

**BY EMAIL AND RESS**

June 30, 2022

Mr. Alex Share  
Manager of Generation & Transmission  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Mr. Share,

**EB-2018-0117 – Hydro One Networks Inc.'s Section 92 – Barrie Area Transmission Upgrade – Update on Project Cost and Schedule Completion Date**

In accordance with the Ontario Energy Board's ("OEB") Decision and Order, regarding Hydro One's leave to construct application for the Barrie Area Transmission Upgrade ("BATU") Project (or the "Project"), dated April 23, 2020, Hydro One is providing the OEB with an update to the BATU Project's schedule and forecast cost.

Subsequent to this notification, on June 17, 2020, Hydro One provided the OEB a letter advising that project construction had not yet commenced due to customer-initiated delays and COVID-19 interruptions. Later that year, on October 20, 2020, Hydro One notified the OEB that Project construction had begun.

Hydro One is now providing an additional update to the Board, regarding a change to the Project in-service date and an increase in Project costs.

The Project is now expected to be in-serviced December 2023. This is an eighteen-month delay from that forecast in the leave to construct. This revised total Project forecast cost is \$125.0M. These variances are attributable to the following factors:

1. Drivers of schedule delay:

- Delayed finalization of Customer Agreement with InnPower. As detailed in Hydro One's letter to the OEB, dated June 17, 2020, commencement of construction began later than anticipated due to a delays caused by both COVID-19 and customer-initiated delays, whereby the final Customer Agreement with InnPower was not signed until August 2020. Construction mobilization began immediately thereafter in September 2020, adding a six-month delay to the project construction execution schedule which was originally April 2020.
- Barrie Transformer Station ("TS") Construction Scope Expansion. The use of helical pile type foundation design at Barrie TS has required additional activities and time for excavation, soil disposal and foundation forming. Additionally the relocation of fiber optical cable and installation of temporary lightning structures, together with the foundational scope change will extend the final completion date by 12 months.

2. Drivers of cost increase:

- A higher third-party contractor bid (approximately \$11M). Hydro One initiated a Request for Proposal (“RFP”) for the line upgrade work in Spring 2021, several months later than initially forecast. The higher cost relates to inflation and cost escalation for labour and commodities, as well as a change in the foundation type required, from shallow to deep foundations, due to sub-surface ground element/foundational design requirements.
- Additional sub-surface ground elements/foundational design requirements at Barrie TS required a change from the shallow pad-and-pier type foundation design, to a deeper helical pile type foundational design, due to poor sub-surface soil conditions discovered since the commencement of construction, compared to that of the originally designed foundational solution. This has driven a change to the construction execution and staging plan, which will result in an increase of approximately \$6.0M to the Project’s cost, including removal of contaminated soil.
- Additional cost driven by items pertaining to; increased material storage and handling, outage challenges at Essa TS, by-pass costs, additional commissioning requirements, and corresponding interest and overhead charges, beyond that originally anticipated, totaling \$17.1M.

The local distribution company customer driving this upgrade Project, InnPower Corporation (“InnPower”), have been informed of the Project cost increases, including the cost allocation impacts that will drive a change to the required capital contribution. Hydro One have committed to continue to keep InnPower apprised of progress throughout the Project construction timeframe.

Sincerely,



Joanne Richardson

c/ Intervenors of record in EB-2020-0188 (electronic only)

c/ InnPower - Danny Persaud - Chief executive Officer and Glen McAllister - Chief Financial Officer