

## **Hydro One Networks Inc. Stations Upgrades for East-West Tie Project: Reporting Requirements for Progress Reports**

Hydro One Networks Inc. (Hydro One) received approval to upgrade existing transmission stations associated with the East-West Tie Line Project, a new 230 kilovolt (kV) transmission line between Wawa and Thunder Bay (Hydro One-Stations Upgrades Project)<sup>1</sup>. The Hydro One-Stations Upgrades Project will involve upgrades to the Wawa Transmission Station, Marathon Transmission Station, and Lakehead Transmission Station.

The Ontario Energy Board (OEB) is requiring Hydro One under section 13.1 of its transmission licence<sup>2</sup> to provide a Hydro One-Stations Upgrades Project Progress Report to the OEB on a quarterly basis in the form set out in this document. The quarterly reports should be filed as follows:

- December 1 to February 28 for reporting in March
- March 1 to May 31 for reporting in June
- June 1 to August 31 for reporting in September
- September 1 to November 30 for reporting in December

All quarterly reports are to be filed by the 15<sup>th</sup> business day of the month following the end of each quarter, with the exception of the first quarterly report. Reporting shall continue until the upgraded transmission stations are in-service. For the first quarterly report, Hydro One should report on the period since the issuance of leave to construct approval by the OEB on December 20, 2018 up to May 31, 2019. The first quarterly report can be filed by August 30, 2019. The Progress Reports are to be filed through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/service>.

Hydro One is required to report on the following in its Hydro One-Stations Upgrades Project Progress Report:

1. Summary of the Hydro One-Stations Upgrades Progress to Date
2. Construction Schedule Update
3. Construction Costs Update
4. Risk Management

### **1. Summary of the Hydro One-Stations Upgrades Project Progress to Date**

This section is a detailed explanation of the status of the Hydro One-Stations Upgrades Project and should describe the work that has been completed in the last quarter, as

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<sup>1</sup> OEB Decision and Order EB-2017-0182/EB-2017-0194/EB-2017-0364, dated December 20, 2018.

<sup>2</sup> ET-2003-0035

well as how the overall Hydro One-Stations Upgrades Project is progressing. Included in the summary should be a description of any construction schedule updates, construction costs updates, changes in risks<sup>3</sup>, and any other concerns or issues encountered in the reporting period.

## **2. Construction Schedule Update**

This section should provide a detailed schedule of all major milestones, including major approvals. The November 6, 2018 schedule for the Hydro One-Stations Upgrades Project will act as the baseline schedule for comparison purposes moving forward<sup>4</sup>. The first quarterly report should explain any changes from the schedule that Hydro One placed on the record. In subsequent quarterly reports, the schedule should show the baseline for all milestones, as well as the current estimated completion for all milestones, and should illustrate any delays for the milestones.

The schedules should clearly show the beginning and completion dates, and estimated duration for all milestones, and should identify any interactions or dependencies between Hydro One-Stations Upgrades Project milestones. The reasons for any delays should be identified, and any effect on schedule, in-service date or costs should be described.

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<sup>3</sup> The discussion of risks should include (but is not limited to) events and activities that are anticipated to impact the project schedule and in-service date.

<sup>4</sup> EB-2017-0182/EB-2017-0194/EB-2017-0364, Hydro One Reply Submission, November 9, 2018, Attachment 1.

### 3. Cost Update

This section shall include the following table that summarizes budgeted vs. actual expenditures to date, as well as any forecast changes in budget. Percentage values in the costs table should be to 2 decimal places.

**Hydro One-Stations Upgrades Project Reporting Costs Table**

COST CATEGORIES FOR HYDRO ONE'S STATION UPGRADES PROJECT REPORTING	ACTUALS SPENT		BUDGET			FORECAST BUDGET VARIANCE		
	A SPENT THIS REPORTING PERIOD \$	B TOTAL SPENT TO DATE \$	C BUDGET PER LTC APPLICATION \$ 000s	D=C-B BUDGET REMAINING \$	E=D/C*100 BUDGET REMAINING %	F FORECAST BUDGET CHANGE \$	G FORECAST BUDGET CHANGE %	REASONS FOR CHANGE
1 <b>Materials</b>			51,337					
2 <b>Labour</b>			56,895					
3 <b>Equipment Rental and Contractor Costs</b>			8,920					
4 <b>Sundry</b>			1,305					
5 <b>Contingencies</b>			19,227					
6 <b>Overhead</b>			13,367					
7 <b>Allowance for Funds During Construction</b>			6,264					
8 <b>Other Costs</b> <sup>5</sup>								
<b>TOTAL CONSTRUCTION COSTS</b>			<b>157,315</b>					

**Notes on the Hydro One-Stations Upgrades Project Reporting Costs Table:**

- Column 'A' should reflect expenditures since the last quarter.
- Column 'B' should reflect all expenditures to date for Hydro One-Stations Upgrades Project.
- Budgeted costs in column 'C' have been taken from Hydro One's evidence Exhibit B, Tab 7, Schedule 1, page 1 of 4, July 31, 2017 (EB-2017-0194) and are to be held fixed.
- Column 'F' should reflect any expected change (either increase or decrease) in the forecast budget that is known at the time of reporting. For example, if Hydro One expects that a change in the scope of work or a schedule delay will increase the overall (final) costs of a certain category, those costs should be indicated in column 'F'.

<sup>5</sup> Any other costs that Hydro One may incur that do not fit in the categories above.

Hydro One is to include in the above table (or in a separate document if that is easier to follow) the reasons for any variances or changes. Hydro One should also describe any measures it is employing to mitigate cost increases.

**4. Risk Management**

This section summarizes any risks and issues that have arisen during construction work. The summary should describe the potential impact of any material risks or issues on the project schedule, cost, or scope, as well as any options employed to mitigate or eliminate the risk or issue. This section should also provide an update on any previously identified risks or issues.

The following matrix shall be used to report information required in this section of the report.

Risk Description	Likelihood of Risk Occurring <i>(High, Medium, Low)</i>	Description of Impact of the Risk on the Project	Impact of the Risk on the Project <i>(High, Medium, Low)</i>	Mitigation of Risk and/or Impact