Ontario Energy Board | Commission de l'énergie de l'Ontario

# DECISION AND ORDER

## EB-2023-0061

# HYDRO ONE SAULT STE. MARIE LIMITED PARTNERSHIP

**Application for leave to construct: refurbishment of the existing section of electricity transmission line between Third Line Transformer Station and Mackay Transformer Station**

**BEFORE: Fred Cass**
Presiding Commissioner

**Robert Dodds**
Commissioner

**Anthony Zlahtic**
Commissioner

**December 7, 2023**

Ontario Energy Board | Commission de l'énergie de l'Ontario

Ontario

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# 1 OVERVIEW

This is a Decision and Order of the Ontario Energy Board (OEB) on an application filed by Hydro One Sault Ste. Marie Limited Partnership (HOSSM) for an order granting leave to construct a refurbishment of an existing single-circuit electricity transmission line between Third Line Transformer Station and Mackay Transformer Station and associated facilities in North-West Ontario. The transmission line and associated station facilities proposed by HOSSM are collectively referred to as the Project. A map showing the location of the Project is attached as Schedule A to this Decision and Order.

HOSSM also applied for approval of the form of agreements it has offered or will offer to landowners that may be affected during Project construction.

The OEB grants HOSSM's application for leave to construct and approves the forms of land use agreements set out in the Application. This approval is based on an examination of the project need, project costs, reliability and quality of service, and forms of land use agreements. The leave granted through this Decision and Order is subject to the OEB's conditions of approval that are attached as Schedule B to this Decision and Order.

# 2 CONTEXT AND PROCESS

HOSSM applied to the OEB on June 15, 2023, under section 92 of the *Ontario Energy Board Act*, *1998*, S.O. 1998, c. 15, (OEB Act) for an order granting leave to construct a refurbishment of approximately 90.5 kilometres of an existing 115 kilovolt single-circuit electricity transmission line between Third Line Transformer Station and Mackay Transformer Station and associated facilities in North-West Ontario (Application).

HOSSM also applied under section 97 of the OEB Act for approval of the forms of agreement it offers to landowners if temporary construction rights for access or staging areas are required during the construction period of the Project.

The OEB issued a Notice of Hearing on July 10, 2023 which set July 20, 2023 as the deadline for the service of notices. On July 13, 2023, HOSSM requested an extension of time to July 28, 2023, to complete service of the notices, which the OEB granted.

The following persons applied for intervenor status: Algoma Power Inc. (API), Batchewana First Nation (BFN), the Independent Electricity System Operator (IESO) and Perimeter Forest Limited Partnership (PFLP).

In Procedural Order No. 1, the OEB granted intervenor status to API, BFN, the IESO and PFLP. BFN and PFLP were approved as eligible to apply for cost awards. Procedural Order No. 1 also established the schedule for interrogatories from OEB staff and intervenors and interrogatory responses from HOSSM.

On September 18, 2023 and September 25, 2023, BFN and PFLP, respectively, filed letters requesting an extension of time to file interrogatories. The OEB granted the extension and revised the deadline for OEB staff and intervenors to file interrogatories from September 11, 2023 to September 25, 2023.

Through Procedural Order No. 2 issued on October 12, 2023, the OEB established that written submissions from OEB staff and intervenors were due October 24, 2023, and HOSSM's reply submission was due October 31, 2023. In Procedural Order No. 2, the OEB also approved HOSSM's confidentiality request.

OEB staff and BFN's submissions and HOSSM's reply submission were filed in accordance with the established deadlines.

On October 16, 2023, after the interrogatory stage of the proceeding concluded, PFLP requested clarification about an interrogatory response provided by HOSSM. The clarification question related to an existing easement agreement between PFLP and HOSSM and a Maintenance and Repair Cost Contribution Agreement that is supposed

to be entered into according to the easement. HOSSM responded to PFLP's questions in its reply submission.

Section 92 of the OEB Act provides that leave of the OEB must be obtained for the construction, expansion or reinforcement of electricity transmission lines. Section 96(2) of the OEB Act limits the scope of the OEB's review in an application under section 92 to the interests of consumers with respect to prices and the reliability and quality of electricity service.

