

Hydro One Networks Inc.

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LAW

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FILED BY RESS AND BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P. O. Box 2319
2300 Yonge St., 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB 2017-0364 - Hydro One Networks Inc. ("Hydro One") Lake Superior Link Project
Application for Leave to Construct**

Hydro One is sending this letter to respond to the letter and Notice of Motion sent to the Board on February 27 by Mr. Cass of Aird & Berlis, on behalf of Upper Canada Transmission Inc. ("NextBridge").

Hydro One has reviewed the Notice of Motion and responds that the motion is without merit and should not be heard. If the Board determines that the motion will be heard, Hydro One will be responding, pursuant to directions to be made by the Board, with evidence and submissions that will address the allegations by NextBridge. That evidence and those submissions will show, *inter alia*, that:

- (a) Hydro One will be receiving the IESO's System Impact Assessment ("SIA") this month, and Hydro One has already provided, in its Application to the Board, reasons justifying the reasonableness of its interim reliance on the SIA already filed in EB-2017-0182, namely that it is not expected that the final SIA will result in any significant differences, given that the two lines are functionally equivalent;
- (b) Hydro One will be filing the draft Customer Impact Assessment ("CIA") this month; and, as with the SIA, Hydro One has already provided, in its Application to the Board, reasons justifying the reasonableness of its interim reliance on the CIA already filed in EB-2017-0182, namely that it is not expected that the final CIA will result in any significant differences, given that the two lines are functionally equivalent;

- (c) therefore, justification for reliance on the already-filed SIA and CIA has been provided by Hydro One, and the final versions specific to the Hydro One alternative will shortly be provided;
- (d) it is incorrect to state that a determination has already been made that the transmission line must be in service in 2020: in item no. 9 of the Notice of Motion, NextBridge is accurate in stating that the 2020 date is a “recommendation” by the IESO;
- (e) the letter of the Minister of Energy to the IESO dated August 4, 2017, as quoted in item no. 8 of the Notice of Motion, stated that “it would be appropriate for the IESO to review all possible options to ensure that ratepayers are protected”; and the subsequent letter of the Minister of Energy to the IESO dated December 4, 2017, which was copied to the Chair and CEO of the OEB, stated, “I expect that the OEB will use its hearing processes to rigorously review any applications in accordance with its processes and mandate to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service”;
- (f) NextBridge itself has made assumptions regarding the in-service date in its own Application by specifying conditions that must be met in order to satisfy the 2020 date;
- (g) there is doubt that NextBridge itself will be able to meet a 2020 in-service date;
- (h) Hydro One’s evidence in a hearing of its Application will justify Hydro One’s submission that a 2021 in-service date is manageable by utilizing existing system resources and operational practices, without impacting the supply of electricity in the Northwest;
- (i) given that the Board’s sole mandate in considering the Hydro One and NextBridge applications is, as stated in s. 96(2) of the *Act*, “the interests of consumers with respect to prices and the reliability and quality of electricity service,” it will be of great importance to the Board to fully hear Hydro One’s Application, which provides Ontario ratepayers with a capital cost that is more than \$100 million lower than that proposed by NextBridge and an ongoing OM&A cost that is \$3 million annually lower than that proposed by NextBridge;
- (j) NextBridge has filed no evidence whatsoever, in support of the allegation in the Notice of Motion, to satisfy the Board that Hydro One cannot meet the in-service date proposed by Hydro One;
- (k) NextBridge’s unfounded intimation, in the Notice of Motion, regarding Hydro One’s ability to finalize agreements with directly affected indigenous communities, shows only that NextBridge is unaware of Hydro One’s relationships with those communities;
- (l) NextBridge’s anti-competitive position shown by, *inter alia*, NextBridge’s denial in item no. 14 in the Notice of Motion, that every competitor has the right to benefit Ontario ratepayers by using EA development work that NextBridge performed during the

development phase, is a position that is unsupported in law and is behaviour that is harmful to the interests of consumers and to the Board's mandate in s. 96(2) of the *Act*;

- (m) a full hearing of the Hydro One Application will show the benefits, to Ontario communities, of not only a significantly shorter route than that proposed by NextBridge but also a corridor and route that would use 50% less land than would be required by the NextBridge proposal; and
- (n) Hydro One's Application merits a full hearing by the Board so that the Board may evaluate and determine which of the two proposals, and any other proposal that may be filed by any other competitor, is of greater benefit to the interests of consumers.

For all the reasons above, it is Hydro One's position that the NextBridge motion does not merit to be heard. However, if the Board determines to hear the motion, Hydro One will be opposing the request to summarily dismiss, without a full hearing, Hydro One's Application for leave to construct.

Dismissal of Hydro One's Application without a normal section 92 hearing process would deny Ontario ratepayers the very substantial present and ongoing savings set out in item (i) above and would preclude the benefits of Hydro One's shorter route and significantly lower use of land.

Yours very truly,

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg

cc: Aird & Berlis LLP, Att'n: Mr. Fred Cass, by e-mail: fcass@airdberlis.com