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September 28, 2022

VIA RESS, EMAIL AND COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

RE: Hydro One Networks Inc., (“Hydro One”) Application for Leave to Construct the Chatham to Lakeshore Transmission Project; Ontario Energy Board Proceeding EB-2022-0140

In accordance with Procedural Order No. 4 dated September 27, 2022, please find enclosed Hydro One’s Argument in Chief in respect of the above-referenced matter.

Yours truly,

McCarthy Tétrault LLP

A handwritten signature in black ink, appearing to read 'G. Nettleton', written over a white background.

Gordon M. Nettleton

GMN

Enclosure

ONTARIO ENERGY BOARD

IN THE MATTER OF An Application made by Hydro One Networks Inc. to the Ontario Energy Board pursuant to sections 92 and 97 of the *Ontario Energy Board Act*

AND IN THE MATTER OF Ontario Energy Board Proceeding EB 2022-0140
Procedural Order No. 3 dated August 30, 2022

**ARGUMENT IN CHIEF OF
HYDRO ONE NETWORKS INC.**

September 28, 2022

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AND TO: Interveners of Record

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I. INTRODUCTION & BACKGROUND

1. On May 9, 2022 Hydro One Networks Inc. (“**Hydro One**”) applied to the Ontario Energy Board (“**Board**” or “**OEB**”) for leave to construct approximately 49 kilometers of 230 kV electricity transmission line facilities between Chatham Switching Station (“**SS**”) and its Lakeshore Transformer Station (“**TS**”) (“**Project**” or “**CxL Project**”). In addition to the relief sought pursuant to section 92 of the *Ontario Energy Board Act*, 1998 (“**Act**”), Hydro One also sought approvals as to the forms of the agreements offered or to be offered to affected landowners in accordance with section 97 of the Act.
2. Importantly, the application before the Board follows from two Lieutenant Governor in Council Orders (“**OIC**”), 1499/2020 and 876/2022. OIC 1499/2020 directed Hydro One to undertake the development of the transmission line project including any and all steps deemed to be necessary and desirable to seek required approvals. OIC 876/2022 established that the CxL Project is needed as a priority project and therefore informs the public of the regulatory approval process contemplated by section 96.1(1) of the Act. Need for the project is not a matter for debate or consideration when the Board exercises its legislative authority.
3. Directions concerning the Notice of Hearing for Hydro One’s CxL Project were issued by the Board on June 3, 2022. The Notice of Application made clear that when determining whether the Project is in the public interest, the Act specifies that the OEB shall only consider the interests of consumers with respect to prices and the reliability and quality of electricity service, as well as matters related to the form of agreement offered to landowners affected by the route or location of the transmission line. In light of this, parties to the proceeding were expressly cautioned to limit their participation to areas that fall within the Board’s legislative mandate. Determination of need for the project, environmental issues or issues related to the government’s duty to consult indigenous people were expressly stated to not be part of the OEB’s review, unless there is a direct impact on price, reliability and/or quality of electricity service.
4. Hydro One filed its Affidavit of Service regarding fulfillment of the Board’s June 3, 2022 Letter of Direction on June 17, 2022.
5. On July 13, 2022 the Board issued Procedural Order No. 1, wherein the Chippewas of Kettle and Stony Point First Nation together with Southwind Corporate Development Inc., Environmental Defence, the Haudenosaunee Development Institute, the Independent Electricity System Operator, the Municipality of Chatham-Kent, Pollution Probe and the Ross Firm Group applied and were all granted intervener status.
6. Schedule “A” to Procedural Order No. 1 set out the Issues List (“**Issues**”) which the Board requested parties to address in this Proceeding. In so doing, OEB Staff and interveners were afforded the opportunity to file written interrogatories on the Issues.
7. On July 27, 2022 parties filed written interrogatories in accordance with the process set out in Procedural Order No. 1. On August 5, 2022, the Board issued its Determination on the Filing of Evidence and Form of Hearing. In so doing, the Board provided additional clarity for parties on the narrow scope of this proceeding (as

originally described in Procedural Order No. 1). A decision to proceed with a written process was made. The Board declined to receive evidence on matters outside of its statutory authority or require Hydro One to respond to written interrogatories of this sort. Any uncertainty over whether additional evidence was appropriate, or not, (i.e. directly and materially relevant to an issue on the approved Issues List) was resolved by the Board providing parties the opportunity to describe in advance the nature and type of evidence they sought to prepare and file, including how intervenor evidence would relate to the issues in this proceeding and the cost and timing of the filing of the evidence.

