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BY EMAIL

April 8, 2019

Devon Huber
Senior Manager
Regulatory Affairs
Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H-1T1
Devon.Huber@ieso.ca

Dear Mr. Huber:

Re: **Hydro One Networks Inc.**
Change Notification Letter for the Kapuskasing Area Reinforcement Project
OEB File Number EB-2018-0098

The OEB is in receipt of a letter from Hydro One dated March 18, 2019 informing the OEB of a change to the in-service date and cost of the Kapuskasing Area Reinforcement (KAR Project).

In its letter, Hydro One indicates that as a result of an increased station scope, the overall project cost estimate of approximately \$21.07 M (\$15.07 M in lines costs and \$6M in station costs) provided in the pre-filed evidence¹ of its application and Argument-in-Chief² has increased by approximately 53%. Hydro One also notes that updates to the schedule to accommodate the increased scope of work results in a five-month delay in the in-service of the H9K line, to March 24, 2020.

Hydro One's application contained evidence prepared by the IESO which supported the need for the KAR Project, identified the KAR Project as the least-cost option for providing the required levels of reliability, and identified a required in-service date of no later than June 2020. The OEB notes that Attachment 2 of Hydro One's letter indicates that the in-service date of the station upgrade is now January 21, 2021.

¹ EB-2018-0098, Exhibit B, Tab 7, Schedule 1

² EB-2018-0098, Hydro One, Argument-in-Chief, July 5, 2018, pg. 6, line 26

At this time, the OEB is seeking information from the IESO as to whether or not upgrading transmission circuit H9K between Carmichael Falls Junction and Spruce Falls Junction, and the installation of a capacitor bank and reactor at Kapuskasing Transformer Station, remains the preferred solution. The OEB is also requesting that the IESO inform the OEB if there is a cost at which the IESO would no longer support the KAR Project as the preferred solution for meeting the identified needs. Further, the OEB requests that the IESO advise whether the revised in-service date is acceptable to the IESO, and if there is a date beyond which interim measures would be required or the IESO could not support the KAR Project as the preferred solution.

Receipt of the above noted information from the IESO will facilitate the OEB's timely consideration of Hydro One's change notification letter, a copy of which is attached for your reference. Please refer to EB-2018-0098 in your response to the OEB, and file your response and all related information with the Board Secretary.

On April 5, 2019, the OEB received a Notice of Motion from Atlantic Power Corporation to review, suspend and cancel the OEB's Decision and Order, dated August 23, 2018, granting Hydro One leave to construct the KAR Project. Next steps in relation to the Notice of Motion will be communicated in due course.

Please direct any questions relating to this letter to Michael Lesychyn, Case Manager at Michael.Lesychyn@oeb.ca or at 416-440-7632. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Christine E. Long
Registrar
Office of the Registrar

Attachment: March 18, 2019 Change Notification Letter for the Kapuskasing Area Reinforcement Project (EB-2018-0098)

c: Joanne Richardson, Hydro One Networks Inc.
Regulatoryaffairs@ieso.ca
All Intervenors in EB-2018-0098