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BY EMAIL AND WEB POSTING

October 11, 2019

Ms. Joanne Richardson
Director, Major Projects and Partnerships
Hydro One Networks Inc.
483 Bay Street, 7th Floor South Tower
Toronto ON M5G 2P5
Joanne.Richardson@HydroOne.com

Dear Ms. Richardson:

**Re: Hydro One Networks Inc.
Quarterly Report on the Stations Upgrades for the East-West Tie Project
Board File No.: EB-2017-0194**

The Ontario Energy Board (OEB) is in receipt of the first quarterly report on the progress of upgrades to three¹ station facilities (Stations Upgrades Project) associated with the East-West Tie Project (First Progress Report), filed by Hydro One Networks Inc. (Hydro One), under the reporting requirements set out in section 13.1 of its transmission licence² and the OEB's letter of July 29, 2019. The First Progress Report, which was filed August 30, 2019 and then revised on September 23, 2019, covered the period December 20, 2018 to August 30, 2019.

This letter identifies further reporting requirements that Hydro One is expected to follow in all future quarterly updates as a condition of its transmission licence, in order to ensure appropriate monitoring.

Specifically, pursuant to the reporting condition in section 13.1 of its transmission licence, Hydro One is required to address the following in all future Stations Upgrades Project quarterly reports filed with the OEB:

¹ Wawa Transmission Station, Marathon Transmission Station, and Lakehead Transmission Station.

² ET-2003-0035

1. Provide a status update on co-ordination efforts with Upper Canada Transmission Inc., operating as NextBridge Infrastructure, LP (NextBridge)
2. Enhance the level of detail provided in the summary of the Stations Upgrades Project progress to date
3. Addition of Column H in the Project Cost Table

1. Summary of Co-ordination Efforts with NextBridge

Given the need for co-ordination between Hydro One and NextBridge in order to bring the East-West Tie Project into service in a timely and efficient manner, the OEB requires Hydro One to provide in all future quarterly reports a status update regarding co-ordination with NextBridge in relation to the East-West Tie Project.³ These status updates should include:

- An overview of key negotiations, agreements, and co-ordination efforts between Hydro One and NextBridge
- The status of, and any potential changes to, access road and transmission line crossings
- Details regarding any other material developments, issues or risks related to co-ordination between Hydro One and NextBridge

2. Enhanced Level of Detail in the Summary of the Stations Upgrades Project Progress to Date

As part of the reporting requirements set out with the OEB's July 29, 2019 letter, Hydro One is required to provide a *detailed* explanation of the status of the Stations Upgrades Project. In the First Progress Report, Hydro One provided a high-level overview of construction progress for each transmission station. For example, with respect to the Marathon Transmission Station, Hydro One simply noted that 5% of the 230 kV control building construction was underway, an activity which appears to be scheduled to last for more than another year.

In future reports, Hydro One is required to provide an additional level of detail for summary items, particularly those with lengthy timelines for completion. In the case of the control building example previously highlighted, future quarterly reports should outline the specific activities that comprise the station readiness activity (e.g., pouring of concrete footings, installation of SCADA system, etc.) and their status, to ensure that the OEB has a better understanding of the overall work required and how it is progressing.

³ NextBridge is also being required to provide this information as part of its reporting requirements.

3. Project Cost Table

As part of the reporting requirements set out with the OEB's July 29, 2019 letter, Column F in the Project Cost Table is to reflect any change (i.e., the delta, whether an increase or decrease) in the forecast budget from the last quarterly report that is known. The OEB is revising the Project Cost Table to include a new Column H that will provide the new (total) budget cost for each category in the event there is an increase or decrease in the forecast budget. An updated Project Cost Table template is attached.

Hydro One is reminded that it is required to file its quarterly reports by the 15th business day of the month following each quarter through the OEB's web portal at <http://www.pes.ontarioenergyboard.ca/services/> quoting file number **EB-2017-0194**. A copy of the filed reports should also be sent to the individuals copied on this letter below. All quarterly reports, including the First Progress Report, and any correspondence related to them, are posted on the OEB's website under the EB-2017-0194 file number.

Please direct any questions relating to this matter to David Martinello at David.Martinello@oeb.ca or at 416-440-8142. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Brian Hewson
Vice President, Consumer Protection & Industry Performance

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

Attachment: Updated Project Cost Table

Updated Cost Table for the Stations Upgrades Project

The Construction Cost Update portion of the report shall include the following table that summarizes budgeted vs. actual expenditures to date, as well as any forecast changes in budget and the revised total budget. Percentage values in the cost table should be to 2 decimal places.

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 FROM LAST REPORT \$	G FORECAST BUDGET CHANGE FROM LAST REPORT %	H REVISED TOTAL BUDGET	REASONS FOR CHANGE
1 Materials			51,337						
2 Labour			56,895						
3 Equipment Rental and Contractor Costs			8,920						
4 Sundry			1,305						
5 Contingencies			19,227						
6 Overhead			13,367						
7 Allowance for Funds During Construction			6,264						
8 Other Costs ⁴									
TOTAL CONSTRUCTION COSTS			157,315						

⁴ Any other costs that Hydro One may incur that do not fit in the categories above.