The OEB has considered the impact of the Project on prices and the reliability and quality of electricity service. As part of its review of a project's impact on prices, the OEB typically considers the need for a project and alternatives to the proposed project.

The OEB's findings on the Project's impacts on prices (which includes an analysis of Project need and alternatives), reliability, quality of service, land matters, and conditions of approval are addressed below.

## 2.1 Project Need and Alternatives

The Sault #3 line is a 115 kV single circuit line which runs between Third Line TS and Mackay TS, connecting the areas of Montreal River and Sault Ste. Marie in North-West Ontario. The line consists of a wood pole line circuit, approximately 90.5 km in length, which is over 90 years old.

HOSSM indicated that the need for the Project was established based on the Aluminum Conductor Steel Reinforced (ACSR) conductor section between Mackay TS and Goulais Bay TS being in poor condition and near the end of its life. Between 2013 to 2015, there were three conductor sleeve failures on the 266.8 kcmil conductor, resulting in the Sault #3 line being de-rated to 200 amps from the original design rating of 464 amps. Derating this section of line to a reduced conductor capacity restricts load flow between Mackay TS and Third Line TS. Until Sault #3 line is refurbished, the conductor cannot be restored to its original design rating.

This Project was part of the HOSSM portfolio and refurbishment plan prior to Hydro One Networks Inc.'s purchase of HOSSM (previously Great Lakes Power Transmission) in 2016. The need to reconductor the Sault #3 line was identified in the Transmission System Plan included in HOSSM's 2019 transmission rate application.[1]

Although, the IESO did not recommend upgrading the Sault #3 line beyond Hydro One's minimum standard conductor size for the purpose of meeting regional needs, the IESO

[1] EB-2018-0218.

noted that an end-of-life replacement is the key driver of the need for the Project and the purpose of the proposed conductor size is to mitigate line losses.

OEB staff submitted that the evidence demonstrates the need for the Project to replace end-of-life facilities (Sault #3 line) so that the area continues to receive a safe and reliable supply of electricity. OEB staff submitted that the third-party conductor sleeve failure analysis in the pre-filed evidence supports the need for the Project.

OEB staff agreed with HOSSM's approach to adopt larger conductor sizes, relative to minimum standards, where cost effective.

HOSSM considered five alternatives to the Project which were summarized in the Application in the following table.

**Table 1: Project Alternatives**

| | Existing 336 kcmil conductor between Third Line TS & Goulais Bay TS | Existing 266.8 kcmil conductor between Mackay TS & Goulais Bay TS | Capital cost ($Million) | Annual line losses (MWh) | Total annual cost ($Million) |
|---|---|---|---|---|---|
| **Alternative 1** | Retained | Replace w/ 411 kcmil conductor[2] | 68.72 | 5,032 | 5.69 |
| **Alternative 2 (preferred)** | Retained | Replace w/ 477 kcmil conductor[3] | 68.81 | 4,476 | 5.65 |
| **Alternative 3** | Replaced with 411 kcmil conductor | Replace w/ 411 kcmil conductor | 69.43 | 4,484 | 5.73 |
| **Alternative 4** | Replaced with 477 kcmil conductor | Replace w/ 477 kcmil conductor | 69.56 | 4,179 | 5.68 |
| **Alternative 5** | Retained | Replace w/ 732 kcmil conductor | 74.57 | 3,288 | 5.97 |

HOSSM chose Alternative 2 as the preferred option because it was the lowest cost option when the annual cost of line losses was taken into consideration. HOSSM stated that Alternative 2 addresses planned sustainment activities and minimizes transmission line losses. A conductor size of 477 kcmil ACSR conductor is one standard size above Hydro One's minimum standard for a system operating voltage of 115 kV. HOSSM

[2] A 411 kcmil conductor size is Hydro One's minimum standard size conductor for a 115 kV system.
[3] A 477 kcmil conductor size is one standard size above HONI's minimum standard size conductor.

stated that the incremental cost of the proposed larger sized conductor will be offset by the line loss saving when compared to the minimum standard of 411 kcmil.