8. On August 11, 2022, three cost-eligible interveners filed letters describing the evidence they sought to file in this proceeding. On August 23, 2022 the Board issued Procedural Order No. 2 and determined that none of the descriptions provided addressed how the proposed evidence related directly and materially to the issues in the proceeding. However, the Board provided parties with an additional round of written interrogatories. In so doing, the Board accepted (1) there was a limited scope to review the cost and reliability implications; and (2) that parties were afforded the opportunity to ask Hydro One questions regarding selected tower and conductor technologies and how these may impact price or reliability. Route selection and costs associated with alternative routes, however, were determined to be matters reviewed through the Environmental Assessment process and reproducing that process completely was not viewed as having value.
9. On August 26, 2022, the Ross Firm Group filed a Notice of Motion to Review and Vary Procedural Order No. 1. In general, the Motion opposed the Board's determination of a written process and to redefine the Issues established at the outset of the proceeding.
10. On August 30, 2022, the Board issued its Procedural Order No. 3 and found that the Ross Firm Group Motion was premature, The Board determined it would consider the Motion after Hydro One filed responses to the additional round of interrogatories. Following the filing of these responses, the Ross Firm Group was directed to "inform the OEB with clear and specific reasons for why the motion should be heard" in the event it wished to proceed with the Motion relief.
11. On September 19, 2022, Hydro One filed its responses to additional interrogatories received from Environmental Defense, Haudenosaunee Development Institute, Pollution Probe, Three Fires Group, the Ross Firm Group, and OEB Staff.
12. On September 23, 2022, the Ross Firm Group provided further submissions to the Board by amending the relief sought. The Ross Firm Group maintained a view that the Board's process should allow for an oral hearing process to allow oral cross examination of Hydro One's evidence, including responses to all interrogatories.
13. On September 27, 2022, the Board dismissed the Ross Firm Group Motion, finding that sufficient justification for it to convene an oral hearing had not been established.

II. SUBMISSIONS

14. Hydro One's Argument in Chief is organized to address each of the issues listed in Schedule "A" attached to Procedural Order No. 1. In so doing, Hydro One is also mindful of the further Directions provided by the Board in its further Procedural Orders and as described above.
15. Hydro One's submissions therefore are limited and address only the issues which the Board has determined to be relevant, notwithstanding the broader scope of questions and issues that certain interveners have raised.

Issue 1: Prices & Project Cost

Has the applicant provided sufficient information to demonstrate that the estimates of the project cost are reasonable? Are comparable projects selected by the applicant (as required by the filing requirements) sufficient and appropriate proxies for the proposed project?

16. Hydro One's pre-filed evidence has included sufficient information to demonstrate that its current project cost estimates are reasonable. Estimated project costs take into account the physical design of the project as set out in Exhibit C, Tab 1, Schedule 1. This includes a description of the route, details concerning the transmission line, and required station work.
17. Exhibit B, Tab 7 Schedule 1 provides a quantification of the estimated project costs. Table 1 and 2 summarize the transmission line and station costs, including contingency amounts. These estimates were based upon a Class 3 cost estimate (as per the AACE International Estimate Classification System) which means the accuracy of the estimate is in the range of -20%/+30%.¹ Project cost estimates were developed using internal cost estimates and a fixed price bid from the selected Engineering, Procurement Construction ("**EPC**") contractor. As noted in this Schedule, the EPC procurement process reflects current market-tested EPC pricing to deliver the Project and corresponding risk premiums that will be transferred to the EPC contractor.² Hydro One clarified that the EPC contract to be executed for this Project is expected to assign to the EPC contractor certain project risks such as production rates, interface between the engineering, procurement and construction phases and the EPC contractor will have the responsibility to control and mitigate assigned risks.³
18. Section 2 of Exhibit B, Tab 7, Schedule 1 describes the process Hydro One used to select comparable projects, comparing costs to the Project. Line costs of the Supply to Essex County Transmission ("**SECTR**") and Woodstock Area Reinforcement Projects ("**WARP**") were selected as reasonable comparable projects, given the nature of the facilities (i.e. 230 kV transmission), their location, as well as the same

¹ See Hydro One's Response to OEB Staff Interrogatory No. 4(d), Exhibit I, Tab 1 Schedule 4.

