



BY EMAIL

December 1, 2020

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.
Bi-annual Report on the Development of the Waasigan Transmission Line
Project
Board File No.: EB-2019-0151**

The Ontario Energy Board (OEB) is in receipt of the first bi-annual report on the progress of development of the Waasigan Transmission Line Project (WTL Project), filed by Hydro One Networks Inc. (Hydro One), under the reporting requirements set out in section 13.1 of its transmission licence¹ and the OEB's letter of May 5, 2020. The first bi-annual report, which was filed on October 22, 2020 (October Report), covered the period of April 1, 2020 to September 30, 2020.

This letter clarifies reporting requirements that Hydro One is expected to follow in all future bi-annual reports in order to ensure appropriate monitoring.

Specifically, pursuant to section 13.1 of its transmission licence, Hydro One's future WTL Project bi-annual reports are to include:

1. An enhanced level of detail provided in the WTL Project development cost table
2. Any updates regarding the need and timing of the WTL Project that Hydro One receives from the Independent Electricity System Operator (IESO)

¹ ET-2003-0035

1. Enhanced Level of Detail Provided in the WTL Project Development Cost Table

To enhance the level of detail provided in bi-annual reports on development costs for the WTL Project, Hydro One is expected to report development costs in the format outlined in the template table attached to this letter.² The values reported in Column 'C' (Budget per October 22, 2020 Report) will be used as the baseline for tracking development costs for the WTL Project moving forward.

Although the current development cost forecast, as per the October Report, is to be used as the baseline for reporting purposes, this does not signal the OEB's acceptance of these development costs for recovery. A future hearing will examine the prudence of development costs incurred by Hydro One for the WTL Project.

In future bi-annual reports, Hydro One should include the reasons for any variances or changes in the forecast budget amounts for specific categories in the development cost table (or in a separate document if that is easier to follow). In the event of an increase in the forecast budget, Hydro One should describe any measures it is employing to mitigate such cost increases.

2. Updates Regarding the Need and Timing of the WTL Project that Hydro One Receives from the IESO

In the October Report, Hydro One indicates that the IESO will be undertaking an Integrated Regional Planning session in early 2021 to update the need and timing for the WTL Project. The OEB expects that Hydro One will include any updates related to the timing and need of the WTL Project, based on direction received from the IESO, in future bi-annual reports.

Hydro One is reminded that it is required to file its bi-annual reports by the 15th business day of the month following the end of each reporting period. The next report is to be filed by April 22, 2021 and should reflect the reporting requirements outlined in this and the OEB's May 5, 2020 letter.

Any questions relating to this letter should be directed to David Martinello at David.Martinello@oeb.ca or 416-440-8142. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Brian Hewson
Vice President, Consumer Protection & Industry Performance

Attachment: Updated Project Cost Table

² This is the format Hydro One reports project costs for stations upgrade work for the East-West Tie Project (EB-2017-0194).

WTL Project Development Cost Reporting Table for Use in Future Bi-annual Reports

All future bi-annual reports should 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 used to two decimal places.

WTL Project Development Cost Reporting Table

	Actuals Spent			Forecast Budget Variance					
	A Spent this Reporting Period (millions)	B Total Spent to Date (millions)	C Budget per October 22, 2020 Report (millions)	D Forecast Budget Change from Last Report (millions)	E Forecast Budget Change from Last Report (%)	F Revised Total Budget (millions)	G = F – B Budget Remaining (millions)	H = G/F *100 Budget Remaining (%)	Reasons for Change
Real Estate			\$2.0						
Engineering and Design			\$2.0						
Environmental Approvals			\$15.5						
Indigenous Consultation			\$23.0						
Project Management			\$4.5						
Contingency			\$4.0						
Other Consultation			\$3.0						
Interest and Overhead			\$15.0						
Total			\$69.0						

Notes on the WTL Project Development Cost Reporting Table

- Column 'A' should reflect expenditures since the last reporting period.
- Column 'B' should reflect all expenditures to date for the WTL Project.
- Budgeted costs in Column 'C' have been taken from Hydro One's first bi-annual report and are to be held fixed.