and designate NB as the builder of the EWT without providing full and accurate information to the parties providing the letters of support.

83. HONI submits that the above-cited expressions of public support should therefore be given no weight by the OEB, even if it was not already the OEB's position that such consultation matters are outside of its jurisdiction.

VII Indigenous Support

84. The OEB's position has been that issues related to Indigenous consultation are outside of its jurisdiction²⁹.

85. What is surprising about NB's reliance on Indigenous support is how thin it is, given NB's five-year head start.

86. NB has reached one equity arrangement, with BLP First Nations. Significantly, what HONI has offered to BLP First Nations is a much more generous equity arrangement, an arrangement which HONI unfortunately is prohibited from discussing with BLP because of a non-competition agreement insisted upon by NB.

87. NB claims that it has reached some form of economic participation agreement with the Métis Nation of Ontario ("MNO"). HONI cannot discuss economic participation with the MNO, again because of a non-competition agreement insisted upon by NB.

88. Despite not being to have these discussions due to the exclusivity agreements, HONI's intent remains that it will begin these discussions on economic participation upon approval of its LTC. Notwithstanding that point, these discussions do not need to be in place prior to an LTC approval and can occur throughout the construction phase and be finalized even after construction as was done for the B2M LP equity partnership agreement.

89. HONI has engaged with 22 Indigenous communities who have expressed an interest in the project. It has a record of successful dealings with Indigenous communities across the Province. As a result, even if the OEB were to reverse its long-standing position that dealings with Indigenous communities are outside of its jurisdiction, the OEB can have confidence that HONI will, if granted leave to construct, reach equitable and fair arrangements with Indigenous communities.

²⁹ EB-2012-0082, EB-2018-0098, and Procedural Order #1 of the Combined Proceeding

90. Lastly, on the matter of indigenous matters, HONI highlights that the purported payment by NB of \$1M annually to Pays Plat and Michipicoten has no relation to the market value of the land rights. While such approach is favourable to these First Nation communities, it would be an undue cost to the ratepayer relative to the understood principles of market value, disturbance and business loss and result in a gross inequity to other First Nations across the province. Adopting this approach, which for all intents and purposes is a self-serving and arbitrary valuation, would be precedent-setting and would result in a significant impact to ratepayers and cloud negotiations with other non-First Nation property owners and disrupt the principles of market value in the future.

VIII The EA Process

91. NB asserts that its proposal is based on “an in-depth knowledge of permit requirements”, because NB has been “working collaboratively with the Ministry of Natural Resources and Forestry on draft permits and applications”. Other than this assertion, there has been no corroborating documentation or evidence from that Ministry or other regulatory agencies confirming the status of applications or the timelines associated with such permits.

92. HONI included, in its response to interrogatories, detailed emails and exchanges with the various regulators to provide direct evidence on the status of various discussions and permits with the regulators. No similar documentation was provided by NB. While NB states that it is “close to obtaining most of its required approvals”, there is no information provided to support this statement.

93. The OEB is being asked by NB to accept its general statements regarding the timing of permits without any detail and specificity. It is telling that, despite extensive cross-examination on the status of required permits, there is still no information provided about the timing of specific permits so as to enable to OEB to assess and have confidence in the construction schedule suggested by NB. That schedule improbably shows all permits and approvals being secured at the same time in Q1 2019, which is inconsistent with the staging of permits described in evidence by NB.³⁰

³⁰ Transcript, Vol. 6, p. 75

94. When asked whether there could be any conditions that could restrict construction timeframes, Ms. Tidmarsh of NB responded: “I can’t surmise on what would come into those, into conditions”. And when asked whether there was a schedule that indicates when construction would start and how the permits interrelate with a construction timeframe to ensure no impediments to construction, NB indicated that this was being worked on. It is difficult to understand how, in the absence of such a schedule, NB is able to stagger receipt of its permits in a manner that ensures that construction will flow smoothly, including during periods when there are restrictions on construction activity.³¹

95. NB has altered its construction schedule to try to expedite work by undertaking highly-sensitive clearing activities at times of the year that present the greatest risk in terms of impacts on species. There is no evidence from NB as to the detailed construction plans that would allow such work to proceed, whether Indigenous communities are aware of the revised construction schedule and whether the regulators would allow such activities to proceed in the face of these risks to the environment. Any one of these matters could cause significant delays to construction activity.

96. In evidence, Mr. Evers of MECP indicated, in addressing the detailed project plan, that there are sometimes restrictions in the EA in terms of when clearing of trees can be done and when other activities can occur.³²

97. Based on HONI’s review of NB’s EA, clearing activities will be taking place within bird nesting and bat maternity nesting periods. If nests are found and sufficient mitigation measures are not possible, construction crews will be required to leave the area and return resulting in increased costs. Further, water crossings are planned within periods where in-water works are not permitted. This requires that NB seek site-specific timing extensions from regulators or that it demobilize and return at a later time. In addition, some clearing and road building falls partially within the period for restricted winter use due to Caribou. NB’s suggestion is that it can simply compress the construction schedule to address the delay in receipt of the EA. However, NB has failed to acknowledge and accept the likelihood of construction delays because it will now be conducting activities during periods not previously contemplated

³¹ Transcript, Vol. 6, p. 73

³² Transcript, Vol. 7, pp. 104-105

and when species are present. These delays and activities will result in additional costs, however, NB still plans to use a compressed construction schedule and thereby increase costs for ratepayers.

