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**Joanne Richardson**  
Director – Major Projects and Partnerships  
Regulatory Affairs

BY COURIER

May 25, 2018

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**EB-2017-0364– Hydro One Networks Inc.'s Section 92 – Lake Superior Link Project  
Application – Technical Conference Undertakings**

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Please find enclosed 2 copies of responses to undertakings from the Technical Conference held on May 16 - 17, 2018 in regards to the above noted proceeding.

The responses have also been filed through the Ontario Energy Board's Regulatory Electronic Submission System (RESS).

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson

**UNDERTAKING – JT 2.1**

**Undertaking**

Hydro One to provide the timeline for the OEB process of its Leave to Construct application with a reference to October 2018 date for receiving Board’s decision.

**Response**

Hydro One does not believe it should speculate on the OEB’s timeline to process this application, given the unique nature of having two competing section 92 applications at the same time and the number of variables that may affect the timing and processing of both applications.

Given this, Hydro One is providing the following potential timeline for OEB approval, based on (i) the Notice and Procedural Order No. 1, which was in effect at the time of the Technical Conference, and (ii) Procedural Order No. 2 dated May 18. The timelines are based on a current Hydro One section 92 application, EB-2018-0098, the timelines current known in this application or the timelines forecast by NextBridge (NB) in EB-2017-0182.

<b>Activity</b>	<b>Elapsed Time</b>	<b>Date (as of May 17)</b>	<b>Date (New PO issued May 18)</b>	<b>Comments</b>
Oral Hearing & Argument - NB Motion		May 24/25	June 4/5	
OEB seeking questions on clarification on submissions	4 days	May 29	June 8	If required
Reponses to OEB	3 days	June 1	June 13	
Decision of NB Motion	7 days	June 8	June 20	Given that NB’s oral hearing commences June 4, or in July, a decision on NB’s motion should be available as soon as possible.
Notice of application issued on S.92 application filed Feb. 15/18	5 days	June 13	June 25	Assumption – OEB has Notice prepared and ready to file
Notice Serviced & Published in	9 days	June 22	July 4	

newspapers by OEB				
Interrogatories due to Hydro One	33 days	July 25	Aug 3	Hydro One notes that PO#1 stated that <i>“The OEB has provided for two days for the technical conference to enable parties to ask questions and receive answers more expeditiously than if a written interrogatory process was used. The scope of the technical conference is defined by the issues that are listed in Schedule A.”</i> Hydro One is unclear on whether the OEB plans to ask written interrogatories on Hydro One’s application, or not.
Interrogatory responses due	15 days	August 9	Aug 17	
Submissions from Intervenors and Staff	12 days	August 21	Aug 29	
Reply Submissions for Hydro One	7 days	August 28	Sept 5	
OEB Decision Issued	32 days	Sept 27 or Oct 4	Oct 4 or 11	Based upon timeline proposed in EB-2017-0182 <sup>i</sup>

1  
 2 If the Board believes an oral hearing is required, similar to the Notice of Hearing and  
 3 timeline provided in EB-2017-0182, this could add approximately 1 month onto this  
 4 schedule, resulting in a Board Decision in the first week of November.

5  
 6 As noted by Mr. Spencer on Page 160 of Technical Conference Transcript - May 17,  
 7 2018, Hydro One has a 4-month schedule contingency built into its project schedule,  
 8 which would result in no impact on cost or timing. The 4 months of contingency time  
 9 that Hydro One has built in, contrasts with the 1 month of contingency time that  
 10 NextBridge has built in.

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<sup>i</sup> EB-2017-0182 – Oral Hearing completed June 11. Hydro One has assumed that NextBridge will orally provide Argument-in-Chief on June 11, followed by Staff and Intervenor’s submission 11 days later (June 22) and NextBridge final argument June 29. NextBridge has assumed an OEB decision 32 days after final argument is filed.

**UNDERTAKING – JT 2.2**

**Undertaking**

Hydro One to provide a summary of their comments regarding the proposed environmental assessment schedule, if MOECC agrees to disclose.

**Response**

Meetings to date have taken place between August 23, 2017 and March 26, 2018 and included MOECC and Hydro One staff. Some of these meetings also included representatives from Ministry of Energy (MoE) and Ministry of Natural Resources and Forestry (MNR). A chronology of key meetings, verbal discussions, and correspondence is included below. It should be noted that MOECC has not reviewed or endorsed Hydro One’s Draft Meeting Minutes but has reviewed and input into the following summary:

<b>Date</b>	<b>Summary of Meeting or Correspondence</b>
August 23, 2017	<p>Teleconference with MOECC/Hydro One/SNC Lavalin: (Attachment 1 – Agenda and Hydro One draft meeting minutes)</p> <ul style="list-style-type: none"><li>• Hydro One’s draft meeting minutes not circulated to MOECC. MOECC advised Hydro One that any discussions would be considered part of public record relating to the active NextBridge EA submission; at that time Hydro One’s consideration of filing a Leave to Construct application was confidential. Therefore, Hydro One chose not to provide meeting minutes to MOECC for review and endorsement.</li><li>• MOECC was clear they could not share any details of the NextBridge EA submission that were not currently in the public domain.</li><li>• Hydro One was advised by MOECC that, in cases where a third party proponent carries out the project post-EA, there is no issue with use of the original party’s approved EA, so long as the third party is carrying out the undertaking as per that approved EA</li><li>• Hydro One indicated changes to the route in the NextBridge EA were proposed</li><li>• Straight reliance on the NextBridge EA as an option was dismissed on this basis</li><li>• MOECC advised Hydro One that the nature of changes that Hydro One proposed to the NextBridge undertaking would determine whether an amending procedure was possible should Hydro One become the proponent</li><li>• MOECC recommended Hydro One evaluate any amending procedures in the NextBridge EA, as the nature of amending procedures referenced</li></ul>

Date	Summary of Meeting or Correspondence
	<p>could also affect the ability to amend an EA. MOECC also advised that final amending procedure could change as part of a Minister's decision.</p> <ul style="list-style-type: none"> <li>• Hydro One agreed to provide a two page overview describing its proposal, especially aspects differing from the most current publicly available NextBridge EA document</li> <li>• MOECC agreed to a subsequent meeting in early September</li> </ul>
September 6, 2017	<p>Teleconference with MOECC/MoE/Hydro One/SNC Lavalin (Attachment 2)</p> <ul style="list-style-type: none"> <li>• Hydro One's draft meeting minutes not circulated to MOECC. MOECC advised Hydro One that any discussions would be considered part of public record relating to the active NextBridge EA submission. Therefore, Hydro One chose not to provide meeting minutes to MOECC for review and endorsement.</li> <li>• MOECC re-iterated that they could not speak to the NextBridge East-West tie file specifically as the EA was currently before the Minister for a decision</li> <li>• General discussions took place regarding the nature of what would likely be considered "significant" scope changes</li> <li>• MOECC indicated that generally a new undertaking by a new proponent would require a Terms of Reference, however, there could be flexibility in the form of a Ministerial exemption or other solution</li> <li>• MOECC indicated that more information would be required in order to provide additional guidance to Hydro One regarding EAA requirements\</li> </ul>
October 31, 2017	<p>Correspondence from Hydro One to MOECC – (Attachment 3)</p> <ul style="list-style-type: none"> <li>• Hydro One provided more detail to MOECC regarding its proposed project</li> <li>• At that time Hydro One was considering two route changes, both to follow the existing Hydro One corridor; one through Pukaskawa Provincial Park and the second through the Dorion area; (currently only one deviation proposed)</li> <li>• Hydro One referenced the two previous meetings and indicated that they would "appreciate the opportunity to discuss and establish a process for such an EA amendment with MOECC staff at their earliest convenience".</li> </ul>
November 14, 2017	<p>Correspondence from MOECC to Hydro One – (Attachment 4)</p> <ul style="list-style-type: none"> <li>• MOECC acknowledged the October 31, 2017 Hydro One correspondence</li> <li>• MOECC indicated that, based on the information to date, it was unlikely that an amendment provision in the proposed NextBridge EA would accommodate Hydro One's proposed changes to the project, as it would be considered a new undertaking for purposes of the EAA</li> <li>• Hydro One was encouraged to work with NextBridge to seek alternative</li> </ul>

Date	Summary of Meeting or Correspondence
	approaches
November 23 and 27, 2017	Verbal conversations between Hydro One and MOECC <ul style="list-style-type: none"> <li>• Hydro One and MOECC have not agreed on specifics of these verbal conversations</li> </ul>
January 10, 2018	Email from Hydro One to MOECC – Attachment 5 <ul style="list-style-type: none"> <li>• MOECC was advised that consultation had begun with MNRF regarding the LSL project (note MNRF deck generally the same as that included as Attachment 7)</li> </ul>
January 11, 2018	Email from MOECC to Hydro One – (Attachment 6) <ul style="list-style-type: none"> <li>• MOECC responded to Hydro One’s January 10, 2018 email requesting scheduling a dedicated meeting to discuss Hydro One proposal and suggested MoE and MNRF staff also be invited as part of the pre-submission consultation process</li> </ul>
February 2, 2018	In person meeting with Hydro One, MOECC, MoE, MNRF <ul style="list-style-type: none"> <li>• Meeting purpose was for Hydro One to provide Presentation regarding LSL project – Attachment 7</li> <li>• MNRF expressed disappointment that the route through Dorion was no longer being considered by Hydro One, given the significant reduction in environmental impacts</li> <li>• MoE re-iterated that the OEB designation process left the door open for other transmitters</li> <li>• Options were discussed including: NextBridge could agree to amend their EA in partnership with Hydro One to change the preferred undertaking to go through the park; Hydro One could complete the required individual EA; some type of Ministerial exemption or declaration order (with Cabinet concurrence) could be sought by Hydro One</li> </ul>
February 16, 2018 (two e-mails)	Emails from Hydro One to MOECC – (Attachment 8) <ul style="list-style-type: none"> <li>• Hydro One notified MOECC of filing of its Section 92 application for the LSL project and that public drop-in sessions were planned for March 2018</li> <li>• Hydro One requested further discussions regarding likely processes associated with EAA obligations</li> </ul>
February 22, 2018	Email from Hydro One to MOECC – (Attachment 9) <ul style="list-style-type: none"> <li>• Hydro One notified MOECC that they were moving forward with additional consultation and technical studies to contribute to fulfilling EAA obligations for the LSL project</li> <li>• Hydro One requested the consultation contact list that was prepared by NextBridge as part of the EA submission in order to engage the same stakeholders that had been consulted throughout the development phase</li> </ul>

<b>Date</b>	<b>Summary of Meeting or Correspondence</b>
	of the project
March 8, 9, 2018	Emails (Attachment 10) From Hydro One to MOECC: <ul style="list-style-type: none"> <li>• Hydro One notified MOECC of dates of drop-in information sessions for LSL</li> <li>• Hydro One notified MOECC that the Minister of Energy had delegated the Duty to Consult on the LSL project to Hydro One</li> </ul> Email from MOECC to Hydro One: <ul style="list-style-type: none"> <li>• MOECC acknowledged receipt of the March 8 email and offered to set up time to discuss the following week. Also mentioned that the Ministry of Energy would join this meeting when scheduled.</li> </ul>
March 16, 2018	Correspondence from MOECC to Hydro One – (Attachment 11) <ul style="list-style-type: none"> <li>• MOECC requested Hydro One to clarify to all those who received a March 14, 2018 letter to Common Voice Northwest regarding “finalizing” a regulatory measure indicating that MOECC is not currently working on a regulatory measure to allow use of the currently unapproved Nextbridge EA</li> </ul>
March 26, 2018	In person meeting between MOECC, MoE, and Hydro One <ul style="list-style-type: none"> <li>• Agenda provided by Hydro One – (Attachment 12)</li> <li>• Minutes not yet finalized (Hydro One Draft minutes provided Attachment 13)</li> <li>• MOECC revised the Hydro One proposed minutes and MoE concurred with the revision to the Hydro One proposed minutes (received by e-mail on April 10, as referenced below) verify that:               <ul style="list-style-type: none"> <li>• Seeking an exemption/declaration is an option available to any proponent; Hydro One concurs with this</li> <li>• MOECC indicated that they are not prepared to discuss an approach that involves Hydro One using the NextBridge EA to seek an exemption because it is currently in the comment period for the Amended EA and does not currently have any legal standing as no Minister’s decision has been made</li> <li>• MOECC noted that on other projects declaration orders have been used and noted that it is open to Hydro One to pursue these regulatory options; examples of other projects were discussed</li> </ul> </li> </ul>
April 10, 2018	Correspondence from MOECC to Hydro One – (Attachment 14) <ul style="list-style-type: none"> <li>• MOECC provided comments on the meeting minutes from March 26, 2018</li> <li>• MOECC reiterated that, based on information provided to date, the LSL project is considered a new undertaking</li> </ul>

Date	Summary of Meeting or Correspondence
	<ul style="list-style-type: none"> <li>MOECC re-iterated that if Hydro One chooses to pursue an alternative regulatory mechanism instead of an Individual EA, they should refer to the Ministry website for additional information</li> </ul>
April 19, 2018	<p>Correspondence from Hydro One to MOECC and to Common Voice Northwest (copied to MOECC and other parties) – (Attachment 15)</p> <ul style="list-style-type: none"> <li>Hydro One clarified language in its March 14, 2018 letter</li> <li>Hydro One indicated that the statement regarding “finalizing” a regulatory measure was intended to reference meetings and discussion that have occurred between hydro One and MOECC staff regarding options available to meet EAA obligations for the LSL project and was not to suggest that such a measure was approved or in place</li> </ul>
April 20, 2018	<p>Correspondence from MOECC to Hydro One (copied to other parties who were included in the Common Voice Northwest letter) – (Attachment 16)</p> <ul style="list-style-type: none"> <li>MOECC confirms that they are not working on a regulatory measure with Hydro One</li> <li>MOECC indicates that the LSL project is considered a new undertaking for the purposes of the EAA and to initiate the individual EA process a Notice of Commencement for the Terms of Reference is required</li> </ul>
April 25, 2018	<p>Correspondence from Hydro One to MOECC (copied to other parties who were included in the Common Voice Northwest letter) – (Attachment 17 )</p> <ul style="list-style-type: none"> <li>Hydro One describes more specifically discussions with MOECC regarding the process for seeking a Declaration Order and provides Hydro One’s rationale for a declaration order</li> </ul>
May 2, 2018	<p>Submitted Notice of Commencement (NOC) for a TOR for an Individual EA to MOECC (Attachment 18)</p>
May 10, 2018	<p>Received initial comments on NOC from MOECC (Attachment 19)</p> <ul style="list-style-type: none"> <li>Hydro One adds in the NOC that it will concurrently initiate the ToR and the EA</li> </ul>
May 17, 2018	<p>Received final comment on NOC from MOECC (attachment 20)</p> <ul style="list-style-type: none"> <li>MOECC indicated that Hydro One’s proposal to concurrently initiate the ToR and EA would be presupposing the outcome of the Minister’s decision on the Terms of Reference. In addition, it may cause confusion for the public, Indigenous communities and agencies during the required ToR and EA consultation milestones</li> </ul>

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# ATTACHMENT 1

# AGENDA

## Hydro One/MOECC Meeting

Wednesday August 23, 2017

Teleconference: 1-866-633-1033 (toll free) / 416-212-8013 (local) / 7583273 # (pass code)

**Participants:**

MOECC - Kathleen O'Neill, Director Environmental Approvals Branch; Annamaria Cross, Manager Environmental Assessment Services; Solange Desautels, Supervisor

Hydro One - Elise Croll, Director Environmental Services, Daniel Levitan, Director, External Relations

SNC-Lavalin – Stephen Lindley, VP Aboriginal and Northern Affairs

**Meeting Objective:** Gain insight into potential procedural issues around use of individual EAs by third parties

Item	Description
1.	Welcome and Introductions
2.	Overview of project details and basis for procedural question – potential use of third party individual EA
3.	Discussion of process for using third party individual EA and approach to updates, changes, addenda
4.	Identification of challenges relating to reliance on information from third parties
5.	Overview of some potential issues with current EA document
6.	Review of anticipated benefits and reduction of negative impacts to natural environment by proposed changes to project scope
7.	Next steps and any other items

**MINUTES**  
**Hydro One/MOECCE Meeting**  
**Wednesday August 23, 2017**

**Participants:**

MOECC - Annamaria Cross, Manager Environmental Assessment Services; Solange Desautels, Supervisor Hydro One - Elise Croll, Director Environmental Services, Daniel Levitan, Director, External Relations SNC-Lavalin – Stephen Lindley, VP Aboriginal and Northern Affairs

**Regrets:**

MOECC - Kathleen O’Neill, Director Environmental Approvals Branch

**Meeting Objective: Gain insight into potential procedural issues around use of individual EAs by third parties**

Item	Description	Discussion Points
1.	Welcome and Introductions	
2.	Overview of project details and basis for procedural question – potential use of third party individual EA	<ul style="list-style-type: none"> <li>Hydro One reviewed project details per agreed upon key messages (positioned H1/SNC as being in initial risk analysis stage and exploring possible options – details at end)</li> <li>MOECC verified that they are currently reviewing the IEA submission – lead is Adam Wright</li> </ul>
3.	Discussion of process for using third party individual EA and approach to updates, changes, addenda	<ul style="list-style-type: none"> <li>MOECC indicated that timeline for Nextbridge submission approval (assuming no amendments, issues, hearings) would be next spring; also flagged that election timing could delay decision (generally no Ministerial rulings within 1 month of election)</li> <li>Regarding hearing timelines, MOECC indicated there had not been a hearing since 1997 and did not comment on additional time required</li> <li>In cases where there is a third party proponent post-EA, if the party is carrying out the undertaking as per the approved EA there is no issue with taking over the project</li> <li>Depending on what differs from the Nextbridge EA, changes to undertaking by a third party proponent could require simple consultation and documentation, addenda; generally would not have to return to TOR stage unless very significant change (not specifically stated, but did not infer that this case would require such measures)</li> <li>Inquired as to whether change to undertaking could be assessed using a Class EA process (eg. just the portion through the park); MOECC did not seem to entertain this notion and preferred in this case an addenda process (example of transit situation was discounted by MOECC as scope change was considered a new transit undertaking and that EA process took precedence)</li> <li>Recommended looking at amending procedures in IEA – if allowance for changes would be easier</li> <li>MOECC didn’t feel that provincial funding of Nextbridge IEA necessarily affected proponentcy</li> <li>MOECC stated that if there was a strong will by the province/Ministry of Energy to find a solution, generally accommodations could be made to progress projects</li> </ul>
4.	Identification of challenges relating to reliance on information from third parties	Hydro One discussed challenges of reliance upon information in the IEA. Also suggested that Province as “owner” of EA could potentially ask for reliance on document for next phase. MOECC had no comment.
5.	Overview of some potential issues with current EA document	<p>Hydro One/SNC identified the following general potential challenges but recognized MOECC was not in a position to share information with us regarding a third party submission:</p> <ul style="list-style-type: none"> <li>Indigenous Consultations and accommodation to date could be improved</li> <li>Several comments from MNRF not fully addressed</li> <li>Considerable amount of study to be completed prior to construction</li> </ul> <p>MOECC indicated they were still reviewing, and recognized there could be issues with the approval depending on quality of submission.</p>
6.	Review of anticipated benefits and reduction of negative	Hydro One/SNC provided overview of reduction in impacts as driver for change to existing scope:

	impacts to natural environment by proposed changes to project scope	<ul style="list-style-type: none"> <li>• Reduced impacts associated with park route and use of existing structures</li> <li>• Significantly less impact than new line (use of existing access)</li> </ul> <p>Recognized that H1 would require additional consultation with stakeholders such as Parks Canada, Indigenous Communities but MOECC guidance on viability of meeting EA requirements would drive decision and future discussion.</p>
<b>7.</b>	Next steps and any other items	<ul style="list-style-type: none"> <li>• Conveyed timeline of risk analysis – determine if viable by September 8 – also want to meet with Parks Canada assuming no red flags with IEA use</li> <li>• Agreed to provide MOECC with a 2 page overview of the description of the undertaking (ASAP), especially what differs from that currently proposed; provide a letter from H1 to Kathleen O’Neil, Director of MOECC Environmental Approvals Branch; MOECC cautioned that any information provided could be considered public record as relating to Nextbridge EA submission</li> <li>• Agreed to meet right after labour day weekend to discuss further (Sept 5, 6); MOECC concerned they would not be able to provide definitive comment even at that time</li> <li>• MOECC indicated they would also contact Ministry of Energy to gain more insight</li> <li>• H1/SNC to consider type of EA requirements for Park portion as stand alone project</li> <li>• H1 to pursue guidance from OEB around who is the IEA owner</li> </ul>

## ATTACHMENT 2

**MINUTES**  
**Hydro One/MO ECC Meeting**  
**Wednesday September 6, 2017**

**Participants:**

MOECC - Annamaria Cross, Manager Environmental Assessment Services; Kathleen O’Neill, Director Environmental Approvals Branch, Susan Morgan, Legal Counsel  
 MoE - Chris Goode, Senior Policy Advisor – Network and Microgrid Policy (for Ken Nakahara, Director, Energy Networks and Indigenous Policy Branch)  
 Hydro One - Elise Croll, Director Environmental Services  
 SNC-Lavalin – Stephen Lindley, VP Aboriginal and Northern Affairs

**Regrets:**

Daniel Levitan, Director, External Relations

**Meeting Objective:** Follow up on previous conversation and discuss any new updates

Item	Description	Discussion Points
1.	Welcome and Introductions	Acknowledged that H1 has been delayed in providing the written description of the undertaking for MOECC and noted that MOECC was given opportunity to defer meeting but has agreed to continue discussions regardless of information not provided.
2.	Opening Statements from MOECC	<ul style="list-style-type: none"> <li>MOECC indicated that they were limited in how much they can speak to the East-West Tie file as the EA is currently in front of them for a decision; it is not appropriate to discuss that project with Hydro One at this time.</li> <li>They can talk about our project and undertaking separately from the current Nextbridge proposal.</li> </ul>
3.	Continued discussion of process for using third party individual EA and approach to updates, changes, addenda	<ul style="list-style-type: none"> <li>MOECC re-iterated that a project could be constructed by a third party proponent who did not complete the EA as per approved EA and conditions</li> <li>MOECC indicated it was not appropriate to discuss possible addenda to the Nextbridge EA as it is not yet approved and currently under review</li> <li>Generally for a new undertaking by new proponent a Standard TOR would be required for the EA, however, there may be some flexibility – eg. minister exemption, other solution</li> <li>Because our potential undertaking currently has no approved EA we would be caught under the Environmental Assessment Act as an entirely new undertaking</li> <li>Hypothetically, if an EA was approved for the E-W Tie project more information would be required to determine whether the change in scope was minor or significant; this would determine what addenda would be required to an existing EA as well as whether any amending procedures were considered in the original approved EA</li> <li>For an approved IEA – MOECC was not clear whether a third party constructor could do an Addenda; not clear procedurally and may also depend on magnitude of change as well as any amending conditions in IEA</li> <li>If change is significant – would be new TOR</li> <li>Determination of significance of changes could involve type of engagement conducted, environmental effects, etc.</li> <li>Premature – MOECC can’t discuss addenda to unapproved project – don’t have Ministry review complete yet</li> <li>Even amending procedure and other components of IEA – could change as a result of conditions imposed by Minister</li> <li>MOECC indicated if alternative H1 proposes was never considered in IEA, would be tricky to use addenda process; not “outside realm of possibility”, but challenging</li> <li>Could use amending portion – or some type of exemption</li> <li>Discussed the example of Wataynikineyap (Watay for short) - OEB “designated” Watay under Sec 92 LTC; however, Watay and Sagatay are preparing separate EAs for undertaking with same purpose, but somewhat different routes (significant magnitude?); Minister of</li> </ul>

		<p>Environment and CC will presumably have to make a decision on both EAs – still reviewing submissions; theoretically the EA Act would allow approval of both EA even though only one project would be built – two proponents, same purpose; somewhat different EAs – MOECC says the situation is different than H1/SNC</p> <ul style="list-style-type: none"> <li>• Also discussed alternative methods to undertaking vs alternative to undertaking</li> <li>• Chris from MoE clarified that in Watay – government did designated Watay as transmitter – still awaiting OEB approval, but their view is LTC can't be given to another party as the transmitter designated – not the case here in E-W tie</li> <li>• Discussed how does EA Branch approaches at P3s– generally the proponent is still constant even though a “ProjectCo” third party carries out undertaking – they are tied to certain components of EA in project specification</li> <li>• Discussed who is proponent of E-W tie; MOECC said Proponent of E-W tie is Nextbridge – electricity and waste projects both have EA requirements for both private and public sector</li> <li>• MOECC says Proponent is private sector even though OEB paying for development portion</li> <li>• New proponent to construct would have to follow undertaking as part of EA</li> <li>• Once EA is public anyone can use approved EA – but must complete undertaking in accordance with conditions and approval</li> <li>• Some examples of third parties doing this eg. Municipality with EA approval sold land</li> <li>• MOECC indicated there would be no legal impediment to undertaking project approved by other proponent – as long as met condition of EA, but MOECC would need formal process where undertaking is transferred</li> <li>• Province is not the proponent – electricity system as regulated allows private proponents</li> <li>• MOECC agreed that use of an amending procedure is not necessarily precluded on an IEA by third party proponent but as stated, depends on magnitude of change and amending procedure in EA</li> </ul>
4.	Next steps and any other items	Hydro One may still wish to proceed with providing MOECC additional detail regarding the undertaking as proposed to enable them to give some additional guidance regarding EA requirements

# ATTACHMENT 3

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**Elise Croll**  
Director, Environmental Services

**STRICTLY CONFIDENTIAL**

October 31, 2017

Kathleen O'Neill  
Director, Environmental Approvals Branch  
Ministry of the Environment and Climate Change  
135 St. Clair Avenue West, 1st Floor  
Toronto, ON, M4V 1P5

**Re: Environmental Assessment Requirements for Hydro One Proposal for the East-West Tie Transmission Line (Wawa to Thunder Bay, Ontario)**

Dear Ms. O'Neill,

We are writing to provide an overview of Hydro One's proposal to build (by retaining the construction services of SNC-Lavalin) and operate the East-West Tie Transmission Line ("EWT") from Wawa to Thunder Bay and to seek input from the Ministry of Environment and Climate Change (MOECC) regarding the Environmental Assessment requirements that would be applicable to the EWT based on Hydro One's proposal. The project is described in the Individual Environmental Assessment ("EA") recently submitted by NextBridge Infrastructure ("NextBridge") for review, which EA we understand is currently under formal Ministerial review.

As you are aware, NextBridge performed the development work for the EWT; but it is open to any Ontario Energy Board ("OEB")-licensed transmitter, including Hydro One, to apply to the OEB to build, own and operate the EWT.

As discussed in two meetings to date between the MOECC, Hydro One and SNC-Lavalin, the project proposed by Hydro One is similar to the project proposed by NextBridge in that the purpose of the undertaking is the same and the project descriptions are similar. The difference relates to proposed alignment deviations at certain locations along the corridor. The first deviation is that the transmission corridor proposed by NextBridge takes a route around the Pukaskawa National Park near Marathon, whereas the corridor proposed by Hydro One traverses the Park within the existing Hydro One right-of-way (ROW), where Hydro One has an existing line. The NextBridge route requires approximately 131 km of new corridor through previously undisturbed, or only marginally disturbed, land and is 42 km longer than the Hydro One route.

The second proposed deviation is in an area between Thunder Bay and Nipigon. NextBridge proposes a route which diverges from the existing Hydro One corridor, traversing north along an approximately 53 km detour through undisturbed lands. Hydro One proposes widening its existing corridor through this area.

A comparison of the NextBridge preferred route and the Hydro One-proposed route is shown in the attached Figure 1. The overall Hydro One route is approximately 45 km shorter than NextBridge. Most significantly, the Hydro One route eliminates cutting approximately 184 km of new corridor, approximately 60 m in width. Both of these proposed deviations would require additional study and consultation as proposed options.

Since the Hydro One undertaking is similar to the NextBridge undertaking, Hydro One is of the opinion that it is not necessary to prepare a new EA because we believe that the net environmental effects of the Hydro One corridor are lower than the net effects of the proposed Nextbridge corridor, and that preparing a second individual EA for a project with the same purpose would be largely duplicative. Further, it would substantially delay the project's in-service date. In our two meetings, MOECC staff have provided some discussion around the overall EA requirements for the EWT undertaking. Discussions have also included the perspective that EA requirements apply to the project, not to the proponent. Hydro One and SNC-Lavalin also clarified for MOECC staff that Hydro One would be the proponent of this undertaking if Hydro One is successful in its Leave to Construct application to the OEB. Hydro One does not contemplate a partnership with NextBridge.

It is Hydro One's view that the overall environmental effects of the Hydro One-proposed corridor are less than those of the NextBridge proposed undertaking. Most of the corridor configuration is the same for both proposals; however, the overall reduction in the significance of environmental effects arises in part from Hydro One's ability to upgrade our existing transmission line through the Park on our existing ROW, rather than creating a "greenfield" corridor and transmission line around the perimeter of the Park, which would cause more significant disturbance. Not only would the NextBridge proposed route around the Park create a larger footprint, but also it would require clearing previously undisturbed, or only marginally-disturbed, land.

The Hydro-One proposed corridor west of Nipigon also avoids traversing previously undisturbed lands. Hydro One is more likely to accommodate additional towers along the existing corridor because required widening is considerably less than would be required by NextBridge.

We are aware that the NextBridge EA addresses environmental effects and mitigation for most of the line, and these effects and mitigation measures would be similar for both proposals for the majority of the corridor. However, in areas outside the Park where NextBridge would parallel the existing Hydro One corridor with a new corridor, Hydro One would need only to widen its existing Hydro-One corridor, again reducing the overall impact. Hydro One will also consult on the positive aspect of overall reduction in corridor widening, and other minor considerations such as tower design.

Hydro One is seeking input from the MOECC to determine the degree to which Hydro One may adopt the NextBridge EA. Given that most of Hydro One's proposal follows the NextBridge proposal (with the exception of some areas where environmental impacts have been significantly reduced by the Hydro One proposal), Hydro One's view is that submission of an amendment or addendum to the existing EA, to address the differences in level and significance of environmental effects, would be most appropriate.

Hydro One would appreciate the opportunity to discuss and establish a process for such an EA amendment with MOECC staff at their earliest convenience. We look forward to working with you to determine an appropriate approach, recognizing Hydro One's proposed reductions in environmental impacts and ensuring an efficient and cost-effective solution for Ontario electricity customers.

Sincerely,



Elise Croll, Director, Environmental Services  
Hydro One Networks Inc.

**Figure 1 Hydro One Proposed Transmission Route (Existing East-West Tie) Compared to “New” Nextbridge Route**



Note: Excerpt from NextBridge document. Red lines denote the existing Hydro One East-West Tie. This route would be followed by Hydro One as opposed to the two deviations (solid white lines) around Pukaskwa National Park and west of Nipigon.

# ATTACHMENT 4

Ministry of the Environment  
and Climate Change

Ministère de l'Environnement et de  
l'Action en matière de changement  
climatique



Environmental Approvals  
Branch

Direction des autorisations  
environnementales

135 St. Clair Avenue West  
1<sup>st</sup> Floor  
Toronto ON M4V 1P5  
Tel.: 416 314-8001  
Fax: 416 314-8452

135, avenue St. Clair Ouest  
Rez-de-chaussée  
Toronto ON M4V 1P5  
Tél : 416 314-8001  
Télééc. : 416 314-8452

November 14, 2017

Elise Croll, Director, Environmental Services  
Hydro One Networks Inc.  
483 Bay Street, South Tower, 12<sup>th</sup> Floor  
Toronto ON M4V 1P5

Dear Ms. Croll:

We are in receipt of your October 31, 2017 letter regarding the East-West Tie Transmission Project (the Project) for which NextBridge Infrastructure LP (NextBridge) is currently undertaking an individual environmental assessment (EA). As you know, NextBridge submitted a final EA for the Project for review in July 2017. As a result of the comments received during the review, NextBridge has since expressed its intent to amend its EA.

Your letter outlines Hydro One's intent to apply to the Ontario Energy Board (OEB) to build, own and operate the Project, and detailed changes to NextBridge's proposed project routing that Hydro One would make if successful in its OEB application. I am pleased to respond to your request for input from the Ministry of the Environment and Climate Change (the ministry) as to the degree to which Hydro One may adopt the EA currently being prepared by NextBridge through an amendment to the EA.

As outlined in the *Code of Practice for Preparing and Reviewing Environmental Assessments in Ontario*, unless changes are accounted for in the EA or through a condition of approval, proposed changes to an undertaking made after its approval to proceed has been issued are considered a new undertaking for the purposes of the *Environmental Assessment Act*. As the NextBridge EA is currently being amended by NextBridge and therefore has not been approved by the Minister, the ministry cannot comment on the possible amending procedure that may be in the amended EA or required as a condition of approval, if approved.

Based on the information provided to date, it is unlikely that an amendment provision in the proposed Nextbridge EA would be capable of accommodating Hydro One's proposed changes to the current Project. As such, Hydro One's project would not likely be able to take advantage of the proposed Nextbridge EA and Hydro One's project would likely be considered a new undertaking for the purpose of the *Environmental Assessment Act*.

The ministry encourages Hydro One to work with NextBridge to seek alternative approaches to addressing routing alternatives during the current EA process for the Project.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kathleen O'Neill".

Kathleen O'Neill  
Director  
Environmental Approvals Branch

# ATTACHMENT 5

## **CROLL Elise**

---

**From:** HOPPER Bruce  
**Sent:** Wednesday, January 10, 2018 1:22 PM  
**To:** annamaria.cross@ontario.ca  
**Cc:** CROLL Elise; STAITE Patricia  
**Subject:** Hydro One Networks Inc Lake Superior Link Presentation to MNRF  
**Attachments:** LSL Presentation to MNRF 01-09-2018.pdf

Good afternoon Annamaria,

I believe you have had conversations with my Director Elise Croll regarding Hydro One's interest in the new East-West Tie Transmission Line project –that we have called The Lake Superior Link project. This email is just to inform you that yesterday, January 9<sup>th</sup>, myself and a few other Hydro One staff gave the attached presentation to Regional and District MNRF representatives. The MNRF mentioned that they would be reaching out to other Regulators to discuss.

Tomorrow, January 11<sup>th</sup>, I will be joining Patricia in meeting with you regarding another of Hydro One's northern transmission projects –the Northwest Bulk project. We'll be happy to answer any questions on the attached presentation for the Lake Superior Link project when we meet. Although, feel free to contact us anytime.

I look forward to talking with you in person tomorrow.

Thank you,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

This email and any attached files are privileged and may contain confidential information intended only for the person or persons named above. Any other distribution, reproduction, copying, disclosure, or other dissemination is strictly prohibited. If you have received this email in error, please notify the sender immediately by reply email and delete the transmission received by you. This statement applies to the initial email as well as any and all copies (replies and/or forwards) of the initial email

# ATTACHMENT 6

## CROLL Elise

---

**From:** Cross, Annamaria (MOECC) <Annamaria.Cross@ontario.ca>  
**Sent:** Thursday, January 11, 2018 2:36 PM  
**To:** HOPPER Bruce  
**Cc:** CROLL Elise; STAITE Patricia; Bluestein, Denise (MOECC); Adkar, Samir (ENERGY); O'Neill, Kathleen (MOECC)  
**Subject:** RE: Hydro One Networks Inc Lake Superior Link Presentation to MNRF

\*\*\* Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. \*\*\*

Thank you Bruce.

Thank you for sharing the information on the Lake Superior Link project. It would be helpful to schedule a dedicated meeting so you can walk us through your proposal. I would suggest that Energy (Samir Adkar) also be invited to that meeting, and perhaps MNRF too (though I understand that you have already meet with some MNRF staff). We have found it helpful to have all relevant provincial agencies at the table as part of pre-submission consultation.

Could I ask that your scheduler work with Denise Bluestein in Kathleen O'Neill's office to find a time that works for everyone.

Best,  
Annamaria

---

**From:** [Bruce.Hopper@HydroOne.com](mailto:Bruce.Hopper@HydroOne.com) [<mailto:Bruce.Hopper@HydroOne.com>]  
**Sent:** January 10, 2018 1:22 PM  
**To:** Cross, Annamaria (MOECC)  
**Cc:** [Elise.Croll@HydroOne.com](mailto:Elise.Croll@HydroOne.com); [patricia.staite@HydroOne.com](mailto:patricia.staite@HydroOne.com)  
**Subject:** Hydro One Networks Inc Lake Superior Link Presentation to MNRF

Good afternoon Annamaria,

I believe you have had conversations with my Director Elise Croll regarding Hydro One's interest in the new East-West Tie Transmission Line project –that we have called The Lake Superior Link project. This email is just to inform you that yesterday, January 9<sup>th</sup>, myself and a few other Hydro One staff gave the attached presentation to Regional and District MNRF representatives. The MNRF mentioned that they would be reaching out to other Regulators to discuss.

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I look forward to talking with you in person tomorrow.

Thank you,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.

416-779-0257

[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

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# ATTACHMENT 7



**TURN ON THE POWER  
OF POSSIBILITY**



# Lake Superior Link

Presentation to the Ministry of Environment and Climate Change,  
Ministry of Energy and Ministry of Natural Resources and Forestry

February 2, 2018

**CONFIDENTIAL**

# Confidentiality

**Hydro One is not yet in a position to go public with this project. As a result, we ask that the content of this presentation and what is discussed in this meeting remain confidential and not be shared outside of the Ministry of Natural Resources.**

**We thank you for your confidentiality!**

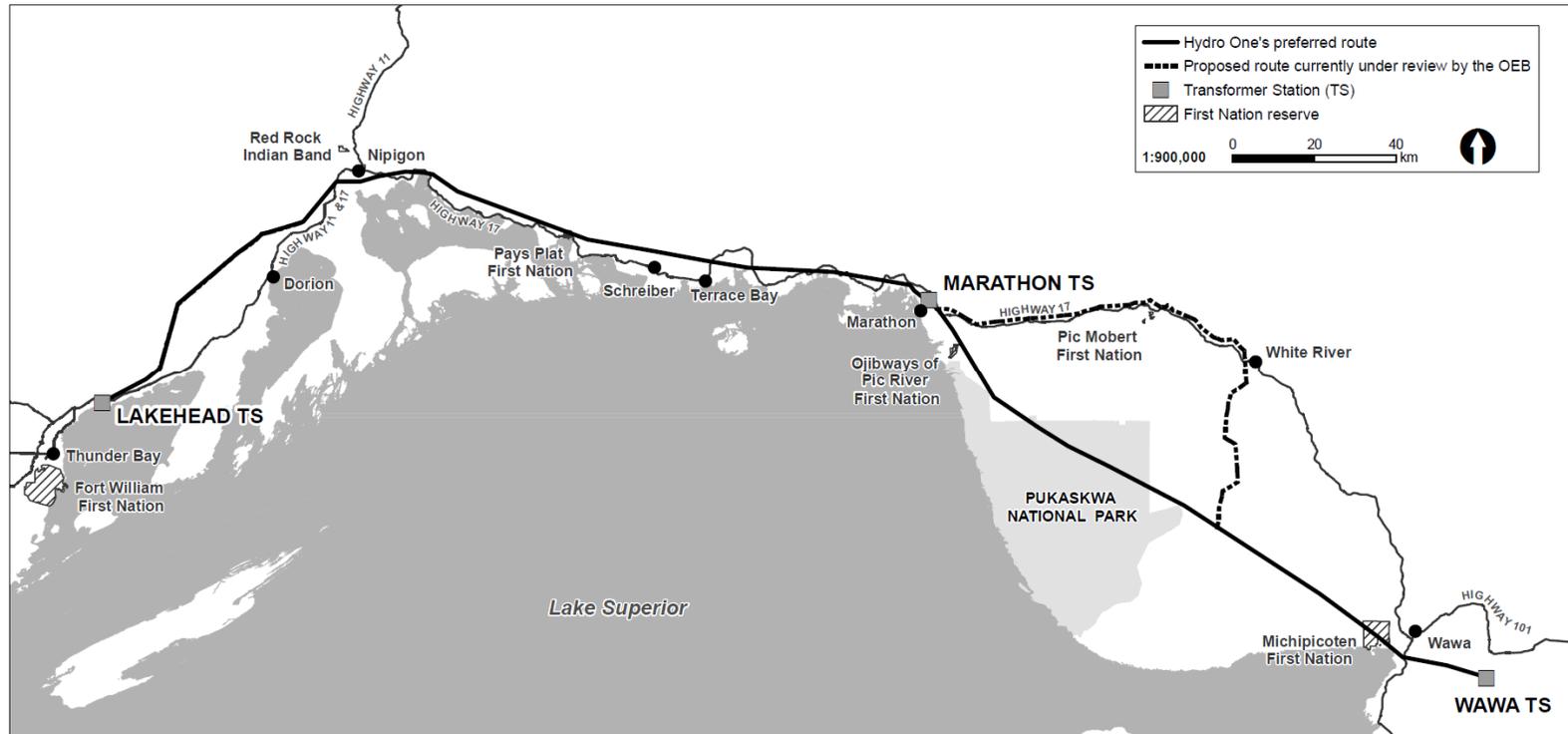
# Project History

- ☞ In 2012 the Ontario Energy Board released an RFP requesting bids for the development, construction, ownership and operation of a high voltage transmission line to increase the transmission capacity between Wawa Transmission Station (TS) – Marathon TS - Lakehead TS in Northern Ontario
- ☞ The line is required to be double circuit 230kV and have a total transfer capacity of 450MW by 2021 rising to 650MW by 2024.
- ☞ In 2013 NextEra and Enbridge partnered and bid as Upper Canada Transmission (NextBridge) and were the selected preferred bidder; both Hydro One and SNC-Lavalin bid the RFP independently.
- ☞ NextBridge proceeded with preparation and submission of an individual EA under the *Ontario Environmental Assessment Act*; currently the final EA is undergoing government review.
- ☞ In parallel, NextBridge has applied for Leave to Construct (LTC) pursuant to Section 92 of the *Ontario Energy Board Act, 1998*
- ☞ Upon receipt of the NextBridge Section 92 application the Ontario Minister of Energy directed the Independent Electricity System Operator (IESO) to conduct a review of the cost estimate and conduct a review of the needs assessment. In December 2017 the IESO completed its review and confirmed that the transmission line is the preferred alternative to meet the growth and reliability needs of Northwestern Ontario.

# Project Overview

- ☞ Hydro One and SNC-Lavalin have formed a partnership to jointly pursue LTC of the Lake Superior Link Project.
- ☞ The main difference between the proposed Hydro One/SNC-Lavalin corridor and that of NextBridge is that our proposed corridor will be:
  - Shorter in length by approximately 50km
  - Will go through Pukaskwa National Park
  - Will have fewer environmental impacts
  - Will better balance environmental and socio-economic impacts
  - Will have lower capital costs to construct
- ☞ With lower environmental impacts and capital costs compared to the recent LTC filed by NextBridge, the Hydro One/SNC-Lavalin solution is considered to offer better overall value to the Ontario electricity ratepayers.

# Hydro One Route Alternative



Benefits of Hydro One's route:

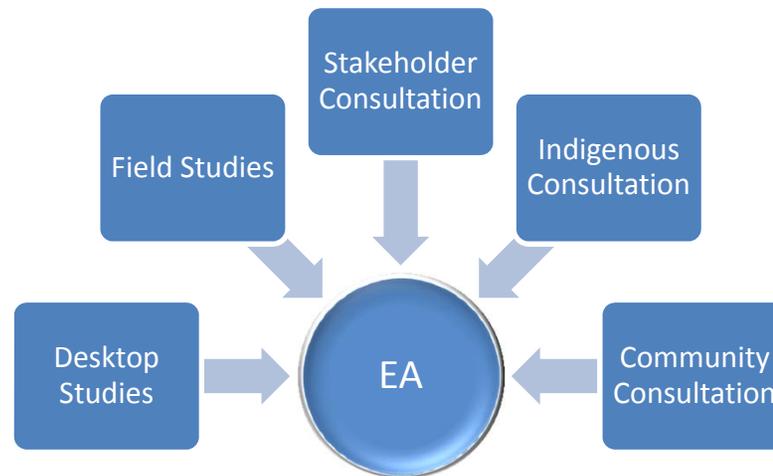
- ☞ Twins the existing transmission corridor for the majority of the route
- ☞ Modifies existing infrastructure through Pukaskwa National Park
- ☞ is approximately 50km shorter
- ☞ avoids greenfield areas consistent with the Provincial Policy Statement planning objectives
- ☞ has a corridor widening that is approximately 40% narrower

# Regulatory

- ☞ The Project will be presented to Hydro One's Board of Directors for final review and approval.
- ☞ Once approved Hydro One will be submitting a S92 LTC application to the OEB.
- ☞ Hydro One has contacted the Ministry of Energy requesting the delegation of the duty to consult and an exhaustive list of First Nation & Metis communities to be consulted with.
- ☞ Given the expected significant reduction in net environmental effects of Hydro One's alternative route it is anticipated that regulatory process considerations can be made to avoid duplication of EA work already undertaken and paid for by the Province.

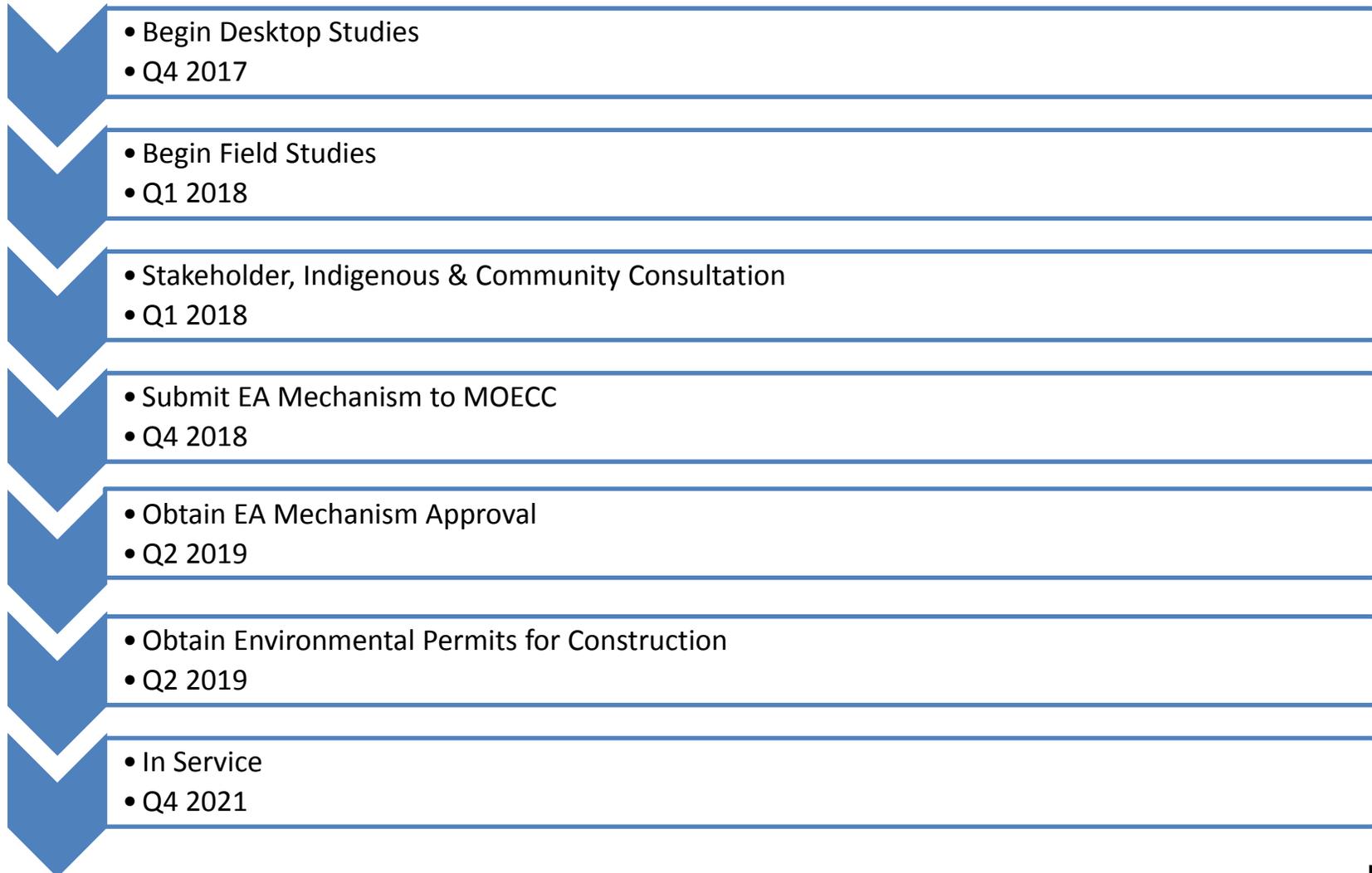
# Methodology

- Hydro One and SNC-Lavalin are proceeding with engagement and studies needed to supplement the EA and evaluate the Hydro One Route Alternative.



- Indigenous, Stakeholder and Community consultation will begin in early 2018

# Project Schedule





hydro one

**TURN ON THE POWER  
OF POSSIBILITY**

**Questions?**

# ATTACHMENT 8

## **CROLL Elise**

---

**From:** CROLL Elise  
**Sent:** Friday, February 16, 2018 10:54 AM  
**To:** O'Neill, Kathleen (MOECC) (Kathleen.Oneill@ontario.ca)  
**Cc:** Cross, Annamaria (MOECC) (Annamaria.Cross@ontario.ca); STAITE Patricia; HOPPER Bruce  
**Subject:** Easte-West Tie Announcement  
**Attachments:** HONI-LSL-S 92 MOECC Letter-2018-02-16.pdf  
**Importance:** High

Good morning Kathleen: Please find attached a notification regarding the filing of Hydro One's Section 92 application for the East-West Tie line. Hydro One is calling our project the "Lake Superior Link". This messaging is being sent today to stakeholders with an interest in the project. Further to our discussions on February 2, 2018, Hydro One will be seeking a regulatory measure to fulfil our Environmental Assessment (EA) obligations with respect to this project. We realize the unusual nature of this competitive situation, but are eager to work with you to develop an innovative approach allowing us to unlock the potential of our proposal. As we discussed, we feel our solution is not only considerably more cost-effective, but results in significantly less impact to the environment by virtue of our ability to use the existing corridor from Wawa to Marathon. Further, utilizing existing towers through Pukaskwa National Park, virtually eliminates long term impacts within the Park.

Although the attached notice pertains to the Section 92 filing, it informs stakeholders of initial consultations planned in March to discuss the impacts of the project. This is the first of a number of EA-type consultations we have planned. We have also initiated additional technical studies to contribute to fulfilling our EA obligations. Given the unusual nature of this project, we would welcome further discussions regarding likely processes, including formal notices and meetings, with MOECC that would support our studies and consultations and eventually a regulatory solution. Once you have reviewed the attached, please contact me at your earliest convenience to discuss next steps.

We very much appreciate the support and collaborative discussions you have engaged in with Hydro One to date. We look forward to continuing to work with you and your staff on this exciting project!

Sincerely,

**Elise Croll**

Director, Environmental Services

Hydro One Networks Inc.

Tel: (416) 345-6880

Cell: (416) 579-3513

Email: [elise.croll@HydroOne.com](mailto:elise.croll@HydroOne.com)

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**Hydro One Networks Inc.**

483 Bay Street  
North Tower, 12<sup>th</sup> Floor  
Toronto, ON M5G 2P5  
www.HydroOne.com

Tel: (416) 345-6880  
Email: Elise.Croll@HydroOne.com



**Elise Croll**

Director, Environmental Services Department

February 16, 2018

Ms. Kathleen O'Neill  
Director, Environmental Approvals Branch  
1st Floor, 135 St. Clair Avenue West  
Toronto, ON  
M4V 1P5

Via email

**Re: Hydro One seeks approval to construct new East-West Tie transmission line**

Dear Ms. O'Neill,

Designing, building, and operating transmission infrastructure has been a core competency of Hydro One for many decades. Our teams bring their best each day and are working to deliver a transmission capital portfolio that has more than 200 projects at any given time.

With this in mind, and given our long history of service and ongoing commitment to northern Ontario, Hydro One has submitted an application to the Ontario Energy Board (OEB) seeking approval to construct a new transmission line between Lakehead Transformer Station (TS) and Wawa TS, as shown on the attached map. This new transmission line is needed to ensure an adequate, safe, and reliable supply of power to enable future growth and development in northwestern Ontario.

Our proposed project, which we are calling the Lake Superior Link, is a 400 kilometre double-circuit 230 kilovolt transmission line that would primarily be built on or adjacent to Hydro One's existing East-West Tie transmission corridor. Hydro One's proposal is the most cost-effective solution for Ontario electricity customers.

By maximizing use of existing infrastructure, our route is approximately 50 km shorter and can be constructed on a narrower corridor than the current proposal. This reduces the amount of undisturbed land that would need to be cleared, thereby minimizing environmental impacts and disturbance to local communities. A major benefit of our project would be realized in Pukaskwa National Park, where Hydro One's existing transmission line can be upgraded without widening the corridor.

We are very excited about our proposal and its ability to maximize value for Ontario electricity customers, and look forward to discussing how this project can deliver tangible benefits to all communities in the project area.

Hydro One and its construction partner, SNC-Lavalin, are also planning to host a series of public information drop-ins in March in communities within the project area. We will advise you once the dates and locations have been booked, and they will be advertised in local newspapers and on our website at:

[www.HydroOne.com/LakeSuperiorLink](http://www.HydroOne.com/LakeSuperiorLink).

I have attached a copy of a newspaper ad that will run in local papers in the coming weeks to let people know about our Lake Superior Link project. In the interim, should you have any questions or comments, please don't hesitate to contact me, Patricia Staite, Manager Environmental Assessments (416-345-6686) or Bruce Hopper, Environmental Planner (416-779-0257).

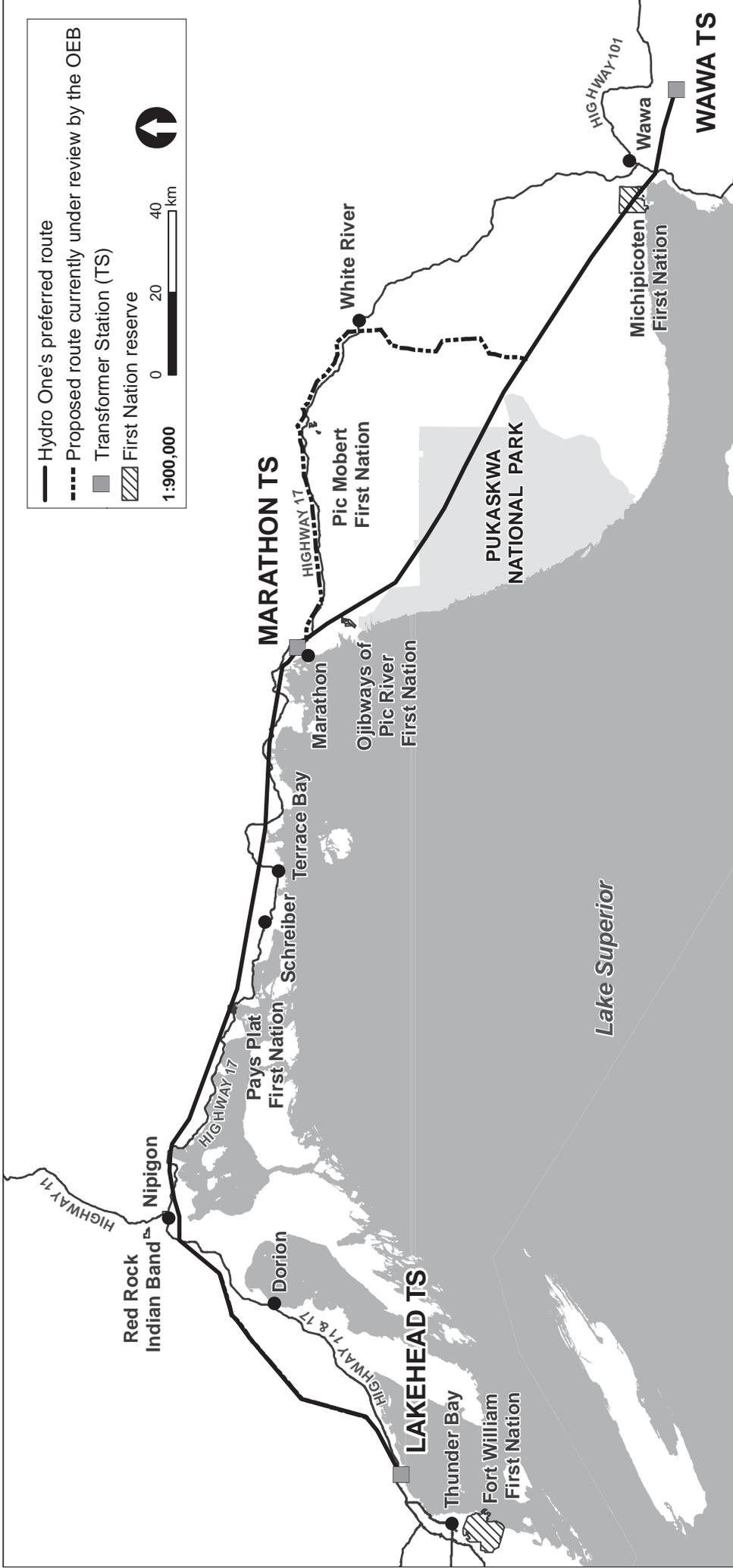
Sincerely,

A handwritten signature in blue ink, appearing to read "Elise Croll".

Elise Croll  
Director, Environmental Services

Attachments (2)

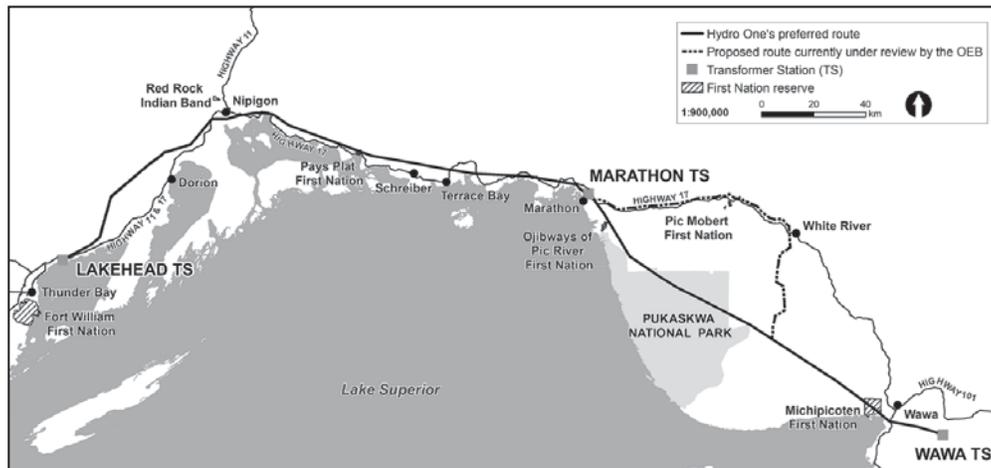
cc Annamaria Cross, Manager, Environmental Assessment Services  
Patricia Staite, Manager Environmental Assessments, Hydro One Networks Inc.  
Bruce Hopper, Environmental Planner, Hydro One Networks



# HYDRO ONE'S LAKE SUPERIOR LINK TRANSMISSION PROJECT

## Powering Northern Ontario

Hydro One has applied to the Ontario Energy Board (OEB) for approval to construct a new transmission line between Lakehead Transformer Station (TS) and Wawa TS, as shown on the map. We're calling our proposed project the **Lake Superior Link**. This 400 kilometre, double-circuit 230 kilovolt transmission line would primarily be built on or adjacent to Hydro One's existing East-West Tie transmission corridor. Within Pukaskwa National Park, the existing line would be upgraded without widening the corridor.



## Ensuring a reliable, cost-effective supply of power

Since 2010, the Ontario government's Long-Term Energy Plan has identified the need for an additional East-West Tie line to meet future electricity needs in northwestern Ontario. In 2013, the OEB awarded development phase work to another proponent. The OEB will review alternative proposals for the construction phase and approve a proposal and a proponent to build and operate the new transmission line. By maximizing existing infrastructure, Hydro One's proposed transmission line is the most cost-effective solution for Ontario electricity customers and it also minimizes environmental impacts.

## Community Engagement

Hydro One will be reaching out to communities in the project area to discuss its proposal. Hydro One's approach to community engagement will ensure that this project provides tangible benefits.

## For more information

Please contact us to learn more about the project and upcoming events:

### Hydro One Community Relations

Tel: 1-877-345-6799

Email: [Community.Relations@HydroOne.com](mailto:Community.Relations@HydroOne.com)

[www.HydroOne.com/LakeSuperiorLink](http://www.HydroOne.com/LakeSuperiorLink)



## HOPPER Bruce

---

**From:** HOPPER Bruce  
**Sent:** Friday, February 16, 2018 12:36 PM  
**To:** annamaria.cross@ontario.ca  
**Cc:** CROLL Elise (Elise.Croll@HydroOne.com); STAITE Patricia  
**Subject:** Hydro One seeks approval to construct new East-West Tie transmission line  
**Attachments:** HONI-Lake Superior Link Map.pdf; LSL\_February Newspaper Advertisement.pdf; HONI-LSL-MOECC Letter Annamaria Cross-2018-02-16.pdf

Dear Ms. Cross,

This email, attached letter, map and newspaper advertisement is being sent today to stakeholders with an interest in the new East-West Tie transmission line in northwestern Ontario. We would like to inform you that Hydro One has submitted an application to the Ontario Energy Board (OEB) seeking approval to construct this new transmission line between Thunder Bay and Wawa.

Our proposed project, which we are calling the Lake Superior Link, is a 400 kilometre double-circuit 230 kilovolt transmission line that would primarily be built on or adjacent to Hydro One's existing East-West Tie transmission corridor.

We are very excited about our proposal and its ability to maximize value for Ontario electricity customers, and look forward to discussing this project with you further.

Thank you,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

**Hydro One Networks Inc.**

483 Bay Street  
North Tower, 12<sup>th</sup> Floor  
Toronto, ON M5G 2P5  
www.HydroOne.com

Tel: (416) 345-6880  
Email: Elise.Croll@HydroOne.com



**Elise Croll**

Director, Environmental Services Department

February 16, 2018

Ms. Annamaria Cross  
Manager, Ministry of Environment and Climate Change  
1st Floor, 135 St. Clair Avenue West  
Toronto, ON  
M4V 1P5

Via email: annamaria.cross@ontario.ca

**Re: Hydro One seeks approval to construct new East-West Tie transmission line**

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Sincerely,

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Elise Croll  
Director, Environmental Services

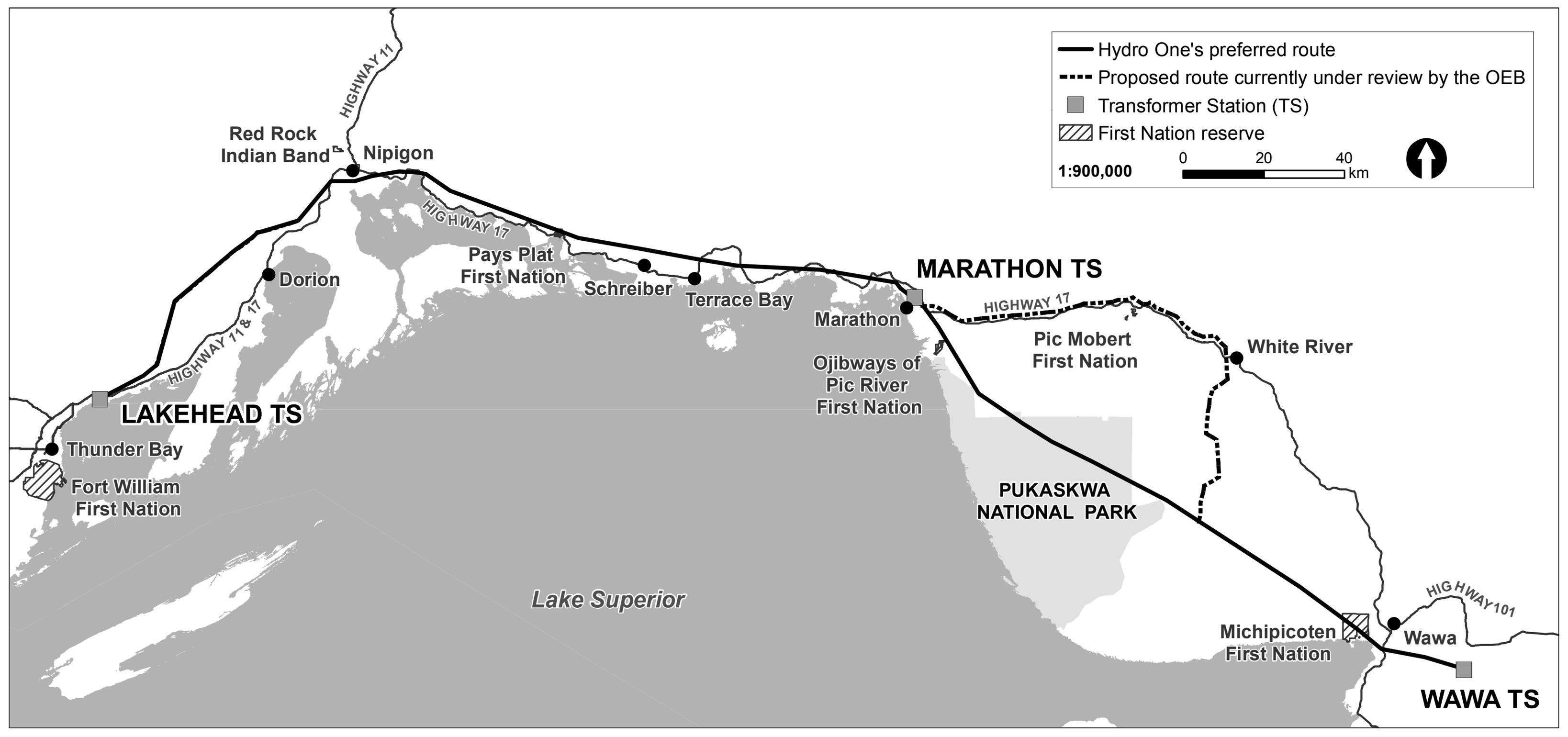
Attachments (2)

Cc:

Kathleen O'Neill, Director Environmental Approvals Branch, Ministry of Environment and Climate Change  
Patricia Staite, Manager Environmental Assessments, Hydro One Networks Inc.  
Bruce Hopper, Environmental Planner, Hydro One Networks

 Hydro One's preferred route  
 Proposed route currently under review by the OEB  
 Transformer Station (TS)  
 First Nation reserve

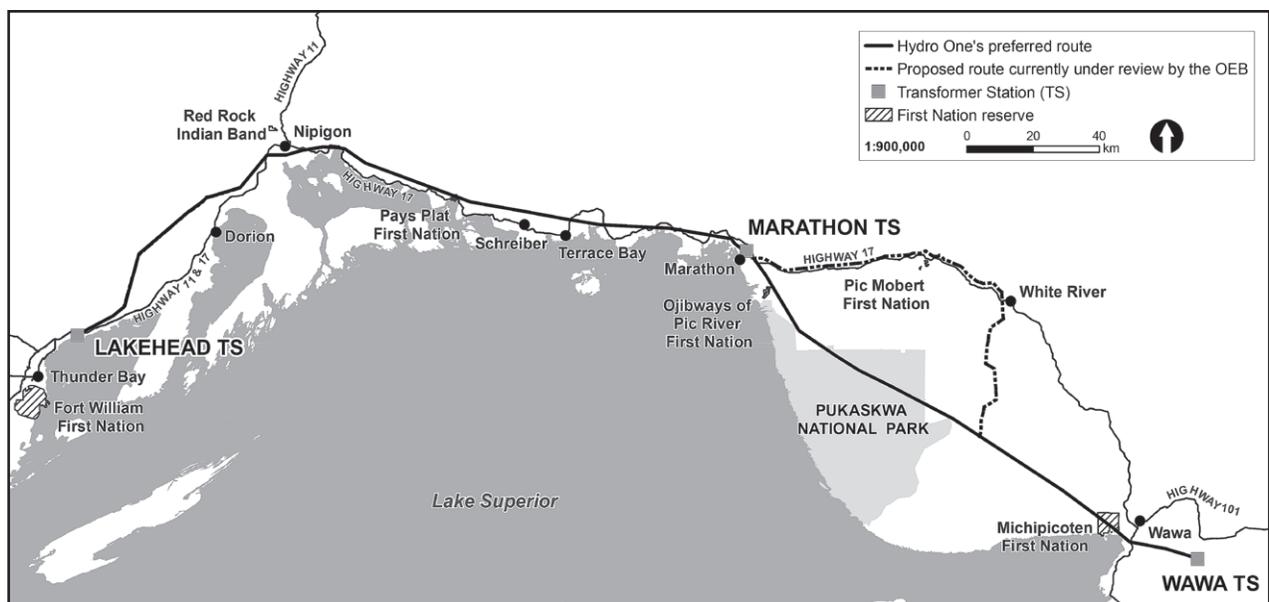
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# HYDRO ONE'S LAKE SUPERIOR LINK TRANSMISSION PROJECT

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## Ensuring a reliable, cost-effective supply of power

Since 2010, the Ontario government's Long-Term Energy Plan has identified the need for an additional East-West Tie line to meet future electricity needs in northwestern Ontario. In 2013, the OEB awarded development phase work to another proponent. The OEB will review alternative proposals for the construction phase and approve a proposal and a proponent to build and operate the new transmission line. By maximizing existing infrastructure, Hydro One's proposed transmission line is the most cost-effective solution for Ontario electricity customers and it also minimizes environmental impacts.

## Community Engagement

Hydro One will be reaching out to communities in the project area to discuss its proposal. Hydro One's approach to community engagement will ensure that this project provides tangible benefits.

## For more information

Please contact us to learn more about the project and upcoming events:

### Hydro One Community Relations

Tel: 1-877-345-6799

Email: [Community.Relations@HydroOne.com](mailto:Community.Relations@HydroOne.com)

[www.HydroOne.com/LakeSuperiorLink](http://www.HydroOne.com/LakeSuperiorLink)



# ATTACHMENT 9

## **CROLL Elise**

---

**From:** HOPPER Bruce  
**Sent:** Thursday, February 22, 2018 12:48 PM  
**To:** annamaria.cross@ontario.ca  
**Cc:** CROLL Elise; STAITE Patricia  
**Subject:** Hydro One -Lake Superior Link Project -Request for EA Consultation Contact List

Hi Annamaria,

Last week Hydro One filed a S92 application with the OEB to construct the Lake Superior Link project. As a result, we are moving forward with additional consultation and technical studies to contribute to fulfilling our EA obligations. We would like to request that the MOECC provide to Hydro One the consultation contact list that was prepared by NextBridge as part of the final Environmental Assessment submission. It is important that as we move forward with a regulatory measure to fulfil our Environmental Assessment obligations that we engage the same public, stakeholders and interested parties that were consulted with throughout the development phase of the project. By the MOECC providing this information it will avoid duplication of EA work already undertaken and paid for by the Province.

Feel free to contact me to discuss further. Thank you,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

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# ATTACHMENT 10

## **CROLL Elise**

---

**From:** CROLL Elise  
**Sent:** Thursday, March 08, 2018 9:48 AM  
**To:** O'Neill, Kathleen (MOECC) (Kathleen.Oneill@ontario.ca)  
**Cc:** Cross, Annamaria (MOECC) (Annamaria.Cross@ontario.ca); STAITE Patricia; HOPPER Bruce  
**Subject:** RE: Hydro One Networks Inc. -Lake Superior Link Project -Notification of Drop-in Sessions  
**Attachments:** LSL - Drop-in ad\_week of March 12.pdf; Lake Superior Flyer EN.PDF; Lake Superior Flyer FR.PDF

Good morning Kathleen,

Hydro One is proposing to conduct drop-in information sessions the week of March 19, 2018 in each of the communities originally consulted during the Nextbridge East-West Tie Individual Environmental Assessment (EA) process including: Thunder Bay, Dorion, Nipigon, Schreiber, Terrace Bay, Marathon, White River and Wawa. These sessions are intended as pre-consultation information sharing sessions to introduce these communities to Hydro One's Lake Superior Link Project and for Hydro One to hear from the communities. These drop-ins do not constitute nor replace Community Information Centres (CIC) as required under the Environmental Assessment Act. Two rounds of CICs will be held in at least each of the eight communities originally consulted with during the EA. It is anticipated that the first round of CICs will be held in May, 2018.

Attached you will find a copy of a newspaper advertisement that will run the weeks of March 5<sup>th</sup> and 12<sup>th</sup>, 2018. The advertisements have been placed in:

- Thunder Bay Source,
- Nipigon Red Rock Gazette,
- Terrace Bay Schreiber News,
- Marathon Mercury,
- Wawa Algoma News Review and
- Thunder Bay Chronicle

Also attached for your reference are information Flyers which will be sent to selected stakeholders.

These drop-in information sessions will contribute to fulfilling our EA obligations. Given the unusual nature of this project, we request further discussions regarding likely processes, including formal notices and meetings, with MOECC that would support our studies and consultations and eventually a regulatory solution. We also await your response to our request for a copy of the contact list that was used in the original Individual EA. We are also pleased to report that we have received our Duty to Consult delegation from Ministry of Energy. Once you have reviewed the attached, please contact me at your earliest convenience to discuss next steps.

We very much appreciate the support and collaborative discussions you have engaged in with Hydro One to date. We look forward to continuing to work with you and your staff on this exciting project!

Sincerely,

**Elise Croll**

Director, Environmental Services

Hydro One Networks Inc.

Tel: (416) 345-6880

Cell: (416) 579-3513

Email: [elise.croll@HydroOne.com](mailto:elise.croll@HydroOne.com)

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## CROLL Elise

---

**From:** Cross, Annamaria (MOECC) <Annamaria.Cross@ontario.ca>  
**Sent:** Friday, March 09, 2018 3:15 PM  
**To:** CROLL Elise  
**Cc:** STAITE Patricia; HOPPER Bruce; O'Neill, Kathleen (MOECC); Adkar, Samir (ENERGY); Mahmood, Mansoor (MOECC); Evers, Andrew (MOECC); Bluestein, Denise (MOECC)  
**Subject:** RE: Hydro One Networks Inc. -Lake Superior Link Project -Notification of Drop-in Sessions

Hi Elise – thank you for your email.

Kathleen and I are both on vacation next week. Denise will find some time for us the following week.

Samir from Energy will join us.

Thank you,  
Annamaria

---

**From:** [Elise.Croll@HydroOne.com](mailto:Elise.Croll@HydroOne.com) [<mailto:Elise.Croll@HydroOne.com>]  
**Sent:** March 8, 2018 10:57 AM  
**To:** Mahmood, Mansoor (MOECC)  
**Cc:** Cross, Annamaria (MOECC); [patricia.staite@HydroOne.com](mailto:patricia.staite@HydroOne.com); [Bruce.Hopper@HydroOne.com](mailto:Bruce.Hopper@HydroOne.com)  
**Subject:** FW: Hydro One Networks Inc. -Lake Superior Link Project -Notification of Drop-in Sessions

Hi Mansoor: I understand Kathleen is away, so wanted to include you as well. Hope all is going well! Hoping to set up some time to discuss this project with MOECC. Thanks, Elise

---

**From:** CROLL Elise  
**Sent:** Thursday, March 08, 2018 9:48 AM  
**To:** O'Neill, Kathleen (MOECC) ([Kathleen.Oneill@ontario.ca](mailto:Kathleen.Oneill@ontario.ca))  
**Cc:** Cross, Annamaria (MOECC) ([Annamaria.Cross@ontario.ca](mailto:Annamaria.Cross@ontario.ca)); STAITE Patricia; HOPPER Bruce  
**Subject:** RE: Hydro One Networks Inc. -Lake Superior Link Project -Notification of Drop-in Sessions

Good morning Kathleen,

Hydro One is proposing to conduct drop-in information sessions the week of March 19, 2018 in each of the communities originally consulted during the Nextbridge East-West Tie Individual Environmental Assessment (EA) process including: Thunder Bay, Dorion, Nipigon, Schreiber, Terrace Bay, Marathon, White River and Wawa. These sessions are intended as pre-consultation information sharing sessions to introduce these communities to Hydro One's Lake Superior Link Project and for Hydro One to hear from the communities. These drop-ins do not constitute nor replace Community Information Centres (CIC) as required under the Environmental Assessment Act. Two rounds of CICs will be held in at least each of the eight communities originally consulted with during the EA. It is anticipated that the first round of CICs will be held in May, 2018.

Attached you will find a copy of a newspaper advertisement that will run the weeks of March 5<sup>th</sup> and 12<sup>th</sup>, 2018. The advertisements have been placed in:

- Thunder Bay Source,
- Nipigon Red Rock Gazette,
- Terrace Bay Schreiber News,

- Marathon Mercury,
- Wawa Algoma News Review and
- Thunder Bay Chronicle

Also attached for your reference are information Flyers which will be sent to selected stakeholders.

These drop-in information sessions will contribute to fulfilling our EA obligations. Given the unusual nature of this project, we request further discussions regarding likely processes, including formal notices and meetings, with MOECC that would support our studies and consultations and eventually a regulatory solution. We also await your response to our request for a copy of the contact list that was used in the original Individual EA. We are also pleased to report that we have received our Duty to Consult delegation from Ministry of Energy. Once you have reviewed the attached, please contact me at your earliest convenience to discuss next steps.

We very much appreciate the support and collaborative discussions you have engaged in with Hydro One to date. We look forward to continuing to work with you and your staff on this exciting project!

Sincerely,

**Elise Croll**

Director, Environmental Services

Hydro One Networks Inc.

Tel: (416) 345-6880

Cell: (416) 579-3513

Email: [elise.croll@HydroOne.com](mailto:elise.croll@HydroOne.com)

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# ATTACHMENT 11

Ministry of the Environment  
and Climate Change

Ministère de l'Environnement et  
de l'Action en matière de  
changement climatique



Environmental Assessment and  
Permissions Division

Direction des évaluations et des  
permissions environnementales

135 St. Clair Avenue West  
1<sup>st</sup> Floor  
Toronto ON M4V 1P5  
Tel.: 416 314-8001  
Fax: 416 314-8452

135, avenue St. Clair Ouest  
Rez-de-chaussée  
Toronto ON M4V 1P5  
Tél.: 416 314-8001  
Télec.: 416 314-8452

March 16, 2018

Andrew Spencer  
Vice President, Transmission & Stations  
Hydro One Networks Inc.  
483 Bay St 12<sup>th</sup> Floor North Tower  
Toronto ON M5G 2P5

Dear Mr. Spencer:

The Ministry of Environment and Climate Change (ministry), Environmental Assessment and Permissions Division is writing to respond to your March 14, 2018 letter to Messrs. Angus and Hebert from the Energy Task Force, Common Voice Northwest.

*On page two, paragraph one of this letter you state that, "Hydro One is currently working with the Ministries of Energy and Environment and Climate Change to finalize a regulatory measure allowing the use of relevant portions of the completed Environmental Assessment work, while addressing required approvals for the revised route through the Park."*

The ministry is not currently working to finalize a regulatory measure to allow the use of the current unapproved NextBridge environmental assessment. The initial position of the ministry was discussed with you as well as outlined in our letter of November 14, 2017. Please see attached.

As the ministry is not currently working on a regulatory measure to allow the use of the East West Tie Transmission project environmental assessment, the ministry respectfully requests that a letter of clarification be sent to Messrs. Angus and Hebert as well those copied on the letter.

If you would like to speak further regarding this matter please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Dolly Goyette".

Dolly Goyette  
Assistant Deputy Minister (Acting)  
Environmental Assessment and Permissions Division

Attachment

# ATTACHMENT 12

# AGENDA

## Hydro One/MOECC Meeting

Monday March 26, 2018

135 St. Clair Avenue West, 7<sup>th</sup> Floor, Room 701

Teleconference: 416-212-8013 / 1-866-633-1033 Conference ID: 5863155

**Participants:**

MOECC - Kathleen O'Neill, Annamaria Cross

MoE - Samir Adkar, Christopher Goode

Hydro One - Elise Croll, Daniel Levitan, Patty Staite, Bruce Hopper

**Meeting Objective:** Continue discussions regarding meeting EA regulatory obligations on Lake Superior Link

Item	Description	Notes
1.	Welcome and Introductions	
2.	Summary of Project Status – Section 93 Submission to OEB, current schedule, status of studies etc.	
3.	Planned/Completed Consultation Activities – notifications, drop-ins, public meetings	
4.	Discussion of March 16, 2018 MOECC correspondence	
5.	Regulatory process – further discussion of options to meet EA regulatory requirements and process, required notifications	
6.	Next steps and any other items	

# ATTACHMENT 13

**Minutes - DRAFT**  
**Hydro One/MOEC/MoE Meeting**

**Monday March 26, 2018**  
**135 St. Clair Avenue West, 7<sup>th</sup> Floor, Room 701**  
**Teleconference: 416-212-8013 / 1-866-633-1033 Conference ID: 5863155**

**Participants:**

MOECC - Kathleen O’Neill, Annamaria Cross, Adam Wright, Andrew Evers, Susan Morgan (portion of meeting)  
 MoE - Samir Adkar, Lindsey Wright  
 Hydro One (H1) - Elise Croll, Patty Staite, Bruce Hopper  
**Regrets:** Christopher Goode (MoE); Daniel Levitan (H1)

**Meeting Objective:** Continue discussions regarding meeting EA regulatory obligations on Lake Superior Link

Item	Description	Notes
1.	Welcome and Introductions	N/A
2.	Summary of Project Status – Section 92 Submission to OEB, current schedule, status of studies etc.	<ul style="list-style-type: none"> <li>H1 provided update on the project, S92 update (Leave to Construct (LTC) application submitted mid-February), outlined response to Nextbridge (Nx) request that H1 LTC was not compliant, described EA studies conducted (Caribou) and those planned.</li> <li>Noted Duty to Consult delegation received from MoE; some engagement with Indigenous Communities, but challenging due to Nx existing agreements</li> <li>Described “drop in sessions” which were conducted in eight communities between March 18-23, 2018</li> <li>Sessions were not considered formal EA consultation, but were to introduce the H1 project to the public; regardless, valuable insight into public priorities and opinions with respect to EA topics was gained</li> </ul>
3.	Planned/Completed Consultation Activities – notifications, drop-ins, public meetings	<p>H1 indicated rough schedule would include:</p> <ul style="list-style-type: none"> <li>studies throughout the remainder of the year (Bruce outlined likely studies)</li> <li>formal EA public consultations planned for early June and again in Late September</li> <li>compilation of information in fall for creation of an appropriate EA “document” to be submitted for MOECC review/subject to TBD process in December-summer</li> <li>construction tentatively to start should H1 be successful in September 2019</li> <li>H1 acknowledged that schedule assumed Nx EA approval in October (early in Q4 2018) per the publicly available schedule for their project; LTC date unknown – fall 2018?</li> <li>if approval for Nx IEA delayed, H1 would delay their schedule accordingly; H1 noted that this inter-relationship was identified in the LTC application</li> </ul>
4.	Discussion of March 16, 2018 MOECC correspondence (Discussed as Agenda Item 2 to ensure Susan Morgan could be present)	<ul style="list-style-type: none"> <li>March 16, 2018 correspondence was sent to H1 as a result of a complaint to MOECC with respect to content of H1 response to Common Voice Northwest letter (March 14, 2018)</li> <li>MOECC concerned with use of terminology describing "finalizing a regulatory measure" in letter; concerned that this wording in H1 communications is misleading</li> <li>H1 clarified that intent was to reference meetings and discussions between H1 and MOECC regarding options available to H1 to meet its EA obligations with respect to the Lake Superior Link project; clarified that a submission under this process (once established) would still be subject to review and approval by MOECC, Minister, cabinet</li> <li>MOECC acknowledged that meetings and discussions had occurred with H1 discussing a possible option available as an exemption and cabinet approval; all parties agreed it had been clear from the start that this would be considered should the H1 proposal be compelling to OEB/provincial government (including MoE)</li> </ul> <p><b>Action: H1 will send a response to MOECC to clarify the intent of this terminology and also send correspondence to Common Voice as well as those ccd on the correspondence to clarify terminology</b></p>

<p>5.</p>	<p>Regulatory process – further discussion of options to meet EA regulatory requirements and process, required notifications</p>	<ul style="list-style-type: none"> <li>• MOECC initially stated they were not prepared to discuss an approach that involves the Nx EA because it is currently before the Minister for review and does not currently have any legal standing; conditions may be imposed once final</li> <li>• MOECC indicated they couldn't presuppose a cabinet approach; initially stated that opinion had been provided in November 2018 correspondence regarding requirement for IEA as option; suggested IEA is currently the only formal option that has been given to H1 by MOECC.</li> <li>• MOECC asked whether H1 would consider starting an IEA and submit NoC for a TOR</li> <li>• Hydro One expressed that it does not intend to redo the EA; the intent of the submission is to save ratepayers money; not practical to redo work done by Nx and recovered through rate base; this is why H1 is requesting a measure to exempt redoing this work; further, stakeholders are expressing consultation fatigue</li> <li>• H1 re-iterated that the November 2018 correspondence did not reflect the conversation and formal February 2, 2018 meeting where other options such as exemption and cabinet approval were discussed; re-iterated that in November, discussions took place regarding whether any regulatory measure was available or if it was essentially pointless to file LTC; some comfort was provided from MOECC that such a measure could be considered if the LTC application was compelling to the province, including MoE;</li> <li>• H1 re-iterated they would carry out the project in sections where Nx EA was applicable in accordance with any commitments or conditions on the EA; it would not require any additional review by MOECC</li> <li>• MOECC commented that H1 has not yet submitted any formal notice or process for approval or review. Any proposal at this time put forward by H1 can't include Nx EA until approved; H1 noted MOECC would not provide insight into process to allow such a submission, but we could now work toward this since LTC had been filed and H1 was formally a proponent</li> <li>• Discussed the unique situation in this competitive bid requiring a unique solution.</li> <li>• Discussion regarding timing of LTC; MOECC concerned Nx may not complete the EA or may be pointless for Minister to review if Nx not proponent</li> <li>• H1 believed Nx must complete EA to recoup cost and indicated there was no reason Minister should not review EA if project was proceeding</li> <li>• Discussed further detail of possible exemption - Option 1 - Declaration (Dec) order can be done - with conditions issued by the Ministry at the time of approving the Dec order, Option 2 - EA act exemption as described in the Act</li> <li>• Further discussions required on process following outcome of Minister of Energy meeting; review precedents from other projects (York); discuss likely form of Dec Order; H1 needs rationale or business case type document for submission</li> <li>• Confirmed that Adam Wright is the Project Officer assigned to Hydro One's Lake Superior Link Project</li> <li>• MOECC available and willing to further discuss studies to be conducted, consultation etc.</li> </ul> <p><b>Action: Bruce to follow up by email with Adam Wright (Project Officer) with a description of studies planned and regarding status of existing EA Contact List</b></p> <p><b>Action: MOECC to send link to examples of previous declaration orders and exemptions such as the York Region Exemption.</b></p>
<p>6.</p>	<p>Next steps and any other items</p>	<p><b>Action: H1 to convey to MOECC and MoE the outcome of the meeting with H1 and Minister of Energy</b></p> <p><b>Action: H1 to schedule follow up meetings with MOECC to discuss likely terms of regulatory measure (dependent on Ministry meeting outcome)</b></p>

# ATTACHMENT 14

Ministry of the Environment  
and Climate Change

Environmental Assessment and  
Permissions Division

135 St. Clair Avenue West  
1<sup>st</sup> Floor  
Toronto ON M4V 1P5  
Tel.: 416 314-8001  
Fax: 416 314-8452

Ministère de l'Environnement et  
de l'Action en matière de  
changement climatique

Direction des évaluations et des  
permissions environnementales

135, avenue St. Clair Ouest  
Rez-de-chaussée  
Toronto ON M4V 1P5  
Tél : 416 314-8001  
Télééc. : 416 314-8452



April 10, 2018

Elise Croll, Director, Environmental Services  
Hydro One Networks Inc.  
483 Bay Street, South Tower, 1<sup>st</sup> Floor  
Toronto ON M4V 1P5

Dear Ms. Croll:

Attached are the Ministry of the Environment and Climate Change's (the ministry) revisions to the meeting minutes provide by Hydro One based on the meeting between Hydro One, Ministry of Energy and this ministry on March 26, 2018.

