

BY EMAIL AND RESS

November 13, 2023

Ms. Nancy Marconi
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

EB-2023-0197 – Hydro One Networks Inc. (“Hydro One”) Leave to Construct Application – K4 Reconductoring Project – Application and Evidence

Pursuant to Section 92 of the Ontario Energy Board Act, 1998, (the “Act”) Hydro One is seeking an Ontario Energy Board (“OEB”) Order or Orders granting leave to approve the “K4 Reconductoring Project”, the reconductoring of an existing 115 kV transmission circuit, whose nomenclature is K4. This reconductoring project will occur on a line section of the K4 circuit between Kirkland Lake TS and Matachewan JCT, a distance of approximately 10km, located in the municipality of Kirkland Lake.

Additionally, pursuant to s. 97 of the Act, Hydro One is seeking an Order granting approval of the forms of the agreement offered or to be offered to affected landowners.

Hydro One is confirming that the documents filed in support of the referenced application do not include any personal information under the Freedom of Information and Protection of Privacy Act (Ontario) (“FIPPA”) with respect to this Application.

Hydro One is seeking certain information in this Application to be treated on a confidential basis and is requesting that the information be reviewed pursuant to the OEB’s Rules of Practice and Procedure and the Practice Direction. The information Hydro One is seeking confidential treatment of pertains to certain appendices of the System Impact Assessment, as produced by the Independent Electricity System Operator, and filed in the Application at Exhibit F, Tab 1, Schedule 1, Attachment 1. An unredacted Application has been filed confidentially with the OEB.

The information described above, for which Hydro One requests confidential treatment, is consistent with the types of information for which confidential treatment is contemplated in the Practice Direction and for which the OEB has consistently granted confidential status.

An electronic copy of this Application and Evidence has been filed using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joanne Richardson', written in a cursive style.

Joanne Richardson

EXHIBIT LIST

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2

**MAPPING OEB CHAPTER 4 FILING REQUIREMENTS TO K4
 TRANSMISSION LINE UPGRADE PROJECT EXHIBIT LIST**

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LIST OF ACRONYMS AND ABBREVIATIONS

| <u>Acronym or Abbreviation</u> | <u>Acronym or Abbreviation Expansion</u> |
|--------------------------------|---|
| A | Amperes |
| AACE | Association for the Advancement of Cost Engineering (<i>estimate classification system</i>) |
| ACSR | Aluminium-Conductor Steel-Reinforced cable |
| CIA | Customer Impact Assessment |
| CTS | Customer Transformer Station |
| Class EA | Class Environmental Assessment |
| DCF | Discounted Cash Flow |
| EA | Environmental Assessment |
| ESR | Environmental Study Report |
| HOEP | Hourly Ontario Energy Price |
| Hydro One | Hydro One Networks Inc. |
| IESO | Independent Electricity System Operator |
| IRRP | Integrated Regional Resource Plan |
| ISD | Investment Summary Document |
| ISOC | Integrated System Operating Centre |
| JCT | Junction |
| kmil | Kilo-circular mils (<i>unit of measure of the area of a wire with a circular cross section</i>) |
| km | Kilometer |
| kV | Kilovolt |
| kW | Kilowatt |
| LTC | Leave to Construct |
| MTO | Ministry of Transportation |
| MW | Megawatt |
| MWH (<i>or MWHR</i>) | Megawatt-hour |
| NPV | Net Present Value |
| OEB | Ontario Energy Board |
| OM&A | Operations, Maintenance and Administrative costs |
| OPGW | Optical Fibre Ground Wire |
| PC&T | Protection, Control and Telecom |
| PIN | Property Identification Number |
| PV | Present Value |
| RIP | Regional Infrastructure Plan |
| ROW | Right-of-Way |
| RPP | Regulated Price Plan |
| SIA | System Impact Assessment |
| SS | Switching Station |

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Exhibit A
Tab 1
Schedule 3
Page 2 of 2

**Acronym or
Abbreviation**

Acronym or Abbreviation Expansion

| | |
|-----|--------------------------|
| Str | Structure |
| TS | Transformer Station |
| TSC | Transmission System Code |

1 reliable supply of electricity. Additionally, the K4 Project will reduce line losses,
2 as the 115 kV conductor selected by Hydro One to complete the Project is
3 predicated on Hydro One's commitment to minimize transmission losses where
4 feasible in a cost-effective manner. Further information regarding the
5 transmission line losses analysis for this Project is provided in **Exhibit B, Tab 5,**
6 **Schedule 1.**

7

8 4. The proposed in-service date for the K4 Project is the end of October 2024,
9 assuming a construction commencement date of April 2024, assuming OEB
10 approval by April 2024. The Project Schedule is provided in **Exhibit B, Tab 11,**
11 **Schedule 1.**

12

13 5. Hydro One is also seeking approval in this Application of the forms of agreement
14 offered or to be offered to facilitate the establishment of additional permanent
15 rights for the K4 circuit, where necessary. Additionally, should the need arise,
16 temporary construction rights for access or staging areas may be required for the
17 duration of the construction period of the Project. Further information on Land
18 Related matters is found in **Exhibit E, Tab 1, Schedule 1.**

19

20 6. As at the date of filing, Hydro One still requires permanent land right agreements
21 for two privately owned properties. The first property belongs to a gold mining
22 company who is also a transmission connected customer via the K4 circuit. A
23 voluntary agreement is expected to be reached with that company, as indicated
24 by the property owner's letter of support¹. For the second property, the same
25 gold mining company, holds a majority registered ownership interest² in the
26 property and the remaining minority interest³ is held by persons that are
27 deceased and where no heir/s or next of kin have been identified through
28 reasonable efforts by Hydro One, including the performance of legal searches.

¹ Exhibit E, Tab 1, Schedule 1, Attachment 10.

² Approximately 90%.

³ Approximately 10%.

1 Hydro One's intention is to work towards a solution that would enable it to
2 acquire an easement over this property, so the Project can be completed. The
3 process Hydro One will undertake to achieve this is described in further detail in
4 **Exhibit E, Tab 1, Schedule 1.**

5

6 7. The 10.0 km section of transmission line, as described above in paragraph 2,
7 requires replacement as it has been assessed as having reached the end of its
8 useful life due to the presence of obsolete copper conductor and deteriorated
9 structures, and having experienced outages resulting from asset failures.
10 Accordingly, this Project has been identified as a non-discretionary sustainment
11 project, as outlined in **Exhibit B, Tab 4, Schedule 1.**

12

13 8. The Project is subject to the Class EA for Minor Transmission Facilities (Hydro
14 One, 2022), an approved planning process under the Ontario *Environmental*
15 *Assessment Act*. The Class EA planning process applies to transmission
16 infrastructure projects that are carried out routinely and have predictable
17 environmental effects that can be readily managed. Based on the examples
18 provided in the Class EA document, this Project was deemed eligible to be
19 screened contingent on satisfying the applicable 16 EA screening criteria. On
20 May 9, 2023, Hydro One advised the Ministry of the Environment, Conservation
21 and Parks that it had met the applicable 16 screening criteria.

22

23 9. The IESO has completed an SIA. The SIA concludes the Project is expected to
24 have no material adverse impact on the integrated power system's reliability. The
25 IESO's final SIA is provided in **Exhibit F, Tab 1, Schedule 1, Attachment 1.**

26

27 10. As documented in the draft⁴ CIA, filed at **Exhibit G, Tab 1, Schedule 1,**
28 **Attachment 1,** no directly connected customers are expected to be adversely
29 affected by this Project. The Project will have no material impact on the network

⁴ A final CIA is expected to be filed within three weeks of the submission of this Application.

1 connection pool rate or on the overall average Ontario consumer's electricity bill.
2 Therefore, Hydro One concludes that this Project will not adversely affect
3 customers in any material way. Hydro One will fulfill all requirements of the SIA
4 and the final CIA, and will obtain all necessary approvals, permits, licences,
5 certificates, agreements and rights required to construct the Project.
6

7 11. The forecast total cost of the transmission line facilities for which Hydro One is
8 seeking approval is approximately \$13.9 million, of which \$12.9M is expected to
9 be added to Hydro One's transmission rate base, and the balance being \$1.0M
10 of removal costs. The details pertaining to these costs are provided in **Exhibit B,**
11 **Tab 7, Schedule 1, Table 1**. The Project economics, as filed in **Exhibit B, Tab**
12 **9, Schedule 1**, show that the Project will result in no impact in the network
13 connection pool rate and no impact on the overall average Ontario consumer's
14 electricity bill.
15

16 12. Project costs included in Hydro One's OEB-approved revenue requirement
17 application filing, are outlined in **Exhibit B, Tab 10, Schedule 1**. This Application
18 is not seeking any new Deferral Accounts.
19

20 13. The Application is supported by written evidence that includes details of the
21 Applicant's proposal for the transmission line. The written evidence is pre-filed
22 and may be amended from time to time prior to the Board's final decision on this
23 Application.
24

25 14. Given the information provided in the pre-filed evidence, Hydro One submits that
26 the Project is in the public interest. The Project meets the need of the
27 transmission system and improves quality of service and reliability with no
28 material price impact on ratepayers.
29

30 15. Given the immaterial impact on ratepayers and the nature of the rationale for
31 Hydro One seeking to refurbish these end-of-life facilities, Hydro One is

1 consenting that this proceeding be disposed of without a hearing pursuant to
2 section 21(4) of the OEB Act. A summary of the reasons that support this
3 specific request, including references to the evidence throughout the Application,
4 is provided in **Appendix A** to this Exhibit.

5

6 16. Hydro One requests that a copy of all documents filed with the Board be served
7 on the Applicant and the Applicant's counsel, as follows:

8

9 **a) The Applicant:**

10 Carla Molina
11 Sr. Regulatory Coordinator
12 Hydro One Networks Inc.

13

14 Mailing Address: 7th Floor, South Tower
15 483 Bay Street
16 Toronto, Ontario M5G 2P5
17 Electronic access: Regulatory@HydroOne.com

18

19 **b) The Applicant's Counsel:**

20 Monica Caceres
21 Assistant General Counsel
22 Hydro One Networks Inc.

23 Mailing Address: 8th Floor, South Tower
24 483 Bay Street
25 Toronto, Ontario M5G 2P5

26 Telephone: (647) 505-3341

27 Fax: (416) 345-6972

28 Electronic access: monica.caceres@hydroone.com

APPENDIX A

Hydro One's Basis for Requesting No Hearing for this s.92 Application

Hydro One provides the following summary of evidence in support of its request that the Application be adjudicated without a hearing as follows:

1. The SIA concludes that the Project is expected to have no material adverse impact on the reliability of the integrated power system, provided that all requirements in the SIA report are implemented (**Exhibit F, Tab 1, Schedule 1 Attachment 1**).
2. The CIA results confirm that the Project will not have any adverse effect on the voltage in the area and will improve the supply reliability to the area (**Exhibit G, Tab 1, Schedule 1, Attachment 1**).
3. There will be no impact on customer rates (**Exhibit B, Tab 9, Schedule 1**).
4. Although there are two privately held properties that Hydro One requires new land rights in order to accommodate the proposed transmission facilities, Hydro One believes it is still appropriate to move forward in the manner requested as:
 - a) The registered owner of the first property is a gold mine (the "Gold Mine Company"). Hydro One has received a letter from the Gold Mine Company which states its support for the Project and has committed to provide rights over *properties* it owns in a timely manner to facilitate the timeline of the proposed project⁵ (**Exhibit E, Tab 1, Schedule 1, Attachment 10**); and;
 - b) The second property has multiple owners registered on title, including the Gold Mine Company, which owners hold the property as Tenants in Common. The Gold Mine Company holds a 90% interest in the property and

⁵ Exhibit E, Tab 1, Schedule 1, Attachment 10.

1 has committed to provide rights to the *properties* it has rights to for the K4
2 Project, as noted in the above section. The remaining 10% of the property is
3 registered amongst four individuals with varying ownership percentages.
4 Hydro One has established through reasonable efforts and investigations that
5 these individuals representing the 10% ownership interest in title are persons
6 who are presumed to be deceased and no heir(s) or next of kin have been
7 identified. The property does not appear to be inhabited (i.e., there is no
8 evidence of buildings or other structures on the land and appears to be
9 vacant), and thus, Hydro One does not believe there will be any impact, such
10 as displacement to property owners. In addition, Hydro One will assist the
11 Gold Mine Company with an application to the Ministry of Mines under the
12 *Mining Act* to address a transfer of the 10% ownership interest to the Gold
13 Mine Company. (**Exhibit E, Tab 1, Schedule 1**).

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PROJECT OVERVIEW

The Hydro One owned 115 kV single-circuit transmission line K4 is, in total, 97 km long and provides a radial connection between Kirkland Lake TS and the Young-Davidson CTS, predominantly to service mining operations customer owned stations, including Agnico Eagle Canada Inc., and Alamos Gold Inc., located in the municipality of Kirkland Lake. Of the 97 km, 64 km of this transmission line is owned and managed by Hydro One, and the balance is customer owned.

The subject of this s.92 leave to construct Application, is a span of the K4 115 kV circuit measuring appropriately 10.0 km, spanning between Kirkland Lake TS and Structure (“Str”) 82. This section, described herein as the K4 Project, is a transmission line of original vintage, which was constructed a century ago, in 1924. The circuit has numerous components that have been field verified to have deteriorated to a functionally compromised and overall poor condition.

To continue to serve customers using this section of the K4 line, sans refurbishment, will increase the probability and risks regarding interruptions to K4-connected customers and pose operational and safety risks to the public and crews in the proximity of this line. To address the issues on the K4 circuit, and given the current circumstances, Hydro One will be refurbishing the circuit to mitigate any safety and reliability risks associated with operating deteriorated and obsolete assets. The balance of the Hydro One owned and operated line sections on the 115 kV single-circuit transmission line K4, which are not the subject of this Project or Application, were refurbished in 2011, and are considered to be in good operational condition.

A single line diagram for the K4 circuit is provided at **Exhibit B, Tab 2, Schedule 1, Attachment 1.**

The K4 Project can be divided into two sections, each approximately 5.0 km in length.

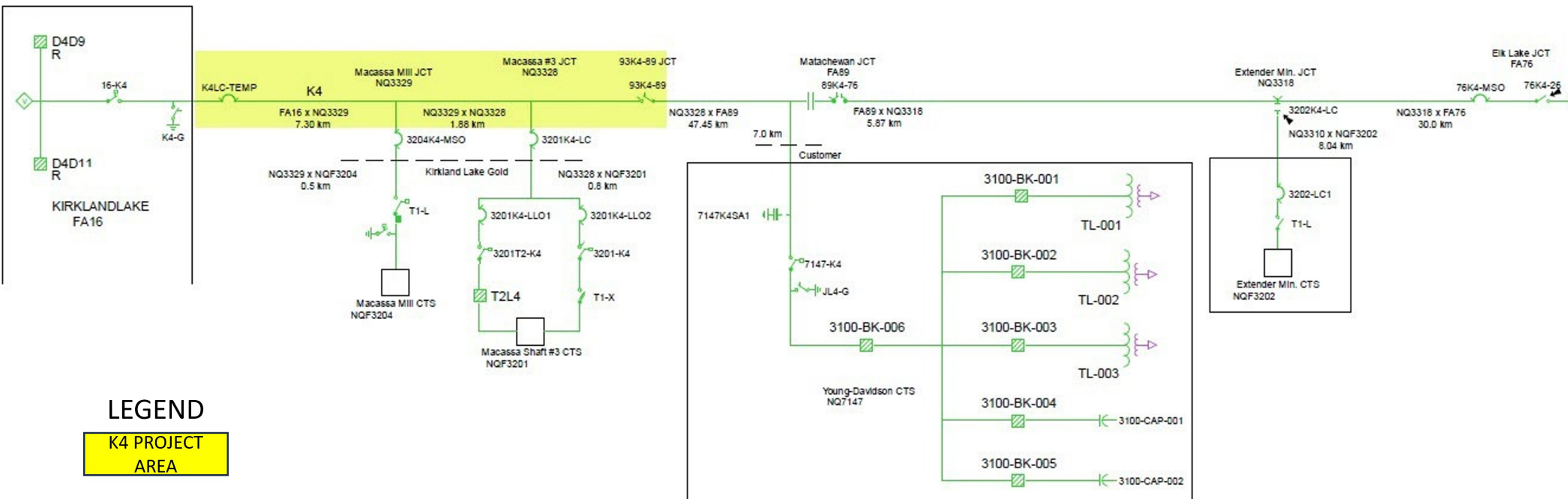
1 **Section 1** – Emanates from Kirkland Lake TS and extends to Str 45. Existing wood pole
2 structures in *Section 1* will be refurbished. New 997 kcmil ACSR conductor will be
3 installed, and the Project will maintain the same circuit centre-line and ROW.

4
5 **Section 2** – This section spans from Str 45 to Str 82. In *Section 2* a new wood pole line
6 will be built to the east of the existing line from Str 46 to Str 71, and north of the existing
7 line from Str 72 to Str 82. New 997 kcmil ACSR conductor and shieldwire will be
8 installed from Str 45 to Str 82 inclusive. *Section 2* scope also includes modifications at
9 Macassa Mill JCT and Macassa #3 JCT to facilitate the new line location and their
10 respective aerial taps. The new Str 77 will consist of a new lattice switch structure,
11 where a new manually-operated load breaking circuit switch will be installed. The work
12 undertaken in this section will result in a change of the circuit centre-line (a change of
13 approximately 15m) and require a new ROW for this section. The majority of the land
14 rights required to facilitate the relocation have already been secured by Hydro One.
15 Further information provided in **Exhibit E, Tab 1, Schedule 1**.

16
17 The purpose of using the larger size conductor, beyond Hydro One's minimum standard,
18 is to take advantage of the conductor replacement opportunity to reduce transmission
19 line losses in a cost-effective manner¹. The wood pole structures being replaced have
20 been field assessed to be in poor condition.

21
22 A map showing the geographic location of the proposed facilities is provided at **Exhibit**
23 **C, Tab 2, Schedule 1, Attachment 1**.

¹ Further information regarding line losses is provided in Exhibit B, Tab 5, Schedule 1.



LEGEND

K4 PROJECT AREA

1 **EVIDENCE IN SUPPORT OF NEED**

2
3 Due to the nature of the K4 circuit being a radial line, and not a network system facility,
4 the IESO has not considered this circuit, or the specific sections being addressed by the
5 Project in any recent IRRP's, RIP's, or Bulk System Plans. However, the need for Hydro
6 One to perform sustainment work on the K4 circuit, due to the identified section of line
7 being at end of life, is included in the IESO study titled, "*North & East of Sudbury*
8 *Scoping Assessment Outcome Report*"¹, specifically in Table 4-3 titled "*End of Life*
9 *Circuit Equipment*", (Pg. 9). This report is included as **Attachment 1** to this Exhibit.

10
11 This Project is not being driven by the need for additional supply needs, either from a
12 network perspective or by requests from customers. Existing customers connected by
13 this circuit indicated to Hydro One that they did not wish to seek additional capacity on
14 this line, and as such an 'upgrade', based on customer needs, was not required².
15 Therefore from the perspective of the customer, refurbishment of the K4 circuit section
16 identified in this Application, using Hydro One's minimum standard transmission line
17 conductor for 115 kV (i.e., the 411 kcmil ACSR size) will be sufficient to meet those
18 customer's forecast supply and ampacity needs.

19
20 However, consistent with OEB direction given to Hydro One regarding expectations that
21 the transmitter will explore opportunities for economically reducing transmission line
22 losses, Hydro One considered and ultimately chose as its preferred alternative for this
23 Project the use of a 997 kcmil ACSR type conductor as the most cost effective. For
24 further details and analysis of the conductor options, and the driving rationale for the
25 preferred option, refer to **Exhibit B, Tab 5, Schedule 1**. Furthermore, this investment
26 will reduce the current safety and reliability risks associated with operating and
27 maintaining poor condition assets, on the section of the K4 circuit identified for

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

² The customers currently connected to the K4 circuit are listed in **Exhibit D, Tab 1, Schedule 1**.

- 1 refurbishment and, will return the span of circuit to like-new condition, resulting in
- 2 reliability and quality of service benefits to the connected customers.

North & East of Sudbury Scoping Assessment Outcome Report



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1. Introduction

This Scoping Assessment Outcome Report has been prepared in accordance with the Ontario Energy Board's (OEB or Board) regional planning process and sets out the planning approach to address electricity needs that have been identified in the North & East of Sudbury region. The OEB started regional planning in 2011 and endorsed the Planning Process Working Group's Report to the Board in May 2013. The Board formalized the process and timelines through changes to the Transmission System Code and Distribution System Code in August 2013.

The first cycle of the regional planning process for the North & East of Sudbury region was completed in April 2017 with the publishing of the Regional Infrastructure Plan (RIP). Prior to the completion of the RIP, a Local Plan for Timmins-Kirkland Lake Voltage Regulation was produced in November 2016; no further regional coordination was required.

The second cycle of the regional planning process for the North & East of Sudbury region was initiated in March 2021 with the Needs Assessment (NA) – the first step in the regional planning process – carried out by the Study Team led by Hydro One Networks Inc. (Hydro One). This report was finalized on May 14, 2021 and concluded that a number of needs did not require regional coordination, while others required regional coordination.

As part of the Scoping Assessment, the Study Team reviewed the nature and timing of all the known needs in the region to determine the most appropriate planning approach to address them. The available planning options considered in the Scoping Assessment include: An Integrated Regional Resource Plan (IRRP), a Regional Infrastructure Plan (wires only plan), or a Local Plan. The Study Team recommends an IRRP for the North & East of Sudbury region focused on needs that have been identified as well as additional needs raised through stakeholder outreach, and those which could emerge from consideration of industrial customer demand forecasts.

This Scoping Assessment report is structured as follows:

- Section 2 lists the Study Team.
- Section 3 provides an overview of the region, the previous regional planning cycle, and major transmission reinforcements since the previous cycle.
- Section 4 summarizes the new and updated needs as described in the Needs Assessment.
- Section 5 describes the criteria used to select a regional planning approach and specifies the scope of the IRRP.

Appendix 1 defines the acronyms used in this document and Appendix 2 establishes the draft Terms of Reference for the IRRP and the composition of the IRRP Technical Working Group.



2. Study Team

The Scoping Assessment was carried out by the Study Team with the following participants:

- Independent Electricity System Operator (IESO)
- Hydro One Networks Inc. (Hydro One Transmission)
- Hydro One Networks Inc. (Hydro One Distribution)
- North Bay Hydro Distribution Limited
- Northern Ontario Wires Inc.
- Hearst Power Distribution Co. Ltd.
- Greater Sudbury Hydro

3. Overview of Region and Background

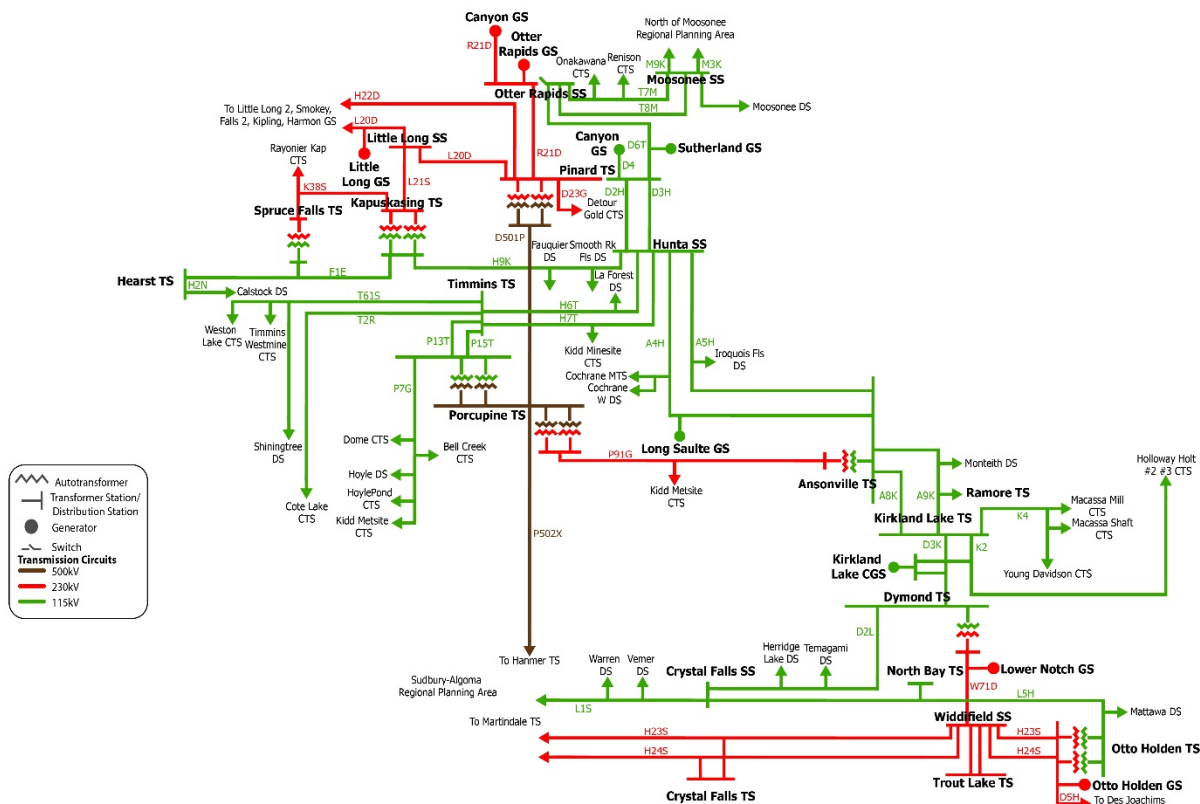
The North & East of Sudbury region extends from the town of Moosonee in the north to the town of East Ferris in the south. It includes the towns of Hearst, Kapuskasing, Smooth Rock Falls, Cochrane, Foleyet, Iroquois Falls, Kirkland Lake and Englehart. It also includes the townships of Black River Matheson and East Ferris, the cities of North Bay, Temiskaming Shores and Timmins and the municipality of West Nipissing. The North & East of Sudbury region is also home to First Nation communities listed in Table 3-1.

Table 3-1 | List of First Nation Communities in the North & East of Sudbury Region

| First Nation Communities |
|---------------------------------|
| Constance Lake First Nation |
| Flying Post First Nation |
| Matachewan First Nation |
| Mattagami First Nation |
| Missanabie Cree First Nation |
| Moose Cree First Nation |
| Nipissing First Nation |
| Taykwa Tagamou First Nation |
| Temagami First Nation |
| Wahgoshig First Nation |
| Wahnapiatae First Nation |

Note that, for regional electricity planning purposes, the region is defined by electrical infrastructure rather than geography. The region is supplied through 500/230 kV autotransformers at Porcupine TS and Pinard TS and encompasses the 230 kV circuits east of Martindale TS in the west to Otto Holden TS in the east as well as the 500 kV circuits from Hammer TS to Pinard TS and the 115 kV sub-systems in between. The Otto Holden TS supplies load in Ontario (e.g. North Bay TS and Mattawa DS via 115 kV circuit L5H) and industrial load in Quebec (e.g., a paper plant in Témiscaming, Quebec, via 115 kV intertie circuit H4Z). The load in Quebec will not be part of the study. The single line diagram of the electrical infrastructure in the region is shown in Figure 3-1.

Figure 3-1 | Electricity Infrastructure in the North & East of Sudbury Region



Demand in this region is largely driven by resource based industrial customers such as mines and forestry operations. Their development is highly dependent on factors such as commodity prices and access to financing.

The region has over 2,600 MW of generation, including numerous hydroelectric facilities, solar, gas and bio fuel facilities. The transmitter in the region is Hydro One Networks Inc. and the local distribution companies (LDCs) are North Bay Hydro, Northern Ontario Wires Inc., Hearst Power Distribution Co. and Hydro One Networks Inc. (Distribution)

3.1 Background

The first cycle of the regional planning process for the region was initiated in October 2015 and completed in April 2017 with the publication of the RIP. Prior to the completion of the RIP, a Local Plan for Timmins-Kirkland Lake Voltage Regulation was produced in November 2016. The report identified a few needs that required no immediate action. The plan did not proceed to a Scoping Assessment or to an IRRP.

The second cycle of regional planning was kicked off by Hydro One Networks in March 2021 and the Needs Assessment report was published in May 2021. The needs identified in this report form the basis of the analysis for this Scoping Assessment and are discussed in further detail in Section 4.

3.2 Major Transmission System Reinforcements

There are two major transmission reinforcement projects in the North & East of Sudbury region. The first is the Kapuskasing Area reinforcement and the second is the Kirkland Lake reinforcement. The Kapuskasing Area reinforcement included upgrading a 32 km section of 115 kV circuit H9K, between Spruce Falls JCT and Carmichael Falls JCT, to 310 A in August 2020. In addition, a 10 MVAR capacitor and a 10 MVAR reactor will be installed at Kapuskasing TS and this will be completed in March 2023.

As part of the Kirkland Lake reinforcement, 115 kV circuits A8K/A9K are planned be upgraded to 550 A as part of their end-of-life replacement. The upgrade will allow Kirkland Lake generation to be dispatchable and support mining load growth in the area. This project requires OEB approval and is expected to be in-service in 2023.

4. Summary of New and Updated Needs

This section briefly summarizes the new and updated needs identified in the Needs Assessment report; please refer to the Needs Assessment report for more details. Note that additional needs may be identified in successive phases of regional planning. The system capacity, station capacity, load security/restoration, and end-of-life needs are described in the following subsections. This section documents all identified needs regardless of whether or not further regional coordination is warranted. Section 5 specifies the planning approach and outlines the specific needs that will be in scope for subsequent regional planning stages.

4.1 System Capacity Needs

System capacity refers to the ability of the electricity system to supply power to customers in the area either by generating the power locally or bringing it in through the transmission system. System capacity needs identified in the Needs Assessment report are described in Table 4-1.

Table 4-1 | System Capacity Needs

| Need # | Station/Circuit | Type | Description of Need |
|--------|--|----------------------------|--|
| 1 | Hunta TS, Porcupine TS, Pinard TS, Kapuskasung TS | Area Voltage Control | <ul style="list-style-type: none">• Post contingency voltage control in the Ansonville, Hunta area for loss Ansonville T2 and Canyon GS units will be reviewed• Voltage control on 500/ 230 kV buses at Hanmer/Porcupine/Pinard during shunt reactor and SVC outages• Porcupine TS 115 kV is currently being operated continuously at voltages up to 135 kV; the maximum is 127 kV as per ORTAC criteria |
| 2 | P502X, D501P and potentially other circuits in the region | Thermal Overload | <ul style="list-style-type: none">• Potential interest from new transmission connected customers could increase load in area and stress thermal capabilities of circuits. In addition, there is a heavy reliance on Remedial Action Schemes to accommodate new customers• Difficulties in staying within thermal limits during outages to circuits P502X and D501P |

4.2 Station Capacity Needs

Station capacity refers to the ability to convert power from the transmission system down to distribution system voltages. No station capacity needs have been identified in the Needs Assessment.

4.3 Load Security and Restoration Needs

Load restoration capability is the ability to restore power to those affected by a transmission outage within reasonable time frames. A restoration need emerges when load is interrupted following a transmission outage and supply cannot be restored within the timelines specified by the applicable planning criteria. These timelines are dependent on the amount of load being interrupted and proximity to maintenance crew and centres.

Load security needs emerge if the total amount of electricity supply at risk of interruption following a transmission outage exceeds the amounts permissible by the applicable planning criteria. The criteria identify areas where a supply outage could affect a vast number of customers, regardless of restoration time. Details on planning contingencies that must be considered, and associated restoration and security guidelines, are defined in Ontario Resource and Transmission Assessment Criteria (ORTAC).

While the Needs Assessment did not identify any load security or load restoration needs, it is noted that the loss of the 500 kV circuits P502X or D501P can result in the loss of more than 150 MW by configuration, which violates ORTAC criteria. However, this ORTAC criterion was put into place after the 500 kV Northeast system was built and, as such, the system was not originally designed to respect it. It is also noted that customer reliability was a theme in stakeholder and community feedback on this Scoping Assessment. While the load restoration criteria in ORTAC is met since the standards allow for leeway in remote locations, outages have high socio-economic costs for impacted communities and, so, load restoration can be further investigated in subsequent stages of regional planning. Alleviating this impact with additional system investments can often be cost prohibitive unless they can be integrated with solutions designed to meet needs driven by criteria violations.

4.4 End of Life Needs

The need to replace aging transmission assets may present opportunities to better align investments with evolving power system priorities. The Needs Assessment identified numerous facilities approaching end of life over the next 10 years as described in Table 4-3 and 4-4. Replacements for these facilities may involve upsizing equipment in areas with capacity needs, downsizing or even removing equipment that is no longer required to supply needs. The Needs Assessment recommended coordination with the IESO for the replacement for circuit sections A4H/A5H and D2H/D3H specifically but others may be considered when required and where feasible.

Table 4-3 | End of Life Circuit Equipment

| Station/ Circuit | Timing | Details |
|------------------|--------|---|
| K4 | 2023 | Refurbishment of radial Kirkland Lake TS x Matachewan JCT section. |
| A8K/A9K | 2023 | Refurbishment of Ansonville TS x Kirkland Lake TS section. |
| T61S | 2023 | Radial Timmins TS x Shiningtree JCT section has been prescribed for line refurbishment. This work is bundled with the re-energization of idle T2R circuit (which share common steel structures) to connect a load customer. |
| K2 | 2024 | Refurbishment of radial Kirkland Lake TS x American Barrick JCT section. |
| D2H/D3H | 2026 | Pinard TS x Hunta TS section has been prescribed for line refurbishment. |
| A4H/A5H | 2027 | Tunis JCT x Fournier JCT section has been prescribed for line refurbishment. |

Table 4-4 | End of Life Station Equipment

| Station/ Circuit | Timing | Details |
|------------------|--------|--|
| Porcupine TS | 2025 | The one 500/230 kV and two 500/115 kV autotransformers are reaching EOL. |
| Kapuskasing TS | 2026 | The existing HV and LV circuit breakers are approaching EOL. |
| Otto Holden TS | 2026 | The two (2) 230/115 kV autotransformers are reaching EOL. |
| Timmins TS | 2027 | The existing 115/27.6 KV T2 transformer is reaching EOL. |
| Crystal Falls TS | 2028 | The existing two 230/44 kV transformers are approaching EOL. |

| Station/ Circuit | Timing | Details |
|-------------------------|---------------|---|
| Trout Lake TS | 2028 | The existing two 230/44 kV transformers are near EOL. |

5. Regional Planning Approach

Needs identified through the Needs Assessment were reviewed during the Scoping Assessment to determine whether a Local Plan, Regional Infrastructure Plan, or IRRP regional planning approach is most appropriate. The Needs Assessment flagged needs that require further regional coordination and have potential impacts to the bulk system. This Scoping Assessment recommends an IRRP for the North & East of Sudbury region.

The following sections outline the selection criteria, and the scope of the recommended IRRP.

5.1 Selection Criteria

The three potential planning outcomes are designed to carry out different functions and selection should be made based on a region's unique needs and circumstances. The criteria used to select the regional planning approach within each sub-region are consistent with the principles laid out in the PPWG Report to the Board¹, and are discussed in this document to ensure consistency and efficiency throughout the Scoping Assessment.

Local Plans have the narrowest scope; only considering simple wires solutions that do not require further coordinated planning. A Local Plan process is recommended when needs:

- Are local in nature (only affecting a small number of identifiable parties)
- Are limited investments of wires (transmission or distribution) solutions
- Do not require upstream transmission investments
- Do not require plan level community and/or stakeholder engagement and,
- Do not usually require other approvals such as a Leave to Construct application or Environmental Approval.

