

DECISION AND ORDER

EB-2019-0165

HYDRO ONE NETWORKS INC.

**Leave to construct application - D6V/D7V transmission
line refurbishment project**

BEFORE: Emad Elsayed
Presiding Member

February 13, 2020

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1 INTRODUCTION AND SUMMARY

On November 15, 2019 Hydro One Networks Inc. (Hydro One) filed an application (Application) seeking orders under sections 92 and 97 of the Ontario Energy Board Act, 1998 (Act):

- a) For leave to construct for the purpose of refurbishing a portion of the existing 230 kV transmission line D6V/D7V (Project)
- b) For approval of the forms of the agreement that will be offered to any affected landowners

Hydro One has also indicated that it would consent to this proceeding being disposed of without a hearing under section 21(4) of the Act, as it does not expect that the Project will adversely affect customers in a material way.

The Hydro One 230kV double circuit transmission line D6V/D7V is an existing 84 km line that connects Orangeville transformer station (TS) in Dufferin County to Detweiler TS in Waterloo County. It provides bulk power supply to the City of Guelph, Centre Wellington Township, and the Town of Waterloo. The conductor on a section of the D6V/D7V line between Guelph North junction and Fergus junction (JCT) has reached end-of-life.

Hydro One described the refurbishment work it proposes to conduct through the Project as follows:

- To refurbish approximately 10 km of the 230kV double circuit transmission line D6V/D7V between Guelph North JCT to Fergus JCT by replacing the existing 795 kcmil conductor with larger 1443 kcmil conductor
- To replace all the insulators and hardware
- To reinforce the existing lattice steel towers to accommodate the new conductors and new shield wires
- To raise the bottom phase from the bottom arm to the middle arm on approximately half of the towers, for new farmland clearances
- To clean and coat the grillage footings as needed.

A map showing the location of the Project is attached as Schedule A to this Decision and Order.

The OEB has determined that it will dispose of this proceeding without a hearing pursuant to its power under section 21(4)(b) of the Act. The OEB has determined that no person will be adversely affected by the outcome of the proceeding in a material way, and grants the application for leave to construct under section 92 of the Act, and approves the proposed forms of land use agreements.

2 THE PROJECT

The existing 230 kV D6V/D7V double circuit line is part of the bulk power system supplying the Waterloo and Guelph area 230 kV and South Central Guelph 115 kV loads. According to the Application, there is a continuing need for this line to supply the area.

The D6V/D7V line section between Guelph North JCT and Fergus TS is 70 years old. The Application states that the conductor has reached end-of-life and the conductor's steel core strands have lost most of their galvanized coating, reducing the strength and ductility of the conductor and exposing the steel strands to corrosion. The loss of ductility makes the conductor susceptible to failure from loading caused by wind and ice. The insulators, hardware and shieldwire on this line are also approaching end-of-life.

Included with the Application is the December 19, 2018 Needs Assessment Report prepared by the Kitchener-Waterloo-Cambridge-Guelph (KWCG) Study Team, which recommended refurbishment of the 230 kV D6V/D7V double circuit line. The KWCG Study Team included representatives of Hydro One, the Independent Electricity System Operator (IESO) and electricity distributors in the KWCG area.

The total cost of the Project is expected to be \$8.55 million.

The Application states that the Project is predominantly a sustainment project and that it is non-discretionary; its primary purpose is to address line components that are at end-of-life to maintain reliability and safety. Hydro One acknowledges that the Project has a development and discretionary component because it uses a larger conductor (1443 kcmil as compared to the existing 795 kcmil), but states that its proposed use of a larger conductor responds to OEB guidance to explore economic options to reduce losses¹.

The Application includes the final System Impact Assessment (SIA) prepared by the IESO to assess whether the Project would have an adverse impact on the reliability of the integrated power system. The SIA is dated May 16, 2019. It concludes that the Project is expected to have no material adverse impact on the reliability of the integrated power system, provided that the requirements set out in the SIA are implemented. Hydro One confirms in its Application that it will implement the requirements identified in the SIA.

¹ At EB-2016-0160, OEB Decision and Order, November 1, 2017, p. 33.

The Application also included a draft Customer Impact Assessment (CIA) prepared by Hydro One to assess the potential impact of the Project on transmission customers in Wellington and Waterloo Counties. Hydro One's draft CIA concludes that the Project will reduce the likelihood of conductor failure on an aging section of line; that power flows, area station voltages and short circuit levels will remain materially unchanged; and that there will be no adverse impact on customers. On February 10, 2020 Hydro One filed a finalized version of the CIA, which was identical in all material respects to the draft CIA.

