



**BY EMAIL**

May 5, 2020

Ms. Joanne Richardson  
Director, Major Projects and Partnerships  
Hydro One Networks Inc.  
483 Bay Street, 7<sup>th</sup> Floor South Tower  
Toronto, ON M5G 2P5  
[Joanne.Richardson@HydroOne.com](mailto:Joanne.Richardson@HydroOne.com)

Dear Ms. Richardson:

**Re: Update on Costs Tracked in Waasigan Transmission Tracking Deferral  
Account  
Board File Number: EB-2019-0151**

This acknowledges receipt of your letter of April 8, 2020 in which Hydro One Networks Inc. (Hydro One) provides an update on the status and ongoing activities related to the Waasigan Transmission Line Project (WTL Project).

Hydro One forecast \$35 million as the cost to complete development work for the WTL Project in its 2020-2022 Transmission Rates Application<sup>1</sup>. The letter notes that Hydro One continues to proceed with development activities, but now expects development costs to significantly exceed the \$35 million forecast. Hydro One provided a number of reasons for the expected cost increase, including: (i) consultations with additional Indigenous communities; (ii) additional capacity funding to administer the formation of the Indigenous Transmission Limited Partnership, a consortium of seven First Nations; and (iii) interest during construction.

Hydro One states that it will continue to record WTL Project costs in its construction work-in-progress and will track and report the balances in the Waasigan Transmission Tracking Deferral Account that was established by the Ontario Energy Board (OEB) in September 2019.

The OEB will review WTL Project costs in a future proceeding. To that end, it is expected that Hydro One will ensure that it has sufficient evidence to justify the prudence of its costs.

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<sup>1</sup> EB-2019-0082

In the meantime, given recent increases in the expected cost of development work and uncertainty with respect to the timing of the WTL Project, the OEB will require Hydro One under section 13.1 of its transmission licence<sup>2</sup> to provide reports regarding the WTL Project. Reports shall be provided by Hydro One until a leave to construct application for the WTL Project is filed. The reports should be filed as follows:

- April 1 to September 30 for reporting in October
- October 1 to March 31 for reporting in April

All reports are to be filed by the 15<sup>th</sup> business day of the month following the end of each reporting period. The first report should be filed on October 22, 2020 and should also include any updates related to the timing of, and need for, the WTL Project from the IESO.

In each report, Hydro One shall provide an update on the following matters:

- *Overall Project Progress:* An executive summary of work progress, cost and schedule status, and any emerging issues/risks and proposed mitigation.
- *Cost:* Actual development cost and cost variance relative to the \$35 million forecast. A forecast of the overall project cost is to be provided in the first report and will be used as the reference for future reports, which should identify any expected variance relative to the forecast overall project cost. A description of the reasons for any projected variances and mitigating measures should be provided.
- *Development Work Schedule:* The milestones completed and the status of milestones in-progress. The schedule and milestones for development work provided in the first report will be used as the reference for future reports. For milestones that are overdue or delayed, the reasons for delay, the magnitude and impact of the delay on broader project timelines and cost, and any mitigating steps that have or will be taken to complete the task.
- *Risks and Issues Log:* An assessment of the risks and issues with respect to project development, potential impact on schedule, cost or scope, as well as potential options for mitigating or eliminating the risk or issue.

Any questions relating to this letter should be directed to Nancy Marconi at [Nancy.Marconi@oeb.ca](mailto:Nancy.Marconi@oeb.ca) or at 647-292-3225. The Board's toll-free number is 1-888-632-6273.

Yours truly,

*Original Signed By*

Brian Hewson  
Vice President, Consumer Protection & Industry Performance

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