Regional Infrastructure Plans focus on identifying and assessing the specific wires alternatives and recommend the preferred wires solution for an area and are thus narrower in scope than an IRRP. Regional Infrastructure Plans still require coordinated planning to address identified needs. If it is determined that the only feasible measures involve new/upgraded transmission and/or distribution infrastructure, with no requirement for engagement or anticipated impact on bulk systems, a Regional Infrastructure Plan will be selected. Wires type transmission/ distribution infrastructure solutions refer, but are not limited, to:

- Transmission lines
- Transformer/ switching stations
- Sectionalizing devices including breakers and switches

¹ http://www.ontarioenergyboard.ca/OEB/_Documents/EB-2011-0043/PPWG_Regional_Planning_Report_to_the_Board_App.pdf

- Reactors or compensators
- Distribution system assets

IRRP are comprehensive undertakings that consider a wide range of potential solutions to determine the optimal mix of resources to meet the needs of an area for the next 20 years, including consideration of non-wires alternatives, for example: conservation and demand management, and generation and/or supply resources, and wires infrastructure. In general, an IRRP is initiated wherever:

- A non-wires measure has the potential to meet or significantly defer the needs identified by the transmitter during the Needs Assessment;
- The planning process or outcome has the potential to impact bulk system facilities
- Needs can be addressed in a coordinated manner (e.g., one solution may address multiple needs);
- Needs impact multiple LDCs in the region; or,
- Community or stakeholder engagement is required;

Additional solutions, including conservation and demand management, generation and/or supply resources, and other electricity initiatives can also play a significant role in addressing needs. Because these solutions are non-wires alternatives, they must be studied through an IRRP process.

5.2 Integrated Regional Resource Plan Scope of Work

The primary purpose of an IRRP is to study needs that require coordination between transmitters, distribution companies, and the IESO. The IRRP will not study bulk system needs. However, the load forecast developed during the IRRP will inform bulk system studies. Additionally, while the IRRP will consider the capability of the regional network to supply projected demand from new, and expansions to, industrial customers, the IRRP will not specifically address new customer transmission connection requests unless there is an opportunity to align with broader regional needs. While the IRRP welcomes information from project proponents to inform load forecasting and to ensure plans for regional infrastructure are adequate, individual customers connection requests may be better suited for a proponent driven Technical Feasibility Study.

One single IRRP is recommended which will cover the entire North & East of Sudbury region, given the broad nature of the needs and because it is the first comprehensive plan for the region. The IRRP will consider industrial customer demand forecasts and both ORTAC and NERC criteria, based on equipment classifications, in performing the IRRP studies. Additional details are provided below.

System Capacity Needs

The Needs Assessment identified high voltages for buses at Hunta TS, Porcupine TS, Pinard TS and Kapuskasing TS during outage conditions, difficulty in staying within thermal limits during planned outages to the circuits P502X and D501P, and other potential thermal overloading from additional industrial customer demand growth in the region. The North & East of Sudbury IRRP will perform transmission studies to investigate pre and post contingency area voltages and thermal performance, with consideration of industrial customer demand growth and ORTAC and NERC criteria.

With respect to the difficulty in staying within thermal limits during planned outages to circuits P502X and D501P, given this issue involves the 500 kV network, it would be considered as part of integrated bulk system planning. However, the working group will consider this issue and any potential solutions recommended through integrated bulk electricity system planning when developing this IRRP. This will ensure bulk electricity planning is well co-ordinated with regional electricity planning.

End of Life

The Needs Assessment identified numerous stations and transmission circuits nearing end of life over the next 10 years. The majority of these anticipated replacements are minor and do not have the potential to impact other system needs. However, the following circuit segments requiring further regional coordination: D2H/D3H between Pinard TS and Hunta TS, and A4H/A5H between Tunis JCT and Fournier JCT. The IRRP will, where feasible within the timelines afforded by each project, examine opportunities to align the replacement of these facilities with other regional needs and potential bulk system needs while considering industrial customer demand growth and ORTAC and NERC criteria.



6. Conclusion and Next Steps

This Scoping Assessment concludes that a coordinated regional planning approach is required and an IRRP is recommended for the North & East of Sudbury region to address the following items:

- Area voltages, particularly at control in Hunta TS, Porcupine TS, Pinard TS and Kapuskasing TS
- Difficulty in staying within thermal limits of network circuits within the region when accounting for 500 kV outage conditions and industrial customer demand growth which includes heavy reliance on Remedial Action Schemes
- End of Life for circuit sections A4H/A5H and D2H/D3H specifically but others may be considered when required and where feasible

It is important to note that this list of needs is not exhaustive, as further detailed evaluation undertaken through the IRRP may identify new needs, particularly those requiring consideration for the longer term. Additionally, the IRRP process is expected to be carried out in a manner that allows for continuous coordination of information with ongoing bulk system studies. The draft Terms of Reference for the North & East of Sudbury IRRP can be found in Appendix 2.

Appendix 1 – List of Acronyms

| Acronym | Definition |
|----------------|---|
| CDM | Conservation and Demand Management |
| CTS | Customer Transformer Station |
| DER | Distributed Energy Resources |
| DG | Distributed Generation |
| DS | Distribution Station |
| FIT | Feed-in-Tariff |
| IESO | Independent Electricity System Operator |
| IRRP | Integrated Regional Resource Plan |
| JCT | Junction |
| kV | kilovolt |
| LDC | Local Distribution Company |
| LP | Local Plan |
| MW | Megawatt |
| NA | Needs Assessment |
| NERC | North American Electric Reliability Corporation |
| NPCC | Northeast Power Coordinating Council |
| OEB | Ontario Energy Board |
| ORTAC | Ontario Resource and Transmission Assessment Criteria |
| PPWG | Planning Process Working Group |
| RIP | Regional Infrastructure Plan |
| SS | Switching Station |
| TS | Transformer Station |

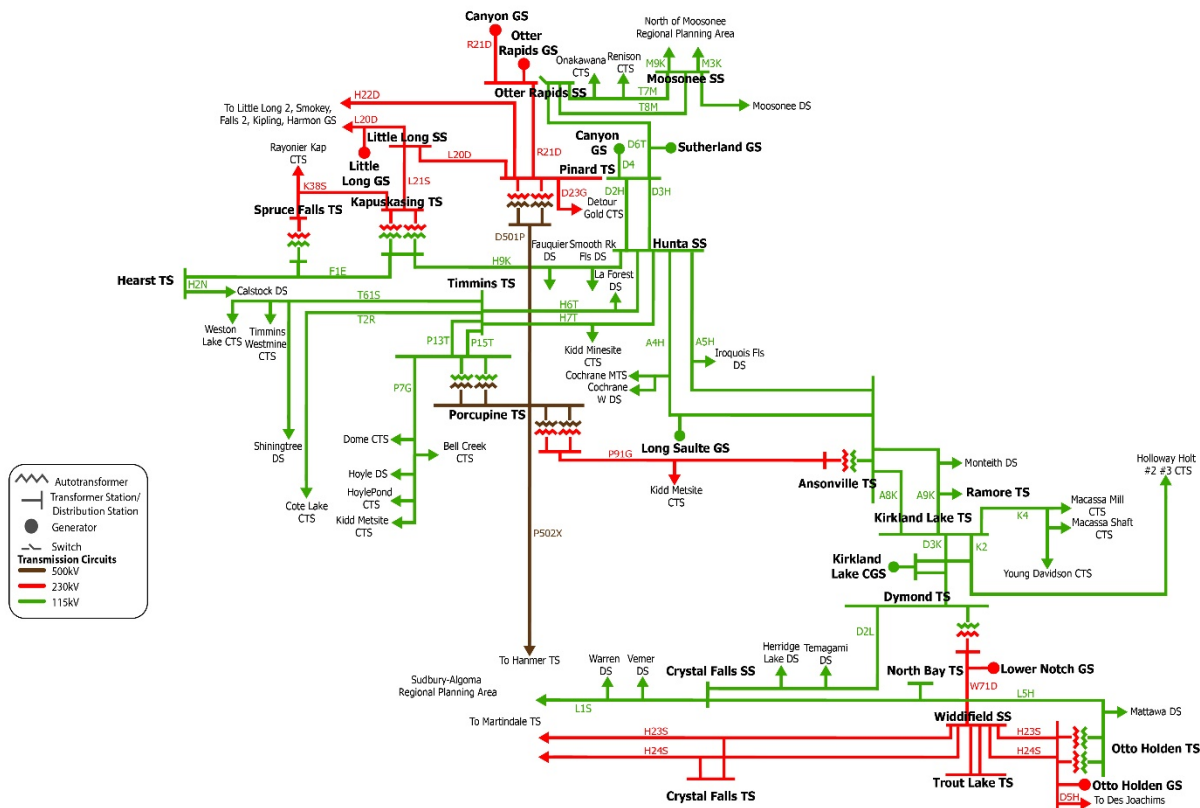
Appendix 2 – North & East of Sudbury IRRP Terms of Reference

1. Introduction and Background

These Terms of Reference establish the objectives, scope, key assumptions, roles and responsibilities, activities, deliverables and timelines for an Integrated Regional Resource Plan (IRRP) for the North & East of Sudbury region.

Based on the needs identified through the Needs Assessment (NA) process, and further investigation through the Scoping Assessment, the Study Team recommended an IRRP approach for the region. The single line diagram is shown in Figure A-1.

Figure A-1 | North & East of Sudbury Region



The previous cycle for North & East of Sudbury was completed in April 2017 with the publication of the Regional Infrastructure Plan (RIP). This cycle did not include a Scoping Assessment or IRRP. The first phase of the current regional planning cycle, the Hydro One-led Needs Assessment, was completed in May 2021.

2. Objectives

The North & East of Sudbury IRRP will assess the reliability of electricity supply to customers in the region and will develop a set of recommended actions to maintain reliability of supply to the region over the next 20 years. The IRRP will:

- Assess the reliability of electricity supply to customers in the area over the next 20 years;
- Determine whether there is a need to initiate development work or to fully commit infrastructure investments in this planning cycle;
- Identify and coordinate major asset renewal needs with regional needs, and develop a flexible, comprehensive, integrated electricity plan for North & East of Sudbury; and,
- Develop an implementation plan with the flexibility to accommodate changes in key assumptions over time, while keeping options viable.

3. Scope

This IRRP will develop and recommend an integrated plan to meet the needs of the region. The plan will be a joint initiative involving, Hydro One Networks Inc. (Transmission), Hydro One Networks Inc. (Distribution), North Bay Hydro, Northern Ontario Wires Inc., Hearst Power Distribution Co., Greater Sudbury Hydro and the IESO. These organizations are defined as the Working Group for the North & East of Sudbury IRRP.

The plan will focus on these specific items:

- Area voltages, particularly at Hunta TS, Porcupine TS, Pinard TS and Kapuskasing TS
- Difficulty in staying within thermal limits of network circuits within the region when accounting for 500 kV circuit outage conditions and industrial customer demand growth which includes heavy reliance on Remedial Action Schemes
- End of Life for circuit sections A4H/A5H and D2H/D3H specifically but others may be considered when required and where feasible
- Any additional needs that emerge in carrying out the IRRP

The North & East of Sudbury IRRP will integrate forecast electricity demand growth, conservation and demand management (CDM) in the area, uptake of distributed energy resources (DER), transmission and distribution system capability, relevant community plans, and bulk system developments as applicable.

The IRRP will be carried out in a manner that allows for continuous coordination of information with other planning activities and processes.

Based on the identified needs, the North & East of Sudbury IRRP process will involve:

1. Development of an Engagement Plan.
2. Development of an updated 20-year demand / load forecast for the region, including a forecast for industrial customer demand growth. Consideration of demand forecast scenarios will be discussed with the Working Group in order to test the flexibility and robustness of the plan.
3. Assessment of the reliability of the transmission system against established ORTAC and NERC criteria and determination of the area's load meeting capability.
 - a. Identify or confirm the system needs and adequacy of the area's load meeting capability for the study period using the updated load forecast.
 - b. Identify or confirm restoration and security needs using the updated load forecast.
 - c. Collect information on any known reliability issues and load transfer capabilities from LDCs.
4. Development and assessment of options to mitigate identified needs. Options are evaluated on the basis of technical feasibility, economics, and reliability performance as well as consideration of other factors raised through community and stakeholder engagement.
5. Development of the long-term recommendations and the implementation plan.
6. Completion of the IRRP report documenting the near-, mid-, and long-term needs and recommendations.

Depending on the nature and the urgency of the electricity needs and risks identified, the IRRP could recommend a combination of the following actions:

- Active monitoring of load growth and equipment performance
- Project development work to shorten lead time for the project, without firm commitment for constructing the project
- Commitment of project and proceed with project implementation (e.g., resources acquisition, transmission procurement, regulatory approval)
- Interim measures to manage the near-term requirements, until longer-term solutions could come into service
- Pilots, studies and/or engagement to gather more information
- Coordination with other planning or related processes (e.g., community or bulk system planning)

Should the IRRP identify the need for infrastructure investment, the IRRP will provide a rationale and define high-level project requirements to support project development and implementation to be carried out by other proponents, or, where time permits, recommend that the project requirements be further considered in the RIP. The outcomes from the IRRP will help inform transmitter and LDC rate filings and any related transmission/resources acquisitions processes that may result.

It is important to note that detailed discussion of acquisition mechanisms, cost allocation, cost recovery, siting, operations and implementation of recommended projects are beyond the scope of an IRRP.

In order to carry out this scope of work, the working group will consider the data and assumptions outlined in Section 4 below.

4. Data and Assumptions

The plan will consider the following data and assumptions where applicable:

- Demand Data
 - Historical coincident peak demand information for the region
 - Historical weather data (temperature, humidity, consecutive cooling/heating days, etc.) for the purpose of correcting demand for median/extreme weather conditions
 - Coincident gross peak demand forecast scenarios; note that non-coincident forecasts may be derived using historical coincidence factors to study system capacity needs.
 - Identified potential future load customers and their projected demand
- Conservation and Demand Management
 - Conservation forecast for LDC customers based on planned provincial CDM activities
 - LDC programs, if applicable
 - Conservation potential studies, if available
- Local resources
 - Existing local generation, including distributed generation (DG), district energy, customer-based generation, Non-Utility Generators and hydroelectric facilities as applicable
 - Existing or committed renewable generation from previous procurements (e.g., Feed-in-Tariff (FIT))
 - Future resource proposals as relevant
- Relevant local plans, as applicable
 - LDC distribution system plans
 - Community energy plans, municipal energy plans and climate action plans
 - Municipal growth plans
- Criteria, codes and other requirements
 - Ontario Resource and Transmission Assessment Criteria (ORTAC)
 - NERC and NPCC reliability criteria, as applicable

- OEB Transmission System Code
- OEB Distribution System Code
- Other applicable requirements
- Existing system capability
 - Transmission line ratings as per transmitter records
 - System capability as per current IESO PSS/E base cases
 - Transformer station ratings as per asset owner
 - Load transfer capability
 - Technical and operating characteristics of local generation
- End-of-life asset considerations/sustainment plans
 - Transmission assets
 - Distribution assets
 - Impact of ongoing plans and projects on applicable facility ratings
- Other considerations, as applicable

5. Technical Working Group

The core Technical Working Group will consist of planning representative/s from the following organizations:

- Independent Electricity System Operator (Team Lead for IRRP)
- Hydro One Networks Inc. (Hydro One Transmission)
- Hydro One Networks Inc. (Hydro One Distribution)
- North Bay Hydro Distribution Limited
- Northern Ontario Wires Inc.
- Hearst Power Distribution Co. Ltd.

Authority and Funding

Each entity involved in the study will be responsible for complying with regulatory requirements as applicable to the actions/tasks assigned to that entity under the implementation plan resulting from this IRRP. For the duration of the study process, each participant is responsible for their own funding.

6. Engagement

Integrating early and sustained engagement with communities and stakeholders in the planning process was recommended and adopted by the provincial government to enhance the regional planning and siting processes in 2013.

As such, the IESO, in consultation with the Technical Working Group, is committed to conducting engagement in accordance with IESO Engagement Principles throughout the development of the IRRP². The first step in engagement will consist of the development of an engagement plan, which will be made available for comment before it is finalized. The data and assumptions as outlined in Section 4 will help to inform the scope of community and stakeholder engagement to be considered for this IRRP.

7. Activities, Timeline, and Primary Accountability

| Num | Activity | | Deliverable(s) | Timeframe |
|------------|---|--|--|---------------------|
| 1 | Develop the Planning Forecast | <i>IESO / LDCs with input from Hydro One</i> | Long-term planning forecast scenarios | Aug 2021 – Dec 2021 |
| 1.1 | Establish historical coincident and non-coincident peak demand information | <i>IESO</i> | | |
| 1.2 | Establish historical weather correction, median and extreme conditions | <i>IESO</i> | | |
| 1.3 | Establish coincident gross peak demand forecast for LDC service areas | <i>LDCs</i> | | |
| 1.4 | Establish existing, committed and potential DG | <i>IESO and LDCs</i> | | |
| 1.5 | Establish near- and long-term conservation forecast based on planned energy efficiency activities and codes and standards | <i>IESO</i> | | |
| 1.6 | Develop planning forecast scenarios for sensitivity analyses | <i>IESO</i> | | |
| 2 | Provide information on load transfer capabilities under normal and emergency conditions | <i>LDCs</i> | Load transfer capabilities under normal and emergency conditions | Aug 2021 – Dec 2021 |
| 3 | Provide and review relevant community plans, if applicable | <i>IESO and LDCs</i> | Relevant community plans | Aug 2021 – Dec 2021 |
| 3.1 | Based on the review, identify whether there are any potential impacts to the | <i>IESO and LDCs</i> | | |

² <https://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Overview/Engagement-Principles>

| Num | Activity | | Deliverable(s) | Timeframe |
|------------|--|--|--|---------------------|
| | demand forecast that need to be considered | | | |
| 3.2 | Determine whether there are any solution insights that should be factored into the IRRP options analysis | | <i>IESO and LDCs</i> | |
| 4 | Complete system studies to identify needs over a twenty-year period | <i>IESO</i> | Summary of needs based on demand forecast scenarios for the 20-year planning horizon | Q1-Q2 2022 |
| 4.1 | Develop PSS/E base cases | <i>IESO</i> | | |
| 4.2 | Apply reliability criteria as defined in ORTAC, NERC and NPCC as applicable | <i>IESO</i> | | |
| 4.3 | Confirm and refine the need(s) and timing/load levels | <i>IESO</i> | | |
| 5 | Develop Options and Alternatives | <i>All</i> | Develop flexible planning options for forecast scenarios | Q3 2022 |
| 5.1 | Develop energy efficiency options, where applicable | <i>IESO and LDCs</i> | | |
| 5.2 | Develop local generation options where applicable | <i>IESO and LDCs</i> | | |
| 5.3 | Develop transmission and distribution options where applicable | <i>All</i> | | |
| 5.4 | Develop options involving other electricity initiatives (e.g., smart grid, storage) where applicable | <i>IESO/ LDCs with support as needed</i> | | |
| 5.5 | Develop portfolios of integrated alternatives | <i>All</i> | | |
| 5.6 | Technical comparison and evaluation | <i>All</i> | | |
| 6 | Plan and Undertake Community & Stakeholder Engagement | <i>All</i> | Community and Stakeholder Engagement Plan; Input from local communities | Ongoing as required |
| 6.1 | Early engagement including with local municipalities and First Nation communities within study area, First | <i>All</i> | | |

| Num | Activity | | Deliverable(s) | Timeframe |
|-----|--|-------------|--|---------------|
| | Nation communities who may have an interest in the study area, and the Métis Nation of Ontario | | | |
| 6.2 | Develop communications materials | <i>A//</i> | | |
| 6.3 | Undertake community and stakeholder engagement | <i>A//</i> | | |
| 6.4 | Summarize input and incorporate feedback | <i>A//</i> | | |
| 7 | Develop long-term recommendations and implementation plan based on community and stakeholder input | <i>IESO</i> | Implementation plan; Monitoring activities and identification of decision triggers; Procedures for annual review | Q3-Q4 2022 |
| 8 | Prepare the IRRP report detailing the recommended near, medium and long-term plan for approval by all parties | <i>IESO</i> | IRRP report | February 2023 |

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PROJECT CATEGORIZATION

The Board's filing guidelines require that projects be categorized to distinguish between a project that is a "must-do", which is beyond the control of the applicant ("non-discretionary"), from a project that is at the discretion of the applicant ("discretionary"). Non-discretionary projects may be triggered or determined by the following criteria:

1. mandatory requirements to satisfy reliability standards set by standards authorities (NERC and NPCC) or the IESO;
2. a need to connect new load (of a distributor or large user) or a new generation connection;
3. a need to address equipment loading or voltage/short circuit stresses when their rated capacities are exceeded;
4. a transmission project that the transmitter is required by its licence to develop and seek approvals for;
5. projects identified in a provincial government approved plan;
6. projects that are required to achieve provincial government objectives that are prescribed in governmental directives or regulations;
7. priority transmission projects declared by Lieutenant Governor in Council order that the construction, expansion or reinforcement of an electricity transmission line is needed as a priority project;

Based upon the above criteria, the Project is considered non-discretionary. The Project is being undertaken to address a section of the K4 circuit that has reached its end of life and its refurbishment will provide safe and reliable transmission in the region, consistent with Hydro One's obligations as a licenced transmitter.

The Project does have a discretionary component, which pertains to Hydro One electing to use a larger conductor, than what would have otherwise been a like for like conductor replacement. Hydro One is electing to utilize a larger conductor size than the existing requirements of the K4 circuit section solely for transmission line loss reduction

- 1 purposes. More information on the conductor size selection and the driving factors is
- 2 provided in **Exhibit B, Tab 5, Schedule 1**.

COST BENEFIT ANALYSIS AND OPTIONS

TRANSMISSION ALTERNATIVES

To address the need described in **Exhibit B, Tab 3, Schedule 1**, Hydro One considered five incrementally larger conductor options (which each demonstrate incrementally less electrical resistance) for this non-discretionary Project. The five alternatives, individually described below, outline the expected outcomes regarding costs and the impact of line losses. All alternatives for this Project include the replacement of the existing K4 circuit section's end-of-life assets.

In addition to the unique scope considerations for the five alternatives that will be outlined in this exhibit, all five alternatives propose the construction of a section of the K4 Project's total linear distance (approximately 5km) as a new line built adjacent to the existing facility, and post-in-service, propose the decommissioning and removal of the existing end-of-life facility, in lieu of refurbishing the existing section of the K4 circuit in-situ. The methodology is necessary to meet the continuous supply requirements of connected industrial customers during this sustainment work. The remaining 5 km distance of K4 circuit being refurbished, as part of this Project, will occur in-situ.

Alternative 1 - Refurbish the 115 kV transmission line K4 between Kirkland Lake TS and Str #82 using Hydro One's minimum standard 411 kcmil transmission conductor. In the absence of any externally driven need from the IESO or circuit-connected customers, Hydro One's minimum standard conductor for this transmission line is sufficient to meet current and forecast system ampacity needs.

Alternative 2 - This alternative is equivalent to Alternative 1, with the exception that the conductor and associated hardware between Kirkland Lake TS and Str #82 would be replaced with the next incrementally larger conductor used by Hydro One in its standard inventory of conductors, that being the 477 kcmil ACSR conductor. The capital cost of this alternative is not materially different from Alternative 1, however, Alternative 2 provides superior line loss performance compared to Alternative 1, as seen by the Total

1 Annual Cost and Net Present Value (NPV) assessment results shown in Tables 1 and 2
2 respectively, below.

3

4 **Alternative 3** - This alternative is like Alternative 2, with the exception that the conductor
5 and associated hardware between Kirkland Lake TS and Str #82 would be replaced with
6 the next incrementally larger conductor used by Hydro One in its standard inventory of
7 conductors, that being the 732 kcmil ACSR conductor. This alternative also requires
8 additional structure reinforcing and replacement work to accommodate this larger and
9 therefore heavier conductor. The capital cost of this alternative is higher compared to
10 the cost of Alternatives 1 and 2, however, Alternative 3 provides superior net economic
11 benefit when line losses are considered, as seen by the Total Annual Cost and NPV
12 assessments in Tables 1 and 2 respectively below.

13

14 **Alternative 4 (preferred option)** - This alternative is like Alternative 3, with the
15 exception that the conductor and associated hardware between Kirkland Lake TS and
16 Str #82 would be replaced with the next incrementally larger conductor used by Hydro
17 One in its standard inventory of conductors, that being the 997 kcmil ACSR conductor.
18 In addition to the structure reinforcements required in Alternative 3, this alternative
19 requires reinforcing the cross-arms of 16 structures, upgrading the class of one wood
20 pole structure, and replacing an additional wood pole structure to accommodate the
21 incrementally larger and therefore heavier conductor used in this alternative. This
22 alternative also requires the use of additional structure guying. Despite Alternative 4
23 requiring the additional incremental scope and cost, Alternative 4 provides for superior
24 net economic benefit when compared to all other alternatives when line losses are
25 considered, as seen by the Total Annual Cost and NPV assessments in Tables 1 and 2
26 respectively below.

27

28 **Alternative 5** - This alternative would propose further upgrades to that of Alternative 4,
29 whereby the conductor and associated hardware between Kirkland Lake TS and Str #82
30 would be replaced with the next incrementally larger conductor used by Hydro One in its
31 standard inventory of conductors, that being the 1443.7 kcmil ACSR conductor. In

1 addition to the incremental work outline in Alternative 4, Alternative 5 requires significant
2 additional structure upgrading work, including the reinforcement of a further 15 additional
3 structure cross-arms, increasing the height of ten structures, upgrading the class of five
4 wood pole structures and replacing an additional four wood pole structures in order to
5 accommodate the incrementally larger and therefore heavier conductor used in this
6 alternative. Alternative 5 also requires additional rock borings for the installation of the
7 additional structures, and the use of additional structure guying. As shown below in the
8 Total Annual Cost and NPV assessments, in Tables 1 and 2 respectively, Alternative 5,
9 despite providing the most superior results in terms of line loss reduction, is not the most
10 cost-effective solution due to its significant cost increase over Alternative 4. Based on the
11 cost-benefit analysis, Alternative 5 is inferior to Alternative 4.

12

13 **ANALYSIS AND RECOMMENDATIONS**

14 Based on the K4 Project line loss performance combined with the cost of each
15 alternative, as outlined above, Hydro One's analysis provided in Tables 1 and 2 (below)
16 demonstrate that Alternative 4 is the most cost-effective alternative. All five alternatives
17 outlined above satisfy the need to refurbish the end-of-life transmission facilities
18 identified in this Application, however, while Alternative 5 provides the most favourable
19 line loss benefits, its larger incremental capital costs outweigh the associated
20 incremental economic line loss benefits.

21

22 Table 1 below provides the peak flow analysis for line losses of the five alternatives.

1 **Table 1 – Peak Flow Analysis of Line Losses for Alternatives**

| | Alt. #1 411 kcmil | Alt. #2 477 kcmil | Alt. #3 732 kcmil | Alt. #4 997 kcmil | Alt. #5 1443.7 kcmil |
|--|------------------------------|------------------------------|------------------------------|------------------------------|---------------------------------|
| Capital Cost (\$M) | 13.56 | 13.57 | 13.74 | 13.90 | 14.65 |
| Losses at Peak Flow (MW) ¹ | 0.31 | 0.27 | 0.18 | 0.13 | 0.09 |
| Annual Revenue Costs (\$M) | 1.03 | 1.03 | 1.04 | 1.05 | 1.11 |
| Annual Cost of losses ² (\$M) | 0.13 | 0.11 | 0.08 | 0.06 | 0.04 |
| Total Annual Cost (\$M) | 1.16 | 1.14 | 1.12 | 1.11 | 1.15 |

2
 3 Table 1 shows that while Alternative 1 is the lowest cost option based on capital costs
 4 alone, when also considering the cost of transmission line losses, Alternative 1 has the
 5 largest Total Annual Cost of all five alternatives. Table 1 also illustrates that the Total
 6 Annual Cost of Alternative 4, when considering the cost of transmission line losses, is
 7 the lowest of all alternatives.

8
 9 Hydro One conducted a detailed 50-year net present value (“NPV”) analysis using a
 10 5.65% discount rate, to evaluate which conductor alternative provided the best NPV
 11 result over the expected life of the facility. The NPV sensitivity analysis used varying
 12 values for the price of energy. The results of this NPV energy price sensitivity analysis is
 13 summarized in Table 2 below.

14

Table 2 – NPV Analysis of Alternatives

| Alternative # / Kcmil | Alt. #1 411 | Alt. #2 477 | Alt. #3 732 | Alt. #4 997.2 | Alt. #5 1443.7 |
|------------------------------|------------------------|------------------------|------------------------|--------------------------|---------------------------|
| Capital cost (\$M) | 13.56 | 13.57 | 13.74 | 13.90 | 14.65 |
| Annual Losses (MWhr) | 1,600 | 1,399 | 919 | 680 | 484 |
| Energy Price \$/MWhr | Alt 1 | Alt. 2 | Alt. 3 | Alt. 4 | Alt. 5 |
| \$47.30 | -13.17 | -12.95 | -12.54 | -12.40 | -12.81 |
| \$120.00 | -15.96 | -15.39 | -14.14 | -13.59 | -13.65 |
| \$133.00 | -16.46 | -15.82 | -14.43 | -13.80 | -13.80 |

¹ Losses based on the average flows between 2018-2022.

² Losses calculated based on 2022 average Hourly Ontario Energy Price of \$47.3/MWh.

1 The results in Table 2 above demonstrate that Alternative 4 has the lowest NPV when
2 line losses are included for a range of the Hourly Ontario Energy Prices (“HOEP”) up to
3 a value of \$133/MWHR. Hydro One does not consider a value of that magnitude to be a
4 reasonable assumption for Alternative 5 to be selected. Only when the HOEP passes the
5 \$133/MWHR value are the cost-benefit results, inclusive of line loss savings, for
6 Alternative 5, the most economically superior.

7
8 Consistent with Hydro One’s Transmission Line Loss Guideline³, Alternative 4 provides
9 for the most favourable results in terms of the Total Annual Cost and Net Present Value
10 and has been selected as the most cost-effective solution for this Project and is the
11 recommended and preferred option, as supported by the analysis.

³ EB-2021-0110 – Exhibit B, Tab 2, Schedule 1, Attachment 4, Appendix A – August 5, 2021.

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QUANTITATIVE AND QUALITATIVE BENEFITS

Transmission system needs addressed by the K4 Project are documented in **Exhibit B, Tab 3, Schedule 1**. Though a definitive date of existing electrical infrastructure failure is impossible to predict precisely, this investment is intended to mitigate any safety and reliability risks associated with operating deteriorated and obsolete assets including unplanned forced outages.

Replacement of Existing Line Switch on the K4 Circuit

Hydro One plans to replace an existing line switch which has also reached its end of life. The replacement of the 'air-break' type switch with a new 'circuit-switcher' type switch will provide benefits in the form of operational enhancements. Predominantly, once installed, the new switch will allow Hydro One to perform maintenance on sub-sections of the K4 circuit without the loss of supply to all customers on the circuit. This will ultimately reduce the number of interruptions all customers will experience along the entire circuit, resulting in better overall reliability.

Line Losses

In accordance with Hydro One's commitment to reduce transmission line losses, Hydro One investigated utilizing various standard conductors for this Project. Notably, Hydro One assessed the transmission line loss benefits of a number of standard size conductors for operating voltages of 115 kV. The cost benefit analysis of that assessment is provided at **Exhibit B, Tab 5, Schedule 1**.

Circuit Design and Construction Methodology

Customers connected to the K4 circuit are large industrial customers whose operations are highly sensitive to interruptions and are less able to tolerate prolonged outages. K4's *Section 2¹* scope of work and construction methodology result in a new section of the K4 circuit being constructed parallel to the existing end of life K4 facilities, in lieu of an in-

¹ As defined in Exhibit B, Tab 2, Schedule 1, Pg. 2.

1 situ refurbishment option. This construction execution method is preferred based on the
2 reliability benefits to customers connected to the K4 circuit and considering the limited
3 outage windows available on this section of the K4 circuits. The parallel and adjacent
4 construction of the new K4 *Section 2* will allow customer connection to be maintained
5 during the construction period with less interruptions, than an in-situ alternative.

APPORTIONING PROJECT COSTS & RISKS

The estimated capital cost of the K4 Project is \$12.9M, including overheads and capitalized interest, as shown below. The cost estimates provided in Table 1 of this Schedule, and similarly, the Project Schedule provided at **Exhibit B, Tab 11, Schedule 1**, are based on a project definition equivalent to a Class 3¹ under the AACE International (formerly the Association for the Advancement of Cost Engineering) estimate classification system.²

Table 1 - Project Cost

| | Estimated Cost (\$000's) |
|-------------------------------------|-------------------------------------|
| Materials | 1,341 |
| Labour | 4,157 |
| Equipment Rental & Contractor Costs | 3,176 |
| Sundry | 261 |
| Contingencies | 1,634 |
| Overhead ³ | 894 |
| Capitalized Interest ⁴ | 233 |
| Real Estate | 1,217 |
| Total Line Capital Work | \$12,913⁵ |

¹ An estimate range of -20%/+30%.

² As per 96r-18 Cost Estimate Classification System.

³ Overhead Costs allocated to the Project are for corporate services costs. These costs are charged to capital projects through a standard overhead capitalization rate. As such they are considered "Indirect Overhead".

⁴ Capitalized Interest is calculated using the Board's approved interest rate methodology (EB-2016-0160) to the Project's forecast monthly cash flow and carrying forward closing balances from the preceding month.

⁵ Please note that the line work also includes an additional OM&A expenditure of \$1.0M for removals which is not accounted for in the total capital line work in the table above.

1 **1.0 RISKS AND CONTINGENCIES**

2 As with most projects, there are risks associated with the estimated Project costs. Hydro
3 One's cost estimate includes an allowance for contingencies in recognition of such risks.
4 The top three project risks are outlined below. These risks are the major contributors to
5 the total contingency suggested for this project:

- 6
- 7 • **Outage constraints** – There is the potential that if schedule delays are
8 encountered, those delays may increase Project cost. The industrial load
9 customers connected to the radial K4 circuit ultimately require uninterrupted
10 supply for continuous operation, and historically only one annually planned
11 outage of a 24-hour total duration is available. This outage is coordinated with
12 K4 circuit-connected customer's whereby they also perform their own facility
13 maintenance programs. Unavailability of the outages, which are granted by
14 the customers and IESO, and thus out of Hydro One's control, could result in
15 schedule delays which ultimately may increase Project costs.
 - 16
 - 17 • **Land Acquisition** – Hydro One has identified 20 privately-held property
18 rights that the K4 Project requires for the circuit's ROW. At the time of filing,
19 Hydro One has secured permanent rights over 18 of those properties. One
20 gold mining company has ownership interests in the remaining two properties
21 and has provided Hydro One with a letter of support⁶ for the Project and
22 confirming their intention to work with Hydro One to provide appropriate
23 timely rights to Hydro One. There is a risk that the inability to acquire land
24 rights in a timely manner may trigger expropriation. However, if expropriation
25 is triggered, the Project's construction methodology/strategy is capable of
26 proceeding with the construction of, and partial in-service of a section of the
27 line, notably the Kirkland Lake TS to Str #45 section, while other activities are
28 carried out to complete any expropriation that may be required on property/s
29 required along the remaining Project route.

⁶ Exhibit E, Tab 1, Schedule 1, Attachment 10.

- 1 • **Approvals and Permits** – Potential delays in submission and approval of the
2 s.92 Leave to Construct application, could impact the construction schedule
3 of this project.

4

5 Cost contingencies that have not been included, due to the unlikelihood or uncertainty of
6 occurrence, include:

- 7 • Labour disputes;
8 • Safety or environmental incidents; and
9 • Any other unforeseen and potentially significant event/occurrence.

10

11 **2.0 COSTS OF COMPARABLE PROJECTS**

12 The OEB *Filing Requirements for Electricity Transmission and Distribution Applications*,
13 *Chapter 4*, section 4.3.2.8 requires the Applicant to provide, the cost of similar projects
14 constructed by the Applicant for baseline cost comparisons. Table 3 below compares
15 this Project with three other recent single circuit 115 kV wood pole line refurbishment
16 projects in Northern Ontario.