According to the Application, the Project will be carried out within the existing transmission corridor and within Hydro One's existing land rights. Hydro One states that it will work with the applicable authority if updates to crossing permits are required. Hydro One also states that, if necessary, further temporary off-corridor access or construction requirements will be negotiated with any affected landowner. To that end, the Application includes three proposed land use forms of agreement for approval, all of which Hydro One states have been approved by the OEB in previous proceedings.

3 DECISION

The OEB approves the Application without a hearing pursuant to section 21(4)(b) of the Act. The OEB is satisfied that no person will be adversely affected by the outcome of the proceeding in a material way.

Section 92

Section 96(2) of the Act limits the scope of the OEB's review in an application under section 92 to the interests of consumers with respect to prices and the reliability and quality of electricity service, and, where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources. The Project does not engage any renewable energy sources issues, and therefore the OEB has considered the impact of the Project on prices and the reliability and quality of electricity service.

The primary purpose of the Project is to replace conductors and associated equipment that have reached end-of-life. The CIA concludes that the Project will reduce the likelihood of conductor failure, and that it will have no adverse impacts on customers. The SIA similarly concludes that, provided the requirements set out in the SIA are implemented, the Project will have no adverse impacts on the reliability of the integrated power system. Based on this evidence, the OEB is satisfied that the Project will have no material adverse impact on the reliability and quality of electricity service.

The total cost of the Project is expected to be approximately \$8.55M (including approximately \$800,000 related to the cost of installing a conductor that is larger than the existing conductor). Although this is a relatively small sum when compared to Hydro One's overall transmission rate base and revenue requirement, it is not necessarily immaterial. Since the OEB is not holding a hearing, the costs of the Project, including the prudence of the additional \$800,000 conductor cost, will be reviewed when Hydro One seeks to have the assets added to rate base in a future rebasing application. Although the OEB has not identified any specific concerns regarding the costs of the Project, it makes no findings regarding these costs in this proceeding. As the costs will be reviewed in a subsequent proceeding, the OEB is satisfied that the order granting leave to construct for the Project will not have a material adverse impact on prices.

Section 97

According to the Application, the route and corridor will be unchanged and no new permanent easements or land rights will be required for the Project. It is possible that new temporary easements may be required to access the corridor during construction.

In the event these are required, Hydro One has committed to negotiate access with any affected landowner using three forms of agreement:

- Temporary Access and Temporary Access Road (for off-corridor access)
- Temporary Rights Agreement (for construction staging)
- Damage Claim Agreement and Release form (used as the basis for construction).

In its Application, Hydro One noted that all of these forms of agreement have already been approved by the OEB in previous leave to construct proceedings.

The OEB reviewed the forms of agreement and approves them pursuant to section 97 of the Act.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Pursuant to section 92 of the Act, Hydro One Networks Inc. is granted leave to construct the Project as described in the Application, subject to any requirements of the System Impact Assessment and the Customer Impact Assessment.
2. Pursuant to section 97 of the Act, the forms of the landowner agreement that Hydro One Networks Inc. submitted in the Application are approved.
3. Leave to construct is subject to Hydro One Networks Inc. complying with the Conditions of Approval set forth in Schedule B.