STATIONS

98. NB's assertions regarding its EA and permitting process being close to approval are not relevant if the 2021 in-service date is the realistic one and recent events make that timeline the only realistic one.

99. As noted in HONI's submissions, the stations work already has been delayed due to MECP's refusal to consider permit applications in relation to the stations work until such time as the EA for the transmission line has received approval.

100. HONI submits that, contrary to NB's assertion, NB was clearly aware, long before the hearing commenced, of the delays associated with the Marathon Transformer Station due to MECP's position on permits and the associated impact on the in-service date. NB's suggestion that it was not privy to the contents of the letter to MECP explaining this situation, and on which NB was copied, must be rejected. Further, while MECP has since changed its position, it had initially told HONI to refrain from submitting any permit and/or approval applications to MECP and MNR.³³

101. However, based on recent advice received from MECP, a 2021 in-service date is even clearer. Specifically, as advised by HONI in a letter to the OEB dated October 29, 2018, HONI learned on October 26, 2018, that MECP had made a decision that impacts scheduling and the in-service date for the transmission line for either proponent. During a meeting with HONI to discuss the Wawa Transformer Station expansion and the request that had been submitted to MECP by Michipicoten First Nation to require HONI to proceed with a Class EA, MECP informed HONI that it was rejecting the environmental assessment (EA) screening filed by HONI on December 19, 2017, for the Wawa Transformer Station. That screening concluded that the Wawa Transformer Station expansion did not trigger a full Class EA, based on the screening

³³ May 15, 2018 email from Antonia Testa, Exhibit 1-I-14, Attachment 30, p. 3 of 3

criteria under the “Class Environmental Assessment for Minor Transmission Facilities”, dated November 16, 2016.

102. The position taken by the MECP with respect to the Wawa Transformer Station represents a radical shift from the accepted practice. Further, MECP has been in possession of HONI’s screening for the Wawa Transformer Station expansion since December of 2017, and that approach had been identified to MECP by HONI at its initial meetings with MECP in February 2017, when they met to discuss the station expansion projects.

103. At this time, MECP’s October 26, 2018, position means that the Wawa Transformer Station expansion must be subjected to a full Class EA, including completion of studies and public consultation, a process that normally takes 12-18 months for completion. MECP has said that certain existing information can be utilized in order to expedite this process, however, the final completion date for the Class EA is uncertain and would still be subject to Part II Order requests upon completion.

104. This development further underscores that an in-service date of 2020 is not possible for either proponent of the transmission line. Since the end of the cutting season is April 14, 2019, it is uncertain whether the Class EA process can be completed in time to mobilize and complete the required clearing for the Wawa Transformer Station expansion by the end of the cutting season, meaning that clearing may not occur or be completed until fall of 2019.

105. In paragraph 71 of its AIC, NB argues that the EA approval for the Stations is dependent on the approval of the EA for HONI’s LSL. This argument is based on testimony given by MECP witnesses on October 17, 2018.

106. HONI submits that this position has not been subject to verification within MECP and is inconsistent with other evidence. MECP has already reconsidered direction on the permitting aspect as outlined above. Further, this position is inconsistent with the evidence that the leave to construct decision is not relevant to the EA process and that the EA process would proceed on the NB EA even if NB was not awarded leave to construct.

107. In evidence, Ms. Cross of MECP stated, in response to a question regarding the lack of relevance of leave to construct to EA approval, “Well, we recognize that there are approvals that will be required in order to implement the project, but we're not relying on those approvals to all be in place before the Minister makes a decision.”³⁴

108. Given that an EA is approved for a project, as set out above, it is HONI's position that the station work should proceed upon EA approval of the line, regardless of which proponent is awarded the leave to construct. The line has been designated as a priority project and there is no doubt that the line must be constructed and that the work will proceed.

IX Conclusion

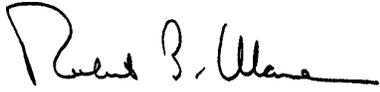
109. NB has submitted, in paragraph 53 of its Argument in Chief, that the purpose of the Designation Process established by the OEB was to create competition in Ontario by bringing forward additional transmitters. That understanding on NB's part is incorrect and completely misses the point: It is obvious that the Government's desire to stimulate competition in transmission in Ontario, and the OEB's resulting process, were not to create competition for the mere sake of creating competition. The goal was to create competition to drive economic efficiencies for the benefit of ratepayers. HONI's project is the successful result of competition, whereas the NB project not only fails the competition test but is one that was created in the mistaken belief that there would be no competition.

110. HONI submits that NB's LTC Application should be dismissed. It does not meet the statutory criteria set out in section 96 of the OEBA, particularly with respect to protecting the interests of ratepayers with respect to the price of electricity service. Furthermore, regarding reliability and quality of service, NB's skeleton crew of employees and lack of presence in Northwestern Ontario seriously calls into question NB's ability to provide what section 96 requires in those regards.

111. HONI asks that the OEB grant its LTC Application on the ground that it alone satisfies the criteria in section 96 of the OEBA, namely, price and the reliability and quality of electricity service.

³⁴ Transcript, Vol. 7, p. 145

ALL OF WHICH IS RESPECTFULLY SUBMITTED



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