17

- 18 • The A7L/R1LB/A6P Line Refurbishment Project refurbished all deteriorated
19 sections of the double circuit 115 kV circuits A7L and R1LB, which primarily
20 consist of steel lattice tower structures. This project also included the
21 refurbishment of the A6P circuit which consists of a single circuit 115 kV
22 circuit which uses wood pole structures and a 411 kcmil conductor. Only the
23 A6P circuit scope is being used as a comparator for the K4 Project. The A6P
24 circuit is 15 km and is in the northern part of the province in a rural
25 geographic location. The reinforcement project was completed in June 2020

26

- 27 • The X2Y Magellan Aerospace CTS x IPB Bryson JCT Project refurbished 7.6
28 km of deteriorated sections of the X2Y, a single circuit 115 kV line which uses
29 wood pole structures and a 411 kcmil conductor. The circuit is in the eastern
30 part of the province in a rural geographic location. The reinforcement project
31 was completed in June 2020.

- 1 • The Kapuskasing Area Reinforcement Project refurbished approximately 32
2 km of deteriorated sections of the H9K single 115 kV circuit which uses wood
3 pole structures and a 411 kcmil conductor. This project was completed in
4 March 2020 and is in the northern part of the province in a rural geographic
5 location.

6
7 While the Kapuskasing Area Reinforcement Project (32 km) and the A6P line section (15
8 km), contain similar technical scope to the K4 circuit, they are Projects whose scope
9 included circuit refurbishments with longer distances, when compared to both the X2Y
10 Magellan Aerospace CTS x IPB Bryson JCT Project (7.6 km) and the proposed K4
11 Project (10 km). As a result, and what is demonstrated in the per-km analysis in Table 2
12 below, is that a project's fixed costs (i.e. the Project development, management,
13 engineering and the site-specific mobilisation and demobilisation) for longer circuit
14 Projects are distributed over a larger number of circuit kms, resulting in comparatively
15 lower cost per-km. Conversely, projects that have shorter line length scopes show
16 results that are comparatively higher, cost per/km, as those fixed project costs have
17 considerately less units (km) to spread these fixed costs over.

18
19 Additionally, the K4 Line Refurbishment Project requires unique or more complex
20 construction methods (resulting in comparatively more cost) that were not required in the
21 comparable projects shown below in Table 2. These items include; rock drilled
22 foundations for structure installation, rentals of off-road vehicles and other specialized
23 construction equipment vehicle rentals, rider pole installation and removal, existing line
24 facilities removal costs, and the need for real estate acquisitions. These items have been
25 removed from the analysis in Table 2, as these were absent in the scopes of the
26 comparable projects.

27
28 Variances in the unadjusted per/km cost to execute these comparable projects is driven
29 by the timing differences in the in-service date, via costs of materials and other
30 resources required to construct transmission projects, to that of the K4 Project and those
31 comparable projects shown. As a result, Table 2 has been adjusted to show the

1 comparable projects in 2024 dollars utilizing the OEB's inflation escalation factors.
2 However, the OEB's inflation factors do not account for current market dynamics and the
3 broader macro-economic aspects experienced in recent years, and subsequent impacts
4 on the procurement of specific materials and other resources required to construct the
5 K4 Project. Much has changed in the industry since the comparable projects were
6 placed in service, and those factors have significantly impacted costs for linear
7 infrastructure projects, e.g., global supply chain issues, steep global interest rate
8 increases and significant escalating inflation levels. As described in Hydro One's
9 revenue requirement application⁷, external pressures on the industry have caused
10 significant price increases across the industry, certainly more than the OEB's general
11 inflationary factors would provide for.

12

13 The price of material and commodities for the K4 refurbishment, as a result of
14 inflationary pressures and supply chain challenges, have had a significant impact on the
15 overall cost of the K4 Project. Essential commodities such as copper, aluminum and
16 wood poles have undergone price increases and supply shortages. For reference, from
17 January 2021 to January 2022, the price of copper has increased by 27.1%, aluminum
18 has increased by 41.6% and wood has increased by 111.6%⁸. Additionally, equipment
19 rentals to construct transmission lines is heavily impacted by certain raw material
20 indices.

⁷ EB-2021-0110 – Exhibit 0, Tab 1, Schedule 2 - Filed March 31, 2022

⁸ Based on the following indices for copper, aluminum, and steel, respectively: Copper (New York), Aluminum N. America, and Steel Plate N. America from January 2021 to January 2022.

Table 2 - Costs of Comparable Line Projects

| Project | Circuit A6P Refurbishment (Alexander SS x Reserve JCT) | Circuit X2Y (Magellan Aerospace CTS x IPB Bryson JCT) | Circuit H9K Reinforcement Project (Kapusking Area-Carmichael Falls JCT x Spruce Falls JCT) | Circuit K4 (Kirkland Lake TS x Matachewan JCT) |
|---|--|---|--|--|
| Scope/ Type | Refurbish in-situ | Refurbish in-situ | Refurbish in-situ | Partial Refurbish in-situ |
| Circuit Operating Designation(s) | A6P | X2Y | H9K | K4 |
| Voltage | 115 kV | 115 kV | 115 kV | 115 kV |
| Structure Type | Wood Pole | Wood Pole | Wood Pole | Wood Pole |
| Single or Double Circuit | Single | Single | Single | Single |
| Approximate Route Length | 15.0 | 7.6 | 32.0 | 10.0 |
| Conductor | 411 kcmil | 411 kcmil | 411 kcmil | 997 kcmil |
| Project Surroundings | Rural - Northern | Rural - Eastern | Rural - Northern | Rural - Northern |
| In-Service Year | June 2020 | June 2020 | March 2020 | July 2024 |
| Estimate or Actual | Actual | Actual | Actual | Estimate |
| OEB-Approved Cost Estimate | N/A ⁹ | N/A ⁴ | 15,100K ¹⁰ | N/A |
| Total Cost Before Adjustments, | 6,034K | 5,100K | 11,900K | 13,900K |
| Less: Real Estate | - | - | - | 1,650 ¹¹ |
| Less: Rock Drill Foundations | - | - | - | 780 |
| Less: Removals | - | - | - | 1,250 |
| Less: Rider Poles | - | - | - | 720 |
| Less: Specialized Equipment Rentals | - | - | - | 620 |
| Less: Larger Conductor incremental Cost | | | | 340 |
| Total Cost Before Escalation (\$K) | 6,034K | 5,100K | 11,900K | 8,540K |
| Escalation Adjustment¹² (\$k) | 788K | 666K | 1,621K | - |
| Total Comparable Project Costs (\$k) | 6,822K | 5,766K | 13,521K | 8,540K |
| Unit Cost/per Km (\$K) | 455K/ km | 759K / km | 423K/ km | 854K/ km |

⁹ This project was encompassed within a previous Hydro One revenue requirement application. The project was not subject to leave to construct approval by the OEB. Therefore, the specific investment does not have a discrete OEB approval to appropriately reference for the purposes of this comparison.

¹⁰ OEB-approved cost referenced in LTC Decision and Order EB-2018-0098.

¹¹ This value includes capitalized interest and overheads applied to the real estate costs identified in *Table 1 – Project Cost*, above.

¹² Inflation adjustment factors used for comparator projects are consistent with the OEB inflation parameters described in EB-2021-0212 and the OEB letter titled ‘2023 Inflation Parameters’ distributed October 2022.

1 Table 2 compares three projects that are similar in scope to the proposed K4 Project,
2 however, the three comparable projects were completed in periods prior to the industry
3 having experienced, and continue to experience, far higher macro-economic inflationary
4 pressures, than any time in recent history. The inflationary environment which Hydro
5 One is now subject to, and operating in, has continued to impact project costs by ever-
6 increasing inflationary trends and forecasts. As a result, the difference in the per-km
7 costs of the comparable projects to the K4 Project do not reflect the true escalation of
8 cost specific to K4 Project components.

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1 **CONNECTION PROJECTS REQUIRING NETWORK REINFORCEMENT**

2

3 This is not a connection project therefore this evidence is not required.

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TRANSMISSION RATE IMPACT ASSESSMENT

1.0 ECONOMIC FEASIBILITY

The K4 Transmission Line Refurbishment Project will refurbish approximately 10 km of an existing 115 kV transmission line K4 from Kirkland Lake TS to Str #82. The costs for the line refurbishment will be included in the Line Connection pool for cost classification purposes and not allocated to any individual customer. This Project is not being driven by additional load requirements/requests from currently connected customers, as such no customer contribution is required for the Project.

There are no incremental operating and maintenance costs as a result of the proposed Project since activities such as vegetation management and inspection would not be materially impacted by the line refurbishment. The Project will also have no impact on provincial peak load resulting in zero incremental Line Connection pool revenue over the 25-year evaluation period.

The DCF analysis shown in Tables 1 and 2 conclude that based on the estimated total Project cost of \$13.9¹ million, plus the assumed impact on the future capital cost allowance and Hydro One corporate income tax, the Project will have a negative NPV of \$12.3 million.

2.0 COST RESPONSIBILITY

Line Connection Pool

The Hydro One single-circuit transmission line K4 is a 115 kV connection transmission line in Northern Ontario. This line supplies customers from Kirkland Lake TS and supplies customer loads at Macassa Mill CTS, Macassa Shaft #3 CTS and Young-Davidson CTS. Based on the cost allocation methodology approved by the Board² and

¹ Initial costs of \$13.9 million include \$12.9 million of up front capital costs plus \$1.0 million cost of removals (not capitalized).

² EB-2016-0160

1 as detailed in in Hydro One's most recent transmission rate filing³, these lines are
2 allocated 100% to the Line Connection Pool.

3

4 **3.0 RATE IMPACT ASSESSMENT**

5 A rate impact analysis has been carried out based on Hydro One's transmission revenue
6 requirement for the year 2023, and the 2023 approved Ontario Transmission Rate
7 Schedules. The Line Connection Pool revenue requirements would be materially
8 unaffected by the Project.

9

10 More specifically, based on the total Project's initial cost of \$13.9 million and no forecast
11 future incremental operating or maintenance costs, there will be an immaterial change in
12 the line pool revenue requirement once the Project's impacts are reflected in the
13 transmission rate base at the projected in-service date of October 2024. Notably, the
14 2023 OEB approved rate of \$0.88 kW/month remains unchanged over a 25-year time
15 horizon. The maximum revenue shortfall related to the proposed facilities will be \$1.0
16 million in the year 2031. The detailed analysis illustrating the calculation of the
17 incremental line revenue and rate impact is provided in Tables 3 and 4, below.

18

19 Impact on Typical Residential Customer

20 Based on the load forecast, initial capital costs and ongoing maintenance costs, adding
21 the costs of the required facilities to the Line Connection Pool will not impact a typical
22 residential customer's rates under the RPP.

³ EB-2019-0082, Exhibit I, Tab 10, Schedule 50, Page 2 of 2, Filed August 2, 2019

| | |
|--|----------------------------------|
| A. Typical monthly bill | \$135.28 per month |
| B. Transmission component of monthly bill | \$15.33 per month |
| C. Line Connection Pool share of Transmission component | \$1.49 per month |
| D. Transformation Connection Pool share of Transmission component | \$5.05 per month |
| E. Network Connection Pool share of Transmission component | \$8.80 per month |
| F. Impact on Line Connection Pool Provincial Uniform Rates | 0.00% |
| G. Impact on Transformation Connection Pool Provincial Uniform Rates | 0.00% |
| H. Impact on Network Connection Pool Provincial Uniform Rates | 0.00% |
| I. Increase in Transmission costs for typical monthly bill (C x F) | \$0 per month or \$0 per year |
| J. Net increase on typical residential customer bill (I / A) | 0.00% |

1

Table 1 - Net Present Value, Page 1

| Month Year | In-Service Date | | Project year ended - annualized from In-Service Date | | | | | | | | | | | |
|---|-----------------|---------------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| | Oct-6 2024 | Oct-6 2025 | Oct-6 2026 | Oct-6 2027 | Oct-6 2028 | Oct-6 2029 | Oct-6 2030 | Oct-6 2031 | Oct-6 2032 | Oct-6 2033 | Oct-6 2034 | Oct-6 2035 | Oct-6 2036 | |
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| Revenue & Expense Forecast | | | | | | | | | | | | | | |
| Load Forecast (MW) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Load adjustments (MW) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Tariff Applied (\$/kW/Month) | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | |
| Incremental Revenue - \$M | | | | | | | | | | | | | | |
| Removal Costs - \$M | (1.0) | | | | | | | | | | | | | |
| On-going OM&A Costs - \$M | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Municipal Tax - \$M | (1.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | |
| Net Revenue/(Costs) before taxes - \$M | | | | | | | | | | | | | | |
| Income Taxes | 0.3 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | |
| Operating Cash Flow (after taxes) - \$M | (0.7) | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | |
| Cumulative PV @ 5.65% | | | | | | | | | | | | | | |
| PV Operating Cash Flow (after taxes) - \$M (A) | 0.6 | (0.7) | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | |
| Capital Expenditures - \$M | | | | | | | | | | | | | | |
| Upfront - capital cost before overheads & AFUDC | (11.8) | | | | | | | | | | | | | |
| - Overheads | (0.9) | | | | | | | | | | | | | |
| - AFUDC | (0.2) | | | | | | | | | | | | | |
| Total upfront capital expenditures | (12.9) | | | | | | | | | | | | | |
| On-going capital expenditures | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| PV On-going capital expenditures | 0.0 | | | | | | | | | | | | | |
| Total capital expenditures - \$M | (12.9) | | | | | | | | | | | | | |
| Capital Expenditures - \$M | | | | | | | | | | | | | | |
| PV CCA Residual Tax Shield - \$M | 0.1 | | | | | | | | | | | | | |
| PV Working Capital - \$M | 0.0 | | | | | | | | | | | | | |
| PV Capital (after taxes) - \$M (B) | (12.9) | | | | | | | | | | | | | |
| Cumulative PV Cash Flow (after taxes) - \$M (A) + (B) | (12.3) | (13.6) | (13.3) | (13.1) | (13.0) | (12.9) | (12.8) | (12.7) | (12.6) | (12.6) | (12.5) | (12.5) | (12.4) | |

| Discounted Cash Flow Summary | | Other Assumptions | |
|-------------------------------------|------------|------------------------------------|----------|
| Economic Study Horizon - Years: | 25 | In-Service Date: | 6-Oct-24 |
| Discount Rate - % | 5.65% | Payback Year: | 2049 |
| | \$M | No. of years required for payback: | 25 |
| PV Incremental Revenue | 0.0 | | |
| PV OM&A Costs | (1.0) | | |
| PV Municipal Tax | (0.6) | | |
| PV Income Taxes | 0.4 | | |
| PV CCA Tax Shield | 1.8 | | |
| PV Capital - Upfront | (12.9) | | |
| Add: PV Capital Contribution | 0.0 | | |
| PV Capital - On-going | 0.0 | | |
| PV Working Capital | 0.0 | | |
| PV Surplus / (Shortfall) | (12.3) | | |
| Profitability Index* | 0.1 | | |

Notes:
 PV of total cash flow, excluding net capital expenditure & on-going capital & proceeds on disposal / PV of net capital expenditure & on-going capital & proceeds on disposal

1

Table 3 - Revenue Requirement and Line Pool Rate Impact, Page 1

| | | Project YE | | | | | | | | | | | |
|--|----------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 6-Oct 2025 | 6-Oct 2026 | 6-Oct 2027 | 6-Oct 2028 | 6-Oct 2029 | 6-Oct 2030 | 6-Oct 2031 | 6-Oct 2032 | 6-Oct 2033 | 6-Oct 2034 | 6-Oct 2035 | 6-Oct 2036 |
| K4 Transmission Line Refurbishment | | | | | | | | | | | | | |
| Calculation of Incremental Revenue Requirement (\$000) | | | | | | | | | | | | | |
| In-service date | 6-Oct-24 | | | | | | | | | | | | |
| Capital Cost | 12,917 | | | | | | | | | | | | |
| Less: Capital Contribution Required | - | | | | | | | | | | | | |
| Net Project Capital Cost | 12,917 | | | | | | | | | | | | |
| Average Rate Base | | 6,341 | 12,566 | 12,332 | 12,098 | 11,864 | 11,630 | 11,396 | 11,162 | 10,928 | 10,694 | 10,460 | 10,226 |
| Incremental OM&A Costs | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants in Lieu of Municipal tax | | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 |
| Depreciation | | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 |
| Interest and Return on Rate Base | | 402 | 797 | 782 | 767 | 753 | 738 | 723 | 708 | 693 | 678 | 664 | 649 |
| Income Tax Provision | | 1 | (70) | (47) | (27) | (8) | 9 | 25 | 39 | 51 | 62 | 73 | 82 |
| REVENUE REQUIREMENT PRE-TAX | | 680 | 1,004 | 1,011 | 1,017 | 1,021 | 1,023 | 1,024 | 1,023 | 1,021 | 1,017 | 1,013 | 1,007 |
| Incremental Revenue | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUFFICIENCY/(DEFICIENCY) | | (680) | (1,004) | (1,011) | (1,017) | (1,021) | (1,023) | (1,024) | (1,023) | (1,021) | (1,017) | (1,013) | (1,007) |
| Line Pool Revenue Requirement including sufficiency/(deficiency) | Base Year 202,030 | 202,710 | 203,033 | 203,041 | 203,047 | 203,051 | 203,053 | 203,054 | 203,053 | 203,050 | 203,047 | 203,042 | 203,036 |
| Line MW | 229,497 | 229,497 | 229,497 | 229,497 | 229,497 | 229,497 | 229,497 | 229,497 | 229,497 | 229,497 | 229,497 | 229,497 | 229,497 |
| Line Pool Rate (\$/kw/month) | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |
| Increase/(Decrease) in Line Pool Rate (\$/kw/month), relative to base year | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| RATE IMPACT relative to base year | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Assumptions | | | | | | | | | | | | | |
| Incremental OM&A | 0.33% | Transmission system average | | | | | | | | | | | |
| Grants in Lieu of Municipal tax | 2.00% | Reflects 50 year average service life for towers, conductors and station equipment, excluding land | | | | | | | | | | | |
| Depreciation | 6.34% | Includes OEB-approved ROE of 9.36%, 4.79% on ST debt, and 4.3% on LT debt. 40/4/56 equity/ST debt/ LT debt split | | | | | | | | | | | |
| Interest and Return on Rate Base | 26.50% | 2023 federal and provincial corporate income tax rate | | | | | | | | | | | |
| Income Tax Provision | 8.00% | 100% Class 47 assets except for Land | | | | | | | | | | | |
| Capital Cost Allowance | | | | | | | | | | | | | |

2

Table 5 - DCF Assumptions

| Hydro One Networks -- Transmission Connection Economic Evaluation Model 2023 Parameters and Assumptions | | |
|--|---------------------------------|--|
| Transmission rates are based on current OEB-approved uniform provincial transmission rates. | | |
| | Monthly Rate (\$ per kW) | |
| | Network | 5.37 |
| | Transformation | 2.98 |
| | Line | 0.88 |
| Grants in lieu of Municipal tax (% of up-front capital expenditure, a proxy for property value): | 0.33% | Based on Transmission system average |
| Income taxes: | | |
| Basic Federal Tax Rate - % of taxable income: | 2023 15.00% | Current rate |
| Ontario corporation income tax - % of taxable income: | 2023 11.50% | Current rate |
| Capital Cost Allowance Rate: | | |
| Class 47 costs | 2023 8% | Current rate |
| Decision Support defined costs (1) | 2023 0% | |
| Decision Support defined costs (2) | 2023 0% | |
| Decision Support defined costs (3) | 2023 0% | |
| After-tax Discount rate: | 5.65% | Based on OEB-approved ROE of 9.36% on common equity and 4.79% on short-term debt, 4.3% forecast cost of long-term debt and 40/60 equity/debt split, and current enacted income tax rate of 26.5% |

1 **REVENUE REQUIREMENT INFORMATION AND DEFERRAL**
2 **ACCOUNT REQUESTS**

3
4 **Revenue Requirement and Transmission System Plan Information**

5 The Project will be funded through Hydro One's sustainment capital envelope. The K4
6 Project was not specifically identified in an Investment Summary Document in Hydro
7 One's Transmission System Plan¹, rather the Project was part of the overall sustainment
8 capital envelope included in its OEB-approved revenue requirement application
9 evidence (EB-2021-0110) for the 2023-27 period.

10
11 **Deferral Account Request**

12 There are no new deferral account requests being made as part of this Application.

¹ This is consistent with Exhibit B, Tab 1, Schedule 1, Section 2.11 of EB-2021-0110, that states only projects which exceed a materiality threshold of \$3M in a single year will be disclosed in an ISD.

Filed: 2023-11-13
EB-2023-0197
Exhibit B
Tab 10
Schedule 1
Page 2 of 2

1

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1

PROJECT SCHEDULE

| TASK | START | FINISH |
|--------------------------------------|----------------|----------------|
| Submit Section 92 | | November 2023 |
| Projected Section 92 Approval | November 2023 | April 2024 |
| Key Permits and Approvals (non-S.92) | April 2022 | January 2024 |
| Detailed Engineering | August 2022 | March 2024 |
| Major Material Ordered | January 2023 | September 2023 |
| Environmental Assessment | June 2022 | May 2023 |
| Construction | April 2024 | August 2024 |
| Commissioning | September 2024 | October 2024 |
| Site Remediation | October 2024 | November 2024 |
| IN SERVICE | | October 2024 |

Filed: 2023-11-13
EB-2023-0197
Exhibit B
Tab 11
Schedule 1
Page 2 of 2

1

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DESCRIPTIONS OF THE PHYSICAL DESIGN

1.0 LINE FACILITIES

Details of Proposed Line Facilities

The K4 transmission line is a 115 kV radial circuit that runs between Kirkland Lake TS and Young-Davidson CTS and provides tapping connections to several customer-owned transformer stations.

The scope of work for the K4 Project entails refurbishing a span of approximately 10 km in length, spanning between Kirkland Lake TS and Str #82, towards Matachewan JCT (including the switch 93K4-89 at Str #82). Maps indicating the geographic location and general route of the Project are provided at **Exhibit C, Tab 2, Schedule 1, Attachment 1** and **Attachment 2**.

The K4 Project can be described in two parts, and will be described below as *Section 1*, and *Section 2* respectively. The existing K4 circuit facilities, of which both sections below will replace, are at end of life.

Section 1, will sustain existing transmission facilities, by replacing;

- approximately 5 km of the existing 115 kV conductor from Kirkland Lake TS to Str #45 with new 997.2 kcmil ACSR conductor;
- all existing end of life wood pole structures. The types of typical structures that will be used along Section 1 are shown in **Exhibit C, Tab 1, Schedule 1, Attachment 1**);
- twelve additional wood pole structures that are not in end-of-life condition, but do not meet loading requirements to support the replacement conductor;
- existing steel shieldwire with OPGW;
- replace all insulators and hardware along the associated circuit's span;

1 Section 2, will construct the following new facilities;

- 2 • approximately 5 km of 115 kV circuit between Str #46 to Str #82, consisting of
- 3 wood pole structures. The types of typical structures that will be used along
- 4 Section 2 are shown in **Exhibit C, Tab 1, Schedule 1, Attachment 1**;
- 5 • Install new 997.2 kcmil ACSR conductor;
- 6 • Install new 7#10 aluminum-clad steel shieldwire;
- 7 • Install new insulators and hardware;
- 8 • Install one new circuit-switch on a new steel lattice structure at Str #71;
- 9 • Post energization, the existing end-of-life Section 2 of the K4 circuit facility will be
- 10 demolished and removed.

11
12 Section 2 of the new K4 circuit will be constructed parallel to the existing end of life K4
13 facilities in lieu of the option of refurbishing it in-situ due to limited outage windows
14 available on this line section. Customers connected to this circuit are categorized as
15 large industrial customers, and those customer's operations are highly sensitive to
16 outages and less able to tolerate prolonged outages. This construction methodology will
17 provide reliability benefits² including less outages and interruptions for existing K4-
18 connected customers, along this section of circuit, while this Project is constructed.

19 20 **2.0 ROUTE DESCRIPTION**

21 The total line length of the Project is approximately 10.0 km. The K4 circuit is located in
22 northeastern Ontario in the Town and Municipality of Kirkland Lake in the Timiskaming
23 District. The section of the K4 circuit this Project will address runs from the existing
24 Kirkland Lake TS to Str #82, near the intersection of the Trans-Canada Highway and
25 Highway 112, to Str #45, on which it will utilize the existing right of way. From Str #45 to
26 Str #63, and from Str #67 to Str #71, the line will run parallel to the existing centerline,
27 both within a 125 ft easement. From Str #63 to Str #67, and from Str #71 to Str #82.

¹ The structure design will of the nature show in Figure 7 of Exhibit C, Tab 1, Schedule 1, Attachment 1.

² Refer to Exhibit B, Tab 6, Schedule 1, for a more detailed description of the benefits.

1 **2.1 ROUTE DETAILS**

- 2 i. The Project route starts at Kirkland Lake TS, located at the northeast corner of
3 the Trans-Canada Highway and Station Road North. The line exits north from the
4 station and heads north to Str #8, approximately 0.8km from the station and
5 crosses over the Ontario Northland Railway.
- 6 ii. At Str #8, the line makes an acute turn west for approximately 4.3km to Str #45.
7 A portion of this section starting from Str #27 runs between the existing 115 kV
8 circuits whose nomenclatures are A8K and A9K.
- 9 iii. At Str #45, the line turns south and heads straight for 3.9km to Str #71,
10 approximately 150m north of the Trans-Canada Highway.
- 11 iv. At Str #71, the line turns southwest along a new right of way for approximately
12 1.0km before re-connecting to the existing K4 circuit at Str #82, near the
13 intersection of the Trans-Canada Highway and Hwy 112.

14
15 **3.0 LINE DESCRIPTION**

16 The completed K4 Project will have one circuit comprised of one 997.2 kcmil ACSR
17 conductor per phase. There will be a single OPGW shieldwire strung from Str #1 to Str
18 #45, and one non-OPGW 7#10 aluminum-clad steel shieldwire strung from Str #45 to Str
19 #82. With the exception of a steel lattice switch structure at Str #77, all other structures
20 will be wood poles. The transmission line will consist of the following attributes:

- 21
- 22 i. The line will meet the required continuous ampacity of 392A from Kirkland Lake
23 TS to Macassa JCT (at Str #60), 344A from Macassa JCT to Macassa #3 JCT (at
24 Str #69), and 239A from Macassa #3 JCT onwards (on a rating based on
25 summer at 35 Celsius);
- 26 ii. Glass insulators will be used for both suspension and tension applications in
27 accordance with Hydro One standards;
- 28 iii. Stockbridge-type vibration dampers to dampen conductors and shieldwires in
29 accordance with Hydro One's standard, based on the final line configuration and
30 per the manufacturer's design;

- 1 iv. In total, 53 new structures will be installed (52 wood pole structures, 1 steel
2 lattice structure), either to replace an existing structure or as part of the new
3 parallel section.
- 4 v. At each of the customer tap junctions Macassa Mill JCT and Macassa #3 JCT,
5 one new wood pole structure will be installed to facilitate the tap to the new
6 parallel line.

7

8 The circuit will be constructed to meet conductor minimum ground clearances as per
9 Hydro One design standards:

- 10 • Typical ground clearance (includes roads, highways, non-cultivable rural land,
11 and ROW of underground pipelines) = 6.7m
- 12 • Above the top of rail at railway crossings = 9.6m
- 13 • Above ordinary high-water mark of minor waterways = 6.7m

14

15 **4.0 LINE REMOVAL**

16 Upon completion and energization of the of the new K4 Project facilities, all existing
17 structures from Str #46 to Str #82, inclusive, will be demolished and removed.

18

19 **5.0 STATION WORK**

20 Existing line protections will be slightly impacted due to changes to the refurbished
21 circuit's impedance. Relay setting changes will be required for the K4 circuit's relays.
22 Temporary relay setting changes will also be required for the adjacent A8K circuit which
23 will be leveraged to provide electricity to K4-connected customers while this Project's
24 Section 1 scope of Project work (as described above in Section 1.0 above) is being
25 carried out.

