

Hydro One Networks Inc.

7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5393
Fax: (416) 345-6833
Joanne.Richardson@HydroOne.com

Joanne Richardson

Director – Major Projects and Partnerships
Regulatory Affairs



BY COURIER

August 30, 2019

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-2017-0194 – Hydro One Networks Inc.'s Section 92 – East West Tie Station Project – Quarterly Report

On December 20, 2018, Hydro One Networks Inc. (“Hydro One”) received approval from the Ontario Energy Board (“OEB”) to construct the EWT Station Project to upgrade existing transmission station facilities in the Districts of Thunder Bay and Algoma. In accordance with the reporting requirements issued by the OEB on June 29, 2019, please find attached the first quarterly report for the Hydro One EWT Station Project for the period from December 20, 2018 to May 31, 2019.

An electronic copy of the quarterly report has been filed using the Board's Regulatory Electronic Submission System (RESS).

Sincerely,

ORIGINAL SIGNED BY PASQUALE CATALANO FOR JOANNE RICHARDSON

Joanne Richardson

Cc/

Devon Huber, Sr. Manager, Regulatory Affairs, IESO
Jennifer Tidmarsh, Project Director, NextBridge Infrastructure, LP

EB-2017-0194

Hydro One East-West Tie Station Project

Quarterly Report

December 20, 2018 – May 31, 2019

Introduction

On December 20, 2018, Hydro One Networks Inc. (Hydro One or HONI) received approval from the Ontario Energy Board (OEB) to construct the EWT Station Project. The EWT Station project involves upgrades to Hydro One's Wawa Transmission Station, Marathon Transmission Station, and Lakehead Transmission Station located near the cities of Wawa, Marathon and Thunder Bay and is required to connect a new 230 kV transmission line (EWT Line) being constructed by NextBridge. The combined EWT projects have been identified as a priority in both the Ontario government's 2010 and 2013 Long-Term Energy Plans and the 2016 Order-in-Council.

In order to complete the connections at the three stations, Hydro One needs to modify some station facilities and install required station upgrades. On July 29, 2019, the OEB issued reporting requirements to Hydro One to monitor the progress of Hydro One's EWT Station Project. This report covers those requirements.

Summary of Quarterly Activities

Construction has started on all three stations at Lakehead TS, Marathon TS, and Wawa TS. All material has been ordered to support construction and future commissioning activities. EA approval and permits were granted for Marathon TS allowing activities to proceed on time. EA approvals and permits for Wawa TS are on track to be received by October 2019 which directly affects the installation of the 230kV Control building only. Discussions with the Ministry of the Environment, Conservation and Parks (MECP) and various proponents are progressing well. All other construction activities at Wawa TS are ongoing and on track. As there was no EA approval required for Lakehead TS, construction activities are well underway. The 230kV Control buildings at Lakehead TS and Marathon TS are being installed as per schedule.

Accomplishments per station: (Note: % completes are based on Construction field reports and quantities)

1. Lakehead TS
 - a. Environmental Compliance Approval (ECA) for drainage obtained
 - b. All material has been ordered
 - c. Civil grading / site prep underway – 30% complete
 - d. Footings / foundations are underway – 45% complete
 - e. Cable trench being installed – 5% complete
 - f. 230kV Control building construction underway – 8% complete



Lakehead TS – Civil and foundation work underway

2. Marathon TS

- a. EA approval and permits obtained
- b. ECA for drainage obtained
- c. All material has been ordered
- d. Civil grading / site prep underway – 50% complete
- e. Footings / foundations are underway – 20% complete
- f. 230kV Control building construction underway – 5%



Marathon TS – Civil and foundation work underway

3. Wawa TS

- a. All material has been ordered
- b. Civil grading / site prep underway – 20% complete
- c. Footings / foundations are underway – 80% complete
- d. Cable trench being installed – 60% complete



Wawa TS – Civil and foundation work underway

A three month look ahead has all three stations continuing with civil construction activities. Construction of the 230kV building at Wawa TS will have started. The other 230kV buildings at Lakehead TS and Marathon TS will have foundations poured ready for walls in the future.

