



BY EMAIL

May 24, 2022

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: New Transmission Lines in Southwestern Ontario
Board File Number: EB-2022-0142**

This letter acknowledges receipt of your letter of April 12, 2022 in which Hydro One Networks Inc. (Hydro One) provided a copy of the Independent Electricity System Operator's (IESO's) recommendations regarding the scope and timing of four new transmission line projects, as required by the Ontario Energy Board (OEB) in its April 6, 2022 Decision and Order.

The four transmission line projects (collectively referred to as the Projects) are:

1. A new 230 kilovolt (kV) transmission line from Lambton Transformer Station to Chatham Switching Station, including associated station facility expansions or upgrades required at the terminal stations;
2. A new 500 kV transmission line from Longwood Transformer Station to Lakeshore Transformer Station, including associated station facility expansions or upgrades required at the terminal stations;
3. A second new 500 kV transmission line from Longwood Transformer Station to Lakeshore Transformer Station, including associated station facility expansions or upgrades required at the terminal stations; and
4. A new 230 kV transmission line that connect the Windsor area to the Lakeshore Transformer Station, including associated station facility expansions or upgrades required at the terminal stations.

Section 19.8.1 of Hydro One's licence, as amended on April 6, 2022, requires Hydro One to develop and seek approvals for the Projects.

In addition to requiring the amendment of Hydro One's licence, the Minister's Directive, dated March 31, 2022, also directed the OEB to require that Hydro One provide such reporting to the OEB as the OEB may consider appropriate with respect to budget, timing and risks in relation to the development of the Projects. This letter sets out the OEB's reporting requirements for the Projects.

Separate reports shall be provided by Hydro One for each of the four transmission line projects. Reports for a specific transmission line project shall be provided until a leave to construct application for that transmission line project is filed. The reports should be filed as follows:

- May 1 to October 31 for reporting in November
- November 1 to April 30 for reporting in May

All reports are to be filed by the 15th business day of the month following the end of each reporting period. The first set of reports should be filed on November 15, 2022.

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.
- *Development Cost*: Development costs shall be reported in the form of the attached table. A forecast of the development cost is to be provided in the first set of reports (in column 'C' of the table) and will be used as the reference for future reports. A future hearing will examine the prudence of development costs incurred by Hydro One for the Projects.
- *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.
- *Project scope and timing recommendations provided by the IESO*: If the IESO updates its scope and timing recommendations these should be included.

Any questions relating to this letter should be directed to Andrew Pietrewicz at Andrew.Pietrewicz@oeb.ca.

Yours truly,

Brian Hewson
Vice President, Consumer Protection & Industry Performance

Attachment: Project Development Cost Reporting Table

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

All 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.

Project Development Cost Reporting Table

	Actuals Spent		C	Forecast Budget Variance					Reasons for Change
	A	B		D	E	F	G = F – B	H = G/F *100	
	Spent this Reporting Period (millions)	Total Spent to Date (millions)	Budget per November 15, 2022 Report (millions)	Forecast Budget Change from Last Report (millions)	Forecast Budget Change from Last Report (%)	Revised Total Budget (millions)	Budget Remaining (millions)	Budget Remaining (%)	
Real Estate									
Engineering and Design									
Environmental Approvals									
Indigenous Consultation									
Project Management									
Contingency									
Other Consultation									
Interest and Overhead									
Total									

Notes on the 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 specific transmission line project.
- Budgeted costs in Column 'C' should be those reported in Hydro One's first bi-annual report and are to be held fixed.