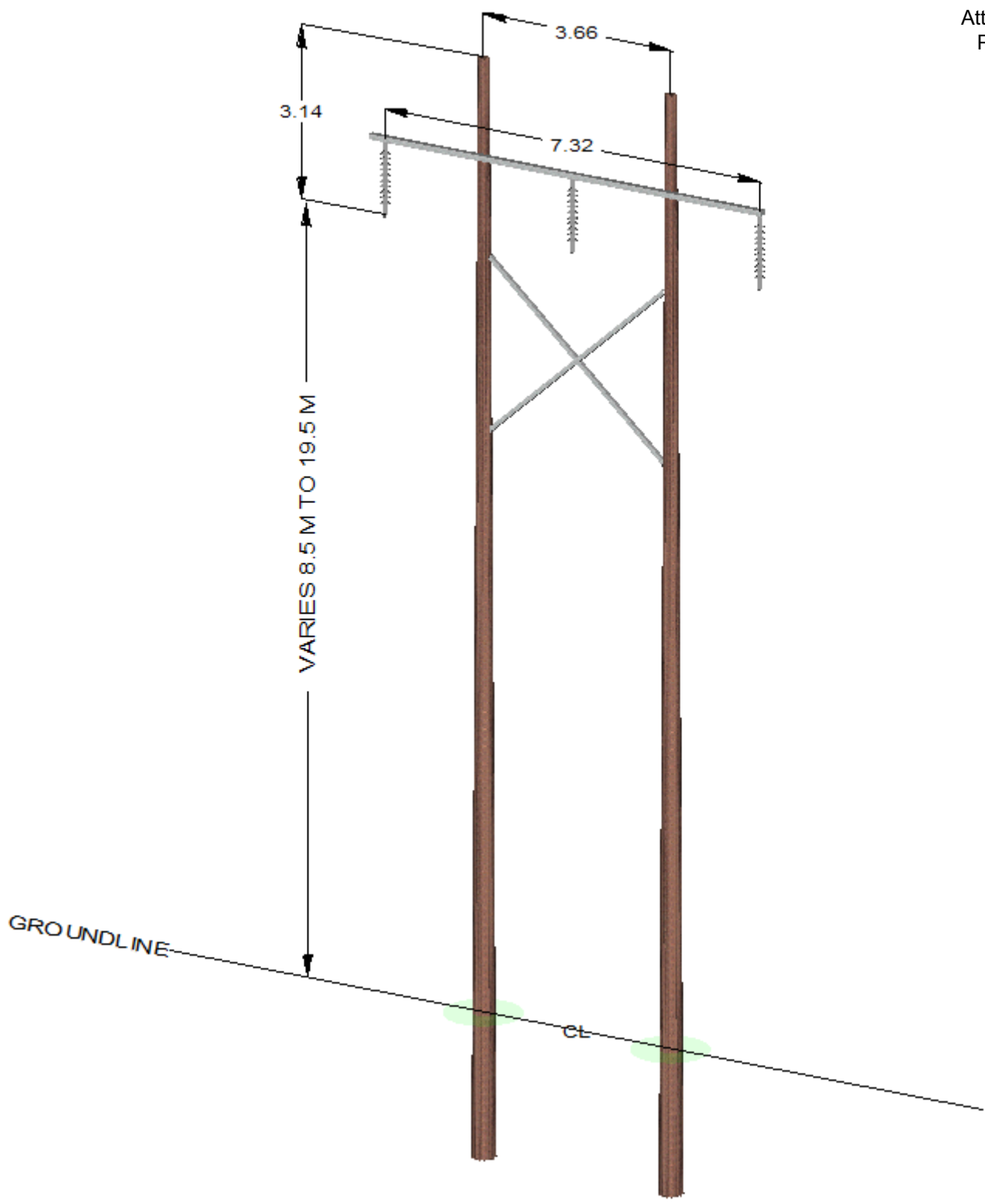


Figure 1 - Typical Wood Pole H-Frame Structure

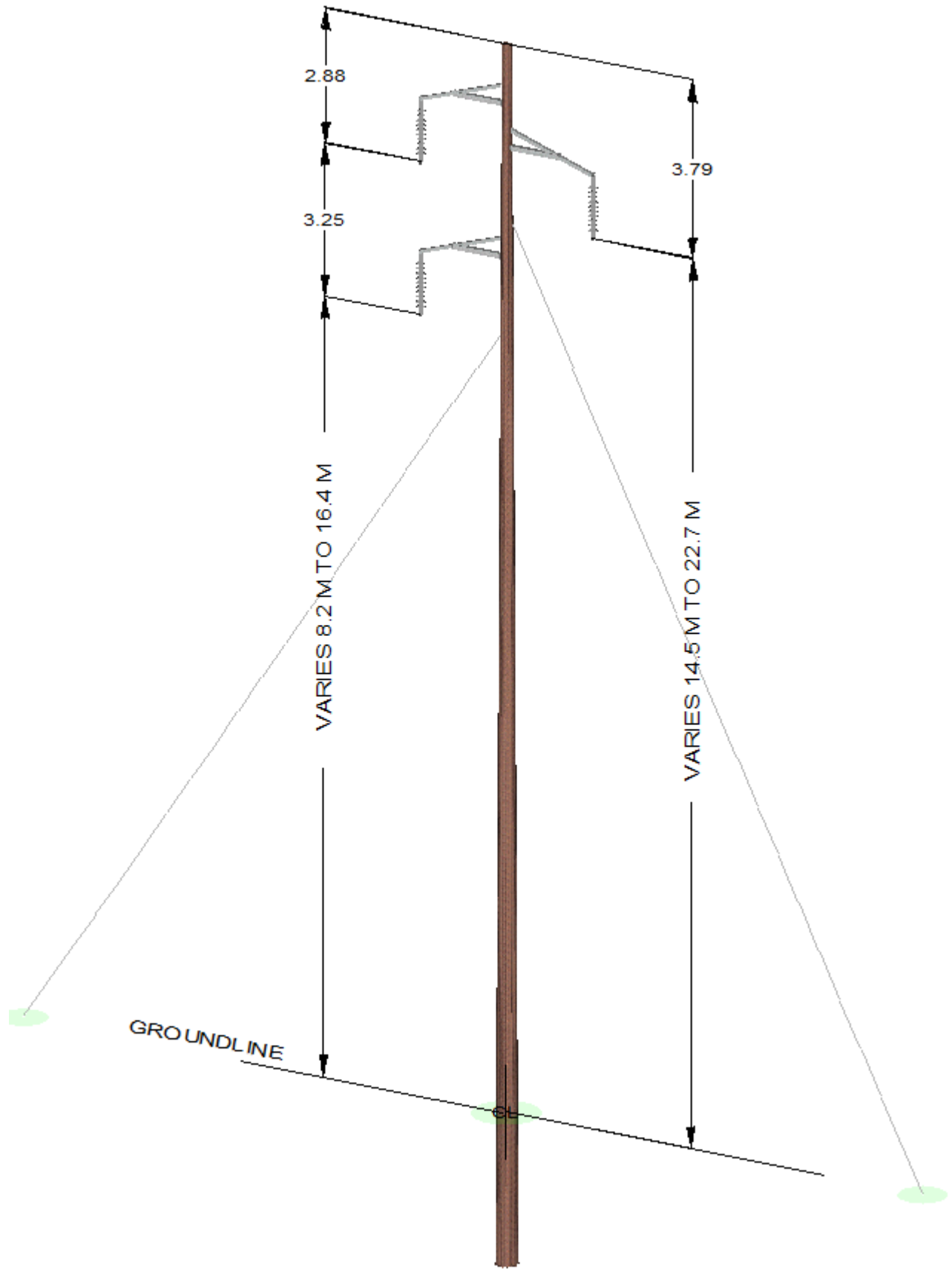


Figure 2 - Typical Single-Pole Guyed Suspension Structure

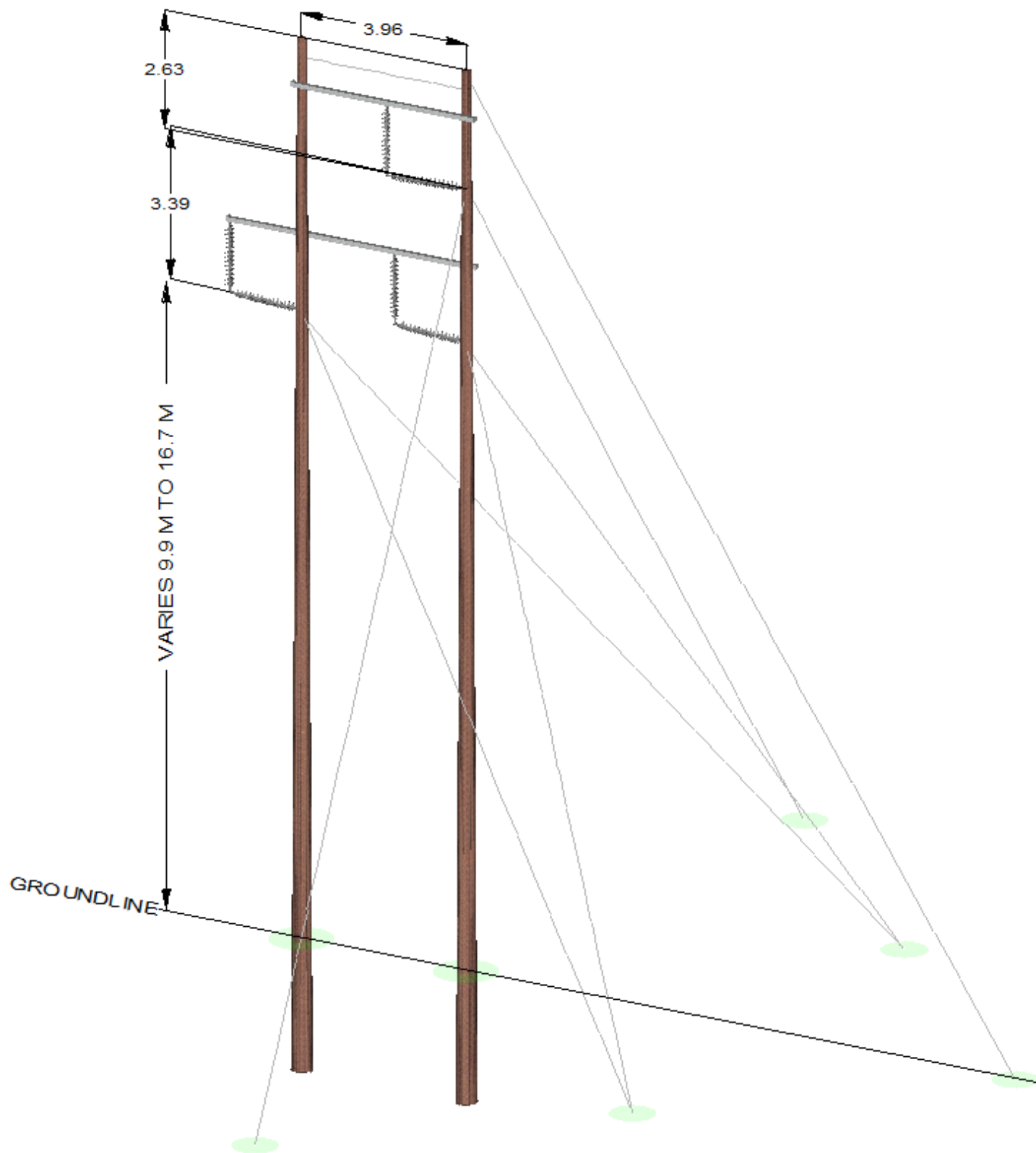


Figure 3 - Typical 2-Pole Semi-Strain Structure

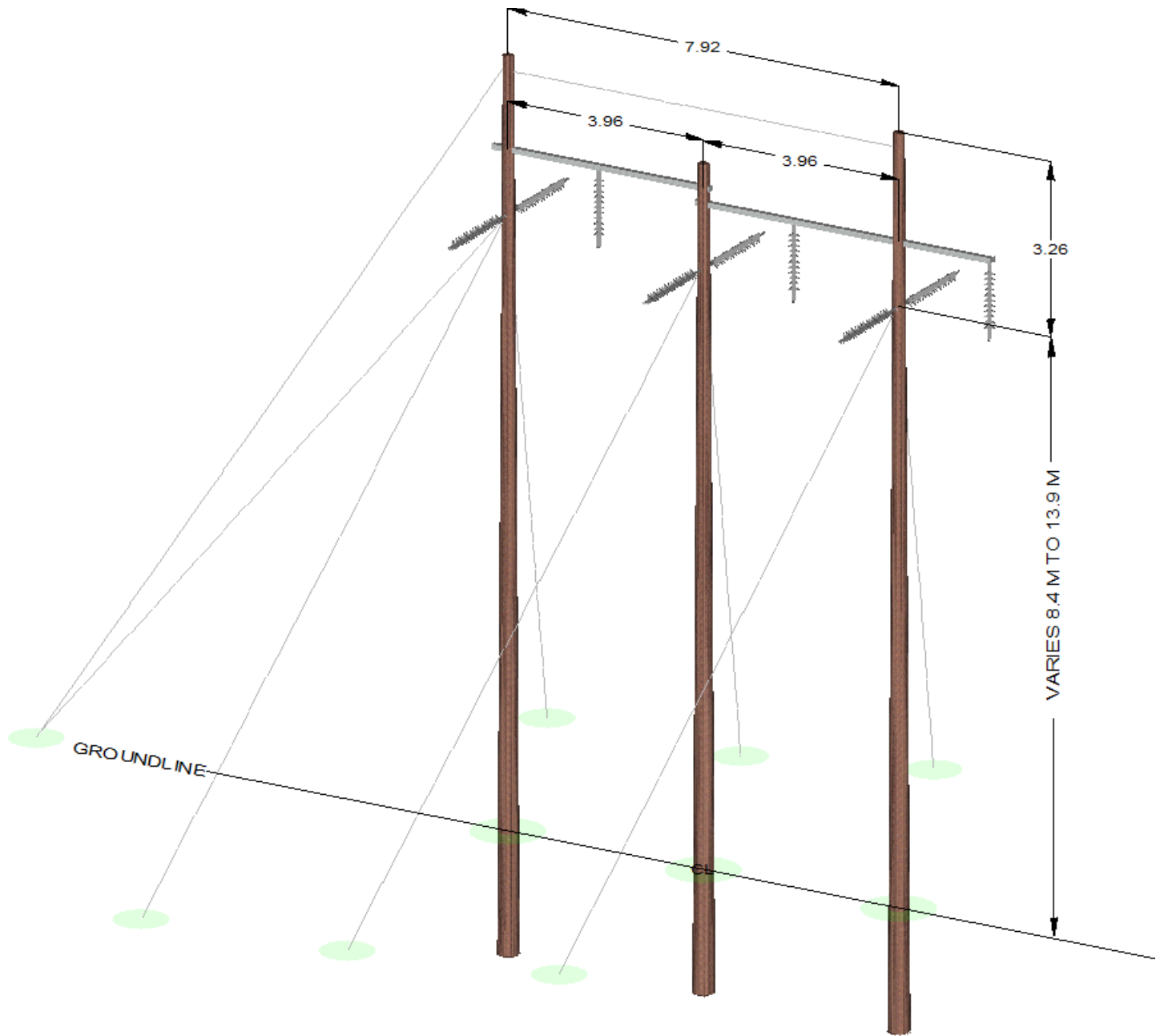


Figure 4 - Typical 3-Pole Deadend Structure

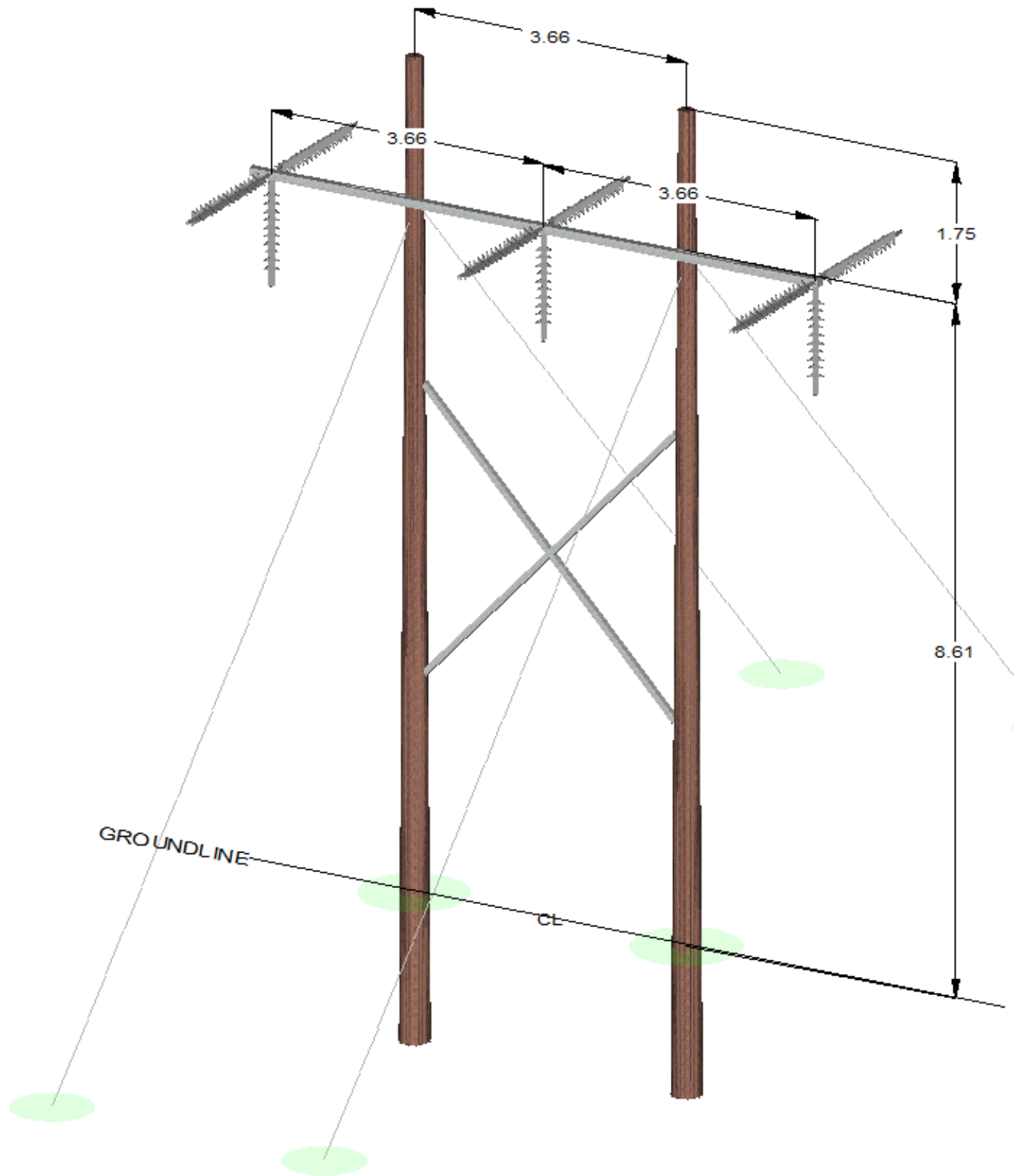


Figure 5 - 2-Pole Deadend Structure at Macassa Mill JCT

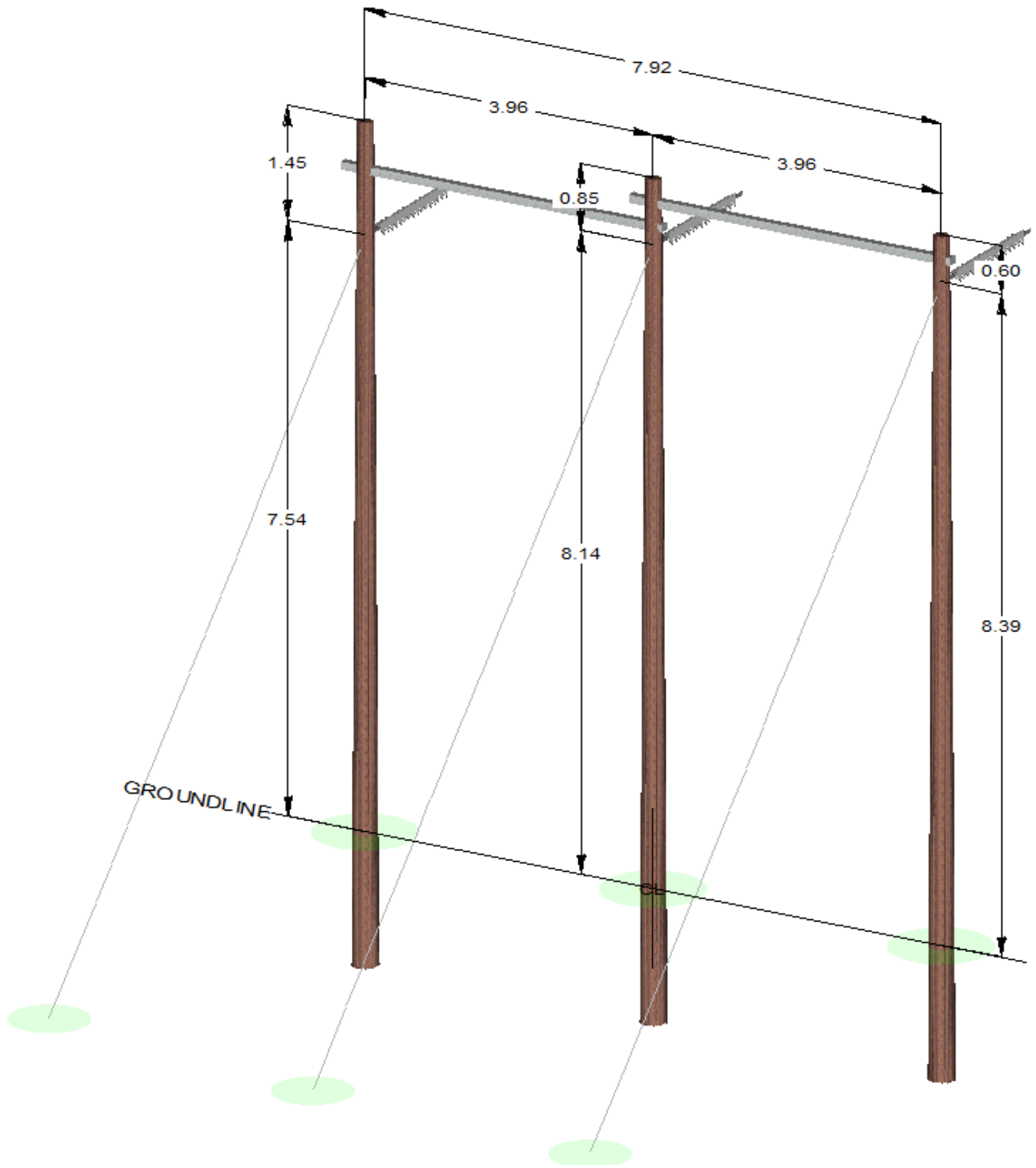


Figure 6 - 3-Pole Deadend Structure at Macassa #3 JCT

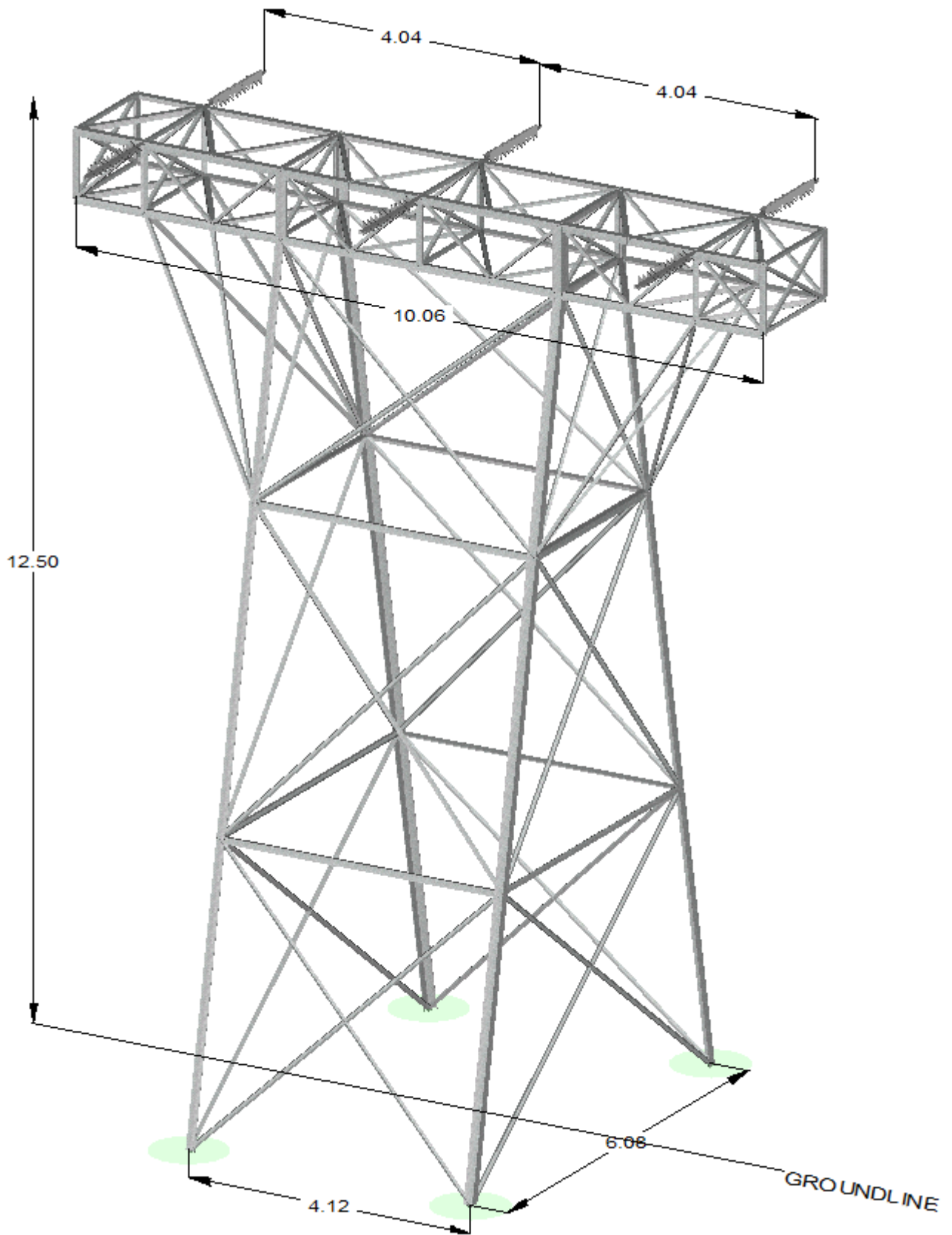


Figure 7 – LSO Lattice Switch Structure

MAPS

1

2

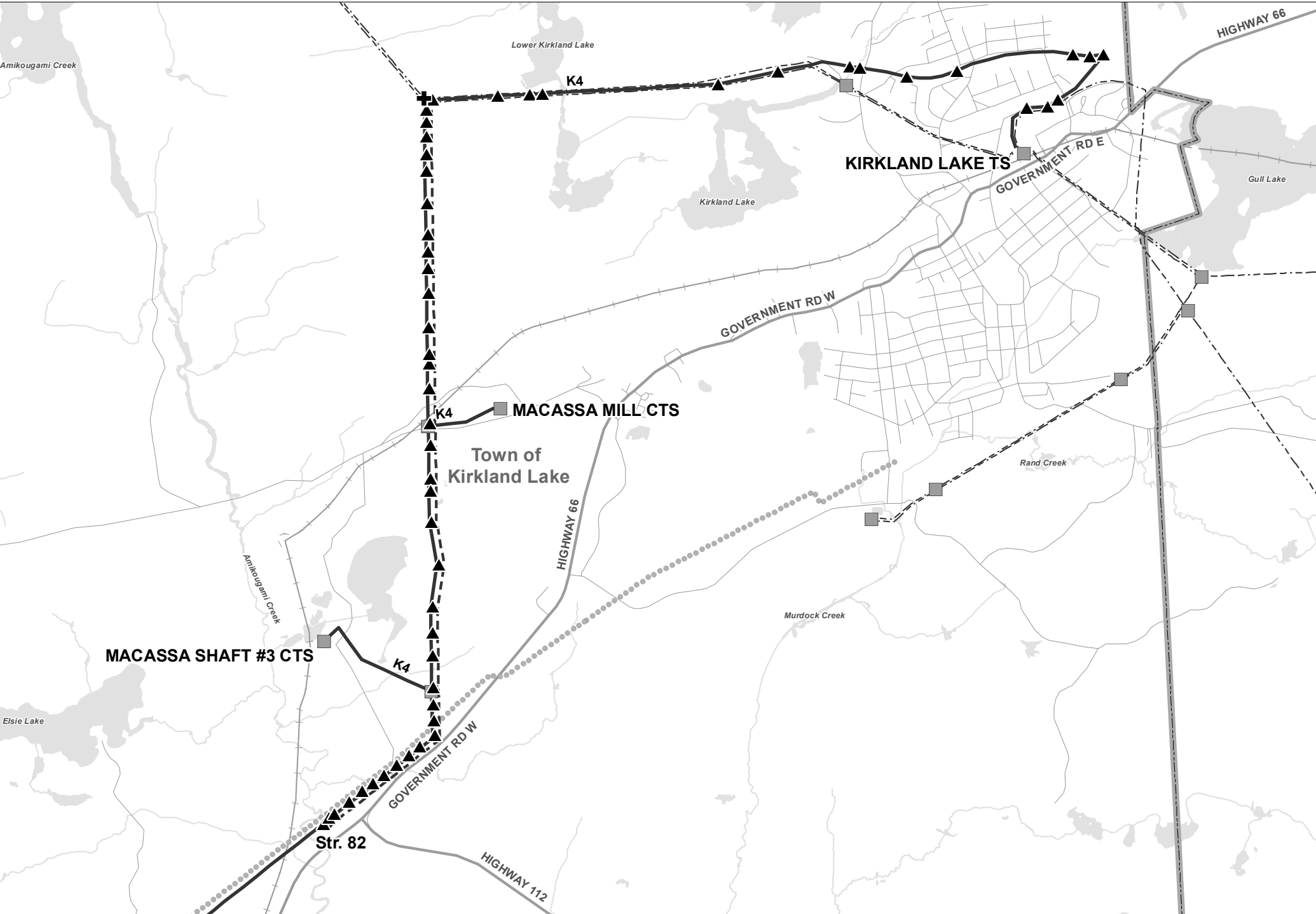
3 A map indicating the geographic location and general route of the K4 Project is included
4 at **Exhibit C, Tab 2, Schedule 1, Attachment 1**. Hydro One is providing this map with
5 the expectation that, if the OEB decides to not process this Application without a
6 hearing, that the map will be used as the Notice Map in this proceeding.

7

8 A detailed map showing the property locations and route of the K4 Project circuit is
9 included at **Exhibit C, Tab 2, Schedule 1, Attachment 2**. This map includes property lot
10 numbers or concessions. Where lot numbers or concessions are not indicated, this is
11 attributable to the township not having been divided into lots and/or concessions.
12 Instead, the parcels were patented using existing mining claims in which case lot and
13 concessions numbers are not applicable.

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NOTICE MAP



hydro one
 Produced By: Hydro One Networks Inc., GIS Services
 Date: Dec 8, 2022
 Map22-047_K4_Line_Refurbishment_Project_Overview_Map_BW
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- | | | | |
|--|--|--------------|----------------------|
| ■ Transformer Station / Junction | — Existing 115 kV Transmission Line | — Highway | — Watercourse |
| ▲ New Structure (Replacement/Relocation) | — New Parallel Replacement 115 kV Transmission Line (K4) | — Road | ■ Waterbody |
| ⊕ New Temporary Structure | - - - Other Transmission Lines | — Railway | ▭ Municipal Boundary |
| | | ●●● Pipeline | |

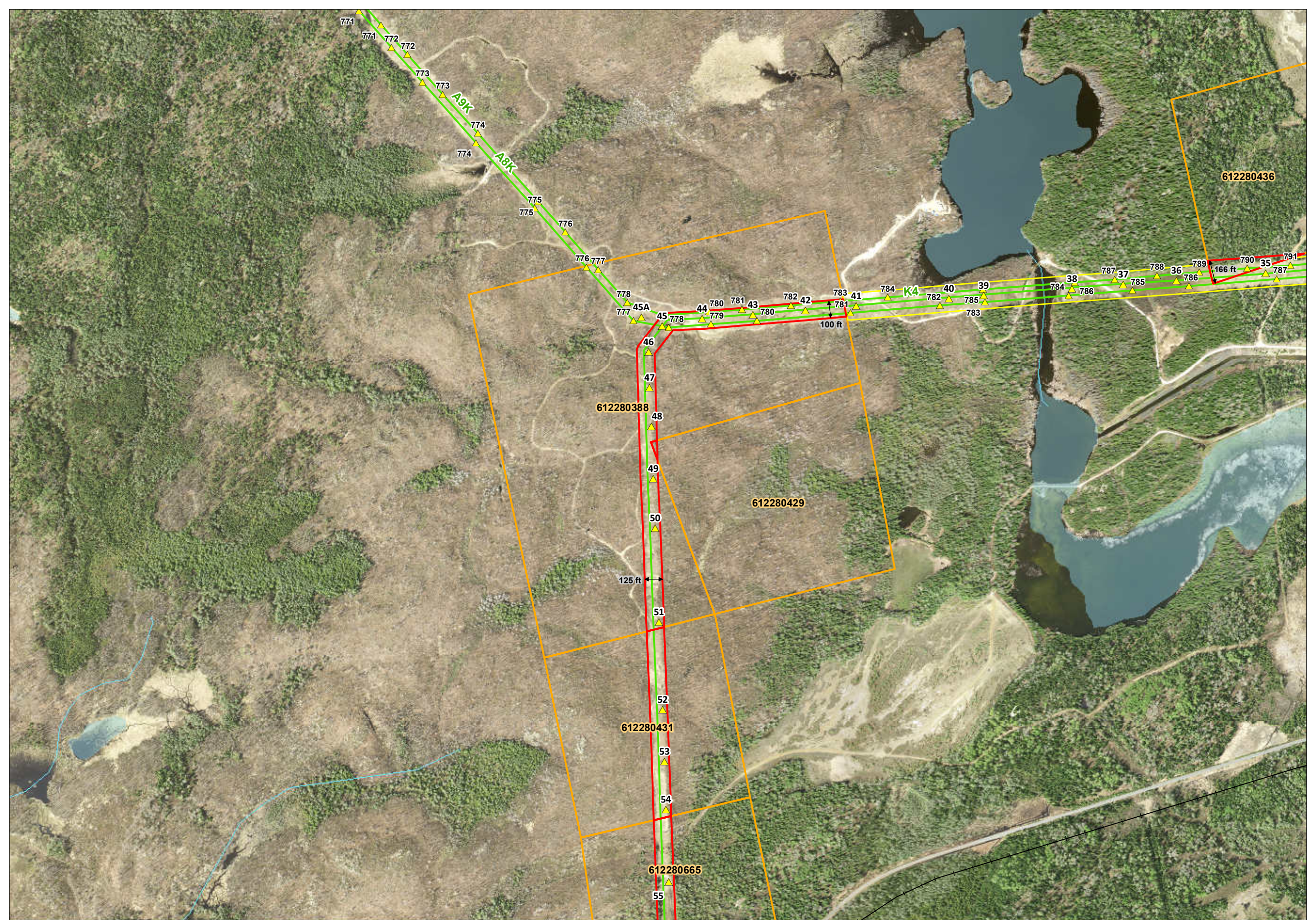
Circuit K4 Line Refurbishment - Kirkland Lake TS to Structure 82

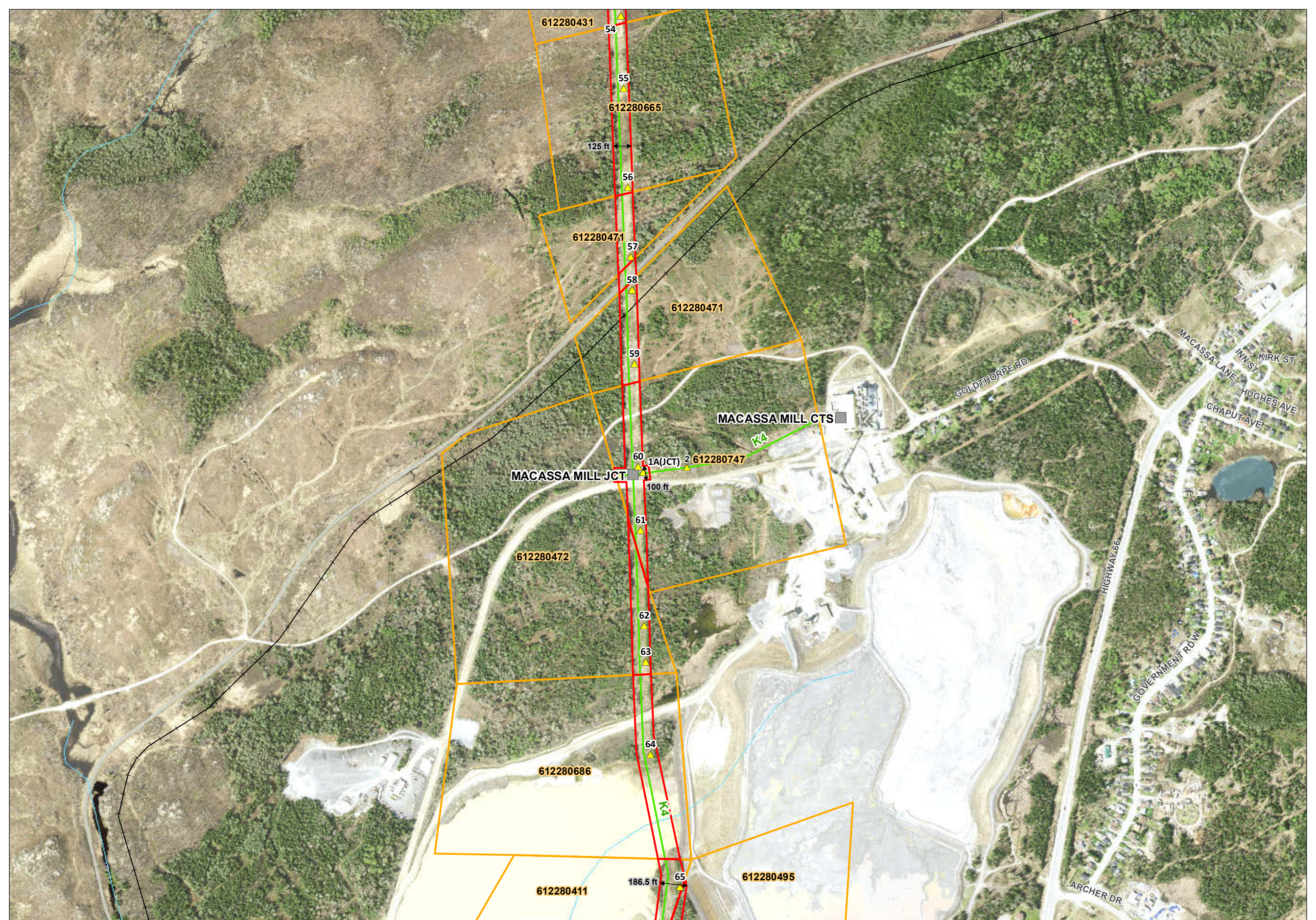
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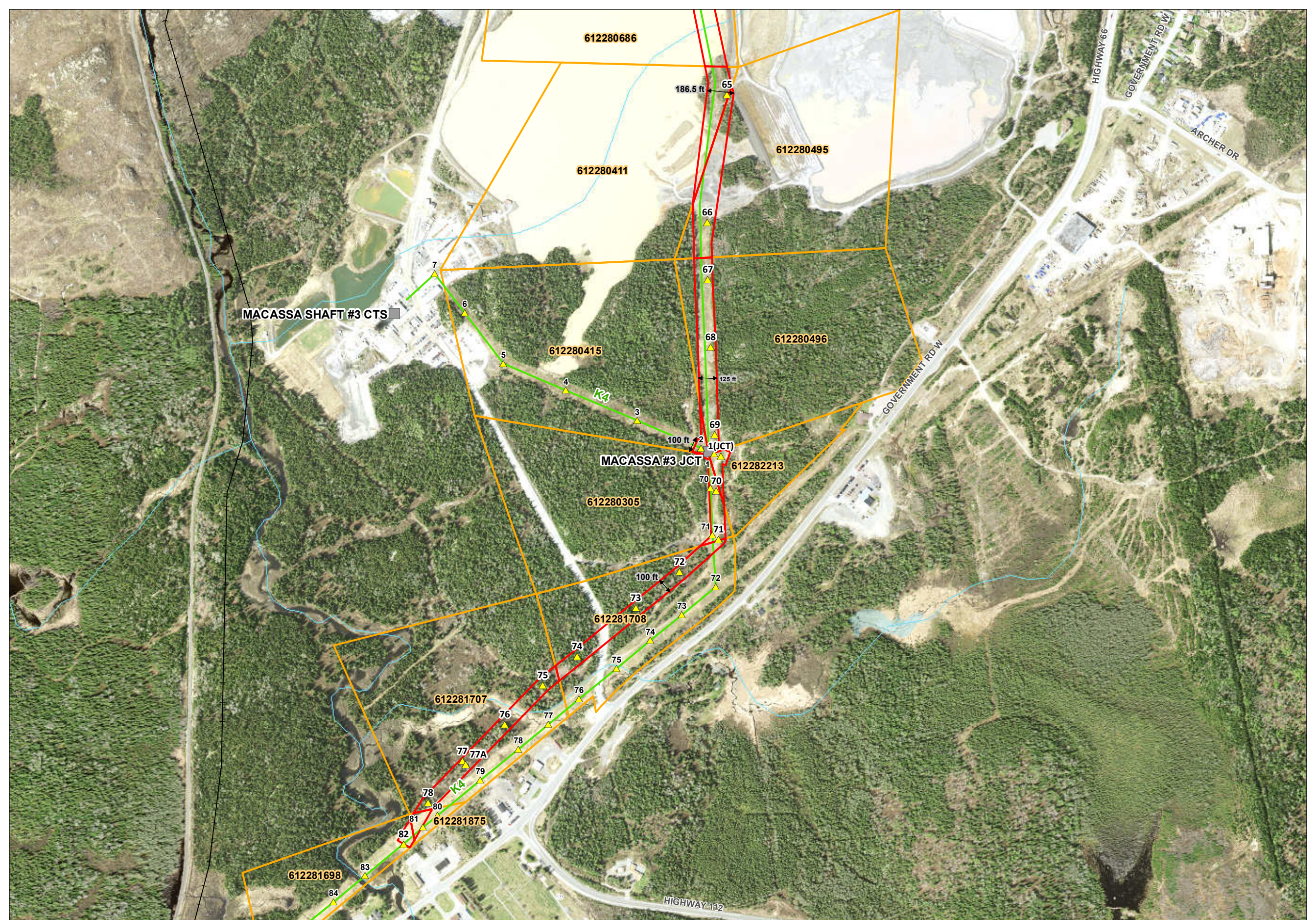
0 250 500 m


DETAILED ROUTE MAP WITH PINS











 Produced By: Hydro One Networks Inc., GIS Services

 Date: Feb 7, 2023

 Map22-008_K4_KirklandLakeTS_Str80_Overview_Section92_OEB

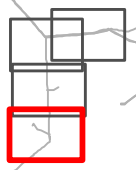
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Key Map



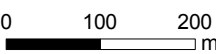

Page 4 of 4

| | |
|---|---|
|  Structure |  Property Boundary |
|  115 kV Transmission Line |  Proposed Hydro One Right-of-Way (Easement Required) |
|  Railway |  Hydro One Right-of-Way (No Easement Required) |

Page 5 of 5

K4 Refurbishment Project: Overview Map

1:8,000

OPERATIONAL DETAILS

Hydro One PC&T facilities at Kirkland Lake TS will continue to protect the K4 circuit by detecting faults and isolating faulted elements. Line protection for the K4 circuit will be updated to accommodate operation of the circuit, having replaced the conductor as part of the Project's scope. Operation of the proposed facilities will continue to be in accordance with the procedures administered by Hydro One's ISOC and the IESO.