The ministry would like to emphasize that as outlined in our November 14, 2017 letter to Hydro One and reiterated in the March 16, 2018 correspondence; based on information provided to date, Hydro One's proposed Lake Superior Link project is considered a new undertaking for the purpose of the *Environmental Assessment Act*. As such, to initiate the Individual Environmental Assessment process, Hydro One will need to submit a Notice of Commencement for a Terms of Reference to the Director of the Environmental Assessment and Permissions Branch. For further details regarding this process please visit the Preparing Environmental Assessments website (<https://www.ontario.ca/page/preparing-environmental-assessments>) specifically Section 3 where it outlines the Individual Environmental Assessment process.

Once the ministry receives this Notice of Commencement for the proposed project, ministry staff would be happy to meet with Hydro One to discuss next steps in the development of its Terms of Reference.

If Hydro One chooses to pursue an alternative regulatory mechanism instead of completing the Individual Environmental Assessment process for the proposed project, Hydro One is encouraged to refer to the ministry's website for more information on these processes. Specifically, for information relating to Declaration Orders please visit the Environmental Assessment: Declaration Orders webpage (<https://www.ontario.ca/page/environmental-assessment-declaration-orders>).

Should you have any questions, please feel free to contact Annamaria Cross by email or phone (416-314-7967).

Sincerely,

A handwritten signature in cursive script that reads "Kathleen O'Neill". The signature is written in black ink and is positioned below the word "Sincerely,".

Kathleen O'Neill  
Director, Environmental Assessment and Permissions Branch

cc: Dolly Goyette, Assistant Deputy Minister (Acting), Environmental Approvals and  
Permissions Division  
Annamaria Cross, Manager, Environmental Assessment Services

Attachment: Nov. 14 2017 response letter

## Minutes

### Hydro One/MOEC/MoE Meeting

Monday March 26, 2018

135 St. Clair Avenue West, 7<sup>th</sup> Floor, Room 701

Teleconference: 416-212-8013 / 1-866-633-1033 Conference ID: 5863155

**Participants:**

MOECC - Kathleen O’Neill, Annamaria Cross, Adam Wright, Andrew Evers, Susan Morgan (portion of meeting)

MoE - Samir Adkar, Lindsey Wright

Hydro One (H1) - Elise Croll, Patty Staite, Bruce Hopper

**Regrets:** Christopher Goode (MoE); Daniel Levitan (H1)

**Meeting Objective:** Continue discussions regarding meeting EA regulatory obligations on Lake Superior Link

Item	Description	Notes
1.	Welcome and Introductions	N/A
2.	Summary of Project Status – Section 92 Submission to OEB, current schedule, status of studies etc.	<ul style="list-style-type: none"> <li>● H1 provided update on the project, S92 update (Leave to Construct (LTC) application submitted mid-February), outlined its response to NextBridge (Nx) request that H1 LTC was not compliant.</li> <li>● H1 described studies it has conducted (Caribou) and those planned.</li> </ul>
3.	Planned/Completed Consultation Activities – notifications, drop-ins, public meetings	<ul style="list-style-type: none"> <li>● H1 described “drop in sessions” which were conducted in eight communities between March 18-23, 2018.</li> <li>● H1 outlined that sessions were not considered formal Environmental Assessment (EA) consultation, but were to introduce the H1 project to the public; regardless, valuable insight into public priorities and opinions with respect to EA topics to project was gained.</li> <li>● At the end of the meeting H1 noted that Duty to Consult delegation was received from the Ministry of Energy (MoE) (for an individual EA); H1 also noted that there has been some engagement with Indigenous Communities, but challenging due to Nx existing agreements.</li> <li>● H1 noted that should they be successful in its LTC application, construction tentatively to start in September 2019.</li> </ul>
4.	Discussion of March 16, 2018 MOECC correspondence (Discussed as Agenda Item 2 to ensure all participants could be present)	<ul style="list-style-type: none"> <li>● March 16, 2018 correspondence was sent to H1 from MOECC with respect to content of H1 response to Common Voice Northwest letter (March 14, 2018).</li> <li>● MOECC requested that H1 correct the letter to stakeholders as the MOECC and Energy are not proceeding with regulatory measures.</li> <li>● H1 clarified that intent was to reference meetings and discussions between H1 and MOECC regarding options available to H1 to meet its EA obligations with respect to the Lake Superior Link project.</li> <li>● MOECC acknowledged that meetings and discussions had occurred and referred to the November 14, 2018 response which outlined that the proposed Lake Superior Link project would have to follow the Individual Environmental Assessment process.</li> <li>● H1 enquired about a possible option available as an exemption / declaration order.</li> <li>● MOECC indicated that these are options available to any proponent.</li> </ul>

		<p><b>Action: H1 will send a response to MOECC to clarify the intent of this terminology and also send correspondence to Common Voice as well as those cc'd on the correspondence to correct this statement.</b></p>
5.	Regulatory process – further discussion of options to meet EA regulatory requirements and process, required notifications	<ul style="list-style-type: none"> <li>● MOECC stated they were not prepared to discuss an approach that involves the Nx EA because it is currently in the comment period for the Amended EA and does not currently have any legal standing as no Minister’s decision has been made.</li> <li>● MOECC indicated they couldn’t presuppose a Minister’s decision and cabinet concurrence on the proposed Nx project.</li> <li>● MOECC stated that opinion had been provided in the November 14, 2017 correspondence regarding requirement for an Individual EA; Individual EA is currently the only formal option that has been given to H1 by MOECC.</li> <li>● MOECC asked whether H1 would consider starting an Individual EA and submit a Notice of Commencement for a Terms of Reference (ToR).</li> <li>● Hydro One expressed that it does not intend to redo the EA; the intent of the submission is to save ratepayers money; not practical to redo work done by Nx and recovered through rate base; this is why H1 is requesting a measure to exempt redoing this work;</li> <li>● MOECC noted that on other projects declaration orders have been used and noted that it is open to H1 to pursue these regulatory options (MOECC noted latest Declaration Order was for the Upper York Sewage Solutions EA).</li> <li>● H1 re-iterated they would carry out the project in sections where Nx EA was applicable in accordance with any commitments or conditions on the EA; H1 noted that in its opinion it would not require any additional review by MOECC.</li> <li>● MOECC commented that H1 has not yet submitted any formal notice or process for approval or review. Any proposal at this time put forward by H1 can't include Nx EA.</li> <li>● Discussion regarding timing of LTC:</li> <li>● H1 believed Nx must complete EA to recoup cost and indicated there was no reason Minister should not review Nx EA if it did not receive the LTC.</li> <li>● Discussed further detail on the process for requesting a Declaration order or Exemption.</li> <li>● Further discussions required on EA requirements following outcome of Hydro One, Minister of Energy meeting on March 26, 2018; H1 would need rationale or business case type document for submission.</li> <li>● Confirmed that Adam Wright is assigned to dealing with Hydro One's Proposed Lake Superior Link Project.</li> </ul> <p><b>Action: MOECC to discuss Individual EA requirements with H1 once H1 submits its Notice of Commencement for a Terms of Reference.</b></p> <p><b>Action: MOECC to send link to examples of previous declaration orders and exemptions such as the Upper York Declaration Order.</b></p>
6.	Next steps and any other items	<p><b>Action: H1 to convey to MOECC and MoE the outcome of the meeting with H1 and Ministry of Energy held on March 26, 2018.</b></p>

# ATTACHMENT 15

483 Bay St 12<sup>th</sup> Floor North Tower  
Toronto ON M5G 2P5  
[www.HydroOne.com](http://www.HydroOne.com)



**Andrew Spencer**  
Vice President, Transmission & Stations

April 19, 2018

Messrs. Iain Angus and Larry Hebert  
Co-Chairs  
Energy Task Force  
Common Voice Northwest  
672 Churchill Place  
Thunder Bay, ON P7C 5Y8

**Re: March 14, 2018, Correspondence to Energy Task Force, Common Voice Northwest**

Dear Messrs. Angus and Hebert:

Hydro One wishes to clarify the following statement included in our March 14, 2018, correspondence: “Hydro One is currently working with the Ministries of Energy and Environment and Climate Change to finalize a regulatory measure allowing the use of relevant portions of the completed Environmental Assessment work, while addressing required approvals for the revised route through the Park”.

We understand there has been some misunderstanding regarding this statement. Hydro One would like to clarify that the intent of our statement was with reference to the meetings and discussions that have taken place between Hydro One and Ministry of Environment and Climate Change (MOECC) staff regarding options available to meet Environmental Assessment (EA) obligations for the Lake Superior Link (LSL) project, including discussions with MOECC staff which took place on November 23, 2017, and at a formal meeting on February 2, 2018. These discussions included a discussion of regulatory measures that Hydro One could pursue for certain aspects of the project. We did not intend to suggest that such a measure was approved or in place, and we fully understand that any submission for such a regulatory measure would still be subject to review and decision by the MOECC and Cabinet.

We have been very clear in any public messaging and discussions that we are working to establish an appropriate regulatory option or approach, but we have never claimed that an EA approval or exemption is currently in place. We apologize for any confusion the statement in our correspondence may have caused.

Should you have any questions or comments, please don't hesitate to contact me directly.

Kind regards,



Andrew Spencer  
Vice President, Transmission & Stations  
Hydro One Networks Inc.

cc: Northwestern Ontario Municipal Association  
Northwestern Ontario Associated Chambers of Commerce  
Hon. Michael Gravelle, Minister of Northern Development and Mines  
Hon. Bill Mauro, Minister of Municipal Affairs  
Mayor and Council of the Municipality of Greenstone  
Mayor and Council of the Municipality of Sioux Lookout  
Mayor and Council of the Municipality of Red Lake  
Mayor and Council of the City of Thunder Bay  
SuperCom Development Corporation  
Chief and Council of Aroland First Nation  
Chief and Council of Animbiigoo Zaagi'igan Anishinaabek  
Chief and Council of Biinjitiwaabik Zaaging Anishinaabek  
Chief and Council of Bingwi Neyaashi Anishinaabek  
Chief and Council of Ginoogaming First Nation  
Chief and Council of Long Lake #58 First Nation  
Chief and Council of Red Rock Indian Band  
Chief and Council of Whitesand First Nation  
Bob Chow, Director, Transmission Integration, IESO [Bob.Chow@ieso.ca](mailto:Bob.Chow@ieso.ca)  
Carolyn Calwell, ADM, Strategic, Network and Agency Policy Division, Ministry of Energy  
[Carolyn.Calwell@ontario.ca](mailto:Carolyn.Calwell@ontario.ca)  
Nancy Marconi, Manager, Supply & Infrastructure, Applications, Ontario Energy Board, [Nancy.Marconi@oeb.ca](mailto:Nancy.Marconi@oeb.ca)  
Jennifer Tidmarsh, President, NextEra Energy Transmission - Canada  
**NextEra** Energy Canada, LP  
Dolly Goyette, Assistant Deputy Minister (Acting), Ministry of Environment and Climate Change  
Kathleen O'Neill, Director Environmental Approvals Branch, Ministry of Environment and Climate Change

# ATTACHMENT 16

Ministry of the Environment  
and Climate Change

Environmental Assessment and  
Permissions Division

135 St. Clair Avenue West  
1<sup>st</sup> Floor  
Toronto ON M4V 1P5  
Tel.: 416 314-8001  
Fax: 416 314-8452

Ministère de l'Environnement et  
de l'Action en matière de  
changement climatique

Direction des évaluations et des  
permissions environnementales

135, avenue St. Clair Ouest  
Rez-de-chaussée  
Toronto ON M4V 1P5  
Tél : 416 314-8001  
Télééc. : 416 314-8452



April 20, 2017

Andrew Spencer  
Vice President, Transmission & Stations  
Hydro One Networks Inc.  
483 Bay St. 12th Floor North Tower  
Toronto ON M5G 2P5

Dear Mr. Spencer:

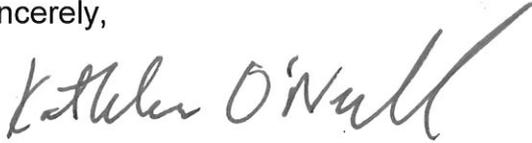
Thank you for circulating your April 19, 2018 letter to Messrs. Angus and Hebert clarifying statements made in your March 14, 2018 letter to them and those copied here within.

To confirm, the Ministry of the Environment and Climate Change (ministry) is not working with Hydro One to finalize a regulatory measure allowing the use of relevant portions of the Environmental Assessment work undertaken by NextBridge Infrastructure, while addressing required approvals for the revised route through the Park.

The ministry would like to emphasize, as outlined in our November 14, 2017 letter to Hydro One and reiterated in the March 16, 2018 correspondence, Hydro One's proposed Lake Superior Link project is considered a new undertaking for the purpose of the *Environmental Assessment Act*. As such, to initiate the Individual Environmental Assessment process, Hydro One is required to submit a Notice of Commencement for a Terms of Reference to the Director of the Environmental Assessment and Permissions Branch.

If you have any questions or would like to speak further regarding this matter please contact me at [kathleen.oneill@ontario.ca](mailto:kathleen.oneill@ontario.ca) or 416-314-0934.

Sincerely,



Kathleen O'Neill  
Director  
Environmental Assessment and Permissions Branch

Attachment: Nov. 14 2017 response letter; March 16, 2018 response letter

cc:

Annamaria Cross, Manager, Environmental Assessment Services  
Messrs. Iain Angus and Larry Hebert;  
Northwestern Ontario Municipal Association  
Northwestern Ontario Associated Chambers of Commerce  
Hon. Michael Gravelle, Minister of Northern Development and Mines Hon. Bill  
Mauro, Minister of Municipal Affairs  
Mayor and Council of the Municipality of Greenstone  
Mayor and Council of the Municipality of Sioux Lookout  
Mayor and Council of the Municipality of Red Lake  
Mayor and Council of the City of Thunder Bay  
SuperCom Development Corporation  
Chief and Council of Aroland First Nation,  
Chief and Council of Animbiigoo Zaagi'igan Anishinaabek  
Chief and Council of Biinjitiwaabik Zaaging Anishinaabek  
Chief and Council of Bingwi Neyaashi Anishinaabek  
Chief and Council of Ginoogaming First Nation  
Chief and Council of Long Lake #58 First Nation  
Chief and Council of Red Rock Indian Band  
Chief and Council of Whitesand First Nation  
Bob Chow, Director, Transmission Integration, IESO [Bob.Chow@ieso.ca](mailto:Bob.Chow@ieso.ca)  
Carolyn Calwell, ADM, Strategic, Network and Agency Policy Division, Ministry of  
Energy  
[Carolyn.Calwell@ontario.ca](mailto:Carolyn.Calwell@ontario.ca)  
Nancy Marconi, Manager, Supply & Infrastructure, Applications, Ontario Energy  
Board [Nancy.Marconi@oeb.ca](mailto:Nancy.Marconi@oeb.ca)  
Jennifer Tidmarsh, President, NextEra Energy Transmission - Canada  
NextEra Energy Canada, LP

# ATTACHMENT 17

Hydro One Networks Inc.  
483 Bay St., 12<sup>th</sup> Floor, North Tower  
Toronto, ON M5G 2P5  
[www.HydroOne.com](http://www.HydroOne.com)



**Andrew Spencer**  
Vice President, Transmission & Stations

April 25, 2018

Ms. Kathleen O'Neill  
Director, Environmental Assessment and Permissions Branch  
Ministry of Environment and Climate Change (MOECC)  
135 St. Clair Avenue West, 1<sup>st</sup> Floor  
Toronto, ON M4V 1P5

**Re: MOECC April 20, 2018 correspondence regarding Common Voice Northwest clarification**

Dear Ms. O'Neill:

We are in receipt of your correspondence of April 20, 2018 regarding Hydro One's clarification to the Common Voice Northwest letter. Although we acknowledge that Hydro One is not at the stage of finalizing a regulatory option for the Lake Superior Link (LSL) project under the Ontario *Environmental Assessment Act*, your response suggests that we have not been in discussions regarding regulatory options, including the declaration order, which is incorrect. Specifically, your letter omits the fact that Hydro One and the MOECC have been in discussions regarding the process for a declaration order and the MOECC has even assigned an officer to assist Hydro One with that process after the last meeting.

In addition to our discussions regarding the declaration process, your correspondence of April 10, 2018 (attached) also reiterated the declaration process as an option. That reference was a follow-up to the discussions that took place on March 26, 2018 regarding appropriate templates for submission of a declaration order request, and relevant examples of other declaration order submissions.

As you know, declaration orders are usually considered when a proposal is in the public interest; where potential environmental effects are likely to be minimal; and where environmental impacts are already being adequately addressed. Having regard to these guidelines, Hydro One believes that its proposed LSL project is a strong candidate for a declaration order for the following reasons which we would like to discuss further with the MOECC:

- The proposal is in the public interest. The proposed savings of \$100 million in capital costs and additional annual operating costs are of significant benefit to electricity customers and the Province. The avoidance of further costs associated with, in essence, duplicating Environmental Assessment (EA) work already completed is also in the public interest.

- The potential environmental effects of the LSL routing are expected to be minimal. In fact, the Hydro One LSL proposed park route reduces the linear distance of the line proposed by NextBridge by approximately 50 km and reduces the required corridor width by approximately 50%. No widening would be required within Pukaskwa National Park.
- The environmental impacts of the project will already be adequately addressed through the existing EA submitted by NextBridge, which assesses approximately 78% of the proposed Hydro One LSL route. Additional studies and consultation, which are currently being conducted by Hydro One, will address any further differences in the LSL proposal.

We expect that Hydro One's LSL project and associated \$100 million cost savings and smaller environmental footprint will be of interest to the Ontario Energy Board (OEB) during the continuing competitive process, specifically, with respect to the Leave to Construct process, under Section 92 of the *Ontario Energy Board Act, 1998*. It would be in the provincial interest to avoid duplication of effort and cost in the EA process when a publicly-available document, already paid for by Ontario electricity customers, is available. That approach was contemplated in the OEB's 2013 designation order when it was made clear that the development work, which included the EA work and work product, was to be carried out for the benefit of the project and for the ultimate builder designated through the OEB's Leave to Construct process.

We believe that we have been working with the MOECC to establish an appropriate regulatory option or approach that avoids the unnecessary cost and duplication associated with completion of an individual EA and that considers the interest of electricity customers and the Province. We want to be clear, accurate and transparent about the discussions that have taken place to date.

Should you have any questions or comments, please don't hesitate to contact me directly.

Kind regards,



Andrew Spencer  
Vice President, Transmission & Stations  
Hydro One Networks Inc.

Attachment: April 10, 2018 letter from MOECC to Hydro One

cc: Dolly Goyette, Assistant Deputy Minister (Acting), Environmental Assessment and Permissions Branch, MOECC

Annamaria Cross, Manager, Environmental Assessment Services, MOECC

Messrs. Iain Angus and Larry Hebert, Co-Chairs, Common Voice Northwest Energy Task Force  
Northwestern Ontario Municipal Association

Northwestern Ontario Associated Chambers of Commerce

Hon. Michael Gravelle, Minister of Northern Development and Mines

Hon. Bill Mauro, Minister of Municipal Affairs

Mayor and Council of the Municipality of Greenstone

Mayor and Council of the Municipality of Sioux Lookout

Mayor and Council of the Municipality of Red Lake

Mayor and Council of the City of Thunder Bay

SuperCom Development Corporation

Chief and Council of Aroland First Nation

Chief and Council of Animbiigoo Zaagi'igan Anishinaabek

Chief and Council of Biinjitiwaabik Zaaging Anishinaabek

Chief and Council of Bingwi Neyaashi Anishinaabek

Chief and Council of Ginoogaming First Nation

Chief and Council of Long Lake #58 First Nation

Chief and Council of Red Rock Indian Band

Chief and Council of Whitesand First Nation

Bob Chow, Director, Transmission Integration, IESO [Bob.Chow@ieso.ca](mailto:Bob.Chow@ieso.ca)

Carolyn Calwell, ADM, Strategic, Network and Agency Policy Division, Ministry of Energy

[Carolyn.Calwell@ontario.ca](mailto:Carolyn.Calwell@ontario.ca)

Nancy Marconi, Manager, Supply & Infrastructure Applications, Ontario Energy Board [Nancy.Marconi@oeb.ca](mailto:Nancy.Marconi@oeb.ca)

Jennifer Tidmarsh, President, NextEra Energy Transmission - Canada

**NextEra** Energy Canada, LP

# ATTACHMENT 18

## **CROLL Elise**

---

**From:** HOPPER Bruce  
**Sent:** Wednesday, May 02, 2018 6:23 PM  
**To:** adam.wright@ontario.ca  
**Cc:** andrew.evers@ontario.ca; STAITE Patricia  
**Subject:** Hydro One -Lake Superior Link Project -Draft Notice of Commencement of Terms of Reference  
**Attachments:** LSL-Draft-NoCToR 2018 05 02.docx  
**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Hi Adam,

Please find attached a draft Notice of Commencement (NoC) of Terms of Reference for Hydro One's Lake Superior Link project. We would like to request an expeditious review of this draft notice by the Ministry of Environment and Climate Change (MOECC). We will be happy to consider any comments the MOECC may have. Please note that the dates, times and venues of the Community Information Centres may change before finalizing this notice as we are currently securing venues.

Please feel free to contact me with any questions.

Sincerely,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

This email and any attached files are privileged and may contain confidential information intended only for the person or persons named above. Any other distribution, reproduction, copying, disclosure, or other dissemination is strictly prohibited. If you have received this email in error, please notify the sender immediately by reply email and delete the transmission received by you. This statement applies to the initial email as well as any and all copies (replies and/or forwards) of the initial email

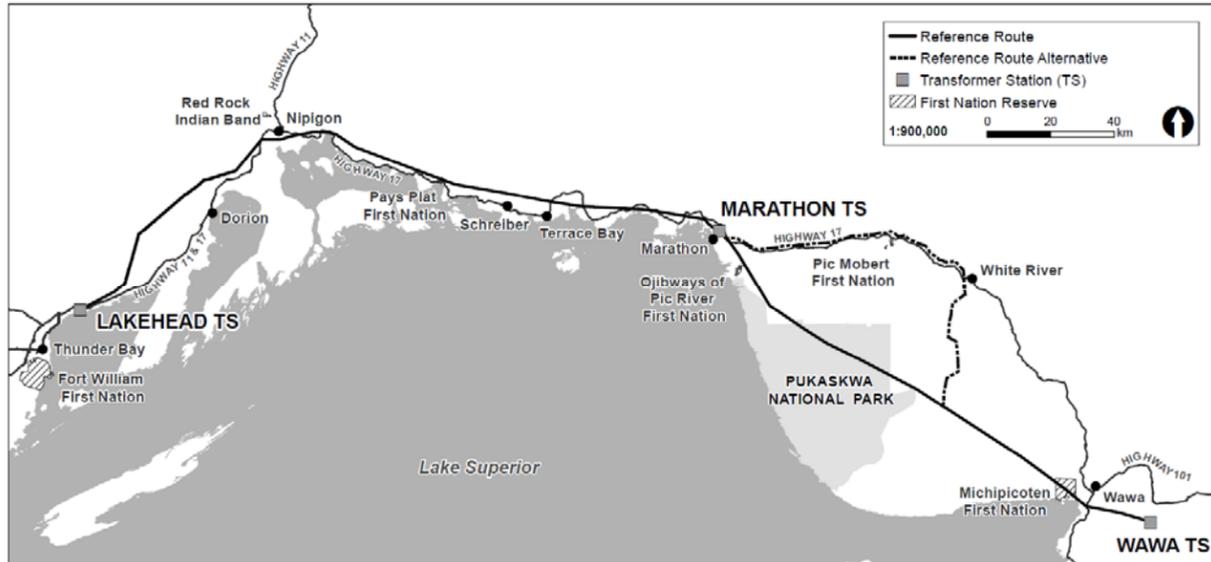
# NOTICE OF COMMENCEMENT OF TERMS OF REFERENCE

## Lake Superior Link Project

### Hydro One Networks Inc.

Hydro One Networks Inc. (Hydro One) is initiating an Environmental Assessment (EA) under the *Environmental Assessment Act* for the Lake Superior Link project. The Independent Electricity System Operator's (IESO) Updated Assessment of the Need for the East-West Tie Expansion, 2017 states that a new transmission line "...continues to be the recommended alternative to maintaining a reliable and cost-effective supply of electricity in Northwestern Ontario for the long term." This project is required to ensure an adequate, safe, reliable and affordable supply of power to enable future growth and development in northern Ontario. The EA will consider two route alternatives for a new 400 km, double-circuit 230 kilovolt transmission line between Lakehead Transformer Station (TS) near Thunder Bay and Wawa TS near Wawa, as shown on the map. The reference route generally parallels Hydro One's existing East-West Tie transmission corridor.

In March 2018, Hydro One hosted public information drop-ins along the project route to provide initial opportunities for stakeholders to learn more about the project, meet the project team and provide feedback. Hydro One is aware of the extensive consultation already completed on the new line to date, and will make best efforts to streamline consultation wherever possible. This includes continued consideration of a regulatory measure to meet EA obligations avoiding duplication of study and consultation already completed. Concurrently, the Individual EA process will commence.



#### The planning process

This EA will be carried out in accordance with the requirements of the Ontario *Environmental Assessment Act*. The first step is the preparation of a Terms of Reference (ToR) which will set out the framework and work plan for addressing *Environmental Assessment Act* requirements when preparing the EA, including an outline of the studies and consultation activities that will be carried out. Important elements of this work will be to evaluate the alternative route, assess potential effects and determine measures to reduce or mitigate these effects.

The anticipated completion date for the ToR is July 2018, at which point it will be submitted to the Minister of the Environment and Climate Change for review and approval. If approved by the Minister, the EA will proceed as outlined in the ToR.

#### Consultation

Indigenous communities, government agencies, municipal officials, members of the public and other interested persons are encouraged to actively participate in the planning process, including in the development of the ToR. Consultation and engagement opportunities will be organized throughout the planning process and communicated via community newspapers advertisements, mailings and on the project website. Members of Hydro One's project team are always available to discuss the project with interested parties.

We will be hosting another round of Community Information Centres as outlined below to provide a project update and continue discussions about delivering tangible benefits to communities in the project area.

#### Please join us:

##### Monday, June 11, 2018

**Red Rock**  
12 P.M. – 2 P.M.  
Red Rock Public Library  
42 Salls Street

**Nipigon**  
5 P.M. – 7:30 P.M.  
Royal Canadian Legion  
Branch 32  
102 5th Street

**Dorion**  
5 P.M. – 7:30 P.M.  
Dorion Community Centre  
175 Dorion Loop Road

##### Tuesday, June 12

**Thunder Bay**  
5 P.M. – 7:30 P.M.  
Current River Community  
Centre  
450 Dewe Ave, Thunder Bay

**Terrace Bay**  
5 P.M. – 7:30 P.M.  
Terrace Bay Cultural  
Centre  
13 Selkirk Avenue

##### Wednesday, June 13

**Schreiber**  
5 P.M. – 7:30 P.M.  
Schreiber Municipal Gym  
204 Alberta Street

**Marathon**  
2 P.M. – 7 P.M.  
Marathon Centre Mall  
2 Hemlo Drive

##### Thursday, June 14

**White River**  
5 P.M. – 7:30 P.M.  
Royal Canadian Legion  
Branch 169  
108 Winnipeg Street

**Wawa**  
5 P.M. – 7:30 P.M.  
Royal Canadian Legion  
Branch 429  
51 Broadway Avenue

Information gathered at these Community Information Centres will be used both to complete the ToR and to gather information toward completion of the EA.

#### For further information about this project, please contact:

Bruce Hopper, Environmental Planner  
Hydro One Networks Inc.  
T: 1-877-345-6799 F: 416-345-6984  
E:Community.Relations@HydroOne.com  
Website : [www.HydroOne.com/LakeSuperiorLink](http://www.HydroOne.com/LakeSuperiorLink)



All personal information in a submission - such as name, address, telephone number and property location - is collected, maintained, and disclosed by the Ministry of the Environment and Climate Change for the purpose of transparency and consultation. The information is collected under the authority of the *Environmental Assessment Act*, or is collected and maintained for the purpose of creating a record that is available to the general public, as described in s. 37 of the *Freedom of Information and Protection of Privacy Act*. Personal information you submit will become part of a public record that is available to the general public unless you request that your personal information remain confidential. For more information, please contact the Ministry of the Environment and Climate Change's Freedom of Information and Privacy Coordinator at 416-327-1434.

# ATTACHMENT 19

**From:** [Wright, Adam \(MOECC\)](#)  
**To:** [HOPPER Bruce](#)  
**Cc:** [Evers, Andrew \(MOECC\)](#); [STAITE Patricia](#)  
**Subject:** RE: Hydro One -Lake Superior Link Project -Draft Notice of Commencement of Terms of Reference  
**Date:** Thursday, May 10, 2018 1:39:57 PM  
**Attachments:** [LSL-Draft-NoCtoR 2018 05 02 AE.docx](#)

---

\*\*\* Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. \*\*\*

Hello Bruce,

Please see the attached document with MOECC's suggested revisions to the Notice of Commencement for a Terms of Reference for Hydro One's proposed Lake Superior Link project.

If you have any questions or would like to discuss further please do let me know.

Cheers,

Adam

---

From: Wright, Adam (MOECC)  
Sent: May 4, 2018 8:47 AM  
To: Bruce.Hopper@HydroOne.com  
Cc: Evers, Andrew (MOECC); patricia.staite@HydroOne.com  
Subject: RE: Hydro One -Lake Superior Link Project -Draft Notice of Commencement of Terms of Reference

Hello Bruce,

Thank you for your email, I have received the Notice of Commencement for a Terms of Reference for Hydro One's proposed Lake Superior Link project and will review and provide comments by early next week.

Until that time, if you have any questions please do let me know.

Cheers,

Adam

---

From: Bruce.Hopper@HydroOne.com [Bruce.Hopper@HydroOne.com]  
Sent: May 2, 2018 6:22 PM  
To: Wright, Adam (MOECC)  
Cc: Evers, Andrew (MOECC); patricia.staite@HydroOne.com  
Subject: Hydro One -Lake Superior Link Project -Draft Notice of Commencement of Terms of Reference

Hi Adam,

Please find attached a draft Notice of Commencement (NoC) of Terms of Reference for Hydro One's Lake Superior Link project. We would like to request an expeditious review of this draft notice by the Ministry of Environment and Climate Change (MOECC). We will be happy to consider any comments the MOECC may have. Please note that the dates, times and venues of the Community Information Centres may change before finalizing this notice as we are currently securing venues.

Please feel free to contact me with any questions.

Sincerely,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
bruce.hopper@hydroone.com <<mailto:bruce.hopper@hydroone.com>>

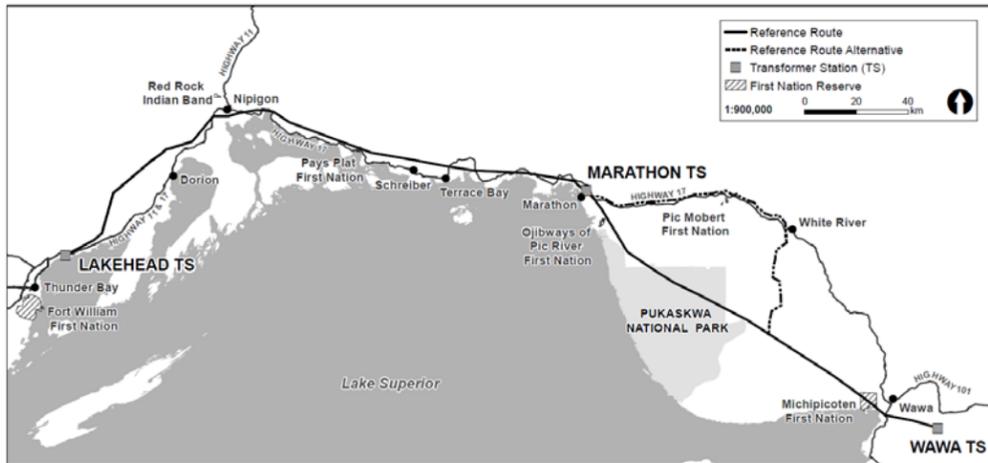
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## NOTICE OF COMMENCEMENT OF TERMS OF REFERENCE Lake Superior Link Project Hydro One Networks Inc.

Hydro One Networks Inc. (Hydro One) is initiating an Environmental Assessment (EA) under the *Environmental Assessment Act* for the proposed Lake Superior Link project. The Independent Electricity System Operator's (IESO) Updated Assessment of the Need for the East-West Tie Expansion, 2017 states that a new transmission line "...continues to be the recommended alternative to maintaining a reliable and cost-effective supply of electricity in Northwestern Ontario for the long term." This project is required to ensure an adequate, safe, reliable and affordable supply of power to enable future growth and development in northern Ontario. The EA will consider two route alternatives for a new 400 km, double-circuit 230 kilovolt transmission line between Lakehead Transformer Station (TS) near Thunder Bay and Wawa TS near Wawa, as shown on the map. The reference route generally parallels Hydro One's existing East-West Tie transmission corridor. *(Please provide details relating to reference route alternative)*

In March 2018, Hydro One hosted public information drop-ins along the project route to provide initial opportunities for stakeholders to learn more about the project, meet the project team and provide feedback. ~~Hydro One is aware of the extensive consultation already completed on the new line to date, and will make best efforts to streamline consultation wherever possible. This includes continued consideration of a regulatory measure to meet EA obligations avoiding duplication of study and consultation already completed. Concurrently, the individual EA process will commence.~~

**Comment [1]:** As this is a new undertaking under the Act (EAA) MOECC suggests removing this text as there should be no link to the East West Tie project.



### The planning process

This EA will be carried out in accordance with the requirements of the Ontario *Environmental Assessment Act*. The first step is the preparation of a Terms of Reference (ToR) which will set out the framework and work plan for addressing *Environmental Assessment Act* requirements when preparing the EA, including an outline of the studies and consultation activities that will be carried out. Important elements of this work will be to evaluate the alternative route, assess potential effects and determine measures to reduce or mitigate these effects.

The anticipated completion date for the ToR is July 2018, at which point it will be submitted to the Minister of the Environment and Climate Change (Minister) for review and decision approval. If approved by the Minister, the EA will proceed as outlined in the ToR.

**Comment [2]:** Does Hydro One intend to submit a draft ToR? If not, the MOECC recommends this.

### Consultation

Indigenous communities, government agencies, municipal officials, members of the public and other interested persons are encouraged to actively participate in the planning process, including in the development of the ToR. Consultation and engagement opportunities will be organized throughout the planning process and communicated via community newspapers advertisements, mailings and on the project website. Members of Hydro One's project team are always available to discuss the project with interested parties.

We will be hosting another round of Community Information Centres as outlined below to provide a project update and continue discussions about delivering tangible benefits to communities in the project area.

### Please join us:

Monday, June 11, 2018	Tuesday, June 12	Wednesday, June 13	Thursday, June 14
<b>Red Rock</b> 12 P.M. – 2 P.M. Red Rock Public Library 42 Salls Street	<b>Thunder Bay</b> 5 P.M. – 7:30 P.M. Current River Community Centre 450 Dewe Ave, Thunder Bay	<b>Schreiber</b> 5 P.M. – 7:30 P.M. Schreiber Municipal Gym 204 Alberta Street	<b>White River</b> 5 P.M. – 7:30 P.M. Royal Canadian Legion Branch 169 108 Winnipeg Street
<b>Nipigon</b> 5 P.M. – 7:30 P.M. Royal Canadian Legion Branch 32 102 5th Street	<b>Terrace Bay</b> 5 P.M. – 7:30 P.M. Terrace Bay Cultural Centre 13 Selkirk Avenue	<b>Marathon</b> 2 P.M. – 7 P.M. Marathon Centre Mall 2 Hemlo Drive	<b>Wawa</b> 5 P.M. – 7:30 P.M. Royal Canadian Legion Branch 429 51 Broadway Avenue
<b>Dorion</b> 5 P.M. – 7:30 P.M. Dorion Community Centre 175 Dorion Loop Road			

Information gathered at these Community Information Centres will be used both to complete the ToR and to gather information toward completion of the EA.

### For further information about this project, please contact:

Bruce Hopper, Environmental Planner  
 Hydro One Networks Inc.  
 T: 1-877-345-6799 F: 416-345-6984  
 E: Community.Relations@HydroOne.com  
 Website : [www.HydroOne.com/LakeSuperiorLink](http://www.HydroOne.com/LakeSuperiorLink)



All personal information in a submission - such as name, address, telephone number and property location - is collected, maintained, and disclosed by the Ministry of the Environment and Climate Change for the purpose of transparency and consultation. The information is collected under the authority of the *Environmental Assessment Act*, or is collected and maintained for the purpose of creating a record that is available to the general public, as described in s. 37 of the *Freedom of Information and Protection of Privacy Act*. Personal information you submit will become part of a public record that is available to the general public unless you request that your personal information remain confidential. For more information, please contact the Ministry of the Environment and Climate Change's Freedom of Information and Privacy Coordinator at 416-327-1434.

# ATTACHMENT 20

**From:** [Wright, Adam \(MOECC\)](#)  
**To:** [HOPPER Bruce](#)  
**Cc:** [Evers, Andrew \(MOECC\)](#); [HAULENA Adam](#); [STAITE Patricia](#)  
**Subject:** RE: Hydro One -Lake Superior Link Project -Draft Notice of Commencement of Terms of Reference  
**Date:** Thursday, May 17, 2018 4:09:04 PM  
**Attachments:** [LSL-Draft-NoCToR 2018 05 14\\_EAPB.docx](#)

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**\*\*\* Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. \*\*\***

Hello Bruce,

Thank you for the revised draft version of the Notice of Commencement (NoC) for the proposed Lake Superior Link project. As indicated in your previous email and in the draft NoC, Hydro One is planning to concurrently undertake the Terms of Reference and the Environmental Assessment for the proposed Lake Superior Link project. It is the Ministry's position that the NoC for the terms of reference should not reference the commencement of the environmental assessment.

As you know, the Environmental Assessment Act provides in ss. 6.1(1) that an environmental assessment for an undertaking must be done in accordance of an approved terms of reference. To begin your environmental assessment before you have obtained an approved terms of reference is presupposing the outcome of the Minister's decision on the terms of reference and is completed with a risk that any work that you have undertaken as part of your environmental assessment may need to be redone or additional work may need to be completed. It may also cause confusion for the public, Indigenous communities, and agencies during the required consultation milestones.

Section 4 of the *Codes of Practice: Environment Assessment Process, submission and evaluation* notes that the environmental assessment must be prepared in accordance with the approved terms of reference and as such once a proponent receives approval for a terms of reference, it can then start preparing the environmental assessment. Below I have provided specific wording taken from our Codes of Practice which provides guidance on this matter.

Section 4 - Environmental Assessment Process (excerpt from '*Codes of Practice: Environment Assessment Process, submission and evaluation*')

The first step in the application for approval to proceed with an undertaking is receiving approval from the Minister for a terms of reference. The approved terms of reference sets out the proponent's work plan for addressing the legislated requirements of the *Environmental Assessment Act* when preparing the environmental assessment. Once the proponent receives approval of the terms of reference, it can start preparing the environmental assessment. The environmental assessment must be prepared in accordance with the approved terms of reference (subsection 6.1(1) of the *Environmental Assessment Act*). As the contents of each terms of reference differ, the environmental assessment that is subsequently prepared will also differ for each proposal.

We request that you remove the reference to concurrently starting the terms of reference and

environmental assessment.

If you wish to discuss further to obtain further guidance please let me know.

Regards,

Adam

---

-----Original Message-----

From: Bruce.Hopper@HydroOne.com [mailto:Bruce.Hopper@HydroOne.com]

Sent: May-14-18 2:40 PM

To: Wright, Adam (MOECC)

Cc: Evers, Andrew (MOECC); Adam.Haulena@HydroOne.com; patricia.staite@HydroOne.com

Subject: RE: Hydro One -Lake Superior Link Project -Draft Notice of Commencement of Terms of Reference

Hi Adam,

We have reviewed the MOECC's comments of the draft Notice of Commencement. Attached is our latest version.

We have added some brief details around the reference route and reference route alternative, as the MOECC suggested. We will be providing a draft of the ToR and I've adjusted the language around that. The dates of the CICs have been altered to reflect current status.

We've kept the sentence acknowledging the preexisting consultation on the reference route alternative. We are concerned it would be disingenuous to the public to not acknowledge the extensive consultation that has already taken place. There is a concern that there may be the perception that what was raised during that consultation was being disregarded. That's not the case.

Feel free to provide any further comments or give me a call to discuss. We are aiming to have this translated and to the newspapers end of this week for publishing the week of May 28th in preparation for the CIC's the week of June 11.

Thank you,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
bruce.hopper@hydroone.com

-----Original Message-----

From: Wright, Adam (MOECC) [mailto:Adam.Wright@ontario.ca]

Sent: Thursday, May 10, 2018 1:40 PM

To: HOPPER Bruce

Cc: Evers, Andrew (MOECC); STAITE Patricia

Subject: RE: Hydro One -Lake Superior Link Project -Draft Notice of Commencement of Terms of Reference

\*\*\* Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. \*\*\*

Hello Bruce,

Please see the attached document with MOECC's suggested revisions to the Notice of Commencement for a Terms of Reference for Hydro One's proposed Lake Superior Link project.

If you have any questions or would like to discuss further please do let me know.

Cheers,

Adam

---

From: Wright, Adam (MOECC)

Sent: May 4, 2018 8:47 AM

To: Bruce.Hopper@HydroOne.com

Cc: Evers, Andrew (MOECC); patricia.staite@HydroOne.com

Subject: RE: Hydro One -Lake Superior Link Project -Draft Notice of Commencement of Terms of Reference

Hello Bruce,

Thank you for your email, I have received the Notice of Commencement for a Terms of Reference for Hydro One's proposed Lake Superior Link project and will review and provide comments by early next week.

Until that time, if you have any questions please do let me know.

Cheers,

Adam

---

From: Bruce.Hopper@HydroOne.com [Bruce.Hopper@HydroOne.com]

Sent: May 2, 2018 6:22 PM

To: Wright, Adam (MOECC)

Cc: Evers, Andrew (MOECC); patricia.staite@HydroOne.com

Subject: Hydro One -Lake Superior Link Project -Draft Notice of Commencement of Terms of Reference

Hi Adam,

Please find attached a draft Notice of Commencement (NoC) of Terms of Reference for Hydro One's Lake Superior Link project. We would like to request an expeditious review of this draft notice by the Ministry of Environment and Climate Change (MOECC). We will be happy to consider any comments the MOECC may have. Please note that the dates, times and venues of the Community Information Centres may change before finalizing this notice as we are currently securing venues.

Please feel free to contact me with any questions.

Sincerely,

Bruce Hopper

Environmental Planner

Environmental Services

Hydro One Networks Inc.

416-779-0257

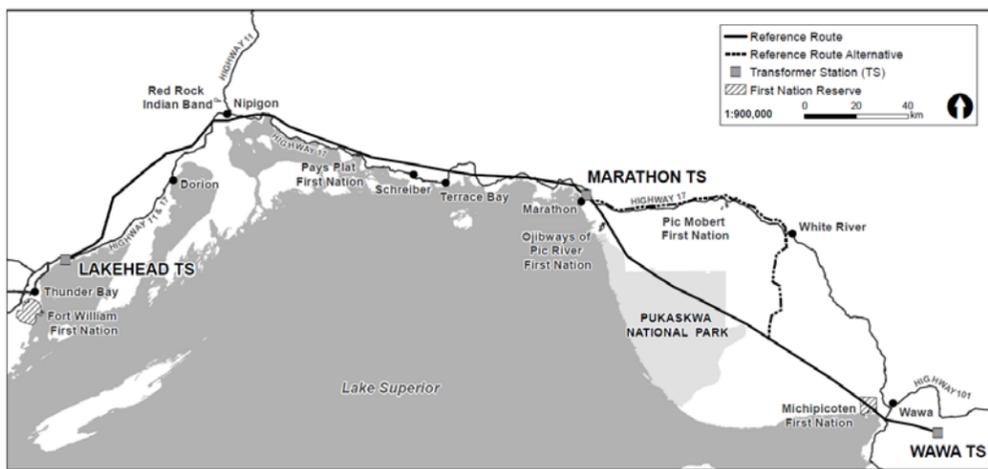
bruce.hopper@hydroone.com<mailto:bruce.hopper@hydroone.com>

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**NOTICE OF COMMENCEMENT OF TERMS OF REFERENCE  
Lake Superior Link Project  
Hydro One Networks Inc.**

Hydro One Networks Inc. (Hydro One) is initiating an Environmental Assessment (EA) under the *Environmental Assessment Act* for the proposed Lake Superior Link project. The Independent Electricity System Operator's (IESO) *Updated Assessment of the Need for the East-West Tie Expansion, 2017* states that a new transmission line "...continues to be the recommended alternative to maintaining a reliable and cost-effective supply of electricity in Northwestern Ontario for the long term." The EA will consider two route alternatives for a new 400 km, double-circuit 230 kilovolt transmission line between Lakehead Transformer Station (TS) near Thunder Bay and Wawa TS near Wawa, as shown on the map. The reference route generally parallels Hydro One's existing East-West Tie transmission corridor with the exception of a new section of corridor near Dorion and a section through Pukaskwa National Park where existing infrastructure would be modified. The reference route alternative generally parallels Hydro One's existing East-West Tie transmission corridor with the exception of a new corridor section near Dorion and a section that traverses around Pukaskwa National Park.

In March 2018, Hydro One hosted public information drop-ins along the project route to provide initial opportunities for stakeholders to learn more about the Lake Superior Link project, meet the project team and provide feedback. Hydro One is aware of the extensive consultation already completed on the reference route alternative and will make best efforts to streamline consultation and studies whenever possible. **Hydro One is initiating the Terms of Reference (ToR) and EA concurrently.**



**The planning process**

This EA will be carried out in accordance with the requirements of the Ontario *Environmental Assessment Act*. The first step is the preparation of a ToR which will set out the framework and work plan for addressing *Environmental Assessment Act* requirements when preparing the EA, including an outline of the studies and consultation activities that will be undertaken. Important elements of this work will be to evaluate the reference route and reference route alternative, assess potential effects and determine measures to reduce or mitigate these effects.

A draft ToR will be made available for review and comment during early summer 2018. Hydro One anticipates that the ToR will be completed mid-summer 2018, at which point it will be submitted to the Minister of the Environment and Climate Change (Minister) for review and decision. If approved by the Minister, the EA will proceed as outlined in the ToR.

**Consultation**

Indigenous communities, government agencies, municipal officials, members of the public and other interested persons are encouraged to actively participate in the planning process. Consultation and engagement opportunities will be organized throughout the planning process and communicated via community newspapers advertisements, mailings and on the project website. Members of Hydro One's project team are always available to discuss the project with interested parties.

We will be hosting another round of Community Information Centres as outlined below to provide a project update and continue discussions about delivering tangible benefits to communities in the project area.

**Please join us:**

Monday, June 11, 2018	Tuesday, June 12	Wednesday, June 13	Thursday, June 14
<b>Thunder Bay</b> 5 p.m. – 7:30 p.m. Valhalla Inn – Viking Room 1 Valhalla Inn Road	<b>Red Rock</b> 12 p.m. – 2 p.m. Red Rock Public Library 42 Salls Street	<b>Schreiber</b> 5 p.m. – 7:30 p.m. Schreiber Municipal Gym 204 Alberta Street	<b>White River</b> 5 p.m. – 7:30 p.m. White River Community Centre 6 Winnipeg Street
<b>Nipigon</b> 5 p.m. – 7:30 p.m. Royal Canadian Legion Branch 32 102 5th Street	<b>Dorion</b> 5 p.m. – 7:30 p.m. Dorion Community Centre 175 Dorion Loop Road  <b>Terrace Bay</b> 5 p.m. – 7:30 p.m. Terrace Bay Cultural Centre 13 Selkirk Avenue	<b>Marathon</b> 2 p.m. – 7 p.m. Marathon Centre Mall 2 Hemlo Drive	<b>Wawa</b> 5 p.m. – 7:30 p.m. Royal Canadian Legion Branch 429 51 Broadway Avenue

Information gathered at these Community Information Centres will be used both to complete the ToR and to gather information toward completion of the EA.

**For further information about this project, please contact:**

Bruce Hopper, Environmental Planner  
 Hydro One Networks Inc.  
 T: 1-877-345-6799 F: 416-345-6984  
 E:Community.Relations@HydroOne.com  
 Website : [www.HydroOne.com/LakeSuperiorLink](http://www.HydroOne.com/LakeSuperiorLink)

**Comment [1]:**  
 Remove from Notice – please see below.  
**Codes of Practice: Environment Assessment Process, submission and evaluation**  
 Section 4 - Environmental Assessment Process  
 The first step in the application for approval to proceed with an undertaking is receiving approval from the Minister for a terms of reference.  
 The approved terms of reference sets out the proponent's work plan for addressing the legislated requirements of the *Environmental Assessment Act* when preparing the environmental assessment.  
 Once the proponent receives approval of the terms of reference, it can start preparing the environmental assessment. The environmental assessment must be prepared in accordance with the approved terms of reference (subsection 6.1(1) of the *Environmental Assessment Act*).  
 As the contents of each terms of reference differ, the environmental assessment that is subsequently prepared will also differ for each proposal.  
 "6.1 (1) The proponent shall prepare an environmental assessment for an undertaking in accordance with the approved terms of reference. 1996, c. 27, s. 3."



All personal information in a submission - such as name, address, telephone number and property location - is collected, maintained, and disclosed by the Ministry of the Environment and Climate Change for the purpose of transparency and consultation. The information is collected under the authority of the *Environmental Assessment Act*, or is collected and maintained for the purpose of creating a record that is available to the general public, as described in s. 37 of the *Freedom of Information and Protection of Privacy Act*. Personal information you submit will become part of a public record that is available to the general public unless you request that your personal information remain confidential. For more information, please contact the Ministry of the Environment and Climate Change's Freedom of Information and Privacy Coordinator at 416-327-1434.

**UNDERTAKING – JT 2.3**

**Undertaking**

Hydro One to provide a schedule of all activities leading to the July 2018 date of individual environmental assessment completion.

**Response**

Hydro One would like to correct that the undertaking timeline should read July 2019, not 2018. Below is the schedule requested.

<b>Individual Environmental Assessment Milestone</b>	<b>Projected Timeline</b>
Submit Notice of Commencement of Preparation TOR to MOECC	May 2018
Issue Public Notice of Commencement of Preparation of TOR	
Consultation on, and Preparation of TOR	
Community Information Centres #1 (TOR)	June 11 to 14, 2018
Draft TOR submitted to MOECC and available for review	June 2018
Submit TOR	June – Sept 2018 (12 weeks)
TOR Review Period	
Minister’s Decision on TOR	
Submit Notice of Commencement of Initiation of EA to MOECC	July 2018
Issue Public Notice of Commencement of Preparation of EA	
Community Information Centres #2 (EA)	Sept 2018
EA Studies	March – Sept 2018
Draft EA submitted and available for review	November, 2018
Submission of EA to MOECC and Notice of EA Submission	Dec 2018

<b>Individual Environmental Assessment Milestone</b>	<b>Projected Timeline</b>
Public and Government Review of EA	Dec 2018 – Jan 2019 (7 weeks)
Government Issues Notice of Completion of Ministry Review of EA	Jan 2019 - March 2019 (5 weeks)
Public Inspection of Ministry Review	March - April 2019 (5 weeks)
Minister's Decision	April - July 2019 (13 weeks)
EA Approval	July 2019
Implement the Project and Monitor Compliance	July 2019 -Dec 2021

**UNDERTAKING – JT 2.4**

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**Undertaking**

Hydro One to provide a link to a MOECC web page that lists declaration orders that have been granted.

**Response**

The link to the MOECC web page listing Environmental Assessment Declaration Orders:  
<https://www.ontario.ca/page/environmental-assessments-declaration-orders>

**UNDERTAKING – JT 2.5**

**Undertaking**

Hydro One to provide a schedule for Parks Canada approval of all Environmental Canada Impact Assessments processes for the Pukaskwa National Park portion of the route.

**Response**

**Pukaskwa National Park (“PNP”) – Park Canada Approval Schedule**

<b>Task</b>	<b>Projected Timeline</b>	<b>Comment</b>
Project Overview - Potential Infrastructure Alteration and Renewal	Oct-17	Complete
Environmental Evaluations Report Updated	Jan-18	Complete. Environmental Evaluation Report that forms part of the Licence Agreement was updated and sent back to PNP
Construction Execution Plan	Feb-18	Complete. Construction Execution Plan, as requested by PNP, provided to PNP.
PNP review of draft Table of Contents of Environmental Assessment Report	May-18	PNP to provide input into the draft Table of Contents of the Environmental Assessment Report to ensure compliance with CEAA requirements.
Provide PNP with draft environmental study work plan reports for comment	May-18	Complete
Provide PNP with final Environmental study work plan reports	May-18	Complete
Research and Collection Permit Application for Caribou Study	Mar-18	Complete
Caribou Study	Mar-18	Complete
Research and Collection Permit Applications	May-18	Complete
Other Environmental Studies	May - Sept 2018	
Submit Draft ToR to PNP for comment	Jun-18	

<b>Task</b>	<b>Date</b>	<b>Comment</b>
Provide PNP with draft Study Reports for comment	Oct-18	
Provide PNP with final Study Reports	Nov-18	
Provide PNP with draft EA for comment	Oct - Dec 2018	
Provide PNP with Final EA	Dec-18	
EA Approval	Jul-19	
Finalize Licence Renewal	Jul-19	
PNP Approval	Jul-19	

**UNDERTAKING – JT 2.6**

**Undertaking**

Hydro One to provide correspondence with Parks Canada after May 7<sup>th</sup>, 2018 regarding License Renewal.

**Response**

Please find attached the following email correspondences:

***Attachment 1: May 2, 2018- Email Correspondence between Hydro One Real Estate (Aaron Fair) and Parks Canada Realty (Jason Crockett)***

**Purpose:**

Parks Canada Realty (Jason Crockett) updating Hydro One Real Estate (Aaron Fair) on status of existing Licence Agreement in Hydro One's favour as well as supplying Renewal Licence site specific appraisal for Hydro One Review.

**Result:**

Parks Canada Realty confirms that Public Service and Procurement Canada as well as Pukaskwa National Park have accepted the third-party appraisal of Hydro One's transmission line within Pukaskwa National Park which will set the annual rental rate for Hydro One's occupation in the Park. Copy of appraisal report is appended to the email for Hydro One's review and comment.

Further confirmation from Parks Canada Realty that previous licence agreement is in over hold until such time a new licence agreement is finalized and entered into by both parties. Parks Canada confirms that a 20 year licence will be drafted. No timeline given for completion of draft licence for Hydro One review.

***Attachment 2: May 4, 2018- Email Correspondence between Hydro One Real Estate (Aaron Fair) and Parks Canada Realty (Jason Crockett)***

**Purpose:**

Response by Hydro One Real Estate (Aaron Fair) to May 2, 2018 email sent by Parks Canada Realty (Jason Crockett).

1 **Result:**

2 Hydro One Real Estate (Aaron Fair) accepts the result of the site specific appraisal which  
3 will set the annual rental rate for Hydro One's licence agreement once renewed. Hydro  
4 One asks for clarity on what is being referenced specific to "application approval", "basic  
5 impact analysis" and what weighing it has on the finalization of the licence agreement  
6 between the parties.

7

8 ***Attachment 3: May 7, 2018- Email Correspondence between Hydro One Real Estate***  
9 ***(Aaron Fair) and Parks Canada Realty (Jason Crockett)***

10

11 **Purpose:**

12 Response by Parks Canada Realty (Jason Crockett) to Hydro One Real Estate (Aaron  
13 Fair) to May 4, 2018 email correspondence.

14

15 **Result:**

16 Parks Canada clarifies that licence agreement drafted terms will hinge on the results of  
17 the site specific EA requirement of Hydro One's occupation within Pukaskwa National  
18 Park as well as its pending Leave to Construct application specific to the Lake Superior  
19 Link project and resulting tower replacement.

**CLEVERTON Anthony**

---

**From:** jason.crockett@pc.gc.ca  
**Sent:** Wednesday, May 02, 2018 10:09 AM  
**To:** FAIR Aaron  
**Cc:** sharon.hayes@pc.gc.ca  
**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence  
**Attachments:** Appraisal - Puk Trans Line - April 11 2018.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Hi Aaron,

Attached is the appraisal report. It has been reviewed and accepted by Public Service and Procurement Canada as well as Pukaskwa NP.

Yes, the current agreement is in overholding with all terms and conditions still in effect. I am working on drafting a replacement agreement which will be for a 20 year term as discussed. I'm not yet able to provide a timeline for when Hydro One can review the draft.

My understanding is that Hydro One is working through the approval process to replace infrastructure within the transmission line. Do you have a sense of when there may be a decision reached with respect to approving the application? Whether or not that project goes ahead will impact the licence (i.e. use of land clause and Basic Impact Analysis documentation).

Thank you,

**Jason Crockett**

-----  
Realty Advisor | Conseiller en biens immobiliers  
Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements  
Parks Canada Agency, Agence Parcs Canada  
1869 Upper Water Street, Suite AH201, Halifax, Nova Scotia | 1869, rue Upper Water, pièce AH201, Halifax (Nouvelle-Écosse) B3J 1S9

jason.crockett@pc.gc.ca  
Telephone | Téléphone 902-407-8104  
Facsimile | Télécopieur 902-426-2728  
[www.parkscanada.gc.ca](http://www.parkscanada.gc.ca) | [www.parcscanada.gc.ca](http://www.parcscanada.gc.ca)  
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Parks Canada - 450 000 km<sup>2</sup> of memories / Parcs Canada - 450 000 km<sup>2</sup> de souvenirs

---

From: <Aaron.Fair@HydroOne.com>  
To: <jason.crockett@pc.gc.ca>  
Date: 27/04/2018 06:01 PM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Jason,

Thanks for the follow up. I appreciate your update regarding Pukaskwa Park officials requirement to review the appraisal report prior to issuance to Hydro One for review. I look forward to receiving the appraisal next week with the intention we can accept the rent results.

To summarize our discussions to date, we are working towards completing a superseding renewal licence which will replace the current licence agreement. Until such time, the current licence is in over hold and remains enforceable by both parties.

As we move forward to finalise the renewal licence, I assume all previously discussed agreements terms have been resolved and will be included in a draft agreement for Hydro One's review. This includes the inclusion of a 20 year term length with regular 5 year rent reviews. Please confirm when Hydro One will have this draft licence agreement for review.

Lastly, please let me know your remaining process and anticipated timelines to bring this matter to a conclusion.

Thanks in advance,

Aaron

*Aaron Fair*  
Real Estate  
**Hydro One**  
(416) 919-6962  
Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]  
**Sent:** Friday, April 27, 2018 2:52 PM  
**To:** FAIR Aaron  
**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,  
My apologies for cutting our call short earlier. The park is reviewing the report and I should be in a position to respond early next week.

Thank you very much for your patience,

**Jason Crockett**

-----  
Realty Advisor | Conseiller en biens immobiliers  
Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements  
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[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)  
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From: Jason Crockett/NOTES/PC/CA  
To: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
Date: 26/04/2018 05:05 PM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Hi Aaron,  
I'm waiting on the park to get back to me. Once I can discuss, I'll be in touch. Hopefully tomorrow.

Thanks,

**Jason Crockett**

-----  
Realty Advisor | Conseiller en biens immobiliers  
Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements  
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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Date: 26/04/2018 11:42 AM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Jason,

Reaching out on this.... Do you have any availability to discuss on the phone today? I would like to get some further information from you regarding this and timelines.

Thanks in advance,

Aaron

*Aaron Fair*

*Real Estate*

**Hydro One**

(416) 919-6962

Email: [aron.fair@hydroone.com](mailto:aron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]

**Sent:** Monday, April 09, 2018 11:35 AM

**To:** FAIR Aaron

**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,

The appraisal has been prepared and is currently being reviewed by Public Works and Procurement Canada. Once the final report is available I will ensure you are provided a copy. I anticipate that to be within the next 2 weeks.

Thanks for checking in,

**Jason Crockett**

-----  
Realty Advisor | Conseiller en biens immobiliers  
Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements  
Parks Canada Agency, Agence Parcs Canada  
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[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)

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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>

To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>

Date: 09/04/2018 12:21 PM

Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Hi Jason,

I hope all is well.

Just reaching out to see if Parks Canada had received the resulting appraisal and when we might be able to review for discussion moving forward.

Thanks in advance,

Aaron

*Aaron Fair*

*Real Estate*

**Hydro One**

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]

**Sent:** Monday, February 12, 2018 11:36 AM

**To:** FAIR Aaron

**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,

Attached is the Terms of Reference for the appraisal of the hydro transmission line. I have confirmed that the ToR and appraisal can be shared with you.

Note that the appraisal report is not due until March 28, 2018.

Thank you,

**Jason Crockett**

Realty Advisor | Conseiller en biens immobiliers

Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements

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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Cc: <[Pamela.Jalak@pc.gc.ca](mailto:Pamela.Jalak@pc.gc.ca)>  
Date: 09/02/2018 11:45 AM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Thanks for the responses Jason; this is very helpful.

We will await the draft TOR for the appraisal; look forward to taking the next steps in this matter.

Thanks in advance,

Aaron

*Aaron Fair*  
Real Estate

---

Hydro One Networks Inc.

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]

**Sent:** Friday, February 09, 2018 7:24 AM

**To:** FAIR Aaron

**Cc:** [Pamela.Jalak@pc.gc.ca](mailto:Pamela.Jalak@pc.gc.ca)

**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,

Thanks for getting back to me. Further responses are in blue below.

Have a good day,

**Jason Crockett**

-----  
Realty Advisor | Conseiller en biens immobiliers

Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements

Parks Canada Agency, Agence Parcs Canada

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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Cc: <[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca)>

Date: 25/01/2018 05:21 PM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Jason,

Thanks for your note; see my responses below in red. Looking forward to working with you to bring this matter forward.

Thanks,

AF

*Aaron Fair*  
Real Estate

---

Hydro One Networks Inc.  
(416) 919-6962  
Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

From: Annique Maheu/NOTES/PC/CA  
To: Jason Crockett/NOTES/PC/CA@PC  
Date: 18/01/2018 02:03 PM  
Subject: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Hi Jason,

As mentioned, Aaron Fair from Hydro One had a few questions regarding the replacement licence for the hydro transmission corridor:

- Could they see the terms under which the appraisal will be completed (what they are looking at in terms of valuation)?

Once I have a copy of the terms of reference I can provide a copy to you. It is currently being drafted.

Understood we will await the draft TOR.

- Could we explore the option of having a longer term for the licence, recognizing that we would still review the fee after 5 years?

We could enter into a 10 year agreement for the transmission line. My manager Pamela Hayhurst advised that a 10 year term had been previously discussed and was agreeable to both parties. There would be a clause in the licence agreement where a rental review may take place at the 5 year mark to determine value of the lands at that time.

Is there any possibility to have a term longer than 10 years with regular rent reviews at 5 year intervals? Given that transmission infrastructure typically has a life cycle of 75 years; to reduce administrative burden on both parties is it possible to enter into a longer term?

We would be willing to issue a 20 year licence to reduce the administrative burden. In this scenario there would still be rent reviews at each 5 year interval to determine rent in accordance with applicable legislation and Parks Canada policy.

- Could we provide him with the rate per year in advance of the appraisal?

Unfortunately, I cannot provide a rate per year in advance of the appraisal as the appraisal will provide a market value of the lands which will be used to calculate the annual licence fee. The licence fee (or rate per year) will be a percentage of the market value of the lands.

How will the rent be calculated? Will it be along the lines of a standard licence/lease arrangement? i.e. Total Acreage x Price Per Acre x Discount on Fee Simple x Discount Rate %?

In accordance with PCA policy on rent setting, the rent for the first 5 years of the term will be 10% of the appraised land value (i.e. the entire transmission line RoW - approx. 150ft wide x 35kms long). As mentioned above, I cannot determine what the rental rates would be beyond that initial 5 year period.

I should also state that I mentioned to Hydro One that we will be doing an environmental assessment for this replacement licence, as the CEAA has changed since the previous version. We are waiting on Hydro One's environmental management plan for their corridors to proceed with the EA. If and when Hydro One submits a construction plan for the upgrades they are exploring, we will then work with them again to complete an separate EA for this project.

Aaron's contact info can be found in the emails below.

Thanks,

Annique Maheu

A/Park Superintendent, Pukaskwa National Park  
Parks Canada / Government of Canada  
PO Box 212, Heron Bay, ON, P0T1R0  
[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca) / Tel: 705-427-1956

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----- Forwarded by Annique Maheu/NOTES/PC/CA on 18/01/2018 12:59 PM -----

From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca)>  
Date: 12/01/2018 02:06 PM  
Subject: RE: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Annique,

Thanks for the update; that works fine. I have availability between 9-11am on Tuesday to discuss. Feel free to give me a call then; if that doesn't work you can catch me most of the day on Wednesday.

Thanks and have a great weekend!

AF

*Aaron Fair*  
Real Estate

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Hydro One Networks Inc.

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca) [<mailto:annique.maheu@pc.gc.ca>]

**Sent:** Friday, January 12, 2018 12:53 PM

**To:** FAIR Aaron

**Subject:** Re: Pukaskwa National Park- Hydro One Transmission Corridor Licence

**\*\*\* Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. \*\*\***

Hello Aaron,

Thank you for your email. I have a meeting with my colleague Pamela in our Realty team on Monday, and will be able to provide you with an update then. I could call you on Tuesday if you're available.

Thanks and I hope you had a wonderful holiday season,

Annique Maheu

A/Park Superintendent, Pukaskwa National Park  
Parks Canada / Government of Canada  
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[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca) / Tel: 705-427-1956

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2017 - Your Free Pass to Discovery | 2017 - Votre entrée libre vers la découverte

From: [<Aaron.Fair@HydroOne.com>](mailto:Aaron.Fair@HydroOne.com)  
To: [<annique.maheu@pc.gc.ca>](mailto:annique.maheu@pc.gc.ca)  
Date: 10/01/2018 04:35 PM  
Subject: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Annique,

Happy New Year! I trust you had an enjoyable holiday season.

Further to our discussion late last year, you were to circle back with me on the licence renewal matter once you had touched base with the Realty folks in Halifax. I am just looking for an update on this item and whether you have any direction on your end as to next steps.

Feel free to give me a call if you wish to discuss.

Thanks Annique.

Aaron

*Aaron Fair*  
Real Estate

---

Hydro One Networks Inc.  
(416) 919-6962  
Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

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**Boreal**  
APPRAISAL SERVICES  
SERVICES D'ÉVALUATION

## APPRAISAL REPORT

**Current Market Value Appraisal**  
**Underlying Land in a High Voltage Transmission Corridor**  
**In Pukaskwa National Park**  
District of Thunder Bay, Ontario

**Prepared for:**

Public Services and Procurement Canada  
4900 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON  
M2N 6A6

Service Contract - 700403429  
File # 10453F1

**Prepared by:**

**Boreal Appraisal Services Inc.**  
Philippe Hébert, MBA, AACI, P. App.  
Dale Yungwirth, B. Comm. (Hons), AACI, P. App.  
1314 Lasalle Blvd, Lower Level  
Sudbury, Ontario  
P3A 1Y8

**APRIL 2018**



WWW.BOREALAPPRAISALS.COM

1314 LASALLE BLVD, LOWER LEVEL • SUDBURY, ON • P3A 1Y8 • 705-470-3113

---

April 11<sup>th</sup>, 2018

Public Services and Procurement Canada (PSPC)  
4900 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON  
M2N 6A6

**Attention:** Philip Yu, Senior Valuation Analyst  
Janet Lin, Valuation Analyst

**Re:** **Market Value Appraisal Report**  
Underlying Land in a High Voltage Transmission Corridor in Pukaskwa National Park  
Pukaskwa National Park, near Marathon, Ontario

Service Contract - 700403429  
File # 10453F1

In accordance with the contract for services dated February 14<sup>th</sup>, 2018 we have prepared a current market value appraisal of the underlying land in a high voltage transmission corridor located within Pukaskwa National Park, near Marathon, Ontario. The report has been prepared for Public Services and Procurement Canada ("PSPC") on behalf of Parks Canada Agency ("PCA").

The purpose of the appraisal is to provide PCA and PSPC with the current market value, as if vacant, of the subject property, as per the Terms of Reference (TOR) provided by PSPC. The intended use of the appraisal report is to assist PCA in determining the annual licence fee for the subject property.

This *50-page* report provides a description of the subject property, the valuation process and other pertinent data gathered during our investigations, which has assisted us in arriving at our conclusions. This report conforms to the *Canadian Uniform Standards of Professional Appraisal Practice* adopted by the Appraisal Institute of Canada.

Based on the analysis of the data collected, it is our opinion that the estimated current market value of the subject property, as of March 23, 2018, was:

**ONE HUNDRED AND THIRTY THOUSAND DOLLARS (\$130,000)\***

*\*Subject to Extraordinary Limiting Condition*

The indicated value assumes a cash to vendor sale and an exposure time of 3 to 6 months.

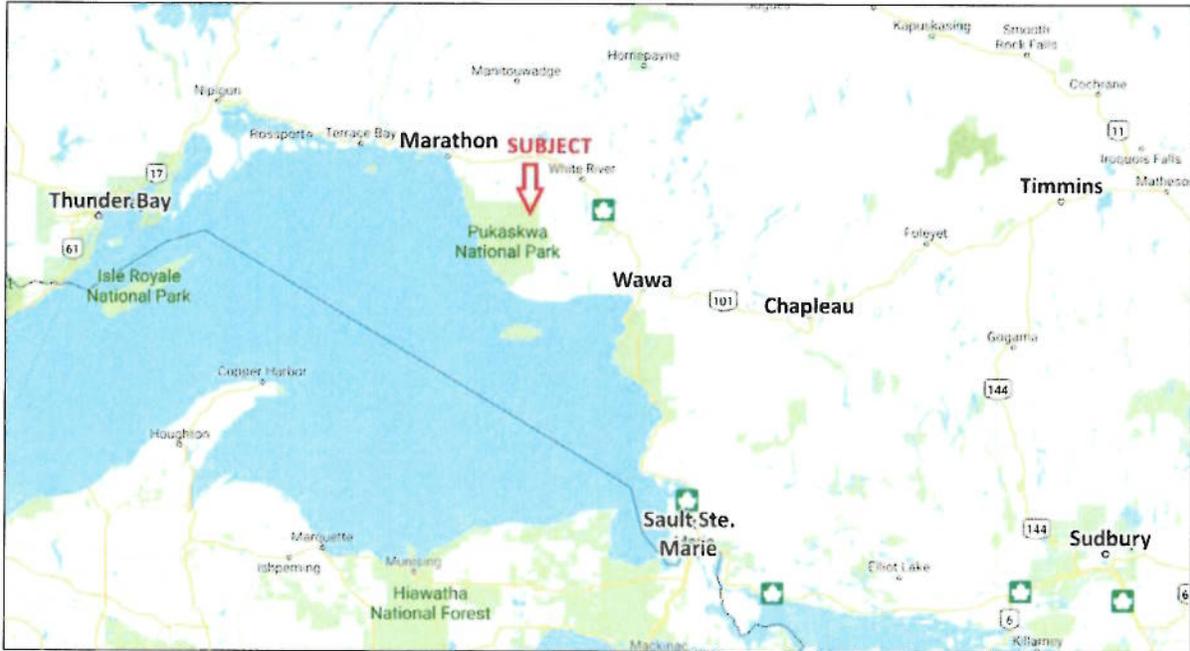
Respectfully submitted,

BOREAL APPRAISAL SERVICES INC.

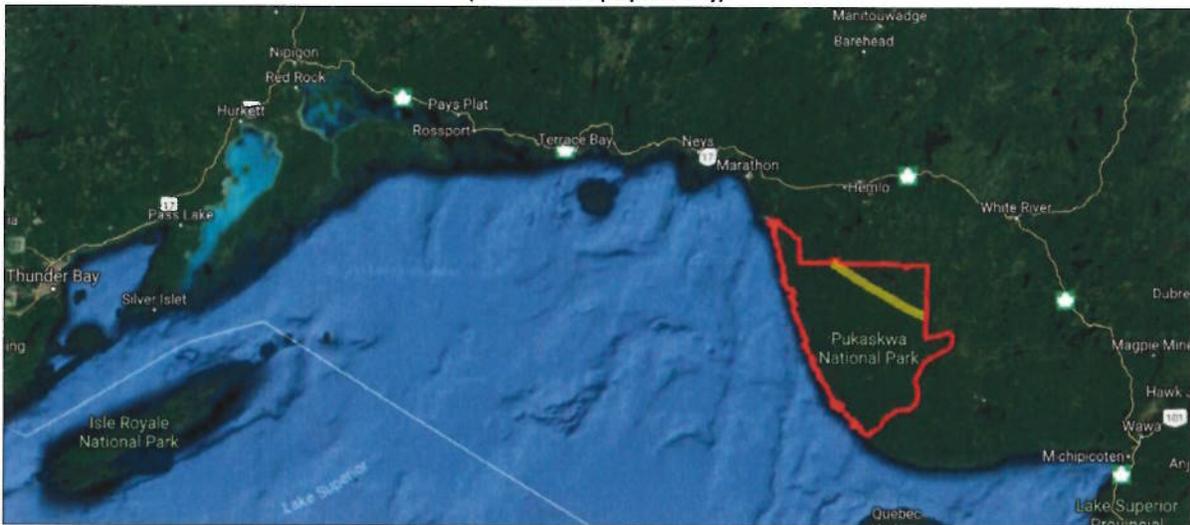


Philippe Hébert, MBA, AACI, P. App.  
*President*

**GENERAL LOCATION OF SUBJECT PROPERTY**  
(For illustrative purposes only)

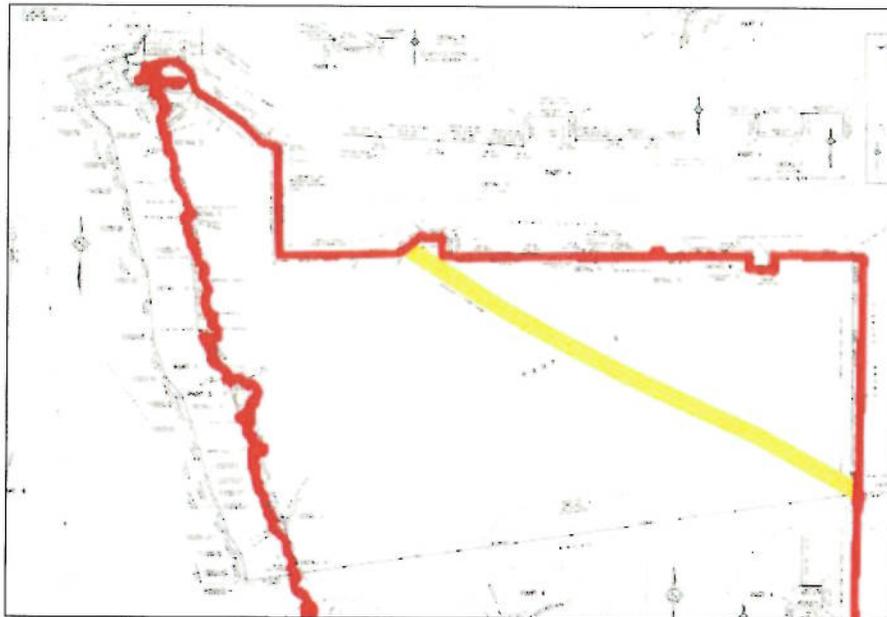
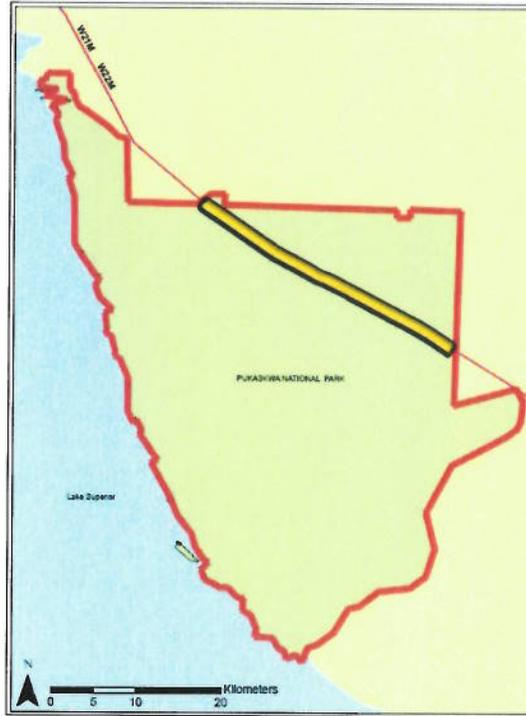


**Pukaskwa National Park (in red)**  
**Transmission Corridor (in yellow)**  
(For illustrative purposes only)



### SITE SKETCHES

**Pukaskwa National Park (outlined in red)**  
**Transmission Corridor (in yellow)**  
(For illustrative purposes only)



**Site Details of Transmission Corridor**

Length:  $\pm 35$  kilometres ( $\pm 21.74$  miles)

Width:  $\pm 46$  meters ( $\pm 150$  feet)

**Total Area:  $\pm 161$  hectares ( $\pm 398$  acres)**

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### ADDENDA

Assumptions and Limiting Conditions  
Terms of Reference  
Qualifications of Philippe Hébert, MBA, AACI, P. App.  
Qualifications of Dale Yungwirth, B. Comm (Hons), AACI, P. App.

## ***Executive Summary***

<b>Property Location:</b>	High Voltage Transmission Corridor located in the northeastern of Pukaskwa National Park, near Marathon, Ontario District of Thunder Bay
<b>Type of Property:</b>	Underlying Land in a High Voltage Transmission Corridor
<b>Partial Legal Description:</b>	Part of PIN No. 62502-0008, District of Thunder Bay, Ontario
<b>Purpose of the Appraisal:</b>	To provide PCA and PSPC with the current market value, as if vacant, of the subject property.
<b>Intended Use of the Appraisal:</b>	To assist PCA in determining the annual licence fee for the subject property.
<b>Property Rights Appraised:</b>	Fee Simple Interest
<b>Effective Date:</b>	March 23 <sup>rd</sup> , 2018 (Date of Report)
<b>Property Inspection Date:</b>	N/A – please see <i>Extraordinary Limiting Condition</i>
<b>Site Size:</b>	Length: ±35 kilometres (±21.74 miles) Width: ±46 meters (±150 feet) Total Area: ±161 hectares (±398 acres)
<b>Zoning / Official Plan:</b>	Unorganized Territory
<b>Highest and Best Use, as if Vacant:</b>	<i>Highest and best use of the subject property, as if vacant, is considered to be some form of rural/recreational use.</i>
<b>Estimate of Current Market Value:</b>	
<b>Direct Comparison Approach</b>	\$130,000*
<b>Final Estimate of Value:</b>	\$130,000*

\* See *Extraordinary Limiting Condition*

## **BASIS OF THE APPRAISAL**

### ***Intended Use of the Report***

The intended use of the appraisal is to assist PCA in determining the annual licence fee for the subject property.

### ***Purpose of the Appraisal***

The purpose of the appraisal report is to provide PCA and PSPC with the current market value, as if vacant, of the subject property.

### ***Property Rights Appraised***

The property rights appraised are those in fee simple interest. Fee simple is defined in Real Estate Appraising in Canada, published by the Appraisal Institute of Canada as:

*"An absolute fee; a fee without limitations to any particular class of heirs and restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."*

### ***Definition of Value***

Market Value is defined in the *Canadian Uniform Standards of Professional Appraisal Practice*, as adopted by the Appraisal Institute of Canada, as:

*"The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."*

Implicit in this definition are the consummation of a sale as a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider to be their best interests;
3. a reasonable time is allowed for exposure on the open market;
4. payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto;
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

## ***Scope of Work***

The scope of this appraisal covers the investigations and analysis required to prepare a report which, serves the intended use, and is in accordance with the *Canadian Uniform Standards of Professional Appraisal Practice, (CUSPAP)*, as adopted by the Appraisal Institute of Canada. With respect to the subject property, the basic steps followed in preparing the appraisal report are as follows:

### Inspection / Effective Date of Valuation

Due to the location of the subject property, which is only reasonably accessible by air or snow machine, a physical inspection of the subject property was not completed, as required under CUSPAP. As such, the property was not inspected, and the effective date of valuation is March 23<sup>rd</sup>, 2018, which coincides with the date of the report. For the purposes of valuation, we have referred to, and relied upon aerial imagery, and other data from Google Maps, Bing Maps, and others within this report, to better represent the site's topography, and other notable physical features. Unless stated otherwise, ***all sketches and aerial representations*** within this report are ***not to scale***, and are for ***illustrative purposes only***.

### Type of Analysis

This current value appraisal complies with the Standards of the Appraisal Institute of Canada. We are competent in this type of appraisal analysis and have appraised this type of property previously. This appraisal involves an analysis of the financial characteristics of the property as were available, as well as general market evidence that reflects both its economic and physical attributes.

### Data Research

We received our instructions from staff at PSPC, who provided basic information regarding the subject property, including:

- Location of the subject property;
- Terms of Reference (TOR) for the market value appraisal assignment for the subject property;
- Measurements and total area of the transmission corridor; and
- Site survey.

Interviews and discussions were also held with local and regional real estate brokers, appraisers and other market participants including vendors and purchasers in an effort to gather real estate data. Property tax information was discussed with the Provincial Land Tax Administration Office (Thunder Bay). With respect to land use regulations and permitted uses, discussions were held with Neil Mackay,

Assistant Planner with the Ministry of Municipal Affairs and Housing (Thunder Bay). We have also reviewed information available from various Northern Ontario Real Estate Board MLS systems, MPAC, Geowarehouse and relied on market data and statistics generated within our own files.

#### Verification of Third Party Information

The analysis set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify owner-supplied information, which we believed to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration, therefore we did not fully document, or confirm by reference, to primary sources, all information contained herein.

#### Audits and Technical Investigations

We did not complete technical investigations such as:

- This appraisal assumes that the property is clean environmentally in every respect and in full compliance with all relevant regulations and laws applicable to this size and type of property;
- A site survey;
- Investigations into the bearing qualities of the soils; or
- Audits of financial and legal data as supplied by others and used for valuation purposes.

#### Scope of Work as per Terms of Reference

- Inspect, review, and sign the report. *It should be noted that due to limitations pertaining to site access, an inspection of the subject site was not completed – Please see Extraordinary Limiting Condition;*
- Report on the subjects' legal title, assessments and taxes;
- Provide ownership history, previous uses, heritage and historic significance (if appropriate) of the subject property;
- Provide an appropriate analysis (as defined) of the Highest and Best Use for the subject property;
- PSPC expects the appraiser to explore the various valuation techniques, and use the appropriate appraisal methods and techniques to adequately support the concluded value estimate given the type of property under consideration;
- Research all relevant comparable sales (4-6 indices are required) and provide a data sheet with all relevant property information, together with photographs, Official Plan and Zoning designations for each comparable index. A map showing the readers the location of indices in relation to the subjects' location would be beneficial;
- Relate all the relevant comparable indices to the subject; explain the adjustments made and

provide an adjustment chart where appropriate;

- Any comparative analyses presented in the appraisal shall include a discussion of the adjustments to the comparable properties and the Direct Comparison Approach shall include a table that summarizes the quantitative and/or qualitative price adjustments as appropriate to the type of property being valued;
- Provide a final estimate of value based on the market data and professional opinion. The selected appraiser/consultant will provide a reconciliation and rationale for the final estimate of value;
- Complete the appraisal report as per PSPC Appraisal Guideline 1B2 Short Narrative Appraisal (<http://www.tpsgc-pwgsc.gc.ca/biens-property/vltm/1b2-eng.html>).

#### Assumptions and Special Conditions per Terms of Reference

- Under no circumstances should the Limiting Conditions restrict the Crown's copyright to the appraisal report;
- While more than one appraiser may work on the appraisal, the letter of transmittal and the certification must only be signed by the appraiser designated and responsible for the value conclusion;
- There is a licence with Hydro One Networks Inc. ("Licensee") for the Subject Property. However, for the purpose of this appraisal, we are instructed to disregard this licence;
- The appraiser is required to disregard all improvements on the subject property;
- The appraiser should disregard the current federal crown ownership/occupancy and assume that the subject property is subject to all relevant land use controls;
- It is assumed that the Subject Property is free from any Aboriginal/First Nation related issues or any potential claims on the Subject Property's title. It is further assumed that the Subject Property is free from any heritage designation/conservation covenant; and
- Lastly, the subject property is to be appraised assuming that the property is free from any encumbrances and that PCA or the Crown has good title to the property.

## ***Assumptions and Limiting Conditions***

The assumptions and limiting conditions pertaining to the valuation of the subject property and this report are presented in the ***Addenda*** of this report.

### ***Extraordinary Limiting Condition***

Extraordinary Limiting Condition refers to a necessary modification or exclusion of a Standard Rule which may diminish the reliability of the report. In the case of the subject property, the value estimate is based without the benefit of a formal property inspection.

### **No Property Inspection**

Due to the location of the subject property – which is reasonably only accessible by air or snow machine/ATV, a physical inspection of the subject property was not completed, as required under CUSPAP. For the purposes of valuation, we have referred to, and relied upon aerial imagery, and other data from Google Maps, Bing Maps, and others within this report, to better represent the site's topography, and other notable physical features. Unless stated otherwise, ***all sketches and aerial representations*** within this report are ***not to scale***, and are for ***illustrative purposes only***.

Based on all data available, the site's physical characteristics utilized to support the development of an opinion of value appear reasonable in consideration of all data reviewed. However, since the subject site was not physically visited by the appraiser, it is an exclusion to a standard appraisal rule, and is considered to be an extraordinary limiting condition.

## **FACTUAL INFORMATION**

### ***Identification of the Property***

#### **Location of the Property**

Land Underlying High Voltage Transmission Corridor located in the northeastern corner of Pukaskwa National Park, near Marathon, Ontario District of Thunder Bay, Ontario

#### **Partial Legal Description**

Part of PIN No. 62502-0008, Part of Parcel 18491, District of Thunder Bay, Ontario

Owner: HER MAJESTY THE QUEEN, IN RIGHT OF CANADA

According to Geowarehouse, the subject property is located in *Pukaskwa National Park Unsurveyed Territory* located in the District of Thunder Bay, and is under the ownership of "HER MAJESTY THE QUEEN, IN RIGHT OF CANADA".