² *Supra*, IR Response to OEB Staff 4(d)

³ Hydro One Response to OEB Staff Interrogatory No 7(b), Exhibit I, Tab 1 Schedule 7 page 3 of 6

conductor size and similar tower types. Table 3 of Section 2 provides further details on why these two projects are appropriate proxies for the applied-for Project.

19. Section 3 of Exhibit B, Tab 7, Schedule 1 describes station cost comparisons. The recently completed Wawa TS in Northwestern Ontario was used as a comparable project because the scope of work was limited to connection of the East West Tie lines in a very similar manner to the Chatham SS. Additionally, Hydro One noted that competitive EPC market pricing was obtained and evaluated from several vendors. Bids were evaluated based on key criteria including technical compliance, experience, capacity, and cost.
20. Importantly, Hydro One real estate costs associated with the Wawa TS, SECTR and WARP comparators were not considered as reasonable proxies. As explained in Section 2 of Exhibit B, Tab 7, Schedule 1, real estate costs for the SECTR Project were mitigated because of differences in right-of-way requirements, reduced amounts of required access to and across private property, and thereby reducing the impacts to agricultural production. Exclusion of the WARP Project real estate costs as well as SECTR real estate costs was also based upon the fact that significant timing differences arise between these projects and the CxL Project.
21. During the written interrogatory process, Hydro One addressed increases in Project costs relative to the estimate for the Project that was included in the IESO 2019 letter to Hydro One.⁴ Hydro One noted that the initial planning level cost allowance of \$115-\$150M was based on parametric unit rates and defined by a planning level scope description. Though the initial estimate was not a bottom-up estimate and therefore an itemized cost difference could not be completed, Hydro One did highlight that the buoyant real estate market has largely driven the cost increase, as well other items, such as globally recognized inflationary pressures that have since increased parametric unit rates and contributed to the cost estimate difference.⁵
22. Additional information regarding the process used to develop the real estate component of the project was also provided during the written interrogatory process.⁶ Independent third party appraisers qualified by the Appraisal Institute of Canada were retained and have assisted in the assessment of not only the fair market value of the property, but also the estimated values for injurious affection caused to market value changes resulting to lands on the property not occupied by the project. The real estate assessment also took into account the financial incentives afforded to landowners under Hydro One's Land Acquisition Compensation Program ("**LACP**"). The LACP was specifically developed to incent voluntary settlements and avoid the more litigious approaches arising from expropriation. Other factors taken into account in the real estate cost component estimate included crop loss programs, the selection of a project corridor that utilized existing rights of way and a route having relatively fewer full property buyouts than other route alternatives. All of these features were considered

⁴ Exhibit B, Tab 3, Schedule 1, Attachment 3

⁵ See Hydro One's Response to OEB Staff Interrogatory Response No. 4(b) Exhibit I Tab 1 Schedule 4 page 2 of 2

⁶ Hydro One Response to OEB Staff Interrogatory No. 7(c), Exhibit I, Tab 1 Schedule 7 pages 3-4

in the route selection and determination process addressed in the environmental assessment process.

23. Hydro One also addressed OEB Staff's questions concerning higher unit costs (approximately 38%) for the proposed transmission line relative to the SECTR comparator after isolating for real estate costs.⁷ Hydro One explained that this difference is attributable to a number of factors outside of Hydro One's control including: global supply chain issues, rising commodity prices and overall inflation. Hydro One also explained that cost differences are driven by the needs of individual projects. Two main areas are (i) Hydro One's need to acquire land access and permanent real estate interests early in the lifecycle in order to meet in-service timing, and (ii) the need to place material orders earlier than historically required because of supply chain issues. Both of these result in increased construction work-in-progress ("CWIP") costs that impact total Project cost relative to the proxies.
24. Regrettably, these new cost realities are what infrastructure developers worldwide are facing. It is therefore both reasonable and prudent for Hydro One to, as best as possible, consider these types of changes when it is developing reasonable project cost estimates.
25. In all, the evidence before the Board is that Hydro One has taken a responsible and reasonable approach to the development of its Project cost estimates, albeit recognizing that ongoing Project risks exist and which have and may continue to result in Project cost adjustments.