There are three existing customers connected to the K4 circuit and these will remain connected to the same electrical locations after the Project work is completed. These customers are:

1. Agnico Eagle Mines Limited ¹.
2. Alamos Gold Inc.
3. Hydro One Distribution

¹ Formerly Kirkland Lake Gold Inc prior to acquisition in 2022 with Agnico Eagle Mines Limited.

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LAND MATTERS

1.0 DESCRIPTION OF LAND RIGHTS

As referenced in this Application, the K4 Project involves refurbishment of the existing K4 circuit on a section approximately 10km in length and located between Kirkland Lake TS and Matachewan JCT in the town and municipality of Kirkland Lake. The proposed refurbishment of the circuit's facilities, will require sufficient ROW width to meet Hydro One's line design standards along the Project circuit's impacted section, including a ROW of 125 ft between Str #45 to Str #71.

The existing transmission corridor crosses an estimated 43 parcels of land, and the land rights are categorized as follows:

- two Hydro One fee simple ownership;
- seven Bill 58 (Provincially owned) lands;
- eight easements over privately-owned;
- four crossings over municipal owned road allowances;
- 20 private and municipal owned parcels; and
- two railway crossings.

The proposed transmission facility work is not expected to have an impact on the rights of adjacent properties. Hydro One will occupy within public road allowances and exercise legislated occupation rights pursuant to *Section 41 of Electricity Act*.

The Project will rely on existing occupational rights held by Hydro One that will accommodate the Project's required ROW. Hydro One needs to acquire land rights from five directly impacted property owners, who together own a total of 20 privately or municipally held properties, and two railway crossings.

The directly impacted properties are currently vacant and the proposed transmission corridor does not traverse any dwellings or major farm buildings. The majority of these properties require Hydro One to acquire a permanent easement on those lands, and

1 Hydro One has to date secured voluntary agreements for those rights over all but two
2 remaining privately held properties.

3
4 The relative area proportions specific to the properties affected requiring permanent land
5 rights are as follows:

6

| Land Ownership Type | Area (Hectares) | Proportion of Route (%) |
|--|-----------------|-------------------------|
| Private Lands | 59.25 | 79.67% |
| Municipal Lands | 2.96 | 3.98% |
| Railway Lands | 0.48 | 0.65% |
| Hydro One Lands | 5.27 | 7.09% |
| Bill 58 (Infrastructure Ontario) Lands | 6.15 | 8.26% |
| Road Allowance | 0.26 | 0.35% |

7
8 ***Description of the Privately Held Properties that Hydro One Requires Rights For***

9 There are two privately held properties that Hydro One requires new land rights in order
10 to accommodate the proposed transmission facilities. Information regarding the nature
11 and description of those properties are as follows;

12
13 **Property A – PIN # 612280691**

- 14
- 15 • The registered owner of the first property is a gold mine (the “Gold Mining
16 Company”)¹. Hydro One has received a letter of support (the “Letter”) for the
17 Project from the Gold Mine Company, which states its support for the Project and
18 has committed to providing rights over *properties* it owns (that remain
19 outstanding for this Project) in a timely manner to facilitate the timeline of the
proposed Project. The Letter is provided at **Attachment 10** to this Exhibit.

¹ identified as Agnico Eagle Canada Inc.

- 1 • The Gold Mining Company is also one of the registered owners on title of the
2 second property.

3
4 Property B – PIN # 612280472

- 5 • The second property has multiple owners registered on title and these owners
6 hold the property as Tenants in Common. A review of the title has determined
7 the following with respect to ownership:
- 8 a. The Gold Mining Company is one of five registered owners and holds a
9 90% interest in the property. As referenced above, the Gold Mining
10 Company has provided a letter of support for the Project².
 - 11 b. The remaining 10% of the property is registered amongst four individuals
12 with varying ownership percentages (the “minority ownership interests”).
 - 13 c. Hydro One has established through reasonable efforts and investigations
14 that the individuals representing the 10% minority ownership interest in
15 the title are persons who are presumed to be deceased and no heir(s) or
16 next of kin have been identified.
 - 17 d. This property does not appear to be inhabited (i.e. there is no evidence of
18 buildings or other structures on the land, and for all intents and purposes,
19 appears to be vacant), and thus, Hydro One does not believe there will be
20 any impact, such as displacement to property owners.
 - 21 e. Given the identification of the majority owner (the Gold Mining Company),
22 and lack of other contactable interest holders in this property, Hydro One
23 intends to move forward with a process that will facilitate Hydro One
24 obtaining the permanent rights to the property that it requires to enable
25 this Project to move forward.
 - 26 f. Hydro One will assist the Gold Mine Company with an application under
27 the Mining Act, to the Ministry of Mines for;
 - 28 i. confirmation that the minority ownership interests have forfeited to
29 the Crown; and

² Exhibit E, Tab 1, Schedule 1, Attachment 10.

1 ii. the transfer of the minority ownership interests to the co-owner of
2 the property, the Gold Mine Company.

3
4 Upon the transfer of the minority ownership interests, the Gold Mine Company
5 will be in a position to grant the necessary land rights on this property to Hydro
6 One. Therefore, Hydro One expects to be in a position to construct its Project, as
7 proposed in this Application.

8
9 ***Acquisition of Land Rights on Public Roads and Highways***

10 As required, Hydro One intends to utilize public roads and highways. Given Hydro One's
11 legislated occupation rights under *Section 41* of the *Electricity Act*, Hydro One does not
12 require consent of the owner or any other person having an interest in a public street or
13 highway to locate its proposed project corridor ROW. Hydro One will engage with
14 representatives from the appropriate municipalities and the Ministry of Transportation of
15 Ontario, as these organizations have jurisdiction over public roads to ensure compliance
16 with *section 41 (9)* of the *Electricity Act*. If necessary, Hydro One will obtain the requisite
17 encroachment and occupancy permits within roadways under the jurisdiction of the
18 MTO.

19
20 The Project will be 100% above ground and will, for all sections, be constructed to
21 account for the routes' topography and associated land profiles, ensuring it meets Hydro
22 One's minimum line clearances designed for the Project's 997.2 kcmil 115 kV conductor.

1 **2.0 DESCRIPTION OF NEW LAND RIGHTS REQUIRED**

2 The new Project corridor will include a combination of the following land rights
3 requirements:

- 4 • Hydro One statutory easements on Provincially owned (Bill 58) lands (no new
5 land rights required);
- 6 • Easement or fee simple rights on private and municipal properties (new land
7 rights required);
- 8 • Rail crossing agreements (new land rights required); and
- 9 • Temporary access and/or construction rights on provincially owned and private
10 properties for access roads, temporary work headquarters, laydown areas, and
11 material storage facilities (new land rights required).

12
13 Hydro One will document all required new land rights to construct, operate and maintain
14 the line in several agreements. On affected properties, the following land rights
15 agreements are or may be required:

- 16 • Early Access Agreement;
- 17 • Option to Purchase a Limited Interest – Easement;
- 18 • Compensation and Incentive Agreement – Easement;
- 19 • Option to Purchase – Fee Simple;
- 20 • Compensation and Incentive Agreement – Fee Simple;
- 21 • Rail Crossing Agreement (provided by rail company at a later date);
- 22 • Encroachment Permit (provided by MTO at a later date);
- 23 • Agreement for Temporary Rights;
- 24 • Off Corridor Access; and
- 25 • Damage Claim Agreement/Waiver.

1 **3.0 EARLY ACCESS TO LAND**

2 Hydro One requires early access to the corridor to perform various activities/studies
3 associated with the Project which include specific environmental studies, engineering
4 and design studies, and property specific land valuations/studies. To facilitate the
5 required access to the properties affected by the corridor in advance of Leave to
6 Construct approval, Hydro One has, and will continue to, enter into voluntary early
7 access agreements with affected landowners.

8
9 As of the date of filing this Application, Hydro One does not foresee any contentious
10 issues with regards to securing the land rights required for this Project that would
11 potentially cause any material delays to the anticipated construction schedule or
12 changes to the forecast project cost. At the date of filing Hydro One has achieved
13 voluntary early access agreements on all of the properties affected by the corridor

14
15 **4.0 LAND ACQUISITION PROCESS**

16 Hydro One is seeking voluntary property rights agreements with affected property
17 owners based on its Project specific Land Acquisition Compensation Principles
18 (“Principles”). The Principles are founded upon Hydro One’s past experience pertaining
19 to land acquisition matters for new transmission project requirements, and act as a
20 roadmap for affected property owners to understand Hydro One’s acquisition process.
21 Hydro One’s central consideration is the need for affected property owners to have
22 flexibility and choice while balancing Hydro One’s desire to achieve timely acquisition of
23 land interests and its obligation to ensure that expenditures are fair and reasonable to
24 Ontario uniform transmission ratepayers.

25
26 A Hydro One Real Estate Coordinator has been meeting with affected property owners
27 since July 2022. The objective of these meetings has been to introduce Hydro One’s
28 land acquisition process. Independent site-specific property appraisals are on-going, and
29 Hydro One is preparing voluntary property settlement offers based on these appraisals
30 and the Company’s Principles. Hydro One began providing offers to affected property
31 owners in late 2022. As of the date of this application, 90% (18 of 20) voluntary property

1 settlement offers have been accepted. All remaining offers will be extended to affected
2 property owners on an as-ready basis. All offers that have been extended to date are
3 being reviewed by property owners and/or their legal counsel. Hydro One will continue
4 working with each property owner with the objective of reaching voluntary property rights
5 settlements. It should be noted that during these discussions, affected property owners
6 will be advised that they have the option to receive independent legal advice, including
7 advice regarding the Forms of Agreement (see Section 5.0 below) and that Hydro One is
8 committed to reimbursing affected property owners for reasonably incurred legal fees
9 associated with the review and execution of the necessary land rights agreements.

10
11 All voluntary property rights agreements will be in the form of an option agreement.
12 Hydro One will exercise these options and conclude the land rights agreements once it
13 has received the OEB's Leave to Construct approval for this Project. Once the option
14 agreements are exercised, Hydro One will register easements on title for properties, or
15 Hydro One will acquire the fee simple interest in the properties, as required.

16
17 All other applicable agreements (e.g. rail crossing agreements, temporary rights
18 agreements, etc.) will be utilized as part of the land acquisition process as required.

19
20 **5.0 LAND - RELATED FORMS**

21 The land rights form agreements Hydro One intends to utilize for the Project and related
22 activities are provided in **Attachment #1 through Attachment #8** to this Exhibit.

23
24 Table 1, below, lists other Hydro One OEB-approved s.92 proceedings where these
25 forms of agreements, which remain substantially unchanged, have been included.

1

Table 1 - Forms of Agreement Remaining Materially Unchanged

| Form of Agreement | Attachment | Previous OEB Docket |
|---|------------|--|
| Early Access Agreement | 1 | EB-2022-0140 Exhibit E, Tab 1, Schedule 1, Attachment 1 |
| Agreement for Temporary Rights | 2 | EB-2022-0140 Exhibit E, Tab 1, Schedule 1, Attachment 2 |
| Damage Claim Agreement/Waiver | 3 | EB-2022-0140 Exhibit E, Tab 1, Schedule 1, Attachment 3 |
| Option to Purchase a Limited Interest – Easement | 4 | EB-2022-0140 Exhibit E, Tab 1, Schedule 1, Attachment 4 |
| Compensation and Incentive Agreement – Easement | 5 | EB-2022-0140 Exhibit E, Tab 1, Schedule 1, Attachment 5 |
| Option to Purchase – Fee Simple | 6 | EB-2022-0140 Exhibit E, Tab 1, Schedule 1, Attachment 6 |
| Compensation and Incentive Agreement – Fee Simple | 7 | EB-2022-0140 Exhibit E, Tab 1, Schedule 1, Attachment 7 |
| Off Corridor Access | 8 | EB-2022-0140 Exhibit E, Tab 1, Schedule 1, Attachment 8 |

2

3 For all forms of agreement offered to landowners, Hydro One has provided landowners
4 with the option to receive independent legal advice regarding the forms of agreement
5 and Hydro One will reimburse landowners for reasonable legal fees incurred to do so.

6

7 Pursuant to rule 10.01 of the OEB Rules of Practice and Procedure and the OEB's
8 Practice Direction on Confidential Filings, Hydro One is filing a summary of the new
9 rights required in **Exhibit E, Tab 1, Schedule 1, Attachment 9** for the Project, with all
10 landowner names removed. Property owner names and information are not relevant, nor
11 in the public interest to disclose, in the context of this leave to construct Application. The
12 information described above is consistent with the types of information for which
13 confidential treatment is contemplated in Appendix 'A' to the Practice Direction and for
14 which the OEB has consistently granted confidential status.

1 ***Maps of the Project Area***

2 At **Exhibit C, Tab 2, Schedule 1, Attachment 1**, Hydro One has provided a map with
3 the intention it be used as the Application's *Notice Map*³. At **Exhibit C, Tab 2, Schedule**
4 **1, Attachment 2** to this Exhibit, Hydro One has provided a more detailed route map that
5 illustrates, as appropriate, property along line route sections with Lot/PIN/Concession
6 numbers⁴ of the land over, under, on or adjacent to which the line runs.

³ Should the OEB provide for a hearing on this Project's s.92 Application.

⁴ Lands that lie along the route without Lot/PIN/Concession numbers are indicative of land that remain Crown Land.

This page has been left blank intentionally.

THIS AGREEMENT made in duplicate the _____ day of _____
202X

Between:

INSERT NAME

(hereinafter referred to as the “Grantor”)

OF THE FIRST PART

--- and ---

HYDRO ONE NETWORKS INC.

(hereinafter referred to “HONI”)

OF THE SECOND PART

WHEREAS the Grantor is the owner in fee simple and in possession of certain lands legally described as **Legal Description**, as in PIN **INSERT PIN** (LT), (the “Lands”).

WHEREAS HONI in connection with the XXXXXXXX Project (the “Project”) desires the right to enter onto a portion of the Lands in order to carry out all necessary real estate, environmental and engineering studies and testing including but not limited to borehole testing, archaeological studies, soil assessments, property appraisals and surveys on, over and upon the Lands associated with the “Project”.

WHEREAS the Grantor is agreeable in allowing HONI to enter onto a portion of the Lands for the purpose of all necessary studies and testing on, over and upon the Lands, subject to the terms and conditions contained herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of **XXXXXXXXXX DOLLARS** (\$XXXX.XX) to be paid by HONI to the Grantor, and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Grantor hereby grants, conveys and transfers to HONI in, over, along and upon that part of the Lands highlighted in **yellow** as shown in Schedule “A” attached hereto (the “Route”), the rights and privileges, as follows:
 - (a) for the servants, agents, contractors and workmen of HONI at all times with all necessary vehicles and equipment to pass and repass over the Route for the purpose of real estate, environment and engineering studies and testing associated with the Project, subject to payment of compensation for damages including payment for crop land out of production caused thereby;
 - (b) to cut and remove all trees, brush and other obstructions made necessary by the exercise of the rights granted hereunder with prior consent of the Grantor, subject to payment of compensation for damages.
2. The term of this Agreement and the permission granted herein shall be one (1) years from the date written above (the “Term”). HONI may, in its sole discretion, and upon 5 days notice to the Grantor, extend the Term for an additional length of one (1) year for an amount of \$XXXX.XX under the same provisions and conditions contained in this agreement.
3. Upon the expiry of the Term or any extension thereof, HONI shall repair any physical damage to the Route and/or Lands resulting from HONI’s use of the Route and the permission granted herein; and, shall restore the Route to its original condition so far as possible and practicable.
4. All agents, representatives, officers, directors, employees and contractors and property of HONI located at any time on the Route shall be at the sole risk of HONI and the Grantor shall not be liable for any loss or damage or injury

(including loss of life) to them or it however occurring except and to the extent to which such loss, damage or injury is caused by the negligence or willful misconduct of the Grantor.

5. HONI agrees that it shall indemnify and save harmless the Grantor from and against all claims, demands, costs, damages, expenses and liabilities (collectively the "Costs") whatsoever arising out of HONI's presence on the Route or of its activities on or in connection with the Route arising out of the permission granted herein except to the extent any of such Costs arise out of or are contributed to by the negligence or willful misconduct by the Grantor.
6. Notices to be given to either party shall be in writing, personally delivered or sent by registered mail (except during a postal disruption or threatened postal disruption), telegram, electronic facsimile to the applicable address set forth below (or to such other address as such party may from time to time designate in such manner):

TO HONI:

Hydro One Networks Inc.
Real Estate Services
1800 Main Street East
Milton, Ontario L9T 7S3

Attention: Real Estate Acquisitions
Tel: 905-875-2508
Fax: 905-878-8356

TO GRANTOR:

Attention:
Email:
Tel:

7. Notices personally delivered shall be deemed to have been validly and effectively given on the day of such delivery. Any notice sent by registered mail shall be deemed to have been validly and effectively given on the fifth (5th) business day following the date on which it was sent. Any notice sent by telegram, electronic facsimile or shall be deemed to have been validly and effectively given on the Business Day next following the day on which it was sent. "Business Day" shall mean any day which is not a Saturday or Sunday or a statutory holiday in the Province of Ontario. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein. The parties hereto submit themselves to the exclusive jurisdiction of the Courts of the Province of Ontario.
8. Any amendments, modifications or supplements to this Agreement or any part thereof shall not be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of this Agreement.
9. The burden and benefit of this Agreement shall run with the Lands and everything herein contained shall operate to the benefit of, and be binding upon, the respective heirs; successors, permitted assigns and other legal representatives, as the case may be, or each of the Parties hereto.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

SIGNED, SEALED AND DELIVERED

NAME

In the presence of

)
)
)
)
)
)
)

(seal)

Print Name of Witness

Print Name:

HYDRO ONE NETWORKS INC.

Per:

Name: **Aaron Fair**

Title: **Real Estate Services Supervisor**

I have authority to bind the Corporation

SCHEDULE "A"

PROPERTY SKETCH

Conceptual sketch only. Approximate area outlined above is **XXX** acres.

Material Laydown Area

THIS AGREEMENT made in duplicate the _____ day of _____ 202X.

Between:

[INSERT SUBJECT PROPERTY LEGAL OWNER]

(hereinafter referred to as the “Grantor”)

OF THE FIRST PART

--- and ---

HYDRO ONE NETWORKS INC.

(hereinafter referred to “HONI”)

OF THE SECOND PART

WHEREAS the Grantor is the owner in fee simple and in possession of certain lands legally described as **[INSERT SUBJECT PROPERTY LEGAL DESCRIPTION]** being PIN: **[INSERT SUBJECT PROPERTY PIN]**, collectively referred to as the “Lands”.

WHEREAS HONI desires the right to enter onto and use a portion of the Lands in connection with the **[INSERT PROJECT REQUIRING THE TEMPORARY SITE]** (the “Project”).

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the fee of **XXXXX** Dollars (\$**XXXXX**) plus harmonized sales tax (“HST”) per month (the “Monthly Rent”) to be paid by HONI to the Grantor, and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Grantor hereby grants, conveys and transfers to HONI in, over, along and upon that part of the Lands highlighted in red as shown in Schedule “A” attached hereto (the “Material Laydown Area”), the rights and privileges as follows:
 - (a) for the servants, agents, contractors and workmen of HONI at all times with all necessary vehicles and equipment to pass and repass over the Lands for the purpose of access to the Material Laydown Area;
 - (b) to store, use and maintain upon the Material Laydown Area, construction equipment and machinery as may be necessary for HONI’s purposes;
 - (c) to place upon the Material Laydown Area, temporary trailers as may be necessary for HONI’s purposes of a construction field office for the purposes of the Project; and
 - (d) to cut and remove all trees, brush and other obstructions made necessary by the exercise of the rights granted hereunder
2. The term of this Agreement and the permission granted herein shall be a term of **XX (XX) months** commencing on **[INSERT DATE OF COMMENCEMENT]** and ending **[INSERT DATE OF EXPIRY]** (the “Term”). HONI may, in its sole option, and upon 30 days’ notice to the Grantor, extend the Term on a month to month basis for up to an additional **XX (XX) months**, under the same provisions and conditions contained in this Agreement, including the Monthly Rent.
3. Upon the expiry of the Term or any extension thereof, HONI shall remove and repair any physical damage to the Material Laydown Area and/or Lands resulting from HONI’s use of the Material Laydown Area and the permission granted herein; and, shall restore the Material Laydown Area to its original condition so far as reasonably practicable.
4. The total amount of the Monthly Rent shall be paid in full by HONI at the commencement of the Term. For clarity, HONI shall pay the total amount of **XXXXX** Dollars (\$**XXXXX**) plus HST at the commencement of the Term.

Material Laydown Area

5. All agents, representatives, officers, directors, employees and contractors and property of HONI located at any time on the Material Laydown Area shall be at the sole risk of HONI and the Grantor shall not be liable for any loss or damage or injury (including loss of life) to them or it however occurring except and to the extent to which such loss, damage or injury is caused by the negligence or willful misconduct of the Grantor.
6. HONI agrees that it shall indemnify and save harmless the Grantor from and against all claims, demands, costs, damages, expenses and liabilities (collectively the "Costs") whatsoever arising out of HONI's presence on the Material Storage Yard Area or of its activities on or in connection with the Material Storage Yard Area arising out of the permission granted herein except to the extent any of such Costs arise out of or are contributed to by the negligence or willful misconduct by the Grantor.
7. Notices to be given to either party shall be in writing, personally delivered or sent by registered mail (except during a postal disruption or threatened postal disruption), telegram, electronic facsimile or other similar means of prepaid recorded communication to the applicable address set forth below (or to such other address as such party may from time to time designate in such manner):

TO HONI:

Hydro One Networks Inc.
Real Estate Services
1800 Main Street East
Milton, Ontario L9T 7S3

Attention:
Tel:

TO GRANTOR:

XXXXXXXX
XXXXXXXX
XXXXXXXX

Attention:
Tel:

8. Notices personally delivered shall be deemed to have been validly and effectively given on the day of such delivery. Any notice sent by registered mail shall be deemed to have been validly and effectively given on the fifth (5th) business day following the date on which it was sent. Any notice sent by telegram, electronic facsimile or other similar means of prepaid recorded communication shall be deemed to have been validly and effectively given on the Business Day next following the day on which it was sent. "Business Day" shall mean any day which is not a Saturday or Sunday or a statutory holiday in the Province of Ontario. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein. The parties hereto submit themselves to the exclusive jurisdiction of the Courts of the Province of Ontario.
9. Any amendments, modifications or supplements to this Agreement or any part thereof shall not be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of this Agreement.

Material Laydown Area

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

**[INSERT SUBJECT PROPERTY
LEGAL OWNER]**

Grantor's HST Registration Number

Name:
Title:

I have authority to bind the Corporation

HYDRO ONE NETWORKS INC.

Name:
Title:

I have authority to bind the Corporation

Material Laydown Area

SCHEDULE "A"

*Sketch for reference only, not to scale.

Damage Claim

THIS MEMORANDUM OF AGREEMENT dated the ____ day of _____, 20____

Between:

[INSERT NAME OF OWNER]

herein called the “**Claimant**”

- and-

Hydro One Networks Inc.

herein called the “**Hydro One**”

Witnesseth:

The Claimant agrees to accept: XXXXXXXX (\$XXX.XX) in full payment and satisfaction of all claims or demands for damages of whatsoever kind, nature or extent which may have been done to date by Hydro One during the construction, completion, operation or maintenance of the works of Hydro One constructed on [INSERT LEGAL DESCRIPTION] which property the Claimant is the legal owner and which damages may be approximately summarized and itemized as:

[INSERT DESCRIPTION OF DAMAGE]

Area

TOTAL \$

.

Subject to Approval by Hydro One Networks Inc.

Witness

Signature

Signature

OPTION AGREEMENT - EASEMENT

THIS OPTION AGREEMENT made as of the _____ day of _____, 202X
(the “**Agreement Date**”).

B E T W E E N:

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

(hereinafter collectively called the “**Owner**”)

OF THE FIRST PART

- and -

HYDRO ONE NETWORKS INC.

(hereinafter called “**Hydro One**”)

OF THE SECOND PART

RECITALS:

- A. The Owner is the owner of the lands and premises described in Schedule “A” (the “**Lands**”);
- B. The Owner has agreed to grant to Hydro One for the consideration and on the terms and conditions set out herein and attached hereto as Schedule “B” (the “**Standard Terms and Conditions**”) an option to purchase a right-of-way and easement in, on, over, under, across and through (the “**Easement**”) that portion of the Lands described and shown on Schedule “A-1” attached hereto (the “**Easement Lands**”), the terms of which are more particularly set out in the Transfer and Grant of Easement (the “**Easement Agreement**”) attached hereto as Schedule “C”.
- C. Hydro One has entered into an agreement with the Owner having a date the same as this Option Agreement (the “**Compensation and Incentive Agreement**”) whereby Hydro One has offered to compensate the Owner for injurious affection damages in accordance with the terms and conditions contained therein.

NOW THEREFORE, the parties hereby agree as follows:

1. **GRANT OF OPTION**

In consideration of the sum of **XXXXXXXX DOLLARS (\$X,XX.XX)** of lawful money of Canada paid by Hydro One to the Owner, the receipt and sufficiency of which is hereby acknowledged by the Owner, (the “**Option Payment**”) the Owner hereby grants to Hydro One an irrevocable option (the “**Option**”), to purchase the Easement upon and subject to the terms and conditions set out herein, the Standard Terms and Conditions and the Schedules hereto.

2. **PURCHASE PRICE**

In accordance with the terms and conditions set out herein, the Standard Terms and Conditions and the Schedules hereto, Hydro One agrees to pay to or to the order of the Owner the amount of **DOLLARS (\$XX.XX)** for the Easement Lands (the “**Purchase Price**”) on the Closing Date.

IN WITNESS WHEREOF the parties hereto have duly executed this Option Agreement as of the Agreement Date.

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Per: _____
Name:
Title:

We/I have authority to bind the Corporation

HYDRO ONE NETWORKS INC.

HYDRO ONE
HST 870865821RT0001

Per: _____
Name: Aaron Fair
Title: Real Estate Services Supervisor

I have authority to bind the Corporation

SCHEDULE "A"
LEGAL DESCRIPTION

INSERT LEGAL DESCRIPTION

**SCHEDULE "A-1"
EASEMENT LANDS**

INSERT MAP

Legal description to be determined by deposited Reference Plan; Easement Lands shown outlined in green.

****NOTE – Sketch shall be replaced by legal description of servient lands once applicable Reference Plan is deposited.**

**SCHEDULE “B”
STANDARD TERMS AND CONDITIONS**

1. EXERCISE OF OPTION

The Option shall be open for exercise at any time from the Agreement Date until the 2nd anniversary of the Agreement Date, as same may have been extended in accordance with the terms hereof, (the “**Option Term**”), by providing written notice to the Owner (the “**Exercise Notice**”), after which time, subject to Section 2, this Option Agreement shall be null and void and no longer binding upon either of the parties. If the Option is exercised within the Option Term, then this Option Agreement shall become a binding agreement for the purchase and sale of the Easement and this Option Agreement shall be completed on the terms set out herein.

2. EXTENSION OF OPTION TERM

At any time during the Option Term, Hydro One may, by written notice delivered to the Owner prior to the expiration of the Option Term, as same may have been extended, extend the Option Term with respect to the Lands for one (1) additional period of one (1) year, provided that upon such election, Hydro One pays to the Owner the amount of XXXXX Dollars (\$X,XXX.XX) in consideration for the extension of the Option Term.

3. PURCHASE PRICE

(a) Hydro One shall pay the Purchase Price to or to the order of the Owner by way of a single payment by uncertified cheque or electronic funds transfer on the Closing Date (as hereinafter defined).

(b) The Owner acknowledges receipt of an appraisal report commissioned by Hydro One and, prepared by an external, independent appraiser with the Accredited Appraiser Canadian Institute (“AACI”) designation, (the “**HONI Appraisal**”).

(c) The parties acknowledge that the Purchase Price is based on a purchase price per acre as set out in Schedule “B” of the Compensation and Incentive Agreement and the actual area of the Easement Lands shall be confirmed by a survey to be prepared by Hydro One in accordance with section 9 herein, and in the event the surveyed area of the Easement Lands is greater than as provided for in Schedule “B” of the Compensation and Incentive Agreement, and Purchase Price shall be adjusted accordingly.

4. CLOSING

The transaction of purchase and sale contemplated by this Option Agreement shall, subject to resolution of any title issues identified by Hydro One, be completed on the date that is ninety (90) days after Hydro One delivers the Exercise Notice to the Owner or on such earlier date as Hydro One, through its solicitors, may elect (the “**Closing Date**”). If the Closing Date is a date on which the Land Registry Office (the “**Land Registry Office**”) in which the Lands are registered is closed, the Closing Date shall be on the next following day when such Land Registry Office is open. In the event that there is a delay in the completion of the transaction beyond the Closing Date as established by Hydro One upon delivery of the Exercise Notice that arises through no fault of Hydro One, then Hydro One shall not be responsible for any resulting delay in the Closing Date.

5. ACKNOWLEDGEMENT AND DIRECTION

The Owner and, if applicable, the Spouse, acknowledges and agrees that execution of the Option Agreement shall constitute execution of the Acknowledgement and Direction attached as Schedule “D” to the Option Agreement (the “**Acknowledgement and Direction**”) authorizing Hydro One and its solicitors to register the Option and subsequent Easement on title to the Lands. Hydro One covenants and agrees to hold the Acknowledgement and Direction in escrow until Hydro One has paid the Purchase Price at which time the executed Acknowledgement and Direction and Option shall be released from escrow and may be acted upon by Hydro One.

6. REGISTRATION OF EASEMENT

The Owner acknowledges and agrees that Hydro One will register the Easement on title to the Lands on the Closing Date pursuant hereto and the Acknowledgement and Direction. Hydro

One will provide notice to the Owner within a reasonable period of time after the Closing Date of the registration particulars of the Easement.

7. **RIGHT TO TRANSFER**

The Owner covenants and agrees with Hydro One that it has the right to grant the Easement without restriction and that Hydro One will quietly possess and enjoy the Easement Lands.

8. **INSPECTION PERIOD AND EARLY ACCESS PERIOD**

(a) The Owner agrees and consents to Hydro One, its respective officers, employees, agents, contractors, sub-contractors, surveyors, workers and permittees or any of them entering on, exiting and passing and repassing in, on, over, along, upon, across, through and under the Easement Lands and so much of the Lands as may be reasonably necessary at all reasonable times from the Agreement Date until the later of the expiration of the Option Term (as same may be extended) and the Closing Date, with or without all plant, machinery, material, supplies, vehicles, and equipment, for all purposes necessary or convenient to conduct such inspections, tests, audits, reports as Hydro One sees fit in connection with the acquisition, exercise or enjoyment of the Easement. Hydro One shall restore the Lands to their prior condition so far as reasonably possible following such inspections, tests, audits and reports.

(b) The Owner agrees and consents to Hydro One, its respective officers, employees, agents, contractors, sub-contractors, surveyors, workers and permittees or any of them entering on, exiting and passing and repassing in, on, over, along, upon, across, through and under the Easement Lands and so much of the Lands as may be as reasonably necessary at all reasonable times from date Hydro One delivers the Exercise Notice to commence construction activities on the Easement Lands. Hydro One shall restore the Lands to their prior condition so far as reasonably possible in the event that the purchase transaction contemplated by this Option Agreement is not completed as contemplated herein.

9. **SURVEY/REFERENCE PLAN**

Hydro One agrees to obtain and register, at its sole expense, any new Reference Plan with respect to the Easement Lands that may be required by Hydro One for completion of this Option Agreement.

10. **INCOME TAX ACT**

The Owner represents and warrants and covenants that the Owner is not now and on Closing will not be a non-resident of Canada within the meaning of the *Income Tax Act (Canada)*.

11. **HARMONIZED SALES TAX**

The Owner and Hydro One acknowledge and agree that the grant of easement which is proposed under this Option Agreement constitutes a purchase and sale transaction of an interest in real property, and therefore, in conformance with subsections 221(2) and 228(4) of the *Excise Tax Act* R.S.C. 1985, c E-15, as amended (“the Act”), Hydro One shall report and pay to the Receiver General for Canada the Harmonized Sales Tax (“HST”) applicable to the purchase and sale of the Easement. For the purposes of this section 11, Hydro One shall warrants that it is an HST registrant in good standing under the Act, that its HST registration number is 870865821RT0001, and that it is acquiring the Easement for use primarily in the course of its commercial activities.

12. **NOTICE OF OPTION**

Hydro One may, in its sole discretion and at its sole expense register this Option Agreement or notice thereof on title to the Lands.

13. **NO OTHER RIGHTS**

The Owner covenants and agrees with Hydro One that the Owner shall not grant, create or transfer any easement, right, covenant, restriction, privilege, permission, or other agreement in, through, under, over or in respect of the Easement Lands prior to the registration of the Easement without the prior written consent of Hydro One.

14. **PRIOR ENCUMBRANCES**

The Owner hereby grants Hydro One permission, should Hydro One elect in its sole discretion, to approach any encumbrancer having an interest in the Easement Lands in priority to the Easement Agreement and to obtain (in registrable form) and register all necessary consents, postponements or subordinations from all current and future encumbrancers having an interest in the Easement Lands in priority to the Easement Agreement or this Option Agreement consenting, postponing or subordinating such encumbrance and their respective rights, title and interest to the Easement and this Option Agreement or to place the Easement Agreement and this Option Agreement in first priority on title to the Easement Lands.

15. **TIME OF ESSENCE**

Time shall in all respects be of the essence hereof; provided, however, that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing between the parties or their respective counsel.

16. **NOTICES**

Notices to be given to either party shall be in writing, and will be sent via electronic mail ("email"), personally delivered or sent by registered mail (except during a postal disruption or threatened postal disruption), telegram, electronic facsimile or other similar means of prepaid recorded communication to the applicable address set forth below (or to such other address as such party may from time to time designate in such manner):

HYDRO ONE: with a copy to its solicitors,

Hydro One Networks Inc.
Facilities and Real Estate
P.O. Box 4300
Markham, Ontario L2R 5Z5

185 Clegg Road
Markham, Ontario L3G 1B7

Attention:
Fax:

Attention: Real Estate Manager
Fax: (905) 946-6242

OWNER: with a copy to their solicitors,

Name: XXXX
Address: XXXXXXXX
Tel: XXXXXXXXXX

Notices personally delivered shall be deemed to have been validly and effectively given on the day of such delivery. Any notice sent by registered mail shall be deemed to have been validly and effectively given on the fifth (5th) Business Day following the date on which it was sent. Any notice sent by email, telegram, electronic facsimile or other similar means of prepaid recorded communication shall be deemed to have been validly and effectively given on the Business Day next following the day on which it was sent. "Business Day" shall mean any day which is not a Saturday or Sunday or a statutory holiday in the Province of Ontario.

17. **ASSIGNMENT OF OPTION BY HYDRO ONE**

Hydro One shall have the right to assign all or any part of its interest in this Option Agreement and any or all rights, privileges and benefits accruing to Hydro One hereunder without the consent of the Owner prior to or on the Closing Date. Upon and to the extent of such

assignment, this Option Agreement shall thenceforth be construed as if originally made with such assignee or assignees instead of Hydro One and Hydro One shall, to the extent of such assignment, thereupon be relieved of all liabilities and obligations whatsoever arising out of this Option Agreement.