As per the Terms of Reference (TOR), the subject property is to be appraised assuming that the property is free from any encumbrances and that PCA or the Crown has good title to the property, therefore a title search has not been undertaken.

#### **Market Activity**

A review of the Northern Ontario Real Estate Boards, MPAC and GeoWarehouse websites indicate that the subject property has not been listed or sold within the past three years.

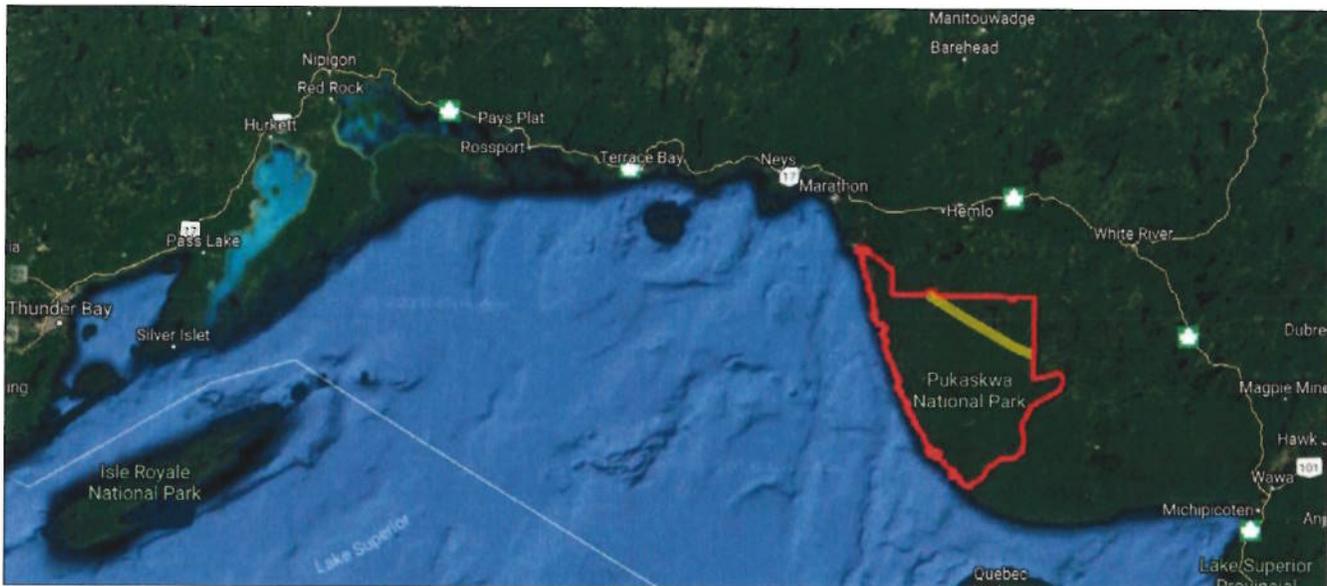
### Local and Regional Data

The subject property is located in unorganized territory within the **Pukaskwa National Park** in Northwestern Ontario.

The property is situated southeast of the Town of Marathon (pop. 3,273 – 2016) and east of Lake Superior, in the Heron Bay area. The closest more populated regions include the City of Thunder Bay (pop. 121,621 – 2016) located  $\pm 320$  km west, and the City of Sault Ste. Marie (pop. 73,368 – 2016) located  $\pm 420$  km south. The less populated Town of Wawa (pop. 2,905 – 2016) is located  $\pm 190$  km southeast of the subject.

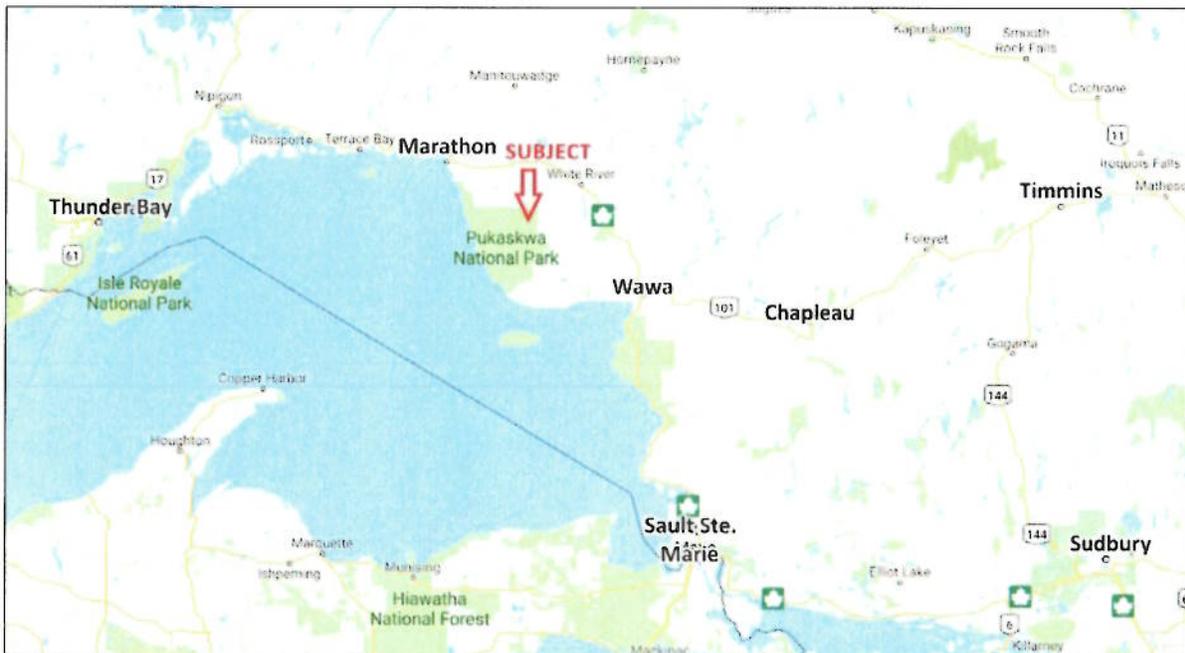


This is a sparsely developed area within the Boreal Forest that is generally in its treed and undeveloped natural state. The area is mostly utilized for outdoor recreational purposes including camping, hunting, hiking, fishing, and outdoor tourist related purposes. Primary access to the area from the east and west is by way of Trans-Canada Highway 17.



The Town of Marathon, with a population of 3,273 (census 2016) is located in the heart of the Canadian Shield, 2 kilometres west of Trans-Canada Highway 17. The settlement was originally formed as a railroad community between 1881 and 1883 but the area has had a long history of being originally inhabited by Ojibway Natives. Beginning circa 1940's the town's primary source of economic activity stemmed from the forestry sector, which significantly increased the town's population, as a result of the construction of a pulp mill by the owners of the Marathon Corporation of Wisconsin. Although very relevant to the town's development and formation, the pulp plant ceased operations in 2009 and, in recent time, the forestry sector plays a less important role in the local economy than it had in the past.

Beginning in the early 1980's mining and mineral exploration began to form more of an important role in the local economy, with the Hemlo gold deposit being located approximately 40 kilometres east of the Town of Marathon. With three active gold mines operating east of Marathon, this began to have positive economic spinoff effects on the local economy as workers at the three mines chose to reside in the nearby Town of Marathon. This effectively doubled the population over time, making Marathon the largest town along the North Shore of Lake Superior between Sault Ste. Marie and Thunder Bay. Two of the Hemlo gold mines continue to remain active at present (with 525 employees) and are expected to remain active beyond 2020, with mining exploration also continuing to be a key contributor to the local economy. Other key employers in the area are related to health care, education, commercial retail, tourism, and forestry.



## ***Site Description***

### **Site Details of the Transmission Corridor**

Length: ±35 kilometres (±21.74 miles)

Width: ±46 meters (±150 feet)

**Total Area: ±161 hectares (±398 acres)**

The subject property consists of the underlying land in a high voltage transmission corridor located within the Pukaskwa National Park. Generally speaking, the corridor crosses the northeastern corner of the park. The corridor is ±35 kilometres (±21.74 miles) in length and ±46 meters (±150 feet) in width for a total area of ±161 hectares (±398 acres). Based on available aerial photography, the corridor appears to be mostly cleared to accommodate the transmission towers with some uncleared areas that generally appear to be in their natural state. Its overall topography consists of a mixture of cleared, generally level rolling land, marshy areas, and more rugged lands with rock outcroppings, and water crossings.



Access to the corridor is limited, with direct access being by way of air or snow machine/ATV. The nearest major highway is Trans-Canada Highway 17, with the closest road access points being from where the corridor meets Highway 627, near Marathon, or alternatively from Tremblay Flats Road, just north of Wawa, which are ±30km northwest, and ±70km southeast, respectively. It should be noted that these road access points to the corridor lie outside the subject area.

Aerial imagery of the subject site transmission corridor from east to west is depicted below.

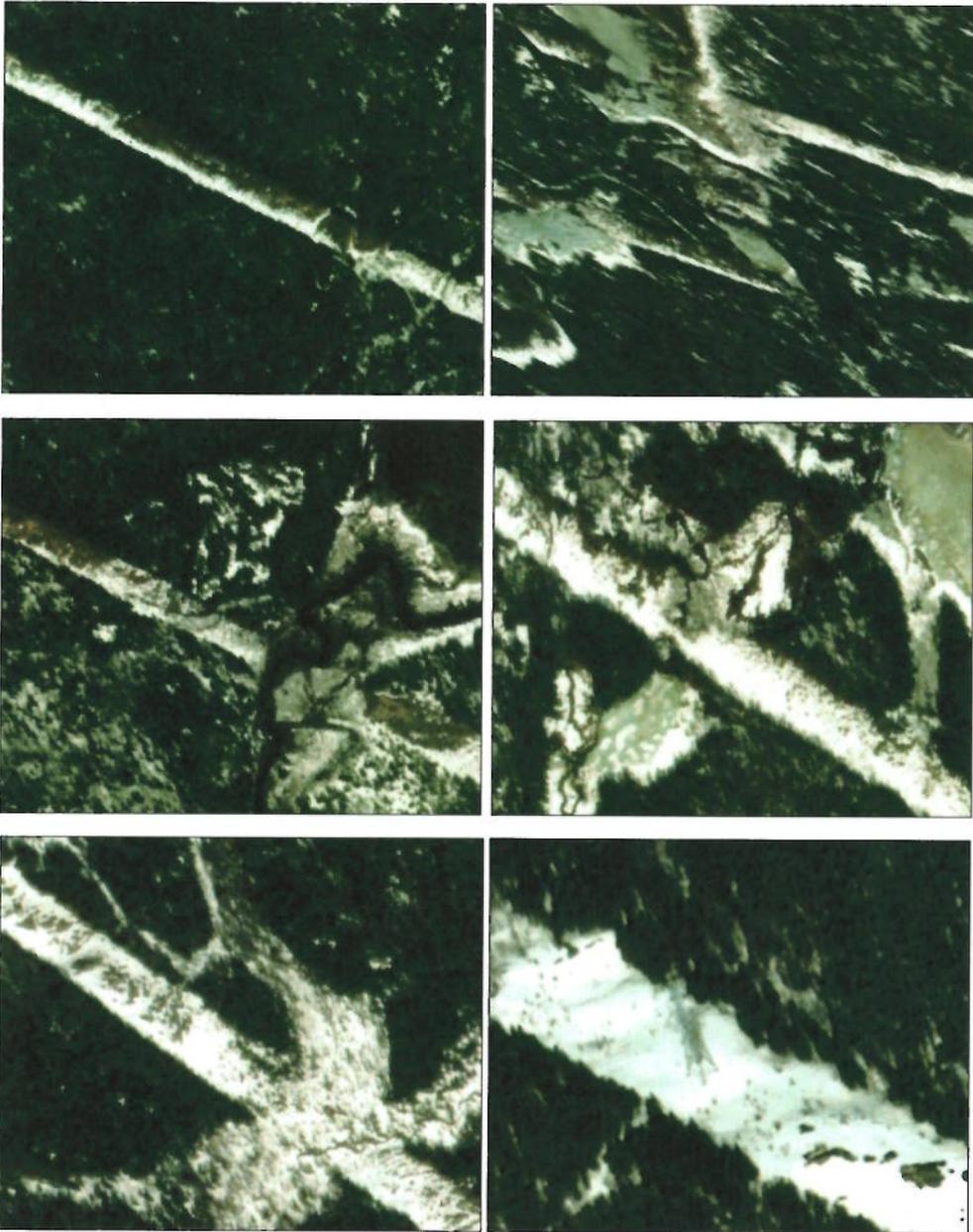
**SUBJECT PROPERTY AERIAL PHOTOGRAPHS**

(Source: Bing Maps)



**SUBJECT PROPERTY AERIAL PHOTOGRAPHS**

(Continued)



### ***Assessment and Taxes***

The subject property is under the ownership of the Crown, and, as of the date of this report, there is no assessment roll number, or Property Identification Number for the subject property, but rather, the transmission corridor forms part of PIN No. 62502-0008. From a valuation viewpoint, the assessment of the subject property for taxation purposes is immaterial, and of no consequence in attributing a value to the subject property.

### ***Land Use Regulations***

As it applies to land use regulations, and referring to the *Terms of Reference – Special Conditions*, it states: *“The appraiser should disregard the current federal crown ownership/occupancy and assume that the subject property is subject to all relevant land use controls”*.

The subject is located in Unorganized Territory within the Province of Ontario, and as such, no land use controls exist to oversee land usage. Discussions with Neil Mackay, Assistant Planner with the Ministry of Municipal Affairs and Housing (Thunder Bay), confirmed that the subject property is not subject to land use controls typical of an organized territory, nor does a Minister’s Zoning Order restricting development apply. As such, land owners may construct whatever they choose, so long as MNR and Ministry of Health guidelines, and regulations are observed, and that structures are in compliance with the Building Code Act (1992).

## **ANALYSIS AND CONCLUSIONS**

### ***Highest and Best Use***

Fundamental to the concept of value is the principle of ***Highest and Best Use***, which is defined in the Appraisal of Real Estate, Canadian Edition, published by the Appraisal Institute of Canada, as follows:

*"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."*

The highest and best use of vacant and improved land must meet four criteria. It is defined as the use, which is ***legally permissible, physically possible, financially feasible and maximally productive***. These criteria are often considered sequentially with the tests of legal permissibility and physical possibility being applied before considering financial feasibility and maximal productivity. It is important to note that in determining the Highest and Best Use of a specific property, factors such as land use regulations, supply and demand, market conditions, balance, conformity to surrounding uses, may all become factors in that determination.

### **Property as If Vacant**

As outlined in the *Terms Of Reference – Special Conditions* it states that *"The appraiser should disregard the current federal crown ownership/occupancy and assume that the subject property is subject to all relevant land use controls"* and that *"The appraiser is required to disregard all improvements on the subject property"*.

The Highest and Best Use of a vacant site is often dictated by the governing zoning bylaws. The Highest and Best Use must be legal and within the realm of probability. There must be a demand for such a use and that use must be "profitable" such that it will deliver the highest net return for the longest period of time.

The subject property consist of a tract of land that is ±35 kilometres (±21.74 miles) in length and ±46 meters (±150 feet) in width for a total area of ±161 hectares (±398 acres), and has historically been used as a High Voltage Transmission Corridor. The land within the corridor consists of both cleared and uncleared land, with some generally level land, gently rolling land, marshy areas, more rugged land with rock outcroppings, and water crossings. It is located in Unorganized Territory in the Province of Ontario where no land use controls exist to oversee land usage. Therefore, generally speaking, the lands could

be used for any number of purposes that are not considered to be in contravention to general health and environmental regulations. The highest and best use for this type of land is generally demonstrated by surrounding land use, and in the case of the subject, because it has been predominantly Crown Land and not easily accessible, would typically be used for rural/recreational purposes such as: camping, hunting, hiking, fishing, and outdoor tourist related purposes, and, to some extent, forestry.

All factors considered, it is our opinion that *Highest and best use of the subject property, as if vacant*, is considered to be some form of rural/recreational use.

## **METHOD OF VALUATION**

This appraisal involves the valuation of vacant land. In appraising vacant or unimproved land, there are six basic methods of estimating land value: The Direct Comparison Approach, the Comparative Sales Method, the Abstraction Method, the Extraction Method, the Subdivision Method, the Land Residual Method and the Capitalization of Ground Rent Method.

### **The Direct Comparison Approach**

This method provides a basis for value through a process of adjustments for differences between comparable sales and the subject property. In this method, similar land recently sold or offered for sale is analysed and comparisons are made for variations in such factors as time, location, size, motivation, corner influence, zoning and prospective use. This is the most commonly used approach to value as it reflects typical buyer and seller reactions.

### **The Abstraction Method**

This method is developed by gathering and analysing recent sales of improved property. The value of the improvements is deducted from the sale price based on a typical ratio of land to property value, thereby providing an indication of the value of the land.

### **The Extraction Method**

A variation of the abstraction method where the estimated depreciated market value of improvements is subtracted from sale price to indicate a vacant land value.

### **The Subdivision Method**

This method involves the estimation of the development costs from raw land to the serviced state. Through the addition of all costs including developer's profit, a land value is derived.

### **The Land Residual Method**

The land is hypothetically improved to its Highest and Best Use. The Income attributable to land under this hypothetical use is capitalized to provide an estimate of the value of the land.

### **The Capitalization or Ground Rent Method**

The potential income that the land may produce is capitalized to provide an indication of the market value of the land.

In this case, the Direct Comparison Approach is the most appropriate method of valuation. It is the most reliable and most commonly used in the valuation of vacant or unimproved land and it is easily understood and widely accepted by the courts.

### ***Estimate of Value - Direct Comparison Approach***

The Direct Comparison Approach is a method where the estimate of value is derived by comparing the subject property to similar properties that have been sold recently and applying appropriate units of comparison. The Direct Comparison Approach may be used to estimate value of improved and vacant property and is the most common and preferred method of valuation when comparable sales data is available.

Based on the *Principle of Substitution*, the approach requires the comparison of the subject property to similar properties, which have recently sold, or are currently listed for sale.

In order to estimate the market value of the Subject Property using the Direct Comparison Approach, we have investigated and analysed recent sales and listings of vacant parcels of land located in Northern and Ontario, which were considered most similar to the subject in use, development potential and location.

In arriving at an estimate of value, an appropriate unit of comparison must be derived from the comparable sales. Generally speaking, sales of this size and type of developable land are based on either a sale price per hectare, or sale price per acre. We have obtained a number of comparable sales that were purchased for development purposes or for a holding use, and have included both their sale price per hectare and sale price per acre.

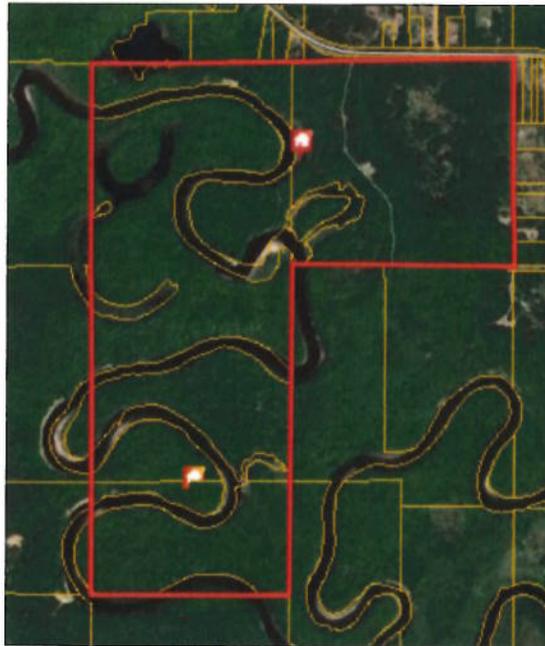
The sales of most importance are presented on the following pages.

Index No. 1

Location:	Parcel T302582, Part of SEC 26 & 27, Ley Township, District of Algoma
PIN #:	31305-0514
Sale Date:	January 2018
Sale Price:	\$146,018
Land Use Regulations:	Unorganized Territory
Site Size:	±152 Hectares, or (±376 Acres) - per GeoWarehouse
Sale Price / Hectare (Acre):	±\$959/Hectare, or (±\$388/Acre)

**Comments:**

Located just south of Marlette's Bay on Lake Superior, approximately 30 kilometres southwest of the community of Goulais River, and approximately 55 kilometres north of the City of Sault Ste. Marie, this is a ±152 Hectares (±376 Acres) site consisting of rural undeveloped land. Property is accessible by way of Marlette Drive, approximately 15 kilometres west of Trans-Canada Highway 17. Site consists of treed and undeveloped land that appears to be rugged to gently rolling. Surrounding property use is a rural waterfront neighbourhood immediately to the north, with other surrounding lands being treed and undeveloped. Site is unserviced, with hydro available along Marlette Drive.

Index No. 2

Location:	Parcel T403552, Part of SEC 32 & 41, Vankoughnet Township, District of Algoma
PIN #:	31345-0448
Sale Date:	December 2017
Sale Price:	\$200,000
Land Use Regulations:	Unorganized Territory
Site Size:	±204 Hectares, or (±504 Acres) - per GeoWarehouse
Sale Price / Hectare (Acre):	±\$980/Hectare, or (±\$397/Acre)

**Comments:**

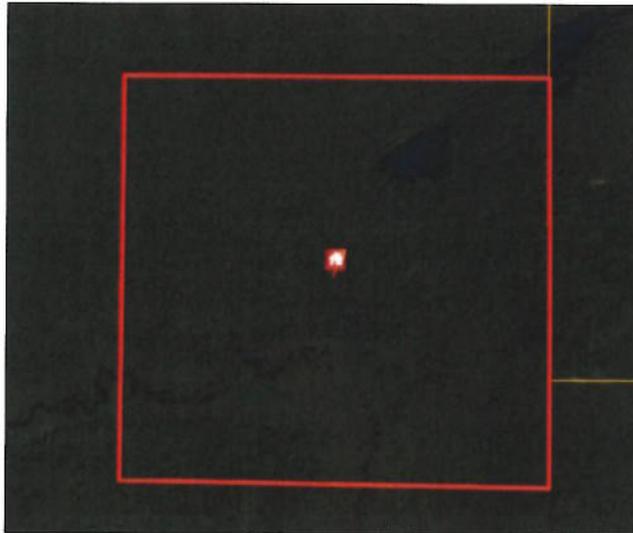
Located approximately 8 kilometres east of the community of Goulais River, and approximately 30 kilometres north of the City of Sault Ste. Marie, this is a ±204 Hectares (±504 Acres) rural property. Site is located approximately 3.5 kilometres east of Trans-Canada Highway 17 and is accessible by way of its frontage on Highway 552. The property appears to be mostly treed and undeveloped, with Goulais River running through the property. Surrounding property use is rural residential along Highway 552, with the other surrounding lands being predominantly treed and undeveloped. Site is unserviced, with hydro available along Highway 552.

**Index No. 3**

Location:	Part of SEC 26 & 27, Spragge Township, District of Algoma
PIN #:	31419-0332
Sale Date:	June 2017
Sale Price:	\$78,000
Zoning / Official Plan:	(RU) – Rural Zone / Special Residential & Rural
Site Size:	±91 Hectares, or (±224 Acres) - per GeoWarehouse
Sale Price / Hectare (Acre):	±\$859/Hectare, or (±\$348/Acre)

**Comments:**

Located approximately 30 kilometres south of the Town of Elliot Lake, and approximately 140 kilometres west of Greater Sudbury, this is a ±91 Hectares (±224 Acres) rural property with frontage on Trans-Canada Highway 17. The property appears to be mostly treed and undeveloped, and contains two utility corridors running through the property. Surrounding property use is primarily rural residential with some highway commercial properties located along Highway 17, and a noted campground located just south, along Serpent River. Other surrounding lands are generally treed and undeveloped with the Serpent River Indian Reserve land located to the south. Site is unserviced, with hydro available along Trans-Canada Highway 17.

Index No. 4

Location:	Parcel 15711, North of Jackfish Bay, Lake Superior, Syine Township, District of Thunder Bay
PIN #:	62456-0001
Sale Date:	October 2016
Sale Price:	\$70,000
Land Use Regulations:	Unorganized Territory
Site Size:	±65 Hectares, or (±160 Acres) - per GeoWarehouse
Sale Price / Hectare (Acre):	±\$1,081/Hectare, or (±\$438/Acre)

**Comments:**

Located approximately 0.5 kilometres north of Trans-Canada Highway 17, approximately 15 kilometres northeast of the Town of Terrace Bay, and approximately 70 kilometres northwest of the Town of Marathon, this is a ±65 Hectares (±160 Acres) vacant parcel of treed and undeveloped rural land. Access to the site is very limited, and appears to be only accessible by air, or ATV / walking through the forest from Highway 17. The property is mostly treed and undeveloped, and contains a small water body located in the northeast quadrant of the site. Surrounding properties are treed and undeveloped with various lakes throughout the area. Site is unserviced.

**Index No. 5**

Location:	Sturgeon Bay Road, Municipality of Neebing
PIN #:	62273-0438
Sale Date:	January 2016
Sale Price:	\$110,000
Zoning / Official Plan:	(RU) - Rural / Rural Area
Site Size:	±223 Hectares, or (±551 Acres) - per GeoWarehouse
Sale Price / Hectare (Acre):	±\$494/Hectare, or (±\$200/Acre)

**Comments:**

Located within the Municipality of Neebing, just west of Lake Superior, and approximately 35 kilometres southwest of the City of Thunder Bay, this is a ±223 Hectares (±551 Acres) site consisting of rural undeveloped land with some small water bodies located throughout. Property is accessible by way of Sturgeon Bay Road via Highway 61. Site consists of treed and undeveloped land that appears to be rugged to gently rolling. Surrounding properties in the area are predominantly treed and undeveloped and in their natural state. There is a noted waterfront community and resort located approximately 3.5 kilometres southeast of the subject, along Lake Superior. Agricultural lands are located to the northeast, nearer the City of Thunder Bay. Overall, this is a fairly isolated region within the Province of the Ontario, with the only nearest major centre being the City of Thunder Bay. Site is unserviced with access to hydro along the sites frontage on Sturgeon Bay Road.

**COMPARABLE SALES SUMMARY**

Index No.	Location	Sale Date	Sale Price	Site Size (±Hectares)	Site Size (±Acres)	Sale Price / Hectare	Sale Price / Acre	Comparability
1	Ley Township, District of Algoma	Jan. 2018	\$146,018	152	376	\$959	\$388	Superior
2	Vankoughnet Township, District of Algoma	Dec. 2017	\$200,000	204	504	\$980	\$397	Superior
3	Spragge Township, District of Algoma	Jun. 2017	\$78,000	91	224	\$859	\$348	Superior
4	Syine Township, District of Thunder Bay	Oct. 2016	\$70,000	65	160	\$1,081	\$438	Superior
5	Sturgeon Bay Road, Municipality of Neebing	Jan. 2016	\$110,000	223	551	\$494	\$200	Inferior
	<b>SUBJECT</b>			<b>161</b>	<b>398</b>			

Prior to adjustments, our comparable analysis indicates a range of values from \$495 to \$1,080 / Hectare (\$200 to \$440 / Acre) (rounded). These variances are primarily due to condition of sale / buyer motivation, site size, site access, services, location / access to infrastructure, topography, utility, and development potential.

Given the lack of sufficient sales data capable of supporting quantitative adjustments, a discussion of the required qualitative adjustments, relative to the price / acre is presented on the following page.

It should be noted that in this case, a quantitative approach was not undertaken, as it requires Paired Data Analysis where 2 or more market sales are compared to each other in order to quantify the amount of one element of comparison. This process is best suited in larger markets where sufficient

data exists, as its reliability is directly related to the sample size and the ability to isolate one element of comparison from all others. Due to the scarcity of similar properties sold locally, a qualitative approach was taken.

This qualitative technique or Relative Comparative Analysis is commonly used as it reflects the inherent imperfect nature of real estate markets. Adjustments are noted as Upward for inferior elements and Downward for superior elements.

## ELEMENTS OF COMPARISON

### Market Conditions (Time)

The various sales occurred over a period of time from January 2016 to January 2018. Our analysis suggests that property values for similar properties have not generally increased over that period, therefore, no adjustment was deemed necessary.

### Property Rights

In each case the property rights are those of the fee simple interest, therefore no adjustment is required.

### Financing

The comparable sales were acquired on an "all cash" basis or with market based financing, therefore no adjustment is considered necessary.

### Condition of Sale

To the best of our knowledge, each of the sales were open market transactions between willing sellers and willing buyers, therefore no adjustments were required.

### Site Size

In terms of site size, our comparable sales range in size from 65 to 223 hectares (160 to 551 acres) (rounded), whereas the subject site is ±161 hectares (398 acres). Generally, there is an inverse relationship between site size and price per acre. The principle of *Economies of Scale* dictates that the smaller the site, the higher the unit rate, therefore smaller comparable sales require a downward adjustment for size, and larger comparable sales require an upward adjustment.

### Site Access

To the best of our knowledge, access to the corridor is limited, with direct access being by way of air or snow machine/ATV. **Index No. 1, 2, 3, & 5** are located off public roadways, therefore, adjustments were considered for their superior access. With respect to **Index No. 4**, such as the subject, it is not located along a public roadway and has limited access, and thus considered similar to the subject.

### Services

The subject and all comparable sales are unserviced. However, they all contain varying levels of access to services, with the subject and some of the comparable sales having utilities running through the

properties, and some having access to services at the site's frontages. In light of the varying levels of access to services, adjustments were considered.

#### Location / Access to Infrastructure

From a locational standpoint, the subject and all of the comparable sales are located in fairly remote rural regions within Northern Ontario and, all have varying levels of access and proximity to more populated areas, which offer superior and inferior levels of services. Additionally, access to infrastructure such as major highways was also considered.

With the exception of **Index No. 4** which is considered similar in terms of location, all of the comparable sales are located closer to larger population centres and considered superior to the subject in terms of location.

With respect to access to infrastructure, all of the comparable sales are located in closer proximity to major highways when compared to the subject. As such, all comparable sales are considered superior to the subject in terms of access to infrastructure. In consideration of all factors, relative upward or downward adjustments were considered for comparable sales with superior or inferior elements.

#### Physical Characteristics / Topography

Adjustments for physical characteristics are more prevalent in the appraisal of improved properties and in the case of the subject and the indexes, they are all considered to be vacant or unimproved. The subject property is being appraised en bloc and on the assumption that it is of a size and shape configuration normal for the subject area and therefore physically comparable to the indexes. The subject as well as all of the indexes, have a variety of topographical features and have been selected, because they are quite similar with regard to physical characteristics. However, in some cases minor adjustments for topographical characteristics were considered.

#### Utility

The subject and all of the comparable sales are rural undeveloped properties, however, the subject and some of the comparable sales have water frontage, which potentially provides additional recreational utility to a potential purchaser. The subject property contains a mixture of treed and waterfront land that could potentially provide additional utility when compared to some of the comparable sales. As such, adjustments were considered for comparable sales which are considered to have an inferior or superior recreational use.

Land Use Regulations

The subject property and most of the comparable sales are located in Unorganized Territory in the Province of Ontario and, as such, no land use controls exist to oversee land usage. Conversely, some of the comparable sales are located in Rural zones – which are somewhat more restrictive in terms of land use regulations. Minor adjustments for this factor were considered.

A summary of the Elements of Comparison is presented in the table below. Please note that each element does not exert the same upward or downward pressure on the unit rate and do not equally offset each other.

Element of Comparison	Index No. 1	Index No. 2	Index No. 3	Index No. 4	Index No. 5
Sale Price	\$146,018	\$200,000	\$78,000	\$70,000	\$110,000
Site Size (±Hectares)	152	204	91	65	223
Site Size (±Acres)	376	504	224	160	551
Sale Price / Hectare	\$959	\$980	\$859	\$1,081	\$494
Sale Price / Acre	\$388	\$397	\$348	\$438	\$200
Market Conditions (Time)	=	=	=	=	=
Property Rights	Similar	Similar	Similar	Similar	Similar
Financing	Similar	Similar	Similar	Similar	Similar
Condition of Sale	=	=	=	=	=
Site Size	=	↑	↓	↓	↑
Site Access	Superior	Superior	Superior	Similar	Superior
Services	Similar	Similar	Similar	Inferior	Similar
Location / Access to Infrastructure	Superior / Superior	Superior / Superior	Superior / Superior	Similar / Superior	Superior / Superior
Physical Characteristics / Topography	Similar	Similar	Similar	Similar	Similar
Utility	Inferior	Similar	Inferior	Inferior	Similar
Land Use Regulations	Similar	Similar	Inferior	Similar	Inferior
<b>Overall Indication</b>	<b>Superior</b>	<b>Superior</b>	<b>Superior</b>	<b>Superior</b>	<b>Inferior</b>
<b>Primarily Due To:</b>	Site access, and location / access to infrastructure.	Site access, and location / access to infrastructure.	Relative site size, site access, and location / access to infrastructure.	Relative site size, and access to infrastructure.	Relative site size, and land use regulations.

After considering the elements of comparison, the approximate value range for the subject property has been narrowed to between \$495 to \$860 / Hectare (\$200 to \$350 / Acre) (rounded), with the upper end of the range indicated. The approximate midpoint of the narrowed range is \$678 / Hectare (\$275 / Acre).

**Index No. 1**, at \$960 / Hectare (\$390 / Acre) (rounded), is the sale of a similar size site [152 Hectares (376 Acres) vs. 161 Hectares (398 Acres)], located just south of a waterfront community on Marlette's Bay on Lake Superior. This sale is considered superior to the subject overall on a price per hectare / price per acre basis, primarily due to site access, and location / access to infrastructure.

**Index No. 2**, at \$980 / Hectare (\$400 / Acre) (rounded), is the sale of a larger size site [204 Hectares (504 Acres) vs. **161 Hectares (398 Acres)**], located approximately 30 kilometres north of the City of Sault Ste. Marie along Goulais River. This sale is considered superior to the subject overall on a price per hectare / price per acre basis, primarily due to site access, and location / access to infrastructure.

**Index No. 3**, at \$860 / Hectare (\$350 / Acre) (rounded), is the sale of a much smaller site [91 Hectares (224 Acres) vs. **161 Hectares (398 Acres)**], located approximately 30 kilometres south of the Town of Elliot Lake, along Trans-Canada Highway 11. This sale is considered similar in some respects such as: services and physical characteristics / topography, but superior overall on a sale price per hectare / sale price per acre basis, primarily due to relative site size, site access, and location / access to infrastructure, indicating a sale price per hectare / sale price acre rate lower than \$860 / Hectare (\$350 / Acre) for the subject property.

**Index No. 4**, at \$1,080 / Hectare (\$440 / Acre) (rounded), is the sale of a much smaller size site [65 Hectares (160 Acres) vs. **161 Hectares (398 Acres)**], located approximately 70 kilometres northwest of the Town of Marathon, and just 0.5 kilometres north of Trans-Canada Highway 17. This sale is considered similar in some respects such as: site access, and physical characteristics / topography, but considered superior to the subject overall on a price per hectare / price per acre basis, primarily due to relative site size / access to infrastructure.

**Index No. 5**, at \$495 / Hectare (\$200 / Acre) (rounded) establishes the lower end of the range and is the sale of a larger site [223 Hectares (551 Acres) vs. **161 Hectares (398 Acres)**], located within the Municipality of Neebing, approximately 35 kilometres southwest of the City of Thunder Bay. This sale is considered similar in some respects such as: services, physical characteristics / topography, and utility, but considered to be inferior overall on a sale price per hectare / sale price per acre basis, primarily due to relative site size and land use regulations.

Taking all information into consideration, it is our opinion that the estimated current market value of the subject property using the Direct Comparison Approach, is nearer the upper end of the narrowed range, or \$800 / Hectare ( $\pm$ \$325/Acre). In this case, the upper end seems most appropriate, given the subject property's mixture of favorable physical characteristics, which include water bodies and associated waterfront lands, indicating greater overall recreational utility, relative to the average property, not on water.

Therefore, the estimated current market value of the subject property indicated by the Direct Comparison Approach to value is  $\pm\$325 / \text{Acre} \times 398 \text{ Acres}$ , or  $\$800 / \text{Hectare} \times 161 \text{ Hectares} = \$128,800$ , rounded to  $\$130,000$ .

**ONE HUNDRED AND THIRTY THOUSAND DOLLARS (\$130,000)\***

*\*Subject to Extraordinary Limiting Condition*

### ***Exposure Time***

Exposure time has been defined in the Dictionary of Real Estate Appraisal (Third Edition, Chicago, Appraisal Institute, (1993) as *"The time a property remains on the market."*

Hypothetically, exposure time is the estimated length of time the subject property would have been offered on the market, prior to its sale at market value on the effective date of the appraisal. Exposure time is always presumed to occur prior to the effective date of the appraisal. The concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time, but also effort.

Estimated exposure time is usually expressed as a range and is based on statistical information where available, information gathered through sale verification and interviews with market participants. The exposure period is a function of price, time and use, not an isolated estimate of time alone. Exposure time is different for various types of real estate and under various market conditions. Some of the sales researched in this report were listed through the local Multiple Listing System at some point in time. However, it is sometimes difficult to obtain exposure times and listing times for other properties that are listed on an exclusive basis or sold by the owner.

Typically, properties of similar type and usage to the subject demonstrate a reasonable exposure time from as little as under 1 month to a year and more, however economic conditions may dictate a shorter or even longer exposure time depending on fluctuating interest rates and general market demand at any given point in time.

Based on the property type, its location and price range and an analysis of relevant sales leading up to the effective date, reasonable exposure time for the subject is estimated to be 3 to 6 months.

### ***Marketing Time***

*"Marketing time is an opinion of the amount of time it might take to sell a property interest in real estate at the concluded market value level during the period immediately after the effective date of an appraisal."*

Based on the property type, price range and an analysis of relevant sales leading up to the effective date, reasonable marketing time for the Subject is also estimated to be 3 to 6 months.

### ***Reconciliation and Final Estimate of Value***

The purpose of the appraisal report is to provide PCA and PSPC with the current market value, as if vacant, of the subject property. The subject property consist of a tract of land that is being used as a High Voltage Transmission Corridor, which is  $\pm 35$  kilometres ( $\pm 21.74$  miles) in length and  $\pm 46$  meters ( $\pm 150$  feet) in width for a total area of  $\pm 161$  hectares ( $\pm 398$  acres). The intended use of the appraisal is to assist PCA in determining the annual licence fee for the subject property. The property rights are those of the fee simple interest and the effective date of this valuation is March 23<sup>rd</sup>, 2018, which corresponds with the date of this report.

In estimating the market value of the property, only the Direct Comparison Approach was used and provided a value indication of \$130,000, equivalent to  $\pm \$800$  / Hectare, or  $\pm \$325$  / Acre. The Direct Comparison Approach focuses on the physical characteristics of the asset, as opposed to its financial composition. In this case, market data was adequate, fairly recent and indicated a relatively narrow range of value after adjustments.

In conclusion, the value estimate by the Direct Comparison Approach appears to be reasonable in light of recent sales and general market evidence. Therefore, it is our opinion that the estimated current market value of the subject property, as of March 23<sup>rd</sup>, 2018, is:

**ONE HUNDRED AND THIRTY THOUSAND DOLLARS (\$130,000)\***

*\*Subject to Extraordinary Limiting Condition*

### ***Certification***

We certify that, to the best of our knowledge, and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased, professional analyses, opinions and conclusions.
- We have no present or current interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analysis, opinions and conclusions were developed in keeping with the *Canadian Uniform Standards of Professional Appraisal Practice*.
- Mr. Dale Yungwirth, AACI, P. App., provided technical assistance to the person signing this report, which included collecting property and market data and other factual information, but did not include the interpretation or analysis of data.
- We have the knowledge and experience to complete this assignment competently.
- As of the date of this report, the undersigned had fulfilled the requirements of The Appraisal Institute of Canada Continuing Professional Development Program for designated and candidate members.
- This report has been prepared, in conformity with the *Canadian Uniform Standards of Professional Appraisal Practice*, as adopted by the Appraisal Institute of Canada.
- Based upon the data, analyses and conclusions contained herein, the current market value of the subject property, as of March 23<sup>rd</sup>, 2018, is:

**ONE HUNDRED AND THIRTY THOUSAND DOLLARS (\$130,000)\***

*\*Subject to Extraordinary Limiting Condition*

BOREAL APPRAISAL SERVICES INC.



Philippe Hébert, MBA, AACI, P. App.  
President

April 11<sup>th</sup>, 2018

Date

# **A D E N D A**

**ASSUMPTIONS AND LIMITING CONDITIONS**

**TERMS OF REFERENCE**

**QUALIFICATIONS OF PHILIPPE HÉBERT, MBA, AACI. P. App.**

**QUALIFICATIONS OF DALE YUNGWIRTH, B. Comm. (Hons), AACI. P. App.**

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. This report has been prepared at the request of PSPC for the purpose of providing PCA and PSPC with the current market value, as if vacant, of the subject property. The subject property consists of the underlying land in a High Transmission Voitage Corridor located within the Pukaskwa National Park in the Province of Ontario. This report was prepared to assist PCA in determining the annual licence fee for the subject property. It is not reasonable for any person other than the person to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the PSPC and the author of this report. This report has been prepared on the assumption that no other persons or parties will rely on it for any other purpose and all liability to all such persons is denied.
2. The estimated market value of the real estate, which is the object of this appraisal, pertains to the value of the fee simple interest in the real property. The property rights appraised herein exclude mineral rights, if any.
3. The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort, but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in this report).
4. The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value; especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the following Contingent and Limiting conditions.
5. The property has been valued on the basis that title to the real estate herein appraised is good and marketable.
6. The author of this report cannot accept responsibility for legal matters, questions of survey, opinions of title, hidden or unapparent conditions of the property, toxic wastes or contaminated materials, soil or sub-soil conditions, environmental, engineering or other technical matters, which might render this property more or less valuable than as stated herein. If it came to our attention as the result of our investigation and analysis that certain problems may exist, a cautionary note has been entered in the body of the report.
7. The legal description of the property and the area of the site were obtained from various sources. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
8. The property has been valued on the basis that the real estate is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described herein.
9. The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.
10. The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
11. Investigations have been undertaken in respect of matters, which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory

agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.

12. The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate herein appraised.
13. This appraisal report considers the market value of the real estate only. Any contribution of fixtures and equipment would be included only to the extent that such items contribute to the normal operation of the property, and are not separable as such. We are not experts in equipment valuation and any such equipment, when divorced from the ongoing operation would have a significantly lower value than its use in association with the subject property
14. The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though an attempt has been made to verify the authenticity of this information.
15. The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
16. Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
17. In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
18. Unless otherwise noted, the estimated market value of the property referred to herein is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
19. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made therefore, including provisions for additional compensation to permit adequate time for preparation and for any appearances, which may be required. However, neither this nor any other of these assumptions and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.
20. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.
21. The value expressed herein is in Canadian dollars.
22. This report is only valid if it bears the original signature(s) of the author(s).
23. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental

requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

24. These Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.
  
25. Neither possession of the report nor a copy of it, carries with it the right of publication. All copyright is reserved to Her Majesty the Queen in right of Canada. The report is considered confidential by the author and the client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of the appraiser. This report is only valid if it bears the original signature of the author. Her Majesty the Queen in right of Canada may use this report in deliberations affecting the subject property only, and in so doing, the report should not be extracted, but used in its entirety. Her Majesty the Queen in right of Canada retains copyright to the report, and is given authorization to rely on the report for the purposes stated above.

## TERMS OF REFERENCE

### **TERMS OF REFERENCE**

#### **Market Value Appraisal – A Tract of Land (As If Vacant) along the High Voltage Transmission Corridor in Pukaskwa National Park near Marathon, Ontario**

This assignment is strictly treated as confidential. Under no circumstance is the Consultant allowed to discuss any details of such assignment with any third party without express written consent granted by PSPC/PCA.

#### **1.0 Background:**

On behalf of Parks Canada Agency ("PCA"), Public Services and Procurement Canada ("PSPC") requires an appraisal report for the Subject Property near Marathon, Ontario. The Subject Property is under the custodianship of PCA. It comprises the underlying land in the high voltage transmission corridor, located at the northeastern corner of Pukaskwa National Park. There is a licence with Hydro One Networks Inc. ("Licensee") for the Subject Property. However, for the purpose of this appraisal, we are instructed to disregard this licence.

#### **2.0 Purpose of the Appraisal Report**

The purpose of the appraisal report is to provide PCA and PSPC with the current market value, as if vacant, of the Subject Property.

#### **3.0 Intended Use of the Appraisal Report:**

The intended use of the appraisal report is to assist PCA in determining the annual licence fee for the Subject Property.

#### **4.0 Subject Property Description:**

The Subject Property is a tract of land of approximately 35 kilometers (km) in length and 22.86 meters (75 feet) wide on either side of the centre line, making a total width of approximately 46 meters (150 feet). The total area is approximately 161 hectares.

#### **5.0 Effective Date:**

Date of Inspection

#### **6.0 Property Rights:**

The selected appraiser/consultant is to appraise the Subject Property based on Fee Simple Interest.

#### **7.0 Highest & Best Use:**

The Highest and Best Use is to be determined by the selected appraiser/consultant based on "market demand" under the ownership of a prudent investor/user. Special attention should be given to providing sufficient details describing the rationale used to arrive at the opinion of the Highest and Best Use. A thorough discussion as to the facts and assumptions leading to the Highest and Best use must be provided.

#### **8.0 Assumptions & Special Conditions:**

The appraiser is required to disregard all improvements on the subject property.

This valuation analysis is based upon an assumption that the subject is free from any environmental contamination and/or remediation, which include, but not limited to migration of contaminants to/from neighboring properties and waters.

The appraiser should disregard the current federal crown ownership/occupancy and assume that the subject property is subject to all relevant land use controls.

1 | Page

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 Appraisal Terms of Reference – Pukaskwa National Park – January 25, 2018
 

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It is assumed that the Subject Property is free from any Aboriginal/First Nation related issues or any potential claims on the Subject Property's title. It is further assumed that the Subject Property is free from any heritage designation/conservation covenant. Lastly, the subject property is to be appraised assuming that the property is free from any encumbrances and that PCA or the Crown has good title to the property.

#### 9.0 Scope of Work:

The selected appraiser/consultant must:

- The appraiser designated in the Service Contract is required to inspect, review and sign the report.
- Report on the subjects' legal title, assessments and taxes;
- Provide ownership history, previous uses, heritage and historic significance (if appropriate) of the subject property;
- Provide an appropriate analysis (as defined) of the Highest and Best Use for the subject property;
- PSPC expects the appraiser to explore the various valuation techniques, and use the appropriate appraisal methods and techniques to adequately support the concluded value estimate given the type of property under consideration;
- Research all relevant comparable sales (4-6 indices are required) and provide a data sheet with all relevant property information, together with photographs, Official Plan and Zoning designations for each comparable index. A map showing the readers the location of indices in relation to the subjects' location would be beneficial;
- Relate all the relevant comparable indices to the subject; explain the adjustments made and provide an adjustment chart where appropriate;
- Any comparative analyses presented in the appraisal shall include a discussion of the adjustments to the comparable properties and the Direct Comparison Approach shall include a table that summarizes the quantitative and/or qualitative price adjustments as appropriate to the type of property being valued;
- Provide a final estimate of value based on the market data and professional opinion. The selected appraiser/consultant will provide a reconciliation and rationale for the final estimate of value;
- Complete the appraisal report as per PSPC Appraisal Guideline 1B2 Short Narrative Appraisal (<http://www.tpsgc-pwgsc.gc.ca/biens-property/vltm/1b2-eng.html>)

#### 10.0 Report Type:

The report must be in compliance with requirements of the Short Narrative Report as per PSPC Appraisal Guideline 1B2: <http://www.tpsgc-pwgsc.gc.ca/biens-property/vltm/1b2-eng.html> and the most current Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP").

Please note Sections 2.7 and 2.9 of the PSPC Appraisal Guideline 1B2.

The appraiser is also required to include the following clause about copyright:

Neither possession of the report nor a copy of it, carries with it the right of publication. All copyright is reserved to Her Majesty the Queen in right of Canada. The report is considered confidential by the author and the client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of the appraiser. This report is only valid if it bears the original signature of the author. Her Majesty the Queen in right of Canada may use this report in deliberations affecting the subject property only, and in so doing, the report should not be extracted, but used in its entirety. Her Majesty the Queen in right of Canada retains copyright to the report, and is given authorization to rely on the report for the purposes stated above.

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Appraisal Terms of Reference – Pukaskwa National Park – January 25, 2018

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Please note that the report may be viewed by the Licensee for the purpose stated in this Terms of Reference.

**11.0 Unit of Measurement:**

As per Section 3.0 of PSPC Appraisal Guideline 1B2, all measurements throughout the report are to be expressed in metric system, followed by Imperial system in brackets.

**12.0 Map of Comparables:**

A map illustrating the location of comparable market indices, relative to the Subject Property should be included in the valuation or addenda section of the report.

**13.0 Production of Reports/Review/Revisions:**

The appraisal will be subjected to scrutiny and should be well-documented, with all information verified, wherever possible. In this regard, a well proof read Draft Report is to be submitted to PSPC for review and approval, prior to finalizing the report.

The selected appraiser/consultant must provide prompt and adequate response and/or revision to the appraisal in respect to any ambiguities, contradictions, concerns or issues that may arise as a result of the review of the Draft Report undertaken by PSPC.

Final Report – following acceptance of the Draft Report by PSPC, the selected appraiser/consultant shall prepare and submit the Final Report to PSPC.

**14.0 Timing & Deliverable:**

An electronic PDF copy of the Draft Report is to be e-mailed to Philip Yu, Senior Valuation Analyst at [Philip.yu@pwgsc.gc.ca](mailto:Philip.yu@pwgsc.gc.ca) and Janet Lin, Valuation Analyst at [janet.lin@pwgsc.gc.ca](mailto:janet.lin@pwgsc.gc.ca) for review within 6 weeks after the contract is awarded.

Upon acceptance by PSPC of the Draft Report including any necessary revisions, two (2) hard copies and one (1) electronic copy (*in PDF format*) of the Final Report are to be delivered to Janet Lin within five business days at Public Services and Procurement Canada at 4900 Yonge Street, 10<sup>th</sup> Floor, North York, Ontario M2N 6A6.

The Final Report shall be submitted on or before March 28, 2018.

**15.0 Professional Fees:**

The fee quote must include all disbursements. Harmonized Sales Tax (“HST”) is extra.

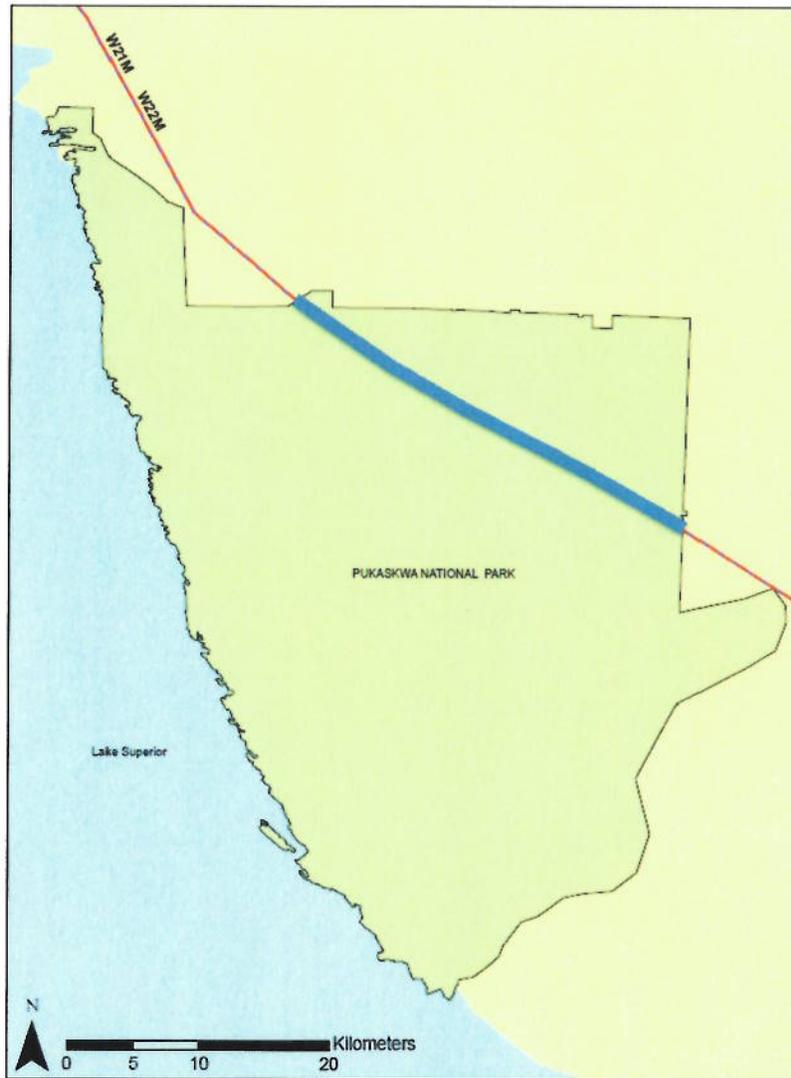
**16.0 Provision of Background Information:**

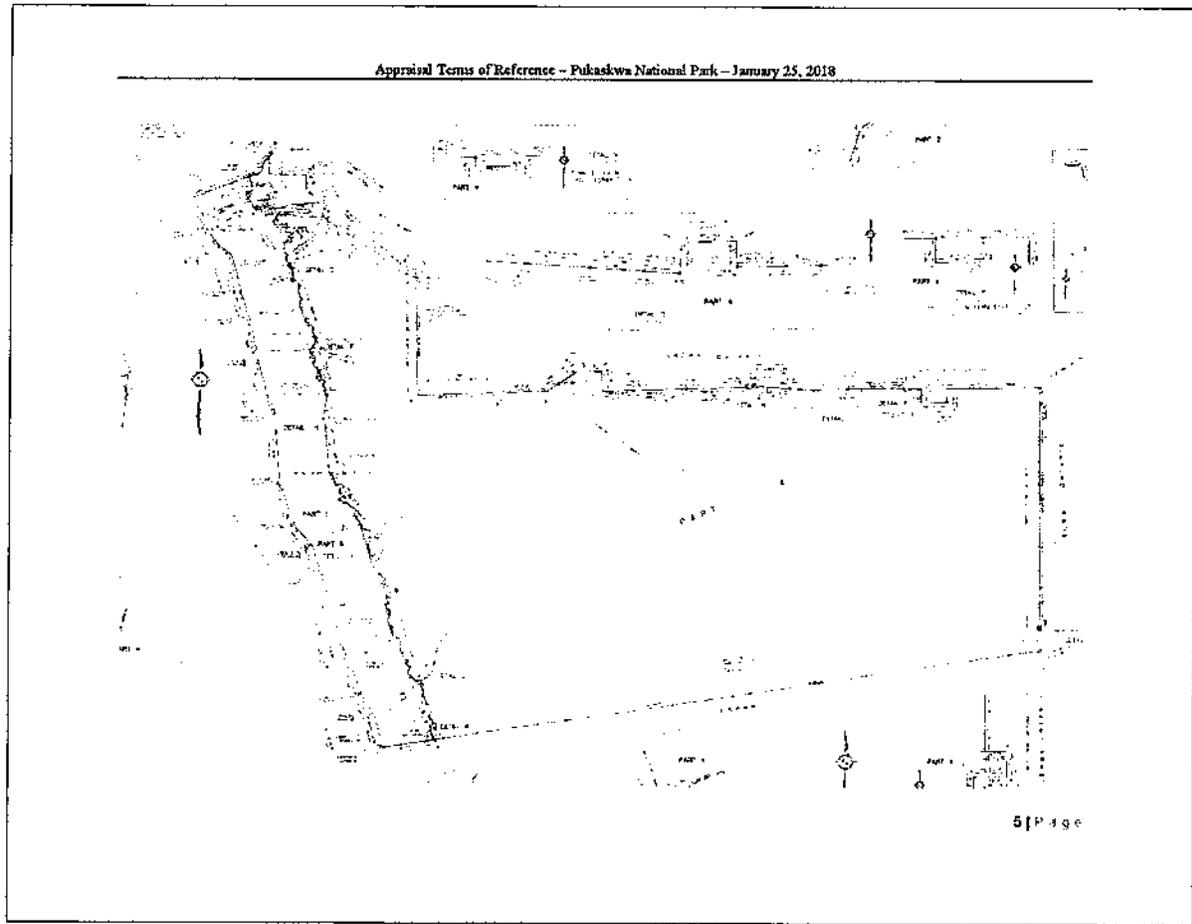
Following verbal or written acceptance of this proposal by PSPC, a contract for services and background material relating to the subject property will be provided under separate cover to the selected appraiser/consultant consisting of the following (if available):

- Name and contact information for site inspection;
- Survey Plan;
- Any other additional information

**Subject Property**

Approximate location, highlighted in blue (not to scale)





## ***Qualifications of Philippe Hébert, MBA, AACI, P. App.***

---

- Accredited Member– Appraisal Institute of Canada
- Bachelor of Commerce, Honours Degree, University of Guelph
- Master of Business Administration, Athabasca University
- Class P1 Licence - Paralegal

### ***Appraisal Assignments Have Been Carried Out for the Following:***

- Chartered Banks and Trust Companies
- Credit Unions and Caisse Populaires
- Municipal, Provincial and Federal Governments
- Finance Companies
- Law and Accounting Firms
- Mortgage Brokerage Firms
- The Business Development Bank of Canada (BDC)
- Individuals and Corporations
- Litigation Support – Expert Reports

***Qualifications of Dale Yungwirth, B. Comm. (Hons), AACI, P. App.***

---

- Accredited Member– Appraisal Institute of Canada
- Bachelor of Commerce, Honours Degree, University of Guelph
- Certificate in Real Estate Appraisal, University of Guelph
- Canadian Securities Course, Canadian Securities Institute

***Appraisal Assignments Have Been Carried Out for the Following:***

- Chartered Banks and Trust Companies
- Credit Unions and Caisse Populaires
- Municipal, Provincial and Federal Governments
- Finance Companies
- Law and Accounting Firms
- Mortgage Brokerage Firms
- The Business Development Bank of Canada (BDC)
- Individuals and Corporations
- Litigation Support – Expert Reports

**CLEVERTON Anthony**

---

**From:** FAIR Aaron  
**Sent:** Friday, May 04, 2018 4:50 PM  
**To:** 'jason.crockett@pc.gc.ca'  
**Cc:** sharon.hayes@pc.gc.ca  
**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Jason,

I appreciate you providing the feedback and supplying the site specific appraisal report for our review.

Hydro One has reviewed the contents of the appraisal and have no comments or questions. We accept the conclusions of the valuation which will set the licence fee moving forward.

I wanted however to clarify an item you raised in you last correspondence; specifically the following:

Do you have a sense of when there may be a decision reached with respect to approving the application? Whether or not that project goes ahead will impact the licence (i.e. use of land clause and Basic Impact Analysis documentation).

Specifically what would be altered specific to this licence which stems from Hydro One's Lake Superior Link application to the Ontario Energy Board? Also what is being reference by "Basic Impact Analysis" documentation?

Give me a call if you wish to discuss further.

Thanks Jason.

Aaron

**Aaron Fair**  
*Real Estate*  
**Hydro One**  
(416) 919-6962  
Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** jason.crockett@pc.gc.ca [mailto:jason.crockett@pc.gc.ca]  
**Sent:** Wednesday, May 02, 2018 10:09 AM  
**To:** FAIR Aaron  
**Cc:** sharon.hayes@pc.gc.ca  
**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,

Attached is the appraisal report. It has been reviewed and accepted by Public Service and Procurement Canada as well as Pukaskwa NP.

Yes, the current agreement is in overholding with all terms and conditions still in effect. I am working on drafting a replacement agreement which will be for a 20 year term as discussed. I'm not yet able to provide a timeline for when Hydro One can review the draft.

My understanding is that Hydro One is working through the approval process to replace infrastructure within the

transmission line. Do you have a sense of when there may be a decision reached with respect to approving the application? Whether or not that project goes ahead will impact the licence (i.e. use of land clause and Basic Impact Analysis documentation).

Thank you,

**Jason Crockett**

-----  
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Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements  
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[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)

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---

From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Date: 27/04/2018 06:01 PM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Jason,

Thanks for the follow up. I appreciate your update regarding Pukaskwa Park officials requirement to review the appraisal report prior to issuance to Hydro One for review. I look forward to receiving the appraisal next week with the intention we can accept the rent results.

To summarize our discussions to date, we are working towards completing a superseding renewal licence which will replace the current licence agreement. Until such time, the current licence is in over hold and remains enforceable by both parties.

As we move forward to finalise the renewal licence, I assume all previously discussed agreements terms have been resolved and will be included in a draft agreement for Hydro One's review. This includes the inclusion of a 20 year term length with regular 5 year rent reviews. Please confirm when Hydro One will have this draft licence agreement for review.

Lastly, please let me know your remaining process and anticipated timelines to bring this matter to a conclusion.

Thanks in advance,

Aaron

*Aaron Fair*

*Real Estate*

**Hydro One**

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]

**Sent:** Friday, April 27, 2018 2:52 PM

**To:** FAIR Aaron

**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,  
My apologies for cutting our call short earlier. The park is reviewing the report and I should be in a position to respond early next week.

Thank you very much for your patience,

**Jason Crockett**

---

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---

From: Jason Crockett/NOTES/PC/CA  
To: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
Date: 26/04/2018 05:05 PM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,  
I'm waiting on the park to get back to me. Once I can discuss, I'll be in touch. Hopefully tomorrow.

Thanks,

**Jason Crockett**

---

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---

From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Date: 26/04/2018 11:42 AM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Jason,

Reaching out on this.... Do you have any availability to discuss on the phone today? I would like to get some further information from you regarding this and timelines.

Thanks in advance,

Aaron

**Aaron Fair**  
Real Estate  
**Hydro One**  
(416) 919-6962  
Email: [aron.fair@hydroone.com](mailto:aron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]  
**Sent:** Monday, April 09, 2018 11:35 AM  
**To:** FAIR Aaron  
**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,  
The appraisal has been prepared and is currently being reviewed by Public Works and Procurement Canada. Once the final report is available I will ensure you are provided a copy. I anticipate that to be within the next 2 weeks.

Thanks for checking in,

**Jason Crockett**

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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Date: 09/04/2018 12:21 PM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Hi Jason,

I hope all is well.

Just reaching out to see if Parks Canada had received the resulting appraisal and when we might be able to review for discussion moving forward.

Thanks in advance,

Aaron

*Aaron Fair*  
Real Estate  
**Hydro One**  
(416) 919-6962  
Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]  
**Sent:** Monday, February 12, 2018 11:36 AM  
**To:** FAIR Aaron  
**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,  
Attached is the Terms of Reference for the appraisal of the hydro transmission line. I have confirmed that the ToR and appraisal can be shared with you.  
Note that the appraisal report is not due until March 28, 2018.

Thank you,

**Jason Crockett**

-----  
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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Cc: <[Pamela.Jalak@pc.gc.ca](mailto:Pamela.Jalak@pc.gc.ca)>  
Date: 09/02/2018 11:45 AM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Thanks for the responses Jason; this is very helpful.

We will await the draft TOR for the appraisal; look forward to taking the next steps in this matter.

Thanks in advance,

Aaron

*Aaron Fair*  
Real Estate

Hydro One Networks Inc.

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

From: [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [mailto:[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)]

Sent: Friday, February 09, 2018 7:24 AM

To: FAIR Aaron

Cc: [Pamela.Jalak@pc.gc.ca](mailto:Pamela.Jalak@pc.gc.ca)

Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,

Thanks for getting back to me. Further responses are in blue below.

Have a good day,

**Jason Crockett**

-----  
Realty Advisor | Conseiller en biens immobiliers

Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements

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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>

To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>

Cc: <[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca)>

Date: 25/01/2018 05:21 PM

Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Jason,

Thanks for your note; see my responses below in red. Looking forward to working with you to bring this matter forward.

Thanks,

AF

*Aaron Fair*

Real Estate

---

Hydro One Networks Inc.

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

From: Annique Maheu/NOTES/PC/CA

To: Jason Crockett/NOTES/PC/CA@PC

Hi Jason,

As mentioned, Aaron Fair from Hydro One had a few questions regarding the replacement licence for the hydro transmission corridor:

- Could they see the terms under which the appraisal will be completed (what they are looking at in terms of valuation)?

Once I have a copy of the terms of reference I can provide a copy to you. It is currently being drafted.

Understood we will await the draft TOR.

- Could we explore the option of having a longer term for the licence, recognizing that we would still review the fee after 5 years?

We could enter into a 10 year agreement for the transmission line. My manager Pamela Hayhurst advised that a 10 year term had been previously discussed and was agreeable to both parties. There would be a clause in the licence agreement where a rental review may take place at the 5 year mark to determine value of the lands at that time.

Is there any possibility to have a term longer than 10 years with regular rent reviews at 5 year intervals? Given that transmission infrastructure typically has a life cycle of 75 years; to reduce administrative burden on both parties is it possible to enter into a longer term?

We would be willing to issue a 20 year licence to reduce the administrative burden. In this scenario there would still be rent reviews at each 5 year interval to determine rent in accordance with applicable legislation and Parks Canada policy.

- Could we provide him with the rate per year in advance of the appraisal?

Unfortunately, I cannot provide a rate per year in advance of the appraisal as the appraisal will provide a market value of the lands which will be used to calculate the annual licence fee. The licence fee (or rate per year) will be a percentage of the market value of the lands.

How will the rent be calculated? Will it be along the lines of a standard licence/lease arrangement? i.e. Total Acreage x Price Per Acre x Discount on Fee Simple x Discount Rate %?

In accordance with PCA policy on rent setting, the rent for the first 5 years of the term will be 10% of the appraised land value (i.e. the entire transmission line RoW - approx. 150ft wide x 35kms long). As mentioned above, I cannot determine what the rental rates would be beyond that initial 5 year period.

I should also state that I mentioned to Hydro One that we will be doing an environmental assessment for this replacement licence, as the CEAA has changed since the previous version. We are waiting on Hydro One's environmental management plan for their corridors to proceed with the EA. If and when Hydro One submits a construction plan for the upgrades they are exploring, we will then work with them again to complete an separate EA for this project.

Aaron's contact info can be found in the emails below.

Thanks,

Annique Maheu

A/Park Superintendent, Pukaskwa National Park  
Parks Canada / Government of Canada  
PO Box 212, Heron Bay, ON, P0T1R0  
[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca) / Tel: 705-427-1956

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CP 212, Heron Bay (On), P0T 1R0  
[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca) / Tél: (705) 427-1956

----- Forwarded by Annique Maheu/NOTES/PC/CA on 18/01/2018 12:59 PM -----

From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca)>  
Date: 12/01/2018 02:06 PM  
Subject: RE: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Hi Annique,

Thanks for the update; that works fine. I have availability between 9-11am on Tuesday to discuss. Feel free to give me a call then; if that doesn't work you can catch me most of the day on Wednesday.

Thanks and have a great weekend!

AF

*Aaron Fair*  
Real Estate

---

Hydro One Networks Inc.

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca) [<mailto:annique.maheu@pc.gc.ca>]

**Sent:** Friday, January 12, 2018 12:53 PM

**To:** FAIR Aaron

**Subject:** Re: Pukaskwa National Park- Hydro One Transmission Corridor Licence

**\*\*\* Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. \*\*\***

Hello Aaron,

Thank you for your email. I have a meeting with my colleague Pamela in our Realty team on Monday, and will be able to provide you with an update then. I could call you on Tuesday if you're available.

Thanks and I hope you had a wonderful holiday season,

Annique Maheu

A/Park Superintendent, Pukaskwa National Park  
Parks Canada / Government of Canada  
PO Box 212, Heron Bay, ON, P0T1R0  
[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca) / Tel: 705-427-1956

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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca)>  
Date: 10/01/2018 04:35 PM  
Subject: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Annique,

Happy New Year! I trust you had an enjoyable holiday season.

Further to our discussion late last year, you were to circle back with me on the licence renewal matter once you had touched base with the Realty folks in Halifax. I am just looking for an update on this item and whether you have any direction on your end as to next steps.

Feel free to give me a call if you wish to discuss.

Thanks Annique.

Aaron

*Aaron Fair*  
Real Estate

---

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Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

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## CLEVERTON Anthony

---

**From:** jason.crockett@pc.gc.ca  
**Sent:** Monday, May 07, 2018 2:00 PM  
**To:** FAIR Aaron  
**Cc:** sharon.hayes@pc.gc.ca  
**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Aaron,

Thanks for getting back to me. My question relates to the environmental assessment (ie Basic Impact Analysis) for the proposed project. There will be an environmental protection article within the licence document (similar to 2010 licence currently in overholding) which will reference a specific env. assessment outlining mitigations to be followed. The env. assessment component of the licence will be based on the work being done within the corridor.

In a nutshell, the EA will be specific to what will be taking place on the land during the term of the agreement and will differ based on whether or not the towers will be replaced during the term.

Feel free to give me a call if you still have questions, thank you.

### Jason Crockett

---

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**From:** <Aaron.Fair@HydroOne.com>  
**To:** <jason.crockett@pc.gc.ca>  
**Cc:** <sharon.hayes@pc.gc.ca>  
**Date:** 04/05/2018 05:50 PM  
**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Jason,

I appreciate you providing the feedback and supplying the site specific appraisal report for our review.

Hydro One has reviewed the contents of the appraisal and have no comments or questions. We accept the conclusions of the valuation which will set the licence fee moving forward.

I wanted however to clarify an item you raised in you last correspondence; specifically the following:

Do you have a sense of when there may be a decision reached with respect to approving the application? Whether or not

that project goes ahead will impact the licence (i.e. use of land clause and Basic Impact Analysis documentation).

Specifically what would be altered specific to this licence which stems from Hydro One's Lake Superior Link application to the Ontario Energy Board? Also what is being reference by "Basic Impact Analysis" documentation?

Give me a call if you wish to discuss further.

Thanks Jason.

Aaron

**Aaron Fair**

*Real Estate*

**Hydro One**

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** jason.crockett@pc.gc.ca [<mailto:jason.crockett@pc.gc.ca>]

**Sent:** Wednesday, May 02, 2018 10:09 AM

**To:** FAIR Aaron

**Cc:** sharon.hayes@pc.gc.ca

**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,

Attached is the appraisal report. It has been reviewed and accepted by Public Service and Procurement Canada as well as Pukaskwa NP.

Yes, the current agreement is in overholding with all terms and conditions still in effect. I am working on drafting a replacement agreement which will be for a 20 year term as discussed. I'm not yet able to provide a timeline for when Hydro One can review the draft.

My understanding is that Hydro One is working through the approval process to replace infrastructure within the transmission line. Do you have a sense of when there may be a decision reached with respect to approving the application? Whether or not that project goes ahead will impact the licence (i.e. use of land clause and Basic Impact Analysis documentation).

Thank you,

**Jason Crockett**

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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>

To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>

Date: 27/04/2018 06:01 PM

Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Jason,

Thanks for the follow up. I appreciate your update regarding Pukaskwa Park officials requirement to review the appraisal report prior to issuance to Hydro One for review. I look forward to receiving the appraisal next week with the intention we can accept the rent results.

To summarize our discussions to date, we are working towards completing a superseding renewal licence which will replace the current licence agreement. Until such time, the current licence is in over hold and remains enforceable by both parties.

As we move forward to finalise the renewal licence, I assume all previously discussed agreements terms have been resolved and will be included in a draft agreement for Hydro One's review. This includes the inclusion of a 20 year term length with regular 5 year rent reviews. Please confirm when Hydro One will have this draft licence agreement for review.

Lastly, please let me know your remaining process and anticipated timelines to bring this matter to a conclusion.

Thanks in advance,

Aaron

*Aaron Fair*  
*Real Estate*  
**Hydro One**  
(416) 919-6962  
Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]  
**Sent:** Friday, April 27, 2018 2:52 PM  
**To:** FAIR Aaron  
**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,  
My apologies for cutting our call short earlier. The park is reviewing the report and I should be in a position to respond early next week.

Thank you very much for your patience,

**Jason Crockett**

-----  
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From: Jason Crockett/NOTES/PC/CA  
To: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
Date: 26/04/2018 05:05 PM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Hi Aaron,  
I'm waiting on the park to get back to me. Once I can discuss, I'll be in touch. Hopefully tomorrow.

Thanks,

**Jason Crockett**

-----  
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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Date: 26/04/2018 11:42 AM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Jason,

Reaching out on this.... Do you have any availability to discuss on the phone today? I would like to get some further information from you regarding this and timelines.

Thanks in advance,

Aaron

**Aaron Fair**

*Real Estate*

**Hydro One**

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]

**Sent:** Monday, April 09, 2018 11:35 AM

**To:** FAIR Aaron

**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,

The appraisal has been prepared and is currently being reviewed by Public Works and Procurement Canada. Once the final report is available I will ensure you are provided a copy. I anticipate that to be within the next 2 weeks.

Thanks for checking in,

**Jason Crockett**

-----  
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Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements  
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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>

To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>

Date: 09/04/2018 12:21 PM

Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Hi Jason,

I hope all is well.

Just reaching out to see if Parks Canada had received the resulting appraisal and when we might be able to review for discussion moving forward.

Thanks in advance,

Aaron

*Aaron Fair*

*Real Estate*

**Hydro One**

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]

**Sent:** Monday, February 12, 2018 11:36 AM

**To:** FAIR Aaron

**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,

Attached is the Terms of Reference for the appraisal of the hydro transmission line. I have confirmed that the ToR and appraisal can be shared with you.

Note that the appraisal report is not due until March 28, 2018.

Thank you,

**Jason Crockett**

-----  
Realty Advisor | Conseiller en biens immobiliers  
Realty Services, Strategic Policy and Investment Directorate | Services immobiliers, Direction générale des politiques stratégiques et des investissements  
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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Cc: <[Pamela.Jalak@pc.gc.ca](mailto:Pamela.Jalak@pc.gc.ca)>  
Date: 09/02/2018 11:45 AM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Thanks for the responses Jason; this is very helpful.

We will await the draft TOR for the appraisal; look forward to taking the next steps in this matter.

Thanks in advance,

Aaron

*Aaron Fair*  
Real Estate

---

Hydro One Networks Inc.

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca) [<mailto:jason.crockett@pc.gc.ca>]

**Sent:** Friday, February 09, 2018 7:24 AM

**To:** FAIR Aaron

**Cc:** [Pamela.Jalak@pc.gc.ca](mailto:Pamela.Jalak@pc.gc.ca)

**Subject:** RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Aaron,

Thanks for getting back to me. Further responses are in blue below.

Have a good day,

**Jason Crockett**

-----  
Realty Advisor | Conseiller en biens immobiliers

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To: <[jason.crockett@pc.gc.ca](mailto:jason.crockett@pc.gc.ca)>  
Cc: <[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca)>  
Date: 25/01/2018 05:21 PM  
Subject: RE: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Jason,

Thanks for your note; see my responses below in red. Looking forward to working with you to bring this matter forward.

Thanks,

AF

*Aaron Fair*  
Real Estate

---

Hydro One Networks Inc.

(416) 919-6962

Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

From: Annique Maheu/NOTES/PC/CA  
To: Jason Crockett/NOTES/PC/CA@PC  
Date: 18/01/2018 02:03 PM  
Subject: Fw: Pukaskwa National Park- Hydro One Transmission Corridor Licence

Hi Jason,

As mentioned, Aaron Fair from Hydro One had a few questions regarding the replacement licence for the hydro transmission corridor:

- Could they see the terms under which the appraisal will be completed (what they are looking at in terms of valuation)?

Once I have a copy of the terms of reference I can provide a copy to you. It is currently being drafted.

Understood we will await the draft TOR.

- Could we explore the option of having a longer term for the licence, recognizing that we would still review the fee after 5 years?

We could enter into a 10 year agreement for the transmission line. My manager Pamela Hayhurst advised that a 10 year term had been previously discussed and was agreeable to both parties. There would be a clause in the licence agreement where a rental review may take place at the 5 year mark to determine value of the lands at that time.

Is there any possibility to have a term longer than 10 years with regular rent reviews at 5 year intervals? Given that transmission infrastructure typically has a life cycle of 75 years; to reduce administrative burden on both parties is it possible to enter into a longer term?

We would be willing to issue a 20 year licence to reduce the administrative burden. In this scenario there would still be rent reviews at each 5 year interval to determine rent in accordance with applicable legislation and Parks Canada policy.

- Could we provide him with the rate per year in advance of the appraisal?

Unfortunately, I cannot provide a rate per year in advance of the appraisal as the appraisal will provide a market value of the lands which will be used to calculate the annual licence fee. The licence fee (or rate per year) will be a percentage of the market value of the lands.

How will the rent be calculated? Will it be along the lines of a standard licence/lease arrangement? i.e. Total Acreage x Price Per Acre x Discount on Fee Simple x Discount Rate %?

In accordance with PCA policy on rent setting, the rent for the first 5 years of the term will be 10% of the appraised land value (i.e. the entire transmission line RoW - approx. 150ft wide x 35kms long). As mentioned above, I cannot determine what the rental rates would be beyond that initial 5 year period.

I should also state that I mentioned to Hydro One that we will be doing an environmental assessment for this replacement licence, as the CEAA has changed since the previous version. We are waiting on Hydro One's environmental management plan for their corridors to proceed with the EA. If and when Hydro One submits a construction plan for the upgrades they are exploring, we will then work with them again to complete an separate EA for this project.

Aaron's contact info can be found in the emails below.

Thanks,

Annique Maheu

A/Park Superintendent, Pukaskwa National Park  
Parks Canada / Government of Canada  
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----- Forwarded by Annique Maheu/NOTES/PC/CA on 18/01/2018 12:59 PM -----

From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca)>  
Date: 12/01/2018 02:06 PM  
Subject: RE: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Hi Annique,

Thanks for the update; that works fine. I have availability between 9-11am on Tuesday to discuss. Feel free to give me a call then; if that doesn't work you can catch me most of the day on Wednesday.

Thanks and have a great weekend!

AF

*Aaron Fair*  
Real Estate

---

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Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

**From:** [annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca) [<mailto:annique.maheu@pc.gc.ca>]  
**Sent:** Friday, January 12, 2018 12:53 PM  
**To:** FAIR Aaron  
**Subject:** Re: Pukaskwa National Park- Hydro One Transmission Corridor Licence

**\*\*\* Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. \*\*\***

Hello Aaron,

Thank you for your email. I have a meeting with my colleague Pamela in our Realty team on Monday, and will be able to provide you with an update then. I could call you on Tuesday if you're available.

Thanks and I hope you had a wonderful holiday season,

Annique Maheu

A/Park Superintendent, Pukaskwa National Park  
Parks Canada / Government of Canada  
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From: <[Aaron.Fair@HydroOne.com](mailto:Aaron.Fair@HydroOne.com)>  
To: <[annique.maheu@pc.gc.ca](mailto:annique.maheu@pc.gc.ca)>  
Date: 10/01/2018 04:35 PM  
Subject: Pukaskwa National Park- Hydro One Transmission Corridor Licence

---

Annique,

Happy New Year! I trust you had an enjoyable holiday season.

Further to our discussion late last year, you were to circle back with me on the licence renewal matter once you had touched base with the Realty folks in Halifax. I am just looking for an update on this item and whether you have any direction on your end as to next steps.

Feel free to give me a call if you wish to discuss.

Thanks Annique.

Aaron

*Aaron Fair*  
Real Estate

---

Hydro One Networks Inc.  
(416) 919-6962  
Email: [aaron.fair@hydroone.com](mailto:aaron.fair@hydroone.com)

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**UNDERTAKING – JT 2.7**

**Undertaking**

- a) Hydro One to provide, under advisement, a summary of what was provided from Parks Canada in response to the communication Hydro One had with Parks Canada regarding the EA.
- b) Hydro One to provide a summary of discussions that will take place in the meeting with Parks Canada on May 17<sup>th</sup>.

**Response**

- a) The following is a summary of chronology of key Parks Canada correspondence, meetings, and submissions with applicable attachments where the correspondence has not already been put on the record.

<b>Date</b>	<b>Correspondence/Meeting/Submission</b>
September 13, 2017	Teleconference between Hydro One, SNC-Lavalin and Parks Canada <ul style="list-style-type: none"><li>• Presented Hydro One’s initial overview of project</li><li>• Discussed Parks Canada’s rejection of NextBridge’s proposal, which could not be contemplated because it would be considered to be new development under the <i>Canada National Parks Act</i></li><li>• Determined that the key point going forward was to determine whether Hydro One’s proposal was considered a new development</li><li>• Agreed to meet in late September to discuss further</li></ul>
September 29, 2017	In person meeting at Pukaskwa National Park – Hydro One, SNC-Lavalin, Parks Canada <ul style="list-style-type: none"><li>• Conducted a detailed project discussion with Parks Canada to identify potential areas of concern and provide sufficient comfort to Parks Canada staff to enable Parks Canada to seek a timely legal opinion on the proposed upgrade to existing transmission facilities within Pukaskwa National Park</li><li>• Agreed formal project overview to be provided by Hydro One for evaluation by Parks Canada and preparation of a formal response</li></ul>
October 13, 2017	Submission of Project Overview provided by Hydro One for evaluation by Parks Canada – Attachment 5 of the Hydro One Additional Evidence filed in the NextBridge Motion on May 7, 2018

Date	Correspondence/Meeting/Submission
November 20, 2017	<p>Teleconference between Hydro One, SNC Lavalin, Parks Canada (finalized minutes of meeting available)</p> <ul style="list-style-type: none"> <li>• Discussed Project Overview and what type of assessment would be required under licence agreement to meet federal EA requirements; Parks Canada felt it might be a basic impact analysis not detail but would confirm once more detail received</li> <li>• Parks Canada requested a detailed construction plan be submitted</li> <li>• Discussed, community consultation, renewing licence agreement, access agreements, research permits, collaboration on studies, information sharing</li> </ul>
November 27, 2017	<p>Parks Canada correspondence to Hydro One</p> <ul style="list-style-type: none"> <li>• Parks Canada verified in writing that that they did not object to the Project (as provided in Hydro One’s prefiled evidence at Exhibit C, Tab 1, Schedule 2, Attachment 2)</li> </ul>
January 19, 2018	<p>Hydro One submission of Environmental Evaluation Report to Parks Canada in support of the Licence renewal (Attachment 6 of the Hydro One Additional Evidence filed in the NextBridge Motion on May 7, 2018).</p>
February 12, 2018	<p>Hydro One submission of Construction Execution Plan to Parks Canada in accordance with Article 8.01 of the Licence (Attachment 7 of the Hydro One Additional Evidence filed in the NextBridge Motion on May 7, 2018).</p>
April 27, 2018	<p>Parks Canada provided Hydro One with a list of species at risk included in the Park’s Multi-Species Action Plan to be incorporated into Hydro One’s environmental studies. This is included as <b>Attachment 1</b> of this undertaking.</p>
April 30, 2018	<p>Hydro One requested Park permission to share the Caribou study results with a member of the Michipicoten First Nation. This is included as <b>Attachment 2</b> of this undertaking.</p>
May 1, 2018	<p>The Park agreed to share the Caribou study results with the Michipicoten First Nation. This is included as <b>Attachment 3</b> of this undertaking.</p>
May 3, 2018	<p>Hydro One followed up with an email to the Park summarizing what was discussed in individual phone conversations with Parks staff on May 1, 2018. In those conversations it was agreed that Hydro One will provide to the Park,</p>

Date	Correspondence/Meeting/Submission
	for its review, an environmental impact assessment document that includes, among other things, the studies and consultation conducted in relation to the Lake Superior Link project. This document would fulfill the Canadian Environmental Assessment Act, 2012 requirements. This correspondence is included as <b>Attachment 4</b> of this undertaking.
May 7, 2018	Hydro One provided a draft Table of Contents of the document that will be used to satisfy the Projects environmental requirements. This is included as <b>Attachment 5</b> of this undertaking.
May 8, 2018	The Park acknowledged receipt of the Table of Contents and agreed to review and reply back in the next two weeks. This correspondence is included as <b>Attachment 6</b> of this undertaking.
May 8, 2018	The Park provided to Hydro One specific measures to add to the work plans for the environmental studies to be conducted in the Park. The Park has asked Hydro One to conduct studies within the Park that are as intensive as those surveys proposed to be conducted outside the park. Environmental studies within the Park were originally proposed to be less intensive because there is no access construction or tree clearing proposed within the Park. This information is included as <b>Attachment 7</b> of this undertaking.
May 8, 2018	The Park requested that the meeting scheduled May 9th, 2018 be postponed and Hydro One agreed to postpone the meeting; next meeting with the Park scheduled for May 17th, 2018. This correspondence is provided as <b>Attachment 8</b> of this undertaking.
May 17, 2018	Teleconference with Parks Canada – minutes provided as <b>Attachment 9</b> of this undertaking.

1

2 b) Please refer to Attachment 9 of JT 2.7a.)

From: [daniel.pouliot@pc.gc.ca](mailto:daniel.pouliot@pc.gc.ca)  
 To: [Angela.Brooks@snclavalin.com](mailto:Angela.Brooks@snclavalin.com)  
 Cc: [bill.brake@pc.gc.ca](mailto:bill.brake@pc.gc.ca); [sharon.hayes@pc.gc.ca](mailto:sharon.hayes@pc.gc.ca); HOPPER Bruce  
 Subject: RE: Hydro One -Lake Superior Link Project -Draft Minutes of Meeting April 12, 2018  
 Date: Friday, April 27, 2018 1:10:04 PM  
 Attachments: [20180423\\_652996\\_Minutes of Meeting\\_HONI\\_PNP\\_Final.pdf](#)

Good day,

In accordance with the minutes of the April 12 meeting:

I would like to share with you:

Point 4.4: Species at risk included in Pukaskwa Multi-Species Action Plan:

Table 1. Species included in the action plan for Pukaskwa National Park.

Species	Scientific Name	COSEWIC Status	SARA Schedule 1 Status
Barn Swallow	<i>Hirundo rustica</i>	Threatened	Not Listed
Bank Swallow	<i>Riparia riparia</i>	Threatened	Not Listed
Canada Warbler	<i>Gardellina canadensis</i>	Threatened	Threatened
Common Nighthawk	<i>Chordeiles minor</i>	Threatened	Threatened
Eastern Wood-pewee	<i>Contopus virens</i>	Special Concern	Not Listed
Lake Sturgeon (Great Lakes – Upper St. Lawrence populations)	<i>Acipenser fluviescens</i>	Threatened	Not Listed
Little Brown Myotis	<i>Myotis lucifugus</i>	Endangered	Endangered
Monarch	<i>Danaus plexippus</i>	Endangered	Special Concern
Olive-sided Flycatcher	<i>Contopus cooperi</i>	Threatened	Threatened
Peregrine Falcon ( <i>anatum/tundrius</i> )	<i>Falco peregrinus anatum/tundrius</i>	Special Concern	Special Concern
Pitcher's Thistle	<i>Cirsium pitcheri</i>	Special Concern	Endangered
Rusty Blackbird	<i>Euphagus carolinus</i>	Special Concern	Special Concern
Shortjaw Cisco	<i>Coregonus zenithicus</i>	Threatened	Not Listed
Woodland Caribou (boreal population)	<i>Rangifer tarandus</i>	Threatened	Threatened
Snapping turtle	<i>Chelydra serpentina</i>	Special Concern	Special Concern

Thank you

Daniel

Daniel Pouliot

Gestionnaire de la Conservation des Ressources | Resource Conservation Manager  
 Unite de Gestion du Nord de l'Ontario | Northern Ontario Field Unit  
 Pukaskwa National Park | Parc national Pukaskwa  
 Parks Canada | Parcs Canada

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 Telephone | Téléphone: 807-229-0801 # 232  
 Facsimile | Télécopieur: 807-229-2097  
[www.pc.gc.ca/pukaskwa](http://www.pc.gc.ca/pukaskwa)

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**From:** HOPPER Bruce  
**To:** [bill.brake@pc.gc.ca](mailto:bill.brake@pc.gc.ca); [daniel.pouliot@pc.gc.ca](mailto:daniel.pouliot@pc.gc.ca); [Kuluski, Michael \(MNRF\) \(michael.kuluski@ontario.ca\)](mailto:Kuluski, Michael (MNRF) (michael.kuluski@ontario.ca))  
**Subject:** Hydro One -Lake Superior Link -Caribou study -Michipicoten First Nation  
**Date:** Monday, April 30, 2018 3:40:00 PM  
**Attachments:** [20180418\\_562966\\_MEM\\_LSLCaribou\\_final.pdf](#)

---

All,

Mr. Lepiano from the Michipicoten First Nation has requested a copy of the Caribou study Hydro One conducted in March 2018 attached. Could you please advise before May 7, 2018 if you have any concerns with me sharing this information with Mr. Lepiano?