Has the applicant adequately identified and described any risks associated with the proposed project? Is the proposed contingency budget appropriate and consistent with these identified risks?

26. Hydro One's application described the three top risks associated with the Project commencing at page 3 of 8 in Exhibit B, Tab 7, Schedule 1. Land acquisition costs and the potential delays resulting from non-voluntary acquisition outcomes (i.e. expropriation), unforeseen subsurface conditions that could result in additional mitigation measures and/or project timing delays, and regulatory risks associated with the required approvals for the Project were highlighted. Unforeseen risks attributable to labour disputes, safety or environmental incidents, and significant changes in material costs outside of Hydro One's control were also identified as potential risks but ones which could not reasonably be estimated as part of Hydro One's contingency budget.
27. Hydro One provided additional information regarding the manner in which it has developed its contingency budget in its Response to OEB Staff Interrogatory No. 8.⁸ The project contingency budget was stated by Hydro One to be in line with past project estimated contingency allowances of between 10% and 15% of direct Project costs.

⁷ Hydro One Response to OEB Staff Interrogatory No. 9, Exhibit I, Tab 1 Schedule 9 page 2

⁸ Exhibit I, Tab 1, Schedule 8.

28. Hydro One explained that this estimate was based upon the development of a risk register that took into account a three-step process. First, a qualitative risk analysis was used. Risk factors, their impacts and relative severity were identified as well as potential mitigation measures. Second, a quantitative risk analysis was conducted. Probability factors were assigned to unmitigated risk outcomes. Quantification of these risks then allowed the development of potential contingency costs and/or schedule risk impacts. Finally, a risk register was developed to track Project risks. As noted, the risk register is a live document, and is continually updated throughout the project lifecycle in order to track and update changes in project risks and ensure reasonable mitigation measures are taken.
29. Hydro One's approach to addressing risk for the Project is reasonable. Risks have been appropriately assessed taking into account both available information and by adopting processes that assess risk from a qualitative and quantitative perspective. The challenge ahead will be for Hydro One to monitor and update risks so that it may continue to manage the Project accordingly. Steps such as the development of a risk register and the intention of ensuring its EPC contractor is experienced and able to manage engineering, procurement and construction activities in this changing and dynamic environment are both prudent and reasonable approaches for Hydro One to take.

If the applicant has requested that deferral accounts be established, has the applicant adequately demonstrated that the eligibility criteria of Causation, Materiality, and Prudence have been met?

30. The relief sought in Hydro One's application does not include the use of new or additional deferral accounts.⁹
31. Hydro One indicated that line costs of the Project will be recorded and tracked in Hydro One's Affiliate Transmission Partnerships regulatory account, which was approved by the Board in October 2021 in Proceeding EB 2021-0169.
32. Hydro One's evidence¹⁰ is also that Project station costs will be owned and operated by Hydro One and will thus form part of Hydro One's rate base and will not be recorded or tracked through a deferral account mechanism.

⁹ Exhibit B, Tab 10 Schedule 1

¹⁰ Hydro One Response to OEB Staff Interrogatory No. 2, Exhibit I, Tab 2, Schedule 2 Page 2 of 2

Issue 2: Prices & Customer Impacts

Has the applicant correctly determined the need for and the amount of any capital contributions that are required for the project?

33. Hydro One's evidence is that all Project costs will be included in the network connection pool for cost classification purposes and not allocated to any individual customers.¹¹ No customer capital contributions are required for the Project.

Are the projected transmission rate impacts that will result from the project reasonable given the need(s) it satisfies and the benefit(s) it provides?