18. **SURVIVAL OF REPRESENTATIONS**

The parties hereto agree that any representations or covenants contained in this Option Agreement shall not merge on closing, but survive and continue in full force and effect thereafter, but only as to the accuracy of the representation or covenant as at the date of completion of this Option Agreement.

19. **ENTIRE AGREEMENT**

The parties acknowledge that there are no covenants, representations, warranties, agreements or conditions, express or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Option Agreement save as expressly set out in this Option Agreement and that this Option Agreement and all Schedules hereto constitute the entire agreement between the parties and may not be modified except as expressly agreed between the Owner and Hydro One in writing.

20. **SEVERABILITY**

Any provision or provisions of this Option Agreement is declared illegal or unenforceable, it or they shall be considered separate and severable from the Option Agreement and the remaining provisions shall remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.

21. **GOVERNING LAW**

This Option Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

22. **SUCCESSORS AND ASSIGNS**

This Option Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, attorneys, guardians, estate trustees, executors, trustees, successors and permitted assigns.

23. **EXECUTION AND DELIVERY**

This Option Agreement may be executed in any number of counterparts, each of which is deemed to be an original and all of which taken together constitutes one agreement. To evidence the fact that it has executed this Option Agreement, a party may send a copy of its executed counterpart to all other parties by a delivery method set out in Section 16 herein (the "Transmission") and the signature transmitted by such Transmission is deemed to be its original signature for all purposes.

24. **PLANNING ACT**

This Option Agreement is subject to the express condition that it is to be effective only if the provisions of the *Planning Act, R.S.O. 1990, c. P.13* and amendments thereto are complied with.

25. **FURTHER ASSURANCES**

The Owner covenants and agrees to execute if necessary, at no further cost or condition to Hydro One such other instruments, plans and documents as may reasonably be required by Hydro One to effect the registration of the Easement or notice of this Option Agreement on title to the Lands.

26. **SPOUSAL CONSENT**

The Owner represents that, except to the extent such consent has been obtained, spousal consent to this transaction is not necessary and on closing will not be necessary under the provisions of the *Family Law Act*, R.S.O. 1990, c. F.3.

27. **AGE**

The Owner represents that the Owner is at least 18 years of age.

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**SCHEDULE “C”
TRANSFER AND GRANT OF EASEMENT**

XXXXXXXXXX (the “**Transferor**”) is the owner in fee simple and in possession of the certain lands legally described as **INSERT LEGAL DESCRIPTION** (the “**Lands**”).

Hydro One Networks Inc. (the “**Transferee**”) has erected, or is about to erect, certain Works (as more particularly described in paragraph 1(a) hereof) in, through, under, over, across, along and upon the Lands.

1. The Transferor hereby grants and conveys to the Transferee, its successors and assigns the rights and easement, free from all encumbrances and restrictions, the following unobstructed rights, easements, rights-of-way, covenants, agreements and privileges in perpetuity (the “**Rights**”) in, through, under, over, across, along and upon that portion of the Lands of the Transferor described herein as ● and described as Part ● on Reference Plan ● hereto annexed (the “**Strip**”), for the following purposes:

- (a) To enter and lay down, install, construct, erect, maintain, open, inspect, add to, enlarge, alter, repair and keep in good condition, move, remove, replace, reinstall, reconstruct, relocate, supplement and operate and maintain at all times in, through, under, over, across, along and upon the Strip an electrical transmission systems and telecommunications systems consisting in both instances of pole structures, steel towers, anchors, guys and braces and all such aboveground or underground lines, wires, cables, telecommunications cables, grounding electrodes, conductors, apparatus, works, accessories, associated material and equipment, and appurtenances pertaining to or required by either such system (all or any of which are herein individually or collectively called the (“**Works**”)) as in the opinion of the Transferee are necessary or convenient thereto for use as required by Transferee in its undertaking from time to time, or a related business venture.
- (b) To enter on and selectively cut or prune, and to clear and keep clear, and remove all trees, branches, bush and shrubs and other obstructions and materials in, over or upon the Strip, and without limitation, to cut and remove all leaning or decayed trees located on the Lands whose proximity to the Works renders them liable to fall and come in contact with the Works or which may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.
- (c) To conduct all engineering, legal surveys, and make soil tests, soil compaction and environmental studies and audits in, under, on and over the Strip as the Transferee in its discretion considers requisite.
- (d) To erect, install, construct, maintain, repair and keep in good condition, move, remove, replace and use bridges and such gates in all fences which are now or may hereafter be on the Strip as the Transferee may from time to time consider necessary.
- (e) Except for fences and permitted paragraph 2(a) installations, to clear the Strip and keep it clear of all buildings, structures, erections, installations, or other obstructions of any nature (hereinafter collectively called the “**obstruction**”) whether above or below ground, including removal of any materials and equipment or plants and natural growth, which in the opinion of the Transferee, endanger its Works or any person or property or which may be likely to become a hazard to any Works of the Transferee or to any persons or property or which do or may in any way interfere with the safe, efficient or serviceable operation of the Works or this easement by the Transferee.
- (f) To enter on and exit by the Transferor’s access routes and to pass and repass at all times in, over, along, upon and across the Strip and so much of the Lands as is reasonably required, for the Transferee, its employees, agents, contractors, subcontractors, workmen and permittees with or without all plant machinery, material, supplies, vehicles and equipment for all purposes necessary or convenient to the exercise and enjoyment of this easement, subject to

compensation afterwards for any crop or other physical damage only to the Lands or permitted structures sustained by the Transferor caused by the exercise of this right of entry and passageway.

- (g) To remove, relocate and reconstruct the line on or under the Strip subject to payment by the Transferee of additional compensation for any damage caused thereby.

2. The Transferor agrees that:

- (a) It will not interfere with any Works established on or in the Strip and shall not, without the Transferee's consent in writing erect or cause to be erected or permit in, under or upon the Strip any obstruction or plant or permit any trees, bush, shrubs, plants or natural growth which does or may interfere with the Rights granted herein. The Transferor agrees it shall not, without the Transferee's consent in writing, change or permit the existing configuration, grade or elevation of the Strip to be changed and the Transferor further agrees that no excavation or opening or work which may disturb or interfere with the existing surface of the Strip shall be done or made unless consent therefore in writing has been obtained from Transferee, provided however, that the Transferor shall not be required to obtain such permission in case of emergency. Notwithstanding the foregoing, in cases where in the reasonable discretion of the Transferee, there is no danger or likelihood of danger to the Works of the Transferee or to any persons or property and the safe or serviceable operation of this easement by the Transferee is not interfered with, the Transferor may at its expense and with the prior written approval of the Transferee, construct and maintain roads, lanes walks, drains, sewers water pipes, oil and gas pipelines, fences (not to exceed 2 metres in height) and service cables on or under the Strip (the "Installation") or any portion thereof; provided that prior to commencing such Installation, the transferor shall give to the Transferee thirty (30) days notice in writing thereof to enable the Transferee to have a representative present to inspect the proposed Installation during the performance of such work, and provided further that Transferor comply with all instructions given by such representative and that all such work shall be done to the reasonable satisfaction of such representative. In the event of any unauthorised interference aforesaid or contravention of this paragraph, or if any authorised interference, obstruction or Installation is not maintained in accordance with the Transferee's instructions or in the Transferee's reasonable opinion, may subsequently interfere with the Rights granted herein, the Transferee may at the Transferor's expense, forthwith remove, relocate, clear or correct the offending interference, obstruction, Installation or contravention complained of from the Strip, without being liable for any damages cause thereby.
- (b) Notwithstanding any rule of law or equity, the Works installed by the Transferee shall at all times remain the property of the Transferee, notwithstanding that such Works are or may become annexed or affixed to the Strip and shall at anytime and from time to time be removable in whole or in part by the Transferee.
- (c) No other easement or permission will be transferred or granted and no encumbrances will be created over or in respect to the Strip, prior to the registration of a Transfer of this grant of Rights.
- (d) The Transferor will execute such further assurances of the Rights in respect of this grant of easement as may be requisite.
- (e) The Rights hereby granted:
 - (i) shall be of the same force and effect to all intents and purposes as a covenant running with the Strip.
 - (ii) is declared hereby to be appurtenant to and for the benefit of the Works and undertaking of the Transferee described in paragraph 1(a).

3. The Transferor agrees that the Transferee may, at the Transferee's sole discretion, obtain at the Transferee's sole cost and expense all necessary postponements and subordinations (in registrable form) from all current and future prior encumbrancers, postponing their respective rights, title and interests to the Transfer of Easement herein so as to place such Rights and easement in first priority on title to the Lands.

4. There are no representations, covenants, agreements, warranties and conditions in any way relating to the subject matter of this grant of Rights whether expressed or implied collateral or otherwise except those set forth herein.

5. No waiver of a breach or any of the covenants of this grant of Rights shall be construed to be a waiver of any succeeding breach of the same or any other covenant.

6. The burden and benefit of this transfer of Rights shall run with the Strip and the Works and undertaking of the Transferee and shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

SCHEDULE “D”
ACKNOWLEDGEMENT AND DIRECTION

TO: Hydro One Networks Inc. (“**Hydro One**”) and its solicitors, Barriston LLP
AND TO: Any and all designees of the above
RE: Option Agreement dated _____, 20____, (the “Option Agreement) and the Transfer and Grant of Easement in substantially the form attached [**as Schedule “C” to the Option Agreement or hereto]** (the “Easement Agreement”)

This will confirm that:

1. The Undersigned has reviewed the information contained in the attached documents and confirms that this information is accurate;
2. The Undersigned has been advised by the agent presenting the Agreement referred to above and to which the Schedule “D” is appended that the Undersigned is entitled to be represented by an independent solicitor and the Undersigned has elected to proceed with the execution of the Agreement and this Schedule “D” without retaining or being advised by an independent solicitor.
3. Unless otherwise advised by you through your solicitor, Barriston LLP is authorized and directed to act in the capacity of Registering Agent on behalf of the Undersigned to electronically register the following documents, as well as any other documents required to complete the transaction described above:
 - (a) Notice of Option to Purchaser (if required); and
 - (b) Transfer Easement.
4. You are authorized to amend the above documents in any way necessary to allow for registration of the documents. You are also authorized to amend the documents with respect to any substantive changes provided you have first discussed the amendments with the Undersigned;
5. The effect of the electronic documents described in this Acknowledgement and Direction have been fully explained to the Undersigned by the agent representing Hydro One, and the Undersigned confirms that the Undersigned is party to and bound by the terms of the electronic documents to the same extent as if the Undersigned had signed the documents.
6. The Undersigned is in fact the party named in the electronic documents attached and has not misrepresented his/her/their identity to you.
7. The Undersigned acknowledges that Barriston LLP are the lawyers for Hydro One in this matter and are not acting for or protecting the interests of the Undersigned. The Undersigned further consents to Barriston LLP acting in the capacity of Registering Agent on his/her/their behalf so that the required instruments under this transaction can be registered on title.
8. You are authorized and directed to insert the amount of consideration payable on Transfer Easement prior to registration. The Undersigned acknowledges and agrees that the consideration to be inserted shall be the amount identified as the “Purchase Price” defined in Schedule “C” of the Agreement to Purchase a Limited Interest – Easement between the parties dated _____, 202X (the “**Purchase Agreement**”)
9. Hydro One is authorized and directed to forward to the Undersigned the closing funds upon registration of the Transfer Easement, by Electronic Funds Transfer or by registered mail to the Undersigned’s address shown in the Purchase Agreement.

Dated _____, 2022.

XXXXXXXXXXXXXXXXXXXX

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Corporation.

COMPENSATION AND INCENTIVE AGREEMENT - EASEMENT

THIS COMPENSATION AND INCENTIVE AGREEMENT made as of the _____ day of _____, 202X (the “**Agreement Date**”).

B E T W E E N:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

(hereinafter collectively called the “**Owner**”)

OF THE FIRST PART

- and -

HYDRO ONE NETWORKS INC.

(hereinafter called “**Hydro One**”)

OF THE SECOND PART

RECITALS:

- A. The Owner is the owner of the lands and premises described in Schedule “A” attached hereto (the “**Lands**”).
- B. Hydro One desires to purchase a right of way and easement, in, on, over, under, across and through that portion of the Lands, as more particularly described in an Option Agreement between the parties hereto and having a date the same as this Compensation and Incentive Agreement (the “**Option Agreement**”) (the “**Easement Lands**”), upon the terms and conditions set out in the Option Agreement (the “**Easement**”).
- C. Hydro One has offered to pay the Option Payment to the Owner upon execution of the Option Agreement and upon closing to purchase the Easement from the Owner for the Purchase Price.
- D. Hydro One has offered, on the terms and conditions set out herein, to compensate the Owner for injurious affection damages, if applicable (the “**IA Compensation**”) in respect of that portion of the Lands which are not part of the Easement Lands. Such injurious affection damages are calculated as shown on the calculation sheet attached hereto as Schedule “B” (the “**Calculation Sheet**”).
- E. To achieve a timely resolution of its land acquisition arrangements, Hydro One has also offered to pay certain incentives to the Owner on the terms and conditions set out in this Compensation and Incentive Agreement and as shown on the Calculation Sheet.
- F. Any capitalized terms not defined in this Compensation and Incentive Agreement shall have the meaning ascribed to them in the Option Agreement.

NOW THEREFORE, the parties agree as follows:

1. VALUATION

- (a) Hydro One has retained an external, independent AACI designated appraiser to determine the fair market value of the Easement Lands and any applicable amount of IA Compensation, if any, as of XXXXXXX, 202X and to prepare a report in respect thereof (the “**HONI Appraisal**”). The Owner acknowledges receiving a copy of the HONI Appraisal, and agrees to accept the amounts set out in the HONI Appraisal as a fair evaluation of the market value of the Owner’s fee simple interest in the Easement Lands as of the date of the HONI Appraisal.
- (b) The actual area of the Easement Lands will be confirmed by a survey to be prepared by Hydro One and in the event the surveyed area of the Easement Lands

is greater than as provided for in the Calculation Sheet, the payments set out in section 2 herein will be adjusted accordingly.

2. INCENTIVE PAYMENTS

- (a) Upon execution of the Option Agreement and this Compensation and Incentive Agreement by all parties thereto, Hydro One shall pay to or to the order of the Owner the Option Payment in the amount of **XXXXXX DOLLARS (\$X,XXX.XX)** as set out on the Calculation Sheet.
- (b) On the Closing Date, Hydro One shall make a further incentive payment to or to the order of the Owner in the amount of **XXXXXX DOLLARS (\$X,XXX.XX)**, (the “**Acceptance of the Hydro One Offer**”) as set out on the Calculation Sheet.
- (c) On the Closing Date, Hydro One shall make a further incentive payment to or to the order of the Owner in the amount of **XXXXXX DOLLARS (\$XX.XX)**, (the “**Premium Above Fair Market Value**”) such amount being equal to 40% of the appraised fair market value of the Owner’s fee simple interest in the Easement Lands as set out on the Calculation Sheet.

3. WAIVER

The Owner waives the right to be reimbursed by Hydro One for the reasonable costs the Owner incurs for a third party independent appraisal report and/or legal review of the HONI Appraisal, the Option Agreement and this Compensation and Incentive Agreement, up to the amount of Seven Thousand Five Hundred Dollars (\$7,500.00) and hereby accepts the Acceptance of the Hydro One Offer as defined in 2(b) above.

4. IA COMPENSATION

Hydro One agrees to pay to or to the order of the Owner on the Closing Date the IA Compensation, if applicable, in the amount of **XXX DOLLARS (\$X.XX)** as set out on the Calculation Sheet.

5. CONVEYANCING

Hydro One agrees to reimburse the Owner for reasonably incurred legal fees, if any, associated with the review of applicable conveyancing documents.

6. TENANTS

The Owner agrees to indemnify and save harmless Hydro One from all actions, suits, costs, losses, charges, demands, claims and expenses for and in respect of any claims any person having a possessory interest in the Easement Lands.

7. NOTICES

Notices to be given to either party shall be in writing, and will be sent via electronic mail (“email”), personally delivered or sent by registered mail (except during a postal disruption or threatened postal disruption), telegram, electronic facsimile or other similar means of prepaid recorded communication to the applicable address set forth below (or to such other address as such party may from time to time designate in such manner):

| | |
|--------------------------------|--------------------------------|
| HYDRO ONE: | with a copy to its solicitors, |
| Hydro One Networks Inc. | Barriston LLP |
| Facilities and Real Estate | 90 Mulcaster Street |
| P.O. Box 4300 | Barrie, ON L4M 4Y5 |
| Markham, Ontario L2R 5Z5 | |
| 185 Clegg Road | Attention: Jim McIntosh |
| Markham, Ontario L3G 1B7 | Fax: 705-721-4025 |
| Attention: Real Estate Manager | |
| Fax: (905) 946-6242 | |

OWNER: with a copy to their solicitors,

Name: XXXXX
Address: XXXXXXXX
Tel: XXX-XXX-XXX

Notices personally delivered shall be deemed to have been validly and effectively given on the day of such delivery. Any notice sent by registered mail shall be deemed to have been validly and effectively given on the fifth (5th) business day following the date on which it was sent. Any notice sent by telegram, email, electronic facsimile or other similar means of prepaid recorded communication shall be deemed to have been validly and effectively given on the Business Day next following the day on which it was sent. "Business Day" shall mean any day which is not a Saturday or Sunday or a statutory holiday in the Province of Ontario.

8. ASSIGNMENT OF AGREEMENT BY OWNER

The Owner shall not assign all or any part of its interest in this Compensation and Incentive Agreement or any of the rights, privileges and benefits accruing to the Owner hereunder without the consent of the Hydro One, which consent may not be unreasonably withheld or delayed. Upon and to the extent of such assignment, this Compensation and Incentive Agreement shall thenceforth be construed as if originally made with such assignee or assignees instead of the Owner and the Owner shall, to the extent of such assignment, thereupon be relieved of all liabilities and obligations whatsoever arising out of this Compensation and Incentive Agreement.

The Owner and, if applicable, the Spouse, each covenant and agree that if they transfer, assign, charge, lease or otherwise dispose of all or any part of their interest in the Lands (collectively, a "Transfer") they will obtain an agreement from such Transferee assuming and agreeing to be bound by all of the terms of this Compensation and Incentive Agreement as if the Transferee had been an original signatory to this Compensation and Incentive Agreement.

9. NOTICE OF AGREEMENT

Hydro One may, in its sole discretion and at its sole expense register this Compensation and Incentive Agreement or notice thereof on title to the Lands.

10. NO MERGER

The parties hereto agree that any representations or covenants contained in this Compensation and Incentive Agreement shall not merge on closing, but survive and continue in full force and effect thereafter, but only as to the accuracy of the representation or covenant as at the date of completion of this Compensation and Incentive Agreement.

11. ENTIRE AGREEMENT

The parties hereto acknowledge that there are no covenants, representations, warranties, agreements or conditions, express or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Compensation and Incentive Agreement save as expressly set out in this Compensation and Incentive Agreement and that this Compensation and Incentive Agreement and all Schedules hereto constitute the entire agreement between the parties and may not be modified except as expressly agreed between the parties in writing.

12. SEVERABILITY

Any provision or provisions of this Compensation and Incentive Agreement is declared illegal or unenforceable, it or they shall be considered separate and severable from this Compensation and Incentive Agreement and the remaining provisions shall remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.

13. GOVERNING LAW

This Compensation and Incentive Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

14. SPOUSAL CONSENT

The Owner represents that, except to the extent such consent has been obtained, spousal consent to this transaction is not necessary under the provision of the *Family Law Act*, R.S.O. 1990, c. F.3.

15. SUCCESSORS AND ASSIGNS

This Compensation and Incentive Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, attorneys, guardians, estate trustees, executors, trustees, successors and permitted assigns.

16. EXECUTION AND DELIVERY

This Compensation and Incentive Agreement may be executed in any number of counterparts, each of which is deemed to be an original and all of which taken together constitutes one agreement. To evidence the fact that it has executed this Compensation and Incentive Agreement, a party may send a copy of its executed counterpart to all other parties by a delivery method set out in Section 7 herein (the “**Transmission**”) and the signature transmitted by such Transmission is deemed to be its original signature for all purposes.

17. FURTHER ASSURANCES

The parties hereto agree to do, make and execute, if necessary, at no further cost or condition to the other except payment of reasonable out-of-pocket costs, such other instruments, plans, documents, acts, matters and things and take such further action as may reasonably be required by the other party in order to effectively carry out the true intent of this Compensation and Incentive Agreement.

18. AGE

The Owner represents that the Owner is at least 18 years of age.

IN WITNESS WHEREOF the parties hereto have duly executed this Compensation and Incentive Agreement as of the Agreement Date.

XXXXXXXXXXXXXXXXXXXX

Per: _____
Name:
Title:

We/I have authority to bind the Corporation

HYDRO ONE NETWORKS INC.

HYDRO ONE
HST 870865821RT0001

Per: _____
Name: Aaron Fair
Title: Real Estate Services Supervisor

I have authority to bind the Corporation

SCHEDULE "A"

LANDS

INSERT LEGAL DESCRIPTION

SCHEDULE "B"

CALCULATION SHEET

INSERT CALCULATION SHEET

OPTION AGREEMENT – FEE SIMPLE FULL PARCEL

THIS OPTION AGREEMENT made as of the _____ day of _____, 202X
(the “**Agreement Date**”).

B E T W E E N:

XX

(hereinafter called the “**Owner**”)

OF THE FIRST PART

- and -

HYDRO ONE NETWORKS INC.

(hereinafter called “**Hydro One**”)

OF THE SECOND PART

RECITALS:

- A. The Owner is the owner of the lands and premises described in Schedule “A” attached hereto (the “**Lands**”);
- B. The Owner has agreed to grant to Hydro One for the consideration and on the terms and conditions set out herein and attached hereto as Schedule “B” (the “**Standard Terms and Conditions**”) to purchase the Lands , on the terms and conditions set out herein and attached hereto as Schedule “C” (the “**Agreement of Purchase of Sale**”).
- C. Hydro One has entered into an agreement with the Owner having a date the same as this Option Agreement (the “**Compensation and Incentive Agreement**”) whereby Hydro One has offered to compensate the Owner certain incentive payments in accordance with the terms and conditions contained therein.

NOW THEREFORE, the parties hereby agree as follows:

1. **GRANT OF OPTION**

In consideration of the sum of **XXXXXXXX DOLLARS (\$XX,XXX.XX)** of lawful money of Canada paid by Hydro One to the Owner, the receipt and sufficiency of which is hereby acknowledged by the Owner, (the “**Option Payment**”) the Owner hereby grants to Hydro One an irrevocable option (the “**Option**”), to purchase the Owner’s fee simple interest in the Lands upon and subject to the terms and conditions set out herein, the Standard Terms and Conditions and the Schedules hereto.

2. **PURCHASE PRICE**

In accordance with the terms and conditions set out herein, the Standard Terms and Conditions and the Schedules hereto, Hydro One agrees to pay to or to the order of the Owner the amount of **XXXXX DOLLARS (\$X,XXX.XX)** for the Lands (the “**Purchase Price**”) on the Closing Date.

IN WITNESS WHEREOF the parties hereto have duly executed this Option Agreement as of the Agreement Date.

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Per: _____
Name:
Title:

**THE CORPORATION OF THE TOWN OF
KIRKLAND LAKE**

Per: _____
Name:
Title:

We/I have authority to bind the Corporation

HYDRO ONE NETWORKS INC.

HYDRO ONE
HST 870865821RT0001

Per: _____
Name: Aaron Fair
Title: Real Estate Services Supervisor

I have authority to bind the Corporation

SCHEDULE "A"
LEGAL DESCRIPTION

INSERT LEGAL DESCRIPTION

**SCHEDULE “B”
STANDARD TERMS AND CONDITIONS**

1. **EXERCISE OF OPTION**

The Option shall be open for exercise at any time from the Agreement Date until the 2nd anniversary of the Agreement Date, as same may have been extended in accordance with the terms hereof, (the “**Option Term**”), by providing written notice to the Owner (the “**Exercise Notice**”), after which time, subject to Section 2, this Option Agreement shall be null and void and no longer binding upon either of the parties. If the Option is exercised within the Option Term, then this Option Agreement shall become a binding agreement for the purchase and sale of the Lands and this Option Agreement shall be completed on the terms set out herein.

2. **EXTENSION OF OPTION TERM**

At any time during the Option Term, Hydro One may, by written notice delivered to the Owner prior to the expiration of the Option Term, as same may have been extended, extend the Option Term with respect to the Lands for one (1) additional period of one (1) year, provided that upon such election, Hydro One pays to the Owner the amount of XXXXXX Dollars (\$XX,XXX.XX) in consideration for the extension of the Option Term.

3. **PURCHASE PRICE**

(a) Hydro One shall pay the Purchase Price to or to the order of the Owner by way of a single payment by uncertified cheque or electronic funds transfer on the Closing Date (as hereinafter defined).

(b) The Owner acknowledges receipt of an appraisal report commissioned by Hydro One and, prepared by an external, independent appraiser with the Accredited Appraiser Canadian Institute (“AACI”) designation, (the “**HONI Appraisal**”).

4. **CLOSING**

The transaction of purchase and sale contemplated by this Option Agreement shall and the Agreement of Purchase and Sale, subject to resolution of any title issues identified by pursuant to Article 5 of the Agreement of Purchase and Sale, be completed on the date that is ninety (90) days after Hydro One delivers the Exercise Notice to the Owner or on such earlier date as Hydro One, through its solicitors, may elect (the “**Closing Date**”). If the Closing Date is a date on which the Land Registry Office (the “**Land Registry Office**”) in which the Lands are registered is closed, the Closing Date shall be on the next following day when such Land Registry Office is open. In the event that there is a delay in the completion of the transaction beyond the Closing Date as established by Hydro One upon delivery of the Exercise Notice that arises through no fault of Hydro One, then Hydro One shall not be responsible for any resulting delay in the Closing Date.

5. **AGREEMENT OF PURCHASE AND SALE**

The Owner and, if applicable, the Spouse, acknowledge and agree that execution of this Option Agreement shall constitute execution of the Agreement of Purchase and Sale attached as Schedule “C” to this Option Agreement

6. **RIGHT TO TRANSFER AND TITLE**

The Owner covenants and agrees with Hydro One that it has good and marketable title to the Lands and has the full and exclusive power to convey the fee simple interest in the Lands to Hydro One free and clear of any financial encumbrances, and that Hydro One will quietly possess and enjoy the Lands.

7. **INSPECTION PERIOD AND EARLY ACCESS PERIOD**

(a) The Owner agrees and consents to Hydro One, its respective officers, employees, agents, contractors, sub-contractors, surveyors, workers and permittees or any of them entering on, exiting and passing and re-passing in, on, over, along, upon, across, through and under so much of the Lands as may be reasonably necessary at all reasonable times from the Agreement Date until the later of the expiration of the Option Term (as same may be extended) and the Closing Date, with or without all plant, machinery, material, supplies, vehicles, and equipment, for all purposes necessary or convenient to conduct such inspections, tests, audits, reports as Hydro One sees fit in connection with the acquisition, exercise or enjoyment of the Lands . Hydro One shall restore the Lands to their prior condition so far as reasonably possible following such inspections, tests, audits and reports.

(b) The Owner agrees and consents to Hydro One, its respective officers, employees, agents, contractors, sub-contractors, surveyors, workers and permittees or any of them entering on, exiting and passing and re-passing in, on, over, along, upon, across, through and under so much of the Lands as may be as reasonably necessary at all reasonable times from date Hydro One delivers the Exercise Notice to commence construction activities on the Lands. Hydro One shall restore the Lands to their prior condition so far as reasonably possible in the event that the purchase transaction contemplated by this Option Agreement is not completed as contemplated herein.

8. **SURVEY/REFERENCE PLAN**

Hydro One agrees to obtain and register, at its sole expense, any new Reference Plan with respect to the Lands that may be required by Hydro One for completion of this Option Agreement.

9. **INCOME TAX ACT**

The Owner represents and warrants and covenants that the Owner is not now and on Closing will not be a non-resident of Canada within the meaning of the *Income Tax Act (Canada)*.

10. **HARMONIZED SALES TAX**

The Owner and Hydro One acknowledge and agree that the transfer of the fee simple of the Lands which is proposed under this Option Agreement constitutes a purchase and sale transaction of an interest in real property, and therefore, in conformance with subsections 221(2) and 228(4) of the *Excise Tax Act* R.S.C. 1985, c E-15, as amended (“the Act”), Hydro One shall report and pay to the Receiver General for Canada the Harmonized Sales Tax (“HST”) applicable to the purchase and sale of the Lands . For the purposes of this section 11, Hydro One shall warrants that it is an HST registrant in good standing under the Act, that its HST registration number is 870865821RT0001, and that it is acquiring the Lands for use primarily in the course of its commercial activities.

11. **NOTICE OF OPTION**

Hydro One may, in its sole discretion and at its sole expense register this Option Agreement or notice thereof on title to the Lands.

12. **NO OTHER RIGHTS**

The Owner covenants and agrees with Hydro One that the Owner shall not grant, create or transfer any easement, right, covenant, restriction, privilege, permission, or other agreement in, through, under, over or in respect of the Lands prior to the registration of the Closing of the transaction contemplated herein without the prior written consent of Hydro One.

13. **PRIOR ENCUMBRANCES**

The Owner hereby grants Hydro One permission, should Hydro One elect in its sole discretion, to approach any encumbrancer having an interest in the Lands in priority to the Option Agreement and to obtain (in registrable form) and register all necessary consents, postponements or subordinations from all current and future encumbrancers having an interest in the Lands this Option Agreement consenting, postponing or subordinating such encumbrance and their respective rights, title and interest to the Lands and this Option Agreement or to place this Option Agreement in first priority on title to the Lands.

14. **TIME OF ESSENCE**

Time shall in all respects be of the essence hereof; provided, however, that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing between the parties or their respective counsel.

15. **NOTICES**

Notices to be given to either party shall be in writing, and will be sent via electronic mail ("email"), personally delivered or sent by registered mail (except during a postal disruption or threatened postal disruption), telegram, electronic facsimile or other similar means of prepaid recorded communication to the applicable address set forth below (or to such other address as such party may from time to time designate in such manner):

| | |
|--|--|
| HYDRO ONE: | with a copy to its solicitors, |
| Hydro One Networks Inc. Facilities and Real Estate P.O. Box 4300 Markham, Ontario L2R 5Z5 | Barriston LLP 90 Mulcaster Street Barrie, ON L4M 4Y5 |
| 185 Clegg Road Markham, Ontario L3G 1B7 | Attention: Jim McIntosh Fax: 705-721-4025 |
| Attention: Real Estate Manager Fax: (905) 946-6242 | |

OWNER: with a copy to their solicitors,

Name: Corporation of the Township of
Kirkland Lake
Attn: Jennifer Montreuil, Municipal Clerk
Address: 3 Kirkland Lake St. W.,
PO Box 1757
Kirkland Lake, ON P2N 3P4
Tel: 705-567-9361

Notices personally delivered shall be deemed to have been validly and effectively given on the day of such delivery. Any notice sent by registered mail shall be deemed to have been validly and effectively given on the fifth (5th) Business Day following the date on which it was sent. Any notice sent by email, telegram, electronic facsimile or other similar means of prepaid recorded communication shall be deemed to have been validly and effectively given on the Business Day next following the day on which it was sent. "Business Day" shall mean any day which is not a Saturday or Sunday or a statutory holiday in the Province of Ontario.

16. **ASSIGNMENT OF OPTION BY HYDRO ONE**

Hydro One shall have the right to assign all or any part of its interest in this Option Agreement and any or all rights, privileges and benefits accruing to Hydro One hereunder without the consent of the Owner prior to or on the Closing Date. Upon and to the extent of such assignment, this Option Agreement shall thenceforth be construed as if originally made with such assignee or assignees instead of Hydro One and Hydro One shall, to the extent of such assignment, thereupon be relieved of all liabilities and obligations whatsoever arising out of this Option Agreement.

17. **SURVIVAL OF REPRESENTATIONS**

The parties hereto agree that any representations or covenants contained in this Option Agreement shall not merge on closing, but survive and continue in full force and effect thereafter, but only as to the accuracy of the representation or covenant as at the date of completion of this Option Agreement.

18. **ENTIRE AGREEMENT**

The parties acknowledge that there are no covenants, representations, warranties, agreements or conditions, express or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Option Agreement save as expressly set out in this Option Agreement and that this Option Agreement and all Schedules hereto constitute the entire agreement between the parties and may not be modified except as expressly agreed between the Owner and Hydro One in writing.

19. **SEVERABILITY**

Any provision or provisions of this Option Agreement is declared illegal or unenforceable, it or they shall be considered separate and severable from the Option Agreement and the remaining provisions shall remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.

20. **GOVERNING LAW**

This Option Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

21. **SUCCESSORS AND ASSIGNS**

This Option Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, attorneys, guardians, estate trustees, executors, trustees, successors and permitted assigns.

22. **EXECUTION AND DELIVERY**

This Option Agreement may be executed in any number of counterparts, each of which is deemed to be an original and all of which taken together constitutes one agreement. To evidence the fact that it has executed this Option Agreement, a party may send a copy of its executed counterpart to all other parties by a delivery method set out in Section 15 herein (the "Transmission") and the signature transmitted by such Transmission is deemed to be its original signature for all purposes.

23. **PLANNING ACT**

This Option Agreement is subject to the express condition that it is to be effective only if the provisions of the *Planning Act, R.S.O. 1990, c. P.13* and amendments thereto are complied with.

24. **FURTHER ASSURANCES**

The Owner covenants and agrees to execute if necessary, at no further cost or condition to Hydro One such other instruments, plans and documents as may reasonably be required by Hydro One to effect the registration of the transfer of the Lands or notice of this Option Agreement on title to the Lands.

25. **SPOUSAL CONSENT**

The Owner represents that, except to the extent such consent has been obtained, spousal consent to this transaction is not necessary and on closing will not be necessary under the provisions of the *Family Law Act*, R.S.O. 1990, c. F.3.

26. **AGE**

The Owner represents that the Owner is at least 18 years of age.

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**SCHEDULE “C”
AGREEMENT OF PURCHASE AND SALE**

THIS AGREEMENT made as of the _____ day of _____, 20____ (the “**Agreement Date**”).

B E T W E E N:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

(hereinafter called the “**Owner**”)

OF THE FIRST PART

- and -

HYDRO ONE NETWORKS INC.

(hereinafter called “**Hydro One**”)

OF THE SECOND PART

- and -

(hereinafter called the “**Spouse**”)

OF THE THIRD PART

WITNESSETH THAT in consideration of the mutual covenants, agreements and payments herein provided, the parties hereto covenant and agree as follows:

**ARTICLE 1
OFFER**

- 1.1** The Vendor, being the owner of the lands and premises more particularly described in Schedule “A” (the “**Lands**”) hereby agrees to sell to the Purchaser and the Purchaser agrees to purchase from the Vendor, on the terms and conditions set out in this Agreement, the Lands upon and subject to the terms and conditions hereinafter set forth.
- 1.2** The Vendor acknowledges and understands that upon execution of this Agreement by the Vendor and the Purchaser there shall be a binding agreement of Purchase and Sale between the Purchaser and the Vendor.
- 1.3** Included in the Purchase Price is the purchase of all of the Vendor’s interest in all fixtures, improvements, and appurtenances located on the Property except those listed below which are expressly excluded:

NIL

**ARTICLE 2
PURCHASE PRICE**

- 2.1** (a) The total compensation to be paid by the Purchaser to the Vendor for the Lands shall be the sum of **XXXXXXXXX DOLLARS (\$XX,XXX.XX)** Canadian Dollars, excluding any pre-paid amounts (the “**Total Compensation**”), and subject to usual adjustments, if any, payable on Closing by uncertified cheque or electronic funds transfer on the Closing (as hereinafter defined).