Thank you,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

**From:** [daniel.pouliot@pc.gc.ca](mailto:daniel.pouliot@pc.gc.ca)  
**To:** HOPPER Bruce  
**Cc:** [sharon.hayes@pc.gc.ca](mailto:sharon.hayes@pc.gc.ca); [bill.brake@pc.gc.ca](mailto:bill.brake@pc.gc.ca)  
**Subject:** Re: Hydro One -Lake Superior Link -Caribou study -Michipicoten First Nation  
**Date:** Tuesday, May 01, 2018 11:59:20 AM  
**Attachments:** [20180418\\_562966\\_MEM\\_LSLCaribou\\_final.pdf](#)

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Good morning Bruce,

Pukaskwa doesn't see a problem with you sharing the Caribou study report with Michipicoten First Nation.

Thank you for consulting us on the matter.

Daniel

Daniel Pouliot  
Gestionnaire de la Conservation des Ressources | Resource Conservation Manager  
Unite de Gestion du Nord de l'Ontario | Northern Ontario Field Unit  
Pukaskwa National Park | Parc national Pukaskwa  
Parks Canada | Parcs Canada

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[www.pc.gc.ca/pukaskwa](http://www.pc.gc.ca/pukaskwa)

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**From:** <[Bruce.Hopper@HydroOne.com](mailto:Bruce.Hopper@HydroOne.com)>  
**To:** <[bill.brake@pc.gc.ca](mailto:bill.brake@pc.gc.ca)>, <[daniel.pouliot@pc.gc.ca](mailto:daniel.pouliot@pc.gc.ca)>, <[michael.kuluski@ontario.ca](mailto:michael.kuluski@ontario.ca)>  
**Date:** 30/04/2018 03:42 PM  
**Subject:** Hydro One -Lake Superior Link -Caribou study -Michipicoten First Nation

---

All,

Mr. Lepiano from the Michipicoten First Nation has requested a copy of the Caribou study Hydro One conducted in March 2018 attached. Could you please advise before May 7, 2018 if you have any concerns with me sharing this information with Mr. Lepiano?

Thank you,

Bruce Hopper  
Environmental Planner

Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

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**From:** HOPPER Bruce  
**To:** [daniel.pouliot@pc.gc.ca](mailto:daniel.pouliot@pc.gc.ca); [sharon.hayes@pc.gc.ca](mailto:sharon.hayes@pc.gc.ca)  
**Cc:** [CROLL Elise \(Elise.Croll@HydroOne.com\)](mailto:CROLL_Elise_(Elise.Croll@HydroOne.com)); [STAITE Patricia](mailto:STAITE_Patricia)  
**Subject:** Follow-up RE: Hydro One -Lake Superior Link -question regarding CEAA process  
**Date:** Thursday, May 03, 2018 10:36:00 AM

---

Hi Sharon, Daniel:

I just want to follow-up with you on the email below and our subsequent phone conversations on May 1, 2018. From our conversations we agreed that to fulfill the Canadian Environmental Assessment Act, 2012 requirements that in addition to the already provided Project Description and Construction Execution Plan, Hydro One will provide to the Park, for its review, an environmental impact assessment document that includes, among other things, the studies and consultation conducted in relation to the Lake Superior Link project. In the coming weeks Hydro One will provide an outline or table of contents for the Park's consideration and input. Please let me know if you have anything to add to this.

Thank you for your cooperation and feel free to contact me with any questions.

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

---

**From:** HOPPER Bruce  
**Sent:** Monday, April 30, 2018 3:10 PM  
**To:** [bill.brake@pc.gc.ca](mailto:bill.brake@pc.gc.ca); [daniel.pouliot@pc.gc.ca](mailto:daniel.pouliot@pc.gc.ca)  
**Cc:** [CROLL Elise \(Elise.Croll@HydroOne.com\)](mailto:CROLL_Elise_(Elise.Croll@HydroOne.com)); [STAITE Patricia](mailto:STAITE_Patricia)  
**Subject:** Hydro One -Lake Superior Link -question regarding CEAA process  
**Importance:** High

Hi Bill, Daniel:

Hydro One is currently preparing evidence to be heard at a hearing at the Ontario Energy Board (OEB). Our lawyers are asking for information from us immediately. I was hoping you might quickly clarify a few things for us so that we can provide accurate information to the OEB.

In relation to the Project only, and not the Licence Renewal, what are the requirements that we need to meet under CEAA?

My understanding is: we have currently provided the Park a Project Description and Construction Execution Plan. We are also preparing to begin several environmental studies to feed into an environmental impact assessment. All of this is specific to the Project and is separate to the Environmental Evaluation document previously provided to supplement the Licence Renewal.

Is this correct, is there anything further?

Your help to clear this up for me would be much appreciated.

Thank you,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

**HOPPER Bruce**

---

**From:** HOPPER Bruce  
**Sent:** Monday, May 07, 2018 1:24 PM  
**To:** daniel.pouliot@pc.gc.ca; sharon.hayes@pc.gc.ca  
**Cc:** STAITE Patricia; HAULENA Adam  
**Subject:** Hydro One -Lake Superior Link -Draft Table of Contents  
**Attachments:** 20180503\_652996\_Declaration Order\_Table of Contents Draft.docx

Hi Sharon, Daniel:

Please find attached a draft Table of Contents of the document that will be used to satisfy the Projects environmental requirements. We would appreciate it if you could review and let us know if there are any sections that could be added or modified that would better meet Parks Canada's requirements.

Thank you for your help,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

## HOPPER Bruce

---

**From:** daniel.pouliot@pc.gc.ca  
**Sent:** Tuesday, May 08, 2018 10:22 AM  
**To:** HOPPER Bruce  
**Cc:** sharon.hayes@pc.gc.ca  
**Subject:** Re: Hydro One -Lake Superior Link -Draft Table of Contents  
**Attachments:** 20180503\_652996\_Declaration Order\_Table of Contents Draft.docx

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Good morning Bruce,  
Thank you for the template.

Our team will be looking into it in the next few days and we should be able to get back to you within two weeks.

Have a great day

Sincerely,

Daniel

Daniel Pouliot  
Gestionnaire de la Conservation des Ressources | Resource Conservation Manager  
Unite de Gestion du Nord de l'Ontario | Northern Ontario Field Unit  
Pukaskwa National Park | Parc national Pukaskwa  
Parks Canada | Parcs Canada

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[www.pc.gc.ca/pukaskwa](http://www.pc.gc.ca/pukaskwa)

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---

From: <[Bruce.Hopper@HydroOne.com](mailto:Bruce.Hopper@HydroOne.com)>  
To: <[daniel.pouliot@pc.gc.ca](mailto:daniel.pouliot@pc.gc.ca)>, <[sharon.hayes@pc.gc.ca](mailto:sharon.hayes@pc.gc.ca)>  
Cc: <[patricia.staite@HydroOne.com](mailto:patricia.staite@HydroOne.com)>, <[Adam.Haulena@HydroOne.com](mailto:Adam.Haulena@HydroOne.com)>  
Date: 07/05/2018 01:27 PM  
Subject: Hydro One -Lake Superior Link -Draft Table of Contents

Hi Sharon, Daniel:

Please find attached a draft Table of Contents of the document that will be used to satisfy the Projects environmental requirements. We would appreciate it if you could review and let us know if there are any sections that could be added or modified that would better meet Parks Canada's requirements.

Thank you for your help,

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

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## HOPPER Bruce

---

**From:** daniel.pouliot@pc.gc.ca  
**Sent:** Tuesday, May 08, 2018 12:50 PM  
**To:** HOPPER Bruce  
**Cc:** sharon.hayes@pc.gc.ca  
**Subject:** Item #4.5 of April 12th 2018 meeting

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Good day Bruce,

As per the minutes of our April 12th meeting, Pukaskwa was to identify the specific measures from the proposed Work Plans (Aquatic, Vegetation, Wildlife) that could be used as baseline data for a future collaborative approach to increase the global ecological integrity of the park, by enhancing the ecological integrity of the Powerline. The sampling protocol for these measures were to be similar outside and inside the park (more intensive compare to "representative sampling").

Resource Conservation staff identified the vegetation management under the powerline as a key tool to positively affect the ecological integrity of the powerline. By developing in the next few years or so, a renewed vegetation management plan that consider both the structural/functional integrity of the powerline equipment AND the ecological integrity of the line, we believe we can achieve goals for both organization.

---

- Based on that idea of increasing the ecological integrity of the Powerline, it appears that baseline data acquired through your **Vegetation Work Plan** is at this time, the most crucial for our future work. For this reason, the Vegetation Work Plan protocol should be applied throughout the park ROW.

- For the same reason, the measure of **Rare Vegetation Communities** protocol (2.0 Survey of Wildlife Work Plan) should also be applied throughout the park ROW.

- Pukaskwa National Park identified a number of species at risk in its Multi-species Action Plan that are present in the park and for which we have responsibilities.

Species at risk that could gain benefits from a renewed vegetation management plan are mainly passerine birds and bats (Bank and Barn Swallows, Canada Warbler, Common Nighthawk, Eastern Wood-Pewee, Olive-sided Flycatcher, Rusty Blackbird, Little Brown Myotis) and Monarch Butterfly.

For this reason, the protocol for **Bats Hibernaculum Screening, Bats Maternity Roost Habitat, Acoustic surveys** (3.2.1, 3.2.2, and 3.2.3 in Survey of Wildlife Work Plan), **Breeding Birds, Marsh Bird Habitat, Crepuscular Bird** (3.3, 3.4, and 3.5 in Survey of Wildlife Work Plan) should be applied throughout the the park ROW.

**Observation of Monarch Butterfly and Milkweed** should also be carefully recorded throughout the field work.

- Finally the Bald Eagle and Osprey nests located on pylon will have to be located throughout the park ROW. This information is to be used in the Environmental Assessment. For this reason, the protocol on **Bald Eagle and Osprey nesting habitat** (3. Specialised Wildlife Habitat) should be applied throughout the park ROW.

---

In summary, based on our shared desire to work toward an enhanced ecological integrity of the Powerline ROW located within Pukaskwa National Park, we believe that the mentioned protocol should be carried out in a more intensive way, maybe similar to what HONI is planning outside the park boundary. The results of these surveys, combined to the logistic needs of HONI, shall be used in the identification of specific areas along the ROW where alternative vegetation management practices could be implement, leading to an enhancement of the ecological integrity.

The other measures are of interest but are considered less crucial for our common goal and for so, their survey by "representative sampling", as stated in the various Work Plans, will be considered sufficient.

We would like to further discuss with you the implementation of the identified protocols, and are looking forward to continue to collaborate for a common goal of enhancing the ecological integrity of the Powerline.

Thank you,

Don't hesitate to contact us if you have any question,

Sincerely,

Daniel

Daniel Pouliot  
Gestionnaire de la Conservation des Ressources | Resource Conservation Manager  
Unite de Gestion du Nord de l'Ontario | Northern Ontario Field Unit  
Pukaskwa National Park | Parc national Pukaskwa  
Parks Canada | Parcs Canada

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From: <Bruce.Hopper@HydroOne.com>  
To: <daniel.pouliot@pc.gc.ca>  
Cc: <sharon.hayes@pc.gc.ca>, <bill.brake@pc.gc.ca>  
Date: 01/05/2018 11:15 AM  
Subject: RE: Postponed Conference Call May 1st 2018

---

Hi Daniel,

No problem, I actually had canceled the meeting for today and that is likely why it is not in your calendar. I rescheduled for Wed May 9<sup>th</sup>-so hopefully that is in your calendar. We are happy to work with the Park into the future however, our push to discuss this now is to just ensure that whatever we need for studies gets captured in our workplans for this summer's studies. We are planning to get started on studies end of May so we want to be sure we have workplans that are good with the Park.

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

**From:** daniel.pouliot@pc.gc.ca [<mailto:daniel.pouliot@pc.gc.ca>]  
**Sent:** Tuesday, May 01, 2018 10:58 AM  
**To:** HOPPER Bruce  
**Cc:** sharon.hayes@pc.gc.ca; bill.brake@pc.gc.ca  
**Subject:** Postponed Conference Call May 1st 2018

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Hello Bruce,

Could we postponed the meeting we were to have this morning.

I'm not too sure why but that meeting did not appear on my calendar and I'm unavailable at that time.

Also, we are please to see that Hydro-One is interested to work with us to enhance the ecological integrity of the park by reviewing the vegetation management of the power line but our proposition was to start this discussion with you in a longer time window, probably in the next year or so.

In the mean time, I will provide the information you request on our April 12th meeting as per calendar defined in the minutes.

Hoping this is to your satisfaction, I thank you for your understanding and collaboration.

Sincerely,

Daniel

Daniel Pouliot

Gestionnaire de la Conservation des Ressources | Resource Conservation Manager

Unite de Gestion du Nord de l'Ontario | Northern Ontario Field Unit

Pukaskwa National Park | Parc national Pukaskwa

Parks Canada | Parcs Canada

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## HOPPER Bruce

---

**From:** daniel.pouliot@pc.gc.ca  
**Sent:** Tuesday, May 08, 2018 1:03 PM  
**To:** HOPPER Bruce  
**Cc:** sharon.hayes@pc.gc.ca  
**Subject:** RE: Postponed Conference Call May 1st 2018

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Good day Bruce,

I sent you minutes ago the informations requested related to item 4.5 of last meeting minutes. This information also concern points 4.3, 4.4, and 4.6.

Would you agree that we postponed our meeting (schedule for tomorrow) so you guys have time to review the information. This way I believe our meeting would be more productive?

We are not available May 9th, but May 11 could work (11am or 2pm), or alternatively May 14-18 (9am-4pm) except the 18th (from 10-12am).

Thank you for your collaboration,

Daniel

Daniel Pouliot  
Gestionnaire de la Conservation des Ressources | Resource Conservation Manager  
Unite de Gestion du Nord de l'Ontario | Northern Ontario Field Unit  
Pukaskwa National Park | Parc national Pukaskwa  
Parks Canada | Parcs Canada

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Government of Canada | Gouvernement du Canada

Conserve, Restore and Connect with Nature | Conserver, restaurer et se rapprocher de la nature

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From: <[Bruce.Hopper@HydroOne.com](mailto:Bruce.Hopper@HydroOne.com)>  
To: <[daniel.pouliot@pc.gc.ca](mailto:daniel.pouliot@pc.gc.ca)>  
Cc: <[sharon.hayes@pc.gc.ca](mailto:sharon.hayes@pc.gc.ca)>, <[bill.brake@pc.gc.ca](mailto:bill.brake@pc.gc.ca)>  
Date: 01/05/2018 11:15 AM  
Subject: RE: Postponed Conference Call May 1st 2018

Hi Daniel,

No problem, I actually had canceled the meeting for today and that is likely why it is not in your calendar. I rescheduled for Wed May

9<sup>th</sup>-so hopefully that is in your calendar. We are happy to work with the Park into the future however, our push to discuss this now is to just ensure that whatever we need for studies gets captured in our workplans for this summer's studies. We are planning to get started on studies end of May so we want to be sure we have workplans that are good with the Park.

Bruce Hopper  
Environmental Planner  
Environmental Services  
Hydro One Networks Inc.  
416-779-0257  
[bruce.hopper@hydroone.com](mailto:bruce.hopper@hydroone.com)

**From:** [daniel.pouliot@pc.gc.ca](mailto:daniel.pouliot@pc.gc.ca) [<mailto:daniel.pouliot@pc.gc.ca>]  
**Sent:** Tuesday, May 01, 2018 10:58 AM  
**To:** HOPPER Bruce  
**Cc:** [sharon.hayes@pc.gc.ca](mailto:sharon.hayes@pc.gc.ca); [bill.brake@pc.gc.ca](mailto:bill.brake@pc.gc.ca)  
**Subject:** Postponed Conference Call May 1st 2018

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Hello Bruce,  
Could we postponed the meeting we were to have this morning.  
I'm not too sure why but that meeting did not appear on my calendar and I'm unavailable at that time.

Also, we are please to see that Hydro-One is interested to work with us to enhance the ecological integrity of the park by reviewing the vegetation management of the power line but our proposition was to start this discussion with you in a longer time window, probably in the next year or so.

In the mean time, I will provide the information you request on our April 12th meeting as per calendar defined in the minutes.  
Hoping this is to your satisfaction, I thank you for your understanding and collaboration.

Sincerely,

Daniel

Daniel Pouliot  
Gestionnaire de la Conservation des Ressources | Resource Conservation Manager  
Unite de Gestion du Nord de l'Ontario | Northern Ontario Field Unit  
Pukaskwa National Park | Parc national Pukaskwa  
Parks Canada | Parcs Canada

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# Minutes of Meeting

Filed: 2018-05-25  
 EB-2017-0364  
 Exhibit: JT 2.7  
 Attachment 9  
 Page 1 of 3

Project Name:	Lake Superior Link			
Prepared by:	Adam Haulena		Meeting Date:	May 17, 2018
			Meeting Time:	1:15 pm – 1:45 pm
			Location: Conference Call	
Attendees:	Sharon Hayes (SH) Daniel Pouliot (DP) Bruce Hopper (BH) Patricia Staite (PS) Adam Haulena (AH) Doug Rivard (DR)	Parks Canada (PC) PC HONI HONI HONI HONI	James Harris (JH) Angela Brooks (AB)	SNC Lavalin (SNC) SNC

## Minutes

Item #	Description	Action by	Date
<b>Work Programs – Pukaskwa National Park</b>			
<b>1</b>	<b>Project Overview (BH)</b>		
1.1	SLI relayed information gained from helicopter survey. Lots of washouts along PNP access road and removed culverts. Access via land will be difficult in some areas. Helicopter access will be required for portions of the survey.	Info	
1.2	BH reviewed purpose of meeting. Biodiversity enhancement initiatives in the park in relation to existing corridor and proposed upgrades due to Lake Superior Link project	Info	
<b>2</b>	<b>Workplan (BH)</b>		
2.1	DP previously provided HONI with list of initiatives that PNP would like for the right of way area.	Info	
2.2	JH overviewed workplan changes. Major changes – applying full vegetation and wildlife assessment protocol to ROW and adjacent habitat.  Rare vegetation communities. ROW vegetation inventory to determine SAR or general enhancement can occur.  Bats – full survey protocol, hibernaculum, etc.  Bird surveys throughout the ROW and park, eagle and osprey nesting survey. One osprey nest located in the towers during helicopter surveys.	Info	

# Minutes of Meeting

Item #	Description	Action by	Date
2.3	DP states it is important to have baseline data to have to assess. Most important to be able to measure a change when working vegetation management plan for community assemblages. Concern over SAR that PNP is responsible for. Monarch butterflies were mentioned as important for SAR as well as associated milkweed. DP wonders the need to put specific species that PNP is responsible for. SNC stated all SAR would be assessed.	Info	
<b>3</b>	<b>Permit for field work</b>		
3.1	Permit for field work on May 28. SNC was not sure on status of permit at the time. DP confirms SNC has submitted a request. DP wondering if there was an added a request for structural inspections to permit? PNP requests pertinent level of detail on all submissions to minimize back and forth.	SNC	
<b>4</b>	<b>Biodiversity enhancement initiatives</b>		
4.1	DP says all biodiversity enhancement initiative concerns have been addressed outlined in the correspondence previously sent.	Info	
<b>5</b>	<b>Notice Letter</b>		
5.1	BH - HONI to be sending out First Nations letters for work in park for consultation, including Pic River FN to advise that environmental studies will begin on the project. BH to send SH the letter. Wants to clarify if the letter for review or just FYI. Ensure letter is clear that it is commencement of EA studies, not approving project in its entirety. PNP weren't able to allow EA to go through with Nextbridge, comments coming back asking why HONI is being allowed. BH says letters are going out tomorrow, if there are any issues please bring them forward before then.	BH/SH	May 18 <sup>th</sup> , 2018
<b>6</b>	<b>Table of Contents</b>		
6.1	DP's team sent comments. Received and would like another week to provide comments	DP	
6.2	Archaeology – DP not yet able to meet with Parks Canada staff archaeologists. Will look into it next week.	DP	
<b>7</b>	<b>Construction Execution Plan</b>		
7.1	HONI not received comments on the plan yet. Action item: Discuss review of construction-execution plan. February 2020 rough estimate for PNP construction start.	BH/DP/ SH	

# Minutes of Meeting

Item #	Description	Action by	Date
7.2	Background provided on OEB time estimates in regards to motion to dismiss HONI and Section 92 leave to construct application.	Info	
<b>8</b>	<b>License of Occupation</b>		
8.1	License of occupation renewal - Environmental evaluation document sent over for review. DP under impression they had sent over comments. SH discussed land rental with someone at HONI. New license of occupation should be sent over shortly to HONI.	DP/SH	

The above is considered to be a true and accurate record of discussions at the meeting. Please advise the writer of any discrepancy noted within 3 business days of issue so that any suggested corrections may be addressed prior to approval of minutes at the next scheduled meeting.

**UNDERTAKING – JT 2.8**

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**Undertaking**

Hydro One to provide a summary of any comments by Park Canada regarding Hydro One's construction plans.

**Response**

Hydro One has not received any comments on the construction plans at this point in time.

**UNDERTAKING – JT 2.9**

**Undertaking**

To update Exhibit B, Tab 11, Schedule 1, Page 1.  
 Provide a Gantt project schedule for other details, as available.

**Response**

Minor updates are provided to the project schedule provided at EB-2017-0364 Exhibit B, Tab 11, Schedule 1.

<b>TASK</b>	<b>START</b>	<b>FINISH</b>
Submit Section 92 Application to OEB		February 2018
Projected Section 92 Approval	February 2018	October 2018
<del>Finalize</del> <b>Execute</b> EPC Contract with SNCL		November 2018
<b>Environment Assessment and Consultation</b>		
Obtain EA Approval from MOECC	January 2018	<del>June</del> <b>July</b> 2019
Ongoing First Nations & Métis Consultation and Consultation with Stakeholders	February 2018	December 2021
<b>Lines Construction Work</b>		
Real Estate Land Acquisition	March 2018	March 2020
Detailed Engineering	<del>April</del> <b>March</b> 2018	July 2019
Tender and Award Procurement	<b>March 2018</b> <del>January 2019</del>	<b>May 2020</b> <del>September 2019</del>
Construction	July 2019	<del>November</del> <b>September</b> 2021
Commissioning	<del>October</del> <b>September</b> 2021	December 2021
<b>In Service</b>		<b>December 2021</b>

Included as Attachment #1 to this undertaking response is a Gantt chart view of the project, showing major activities, critical path, and project float of approximately four months (two months of regulatory float and two calendar months of construction float).

Activity ID	Activity Name	Duration	Start	Finish	2018												2019												2020												2021											
					F	M	A	M	J	Jul	A	S	O	N	D	J	F	M	A	M	J	Jul	A	S	Oct	N	D	J	F	M	A	M	J	Jul	A	S	O	N	D	J	F	M	A	M	J	Jul	A	S	O	N	D	
<b>Lake Superior Link Project Schedule</b>		1007	14-Feb-18 A	22-Dec-21	[Summary bar]																																															
<b>Project</b>		1007	14-Feb-18 A	22-Dec-21	[Summary bar]																																															
<b>LNTP</b>		172	16-Mar-18 A	12-Nov-18	[LNTP bar]																																															
<b>Environmental Activites</b>		364	15-Feb-18 A	08-Jul-19	[Environmental Activites bar]																																															
<b>TOR</b>		156	19-Feb-18 A	24-Sep-18	[TOR bar]																																															
<b>Individual Environmental Assessment (EA)</b>		362	19-Feb-18 A	08-Jul-19	[Individual Environmental Assessment (EA) bar]																																															
<b>Environmental Permit</b>		358	15-Feb-18 A	28-Jun-19	[Environmental Permit bar]																																															
<b>Community &amp; Indigenous Relation Activities</b>		980	01-Mar-18 A	30-Nov-21	[Community & Indigenous Relation Activities bar]																																															
<b>Real Estate</b>		533	15-Feb-18 A	28-Feb-20	[Real Estate bar]																																															
<b>LTC</b>		116	23-Apr-18 A	01-Oct-18	[LTC bar]																																															
<b>Major Permits</b>		377	19-Feb-18 A	29-Jul-19	[Major Permits bar]																																															
<b>Work Permit</b>		367	19-Feb-18 A	15-Jul-19	[Work Permit bar]																																															
<b>Land Use Permit</b>		150	01-Jan-19	29-Jul-19	[Land Use Permit bar]																																															
<b>Engineering</b>		112	16-Mar-18 A	20-Aug-18	[Engineering bar]																																															
<b>General Engineering</b>		98	16-Mar-18 A	31-Jul-18	[General Engineering bar]																																															
<b>Tower Modeling</b>		76	23-Mar-18 A	06-Jul-18	[Tower Modeling bar]																																															
<b>Structure Layout Drawings</b>		96	06-Apr-18 A	17-Aug-18	[Structure Layout Drawings bar]																																															
<b>Transmission Line Design</b>		75	08-May-18	20-Aug-18	[Transmission Line Design bar]																																															
<b>Foundation Design</b>		96	02-Apr-18 A	13-Aug-18	[Foundation Design bar]																																															
<b>Procurement</b>		562	16-Mar-18 A	08-May-20	[Procurement bar]																																															
<b>Geotechnical Investigation</b>		194	16-Mar-18 A	11-Dec-18	[Geotechnical Investigation bar]																																															
<b>Survey existing Structure in Park</b>		56	06-Apr-18 A	25-Jun-18	[Survey existing Structure in Park bar]																																															
<b>Tower Steel Procurement</b>		495	19-Jun-18	08-May-20	[Tower Steel Procurement bar]																																															
<b>Foundation Procurement</b>		105	17-Jul-18	07-Dec-18	[Foundation Procurement bar]																																															
<b>Access Procurement</b>		120	26-Jun-18	07-Dec-18	[Access Procurement bar]																																															
<b>Hardware Procurement</b>		301	06-Aug-18	27-Sep-19	[Hardware Procurement bar]																																															
<b>Transmission Line</b>		90	07-Aug-18	07-Dec-18	[Transmission Line bar]																																															
<b>OPGW</b>		210	13-Nov-18	30-Aug-19	[OPGW bar]																																															
<b>Conductor</b>		220	13-Nov-18	13-Sep-19	[Conductor bar]																																															
<b>OHSW</b>		225	13-Nov-18	20-Sep-19	[OHSW bar]																																															
<b>Insulators</b>		230	13-Nov-18	27-Sep-19	[Insulators bar]																																															
<b>Construction</b>		568	09-Jul-19	09-Sep-21	[Construction bar]																																															
<b>Regulatory Float</b>		39	09-Jul-19	30-Aug-19	[Regulatory Float bar]																																															
<b>Mobilization</b>		24	30-Jul-19	30-Aug-19	[Mobilization bar]																																															
<b>Section 1</b>		376	02-Sep-19	08-Feb-21	[Section 1 bar]																																															
<b>Clearing and Access</b>		169	02-Sep-19	23-Apr-20	[Clearing and Access bar]																																															
<b>Tower Foundation &amp; Tie wire Foundation</b>		169	07-Nov-19	10-Jul-20	[Tower Foundation & Tie wire Foundation bar]																																															
<b>Tower Assembly</b>		174	19-Feb-20	19-Oct-20	[Tower Assembly bar]																																															
<b>Tower Erection</b>		91	22-Jun-20	26-Oct-20	[Tower Erection bar]																																															
<b>Stringing</b>		130	30-Jul-20	08-Feb-21	[Stringing bar]																																															
<b>Section 2</b>		478	02-Sep-19	30-Jun-21	[Section 2 bar]																																															
<b>Clearing and Access</b>		226	02-Sep-19	13-Jul-20	[Clearing and Access bar]																																															
<b>Tower Foundation &amp; Tie wire Foundation</b>		246	07-Nov-19	27-Oct-20	[Tower Foundation & Tie wire Foundation bar]																																															
<b>Tower Assembly</b>		170	24-Feb-20	16-Oct-20	[Tower Assembly bar]																																															

█ Remaining Level of Effort   
 █ Actual Work   
 █ Critical Remaining Work   
  Summary  
█ Actual Level of Effort   
 █ Remaining Work   
 ◆ Milestone

Classic WBS Layout - Submission

TASK filter: All Activities  
 © Oracle Corporation

Note: Schedule reflects work post S92 Application only



**UNDERTAKING – JT 2.10**

**Undertaking**

Hydro One to provide the details of the exclusivity language of agreements with BLP.

**Response**

Contrary to the assertions made by Ms. Kempton<sup>1</sup>, and consistent with the understanding of Chief Collins as represented both in the Chief's testimony<sup>2</sup> and Affidavit<sup>3</sup>, the NextBridge exclusivity agreement with BLP – filed as JT 1.1 of this proceeding – precludes BLP First Nations from effectively consulting with Hydro One because of the NextBridge agreement's prohibition on the discussion of accommodation, as pointed out in the testimony of Chief Collins.

The EWT Implementaion Agreement, as shown below at Section 24.1, allowed for the Participating First Nations to participate in consultation and accommodation with a Designated Transmitter that was not EWT.

**24.1 Exclusivity**

24.1 The Participating First Nations, BLP, GLPTI, GLPT EWT and Hydro One Inc. acknowledge that they have been dealing with each other exclusively in connection with the Project and they, together with BLP Holding LP and Hydro One East-West Tie Inc., confirm and agree that they will not, subject to Section 25.2.2, enter into negotiations or entertain discussions with any other Person in respect of the development, construction, ownership or operation of the Project or attempt to own or build the Project on its own or with another Person, or support any other Person who wishes to build the Project. Instead, the Parties and the Participating First Nations will actively support EWT and promote its success. Notwithstanding anything to the contrary, nothing shall prevent the Participating First Nations from (i) participating in consultation and accommodation with the Crown in respect of the Project, (ii) providing information about their community, their history, their people and their asserted and actual rights to any Person for any purpose, or (iii) participating in any consultation or negotiating any form of accommodation with a Designated Transmitter that is not EWT. [emphasis added]

<sup>1</sup> Commencing at line 9 of page 18 of day 1 of the Technical Conference Transcript and ending on line 9 of page 20 of the Technical Conference

<sup>2</sup> Commencing at line 2 of page 12 of day 1 of the Technical Conference Transcript and ending on line 17 of the same page.

<sup>3</sup> BLP First Nations Evidence, filed May 7, 2018 – Paragraph 30 of Chief Collins Affidavit

1 25.2.2 the exclusivity obligations set forth in Section 24 shall survive termination until  
2 the later of (i) September 19, 2013, (ii) the date that is six (6) months after the date of  
3 termination of this Agreement pursuant to Section 25.1, and (iii) if EWT is selected to be  
4 the Designated Transmitter and the Project Agreement is entered into, six months after  
5 the termination of the Project Agreement, provided that, if GLPT EWT and Hydro One  
6 agree to abandon the Project and no longer pursue the development and construction of  
7 the Project, then such exclusivity obligations shall terminate as of the date of such  
8 agreement.

**UNDERTAKING – JT 2.11**

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**Undertaking**

Hydro One, under advisement, to provide schedule for EA approval assumed in EWT LP's designation application.

**Response**

The schedule provided in the EWT LP's designation application (see Attachment 1) is consistent with what Ms. Croll indicated at the Technical Conference on page 213-214, that the expectation for a new project would be 2-3 years. However, given the studies and work that have already been completed for this particular project, Hydro One expects that there are numerous opportunities to expedite the EA approval process.

1 Table 7.1: Development Schedule

Date	Routing and design	Environmental assessment	Leave to construct	Land Rights Acquisition	Procurement	Public Consultation		
2013	Aug-2013	Designation BY OEB				Meetings with key stakeholders		
	Oct-2013		Identify project rational and alternatives					
	Nov-2013	Initial high-level design						
	Nov-2013			First meeting with major land owners				
2014	Jan-2014		Desktop studies			1st open houses		
	Feb-2014	Alternative corridors identified						
	Feb-2014	Preliminary design complete						
	Apr-2015					Issue RFQ		
	May-2014						2nd open houses	
	Jun-2014	Preferred route identified						
	Jul-2014			EA Terms of Reference Submitted to EAAB	HONI CCA, ISECO SIA, other studies			
	Aug-2014						Qualify construction contractors	
	Oct-2014	Alternative alignments identified						
	Oct-2014			EA Terms of Reference approved				
Nov-2014	Detailed engineering					3rd open houses		
2015	May-2015		Field & environmental studies				4th open houses	
	Jun-2015	Preferred alignment selected						
	Nov-2015	Detailed line design complete						
	Nov-2015					Prepare offers for land rights acquisition		
	Dec-2015						RFP issued	
2016	Jan-2016					5th open houses		
	Feb-2016				RFP responses received			
	Mar-2016			OEB s92 application submitted				
	Apr-2016		EA submitted					
	Oct-2016			Hearing	Complete land rights acquisition			
	Nov-2016		Provincial EA Approved					
	Nov-2016			OEB s92 application approved				
2017	Feb-2017				Construction contract executed			

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**UNDERTAKING – JT 2.12**

**Undertaking**

Under advisement, to provide examples of quad circuit towers located between substations.

**Response**

Hydro One is not agreeing that the matter covered by this response is relevant to the issues in the NextBridge motion, given that technical issues about the suitability of quad towers was not raised as a ground for the NextBridge motion.

Hydro One has an extensive line infrastructure with towers carrying more than two circuits, and is confident in the ability to safely and reliably build and operate the 35km section of quad-circuits towers through the Pukaskwa National Park, which will be designed to current standards. Please see Attachment 1 for examples of 4 circuit towers, 3 circuit towers and 6 circuit towers. The attachment summarizes Hydro One's inventory of over 400 quad-circuit towers, over 375 triple-circuit towers, and 40 towers/structures with six circuits. The sections vary in type and length, and some of the most critical loads within the Ontario power system are served by these multi-circuit towers. For example, approximately 25km of 230kV quad-circuit tower lines are serving the industrial loads in Hamilton, as well as 26km of 230kV quad-circuit towers running between two critical facilities in Cherrywood TS and Clarington TS which are supplying the Eastern GTA. Multi-circuit towers have been successfully used for many years and proved to be a reliable and prudent transmission line design approach, especially when there are significant economic and environmental performance benefits as well as space limitations.

4 Circuits Structures Line Sections											
Cct	2nd cct	3rd cct	4th cct			LINE SECTION	Structure NO.	Kms	DATE I/S	DISTRICT	COMMENTS
B18H	B20H	B10	B11			BURLINGTON TS X HAMILTON BEACH TS	1 - 61	12.19	1970	WESTERN	230 kv - B18H/B20H & 115 kv - B10 /B11
B10	B11	HL3	HL4			HAMILTON BEACH TS X HAMILTON GAGE TS	61 - 74C	2.59	1956	WESTERN	115 kv - B10/B11 & HL3/HL4
A8G	M34H	Q24HM	Q29HM			HANNON JCT X HAMILTON BEACH TS	1 - 45	11.12	1966	WESTERN	230 kv - M34H, Q24HM, Q29HM & 115 kv - idle A8G
B10	B11	HL3	HL4			HAMILTON GAGE TS X HAM BIRMINGHAM TS	75 - 76	0.37	1976	WESTERN	115 kv - B10/B11 & HL3/HL4
B12	B13	B3	B4			HORNING MOUNTAIN JCT X HAM NEWTON TS	1-10	2.16	1953	WESTERN	115 kv - B12/B13 & B3/B4
T23C	T24C	T26C	T29C			CHEERRYWOOD TS X WHITBY TS	1 - 52	11.33	1991	CENTRAL	230 kv - T23C,T24C, T26C & T29C
T23C	T24C	T26C	T29C			WHITBY TS X Clarington TS	53 - 122	15.35	1976	CENTRAL	230 kv - T23C,T24C, T26C & T29C
F10MV	M4G	M5G	V12M			OTTAWA JCT X CITY VIEW JCT	19 - 26	1.11	1928	EASTERN	115 kv - F10MV, M4G, M5G & V12M
F10MV	M4G	M5G	V12M			CITY VIEW JCT X MERIVALE TS	1 - 18	3.73	1934	EASTERN	115 kv - F10MV, M4G, M5G & V12M
H1L	H3L	H6LC	H8LC			BLOOR ST JCT X TORONTO LEASIDE TS	25 - 38	3.22	1953	CENTRAL	115 kv - H1L, H3L, H6LC & H8LC
H1L	H3L	H6LC	H8LC			RL HEARN GS X TORONTO BASIN TS	1 - 2F	0.39	1959	CENTRAL	115 kv - H1L, H3L, H6LC & H8LC
H5E	H7E	H6LC	H8LC			TOR-BASIN TS x DON FLEET JCT	2-9	1.14	1951	CENTRAL	115 kv - H5E, H7E, H6LC & H8LC
K11W	K12W	K1W	K3W			ST CLAIR AVE JCT X WILTSHIRE TS	42 - 49A	0.85	1949	CENTRAL	115 kv - K11W, K12W, K1W & K3W
K11W	K12W	K1W	K3W			TORONTO RUNNYMEDE TS X ST CLAIR AVE JCT	29B - 41A	2.8	1950	CENTRAL	115 kv - K11W, K12W, K1W & K3W
K11W	K12W	K1W	K3W			A.W. MANBY TS X TORONTO RUNNYMEDE TS	1A - 29	5.62	1950	CENTRAL	115 kv - K11W, K12W, K1W & K3W
L21K	L22K	L23CK	L24CR			LAKEVIEW GS X HAIG JCT	1A-11	2.74	1961	CENTRAL	230 kv - L21K,L22K, L23CK & L24CR
L24L	L26L	W42L	W43L			LONGWOOD TS X MACKSVILLE JCT	1 - 31	7.9	1990	WESTERN	230 kv - L24L, L26L, W42L & W43L
K38S	H9K	H9K	L21S			SPRUCE FALLS JCT X KAPUSKASING TS	1-8	1.77	1979	North East	230 kv - K38S, L21S & 2 x 115 kv - H9K

3 Circuits Structures Line Sections											
Cct	2nd cct	3rd cct				LINE SECTION	Structure NO.	Kms	DATE I/S	DISTRICT	COMMENTS
N582L	W44LC	W45LC				COWAL J -LONGWOOD	530-601	20	1991	WESTERN	230 kv - W44LC, W45LC & 500 kv -N582L
N582L	T11T	W8T				CRANBERYJ-LYONS J	291-375	23.53	1991	WESTERN	115 kv - T11T,W8T & 500 kv -N582L
N582L	T11T	W8T				EDGEWAREJ-ST THOMAS	375-440	17.08	1991	WESTERN	115 kv - T11T,W8T & 500 kv -N582L
N582L	A11N	A8N				HARTFORDJ-VANESSA J	323 - 364	14	1991	WESTERN	115 kv - A11N,A8N & 500 kv -N582L
L13W	L14W	L15W				DUFFERIN JCT x TOR-BRIDGMAN TS	38-56	2.96	1949	CENTRAL	115 kv - L13W, L14W & L15W
L13W	L14W	L15W				TOR-WILTSHIRE TSxDUFFERIN JCT	57-61	0.92	1949	CENTRAL	115 kv - L13W, L14W & L15W
L21K	L22K	L23CK				APPLEWOOD JCT x A. W. MANBY TS	1-28	5.86	1961	CENTRAL	230 kv - L21K, L22K & L23CK
X523A	A3RM	M30A				MERVAL EJ-BILLINGSJ1	755-768	3.97	1991	EASTERN	500 kv - X523A, 115 kv- A3RM & 230 kv - M30A
X523A	A3RM	M30A				BILLINGSJ-ALBION J 1	769-784	7.77	1991	EASTERN	500 kv - X523A, 115 kv- A3RM & 230 kv - M30A
X523A	A3RM	M30A				ALBION J -ELLWOOD J	785-787	4.06	1991	EASTERN	500 kv - X523A, 115 kv- A3RM & 230 kv - M30A
X523A	A3RM	M30A				ELLWOOD-HAWTHRN	788-799	3.6	1991	EASTERN	500 kv - X523A, 115 kv- A3RM & 230 kv - M30A
X522A	A8M	M31A				MERIVALE EAST JCT x BILLINGS JCT	755-768	3.97	1988	EASTERN	500 kv - X522A, 115 kv- A8M & 230 kv - M31A
X522A	A8M	M31A				BILLINGSJ-ALBION J 2	769-784	7.77	1988	EASTERN	500 kv - X522A, 115 kv- A8M & 230 kv - M31A
X522A	A8M	M31A				ALBION J -HAWTHRN J	785-799	4.25	1988	EASTERN	500 kv - X522A, 115 kv- A8M & 230 kv - M31A

6 Circuits Structures Line Sections											
Cct	2nd cct	3rd cct	4th cct	5th cct	6th cct	LINE SECTION	Structure NO.	Kms	DATE I/S	DISTRICT	COMMENTS
V71R	V72R	V73R	V74R	V75R	V76R	CLAIREVILLE TS x RICHVIEW TS)	47 - 85	9.3	1978	CENTRAL	BRIDGE Structures, 230 kv - V71,72,73,74,75,76R

**UNDERTAKING – JT 2.13**

**Undertaking**

Hydro One to provide the time that it took to restore the tower near Wawa in 2011 storm on the transmission line from Ontario to Manitoba.

**Response**

Hydro One is not agreeing that the matter covered by this response is relevant to the issues in the NextBridge motion, given that technical issues about the restoration was not raised as a ground for the NextBridge motion.

On September 12, 2011 there was an unplanned outage on the existing Wawa to Marathon section of the East West tie (W21M & W22M circuits), in which a single tower failed. Rebuild of the double-circuit bypass around the affected tower and restoration of the line to full operation was completed within nine days.

At the time, system flows were very low across the East West tie (approximately 20MW East), and there was no adverse transmission system impact or load loss due to the unplanned outage. System conditions and impact to customers are monitored on a 24/7 operational basis, and associated planned and unplanned work is prioritized accordingly. Had the system conditions at the time been different, Hydro One could have responded accordingly and reduced the restoration time.

**UNDERTAKING – JT 2.14**

**Undertaking**

To advise whether there was any consultation with or accommodation of any of the Bamkushwada First Nations when Ontario Hydro first built the line through the park.

To advise whether there was any archaeological assessment when Ontario Hydro One first built the line through the park.

**Response**

Historically Ontario Hydro acquired rights for its transmission assets within First Nation reserve lands through a Section 35 Permit under the *Indian Act*. This included three of the six Bamkushwada First Nations that have transmission assets situated within their reserve lands. This approach was consistent with the historical requirements of acquiring occupation rights on reserve lands. However, Hydro One recognises that the legal and cultural requirements have changed as a result of the recognition of Aboriginal rights and will conduct the appropriate consultation with the Bamkushwada First Nations and any other Indigenous communities that have a vested interest.

Hydro One no longer has available any documentation of archaeological studies that may have been undertaken at the time the original EWT line was built.

**UNDERTAKING – JT 2.15**

**Undertaking**

- 1
- 2
- 3
- 4 a) To provide Batchewana First Nation with information about economic opportunities  
5 that would be in the suite of accommodation considerations in any consultation with  
6 them.
- 7
- 8 b) Advise the Batchewana First Nation whether equity participation, and/or revenue  
9 sharing would be part of the opportunities Hydro One is prepared to discuss with the  
10 Bankushwada First Nation.
- 11

**Response**

12

13 Hydro One has been delegated the procedural aspects of the legal duty to consult by the  
14 Provincial Crown via the Ministry of Energy for the LSL project. As per this delegation,  
15 Hydro One is fully committed to undertake meaningful consultation and accommodation  
16 with all impacted Indigenous communities as identified by the Crown. The Batchewana  
17 First Nation has been identified by the Crown for the purpose of undertaking the  
18 procedural aspects of the legal duty to consult on the LSL project. Hydro One would like  
19 to meet with all impacted Indigenous communities to discuss potential project impacts,  
20 accommodation and opportunities including economic such as procurement, training and  
21 employment resulting from the LSL project. Once engaged on the Project, Hydro One  
22 would consider accommodation measures such as, and without being limited to, equity  
23 participation with Indigenous communities as identified by the Crown, as well as  
24 capacity funding to participate in the engagement process, procurement and  
25 subcontracting opportunities, job training, and employment opportunities.

26

27 Hydro One understands that there are members of Indigenous communities who are  
28 currently completing project related skills training. Hydro One is committed to  
29 maximizing the employment of members from local Indigenous communities including  
30 those who have received or who are currently completing project related skills training.  
31 In addition, Hydro One is in a unique position to provide lasting employment  
32 opportunities throughout its network across the province for skilled Indigenous workers  
33 beyond the construction of the Lake Superior Link Project.

34

35 Hydro One and its construction partners SNC-Lavalin recognize the importance of  
36 having involvement and participation of Indigenous communities and businesses in the  
37 execution of the Lake Superior Link Project. Hydro One and SNC have a proud history of  
38 inclusion through employment and procurement of its projects and will be actively

1 including qualified Indigenous suppliers and companies who have strong relationships  
2 with local Indigenous communities and businesses in its procurement of goods and  
3 services.

4

5 Hydro One is also committed to offering capacity for Indigenous communities to  
6 meaningfully participate in consultation. For example, hiring a community consultation  
7 coordinator in each community to assist the community with coordinating consultation  
8 activities, and legal/other required advisory services.

**UNDERTAKING – JT 2.16**

**Undertaking**

Hydro One to provide if there is additional equity beyond the 34 percent to be offered to indigenous communities, including Métis Nation of Ontario.

**Response**

Hydro One has been delegated the procedural aspects of the legal duty to consult by the Provincial Crown via the Ministry of Energy for the LSL project. As per this delegation, Hydro One is fully committed to undertake meaningful consultation and accommodation with all impacted Indigenous communities as identified by the Crown. The Crown has identified the following Métis communities for the purpose of undertaking the procedural aspects of the legal duty to consult on the LSL project: MNO Greenstone Métis Council, MNO Superior North Shore Métis Council, MNO Thunder Bay Métis Council, and Métis Nation of Ontario. Hydro One would like to meet with all impacted Indigenous communities to discuss potential project impacts, accommodation and opportunities including economic such as procurement, training and employment resulting from the LSL project. Once engaged on the Project, Hydro One would consider accommodation measures such as, and without being limited to, equity participation with Indigenous communities as identified by the Crown, as well as capacity funding to participate in the engagement process, procurement and subcontracting opportunities, job training, and employment opportunities.

Hydro One understands that there are members of Indigenous communities who are currently completing project related skills training. Hydro One is committed to maximizing the employment of members from local Indigenous communities including those who have received or who are currently completing project related skills training. In addition, Hydro One is in a unique position to provide lasting employment opportunities throughout its network across the province for skilled Indigenous workers beyond the construction of the Lake Superior Link Project.

Hydro One and its construction partners SNC-Lavalin recognize the importance of having involvement and participation of Indigenous communities and businesses in the execution of the Lake Superior Link Project. Hydro One and SNC have a proud history of inclusion through employment and procurement of its projects and will be actively including qualified Indigenous suppliers and companies who have strong relationships with local Indigenous communities and businesses in its procurement of goods and services.

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Exhibit JT 2.16

Page 2 of 2

1 Hydro One is also committed to offering capacity for Indigenous communities to  
2 meaningfully participate in consultation; for example, hiring a community consultation  
3 coordinator in each community to assist the community with coordinating consultation  
4 activities, and legal/other required advisory services.

**UNDERTAKING – JT 2.17**

**Undertaking**

Hydro One to provide copies of correspondence between Hydro One, MOECC, MNRF, IESO, and other government agencies regarding the proposed LSL project.

**Response**

The attached copies of correspondence have been provided:

**IESO**

- Attachment 1 – Sept. 14, 2017 - Letter from M. Schmidt to P. Gregg
- Attachment 2 – Sept. 28, 2017 - Letter from P. Gregg to M. Schmidt
- Attachment 3 – Oct. 13, 2017 - Letter to Greg Kiraly to Peter Gregg
- Attachment 4 – Oct. 14, 2017 - Letter from Mayo Schmidt to Peter Gregg
- Attachment 5 – Feb. 15, 2018 - Email exchange between Tam Wagner, Maia Chase (IESO) and Joanne Richardson (Hydro One)
- Attachment 6 – Mar. 5, 2018 - Email exchange between Tam Wagner, Bob Chow (IESO) and Robert Reinmuller (Hydro One)

Various other correspondence took place between Hydro One and the IESO over the last few years on Hydro One's EWT Station Project (EB-2017-0194) and Hydro One's SIA for its LSL Project. These communications have not been included.

**OEB**

- Attachment 7 – Sept. 14, 2017 - Letter from M. Schmidt to R. Leclair
- Attachment 8 – Sept. 22, 2017 - Letter from F. D'Andrea to K. Walli
- Attachment 9 – Nov. 23, 2017 - Letter from A. Hope to J. Scarlett
- Attachment 10 – Dec. 5, 2017 - Letter from M. Engelberg to K. Sebalj
- Attachment 11 – Dec. 8, 2017 - Letter from F. Cass to K. Walli

Other communication and correspondence that occurred is on the OEB's website.

**Ministry of Energy**

- Attachment 12 – Sept. 14, 2017 - Letter from M. Schmidt to Hon. G. Thibeault
- Attachment 13 – Mar. 26, 2018 - Briefing Presentation on LSL

Filed: 2018-05-25

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Exhibit JT 2.17

Page 2 of 2

- 1 All material correspondence with the Ministry of Environment and Climate Change and
- 2 with Parks Canada has been provided in response to Undertaking JT2.2 and JT2.7,
- 3 respectively.

**Hydro One Inc.**  
483 Bay Street  
8th Floor South Tower  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Mayo Schmidt  
President & CEO

hydroOne

Filed: 2018-05-25  
EB-2017-0364  
Exhibit: JT 2.17  
Attachment 1  
Page 1 of 1

September 14, 2017

Peter Gregg  
President and CEO  
IESO  
1600-120 Adelaide St W  
Toronto, Ontario  
Canada M5H 1T1

Mr. Gregg,

**Re: Implementation of East-West Tie (EWT)**

Thank you again for taking the time to talk with me in August about your leadership of the East West Tie review. I am sending you this letter to formally make you aware of Hydro One's interest in the East West Tie project. We firmly believe that Hydro One can bring substantial value to all aspects of this important project and that our efforts will result in a timely and cost-effective transmission solution; for the Province, the electricity system and the homes and businesses of Northern Ontario.

As you are aware, there is a new leadership team at Hydro One and, while driving change and efficiencies across all lines of business at the Company, we have spent considerable time assessing how we approach major capital projects such as our transmission lines and stations. Over the last few months, we have engaged in an extensive process, together with our construction partner, to systematically review all aspects of the East-West Tie transmission line development and construction including our existing scope at the affected transmission stations. Based on the work conducted, we are confident that we can provide a solution that meets the technical requirements at a significantly lower cost both in terms of capital and ongoing operating and maintenance costs; a project that respects Ontario's rate payers while representing the best opportunity to provide an in-service transmission line in time to meet the provinces electricity needs.

Hydro One is planning to provide you and your organization with our proposal by October 15 which will provide an overview of the key elements of the proposal and why we believe they are not just achievable, but a preferred option. Hydro One would like to meet with you and your team to present this proposal at your convenience after that date.

Subject to discussions at that meeting, Hydro One is also prepared to submit a Leave to Construct application for our proposal with a "not-to-exceed" price guarantee by December of this year. We believe we are uniquely positioned to provide a more cost-effective alternative East-West Tie transmission line that will substantively meet Northern Ontario's timeline and electricity needs.

I look forward to working further with the IESO on this important project. I should also note that a similar letter has been sent to both the Minister and to Rosemarie Leclair.

My best,



Mayo Schmidt



Independent Electricity System Operator

1600-120 Adelaide Street West  
Toronto, ON M5H 1T1  
t 416.967.7474  
www.ieso.ca

September 28, 2017

Mayo Schmidt  
President & CEO  
Hydro One Inc  
483 Bay Street  
8<sup>th</sup> Floor South Tower  
Toronto, Ontario M5G 2P5

Dear Mr. Schmidt, *Map*

I am writing in response to your letter dated September 14, 2017 regarding Hydro One's proposal to implement the East-West Tie (EWT) Project. I am also aware of Hydro One Networks' recent Letter of Intent to the OEB to file a Leave to Construct Application for the EWT line.

As you know, at the request of the Minister of Energy, the IESO is updating its assessment of the need for the EWT based on the latest costs and system needs. Similar to the scope of previous need assessments, this assessment involves developing a load forecast for the northwest, identifying the need for additional capacity in the northwest to supply the forecasted load, and determining if a new 230 kV EWT line is the most economical solution to meet that need. The report will be delivered to the Ministry by December 1, 2017.

As the IESO is focused on this report, we have decided to decline the invitation to meet with you on your proposal.

I look forward to meeting with you in the near future to discuss the many other issues of mutual interest to our two organizations.

Regards,

Peter Gregg  
President & CEO, IESO

**Hydro One Inc.**  
483 Bay Street  
South Tower, 8th Floor  
Toronto, ON M5G 2P5

Tel: (416) 345-4249



**Greg Kiraly**  
Chief Operating Officer  
[greg.kiraly@HydroOne.com](mailto:greg.kiraly@HydroOne.com)

October 13, 2017

Mr. Peter Gregg  
President and CEO  
IESO  
1600-120 Adelaide St. W.  
Toronto, Ontario M5H 1T1

Mr. Gregg:

**Re: Hydro One Proposal for the Design, Build, and Operation of the East-West Tie Transmission Line**

Further to Hydro One's letter dated September 14, 2017, we are pleased to provide further information on a solution to meet the power needs of the Province, the homes and businesses of Northern Ontario. Our proposal is anchored on innovation and capitalizes extensively on the use of our existing transmission corridor and assets, therefore minimizing new construction and environmental disruption. We are confident that our proposal offers a compelling and cost-competitive transmission solution to meet Ontario's power needs in a timely fashion, while incorporating superior benefits for First Nations communities impacted. We are hopeful this information will be helpful as the IESO continues work on the EWT needs assessment.

Enclosed you will find additional information on our proposal. Key aspects of our proposal include:

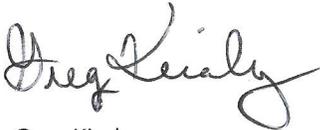
- **A 10% shorter route** by utilizing our existing rights-of-way and modifying existing towers in the Pukaskwa National Park, reducing environmental impacts and allowing for significant construction savings. The concept has been presented to Parks Canada and is currently under review. Parks Canada has confirmed that they are able to consider Hydro One's proposal under the *Canada National Parks Act*, their policies and the terms of the most recent License Agreement.
- **Lower design/build costs** achievable through an optimized design solution for the portion of the route outside Pukaskwa National Park. Based on the engineering and project definition completed to date by Hydro One and its partner, we believe our construction costs of the transmission line will not exceed \$650m. We are working to refine our costs through additional engineering, and are targeting a lower capital cost.
- **Lower operating and maintenance costs**, leveraging Hydro One's existing maintenance programs and infrastructure. Hydro One's incremental costs for the additional EWT circuits will be a fraction of any other parties, with an estimated incremental cost of less than \$3m per year, 60% lower than what has been presented by NextBridge. This results in a \$4m gross reduction of ongoing annual revenue requirement, and is equivalent to a capital expenditure savings of approximately \$80m on a net present value basis versus what has been presented by Nextbridge.

- **Superior First Nations partnership** involving construction and ownership benefits that are shared with communities, modeled after industry leading practices and other recent successful transactions.
- **Cost certainty through a “not-to-exceed” construction price** to be confirmed in our Leave to Construct submission in December.

Hydro One has partnered with one of Canada’s most experienced fixed-price contractors to provide a safe, reliable and economical construction option to build the EWT Transmission Project. As noted above, this value proposition is possible by leveraging Hydro One’s existing transmission infrastructure. We are confident that this proposal will illustrate our commitment and unique positioning to implement a competitive transmission solution which will ultimately benefit all Ontario electricity customers. Hydro One will continue to further refine its project costs and implementation plan. Subject to the outcome of the IESO’s updated needs assessment, we plan to file a Leave to Construct application with the OEB in December. If Hydro One is chosen by the OEB to construct the project, subject to timely Leave to Construct approval and the ability to utilize the Environmental Assessment work completed by Nextbridge, we are confident that we can deliver and energize the EWT project by year-end 2021.

I am happy to answer any questions you may have at this time and would welcome the opportunity to present this proposal to you and your team in person in the coming weeks.

Kind Regards,

A handwritten signature in black ink, appearing to read "Greg Kiraly". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Greg Kiraly  
COO, Hydro One Inc.

**INDICATIVE PROPOSAL TO THE  
INDEPENDENT ELECTRICITY SYSTEM OPERATOR TO  
DESIGN, BUILD, and OPERATE THE EAST-WEST TIE TRANSMISSION LINE**

**Prepared by Hydro One, with support of EPC partner SNC-Lavalin Inc.**

**October 13, 2017**



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## Prologue

Hydro One has undertaken a detailed assessment to develop a competitive proposal to design, build, and operate the proposed East-West Tie (EWT) transmission line. The project is a double-circuit 230kV transmission line, spanning approximately 450km from Lakehead TS to Marathon TS to Wawa TS, and is functionally intended to increase total transfer capacity of the existing interface from 200 MW to 450MW by 2021, rising to 650MW by 2024.

Hydro One's assessment was undertaken to be able to submit a Section 92 application to the Ontario Energy Board (OEB) with the intention to be granted approval to design, build, and operate this critical transmission infrastructure to improve capacity and reliability of the transmission link between Northwestern and Northeastern Ontario. The EWT is part of a broader infrastructure network for Northern Ontario, intended to strengthen local economies and to benefit Ontarians. This new infrastructure parallels Hydro One's existing line. Hydro One is extremely confident it can provide a compelling and cost-competitive solution for construction. As well, as long-term operations and ownership which will minimize environmental impacts as well as leverages assets, routes and services managed by Hydro One. Hydro One believes the OEB will find that its solution is the best alternative to address the current transmission need; and that it will have no adverse impact on consumers with respect to price, reliability and quality of service.

As such, we are proud to highlight to the IESO both our interest and our capabilities to deliver on this critical project. We acknowledge that the IESO's work continues on the project's needs assessment.

## Executive Summary

Hydro One is pleased to provide further information on its solution to meet the power needs of the Province and the homes and businesses of Northern Ontario. This indicative proposal is anchored on innovation and capitalizes extensively on the use of our existing transmission corridor and assets, therefore minimizing new construction and environmental disruption. Hydro One has partnered with SNC Lavalin as one of Canada's most experienced fixed-price contractors to provide a safe, reliable and economical construction option to build the EWT Transmission Project. We are confident that our proposal offers a cost-competitive transmission solution to meet Ontario power needs in a timely fashion, while incorporating superior benefits for First Nations communities impacted. We are hopeful this information will be helpful as the IESO continues work on the EWT needs assessment.

Key aspects of our proposal include:

- **A 10% shorter route** by utilizing our existing rights-of-way and modifying existing towers in the Pukaskwa National Park, reducing environmental impacts and allowing for significant construction savings. The concept has been presented to Parks Canada and is currently under review. Parks Canada has confirmed that they are able to consider Hydro One's proposal under the *Canada National Parks Act* and Policy and the terms of the most recent License Agreement.
- **Lower design/build costs** achievable through an optimized design solution for the portion of the route outside Pukaskwa National Park. Based on the engineering and project definition completed to date by Hydro One and its partner, we believe our construction costs of the transmission line will not exceed \$650m. We are working to refine our costs through additional engineering, and are targeting a lower capital cost.
- **Lower operating and maintenance costs**, leveraging Hydro One's existing maintenance programs and infrastructure. Hydro One's incremental costs for the additional EWT circuits will be a fraction of any other parties, with an estimated incremental cost of less than \$3m per year, 60% lower than what has been presented by NextBridge. This results in a \$4m gross reduction of ongoing annual revenue requirement, and is equivalent to a capital expenditure savings of approximately \$80m on a net present value basis versus what has been presented by NextBridge.
- **Superior First Nations partnership** involving construction and ownership benefits that are shared with communities, modeled after industry leading practices and other recent successful transactions
- **Cost certainty through a "not-to-exceed" construction price** to be confirmed in our Leave to Construct submission in December.

This value proposition is possible by leveraging Hydro One's existing transmission infrastructure. We are confident that this indicative proposal will illustrate our commitment and unique positioning to implement a competitive transmission solution which will ultimately benefit all Ontario electricity customers. Hydro One will continue to further refine its project costs and implementation plan, and subject to the outcome of the IESO's updated needs assessment, plans to file a Leave to Construct application with the OEB in December. If Hydro One is chosen by the OEB to construct the project, subject to timely Leave to Construct approval and the ability to utilize the Environmental Assessment work completed by Nextbridge, we are confident that we can deliver and energize the EWT project by year-end 2021.

## Proposed Solution

Hydro One has given careful consideration to how to most cost-effectively build and operate the required transmission line facilities; and presents within this section an overview of the proposed route, the structures, and construction methods.

### Route

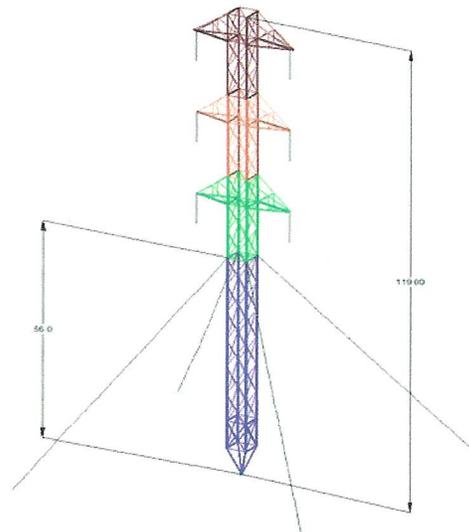
Our solution for this project chooses a route which runs parallel to the existing Hydro One 230kV double circuit lines between Wawa TS to Marathon TS and onto Lakehead TS, including through the Pukaskwa National Park. This approach will result in the lowest upfront capital cost due to reduced corridor clearing and allowing an approximately 10% shorter route when compared to traversing around Pukaskwa National Park, which is the route outlined in NextBridge's EA and Leave to Construct application.

Hydro One's proposed route is shown below in red lines, and NextBridge's Proposed Route is shown in white (including the sections with white underlying red lines).



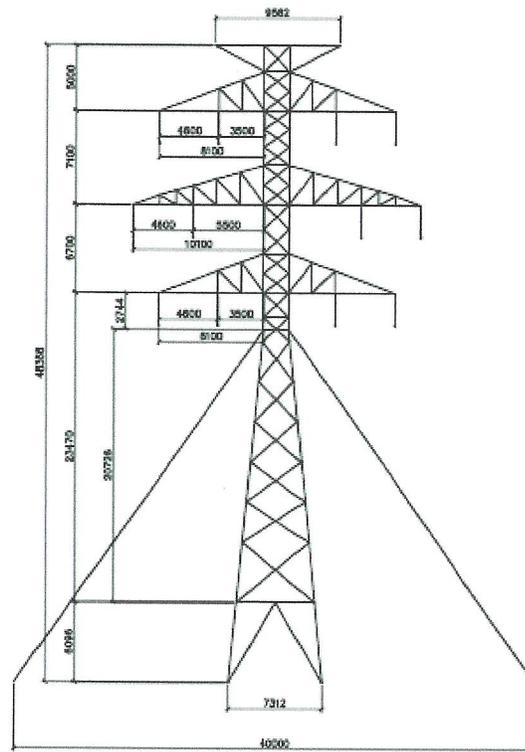
### Structures

Outside the Pukaskwa National Park, the new lines will follow the routing as defined in the EA work completed by NextBridge, essentially paralleling existing Hydro One facilities. This section of the line will utilize primarily double-circuit 230kV guyed steel lattice structures as shown to the right. These towers have been optimized for weight, while still meeting all required performance characteristics. The towers are approximately 35% lighter than those in NextBridge's design, and are more practical for conductor stringing translating into cost savings for customers.



Within the Pukaskwa National Park, our solution is to utilize our existing right-of-way (ROW) and upgrade the existing 230kV double-circuit steel lattice towers with 230kV quad-circuit steel lattice towers as shown to the right.

This tower can be erected within the corridor without any additional widening. Hydro One has completed a preliminary assessment of the circuit outages that would be required to enable this solution and believes they are achievable if executed in accordance with existing outage planning practices. Further discussions with the IESO would be beneficial to further build out the preliminary outage plans.



### **Construction Methods**

Brushing and clearance of the ROW, along with the establishment of access roads for all areas outside the Pukaskwa National Park, will be conducted to facilitate the commencement of structure staking and foundation installation. Once survey teams have completed staking activities for a section of the line, foundation crews will commence the installation of anchors for the guy wires and centre pin bearings for the structure base. The towers will be pre-assembled at local staging areas located along the ROW and then flown by helicopter to each structure location for erection. They will be landed directly on a new foundation, the guys tensioned on new guy anchor foundations and then dressed and left ready for stringing.

Within the Pukaskwa National Park, the construction staging will be performed on the existing ROW. Foundation crews will commence installation of anchors for the guy wires at each structure location. Bundled steel will be delivered onto the ROW for assembly, adjacent to the existing transmission line. The towers have a mass of approximately 17 tonnes in weight in total, therefore to allow them to be lifted by helicopter they will be assembled in two pieces. The bottom section will consist of the main tower body and the guys will be assembled in one piece, and the top section including all cross arms and shield wire peak will be assembled in a second.

Under double-circuit outage conditions, the conductors will be lowered to the ground from a number of towers on the existing East-West Tie. The towers will then be removed, leaving the existing foundation in situ. The new main tower body will be lifted by sky-crane helicopter and landed on the existing foundations for the existing circuits, and the guys will be anchored and tensioned. Secondly, the top section of the tower will be lifted and landed by sky-crane on the body. The existing conductors will be raised and clipped-in allowing the line to be energized on one side of the new towers, leaving the other side ready for stringing activities.

Helicopters will be used to pull in conductor and shield wire as required.

## Environmental Considerations

The proposed transmission line upgrade requires regulatory approvals, including, but not limited to approval under Ontario's *Environmental Assessment Act*. NextBridge has filed an Individual Environmental Assessment (IEA), which is currently being reviewed by the Ministry of Environment and Climate Change (MOECC). Their IEA covers their proposed route from Wawa to Thunder Bay, including a by-pass around the Pukaskwa National Park. The Hydro One proposed corridor varies from the NextBridge corridor, primarily by utilizing the existing Hydro One corridor inside the Park. We are aware that these small deviations will lead to some additional *Environmental Assessment Act* requirements to be met by Hydro One.

We have spent substantial time through our environmental experts at both Hydro One and SNC-Lavalin, to assess how we can diligently complete our required environmental approvals. Based on discussions with MOECC in late August and early September, MOECC is limited in how much they can discuss the EWT file, as the NextBridge EA is currently before the Minister for a decision. A decision from the Minister regarding approval of the IEA is expected in Spring 2018.

The MOECC and our own experts concur that environmental approval can be obtained by a third-party proponent who did not complete the original EA as long as the new proponent satisfies Ministry requirements. Since a portion of the proposed Hydro One route does not conform to the approved EA conditions, the MOECC would determine EA process requirements based on:

- 1) Whether the modification to the new undertaking is significant in magnitude; and
- 2) Whether there is a direct line of transfer from the original EA proponent to the construction proponent.

As the best alternative, the MOECC would consider Hydro One's request to undertake an amendment to the IEA filed by NextBridge. It is likely that the viability of the Park route would require an amending procedure to meet reasonable timelines, and is Hydro One's proposed path forward for environmental approvals.

An Amendment to the NextBridge IEA would most likely involve submission of an addendum describing the differences between the undertaking described in the NextBridge IEA and the Hydro One proposed undertaking. Given the significant reduction in negative environmental impacts by using the Park route, Hydro One's belief is that from an EA perspective, the changes would not be considered "significant". However, studies have not yet been completed in the area of the route deviation, and it is anticipated that 18-24 months would be required for studies, additional consultation, and documentation. Many studies can be completed only during certain seasons, making compression of schedules challenging. Approval timing following this addendum for the altered section through the Park completion is uncertain.

The MOECC requires more information from Hydro One to determine whether our modified undertaking could be approved by an amendment. Given the significantly-reduced environmental impacts and community disruption compared to a route around the Park, we believe there is an opportunity for Ministerial exemption or other political/regulatory solutions (not elaborated by MOECC). There will also be a need for transfer of the Project Proponent.

Hydro One is in the process of providing the MOECC with an overview of the deviations of the Park route from the NextBridge route to assist in determining significance of changes and potential amending procedures.

It should also be noted that Parks Canada is a key stakeholder in the EA process because they have the authority to grant or deny approval for activities within the Park. Initial discussions with Parks Canada have been positive. We are currently optimistic that impacts within the Park can be mitigated to the satisfaction of Parks Canada, but this remains a project risk. Hydro One is working to gain increased assurance of this routing prior to submission of the Leave to Construct application to the OEB in December.

## **First Nations Considerations**

Hydro One has had informal conversations with the representative of several of the First Nations affected by the project in recent weeks, in relation to its Indigenous Relations policy and in connection with its Leave to Construct application for stations upgrades and connection work for EWT. There is considerable goodwill among the communities with respect to Hydro One, from our ongoing customer service relations and tracing back to the 2013 work of EWT LP (Brookfield/Great Lakes Power, Hydro One, and Bamkushwada LP).

Hydro One is prepared to offer an equity position to impacted First Nations communities, consistent with our Bruce to Milton partnership formed in 2012 with the Saugeen Ojibwa Nation.

Our Engineer, Procure, Construct (EPC) partner, SNC-Lavalin, has substantial experience in partnering with First Nations for construction projects in Ontario and across Canada, including construction of the transmission line owned by Five Nations Energy Inc. Hydro One and SNC-Lavalin expect to be able to offer significant First Nations and Métis participation in the construction of the line.

Hydro One will be able to have continued dialogue with local communities on this project as the positions of the IESO and the OEB become clearer.

## Project Schedule – Transmission Lines

Hydro One has been working to the following high-level schedule and is confident in the ability to complete the project by year-end 2021, which is a one-year extension to the current need date of 2020. This work would be completed in parallel and in coordination with the terminal station work at Lakehead TS, Marathon TS, and Wawa TS.

Activity	Start	Finish
Refine project assumptions and cost Estimate to Inform Indicative Offer to IESO	August 2017	October 2017
Refine project assumptions and cost estimate in development of LTC Filing	September 2017	December 2017
Leave to Construct Submission to OEB		December 15, 2017
Leave to Construct Review & Decision by OEB	December 15, 2017	October 2018
Detailed Engineering	October 2018	May 2019
Procurement	November 2018	September 2019
Construction	March 2019	December 2021

## Cost Estimate

Substantial engineering and other project definition work has been completed by Hydro One and SNC-Lavalin for the proposed solution. Based on the amount of work completed to-date, the total project cost for the transmission lines is **estimated to be less than \$650m**, including:

- All EPC costs (engineering, procurement, construction, project management, project controls, quality assurance),
- Project contingency
- Costs to amend the draft environmental assessment prepared by NextBridge
- Real estate acquisition and licensing fees,
- Interest during construction, and
- Project setup and governance costs.

Hydro One and SNC-Lavalin are committed to completing further design work prior to submission of the Leave to Construct application in December, and are **targeting an all-in price of less than \$600m, including a guaranteed “not-to-exceed” provision.**

At time of writing, the largest cost uncertainties remain with access and contracted construction costs. Further data will soon be available from detailed helicopter inspections and laser scanning which will be used to refine assumptions into design packages for materials and construction labour. Firm bid pricing will be obtained for all material and construction labour prior to submission of the LTC.

In addition to lower upfront capital costs, Hydro One can add substantial value on an on-going basis through lower operations & maintenance (O&M) expenses. By leveraging Hydro One’s existing

maintenance programs and infrastructure, incremental costs for the additional EWT circuits will be a fraction of any other parties, with an estimated **incremental cost of less than \$3m per year**. This is **60% lower than what has been presented by NextBridge**. This results in \$4m gross reduction of ongoing annual revenue requirement, and is equivalent to a capital expenditure savings of approximately \$80m on a net present value basis versus what has been presented by Nextbridge.

## Summary

Hydro One, together with our EPC partner SNC-Lavalin, feels extremely confident in our ability to deliver the EWT transmission line with an innovative transmission solution and at a lower cost than has been presented to the OEB by NextBridge. In addition to lower upfront capital costs, there are also ongoing benefits to customers through substantially lower annual OM&A costs.

As such, Hydro One is proud to highlight to the IESO both our interest and our capabilities to deliver on this critical project. We acknowledge the IESO's work continues on the project's needs assessment and would be happy to meet to discuss any elements of this indicative proposal.

We will continue to prepare for a Leave to Construct application with a guaranteed "not-to-exceed" price, to be submitted to the OEB this December for their consideration.

**Hydro One Inc.**  
483 Bay Street  
8th Floor South Tower  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Mayo Schmidt  
President & CEO

hydroOne

Filed: 2018-05-25  
EB-2017-0364  
Exhibit: JT 2.17  
Attachment 4  
Page 1 of 1

October 14, 2017

Peter Gregg  
President and CEO  
IESO  
1600-120 Adelaide St. W.  
Toronto, Ontario  
Canada M5H 1T1

Mr. Gregg,

**Re: Hydro One Proposal for the Design, Build and Operation of the East-West Tie Transmission Line**

Further to my letter dated September 14, 2017, I am pleased to attach further information from our Chief Operations Officer, Greg Kiraly, detailing Hydro One's cost-effective solution to addressing the power needs of Northern Ontario customers. I trust that the material provided confirms our ability and motivation to address Ontario power needs in the most compelling fashion for the benefits of all ratepayers, while minimizing new construction and environmental disruption.

I am excited by the new possibilities that our innovative transmission solution offers and I would be pleased, along with my colleagues at Hydro One, to discuss this proposal in greater detail. I look forward to working with the IESO on this important project.

My best,



Mayo Schmidt

**RICHARDSON Joanne**

---

**From:** RICHARDSON Joanne  
**Sent:** Thursday, February 15, 2018 3:07 PM  
**To:** Tam Wagner (tam.wagner@ieso.ca); Chase, Maia (maia.chase@ieso.ca)  
**Subject:** EWT s.92  
  
**Sensitivity:** Confidential

Hi Tam and Maia

As a courtesy note - I am letting you know that we will be filing a s.92 application later this afternoon (after markets close) to construct the EWT Line.

Take care

Joanne

*Joanne Richardson - Director, Major Projects and Partnerships - Regulatory Affairs  
(416) 345-5393*

**RICHARDSON Joanne**

---

**From:** Tam Wagner <tam.wagner@ieso.ca>  
**Sent:** Monday, March 05, 2018 2:31 PM  
**To:** Bob Chow; REINMULLER Robert  
**Cc:** Ahmed Maria; Megan Lund; Maia Chase; RICHARDSON Joanne  
**Subject:** RE: EWT Need Assessment Question

\*\*\* Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. \*\*\*

Hi Robert:

As Bob indicated, given the unique nature of this process (e.g. two s.92 applications, live proceeding), we do not think it would be appropriate to discuss matters privately with either Hydro One or NextBridge at this time and it may be necessary for us to seek further direction from the OEB on how matters should proceed. The IESO continues to recommend a 2020 in-service date as set out in our December 2017 Updated Needs Assessment and any deviation from that may need OEB direction as to how it is considered in this proceeding.

Kind regards,  
-Tam-

**Tam Wagner, P. Eng.** | Senior Manager, Regulatory Affairs

Independent Electricity System Operator (IESO) | T: (416) 969-6033 | C: (647) 549-2835

120 Adelaide Street West, Suite 1600, Toronto, ON, M5H 1T1

Web: [www.ieso.ca](http://www.ieso.ca) | Twitter: [IESO Tweets](#) | LinkedIn: [IESO](#)

Conservation: [www.saveONenergy.ca](http://www.saveONenergy.ca) | Twitter: [saveONenergyOnt](#) | LinkedIn: [saveONenergy](#)

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**From:** Bob Chow  
**Sent:** March 05, 2018 10:59 AM  
**To:** Robert.REINMULLER@HydroOne.com  
**Cc:** Tam Wagner; Ahmed Maria; Megan Lund; Bob Chow  
**Subject:** RE: EWT Need Assessment Question

Hi Robert,

Because this is a live and contentious proceeding, our Regulatory Affairs folks will provide a formal reply to your query below. We are doing this similarly to all involved. Thanks.

*Bob Chow*, P.Eng

Director, Transmission Integration

Independent Electricity System Operator (IESO)

120 Adelaide St W, Suite 1600

Toronto, Ontario, Canada, M5H1T1

416-969-6017

---

**From:** Robert.REINMULLER@HydroOne.com [mailto:Robert.REINMULLER@HydroOne.com]  
**Sent:** March 05, 2018 10:00 AM  
**To:** Bob Chow  
**Subject:** EWT Need Assessment Question

Hi Bob,

I wanted to send this last week but in light of what happened, I thought I will delay as much as I can. Again, we are very sorry for the loss suffered by the IESO family.

As you well know we have applied to OEB for an LTC and while we are confident the cost differential is substantial, we are reviewing the possible implications of a delayed in service when compared to the IESO assessment. To arrive at a reasonable and defensible argument regarding the risk difference between a 2020 and 2021 year in service we examined some of the assumptions below. If possible, I would like to ask IESO to comment and challenge our conclusions.

1. The forecasted need in NW is very slowly increasing and the difference between 2020 (240MW) and 2022 (260MW) is only 20MW – (Section 6.1 Capacity Requirement). Today there is a 100MW need that is managed by IESO and arguably we committed to manage up to 240MW in 2020 as per the Need Assessment report.
2. Based on the above one could conclude that the 10MW forecasted increase between 2020 and 2021 in service is a very minor risk. While in the future years the need goes up to 400MW by 2024, we feel that the 10MW is manageable in 2021.
3. We understand that the need is a moving target and it could go up faster or slower and the current target is based on assumptions being correct.

My question to IESO is the following – given the forecasted need for 2020 in comparison to 2021 and small difference of 10MW, how will IESO manage the difference if the project is not placed in service as per the initial schedule? As this difference is minimal, we assume that a delay for in servicing the new line can be operationally managed for the short periods of time where a contingency could materialize. This would be correct no matter who the line builder is.

To note that the assumptions above are made based on the Updated Need assessment and interpretation will help Hydro One respond to OEB questions around 2021 vs. 2020 in service date impact. I would appreciate if IESO could comment to the above.

Regards,

**Robert Reinmuller** P.Eng.

Director - System Planning

Hydro One Networks inc.

T: 416 345 4068

C: 647 208 4068

Email: [Robert.Reinmuller@HydroOne.com](mailto:Robert.Reinmuller@HydroOne.com)

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www.HydroOne.com

Mayo Schmidt  
President & CEO



Filed: 2018-05-25  
EB-2017-0364  
Exhibit: JT 2.17  
Attachment 7  
Page 1 of 1

September 14, 2017

Rosemarie Leclair  
Chair and CEO  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON, M4P 1E4

Ms Leclair,

**Re: Implementation of East-West Tie (EWT)**

Thank you again for taking the time to talk with me in August about your role in the East West Tie review. I am sending you this letter to formally make you aware of Hydro One's interest in the East West Tie project. We firmly believe that Hydro One can bring substantial value to all aspects of this important project and that our efforts will result in a timely and cost-effective transmission solution; for the Province, the electricity system and the homes and businesses of Northern Ontario.

As you are aware, there is a new leadership team at Hydro One and, while driving change and efficiencies across all lines of business at the Company, we have spent considerable time assessing how we approach major capital projects such as our transmission lines and stations. Over the last few months, we have engaged in an extensive process, together with our construction partner, to systematically review all aspects of the East-West Tie transmission line development and construction including our existing scope at the affected transmission stations. Based on the work conducted, we are confident that we can provide a solution that meets the technical requirements at a significantly lower cost both in terms of capital and ongoing operating and maintenance costs; a project that respects Ontario's rate payers while representing the best opportunity to provide an in-service transmission line in time to meet the provinces electricity needs.

Hydro One is planning to deliver to the IESO our proposal by October 15 which will provide an overview of the key elements of the proposal and why we believe they are not just achievable, but a preferred option. Hydro One would like to meet with you and your team to present this proposal at your convenience after that date.

Subject to discussions at that meeting, Hydro One is also prepared to submit a Leave to Construct application for our proposal with a "not-to-exceed" price guarantee by December of this year. We believe we are uniquely positioned to provide a more cost-effective alternative East-West Tie transmission line that will substantively meet Northern Ontario's timeline and electricity needs.

I look forward to working further with the OEB on this important project. I should also note that a similar letter has been sent to both the Minister and to Peter Gregg at the IESO.

My best,

A handwritten signature in black ink, appearing to read "Mayo Schmidt".

Mayo Schmidt

**Hydro One Networks Inc.**

7<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5680  
Cell: (416) 568-5534  
frank.dandrea@HydroOne.com



Filed: 2018-05-25  
EB-2017-0364  
Exhibit: JT 2.17  
Attachment 8  
Page 1 of 1

**Frank D'Andrea**

Vice President  
Regulatory Affairs & Chief Risk Officer

BY COURIER

September 22, 2017

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Hydro One Networks' Letter of Intent to file Leave to Construct Application - East West Tie Line**

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This letter is to inform the Ontario Energy Board of Hydro One's intention to file an Application pursuant to Section 92 of the *Ontario Energy Board Act, 1998* for an Order granting leave to construct the East West Tie Lines project.

Hydro One believes it can deliver a cost-effective transmission solution to meet the energy needs and ensure reliable and adequate supply of electricity to Ontario's northwest. Our efforts will result in a timely and beneficial project; for the Province, the electricity system and the homes and businesses of Northern Ontario.

Dependent upon the IESO's updated needs assessment, Hydro One is prepared to submit a Leave to Construct application, which will include a not-to-exceed price, by December of this year. We believe we are uniquely positioned to provide a cost-effective alternative while substantively meeting the timeline needs for the East-West Tie transmission line. Hydro One's East West Tie Station Project (EB-2017-0194) will still be required.

An electronic copy of this letter has been filed through the Ontario Energy Board's Regulatory Electronic Submission System (RESS).

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea  
cc. Miriam Heinz, IESO

November 23, 2017

Filed: 2018-05-25  
EB-2017-0364  
Exhibit: JT 2.17  
Attachment 9  
Page 1 of 2

James Scarlett  
Executive Vice-President and Chief Legal Officer  
Hydro One Networks Inc.  
483 Bay St, South Tower, 8th Floor Reception  
Toronto, Ontario  
M5G 2P5

Dear Mr. Scarlett:

**RE: East-West Tie Transmission Line**

Recent filings by Hydro One Networks Inc. ("HONI") at the Ontario Energy Board ("OEB") have revealed that HONI is a competitor to Upper Canada Transmission, Inc. (doing business as NextBridge Infrastructure LP ("NextBridge")) because HONI intends to prepare and submit a competing leave to construct ("LTC") to develop, construct, own, operate and maintain the East West Tie Line ("EWT Line Project").

It has come to our attention that HONI has recently approached representatives of Valard Construction ("Valard") to support the Leave to Construct of a HONI owned EWT Line Project. It has also come to our attention that HONI has approached representatives of Bamkushwada LP ("BLP") and Supercom Industries LP ("Supercom") to seek support for economic participation in a competing HONI owned EWT Line Project. HONI's actions raise significant legal concerns. Thus, by this letter, NextBridge is placing HONI on notice of these legal concerns, and insists that HONI comply with applicable law.

In August 2013, NextBridge was designated by the OEB to develop the EWT Line Project. As explained in our November 13, 2017 Response to HONI's request to intervene filed with the OEB, NextBridge has been diligently developing the EWT Line Project since 2013, and in that time has completed extensive development work, including First Nations and Métis engagement, environmental studies, identification and assessment of alternatives, land investigation and acquisition, detailed design and stakeholder engagement.

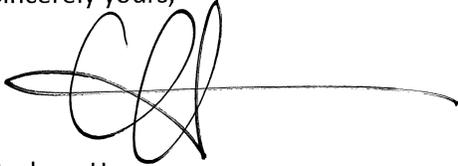
In connection with this development work, NextBridge has entered into contractual arrangements with BLP and Supercom (affiliates of six of the First Nations proximate to the EWT Line Project's proposed route) relating to their economic participation in the EWT Line Project. In addition, NextBridge has conducted a detailed competitive request for proposals for a general contractor to construct the EWT Line Project and has selected Valard. Simultaneously, NextBridge has been working with HONI with respect to certain interconnection and crossing issues, including by providing it with non-public and competitively sensitive information related to the EWT Line Project.

Without any notice to NextBridge, on September 22, 2017, HONI filed a letter with the OEB stating its intention to file a competing LTC for the EWT Line Project. The existence of this letter did not come to light until the OEB, on November 2, 2017, requested that HONI clarify the purpose of its intervention in NextBridge's LTC proceeding. We understand that it was during this time period that HONI contacted representatives of BLP, Supercom and Valard in an effort to directly compete with NextBridge, despite the fact that it was known to HONI that NextBridge was either working to contract or had contracted with these same entities.

HONI's actions raise serious legal concerns, including whether HONI is inducing the aforementioned counterparties to breach their respective contracts with NextBridge and whether these actions result in an

unlawful interference with the associated economic relationships. Accordingly, NextBridge hereby requests that HONI immediately cease and desist from taking any such actions and confirm the same in writing within seven (7) days of the date of this letter. NextBridge reserves all of its rights and remedies at law and in equity with respect to the matters herein described.

Sincerely yours,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Andrew Hope  
Counsel to NextBridge Infrastructure LP

CC:

Frank D'Andrea, Interim Vice President, Regulatory Affairs and Chief Risk Officer  
Jennifer Tidmarsh, Project Director, NextBridge Infrastructure LP

**Hydro One Networks Inc.**

483 Bay Street, South Tower, 8th Floor  
Toronto, Ontario, Canada  
M5G 2P5



**LAW**

Michael Engelberg, Assistant General Counsel  
Telephone: (416) 345-6305  
Fax: (416) 345-6972  
E-mail: mengelberg@HydroOne.com

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BY COURIER

December 5, 2017

Ms. Kristi Sebalj  
Registrar  
Ontario Energy Board  
P. O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

**Re: EB-2017-0182 – Upper Canada Transmission Inc. (“NextBridge”)  
Application for Leave to Construct a Transmission Line  
Hydro One Networks Inc. (“Hydro One”) Response to NextBridge Objection to Intervenor  
Status for Hydro One**

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Dear Ms. Sebalj:

Hydro One files this letter in response to the November 13th letter sent on behalf of NextBridge by Mr. Cass of Aird & Berlis LLP (“the NB Submission”), in which Mr. Cass sought at length to severely limit Hydro One’s role as an intervenor in the above-noted NextBridge leave to construct (“LTC”) Application (“the NB Application”) to build the East-West Tie (“the Project”) and also to place restrictions on Hydro One’s intended LTC application.