Schedule:

Station Related Work Lakehead TS	Forecasted	Status
Drainage Environmental Compliance Approval (ECA) received	1-Apr-19	Complete
Station Readiness (infrastructure) and connection from towers into station	19-Apr-21	On Track
Station ready for In-Service	29-May-21	On Track

Station Related Work Marathon TS	Forecasted	Status
Re-submission of ECA permit application	Nov-18	Complete
NextBridge EWT IEA approval obtained	1-Mar-19	Complete
Drainage ECA received	Oct-19	On Track
HONI EA approval	15-Oct-19	Complete
Tree cutting commencement	15-Oct-19	Complete
Station Readiness (infrastructure) and connection from towers into station	19-Apr-21	On Track
Station ready for In-Service	14-Jun-21	On Track

Station Related Work Wawa TS	Forecasted	Status
Direction from MECP to Hydro One regarding Screening Level EA and Part II Order Request	8-Nov-18	Complete
NextBridge EWT IEA approval obtained	1-Mar-19	Complete
HONI EA approval	1-Jun-19	Now forecasted for Sep 30, 2019 due to having to re-submit for Part II order request. No impact on schedule if date met.
Tree cutting commencement (no permits required)	1-Oct-19	On Track
Station readiness	7-Dec-20	On Track
Connection from towers into station	19-Apr-21	On Track
Station ready for In-Service	28-Oct-21	On Track

Nextbridge Related Interface Work	Forecasted	Status
Conductor/OPGW/structures ready outside Lakehead TS	19-Apr-21	On Track
Conductor/OPGW/structures ready outside Marathon TS	19-Apr-21	On Track
Conductor/OPGW/structures ready outside Wawa TS	31-Aug-21	On Track
Lines/Grounding Spec deliverables for Lakehead TS	19-Oct-20	On Track
Lines/Grounding Spec deliverables for Marathon TS	19-Oct-20	On Track
Lines/Grounding Spec deliverables for Wawa TS	19-Feb-21	On Track

Cost:

COST CATEGORIES FOR HYDRO ONE'S STATION UPGRADES PROJECT REPORTING		ACTUALS SPENT		BUDGET			FORECAST BUDGET VARIANCE		
		A	B	C	D=C-B	E=D/C*100	F	G	REASONS FOR CHANGE
		SPENT THIS REPORTING PERIOD \$	TOTAL SPENT TO DATE \$	BUDGET PER LTC APPLICATION \$	BUDGET REMAINING	BUDGET REMAINING %	FORECAST BUDGET CHANGE \$	FORECAST BUDGET CHANGE %	
1	Materials	10,027	10,027	51,337	41,310	80%	0	0%	On Track
2	Labour	14,774	14,774	56,895	42,121	74%	0	0%	On Track
3	Equipment Rental and Contractor Costs	4,035	4,035	8,920	4,885	55%	0	0%	On track
4	Sundry	1,297	1,297	1,305	8	1%	0	0%	On track
5	Contingencies	0	0	19,227	19,227	100%	0	0%	On track
6	Overhead	3,087	3,087	13,367	10,280	77%	0	0%	On track
7	Allowance for Funds During Construction	1,294	1,294	6,264	4,970	79%	0	0%	On track
8	Other Costs [1]	0	0	0	0	0%	0	0%	On Track
TOTAL CONSTRUCTION COSTS		34,514	34,514	157,315	122,801	78%	0	0%	

[\[1\] Any other costs that Hydro One may incur that do not fit in the categories above.](#)

Risks:

Risk Description	Likelihood of Risk Occurring (High, Medium, Low)	Description of Impact of the Risk on the Project	Impact of the Risk on the Project	Mitigation of Risk and/or Impact
Delays in obtaining required EA approvals for Wawa TS	Medium	Project delays/ cost overrun	High	Working diligently with all parties involved to mitigate delay. A delay will cause excavation activities to slide into winter months directly affecting the schedule and cost.
Delays in construction of 230kV Control building due to EA approval delay	Medium	Project delays/ cost overrun	High	Prepared to compress schedule by use of resource allocation methods (overtime). A delay will cause excavation activities to slide into winter months directly affecting the schedule and cost.
Delays in obtaining required EA approvals for Marathon TS	No risk - complete	No impact	No impact	Complete – approval granted
Delays in obtaining funding for engineering and long-lead material	No risk - complete	No impact	No impact	Complete – funding received
Outage availability considerations	Low	Project delays/ cost overrun	Medium	Minimize outage requirements. Delays could cause activities to slide affecting both schedule and possibly cost.
Material delivery delay considerations	Low	Delay in procurement/delivery	Low	Monitor material status reports and contact vendor on a periodic basis. Delays could cause activities to slide affecting both schedule and possibly cost.
Soil conditions do not match samples in soil report	Low	Project delays/ cost overrun	Low	Alternative construction methods in place to mitigate risk. Major soil variances could delay construction activities.
NextBridge dead-end structure not designed to Hydro One standards	Low	Project delays/ cost overrun	Medium	Communication with NextBridge and monitoring of design. By not meeting HONI standards could cause re-design and delays to project schedule.