(b) The Total Compensation is comprised as follows:

| | |
|---|------------|
| (i) Purchase Price of the Lands | \$X,XXX.XX |
| (ii) Option Payment (pre-paid at time of execution of Option Agreement) | \$X,XXX.XX |
| (iii) Acceptance of the Hydro One Offer | \$X,XXX.XX |
| (iv) Disturbance Premium | \$X,XXX.XX |
| (v) Access Agreement (pre-paid on March 28, 2023) | \$X,XXX.XX |

TOTAL COMPENSATION **\$XX,XXX.XX**

- 2.2 The Vendor acknowledges receipt of an appraisal report and update, if any, prepared by an external, independent AACI accredited appraiser commissioned by the Purchaser.
- 2.3 The Purchaser agrees to obtain and register, at its sole expense, any new Reference Plan with respect to the Lands that may be required by the Purchaser for completion of this Agreement of Purchase and Sale.
- 2.4 The calculation of the Total Compensation is shown on the calculation sheet attached hereto as Schedule “C” (the “**Calculation Sheet**”).

ARTICLE 3 CLOSING

- 3.1 The transaction of purchase and sale contemplated by this Agreement of Purchase and Sale shall, subject to resolution of any title issues identified pursuant to Article 5 of the Agreement of Purchase and Sale, be completed on the date that is ninety (90) days after Hydro One delivers the Exercise Notice to the Owner or on such earlier date as Hydro One, through its solicitors, may elect (the “**Closing Date**”). If the Closing Date is a date on which the Land Registry Office (the “**Land Registry Office**”) in which the Lands are registered is closed, the Closing Date shall be on the next following day when such Land Registry Office is open. In the event that there is a delay in the completion of the transaction beyond the Closing Date as established by Hydro One upon delivery of the Exercise Notice that arises through no fault of Hydro One, then Hydro One shall not be responsible for any resulting delay in the Closing Date.
- 3.2 On Closing,
- (a) Vacant possession of the Lands shall be given to the Purchaser;
 - (b) The Purchaser shall pay the Total Compensation to the Vendor in accordance with section 2.1 of this Agreement;
 - (c) If applicable, rents, realty taxes, local improvement charges, water and unmetered utility charges and the cost of fuel as applicable shall be apportioned and allowed to the date of completion (the day itself to be apportioned to the Purchaser);
 - (d) In conformance with subsections 221(2) and 228(4) of the *Excise Tax Act* R.S.C. 1985, c E-15, as amended (“the Act”), Purchaser shall report and pay to the Receiver General, the Harmonized Sales Tax (“HST”) applicable to the purchase and sale of the Property. For the purposes of this clause 3.2(b), the Purchaser warrants that it is an HST registrant in good standing under the Act, that its HST registration number is 870865821RT0001, and that it is acquiring the Property for use primarily in the course of its commercial activities.

**ARTICLE 4
INSPECTION PERIOD**

- 4.1 The Purchaser shall be allowed thirty (30) days from the date of this Agreement (the "**Inspection Period**") to satisfy itself with respect to all matters respecting the Lands including its present state of repair and condition and any structures thereon, all encumbrances and all regulations and by-laws governing the Lands and the Vendor grants to the Purchaser the right to enter upon the Lands and to conduct such inspections, surveys and tests as the Purchaser, acting reasonably, deems necessary in this regard, provided the Purchaser takes all reasonable care in the conduct of such inspections, surveys and tests and restores the Lands to its prior condition so far as reasonably possible following such inspections and tests. The Vendor assumes no responsibility for and the Purchaser shall indemnify and save harmless the Vendor from and against all claims, demands, costs, damages, expenses and liabilities whatsoever arising out of its presence on the Lands or of its activities on or in connection with the Lands during the Inspection Period.
- 4.2 If for any reason, the Purchaser, acting reasonably, is not satisfied with respect to such matters arising from its activities in Section 4.1 herein, it may deliver a notice (the "**Notice of Termination**") to the Vendor prior to the expiry of the Inspection Period indicating that it is not satisfied with respect to such matters and desires to terminate this Agreement and release the Vendor from any further obligations. Upon delivery by the Purchaser of a Notice of Termination to the Vendor, and this Agreement shall be at an end and neither Party shall have any further obligation to the other respecting the Agreement.

**ARTICLE 5
TITLE**

- 5.1 The Purchaser shall be allowed thirty (30) days from the date of this Agreement to investigate title to the Property at its own expense (the "**Title Search Period**"), to satisfy itself that there are no outstanding encumbrances, or liens save and except those listed in Schedule "B" attached hereto and until the earlier of: (i) thirty (30) days from the later of the last date of the title search period or the date or which the conditions in this Agreement are fulfilled or otherwise waived or; (ii) five (5) days prior to completion, to satisfy itself that there are no outstanding work orders or deficiency notices affecting the Lands. Vendor hereby consents to the Municipality or other governmental agencies releasing to the Purchaser details of all outstanding work orders affecting the Lands and the Vendor agrees to execute and deliver such further authorizations in this regard as Purchaser may reasonably require.
- 5.2 Provided that the title to the Lands is good and free from all registered restrictions, charges, liens and encumbrances except those listed in Schedule "B" attached hereto, if within the Title Search Period, any valid objection to title is made by the Purchaser in writing to the Vendor together with documentary verification thereof, and which the Vendor shall be unwilling or unable to remove and which the Purchaser will not waive, this Agreement, notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and the Vendor shall not be liable for any costs or damages and the Vendor and the Purchaser shall be released from all obligations hereunder, and the Vendor shall also be released from all obligations under this Agreement, save and except those covenants of the Purchaser expressly stated to survive Closing or other termination of this Agreement. Save as to any valid objection to title made in accordance with this Agreement and within the Title Search Period, and except for any objection going to the root of title, Purchaser shall be conclusively deemed to have accepted Vendor's title to the Lands.
- 5.3 The Vendor and Purchaser agree that there is no condition, express, or implied, representation or warranty of any kind that the future intended use of the Lands by the Purchaser is or will be lawful except as may be specifically stipulated elsewhere in this Agreement.
- 5.4 The Vendor agrees to provide to the Purchaser any existing survey of the Lands, within Fifteen (15) days from the date of this Agreement.

**ARTICLE 6
PURCHASER'S INVESTIGATION RESULTS**

- 6.1 Purchaser shall, at its own cost, forthwith make such investigation as the Purchaser deems appropriate of the Lands and Vendor's title as provided for in this Agreement and shall notify the Vendor of any objection to title, together with a complete copy of any documents and other material information related thereto prior to the expiry of the Title Search Period.

**ARTICLE 7
INSURANCE**

- 7.1 The Vendor covenants and agrees that the Lands and all structures or fixtures being purchased are insured, and that such insurance will remain in force until closing. The Lands and all structures or fixtures being purchased shall be and remain at the risk of the Vendor until Closing.
- 7.2 Pending completion, Vendor shall hold all insurance policies and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage to the Lands the Purchaser may either terminate this Agreement and have all monies paid by the Purchaser returned to the Purchaser without interest or deduction or else take the proceeds of any insurance and complete the purchase.

**ARTICLE 8
PLANNING ACT**

- 8.1 This Agreement is subject to the express condition that it is to be effective only if the subdivision control provisions of the *Planning Act* R.S.O. 1990, c. P.13 as amended (the "*Planning Act*") are complied with prior to Closing. The Vendor shall forthwith make any application to the local Committee of Adjustment or Land Division Committee for any consent that may be required pursuant to the *Planning Act*. In the event that any such application for consent is denied, or any condition imposed by such body is unacceptable to the Vendor, this Agreement shall be terminated.

**ARTICLE 9
ADDITIONAL PROVISIONS**

- 9.1 The Transfer/Deed of Land (the "**Transfer**"), and the Land Transfer Tax Affidavit, shall be prepared in registrable form by the Purchaser, and the Purchaser covenants at its cost to register the Transfer on Closing. If requested by Purchaser, Vendor covenants that the Transfer Deed to be delivered on completion shall contain the statements contemplated by s. 50(22) of the *Planning Act*.
- 9.2 Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties or by their respective solicitors who are specifically authorized in that regard.
- 9.3 Any tender of documents or money hereunder may be made upon the Parties or their respective solicitors on the day set for Closing. Money may be tendered by bank draft, uncertified cheque, or electronic funds transfer.
- 9.4 Notices to be given to either party shall be in writing, and will be sent via electronic mail ("email"), personally delivered or sent by registered mail (except during a postal disruption or threatened postal disruption), telegram, electronic facsimile or other similar means of prepaid recorded communication to the applicable address set forth below (or to such other address as such party may from time to time designate in such manner):

HYDRO ONE:

with a copy to its solicitors,

Hydro One Networks Inc.
Facilities and Real Estate
P.O. Box 4300
Markham, Ontario L2R 5Z5

Barriston LLP
90 Mulcaster St
Barrie, ON L4M 4Y5

185 Clegg Road
Markham, Ontario L3G 1B7

Attention: Jim McIntosh
Fax: (705) 721-4025

Attention: Real Estate Manager
Fax: (905) 946-6242

OWNER:

with a copy to their solicitors,

Name: XXXXXXXXXXXX
Address: XXXXXXXXXXXX
Tel: XX-XX-XXXX

Notices personally delivered shall be deemed to have been validly and effectively given on the day of such delivery. Any notice sent by registered mail shall be deemed to have been validly and effectively given on the fifth (5th) business day following the date on which it was sent. Any notice sent by email, telegram, electronic facsimile or other similar means of prepaid recorded communication shall be deemed to have been validly and effectively given on the Business Day next following the day on which it was sent. "Business Day" shall mean any day which is not a Saturday or Sunday or a statutory holiday in the Province of Ontario.

- 9.5** The parties acknowledge that there are no covenants, representations, warranties, agreements or conditions, express or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Agreement save as expressly set out in this Agreement and that this Agreement and all Schedules hereto constitute the entire agreement between the parties and may not be modified except as expressly agreed between the Vendor and Purchaser in writing. This Agreement shall be read with all changes of gender or number required by the context.
- 9.6** If any provision or provisions of this Agreement be declared illegal or unenforceable, it or they shall be considered separate and severable from the Agreement and its remaining provisions shall remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.
- 9.7** No act or omission or delay in exercising any right or enforcing any term, covenant or agreement to be performed under this Agreement shall impair such right or be construed as to be a waiver of any default or acquiescence in such failure to perform, unless such waiver shall be given or acknowledged in writing.
- 9.8** This Agreement to Purchase shall be governed by and construed in accordance with the laws of the Province of Ontario.
- 9.9** This Agreement to Purchase shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, attorneys, guardians, estate trustees, executors, trustees, successors and permitted assigns.
- 9.10** The Vendor warrants that, except to the extent such consent has been obtained, spousal consent is not necessary to this transaction and on Closing will not be necessary under the provision of the *Family Law Act*, R.S.O. 1990, c. F.3.
- 9.11** The Purchaser may, in its sole discretion and at its sole expense register this Agreement to Purchase or notice thereof on title to the Lands.
- 9.12** Where each of the Vendor and the Purchaser retain a solicitor to complete this Agreement and where the transaction contemplated herein will be completed by

electronic registration pursuant to Part III of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4 and any amendments thereto, the Vendor and the Purchaser acknowledge and agree that the delivery of documents and the release thereof to the Vendor and the Purchaser may, at the solicitor's discretion; (a) not occur contemporaneously with the registration of the Transfer/Deed of Land (and other registrable) documentation), and (b) be subject to conditions whereby the solicitor receiving documents and/or money will be required to hold them in trust and not release them except in accordance with the terms of a written agreement between the solicitors

- 9.13** The provisions of the attached Schedules "A", "B" and "C" shall form part of this Agreement as if set out herein.
- 9.14** The Vendor represents and warrants and covenants that it is not now and on Closing will not be a non-resident of Canada within the meaning of the *Income Tax Act (Canada)*.
- 9.15** The Purchaser shall have the right to assign all or any part of its interest in this Agreement and any or all rights, privileges and benefits accruing to the Purchaser hereunder without the consent of the Vendor prior to or on the Closing. Upon and to the extent of such assignment, this Agreement shall thenceforth be construed as if originally made with such assignee or assignees instead of the Purchaser and the Purchaser shall, to the extent of such assignment, thereupon be relieved of all liabilities and obligations whatsoever arising out of this Agreement.
- 9.16** The parties hereto agree that any representations or covenants contained in this Agreement shall not merge on closing, but survive and continue in full force and effect thereafter, but only as to the accuracy of the representation or covenant as at the date of completion of this Agreement.
- 9.17** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together shall constitute one and the same agreement. Counterparts may be executed either in original or by electronic means, including, without limitation, by facsimile transmission or by electronic delivery in portable document format (".pdf") or tagged image file format (".tif") and the parties shall adopt any signatures received by electronic means as original signatures of the Parties; provided, however that any party providing its signature in such manner shall promptly forward to the other party an original signed copy of this Agreement which was so delivered electronically.
- 9.18** The Vendor covenants and agrees to execute if necessary, at no further cost or condition to the Purchaser except payment of the Vendor's reasonable out-of-pocket costs, such other instruments, plans and documents as may reasonably be required by the Purchaser to effect the registration of any right or interest transferred hereunder or notice of this Agreement on title to the Lands.
- 9.19** The Purchaser agrees to pay the Vendor's reasonable legal costs in connection with this transaction.
- 9.20** The Vendor represents that the Vendor is at least 18 years of age.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the Agreement Date.

XXXXXXXXXXXXXXXXXX

Per: _____
Name:
Title:

XXXXXXXXXXXXXXXXXX

Per: _____
Name:
Title:

We/I have authority to bind the Corporation

HYDRO ONE NETWORKS INC.

HYDRO ONE
HST 870865821RT0001

Per: _____
Name: Aaron Fair
Title: Real Estate Services Supervisor

I have authority to bind the Corporation

SCHEDULE "A"
LEGAL DESCRIPTION OF LANDS

LEGAL DESCRIPTION

SCHEDULE "B"

PERMITTED ENCUMBRANCES

INSERT

SCHEDULE "C"

INSERT CALCULATION SHEET

COMPENSATION AND INCENTIVE AGREEMENT – FEE SIMPLE

THIS COMPENSATION AND INCENTIVE AGREEMENT made as of the _____ day of _____, 2023 (the “**Agreement Date**”).

B E T W E E N:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

(hereinafter called the “**Owner**”)

OF THE FIRST PART

- and -

HYDRO ONE NETWORKS INC.

(hereinafter called “**Hydro One**”)

OF THE SECOND PART

RECITALS:

- A. The Owner is the Owner of the lands and premises described in Schedule “A” attached hereto (the “**Lands**”).
- B. Hydro One desires to purchase the Lands, as more particularly described in an Option Agreement between the parties hereto and having a date the same as this Compensation and Incentive Agreement (the “**Option Agreement**”), upon the terms and conditions set out in the Option Agreement .
- C. Hydro One has offered to pay the Option Payment to the Owner upon execution of the Option Agreement and upon closing to purchase the Lands from the Owner for the Purchase Price (collectively, the “**Compensation**”).
- D. To achieve a timely resolution of its land acquisition arrangements, Hydro One has also offered to pay certain incentives to the Owner on the terms and conditions set out in this Compensation and Incentive Agreement and as shown on the calculation sheet attached hereto as Schedule “B” (the “**Calculation Sheet**”).
- E. Any capitalized terms not defined in this Compensation and Incentive Agreement shall have the meaning ascribed to them in the Option Agreement.

NOW THEREFORE, the parties agree as follows:

1. VALUATION

- (a) Hydro One has retained an external, independent AACI designated appraiser to determine the fair market value of the Lands as of XXXX XX, 202X and to prepare a report in respect thereof (the “**HONI Appraisal**”). The Owner acknowledges receiving a copy of the HONI Appraisal, and agrees to accept the amounts set out in the HONI Appraisal as a fair evaluation of the market value of the Owner’s fee simple interest in the Lands as of the date of the HONI Appraisal.

2. INCENTIVE PAYMENTS

- (a) Upon execution of the Option Agreement and this Compensation and Incentive Agreement by all parties thereto, Hydro One shall pay to or to the order of the Owner the Option Payment in the amount of **XXXXXXX DOLLARS (\$X,XXX.XX)** as set out on the Calculation Sheet.
- (b) On the Closing Date, Hydro One shall make a further incentive payment to or to the order of the Owner in the amount of **XXXXXXX DOLLARS (\$X,XXX.XX)**, (the “**Acceptance of the Hydro One Offer**”) as set out on the Calculation Sheet.

- (c) On the Closing Date, Hydro One shall make a further incentive payment to or to the order of the Owner in the amount of **XXXXXX DOLLARS (\$X,XXX.XX)**, (the “**Premium Above Fair Market Value**”) such amount being equal to XX% of the appraised fair market value of the Owner’s fee simple interest in the Easement Lands as set out on the Calculation Sheet.

3. WAIVER

The Owner waives the right to be reimbursed by Hydro One for the reasonable costs the Owner incurs for a third party independent appraisal report and/or legal review of the HONI Appraisal, the Option Agreement and this Compensation and Incentive Agreement, up to the amount of Seven Thousand Five Hundred Dollars (\$7,500.00) and hereby accepts the Acceptance of the Hydro One Offer as defined in 2(b) above.

4. CONVEYANCING

Hydro One agrees to reimburse the Owner for reasonably incurred legal fees, if any, associated with the review of applicable conveyancing documents.

5. TENANTS

The Owner agrees to indemnify and save harmless Hydro One from all actions, suits, costs, losses, charges, demands, claims and expenses for and in respect of any claims any person having a possessory interest in the Easement Lands.

6. NOTICES

Notices to be given to either party shall be in writing, and will be sent via electronic mail (“email”), personally delivered or sent by registered mail (except during a postal disruption or threatened postal disruption), telegram, electronic facsimile or other similar means of prepaid recorded communication to the applicable address set forth below (or to such other address as such party may from time to time designate in such manner):

| | |
|--------------------------------|--------------------------------|
| HYDRO ONE: | with a copy to its solicitors, |
| Hydro One Networks Inc. | Barriston LLP |
| Facilities and Real Estate | 90 Mulcaster Street |
| P.O. Box 4300 | Barrie, ON L4M 4Y5 |
| Markham, Ontario L2R 5Z5 | |
| 185 Clegg Road | Attention: Jim McIntosh |
| Markham, Ontario L3G 1B7 | Fax: 705-721-4025 |
| Attention: Real Estate Manager | |
| Fax: (905) 946-6242 | |

OWNER: with a copy to their solicitors,

Name: XXXXXXXXXXXX
Address: XXXXXXXXXXXX
Tel: XXX-XXX-XXXX

Notices personally delivered shall be deemed to have been validly and effectively given on the day of such delivery. Any notice sent by registered mail shall be deemed to have been validly and effectively given on the fifth (5th) business day following the date on which it was sent. Any notice sent by telegram, email, electronic facsimile or other similar means of prepaid recorded communication shall be deemed to have been validly and effectively given on the Business Day next following the day on which it was sent. “Business Day” shall mean any day which is not a Saturday or Sunday or a statutory holiday in the Province of Ontario.

7. ASSIGNMENT OF AGREEMENT BY OWNER

The Owner shall not assign all or any part of its interest in this Compensation and Incentive Agreement or any of the rights, privileges and benefits accruing to the Owner hereunder without the consent of the Hydro One, which consent may not be unreasonably withheld or delayed. Upon and to the extent of such assignment, this Compensation and Incentive Agreement shall thenceforth be construed as if originally made with such assignee or assignees instead of the

Owner and the Owner shall, to the extent of such assignment, thereupon be relieved of all liabilities and obligations whatsoever arising out of this Compensation and Incentive Agreement.

The Owner and, if applicable, the Spouse, each covenant and agree that if they transfer, assign, charge, lease or otherwise dispose of all or any part of their interest in the Lands (collectively, a “**Transfer**”) they will obtain an agreement from such Transferee assuming and agreeing to be bound by all of the terms of this Compensation and Incentive Agreement as if the Transferee had been an original signatory to this Compensation and Incentive Agreement.

8. NOTICE OF AGREEMENT

Hydro One may, in its sole discretion and at its sole expense register this Compensation and Incentive Agreement or notice thereof on title to the Lands.

9. NO MERGER

The parties hereto agree that any representations or covenants contained in this Compensation and Incentive Agreement shall not merge on closing, but survive and continue in full force and effect thereafter, but only as to the accuracy of the representation or covenant as at the date of completion of this Compensation and Incentive Agreement.

10. ENTIRE AGREEMENT

The parties hereto acknowledge that there are no covenants, representations, warranties, agreements or conditions, express or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Compensation and Incentive Agreement save as expressly set out in this Compensation and Incentive Agreement and that this Compensation and Incentive Agreement and all Schedules hereto constitute the entire agreement between the parties and may not be modified except as expressly agreed between the parties in writing.

11. SEVERABILITY

Any provision or provisions of this Compensation and Incentive Agreement is declared illegal or unenforceable, it or they shall be considered separate and severable from this Compensation and Incentive Agreement and the remaining provisions shall remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.

12. GOVERNING LAW

This Compensation and Incentive Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

13. SPOUSAL CONSENT

The Owner represents that, except to the extent such consent has been obtained, spousal consent to this transaction is not necessary under the provision of the *Family Law Act*, R.S.O. 1990, c. F.3.

14. SUCCESSORS AND ASSIGNS

This Compensation and Incentive Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, attorneys, guardians, estate trustees, executors, trustees, successors and permitted assigns.

15. EXECUTION AND DELIVERY

This Compensation and Incentive Agreement may be executed in any number of counterparts, each of which is deemed to be an original and all of which taken together constitutes one agreement. To evidence the fact that it has executed this Compensation and Incentive Agreement, a party may send a copy of its executed counterpart to all other parties by a delivery method set out in Section 7 herein (the “**Transmission**”) and the signature transmitted by such Transmission is deemed to be its original signature for all purposes.

16. FURTHER ASSURANCES

The parties hereto agree to do, make and execute, if necessary, at no further cost or condition to the other except payment of reasonable out-of-pocket costs, such other instruments, plans, documents, acts, matters and things and take such further action as may reasonably be required by the other party in order to effectively carry out the true intent of this Compensation and Incentive Agreement.

17. AGE

The Owner represents that the Owner is at least 18 years of age.

IN WITNESS WHEREOF the parties hereto have duly executed this Compensation and Incentive Agreement as of the Agreement Date.

XXXXXXXXXXXXXXXXXXXX

Per: _____
Name:
Title:

XXXXXXXXXXXXXXXXXXXX

Per: _____
Name:
Title:

We/I have authority to bind the Corporation

HYDRO ONE NETWORKS INC.

HYDRO ONE
HST 870865821RT0001

Per: _____
Name: Aaron Fair
Title: Real Estate Services Supervisor

I have authority to bind the Corporation

SCHEDULE "A"

LANDS

INSERT LEGAL DESCRIPTION

SCHEDULE "B"

CALCULATION SHEET

INSERT CALCULATION SHEET

THIS AGREEMENT made in duplicate the _____ day of _____ 2021

Between:

XXXXXXXXXX

(hereinafter referred to as the "Grantor")

OF THE FIRST PART

--- and ---

HYDRO ONE NETWORKS INC.

(hereinafter referred to as "HONI")

OF THE SECOND PART

WHEREAS the Grantor is the owner in fee simple and in possession of certain lands legally described as **(INSERT LEGAL DESCRIPTION)** (the "Lands").

WHEREAS The Grantor has entered into a Temporary Access Agreement with HONI on a portion of the Lands highlighted in green in Schedule "A" (the "Access Lands"). HONI will be utilizing a portion of the Lands as a means of off-corridor access highlighted in red in Schedule "A" ("Off-Corridor Access Lands").

WHEREAS the Owner is agreeable in allowing HONI to enter onto the Lands to use the Off-Corridor Access Lands in order to commence activities which shall include necessary real estate, environmental and engineering studies and testing including but not limited to borehole testing, archaeological studies, soil assessments, property appraisals and surveys in, on or below the Lands subject to the terms and conditions contained herein (the "Activities").

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the lump sum of **\$XXXXX.00** now paid by HONI to the Owner, and the respective covenants and agreements of the parties hereinafter contained and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1. The Grantor hereby grants to HONI the right to enter upon the Lands for the purpose of Off-Corridor Access Lands.
2. The Grantor hereby grants to HONI, as of the date this Agreement, (i) the right to enter upon and exit from, and to pass and repass at any and all times in, over, along, upon, across, through and under the Off-Corridor Access Lands as may be reasonably necessary, at all reasonable times, for HONI and its respective officers, employees, workers, permittees, servants, agents, contractors and subcontractors, with or without vehicles, supplies, machinery, plant, material and equipment for the purpose of the Activities, subject to payment of compensation for damages including payment for crops caused thereby. HONI agrees that it shall take all reasonable care while undertaking the Activities.
3. The term of this Agreement and the permission granted herein shall be two (2) years from the date written above (the "Term"). HONI may, in its sole discretion, and upon 10 days notice to the Grantor, extend the Term for an additional length of time, which shall be negotiated between the parties.
4. Upon the expiry of the Term or any extension thereof, HONI shall repair any physical damage to the Off-Corridor Access Lands and/or Lands resulting from HONI's use of the Access Lands and the permission granted herein; and, shall restore the Access Lands to its original condition so far as possible and practicable.
5. All agents, representatives, officers, directors, employees and contractors and property of HONI located at any time on the Off-Corridor Access Lands shall be at the sole risk of HONI and the Grantor shall not be liable for any loss or damage or injury (including loss of life) to them or it however occurring except and to the extent

to which such loss, damage or injury is caused by the negligence or willful misconduct of the Grantor.

6. HONI agrees that it shall indemnify and save harmless the Grantor from and against all claims, demands, costs, damages, expenses and liabilities (collectively the "Costs") whatsoever arising out of HONI's presence on the Off-Corridor Access Lands or of its activities on or in connection with the Off-Corridor Access Lands arising out of the permission granted herein except to the extent any of such Costs arise out of or are contributed to by the negligence or willful misconduct by the Grantor.
7. Notices to be given to either party shall be in writing, personally delivered or sent by registered mail (except during a postal disruption or threatened postal disruption), telegram, electronic facsimile to the applicable address set forth below (or to such other address as such party may from time to time designate in such manner):

TO HONI:

Hydro One Networks Inc.
Real Estate Services
1800 Main Street East
Milton, Ontario L9T 7S3

Attention: Real Estate Acquisitions
Tel: 905-875-2508
Fax: 905-878-8356

TO GRANTOR:

XXXXXXXXXX
XXXXXXXXXX

8. Notices personally delivered shall be deemed to have been validly and effectively given on the day of such delivery. Any notice sent by registered mail shall be deemed to have been validly and effectively given on the fifth (5th) business day following the date on which it was sent. Any notice sent by telegram, electronic facsimile or shall be deemed to have been validly and effectively given on the Business Day next following the day on which it was sent. "Business Day" shall mean any day which is not a Saturday or Sunday or a statutory holiday in the Province of Ontario. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein. The parties hereto submit themselves to the exclusive jurisdiction of the Courts of the Province of Ontario.
9. Any amendments, modifications or supplements to this Agreement or any part thereof shall not be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

SIGNED, SEALED & DELIVERED
In the presence of:

Witness

SIGNED, SEALED & DELIVERED
In the presence of:

Witness

OWNER(S):

Name:

Name:

HYDRO ONE
HST # 870 865 821 RT001

HYDRO ONE NETWORKS INC.

By: _____

Name:

Title:

I have authority to bind the Corporation

SCHEDULE "A"

PROPERTY SKETCH

| | PIN (Property Identification Number) | LEGAL DESCRIPTION | TYPE OF PROPERTY | Does Hydro One Require New or Updated Property Rights | RIGHTS REQUIRED | Where Agreement is Outstanding - Summary of Negotiations to Date |
|---|--|---|------------------|--|--------------------|---|
| 1 | 612281698 | PCL 8265 SEC CST; MINING CLAIM 16477 TECK EXCEPT SRO AS IN LT73491, LT112346, LT119478, LT126255, MRO AS IN LT161738 W OF HWY 66; S/T LT47203 TRANSFERRED BY LT82309; S/T LT121476, LT271367; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Municipal | Yes | Permanent Easement | Option Agreement Accepted |
| 2 | 612281875 | PCL 8266 SEC CST; PT MINING CLAIM 16478 TECK N OF SLY LIMIT OF HWY 66 EXCEPT MRO AS IN LT282921; S/T LT47205 TRANSFERRED BY LT82309; S/T LT121477, LT271701; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Municipal | Yes | Permanent Easement | Option Agreement Accepted |
| 3 | 612281707 | PCL 8416 SEC CST; MINING CLAIM 16480 TECK N OF S LIMIT HWY 66 EXCEPT LT72715, SRO LT112346; S/T LT47204 TRANSFERRED BY LT82309; S/T LT121478, LT127572, LT271363; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING SUBJECT TO AN EASEMENT IN GROSS OVER PT 1 54R5748 AS IN DT44956 | Municipal | Yes | Permanent Easement | Option Agreement Accepted |
| 4 | 612281708 | PCL 9104 SEC NND; MINING CLAIM L2634 TECK EXCEPT SRO AS IN LT112346, LT131030, LT157382, PT 4 54R2832, PT 1 54R3477; S/T LT83308 TRANSFERRED BY LT84999; S/T LT271701, LT288796, LT69805; KIRKLAND LAKE; DISTRICT OF TIMISKAMING SUBJECT TO AN EASEMENT AS IN LT122531 | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 5 | 612280305 | PCL 8831 SEC CST; MINING CLAIM L2639 TECK SRO; S/T LT69805; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING SUBJECT TO AN EASEMENT IN GROSS OVER PARTS 4, 5 AND 6 54R-6294 AS IN DT85436 | Municipal | Yes | Permanent Easement | Option Agreement Accepted |
| 6 | 612280415 | PCL 557 SEC CST; MINING CLAIM L5692 TECK EXCEPT MRO AS IN LT173872 RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 7 | 612282213 | PCL 12974 SEC CST; PART MINING CLAIM L5688 TECK SRO PARTS 6 & 7 54R6077 SUBJECT TO AN EASEMENT OVER PART 7 54R6077 AS IN LT72926 TOWN OF KIRKLAND LAKE | Municipal | Yes | Permanent Easement | Option Agreement Accepted |
| 8 | 612280496 | PCL 556 SEC CST; MINING CLAIM L5693 TECK RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN EXCEPT SRO LT112346, MRO LT173872; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 9 | 612280495 | PCL 470 SEC CST; MINING CLAIM L5926 TECK RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |

| | PIN (Property Identification Number) | LEGAL DESCRIPTION | TYPE OF PROPERTY | Does Hydro One Require New or Updated Property Rights | RIGHTS REQUIRED | Where Agreement is Outstanding - Summary of Negotiations to Date |
|----|--|--|------------------|--|--------------------|---|
| 10 | 612280411 | PCL 471 SEC CST; MINING CLAIM L5927 TECK RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 11 | 612280686 | PCL 3069 SEC TIM; MINING CLAIM L2764 TECK RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 12 | 612280472 | PCL 4276 SEC CST; MINING CLAIM L2831 TECK EXCEPT LT48218; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Negotiations ongoing - Title Issues to be remedied |
| 13 | 612280747 | PCL 2495 SEC TIM; MINING CLAIM L2838 TECK; S/T LT60992; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 14 | 612280471 | PCL 9263 SEC CST; MINING CLAIM L1343 TECK SRO EXCEPTING SRO AS IN LT43124; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 15 | 612280504 | PCL 1419 SEC CST RIGHT OF WAY OF THE NIPISSING CENTRAL RAILWAY COMPANY ON; FIRSTLY: PT MINING CLAIM L1223 TECK; SECONDLY: PT MINING CLAIM L1340 TECK; THIRDLY: PT MINING CLAIM L1342 TECK; FOURTHLY: PT MINING CLAIM L1343 TECK SRO AS IN LT43124; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Railway Crossing | Yes | Crossing Permit | Crossing Agreement Executed |
| 16 | 612280665 | PCL 9253 SEC CST; MINING CLAIM L1429 TECK SRO EXCEPT LT56036; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 17 | 612280431 | PCL 9254 SEC CST; MINING CLAIM L9106 TECK SRO RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 18 | 612280429 | PCL 9931 SEC CST; MINING CLAIM L7738 TECK SRO RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Municipal | Yes | Permanent Easement | Option Agreement Accepted |
| 19 | 612280388 | PCL 9264 SEC CST; FIRSTLY: MINING CLAIM L3034 TECK; SECONDLY: MINING CLAIM L7811 TECK; FOURTHLY: MINING CLAIM L11384 TECK SRO RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; S/T LT159038; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |

| | PIN (Property Identification Number) | LEGAL DESCRIPTION | TYPE OF PROPERTY | Does Hydro One Require New or Updated Property Rights | RIGHTS REQUIRED | Where Agreement is Outstanding - Summary of Negotiations to Date |
|----|--|---|------------------|--|-----------------------------------|---|
| 20 | 612282155 | PCL 3800 SEC CST; FIRSTLY: MINING CLAIM L7810 TECK NOT COVERED BY THE WATER OF KIRKLAND LAKE; SECONDLY: MINING CLAIM L9066 TECK NOT COVERED BY THE WATER OF KIRKLAND LAKE RESERVING SURFACE RIGHTS ONLY ON AND OVER A STRIP OF LAND ONE CHAIN IN PERPENDICULAR WIDTH ALONG THE SHORE OF KIRKLAND LAKE RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; S/T LT96886; KIRKLAND LAKE; DISTRICT OF TIMISKAMING; EXCEPT MINING RIGHTS AS IN DT19025. | Private | No | Existing Easement Rights in Place | N/A |
| 21 | 612280433 | PCL 7503 SEC CST; MINING CLAIM L2855 TECK (RECORDED AS L6933); MINING CLAIM L2856 TECK (RECORDED AS L6934) NOT COVERED BY THE WATERS OF KIRKLAND LAKE RESERVING SRO ONLY ON AND OVER A STRIP OF LAND ONE CHAIN IN PERPENDICULAR WIDTH ALONG THE SHORE OF KIRKLAND LAKE RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; S/T LT72177; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Municipal | No | Existing Easement Rights in Place | N/A |
| 22 | 612280436 | PCL 3701 SEC CST; MINING CLAIM L2874 TECK; MINING CLAIM L6935 TECK; MINING CLAIM L6936 TECK RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Option Agreement Accepted |
| 23 | 612280514 | PCL 1418 SEC CST FIRSTLY: THE RIGHT OF WAY OF THE NIPISSING CENTRAL RAILWAY ON; PT MINING CLAIM HR1441 TECK (L. 2375) SRO AS IN LT43123; S/T LT43123; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Railway Crossing | Yes | Crossing Permit | Crossing Agreement Executed |
| 24 | 612280663 | PCL 12948 SEC CST; PT MINING CLAIM L2516 TECK NOT COVERED BY THE WATERS OF KIRKLAND LAKE RESERVING THE SRO ONLY ON AND OVER A STRIP OF LAND 66 FT IN PERPENDICULAR WIDTH ALONG THE SHORE OF KIRKLAND LAKE PT 2 TER531; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Bill 58 | No | Rights in Place (Bill 58) | N/A |
| 25 | 612280662 | PCL 12942 SEC CST; PT MINING CLAIM L2515 TECK NOT COVERED BY THE WATERS OF KIRKLAND LAKE RESERVING SRO ON AND OVER A STRIP OF LAND 66 FT IN PERPENDICULAR WIDTH ALONG THE SHORE OF KIRKLAND LAKE PT 1 TER531; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Bill 58 | No | Rights in Place (Bill 58) | N/A |
| 26 | 612280516 | PCL 12944 SEC CST; PT MINING CLAIM L2624 TECK SRO BEING LAND NOT COVERED BY THE WATER OF KIRKLAND LAKE RESERVING SRO ON AND OVER A STRIP OF LAND 66 FT IN PERPENDICULAR WIDTH ALONG THE SHORE OF KIRKLAND LAKE PT 1 TER459; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Bill 58 | No | Rights in Place (Bill 58) | N/A |