HOSSM stated that Alternative 2 was also the best option based on the Net Present Value (NPV) analysis. HOSSM conducted a 50-year NPV analysis using a 5.65% discount rate and an NPV sensitivity analysis using varying values for the Hourly Ontario Energy Price (HOEP). Based on a HOEP of $47.30/MWh, Alternative 2 had the lowest NPV if losses were considered. Alternative 4 was equivalent to that of Alternative 2 at an energy price of $89.00/MWh and became the lowest cost alternative at energy prices above this value. HOSSM stated that assuming a HOEP value of $47.30/MWh is most appropriate given that it represents the average HOEP reported by the IESO for 2022.

In its submission, OEB staff stated that although it did not oppose HOSSM selecting Alternative 2 as the proposed option, there were marginal differences between Alternative 2 and Alternative 4 in terms of cost and the NPV analysis for line loses.

In its reply submission, HOSSM maintained its position that Alternative #2 is the most appropriate solution from a cost-benefit perspective for the stated Project need. HOSSM added that given the observations in the OEB staff submission regarding the perceived immaterial incremental cost to construct Alternative 4, should the OEB wish to direct HOSSM to proceed with construction of Alternative 4, HOSSM takes no issue.

In its submission, BFN stated that the Project traverses through its Original Reserve lands and that BFN and its reserves depend on HOSSM for delivery of reliable power. BFN submitted that the Project does not consider BFN's long-term energy plans and does not sufficiently consider growth within the electricity sector on its lands. BFN referenced sections of the IESO's Pathways to Decarbonization report[4] to support the need for higher voltage lines that would allow renewable energy sources to be integrated in the future.

BFN also submitted that HOSSM has made a short-sighted determination by concluding that upgrading the Sault #3 line to operate at 230 kV would not be cost effective. BFN requested that HOSSM provide a cost comparison between the Project and the costs associated with upgrading the Sault #3 line to operate at 230 kV.[5]

In its reply submission, HOSSM argued that BFN's statements take the IESO's Pathways to Decarbonization report out of context and assumes that the future

[4] Pathways to Decarbonization, December 15, 2022.
[5] In HOSSM's response to BFN Interrogatory 2, HOSSM outlines the additional work required to upgrade the line to operate at 230 kV.

integration of renewable energy sources into the grid cannot occur unless higher voltage lines are constructed in specific areas. HOSSM noted that the bulk and regional studies conducted by the IESO concluded that a 230 kV upgrade to the existing Sault #3 line is not required based on the reliability criteria. HOSSM estimated that the cost of the conversion of the Sault #3 line and associated facility upgrades would be in the magnitude of at least 3 to 5 times that of the Project that HOSSM is proposing.

## Findings

The OEB finds that HOSSM has demonstrated the need for the Project and accepts HOSSM's selection of its preferred alternative to meet the need for refurbishment of the line and to reduce line losses in a cost-effective manner. The Sault #3 line needs to be refurbished in order to ensure a safe and reliable supply of electricity to area customers. The wood pole line is over 90 years old and its ACSR conductor has reached the expected service life of an ACSR conductor.[6] A third party failure analysis carried out due to conductor sleeve failures on the line has confirmed that the existing conductor is in poor condition and near the end of its life. The line has been de-rated due to its age and associated poor condition.

The OEB notes that the leave to construct requirement under subsection 92(1) of the OEB Act does not apply to the reconstruction of an existing transmission line where no expansion or reinforcement is involved, unless the acquisition of additional land or authority to use additional land is necessary.[7]

The refurbishment of Sault #3 line would not require leave to construct, but for the proposal by HOSSM to increase the existing conductor size on the line to 477 kcmil. HOSSM proposes the increased conductor size in order to reduce line losses in a cost-effective manner.

HOSSM's proposal is one of five alternatives that were considered for the refurbishment of the Sault #3 line. All of the alternatives would address the need to refurbish the line and provide a reliable supply of electricity to area customers.[8] HOSSM selected its preferred and recommended plan on the basis that this option is the most cost-effective when capital costs are balanced relative to line losses.

OEB staff noted that, as between HOSSM's recommended alternative and one of the other alternatives, there are only marginal cost differences and the difference in the

[6] Exhibit B-2-1, page 1.
[7] OEB Act, subsection 92(2).
[8] Exhibit B-5-1, page 2.