After the NB Submission was filed, the Ontario Energy Board (“the Board”) issued P.O. No. 1 on November 29, 2017, which granted Hydro One’s request for intervenor status and also stated, on page 3 of P.O. No. 1, the following:

- “the participation of all intervenors, including Hydro One, is restricted to matters relevant to the proceeding”
- “there is no need for the OEB to vet Hydro One’s requests for information”

- “the OEB makes no ruling or order:
  - (i) relating to documentation previously provided to Hydro One,
  - (ii) to create a confidentiality screen at Hydro One, or
  - (iii) as to the appropriate filing requirements for any competing application...”

As can be seen by the preceding paragraph, the Board granted Hydro One’s request but left open the matter of items (i), (ii) and (iii) of the third bullet. Therefore, the Board’s P.O. No. 1 gave Hydro One the opportunity to reply to the NB Submission. Hydro One wishes to answer certain allegations in the NB Submission because of the inaccuracies therein and the hostile and unprofessional nature of the allegations, which are unbecoming to an organization like NextBridge, or indeed any enterprise that seeks to be a leading and highly-regarded Canadian company.

### **Competition to Construct the Project**

It is apparent from the NB Submission that NextBridge is concerned that a competing bid will be submitted by Hydro One and that any competing bid, whether by Hydro One or any other transmitter, will lessen NextBridge’s chances of being selected by the Ontario Energy Board (“the Board”) as the successful LTC applicant.

The fact is that when the Designation Proceeding was held at the Board during 2012 and 2013 (EB-2011-0140), it was clear that the transmitter chosen to do the development work for the East-West Tie was being selected to perform only the development work and that there would be no restriction whatever on the ability of transmitters other than NextBridge to come forward and submit LTC applications to build the project. NextBridge had no reason to believe that it would not face competition for construction of the line. As the Board stated in the Phase 2 Decision and Order (EB-2011-0140 – page 4), “Designation does not carry with it an exclusive right to build the line or an exclusive right to apply for leave to construct the line. A transmitter may apply for leave to construct the East-West Tie line, designated or not.”

And, although NextBridge expresses concern about unwanted competition from Hydro One, NextBridge itself has taken steps to stifle competition by entering into agreements with property owners and First Nations that either prevent those parties from having discussions (or make them reluctant to have discussions) with third parties, including Hydro One, who may be interested in constructing the East-West tie and thereby providing a better choice to Ontario electricity ratepayers, at lower cost.

## **Statutory Considerations for Applications for Leave to Construct**

The process to be granted approval to build a transmission line was, and remains, consistent with s. 92(2) of the *Ontario Energy Board Act, 1998* (“the Act”), which reads as follows:

“In an application under section 92, the Board shall only consider the following when, under subsection (1), it considers whether the construction, expansion or reinforcement of the electricity transmission line or electricity distribution line, or the making of the interconnection, is in the public interest:

1. The interests of consumers with respect to prices and the reliability and quality of electricity service.
2. Where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources.”

Therefore, foremost in the Board’s mind must have been, and must continue to be, the interests of consumers with respect to price, (i.e., the cost of the Project), a matter that only benefits from, and is not harmed by, competition. This objective was outlined on page 2 of the Board Policy Framework for Transmission Project Development Plans (EB-2010-0059):

“Within the context of transmission investment policy, economic efficiency can be understood to mean achieving the expansion of the transmission system in a cost effective and timely manner to accommodate the connection of renewable energy sources. The Board believes that economic efficiency will be best pursued by introducing competition in transmission service to the extent possible within the current regulatory and market system.”

## **The Need for the Project**

In its Updated Assessment of the Need for the East-West Tie Expansion issued on December 1, 2017, the IESO confirmed that the Project is still needed. The IESO also stated clearly, at page 4 of the Updated Assessment:

“The project costs included by NextBridge in its LTC application are higher than what was assumed in the IESO’s December 2015 Report. Therefore, on August 4,

2017, the Minister requested the IESO to prepare an updated need assessment...”

Referring to that need, the NB Submission alleges, without any factual basis or evidence, that a competing bid will delay not only the NB Application but also the Project as a whole. The NB Submission goes on to request that the Board expeditiously consider the NB Application so as to not risk what the IESO’s Updated Assessment refers to as “the recommended in-service date.” Hydro One responds that P.O. No. 1 shows that the Board is in control of its own process and has the ability to ensure that proceedings before the Board proceed efficiently and in a manner that takes into account the Province’s need for transmission and the timeline to satisfy that need.

### **NextBridge’s Objection to Competition from Hydro One**

Hydro One is puzzled by the NB Submission’s expression of surprise about competition from Hydro One for the Project. On March 31, 2017, more than six months prior to Hydro One’s request for intervenor status in the NB Application, Hydro One sent an e-mail to a member of the NextBridge team that stated, *inter alia*, the following:

“...I have been instructed by our EVP and CLO, copied above, that Hydro One should not receive or accept any information from a competitor that might be confidential or proprietary and is not strictly required under our scope of work for the East West Tie Station Project. Accordingly, I have deleted your note and attachments and would ask that you edit and resend these materials to remove unnecessary information or material you consider of a competitive nature.”

NextBridge had no reason to believe that Hydro One would not submit its own LTC application to build the Project, nor did NextBridge have any reason to believe that Hydro One would not request full intervenor status in the NB Application. There is every reason to believe that NextBridge would have requested intervenor status in a Hydro One application had Hydro One’s application predated NextBridge’s, just as there is every reason to believe that NextBridge will request full intervenor status in an upcoming Hydro One LTC application.

NextBridge’s objection to Hydro One’s role as an intervenor raises the question of the benefit of having intervenors in tribunal proceedings. Section 22.02 of the Board’s *Rules of Practice and Procedure* states:

“The person applying for intervenor status must satisfy the Board that he or she has a substantial interest and intends to participate actively and responsibly in the proceeding by submitting evidence, argument or interrogatories, or by cross-examining a witness.”

It is difficult to imagine persons having a more substantial interest in an LTC application than a party who believes it can benefit all Ontario electricity consumers by building the Project at a lower cost and with reduced environmental impact. It is also difficult to imagine information that is more informative of, and beneficial to, an LTC application, than facts brought to light by a potentially lower-cost competitor, given that what is in the public interest in an LTC application is, as stated above, “the interests of consumers with respect to prices and the reliability and quality of electricity service.”

### **NextBridge’s Fears as to Hydro One’s Participation**

The NB Submission makes totally unfounded assertions as to the consequences of a competitor’s role as a full intervenor in the NB Application and the pernicious motives of a full intervenor. The NB Submission states, “Hydro One’s own statements indicate that it intends to participate not simply as an intervenor with an interest in how the...Project interconnects to its stations...but, additionally, as a competitor that is intent on using and potentially disrupting, slowing, and undermining the NextBridge LTC proceeding for the purpose of assisting it in relation to a Competing LTC.” The NB Submission goes on to raise the unfounded spectre that Hydro One may even “...leverage its position in a way that is not available to others, for example through limiting access to existing facility corridors.”

Such baseless allegations and fears and attributions of inappropriate motives are inaccurate and unjustified. As the Board has shown in P.O. No. 1, the Board is in control of its own process and has the ability to prevent abuse of its process. The Board has held many hearings in which there have been numerous intervenors, and proceedings are a matter of public record. The allegations that, by being an intervenor with the normal rights of intervenors, Hydro One would be able to utilize the NB Application “to elicit competitive information” and to potentially disrupt and undermine the NB Application are illogical and inaccurate. This is akin to saying that all intervenors in any application are disrupting and delaying the process.

The NB Submission additionally alleges that because of Hydro One’s size, Hydro One may “abuse its status as incumbent transmitter.” That NB Submission makes an analogy to the Designation Proceeding, at which time Hydro One was in possession of information that may have been beneficial to a party preparing a proposal (in the Designation Proceeding) to perform

the development work. The Board ordered at that time that Hydro One be subject to restrictions on Hydro One's sharing of information with a partnership in which Hydro One was a partner.

That process is not applicable or appropriate for the NB Application, because it is not the case in the NB Application that Hydro One now has advantageous information that would make it unfair for Hydro One to compete with NextBridge to build the Project. If any party has any information that provides a competitive advantage, that party is NextBridge, as a result of having performed the development work on the Project for the past few years. Such information should be shared with all potential bidders for the ultimate benefit of Ontario ratepayers, in a manner similar to the orders imposed on Hydro One during the Designation Proceeding. The environmental assessment work done by NextBridge, which will be paid for by Ontario ratepayers, should also be shared with all potential bidders.

### **Confidential Information**

Furthermore, it is incorrect to accuse Hydro One of being in possession of non-public information from NextBridge that is of benefit to Hydro One in preparing its own LTC. Whatever information Hydro One requested NextBridge to provide was required to ensure that Hydro One understood the connection requirement needs of the Project. Therefore, not only is it inappropriate to ask, as the NB Submission does, for the Board to order "protections" in relation to Hydro One's preparation of a competing LTC, but also it would not be appropriate for the Board to order such "protections" or to order Hydro One to prepare a list of records received from NextBridge, provide the list to NextBridge, and destroy such records. NextBridge is well-aware of records provided to Hydro One during the course of the development work; and if NextBridge believes any of that information enables Hydro One to unfairly prepare a competing LTC, the onus should be on NextBridge to identify such records. Hydro One also states that the request in the NB Submission that "all information that is of a competitive nature in the future be provided only to Hydro One's counsel on the understanding that it will not be shared with others at Hydro One" has no merit whatever, for the same reasons as stated in the first part of this paragraph.

### **NextBridge's Fears of an LTC Application by Hydro One to Build the Project**

The NB Submission contains more than two full pages (pages 7 and 8) of NextBridge's proposed restrictions on an LTC to be submitted by Hydro One, including, *inter alia*, restrictions to address concerns about timelines, feared delays, filing requirements, and cost estimates. Hydro One reiterates that there is no evidence that any of NextBridge's concerns are real: it

appears that NextBridge simply wishes to tie the hands of any competitor who comes forward so that NextBridge is assured of being selected by the Board as the transmitter who will build the Project. NextBridge openly questions the Board's ability not to be distracted by a competitor and the Board's ability to control its own (the Board's) process: as the NB Submission states, "NextBridge is concerned that Hydro One will submit a Competing LTC that will result in inefficient use of resources, including diverting time and resources away from a review of the NextBridge LTC." Again, there is no evidence that this fear has any basis. NextBridge wishes to win the right to build the Project without having the Board do a full comparison of one or more competing bids, and even without having the Board fully examine the NextBridge bid.

### **Summary**

Hydro One disputes and rejects all of the items raised in the NB Submission of November 13th, on which NextBridge relies in an attempt to:

- (a) restrict Hydro One's role as an intervenor in the NB Application;
- (b) restrict any company's ability to compete with NextBridge;
- (c) tie the Board's hands in receiving and hearing evidence in the NB Application;
- (d) restrict the Board's ability to receive and hear a Hydro One LTC application;
- (e) restrict Hydro One's use of information that it has or may receive;
- (f) expedite the Application in a manner that precludes evidence as to lower-cost alternatives to construction by NextBridge.

Hydro One states that NextBridge has provided no evidence that any of the foregoing actions would be appropriate. Restricting the role of intervenors and putting a lid on pertinent evidence are not good recipes to enable a tribunal to make an informed decision. On the contrary, these steps would restrict the Board's ability to fully consider the Board's statutory mandate to consider the interests of consumers with respect to prices and the reliability and quality of electricity service.

As implied by the Board's P.O. No. 1, at any time during the NB Application and during any competing application, the Board has the ability to make appropriate orders if the Board finds that its process is being abused by any intervenor. That event has not occurred; and, as can be seen from P.O. No. 1, that time is not now. Neither the commercial interests of NextBridge nor the baseless spectre of an inefficient use of the Board's time are viable reasons for the Board to narrow the scope of Hydro One's intervention or that of any other intervenor, or to place novel

restrictions on the process of the NB Application or on the process of any LTC application filed by Hydro One or any other party.

Hydro One therefore asks that the Board continue Hydro One's status as an intervenor in the NB Application with full intervenor rights, not with limited rights, and that the Board reject NextBridge's requests relating to (i) documentation provided to Hydro One, (ii) creation of a confidentiality screen and (iii) creation of novel filing requirements for an LTC application by Hydro One.

Yours very truly,

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg

cc: Applicant - Upper Canada Transmission, Inc.

Intervenors



Fred D. Cass  
Direct: 416.865.7742  
E-mail: fcass@airdberlis.com

**VIA RESS, EMAIL AND COURIER**

December 8, 2017

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

**Re: EB-2017-0182 – Upper Canada Transmission, Inc. (UCT or NextBridge)  
Application for Leave to Construct a Transmission Line  
Hydro One Networks Inc. (Hydro One) – Intervenor Status Request  
NextBridge Reply to Hydro One December 5, 2017 Submission**

We write to reply to the letter sent to the Board by Hydro One on December 5, 2017. Hydro One submitted the letter pursuant to Procedural Order No. 1 in EB-2017-0182 / EB-2017-0194 (Procedural Order No. 1), which provided for Hydro One to file a response to NextBridge's letter of November 13, 2017. Procedural Order No. 1 also provided NextBridge the opportunity to reply to Hydro One's response by December 11, 2017.

Following the issuance of Procedural Order No. 1 on November 29, 2017, the Independent Electricity System Operator (IESO) submitted to the Ministry of Energy its Updated Assessment of the Need for the East-West Tie Expansion (Updated Need Assessment), dated December 1, 2017. In the Updated Need Assessment, the IESO confirmed that the East-West Tie Expansion project (EWT Project) continues to be the preferred option for meeting Northwest supply needs under a range of system conditions, and that IESO continues to recommend an in-service date of 2020 for the EWT Project.<sup>1</sup>

Subsequently, on December 4, 2017, the Minister of Energy (the Minister) wrote to the IESO about the Updated Need Assessment. In that letter the Minister observed that the Updated Need Assessment had clearly explained the need to pursue the completion of the EWT project with a 2020 in-service date, and stated that the Government of Ontario continues to support the project, as is underscored by the 2016 Order-in-Council

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<sup>1</sup> IESO Updated Assessment of the Need for the East-West Tie Expansion, December 1, 2017, at p.19.

declaring the project a priority. The Minister also said that, given the IESO's recommended in-service date of 2020, he expects the Board to proceed in a timely manner in consideration of its performance standards for processing applications. In view of the recent and clear confirmation of a 2020 in-service date for the EWT Project, NextBridge looks forward to the OEB's consideration of its Leave to Construct (LTC) application and is focused on moving ahead with its proposal for the EWT transmission line to meet the 2020 in-service date. NextBridge has completed a significant amount of work to bring a thorough and well-supported LTC application to the Board and is committed to working diligently to advance the consideration of its LTC application by the Board. Indeed, the Board's consideration of NextBridge's application is now in process and, in particular, Procedural Order No. 1 sets out an interrogatory process in respect of NextBridge's application that includes the submission of interrogatories later this month, and the filing of responses to interrogatories by January 25, 2018.

In this context, NextBridge appreciates the Board ruling in Procedural Order No. 1 that:

- the participation of all intervenors, including Hydro One, is restricted to matters relevant to the proceeding and no intervenor is permitted to disrupt, slow or undermine the proceeding. The OEB expects all parties to comply with the timelines required by the OEB and participate in this proceeding in a responsible manner; and
- intervenors are restricted to asking interrogatories for matters relevant to the proceeding. The OEB's Rules of Practice and Procedure provide the method for an applicant to respond to requests that are beyond the scope of the proceeding. As a result, there is no need for the OEB to vet Hydro One's requests for information.<sup>2</sup>

NextBridge views this ruling as responsive to many of the concerns set forth in its November 13, 2017 letter.

Hydro One's response, however, does nothing to assuage the concerns expressed in NextBridge's November 13, 2017 letter. Rather, a fair reading of the letter is that Hydro One believes the NextBridge LTC proceeding is an appropriate forum to seek information to assist it to submit a competing LTC. Thus, Hydro One's response confirms NextBridge's concern that Hydro One views its intervention as a possible vehicle to seek information to advance its own LTC for the EWT Line Project, rather than as an intervenor that has an interest as the owner of interconnecting station facilities. Therefore, NextBridge stands by the comments made in its November 13, 2017 letter.

Also, in its December 5, 2017 submission, Hydro One set forth certain assertions. NextBridge disagrees with the assertions made by Hydro One in its response, and does

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<sup>2</sup> Procedural Order No. 1, at p.3.

not view further commentary on Hydro One's assertions or positions as necessary at this time. Thus, the lack of a response by NextBridge to the allegations in Hydro One's letter is not to be taken as acceptance of any of the allegations.

In closing, NextBridge reiterates that it is focused on moving ahead with its proposal for the EWT transmission line to meet the 2020 in-service date and that it is committed to working diligently to advance the timely consideration of its leave to construct application by the Board.

Yours very truly,

AIRD & BERLIS LLP

(Original Signed)

Frederick D. Cass

**Hydro One Inc.**  
483 Bay Street  
8th Floor South Tower  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Mayo Schmidt  
President & CEO



Filed: 2018-05-25  
EB-2017-0364  
Exhibit: JT 2.17  
Attachment 12  
Page 1 of 1

September 14, 2017

The Hon. Glenn Thibeault  
Minister of Energy  
900 Bay St  
4<sup>th</sup> Floor, Hearst Block  
Toronto, ON M7A 2E1

Minister,

**Re: Implementation of East-West Tie (EWT)**

I am sending you this letter to formally make you aware of Hydro One's interest in the East West Tie project. We firmly believe that Hydro One can bring substantial value to all aspects of this important project and that our efforts will result in a timely and cost-effective transmission solution; for the Province, the electricity system and the homes and businesses of Northern Ontario.

As you are aware, there is a new leadership team at Hydro One and, while driving change and efficiencies across all lines of business at the Company, we have spent considerable time assessing how we approach major capital projects such as our transmission lines and stations. Over the last few months, we have engaged in an extensive process, together with our construction partner, to systematically review all aspects of the East-West Tie transmission line development and construction including our existing scope at the affected transmission stations. Based on the work conducted, we are confident that we can provide a solution that meets the technical requirements at a significantly lower cost both in terms of capital and ongoing operating and maintenance costs; a project that respects Ontario's rate payers while representing the best opportunity to provide an in-service transmission line in time to meet the provinces electricity needs.

Hydro One is planning to deliver to the IESO our proposal by October 15 which will provide an overview of the key elements of the proposal and why we believe they are not just achievable, but a preferred option. Hydro One would like to meet with you and your team to present this proposal at your convenience after that date.

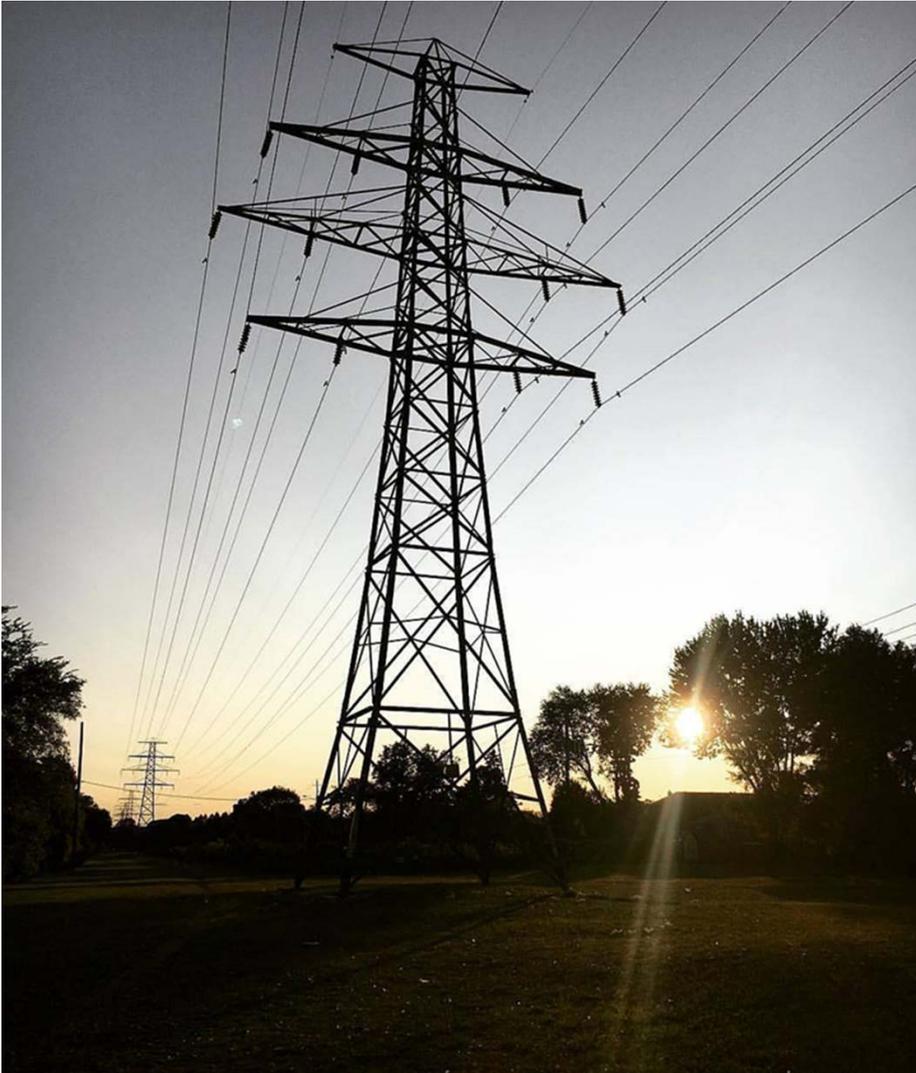
Subject to discussions at that meeting, Hydro One is also prepared to submit a Leave to Construct application for our proposal with a "not-to-exceed" price guarantee by December of this year. We believe we are uniquely positioned to provide a more cost-effective alternative East-West Tie transmission line that will substantively meet Northern Ontario's timeline and electricity needs.

I look forward to working further with the Province on this important project. I should also note that a similar letter has been sent to both Peter Gregg and to Rosemarie Leclair.

My best,

A handwritten signature in cursive script that reads "Mayo Schmidt".

Mayo Schmidt



# Lake Superior Link

Briefing for the Minister of Energy

March 26, 2018

# Background



- In 2012 the OEB initiated a competitive process to designate an electricity transmitter to develop a 230kV high voltage transmission line between Thunder Bay and Wawa.
- In 2013 a proponent was chosen by the OEB
- In 2016, through an Order-in-Council, the East-West Tie was declared a priority project
- Summer 2017, The existing proponent's Leave to Construct substantially exceeded the costs submitted in the designation proceeding
- In fall 2017 the Minister of Energy asked the IESO to explore options and update the Needs Assessment of the project. This was reconfirmed on December 1, 2017.

# Lake Superior Link



- Hydro One has been following the development work closely.
- In light of the disclosure of the substantially higher cost to construct the designated line, Hydro One felt compelled, on behalf of Ontario ratepayers, to assess its own ability to construct the line
- On February 15, 2018 Hydro One filed a Section 92 Leave to Construct with the OEB for new a transmission facility - "**Lake Superior Link**"

# Lake Superior Link Project Map





# Benefits of the Lake Superior Link

Hydro One's proposal is a **cost-effective solution** to deliver the required power supply to northwestern Ontario and **minimizes impacts on the environment**

Project cost savings in excess of  
**\$100M**

**50km**  
shorter

Operating & maintenance cost savings of  
**\$3M annually**

We will be engaging **with communities along the route**, including Indigenous communities, to hear directly what **tangible benefits** we can bring to the region



# The Hydro One advantage

We have more than

**400**

Employees in the  
North

We have been doing  
this for more than

**100 years**

We have a proven  
track record

We own and operate

**98%**

of the transmission  
system across  
Ontario

Powering northern Ontario is an important part of our future

**Thunder Bay Nipigon Marathon Algoma**

We are part of these communities,

maintaining a large and highly skilled workforce



# Community Outreach

- Key to project success is ensuring that local residents, businesses and community leaders understand the project and its benefits.
- A tour was undertaken as an initial touch-point with communities.
- Further similar tours will take place in the spring, summer and fall, 2018 including municipal councils, NOMA, Bamkushwada and First Nations Communities.

## **March 19<sup>th</sup>**

- Dorion
- Nipigon
- Red Lake FN

## **March 20<sup>th</sup>**

- Thunder Bay
- Schreiber

## **March 21<sup>st</sup>**

- Terrace Bay
- Marathon

## **March 22<sup>nd</sup>**

- White River
- Wawa



# Next steps

- Environmental Assessment work with MOECC
- Waiting on a procedural order from the OEB
- Engaging communities along the route



Thank You

**UNDERTAKING – JT 2.18**

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**Undertaking**

Hydro One to provide copies of correspondence with NextBridge where they informed them about planning to file the application for LSL.

**Response**

Please see Attachment 1.

**RICHARDSON Joanne**

---

**From:** Edith Chin <Edith.Chin@enbridge.com>  
**Sent:** Friday, March 31, 2017 4:16 PM  
**To:** RICHARDSON Joanne  
**Cc:** Jennifer.Tidmarsh@nexteraenergy.com; maia.chase@ieso.ca; SCARLETT James; Krista Hughes  
**Subject:** RE: IESO E-W Tie Evidence - DRAFT

Thanks Joanne.

This confirms receipt of your email.

Since our meeting is on Monday morning, we will not have the time to have a fulsome review of the evidence to be shared. May I suggest we discuss the following two topics at our meeting:

1. We request that Hydro One and IESO assist NextBridge in describing the existing transmission facilities as part of our Project Overview ( Filing Requirements 4.3.2.2).
2. We request Hydro One assist NextBridge in completing the section on Network Reinforcement Requirements (4.3.2.10)

Many thanks.

Looking forward to our meeting.

Edith

Edith Chin

Tel: 416 753 7872

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**From:** [Joanne.RICHARDSON@HydroOne.com](mailto:Joanne.RICHARDSON@HydroOne.com) [<mailto:Joanne.RICHARDSON@HydroOne.com>]  
**Sent:** Friday, March 31, 2017 3:51 PM  
**To:** Edith Chin  
**Cc:** [Jennifer.Tidmarsh@nexteraenergy.com](mailto:Jennifer.Tidmarsh@nexteraenergy.com); [maia.chase@ieso.ca](mailto:maia.chase@ieso.ca); [JScarlett@HydroOne.com](mailto:JScarlett@HydroOne.com)  
**Subject:** FW: IESO E-W Tie Evidence - DRAFT

Hi Edith,

Thanks for your email and attachments sent out earlier today. I have not opened, read, nor forwarded the attached document to my team, as I have been instructed by our EVP and CLO, copied above, that Hydro One should not receive or accept any information from a competitor that might be confidential or proprietary and is not strictly required under our scope of work for the East West Tie Station Project. Accordingly, I have deleted your note and attachments and would ask that you edit and resend these materials to remove unnecessary information or material you consider of a competitive nature.

I will forward you copies of Hydro One's evidence shortly.

Please confirm receipt of this email.

Joanne

---

**From:** Edith Chin [<mailto:Edith.Chin@enbridge.com>]  
**Sent:** Friday, March 31, 2017 12:05 PM  
**To:** Maia Chase; RICHARDSON Joanne

**Cc:** [Jennifer.Tidmarsh@nexteraenergy.com](mailto:Jennifer.Tidmarsh@nexteraenergy.com)  
**Subject:** RE: IESO E-W Tie Evidence - DRAFT

Many thanks Maia.

Attached please find excerpts from NextBridge's draft evidence intended for discussion at our April 3<sup>rd</sup> meeting. This is a confidential draft and is subject to change. It does not have the benefit of information from the evidence which Maia sent us a couple days ago.

We look forward to seeing everyone on Monday. One of our regulatory team, Krista Hughes, plans to join us by phone. Do you intend to set up a line? I can either set something up, or if Krista is the only one calling, we can call her. Please advise what is the best arrangement.

Many thanks.

Edith  
Edith Chin  
Tel: 416 753 7872

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**From:** Maia Chase [<mailto:maia.chase@ieso.ca>]  
**Sent:** Thursday, March 30, 2017 7:56 AM  
**To:** [Joanne.RICHARDSON@HydroOne.com](mailto:Joanne.RICHARDSON@HydroOne.com); Edith Chin  
**Cc:** [Jennifer.Tidmarsh@nexteraenergy.com](mailto:Jennifer.Tidmarsh@nexteraenergy.com)  
**Subject:** IESO E-W Tie Evidence - DRAFT

Attached is the IESO's revised evidence for discussion at Monday's meeting. This is a draft that has not yet been subject to all internal reviews.

If you have any questions, let me know.

Thanks

Maia

**Maia Chase** | Senior Analyst- Regulatory Affairs, IESO | Station A, Box 4474, Toronto, Ontario, M5W 4E5 | T: 905.403.6906 C: 905.301.6179 | Email: [maia.chase@ieso.ca](mailto:maia.chase@ieso.ca) | Web: [www.ieso.ca](http://www.ieso.ca)

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**UNDERTAKING – JT 2.19**

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**Undertaking**

Hydro One to provide a copy of a business case on the LSL project that they presented to the Management team.

**Response**

Please see:

- Attachment 1 - Business case prepared for the Lake Superior Link project.
- Attachment 2 - November 10, 2017 Briefing Note to Board of Directors
- Attachment 3 - December 8, 2017 Submission to Board of Directors
- Attachment 4 – February 13, 2018 Submission to Board of Director

## Lake Superior Link (East-West Tie Transmission Line)

### Overview of Recommended Alternative:

Approval of \$12.2M is requested to fund the development phase of Lake Superior Link (LSL). The project is a counter proposal to NextBridge's East-West Tie (EWT) project, both of which have been submitted to the Ontario Energy Board. If Lake Superior Link is accepted by the OEB, it will result in construction of Hydro One's new 230 kV double-circuit transmission lines between Wawa TS, Marathon TS and Lakehead TS.

Previous approval of \$1.2M, included in the total requested funding, was for validating the environmental assumptions and conducting initial consultations and stakeholdering for the project.

### Investment Details:

In-service: December 15, 2021

To meet the load demand in the Northwestern Ontario after the retirement of coal generation, the Independent Electricity System Operator (IESO) has identified the need for increased transfer capability between Northeast and Northwest regions of Ontario by installing new 230 kV double-circuit transmission lines from Wawa to Thunder Bay. The Ontario Energy Board (OEB) awarded development work for the proposed lines to Upper Canada Transmission Company (Trade name NextBridge). In 2016, the government issued an Order In Council, declaring the East-West Tie (EWT) as a Priority Project, to be in-service by the end of 2020.

NextBridge has proceeded with the development (Environmental Assessment, route selection, design of towers, etc.) and has applied to the OEB for Leave to Construct for the proposed transmission lines. Hydro One has jointly submitted a Leave to Construct application for the connection of the proposed transmission lines to the three terminal stations, with the addition of facilities required by the IESO System Impact Assessment. The recent NextBridge's estimated cost to develop and construct (\$777.2M) and operate and maintain (\$7.4M/year) the EWT transmission lines are significantly higher than the cost they proposed in the OEB Designation application (\$431.2M and \$4.4M, respectively).

Hydro One, together with SNC-Lavalin (SNCL) as the Engineer, Procure and Construct partner, has prepared a competing Leave to Construct application to build the new Lake Superior Link, by the end of 2021 at a lower estimated initial capital and ongoing maintenance costs and reduced environmental impact compared to the NextBridge proposal.

This approval is for Hydro One to proceed with the development and design stage of the project. This will include:

- All necessary work to obtain Environmental Assessment approval utilizing the NextBridge's EA and its amendment
- Conducting Indigenous People's engagements and consultations
- Public consultations
- Real estate activities including appraisals, purchasing Early Access rights and Option agreements, etc.
- Conducting preliminary engineering by SNCL,
- Interveners costs and legal expenses for the Leave to Construct approval process.

The Board's approval of the full project development and construction costs of \$636M based on Class 3 (-20% to +30%) accuracy) will be sought in September 2018 contingent on OEB approval of the Leave to Construct.

### Benefits:

Completion of all required development scope in preparation of construction start by October 2018.

### Estimated Costs & In-service:

This is a multi-year project with all assets expected to go in-service on December 15, 2021. No assets will be placed in service as a result of this approval.

The cost breakdown is as follows:

Category	Cost (\$M)
Engineering & Design Activities by SNCL	2.1
Environmental Approval Activities	2.0
Real Estate Activities	3.8
First Nations and Metis Consultations	1.0
Other Consultations	0.2
Regulatory Activities	1.8
Project Management	0.1
Interest and overhead	1.2
<b>Total</b>	<b>12.2</b>

This investment was not included in the approved 2018-2023 Business Plan. Funding for this approval will be funded as a strategic investment by shareholders.

The costs under the previous approval of \$1.2M, for funding the validation of the environmental assumptions and conducting initial consultations and stakeholdering, did not meet requirements to be capitalized and were considered OM&A in 2017 – 2018. The forecasted scope and expenditures under this approval have been reviewed and meet requirements to capitalize.

### Other Alternatives Considered

#### *Status Quo or Do nothing Alternative*

If Hydro One does not proceed with the development phase at this time, the project cannot be completed by the proposed in-service date of December 2021.

### Regulatory Considerations

Project expenditures and future rate base additions are not included in Hydro One Transmission's OEB-approved 2017/18 rate filing, or the draft 2019/23 Transmission rate filing expected to be filed with the OEB in Q2 of 2018, due to the uncertainty associated with the Project. Capital expenditures in this Business Case will not be funded from Hydro One's current rate regulated approved levels.

Until the OEB issues Leave to Construct decision, Hydro One's development expenditures will be recorded in Capital Work in Progress. If approved, Hydro One will apply to recover the annual revenue requirement from Transmission ratepayers. If Hydro One does not receive OEB approval, it will be unable to seek to recover the costs incurred for development from ratepayers. These costs would be borne solely by the shareholder.

Hydro One considers the risk of non-recovery of these expenditures to be high due to the lack of regulatory certainty around Hydro One receiving Leave to Construct approval and NextBridge already receiving approval to recover East-West development costs from rate payers. This is a reflection of the OEB having already selected NextBridge as the designated transmitter to undertake this project.

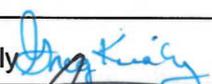
## Risks and Mitigation

**Leave to Construct Approval** – Since Hydro One's application is competing with NextBridge's application, and OEB policy only contemplates recovery of development costs from one transmitter, there is a possibility of not receiving approval to proceed or approval to recover the development costs.

**Indigenous Relations** – The confidential agreements that NextBridge has signed with some of the communities may impede Hydro One's consultations and EA approval.

**Real Estate** – The confidential Option agreements that NextBridge has signed with some of the property owners may impede Hydro One's Early Access, Option or temporary land rights agreements.

**Approvals & Agreements** – There is a risk that Hydro One may not be granted a regulatory measure, in order to utilize the EA work completed by NextBridge and address Hydro One proposed scope changes. If granted, there is a risk that Hydro One may need to repeat some of the studies and approval process.

This Approval (\$): 11.0M	Previous Approval (\$): 1.2M	Total Approval (\$): 12.2M
<b>Signature Block:</b>		
Approved by: Gregory Kiraly 	Title: Chief Operating Officer	Date: 3/14/18
Approved by: Chris Lopez 	Title: SVP Finance	Date: 3/21/18
Approved by: Paul Dobson 	Title: Chief Financial Officer	Date: 3/22/18
Approved by: Mayo Schmidt 	Title: President & CEO	Date: 3/28/18

## Appendix: Required information for SAP data input

### Yearly Expenditures

	2016 (\$M)	2017 (\$M)	2018 (\$M)	Total (\$M)
Capital* and MFA			11.0	11.0
OM&A and Removals		1.2		1.2
Gross Investment Cost*		1.2	11.0	12.2
Recoverable				
Net Investment Cost		1.2	11.0	12.2

\*Includes capitalized interest and overhead at current rates

### Rate base additions

	2016 (\$k)	2017 (\$k)	2018 (\$k)	Total (\$k)
In-Service \$ Additions from estimate		-	-	-
In-Service \$ Additions included in Tx/Dx Rate Case (none)		-	-	-
Variance		-	-	-
Redirection Required?		No	No	

<b>In-service Date:</b>	December 15, 2021
<b>Business Case Summary #:</b>	51003137
<b>Appropriation Request #:</b>	25272, 25032
<b>Subject ID #</b>	81551
<b>Investment Driver:</b>	N.T.C.2.03, N.T.M.2.02
<b>Investment Summary Document</b>	None
<b>Redirection Required?</b>	Yes
<b>Productivity Savings</b>	No
<b>Estimate</b>	PEP posted at <a href="#">Project Execution Plan - AR25032-LSL Rev 0 2</a>
<b>Other Supporting documents</b>	Risk Assessment is attached to the above PEP
<b>Director</b>	Robert Reinmuller
<b>Planner</b>	Hamid Hamadanizadeh

### **Scientific Research & Experimental Development Tax Credits (SR&ED):**

- Do you anticipate that an initiative to meet the set of business requirements in this document will result in a **Technological Advancement**? No
- Do you anticipate that the initiative will resolve a **Technological Uncertainty**? No

# Briefing Note



**Date:** November 10, 2017

**Presented by:** Greg Kiraly

## **Confidential - East-West Tie Transmission Line Project Update**

The East-West Tie (EWT) is a proposed double-circuit 230kV line approximately 450 km in length, paralleling the existing Hydro One tie between Thunder Bay to Marathon to Wawa in Northern Ontario. The new infrastructure is functionally intended to increase total transfer capacity of the existing interface from 200 MW to 450MW.

### **Background**

In 2013, NextBridge (a partnership of 50% NextEra Canada, 25% Enbridge and 25% Borealis) was designated by the OEB through a competitive process to execute the development phase of this project largely to complete preliminary design and environmental assessment work necessary to construct the project. Nextbridge submitted their Section 92 Leave to Construct (LTC) application to the OEB on July 31, 2017 seeking approval to build and operate the line. The total estimated construction cost of the line was \$737M, 80% higher than their 2013 forecast of \$409M. At the same time Hydro One submitted an LTC for the necessary station connection facilities at our three existing stations Lakehead TS, Marathon TS, and Wawa TS for a total of \$157M. With the increase in Nextbridge's proposed costs for the transmission line, the Minister of Energy asked the Independent Electricity System Operator (IESO) to reassess the project need and to consider alternatives by December 1, 2017.

### **Approach**

In anticipation of this situation, Hydro One has been working with our Engineer, Procure and Construct (EPC) partner SNC-Lavalin (SNCL) on a cost-shared basis, to assess the opportunity and develop a competitive proposal for the transmission line construction and ownership that could benefit Ontario customers, First Nations communities, and shareholders alike.

Our approach is anchored on innovation and capitalizes extensively on the use of our existing transmission corridor and assets, thereby minimizing new construction and environmental disruption. Hydro One is confident that we can deliver a robust and more cost-competitive solution to Ontario customers, and is aiming to file an LTC application to the OEB in December 2017 with an approximate value of \$600M. In addition to the lower capital costs, Hydro One is also able to achieve lower operating and maintenance costs for the benefit of customers, by leveraging existing maintenance programs and infrastructure. With the LTC application, we will be seeking the OEB's approval for the design/build, on-going operations, and ownership of the EWT transmission line. Hydro One plans to

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include a “not-to-exceed price”, and as such will be seeking the Hydro One board’s approval of the strategic content of the application in December.

### **Proposed Solution**

Based on our extensive project development work, the Hydro One & SNCL team is proposing a technically compliant solution that will produce capital costs approximately \$140M lower than Nextbridge’s submission of \$737M, and will provide cost assurance to customers with a not-to-exceed price.

Key aspects of the solution include:

- A 10% shorter route as compared to Nextbridge by utilizing our existing right-of-ways and modifying existing structures through the Pukaskwa National Park, reducing environmental impacts and allowing for significant construction savings.
- Lower design/build costs achievable through an optimized design solution for the portion of the route outside Pukaskwa National Park.
- Lower operating and maintenance costs, leveraging Hydro One’s existing maintenance programs and infrastructure. Hydro One’s incremental costs for the additional EWT circuits will be a fraction of any other parties, with an estimated incremental cost of less than \$3M per year, 60% lower than what has been presented by NextBridge.
- A superior First Nations partnership involving construction and ownership benefits that are shared with communities, modeled after industry leading practices and other recent successful transactions such as the Bruce to Milton LP with Saugeen Ojibway Nation in 2012.
- Cost certainty through a “not-to-exceed” construction price to be confirmed in our LTC submission in December with appropriate performance guarantees from our EPC partner.

An overview of the proposed solution, along with an initial “not to exceed” price of \$650M, was submitted to the IESO on October 14, 2017 to ensure they understand our commitment and plan for this project, and how it provides a more cost-effective wires solution as they conduct the needs assessment.

The largest uncertainty for the proposed approach is centred on the ability for Hydro One to utilize the Environmental Assessment work that has been completed by NextBridge, and we are discussing details with the Ministry of Environment and Climate Change around options.

### **Regulatory/Finance Considerations**

This project is accretive, with net income and EPS attributable to Hydro One of [REDACTED] attributable to Hydro One shareholders (assuming a 66-34% partnership with First Nations and including impact of convertible debentures) once completed and added to

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regulated rate base around year-end 2021. These figures account for a First Nations equity position similar to that of Bruce to Milton LP.

The regulatory, finance, tax, and construction financing aspects of the transaction are being refined, and at this stage it is contemplated that:

- Hydro One Networks Inc. will file the Leave to Construct (LTC), and prior to the line being energized, the project assets will be transferred by Hydro One Networks to a Special Purpose entity to host the minority equity interests of the six directly affected First Nations.
- All Operations, Maintenance and Administration services will be contracted to Hydro One Networks under arrangements complying with the Affiliate Relationship Code, similar to that of the Bruce to Milton LP.
- We will apply to the OEB to recover transaction set up costs. Cost recovery phased over four years was granted for the B2M transaction.
- The funding for the transaction will be provided through Hydro One corporate facilities. Our Treasury group is of the view that stand-alone dedicated project finance would not provide any benefit and would not be effective in terms of cost and corporate guarantees required.

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**Hydro One Limited/ Hydro One Inc.**  
Submission to the Board of Directors



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**Date:** December 8, 2017

**Re:** East West Tie - Board Approval to Submit Leave to Construct

---

Attached please find the presentation of the East West Tie project. We are requesting Board approval on Leave to Construct.

Yours sincerely,

A handwritten signature in cursive script that reads "Greg Kiraly".

Gregory Kiraly  
Chief Operating Officer

**East West Tie – Approval of Strategic Content for Leave to Construct**

**Resolution of the Board of Directors:**

After consideration, upon motion duly made, seconded, and unanimously carried, be it  
RESOLVED:

THAT the Board of Directors of Hydro One Limited approve the submission of a Leave to Construct to the Ontario Energy Board to build, operate, and own the new East West Tie transmission line based on the terms presented to the Board.

# East West Tie – Board Approval to Submit Leave to Construct

December 8, 2017

hydroOne

## Recommendation

Recommend Board of Directors Approval for Hydro One to submit a Leave to Construct (LTC) to the OEB to build, operate, and own the new East West Tie transmission line as follows based on the following key terms:

Key Item	Details
<b>Capital Cost</b>	<b>Not to exceed \$636.1 million</b> subject to exclusions and conditions mentioned herein, including with regards to environmental approval of its route, and with final project cost to be adjusted following LTC approval by OEB, subject to any change or conditions imposed by OEB
<b>Operations, Maintenance &amp; Administration</b>	<b>\$1.5 million/year</b> indexed thereafter
<b>Schedule</b>	Target project completion date by <b>December 2021</b> , based on October 2018 LTC approval
<b>Ownership</b>	Hydro One Networks Inc. to file the LTC as Owner and Operator, and to transfer its ownership interest and control to Special Purpose Entity prior to line being energized
<b>Financing Strategy</b>	Corporate Financing for transaction costs, other than First Nations equity, similar to other capital expenditures within the Hydro One Business Plan
<b>First Nations Financial Participation</b>	<b>34% equity</b> offering to six impacted First nations communities through Bamkushwada LP, to be subscribed at the end of construction

## East-West Tie Project Background <sup>1</sup>

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### What is the East West Tie (EWT) Line Project?

- Construction of a new 400km double-circuit 230 kV transmission line
- The new line parallels Hydro One's existing tie between Lakehead and Wawa Transformer Stations
- The goal is to increase capacity and reliability of electrical transmission between Northeastern and Northwestern Ontario

### What is the current status of the EWT project?

- NextBridge, selected by OEB in 2013 to carry the EWT development phase, filed its LTC Application to own and build the project in July 2017
  - Total estimated construction cost of the line was \$737 million, 80% higher than their 2013 forecast
- Independent Electricity System Operator (IESO) requested by Minister of Energy (MOE) to reconfirm need for the Project given high construction costs submitted by NextBridge
- IESO and OEB are both aware of Hydro One's renewed interest in the project and plan to submit competing LTC (MoE, Ministry of the Environment and Climate Change (MOECC) and NextBridge are also aware)
- Potential for other challengers interested to own and build EWT

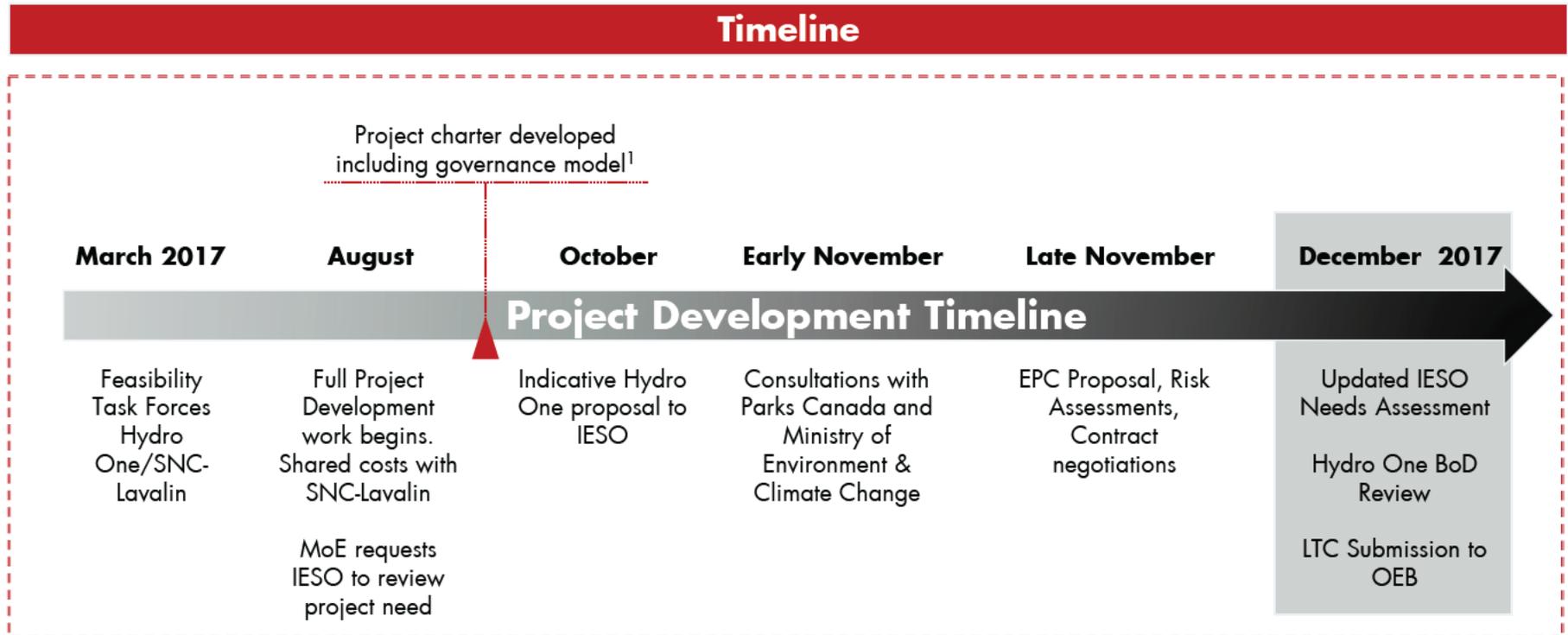
### What is Hydro One's involvement?

- In July 2017, Hydro One filed a LTC to upgrade its Transformer Stations to connect the new line aligned with NextBridge's LTC
- Hydro One is preparing a competitive LTC to own and build EWT transmission line, seeking Board approval prior to filing with OEB

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1. Additional background information available in November 10, 2017 board briefing note

# Project Development Timeline



1. See Appendix for project development governance

## Executive Summary (1 of 2)

### What have we done?

The company has analyzed new ways to approach this undertaking, and developed, together with a private-sector partner in SNC-Lavalin, an innovative solution with very substantial cost savings to customers when compared with the NextBridge submission.

Hydro One can bring together substantial value-add on all aspects of the East-West Tie: Construction, Operations, and compelling First Nations & Métis Benefits, including accretion to shareholders.

### Benefits



**Significant Savings for Customers:** We are able to submit a LTC to the OEB with over **\$100 million of savings** in capital construction costs and over **\$5 million of annual OM&A savings** on an on-going basis.<sup>1</sup>



**Lower Environmental Impact:** Our proposal has significantly lower environmental impacts primarily electing to **utilize our existing corridors**, widening where required to accommodate the new transmission line, and eliminating 184km of new corridor 60m wide as compared to NextBridge.



**Cost Certainty:** We are prepared to **offer cost certainty to customers with a guaranteed not-to-exceed price**; a first in Ontario.



**Partnerships with First Nations:** Hydro One is prepared to offer an attractive equity position consistent with the Bruce to Milton Limited Partnership (LP).

### Partner



**SNC-Lavalin:** Construction and operation of transmission facilities is part of Hydro One's core business. To complement our existing resources and expertise for this project, we have teamed with SNC-Lavalin, a leading Canadian company with prior involvement in the EWT process, and large-scale transmission projects across the world.

1. See Appendix for cost comparison table

## Executive Summary (2 of 2)

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### What do we need?

**We are seeking the Board's approval to submit an LTC to the OEB including a not-to-exceed price based on information contained within this presentation.**

- Typically, LTCs are filed with the OEB in advance, and approval of the business case by the Board or management follows. This project is unique, and not part of Hydro One's current or proposed investment plan because of the uncertainty around the outcome.
  - Consistent with normal practice, if we receive the OEB's approval of Hydro One's LTC submission, the Hydro One Board will be presented with a business case for review and approval.
- 

### Project Requirements

**One Year Extension:** To be able to deliver on this important project, we require a one-year extension to YE 2021 as compared to NextBridge's proposal of YE2020.

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### Project Risks

**Inability to Use NextBridge's EA Work:** The largest risk to project success is an uncertainty around Hydro One's ability to utilize EA work completed by NextBridge and undertake an approved regulatory process to meet EA obligations associated with route modifications expected to lessen environmental impacts including route alterations to shorten route by 10%.

- Ability to utilize EA report/work done by NextBridge.
  - This extension assumes that Environmental Assessment (EA) obligations can be met in 18 months.
  - This requires use of NextBridge's EA and ability for Hydro One to undertake regulatory process to meet additional EA obligations associated with Hydro One route modifications.
  - This is the largest risk to project success; both in terms of cost (not-to-exceed price) and schedule.
  - Other significant risks include litigation process initiated by NextBridge; NextBridge's potential request to use Hydro One's corridor structures; and reputational risk with Hydro One's proposed route passing through resistant communities whereas NextBridge's does not.
-

## Project Costs

### **Capital Construction Costs: Not-to-exceed \$636.1 million, with limited exclusions**

- \$537.8 million turnkey EPC by SNC-Lavalin.
- \$98.3 million for Hydro One for financing, real estate, environment approval amendments, corporate functions (project oversight, communications, community relations, legal, regulatory, First Nations engagement) and associated contingency.
- Pricing exclusions to OEB will include: *force majeure* events, changes driven by government or regulatory policy, archaeological discovery, changes to import duties on finished goods, commodity pricing and foreign exchange risk beyond November 2018 (see appendix for further details).
- Multiple project level risk workshops held with participation from Hydro One and SNC-Lavalin used to define project risks and articulate project contingency.
- Continued open-book basis with SNC-Lavalin to define further savings until award of LTC. Flow to customers.
- Financial Protection: Constructor security including 50% Performance Bond and 50% Labour & Material Bond; Letter of Credit for 5% advanced payment; up to 10% liquidated damages; parental guarantee from SNC-Lavalin Group Inc.

### **Operations, Maintenance and Administration (OM&A) Costs: \$1.5 million per year<sup>1</sup>**

- Incremental costs to operate supported by detailed analyses from our Hydro One Systems Operations and Finance groups.
- Performed by Hydro One Networks, under agreements complying with the Affiliate Relationship Code.

1. Expressed in 2017 dollars, to increase with indexing for future years

## Project Schedule & In-Service

Project Schedule and Key Milestones		
Activity	Start	Finish
External Communications	February 2018	On-going through 2021
LTC Review and Decision	December 2017	October 2018
EA Studies, Review, Approval	February 2018	June 2019
Detailed Engineering	November 2017	October 2018
Procurement	January 2019	On-going through 2021
Construction	July 2019	November 2021
Project Substantial Completion		December 2021

### Details

- Project schedule developed to date, outlining all major tasks, durations, and dependencies. Further detail to be built out in later stages of project.
- Minimal float available in EPC schedule, but comfortable to target Substantial Completion by Dec 31, 2021, with liquidated damages of up to \$53 million at 180 days late.
- Key dependencies to Project Substantial Completion by Dec 31, 2021:
  - Start of construction dependent on receiving approved EA by June 30th, 2019.
  - Receiving a continuous 2 week double circuit outage in August of 2020 and additional single circuit outages in summer of 2021 to complete the stringing activities.

## Project Risks

### Details

- Hydro One and SNC-Lavalin utilized consistent project risk assessment methodologies, including development of risk registry and probabilistic modeling to inform appropriate project contingencies. Project Risk Assessments were completed jointly for all project elements, regardless of accountability between the two companies.
  - Hydro One has contingency at \$14 million, and
  - SNC-Lavalin Contingency & Risk funded at approximately \$50 million.
- An allocation of risks matrix and summary of key risks are presented in appendix materials.
- The most critical project risk to cost, schedule, and reputation is whether or not Hydro One will be able to utilize the NextBridge EA work, as well as undertake an approved regulatory process to meet EA obligations associated with route modifications to lessen environmental impacts.

### Key Project Risks

- Ability to utilize EA report/work done by NextBridge.
- This extension assumes that Environmental Assessment (EA) obligations can be met in 18 months.
- This requires use of NextBridge's EA and ability for Hydro One to undertake regulatory process to meet additional EA obligations associated with Hydro One route modifications.
- This is the largest risk to project success; both in terms of cost (not-to-exceed price) and schedule.
- Other significant risks include litigation process initiated by NextBridge; NextBridge's potential request to use Hydro One's corridor structures; and reputational risk with Hydro One's proposed route passing through resistant communities whereas NextBridge's does not.

## Environmental Approvals (1 of 3)

### Details

- NextBridge has been working towards EA approvals for the transmission line since the 2013 designation for the development work. Their EA Report was submitted to the MOECC in July 2017. They are forecasting to spend \$42 million against OEB-approved budget of \$22 million.
- Despite being funded by rate payers, there is significant uncertainty of Hydro One's ability to utilize the EA work completed by NextBridge, and transfer of proponentcy is not envisioned in the legislation for individual EAs for transmission assets. Inability of Hydro One to be given permission to utilize the EA work would mean a 2.5 - 3 year delay, and cost in the order of \$30 million to duplicate studies, neither of which are in the interest of customers.
- Hydro One's schedule and cost assumptions are based on Hydro One being able to utilize the NextBridge EA work, as well as go through an approved regulatory process to meet EA obligations associated with route modifications expected to lessen environmental impacts.
- Hydro One has had on-going dialogue with the MOECC, but they have limited ability to provide advice and make decisions with the NextBridge EA before them for review.
- Hydro One's environmental impacts are substantially less than those of NextBridge by eliminating cutting new corridor approximately 184km long and 60m wide, much of which is through undisturbed lands (map on next slide).
- Hydro One plans to constructively state in the LTC submission a condition that the not-to-exceed price and the committed timeline is entirely dependent upon being able to utilize the EA work completed by NextBridge for approximately 80% of the line length AND our ability to undertake an approved regulatory process to meet EA obligations associated with alteration of the route to result in shorter line length and the fewer environmental impacts.
- November 27 letter from Parks Canada confirms no objection to our route through the National Park and modifications to our line from 2-circuit to 4-circuit, subject notably to Detailed impact EA approval.

## Environmental Approvals (2 of 3)

- One of Hydro One's competitive advantages is a 10% shorter route than NextBridge (approx. 42km less), that would follow the existing Hydro One corridor through Pukaskwa National Park. Existing corridor shown in red lines below, with NextBridge's proposed route in white and white-overlaid-on-red.
- Elsewhere along the route, existing corridors would be widened to accommodate the new towers, however through Pukaskwa National Park, existing 2-circuit towers would be converted to 4-circuit towers. Existing foundations would be re-used with new 4-circuit structures erected throughout the Park.



## Environmental Approvals (3 of 3)

- Following public consultation and incorporation of feedback from communities as part of their EA work, NextBridge has planned a 53km bypass around the township of Dorion and Loon Lake west of Nipigon, shown in white on below map.
- Ministry of Natural Resources and Forestry (MNRF) has indicated that they feel NextBridge's EA placed too much weight on community feedback, and not enough weight on impact to the natural environment.
- Hydro One feels confident in the merits of an EA amendment basis of reduced environmental impacts, however it is understood that this will not be welcomed by residents around Loon Lake who were sensitive to additional corridor widening. Similar to the tower modifications being made through the Park, Hydro One's proposal makes provision for modification towers over a 5km section of line without any corridor widening to help mitigate concerns from residents.



## Regulatory and Legal

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### Details

- With support of the Board's strategic elements outlined within this presentation, Hydro One plans to submit LTC to OEB in December, aligned with the IESO's updated Needs Assessment, received on December 1<sup>st</sup>.
  - Will articulate the necessary condition for Hydro One to utilize the NextBridge EA and ability to undertake an approved regulatory process to meet EA obligations associated with route alterations with reduced environmental impacts.
  - Exclusions to capital cost guarantee will be clearly articulated in Hydro One submission.
  - Completion by Year End 2021 will be a project commitment.
- NextBridge's discontent with competition for the LTC will likely result in litigation of some form.
- Proactive measures taken by Hydro One earlier in 2017 to eliminate exchange of confidential and commercially sensitive information with NextBridge.
- November correspondence from NextBridge's counsel to OEB requesting limitations of Hydro One's requested intervener status. Hydro One Law Division engaged, and feels there is no basis for request.
- Notice from NextBridge received regarding perceived unfair competitive discussions with First Nations Communities and NextBridge contractors. Hydro One Law Division engaged, with no concern of wrongdoing.

## Financing and Financial Impacts

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### Details

- Funding (Hydro One Equity + 60% of rate base or full debt component) through Hydro One Inc. corporate debt financing platforms
- Stand-alone project finance considered but no benefits and not effective in lowering costs and corporate guarantees required
- Transaction is not included in the Consolidated Business Plan, 2018 - 2023, however Treasury and Finance have identified the risks of increased debt financing for such projects and their impacts on credit metrics and ratings, along with potential remedies to address adverse outcomes
- Financial model details available in appendix, but in summary:
  - [REDACTED]
- Assumes 66%-34% partnership with First Nations
- Based on \$636.1 million transaction costs, under our 60/40 debt/equity regulatory model
- \$381.7 million debt and \$254.4 million equity (\$167.9 million equity for Hydro One and \$86.5 million First Nations)

## First Nations and Métis Considerations

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### Hydro One Plans to do the following regarding First Nations and Métis involvement:



**Welcome Partnerships:** Hydro One Networks Inc. will file the LTC with the OEB indicating that we welcome First Nations partnerships, but are precluded from discussing specifics of Transmission Line and benefits with FN communities due to their current exclusivity agreement with NextBridge.



**Special Purpose Entity:** If awarded the LTC, Hydro One will establish a special purpose entity with majority equity interest of Hydro One and minority equity interest of the affected First Nations partners. Prior to the line being energized, the project assets will be transferred to this entity.



**Equity Position:** Hydro One is prepared to offer an attractive equity position to Bamkushwada LP, the partnership formed by six directly impacted communities<sup>1</sup>, similar to that with the Bruce-to-Milton LP formed in 2012 with the Saugeen Ojibway Nation.

- 34% of equity ownership, transfer post construction
- Equity to be provided by communities; debt financing for the project (60% rate base) to be provided by Hydro One



**Collaborative Approach:** Based on existing discussions for our LTC for Transformer Station Upgrades, we are expecting collaborative approach for consultations and negotiations.



**Employment Benefits:** SNC-Lavalin aims to provide attractive employment benefits to First Nations and Métis contractors. A portion of budget has been allocated for premiums and set-asides for Indigenous Procurement activities.

1. Communities include: Pic Mobert FN, Biigtigong Nishnaabeg, Fort William FN, Michipicoten FN, Pays Plat FN, Red Rock Indian Band

## Appendix

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Appendix **A:** **Project Development Governance**

Appendix **B:** **Cost Comparison Table**

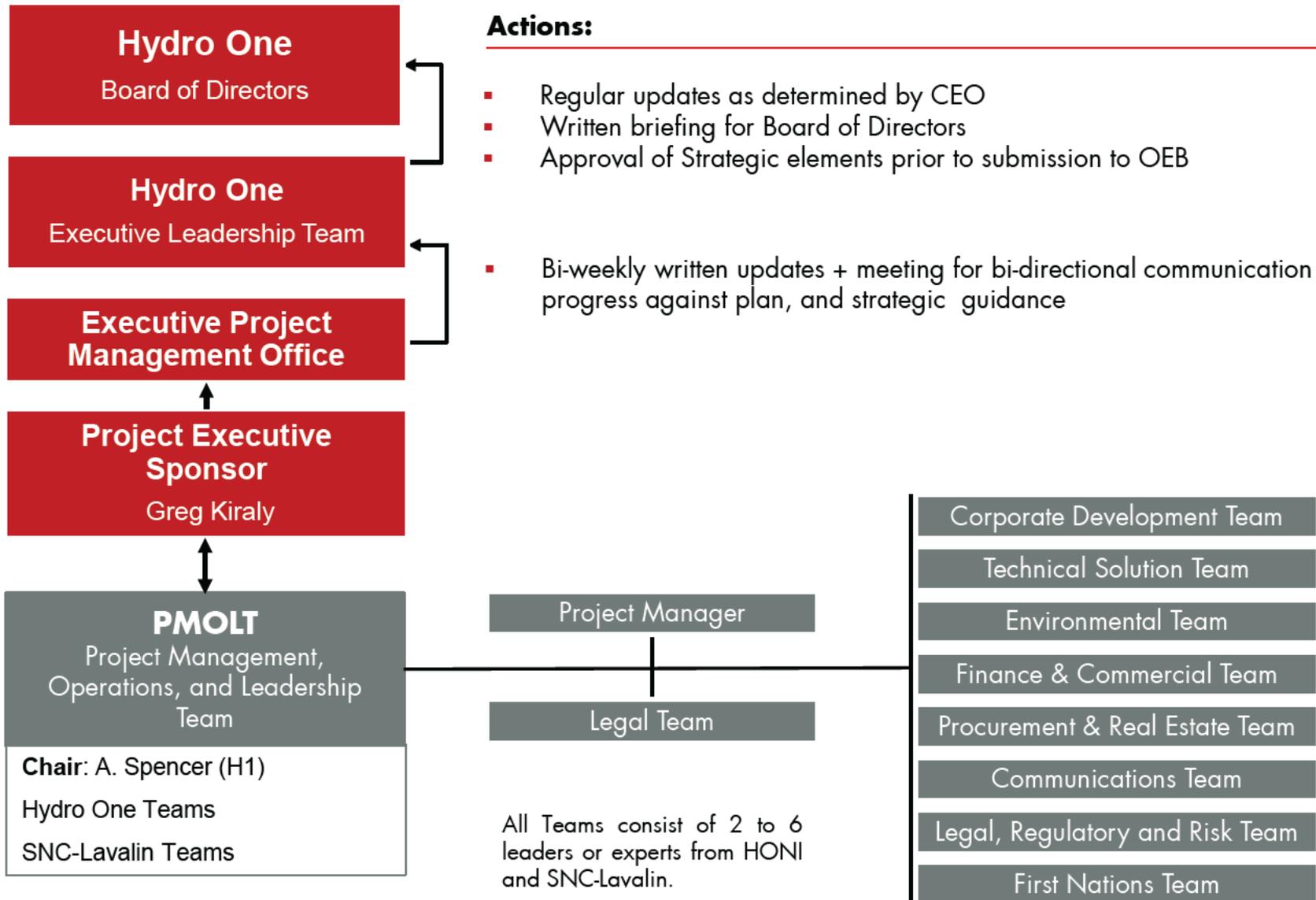
Appendix **C:** **Capital Construction Cost Breakdown**

Appendix **D:** **Financial Forecasts (2 pages)**

Appendix **E:** **Key Risks – Allocation of Risks**

Appendix **F:** **Project Risks and Mitigation (3 pages)**

## Appendix A: Project Development Governance



## Appendix B: Cost Comparison Table

Entity	NextBridge 2013	EWT LP 2013	NextBridge 2017	Hydro One 2017	Hydro One vs. NextBridge 2017
<b>Development Cost (\$ million)</b>	\$22.2	\$22.1	\$42 (forecast)	TBD	TBD
<b>Construction Cost (\$ million)</b>	\$409	\$490	\$737	\$636	(\$101)
<b>Operations &amp; Maintenance/year (\$ million)</b>	\$4.4	\$7.1	\$7.1	\$1.5	(\$5.6 million / year) \$110 million capex equiv.
<b>Completion Date</b>	YE '17	YE '18	YE '20 (extended by IESO/OEB)	YE '21	1 Year Extension
					Equivalent \$211 million Hydro One advantage over NextBridge

- 6 qualified groupings in 2013 Designated Transmitter Process for East-West Line
  - **UCT "NextBridge"** selected by OEB in 2013 for Development Phase with recovery of \$22.2 million Development Budget
  - Tied second place: **AltaLink** (then SNC-Lavalin owned) and **EWT LP (33.3% Hydro One, 33.3% Great Lakes Power Transmission and 33.3% First Nations through Bamkushwada LP)**



## Appendix C: Capital Construction Cost Breakdown

Description of Cost	Hydro One (\$ million) (in-service 2021)	NextBridge (\$ million) (in-service 2020)
Project Management, Engineering, Design, and Procurement	\$19.9	\$26.0
Materials	\$57.8	\$95.8
Site Clearing, Preparation and Site Restoration	\$100.1	\$130.1
Construction	\$350.5	\$382.2
Other – Insurance and Bonding	\$9.5	-
<b>EPC Cost Subtotal</b>	<b>\$537.8</b>	<b>\$634.1</b>
Environmental and Regulatory Approvals	\$3.0	\$14.0
Land Rights	\$14.9	\$25.5
FN & Métis Participation	Included in EPC	\$7.5
FN & Métis Consultation	\$2.2	\$14.2
Other Consultation	-	\$2.7
Interest During Construction	\$45.8	\$33.2
Regulatory	-	\$5.8
Corporate Allocations: Legal, Regulatory, Finance, Communications, H1 Engineering & PM, etc.	\$18.5	-
Contingency & Management Reserve	\$14.0	-
<b>Total Project Construction Cost</b>	<b>\$636.1</b>	<b>\$737.0</b>



## Appendix D: Financial Forecasts (1 of 2)



Line items	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>OPERATING STATEMENT (\$M)</b>										
<b>Revenues</b>										
Revenue Requirement	■	■	■	■	■	■	■	■	■	■
AFUDC	■	■	■	■	■	■	■	■	■	■
Total revenue	■	■	■	■	■	■	■	■	■	■
<b>Costs</b>										
OM&A	■	■	■	■	■	■	■	■	■	■
Initial costs	■	■	■	■	■	■	■	■	■	■
Depreciation	■	■	■	■	■	■	■	■	■	■
Total costs	■	■	■	■	■	■	■	■	■	■
<b>Earnings before interest and income tax</b>	■	■	■	■	■	■	■	■	■	■
Interest expense	■	■	■	■	■	■	■	■	■	■
<b>Earnings before income tax</b>	■	■	■	■	■	■	■	■	■	■
Income Tax	■	■	■	■	■	■	■	■	■	■
<b>Net Income</b>	■	■	■	■	■	■	■	■	■	■
<b>Less:</b>										
Dividends paid to H1	■	■	■	■	■	■	■	■	■	■
Dividends paid to Six Nations Devco	■	■	■	■	■	■	■	■	■	■
<b>Change in Retained Earnings</b>	■	■	■	■	■	■	■	■	■	■

## Appendix D: Financial Forecasts (2 of 2)



Line items	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>CASH FLOW FROM OPERATIONS (\$M)</b>										
Net income (before write-offs)	█	█	█	█	█	█	█	█	█	█
Depreciation (net of asset removal costs)	█	█	█	█	█	█	█	█	█	█
Change in working capital	█	█	█	█	█	█	█	█	█	█
<b>Less:</b>										
Capital expenditures	█	█	█	█	█	█	█	█	█	█
Dividends paid to H1	█	█	█	█	█	█	█	█	█	█
Dividends paid to Six Nations Devco	█	█	█	█	█	█	█	█	█	█
<b>Net Cash Flow</b>	█	█	█	█	█	█	█	█	█	█
<b>RETURN ON RATE BASE (\$M)</b>										
Rate Base	█	█	█	█	█	█	█	█	█	█
Equity Portion (%)	█	█	█	█	█	█	█	█	█	█
<b>Return on Rate Base</b>	█	█	█	█	█	█	█	█	█	█
<b>RETURN ON EQUITY (%)</b>										
Net Income	█	█	█	█	█	█	█	█	█	█
Deemed Equity (Return on Rate Base)	█	█	█	█	█	█	█	█	█	█
<b>Return On Equity</b>	█	█	█	█	█	█	█	█	█	█



## Appendix E: Key Risks - Allocation of Risks

Key Risks	SNC-Lavalin	Hydro One	Ontario Energy Board (on filing of LTC)
Archeology		✓	✓
Geology/Site conditions		✓	
Force Majeure			✓
Regulatory or government-led Change			✓
Permanent Real Estate Rights		✓	
Temporary Real Estate Rights		✓	
Environmental Assessment		✓	✓ Regulatory means for EA approval
Parks Canada Approval		✓	✓ Regulatory means for EA approval
First Nations		✓	
Project Delay/Liquidated Damages	✓		
Security/Financial Guarantees	✓		
Design and Construction	✓		
"Not to exceed price" & schedule	✓ (Subject to exclusions as per above until contract start)	✓	
Legal risks		✓	
Foreign exchange on Materials*	✓ (until November 2018)		
Commodity Prices	✓ (until November 2018)		

## Appendix F: Project Risks and Mitigation (1 of 3)

Risk	Additional Info	Likelihood of Risk	Project Impact	Mitigation	Party Carrying Risk
<p><b>Inability to use EA work done by NextBridge</b></p>	<p>NextBridge has spent roughly 2.5 years on EA activities, and submitted to MOECC for review in July 2017. No clear ability to transfer proponentcy from NextBridge to Hydro One. No clear precedent for MOECC or OEB to follow.</p>	<p><b>Medium to High (50% - 75%)</b></p>	<p><b>Catastrophic.</b></p> <p>Would require Hydro One to start fresh on EA work, 2.5-3 year delay and approx. \$30 million of cost to be incurred without assurance of recovery, or alternatively not proceed with project. Reputational risks with stakeholders and communities.</p>	<p>Continue discussions with MOECC on benefits of Hydro One proposal and potential alternatives for consideration.</p>	<p>Hydro One.</p> <p>Only mitigated once received clarity from MOECC on mechanisms, which does not have defined timeline.</p>
<p><b>Inability to amend NextBridge EA to account for changes, including Pukaskwa National Park Route</b></p>	<p>Hydro One proposal is substantially less impactive to environment (i.e. reduced corridor clearing), but all changes to submitted EA by NextBridge require approval of changes by MOECC</p>	<p><b>Medium to High (50% - 75%)</b></p>	<p><b>Very High.</b></p> <p>Cost &amp; Schedule: Would have to design &amp; build to NextBridge EA, with longer route, more expensive tower design</p>	<p>Have received support in principle from Parks Canada. Continue discussions with MOECC on benefits of Hydro One proposal and potential alternatives for consideration.</p>	<p>Hydro One.</p> <p>Only mitigated once received clarity from MOECC on mechanisms, which does not have defined timeline.</p>



## Appendix F: Project Risks and Mitigation (2 of 3)

Risk	Additional Info	Likelihood of Risk	Impact	Mitigation	Party Carrying Risk
<p><b>Inability to amend NextBridge EA to account for changes, including elimination of Loon Lake by-pass west of Nipigon</b></p>	<p>Hydro One proposal is substantially less impactful to environment (i.e. reduced corridor clearing), and addresses concerns raised by MNRF on NextBridge's EA, however is a change from the modified route committed to local communities concerned about nearby infrastructure expansion. All changes require MOECC approval.</p>	<p><b>High</b> <b>(75%)</b></p>	<p><b>High.</b></p> <p>Cost &amp; Schedule: Would have to design &amp; build to NextBridge EA, with longer route, specifically clearing 53km of additional corridor.</p> <p>Reputational: Challenging conversations with local landowner associations.</p>	<p>Plan to engage with MNRF and MOECC regarding lesser environmental impacts, as well as consult with communities regarding potential mitigating measures to eliminate corridor clearing around Look Lake. \$4 million within contingency.</p>	<p>Hydro One</p> <p>Only mitigated once received clarity from MOECC on mechanisms, which does not have defined timeline AND consultation with communities (Q2-Q3 2018)</p>
<p><b>EPC Partner unable to deliver against committed Construction Budget and Schedule</b></p>	<p>Project overruns and delays due to a number of modelled risks associated with land clearing and transmission line construction.</p>	<p><b>Low to Medium</b> <b>(25-50 %)</b></p>	<p><b>Medium.</b></p> <p>Cost &amp; Schedule: Would be subject to penalties and litigation for failing to fulfil contractual obligations.</p> <p>Reputational: Damage impacting relations with Hydro One and Canadian T&amp;D sector</p>	<p>Substantial engineering work completed to clearly understand project risks.</p> <p>Probabilistic risk assessment utilized to define project contingency.</p>	<p>SNC-Lavalin</p> <p>Hydro One risks guarded by EPC Contract financial security (bonding, liquidated damages up 180 days/\$53 million, parental guarantee</p>



## Appendix F: Project Risks and Mitigation (3 of 3)

Risk	Additional Info	Likelihood of Risk	Impact	Mitigation	Party Carrying Risk
<p><b>EPC Partner unable to deliver against committed Construction Budget and Schedule</b></p>	<p>Project overruns and delays due to a number of modelled risks associated with land clearing and transmission line construction.</p>	<p><b>Low to Medium</b> <b>(25-50 %)</b></p>	<p><b>Medium.</b></p> <p>Cost: Would not have ability to seek rate recovery on cost overruns, given not-to-exceed price.</p>	<p>Substantial work completed with SNC-Lavalin to understand project risks. Probabilistic assessment utilized to define project contingency.</p> <p>Instruments with EPC Contract to guard against cost and schedule overruns. Bonding for 100% of contract and Liquidated Damages of up to \$53 million.</p>	<p>Hydro One</p>
<p><b>Delays to construction start due to inability to obtain real estate rights</b></p>	<p>Hydro One accountable for obtaining real estate rights for widening of existing corridors. Standby charges of \$300 thousand/month once EPC contract is signed after LTC approval.</p>	<p><b>Medium</b> <b>(50%)</b></p>	<p><b>Medium</b></p> <p>Cost &amp; Schedule: Standby charges of \$300 thousand/month once EPC contract is signed after LTC approval.</p>	<p>Begin community meetings and discussions early 2018. Modelled and allocated contingency.</p>	<p>Hydro One</p>



**Hydro One Limited/ Hydro One Inc.**  
Submission to the Board of Directors

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**Date:** February 13, 2018

**Re:** East West Tie; approval to apply for Leave to Construct

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We submit updated information regarding the proposed East West Tie project, and are seeking the Board's approval to apply to the OEB for Leave to Construct based on the updated strategic content.

Designing, building, and operating transmission infrastructure has been a core competency of Hydro One for many decades, with on-going delivery of approximately a one billion dollar annual capital portfolio. We are best positioned to do so for the East West Tie project in terms of both skill and experience.

We have been monitoring the project and proactively working on project development activities since early 2017, including innovative solutions with significant cost savings for Customers when compared with the NextBridge submission.

Management reflected upon the Board's comments at the December 8th, 2017 meeting, and has updated the proposed application. The Board discussed the risk profile of the investment, primarily the potential for unrecovered costs given the proposed price cap. The team has assessed a number of alternatives and completed a further review of the risks and uncertainties. On the balance of our review, we intend to proceed without the price-cap component.

The proposed Hydro One application to the OEB provides substantial benefits to customers as compared to the NextBridge LTC application in the form of both lower capital costs of over \$100 million, and substantially lower on-going annual operating costs equivalent to \$55 million of capital expenditure on a present value basis. Hydro One's submission also provides additional benefits in terms of reduced environmental impacts, and what we believe to be additional long-term benefits to First Nations partners.

Yours sincerely,

A handwritten signature in black ink that reads "Greg Kiraly". The signature is written in a cursive, flowing style.

Greg Kiraly  
Chief Operating Officer

**East West Tie – Approval of Strategic Content for Leave to Construct**

**Resolution of the Board of Directors:**

After consideration, upon motion duly made, seconded, and unanimously carried, be it  
RESOLVED:

THAT the Board of Directors of Hydro One Limited approve the submission of a Leave to Construct to the Ontario Energy Board to build, operate, and own the new East West Tie transmission line based on the updated strategic content presented to the Board.



# East-West Tie – Board Approval to Submit Leave to Construct

hydroOne

February 13, 2018

## Background

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- On December 8, 2017, the Board was requested to approve a Leave to Construct (LTC) application to the Ontario Energy Board (OEB) for Hydro One to build the East-West Tie (EWT) transmission line. Hydro One's proposed submission included a guaranteed not-to-exceed price.
- The Board was engaged and requested clarification on the following elements:
  - Financial risk exposure to Hydro One
  - Risk of Environmental Assessment (EA) approvals and impact on price and schedule
  - Uncertainty of First Nations partnerships
- Several alternatives were assessed by Hydro One and execution partner SNC-Lavalin while completing a further review of the risks and uncertainties.
- Canadian project experience on similar projects has previously been documented and is now presented within these updated materials.
- We remain confident in the proposed application and are seeking Board approval to submit our LTC to build the East-West Tie on a revised basis:
  - Updated pricing strategy to a targeted price (without cap), delivering \$150 million of cost savings to customers compared with NextBridge submission; Condition related to EA approval remains; and consideration to propose to the OEB a conditional LTC approval subject to agreeable First Nations partnerships approvals has been added, minimizing financial and reputational risks to Hydro One

## Overview

### Our Proposal

Building and operating transmission infrastructure is a core competency of Hydro One. We have been monitoring this project on an on-going basis, and since mid-2017 have been proactively working on project development activities. We have analyzed new ways to approach the EWT project and have developed an innovative solution with very substantial cost savings for Customers when compared with the NextBridge submission.

### Benefits



**Significant Savings for Customers:** We are able to submit a Leave to Construct to the OEB with over **\$100 million of savings** in capital construction costs plus a present value capital equivalent of **\$55 million of OM&A savings**.<sup>(1,2)</sup>



**Lower Environmental Impact:** Our proposal has significantly lower environmental impacts primarily electing to **utilize our existing corridors**, widening where required to accommodate the new transmission line, and eliminating over 130 km of new corridor 60 m wide as compared to NextBridge.

### Execution Partner



**SNC-Lavalin:** Construction and operation of transmission facilities is part of Hydro One's core business. To complement our existing resources and expertise for this project while also delivering on our own billion dollar annual transmission capital portfolio, we have teamed with SNC-Lavalin, a leading Canadian company with major operations in Ontario and prior involvement in the EWT process, and other large-scale transmission projects across the world. They will support project delivery, without an ownership stake.

(1) Our \$1.5million annual O&M costs, represent \$2.9 million of annual savings versus NextBridge, which translates to an equivalent of \$55 million of capital cost on an PV basis over 30-year period. (2) Previous OM&A figures in December materials were a difference of \$5.6 million per year and \$110 million PV; NextBridge has recently updated their OMA cost estimate following review from the OEB, citing an administrative error.

## Recommendation

Recommend Board of Directors approval for Hydro One to submit a Leave to Construct to the OEB to build, operate, and own the new East-West Tie transmission line based on the following key terms:

Key Item	Details
<b>Capital Cost</b>	<b>Target price at \$636.1 million</b> subject to 1) ability to obtain Environmental Assessment approvals against plan, and 2) establishment of First Nations Partnerships within a short period of time from conditional LTC approval. Final project cost to be adjusted following LTC approval by OEB, subject to any change or conditions imposed by OEB
<b>Operations, Maintenance &amp; Administration</b>	<b>\$1.5 million/year</b> indexed thereafter
<b>Schedule</b>	Target completion date by <b>December 2021</b> , based on October 2018 LTC approval
<b>Ownership &amp; Funding</b>	Hydro One Networks Inc. to file the LTC as Owner and Operator, and to transfer its ownership interest and control to Special Purpose Entity prior to line being energized. Corporate Funding for transaction other than First Nations equity
<b>First Nations Partnerships and Financial Participation</b>	<b>Propose to OEB a condition that First Nations partnerships to be established on mutually agreeable terms within a short period of time</b> (in order of 45 days) from receipt of OEB conditional award. Proposed 34% equity offering, to be subscribed and funded at the end of construction by Bamkushwada LP, the partnership formed by the six impacted First Nations
<b>Financial Projections</b>	[REDACTED]

## Project Comparison – Hydro One and NextBridge

Comparator	Hydro One	NextBridge
<b>EPC Cost Subtotal</b>	\$537.8 M	\$634.1 M
<b>Other Project Costs Subtotal</b> (financing, real estate, environment approval amendments, corporate functions (project oversight, communications, community relations, legal, regulatory, First Nations engagement) and associated contingency.	\$98.3 M	\$102.9 M
<b>Total Target Project Capital Cost <sup>(1)</sup></b>	<b>\$636.1 million</b>	<b>\$737.0 million</b>
<b>Annual OM&amp;A, 2017\$</b>	<b>\$1.5 million</b>	<b>\$4.4 million</b>
<b>Target Project Completion Date</b>	<b>December 2021</b>	<b>December 2020</b>

- Hydro One is confident in ability to deliver project for over \$100 million less than NextBridge's submitted price primarily due to a more efficient route which is 10% shorter, traversing through the Pukaskwa National Park parallel to existing Hydro One infrastructure, as well as an optimized tower design to reduce material and construction costs. These two innovations account for approximately \$60 million and \$28 million respectively in capital costs.
- NextBridge has somewhat of an advantage as they are further along on underlying project work and is targeting an earlier delivery date of December 2020
- Hydro One views that NextBridge delivery by YE2020 is at-risk due to anticipated delays in regulatory approvals. Additional months for Hydro One's solution is not viewed as large value at \$150 million, and worth waiting for without any short-term or long-term impact on power system.

(1) Additional breakdown available in Appendix 1

## Project Costs

### Capital Construction Costs: Targeted price of \$636.1 million, with limited exclusions

- \$537.8 million lump-sum turnkey Engineer Procure Construction (EPC) with SNC-Lavalin.
- \$98.3 million for Hydro One for financing, real estate, environment approval amendments, corporate functions (project oversight, communications, community relations, legal, regulatory, First Nations engagement) and associated contingency.
- Pricing exclusions to OEB will include: typical *force majeure* events (natural disaster, war, etc.) , changes driven by government or regulatory policy, archaeological discovery beyond EA studies, and changes to import duties on finished goods.
- NextBridge has additional pricing exclusions in their submission, which Hydro One plans to manage within our target price, with appropriate hedging as required for benefit of customers and shareholders.
- Multiple project level risk workshops held with participation from Hydro One and SNC-Lavalin used to define project risks and articulate project contingency. Contingency of \$68 million (10.7%) included within the \$636.1 million total.
- Continued open-book basis with SNC-Lavalin to define further savings until award of LTC. Flow to customers.
- Financial Protection: Constructor security including 50% Performance Bond and 50% Labour & Material Bond; Letter of Credit for 5% advanced payment; up to 10% liquidated damages; parental guarantee from SNC-Lavalin Group Inc.<sup>(1)</sup>

### Operations, Maintenance and Administration (OM&A) Costs: \$1.5 million per year<sup>2</sup>

- Incremental costs to operate supported by detailed analyses from our Hydro One Operations and Finance groups.
- To be performed by Hydro One Networks Inc., under agreements complying with the Affiliate Relationship Code.

(1) 50% + 50% bonding assurance represents maximum allowable bonding coverage, and 10% liquidated damages and parental guarantee is consistent with industry best practice. (2) Expressed in 2017 dollars, to increase with indexing for future years as per OEB-approved methodology.

## Capital Cost Strategic Review

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### ▪ **Recommend to proceed with LTC submission, without price cap**

- Hydro One is approaching this project as part of a competitive process, and knows that we need to balance risk while remaining fair to both our customers and shareholders alike. Upon our review, we are balancing risks in removing the price-cap, and strongly believe that even without the cap, the application is compelling with \$150 million of cost benefit to customers.
- The target price of \$636 million is based on a detailed bottom-up approach, making reasonable assumptions and contingency allocations for risk during project execution.

### ▪ **Cost benchmarking well-placed against similar 230KV transmission line projects**

- Similar projects have actual EPC costs ranging from \$1.27 million to \$1.37 million/km versus Hydro One estimate at \$1.34 million per km. NextBridge estimate \$1.41 million/km. Details in Appendix 2.
- After normalizing other projects, adjusting index for material and labour costs and for length of EWT route, the Hydro One EPC cost is well-placed and compares within a -6% to +5% range.

### ▪ **Reviewed referenced Canadian large-scale transmission projects**

- During the December 8<sup>th</sup> board meeting, a number of large-scale transmission projects were referenced to demonstrate the potential for cost increase from initial approved amounts. A total project cost and variance analysis of the referenced large scale transmission projects with cost variances has been completed and summarized below, with additional details in Appendix 3.
- Each project has a unique set of circumstances, including political impacts, with final variances to approved ranging from 12% to 39%, and average variance of 22%.

