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**BY EMAIL**

January 5, 2021

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: 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 quarterly report on the progress of the stations upgrades for the East-West Tie Project (Project) filed by Hydro One Networks Inc. (Hydro One), on December 21, 2020 (December Progress Report).

In the December Progress Report, Hydro One indicated that stations upgrades continued to progress on schedule, but that it would be challenged to stay within budget. Specifically, Hydro One's letter stated:

...the ongoing impact of COVID-19 and **other costs**, are and will have more of an impact than had been anticipated. An initial high level review of internal cost monitoring activities indicates that future spend will go beyond the use of contingency and will most likely go over budget. The final impact on costs is being assessed and identified for the various overruns. [**Emphasis added**]

OEB staff anticipates that any cost increases and/or schedule delays related to this Project that are associated with Hydro One's response to the COVID-19 pandemic, and other events, will be reviewed at a later date. To that end, OEB staff expects Hydro One will be in a position to provide sufficiently detailed records to both explain the actions it has taken in response to the COVID-19 pandemic and to enable any associated cost

increases and/or schedule delays to be clearly distinguished from those arising from other causes.

In its next quarterly report, due on March 19, 2021, Hydro One should provide further specifics on the forecast cost increases referenced in the December Progress Report. This includes providing details on the quantum of the forecast cost increases due to COVID-19 and other costs, as well as clarifying what specifically comprises and is driving the *other costs* referenced in the December Progress Report. If the forecast cost increases are derived from high-level estimates, Hydro One should still provide such information, but indicate that the forecast costs are high-level estimates.

Please direct any questions relating to this matter to David Martinello at [David.Martinello@oeb.ca](mailto:David.Martinello@oeb.ca) or at 416-440-8142.

Regards,

*Original Signed By*

Brian Hewson  
Vice President, Consumer Protection & Industry Performance

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