

October 29, 2018

Ms Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2701
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Toronto ON M4P 1E4

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Dear Ms Walli:

Re: Combined Proceeding - EB-2017-0182, EB-2017-0194, EB-2017-0364

The purpose of this letter is to advise the Board of a development that Hydro One was informed of on Friday and that will impact scheduling and the in-service date for the transmission line for either proponent.

The Ministry of Environment, Conservation and Parks (“MECP”) requested a meeting with Hydro One to discuss the Wawa Transformer Station expansion, specifically the request that had been submitted to MECP by Michipicoten First Nation to require Hydro One to proceed with a Class EA. That meeting took place on October 26, 2018.

At the meeting, MECP informed Hydro One that it was rejecting the environmental assessment (EA) screening filed by Hydro One on December 19, 2017. That screening concluded that the Wawa Transformer Station expansion did not trigger a full Class EA, based on the screening criteria under the “Class Environmental Assessment for Minor Transmission Facilities”, dated November 16, 2016. Hydro One had completed this screening in the same manner and following the same process it has for numerous other projects without any issues from MECP. MECP advised that it was taking this position on the basis that it considered the Wawa Transformer Station a “pre-condition to the implementation of another larger and more environmentally significant project” and that the Wawa Transformer Station expansion would therefore require a full Class EA.

Hydro One has been completing its EA screenings in the same manner for numerous projects since the “Class Environmental Assessment for Minor Transmission Facilities” was published. This is the first time the MECP has taken issue with any of Hydro One’s screenings and the position taken by the MECP with respect to the Wawa Transformer Station represents a radical shift from the accepted practice. Further, MECP has been in possession of Hydro One’s screening for the Wawa Transformer Station expansion since December, 2017, and that approach had been identified to MECP by Hydro One at its initial meetings with MECP in February, 2017 when they met to discuss the station expansion projects. It appears that MECP

did not download the Wawa Transformer Station Expansion Class EA Screening Report until October 4, 2018, but should have been aware of its contents long before and certainly when MECP representatives gave evidence at the Combined Hearing before the Board. However, MECP never suggested that the Class EA screening was unacceptable to it until the meeting of October 26, 2018.

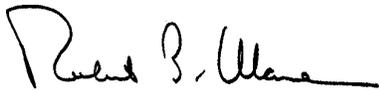
Hydro One does not agree with MECP's position that the Wawa Transformer Station expansion requires a full Class EA for the reasons suggested by MECP, and MECP's conclusion would have significant implications for many of Hydro One's ongoing projects. Hydro One challenged this interpretation at its meeting with MECP, but MECP insisted that its position is correct and did not offer any explanation for why this issue was not identified until now, more than ten months after Hydro One submitted the relevant documentation to MECP and more than 18 months since Hydro One had its initial meeting with MECP to discuss the EA approach for all of the station expansions and identified the potential for the Wawa Transformer Station expansion to follow the EA screening process.

At this time, MECP's October 26th position means that the Wawa Transformer Station expansion must be subjected to a full Class EA, including completion of studies and public consultation, a process that normally takes 12-18 months for completion. MECP has said that certain existing information can be utilized in order to expedite this process; however, the final completion date for the Class EA is uncertain and would still be subject to Part II Order requests upon completion. This development further underscores that an in-service date of 2020 is not possible for either proponent of the transmission line. HONI will, of course, use its best efforts to ensure that the in-service date is not delayed beyond 2021 for either proponent.

Hydro One wanted to make the Board and the parties aware of MECP's change in position as soon as it learned of this development.

Yours truly,

WeirFoulds LLP



Robert B. Warren

RBW/dh

cc: Aird Berlis LLP Attention: F. Cass and D. Stevens
Fasken LLP Attention: R. Cooper
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All Parties

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