## Capital Cost Strategic Review (con't)

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- **Hydro One's EWT project team has been working in a collaborative and open book manner during project development phase, incorporating lessons learned by others:**
  - Clear engineering and construction solution, built on a mature and stable project specification
  - Up-front clarity and agreement on design standards, material standards, and maintenance standards to minimize extension of design cycle and re-work
  - Clarity and commitment on contracting strategy with accountability and risk management clearly defined between SNC-Lavalin and Hydro One
  - Utilization of construction contractors who are experienced with transmission line construction
  - Hydro One's solution is a widening of the existing corridor, (exception of 53 km bypass affecting communities west of Nipigon) which is inherently less risky than creating new corridor as was the case in several of the comparator projects.
- **Some risk of cost recovery if LTC not approved, or actuals in excess of Target price**
  - Board approval for full business case will be sought following notification by OEB of conditional LTC approval
  - If LTC granted to Hydro One, recovery of additional costs in excess of our adjusted revised target price will be subject to OEB approval as is customary for other LTCs. If LTC is not granted to Hydro One, budget spent to support the LTC application will not be recovered through rates. Approximately \$13 million of at-risk costs for development work up to point of LTC Decision.
  - Any cost overruns above that approved in the LTC are at risk. Consistent with all LTCs, the OEB requires notification of any expected cost overruns exceeding 10% of approved. Traditionally total project costs within 10% of approved have been allowed into rate base following a prudence review, however, given that the OEB will be assessing two applications and making decisions partially based on the cost of the project, any costs over that approved will likely be further scrutinized for recovery.

## Environmental Assessment Approval

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- It is customary to file a LTC application prior to obtaining an approved Environmental Assessment (EA) from the Ministry of Environment & Climate Change (MOECC). NextBridge filed its LTC application on July 31, 2017. Approval of the Individual EA is not anticipated until Fall-2018 or later given that NextBridge is currently amending its EA.
- Hydro One is working with the MOECC to assess its ability to utilize the EA work already completed by NextBridge for ~80% of the line length AND ability to undertake an approved regulatory "Process" to meet EA obligations for altered ~20% of length; to meet H1 proposed schedule, NextBridge EA approval likely required by end of Q3 2018 to allow confirmation of final NextBridge scope and determination of approved "Process" in collaboration with MOECC.
- Process would likely be a Ministerial exemption to typical EA requirements which would require a Regulation or Declaration Order combined with Cabinet Approval and additional study and consultation.
- Process could add increased EA approval risk if our project is not compelling to the Province; requires Ministry of Energy (MoE) support to MOECC; formal support not currently contemplated based on initial meetings with MoE representatives. Process currently has no established timelines, due to its unique nature.
- 2018 provincial election timing also contributes to uncertainty of approval process for both NextBridge and Hydro One.
- **Hydro One will articulate within the LTC application that schedule and indicative construction cost are conditional on the receipt of EA-related approvals**
  - Impacts on Hydro One's price and schedule arising from MOECC substantive conditions would also represent elements triggering requests by Hydro One to OEB to approve associated incremental costs
  - OEB denial to approve cost recovery due to factors driven by MOECC viewed as very low risk.
- OEB's normal practice is to include Conditions of Approval normally associated with the requirement of the Environmental Assessment approval.

## First Nations Partnerships

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- Hydro One's intentions on First Nations partnership will be included in our application for Leave to Construct
  - Regardless of any exclusivity agreements, Hydro One can begin the consultation process with First Nations as a constitutional duty
  - Our track record including Bruce to Milton (B2M) Partnership is strong, and we anticipate First Nations will be highly supportive
  - Impacted First Nations are familiar with Hydro One given the operations of our existing line
  
- Alleged exclusivity agreements entered into between NextBridge and affected communities can be perceived as anti-competitive and not in the best interest of stakeholders and customers.
  
- To fully mitigate any risk of an open commitment with First Nations, Hydro One will propose a conditional Leave to Construct, subject to reaching agreement with First Nations partners within a short and reasonable period of time, of approximately 45 days
  - Short time frame, to limit project delays for customers
  - First time Hydro One is requesting a condition associated with a partnership agreement, and also a new concept to the OEB
  
- Anticipated that First Nations partners will be able to fully-fund their equity portion, in the order of \$86 million

## Appendices

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**Appendix 1: Capital Cost Breakdown**

**Appendix 2: Cost Benchmarks of Similar 230kV Transmission Line Projects**

**Appendix 3: Comparison of Referenced Large Scale Transmission Projects**

**Appendix 4: Project Financial Forecast**

## Appendix 1: Capital Cost Breakdown

- Hydro One is confident in ability to deliver project for over \$100 million less than NextBridge's submitted price due to: a **more efficient route which is 10% shorter**, traversing through the Pukaskwa National Park parallel to existing Hydro One infrastructure, as well as **an optimized tower design** to reduce material and construction costs.

Description of Cost	Hydro One (\$ million)	NextBridge (\$ million)
Project Management, Engineering, Design, and Procurement	\$19.9	\$26.0
Materials	\$57.8	\$95.8
Site Clearing, Preparation and Site Restoration	\$100.1	\$130.1
Construction	\$350.5	\$382.2
Other – Insurance and Bonding	\$9.5	embedded
<b>EPC Cost Subtotal</b>	<b>\$537.8 million</b>	<b>\$634.1 million</b>
Environmental and Regulatory Approvals	\$3.0	\$14.0
Land Rights	\$14.9	\$25.5
FN & Métis Participation	Included in EPC	\$7.5
FN & Métis Consultation	\$2.2	\$14.2
Other Consultation	-	\$2.7
Interest During Construction	\$45.8	\$33.2
Regulatory	-	\$5.8
Corporate Allocations: Legal, Regulatory, Finance, Communications, H1 Engineering & PM, etc.	\$18.5	embedded
Contingency & Management Reserve	\$14.0	embedded
<b>Total Project Construction Cost</b>	<b>\$636.1 million</b>	<b>\$737.0 million</b>

## Appendix 2: Cost Benchmarks of Similar 230kV Transmission Line Projects

	<b>EWT - Hydro One</b>	<b>EWT - NxB</b>	<b>Northern Ontario Study</b>	<b>TL267</b>	<b>SFTP</b>	<b>CBW</b>
KV, AC/DC	230kV	230kV	230kV	230kV	240kV	240kV
Year of Execution	2019	2019	2011	2017	2013	2011
Client	Hydro One	NextBridge	Hydro One (Study to support budgetary pricing for LTEP)	Newfoundland Hydro	AltaLink	AltaLink
EPC Firm	SNC-Lavalin	Burns & McDonnell as Engineering Valard as Procure & Construct	SNC-Lavalin	SNC-Lavalin Engineer & Owners Engineer	SNC-Lavalin as EPC	SNC-Lavalin as EPC
Location	Northern Ontario	Northern Ontario	Northern Ontario	St John's, Nfld	Southern Alberta	Southern Alberta
Length (km)	400	450	300	188	123	240
Average span (m)	365			320	350	337
Number of circuits	Double	Double	Double	Single	Double	Double
Number of structures	1100			586	338	713
Conductor (# per phase)	1192 kcmil (1)	1192 kcmil (1)	795 kcmil	804 kcmil (1)	1033 kcmil(2)	1033 kcmil (2)
Construction Constraints	Heavy Wooded	Heavy Wooded	50% Wooded	Heavy Wooded	Prairie	Prairie
<b>Cost Analysis</b>	<b>\$/km</b>	<b>\$/km</b>	<b>\$/km</b>	<b>\$/km</b>	<b>\$/km</b>	<b>\$/km</b>
Materials	\$147,090	\$198,684	\$273,600	\$249,316	\$282,247	\$296,382
Access	\$257,665	\$290,580		\$264,711	\$172,357	\$238,280
Foundations	\$281,096	\$305,913		\$260,056	\$351,924	\$171,006
Lines	\$562,192	\$567,382		\$492,266	\$564,780	\$565,423
<b>TOTAL COST / km</b>	<b>\$1.34m</b>	<b>\$1.41m</b>	<b>\$1.39m</b>	<b>\$1.27m</b>	<b>\$1.37m</b>	<b>\$1.27m</b>
Applied Indexes / Factors			- Steel	- Steel, Aluminum - Provincial Labour - x1.5 Single to double	- Steel, Aluminum - Provincial Labour	- Steel, Aluminum - Provincial Labour
<b>Total Variance to EWT -Hydro One solution @ 400km</b>	+\$0	+\$25.9m (+4.8%)	+\$20.6m (+1.5%)	-\$31.2m (-5.8%)	+\$10.8m (+2.2%)	-\$29.3m (-5.2%)

### Appendix 3: Comparison of Referenced Large Scale Transmission Projects

Project Name	East West Tie (Hydro One)	East West Tie (NextBridge)	NTL Northwest BC Transmission Line (BC Hydro)	ILM Interior Lower Mainland Transmission (BC Hydro)	WATL Western Alberta Trans. Line (AltaLink)	EATL Eastern Alberta Trans. Line (ATCO)	Fort McMurray West Transmission (Alberta Powerline)	Bipole III (Manitoba Hydro)  On-going
INITIAL COSTS (\$M)	\$636 Target	\$737 target	\$561	\$602	\$1,499	\$1,665	\$1,430	\$3,300
FINAL COSTS (\$M)			\$736	\$743	\$1,699	\$1,900	\$1,600	\$4,600+
Variance (\$M)			\$175	\$141	\$200	\$235	\$170	\$1,300
Variance (%)			31%	23%	13%	14%	12%	39%+

- Each project has its own set of circumstances and variance explanation, but on average they are a 22% variance between the Initial Cost and Final Cost. Changes include approved scope-change notices during project execution, as well as more impactful changes like re-routing due to political interference, changes to contracting strategy, and in-flight design changes.
- **NTL and ILM Projects** had similar challenges that substantially drove project variances: 1) re-organization of BC Transmission Company back into BC Hydro during course of project, leading to changes in contracting strategy and design standards on an in-flight project.
- Final cost variances on the **WATL, EATL and Fort McMurray West** projects were largely a result of changes in project evolution between the initially approved project amount, including routing changes following Environmental Assessment approvals and out-of-scope change notices approved by the utility.
- **The Manitoba Hydro Bipole III project** has been a project with extensive changes driven largely by political forces, and has been the subject of multiple critical reviews. Route was altered by the NDP government in power at the time, and resulted in a substantially longer route to the west of Lake Winnipeg as opposed the original approved route to the east.

## Appendix 4: Project Financial Forecast (1 of 2)



Line items	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>OPERATING STATEMENT (\$M)</b>										
<b>Revenues</b>										
Revenue Requirement	■	■	■	■	■	■	■	■	■	■
AFUDC	■	■	■	■	■	■	■	■	■	■
Total revenue	■	■	■	■	■	■	■	■	■	■
<b>Costs</b>										
OM&A	■	■	■	■	■	■	■	■	■	■
Initial costs	■	■	■	■	■	■	■	■	■	■
Depreciation	■	■	■	■	■	■	■	■	■	■
Total costs	■	■	■	■	■	■	■	■	■	■
<b>Earnings before interest and income tax</b>	■	■	■	■	■	■	■	■	■	■
Interest expense	■	■	■	■	■	■	■	■	■	■
<b>Earnings before income tax</b>	■	■	■	■	■	■	■	■	■	■
Income Tax	■	■	■	■	■	■	■	■	■	■
<b>Net Income</b>	■	■	■	■	■	■	■	■	■	■
<b>Less:</b>										
Dividends paid to H1	■	■	■	■	■	■	■	■	■	■
Dividends paid to Six Nations Devco	■	■	■	■	■	■	■	■	■	■
<b>Change in Retained Earnings</b>	■	■	■	■	■	■	■	■	■	■

## Appendix 4: Project Financial Forecast (2 of 2)



Line items	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>CASH FLOW FROM OPERATIONS (\$M)</b>										
Net income (before write-offs)										
Depreciation (net of asset removal costs)										
Change in working capital										
<b>Less:</b>										
Capital expenditures										
Dividends paid to H1										
Dividends paid to Six Nations Devco										
<b>Net Cash Flow</b>										
<b>RETURN ON RATE BASE (\$M)</b>										
Rate Base										
Equity Portion (%)										
<b>Return on Rate Base</b>										
<b>RETURN ON EQUITY (%)</b>										
Net Income										
Deemed Equity (Return on Rate Base)										
<b>Return On Equity</b>										

**UNDERTAKING – JT 2.20**

**Undertaking**

Hydro One to replicate Table 3 in the additional evidence to the application on construction cost for the route proposed by NextBridge.

**Response**

Provided below is an updated Table 3 from Hydro One’s original evidence, Exhibit B, Tab 7, Schedule 1, comparing the cost of Hydro One’s proposed route through Pukaskwa National Park with the route proposed by NextBridge going around the Park (the “By-Pass”).

This compares to NextBridge’s construction cost of \$737 million.

Please note that the “By-Pass” costs shown below are Hydro One’s best estimate at this point in time, and the proposed solution has not been detailed to the same level as what was filed as part of the s.92 application.

<b>Exhibit B/T7/S1 Table 3: Construction Costs (\$000s)</b>	<b>HONI S.92</b>	<b>HONI By-Pass</b>	<b>Delta</b>
Route Length	403 km	443 km	9.9%
Construction	\$ 354,030	\$ 371,732	5.0%
Site Clearing, Preparation & Site Remediation	\$ 104,339	\$ 116,860	12.0%
Material	\$ 58,713	\$ 64,584	10.0%
Project Management	\$ 5,802	\$ 5,802	0.0%
Other Costs	\$ 9,451	\$ 9,481	0.3%
Construction Management, Engineering, Design & Procurement	\$ 17,828	\$ 18,719	5.0%
Real Estate	\$ 9,798	\$ 9,798	0.0%
First Nations & Métis Consultations	\$ 1,133	\$ 1,627	43.6%
Environmental Approval	\$ 819	\$ 1,819	122.1%
Other Consultations	\$ 160	\$ 160	0.0%
Contingency	\$ 10,775	\$ 10,775	0.0%
Interest During Construction (“IDC”)	\$ 42,596	\$ 44,838	5.3%
Overhead	\$ 8,502	\$ 8,502	0.0%
<b>Total Construction Cost</b>	<b>\$ 623,946</b>	<b>\$ 664,697</b>	<b>6.5%</b>
<b>Adder to go around Pukaskwa National Park</b>		<b>\$ 40,751</b>	

**UNDERTAKING – JT 2.21**

**Undertaking**

Hydro One to provide construction cost estimates for the route proposed by NextBridge in EB-2017-0182, using the same cost categories as in Table 2 in Hydro One’s response to CCC8, both NextBridge route and preferred route. Also, to provide variance explanations for substantial differences.

**Response**

Hydro One would like to clarify that the reference Table is Nextbridge’s response to CCC8 not Hydro One’s response as the undertaking request currently reads. Hydro One notes that portions of the NextBridge response to CCC Interrogatory 8 in EB-2017-0182, filed March 21, 2018, were filed in confidence, specifically Table 3. Therefore, Hydro One has no line of sight to what detailed values NextBridge utilized to develop the costs provided in Table 2 of CCC Interrogatory 8. Consequently, a number of cost allocation assumptions have been made to align Hydro One’s estimate, provided at Exhibit B, Tab 7, Schedule 1, Table 3 with the categories provided in CCC Interrogatory 8 Table 2.

Variance explanations have been provided for substantial differences between the NextBridge and Hydro One s.92 applications.

As requested, Hydro One has also provided the cost breakdown for the expected costs of the alternative of Hydro One following NextBridge’s route in its entirety. Although the numbers vary, the variances explanations would not significantly differ for this alternative.

<b>Category as per Exhibit I.B.NextBridge.CCC.8 - Table 2</b>	<b>NxB S.92</b>	<b>HONI S.92</b>	<b>Variance Explanation</b>	<b>HONI - NextBridge "Bypass" Route</b>
Route length	443 km	403 km	Shorter route through Pukaskwa National Park	443 km
Engineering	\$19,342,245	\$17,828,000		\$18,719,400
Materials & Equipment	\$89,408,231	\$58,713,000	34% cost reduction driven by optimized tower designs, shorter overall length and global purchasing power	\$64,584,300
Environmental	\$13,030,561	\$9,819,000 <sup>(1)</sup>		\$10,819,000
Land Rights	\$23,830,512	\$9,798,000	Hydro One is considering a number of instruments, including land use permits and believes it will reach voluntary settlements with the vast majority of property owners.	\$9,798,000
First Nation and Métis Participation	\$7,000,000	\$18,450,000 <sup>(2)</sup>	Substantial economic participation included in Construction costs in the form of employment and FN&M contracting opportunities.	\$20,664,000
First Nation and Métis Consultation	\$13,211,000	\$1,133,000	Lower due to the substantial amount of consultation completed to-date on the existing route	\$1,627,000
Other Consultation	\$2,530,194	\$160,000		\$160,000
Site Clearing, Access	\$107,463,339	\$66,339,000 <sup>(3)</sup>	The 38% variance is the result of a much smaller environmental footprint (50% less).	\$75,379,680
Construction	\$356,547,573	\$363,481,000 <sup>(4)</sup>	Comparable total costs on a per unit basis.	\$381,212,500
Site Remediation	\$13,898,699	\$10,550,000 <sup>(5)</sup>		\$11,816,000

Interest During Construction	\$31,003,000	\$42,596,000	Consistent with the Board’s decision in EB-2008-0408, interest during Construction is based upon the forecast of the embedded cost of debt used to finance the capital expenditures. It is impossible for Hydro One to compute NB’s IDC without the monthly information to ascertain how a more expensive project has a lower IDC.	\$44,838,161
Contingency	\$49,339,445	\$10,775,000	\$10.8M of contingency is exclusive of the \$54M of risk & contingency included within the fixed-price EPC contract.	\$10,775,000
Regulatory	\$5,405,078		All Hydro one regulatory costs are included in the development phase	
Project Management	\$4,900,644	\$5,802,000		\$5,802,000
<i>Overhead (new)</i>		\$8,502,000	Overheads shown separately as required by OEB Chapter 4 Filing Requirements Section 4.3.2.9.	\$8,502,000
<b>Total Construction Phase</b>	<b>\$736,970,521</b>	<b>\$623,946,000</b>		<b>\$664,697,041</b>

Notes:

1. This value differs from the \$819k value depicted in Exhibit B, Tab 7, Schedule 1, Table 3 under Environmental Approval because environmental monitoring, permitting and mitigations costs which were included in Site Clearing, Preparation, & Site Remediation have been redistributed for the purposes of this comparison.
2. Though not explicitly identified in Exhibit B, Tab 7, Schedule 1, Table 3, First Nation and Metis Participation funding was accounted for in Site Clearing, Preparation, & Site Remediation. These funds have been redistributed for the purposes of this comparison.
3. This value has been reduced by \$38M from what has been reflected in Exhibit B, Tab 7, Schedule 1 under Site Clearing, Preparation and Site Remediation to redistribute funds to Environmental, FN&M participation, and Site Remediation for the purposes of this comparison
4. This value is a combination of the Construction costs and Other costs identified in Exhibit B, Tab 7, Schedule 1.
5. Though not explicitly identified in Exhibit B, Tab 7, Schedule 1, Table 3, Site Remediation funding was accounted for in Site Clearing, Preparation, & Site Remediation. These funds have been redistributed for the purposes of this comparison.

**UNDERTAKING – JT 2.22**

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**Undertaking**

Hydro One to provide the EPC Contract between Hydro One and SNC-Lavalin, redacted to remove any commercially sensitive information.

**Response**

Please refer to Attachment 1 for the redacted version of the Hydro One and SNC-Lavalin EPC Contract.

# ENGINEERING, PROCUREMENT AND CONSTRUCTION AGREEMENT

BETWEEN  
 HYDRO ONE NETWORKS INC.  
 (“Owner” or “Hydro One”)  
 - AND -  
 SNC-LAVALIN INC.  
 (“Contractor”)

EFFECTIVE DATE: [REDACTED]

Contractor Address	[REDACTED]
Contractor Jurisdiction of Incorporation	[REDACTED]
Commencement Date	
Project	Lake Superior Link
Scheduled Substantial Performance Date	31 December 2021
Base Warranty Period	24 Months
Extended Warranty Period	N/A
Additional Clarification Documents	
Limit of Liability	[REDACTED]
Automotive Liability Insurance Minimum	[REDACTED]
Commercial General Liability Insurance Minimum	[REDACTED]
Professional Errors & Omissions Insurance Minimum	[REDACTED]
All Risk Builders Risk Insurance Deductible	[REDACTED]
Owner Contact for Insurance Notices	
Labour and Material bond	[REDACTED] of the <i>Contract Price</i>
Performance bond	[REDACTED] of the <i>Contract Price</i>
[REDACTED]	[REDACTED]
Owner’s Representative	Name: Email Address:



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# ENGINEERING, PROCUREMENT AND CONSTRUCTION AGREEMENT

This *Contract* is made effective as of the *Effective Date*

Between

**HYDRO ONE NETWORKS INC.**

- and -

**SNC-LAVALIN INC.**

## **Introduction:**

The *Contractor* has agreed to perform the *Work* for the *Owner* as set out in this *Contract*, on the terms and conditions set forth in this *Contract*;

**IN CONSIDERATION** of the mutual covenants and conditions contained herein, the parties agree as follows:

## **Article 1 - Definitions and Appendices**

1.1 The following terms, wherever capitalised and italicised in the *Contract*, or in any document produced pursuant to the terms of the *Contract*, shall have the following meanings:

- (a) *Appendix* or *Appendices*, as the case may be, means one or more of the schedules attached to and incorporated in this *Contract* as set forth in Section 1.2;
- (b) *As-Built Drawings* means the controlled and complete set of documents upon which the *Contractor* records each and every instance of differences between the *Work* as executed and the *Work* as designed and depicted in the documents issued by the *Contractor* for *Construction Work*;
- (c) *Certificate of Substantial Performance* means that notice, in the form attached hereto as Appendix E - Forms, issued by the *Owner* to the *Contractor* pursuant to Section 25.3, certifying achievement of *Substantial Performance* and identifying the date that the *Owner* takes over the *Work*;
- (d) *Change* means any change in, addition to, or deletion from the *Owner's Requirements*, *Owner's Specified Materials and Subcontractors*, the *Milestones*, or the *Contract Time*, including a *Change* as a result of a change in *Law* that affects *the Project* or the *Owner's* business that the *Owner* requires to be addressed in the *Contractor's* performance of the *Work*;
- (e) *Change Directive* means a written instruction from the *Owner*, signed by the *Owner* with original signatures in paper form (and not electronic form), directing a *Change*. The *Change Directive* may only be issued and signed by the

*Owner's Representative*, and any other document purporting to be a *Change Directive* will be considered invalid;

- (f) *Change Order* means a written order signed, with original signatures in paper form (and not electronic form), by both the *Contractor* and the *Owner* authorizing a *Change*. The *Change Order* may only be issued and signed on behalf of the *Owner* by the *Owner's* Supply Chain Services department representative, and any other document purporting to be a *Change Order* will be considered invalid;
- (g) *Change Quotation* means a written quotation from the *Contractor* for an adjustment in the *Contract Time*, *Milestones* or the *Contract Price*, or both for the proposed change;
- (h) *Commencement Date* means the date that the *Work* is to commence, which, at the effective date of this *Contract*, is the date set out above, unless otherwise agreed in writing by the *Parties*;
- (i) *Commissioning after Substantial Performance* means those commissioning duties of the *Owner* and of the *Contractor* that shall take place after *Substantial Performance* and which are described in the *Owner's Requirements* and allocated to either the *Owner* or the *Contractor*;
- (j) *Commissioning before Substantial Performance* means those commissioning duties of the *Owner* and of the *Contractor* that shall take place before *Substantial Performance* and which are described in the *Owner's Requirements* and allocated to either the *Owner* or the *Contractor*;
- (k) *Commitment Pages* means the paged entitled "Commitment Pages" of this *Contract*;
- (l) *Confidential Information* means all information relating to the *Work* and any process or technology relating thereto (including *Proprietary Information*), and information relating to the nature of the *Contractor's* and the *Owner's* business and affairs, which either party directly or indirectly receives or acquires from the other party, or the other party's representative, either in writing or verbally, including information in the *Contract*, or through observation of the *Owner's Site*, the *Work Site*, the *Work* or work performed by *Other Contractors*, except information falling into any one or more of the following categories:
  - (i) information which the disclosing party can show was in its possession on a non-confidential basis before receipt or acquisition of the information from the other party;
  - (ii) information which is lawfully in the public domain at the time of the disclosing party's receipt or acquisition of the information from the other party, other than from the *Owner's Requirements* or through the process of proposal calls or performing the *Work*;

- (iii) information which, after the disclosing party's receipt or acquisition of the information from the other party, becomes part of the public domain through no act of the disclosing party or of any third party under an obligation of confidence with respect to such information, but only after such information becomes part of the public domain; or
- (iv) information which, after receipt or acquisition of the information from the other party, is lawfully obtained by the disclosing party from a third party, but only after such information is so received or acquired, and provided such third party is under no obligation of confidence with respect to such information.
- (m) *Construction Agreement* means this Engineering, Procurement and Construction Agreement;
- (n) *Construction Work* means delivery, fabrication, assembly, installation, construction, demolition, dismantling, re-locating, land-clearing, earth moving, grading, testing, commissioning and correction, including professional and technical personnel, labour, supervision, administration, materials, transportation, supplies, tools, equipment, and such other work and materials necessary to be performed or supplied to meet the requirements of the *Contract*, including any work which is not expressly described in the *Contract* but which is nevertheless necessary for the proper execution of the *Work*, but does not include *Engineering Services* or *Procurement Services*;
- (o) *Contemplated Change Notice* means a written notice from the *Owner* advising the *Contractor* that the *Owner* is contemplating a *Change*;
- (p) *Contract* means:
  - (i) this Construction Agreement;
  - (ii) the documents listed in Section 2.3; and
  - (iii) other documents which come into existence and are incorporated into the *Contract* pursuant to the terms of this Construction Agreement;
- (q) *Contract Price* means the compensation which the *Owner* shall pay for performance of the *Work* in accordance with Appendix B - Contract Price;
- (r) *Contract Time* means the period of time from the *Commencement Date* to the *Substantial Performance Date*;
- (s) *Contractor* has the meaning set out above;
- (t) *Contractor Execution Plan* means the programme developed by the *Contractor* for the *Work* in accordance with Section 4.2 and the *Owner's Requirements* which shall be updated from time to time as may be required by the *Owner* and which shall include as applicable, but not be limited to:

- (i) the organization to be established by the *Contractor* for carrying out the *Work*, including, but not limited to, the identities and curriculum vitae of *Key Personnel*, or if not yet identified, then the titles of the positions that will be held by *Key Personnel*;
  - (ii) limits of authority of the *Contractor*;
  - (iii) the sequences and methods for the performance of the *Work*; and
  - (iv) a detailed schedule with dates for the completion of the *Work*, including how the schedule is able to achieve performance milestones under Appendix B – Contract Price;
  - (v) *Health and Safety Plan*;
  - (vi) *Quality Plan* (including the *Inspection and Test Plan*);
  - (vii) *Public Relations and Communications Plan*;
  - (viii) *Real Estate Plan*.
- (u) *Contractor Personnel* includes any director, officer, employee, supplier or agent of the *Contractor*, its respective *Subcontractors*, and affiliates;
  - (v) *Contractor's Representative* means that person identified as such in Section 55.2, or an approved replacement;
  - (w) *Contractor Software* means the software owned by *Contractor* prior to, or created independent of, this *Contract* that is licenced to *Owner* under this *Contract*, including as may be embedded in any equipment;
  - (x) *Critical Activity* means each of those critical activities identified in the *Owner's Requirements* and/or the *Contractor Execution Plan*, as amended from time to time in accordance with the provisions of this *Contract*, and without limitation and for greater certainty includes *Major Milestones*;
  - (y) *Deficiency* means any portion of the *Work* that has not been performed in accordance with the *Owner's Requirements*, the *Contract* or the *Law*;
  - (z) *Electrical Utility Safety Rules* means the rules published by the Infrastructure Health and Safety Association (formerly known as the Electrical and Utilities Safety Association) required to be followed for compliance with the regulations under the Ontario *Occupational Health and Safety Act*.
  - (aa) *Engineering Services* means those services described in the *Owner's Requirements* and provided by the *Contractor* for the design, planning and engineering of the *Project*, but does not include *Construction Work* or *Procurement Services*;

- (bb) *EPA* means the Ontario *Environmental Protection Act*, R.S.O. 1990, c. E.19, as amended;
- (cc) *Event of Force Majeure* means any occurrence, other than the financial capability of a party or an event constituting a delay under Article 39 - Delays Caused by the Contractor or Article 40 - Delays not Caused by the Contractor, which prevents or delays a party from performing its obligations under the *Contract* (except an obligation to pay any amount) within the time required for the performance of such obligation and which is beyond the control and without the fault or negligence of the party relying on such occurrence, and which by the exercise of reasonable diligence that party could not, at the time the *Contract* was executed, have reasonably contemplated happening and which at the time of such occurrence, is beyond the reasonable control of the party required by the *Contract* to perform such obligation and such party is unable to reasonably prevent or provide against such occurrence. For purposes of this *Contract*, without limitation, an *Event of Force Majeure* does not include delays or stoppages due to refusals by *Contractor's* work forces or *Subcontractor's* work forces to cross picket lines or similar labour demonstrations to access the *Work* site, or any other site where *Work* is being performed, where such work forces are not direct parties to such strike, lockout, or other labour dispute, unless crossing such picket line, or access to the *Work Site*, or other site where *Work* is being performed would present a threat to a person's health or safety. The *Owner* may claim an event of *Event of Force Majeure* where it suffers any delays or stoppages due to strikes, lockouts, labour demonstrations or disturbances that affect the *Owner*, the *Owner's Site*, or the *Work Site*. For purposes of this *Contract*, without limitation, an *Event of Force Majeure* includes any delay or refusal of a public or regulatory body in issuing consents, approvals, permission, orders, judgments, orders, permits, and similar (and includes rescissions thereof), including, without limitation those issued or given by the Ontario Energy Board, or a ministry, department, board, commission, council, authority, agency, crown corporation, cabinet, minister, or similar bodies or persons, of the Government of Ontario, the Government of Canada, or a municipal or regional government, as the case may be, or any direction, order, decision, ruling, or judgment of a court of competent jurisdiction that has the effect of restricting or preventing the performance of the *Work* or a portion thereof.
- (dd) *Facilities* means the physical works engineered, procured and constructed as a result of the *Work* being performed;
- (ee) *Free Issue Goods* means any goods, supplies, materials, or equipment that are issued free of charge by the *Owner* to the *Contractor* and required as part of the *Work*, or to perform the *Work*, as may be more particularly described in the *Owner's Requirements*, and as the *Owner* may subsequently, from time to time, advise the *Contractor*.
- (ff) *Goods* means any goods, supplies, software, *Contractor Software*, materials or equipment required as part of the *Work*, or to perform the *Work*, and which are

supplied, created or fabricated by the *Contractor*, but do not include *Procured Goods*;

- (gg) *Goods and Services Tax* or *GST* means the federal Goods and Services Tax chargeable in accordance with Part IX of the *Excise Tax Act* (Canada), as amended (the “*Excise Tax Act*”), and includes the additional tax payable under sub-section 165(2) of the *Excise Tax Act* in respect of a supply made in a participating province;
- (hh) *Harmonized Sales Tax* or *HST* means GST payable for a supply made in a participating province. Ontario is a participating province;
- (ii) *Hazardous Material* means any substances which are hazardous to persons, animals, property or the environment and includes hazardous substances, hazardous waste, ozone depleting substances and dangerous goods, all as identified or defined under applicable law, as well as any prescribed product under the *Nuclear Safety and Control Act* (Canada);
- (jj) *Health and Safety Plan* means the plan, as specified in the *Owner’s Requirements*, which shall be submitted by the *Contractor* pursuant to Article 31 - Safety and Loss Management and includes, but is not limited to, safety performance requirements, mitigation plans, training and orientation requirements, site safety and access rules, reporting and safety meeting frequency, site cleanliness requirements and other occupation health and safety requirements and compliance issues;
- (kk) *In-service* means the date when the *Owner* declares that the *Work* has been fully incorporated into its operations;
- (ll) *Inspection and Test Plan* means the plan for inspection and testing, which shall be prepared by either the *Owner* or the *Contractor* as specified in the *Owner’s Requirements*;
- (mm) *Instruction Notice* means a document issued by the *Owner* to amend the *Purchase Order*, and agreed to by the *Contractor* through its acknowledgement, supporting this *Contract*, by facilitating the invoicing and payment process between the *Owner* and the *Contractor*;
- (nn) *Key Personnel* means the *Contractor’s* key *Contractor Personnel* for the *Work* identified in Appendix G - Key Personnel if not determined before the execution of this *Contract*, identified in an organizational chart in accordance with Article 21 - Key Personnel and approved by the *Owner*;
- (oo) *Labour Requirements* means the labour requirements and conditions contained in the *Procurement Documents*, including the *Owner’s Requirements*;
- (pp) *Law* means the common law, the law of equity and all federal or provincial statutes or municipal by-laws and all regulations, orders, directives, permits and

licenses thereunder, which apply to or otherwise affect the *Work*, the *Owner* or the *Contractor* with respect to the *Work*, or the property of the *Owner* or the *Contractor*, real or personal, including, but not limited to, all environmental, occupational, health and safety laws, all regulations, orders, directives, permits and licenses of the Ontario Energy Board, the Independent Electricity System Operator, the *Electrical Utility Safety Rules* and the *Utility Work Protection Code*;

- (qq) *Licensed Software* means *Contractor Software* and *Third Party Software*, and includes all fixes, updates, upgrades and new releases thereto;
- (rr) *Limit of Liability* means the limit of liability set out in this *Contract*;
- (ss) *Liquidated Damages for Delay* means those damages which are set out in Appendix D - Liquidated Damages for Delay;



- (uu) *Major Milestone* means, one or more *Milestones* indicated as major as set forth in the *Owner's Requirements* and/or the *Contractor's Execution Plan*;
- (vv) *Major Subcontractor* has the meaning given to it in Section 22.1;
- (ww) *Milestone* or *Milestones* means, as the case may be, one or more milestones that the *Contractor* must meet as set forth in the *Owner's Requirements* and/or the *Contractor's Execution Plan*;
- (xx) *Minor Milestone* means, one or more *Milestones* indicated as minor as set forth in the *Owner's Requirements* and/or the *Contractor's Execution Plan*;
- (yy) *OHSA* means the Ontario *Occupational Health and Safety Act*, R.S.O. 1990, c. O.1, as amended;
- (zz) *Operations Manuals* means supply of all Equipment, Operating Instructions and Parts and Service Manuals containing complete operating instructions, maintenance and servicing instructions (including the names of recommended lubricants and routine lubrication procedures), and parts catalogue(s), together with any drawings in reduced size which are necessary to aid in the understanding of the instructions.
- (aaa) *Other Contractors* means the contractors, consultants, or engineers retained by the *Owner*, to perform any work or services at, or related to, the *Owner's Site*, other than the *Contractor*;
- (bbb) *Owner* has the meaning set out above;

- (ccc) *Owner's Engineer* means that person identified by the *Owner* as the engineer, which may include a consultant hired by the *Owner*, if so designated, or that person's designated replacement;
- (ddd) *Owner's Legal Address* means the address for legal notices under the Contract;
- (eee) *Owner's Representative* means that person identified for the purposes of Section 55.1 which may include a consultant hired by the *Owner*, if so designated, or that person's designated replacement;
- (fff) *Owner's Requirements* means the description of the scope, standards, design criteria, Terms of Reference, *Milestones* and the programme of work set out in the *Owner's Procurement Documents*, including Appendix A - *Owner's Requirements*, as amended by any *Changes*;
- (ggg) *Owner's Site* means the *Owner's* land, including, without limitation any land upon which the *Owner* has the right to have the *Work* performed, upon which the *Work Site* is located and which may have on it other projects by *Other Contractors* or existing facilities, activities or operations;
- (hhh) *Owner's Specified Materials and Subcontractors* means those materials, goods, products, processes, equipment and subcontractors specified in the *Owner Requirements* to be used in, or to be incorporated into, the *Work* by the *Contractor*;
- (iii) *Party* means either of the *Owner* or the *Contractor*, and *Parties* means both of them.
- (jjj) *Performance Tests* means the performance tests set out in the *Owner's Requirements* for the purpose of determining achievement of the completion of the *Work*;
- (kkk) *Personnel Risk Assessment* means a documented background check that includes, at a minimum, a confirmation of identity and a seven year criminal history records check that includes current residence and all other locations the individual resided for six consecutive months during the previous seven (7) years, as well as any other verification or reviews as set out in the *Owner's Requirements* or as deemed necessary by the *Owner*;
- (lll) *Policies* means the policies of the *Owner* as attached in Appendix C - Policy and Guidelines, and as may be added to or updated from time to time;
- (mmm) *Procured Goods* means those goods, supplies, *Third Party Software*, materials or equipment obtained by the *Contractor* for or incorporated in, or to perform, the *Construction Work*, and procured by the *Contractor* as part of its *Procurement Services*;
- (nnn) *Procurement Documents* means the *Owner's* technical requirements provided to the *Contractor*, for the supply of goods and services;

- (ooo) *Procurement Services* means the procurement of *Procured Goods* including *Owner Specified Materials and Subcontractors* performed by the *Contractor*, which may be performed as agent of the *Owner*, or for the *Contractor* on its own account, as stipulated in the *Owner's Requirements*;
- (ppp) *Project* has the meaning set out above;
- (qqq) *Proprietary Information* means all inventions, discoveries, improvements and technical information not in the public domain, which the *Contractor*, *Subcontractors*, or their respective employees or agents who are performing the *Work*, may conceive of, reduce to practice or develop in accordance with the *Contract* or as a result of *Owner's* proprietary or *Confidential Information*;
- (rrr) *Public Relations and Communications Plan* means the public relations and communications plan for the *Project* that meets the requirements of the *Owner's Public Relations and Communications Program*, prepared by the *Contractor* as further set out in the *Contractor Execution Plan*;
- (sss) *Public Relations and Communications Program* means the public relations and communications program and requirements for the public, media, municipalities, townships, government officials and agencies, and First Nations and Metis, as further set out in the *Owner's Requirements*.
- (ttt) *Purchase Order* means a document issued by the *Owner*, and agreed to by the *Contractor* through its acknowledgement in respect thereof, for the purpose of supporting this *Contract* by facilitating the invoicing and payment process between the *Owner* and the *Contractor*;
- (uuu) *Purchase Order Revision* means a document issued by the *Owner* to amend the *Purchase Order*, and agreed to by the *Contractor* through its acknowledgement in respect thereof, supporting this *Contract* by facilitating the invoicing and payment process between the *Owner* and the *Contractor*.
- (vvv) *Quality Plan* means the plan, including as applicable, the *Inspection and Test Plan*, as specified in the *Owner's Requirements*, which shall be submitted by the *Contractor* pursuant to Section 23.3;
- (www) *Real Estate Plan* means the plan prepared by the *Contractor* for the *Project* that meets the requirements of the *Owner* as specified in the *Owner's Requirements*;
- (xxx) *Records* means the books, statements, records and accounts pertaining to the *Contract* and the performance of the *Work*, whether in paper or electronic form;
- (yyy) *Proposal* means a description of goods and/or services available as put forth by the *Contractor*, in response to the *Owner's Procurement Documents*;
- (zzz) *Scheduled Substantial Performance Date* means the date on which the *Work* is scheduled to achieve *Substantial Performance*, which, at the effective date of this *Contract* is set out above;

- (aaaa) *Subcontractors* means any subcontractors, consultants, suppliers or vendors hired by the *Contractor* to perform any portion of the *Work* or supply any *Goods*;
- (bbbb) *Substantial Performance* means that date when the *Work* meets the requirements of being “substantially performed” as it is defined under the *Construction Lien Act*, R.S.O. 1990, Chapter C.30, as amended.
- (cccc) *Suspended Work* means any *Work*, or portion thereof, which the *Owner* has suspended pursuant to Article 41 - Suspension;
- (dddd) *Third Party Software* means any and all third party software (including any firmware, open source software, shareware or freeware or operating system software) provided by *Contractor* to *Owner*, including where applicable, to operate (or assist in the operation of) the *Licensed Software* and/or embedded in the *Licensed Software* or in any equipment;
- (eeee) *Total Performance of the Work, Totally Perform the Work, Totally Performing the Work* or words of similar import means when the entire *Work*, except those items arising from the provisions of Article 26 - Warranty, have been performed to the requirements of the *Contract* and the *Owner* has certified that the *Contract* has been completed in accordance with Section 2(3) of the *Construction Lien Act* of Ontario;
- (ffff) *Utility Work Protection Code (“UWPC”)* means the written procedures to establish an isolated tagged and/or locked out condition for *Work* that has been approved and adopted by the Infrastructure Health and Safety Association of Ontario and required to be followed under the *Electrical Utility Safety Rules*.
- (gggg) *UWPC Competent* means any person who is qualified in the Utility Work Protection Code, has demonstrated familiarity with the *Owner’s* processes for administering work protection, and has been deemed competent by an authorized signing officer of the *Contractor* and has been registered with the OGCC;
- (hhhh) *Value Added Taxes* means such sum as shall be levied upon the *Contract Price* by the federal or any provincial government, and is computed as a percentage of the *Contract Price*, and includes the *Goods and Services Tax* (or the *Harmonized Sales Tax*), the Quebec Sales Tax and any similar tax, the payment or collection of which is by the legislation imposing such tax an obligation of the *Contractor*;
- (iiii) *Warranty Item* means any *Deficiency* that is identified after the *Certificate of Substantial Performance* is issued or is incorporated into the *Certificate of Substantial Performance* to be remedied after *Substantial Performance*;
- (jjjj) *Warranty Period* is the aggregate of the *Base Warranty Period* plus *Extended Warranty Period*, each defined as follows:

- (i) *Base Warranty Period* covers all *Work* and commences upon *Substantial Performance*, and continues for the period stated above from *Substantial Performance* as stated in the *Certificate of Substantial Performance*, with the exception of *Deficiencies* identified under Section 25.2(b) that are subsequently corrected, for which the *Base Warranty Period* commences upon *Total Performance of the Work*.
- (ii) *Extended Warranty Period* covers *Work* identified in the *Contract* and begins immediately upon the expiration of the *Base Warranty Period* and continues for the time period set out above.
- (kkkk) *Work* means all *Engineering Services*, project management, *Procurement Services*, *Goods*, *Procured Goods*, *Construction Work* and those duties allocated to the *Contractor* in the *Commissioning before Substantial Performance* and *Commissioning after Substantial Performance*, as may be necessary to fulfill the *Owner's Requirements* and includes anything that is ancillary or necessary by implication to fulfill the *Owner's Requirements*;
- (llll) *Work Day* means any day, except for a Saturday, Sunday, a general holiday or a holiday which is observed in the construction industry in Ontario, or defined as a holiday in a collective agreement pertaining to the *Work Site*;
- (mmmm) *Work Permit* means a work permit issued in accordance with the *Utility Work Protection Code*;
- (nnnn) *Work Site* means those lands where the *Project* is located and which are legally and/or municipally described, or otherwise described, as such in the *Owner's Requirements*
- (oooo) *WSIA* means the Ontario *Workplace Safety and Insurance Act*, S.O. 1997, c. 16, as amended.

1.2 The following exhibits and schedules attached hereto shall form part of and are incorporated in this *Contract*:

- (a) Exhibit A - Safety Courses
- (b) Exhibit B - Safeguards and Personal Protective Equipment
- (c) Appendix A – Owner's Requirements
- (d) Appendix B – Contract Price
- (e) Appendix C – Policy and Guidelines
- (f) Appendix D – Liquidated Damages for Delay
- (g) Appendix E – Forms
  - Key Employee Confidentiality, Proprietary Information and Consent Agreement
  - Change Order
  - Contractor Safety & Environment Pre - Job Meeting Checklist
  - Application for Payment
  - Change Quotation

- Release and Certificate of Final Payment
- Statutory Declaration
- (h) Appendix F – Dispute Resolution Procedure
- (i) Appendix G – Key Personnel

## **Article 2 - Interpretation and Order of Precedence**

- 2.1 Unless the context otherwise requires, words importing the singular shall include the plural and vice-versa and words importing gender shall include the masculine, feminine and neuter genders.
- 2.2 The headings and sub-headings of the *Contract* are used for convenience and ease of reference only and in no way define, limit, describe or interpret the scope or intent of the *Contract*.
- 2.3 If there is a conflict in the *Contract*, the order of precedence of documents, from highest to lowest, shall be:
- (a) *Change Orders, Change Directives, or Purchase Order Revisions* (sometimes issued as *Instruction Notice*);
  - (b) *Purchase Order* (“PO”);
  - (c) Agreed to clarification documents:
    - (i) Special Terms and Conditions of the Contract;
    - (ii) *Additional Clarification Documents* as set out above;
  - (d) this Construction Agreement, including Exhibits excluding the *Appendices*;
  - (e) Addenda to the *Owner’s Procurement Documents* as set out above;
  - (f) The *Appendices* to the Construction Agreement in the following order:
    - (i) Exhibit A - Safety Courses
    - (ii) Exhibit B - Safeguards and Personal Protective Equipment
    - (iii) Appendix A - Owner’s Requirements;
    - (iv) Appendix B - Contract Price;
    - (v) Appendix C – Policy and Guidelines Appendix C - Policy and Guidelines; and
    - (vi) all other *Appendices*
  - (g) Any Site Rules, such as Station Access Agreement (which details specific station requirements), including without limitation those of third parties;

- (h) The *Procurement Documents* (excluding those documents listed above); and
- (i) *Proposal from Contractor*.

2.4 The following shall, in all instances, apply:

- (a) for documents revised by either party and approved by the *Owner*, the latest revision shall govern;
- (b) figured dimensions on drawings shall govern, even though they may differ from scaled dimensions;
- (c) drawings of larger scale shall govern over those of smaller scale of the same date;
- (d) in case of discrepancy between the drawings and the specifications, figured dimensions on the drawings shall govern except where the dimensions depend on the dimensions of a specified product, in which case the dimensions of the product shall govern. In the case of discrepancy in the description of materials and methods, the specification shall govern; and,
- (e) unless expressly stated otherwise, appendices shall govern over the document from which the appendix was referred.

2.5 Wherever this *Contract* requires an action to be performed or an obligation to be undertaken, such action or obligation shall be performed in a reasonable and effective manner by the party taking the action or fulfilling its obligation.

2.6 No agent or contractor of the *Owner* has the right to waive any compliance by the *Contractor* with the terms of the *Contract*, and none shall be binding on the *Owner*. Any changes to the *Contract* that require waiver of compliance by the *Contractor* must be in the form of a *Change Order*.

### **Article 3 - Owner's Requirements**

3.1 The *Owner's Requirements* shall describe the scope of the *Work*.

3.2 Where applicable, the *Owner's Requirements* shall specify the requirements of the *Health and Safety Plan* and the *Health and Safety Plan* will be provided by the *Contractor* within such time period as set out in the *Owner's Requirements*.

3.3 Where applicable, the *Owner's Requirements* shall specify the requirements of the *Quality Plan* and the *Quality Plan* will be provided by the *Contractor* within such time period as set out in the *Owner's Requirements*.

3.4 The *Contractor* shall identify and provide in writing to the *Owner* the *Contractor's* requirements for land access rights including, but not limited to, the location, period of time of access, timing, temporary construction and deconstruction, access and use of real estate it proposes and requires for the *Work*, including temporary access roads, work

headquarters, construction laydown areas, such other information in respect of real estate as further set in the *Owner's Requirements* and any other land rights access or use that the *Contractor* requires for the *Work*, acting reasonably.

- 3.5 The *Owner* is responsible for management of land rights acquisition for permanent land rights in relation to the *Work*, including for access to and construction, maintenance and operation of the *Project*. The *Owner* is responsible for management of land rights acquisition for temporary land access rights for the *Work*.
- 3.6 The *Owner* shall endeavor, using commercially reasonable efforts, to obtain such land access rights as requested by the *Contractor* pursuant to Section 3.4 and will advise the *Contractor* as applicable. Where *Owner* is not able to obtain such land access rights as requested by the *Contractor* pursuant to Section 3.4, the parties shall, in good faith, discuss alternatives to mitigate, and which could involve the relief as described in Section 40.2 or could involve the *Contractor* making an request for an adjustment under Section 19.9, or such other resolution as the *Parties* may agree.
- 3.7 The *Contractor* shall prepare and provide to *Owner* a *Real Estate Plan* for *Owner's* approval that will meet the real estate requirements in the *Owner's Requirements* and that will identify and include, but is not limited to, the location, timing, temporary construction and deconstruction, access and use of real estate based on the rights in the possession of or acquired by the *Owner* that have been made available to the *Contractor*, and will cooperate with the *Owner*, act consistent with and follow any restrictions regarding the real estate rights acquired by the *Owner*.
- 3.8 After submission to the *Owner*, the *Contractor* shall not make any material changes to the *Health and Safety Plan*, *Quality Plan* (including the *Inspection and Test Plan*), *Public Relations and Communications Plan* or *Real Estate Plan* without providing reasonable prior written notice containing details of the change to the *Owner*, and provided that all such changes must continue to be in compliance with the *Owner's Requirements*. Subject to Section 19.9, all conflicts with respect to the interpretation of the *Owner's Requirements* shall be resolved by the *Owner's Representative*.

#### **Article 4 - General Requirements of the Work**

- 4.1 The scope of the *Work* includes correction of defects and deficiencies by the *Contractor* in accordance with the *Contract*.
- 4.2 By the date or dates specified in the *Owner's Requirements*, the *Contractor* shall prepare and submit to the *Owner* a detailed *Contractor Execution Plan* for the performance of all or any part of the *Work* required under the *Contract*. The *Contractor* shall control the progress of the *Work* to achieve compliance with the *Contractor Execution Plan*.
- 4.3 In the execution of the *Work* the *Contractor* shall comply with, and the completed *Work* shall comply with, the *Law*, including, without limitation, applicable building codes, technical standards, building construction and environmental regulations and the standards specified in the *Contract*.

- 4.4 References in the *Contract* to applicable codes, standards or regulations shall be understood to be references to the edition applicable on the date of the *Contract*, unless stated otherwise. If substantially changed or new applicable codes, standards or regulations come into force after the date of the *Contract*, the result of which requires a *Change* to the *Work*, *Contract Time* or *Contract Price*, the *Contractor* shall submit a *Change Quotation* for compliance to those new codes, standards or regulations to the *Owner's Representative*. Any *Change* in the *Work*, the *Contract Time* or the *Contract Price* as a result shall be dealt with under Article 19 - Changes.
- 4.5 The *Contractor* accepts the *Owner's Site*, the *Work Site* and the obligation to perform the *Work* in the condition existing at the effective date of this *Contract* and acknowledges that it has investigated and satisfied itself to the fullest extent through the exercise of due diligence as to:
- (a) the nature and location of the *Work*;
  - (b) the nature and location of and all conditions relating to the *Owner's Site* and the *Work Site*, including, but not limited to, accessibility, general character, surface and subsurface conditions, utilities, services, soil, structures, roads, uncertainties of seasonal weather and all other physical, topographical and geographical conditions;
  - (c) all environmental risks, conditions, *Law* and restrictions applicable to the *Contractor* or the *Work* that may affect the *Work*; and
  - (d) the magnitude of the *Work*.

The *Owner* may provide in the *Owner's Requirements* or elsewhere certain information, documents, maps, drawings, pictures, etc. in relation to the *Owner's Site* and the *Work Site*, however, the *Contractor* accepts the obligations in this Section 4.5 notwithstanding the validity or invalidity, accuracy or inaccuracy, completeness or incompleteness of such documents, maps, drawings, pictures, etc. Notwithstanding the preceding sentence, the *Parties* acknowledge that the *Work*, including the *Contract Time* and *Contract Price*, is based upon the environmental assessment for the *Project* under the Ontario *Environmental Assessment Act* filed and as may be amended or as otherwise approved as of the date of execution of this *Contract*, and the *Parties* agree to follow the *Change* process in this *Contract* in respect of any *Changes* to the *Work* after the execution of this *Contract*, including *Contract Time* and *Contract Price*, if applicable, requested by the *Owner* as a result of the performance of the environmental assessment, or arising from conditions associated with the approval of the environmental assessment by the applicable governmental entity.

- 4.6 The *Contractor* accepts the obligation to perform the *Work* and acknowledges that it has investigated and accepts:
- (a) the general character, quality, quantity, accessibility, and availability of equipment, materials, utilities, services, and accommodations required to execute and complete the *Work*; and

- (b) all conditions affecting labour, including, without limitation, availability, productivity, accessibility, *Labour Requirements* and restrictions, collective agreement requirements and restrictions, requirements and restrictions by *Law*, and administrative practices, including those relating to safety, prevailing at or applicable to the *Work*.
- 4.7 Any failure by the *Contractor* to discover matters which affect, or could affect, the *Work* shall not relieve the *Contractor* from its obligations under the *Contract* or otherwise affect the *Contract Time* or the *Contract Price*. If the *Contractor* has not conducted such an investigation, it is deemed to assume all risk of conditions or circumstances now existing or arising in the course of the *Work* which could make the *Work* more expensive or more difficult to perform than was contemplated at the time the *Contract* was executed. No claim by the *Contractor* will be entertained in connection with conditions which could reasonably have been ascertained by an inspection or other due diligence prior to the execution of the *Contract*.
- 4.8 The *Owner* reserves the right to award separate contracts to *Other Contractors* for work to be performed at the *Work Site* and to perform work with its own forces at the *Work Site*. In such event, the *Contractor* shall co-ordinate and schedule the *Work* with the work of the *Other Contractors* and the *Owner's* own forces, and the *Contractor* shall share access to and use of the *Work Site* to accommodate the work of *Other Contractors*. If work performed by *Other Contractors* as directed by the *Owner* interferes with the *Work* performed by the *Contractor*, the *Contractor* may issue a *Change Quotation* in accordance with Section 19.9. However, in all cases where work at the *Work Site* is being performed by *Owner* or *Other Contractors*, where they do not have separate defined work areas or where their work overlaps with that of the *Contractor*, the *Owner* will contractually require them to comply with the *Contractor's Health and Safety Plan*, safety program and safety instructions, and the *Contractor*, as "constructor" (as "constructor is defined under the *Occupational Health and Safety Act of Ontario*) responsible for the areas of overlap, will have the right to remove the *Owner's* own forces or *Other Contractors* from the *Work Site* should they not comply with the *Contractor's Health and Safety Plan*, safety program and safety instructions.
- 4.9 The *Contractor* shall co-operate fully with the *Owner*, *Other Contractors* and all other parties with whom the *Contractor* or *Owner* may be involved during the performance of the *Work*. The *Contractor* shall supervise its employees and *Subcontractors* and inspect their work to ensure that the *Work* conforms in each and every respect to the *Owner's Requirements* and in accordance with Section 11.1.
- 4.10 Approval of the *Engineering Services*, acceptance of any part of the *Goods, Procured Goods* or the *Construction Work* by the *Owner*, or payment to the *Contractor*, or any one or more of them, shall not relieve the *Contractor* from its responsibilities under the *Contract*, whether pursuant to any of the warranties or guarantees expressed or implied herein, or otherwise.
- 4.11 Unless as otherwise specified by the *Owner's Requirements*, the *Contractor* shall:

- (a) provide the *Owner* with written monthly reports detailing the status of the *Work*, updated schedules, all issues relating to the *Work*, any solutions and actions taken for those issues, and all risks and associated mitigation measures taken on the *Project*. *Contractor* shall attend meetings as required by the *Contract* including as set out in the *Owner's Requirements*, or as otherwise requested by the *Owner's Representative*. In addition, the *Contractor* shall cause its Field Supervisor, or such competent person as he or she may delegate, to prepare a daily log or diary reporting on weather conditions, work force of the *Contractor* and *Subcontractors* and any other forces on the *Work Site* and also record the general nature of *Project* activities. Such log or diary shall also include the names of any extraordinary or emergency events that may occur and also the identities of any persons who visit the site who are not part of the day-to-day work force;
- (b) maintain records, either at its head office or at the job site, recording manpower and material resourcing on the *Project*, including records which document the activities of the *Contractor* in connection with *Contractor Execution Plan*, and comparing that to the resourcing anticipated when the most recent version of the schedule was prepared under the *Contractor Execution Plan*; and,
- (c) upon the *Owner's* request, make available for inspection and copying all of the records generated pursuant to this Section 4.11 along with any other routine *Project* records ordinarily maintained by the *Contractor*.

4.12 The *Contractor* shall have those responsibilities for managing the *Work* as stipulated in the *Owner's Requirements*, and including, but not limited to:

- (a) cost monitoring, scheduling and reporting to the *Owner*;
- (b) scheduling the *Work* and monitoring and reporting on the progress of the *Work* relative to the *Milestones* to the *Owner*;
- (c) a daily *Work* schedule for the *Construction Work* for a three-week period, provided at least two weeks in advance, with such schedule showing the daily allocation of resources;
- (d) coordination, scheduling and supervision of *Subcontractors*;
- (e) coordination and management of transportation and related services for the *Work*;
- (f) management of the *Work* to ensure the *Work* is performed in an efficient and coordinated manner; and
- (g) preparation of reports and attendance at meetings with the *Owner*.

4.13 The *Contractor* shall ensure that no activities or actions are undertaken in the performance of the *Work*, or otherwise by the *Contractor*, which would adversely affect, restrict or limit in any way the continued operation of the *Owner's* facilities which are in

operation, unless required to perform the *Work*, done in accordance with the *Contractor Execution Plan* and authorized in writing by the *Owner's Representative*.

- 4.14 In the performance of the *Work*, the *Contractor* shall give due consideration to the interest and property of others wherever involved, and shall carry out and perform the *Work* in a manner which shall cause the minimum of inconvenience, injury, and damage to others.
- 4.15 The *Contractor* shall keep one copy of current *Contract Documents*, submittals, reports, and records of meetings at the *Work Site*, in good order and available to the *Owner* and *Other Contractors*.
- 4.16 The *Owner* shall provide, and the *Contractor* shall abide by, all documents provided by the *Owner* relating to the *Owner's Site*, including, but not limited to, any special restrictions and conditions contained in any easement, regulatory board order, crossing agreement, or other permit relating to the *Work Site*.
- 4.17 The *Contractor* shall restore, at its expense, all property altered or damaged in the performance of the *Work* including, without limitation, buildings, fences, hedges, roads, railroads, bridges, culverts, drainage ditches, irrigation ditches and levees, unless such restoration is specifically identified in the *Owner's Requirements* and, in which case, the restoration shall be performed in accordance with the *Owner's Requirements*.
- 4.18 Each of the parties shall promptly and fully inform each other of any errors, omissions or inconsistencies in the *Contract*, defects or deficiencies in the *Work* and of any inconsistencies between the *Contract* and the *Law*, of which they become aware. The *Contractor* shall exercise reasonable care and diligence to prevent any actions or conditions which could result in any such inconsistencies, defect or deficiencies. If the *Contractor* discovers any inconsistencies in the *Contract*, or between the *Contract* and the *Law*, or discovers any defects or deficiencies in the *Work*, it shall resolve all such inconsistencies with the *Owner* before proceeding with the affected portion of the *Work*. If the *Contractor* discovers any inconsistencies in the *Contract*, or between the *Contract* and the *Law*, or discovers any defects or deficiencies in the *Work*, and proceeds without resolution with the *Owner*, the *Contractor* shall proceed at the *Contractor's* own risk and expense and waives all rights to claim against the *Owner* for the same.
- 4.19 All documents and drawings prepared as part of the *Work* shall be in English.
- 4.20 (a) Any part of the *Work* to be performed in accordance with any drawings and data, whether prepared by the *Contractor* or the *Owner*, shall not be commenced until such drawings and data have been reviewed and accepted by the *Owner's Representative* or *Owner's Engineer*, as applicable unless otherwise authorized by the *Owner's Representative* or *Owner's Engineer*, as applicable. Review or acceptance by the *Owner's Representative* or *Owner's Engineer* of the *Contractor's* drawings and data shall in no way be construed to imply relief of the *Contractor* from responsibility for any errors or omissions contained therein or relief from any of its obligations or liabilities under the *Contract* or otherwise.

- (b) The *Contractor* grants to the *Owner* the perpetual, paid-up, irrevocable right to use the *Contractor's* drawings and data for the purpose of operation, maintenance, and refurbishment of the Equipment. Unless otherwise authorized in writing by the *Owner's Representative* or *Owner's Engineer*, as applicable, any part of the Work to be performed in accordance with any drawings and data, whether prepared by the *Contractor* or the *Owner*, shall not be commenced until the *Owner's Representative* or *Owner's Engineer*, as applicable has approved the use of such drawings and data (including schedules, procedures and other pertinent information). Approval or acceptance by the *Owner's Representative* or *Owner's Engineer* of the *Contractor's* drawings and data shall in no way construe or imply relief of the *Contractor* from its responsibility for any error or omission therein or from any obligation under the *Contract* or implied by law.
- (c) The *Owner's* drawings and specifications shall be deemed to be complementary so that if anything is shown on the drawing but not mentioned in the specifications, or vice versa, it shall be furnished and built as though specifically set forth in both. In case of conflict between the specifications and the drawings, the specifications shall govern.
- (d) All of the drawings and data prepared by the *Contractor* under the *Contract* shall be prepared in accordance with the *Owner's* drawing standards, copies of which are available upon request.
- (e) Within such time as stated elsewhere in the *Contract*, the *Contractor* shall supply all drawings and data necessary for a thorough understanding of the Equipment, including the following:

Design Drawings - all shop detail and general arrangement drawings.

Additional Drawings - where Equipment is supplied to a performance specification, detail and general arrangement drawings shall be provided by the *Contractor*. If catalogue pages or data sheets are available in printed form giving the required information, such may be submitted in lieu of the foregoing drawings, subject to the prior approval or acceptance of the *Owner's Representative* or *Owner's Engineer*, as applicable.

Installation Details - drawings showing overall dimensions, support requirements, details of terminal points, and other data pertinent to installation.

- (f) In addition to electronic copies of drawings compatible with AutoCAD latest version, on *Contractor's* engineered portion of the *Work*, the *Contractor* shall provide four legible full-size white paper prints of drawings and four paper copies of all other data to the *Owner*. The print of each drawing shall have a maximum contrast with a white background. Prints with an "off-white" background are not acceptable. A space of 200 mm vertically by 110 mm horizontally, in the lower right hand corner above the *Contractor's* title block, shall be reserved for the *Owner's* title block and revisions. To facilitate the handling and storage of

reproducible drawings submitted for the *Owner's* use, overall sheet sizes shall be ISO series sizes A1 through A4 and B series size B1.

- (g) For the purposes of ready identification, each drawing and item of data shall show the name of the project, Units involved over-all title of the *Work*, *Owner's* order number, and the title of the drawing or item.
- (h) One copy of each drawing and data item will be returned to the *Contractor* with the *Owner's Engineer's* comments and/or approval for use. When requested, drawings and data requiring revision shall be promptly dealt with by the *Contractor* and the specified copies resubmitted.

## Article 5 - Engineering Services

- 5.1 The *Contractor* shall perform the *Engineering Services* and be responsible for the design and engineering necessary to execute the *Work*. The *Engineering Services* shall be prepared under the supervision of the *Contractor's* qualified professional engineers licensed by the Association of Professional Engineers Ontario. All final plans, specifications, reports or documents of a professional nature shall be signed by and stamped or sealed with the stamp or seal of:
- (a) the professional member or licensee who prepared them or under whose supervision and control they were prepared; or
  - (b) the professional member or licensee who thoroughly reviewed and accepted professional responsibility for them.
- 5.2 The professional members referred to in Section 5.1 shall be available to meet with the *Owner's Representative* at all reasonable times during the *Contract Time* and *Warranty Period*.
- 5.3 The *Owner* shall have the right of inspection and review of the design drawings and specifications at all reasonable times. The *Contractor* shall not be relieved of any of the *Contractor's* obligations under the *Contract* notwithstanding any inspection or review, or failure to inspect or review.
- 5.4 Unless as otherwise specified in the *Owner's Requirements*, prior to commencement of the *Performance Tests*, the *Contractor* shall prepare, and submit to the *Owner's Representative*, operation and maintenance manuals. The *Work* shall not be considered to be completed for the purposes of achieving *Substantial Performance* until such operation and maintenance manuals have been submitted to the *Owner's Representative*.
- 5.5 The *Contractor* shall:
- (a) prepare, and keep up-to-date, the *As-Built Drawings*;
  - (b) record the exact locations of each of these differences, sizes and details of the *Construction Work* as executed, with cross-references to relevant specifications and other requirements on the *As-Built Drawings*;

- (c) keep the *As-Built Drawings* on the *Work Site*;
- (d) during the *Contract Time*, provide the *Owner* with access to the *As-Built Drawings*;
- (e) upon completion of the *Work*, or at such other time as may be determined by the *Owner*, submit the *As-Built Drawings* and copies to the *Owner's Representative* as may be further specified in the *Owner's Requirements*;
- (f) report on each invoice the number of person hours directly involved in the preparation of drawings in respect of *Engineering Services*.
- (g) provide the reports under applicable collective agreements as described in Section 8.6.

## **Article 6 - Owner's Specified Materials and Subcontractors**

- 6.1 Where the *Owner's Requirements* specify the use of *Owner's Specified Materials and Subcontractors*, or where the *Owner's Requirements* are modified by a *Change Order* or a *Change Directive* directing the *Contractor* to use the *Owner's Specified Materials and Subcontractors*, the *Contractor* shall review the *Owner's Specified Materials and Subcontractors* to determine whether such materials are acceptable to meet the *Engineering Services* and *Construction Work* and can be made available for procurement without interfering with the achievement of the *Milestones*.
- 6.2 If the *Contractor* determines that the *Owner's Specified Materials and Subcontractors* are acceptable for the *Work*, then the *Owner's Specified Materials and Subcontractors* shall be used and incorporated in the *Work* in the same manner as those materials and pieces of equipment proposed by the *Contractor* and the *Contractor* shall take responsibility for the *Owner's Specified Materials and Subcontractors* and all warranty provisions that apply thereto.
- 6.3 If the *Contractor* determines that the *Owner's Specified Materials and Subcontractors* are not acceptable for the *Work*, then the *Contractor* shall give written notice to the *Owner* that the *Owner's Specified Materials and Subcontractors* are not suitable for the *Work*, which notice will provide details of the reasons why the *Owner's Specified Materials and Subcontractors* are not acceptable for use or incorporation into the *Work*.
- 6.4 Where the *Contractor* has provided written notice to the *Owner* that the *Owner's Specified Materials and Subcontractors* are not acceptable for the *Work*, the *Owner* shall promptly notify the *Contractor* of the *Owner's* decision as to whether or not to include the *Owner's Specified Materials and Subcontractors* in the *Work*.
- 6.5 If the *Owner* chooses to direct the *Contractor* to use the *Owner's Specified Materials and Subcontractors* after the *Contractor* has notified the *Owner* that the *Owner's Specified Materials and Subcontractors* are not acceptable for the *Work*, then the *Owner* shall take full responsibility for the *Owner's Specified Materials and Subcontractors*, including any

warranty claims and damages that may occur from the use or incorporation of the *Owner's Specified Materials* and *Subcontractors*.

- 6.6 Where the *Contractor* is supplying, as part of this *Contract*, equipment that requires sulphur hexafluoride (SF<sub>6</sub>) gas and the *Contractor* holds the Notice of Project under the *OHS*A, the *Contractor* is required to purchase and manage the sulphur hexafluoride (SF<sub>6</sub>) gas according to industry best practices. The *Contractor* will ensure that the sulphur hexafluoride (SF<sub>6</sub>) gas is weighted in and out at *Owner's Site* and the *Contractor* will notify the *Owner* of the amount used in the *Work*.
- 6.7 The *Contractor* will perform such tasks and take such responsibilities as may be described in the *Owner's Requirements* in respect of the *Procured Goods* and *Free Issue Goods*. The *Procured Goods* and *Free Issue Goods* shall be used exclusively for incorporation into the *Work*. Title to the *Procured Goods* obtained by *Contractor* in its capacity as agent for *Owner* (if applicable), and *Free Issue Goods* shall remain with the *Owner*. Unless otherwise directed by the *Owner*, all excess *Procured Goods* obtained by *Contractor* in its capacity as agent for *Owner* (if applicable), and *Free Issue Goods* shall be returned to the *Owner* following completion of the *Work*. However, the *Contractor* shall be liable for the repair or replacement of any *Procured Goods* and *Free Issue Goods*, which become damaged or lost while in the custody or control of the *Contractor*.
- 6.8 The *Contractor* agrees to participate in any *Owner* consultation as requested with, and facilitate the provision of benefits such as training to, First Nations and Métis communities in relation to the *Project*. The *Contractor* shall endeavour to provide subcontracting opportunities for the *Work* to qualified community members of, and businesses owned or controlled by First Nation and Métis communities where reasonable, and report such subcontracting to *Owner*.

## **Article 7 - Procurement Services**

- 7.1 As specified in the *Owner's Requirements*, the *Contractor* shall perform the *Procurement Services* either as agent for the *Owner*, or for its own account, or both, as applicable.
- 7.2 Where specified in the *Owner's Requirements*, the *Contractor* shall provide *Procurement Services* using such selected vendor lists and *Owner's Specified Materials and Subcontractors* as directed by the *Owner*.
- 7.3 Payment of invoices for *Procured Goods* shall be made in accordance with the *Owner's Requirements*.
- 7.4 To the extent the Parties have agreed that the *Contractor* is to perform *Procurement Services* as agent of the *Owner*, the *Contractor* shall carry out the *Owner's* instructions and shall act:
- (a) in good faith and in the best interests of the *Owner* and the *Project*,
  - (b) within the scope of the agency specified in this Article 7 - Procurement and the *Owner's Requirements*.

7.5 To the extent the Parties have agreed that the *Contractor* is to perform the *Procurement Services* as agent of the *Owner*, the appointment of the *Contractor* as the *Owner's* agent shall be limited as follows:

- (a) to the specifications contained in the *Owner's Requirements*;
- (b) the *Contractor* shall not enter into any agreement, contract, settlement or arrangement with any person, firm or corporation, or other enterprise imposing any compromise, legal obligation or liability of any kind whatsoever on the *Owner*, unless such is in accordance with this *Contract* or unless it has prior specific written authority to do so from the *Owner*;
- (c) the *Procurement Services* performed by the *Contractor* shall only relate to the *Project* and the *Contractor* shall not act as agent for the *Owner* in any other respect;
- (d) the *Procurement Services* shall be on commercial terms and conditions previously approved by the *Owner* and the *Contractor* shall not modify or change any of the terms and conditions approved by the *Owner* without the *Owner's* prior written consent, which consent may be withheld at the *Owner's* sole discretion;
- (e) the *Procurement Services* by the *Contractor* shall be in accordance with the *Contractor's* internal approval process, but subject always to the final written approval of the *Owner's Representative*;
- (f) the *Procurement Services* by the *Contractor* shall be in accordance with the *Law*, and without limiting the generality of the foregoing, those laws that pertain to competitive procurement, and any other procurement requirements that the *Owner* may state from time to time;
- (g) title to all *Procured Goods* shall be in the *Owner's* name; and
- (h) all warranties and guarantees relating to the *Procured Goods* shall be made to the *Owner* and shall be enforceable by the *Owner*.

7.6 To the extent the Parties have agreed that the *Contractor* is to perform *Procurement Services* as agent of the *Owner*, the *Owner* shall:

- (a) provide to the *Contractor* sufficient instructions and guidelines to enable the *Contractor* to effect delivery, receiving and handling into and within the *Owner's* system of materials handling and warehousing; and
- (b) provide to the *Contractor* instructions and guidelines that identify the levels of review and approval required by the *Owner* in relation to the *Procured Goods*.

7.7 In accordance with the *Owner's Requirements*, the *Contractor* shall submit any required samples for the *Owner's Representative's* approval, together with any relevant information. The *Contractor* shall also submit for the *Owner's Representative's*

approval, manufacturer's standard samples of materials (with relevant information) and any additional samples instructed by the *Owner's Representative*. All samples shall be labelled as to origin and intended use in the *Work*. For each part of the *Work*, construction shall not commence prior to receipt of such approval to the relevant samples.

## Article 8 - Construction Work

- 8.1 The *Contractor* shall perform the *Construction Work* in accordance with the *Contract*.
- 8.2 The *Contractor* shall provide as part of its *Proposal*, unless otherwise set out in the *Procurement Documents*, unit prices together with delivery times for recommended spare parts for the *Goods*, *Procured Goods*, and *Free Issue Goods*. Spare parts will be identical to the corresponding parts in the *Goods*, *Procured Goods*, and *Free Issue Goods*. The *Contractor* will provide, upon request by the *Owner*, a complete list of all spare parts which the *Contractor* would normally purchase from outside sources, showing the company's part number and the true manufacturer's name and part number for each item.
- 8.3 Except for Exhibit A - Safety Courses and those materials, services and equipment to be provided by the *Owner* and described in Appendix A - Owner's Requirements, the *Contractor* shall supply or cause to be supplied all services, equipment and materials required for the proper execution and completion of the *Construction Work*.
- 8.4 The *Contractor* shall take full responsibility for the adequacy, stability and safety of the *Work* and the *Work Site* operations under its control, of all methods of construction and of all of the *Construction Work*, unless the *Contractor* has received written instructions from the *Owner's Representative* absolving the *Contractor* of responsibility.
- 8.5 The *Contractor* shall not perform any blasting work unless expressly permitted to do so in the *Owner's Requirements*, and any such blasting work will be limited to the express permission so provided.
- 8.6 At the *Owner's* request, report on a monthly basis the number of person hours worked, in respect of the *Construction Work*, under each of the various collective labour agreements.
- 8.7 It is the *Contractor's* responsibility to identify and locate hidden structures, and infrastructure from other utilities above, on and below the surface (including the existence, location and elevation) as may be in the vicinity of the *Work*, prior to the performance of the *Work*, and to contact and arrange for and obtain protection for, and from, such infrastructure for the conduct of the *Work*.
- 8.8 Should any part of the *Work* be connected to any *Work Site* facilities or services, the *Contractor* must perform a feasibility study of the existing installation (eg. storm sewers, sanitary drainage, water supply, piping, etc.) and the consequences and effect of the *Work* on such facilities or services, and provide a written copy of such study to the *Owner*, for the *Owner's* approval.

8.9 In respect of above, on and below surface infrastructure as relates to the temporary construction access and performance of the Work, the responsibilities of the Contractor include:

- (a) prior to commencing any excavation, demolition, removal, refurbishment, replacement or construction activities:
  - (1) performing an on-site inspection of the entire *Work Site* to identify all surface and above surface infrastructure;
  - (2) obtaining a locate and locate report for all utilities of all underground infrastructure in the vicinity of the *Work*;
  - (3) obtaining the identity and ownership of all utilities with above, on and below surface infrastructure in the vicinity of the *Work Site*;
  - (4) obtaining or creating drawings and records of above, on and below surface infrastructure found;
  - (5) notifying all utilities with above, on and below surface infrastructure in the vicinity of the *Work Site* of the proposed *Work*, including nature of the *Work*, proposed installations, and *Work* schedule of when *Work* is to be performed in the vicinity of such utility's infrastructure;
  - (6) obtaining any necessary hold-offs from the applicable utilities for protection to conduct the *Work*;
  - (7) keeping a copy of such drawings and records of above, on and below surface infrastructure and all locate reports of underground infrastructure at the *Work Site*;
  - (8) providing a copy of such drawings and records of above, on and below surface infrastructure, and such locate reports of underground infrastructure, to the *Owner's Representative*, upon request.
- (b) In the performance of the *Work*, the *Contractor* shall:
  - (1) obtain and follow all instructions of such utilities for protection of such utilities' infrastructure including all instructions and orders on such locate report of underground infrastructure;
  - (2) protect each utilities' infrastructure in the performance of the *Work*;
  - (3) update drawings and records of new infrastructure found, and of changes to, and new infrastructure constructed in association with the *Work*, and provide such records to the *Owner*, and to the respective utilities.

8.10 In respect of any Work to which the Utility Work Protection Code applies, the Contractor shall:

- (a) determine and verify the requirements, including isolation, for protection with the applicable utility;
  - (b) request a Network Outage Management System (NOMS) slip from the *Owner's Representative* stating the requirements, including isolation, indicated by the applicable utility;
  - (c) prepare and submit the application for a *UWPC Work Permit* (PC1) to the OGCC/Work Protection representative, identifying the located infrastructure, nature of the *Work* to be performed and any hazards, in relation to the *Work*;
  - (d) apply for isolation or hold-offs from the applicable utility that has control of the located infrastructure prior to conduct of the *Work*;
- (e) Only conduct the *Work* in environments and on applicable assets when the appropriate *Work Permit* has been obtained from the applicable utility controlling authority.
- 8.11 The *Contractor* shall prepare the Power Outage Schedule for various electrical circuits and lines as required to perform the *Work*. This schedule must be submitted to the *Owner's* Ontario Grid Control Center (“OGCC”) no more than thirty (30) days after the date of this *Contract*. OGCC endeavours to provide the outages, as requested by the *Contractor*, wherever possible; however, changes such as system configuration and requirements may result in the postponement of the planned outage. The *Contractor* will relocate its forces to perform other *Work* should these postponements occur. The OGCC will provide as much notice as possible in the event of such occurrences. Outages approved by the OGCC adhere to the time constraints set out on the (Ontario) Independent Electricity System Operator’s (“IESO”) website.
- 8.12 The *Contractor* should provide outage dates to the OGCC, through the *Owner*, at least six weeks in advance of the outage date sought. Due to system restrictions and other considerations, OGCC approvals for outages are provided no sooner than forty-eight (48) hours prior to the requested outage time. The *Contractor* shall prepare for the outages as scheduled and subsequently approved. Should the outage be cancelled or postponed by the OGCC or *Owner* before the time of the planned outage and require postponement of the work activity as scheduled by the *Contractor* by more than a reasonable time, the *Contractor* shall be entitled to reasonable compensation for the mobilization/demobilization of his staff and equipment according to such compensation table as mutually agreed in writing by the Parties.
- 8.13 All *Work Permits* related to power outages required for the *Work* shall be held by an employee of the *Contractor* who is qualified to hold the said *Work Permits*.
- 8.14 The *Contractor* shall name a single employee as the point of contact for coordination and scheduling of outages with the OGCC.

## Article 9 - Commissioning

- 9.1 The duties of the *Owner* and of the *Contractor* in relation to *Commissioning before Substantial Performance and Commissioning after Substantial Performance*, together with the *Milestones* to be reached for commissioning, are as set out in the *Owner's Requirements*.

## Article 10 - Work Protection

- 10.1 All *Contractor Personnel* that will be working in areas covered by a *UWPC Work Permit* are required, at *Contractor's* expense, to have taken "Work Protection Overview" training from the Infrastructure Health and Safety Association.
- 10.2 Any person who is required to prepare, check, apply for, hold, issue or establish a *Work Permit*, or supervise a crew working under such a *Work Permit*, shall be *UWPC Competent* and all such *Work Permits* required for the *Work* shall be held by an employee of the *Contractor*.
- 10.3 It is the accountability of the *Contractor* to have available sufficient *UWPC Competent* employees for the *Work* to be executed under this *Contract*. Unless otherwise set out in the *Owner's Requirements*, the *Contractor* must identify and propose in writing to the *Owner* at least three (3) candidates to be *UWPC Competent*.
- 10.4 At *Work Sites* where a *Work Permit* is required, a *Contractor* employee who has been determined to be *UWPC Competent* must be present during all *Work* and is responsible for all *Work* activities at the *Work Site*. Any person who is an immediate supervisor of a crew performing *Work* for which a *Work Permit* has been issued must be *UWPC Competent* irrespective of whether or not he holds the *Work Permit*.
- 10.5 The following process shall determine whether or not a person is *UWPC Competent*:
- (a) The *Contractor* shall propose as candidates only persons who have had previously or have currently an equivalent designation from Infrastructure Health and Safety Association (formerly, Electrical & Utilities Safety Association or EUSA) or an equivalent out-of-province agency and who meet the following requirements:
    - (i) Have education (eg. Electrical Engineering Degree, Technologist Diploma, or Valid Journeyman Certificate as an Electrician or Power Linesperson recognized in the Province of Ontario) or has already held work permits on work of a similar type to the *Work* of this *Contract* in a jurisdiction having requirements similar to the *UWPC*, or equivalent experience appropriate for the type of *Work* for which he or she will be responsible and provide a copy of same to *Owner* (the evaluation of whether the candidate's education or work permits held in other jurisdictions are similar or whether the candidate has equivalent experience shall be at the *Owner's* sole discretion).

- (ii) Have a minimum of eight years of experience related to the type of *Work* for which he or she will be responsible and provide a resume demonstrating such.
    - (iii) Be able to communicate fluently in English (both written and oral) on all matters related to the *Work* and any emergency situations that could arise.
  - (b) Candidates who meet the requirements stated in Section 10.5(a) shall successfully complete the following training offered by Hydro One Work Methods & Training (“WM&T”):
    - (i) Orientation and *UWPC* Overview training
    - (ii) The Code Explained
    - (iii) *UWPC* “Core” training
    - (iv) *UWPC* “Field Check-out”.
  - (c) *Contractor* must submit a request for training to the *Owner* with a list of all candidates no less than two (2) months prior to the date *UWPC Competent* employees and work permits are required, unless otherwise set out in the *Owner’s Requirements*.
  - (d) The training offered by Hydro One WM&T make take up to 14 days, nonconsecutively, at one or more locations as determined by the *Owner*. The *Contractor* is responsible for all costs and expenses of its employees to attend such training.
  - (e) Upon successful completion of the *Owner’s* training the *Contractor* shall determine whether or not a candidate is to be deemed *UWPC Competent*. The decision of the *Contractor* shall be communicated to the *Owner* by means of a letter addressed to the *Owner’s Representative* stating that the *Contractor* has deemed the candidate *UWPC Competent*. This letter shall be signed by an authorized signing officer of the *Contractor* and have attached to it documentation demonstrating compliance with Sections 10.5(a) and 10.5(b).
  - (f) Upon receipt of the documentation described in Section 10.5(d) the *Owner’s Representative* shall provide copies to WM&T and to OGCC. OGCC will add the name of the person deemed to be *UWPC Competent* to the Contractor List of Persons who are authorized to apply for and receive *Work Permits* under the *UWPC* from OGCC.
- 10.6 The designation as *UWPC Competent* shall expire on the earlier of twelve months after designation or six months after last having held a *Work Permit*.
- 10.7 The *Contractor* understands and agrees that it is their responsibility alone to determine the competency of any candidate that it proposes and it may eventually designate to be *UWPC Competent*. Nothing in this *Contract* or any other documentation from the *Owner*,

including but not limited to, that provided by WM&T with respect to the Hydro One training courses creates any responsibility or liability on the part of the *Owner* for such a person's designation to be *UWPC Competent* or for any aspect of that person's performance.

- 10.8 The *Owner* reserves the right, but is not obligated, to audit the Work Protection process, records, audit reports and incident reports of the *Contractor* for the purpose of continuous improvement.
- 10.9 The *Owner* reserves the right, at its sole and absolute discretion, to remove a person from the Contractor List at OGCC, whose performance is below the standard expected of a person holding a *Work Permit*, on the *Owner's* system components. This may result from a single serious incident or a pattern of minor incidents observed by OGCC staff with respect to *Work Permits*, by the Contract Monitor or Site Inspector with respect to *Work Site*, or otherwise discovered by the *Owner's* auditor. A person whose designation is revoked may not be proposed again as a candidate by the *Contractor*.

## Article 11 - Contractor's Representations

11.1 The *Contractor* shall:

- (a) perform the *Work* in a professional, efficient, and workmanlike manner, using only qualified, skilful and careful workers, in strict accordance with the *Contract* and in accordance with sound and currently accepted design, engineering, procurement, construction and commissioning practices normally employed by leading organizations in industrial construction in the electricity utilities sector similar to the *Work*;
- (b) perform the *Work* in a safe and environmentally sound manner and in compliance with the *Law*;
- (c) ensure that the title to any and all *Goods* and those *Procured Goods* supplied by the *Contractor* shall, upon delivery to the *Work Site*, be free from any and all claims, liens, charges, encumbrances or security interests of any kind whatsoever;
- (d) ensure equipment and materials furnished, manufactured or fabricated by the *Contractor*, or its *Subcontractors*, for incorporation into the *Work*, shall:
  - (i) be free from all defects or deficiencies;
  - (ii) meet the specifications in the *Contract*, if so specified, and if not specified then be of the quality best suited for the required operating conditions and intended use and purpose of the materials and services; and
  - (iii) shall be fit for the purpose for which the equipment and materials have been manufactured or fabricated;

- (e) perform the *Work* to meet the *Owner's Requirements*;
- (f) comply with the *Contract*, including, but not limited to, all time schedules set out in, or called for by, the *Contract* or the *Contractor Execution Plan*; and
- (g) ensure the *Work* shall be fit for its intended purpose as specified in the *Owner's Requirements*.

11.2 The *Contractor* represents and warrants to the *Owner* that:

- (a) it has the experience, resources, personnel and capability to perform the *Work* in a competent, efficient, skilful, and first-class manner;
- (b) it is duly incorporated and validly existing under the laws of the jurisdiction(s) of its incorporation and is registered to carry on business in the Province of Ontario, and it has the corporate power, capacity, and authority to enter into, and to perform its obligations under the *Contract* and to any other agreement or document delivered pursuant thereto;
- (c) it has duly taken, or has caused to be taken, all action required to be taken by it to authorize the execution and delivery of this *Contract* and any other agreement or document to be delivered pursuant thereto by it and the performance of its obligations under this *Contract* and any other agreement or document to be delivered pursuant thereto;
- (d) it has all required permits, licenses and authorizations necessary to carry on its business; and
- (e) the *Contractor* has the right to use, employ, sublicense and incorporate in the *Work* those things, ideas and intellectual property to which the *Contractor* gives the *Owner* a license under Section 36.3.

## **Article 12 - Contract Time**

12.1 Subject to any *Change Order* or *Change Directive*, the *Contractor* shall commence the *Work* on the *Commencement Date* and shall achieve *Substantial Performance* of all of the *Work* by the *Scheduled Substantial Performance Date*. Time is of the essence for this *Contract*.

12.2 The *Contractor* shall not make any changes to any *Critical Activities, including Major Milestones* in the *Contractor's Execution Plan* without the prior written approval of the *Owner* as documented in accordance with the terms of this *Contract*. The *Contractor* shall not make any changes to any *Minor Milestones* without prior written notice to the *Owner* in accordance with the terms of this *Contract*.

12.3 If a party fails to meet its obligations set out in this *Contract* in a timely manner, the other party may raise the failure of a timely action as provided for in Appendix F - Dispute Resolution Procedure; however, in such case the parties shall continue to perform the

*Work* and their respective obligations under this *Contract* while the matter is being resolved.

### **Article 13 - Payment**

- 13.1 As full and complete compensation for the *Work*, the *Owner* shall pay the *Contractor* the *Contract Price* pursuant to the terms of Appendix B - Contract Price which shall in no event exceed the *Contract Price* payable in accordance with the *Contract*, as adjusted by any *Change Order*, as well as any *Change Directive* under Section 19.8.
- 13.2 The *Contractor* shall prepare and submit invoices for all *Work* performed in accordance with the Milestone Performance Payment Schedule under Appendix B - Contract Price. Any reference in the *Contract* to progress payments shall mean the milestone payments.
- 13.3 As a condition precedent to each milestone payment to the *Contractor* by the *Owner*, the *Contractor* shall deliver to the *Owner*:
  - (a) a Workplace Safety and Insurance Board Certificate of Clearance; and
  - (b) a Statutory Declaration, in the form set out in Appendix E - Forms.
- 13.4 The *Owner* shall retain from all payments due and payable to the *Contractor* an amount equal to 10% of the value of the *Work* actually done and materials furnished by the *Contractor* in accordance with the *Construction Lien Act*, R.S.O. 1990 c. C.30, as amended ("*Construction Lien Act*").
- 13.5 Subject to Appendix B - Contract Price and when the *Contractor* considers that it has successfully completed a milestone under the Milestone Performance Payment Schedule, the *Contractor* shall prepare a written certification of the completion of the performance milestone for which the payment is requested ("*Application for Milestone Payment*") for the *Owner's* review and verification.
- 13.6 In addition to any other information that the *Owner* may request, the *Application for Milestone Payment* shall include the following:
  - (a) the milestone reached;
  - (b) the value of *Work* performed for that milestone as forth in the Milestone Performance Payment Schedule under Appendix B - Contract Price;
  - (c) any advance payment for *Goods*;
  - (d) the amount of statutory holdback, liens;
  - (e) the amount of GST/HST as applicable; and
  - (f) the amount due to the *Contractor*.