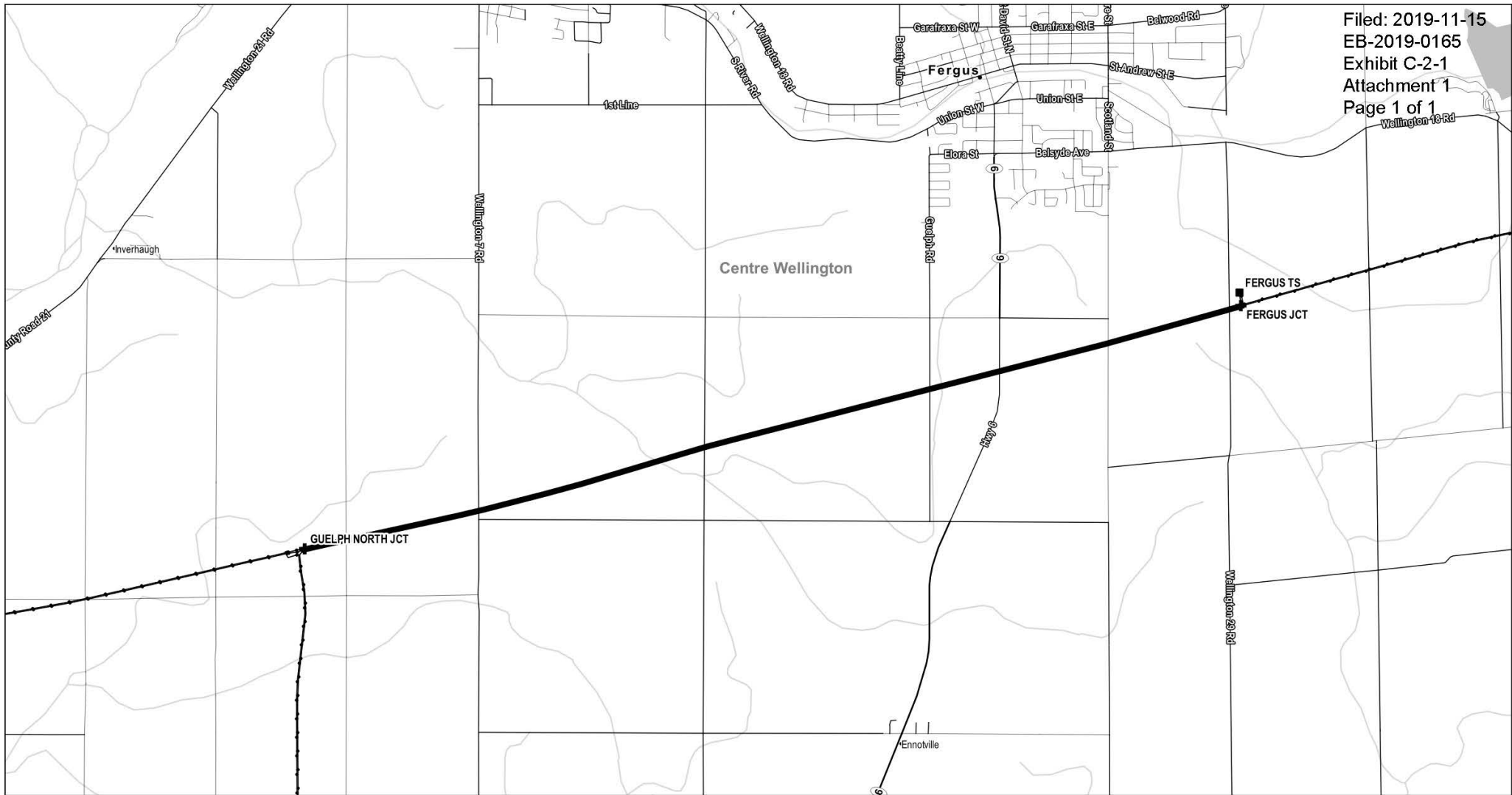
DATED at Toronto February 13, 2020

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar and Board Secretary

SCHEDULE A
DECISION AND ORDER
HYDRO ONE NETWORKS INC.
EB-2019-0165
FEBRUARY 13, 2020



LEGEND

Section of D6V/D7V Circuits to be Replaced

Stations and Junctions

Station

Junction

Transmission Line

Municipality

Water

Roads

Highway

Arterial

Collector

Local Street



PROJECT

D6V/D7V

TITLE

GENERAL AREA MAP

REFERENCES

Natural Resources Canada, CANVEC Dataset, 2018

Hydro One Networks, Inc., 2018

DATE

OCTOBER 2019

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SCHEDULE B
DECISION AND ORDER
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SCHEDULE B – CONDITIONS OF APPROVAL
APPLICATION UNDER SECTION 92 OF THE OEB ACT
HYDRO ONE NETWORKS INC.
EB-2019-0165

1. Hydro One Networks Inc. shall fulfil any requirements of the System Impact Assessment and the Customer Impact Assessment, and shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project.
2. Unless otherwise ordered by the OEB, this authorization for Leave to Construct shall terminate 12 months from the date of this Decision and Order, unless construction has commenced prior to that date.
3. Hydro One Networks Inc. shall advise the OEB of any proposed material change in the Project, including but not limited to changes in: the proposed route, construction schedule, necessary environmental assessment approvals, and all other approvals, permits, licences, certificates and rights required to construct the Project.
4. Hydro One Networks Inc. shall submit to the OEB written confirmation of the completion of Project construction. This written confirmation shall be provided within one month of the completion of construction.
5. Hydro One Networks Inc. shall designate one of their employees as project manager who will be the point of contact for these conditions, and shall provide the employee's name and contact information to the OEB and to all affected landowners, and shall clearly post the project manager's contact information in a prominent place at the construction site.