NPV analysis for line losses is also marginal. Given that there is no material cost difference between these two options, OEB staff did not oppose HOSSM's selection of the preferred alternative.[9] For the same reasons, the OEB accepts HOSSM's selection of its preferred alternative to meet the need for refurbishment of the line and to reduce line losses in a cost-effective manner.

BFN argued that HOSSM has made a short-sighted determination by concluding that upgrading the Sault #3 circuit to operate at 230 kV would not be cost effective.[10] In support of this argument, BFN cited a broad statement in the IESO's Pathways to Decarbonization Report about an "urgent need to begin investing in early development work to ensure that the grid is ready to support transformation". However, this broad statement about ensuring that the grid is ready to support transformation does not lead to a conclusion that the Sault #3 line should be upgraded. On the contrary, the evidence is that the IESO did not recommend a 230 kV upgrade of the Sault #3 line for the purpose of meeting regional needs or reliability criteria. The IESO indicated that all options currently under consideration are significantly less costly than upgrading the Sault #3 line beyond HOSSM's minimum standard conductor size.[11]

## 2.2 Project Cost

The estimated capital cost of the Project is $68.8 million, including $59.3 million for line work, $4.2 for station work and $5.3 million for removal costs.

The Project cost estimate includes a contingency estimate of approximately $7 million. The contingency estimate was developed through a risk workshop where the Project team and engineering consultants identified risks, assigned probability and impact ratings.

HOSSM stated that the key project risks considered in the contingency amount include risks related to permits and approvals from third party stakeholders, potential outage scheduling constraints, adverse weather and scope additions which may result in schedule delay and additional costs.

Contingencies that have not been included because of HOSSM's assessment of their low likelihood are labour disputes, safety or environment incidents and significant changes in the cost of materials since the estimates were prepared.

[9] OEB Staff Submission, page 6.
[10] BFN Final Submission, paragraphs 12-13.
[11] Exhibit B-3-1, Attachment 1, page 5.

HOSSM submitted that the confidence of its Project cost estimate was developed consistent with American Association of Cost Engineering (AACE) standards and that the Project is characterized by an AACE Class 3 (-20% / +30%) level of confidence.

Sault #3 Line Work Cost

The cost of the line work portion of the Project is estimated at $59.3 million.

As comparators, HOSSM cited three recent single circuit 115 kV wood pole line refurbishment projects in Northern Ontario: D2L Line Refurbishment,[12] A7L/R1LB/A6P Line Refurbishment,[13] and the Kapuskasing Area Reinforcement projects.[14]

The total project costs per circuit km of the comparator projects were between $429K[15] and $488K, while HOSSM estimated the Sault #3 line will cost $655K per circuit km. The line portion of the proposed Project is 34% to 53% higher than the comparator projects.

HOSSM stated that the higher cost per km forecasted for the Sault #3 line relative to the three comparators is due to price increases for essential commodities that need to be used in the Project (i.e., copper, aluminum, wood, and steel) and global supply chain issues.

Station Work Cost

HOSSM stated that due to the unique scope of work for the station-related component of the Project, HOSSM has not provided station comparators in the Application.

Impact on Price of Electricity

HOSSM stated that the cost for the upgrade of the Project will be recovered through line network connection pool, and that no customer contributions will be required.

OEB staff submitted that in the absence of additional details substantiating the higher Project costs relative to the comparator projects, OEB staff can neither support nor dispute the cost estimates or underlying rationale. OEB staff noted that in two recent Leave to Construct applications (Chatham by Lakeshore Transmission Line project[16]

[12] 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.
[13] 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.
[14] EB-2018-0098.
[15] HOSSM updated the project cost per circuit km analysis for the D2L Line Refurbishment, a comparator project, in OEB Staff Interrogatory 4a).
[16] EB-2022-0140.

and Richview TS by Manby TS Line Rebuild project[17]) higher line project costs were attributed to similar reasons noted by HOSSM –price increases for essential commodities and global supply chain issues. However, the line portion of the project costs for both of these comparator Leave to Construct applications were within the range of their respective comparators on a per unit km basis.