34. Hydro One's analysis of the network pool rate impacts took into account the transmission revenue requirement for the year 2022 and the 2022 approved Ontario Uniform Transmission Rate Schedules. Based on a total Project initial estimate cost of \$267.8 million, and the associated network pool incremental cash flows, the expected change in the network pool revenue requirement will occur once the Project is placed in service. This is currently estimated to occur in December 2025.
35. As described in Exhibit B, Tab 9, Schedule 1, although the Project is not associated with any specific load increase or customer load application, the Project is designed to increase the West of Chatham interface limit by approximately 400 MW, from 1100 MW (with the incorporation of Lakeshore TS) to 1500 MW. The two new circuits will result in a total of six 230 kV circuits between the two main stations thus increasing the overall transfer capability of the bulk transmission system west of Chatham in order to reliably supply the forecast load growth in the Windsor – Essex region in the near-to medium-term as identified by the IESO. Given the anticipated load growth in the south-western region of the Province, the net incremental revenue of this growth is expected to have an overall rate mitigating effect over a 25 year time horizon.
36. Based on these need assumptions as determined by the IESO, Hydro One's evidence is that the 2022 OEB approved rate of \$5.13 kW/month will decrease over a 25 year time horizon to \$5.08 kW/month in the first year due to half-year rule tax implications. For the second and until the twenty-first years, the projected rate will still be slightly lower than the 2022 OEB approved rate at \$5.11 kW/month. After this, the rates are projected to continue at \$5.10 kW/month.¹²
37. As it relates to a typical residential customer's rates under the Regulated Price Plan, Hydro One's evidence is that a \$0.03 per month decrease is expected.¹³
38. Based on the foregoing, Hydro One submits that customer price impacts associated with the Project are expected to be favorable. The Project is appropriately designed to meet the forecast load determined by the IESO. In so doing, rates are expected to sustain a slight decrease relative to 2022 approved rates.

¹¹ Exhibit B Tab 9 Schedule 1 "Transmission Rate Impact" Section 1.0 "Economic Feasibility".

¹² Exhibit B Tab 9 Schedule 1 "Transmission Rate Impact" Section 4.0 "Rate Impact Assessment".

¹³ *ibid*

Issue 3: Reliability and Quality of Electricity Service

Has the applicant established that the project will maintain or improve reliability?

Has the applicant provided a final System Impact Assessment (SIA)? Does the final SIA conclude that the project will not have a material adverse impact on the reliability of the integrated power system?

39. Hydro One's evidence regarding reliability incorporates by reference the IESO's System Impact Assessment ("SIA") conducted for the Project.¹⁴ The SIA concludes that the Project is expected to have no material adverse impact on the reliability of the integrated power system and recommended that a Notification of Conditional Approval for Connection be issued.
40. The IESO's assessment of Need for the Project also found that the line will increase overall transfer capability of the bulk transmission system west of Chatham in order to reliably supply the forecast load growth in the Kingsville-Leamington area and the broader Windsor-Essex Region in the near to mid-term. Need for the Project is inextricably linked to the IESO's assessment of regional load growth. Timely implementation prior to the winter of 2025/2026 for the transmission line is intended to permit the resources and bulk transmission facilities in this region to operate efficiently for local and system needs. Also, improvement in bulk transmission facilities is intended to maintain existing interchange capability on the Ontario-Michigan interconnection between Windsor and Detroit.¹⁵
41. The need for reliability improvement is discussed in the SIA at page 12-13.¹⁶ Remedial action schemes in the Windsor-Essex area were historically used to improve reliability when load levels, particularly automotive loads, within the City of Windsor, were higher. The existing bulk transmission system in the Windsor-Essex Region was unable to meet historical peak levels without these protection systems, which included generation and load rejection. Load in the Kingsville-Leamington area has also historically exceeded the capability of the existing transmission infrastructure as documented by the IESO¹⁷. Higher load than current transmission capability in this area has resulted in local customers experiencing reduced reliability compared to the rest of the Ontario system. Finally, the IESO reported that forecast demand in the Kingsville-Leamington area has increased significantly, driven by the greenhouse sector. In the absence of a bulk system solution, reductions in reliability are anticipated putting at risk ORTAC reliability standards.
42. Reliability improvement arising from the Project has been accepted and is effectively the foundation to the Government of Ontario's reasons for issuing its Order in Councils and characterizing this Project as a Priority Project. Indeed, if the Project does not proceed; if bulk transmission system improvements between Chatham SS and

¹⁴ Exhibit B Tab 1 Schedule 1 Paragraph 7.

¹⁵ Exhibit B Tab 3, Schedule 1 Attachment 2 at pages 4-5

¹⁶ Exhibit B Tab 3, Schedule 1 Attachment 2 at pages 12-13

¹⁷ Exhibit B Tab 3, Schedule 1 Attachment 2 at page 13

Lakeshore TS are not implemented, reliability is forecast to be worse and requirements of meeting reliability standards are placed at risk.