- 13.7 No later than █ *Work Days* after the receipt of the *Contractor's Application for Milestone Payment*, , and provided the *Contractor* has provided all necessary supporting information and documentation, and participated in any review requested by the *Owner*, the *Owner* will verify the validity of the application and notify the *Contractor* whether the *Contractor* has reached the milestone for which payment is sought as set out in Section 13.8. The *Contractor* shall provide full cooperation and assistance to the *Owner*, as the *Owner* may reasonably request in this process.
- 13.8 If the *Owner* believes the *Contractor* has completed the milestone that is the subject of the *Application for Milestone Payment*, the *Owner* shall issue a certificate for payment for the milestone (“*Certificate for Payment of Milestone*”). The *Certificate for Payment of Milestone* shall provide the following minimum information:
- (a) the milestone reached;
  - (b) the value of *Work* performed for that milestone as set forth in the Milestone Performance Payment Schedule under Appendix B - Contract Price;
  - (c) any advance payment for *Goods*;
  - (d) the amount of statutory holdback, liens, and any amounts for *Owner's* set-off;
  - (e) the amount of GST/HST as applicable; and
  - (f) the amount due to the *Contractor*.
- 13.9 If the *Owner* does not issue a *Certificate for Payment of Milestone*, it shall provide reasons therefor.
- 13.10 The *Owner* may review the *Work* to verify completion of a milestone, but is not required to do so, and in either case, the review and verification and payment of a milestone does not relieve or otherwise diminish the *Contractor's* proper performance of the *Work* in accordance with the *Contract*, and payment of the milestone does not mean acceptance of any *Work*, nor does it waive compliance with any of the *Owner's Requirements* or otherwise constitute waiver of any other *Owner's* rights and remedies pursuant to the *Contract*.
- 13.11 The *Contractor* shall promptly submit an invoice to the *Owner* in accordance with the *Certificate for Payment of Milestone*. Every invoice pursuant to this *Contract* shall show the applicable GST/HST as a separate amount, and also show the *Contractor's* GST/HST registration number.
- 13.12 Forthwith upon receipt by the *Contractor* of each milestone payment as the *Work* progresses the *Contractor* shall pay all of its *Subcontractors* in full on account of *Work* performed and *Goods* and *Procured Goods* delivered to which each payment applies, subject to compliance with the *Construction Lien Act*, and upon the request of the *Owner*, promptly provide evidence of all such payments.

- 13.13 For greater certainty, the *Contractor* hereby agrees to reasonably substantiate to the *Owner*, the amounts of all accounts representing any portion of the *Contract Price*, including without limitation, back-up documents evidencing accounts or payments due to *Subcontractors*.
- 13.14 Subject to prior notice being provided to the *Contractor*, the *Owner* reserves the right to issue joint cheques at any time to the *Contractor* and any of its *Subcontractors* or other parties and including for the supply of labour furnished on this *Project*, or to issue cheques directly to a *Subcontractor* or another party and including for the supply of labour furnished on this *Project* whether or not sums owed by the *Contractor* are then delinquent.

#### **Article 14 - Payment of Holdback Upon Substantial Performance of the Work**

- 14.1 After the issuance of the certificate of *Substantial Performance*, the *Contractor* shall:
- (a) submit an application for payment of the holdback amount;
  - (b) submit a sworn statement in the form of the Statutory Declaration in Appendix E - Forms; and
  - (c) submit the documents required to demonstrate compliance with Article 45 - Workers' Compensation.
- 14.2 After the receipt of an application for payment from the *Contractor* and the other documents as provided in Section 14.1, the *Owner* will issue a certificate for payment of the holdback amount.
- 14.3 Subject to Article 18 - Non-Conforming Work the holdback amount authorized by the certificate for payment of the holdback amount is due and payable on the last day of the month in which expiration of the holdback period as stipulated in the lien legislation applicable to the *Work Site* occurs. Notwithstanding the foregoing, if any payment due date falls upon a day other than a *Work Day* then the *Owner* shall make payment to the *Contractor* on the second *Work Day* following the payment due date. The *Owner* may retain out of the holdback amount any sums required by law to satisfy any liens against the *Work* or, if permitted by the lien legislation applicable to the *Work Site*, other third party monetary claims against the *Contractor* which are enforceable against the *Owner*.
- 14.4 Upon application by the *Contractor* for release of a *Subcontractor's* holdback, the *Contractor* shall provide the *Owner* with:
- (a) the extent of all additions to, or deductions from, the *Work* of the *Subcontractor* as a result of *Change Orders* or *Change Directives*;
  - (b) a letter or certificate from the Workplace Safety and Insurance Board (WSIB) stating that the *Subcontractor* has paid all assessments to the WSIB up to the date of application for partial release of holdback covering the *Work* of the *Subcontractor*; and

- (c) a statutory declaration made by the *Subcontractor* in the form of the Statutory Declaration in Appendix E - Forms.
- 14.5 Where legislation permits and where, upon application by the *Contractor*, the *Owner* has certified that the work of a *Subcontractor* has been performed prior to *Substantial Performance*, the *Owner* may, at its sole discretion, pay the *Contractor* the holdback amount retained for such subcontract work, or the *Goods* or *Procured Goods* supplied by such *Subcontractor*, on the first calendar day following the expiration of the holdback period for such work stipulated in the lien legislation applicable to the *Work Site*. The *Owner* may retain out of the holdback amount any sums required by law to satisfy any liens against the *Work* and *Procured Goods* or, if permitted by the lien legislation applicable to the *Work Site*, other third party monetary claims against the *Contractor* which are enforceable against the *Owner*. The *Owner* shall not be obligated to release any holdback for the *Work* of a *Subcontractor* prior to *Substantial Performance* as a whole unless expressly stated in the *Purchase Order* that it will do so.
- 14.6 When the *Owner* agrees to release the holdback amount retained for subcontracted work, or for *Goods* or *Procured Goods*, the *Contractor* shall, within 15 calendar days of receipt of such payment, submit to the *Owner* written confirmation of payment of such holdback to the applicable *Subcontractor* or *Supplier*. If the *Contractor* fails to submit such written confirmation, the *Owner* shall retain the right to withhold from any amount due or which may become due to the *Contractor* the amount of the released holdback until such written confirmation is received or until payment becomes due for the holdback on the *Work* as a whole, whichever is earlier.
- 14.7 Notwithstanding the provisions of the preceding paragraphs, and notwithstanding the wording of such certificates, the *Contractor* shall ensure that such subcontract work or *Goods* or *Procured Goods* are protected pending the issuance of a final certificate for payment and be responsible for the correction of defects or work not performed regardless of whether or not such was apparent when such certificates were issued.

#### **Article 15 - Payment Upon Total Performance of the Work**

- 15.1 When the *Contractor* considers that the *Work* is *Totally Performed*, the *Contractor* shall submit an application for payment upon *Total Performance of the Work*.
- 15.2 It is a condition precedent to the issuance of certificate that *Total Performance of the Work* has been achieved that the *Contractor* satisfy each of the following requirements:
- (a) the *Work* has been fully completed in accordance with the terms and conditions of this *Contract*;
  - (b) all *Deficiencies* with respect to the *Work* have been remedied to meet the requirements of the *Contract*;
  - (c) remove from the *Work Site* all *Contractor* products, tools, equipment, waste products and debris;

- (d) all obligations of the *Contractor* to other parties, including any third parties, in relation to the *Work*, for which the *Owner* could in any way be held responsible, have been fully satisfied; and
  - (e) the *Contractor* has delivered to the *Owner* the following:
    - (i) a statutory declaration in the form included in Appendix E - Forms and modified as required to include the following, as well as any other matter that the *Owner* may reasonably require:
      - (a) the amount of final sums payable;
      - (b) the date the *Contractor* completed the *Work*, to evidence the expiration of the term for filing liens; and
      - (c) the full payment of all payrolls and other similar indebtedness, and all other sums and obligations whatsoever incurred by the *Contractor* in carrying out the *Work*, including, without limitation, payments to contractors or for materials or equipment;
    - (ii) a Workplace Safety and Insurance Board certificate of clearance;
    - (iii) any *As-Built Drawings* and operations manuals for which the *Contractor* is responsible;
    - (iv) assignments of any warranties guarantees and indemnities provided by manufacturers or suppliers of materials;
    - (v) written evidence of good standing from union representatives and/or labour organizations, if any; and
    - (vi) a Release and Certificate of Final Payment, in the form provided in Appendix E - Forms, releasing all of the *Contractor's* claims against the *Work* and the *Owner* arising under or by virtue of this *Contract*, other than such claims, if any, as may be expressly identified by their nature and amount by the *Contractor* in the Release and Certificate of Final Payment, or as attached as an attachment thereto.
- 15.3 The *Owner* will, no later than 30 days after the receipt of an application from the *Contractor* for payment upon *Total Performance of the Work*, and provided the *Contractor* has provided all necessary supporting information and documentation, and participated in any review requested by the *Owner*, verify the validity of the application and notify the *Contractor* that the application is valid or give reasons why it is not valid.
- 15.4 When the *Owner* finds the *Contractor's* application for payment upon *Total Performance of the Work* valid, the *Owner* will issue a certificate that *Total Performance of the Work* has been achieved and certify for payment the remaining monies due to the *Contractor*

under the *Contract*. The date of *Total Performance of the Work* shall be as stated in this certificate.

- 15.5 Subject to the provision of Article 45 - Workers' Compensation and any lien legislation applicable to the *Work Site*, and the terms and conditions of the *Contract*, the *Owner* shall pay the *Contractor* as provided in Appendix B - Contract Price.

#### **Article 16 - Invoicing**

- 16.1 Each invoice submitted by the *Contractor* shall be in such detail and format as specified by *Owner* and as a minimum unless otherwise specified, include: *Owner's* purchase order number and purchase order release number, purchase order release line number(s), service master number and/or material master number if provided, invoice number and date, the *Contractor's* business name, address, invoice contact name and invoice contact phone number, location of the *Work* and a short description of the *Work* the charges relate to, quantity, part or reference numbers, description of suppliers and *Subcontractors*, time worked (eg. number of hours or days), rate, invoice payment amount, currency (if not Canadian dollars), terms of payment as per this *Contract*, remittance address, applicable tax treatment, *GST/HST* amount, and *Contractor's* *GST/HST* number. Invoices must match the purchase order and purchase order release in price and quantity. *Contractor* must not include fees and charges from more than one purchase order or purchase order release on an invoice.
- 16.2 The *GST/HST*, and other provincial or state sales tax, if applicable, together with the registration number for same, shall be shown separately on all invoices. The *Contractor* shall advise the *Owner* whether it has registered for *GST/HST* and provide such number upon request. The *Contractor* shall deduct all recoverable *GST/HST* paid from reimbursable expenses before adding *GST/HST* to amounts to be invoiced to the *Owner*. If the *Contractor* incorrectly charges *GST/HST* or other tax to the *Owner*, the *Owner* shall not reimburse the *Contractor* for interest or penalties arising from the incorrect application of such tax.
- 16.3 The *Owner* has implemented an on-line portal ("Portal") for submitting invoices and enabling dynamic discounted payment and the *Owner* expects the *Contractor* to adopt and use the Portal for determining purchase order status, invoice submission, invoice status and questions related to purchase orders, invoices, and payment details. The *Owner* will make available information about the Portal and for *Contractor's* enrolment on the Portal upon *Contractor's* request. If *Contractor* is already enrolled on the Portal, then *Contractor* will submit all invoices in respect of the *Contract* through the Portal.
- 16.4 In the event that the Portal cannot be used, all original invoices and all supporting documentation must be submitted to the Address for Invoicing to Owner set out on the *Commitment Pages* and payment will be made from an original invoice only and fax copies will not be processed.

- 16.5 An electronic copy of all invoices and all supporting documentation shall also be sent to the *Owner's Representative*.
- 16.6 Subject to applicable legislation, the *Contract*, as well as whether *Contractor* chooses dynamic discounted payment terms made available on the Portal, undisputed invoices will be paid within [REDACTED] days after receipt. Notwithstanding the foregoing, if any payment due date falls upon a day that is not a *Work Day*, then the *Owner* shall make payment to the *Contractor* on the second *Work Day* following the payment due date.
- 16.7 The *Owner* is entitled to review invoices. The *Owner* is not required to pay any invoice unless such invoice is accurate, correctly submitted, not disputed and includes the required information. In the event the *Owner*, in good faith, disputes the accuracy or applicability of any fee, charge, amount, credit or other financial arrangement described in an invoice, the *Owner* shall notify *Contractor* of such dispute in writing in accordance with Appendix F - Dispute Resolution Procedure; with a reasonably detailed explanation of the basis of the dispute as soon as practicable after the alleged discrepancy has been discovered. The *Owner* is under no obligation to pay any part of the invoice until the resolution of the dispute.

#### **Article 17 - Withholding of Payment**

- 17.1 If because of climatic or other conditions reasonably beyond the control of the *Contractor*, there are items of *Work* that cannot be performed, and the said non-performance does not materially affect the *Facilities* for their intended purpose, payment in full for that portion of the *Work* which has been performed shall not be withheld or delayed by the *Owner* on account thereof, but the *Owner* may withhold, until the remaining portion of the *Work* is finished, only such an amount that the *Owner* determines is sufficient and reasonable to cover the cost of performing such remaining *Work*.

#### **Article 18 - Non-Conforming Work**

- 18.1 No payment by the *Owner* under the *Contract* nor partial or entire use or occupancy of the *Work* by the *Owner* shall constitute an acceptance of any portion of the *Work* or *Procured Goods* which are not in accordance with the requirements of the *Contract*.
- 18.2 Notwithstanding any other provision in the *Contract*, upon notice to the *Contractor*, the *Owner* may withhold or retain all or any portion of any payment due to the *Contractor* under this *Contract* as reasonably necessary to ensure the performance of the *Work* or to protect the *Owner's* rights. The *Owner* may make such withholding or retention upon the occurrence and continuance of any of the following events:
- (a) The *Contractor* is in default of any of its material obligations under this *Contract*;
  - (b) All or any part of such payment is attributable to *Work* that is defective or not performed in accordance with the *Contract* documents;

- (c) The *Contractor* has failed to make prompt payments to its *Subcontractors* respecting *Work* for which the *Owner* has made payment to the *Contractor*;
- (d) Any lien has been registered against the *Project*, the *Work*, the *Work Site* or any portion of it or against any *Goods* or *Procured Goods* and such lien has not been vacated or released and discharged by the *Contractor* pursuant to Section 46.1;
- (e) Any sums that may be required by *Law*;
- (f) Third party monetary claims against the *Contractor* which are enforceable against the *Owner*; or
- (g) The *Contractor* has fallen behind the construction schedule and, in the opinion of the *Owner* acting reasonably, deduction from amounts otherwise payable to the *Contractor* is required to protect the *Owner* from liability under this *Contract*, including liquidated damages, if any, provided under this *Contract*.

18.3 Should either party fail to make payments as they become due under the terms of the *Contract* or in an award of arbitration or judgment of a court, interest at the rate of 1% (one percent) per annum above the prime rate of interest quoted by The Toronto-Dominion Bank in Toronto, Ontario for prime business loans as it may change from time to time, on any unpaid amounts shall also become due and be payable.

#### **Article 19 - Changes**

19.1 The *Owner* shall have the right, at any time, to make a *Change*.

19.2 When a *Change* is proposed by the *Owner*, then the *Owner* shall provide a *Contemplated Change Notice* to the *Contractor* describing the proposed *Change*.

19.3 The *Contractor*, upon receipt of a *Contemplated Change Notice*, shall within ■ Work Days (or such longer time as agreed between *Owner* and *Contractor*) provide the *Owner's Representative* with a *Change Quotation* which shall include a method of adjustment or an amount of adjustment to the *Contract Price*, if any (unless such adjustment is not permitted under the *Contract*), and any adjustment in the *Contract Time* for the proposed *Change*.

19.4 Where a proposed *Change* impacts the *Contract Price* and unless such adjustment is not permitted under the *Contract*, the *Owner* and the *Contractor* shall in good faith negotiate an equitable adjustment of the *Contract Price* summarized as a total cost and also including reasonable breakdown of such total cost of the adjustment, subject to the following limitations:

- (a) Where the *Contract* defines unit prices or hourly rates, the adjustment shall not exceed the applicable unit prices or hourly rates, and,
- (b) Where the *Owner* and the *Contractor* are unable to agree on an adjustment beforehand, the value of the *Change* shall be based on the auditable true costs of

the *Change* and provided the allowable mark-up will not exceed [REDACTED] of the true costs.

- 19.5 Following receipt of a *Change Quotation*, the *Owner* shall within [REDACTED] *Work Days* either agree to the adjustments in the *Contract Time* and the *Contract Price* (unless such adjustment is not permitted under the *Contract*) or to the method to be used to determine the adjustments, or give the *Contractor* notice that the *Change Quotation* is not acceptable.
- 19.6 If the *Change Quotation* is agreed to, then the *Owner* shall issue a *Change Order* recording the *Change*, which shall be signed by the *Owner* and the *Contractor*. The value of the *Work* performed as a result of a *Change Order* shall be included in invoices for payment given by the *Contractor* in accordance with the terms of payment in Appendix B - *Contract Price*, if permitted, and shall identify those portions of the invoice charged for the *Change Order*, if permitted.
- 19.7 If the *Owner* requires the *Contractor* to proceed with the *Change* before the *Owner* and the *Contractor* agree, or, if the *Owner* and the *Contractor* have failed to agree upon the adjustment in *Contract Time* and the *Contract Price*, then the *Owner* shall issue a *Change Directive* directing the *Contractor* to proceed with the *Work*.
- 19.8 Upon receipt of a *Change Directive*, the *Contractor* shall proceed promptly with the *Change* and:
- (a) keep daily records of the time, materials and equipment employed in the *Change* and shall submit such records to the *Owner's Representative* on a daily basis, or such other longer basis as the *Owner's Representative* may direct in writing;
  - (b) the *Contract Price* shall be adjusted in accordance with the rates set forth in Appendix B - *Contract Price*; if applicable (unless such adjustment is not permitted under the *Contract*), unless and except as negotiated and agreed to in writing by the parties, or failing such resolution, shall be settled in accordance with Appendix F - *Dispute Resolution Procedure*; and
  - (c) the *Contract Time* shall be adjusted by written agreement between the *Owner* and the *Contractor*, or shall be settled in accordance with Appendix F - *Dispute Resolution Procedure*.
- 19.9 If, during the performance of the *Work*, the *Contractor* is of the opinion that any instruction, interpretation, decision or direction from the *Owner* should have, but has not, resulted in a *Contemplated Change Notice* or *Change Directive* being issued (including as a result of events described in Sections 27.3, 32.6, 38.1, 38.1 40.1 or 40.2), the *Contractor* shall, within 10 *Work Days* of the said instruction, interpretation, decision or direction, give the *Owner* notice with a *Change Quotation* requesting an adjustment in *Contract Time* and the *Contract Price* required. If the *Contractor* does not issue a *Change Quotation* within the specified time, then the *Contractor* shall have no claim for

any claim against the *Owner* attributable to that instruction, interpretation, decision or direction.

- 19.10 If the *Owner* receives a *Change Quotation* from the *Contractor* pursuant to Section 19.9, the *Owner* shall promptly consider the *Change Quotation* and immediately issue a *Change Order*, *Change Directive* or advise the *Contractor* in writing that the *Contractor's* request is denied. If the *Contractor* disputes the *Owner's* decision, the *Contractor* shall, before proceeding with the *Work*, provide notice to the *Owner* disputing the *Owner's* decision, but in all cases, the *Contractor* shall proceed with the *Work*. In such event, the *Contractor* shall keep daily records in accordance with Section 19.8(a), in respect of the disputed work. The *Contractor's* entitlement to an adjustment in the *Contract Time* and the *Contract Price* shall then be resolved in accordance with Appendix F - Dispute Resolution Procedure.
- 19.11 No modification, addition, deletion or other revision to the *Owner's Requirements* shall be binding on either party unless set out in a *Change Order*, required by a *Change Directive* or determined by Appendix F - Dispute Resolution Procedure. This requirement is of the essence and it is the express intention of the parties that any claims by the *Contractor* for modification, addition, deletion or other revision to the *Owner's Requirements* shall be barred unless there has been strict compliance with the requirements herein. No course of conduct or dealing between the parties, no express or implied acceptance of alterations or additions to the *Owner's Requirements*, and no claims that the *Owner* has been unjustly enriched by any alteration or addition to the *Owner's Requirements*, shall not be the basis of a claim for additional payment under this *Contract* or a claim for any extension in the *Contract Time*. Neither the keeping of daily records in respect of disputed work nor the signing of those records by the *Owner's Representative* shall be considered an admission of entitlement to payment by the *Owner*. Such records, if signed by the *Owner*, shall only constitute the *Owner's* agreement that the time, materials and equipment were spent or employed in respect of the *Work* for which a *Change Directive* has been issued, or in respect of the *Work* in relation to which the *Contractor* has given notice of a dispute pursuant to Section 19.10.
- 19.12 The *Contractor* shall include in its *Change Quotation* all costs and changes in *Contract Time* reasonably expected to result from a *Change* including any impact costs or costs of acceleration (unless such adjustment is not permitted under the *Contract*).
- 19.13 If the *Contractor* encounters actual subsurface or other concealed physical conditions at the *Work Site* which are substantially different from the conditions the *Contractor* knows about or could have known about if the *Contractor* had conducted investigations through the fullest exercise of due diligence, then the *Contractor* shall provide notice to the *Owner* within █ *Work Days* of encountering the conditions and shall allow the *Owner* the opportunity for inspection before the conditions are further disturbed. If the *Contractor* fails to provide such notice to the *Owner* within the specified time then the *Contractor* shall have no claim for any additional costs or delays attributable to such subsurface or concealed physical conditions.
- 19.14 The *Owner* shall promptly investigate the conditions described by the *Contractor* pursuant to Section 19.13 and if *Owner* agrees that the actual conditions encountered by

the *Contractor* at the *Work Site* differ substantially from the conditions the *Contractor* knows about or could have known about if *Contractor* had conducted investigations through the exercise of due diligence, and such conditions adversely impact the *Contract Time*, then the *Owner* shall issue a *Change Order* to cover the increased *Contract Time*. However, under no case shall there be a claim for any additional costs.

- 19.15 Notwithstanding Sections 19.13 and 19.14, the *Contractor* shall also have no claim for any additional time for delays attributable to actual subsurface or concealed physical conditions at the *Work Site* inherent with construction activities of the character provided for in the *Owner's Requirements* or otherwise in the *Contract*, or conditions that the *Contractor* knows about or could have known about if *Contractor* had conducted investigations through the fullest exercise of due diligence .
- 19.16 The parties will assist and co-operate with each of the preparation of the *Change Order*. Each party shall bear their own administrative costs in relation to the *Change Order*.

## **Article 20 - Contractor Personnel**

- 20.1 All communications between the *Owner* and the *Contractor* and all documents of whatever kind submitted to the *Owner* by the *Contractor* and its *Subcontractors* shall be in the English language. All of the *Contractor Personnel* that deal with or communicate with the *Owner* shall be fluent in the English language. All training and supervision of the *Owner's* operating personnel shall be in the English language.
- 20.2 The *Contractor* shall employ, or cause to be employed, only supervisory *Contractor Personnel* who are appropriately qualified, trained and experienced in safety, efficiency and quality of work supervision, and if requested by the *Owner*, accredited or enrolled in a program for accreditation, in the manner specified by the *Owner* in the *Owner's Requirements*. Supervisory *Contractor Personnel* must possess clear and effective oral and written communication skills, and be fluent in the English language and any other language that may be used at the *Work Site*.
- 20.3 At the *Owner's* request, the *Contractor* shall reassign, replace or remove *Contractor Personnel* who, in the *Owner's* opinion, acting in good faith, negatively affect the efficiency, safety or *Scheduled Substantial Performance Date* of the *Work* or who have committed a violation of the *Policies*.
- 20.4 The *Contractor* shall not employ, or continue to employ, non-Canadian workers in Canada, except in compliance with the *Immigration Act* (Canada) and regulations, as amended from time to time. The *Contractor* shall obtain and produce to the *Owner's Representative* valid and subsisting employment authorizations with respect to all non-Canadian workers to be used to perform the *Work*.
- 20.5 The *Contractor* shall provide and pay for labour and *Goods*, water, heat, light, power, transportation, incidentals, and other facilities and services necessary for the performance of the *Work* in accordance with the *Contract*.

- 20.6 Where the *Contractor* is employing labour on the *Work Site* or performing trades work under the *Contract*, it agrees to adhere to all articles contained in the applicable collective agreements and associated wage schedules relating to such *Work*, including as set out in the *Labour Requirements* identified in the *Procurement Documents*, including the *Owner's Requirements*, and as otherwise identified to *Contractor*. The *Contractor* undertakes to obtain similar acknowledgements from each *Subcontractor* prior to its commencement of *Work* at each place where the *Work* is performed.
- 20.7 The *Contractor* shall maintain good order and discipline among the *Contractor Personnel*, employees, agents, *Subcontractors* engaged, and shall promote and maintain a good relationship with all personnel engaged in the *Work*, comply with all applicable trade union agreements and act promptly on all problems of labour relations, including grievances, jurisdictional disputes, and interpretations of any applicable trade union agreements concerning the *Work*.
- 20.8 The *Contractor* shall not employ in the *Work* anyone not qualified and skilled in the tasks assigned to him/her and shall adopt and enforce regulations with respect to safety, fire prevention, the use of alcoholic beverages, illegal drugs and other controlled substances and other activities that will, or may constitute a danger to life, health or property.
- 20.9 Without in any way limiting the generality of the foregoing, the *Contractor* shall prepare and implement the job site rules incorporating those described in the *Owner's Requirements*. Any such job site rules prepared by the *Contractor* shall be consistent with the *Contractor's* duties and obligations under the *Occupational Health and Safety Act* (Ontario).
- 20.10 The *Contractor* agrees that, unless prior written consent of the *Owner* is obtained, not to hire or approach any person employed by the *Owner* with regard to offers of employment during the period that *Work* is to be performed under the *Contract*, and for a period of twelve (12) months following the date of *Total Performance of the Work*.

## **Article 21 - Key Personnel**

- 21.1 If not agreed to before the execution of the *Contract*, the *Contractor* shall submit a proposed organisational chart for the *Owner's* approval, as part of the *Contractor Execution Plan*. The organisational chart shall show the *Key Personnel* and other supervisory and *Contractor Personnel* who shall be executing the *Work*, together with their respective job titles.
- 21.2 The *Owner* shall identify any of the *Key Personnel* to which the *Owner* objects within 14 *Work Days* and if the *Owner* does not provide the *Contractor* with its objections to the *Key Personnel*, the *Owner* shall be deemed to have accepted the *Key Personnel*.
- 21.3 If the *Owner* objects to any of the *Key Personnel* in accordance with Section 21.2, then the *Contractor* will promptly prepare a new organisational chart identifying the *Key Personnel* for the *Owner's* approval. This process shall be repeated until the *Owner* approves the *Key Personnel*.

- 21.4 Once the *Owner* has approved the organizational chart identifying the *Key Personnel*, where requested by the *Owner*, the *Contractor* shall within ten (10) *Work Days* arrange for each of the *Key Personnel* to complete and execute an agreement in the form of the Key Employee Confidentiality Proprietary Information and Consent Agreement, attached as part of Appendix E - Forms.
- 21.5 Subject to Section 21.6, the *Contractor* shall not, without the *Owner's* consent, make any changes to the *Key Personnel* or an organisational chart that has been approved by the *Owner*.
- 21.6 If any *Key Personnel* leave the *Contractor's* workforce, the *Contractor* shall forthwith replace such *Key Personnel* with *Contractor Personnel* possessing those qualifications necessary for the proper performance of the functions to which assigned. The *Contractor* will present the proposed replacement of the *Key Personnel* to the *Owner* for approval, and the *Owner* shall have the right to determine if the replacement *Contractor Personnel* is suitable to the *Owner*, and if not suitable, the *Contractor* shall provide further replacement *Contractor Personnel* until the *Owner* determines that the replacement person is suitable to the *Owner*.

## Article 22 - Subcontracts and Assignment

- 22.1 The *Contractor* shall provide notice to the *Owner* at least █ *Work Days* in advance of its intention to subcontract the performance of any right of way clearing, foundation installation, or transmission line construction *Work*, or the supply of any *Goods* (as may be further identified in the *Owner's Requirements*) incorporated into the *Work* (each *Subcontractor* for such *Work* or supply being considered a "*Major Subcontractor*") and of the intended *Major Subcontractor* before entering into any subcontract. The *Owner* may for reasonable cause, and acting in good faith, object to the use of a proposed *Major Subcontractor* and require the *Contractor* to obtain another *Major Subcontractor*. Any reviews or approvals by the *Owner* pursuant to the provisions of this Article or elsewhere in this *Contract* shall not release or relieve the *Contractor* of any of its obligations under this *Contract* or create any contractual relations between the *Owner* and any *Major Subcontractor*. The *Contractor* shall require any *Major Subcontractor* to agree to be bound by this *Contract*. The *Contractor* will endeavor to provide *Work* to qualified *Subcontractors* with First Nation or Metis participation and advise *Owner* of its plan and use of such *Subcontractors*.
- 22.2 Prior to the *Commencement Date*, the *Contractor* shall provide the *Owner's Representative* with a list of the names and addresses of all *Major Subcontractors*. The *Contractor* shall provide the *Owner's Representative* with any proposed changes to this list during the *Contract Time*.
- 22.3 Subject to Article 6 - *Owner's Specified Materials and Subcontractors*, the *Contractor* shall be fully responsible for any part of the *Work* performed by *Subcontractors* and for the acts or omissions of *Subcontractors* and all persons either directly or indirectly employed by them, to the same extent as the *Contractor* is for its own acts or omissions. Without in any way limiting the *Contractor's* obligations pursuant to the provisions of this Article or elsewhere under this *Contract*, the *Contractor* shall secure compliance

with and enforce, at its own expense, for the benefit of the *Owner*, each of the contracts concluded by the *Contractor* with *Subcontractors*.

- 22.4 The *Contractor* shall not assign the *Contract*, or any part thereof, without the prior approval of the *Owner*, which approval may be withheld for any reason.
- 22.5 Without limiting any of the *Owner's* rights at law and for greater clarification, the *Owner* may, without the *Contractor's* consent, assign this *Contract* or any portion thereof to: any holding body corporate, subsidiary body corporate and/or affiliate, as “holding body corporate”, “subsidiary body corporate” and “affiliate” are defined under the Canada Business Corporations Act, R.S.C. 1985, c. C-44, as amended; any entity formed by corporate reorganization, amalgamation, divestiture or merger of the *Owner*; and/or any entity that acquires the assets or business of the *Owner*.
- 22.6 The *Contractor* shall enforce the warranty obligations of its *Subcontractors*, and upon the request of the *Owner*, shall assign any warranty to the *Owner*. All contracts between the *Contractor* and its *Subcontractors* shall provide that warranties given by the *Subcontractor* shall be given to both the *Contractor* and the *Owner* and the warranties may be enforced by either the *Contractor* or the *Owner*.
- 22.7 The *Contractor* shall request and use its best efforts to obtain for the benefit of the *Owner*, the best warranties and guarantees that it is possible to secure from its *Subcontractors* without impact to cost and, as a minimum, shall obtain and provide to the *Owner* the warranties required by the *Contract*. The *Contractor* shall do all things and provide all assistance reasonably necessary to enable the *Owner* to enforce warranties and guarantees provided by its *Subcontractors*.

### **Article 23 - Inspection and Testing**

- 23.1 Where the *Owner's Requirements* specify that the *Contractor* shall prepare, or the *Owner's Requirements* are silent on the point, then the *Contractor* shall develop and provide to the *Owner*, for the *Owner's* review and approval, an *Inspection and Test Plan* in time to allow the *Owner* to perform the inspections contemplated by this Article 22 - Inspection and Testing. The *Inspection and Test Plan* shall include all tests indicated in the *Owner's Requirements*.
- 23.2 The *Contractor* shall be solely responsible for, and shall execute the *Inspection and Test Plan*, including the testing and inspection of all engineering, design, workmanship, materials and equipment furnished by itself or its *Subcontractors* in respect of the *Work*, to ensure conformity in each and every respect to the *Contract* and the *Law* and to ensure that good and proper construction practices are followed and that the *Work* is performed in a safe and environmentally sound manner. The *Contractor* shall provide to the *Owner* copies of the test results all tests performed, and shall furnish promptly to the *Owner* two copies of certificates and testing and inspection reports relating to the *Work*.
- 23.3 The *Contractor* shall maintain a quality program that will assure the *Owner* that the engineering, design, workmanship, materials and equipment used in the *Work* fully meet the *Contract* requirements. The program shall conform to the ISO or CSA Z299 Quality

Program Standard and requirements specified in the *Owner's Requirements*. Any proposed alternatives to the specified ISO or CSA Z299 Quality Program shall be subject to evaluation by the *Owner* for its equivalency to specified requirements. The *Contractor* shall have available a list of all materials and equipment being supplied by the *Contractor* and its *Subcontractors*, giving complete information, including the specifications (noting any ISO or CSA Z299 Quality Program Requirements, if applicable), and the name of the manufacturer in each instance. If *Contractor* requires any exemption from the requirements in this Section 23.3, such request shall proceed through a *Change Quotation*.

- 23.4 If the *Law* requires testing of any part of the *Work*, the *Contractor* shall provide the *Owner* with sufficient advance notice of the arrangements for the test.
- 23.5 If the *Owner's Requirements* require any test to be performed or witnessed by the *Owner*, the *Contractor* shall provide the *Owner's Representative* with sufficient advance notice of its readiness for the test and the *Owner* shall then promptly perform or witness the test. If the *Owner* fails to witness the test when scheduled, any re-testing required by the *Owner* shall constitute a *Change*.
- 23.6 If any portion of the *Work* is closed or covered by the *Contractor* without the *Owner's* permission and before the *Owner* has been given the opportunity to perform or witness a required inspection or test, then, if required by the *Owner*, that portion of the *Work* shall be opened or uncovered for inspection or testing and re-closed or recovered, all at the *Contractor's* expense and without increasing the *Contract Time*.
- 23.7 Any *Work* which must be inspected shall not be considered ready for inspection by the *Owner* until the *Contractor* has satisfied itself and notified the *Owner's Representative* that, in the *Contractor's* opinion, that portion of the *Work* is ready for inspection.
- 23.8 If the *Work*, or part thereof, fails one or more of inspections or tests in the *Inspection and Test Plan*, then the *Contractor* shall, at *Contractor's* sole cost:
- (a) prepare a report to the *Owner*, for the *Owner's* approval, proposing the alterations the *Contractor* will make to the *Work*, or part thereof, to bring the *Work* to a condition which the *Contractor* considers will pass the inspections and tests in the *Inspection and Test Plan*; and
  - (b) promptly redo or repair the *Work*, or part thereof, and repair any damage caused in failing to meet the tests in the *Inspection and Test Plan*, as required without impacting the *Contract Time*, to make such *Work*, or part thereof, meet the requirements in the *Inspection and Test Plan*, provided that any faulty, damaged or defective component or part of the *Work* shall be replaced with a new component or part at the *Contractor's* sole cost, unless expressly agreed in writing by the *Owner*.
- 23.9 Any review, verification, inspection, testing or witnessing of any of the *Work* or tests by the *Owner*, or omission or failure on the part of the *Owner* to perform same shall not be

construed to be an acceptance of any such *Work*, or as relieving the *Contractor* of its responsibilities pursuant to the *Contract* or the *Law*.

- 23.10 The *Contractor* shall ensure that all tools, equipment, temporary facilities and other items used in accomplishing the *Work*, whether purchased, rented, manufactured or fabricated by, or under the direction of the *Contractor*, or otherwise provided by the *Contractor* or *Subcontractors*, are safe, environmentally sound and maintained in good condition, capable of performing their required functions. Equipment certificates where identified, may be required for audit by the *Owner*. In the case of tools, meters and other devices which require calibration, the *Contractor* shall ensure that such calibration is performed on the frequency recommended by the manufacturer and in accordance with normal industry practice. Materials and equipment used in the *Work* by the *Contractor* shall conform to the *Contract*, *Owner's Requirements*, and *Law*, and shall be new unless otherwise approved by the *Owner's Representative* in writing.
- 23.11 The *Owner* reserves the right to inspect all tools and equipment brought on to the *Work Site* at any time during the progress of the *Work*. The *Owner's Representative* may require the *Contractor* to supply a qualified, independent engineering evaluation or certification that any item in question is suitable for its intended purpose, or to reject any item and require replacement with a proper and suitable item which is satisfactory to the *Owner's Representative*. If any tool or item of equipment is deemed by the *Owner* to be unsafe, environmentally unsound or incapable of doing the work for which it is intended, then the *Contractor* shall repair or replace it with a safe, environmentally sound and suitable tool or item of equipment at the *Contractor's* expense.
- 23.12 The *Owner* may, at any time during the progress of the *Work*, observe, conduct inspections or tests on any part thereof, to determine whether the *Work* is in accordance with the *Owner's Requirements*. Such observation, tests and inspections shall be at the sole expense of the *Owner*, unless the result of an observation, test or inspection determines that the *Work* is not in accordance with the *Owner's Requirements*, in which case the *Contractor* shall reimburse the *Owner* for such observation, test or inspection and redo or repair the *Work* and make ready for a further observation, or test or inspection to be performed by the *Owner*.

## **Article 24 - Performance Tests**

- 24.1 If *Performance Tests* are specified in the *Owner's Requirements*, this Article shall apply.
- 24.2 *Performance Tests* may be stipulated in the *Owner's Requirements* to be performed before, after, or both before and after *Substantial Performance* and shall be performed by that party specified in the *Owner's Requirements*.
- 24.3 Where the *Owner's Requirements* stipulate that one or more of the *Performance Tests* shall be performed after *Substantial Performance*, the *Owner* shall pay the *Contractor* for the *Work*, in accordance with this *Contract*, and may, as stipulated in the *Owner's Requirements*, hold back security until the *Work* passes the *Performance Tests*.

- 24.4 Unless otherwise stipulated in the *Owner's Requirements*:
- (a) the *Owner* shall provide the necessary labour, materials, electricity, fuel, heat, chemicals, disposal of fluids and materials and water only for the *Performance Tests* identified in Section 22.3 above;
  - (b) the *Contractor* shall carry out the *Performance Tests* in accordance with the manuals provided by the *Contractor* under Section 5.4; and,
  - (c) the *Contractor* shall provide such guidance as specified in the *Owner's Requirements* during the course of such *Performance Tests*.
- 24.5 When the *Contractor* considers that the *Work* will pass the *Performance Tests*, the *Contractor* shall notify the *Owner* that the *Contractor* may perform the *Performance Tests* on, or to, the *Work*.
- 24.6 If the *Work* or part thereof, passes one or more *Performance Tests*, the *Owner* shall promptly give notice acknowledging the success of the same to the *Contractor*.
- 24.7 If the *Work* or part thereof, fails to meet one or more *Performance Tests*, the *Owner* shall promptly provide a notice of such failure to the *Contractor* and the *Owner* may:
- (a) reject such *Work*, or part thereof, which has failed to pass a *Performance Test*; or
  - (b) conditionally accept such *Work*, or part thereof, on conditions which shall be stated in the notice to the *Contractor*.
- 24.8 If the *Work*, or part thereof, fails one or more of the *Performance Tests*, then the *Contractor* shall at *Contractor's* sole cost:
- (a) reimburse the *Owner* for all the *Owner's* direct costs in performing such failed *Performance Tests*;
  - (b) prepare a report to the *Owner*, for the *Owner's* approval, proposing the alterations the *Contractor* will make to the *Work*, or part thereof, to bring the *Work* to a condition which the *Contractor* considers will pass the *Performance Tests*; and
  - (c) redo or repair the *Work*, or part thereof, and repair any damage to the *Work* caused by the same in failing to meet the *Performance Test*, as required without impacting the *Contract Time*, to make such *Work*, or part thereof, ready for a repeat of the failed *Performance Tests*, provided that any faulty, damaged or defective component or part of the *Work* shall be replaced with a new component or part at the *Contractor's* sole cost, unless expressly agreed in writing by the *Owner*.
- 24.9 If the *Work*, or part thereof, fails to pass one or more *Performance Tests* as a result of the fault of the *Owner*, the *Owner* shall promptly issue a *Change Order* providing a *Change*

in the *Contract Time* or the *Contract Price*, or both, as the case may be, to the *Contractor* for such *Performance Tests* and the *Contractor* shall proceed with its obligations relating to the *Performance Tests* as set out in the *Owner's Requirements*.

- 24.10 If any revenue is generated from any of the *Performance Tests*, such revenue shall be to the account of the *Owner*.

## **Article 25 - Substantial Performance**

- 25.1 Subject to Appendix B - Contract Price and when the *Contractor* considers that the *Work* is substantially performed, or if permitted by the lien legislation applicable to the *Work Site* a designated portion thereof which the *Owner* agrees to accept separately is substantially performed, the *Contractor* may apply by notice to the *Owner's Representative* for a *Certificate of Substantial Performance* not earlier than 14 days before the *Work* will, in the *Contractor's* opinion, be complete and ready for taking over by the *Owner*. Such notice shall include: a copy of all applicable test reports, inspection reports, and certifications, the warranties required by the *Contract* documents, manufacturers' guarantees or warranties without limiting the *Contractor's* warranty under Article 26 - Warranty, any necessary assignments thereof for the benefit of the *Owner*, operation and maintenance instructions for *Work* furnished under the *Contract*, all as-built record drawings required by the *Contract* documents, a comprehensive list of items remaining to be completed, and a comprehensive list of the *Deficiencies*, which are acknowledged by the *Contractor*, *Deficiency* completion dates, and for items remaining to be completed, a revised *Project* schedule. Notwithstanding any issuance of a *Certificate of Substantial Performance*, failure to include any of the items above does not alter the responsibility of the *Contractor* to complete the *Contract*.
- 25.2 After receipt of the *Contractor's* application for a *Certificate of Substantial Performance*, the *Owner's Representative* shall, no later than 10 *Work Days* after the receipt of the *Contractor's* notice, including related documentation and provided the *Contractor* has provided all necessary supporting information and documentation, and participated in any review requested by the *Owner*, the *Owner* will verify the validity of the application for the *Certificate of Substantial Performance*, and:
- (a) reject the application, giving reasons and specifying the work required to be done by the *Contractor*, which reasons shall include any Category "A" *Deficiencies*, related to the *Work* for which the application is made, and which, if not remedied, will prevent the *Owner* from making use of the *Work* for the purposes intended, and the Category "B" *Deficiencies*, related to the *Work* for which the application is made, which will not prevent the *Owner* from making use of the *Work* for the purposes intended; or
  - (b) issue the *Certificate of Substantial Performance* to the *Contractor*, stating the date on which the *Work* was substantially completed in accordance with the *Contract*, attaching a list of Category "B" *Deficiencies*, related to the *Work* for which the application is made, and which if not remedied will not prevent the *Owner* from making use of the *Work* for the purposes intended, and the *Contractor* shall cease to be liable for, and shall relinquish care, custody and

control of, such *Work* from the date of the *Certificate of Substantial Performance* and responsibility shall pass to the *Owner*.

- 25.3 If the *Owner* determines that the *Work* does not meet *Substantial Performance*, as may be further set out in the *Owner's Requirements*, the *Owner* shall provide a notice to the *Contractor* as specified in Section 25.2(a) and the *Owner's Representative* may:
- (a) order further repetition of test or inspection specified to be performed before *Substantial Performance* in the *Owner's Requirements*, or other tests or inspections necessary to determine *Substantial Performance*; or
  - (b) issue a *Certificate of Substantial Performance*, in which case, if the *Owner* so requires, the *Contract Price* shall then be reduced by such amount as may be agreed by the *Owner* and the *Contractor* (in full satisfaction of such failure only), and the *Contractor* shall then proceed in accordance with the *Contractor's* other obligations under the *Contract*.
- 25.4 If the *Owner's Representative* fails either to issue the *Certificate of Substantial Performance* or to reject the *Contractor's* application within a reasonable time, the *Contractor* shall give final notice to the *Owner's Representative* specifying that if the *Owner's Representative* fails to issue the *Certificate of Substantial Performance* or to reject the *Contractor's* application within a reasonable time, the *Contractor* may apply to the court for a declaration that the *Contract* has been substantially performed.
- 25.5 Where the *Contractor's* application for a *Certificate of Substantial Performance* is rejected by the *Owner* in accordance with 25.2(a), the *Contractor* shall not re-apply for a *Certificate of Substantial Performance* under Section 25.1 until the Category "A" *Deficiencies* are remedied.
- 25.6 If the *Contractor* is prevented from carrying out a test or inspection by a cause for which the *Owner* or one or more *Other Contractors* are responsible, the *Contractor* shall notify the *Owner* within ■ hours of such delay and if the *Contractor* is further prevented during the next ■ hours from doing so, the *Owner* shall issue a *Change Order* to compensate the *Contractor* for a change in *Contract Price* or *Contract Time*, as may be applicable.
- 25.7 Immediately following the issuance of the *Certificate of Substantial Performance* of the *Work*, the *Contractor*, will continually provide updates, no less than weekly, to the *Owner* in writing with the date for correcting *Deficiencies* and finishing the *Work*. Immediately following the issuance of a *Certificate of Substantial Performance* or the designated portion of the *Work*, the *Contractor* shall publish the certificate in the manner provided in the *Construction Lien Act*, failing which publication, the *Owner* shall be at liberty to publish and back charge the *Contractor* its reasonable costs for doing so. The *Contractor* must supply evidence to the *Owner* that the advertisement for *Substantial Performance* of the *Work* has been carried out as per the *Construction Lien Act*.
- 25.8 After a *Certificate of Substantial Performance* is issued, the *Owner* may continue to identify *Deficiencies*. Where *Deficiencies* are identified after issuance of a *Certificate of*

*Substantial Performance*, the Contractor shall remedy such Deficiencies pursuant to Article 26 - Warranty.

### **Article 26 - Warranty**

26.1 The *Contractor* warrants that the *Work* and the *Facilities* shall be new, of good quality material, of merchantable quality and fit for its intended purpose, as described in the *Contract*, and free of any *Deficiencies*.

26.2 If a defect in the *Facilities* or the *Work* is discovered during the *Warranty Period* the *Contractor* shall, at its own risk and expense:

(a) remedy without delay, and in a manner satisfactory to the *Owner*, such defects at the *Contractor's* expense, subject to, without limitation, the following:

(i) comply with the *Labour Requirements* and any other labour and working conditions prevailing on the *Work Site* and, if applicable, shall compensate the *Owner* for the value of labour and materials furnished by the *Owner* for the purposes of correcting any defects and for dismantling and reinstallation of any equipment, such costs and expenses to be billed to the *Contractor* by the *Owner*;

(ii) perform the remedy work at times convenient to the *Owner*, which may entail work outside normal working hours, and in a manner that keeps disruptions to the *Owner's* continued or contemplated operations at a minimum;

(iii) undertake such commercially reasonable measures required to complete the work, as directed by the *Owner* to accommodate the operations of the *Owner* or other aspects of the *Project*;

(iv) make such tests, inspections, excavations, examinations, or other investigations in, through, of or in the vicinity of the *Facilities* as directed and shall, if required, make good again, to the satisfaction of the *Owner*, acting reasonably, any excavations or disturbances of any property, real or personal, resulting therefrom. If, in the opinion of the *Owner* or *Other Contractors*, any imperfect work for which the *Contractor* is responsible is found in the *Work* by such investigations, the cost of such investigations and such making good shall be borne by the *Contractor*; but if, in the opinion of the *Owner* or *Other Contractors*, no such imperfect work is found by such investigations, the said cost shall be borne by the *Owner*.

(b) repair or replace any portion of the *Facilities* damaged as a result of such defect or damaged by the remedy of such defect;

(c) repair or replace all equipment, materials, supplies, or work performed by *Other Contractors*, damaged as a result of such defect, or damaged by the remedy of such defect;

- (d) repair or replace any property, including but not limited to land belonging to the *Owner*, or others, which is damaged as a result of the defect or damaged by the remedy of such defect; and
- (e) repair and restore all damage caused by the defect or to repair the defect at no extra cost to the *Owner*, unless the *Contractor's* activities causing such damage were authorized in writing and in advance by the *Owner*. The *Contractor* is advised that when municipal roads are restricted to half loads or less, the *Contractor* shall not exceed the load limits and shall receive no additional payment for having to conform to said limits.

26.3 The warranties herein shall:

- (a) cover all labour and material, including, without limitation, the costs of removal and replacement of covering materials, any mobilization, demobilization, charges and any transportation charges both ways for any materials, parts and equipment to and from the *Work Site*; and,
- (b) not limit or restrict any extended or other warranties on any items of equipment or material, including anything obtained as part of the *Procurement Services*, called for elsewhere in the *Contract* or otherwise provided by any manufacturer or any services provider in connection with the *Work*;
- (c) shall be performed by qualified and competent *Contractor Personnel* that do not require additional training;

however the *Contractor's* warranty obligations will not apply to the extent of a failure caused by: any defects in the *Facilities* or the *Work* due to negligent acts or negligent omissions by the *Owner*, negligent misuse of the relevant *Facilities* or the *Work* by the *Owner* including operating the *Facilities* or the *Work* outside the recommended operating levels set forth in *Operations Manuals*, or a *Force Majeure Event*.

26.4 None of the *Work* performed by the *Contractor* under this Article 26 - Warranty shall be the basis of a claim by the *Contractor* for additional compensation or damages.

26.5 Should the *Contractor* fail to remedy a defect, or commence a remedy on a defect, in accordance with Section 26.2, within █ days of the *Owner* providing a notice to the *Contractor* to remedy the same, the *Owner* may proceed with any activities necessary to remedy the defect and the *Contractor* shall be liable to and shall reimburse the *Owner* for any and all reasonable costs and expenses incurred by the *Owner* in doing so and the *Owner* may retain and deduct such amount from payments or other monies due, or which may become due, to the *Contractor*, howsoever arising, whether under this or any other *Contract*.

26.6 The *Contractor* further warrants any and all corrective actions it performs in respect of defects appearing during the *Warranty Period* for a period of █ months from completion of the remedial work, or if greater, the unexpired portion of the *Warranty Period*.

- 26.7 The express warranties set forth under this *Contract* are exclusive and no other warranties of any kind, whether statutory, oral, written, express or implied, shall apply.
- 26.8 Prior to application for *Substantial Performance* of the Work, and without limiting the *Contractor's* warranty under this Article 26 - Warranty, the *Contractor* shall assign to the *Owner*, to the extent assignable, the benefit of all warranties, guarantees and indemnities relating to the Work. The assignment shall expressly reserve the right of the *Contractor* to make any claims under such warranties, guarantees and indemnities and such assignment shall in no way prejudice any rights of or benefits accruing to the *Contractor* pursuant to such warranties, guarantees and indemnities.
- 26.9 The *Contractor* shall promptly advise the *Owner's Representative* of any defects in workmanship, defects, errors, omissions or mistakes in the Work that it discovers or becomes aware of during the *Contract Time* or the *Warranty Period*.
- 26.10 Neither acceptance of the Work by the *Owner*, nor payment for performance of the Work, shall relieve the *Contractor* from any responsibility for defects in the Work.

#### **Article 27 - Artefacts and Fossils**

- 27.1 Fossils, coins, articles of value or antiquity, structures and other remains or things of scientific or historic interest discovered at the *Work Site* shall, as between the *Owner* and the *Contractor*, be deemed to be the absolute property of the *Owner*.
- 27.2 The *Contractor* shall stop the Work immediately and take all reasonable precautions to prevent removal or damage to discoveries as identified in Section 27.1, and shall advise the *Owner* immediately and upon discovery of such items.
- 27.3 If the *Contractor* is delayed in performing the Work or incurs additional costs as a result of taking steps required under Section 27.2, the *Contract Time* shall be extended for such reasonable time and the *Contractor* shall be reimbursed for necessary and reasonable costs incurred as a result of the delay and as a result of taking those steps. However, if there is delay in performing the Work, the *Contractor* shall make every effort to mitigate the effects of such delay by performing any other portions of the Work. To the fullest extent possible, reimbursement for additional costs shall be based on unit prices as provided in this *Contract*. Notwithstanding anything else, no claim for extension of *Contract Time* or reimbursement of any necessary and reasonable costs may be made by *Contractor* against the *Owner* unless notice of claim to *Owner* is made within [REDACTED] *Work Days* after the commencement of delay, with sufficient details of the claim to extend the *Contract Time* and details of costs incurred to date and the amount of such costs which may be incurred if the particular delay were to continue.

#### **Article 28 - Liquidated Damages for Delay**

- 28.1 In addition to the *Contractor's* obligations pursuant to Section 39.1, in the event that the *Contractor* does not complete the Work or reach *Substantial Performance* by the date specified under the *Contract*, then the *Contractor* shall pay the *Owner* the *Liquidated Damages for Delay* set forth in Appendix D - Liquidated Damages for Delay. The *Owner*

may alternatively deduct such *Liquidated Damages for Delay* owing to *Owner* from the milestone payment associated with reaching *Substantial Performance*.

## **Article 29 - Health and Safety Reporting**

- 29.1 The *Contractor* shall notify the *Owner* of any event, incident, or injury that results in or has the potential to result in:
- (a) any notice to be provided to a governmental authority under the *OHSA* or *WSIB*;
  - (b) any reporting to be provided to a governmental authority with respect to the environment;
  - (c) any tickets, orders or charges by the Ontario Ministry of Labour or Ministry of Environment;
  - (d) any *Work* stoppage or *Work* refusal.
- 29.2 The *Contractor* shall immediately verbally notify the *Owner* of any events, incidents or injuries that involve a critical injury or result in a fatality. All other incidents identified in 29.1(a) require the *Contractor* to verbally notify the *Owner* within twenty-four (24) hours after the occurrence of the event, incident or injury. All verbal notifications shall be followed up by a formal written report to the *Owner* within forty-eight (48) hours after the event, incident or injury.
- 29.3 The verbal and written reports to the *Owner* shall include at minimum the following information:
- (a) If an event or incident with injury - the name of injured person, trade or normal occupation, company, injury type and part of body;
  - (b) Where the event, incident or injury occurred and date and approximate time of occurrence;
  - (c) Brief description of what happened, the work being performed at the time of the event, incident, or injury, the events leading up to the incident and any details related to size, weight and type of materials and/ or equipment involved;
  - (d) Apparent cause of the event, incident or injury and corrective actions taken; and
  - (e) *Contractor* contact for further information regarding the event, incident or injury.
- 29.4 The *Contractor* and each *Subcontractor* shall provide the *Owner* with a copy of all notices, reports and documents which it is required to submit in accordance with the *OHSA*, *WSIB* and the *EPA* in respect of any event, incident or injury.
- 29.5 The *Contractor* shall be responsible for compliance with the provisions of this Article 29 - by all its personnel and *Subcontractors*.

- 29.6 Failure to comply with any of the requirements under this Article may result in the suspension of *Work* which suspension may last until the *Owner* confirms the *Contractor's* compliance, or may result in termination for cause. Any such action shall not be grounds for an extension to the *Contract Time* or an increase in the *Contract Price*.

### **Article 30 - Compliance with Law**

- 30.1 The *Contractor* shall act in accordance with all *Policies* and the *Law* and with a view to the timely and cost effective completion of the *Work* in accordance with the *Milestones*.
- 30.2 Where there is a change in the *Law* that affects the *Project* after the effective date of this *Contract*, the *Contractor* shall be responsible for ensuring that the *Work* complies with the *Law*. If the *Contractor* considers such change to be a *Change*, the *Contractor* may make a claim for such *Change* under Section 19.9, however the determination as to whether the *Owner* or the *Contractor* are responsible to bear the costs of the *Change* will be dependent on the nature of the change in the *Law* based on the principle that there may be an adjustment to the *Contract Price* associated with a *Change* in *Law* that is specific to the *Project*, however each *Party* shall bear its own costs in respect of a *Change* in *Law* to the extent that the change in *Law* generally affects how the *Party* would be required to conduct business regardless of the *Project*.
- 30.3 The *Contractor* shall comply with and shall ensure that its employees and agents comply with and shall contractually require its *Subcontractors* and their respective employees and agents to comply with all applicable *Law* in connection with the *Work*.
- 30.4 The *Contractor* shall obtain from governmental authorities or other third parties, and pay for, those licenses, permits and approvals required by the *Law* and the *Contract* to perform the *Work*, except those licenses, permits and approvals required to be obtained by *Owner* with respect to the land-use aspects of the *Work* to be performed on the *Work Site* under Section 3.5, and except for any licenses, permits and approvals (including approval of the environmental assessment for the *Project* under the Ontario *Environmental Assessment Act*) required by the *Contract* to be obtained by the *Owner* as stipulated in the *Owner's Requirements*.
- 30.5 Subject to Section 30.2, if the *Contractor* discovers any variance between the *Law* and any *Goods*, *Procured Goods* or materials purchased or supplied by the *Contractor* or *Subcontractors*, the *Contractor* shall promptly notify the *Owner* before proceeding with the part of the *Work* affected, and shall make the necessary revisions to the *Goods*, *Procured Goods* or materials to comply with the *Law*, at the *Contractor's* expense.

### **Article 31 - Safety and Loss Management**

- 31.1 The *Owner* and the *Contractor* are committed to safety and the application of loss management principles in the conduct of their business. The parties recognize that excellence in safety and loss management can only be achieved through the active participation of everyone, including *Subcontractors* and their respective employees, consultants and agents.

- 31.2 The *Contractor* shall have the highest regard for safety, emergency procedures and loss management at all times during the performance of the *Work*. Accordingly, the *Contractor* shall at all times be responsible for safety and loss management in the performance of the *Work*, including, but not limited to, protecting the employees of the *Owner*, the *Contractor*, *Other Contractors*, *Subcontractors*, visitors to the *Work Site* and the general public from injury or death and protecting the *Work Site*, the *Owner's* property and the property of third parties from loss or damage. Without limiting the generality of the foregoing, the *Contractor* shall comply with all safety requirements specified in the *Contract* or required by *Law*.
- 31.3 At all material times, the *Contractor* must:
- (a) Provide and maintain a safe working environment;
  - (b) Provide and maintain work amenities and facilities for safety and health;
  - (c) Ensure that *Goods and Procured Goods* and plant are arranged and maintained so that they are safe for use;
  - (d) Ensure that no persons are unduly exposed to hazards arising out of the arrangements, disposal, manipulation, organisation, working, or use of things in the *Work Site* or near the *Work Site*;
  - (e) Develop procedures for dealing with emergencies that may arise;
  - (f) Meet the first aid requirements of the WSIB as specified in Regulation 1101;
  - (g) Follow correct procedures in respect of “notifiable works” with the *OHSA*; Ensure that all procedures and requirements under *OHSA* are followed in respect of the demolition or dismantling of buildings or structures; and,
  - (h) Keep a copy of the Designated Substances Survey, Environmental Site Inspection, and Cultural Heritage Evaluation Reports, as each may be applicable, at the *Work Site* and make available to all of the *Contractor's* employees.
- 31.4 The *Contractor* shall comply with the *Health and Safety Plan* and any *Policies* relating to safety, emergency and loss management.
- 31.5 All employees, unless otherwise specified in the *Owner's Requirements*, of the *Contractor* and *Subcontractors* and all *Work Site* visitors must successfully complete any of the *Owner's* safety orientation courses and other similar courses stipulated in the *Owner's Requirements* before being allowed access to the *Work Site*, and it shall be the *Contractor's* responsibility to ensure that they have done so.
- 31.6 All employees of the *Contractor* and *Subcontractors* working at the *Owner's Site* must demonstrate that they have successfully completed applicable Safety courses at least one week prior to arrival at the *Owner's Site*. Instructions and further information for such courses is set out in Exhibit A.

- 31.7 The *Contractor* shall be the “constructor”, as that term is defined in the *Occupational Health and Safety Act*, R.S.O. 1990, c.O.1, as amended (“*OHS*”), for the *Work*.
- 31.8 The *Contractor* and each *Subcontractor* shall ensure, at no additional cost to the *Owner*, that its workers are equipped with all safeguards and personal protective equipment (“*PPE*”) necessary for the performance of the *Work* and supply of *Procured Goods* at the *Work Site*, including such safeguards and personal protective equipment as set out in Exhibit B.
- 31.9 Metal measuring tapes, metal ladders or ladders longitudinally reinforced with wire or other metallic means shall not be used at the *Work Site* unless approved in writing by the *Owner*.
- 31.10 The *Contractor* shall be responsible for the compliance with all the provisions of this Article 31 - Safety and Loss Management by its *Subcontractors*. Failure of the *Contractor* to comply with the provisions of this clause or any instructions, written or otherwise, issued by the *Owner* hereunder, may result in immediate suspension of the *Work*, or any portion thereof, or termination under the provisions of the *Contract*. Any suspension or stop work order directed or issued by any official of the Construction Health and Safety Branch, Ontario Ministry of Labour, or the *Owner* shall not be grounds for any extension to the schedule or any claims for delay resulting therefrom. A copy of any “Order to Comply”, or stop work order, or like notices pertaining to the *Work* issued by the Construction Health and Safety Branch, or other competent authority, shall be forwarded without delay to the *Owner*.
- 31.11 The *Contractor* and each *Subcontractor* shall participate, at its expense, in any accident prevention program that may be established by the *Owner* for *Work* at the *Work Site*, including participation by all site *Contractor Personnel* in regular safety meetings. Before the *Work* commencement date, the *Contractor* shall attend a Pre-Job Safety and Environment meeting and complete a Contractor Safety and Environment Pre-Job Meeting Checklist (See Appendix E - Forms). All *Contractor Personnel* who will be engaged under the *Contract* shall attend. The *Owner* will direct this meeting to outline emergency procedures, permitted areas of travel and facilities peculiar to the *Work Site*.
- 31.12 The *Owner* considers that anyone who is within two (2) meters of an unprotected edge which is over three (3) meters high is in danger of falling and consequently shall be protected by an approved “fall prevention system” consisting of either an anchored life line and body harness, or by erecting or suspending scaffolding alongside building where roofing work is being performed. Scaffolds shall have a minimum height equal to that of the roof less one (1) meter and have fully planked top platform with approved handrails.
- 31.13 The *Contractor* is responsible for providing fall protection for its *Contractor Personnel* working at three (3) meters above grade. The fall protection system must conform to the Construction Regulations of *OHS*. Fall arrest and fall protection systems must be approved by a professional engineer certified by the Association of Professional Engineers of Ontario. If a fall arrest or a travel restrict system is installed by the *Contractor*, the *Contractor* shall within one week of the award produce drawings detailing the type and the method of attachment to the structure. These drawings must be

stamped by a professional engineer certified by the Association of Professional Engineers of Ontario. The fall protection system must be installed before any other *Work* can begin. The *Contractor* shall ensure that all workers that are working at heights successfully complete an approved working at heights training program delivered by an approved training provider that conforms with the Occupational Health and Safety Awareness and Training Regulation of the OHSA before such workers perform any *Work* at heights.

- 31.14 The *Contractor* shall submit as part of its *Contractor Execution Plan*, no less than 30 days prior to entry to the *Work Site*, or such other date as set out in the *Owner's Requirements*, a detailed *Health and Safety Plan* specific to the *Work Site*. The *Health and Safety Plan* shall identify all hazards associated with the *Work*, present details of the proposed methods of eliminating, isolating, or minimizing the hazards and/or their effects, and include all related Designated Substance Surveys, Environment Site Inspections, Cultural Heritage Evaluation reports, as each may be applicable, directions and map to nearest hospital, emergency routes, list of internal and external contacts, and any other required safety details as required to complete the *Work*. The *Health and Safety Plan* will develop and implement appropriate requirements to address all of the requirements consistent with the *Owner's Policies* and safety rules.

The *Contractor's* responsibilities shall include immediate verbal reporting (followed by reporting in writing to the *Owner* within 24 hours) all accidents and injuries in the work place during the execution of the *Work*. Furthermore, where death, serious injury, or serious damage is caused the accident shall be reported immediately (by telephone or messenger) to the *Owner*, Failure to do so or to comply with any such request may result in the *Work* being required to cease until verbal and written reports and/or records are received by the *Owner*.

- 31.15 No *Work* at the *Work Site* shall commence until the *Contractor* has submitted the *Health and Safety Plan*.
- 31.16 The *Contractor* shall indemnify the *Owner* for all losses arising directly or indirectly as a result of any breaches by the *Contractor* under this Article 31 - Safety and Loss Management.
- 31.17 Should the *Contractor* at any time fail to comply with the *Health and Safety Plan* or otherwise fails to comply with the health and safety requirements specified in the *Contract*, the *Owner* may, but is not obligated to, take emergency action or may order a suspension of the whole or part of the *Contract* until deficiencies are satisfactorily attended to. Any such action shall not be grounds for an extension to the *Contract Time* or an increase in the *Contract Price*.
- 31.18 Without the *Owner's* prior consent, the *Contractor* shall not remove any *Goods* or *Free Issue Goods* from the *Work Site*, other than minor items, or vehicles used to transport *Goods* or *Free Issue Goods* or personnel of *Work Site*.
- 31.19 Any adherence to the *Owner's* health and safety requirements herein does not diminish or otherwise alter the *Contractor's* duties and obligations as "constructor" under *OHSA*.

## Article 32 - Toxic and Hazardous Substances and Materials

- 32.1 As between the *Owner* and the *Contractor*, the *Owner* shall be deemed to have control and management of the *Work Site* with respect to conditions existing prior to the *Contractor* commencing the *Work*.
- 32.2 Prior to the *Contractor* commencing the *Work*, the *Owner* shall:
- (a) take reasonable steps to determine whether any toxic or hazardous substances or materials are present at the *Work Site*, and
  - (b) provide the *Contractor* with a written list of any such substances and materials.
- 32.3 Where the *Owner* has exclusive occupancy and use of the *Work Site* prior to the *Contractor* commencing the *Work*, the *Owner* shall take all reasonable steps to ensure that no person suffers injury, sickness, or death and that no property is injured or destroyed as a result of exposure to, or the presence of, toxic or hazardous substances or materials which were at the *Work Site* prior to the *Contractor* commencing the *Work*.
- 32.4 Unless the *Contract* expressly provides otherwise, the *Owner* shall be responsible for taking all necessary steps, in accordance with legal requirements, to dispose of, store, advise of, or otherwise render harmless toxic or hazardous substances or materials which were present at the *Work Site* prior to the *Contractor* commencing the *Work*.
- 32.5 If the *Contractor*:
- (a) encounters toxic or hazardous substances or materials at the *Work Site*, or
  - (b) has reasonable grounds to believe that toxic or hazardous substances or materials are present at the *Work Site*, which were not disclosed by the *Owner*, as required under Section 32.2(b), or which were disclosed but have not been dealt with as required under Section 32.4, the *Contractor* shall
    - (i) take all reasonable steps, including stopping the *Work*, to ensure that no person suffers injury, sickness, or death and that no property is damaged or destroyed as a result of exposure to or the presence of the substances or materials; and
    - (ii) immediately report the circumstances to the *Owner* in writing; and
    - (iii) In addition to the steps described in Section 32.5(b), take any further steps it deems necessary to mitigate or stabilize any conditions resulting from the toxic or hazardous substances or materials.
- 32.6 If the *Contractor* is delayed in performing the *Work* or incurs additional costs as a result of taking steps required under Section 32.5(b), the *Contract Time* shall be extended for such reasonable time and the *Contractor* shall be reimbursed for necessary and reasonable costs incurred as a result of the delay and as a result of taking those steps. However, if there is delay in performing the *Work*, the *Contractor* shall make every effort

to mitigate the effects of such delay by performing any other portions of the *Work*. To the fullest extent possible, reimbursement for additional costs shall be based on unit prices as provided in this *Contract*. Notwithstanding anything else, no claim for extension of *Contract Time* or reimbursement of any necessary and reasonable costs may be made by *Contractor* against the *Owner* unless notice of claim to *Owner* is made within 10 (ten) *Work Days* after the commencement of delay, with sufficient details of the claim to extend the *Contract Time* and details of costs incurred to date and the amount of such costs which may be incurred if the particular delay were to continue.

- 32.7 *Owner* will liable, indemnify and defend the *Contractor* any suit brought against *Contractor* based on a claim resulting from exposure to, or the presence of, toxic or hazardous substances or materials which were at the *Work Site* prior to the *Contractor* commencing the *Work*, and will pay all damages that a court awards against *Contractor* as a result of such claim, provided that *Contractor* gives *Owner*: (a) prompt written notice of such suit within 10 calendar days of the claim being made, and furnishes *Owner* with a copy of each communication, notice or other document relating to the claim; (b) full control over the defense or settlement thereof; and, (c) all reasonable information and assistance (at *Owner's* expense excluding time spent by employees or consultants of the *Contractor*) to handle the defense and settlement thereof. The *Contractor* is, however, responsible for taking all reasonable care in handling hazardous materials that may be found.
- 32.8 The *Contractor* and *Subcontractors* shall not bring on to or remove from the *Work Site*, or use, transport, or store any toxic or *Hazardous Materials* or substances at the *Work Site* except as needed in order to perform the *Work*, and then only with the prior approval of the *Owner's Representative*. If such toxic or *Hazardous Materials* or substances are required, storage in quantities sufficient to allow *Work* to proceed to the end of any current work week only shall be permitted. All such toxic or *Hazardous Materials* or substances shall be handled, used, stored, transported, dealt with and disposed of only in accordance with, and the *Contractor* shall comply with, all *Laws*, the *Contract* and the *Policies*.

### **Article 33 - Work Area and Clean Up**

- 33.1 The *Contractor* will only use the temporary land access rights identified by the *Owner* pursuant to Section 3.6 or as otherwise permitted in writing by the *Owner's Representative*. The *Contractor* shall be responsible for keeping all its working and storage areas clean, orderly and secure.
- 33.2 The *Owner* is not responsible for theft, loss or damage to the *Contractor's* tools, equipment or materials howsoever caused, except where caused by the negligent act or omission of the *Owner* or those for whom in *Law* it is responsible.
- 33.3 During the performance of the *Work*, the *Contractor* shall comply fully with the *Contract* and the *Owner's* safety and emergency guidelines and publications regarding clean up. The *Contractor* shall clean up, remove and dispose of all surplus materials, containers, trash and debris resulting from the *Work*. Upon completion of the *Work*, or earlier termination of the *Contract*, the *Contractor* shall promptly clean up and remove all

equipment, tools and surplus materials from the *Work Site* as specified by the *Owner*, clean up any areas *Contractor* utilized on a temporary access basis, restore property as set out in Section 4.17 and shall leave the *Work Site* clean and ready for the *Owner's* use, occupancy and operation.

#### **Article 34 - Site Access / Security**

- 34.1 The *Contractor* and all *Contractor Personnel* shall obey all policies, rules, regulations and procedures established by the *Owner* regarding the assets, information, systems, and premises to which the *Contractor* has access and the *Projects* for which the *Contractor* and *Contractor Personnel* perform the *Work*. The *Contractor* agrees to ensure that such *Contractor Personnel* complete such training as required by the *Owner* related thereto.
- 34.2 The *Contractor* shall protect *Owner's* assets, property, systems, networks and computer resources to which the *Contractor* may have access, against damage including, without limitation, (i) using appropriate authentication and other measures to permit and control access only to necessary individuals (ii) with respect to cyber assets, utilizing anti-virus and malicious software prevention tools to detect, deter, prevent and mitigate the introduction, exposure and propagation of malware, (iii) be alert to and immediately notify *Owner* of any security events or incidents, (iv) follow industry standard as well as *Owner's* procedures for protection and secure access, storage, transit, use, destruction and disposal of *Owner* information, and (v) follow all rules and requirements established by *Owner* related thereto.
- 34.3 Where any *Goods* or *Procured Goods* are provided or *Work* is to be performed regarding any of the *Owner's* assets, systems, offices, properties, or *Owner's Site*, or any *Contractor Personnel* are expected to have access to any *Confidential Information* or *Proprietary Information* of the *Owner*, the *Contractor*:
- (i) upon *Owner's* request, will provide a list of such *Contractor Personnel* that require access to any of *Owner's* assets, properties, systems or premises or *Confidential Information* or *Proprietary Information*;
  - (ii) if asked by the *Owner*, will complete and submit to *Owner*, at *Contractor's* expense, a *Personnel Risk Assessment* in respect of relevant *Contractor Personnel* as requested by the *Owner*; and
  - (iii) shall provide and shall be responsible to have *Contractor Personnel* provide to the *Owner* such personal and other information as the *Owner's* security and other authorized representatives may reasonably require for the purposes of such security and reference checks as the *Owner*, in its discretion, may deem necessary.
- 34.4 Commencement of *Work* and access to the *Owner's* assets, systems, offices, property, *Owner's Site* and/or *Proprietary Information* or *Confidential Information* is subject to the following:

Where any of the *Work* under the *Contract* involves the *Contractor* or *Contractor Personnel* having any of the following:

physical access, or electronic access as a super user (including root, administrator), or access as system support, developer, system control operator or general user access to certain critical assets, cyber assets, system or system control assets or information, or providing *Goods* or *Procured Goods*, patches or updates to such assets, systems or information;

the *Contractor*, after submitting a *Personnel Risk Assessment* to the *Owner*, must have first received written approval from the *Owner* that each such *Contractor Personnel* requiring such access has, in the *Owner's* determination, acceptable security clearance before commencing or continuing the *Work*; and, shall require such *Contractor Personnel* to present such proof of such approval prior to access to *Owner's* assets, systems, offices, properties, *Owner's Site* or any *Confidential Information* or *Proprietary Information* to the extent required by the *Owner*.

- 34.5 Notwithstanding any *Owner* approval of a *Personnel Risk Assessment* or permission provided by the *Owner* to access any of *Owner's* assets, systems, offices, property and/or any *Owner Site* or *Confidential Information* or *Proprietary Information*, the *Contractor* will remain completely responsible and liable for all actions and failures to act of all *Contractor Personnel* and will not be relieved of any of its obligations under this *Contract*.
- 34.6 If any *Contractor Personnel* cease to be employed or engaged by the *Contractor*, or is reassigned or no longer requires access to *Owner's* assets, properties, systems, premises or *Proprietary Information* or *Confidential Information* for the performance of the *Work*, or the security status of any *Contractor Personnel* changes during the term of the *Contract*, *Contractor* shall immediately notify the *Owner* and shall revoke access and immediately cease using the *Contractor Personnel* to perform the *Work* under the *Contract*.
- 34.7 Where there is a change in the security status of any *Contractor Personnel*, the *Contractor* will immediately provide an updated *Personnel Risk Assessment* and shall not allow such *Contractor Personnel* access to *Owner's* assets, properties, systems, premises or *Proprietary Information* or *Confidential Information* or utilize such *Contractor Personnel* for the performance of the *Work* until such time as the *Contractor* receives written approval from the *Owner*. In such an event, the *Contractor* shall endeavour to diligently complete the *Work* in accordance with the schedule set forth in the *Contract* and, if necessary, will increase the level of effort necessary to ensure the schedule is maintained. Any price or funding limitations shall not be exceeded without the *Owner's* prior written authorization, notwithstanding any extra efforts required to maintain the schedule.
- 34.8 In addition to any other remedy that the *Owner* may have against the *Contractor* as a result of the *Contractor's* failure to comply with all of the terms set out herein, the *Contractor* shall, to the extent that delay in providing the said *Work* occurs as a result of the non-delivery of signed and witnessed documents that are required by the *Personnel Risk Assessment*, be liable to the *Owner* for all damages arising out of the said delay.

- 34.9 The *Owner* retains the right to stop all or any part of the *Work*, remove any *Contractor Personnel*, revoke access at any time and/or terminate for cause the *Contract* should the *Owner* in its sole discretion determine that any *Contractor Personnel* is a security risk and/or the information provided in the *Personnel Risk Assessment* was misleading or incorrect.
- 34.10 Access to the *Work Site* will be on approved access routes as determined by the *Owner*. Location of the access routes may be more specifically outlined in the *Procurement Documents* and will be more fully described at the site meeting. The *Contractor* shall be liable for any and all damages and or injuries incurred should the *Contractor* deviate from such approved access routes.
- 34.11 The *Owner* shall have the right to examine or search equipment, tools, and materials brought to or removed from the *Work Site* by the *Contractor* or by any *Subcontractor*. If requested, the *Contractor* and each *Subcontractor* shall deposit with the *Owner* or its security officer an itemized list of all equipment, tools, and materials at the time they are brought to the *Work Site*. The list will be used by the *Owner* or its security staff when checking such equipment, tools, and materials into and out of the *Work Site* at any security gate.
- 34.12 The *Owner's* security staff shall also have the right to examine, inspect or search at any time, in the presence of the *Contractor's* or the *Subcontractor's* representative, any *Contractor* or *Subcontractor* enclosure on the *Work Site*, including the *Contractor's* and *Subcontractor's Goods*, storage bins, tool cribs, boxes, and vehicles.
- 34.13 The *Owner* and *Owner's Representative* may at any time and for any purpose enter upon the *Work Site* and premises used by the *Contractor* and the *Contractor* shall provide proper and safe facilities therefore. Utilities representatives may also enter upon the *Work Site* and premises used by the *Contractor* for all purposes which may be required by their contracts. The *Contractor* shall furnish proper facilities to secure convenient access to all parts of the *Work Site* as may be required by the *Owner* and *Owner's Representative*.

### **Article 35 - Title, Responsibility and Proprietary Information**

- 35.1 Except for any proprietary processes of the *Contractor* listed in Appendix A - *Owner's Requirements* and the ownership rights in any *Licensed Software*, and subject to Section 35.2, all of the *Work* shall belong to the *Owner*, and accordingly the *Contractor* shall have no proprietary right or interest in the *Work*. The *Contractor* shall not use, copy or disclose any of the *Owner's Requirements* or the *Work* for any purpose other than performing the *Work*. Subject to the foregoing, the *Contractor* may retain solely for its own records a copy of the plans and specifications. The *Contractor* shall keep and maintain adequate and current records of all *Proprietary Information*.
- 35.2 Notwithstanding Section 35.1, and except for *Licensed Software*, where a technology, process or work method is pre-existing and belongs to, or is independently developed by the *Contractor* or *Subcontractor* and is not part of the *Work* set out to be delivered to the *Owner* in the *Owner's Requirements* nor the result of *Confidential Information* provided

by the *Owner*, the proprietary rights to that technology, process or work method shall remain with the *Contractor* or *Subcontractor*, as the case may be. Except for *Licensed Software*, where proprietary rights that relate to the *Work* remain with a party other than the *Owner*, then the *Owner* and its assignees shall, and are hereby granted, a perpetual right and irrevocable license without charge to have, retain and make copies, exercise and use such proprietary rights (including as may relate to the Engineering Services or any As-Built Drawings), for the purpose of the *Work* and the operation, repair, maintenance, re-building or renovation of the Facilities or the *Work* or any portion thereof, or otherwise for any purposes in connection with the *Owner's* operations.

35.3 Notwithstanding Section 35.1, or any other provision of the *Contract*, the *Contractor* shall be responsible for possession of the *Engineering Services* until received by the *Owner*. If the *Engineering Services*, or any part thereof is lost, damaged or destroyed prior to receipt by the *Owner*, then the *Engineering Services*, or portion thereof, as applicable, shall be promptly redone and replaced by the *Contractor*, at its expense, unless the loss, damage, or destruction was caused by the *Owner* or persons for whom at *Law* it is responsible.

35.4 Subject to the *Owner's* rights under Section 22.5, the *Owner* agrees that it shall not:

- (a) sell to third parties the *Engineering Services*, except as part of the sale of the *Project*;
- (b) use the *Engineering Services* to build other facilities, plants or structures of a similar nature or purpose, unless such use is in respect of or in connection with *Owner's* business, operations, or activities; or
- (c) distribute the *Engineering Services*, to third parties except for the purpose of operating, maintaining, repairing or replacing, re-building or renovating the *Owner's* property encompassing or relating to the *Work*, or, for the purpose of performing other work directly or indirectly related to the *Work*, or, for the purpose of performing other work in respect of or in connection with the *Owner's* business, operations, or activities.

If the *Owner* alters the *Engineering Services* in any way or uses the *Engineering Services* on work or for purposes other than the *Project* for which they were provided, the *Owner* shall, to the fullest extent of the law, release, indemnify, and hold harmless the *Contractor* from all claims against the *Contractor* arising out of such use of the *Engineering Services* and/or which are attributable to such alterations of the *Engineering Services*.

35.5 All rights, title and interest to all *Work* completed or in the course of construction at the *Work Site* and all *Goods* and *Procured Goods* (except *Licensed Software*) and all software newly created by *Contractor* for the *Project* delivered to *Owner* as part of the *Work*, except tools and equipment owned or rented by the *Contractor* or *Subcontractors* and not intended to be incorporated into or delivered as part of the *Work*, shall become the property of the *Owner* upon the earlier of payment by the *Owner* on account thereof or delivery to the *Work Site* or such other site as designated by the *Owner*.

- 35.6 Notwithstanding the provisions of Section 35.5, until the *Owner* has issued a *Certificate of Substantial Performance* or a *Final Completion Notice*, whichever is earlier, the *Contractor* shall retain all risk with respect to and be responsible for:
- (a) all items supplied by the *Contractor* or its *Subcontractors* which are to be incorporated into, provided as part of the *Work* or used in performance of the *Work*;
  - (b) all items supplied by the *Owner* to the *Contractor* for incorporation into the *Work* or for use in performing the *Work*, including the *Free Issue Goods*; and
  - (c) all temporary structures or facilities used in the performance of the *Work*; and
  - (d) any *Work* completed or in progress.
- 35.7 No materials, supplies or equipment incorporated into the *Work* shall be subject to any general security agreement, chattel mortgage, financing contract or other agreement by which an interest therein is retained by the seller, or any other party.

### **Article 36 - Patents and Licenses**

- 36.1 The *Contractor* shall defend, indemnify and save the *Owner* harmless from all claims costs and demands, including legal fees, arising out of any patent, trademark, copyright, industrial design or other intellectual property infringement pertaining to the *Work* or any equipment, machinery, *Licensed Software*, materials, compositions, processes, methods or designs supplied by the *Contractor*, or its *Subcontractors*, in the performance of, or in connection with, the *Work*.
- 36.2 The *Contractor* shall promptly give notice to the *Owner* if the *Contractor* has or acquires knowledge of any patent, trademark, copyright, industrial design, intellectual property or similar right under which an action could reasonably be expected to be maintained because of the *Work* or use or purchase by the *Owner* of equipment, machinery, *Licensed Software*, materials, compositions, processes, methods or designs incorporated or to be incorporated by the *Contractor* as part of the *Work*. The *Contractor* shall not incorporate any such equipment, machinery, software, materials, compositions, processes, methods or designs into any plans, drawings, specification or other documents, or use the same in connection with the *Work* without the *Owner's* prior approval.
- 36.3 The *Contractor*:
- (a) grants the *Owner* a non-exclusive, worldwide, royalty-free, perpetual, irrevocable license for the purpose of operating and maintaining the Facilities and the *Owner's* other operations:
    - (i) to copy, distribute, modify and use any and all patents, *Contractor Software*, industrial designs, copyrights, drawings (including, without limitation, electronic or computer drawings), methods, designs, process and technology and any other intellectual property related to the *Work*, that the *Contractor* owns or controls; and

- (ii) to make, have made and use the equipment, machinery, materials, compositions, designs, methods and processes supplied by the *Contractor* under the *Contract*;

If the *Owner* alters any of the foregoing intellectual property in any way or uses any of the foregoing intellectual property on work or for purposes other than the *Project* for which they were provided, the *Owner* shall, to the fullest extent of the law, release, indemnify, and hold harmless the *Contractor* from all claims against the *Contractor* arising out of such use of any of the foregoing intellectual property and/or which are attributable to such alterations of any of the foregoing intellectual property.

- (b) agrees to provide to *Owner* at no additional cost such fixes, updates, upgrades and new releases to the *Contractor Software* as necessary to ensure that the *Contractor Software* operates in accordance with the specifications;
- (c) with respect to *Third Party Software*:
  - (i) represents and agrees that it has all necessary rights and is validly entitled to provide, distribute and sublicense as applicable any and all *Third Party Software* that may be provided to *Owner* pursuant to this *Contract*;
  - (ii) represents and agrees that all third party licensors of such *Third Party Software* have granted to *Owner* a non-exclusive, worldwide, royalty-free, perpetual, irrevocable license to use such *Third Party Software* for the purpose of the *Work* and the operation, repair, maintenance, re-building or renovation of the *Work* and the *Facilities* or any portion thereof;
  - (iii) represents and agrees that the *Third Party Software* shall not, and the license to the *Third Party Software* shall not create, or purport to create, obligations on the *Owner* to, provide information, deliver data, or report usage of the *Third Party Software* to any third party;
  - (iv) represents and agrees that the license to the *Third Party Software* will not subject the *Owner* to license terms more onerous than the license terms set out in this *Contract*; and
  - (v) represents and agrees that it will provide, or the owner and/or licensor of the *Third Party Software* will provide, to *Owner* at no additional cost such fixes, updates, upgrades and new releases to the *Third Party Software* as necessary to ensure that the *Third Party Software* operates in accordance with the specifications.

36.4 The rights granted to the *Owner* by the *Contractor* under Section 36.3 shall be assignable by the *Owner* to any party to whom the *Owner* may transfer all or part of title to the *Work* or the *Project* or any other *Owner's* operations.

- 36.5 The *Owner* shall be entitled, at its own expense, to participate in or conduct the defence of any claim with respect to which it is entitled to indemnity under Section 36.1 and to settle any claim for which it has accepted responsibility but the *Owner* shall not be liable to indemnify any other party for payment of any settlement unless it has consented to the settlement.