OEB staff noted that, if the Project is approved, the Project costs that are sought for recovery will be subject to review in HOSSM's subsequent cost-based transmission revenue requirement proceeding. OEB staff suggested that, if the higher costs materialize as this application anticipates, HOSSM should include evidence at a sufficiently granular level to substantiate the higher costs in the future revenue requirement application, so that the prudence of incremental costs can be reviewed.

In its reply submission, HOSSM stated that OEB staff assumes that higher projects stated in the Application, are anticipated. HOSSM reiterated that the project costs are based on an AACE Class 3 estimate with an anticipated variance range between +30% and -20% and added that forecasts are subject to potential cost variances. HOSSM stated that if there is a material variance over and above the costs stated in the Application, HOSSM will provide the necessary evidence to substantiate the cost increase in a future revenue requirement application.

HOSSM noted that the OEB's Filing Requirements[18] require the applicant to provide an estimate for the cost of the Project and an economic evaluation regarding customer impact. When approving an application under section 92 of the Act, the OEB considers price, reliability, and quality of service elements to determine whether the project is in the public interest. HOSSM submitted that, if that project is subsequently included in a future revenue requirement application and the project's costs are within an acceptable cost range, the project costs should not be revisited. HOSSM noted that similar guidance is provided in the Filing Requirements.[19] HOSSM further stated that it is important for a transmitter to have assurance that the costs of these projects will be accepted for inclusion in the company's rate base.

### Findings

The OEB accepts the estimated capital cost of the Project of $68.8 million notwithstanding that HOSSM did not provide sufficient comparator evidence to support the cost to be reasonable.

[17] EB-2023-0199.
[18] Chapter 4 Filing Requirements for Electricity Transmission Applications, March 16, 2023.
[19] Chapter 4 Filing Requirements for Electricity Transmission Applications, March 16, 2023.

The OEB staff submission makes the following points about the estimated cost of the Project:

- The line portion of the Project is 34% to 53% higher than the comparator projects[20] and insufficient detail was provided by HOSSM to substantiate the relatively higher cost relative to the identified comparators.

- The Project costs sought for recovery will be subject to review in HOSSM's subsequent transmission revenue requirement proceeding.

With respect to the second of these two points made by OEB staff, the OEB notes that the *Filing Requirements* state that:

> Normally the need for, and cost of, a project is reviewed in detail as part of a LTC application. If a LTC application precedes a transmitter's rate application that includes the same project, and the applicant is not proposing a significant variation from the cost of the project as identified in the associated LTC application, the need for the project and cost need not be re-examined.[21]

Given the location of the Project in Northern Ontario and the difficulty of substantiating Project costs on the basis of currently available comparators, the OEB considers it appropriate to recognize an exception to the foregoing provisions of the *Filing Requirements*. Accordingly, the OEB agrees with the submission by OEB staff that the Project costs will be subject to review in HOSSM's subsequent transmission revenue requirement proceeding, regardless of whether there is any significant variation from the cost estimate in this case. The OEB encourages HOSSM to provide the best possible evidence, in future leave to construct applications, to substantiate the estimated cost of proposed projects, including evidence fully explaining costs relative to comparators. The OEB also directs HOSSM in its next transmission revenue requirement proceeding to provide a granular evidentiary explanation of the Project relative to:

- The Project and the Northern Ontario: D2L Line Refurbishment, A7L/R1LB/A6P Line Refurbishment, and the Kapuskasing Area Reinforcement projects.

- The actual cost of building the Project.

[20] OEB Staff Submission, page 7.
[21] *Filing Requirements for Electricity Transmission Applications*, Chapter 4, Leave to Construct and Related Matters Under Part VI of the *Ontario Energy Board Act*, page 12.

## 2.3 Impact on Price of Electricity Service

HOSSM estimates that the Project will increase the currently approved network pool rate by 0.36%, from $5.60 kW/month to $5.62 kW/month.

Parties did not raise any concerns with respect to customer bill impacts.

In its reply submission, HOSSM submitted that the Project is expected to have only a modest impact on customers. HOSSM estimated the Project will increase the typical monthly residential customer bill by $0.03 or 0.02%. OEB staff agreed and submitted that the consumer impacts of the Project are appropriate given the need for the Project, its costs and its alternatives.