Has the applicant provided a final Customer Impact Assessment (CIA)? Does the final CIA conclude that the project will not have an adverse impact on customers, with respect to reliability and quality of electricity service?

43. Hydro One filed its final Customer Impact Assessment (“CIA”) as part of its Application.¹⁸ The CIA has concluded that the Project will not have an adverse impact on customers. Instead, construction and operation of the Project is intended to satisfy the need addressed in the IESO’s SIA and improve reliability by reducing risks currently found on the bulk transmission system in south-western Ontario, namely, remedial action schemes that include generation and load rejection.

Issue 4: Route Map and Form of Landowner Agreements

Are any proposed forms of landowner agreements under section 97 of the OEB Act appropriate and consistent with OEB requirements?

44. Pursuant to section 97 of the Act, Hydro One is seeking approval of the forms of the agreements offered or to be offered to affected landowners. Hydro One’s evidence is that the majority of the agreements are in the same form as previously approved by the Board in other leave to construct proceedings. A description of the Project route and the land rights required are described in Exhibit E, Tab 1, Schedule 1 of Hydro One’s pre-filed evidence.
45. Selection of the Project route is a matter that was determined through the environmental assessment process and falls outside the scope of this proceeding.¹⁹ That said, Hydro One described the selected route as comprising 49 kilometers in length and involving a new corridor that will be approximately 46 meters (150 feet) wide. Moreover, of the 49 kilometers, approximately 19 kilometers (almost 40%) will make use of an existing transmission corridor and thus mitigating the overall new land requirements and environmental and socio-economic impacts of the Project.
46. Land rights required for the Project were described in Section 2 of Exhibit E, Tab 1, Schedule 1. Hydro One intends to acquire land rights from 126 directly impacted property owners. This entails 120 privately or municipally held properties and rights allowing 6 railway crossings. Most of the rights required will cause Hydro One to acquire easement or fee simple interests in lands. For those properties where dwellings and/or major farm buildings are located within the new corridor, Hydro One’s evidence is that it will work with directly impacted property owners and seek to negotiate amicable full property buyouts, at the option of the property owner.
47. Hydro One’s strategy to acquire all necessary land rights for the Project has been informed by the success achieved in other transmission projects that have utilized a

¹⁸ Exhibit G, Tab 1 Schedule 1

¹⁹ See Hydro One’s Response to OEB Staff Interrogatory No. 6 and the Board’s Letter to Parties dated August 5, 2022.

uniform set of Land Acquisition Compensation Principles (“**LACP**”). The intent of the LACP is to ensure common or uniform practices are followed regarding the manner in which compensation for necessary land rights are determined and offered to landowners. This includes commitments to appraise lands using third party AACI qualified appraisers, landowner choice between granting an easement or fee simple sale of property interests, incentive payment offers, the availability of independent legal advice to review settlement offers; all of which is intended to achieve Project timing efficiencies and improve landowner relations and avoid more contentious expropriation processes.

48. As noted in its Response to Board Staff Interrogatory No. 11, Hydro One achieved 39 voluntary property settlements as of August 10, 2022. As of the date of this filing, Hydro One has now achieved 48 voluntary property settlements made in accordance with its LACP. Further, and regarding early access to lands, Hydro One has now obtained agreements allowing voluntary access to lands for 96 of the 120 privately and municipally held properties. These accomplishments are a further demonstration that Hydro One’s approach to land acquisition through a uniform and transparent process, like the LACP, have yielded mutual benefits that allow Projects to proceed in a timely and efficient manner.
49. Hydro One’s evidence is that 11 different agreements will be used to acquire all necessary Project land rights. A description of these agreements is found at Section 3 of Exhibit E, Tab 1, Schedule 1. *Pro forma* copies of the agreements are found as Attachments to the Exhibit.
50. Section 5 of this Exhibit explains which forms of agreements are similar or identical to those previously approved by the Board in other Leave to Construct proceedings, the material changes made to some of these agreements for use in the present Project, as well as a description of three new agreements that are proposed for use in this Project. The new agreements include rights to allow off-corridor access to lands; compensation for crop lands taken out of production while the Project is constructed, and an option agreement to permit, at the landowners option the grant of an easement interest while the landowner considers a full voluntary buyout proposal.
51. In its Response to OEB Staff Interrogatory No. 15, Hydro One clarified why its proposed Crop Land Out of Production Agreement had not been approved in prior Board proceedings. Notably, Hydro One explained that a more general form of agreement had been used to address all types of damages and which had been approved in prior Board proceedings. Hydro One’s rationale for using the more specific Crop Land Out of Production Agreement was the result of its development of a specific program intended to address Crop Land Out of Production. This program was developed in consultation with members of the Ontario Federation of Agriculture, discussed with landowners affected by the Project, and due in part to the extent by which the Project affects agricultural lands. Hydro One’s evidence is that going forward, its Crop Land Out of Production Program and the associated agreement may be used if similar circumstances arise.
52. Regarding the proposed Option to Purchase a Limited Interest, Easement, with a Voluntary Buyout Offer, this agreement addresses the practicalities of where a