| | PIN (Property Identification Number) | LEGAL DESCRIPTION | TYPE OF PROPERTY | Does Hydro One Require New or Updated Property Rights | RIGHTS REQUIRED | Where Agreement is Outstanding - Summary of Negotiations to Date |
|----|--|---|---------------------|--|--|---|
| 27 | 612280804 | PCL 4600 SEC CST; PT MINING CLAIM L2255 TECK SRO AS IN LT63778 T/W LT63779 RESERVING CERTAIN INTERESTS TO THE TIMISKAMING AND NORTHERN ONTARIO RAILWAY COMMISSION AS SET OUT IN THE ORIGINAL PATENT FROM THE CROWN; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Owned | No | Owned by Hydro One | N/A |
| 28 | 612281318 | PCL 2504 SEC TIM; PT MINING CLAIM L2859 TECK NOT COVERED BY THE WATERS OF KIRKLAND LAKE AS IN TP1593; S/T LT169422; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Road Allowance | No | Rely on S.41(1) of the Electricity Act | N/A |
| 29 | 612281414 | PCL 9402 SEC CST; FIRSTLY: PT MINING CLAIM L2101 TECK SRO PT 5 TER73; SECONDLY: PT MINING CLAIM L2102 TECK SRO PT 9, 16, 17, 18, 19 & 20 TER73; RESERVING THE SRO ON AND OVER A STRIP OF LAND ONE CHAIN IN PERPENDICULAR WIDTH ALONG THE SHORE OF KIRKLAND LAKE; S/T LT65277; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Road Allowance | No | Rely on S.41(1) of the Electricity Act | N/A |
| 30 | 612281321 | PCL 9403 SEC CST; PT MINING CLAIM L2102 TECK SRO PT 12, 13, 14, 15 & 24 TER73; RESERVING THE SURFACE RIGHTS ON AND OVER A STRIP OF LAND ONE CHAIN IN PERPENDICULAR WIDTH ALONG THE SHORE OF KIRKLAND LAKE; S/T LT65277; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | No | Existing Easement Rights in Place | N/A |
| 31 | 612281336 | PCL 9384 SEC CST; PT MINING CLAIM L2227 TECK SRO AS IN LT136970 (FIRSTLY & SECONDLY); KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Bill 58 | No | Rights in Place (Bill 58) | N/A |
| 32 | 612281369 | PCL 7605 SEC CST; PT MINING CLAIM L2101 TECK SRO; PT MINING CLAIM L2227 TECK SRO AS IN LT94967 (FIRSTLY & SECONDLY) & LT96511; S/T LT94967 & T/W LT94967; S/T LT65277; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Road Allowance | No | Rely on S.41(1) of the Electricity Act | N/A |
| 33 | 612281372 | PCL 8975 SEC CST; PT MINING CLAIM L2226 TECK SRO; PT MINING CLAIM L2227 TECK SRO AS IN LT133201 (FIRSTLY & SECONDLY) EXCEPT PT 1 54R1624; S/T LT133201; S/T LT65277; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Private | No | Existing Easement Rights in Place | N/A |
| 34 | 612280564 | PCL 11011 SEC CST; BLK A PL M281TIM TECK; BLK B PL M281TIM TECK; BLK D PL M281TIM TECK SRO; S/T LT183379, LT65277; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Regional Government | No | Existing Easement Rights in Place | N/A |
| 35 | 612281398 | PCL 9012 SEC CST; PT MINING CLAIM L2226 TECK SRO PT 4, 7, 8, 16, 17, 27, 28, 29, 30 TER20 EXCEPT PT 1 TO 4 & 6 TO 11 54R1304; T/W PARTS 20 TO 26 TER20 AS IN LT133724; S/T LT133724; S/T LT151996, LT65277; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Road Allowance | No | Rely on S.41(1) of the Electricity Act | N/A |
| 36 | 612282106 | SURFACE RIGHTS ONLY OF PT OF MINING CLAIM HR 1441; TECK; PT 7 PL TER 819; TOWN OF KIRKLAND LAKE; DISTRICT OF TIMISKAMING; S/T EASEMENT IN GROSS OVER PT 7 PL TER819 AS IN LT66677 | Private | No | Existing Easement Rights in Place | N/A |
| 37 | 612281360 | PCL 5945 SEC CST; PT MINING CLAIM HR1441 TECK (L2375) SRO AS IN LT66677 & LT123588; EXCEPT PT 7 PL TER819; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Bill 58 | No | Rights in Place (Bill 58) | N/A |

| | PIN (Property Identification Number) | LEGAL DESCRIPTION | TYPE OF PROPERTY | Does Hydro One Require New or Updated Property Rights | RIGHTS REQUIRED | Where Agreement is Outstanding - Summary of Negotiations to Date |
|----|--|--|---------------------|--|-----------------------------------|---|
| 38 | 612280582 | PCL 9710 SEC CST; FIRSTLY: PT MINING CLAIM HR1441 TECK (L2375) SRO PT 10, 11 TER351; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Bill 58 | No | Rights in Place (Bill 58) | N/A |
| 49 | 612281358 | PCL 9710 SEC CST; PT MINING CLAIM HR1441 TECK (L2375) SRO PT 4, 5 & 6 TER351 EXCEPT PT 1 & 2 TER398; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Bill 58 | No | Rights in Place (Bill 58) | N/A |
| 40 | 612281359 | PCL 9826 SEC CST; FIRSTLY: PT MINING CLAIM HR1441 TECK (L2375) SRO PT 1 & 2 TER426; SECONDLY: PT MINING CLAIM L1823 TECK SRO PT 3 TER426; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Municipal | No | Existing Easement Rights in Place | N/A |
| 41 | 612282127 | SURFACE RIGHTS ONLY OF PT MINING CLAIMS L2100 & L2226 TECK, PT 2 TER351, PTS 1 & 3 54R1816; S/T ESMT OVER PTS 1 & 3 54R5084 AS IN DT7577; T/W ESMT OVER PTS 2, 4 & 5 54R5084 AS IN DT7577; T/W PT 16 & 20 TER14 AS IN LT134470; T/W PT 1 TER525 EXCEPT PT 12 TER346 AS IN LT 164179; IT IS UNDERSTOOD AND AGREED THAT ALL MINES, VEINS, SEAMS AND BEDS OF COAL, IRON, COBALT, GOLD, SILVER & OTHER MINERALS WHATSOEVER ALREADY FOUND OR WHICH MAY HEREAFTER BE FOUND IN, ON OR UNDER THE SAID LAND HEREBY TRANSFERRED OR INTENDED SO TO BE, HAVE BEEN RESERVED, TOGETHER WITH FULL LIBERTY AT ALL TIMES TO PROSPECT FOR MINERALS AND TO CARRY ON MINING OPERATIONS AND TO WORK & TO CARRY AWAY THE SAID MINES AND MINERALS; PROVIDED THAT ALL PROSPECTING OR MINING OPERATIONS WHICH MAY BE CONDUCTED ON OR UNDER THE SAID LAND SHALL BE SUBJECT TO THE OBLIGATION OF PARTIES ACTUALLY CONDUCTING WORK OR CARRYING ON OPERATIONS IN, ON OR UNDER SUCH LANDS WHETHER AS OWNER, LESSEE OR OTHERWISE, TO CONDUCT SUCH PROSPECTING WORK AND MINING OPERATIONS IN SUCH A WAY AS SHALL NOT, WITHOUT COMPENSATION, INTERFERE WITH ANY BUILDINGS OR OTHER ERECTIONS WHICH ARE NOW OR MAY HEREAFTER BE ERECTED ON SAID LANDS; S/T PT 12 TER14 AS IN LT123568; S/T | Regional Government | No | Existing Easement Rights in Place | N/A |

| | PIN (Property Identification Number) | LEGAL DESCRIPTION | TYPE OF PROPERTY | Does Hydro One Require New or Updated Property Rights | RIGHTS REQUIRED | Where Agreement is Outstanding - Summary of Negotiations to Date |
|----|--|---|------------------|--|--------------------|---|
| 42 | 612281354 | PCL 9703 SEC CST; FIRSTLY: PT MINING CLAIM L2226 TECK SRO; PT MINING CLAIM L2100 TECK SRO PT 8, 9, 10, 14 & 23 TER14; SECONDLY: PT MINING CLAIM L2100 TECK SRO PT 1 TER328 T/W PT 24 TER14 AS IN LT148082; IT IS UNDERSTOOD AND AGREED THAT ALL MINES, VEINS, SEAMS AND BEDS OF COAL, IRON, COBALT, GOLD, SILVER AND OTHER MINERALS WHATSOEVER ALREADY FOUND OR WHICH MAY HEREAFTER BE FOUND IN, ON OR UNDER THE SAID LAND HEREBY TRANSFERRED OR INTENDED SO TO BE, HAVE BEEN RESERVED TOGETHER WITH FULL LIBERTY AT ALL TIMES TO PROSPECT FOR MINERALS AND TO CARRY ON MINING OPERATIONS AND TO WORK AND TO CARRY AWAY THE SAID MINES AND MINERALS; PROVIDED THAT ALL PROSPECTING OR MINING OPERATIONS WHICH MAY BE CONDUCTED ON OR UNDER THE SAID LAND SHALL BE SUBJECT TO THE OBLIGATION OF PARTIES ACTUALLY CONDUCTING WORK OR CARRYING ON OPERATIONS IN, ON OR UNDER SUCH LANDS, WHETHER AS OWNER, LESSEE, OR OTHERWISE TO CONDUCT SUCH PROSPECTING WORK AND MINING OPERATIONS IN SUCH A WAY AS SHALL NOT WITHOUT COMPENSATION, INTERFERE WITH ANY BUILDINGS OR OTHER ERECTIONS WHICH ARE NOW OR MAY HEREAFTER BE ERECTED ON SAID LANDS; S/T LT123568; KIRKLAND LAKE ; DISTRICT OF TIMISKAMING | Owned | No | Owned by Hydro One | N/A |
| 43 | 612280691 | PCL 3056 SEC TIM; MINING CLAIM L4186 TECK; KIRKLAND LAKE; DISTRICT OF TIMISKAMING | Private | Yes | Permanent Easement | Negotiations ongoing |



AGNICO EAGLE

November 13, 2023

SENT VIA EMAIL ONLY Shevaughne.Wynter@HydroOne.com

Shevaughne Wynter, Transmission Account Executive

Hydro One Networks Inc.
6975 Kenderry Gate
Mississauga, Ontario L5T 2Y1

Dear Mr. Wynter,

Re: Hydro One Networks Inc. – K4 Line Refurbishment Project

Agnico Eagle Mines Limited (“Agnico Eagle”) and Kirkland Lake Gold Limited (formerly Kirkland Lake Gold Inc by way of amalgamation) underwent a “merger of equals” effective February 8, 2022 pursuant to a plan of arrangement, with Agnico acquiring all the issued and outstanding shares of Kirkland Lake Gold Limited (“KLG”). As such, KLG is a wholly owned subsidiary of Agnico Eagle.

Agnico Eagle has received a request for permanent easements to be granted to Hydro One Networks Inc. (“Hydro One”) over various parcels of properties owned by KLG (including those where KLG owns surface and mining rights). The properties are located in Kirkland Lake, Ontario in the District of Timiskaming.

Agnico Eagle understands the importance of Hydro One’s proposed K4 Transmission Line Refurbishment Project (the “Project”) and is committed to working with Hydro One to complete the necessary permanent easement agreement requirements in a timely manner. Agnico Eagle understands that the permanent easement(s) are required by Hydro One for the construction of, and permanent siting for, a section of the K4 Transmission Line.

Furthermore, Agnico Eagle is aware of the Regulatory Requirements with respect to the Ontario Energy Board (“OEB”)’s S.92 leave to construct approval and are supportive of the OEB providing s.92 Approval to Hydro One to allow the Project construction to commence as planned. We anticipate that the negotiations with Hydro One, for suitable rights over the property(s) we hold ownership over, will be completed in the coming months and prior to the commencement of construction activities on the subject property area (as outlined above).

If you have any questions, please do not hesitate to contact the undersigned at 416-420-8813 or wendy.yu@agnicoeagle.com.

Yours truly,

Wendy Yu
Vice President, Legal
Agnico Eagle Mines Limited

SYSTEM IMPACT ASSESSMENT

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Please refer to Attachment 1 for the Final SIA prepared by the IESO (SIA reference # CAA ID: 2023-EX1225).

The SIA concludes that the Project is expected to have no material adverse impact on the reliability of the integrated power system, provided that all requirements in the report are implemented.

Hydro One confirms that it will implement the requirements noted by the IESO in the SIA.

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Expedited System Impact Assessment Report

Final Report - Public

CAA ID: 2023-EX1225

Project: K4 Transmission Line Refurbishment Between
Kirkland Lake TS and 93K4-89 JCT

Connection Applicant: Hydro One Networks Inc.

August 2, 2023



Acknowledgement

The IESO wishes to acknowledge the assistance of Hydro One in completing this assessment.

Disclaimer

This report has been prepared solely for the purpose of assessing whether the connection applicant's proposed connection with the IESO-controlled grid would have an adverse impact on the reliability of the integrated power system and whether the IESO should issue a notice of conditional approval or disapproval of the proposed connection under Chapter 4, section 6 of the Market Rules.

Conditional approval of the project is based on information provided to the IESO by the connection applicant and Hydro One at the time the assessment was carried out. The IESO assumes no responsibility for the accuracy or completeness of such information, including the results of studies carried out by Hydro One at the request of the IESO. Furthermore, the conditional approval is subject to further consideration due to changes to this information, or to additional information that may become available after the conditional approval has been granted.

If the connection applicant has engaged a consultant to perform connection assessment studies, the connection applicant acknowledges that the IESO will be relying on such studies in conducting its assessment and that the IESO assumes no responsibility for the accuracy or completeness of such studies including, without limitation, any changes to IESO base case models made by the consultant. The IESO reserves the right to repeat any or all connection studies performed by the consultant if necessary to meet IESO requirements.

Conditional approval of the proposed connection means that there are no significant reliability issues or concerns that would prevent connection of the proposed project to the IESO-controlled grid. However, the conditional approval does not ensure that a project will meet all connection requirements. In addition, further issues or concerns may be identified by the transmitter(s) during the detailed design phase that may require changes to equipment characteristics and/or configuration to ensure compliance with physical or equipment limitations, or with the Transmission System Code, before connection can be made.

This report has not been prepared for any other purpose and should not be used or relied upon by any person for another purpose. This report has been prepared solely for use by the connection applicant and the IESO in accordance with Chapter 4, section 6 of the Market Rules. This report does not in any way constitute an endorsement of the proposed connection for the purposes of obtaining a contract with the IESO for the procurement of supply, generation, demand response, demand management or ancillary services.

The IESO assumes no responsibility to any third party for any use, which it makes of this report. Any liability which the IESO may have to the connection applicant in respect of this report is governed by Chapter 1, section 13 of the Market Rules. In the event that the IESO provides a draft of this report to the connection applicant, the connection applicant must be aware that the IESO may revise drafts of this report at any time in its sole discretion without notice to the connection applicant. Although the IESO will use its best efforts to advise you of any such changes, it is the responsibility of the connection applicant to ensure that the most recent version of this report is being used.



Project Description

Hydro One Networks Inc. (the “connection applicant” and the “transmitter”) is proposing to refurbish sections of 115 kV transmission line K4, and replace disconnect switch 93K4-89 with a circuit switcher (the “project”). K4 is a radial circuit emanating from Kirkland Lake Transformer Station (TS). Disconnect switch 93K4-89 is located at 93K4-89 JCT between Macassa #3 JCT and Matachewan JCT.

The proposed in-service date is Q3 2024.

Notification of Conditional Approval

This assessment concludes that the proposed connection of the project is expected to have no material adverse impact on the reliability of the integrated power system, provided that all requirements in this report are implemented. Therefore, the assessment supports the release of the Notification of Conditional Approval for connection of the project.

General Requirements:

The connection applicant shall satisfy all applicable requirements specified in the Market Rules, the Transmission System Code (TSC) and reliability standards. Some of the general requirements that are applicable to this project are presented in detail in Appendix A: General Requirements, of this report.

Appendix A: General Requirements

The connection applicant shall satisfy all applicable requirements specified in the Market Rules, the Transmission System Code and reliability standards. This section highlights some of the general requirements that are applicable to the project.

1. The connection applicant must notify the IESO at connection.assessments@ieso.ca as soon as they become aware of any changes to the project scope or data used in this assessment. The IESO will determine whether these changes require a re-assessment.
2. The connection applicant shall ensure that the project's equipment meet the voltage requirements specified in section 4.2 and section 4.3 of the Ontario Resource and Transmission Assessment Criteria (ORTAC).
3. In accordance with Section 7.4 of Chapter 4 of the Market Rules, the connection applicant shall provide to the IESO the applicable telemetry data listed in Appendix 4.16 of the Market Rules on a continual basis. The data shall be provided in accordance with the performance standards set forth in Appendix 4.20 and Appendix 4.21, subject to Section 7.6A of Chapter 4 of the Market Rules.

The connection applicant must install monitoring equipment that meets the requirements set forth in Appendix 2.2 of Chapter 2 of the Market rules. As part of the IESO's Market Registration process, the connection applicant must also complete end to end testing of all necessary telemetry points with the IESO to ensure that standards are met and that sign conventions are understood. All found anomalies must be corrected before IESO's final approval to connect any phase of the project is granted.

4. According to Section 6.1.2 of the TSC, the connection applicant must ensure the project's transmission connection equipment is designed to withstand the fault levels in the area. According to Section 6.4.4 of the TSC, if any future system changes result in an increased fault level higher than the project's equipment capability, the connection applicant is required to replace that equipment with higher rated equipment capable of withstanding the increased fault level, up to the maximum fault level specified in Appendix 2 of the TSC.
5. It is the connection applicant's responsibility to verify that all equipment and circuit breakers within the project are appropriately sized for the local fault levels.
6. The connection applicant shall ensure that the connection equipment is designed to be fully operational in all reasonably foreseeable ambient conditions. Failures of the connection equipment must be contained within the project and have no adverse impact on the IESO-controlled grid.
7. The connection applicant must initiate the IESO's Market Registration process at least four months prior to the commencement of any project related outages. Once the IESO's Market Registration process has been successfully completed, the IESO will provide the connection applicant with a Registration Approval Notification (RAN) document, confirming that the project is

fully authorized to connect to the IESO-controlled grid. For more details about this process, the connection applicant is encouraged to contact IESO's Market Registration at market.registration@ieso.ca

8. The connection applicant is required to provide "as-built" equipment data for the project during the IESO Market Registration process. If the "as-built" equipment data differs materially from the ones used in this assessment, then the IESO may decide that further analysis of the project is required.
9. As per Market Manual 1.4: Connection Assessment and Approval, the connection applicant will be required to provide a status report of its proposed project with respect to its progress upon request of the IESO using the [project status report form](#) on the IESO website. Failure to comply with project status requirements listed in Market Manual 1.4: Connection Assessment and Approval will result in the project being withdrawn.



Appendix B: Data Verification (Confidential)



Appendix C: Technical Assessments (Confidential)

**Independent Electricity
System Operator**

1600-120 Adelaide Street West
Toronto, Ontario M5H 1T1

Phone: 905.403.6900

Toll-free: 1.888.448.7777

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CUSTOMER IMPACT ASSESSMENT

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Please refer to **Attachment 1** for the draft CIA prepared by Hydro One. The CIA includes recommendations stemming from the IESO's SIA, as submitted in **Exhibit F, Tab 1, Schedule 1**.

The CIA concludes that the proposed Project will increase supply reliability for area customers by reducing future interruptions caused by component failure along transmission circuit K4.

Hydro One expects to finalize the CIA prior to the end of November 2023, and will submit it as evidence in support of this Application at that time.

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Hydro One Networks Inc.
483 Bay Street
Toronto, Ontario
M5G 2P5

CUSTOMER IMPACT ASSESSMENT

Transmission Line Refurbishment:

K4, between Kirkland Lake TS and 93K4-89 JCT

Date: October 18, 2023
CIA ID# 2023-22
Revision 0

Issued by: **Transmission Planning Department
Asset Management Division
Hydro One Networks Inc.**

Prepared by:

Approved by:

Deniz Turkben, P.Eng
Sr. Transmission Planning Engineer
Transmission System Development
Hydro One Networks Inc.

Prasath Suppiah, P.Eng
Transmission Planning Manager
Transmission System Development
Hydro One Networks Inc.

Disclaimer

Disclaimer:

This Customer Impact Assessment (“CIA”) is being performed in accordance with Hydro One Networks Inc.’s (“Hydro One”) Customer Impact Assessment Procedure (Section 2.4) set out in Hydro One’s Ontario Energy Board (OEB) approved Transmission Connection Procedures) and Section 6.4^[1] of the OEB’s Transmission System Code. Hydro One performs a CIA where Hydro One has determined that one or more existing Hydro One transmission customers may be impacted by a proposed new or modified connection.

This CIA was prepared by Hydro One based on information available to or provided to Hydro One at the time the CIA was performed regarding the: (i) proposed new or modified connection described herein (“Project”); and (ii) existing connection of one or more transmission customers that Hydro One determined prior to conducting the CIA that may be impacted by the Proposed Project. The CIA is intended to highlight impacts of the Project, if any, on existing Hydro One transmission customers early in the project development process and thus allow an opportunity for impacted Hydro One transmission customers to bring forward any concerns that they may have. Subsequent changes to the required modifications or the implementation plan may affect the impacts of the proposed Project. The results of this CIA are also subject to change to accommodate the requirements of the IESO and/or other regulatory requirements.

Hydro One shall not be liable to any person or entity reading or receiving the CIA (including, without limitation, any existing transmission customer that Hydro One determined may be impacted by the Project prior to conducting the CIA) under any circumstances whatsoever for any direct damages resulting from or in any way related to the reliance on, acceptance or use of the CIA or its contents unless such liability arises under section 6.4 of the Transmission System Code or the terms of a contract made between Hydro One and that person or entity with respect to the proposed Project; and/or any indirect or consequential damages, loss of profit or revenues, business interruption losses, loss of contract or loss of goodwill, special damages, punitive or exemplary damages, whether any of the said liability, loss or damages arises in contract, tort or otherwise.

1.0 PURPOSE AND BACKGROUND

The purpose of this project is to refurbish 10 km of 115kV transmission circuit K4 between Kirkland Lake Transformer Station (TS) and switch 93K4-89, presently located at structure number 81 towards Matachewan Junction (JCT).

Circuit K4 is a radial, 97 km, 115 kV, single circuit, primarily wood pole transmission line that provides several Customer Transformer Stations (CTS) connection to Kirkland Lake TS and ultimately the Hydro One transmission network. 64 km of this circuit is owned and managed by Hydro One Networks Inc., where the balance is customer owned. This circuit was first constructed in 1924 and predominantly services mining operations in the area, along with connections for Hydro One distribution customers.

The 10 km line sections between Kirkland Lake TS and structure number 81 is of original vintage and in poor condition. Furthermore, these sections are strung with copper conductors, which are obsolete as they can no longer be effectively maintained. The balance of the Hydro One Networks Inc. owned and operated sections of circuit K4 were refurbished in 2011.

In accordance with section 6 of the Ontario Energy Board's Transmission System Code ("TSC"), Hydro One Networks Inc. is to carry out a Customer Impact Assessment ("CIA") study to assess the impact of this transmission line refurbishment on connected customers. This report presents the results of this CIA.

2.0 PROJECT DESCRIPTION

This project will economically fully refurbishment the first 10 km of transmission circuit K4 between Kirkland Lake Transformer Station (TS) and switch 93K4-89. This work includes the replacement of conductor, structure, shieldwire, and all associated hardware.

Through this project, the refurbished line sections will be:

1. Modernized to present Hydro One standards
2. Strung with a conductor that economically minimizes lines losses
3. Provided with greater operability through the replacement of disconnect switch 93K4-89 with a circuit switcher, allowing the sectionalizing of circuit K4 downstream of 93K4-89 JCT without needing to de-energize the full circuit from Kirkland Lake TS.

The planned in-service date for this project is Q4 2024.

Appendix A provides a map for the project area and the single line diagram for transmission circuit K4.

3.0 CUSTOMER LIST

The area customers that may be impacted by this proposed project are listed in Table 1 below:

Table 1 – Area Customers

| Station Name | Station Delivery Point / Line | Customer Name |
|----------------------|-------------------------------|---|
| Young-Davidson CTS | NQ7147 / K4 | Young Davidson Mine (Alamos Gold Inc.) |
| Macassa Shaft #3 CTS | NQF3201 / K4 | Macassa Mine (Kirkland Lake Gold Ltd. / Agnico Eagle Mines Ltd.) |
| Macassa Mill CTS | NQF3204 / K4 | Macassa Mine (Kirkland Lake Gold Ltd. / Agnico Eagle Mines Ltd.) |
| Kirkland Lake TS | FA16J / K4 | Hydro One Networks Inc. (Distribution) |
| Kirkland Lake TS | FA16E / K4 | Hydro One Networks Inc. (Distribution) |

4.0 OPERATING PHILOSOPHY

This project does not change the existing operating philosophy.

5.0 TECHNICAL STUDIES

Hydro One assessed the impact of the proposed project on customer buses both in the local area and for those potentially impacted further away in the system. In addition, an IESO System Impact Assessment (CAA ID 2023-EX1225) has been completed, confirming no adverse impact to the performance of the IESO Controlled Grid following implementation of this project.

5.1 VOLTAGE PERFORMANCE

Voltage performance on the high voltage buses and Hydro One customer delivery points will remain within the limits specified in Section 4.2 and 4.3 of IESO's Ontario Resource and Transmission Assessment Criteria (ORTAC) following the implementation of this project.

5.2 SHORT-CIRCUIT RESULTS

Short circuit assessment results of the proposed project are provided in Appendix B. The incorporation of the proposed project into the Hydro One transmission system are not expected to have an adverse impact on area short circuit levels. Area buses remain within the limits of the Transmission System Code (TSC) shown below in Table 2, and remain within Hydro One equipment ratings.

Table 2 - TSC: Transmission System Connection Point Performance Standards

| Nominal Voltage (kV) | Maximum 3ph Fault (kA) | Maximum SLG Fault (kA) |
|----------------------|------------------------|---------------------------|
| 115 | 50 | 50 |
| 44 | 20 | 19 (usually limited to 8) |

5.3 CUSTOMER RELIABILITY RESULTS

It is expected that the proposed project will increase supply reliability for area customers by reducing future interruptions caused by component failure along transmission circuit K4.

5.4 PRELIMINARY OUTAGE IMPACT ASSESSMENT

To perform this refurbishment, outages on transmission circuit K4 will be taken in a manner that results in no major impact to supplied customers. Outage schedule will be made available during the execution phase of the project and will be established in consultation with connected customers. The outage duration, if any, will be minimized and risk managed with proper outage planning and co-ordination.

6.0 CONCLUSIONS AND RECOMMENDATIONS

This Customer Impact Assessment concludes that the proposed project is not expected to have an adverse impact on connected Hydro One Transmission customers.

It is recommended that area customers review the impact of the short circuit change to their facilities and take appropriate and timely action to address any safety/technical issues that may arise from these changes prior to the in-service date of this project.

Appendix A – Project Map and Single Line Diagram

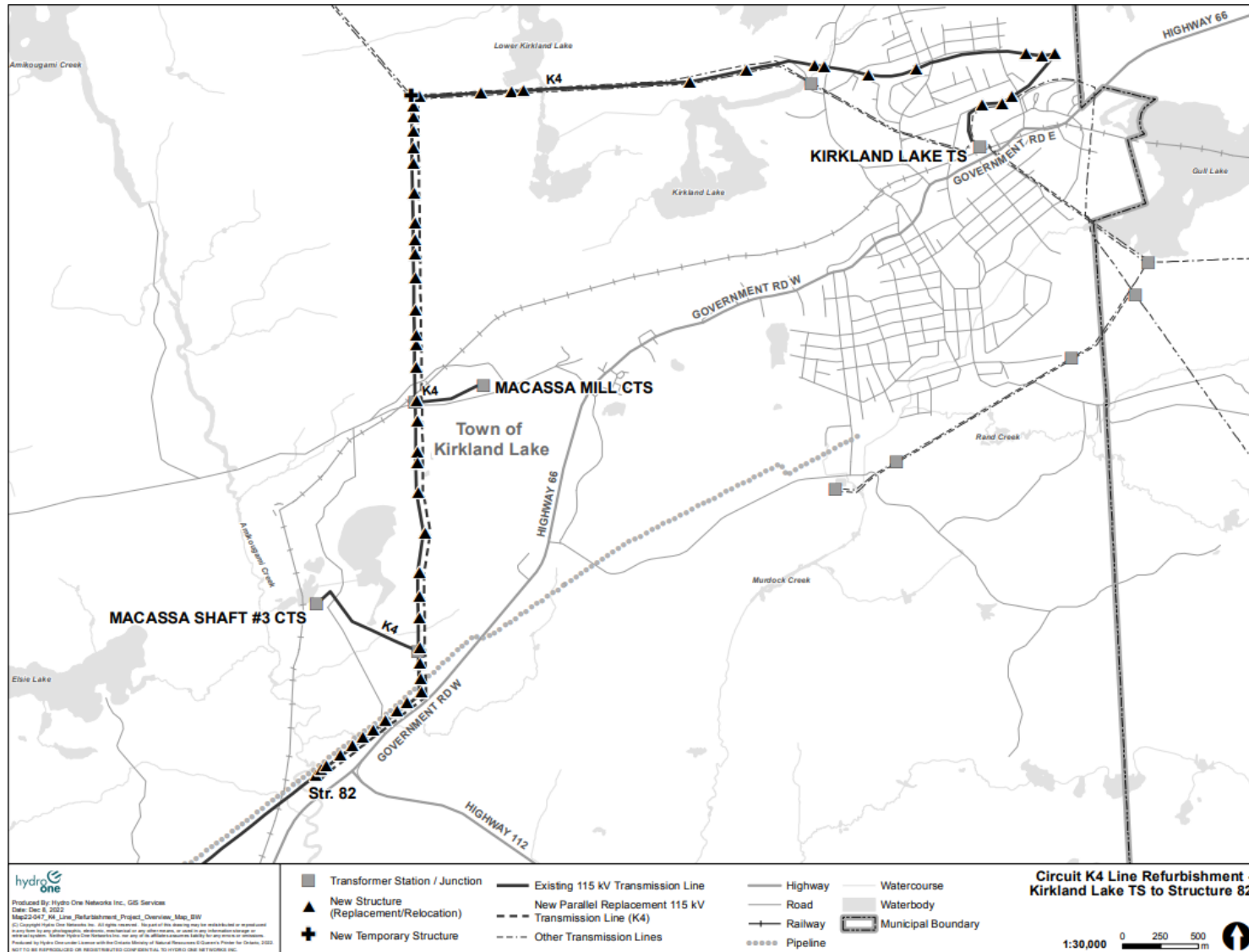


Figure 1 – Map of Project Area: Transmission circuit K4 between Kirkland Lake TS and switch 93K4-89

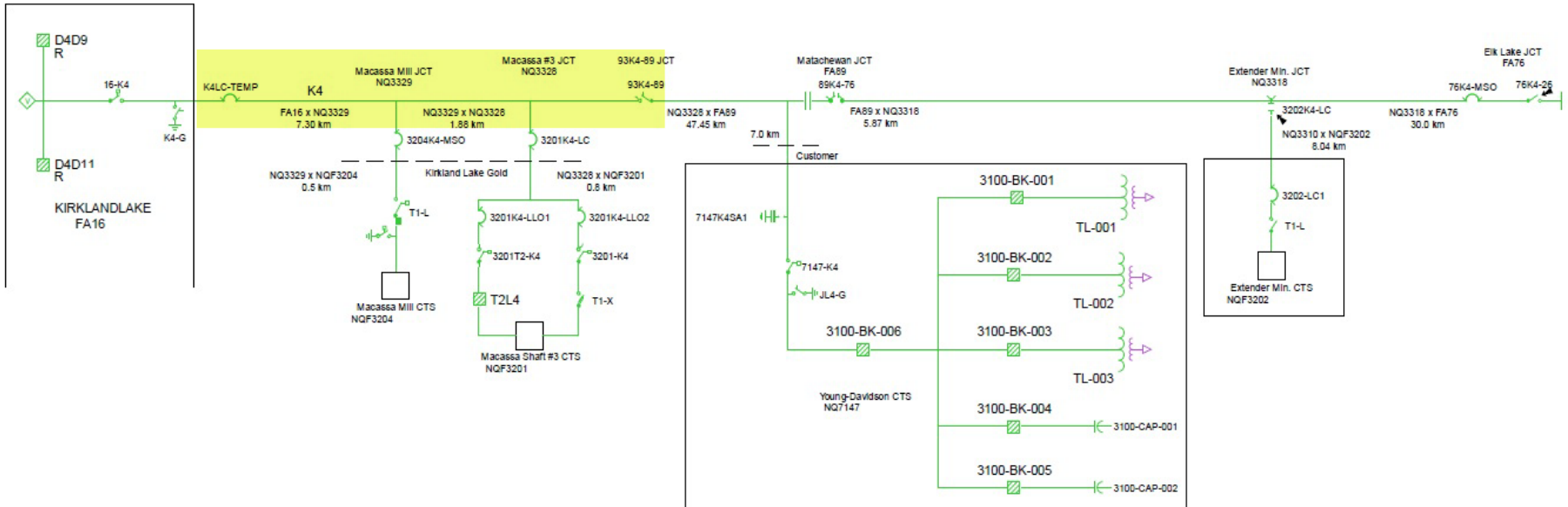


Figure 2 – Single line diagram of transmission circuit K4. Sections within the project scope are highlighted

Appendix B – Short Circuit Assessment Results

| Station Bus | Voltage (kV) | Existing | | | | Post Refurbishment | | | |
|----------------------------------|--------------|-----------|-------|----------|-------|--------------------|-------|----------|-------|
| | | 3-ph (kA) | | L-G (kA) | | 3-ph (kA) | | L-G (kA) | |
| | | Symm | Asymm | Symm | Asymm | Symm | Asymm | Symm | Asymm |
| Kirkland Lake TS | 115 | 6.662 | 7.685 | 7.796 | 9.408 | 6.662 | 7.685 | 7.796 | 9.408 |
| K4, 3.3 km from Kirkland Lake TS | 115 | 5.760 | 6.067 | 5.863 | 6.154 | 5.887 | 6.626 | 6.151 | 6.733 |
| K4, 6.6 km from Kirkland Lake TS | 115 | 5.059 | 5.195 | 4.687 | 4.792 | 5.273 | 5.844 | 5.080 | 5.396 |
| Macassa Mill CTS | 115 | 4.946 | 5.064 | 4.514 | 4.602 | 5.172 | 5.719 | 4.916 | 5.205 |
| Macassa Shaft #3 CTS | 115 | 4.635 | 4.715 | 4.044 | 4.104 | 4.918 | 5.409 | 4.485 | 4.720 |
| 93K4-89 JCT | 115 | 4.464 | 4.526 | 3.805 | 3.852 | 4.813 | 5.282 | 4.312 | 4.529 |
| Matachewan JCT | 115 | 1.631 | 1.632 | 1.081 | 1.082 | 1.689 | 1.690 | 1.117 | 1.118 |
| Young-Davidson CTS | 115 | 1.515 | 1.516 | 0.985 | 0.985 | 1.506 | 1.508 | 0.981 | 0.982 |

REGIONAL AND BULK PLANNING

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Due to the nature of the K4 circuit, i.e. being a radial line and not a network system facility, the IESO has not considered this circuit, or the specific sections being addressed by the Project in any recent IRRP's, RIP's, or Bulk System Plans. The section of the K4 circuit identified as being at end-of-life, and the subject of this Application, is included in the IESO study titled, "North & East of Sudbury Scoping Assessment Outcome Report", provided at **Exhibit B, Tab 3, Schedule 1, Attachment 1**, specifically located at *Table 4-3* titled "End of Life Circuit Equipment", (Pg. 9).

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