**Findings**

The OEB finds that the proposed allocation of Project costs to the network connection rate pool is appropriate. In making this finding, the OEB has taken into account the evidence that, based on HOSSM's estimate of the impact of the Project on a typical residential customer bill will be equivalent to a 0.02% total bill increase, which the OEB finds to be reasonable.

## 2.4 Impact on Reliability and Quality of Service

HOSSM filed the Final Expedited System Impact Assessment (SIA) prepared by the IESO and the Final Customer Impact Assessment (CIA) prepared by HOSSM.

In the SIA, the IESO set some requirements to mitigate overloading issues related to circuit K24G, a 230 kV circuit that runs parallel to the Sault #3 line. The IESO stated that the existing Mackay TS –Saults #3 115 kV – Generation Rejection Scheme will need to ensure that the breakers protecting the Sault #3 line at Mackay TS are opened for the loss of circuit K24G. The SIA stated that HOSSM will need to satisfy all applicable requirements specified in the Market Rules, the Transmission System Code and reliability standards. Some of the general requirements that are applicable to the Project are presented in detail in Appendix A: General Requirements of the SIA.

HOSSM's CIA concluded that the Project will not have any adverse effects on HOSSM's existing connected transmission customers in the vicinity.

OEB staff did not have any concerns about the reliability and quality of service associated with the Project.

Intervenors did not make submissions on the matter.

## Findings

The OEB accepts that the Project is expected to have no material adverse impact on the reliability of the integrated power system and will increase supply reliability for connected customers, based on the IESO's SIA, HOSSM's CIA and the other evidence filed in this proceeding  As noted above, the evidence indicates that the Project is needed to ensure safe and reliable service by replacing ACSR conductor that has been de-rated as a result of its age and associated poor condition.

## 2.5 Route Maps and Landowner Agreements

HOSSM filed a map of the route for the Project with the Application. The Project will be executed within an existing transmission corridor over which HOSSM (through Hydro One Sault Ste. Marie Holding Corp.) has existing rights and it is not expected that additional corridor rights ~~are~~ will be required.

HOSSM stated that, if necessary, further temporary off-corridor access or construction requirements will be negotiated with any affected landowner. Furthermore, any additional temporary off-corridor requirements (including, but not limited to construction staging areas, access, flagging and permitting) will be obtained by the Project construction contractor with affected property owners.

HOSSM requested OEB approval of three land-related agreements that may be required, if temporary construction rights for access or staging areas are required:

- Temporary Access and Temporary Access Road
- Temporary Rights Agreement
- Full and Final Release form

HOSSM stated that the form of these agreements have been approved by the OEB in previous leave to construct applications.[22]

In an interrogatory response, HOSSM confirmed that all impacted landowners have the option to receive independent legal advice regarding the proposed land rights agreements, and that it would commit to reimbursing landowners for reasonably incurred legal fees associated with the review and completion of the necessary land rights agreements.[23]

OEB staff submitted that that the route maps submitted by HOSSM meet the OEB's requirements. OEB staff did not take issue with the proposed forms of agreement.

BFN Reserve Lands

BFN argued that HOSSM was non-responsive to its interrogatory regarding permits needed for entry and the use of BFN's Original Reserve lands.[24] In response, HOSSM confirmed that it will not require the use of, or access to, BFN's Rankin Location 15D reserve lands. HOSSM noted that the Sault #3 line is situated on private and/or Crown lands that are under the jurisdiction of the Ministry of Natural Resources and Forestry.

[22] EB-2021-0107, Decision and Order, December 2, 2022.
[23] Interrogatory Response to OEB Staff 2(c) – (d).
[24] Interrogatory Response to BFN 4.

For the refurbishment of the Sault #3 line, HOSSM stated that it will rely upon the rights that were granted by the applicable landowner(s) in or around the time the line was constructed. HOSSM stated that if BFN has lands that are contemplated for the addition to reserve process, HOSSM would negotiate an *Indian Act* permit, if required. Currently, HOSSM is not aware of any proposed addition to reserve lands that would be impacted by the Project.