### **Article 37 - Confidential Information and Publicity**

- 37.1 Each party shall keep all *Confidential Information* (and, subject to Section 35.1, the *Contractor*, shall keep Proprietary Information) in confidence and shall not disclose it to others without the prior approval of the other party. The *Contractor* shall not use the *Confidential Information* or, subject to Section 35.1, *Proprietary Information*, except in performance of the *Work*.
- 37.2 Notwithstanding Section 37.1 the *Contractor* may disclose *Confidential Information* to those of its affiliates, employees, *Subcontractors* and their respective employees to whom disclosure is required in order for the *Contractor* to perform the *Work*, provided the *Contractor* shall ensure that its employees and agents comply with, and shall contractually require its *Subcontractors* and their respective employees and agents to comply with Section 37.1.
- 37.3 The *Contractor* shall not disclose any of the *Owner's Requirements* or the *Work* to others without the prior approval of the *Owner's Representative*, except as necessary to perform the *Work*.
- 37.4 Notwithstanding Section 37.1 or Section 37.3, *Confidential Information* may be disclosed by a party if that party is required to disclose the *Confidential Information* by law. If disclosure is required by law, the disclosing party shall provide the other party with immediate notice, to the extent permitted by law, and shall only disclose the minimum amount of *Confidential Information* to comply with such law.
- 37.5 The *Contractor* shall not use the *Owner's* name, or the names of any of its affiliates and the registered or unregistered trademarks of the *Owner* or its affiliates, or use the project name or project description, or any information in connection with the *Contract* in any slogans or otherwise in any advertising or promotional materials or publicity releases, and shall not take, permit to be taken or use any photographs of the *Work Site*, without the prior approval of the *Owner's Representative*.
- 37.6 The *Contractor* shall not erect or permit the erection of any sign or advertising at the *Work Site* without the prior written approval of the *Owner*. The foregoing does not preclude the erection or posting of signs or notices required by *Law*, or for signs and notices in relation to health and safety at the *Work Site*, or for signs and notices necessary for the *Contractor's* operations at the *Work Site* provided that such signs and notices are generic and do not have an advertising or promotional element to them.
- 37.7 In no event shall the *Contractor* enter upon, or allow its equipment to enter upon, private property without first obtaining approval from the respective property owner in writing, and the *Contractor* shall present such written approval to the *Owner* upon request. The

*Contractor* will also comply with the real estate requirements as further set out in the *Owner's Requirements*.

- 37.8 The *Contractor* and all *Contractor Personnel* shall conduct themselves in a manner conducive to the maintenance of good public relations for the *Owner*.
- 37.9 The *Contractor* will also comply with the *Public Relations and Communications Program*.
- 37.10 If during the performance of the *Work*, the *Contractor* receives complaints or enquiries to which the *Contractor* is not qualified to respond, the name of the complainant or the person making the enquiry shall be recorded along with their name, address, and telephone number. The *Contractor* shall make a written report of the incident to the *Owner*.

### **Article 38 - Force Majeure**

- 38.1 Either the *Owner* or the *Contractor* may claim that an *Event of Force Majeure* has taken place, by giving the other party verbal notice within 24 hours of the *Event of Force Majeure*, and, in addition, notice, together with a proposed plan of corrective action to resolve or minimize the effect of the *Event of Force Majeure*, within 48 hours of the *Event of Force Majeure*.
- 38.2 If the *Owner* has given a notice of an *Event of Force Majeure*, or the *Owner* agrees with a notice of an *Event of Force Majeure* issued by the *Contractor* that the *Work* or a portion thereof is affected by an *Event of Force Majeure*, then the *Owner* shall:
- (a) cause the *Contractor* to complete the *Work*, with such time adjustments to the *Contract Time* as are required by the *Event of Force Majeure*; or
  - (b) suspend the *Work* or any portion thereof in accordance with Article 41 - Suspension; or
  - (c) terminate the *Contract* or any portion thereof in accordance with Section 42.1 and Section 43.5(f).
- 38.3 If the *Owner* does not agree that the *Work* or any portion of the *Work* is affected as a result of an *Event of Force Majeure* for which the *Contractor* has given notice under Section 38.2, then the *Contractor* shall complete the *Work* in accordance with the *Contractor Execution Plan* and may request an adjustment to the *Contract Time* and the *Contract Price* in the manner provided in Section 19.9.
- 38.4 If an *Event of Force Majeure* exists and continues for a period in excess of 180 continuous *Work Days* and results in substantially all of the *Work* being stopped or suspended during that period, either the *Owner* or the *Contractor* may terminate the *Contract* upon written notice to the other party citing the *Event of Force Majeure* and the *Owner* shall pay the *Contractor* for the *Work* performed to the date of termination.

- 38.5 Any delay or failure on the part of either the *Owner* or the *Contractor* which is a result of an *Event of Force Majeure*, shall not constitute default hereunder or give rise to any claim for damages or result in any increase to the *Contract Price*.
- 38.6 An *Event of Force Majeure* can occur at any time regardless of whether or not *Work* has commenced. If *Work* has not commenced, an *Event of Force Majeure* may change the *Commencement Date*.

#### **Article 39 - Delays Caused by the Contractor**

- 39.1 If the *Contractor* is responsible for a delay in the progress of the *Work* with respect to a *Critical Activity*, or fails to complete any portion of the *Work* within the time limits set forth in the *Contractor Execution Plan* with respect to a *Critical Activity*, then the *Contractor* shall promptly notify the *Owner* upon becoming aware of the delay and, within [REDACTED] *Work Days* of becoming aware of the delay, at no additional cost to the *Owner*, provide a recovery plan and commence to perform whatever acts are required or requested by the *Owner's Representative* to make up the lost time and to avoid any further delay in the performance of the *Work*, including, without limitation, work overtime, and acquire and use any necessary additional labour and equipment.

#### **Article 40 - Delays not Caused by the Contractor**

- 40.1 If the *Contractor* is delayed in the performance of the *Work* by an act or omission of the *Owner* or *Other Contractors* contrary to the provisions of the *Contract*, then the *Contract Time* shall be extended for such reasonable time as may be necessary to allow the *Contractor* to make up the delay.
- 40.2 If the *Contractor* is delayed in the performance of the *Work* by any failure of the *Owner* to obtain licenses, permits and approvals required to be obtained by the *Owner* with respect to the land-use aspects of the *Project* set out in the approved *Real Estate Plan* necessary for the *Contractor* to perform the *Work* on the *Work Site*, then the *Contract Time* shall be extended for such reasonable time as may be necessary to allow the *Contractor* to make up the delay.
- 40.3 If the *Contractor* is delayed in the performance of the *Work* by an order issued by a court or other public authority having jurisdiction, providing that such order was not issued as the result of an act or fault of the *Contractor*, then the *Contract Time* shall be extended as agreed by the parties or as resolved under Appendix F - Dispute Resolution Procedure.
- 40.4 If the *Contractor* is forced to shut down all or a portion of its operation by reason of:
- (a) any act or omission of the *Owner* or of any *Other Contractor*;
  - (b) failure of the *Owner* to provide the *Work Site*; or
  - (c) an error or omission in the *Owner's Requirements*; then

the *Contractor* shall give to the *Owner* notice of such shut-down, within 6 hours of such shut-down, indicating the number and classification of persons and number and description of equipment affected thereby.

- 40.5 In the event of a delay pursuant to Section 40.4, the *Contractor* shall be reimbursed by the *Owner* in accordance with the rates set out in Appendix B - Contract Price or its reasonable costs incurred.
- 40.6 No claim for delay and no extension of time on account of delay shall be made by the *Contractor* unless notice of claim with a *Change Quotation* is given to the *Owner* not later than 5 *Work Days* after the commencement of delay, provided however, that in the case of a continuing cause of delay only one notice of claim shall be necessary. Notwithstanding anything else, no claim for delay or extension of time, whether reasonable or not, may be made by the *Contractor* unless notice of claim with a *Change Quotation* is made within 5 *Work Days* after the commencement of delay, with sufficient details of the alleged delay and reasonable costs incurred to date and the reasonable costs that may be incurred if such delay were to continue.

#### **Article 41 - Suspension**

- 41.1 In addition to any other right that the *Owner* may have under the *Contract* or at *Law*, the *Owner* may, at any time or times, by notice to the *Contractor* specifying the effective date of the suspension, require the *Contractor* to suspend the *Work*, or any portion thereof, and this shall also include the *Owner's* right to suspend or delay the *Commencement Date*.
- 41.2 Upon providing notice under Section 41.1, the *Owner* shall arrange to immediately discuss with the *Contractor* the specific requirements of the suspension and whether or not the *Owner* anticipates that demobilization, remobilization or idle equipment or *Contractor Personnel* will occur as a result of the suspension.
- 41.3 Upon receiving notice, the *Contractor* shall discontinue the *Work* identified in Section 41.1, being the *Suspended Work*, place no further purchase orders or subcontracts with respect to the *Suspended Work*, and promptly make reasonable efforts to obtain suspension terms satisfactory to the *Owner* with respect to all purchase orders, subcontracts, supply contracts and rental agreements related to the *Suspended Work*. The *Contractor* shall continue to perform all other portions of the *Work* which have not been suspended by the *Owner*.
- 41.4 Where requested by the *Owner*, the *Contractor* shall advise the *Owner* of:
- (a) the number of the *Contractor Personnel* made idle by the suspension;
  - (b) the labour costs resulting from the *Contractor Personnel* made idle by the suspension;
  - (c) transportation costs for the *Contractor Personnel* released during the suspension;

- (d) the equipment made idle and associated equipment costs resulting from the suspension; and
- (e) any other costing, labour, material or equipment information relating to the suspension that the *Owner* may require.

41.5 The *Owner* may at any time authorize resumption of the *Suspended Work* or any part thereof, by giving the *Contractor* reasonable notice specifying the part of the *Suspended Work* to be resumed and the effective date of such resumption. The *Contractor* shall resume the *Suspended Work* on the date and to the extent specified in the notice provided that if the date for resumption is more than [REDACTED] days after the date of suspension, the *Contractor* may, by *Change Quotation* given within [REDACTED] days of receipt of the notice of resumption, request a *Change Order* deleting the *Suspended Work* from the *Contract*.

41.6 The *Contractor* shall use its employees, equipment and materials in such manner, and take such other steps as may be necessary or desirable to minimize the costs associated with the *Suspended Work*. During the period of *Suspended Work*, the *Contractor* shall secure and protect the *Suspended Work* and all materials and equipment to be used or incorporated therein.

41.7 In relation to *Suspended Work*, the *Owner* shall reimburse the *Contractor* for those out-of-pocket costs that could not be avoided, exclusive of profit or mark-up, reasonably incurred by the *Contractor* as a direct result of the suspension of the *Work* in accordance with Appendix B - Contract Price. The *Owner* shall not be liable for any damages or loss of profits on account of the *Suspended Work* or any part thereof, or the deletion of *Suspended Work* from the *Contract*.

#### **Article 42 - Termination for Convenience**

42.1 In addition to any other rights that the *Owner* may have under the *Contract* or in *Law*, the *Owner* may, at any time, terminate the *Contract*, the *Work* or any portion thereof by giving notice to the *Contractor* specifying the *Work* or portion thereof to be terminated and the effective date of the termination.

42.2 Upon receipt of a notice under Section 42.1, the *Contractor* shall discontinue the *Work* in accordance with the notice, and shall take whatever steps are necessary or desirable to terminate the *Work* in a safe, cost effective and timely manner with due consideration to environmental impacts. The *Contractor* shall continue to perform all other portions of the *Work* not terminated, if any, in accordance with the *Contract*.

42.3 In the event of such termination pursuant to Section 42.1, the aggregate amount to which the *Contractor* will be entitled shall not exceed:

- (a) the amounts due on account of *Work* properly performed and approved by the *Owner* as having been performed in compliance with the *Contract* prior to the date of such termination (provided the *Contractor* has paid or pays all costs comprising part of the cost of the *Work* in full and provided reasonable evidence

thereof to the *Owner*), and provided no dispute exists between or among any of the *Project* participants with respect to any such amount being due and payable; plus

- (b) *Subcontractor's* actual and reasonable cancellation costs reasonably and properly incurred by the *Contractor* as the result of such termination, provided the *Owner* has first approved such cancellation costs after having reviewed the details thereof and in making its decision to direct the *Contractor* to terminate any such *Subcontract*; plus
- (c) Subject in all cases to the *Owner* being informed of all details relating thereto and the prior written approval of the *Owner* being obtained (which approval may not be unreasonably withheld), reasonable and necessary demobilization costs defined to include, without limitation, equipment dismantling, transportation to *Contractor's* storage facility or to *Owner's* facility, non-*Contractor* owned lease or rental cancellation costs, provided that such demobilization costs shall be at the lowest actual reasonable cost available and the *Contractor* shall have reasonably substantiated that it has used its best efforts to achieve such lowest available cost; plus
- (d) The reasonable and necessary costs incurred and paid or to be paid by the *Contractor* to make the Site safe and to comply with any other obligations imposed by the relevant authorities (and the *Contractor* shall provide reasonable evidence of such costs to the *Owner*).

42.4 Except as described in Section 42.3, the *Contractor* shall not be entitled to any additional reimbursement on account of any termination pursuant to Section 42.1, notwithstanding any other provision of the *Contract*.

### **Article 43 - Termination for Cause**

43.1 Without limiting the generality of Section 42.1, the *Owner* may immediately terminate the *Contract* by notice to the *Contractor* in any of the following circumstances:

- (a) if the *Contractor* becomes insolvent or makes a general assignment for the benefit of its creditors, enters into a plan of arrangement for the benefit of its creditors or otherwise acknowledges its insolvency or if a bankruptcy or receiving order is filed or made against the *Contractor*;
- (b) if an order is made or resolution is passed for the winding up or liquidation of the *Contractor*;
- (c) if a custodian, receiver, manager or other officer with similar powers is appointed in respect of the *Contractor* or any of the *Contractor's* property;
- (d) if the *Contractor* ceases to carry on business in the ordinary course;



- (f) if the *Contractor's* aggregate liability for *Liquidated Damages For Delay* reaches 100% of that limit of *Liquidated Damages For Delay*; or
  - (g) if a creditor takes possession of any of the *Contractor's* property or if a distress, execution or any similar process is levied or enforced against such property and remains unsatisfied by the *Contractor*.
- 43.2 Upon receipt of a notice pursuant to Section 43.1, the *Contractor* shall discontinue the *Work* in accordance with the notice, and shall take such steps as may be necessary or desirable to minimize the costs associated with the termination of the *Work*.
- 43.3 In addition to any rights the *Owner* may have at *Law*, if the *Contractor* is in default in carrying out any of the terms, conditions, covenants or obligations of the *Contract*, or has made a false representation, declaration or warranty, the *Owner* may give the *Contractor* notice of default.
- 43.4 Where the *Owner* gives the *Contractor* a notice of default pursuant to Section 43.3, the *Contractor* shall have [REDACTED] *Work Days* immediately following receipt of the notice, or such longer time as the *Owner* determines to be reasonable and has specified in the notice of default or has subsequently agreed upon in writing, to remedy such default, or commence to prosecute a remedy with diligence. If, in the *Owner's* reasonable opinion, the *Contractor* fails to remedy, or take all steps to diligently remedy, the default, the *Owner* may after an additional [REDACTED] *Work Days'* notice to the *Contractor* terminate the whole or any part of the *Contract*.
- 43.5 In the event the *Contract* or any portion of the *Work* is terminated pursuant to Section 43.1 or Section 43.4:
- (a) the *Contractor* shall discontinue the *Work* in accordance with the notice and shall take such steps as may be necessary or desirable to minimize the costs to the *Owner* associated with the termination of the *Work* and the *Owner* shall not be liable for those costs incurred by the *Contractor* as a result of the termination of the *Work*;
  - (b) the *Owner* shall have the right to take possession of the *Goods, Procured Goods* and the *Contractor's* equipment, materials and plant and shall have the right to use the same to complete the *Work*;
  - (c) the *Contractor* shall execute and deliver to the *Owner* all documents required by the *Owner*, and shall take all steps required by the *Owner*, to assign to and fully vest in the *Owner* the rights and benefits of the *Contractor* under existing agreements with the *Contractor's Subcontractors*, which are related to the *Work*;
  - (d) the *Owner* may complete or have others complete the *Work* at the *Contractor's* expense;

- (e) the *Owner* may realize, or call upon, any security, bond, guarantee, or similar instruments or documents, furnished by the *Contractor* in connection of the *Contract*;
- (f) the *Owner* shall pay the *Contractor* for all *Work* satisfactorily performed to the date of termination, in accordance with Article 13 - Payment, less the sum of any monies already paid to the *Contractor* and any additional cost, loss or expense, including legal fees, that the *Owner* incurs, suffers or sustains, including any amount the *Owner* must pay to obtain satisfactory completion of the *Work* by others; and,
- (g) the *Owner* shall not be liable for any penalties, damages or loss of revenue or profits as a result of the termination of the *Work* or the *Contract* by the *Owner*.

43.6 The *Contractor* may immediately terminate the *Contract* by notice to the *Owner* in any of the following circumstances:

- (a) if the *Owner* becomes insolvent or makes a general assignment for the benefit of its creditors, enters into a plan of arrangement for the benefit of its creditors or otherwise acknowledges its insolvency or if a bankruptcy or receiving order is filed or made against the *Owner*;
- (b) if an order is made or resolution is passed for the winding up or liquidation of the *Owner*;
- (c) if a custodian, receiver, manager or other officer with similar powers is appointed in respect of the *Owner* or any of the *Owner's* property;
- (d) if the *Owner* ceases to carry on business in the ordinary course; or
- (e) if a creditor takes possession of any of the *Owner's* property at the *Work Site* or if a distress, execution or any similar process is levied or enforced against such property and remains unsatisfied by the *Owner*.

43.7 Subject to a legitimate dispute between the parties, or a dispute being pursued in accordance with Appendix F - Dispute Resolution Procedure, should the *Owner* be in material default of its obligations under this *Contract*, the *Contractor* may provide a written notice in [REDACTED] *Work Days* to the *Owner* that should the material default not be remedied, or the *Owner* commence to prosecute a remedy in relation to the material default, that the *Contractor* may suspend or terminate the *Contractor's* obligations under the *Contract*.

43.8 The rights and remedies provided in this Article 43 - Termination for Cause are in addition to the rights and remedies provided by the *Law*, or under any other provision of the *Contract*.

#### **Article 44 - Taxes**

44.1 The *Contractor* shall be responsible for the payment of:

- (a) all taxes imposed by reason of the performance or completion of the *Work* including but not limited to license, permit and registration fees and the *Contractor's* income, profit, franchise, business, and personal property taxes;
  - (b) all employment taxes and contributions imposed by the *Law* or required to be paid on behalf of the employees of the *Contractor* or its *Subcontractors*, including but not limited to taxes and contributions for income tax, workers' compensation, unemployment insurance, old age benefits, welfare funds, pensions and annuities and disability insurance;
  - (c) all taxes, other than property taxes, on the *Work Site* and arising out of the *Work*, to the date of *Substantial Performance*; and
  - (d) all customs, sales and excise taxes and duties owing with respect to any labour, machinery, materials and equipment to be supplied by the *Contractor* and used in performance of or incorporated into the *Work*, except for *GST/HST* payable by the *Owner* with respect to payments due to the *Contractor*.
- 44.2 Any increase in taxes and charges described in Section 44.1(a) and Section 44.1(b) shall be the sole responsibility of the *Contractor*. In the event of an increase in taxes or charges described in Section 44.1(c) and 44.1(d), the *Contractor* shall be entitled to a *Change Order* altering the *Contract Price* to account for the difference between the amount of tax that would have been payable by the *Contractor* as of the effective date of this *Contract* and the actual amount of tax that becomes payable as a result of the tax increase.
- 44.3 In the event of a decrease in taxes or charges described in Section 44.1(c) and 44.1(d), the *Owner* shall be entitled to a *Change Order* altering the *Contract Price* to account for the difference between the amount of tax that would have been payable by the *Owner* as of the effective date of this *Contract* and the actual amount of tax that becomes payable as a result of the tax decrease.
- 44.4 The *Contractor* shall indemnify and hold the *Owner* harmless from any liability resulting from the failure of the *Contractor* or its *Subcontractors* to withhold, deduct, collect or make timely payments of the items referred to in this Article 44 - Taxes or such similar items for which the *Contractor* is responsible. Any interest, penalties or other liabilities arising from such failure shall be the sole responsibility of and be paid for by the *Contractor*.

#### **Article 45 - Workers' Compensation**

- 45.1 The *Contractor* shall ensure all its employees and representatives engaged in the performance of the *Work* are registered for workers' compensation coverage in accordance with the statutory requirements of the Province of Ontario.
- 45.2 The *Contractor* shall at all times pay or cause to be paid any assessment or contribution required to be paid pursuant to the *Workplace Safety and Insurance Act, 1997*, S.O. 1997, Schedule A, as amended, and upon failure to do so, the *Owner*, in addition to any other

rights it may have at *Law* or under the *Contract*, may retain the amount of such assessment or contribution from the *Contract Price*.

- 45.3 The *Contractor* shall indemnify and save harmless the *Owner* from all workers' compensation assessments due by the *Contractor* in relation to the *Work*.
- 45.4 Prior to the performance of any *Work*, before the release of the holdback, and upon request by the *Owner* at any other time, the *Contractor* shall provide, or cause to be provided, evidence:
- (a) that it has an account with the Workplace Safety and Insurance Board by providing a WSIB "Certificate Letter";
  - (b) in the form of a WSIB "Letter of Clearance", that its account is in good standing and that it has paid any assessments made by the WSIB in relation to the *Work*; and
  - (c) of any of the above in respect of any *Subcontractor*.

#### **Article 46 - Liens**

- 46.1 The *Contractor* shall at all times reimburse, protect, indemnify and save free and harmless the *Owner*, the *Work Site* and the other lands and property of the *Owner* from and against all liens and claims made or liability incurred by the *Owner* on account of the *Work* performed or materials supplied by employees of the *Contractor* and *Subcontractors*, or on account of an improper or exaggerated lien filed by the *Contractor*, including, without limitation, legal fees on a solicitor-and-own-client (indemnity) basis. The *Contractor* shall cause any such lien or claim which may be filed or made, to be vacated or released and discharged forthwith at the expense of the *Contractor*. If the lien or claim is merely vacated, the *Contractor* shall, if requested, undertake the *Owner's* defence of any subsequent lawsuit commenced in respect of the lien, provided such lien does not arise as a result of a dispute between the *Contractor* and the *Owner*. If the *Contractor* fails to release or obtain the release and discharge of any such lien or claim, then the *Owner* may, but shall not be obliged to, discharge, release or otherwise deal with the lien or claim, and the *Contractor* shall pay any and all costs and expenses incurred by the *Owner* in so releasing, discharging or otherwise dealing with the claim or lien, including but not limited to, reasonable legal fees. If the *Owner* vacates the lien, it shall be entitled to retain all amounts it would be required to retain pursuant to the *Construction Lien Act* if the lien had not been vacated. Moreover, any amounts so paid by the *Owner* may be deducted from any amounts due the *Contractor* whether under the *Contract* or otherwise.
- 46.2 All payments to the *Contractor* shall be subject to holdback retention in accordance with the *Construction Lien Act*.

### Article 47 - Survival

- 47.1 Notwithstanding whether the *Contract* or any part of the *Work* is terminated pursuant to Article 42 - Termination for Convenience or Article 43 - Termination for Cause, then Article 26 - Warranty, Article 36 - Patents and Licenses, Article 46 - Liens, Article 48 - Liability and Indemnity for Third Party Claims, Article 49 - Liability and Indemnity, Article 51 - Bonds, and Article 52 - Independent Contractor shall survive such termination, and the *Warranty Period*, with respect to the *Work* which has received a *Certificate of Substantial Performance*, shall remain in effect notwithstanding the termination of this *Contract*.
- 47.2 Any terms, covenants, provisions or conditions of the *Contract* which expressly or by their nature survive the termination of the *Contract* shall continue in full force and effect subsequent to and notwithstanding such termination, and shall not be merged with the termination, until such terms, covenants, provisions and conditions are satisfied or by their nature expire.

### Article 48 - Liability and Indemnity for Third Party Claims

- 48.1 The *Contractor* shall be liable to and shall defend, indemnify, and hold harmless the *Owner*, its officers, directors, employees, consultants and agents for all losses, damages and expenses, including reasonable legal fees, which they or any of them may incur as a result of claims, demands, actions or proceedings made or taken against them by persons not party to the *Contract* for:
- (a) any acts or omissions in connection with the performance, purported performance or non-performance of the *Contract* or of the *Work* by the *Contractor* or its *Subcontractors* or their respective employees or agents;
  - (b) any acts or omissions of the *Owner*, *Other Contractors* or their respective employees or agents, or in connection with such acts or omissions, while acting under the direction and control of the *Contractor*, its *Subcontractors* or their respective employees or agents; and
  - (c) any liability, claims, damages, costs and expenses arising from the failure of the *Contractor* or its *Subcontractors*, or their respective employees or agents to comply with the *Law* or the *Contract*.
- 48.2 The *Contractor* shall, at its sole expense, if requested by the *Owner*, defend those persons entitled to be indemnified pursuant to Section 48.1. The *Owner* shall have the right, if it so elects, to participate in any such defence and the *Contractor* shall have the right to settle claims to a maximum of [REDACTED] per claim and [REDACTED] in the *Contract* aggregate upon prior notice to the *Owner* but without requiring the consent of the *Owner* and thereafter only with the prior consent of the *Owner*.
- 48.3 In the event that the *Owner* considers that the failure by the *Contractor* to settle any claim, demand, action or proceeding to which it or others are entitled to be indemnified

by the *Contractor* would be detrimental to its interests, it may so notify the *Contractor*. If, within [REDACTED] *Work Days* of the notice, the *Contractor* fails to conclude a settlement with the claimant, or fails to advise the *Owner* that a settlement would prejudice the *Contractor's* insurance coverage for such claim, demand, action or proceeding, then the *Owner* may settle the claim, demand, action or proceeding in such amount as it considers reasonable and the *Contractor* shall immediately pay to the *Owner* all or such portion of the amount so paid in settlement as the *Owner* designates as the *Contractor's* liability. However such settlement by the *Owner* shall not require the *Contractor* to repay the *Owner* where the *Contractor* notified the *Owner* that such settlement would prejudice the *Contractor's* insurance coverage for such claim, demand, action or proceeding.

48.4 The *Owner* shall defend, indemnify and hold harmless the *Contractor*, its *Subcontractors*, and their respective officers and directors from and against all claims, demands, losses, damages, expenses, actions and proceedings made or taken by persons not party to the *Contract* and which arise on account of and are attributable to the *Owner* for personal injury or physical property damage caused by the *Owner*, any action for which the *Owner* must indemnify the *Contractor* pursuant to Sections 32.7, 35.4 and 36.3, or for the *Owner's* negligence or wilful misconduct in respect of its obligations hereunder.

48.5 In the event that the *Owner* accepts the responsibility to indemnify the *Contractor*, its *Subcontractors*, officers and directors pursuant to Section 48.4, then it shall be entitled to retain and instruct counsel to act for and on behalf of those persons and to settle, compromise and pay any claim, demand, action or proceeding without first obtaining prior approval from the party in whose favour the indemnity has been provided. The *Contractor* shall and shall cause any indemnified party to co-operate in all respects in contesting any third party claim for which the *Owner* has accepted responsibility.

**Article 49 - Liability and Indemnity**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Article 50 - Insurance Provided by Contractor**

50.1 The *Contractor* shall, and shall ensure that its *Subcontractors* shall, without limiting any of the obligations or liabilities under the *Contract*, continuously carry during the performance of the *Work* and any time the *Contractor* or its *Subcontractors* are on the *Work Site*, at their own expense and cost, the following insurance coverage with limits where applicable not less than those shown in the respective items as set out below:

- (a) Workers' Compensation coverage for all employees engaged in the *Work* in accordance with the statutory requirements of the Province of Ontario and all other jurisdictions in which the *Work* and any portion of the *Work* is to be performed and any other applicable provisions of said laws.

[REDACTED]

- (b) Automobile Liability Insurance, covering all licensed motor vehicles owned, (non-owned auto for U.S. based companies), rented or leased and used in connection with the *Work*. Coverage shall include Bodily Injury and Property Damage Liability, mandatory Accident Benefits and if applicable attached machinery, to a combined inclusive minimum limit of the *Automotive Liability Insurance Minimum*;
- (c) Commercial General Liability Insurance with limits of the *Commercial General Liability Insurance Minimum* inclusive for both bodily injury, including death, personal injury, and damage to property, including loss of use thereof, for each

occurrence. To achieve the desired limits, excess or umbrella coverages may be used. Coverage shall specifically include but not be limited to the following:

- (i) Blanket Contractual Liability;
  - (ii) Damage to property of the *Owner* or any property to which the *Owner* has an interest, including loss of use thereof;
  - (iii) Liability arising out of unlicensed equipment;
  - (iv) Pollution Liability coverage on at least a Sudden and Accidental basis;
  - (v) Employer's Liability;
  - (vi) Non-Owned Automobile Liability; Not applicable for U.S.-based companies;
  - (vii) Broad Form Property Damage;
  - (viii) XCU endorsement (if applicable to the services being provided under the *Contract*); and,
  - (ix) Blasting (if applicable to the *Work* being provided under the *Contract*).
- (d) Property and Contractor's Equipment Insurance covering property, equipment, tools and construction machinery owned, rented or leased by and to be used for the performance of the *Work*, excluding all machinery, materials and supplies at the *Work Site* or in transit thereto and intended to become a part of the finished *Work*, for the full replacement cost value of such property on an "all risks" basis;
- (e) Professional Errors & Omissions Insurance in an amount not less than the *Professional Errors & Omissions Insurance Minimum* for each loss, damage, or claim and in the aggregate in connection with the *Work* covering the period from start of *Engineering Services* until *Substantial Performance* and for a further discovery period of [REDACTED] from the issuance of the *Certificate of Substantial Performance* for the entire *Work*. Without limiting the generality of the foregoing, the policy will not contain a design/build exclusion.
- (f) Property and Boiler and Machinery Insurance. The *Contractor* will obtain and maintain the property and boiler and machinery insurance described in this Section 50.1(f):
- (i) All Risk Builders Risk Insurance shall be in the joint names of the *Contractor*, the *Owner*, *Other Contractors*, all other consultants engaged in the performance of the *Work* and all *Subcontractors*, sub-*Subcontractors* and suppliers. The insurance coverage shall not be less than the insurance required by IBC Forms 4042 and 4047, or their equivalent replacement. The insurance coverage provided shall have limits of not less than the replacement cost of the *Work* at risk from time to time plus the replacement cost of the *Procured Goods* and *Free Issue*

*Goods*. The policy shall have a deductible of not more than the *All Risk Builders Risk Insurance Deductible*.

- (ii) Boiler and Machinery Insurance shall be in the joint names of the *Contractor*, the *Owner*, *Other Contractors*, all other consultants engaged in the performance of the *Work* and *Subcontractors*, *Sub-Subcontractors* and suppliers. The insurance coverage shall not be less than the insurance provided by the Comprehensive Boiler and Machinery Form. The insurance provided shall have limits of not less than the replacement value of the boilers, pressure vessels and other insurable object forming part of the *Work* and shall include testing.
- (iii) The All Risk Builders Risk and Boiler and Machinery Insurance shall:
  - (A) Name the *Owner* as an Additional Named Insured and Loss Payee as respects its property while in the custody of the *Contractor* but that any deductible shall be for the account of the *Contractor*; and
  - (B) Contain a Waiver of Subrogation in favour of *Owner* and its affiliated companies, as “affiliated” is defined under the *Business Corporations Act* (Ontario).
- (iv) The policies shall allow for partial or total use or occupancy of the *Work*. If because of such use or occupancy the *Contractor* is unable to provide coverage, the *Contractor* shall notify the *Owner* in writing. Prior to such use or occupancy, the *Owner* shall provide, maintain and pay for all risk property and boiler and machinery insurance in the amounts described in Sections 50.1(f)(i) and 50.1(f)(ii) including coverage for such use or occupancy and shall provide the *Contractor* with proof of such insurance. The policies shall be amended to include permission for completion of *Work* and shall include all insureds as specified in Sections 50.1(f)(i) and 50.1(f)(ii). The *Contractor* shall refund to the *Owner* the unearned premiums applicable to the *Contractor’s* policies upon termination of the coverage.
- (v) The policies shall provide that, in the case of a loss or damage, payment shall be made to the *Owner* and the *Contractor* as their respective interest may appear. The *Contractor* shall act on behalf of the *Owner* for the purpose of adjusting the amount of such loss or damage with the insurers. When the extent of loss or damage is determined, the *Contractor* shall proceed to restore the *Work*. Loss or damage shall not affect the rights and obligations of either party under the *Contract* except that the *Contractor* shall be entitled to a reasonable extension of the *Contract Time*.
- (g) Pollution Liability Insurance: When remediation or abatement is included in the *Owner’s Requirements* or *Work*, Contractor will purchase a policy with limits of not less than [REDACTED] per occurrence (and [REDACTED] in aggregate for

Hazardous and Subject Waste) covering bodily injury and property damage claims, including cleanup costs as a result of pollution conditions arising from *Contractor's* and/or subcontractor's operations and completed operations. Completed operations coverage will remain in effect for no less than [REDACTED] years after final completion of the *Work*. The policy will have a retroactive date before the start of the *Work*.

- (h) Aircraft Liability Insurance, with coverage to include use of fixed wing and helicopter, in an amount not less than [REDACTED] each occurrence, covering bodily injury (including to passengers) and property damage liability.

50.2 Before starting work, the *Contractor* will supply and cause its subcontractors to supply the *Owner* a certificate of insurance completed by a duly authorized representative of their respective insurers certifying that at least the minimum coverages required here are in effect and that the coverages will not be cancelled, nonrenewed, restricted or reduced without [REDACTED] advance written notice by registered mail, receipt required, to:

Hydro One Networks Inc.  
c/o Contact for Insurance Notices  
483 Bay St, TCA  
Toronto, ON M5G 2P5

with copy to:

Hydro One Networks Inc.,  
Risk & Insurance Department,  
483 Bay Street, 7<sup>th</sup> Floor, South Tower,  
Toronto, Ontario. M5G 2P5

50.3 Failure of the *Owner* to demand the certificates in Section 50.2 or other evidence of full compliance with the insurance requirements under this *Contract* or failure of the *Owner* to identify a deficiency from evidence provided will not be construed as a waiver of the *Contractors* obligation to maintain such insurance.

50.4 The acceptance of delivery by the *Owner* of any certificate of insurance evidencing the required coverages and limits does not constitute approval or agreement by the *Owner* that the insurance requirements have been met or that the insurance policies shown in the certificates of insurance are in compliance with the requirements.

50.5 If the *Contractor* fails to maintain the insurance as set forth here, the *Owner* will have the right, but not the obligation, to purchase said insurance at the *Contractors* expense. Alternatively, the *Contractors* failure to maintain the required insurance may result in termination of this contract at the *Owner's* option.

50.6 If any of the coverages are required to remain in force after final payment, an additional certificate evidencing continuation of such coverage will be submitted with the *Contractor's* final invoice.

- 50.7 Certificates of insurance will be provided within ■ days of issuance of the *Purchase Order*.
- 50.8 All deductibles will be to the account of the *Contractor* and/or its *Subcontractors*.
- 50.9 With the exception of Section 50.1(b) (automobile liability), all insurance noted above shall specify that it is primary coverage and not contributory with or in excess of any other insurance that may be maintained by the *Owner*.
- 50.10 The *Contractor* shall place all policies with insurers which are licensed to provide insurance in the Province of Ontario with insurers acceptable to the *Owner*, and in a form acceptable to the *Owner*;
- 50.11 All limits and deductibles are expressed in Canadian dollars.
- 50.12 The *Owner* and the *Owner's Representative*, where applicable, shall be included as an Additional Insured under coverages noted in Commercial General Liability and Excess/Umbrella Liability but only with respect to their rights and interest in the operations of the *Contractor* and shall be added a Loss Payee as the *Owner's* interest may appear, under coverage All Risks Installation Floater.
- 50.13 Coverages noted in Commercial General Liability and Excess/Umbrella Liability shall contain a Cross Liability clause and a Severability of Interests clause.
- 50.14 Coverage provided for the *Owner* shall not be invalidated or vitiated by actions or inactions of others.
- 50.15 The insurance requirements under this *Contract* shall be in force prior to the commencement of *Work* under the contract and shall remain in force during the entire term of the contract. Notwithstanding anything else in the *Contract*:
- (a) the *Contractor* shall not commence providing the said services prior to the *Owner's* receipt of a valid Standard Insurance Certificate evidencing compliance with all terms of this Article 50 - Insurance Provided by Contractor
  - (b) if the required insurance coverage expires during the term of the *Contract*, the *Contractor* shall not continue providing the *Work* prior to the *Owner's* receipt of a valid Standard Insurance Certificate evidencing continued compliance with all terms of this Article 50 - Insurance Provided by Contractor; and
  - (c) in addition to any other remedy that the *Owner* may have against the *Contractor* as a result of the *Contractor's* failure to comply with all the terms of this Article 50 - Insurance Provided by Contractor, the *Contractor* shall, to the extent that delay in providing the said services occurs as a result of the non-delivery of a certificate of insurance required to be supplied under this *Contract*, be liable to the *Owner* for all damages arising out of the said delay.
- 50.16 Neither the providing of insurance by the *Contractor* in accordance with the requirements of this Article 50 - Insurance Provided by Contractor, nor the insolvency, bankruptcy, or

failure of any insurance company to pay any claim shall be held to relieve the *Contractor* from any other provisions of the *Contract* with respect to liability of the *Contractor*, or otherwise.

50.17 Unless otherwise stated herein, the dollar amount of the deductible in the policies for any one loss shall be subject to the approval of the *Owner*, and in no case shall the deductible exceed [REDACTED] or such lower limit imposed by *Law*.

50.18 The *Contractor* shall ensure that its Subcontractors meet the obligations herein in the same manner as the *Contractor* must meet them.

**Article 51 - Security, Bonds and Guarantees**

51.1 The *Contractor* shall provide to the *Owner* at Contractors' cost, the following security:

[REDACTED]

[REDACTED]

(c) a performance bond, with Hydro One as obligee, in the amount of [REDACTED] of the *Contract Price* with a duly licensed surety company authorized to transact a business of suretyship in the Province of Ontario with an A.M Best rating of at least A-, to remain in place until *Total Performance of the Work*;

(d) a labour and materials bond, with Hydro One as obligee, in the amount of [REDACTED] of the *Contract Price* with a duly licensed surety company authorized to transact a business of suretyship in the Province of Ontario with an A.M Best rating of at least A-, to remain in place until *Total Performance of the Work*;

(e) [REDACTED]

**Article 52 - Independent Contractor**

52.1 For the purposes of the *Contract* and the *Work*, the *Contractor* shall be an independent contractor and not the agent or employee of the *Owner*.

52.2 All persons employed or retained by the *Contractor* in connection with the performance of its obligations shall be its employees or those of its *Subcontractors*, as the case may be, and not the employees or agents of the *Owner* in any respect.

- 52.3 The *Contractor* shall indemnify and hold harmless the *Owner*, against all claims, demands, losses, damages, expenses, actions and proceedings whatsoever, including reasonable legal fees, which may be incurred by the *Owner* as a result of any determination by any tribunal or court that any *Contractor Personnel* pursuant to the terms of this *Contract* are for any purposes agents or employees of the *Owner*.
- 52.4 The *Contractor* shall have no authority whatsoever to make any statement, representation or commitment of any kind, or to take any action, which may be binding on the *Owner*, except as provided for in this *Contract*, as authorized in writing by the *Owner*.

### **Article 53 - Conflict of Interest**

- 53.1 The *Contractor* shall exercise reasonable care and diligence to prevent any actions or conditions which could result in a conflict with the *Owner's* best interests. This obligation shall apply to the activities of the *Contractor* and its *Subcontractors* and their respective employees and agents, in their relations or dealings with the employees of the *Owner* and their families, and other third parties, arising from the *Contract* or the performance of the *Work*. The efforts made by the *Contractor* in this regard shall include, but shall not be limited to, establishing reasonable precautions to prevent *Subcontractors* and their respective employees from offering, or providing entertainment, gifts, loans, payments or other considerations to the *Owner's* employees, consultants and agents or their family members.
- 53.2 The *Contractor* acknowledges and agrees that the *Owner's* directors, officers, employees, agents, representatives, and business partners are bound by the *Owner's* Code of Business Conduct.
- 53.3 The *Contractor* will not take any action that would cause the *Owner* or any of its directors, officers, employees, agents, representatives, or business partners to be in breach of any of the obligations set out in *Owner's* corporate Code of Business Conduct. A current copy of the code may be reviewed by downloading the electronic document by following the appropriate link at the following hyperlink: <http://www.HydroOne.com/CodeofConduct>
- 53.4 In connection with any of the work under this contract, the *Contractor* covenants and agrees, not to offer or give directly or indirectly to any of the *Owner's* employees or representatives, or their immediate family members (including their common law relationships) known to the *Contractor* to the best of its knowledge and belief, each of the foregoing persons an "*Insider*", collectively "*Insiders*", any of the following:
- (a) any form of bribe or kickback;
  - (b) gifts of cash, gift certificates, services, discounts, or loans;
  - (c) any gift, entertainment, or similar type of benefit that does not serve a legitimate business purpose; or

- (d) any gift, entertainment, or similar type of benefit that may compromise or appear to compromise their ability to make business decisions in the best interest of the *Owner*.

53.5 The Contractor represents and warrants that in anticipation of this contract, it did not directly or indirectly participate in any acts prior to entering into this contract that would be precluded by Section 53.4.

53.6 The *Contractor* further represents, warrants, and covenants that, at the commencement of this contract, and throughout its term, to the best of the *Contractor's* knowledge and belief, no *Insider* has (or will have) an interest (whether directly or indirectly, or personal, or financial), in the supplies, work, or business to which this contract relates, or in any portion of the profits thereof, or in any monies to be derived therefrom ("*Insider's Interest*"); however, there is no breach of the foregoing where:

- (a) at the time of entering into this contract, the *Contractor* has disclosed all relevant facts known to it concerning the *Insider's Interest*, and the *Owner* has provided the *Contractor* with a written determination, made at the *Owner's* sole and absolute discretion, that the *Insider's Interest*:
  - (i) does not have potential for real or perceived conflict of interest, or
  - (ii) has a potential for real or perceived conflict of interest but it can be managed in a way that protects the integrity and reputation of the *Owner*, and would withstand the test of reasonable and independent scrutiny, and a suitable method of monitoring and managing such real or perceived conflict has been determined and is implemented.
- (b) the *Contractor* is a publicly-traded company that offers its registered securities to the general public and the *Insiders*, collectively, have an insignificant interest in the stock of that company, not to exceed a total of five per cent of the outstanding stock of the *Contractor*.

#### **Article 54 - Audit Access**

54.1 The *Contractor* shall preserve the *Records* in good order during the *Contract Time* and for a period of [REDACTED] years thereafter.

54.2 The *Contractor* shall permit authorized representatives of the *Owner* to review the *Records* at all reasonable times during the *Contract Time*, and for a period of two years thereafter for the purposes of:

- (a) determining the *Contractor's* compliance with all of the terms of the *Contract*, including, but not limited to:
  - (i) Article 19 - Changes and Article 39 - Delays Caused by the Contractor; and
  - (ii) the *Policies*; and

- (b) verifying of all *Work* performed and all reimbursable costs and other charges payable under the *Contract*.

54.3 Where the *Contract Price* is not on a cost reimbursable basis, the *Contractor* may black-out any information in the *Records* relating to price before access is given to the *Owner*.

54.4 Where requested by the *Owner*, the *Contractor* shall provide the *Owner* or its authorized representative with office accommodation for their exclusive use (including a desk and access to telephone), as well as facilities and reasonable assistance required for the proper performance of their duties.

#### **Article 55 - Representatives and Notices**

55.1 The *Owner's Representative* has the authority to bind the *Owner* in accordance with the processes under the *Contract* on all matters relating to the *Work* and the *Contract*, and all communications to or with the *Owner's Representative* shall be deemed to be communications to or with the *Owner*.

55.2 The *Contractor* shall not change the *Contractor's Representative*, except with the prior approval of the *Owner*. The *Contractor's Representative* has the authority to bind the *Contractor* in accordance with the processes under the *Contract* on all matters relating to the *Work* and the *Contract*, and all communications to or with *Contractor's Representative* shall be deemed to be communications to or with the *Contractor*.

55.3 Unless otherwise specifically indicated in the *Contract*, all notices, approvals, consents, authorizations and other communications required or permitted pursuant to the *Contract*, shall be in writing and shall be communicated to the *Contractor's Representative* or the *Owner's Representative*, as the case may be. In addition, all legal notices, consents, authorizations and other such communications shall be delivered by personal delivery, courier or facsimile to the *Contractor's Address for Legal Notices* set out above, or to the *Owner's Legal Address*, as applicable.

55.4 Either party may change its contact information for the purposes of Section 55.3 by providing the other party with 5 days notice of such a change.

55.5 E-mail may be used for day-to-day general communication between the parties, but e-mail shall not be used for the communication of a notice which is prescribed by the *Contract*.

#### **Article 56 - General**

56.1 No failure or delay on the part of either party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, unless otherwise specified hereunder.

56.2 The *Owner* may deduct or set-off any amounts owing from the *Contractor* pursuant to this *Contract* from any payments due or owing to the *Contractor* or a third party to whom the *Owner* could become ultimately liable.

- 56.3 No waiver of any right, power or privilege by a party shall limit or affect that party's rights with respect to any breach of the *Contract* by the other party.
- 56.4 The *Contractor* shall prepare subcontract terms and conditions appropriately reflective of the terms and conditions of this *Contract*, as applicable to each subcontract with each *Subcontractor*.
- 56.5 Each of the parties hereto shall execute such further documents and give such further assurances as are required to give effect to the *Contract*.
- 56.6 If a court of competent jurisdiction determines that any provision of this *Contract* is invalid or unenforceable, such determination shall not affect the validity or enforceability of the remaining provisions of the *Contract*.
- 56.7 All of the covenants and agreements herein contained on the part of either party shall apply and enure to the benefit of and be binding upon their respective legal representatives, successors and assigns.
- 56.8 Each of the parties hereby represents and warrants that it has the power and authority to enter into the *Contract* and to perform all of its obligations hereunder.
- 56.9 The *Contract* constitutes the entire agreement between the parties with respect to the *Work* and supersedes and replaces all previous communications, representations and agreements, either written or verbal.
- 56.10 This *Contract* shall be governed by and construed in accordance with the laws of the Province of Ontario, and, subject to Appendix F - Dispute Resolution Procedure, the parties attorn to the jurisdiction of the courts of the Province of Ontario, and any legal proceedings shall be commenced and heard in the City of Toronto.
- 56.11 This *Contract* shall be executed by the parties, or their representatives, in person with original signatures, but may be executed in counterpart. Subsequent documents may be executed by the parties, or their representatives, and such execution may be by way of facsimile or electronic transfer.
- 56.12 This Contract is written in the English language at the express wish of the Parties. Ce contrat a été rédigé en anglais à la demande expresse des parties.

- Exhibits and Appendices attached -

## **Exhibit A**

### **Safety Courses**

The Contractor must complete the Station Safety Awareness - External Contractor (Course Code SSSAEX), at least one week prior to arrival at the Owner's Site: This training is available On-Line at: <https://www.services.hydroone.com/eLearning/>

Password: TrainingH1

The first screen you see will be the logon screen.

If you have used external e-Learning previously using your logon information, fill out this screen.

If this is your first attempt you must register. To register click on "register" button at the bottom of the screen.

You must fill out the required fields. It is very important that these fields are correctly filled out to receive credit for your training.

Before taking any e-learning course you MUST test that the Flash Player Plug-in is correctly installed on your computer or the course may malfunction (e.g., the "Continue" button will not appear).

In your internet browser address bar, type or copy the link below:

Link: [http://www.adobe.com/devnet/flash/samples/interactivity\\_3/index.html](http://www.adobe.com/devnet/flash/samples/interactivity_3/index.html)

If the Flash animation is not working, in your internet browser address bar, type or copy the link, and then install the latest version of the Adobe Flash Player Plug-in.

In your internet browser address bar, type or copy the link below, then install the Player:

Link: <http://get.adobe.com/flashplayer/?promoid=BUIGP>

## Exhibit B

### Safeguards and Personal Protective Equipment

The following is required and the *Contractor* shall also ensure, at no additional cost to the *Owner*, that all personnel, including but not limited to *Subcontractors*, working or supplying *Work, Procured Goods* or *Goods* within the *Work Site*, with the exception of the fenced off administrative area clearly designated as such, shall wear:

- Head protection (CSA Z94.1) Class E (Type 1 or 2)
- Foot protection (CSA Z195) Green triangle and Omega symbol (class 1 toe protection and electrically resistant)
- Eye/Face Protection (CSA Z94.3) High velocity impact with side shields and no metal frames;
- Arc Flash/Flame Resistant clothing with a minimum Arc Rating of 8.0 Cal/cm<sup>2</sup>. The exterior layer of such FR clothing shall meet the ASTM 1506-02 standard (Standard Performance Specification for Flame Resistant Textile Materials for Wearing Apparel for Use by Electrical Workers Exposed to Momentary Electric Arc and Related Thermal Hazards), as such standard may be updated from time to time. Coverage must be from wrists to ankles (e.g. full length pants and long sleeved shirts). Clothing can incorporate the high visibility requirements below. If the FR clothing is not high visibility then a high visibility FR garment (vest) must be worn over top of the FR clothing.
- High visibility clothing must meet O.Reg 213/91 sec. 69.1(1-4) sec. 106(1.1-1.4 for daytime and nighttime visibility). If certified to CSA Z96 garment must be certified to Class 2 Level 2. Vests shall be arc flash/flame resistant.

The *Contractor* will ensure that any worker entering a flash protection boundary must be qualified and must be wearing appropriate PPE. The Flash Protection Boundary is required to be calculated by NFPA 70E.

## Lake Superior Link - Scope of Work - Division of Responsibility

#	Activity	Deliverables	Owner	
			Hydro One	SNC-Lavalin
<b>1.0</b>	<b>Project Development</b>	<b>All activities to permit the project</b>		
1.01	Environment	Pre-disturbance Assessment (PDA) (Biophysical Survey) - Raptor Nest Surveys - Migratory Bird Surveys - Sensitive Species Survey - Vegetation, Weed, Soil Surveys		X
1.02	Environment	Historical Resource Impact Assessment and Clearance		X
1.03	Environment	Environmental Field Report (EFR) - Crown Land only		X
1.04	Environment	Environmental Specifications Requirements (ESR)		X
1.05	Environment	Ontario Water Act and Fisheries Approvals		X
1.06	Environment	Caribou Protection Plan		X
1.07	Environment	Traditional Land Use (TLU) Surveys		X
1.08	Environment	Environmental Contamination: Phase I ESA (Haz Mat survey) and Phase II/III ESAs if required.		X
1.09	Environment	Environmental Studies for Permitting		X
1.1	External Engagement	Communications / Public Relations	X	Assist
1.11	External Engagement	Consultation (Indigenous Communities and others)	X	X
1.12	External Engagement	Government Relations	X	
1.13	External Engagement	Aboriginal Consultations	X	Assist
1.14	External Engagement	Letter of Adequacy	X	
1.15	External Engagement	Forest Management Agreements and Timber Damage Agreements	X	
1.16	Siting	T Line Spotting		X
1.17	Siting	Commitments to Landowners / Occupants	X	
1.18	Siting	Route or Structure Changes Due to Landowner/Affected Parties Negotiations	X	
1.19	Land	Land Easements / Individual Ownership Plans	X	
1.2	Land	Land Acquisition - Buy Out	X	
1.21	Land	Crown Easement (EZE) Disposition Application Submissions/Approval	X	
1.22	Land	Obtain Preconstruction TFAs (Crown only)	X	
1.23	Regulatory	EA Preparation and Submission		X

			Owner	EPC
#	Activity	Deliverables	Hydro One	SNC-Lavalin
1.24	Regulatory	LTC Preparation and Submission including IRs	X	Assist
1.25	Regulatory	OEB Directed Route Adjustments	X	
1.26	Permits	Access Permits (Landowners)	X	
1.27	Permits	Water Course Crossing Notifications; Powerline Cable Crossing Form		X
1.28	Permits	DFO Permits: Temporary Water Crossing Permit; FOC Operations Statement		X
1.29	Permits	Road Maintenance Agreements - Construction Only		X
1.3	Permits	Road Maintenance Agreements - Permanent Only	X	
1.31	Permits	Temporary Construction Permits (including Land Use Proposal Submission Form, building permits, camp permits)		X
1.32	Permits	Water Use: Temporary Diversion Licence and Temporary Diversion Access		X
1.33	Crossings and Facilities	Facility Mitigation Studies (e.g. pipelines)	X	Assist
1.34	Crossings and Facilities	Existing Facility Agreements (e.g. pipeline, wellhead, rail, road) - Crossing agreements (temporary and permanent) - Alberta Transportation Highway Crossings - Proximity Agreements - Encroachment Agreements	X	Assist
1.35	Construction	Lease Agreements for private land used for yards, temporary facilities, etc.		X
<b>2.0</b>	<b>General Management</b>	<b>All activities in planning and PMPC</b>		
2.01	Construction	Construction Execution Planning		X
2.02	Construction	Identify all Access Requirements and Temporary Worksites (including geotech, access, material yards, pull sites, etc.)		X
2.03	Construction	Construction Accommodations		X
2.04	Construction	Temporary Facilities for Construction (offices, trailers, etc.)		X
2.05	Construction	Temporary Power During Construction		X
2.06	Construction	Reclamation Plan		X
2.07	Construction	Construction period insurance		X
2.08	Environment	Vegetation Management Plan		X
2.09	Environment	Environmental management plans including CEMP		X

			Owner	EPC
#	Activity	Deliverables	Hydro One	SNC-Lavalin
2.10	Land	Field Verification of Property Descriptions ("Survey Truthing" for structure location coordinates)		X
2.11	Labour	Project and Commercial Management		X
2.12	Labour	Project Controls and Reporting		X
2.13	Labour	Construction Management		X
<b>3.0</b>	<b>Engineering</b>	<b>All activities to design</b>		
3.01	Engineering	LiDAR Data and Variation in Topographical Conditions		X
3.02	Engineering	Geotech Studies and Variation in Ground Conditions		X
3.03	Engineering	Tower Spotting		X
3.04	Engineering	Tower Design and Testing		X
3.05	Engineering	Design Requirements Over and Above Functional Specification		X
3.06	Engineering	Design and Engineering - including all drawing packages		X
3.07	Engineering	Design Reviews (intermediate and final)	X	X
3.08	Engineering	Interface with Owner for Design		X
3.09	Engineering	Design certification for Ontario		X
3.10	Engineering	Constructability Review		X
3.11	Crossings and Facilities	Design and Construction of Crossing Structures		
<b>4.0</b>	<b>Procurement</b>	<b>All activities to procure material and services</b>		
4.01	Equipment	Procurement of Material and Major Equipment Required for Construction		X
4.02	Equipment	Procurement of Material and Equipment Required for Construction Consumables		X
4.03	Equipment	Equipment Manufacturing, Quality, and Delivery		X
4.04	Construction	Executing contracts for miscellaneous construction services		X
<b>5.0</b>	<b>Access &amp; Clearing</b>	<b>All activities for access and clearing construction</b>		
5.01	Construction	Construction Labour Availability and Pricing		X
5.02	Construction	Contracts for Labour Required for Construction		X
5.03	Labour	Field Coordinators and Monitors (Safety, Construction)		X
5.04	Labour	Field Monitors (Environment, Quality)		X
5.05	Labour	Field Engineering Construction Support		X

			Owner	EPC
#	Activity	Deliverables	Hydro One	SNC-Lavalin
5.06	Construction	Weather Mitigations		X
5.07	Construction	Wildfire Management		X
5.08	External Engagement	Construction Coordination with Affected Parties (Land Coordinators, Public Relations Coordinators)	X	X
5.09	Crossings and Facilities	Facility Mitigation Installation (e.g. pipelines)		X
5.10	Construction	Timber Salvage - Plan, Laydown Areas, Contractor (Construction Only)		X
<b>6.0</b>	<b>Foundations</b>	<b>All activities for foundation and anchor construction</b>		
6.01	Construction	Construction Labour Availability and Pricing		X
6.02	Construction	Contracts for Labour Required for Construction		X
6.03	Labour	Field Coordinators and Monitors (Safety, Construction)		X
6.04	Labour	Field Monitors (Environment, Quality)		X
6.05	Labour	Field Engineering Construction Support		X
6.06	Construction	Weather		X
6.07	Construction	Wildfire Management		X
6.08	External Engagement	Construction Coordination with Affected Parties (Land Coordinators, Public Relations Coordinators)	X	X
<b>7.0</b>	<b>Transmission Line</b>	<b>All activities for 230kV and 115kV construction</b>		
7.01	Construction	Construction Labour Availability and Pricing		X
7.02	Construction	Contracts for Labour Required for Construction		X
7.03	Construction	Staking - Avoidance Area, RoW, Tower		X
7.04	Labour	Field Coordinators and Monitors (Safety, Construction)		X
7.05	Labour	Field Monitors (Environment, Quality)		X
7.06	Labour	Field Engineering Construction Support		X
7.07	Construction	Weather Mitigations		X
7.08	External Engagement	Construction Coordination with Affected Parties (Land Coordinators, Public Relations Coordinators)	X	X
7.09	Crossings and Facilities	Coordination of Outages for Transmission Line Crossings / Replacement of structures in park	X	X
7.10	Crossings and Facilities	Construction Parallel to Existing Facilities (Safety, Construction Considerations)		X

			Owner	EPC
#	Activity	Deliverables	Hydro One	SNC-Lavalin
7.11	Crossings and Facilities	Traffic Management for Crossings (e.g. Highway Crossings)		X
<b>10.0</b>	<b>Commissioning</b>	<b>All activities for final commissioning of the facilities</b>		
10.01	Construction	T-Line End to End Testing		X
10.02	Construction	T-Line Phaseout		X
10.03	Commissioning	Fibre Optic Splicing and Testing		X
10.04	Construction	Final acceptance	X	
10.05	Construction	In-Service switching	X	
<b>11.0</b>	<b>EPC Closeout</b>	<b>All activities to close the construct</b>		
11.01	Land	Land Survey Post Construction		X
11.02	Engineering	As-Built Drawings		X
11.03	Procurement	SubContract Closures		X
11.04	Construction	Punch List Items		X
11.05	Labour	Final Invoice and Reconciliations	X	X

## APPENDIX B – Contract Price

- 1 The *Contract Price*, which excludes Value Added Taxes, is:  

dollars and            cents (\$        ).
- 2 Value Added Taxes as at the time of this Contract is the HST only (at 13%) and the *HST* payable by the Owner to the Contractor is:  

dollars and            cents (\$        ).
- 3 Total amount payable by the Owner to the Contractor for the performance of the Work is:  

dollars and            cents (\$        ).
- 4 All reference to dollar amount herein shall be in Canadian funds.
5. These amounts shall be subject to adjustments as expressly provided in the *Contract*.
6. In accordance with the Contract, the Owner shall make milestone payments to the Contractor when requested at the completion of the Contract stipulated performance milestones, as set forth in the Milestone Performance Payment Schedule, attached as Schedule “A” to this Appendix B for completion of a milestone (“Milestone Payment”).



APPENDIX C – Policy and Guidelines

The Owner's *Policy and Guidelines* shall include the following:

Health & Safety Policy

[REDACTED]

Environmental Policy

[REDACTED]

Public Safety Policy

[REDACTED]

Workplace Violence & Harassment Policy

[REDACTED]

Hydro One Safety Rules

[REDACTED]

## APPENDIX D - Liquidated Damages for Delay

If the *Contractor* fails to reach *Substantial Performance* by the *Scheduled Substantial Performance Date*, then the *Contractor* shall pay to the *Owner* the sum of [REDACTED] per day for each day of delay as delay liquidated damages (“Delay Liquidated Damages”). The *Owner* and *Contractor* agree that such Delay Liquidated Damages are not a penalty, but are a genuine pre-estimate of the loss suffered by the *Owner* solely and exclusively in respect of the delay, and are the *Contractor’s* entire liability and *Owner’s* sole and exclusive remedy for all loss, damages, costs and/or expenses suffered or incurred by the *Owner* in respect of the losses suffered by the delay, where *Substantial Performance* is achieved by the *Contractor* within [REDACTED] days of the *Scheduled Substantial Performance Date*, and the Parties agree the maximum amount of such Delay Liquidated Damages shall not exceed [REDACTED] of the *Contract Price*.

FORM 6  
CERTIFICATE OF SUBSTANTIAL PERFORMANCE OF THE CONTRACT UNDER SECTION 32 OF THE ACT  
*Construction Lien Act*

.....  
*(County/District or Regional Municipality/City or Borough of Municipality of  
Metropolitan Toronto in which premises are situate)*

.....  
*(street address and city, town, etc., or, if there is no street address, the location of the premises)*

This is to certify that the contract for the following improvement:

.....  
*(short description of the improvement)*

to the above premises was substantially performed on .....  
*(date substantially perform*

Date certificate signed: .....

.....  
*(payment certifier where there is one)*

.....  
*(owner and contractor, where there is no payment certifier)*

Name of owner: .....

Address for service: .....

Name of contractor: .....

Address for service: .....

Name of payment certifier: .....  
*(where applicable)*

Address: .....

*(Use A or B whichever is appropriate)*

A. Identification of premises for preservation of liens:

.....  
*(where liens attach to premises, reference to lot and plan number or instrument  
registration number)*

B. Office to which claim for lien must be given to preserve lien:

.....  
*(where liens do not attach to premises)*

**Appendix E – Forms**  
**Key Personnel Confidentiality, Proprietary Information and Consent Agreement**

Dated effective           , 20

TO:

(the "*Contractor*")

AND TO:     Hydro One Networks Inc.

(the "*Owner*")

I,           (the "*Employee*"), in consideration of the *Owner* consenting to my participation in the performance of certain work (the "*Work*") by the *Contractor* for the *Owner* pursuant to an agreement (the "*Agreement*") made between the *Owner* and the *Contractor* dated as of           , 20           with respect to           [Project]; and for the further consideration of \$1.00, from each of the *Contractor* and the *Owner*, the receipt and the sufficiency of which are hereby acknowledged, do hereby agree, separate and apart from the *Contractor*, as follows:

1.     I have had my role and responsibilities explained to me by the *Contractor*, or I have reviewed a copy of the *Agreement* and agree to observe the terms and conditions that relate to employees and subcontractors of the *Contractor*.
2.     I am referred to herein as the *Employee* even though I may not be an actual employee of the *Contractor*, and may, in fact, be a subcontractor to the *Contractor*.
3.     I acknowledge that the *Owner* has an interest in securing the performance of the *Work* by the *Contractor* and that the ability of the *Contractor* to perform the *Work* primarily depends on my continued employment with the *Contractor*.
4.     I shall perform for the *Contractor* such duties as may be assigned to me by the *Contractor* from time to time pertaining to the *Work*. I agree that all inventions, copyright, copyrightable works, discoveries, improvements, industrial designs and other intellectual and proprietary rights conceived, originated or prepared by me, arising directly or indirectly from the performance of the *Work*, are and shall be the exclusive property of the *Owner* or the *Contractor* as determined in accordance with the terms of the *Agreement*.

...

5. I shall not, without the prior written consent of the *Contractor* and the *Owner*, either during or for a 5 year period after my employment by the *Contractor*, use or disclose any information acquired by me in the course of or by reason of my participation in the performance of the *Work*, nor will I disclose to any person not in the employ of the *Contractor* any such information, including, without limitation, any information as to technology, policies, operations, processes or formulae used, owned or supervised by the *Owner* or by any of its affiliates. At the termination of the *Agreement* or earlier if so requested, I shall forthwith return to the *Owner* all confidential information in my possession.

I agree that, if any provision in this undertaking is found to be invalid or otherwise unenforceable at law, such provision shall be severed, and the remaining provisions shall continue in full force and effect.

---

Witness Signature  
Witness Name: (print)  
Date: (print)

---

Employee Signature  
Date: (print)

## Pre-Job Kick Off Meeting Checklist

AR #:	PO #:
Contract Title:	
Contractor:	
Contractor Representative:	
HONI Contract Manager/Administrator:	
Date:	

Item #	Description	Covered
1	Introduction and Background <ul style="list-style-type: none"> <li>• Meeting Purpose</li> <li>• Introductions</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
2	Organization <ul style="list-style-type: none"> <li>• HONI and Owner's Rep.</li> <li>• Contractor and Key Personnel</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
3	Safety / Health / Environment <ul style="list-style-type: none"> <li>• Designated Substances list</li> <li>• Identified Hazards on Site</li> <li>• Contractor Site Specific Health &amp; Safety Plan</li> <li>• Contractor Site Specific Environmental Plan</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4	Security <ul style="list-style-type: none"> <li>• Security Clearance &amp; Access to Critical Cyber Assets (if applicable)</li> <li>• Station Access</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
5	Contract <ul style="list-style-type: none"> <li>• Review of the Notice of Project</li> <li>• General Scope of Work (In/Out of Scope)</li> <li>• Contract Objective</li> <li>• List of Deliverables</li> <li>• Key Success Factors</li> <li>• Stakeholders Identification</li> <li>• Responsibility Matrix</li> <li>• Required Permits and their Renewals</li> <li>• Labour Relations Requirements (EPSCA, CUSW, PWU, Society)</li> <li>• Mark up Meeting</li> <li>• Site Layout (construction offices, parking, laydown area etc.)</li> <li>• Boundaries</li> <li>• Work Protection</li> <li>• Training Requirements (Contractor &amp; HONI training)</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
6	Quality Assurance / Quality Control / Quality Surveillance <ul style="list-style-type: none"> <li>• HONI / Owner's Rep. Responsibility</li> <li>• Contractor Responsibility</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>

## Pre-Job Kick Off Meeting Checklist

Item #	Description	Covered
7	Drawings/ Documentation <ul style="list-style-type: none"> <li>• HONI Supporting Documentation</li> <li>• Design Drawings and their Distribution</li> <li>• Drawing Control</li> <li>• Contractor Drawing Submittals, Approvals, Schedule and Reviews</li> <li>• Test Reports</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
8	Communication Protocol <ul style="list-style-type: none"> <li>• Lines of Communication</li> <li>• Progress Review Meetings (frequency)</li> <li>• Reports (frequency and desired format)</li> <li>• HONI Contact Name and Address</li> <li>• Owner's Rep. Name and Address</li> <li>• Contractor Name and Address</li> <li>• Formal Notices</li> <li>• Community Relations (complaint log)</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
9	Schedule of work <ul style="list-style-type: none"> <li>• Major Milestones Completion Dates</li> <li>• List of the Schedules to be Developed</li> <li>• Dates of Submittals</li> <li>• Schedule Review Meetings</li> <li>• Schedule Update</li> <li>• Outage Planning</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
10	Payments <ul style="list-style-type: none"> <li>• Progress Payment Schedule</li> <li>• Progress Measurement and Approval</li> <li>• Invoices and Certificates of Payments</li> <li>• Holdbacks</li> <li>• Final Payment</li> <li>• Trade Hours Reporting</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
11	Contract Changes (Contract Change Request, Contract Change Directive, Contract Change Authorization, and Change Order) <ul style="list-style-type: none"> <li>• Within Scope</li> <li>• Outside Scope</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
12	Insurance / Bonds (Confirmation of Issuance)	<input type="checkbox"/>
13	Warranties	<input type="checkbox"/>
14	Contract Documents Clarification	<input type="checkbox"/>
15	Turnover and Acceptance	<input type="checkbox"/>
16	<i>Contract Close- out</i> <ul style="list-style-type: none"> <li>• List of Deficiencies (Category A &amp; B)</li> <li>• Notice of Substantial Performance</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

## Pre-Job Kick Off Meeting Checklist

Item #	Description	Covered
	<ul style="list-style-type: none"> <li>• Certificate of Substantial Performance</li> <li>• Final Inspection</li> <li>• Notice of Total Completion of Contract</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>

## APPENDIX E – FORMS

### RELEASE AND CERTIFICATE OF FINAL PAYMENT

This is Appendix E - Forms - Release and Certificate of Final Payment referred to in the Engineering, Procurement and Construction Contract (“*Contract*”) made as of \_\_\_\_\_, 20\_\_\_\_ between Hydro One Networks Inc. (“*Owner*”) and \_\_\_\_\_ (“*Contractor*”)

Capitalized terms used and not defined in this document shall have the meaning given thereto in the Contract where so defined.

In consideration of \$1.00, the sufficiency of which is hereby acknowledged:

I solemnly declare that I am an authorized signing officer of the *Contractor*, I have personal knowledge of the facts that:

- (a) the *Contractor* has made full payment, or will make full payment from the final payment to be received from the *Owner*, of all costs, charges and expenses incurred by the *Contractor* or on its behalf for the work, labour, services, materials and equipment supplied in connection with this *Contract* or otherwise used in connection with the Work;
- (b) to *Contractor's* best knowledge and belief, each of its *Subcontractors* and Suppliers have made full payment of all costs, charges and expenses incurred by them or on their behalf for work, labour, services, materials and equipment in connection with the *Contract* or otherwise used by them in connection with the Work;
- (c) all assessments, levies and charges under the *Workers' Compensation Act* and other *Law* in respect of the *Contract* have been paid and, to the *Contractor's* best knowledge and belief, each and all of its *Subcontractors* have paid such assessments, levies and charges on their own account; and
- (d) the *Contractor* unconditionally releases and forever discharges the *Owner*, the *Owner's* Site and all property of the *Owner* from all construction liens and liens of whatsoever kind or nature arising out of or in connection with the performance of the *Contract*;
- (e) the *Contractor* unconditionally releases and forever discharges the *Owner* from any and all claims, demands, actions or proceedings arising out of the performance of the Work of which it has knowledge, and in respect of which notice in writing has not, by the date hereof, been given by the *Contractor* to the *Owner*. The *Contractor* acknowledges and agrees that nothing herein contained relieves it of any obligations under the provisions of the *Contract* which by their nature survive completion of the Work including, without limitation, warranties, guarantees and indemnities.

....continued on page 2

I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

**DECLARED BEFORE ME** at \_\_\_\_\_, in the Province of Ontario, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
A Commissioner for Oaths in and for the Province of Ontario,  
Notary Public,  
Justice the Peace, etc.

[INSERT CONTRACTOR'S NAME HERE]

Per:

\_\_\_\_\_  
Name:

Title:

\_\_\_\_\_  
"I have authority to bind the *Contractor*"

**STATUTORY DECLARATION**

**IN THE MATTER OF THE ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACT between HYDRO ONE NETWORKS INC. (“Owner”) and (“Contractor”)**

**for** (insert location and description of the work as it appears in the Contract Documents)(“Contract”)

I solemnly declare that I am an authorized signing officer of the *Contractor* named in the *Contract* referenced above, and that as such I have personal knowledge of the facts that:

1. The last application for progress payment for which the *Contractor* has received payment is No.            dated the            day of            , 20            ; and
2. All accounts for labour, subcontracts, products, goods, services, construction machinery and equipment and other indebtedness which have been incurred by the *Contractor* in the performance of the work as required by the *Contract*, and for which the *Owner* might in any way be held responsible, have been paid in full up to and including the latest progress payment received, as identified above, except for:
  - (a) Holdback monies properly retained, and
  - (b) Amounts withheld by reason of legitimate dispute which have been identified to the party or parties from whom payment has been withheld, which amounts and disputes are described in detail in Schedule “A” attached hereto.

Schedule “A” is attached:            (state “yes” if Schedule “A” is attached; a blank or “no” means Schedule “A” is not attached)

I make this solemn Declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under Oath.

**DECLARED** before me at the  
of            , in the Province of Ontario,  
this            day of            , 20            .

(insert full legal name of contractor)

Per:

\_\_\_\_\_  
Name:  
A Commissioner for Oaths,  
Notary Public,  
Justice of the Peace, etc.

\_\_\_\_\_  
Name:  
Title:

**SCHEDULE "A"**

(see Section 2(b) in Statutory Declaration – complete only if applicable)



## Appendix F - Dispute Resolution Procedure

1. In the event of disagreement between the parties as to the performance of the *Work* or the interpretation, application or administration of the *Contract*, the *Contractor* shall perform the *Work* as directed by the *Owner's Representative*. All differences between the parties not resolved by the decision of the *Owner's Representative* and all disputes and claims of either party arising out of the *Contract* and its performance shall be settled in accordance with this Appendix F – Dispute Resolution Procedure.
2. The parties shall make all reasonable efforts to resolve all disputes and claims by negotiation and agree to provide, without prejudice, open and timely disclosure of relevant facts, information and documents to facilitate these negotiations. The parties shall attempt to deal with each other in good faith, and amicably and promptly.
3. If the parties are unable to resolve the dispute within ten (10) *Work Days*, the parties shall attempt to resolve the dispute by appointing a senior representative of each party, to attempt to mutually agree upon a resolution prior to further action being taken by either party.
4. In connection with any disputes, claims, and differences arising out of or in connection with the *Contract*, either party may, at any time, seek appropriate relief with a court of competent jurisdiction in the City of Toronto, Ontario. Any legal proceedings shall be commenced and heard in the City of Toronto

**APPENDIX G – KEY PERSONNEL**

<b>Position</b>	<b>Name</b>	<b>Title</b>	<b>Curriculum Vitae (to be attached hereto)</b>
Project Manager			
Site Supervisor			
Quality Assurance/ Quality Control Manager			
Health & Safety Manager			
Environmental Manager			
Project Scheduler/Planner			
Utility Work Protection Code (UWPC) personnel			

**UNDERTAKING – JT 2.23**

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**Undertaking**

To estimate the value of contract following the NextBridge route.

**Response**

In the event that Hydro One were to follow the “NextBridge route” around Pukaskwa National Park, the incremental cost for the fixed-price EPC contract would be approximately \$37 million for an EPC contract total of \$583 million.

**UNDERTAKING – JT 2.24**

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**Undertaking**

To show and break out the costs in the deferral account sought to be recovered should the NextBridge project be dismissed.

**Response**

Hydro One has tracked \$8.5 million of development expenditures associated with the East West Tie station work and costs associated with the connection of the last span of the East West Tie line to the stations. These include costs related to project cost estimation, initial and on-going design and engineering, and station property expansion.

These expenditures will be used and useful regardless of which transmitter builds the line.

**UNDERTAKING – JT 2.25**

**Undertaking**

Hydro One to provide the analysis that led to the preliminary calculation (leading to the +/- 6% variance).

**Response**

<b>Component</b>	<b>Nominal</b>	<b>Accuracy</b>	<b>Lower Bound</b>	<b>Upper Bound</b>
EPC Contract Fixed-Price	\$546 million <sup>i</sup> (Note 1)	-3% to +5%	\$530 million	\$573 million
Interest During Construction	\$43 million	+/- 5% EPC portion +/- 15% non-EPC portion	\$38 million	\$49 million
All other Costs	\$47 million	+/- 15%	\$40 million	\$54 million
<b>Total Project</b>	<b>\$636 million</b>	<b>-5% to +6%</b>	<b>\$608 million</b>	<b>\$676 million</b>

<sup>i</sup> The fixed-price EPC contract is based upon the current scope of work as defined at the time of s92 filing. Should there be no authorized changes due to things outside the control of SNC-Lavalin, the EPC portion of the project will be delivered for \$546 million. However changes to the scope of work, schedule, etc. due to things beyond SNC-Lavalin's control may be subject to contract changes for review and potential approval by Hydro One (i.e., adaptations to account for unforeseen imposed conditions on environmental assessment approvals). Conversely, should there be additional savings defined as part of the EPC prior to the execution of the contract following the potential OEB s92 approval, the fixed-price contract amount would reduce. As such an accuracy range of -3% to +5% is reasonable to assume

1 **UNDERTAKING – JT 2.26**

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3 **Undertaking**

4 Hydro One to see if there was a letter written by Hydro One Networks to BLP at the end  
5 of the designation proceeding, explaining what their future relationship would be.

6

7 **Response**

8 Subject to any information that BLP may have to the contrary, Hydro One cannot locate  
9 any notice to BLP provided at the end of the designation proceeding.

1 **UNDERTAKING – JT 2.27**

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3 **Undertaking**

4 Hydro One to advise who, in 2013, made the determination as to who was most adversely  
5 affected and who was entitled to an equity portion of this project.

6  
7 **Response**

8 It is the responsibility of the Crown to determine whether a Duty to Consult has been  
9 triggered on a proposed project, and if so, the appropriate depth of consultation to be  
10 undertaken. In a letter dated May 31, 2011 the Ministry of Energy delegated procedural  
11 aspects of consultation to the Ontario Power Authority with regards to the East-West tie  
12 project. The letter is provided as Attachment 1. The list of Indigenous communities  
13 identified in the letter included:

- 14
- 15 • Animbiigoo Zaagi'igan Anishinabek First Nation (Lake Nipigon Ojibway)
  - 16 • Biinjitiwaabik Zaaging Anishinabek First Nation (Rocky Bay)
  - 17 • Bingwi Neyaashi Anishinabek (Sand Point First Nation)
  - 18 • Fort William First Nation
  - 19 • Ginoogaming First Nation
  - 20 • Long Lake No. 58 First Nation
  - 21 • Michipicoten First Nation
  - 22 • Missanabie Cree First Nation
  - 23 • Ojibways of Batchewana
  - 24 • Ojibways of Garden River
  - 25 • Ojibways of Pic River (Heron Bay First Nation)
  - 26 • Pays Plat First Nation
  - 27 • Pic Mobert First Nation
  - 28 • Red Rock Indian Band
  - 29 • Greenstone Métis Council
  - 30 • Red Sky Independent Métis Nation
  - 31 • Superior North Shore Métis Council
  - 32 • Thunder Bay Métis Council

**Ministry of Energy**

880 Bay Street  
3rd Floor  
Toronto ON M7A 2C1

Tel: (416) 326-1759  
Fax: (416) 325-7023

**Ministère de l'Énergie**

880, rue Bay  
3<sup>e</sup> étage  
Toronto ON M7A 2C1

Tél: (416) 326-1759  
Télééc.: (416) 325-7023



**Transmission and Distribution Policy Branch**

May 31, 2011

Michael Lyle  
General Counsel and Vice President  
Legal, Aboriginal and Regulatory Affairs  
Ontario Power Authority  
120 Adelaide Street West, Suite 1600  
Toronto, ON M5H 1T1

Dear Mr. Lyle:

**Re: East-West Tie**

Further to our discussions on the above-referenced project, this letter is to confirm the Crown and Ontario Power Authority (OPA) roles in any duty to consult on the proposed East-West tie project during the period prior to any Ontario Energy Board (Board) transmitter designation.

The Crown has decided to delegate certain procedural aspects of consultation to the OPA since the OPA is establishing the rationale, scope and timing of the East-West tie project and will be submitting a report on the project to the Board by the end of June. We understand that the OPA is already conducting a consultation process on the Integrated Power System Plan (IPSP) which will include all of the Aboriginal communities that may be affected by the East-West tie project. If timing requirements associated with the preparation of the report permit the coordination of discussions on the East-West tie project with IPSP consultations, this approach may facilitate rational use of Crown and Aboriginal community resources.

**Crown Role**

A list of communities (List) to consult on the East-West tie project has been provided to the OPA previously and is attached. Should the OPA determine that discussions on the East-West tie project can be coordinated with its consultations on the IPSP, the Crown will send letters to the relevant communities indicating that the OPA process for carrying out any duty to consult on the IPSP will include the process through which the Crown consults on the East-West tie project prior to any Board transmitter designation decision.

.../cont'd

Ministry officials, as appropriate and required, will accompany OPA staff in meetings on the East-West Tie project.

### **OPA Role**

In meetings with communities on the List, we understand that the OPA will ensure the agenda provides for discussion of the Project and any Board transmitter designation process.

Community representatives should be offered the opportunity to provide input on the Project and the Board's possible designation of a transmitter. Community representatives should also be advised on how to obtain more information from the Board on the transmitter designation process and how they can participate in it.

The OPA will include a record of these discussions in its report on the preliminary assessment of need for the Project, which the Board has requested be submitted no later than June 30<sup>th</sup>, 2011.

I trust that this reflects our discussions regarding the respective roles of the Ministry and the OPA in addressing any duty to consult on the East-West tie project.

Sincerely



Jon Norman  
Director

- c. MaryAnn Aldred, General Counsel, Ontario Energy Board  
Peter Landmann, Counsel, Ministry of Energy  
Kaili Sermat-Harding, Director, Strategic Policy Branch, Ministry of Energy

Attachment: FIRST NATION AND MÉTIS COMMUNITY CONSULTATION LIST  
East-West Tie Transmission Project, 2011

<b>First Nation</b>		<b>Address</b>
1.	Animbiigoo Zaagi'igan Anishinaabek First Nation (Lake Nipigon Ojibway)	PO Box 120 Beardmore, ON P0T 1G0
2.	Biinjitiwaabik Zaaging Anishinaabek First Nation (Rocky Bay)	501 Spirit Bay Road MacDiarmid, ON P0T 2B0
3.	Bingwi Neyaashi Anishinaabek (Sand Point First Nation)	146 Court Street South Thunder Bay, ON P7B 2X6
4.	Fort William First Nation	90 Anemki Drive, Suite 200 Thunder Bay, ON P7J 1L3
5.	Ginoogaming First Nation	PO Box 89 Longlac, ON P0T 2A0
6.	Long Lake No. 58 First Nation	PO Box 609 Longlac, ON P0T 2A0
7.	Michipicoten First Nation	RR 1, PO Box 1, Site 8 Wawa, ON P0S 1K0
8.	Missanabie Cree First Nation	174B Highway 17 East, Bell's Point Garden River, ON P6A 6Z1
9.	Ojibways of Batchewana	236 Frontenac Street Sault Ste Marie, ON P6A 5K9
10.	Ojibways of Garden River	RR4, 7 Shingwauk Street Garden River, ON P6A 6Z8
11.	Ojibways of Pic River (Heron Bay First Nation)	PO Box 193 Heron Bay, ON P0T 1R0
12.	Pays Plat First Nation	10 Central Place Pays Plat, ON P0T 3C0
13.	Pic Moberg First Nation	PO Box 717 Moberg, ON P0M 2J0
14.	Red Rock Indian Band	PO Box 1030 Nipigon, ON P0T 2J0

<b>Métis Organization</b>		<b>Address</b>
1.	Greenstone Métis Council	PO Box 825, 205 Clarke Avenue Geraldton, ON P0T 1M0
2.	Red Sky Independent Métis Nation	406 East Victoria Avenue Thunder Bay, ON P7C 1A5
3.	Superior North Shore Métis Council	26 Princess Street Terrace Bay, ON P0T 2W0
4.	Thunder Bay Métis Council	226 May Street South Thunder Bay, ON P7E 1B4

**UNDERTAKING – JT 2.28**

**Undertaking**

Hydro One to list opportunities available to Biinjitiwaabik Zaagin Anishinaabek, as Mr. Henderson earlier asked for with respect to Batchewana.

**Response**

Hydro One has been delegated the procedural aspects of the legal duty to consult by the Provincial Crown via the Ministry of Energy for the LSL project. As per this delegation, Hydro One is fully committed to undertake meaningful consultation and accommodation with all impacted Indigenous communities as identified by the Crown. The Biinjitiwaabik Zaagin Anishinaabek First Nation has been identified by the Crown for the purpose of undertaking the procedural aspects of the legal duty to consult on the LSL project. Hydro One would like to meet with all impacted Indigenous communities to discuss potential project impacts, accommodation and opportunities including economic such as procurement, training and employment resulting from the LSL project. Once engaged on the Project, Hydro One would consider accommodation measures such as, and without being limited to, equity participation with Indigenous communities as identified by the Crown, as well as capacity funding to participate in the engagement process, procurement and subcontracting opportunities, job training, and employment opportunities.

Hydro One understands that there are members of Indigenous communities who are currently completing project related skills training. Hydro One is committed to maximizing the employment of members from local Indigenous communities including those who have received or who are currently completing project related skills training. In addition, Hydro One is in a unique position to provide lasting employment opportunities throughout its network across the province for skilled Indigenous workers beyond the construction of the Lake Superior Link Project.

Hydro One and its construction partners SNC-Lavalin recognize the importance of having involvement and participation of Indigenous communities and businesses in the execution of the Lake Superior Link Project. Hydro One and SNC have a proud history of inclusion through employment and procurement of its projects and will be actively including qualified Indigenous suppliers and companies who have strong relationships with local Indigenous communities and businesses in its procurement of goods and services.

Hydro One is also committed to offering capacity for Indigenous communities to meaningfully participate in consultation; for example, hiring a community consultation

Filed: 2018-05-25

EB-2017-0364

Exhibit JT 2.1

Page 2 of 2

- 1 coordinator in each community to assist the community with coordinating consultation
- 2 activities, and legal/other required advisory services.

1 **UNDERTAKING – JT 2.29**

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3 **Undertaking**

4 Hydro One is to advise what is the point at which field construction work must be  
5 postponed to the following year.

6

7 **Response**

8 To be able to maintain the December 2021 completion date, construction work must  
9 begin no later than January 13, 2020.

**UNDERTAKING – JT 2.30**

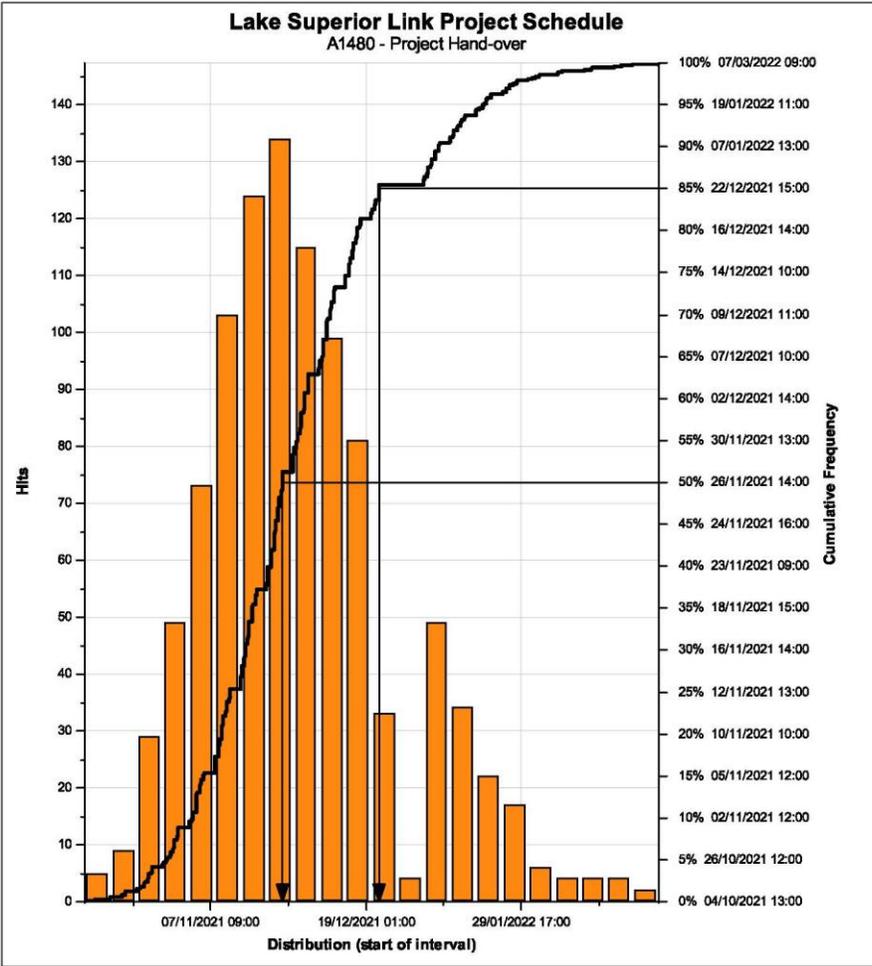
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**Undertaking**

Hydro One to file the probabilistic Monte Carlo analysis used to confirm the LSL schedule.

**Response**

Hydro One and SNC-Lavalin completed a process to look at factors which could cause the project schedule to extend beyond the planned completion date of December 2021. These factors were considered from a risk basis, assessing both likelihood and consequence of occurrence. The results were then modeled through a Monte Carlo simulation to probabilistically determine the confidence interval. The following distribution articulates to an 85% confidence interval (i.e. P85) that the LSL project will be completed prior to December 31, 2021.



16