landowner's property is the subject-matter of a voluntary buyout. In these cases, Hydro One acquires the full parcel and then following project construction, sells the property with an easement interest registered against title.²⁰ Hydro One notes that this Option was first offered approximately 15 years ago to voluntary full buyout landowners impacted by the Bruce to Milton Project. Since then, this type of agreement has not been required because of routing and landowner circumstances. Regarding the CxL Project, Hydro One explained that the form of this agreement arose from consultations with 10 affected voluntary buyout landowners. Half of whom are expected to choose this option. The agreement therefore has value and is a way in which Hydro One has promoted voluntary land acquisition objectives with landowners significantly affected by the Project.

Does the route map provided pursuant to section 94 of the OEB Act show the general location of the proposed project and the municipalities, highways, railways, utility lines and navigable waters through, under, over, upon or across which the proposed project is to pass.

53. Hydro One submits that its pre-filed evidence provided adequate route maps satisfying the requirements set out in section 94 of the Act. Exhibit B, Tab 2, Schedule 1, Attachment 1 provides a "General Area Map" which depicts the proposed route relative to existing transmission highway and railway infrastructure. More detailed maps depicting navigable waters and other environmental constraints and features are found in Hydro One's draft Environmental Study Report, electronic links to which were provided in Hydro One's Response to OEB Staff Interrogatory No. 6.²¹ Additionally, Exhibit G, Tab 1, Schedule 1, Attachment 1 page 10 Figure 1 "Map of Windsor – Essex Area: With Planned Facilities" depicts how the Project coincides with the greater bulk transmission system requirements in the Windsor-Essex Region.
54. Taken as a whole, all of these maps adequately meet the Board's requirements of ensuring mapping information regarding the Project has been adequately presented and available to the public for its review and consideration.

²⁰ Hydro One Response to OEB Staff No. 16, Exhibit I Tab 1 Schedule 16.

²¹ Exhibit I Tab 1 Schedule 6 Response Part (a) footnote 1: <https://www.hydroone.com/about/corporate-information/major-projects/chatham-to-lakeshore>

Issue 5: Conditions of Approval

The OEB's standard conditions of approval are attached as Attachment 1. If the OEB approves the proposed project, what additional or revised conditions, if any, are appropriate?

Hydro One's evidence is that the standard conditions set out in Attachment 1 to Procedural Order No. 1 and as discussed in Exhibit I Tab 1, Schedule 10 are acceptable. Further, any future Hydro One affiliate that would own and maintain the transmission line would also have no concerns with the Board's standard conditions.

III. CONCLUSION

55. Based on the foregoing, Hydro One submits that the relief sought in its application should be granted. The evidence in this proceeding is that the Project will be carried out in a manner that addresses a determined need. Hydro One has reasonably estimated the costs of the Project, and has demonstrated that the Project, when placed into service, will meet the bulk transmission system requirements of providing greater reliability to customers in the Windsor to Essex Region.
56. Hydro One therefore requests the Board proceed expeditiously and approve the application subject to the terms and conditions set out in Attachment 1 to Procedural Order No.1.

ALL OF WHICH IS RESPECTFULLY SUBMITTED



Gordon M. Nettleton
Partner
McCarthy Tetrault LLP
Counsel to Hydro One Networks Inc.