PFLP Easement Request

PFLP requested clarification regarding an existing easement agreement between PFLP and HOSSM and the Maintenance and Repair Cost Contribution Agreement referred to above, which is not a form of land agreement for which approval was sought as part of this proceeding. In its reply submission, HOSSM noted that it is planning to use existing roads to access the right-of-way corridor during construction. While HOSSM is not certain which specific roads are under the stewardship of PFLP, from preliminary assessments, it appears that some, or all, of the Project tower structures #359 to #519 may be located on PFLP managed property. HOSSM stated that it remains committed to working with PFLP to access its right of way, in accordance with the easement and will re- engage PFLP in discussions to finalize the Maintenance and Repair Cost Contribution Agreement in a timely manner.

## Findings

The OEB grants leave to construct the Project subject to standard conditions of approval that have been approved by the OEB in prior leave to construct proceedings. HOSSM has confirmed that it agrees with the standard conditions of approval. These conditions of approval are shown in Schedule B.

HOSSM provided evidence of three land-related agreements which it proposes to use if temporary construction rights are needed for access or staging areas. HOSSM requested approval of the forms of these three land-related agreements, namely, Temporary Access and Temporary Access Road; Temporary Rights Agreement and Full and Final Release.

The OEB approves the proposed forms of these agreements, which have been approved by the OEB in previous leave to construct applications. The OEB also finds that the route maps for the Project filed by HOSSM meet the OEB's requirements.

The OEB finds that HOSSM has adequately addressed BFN's concerns regarding the permit for entry and use of land on BFN's Original Reserve and BFN's long term energy plans for growth within the electricity sector on BFN's Original Reserve. The OEB notes

HOSSM assertion that it is, and remains, committed to engaging meaningfully with BFN throughout the lifecycle of the Project.

The OEB finds that HOSSM has adequately addressed the concerns of PFLP with respect to HOSSM's intentions and timeline for entering into a Maintenance and Repair Cost Contribution Agreement in accordance with the existing PFLP easement. The OEB expects HOSSM to engage in timely consultations with PFLP in order for HOSSM to meet the commitments made in its reply argument.

## 2.6 Conditions of Approval

The OEB Act permits the OEB, when making an order, to impose such conditions as it considers proper. The OEB has established a set of standard conditions of approval for transmission Leave to Construct applications.

OEB staff proposed that the leave to construct order in this proceeding be made subject to the standard conditions of approval. No other intervenors made submissions on this issue.

### Findings

The OEB grants leave to construct the Project subject to the standard conditions of approval that have been approved by the OEB in prior leave to construct proceedings. HOSSM has confirmed that it agrees with the standard conditions of approval.[25] These conditions of approval are shown in Schedule B.

[25] Reply, page 17, paragraph 49.

# 3 ORDER

**THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. Hydro One Sault Ste. Marie Limited Partnership is granted leave, pursuant to section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), to construct the refurbishment of the electricity transmission line between Third Line Transformer Station and Mackay Transformer Station, the Project, as described in the Application.

2. Leave to construct is subject to Hydro One Sault Ste. Marie Limited Partnership complying with the Conditions of Approval set forth in Schedule B.

3. The OEB approves the proposed forms of agreements that Hydro One Sault Ste. Marie Limited Partnership has offered or will offer to each owner of land affected by the Project.

4. Eligible intervenors shall file with the OEB and forward to Hydro One Sault Ste. Marie Limited Partnership their respective cost claims in accordance with the OEB's Practice Direction on Cost Awards on or before December 14, 2023.

5. Hydro One Sault Ste. Marie Limited Partnership shall file with the OEB and forward to intervenors any objections to the claimed costs of the intervenors on or before January 15, 2024.

6. If Hydro One Sault Ste. Marie Limited Partnership objects to any intervenor costs, those intervenors shall file with the OEB and forward to Hydro One Sault Ste. Marie Limited Partnership their responses, if any, to the objections to cost claims on or before January 22, 2024.

7. Hydro One Sault Ste. Marie Limited Partnership shall pay the OEB's costs of, and incidental to, this proceeding upon receipt of the OEB's invoice.

**DATED** at Toronto December 7, 2023

**ONTARIO ENERGY BOARD**

Nancy Marconi

Digitally signed by Nancy Marconi
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Nancy Marconi
Registrar

# SCHEDULE A

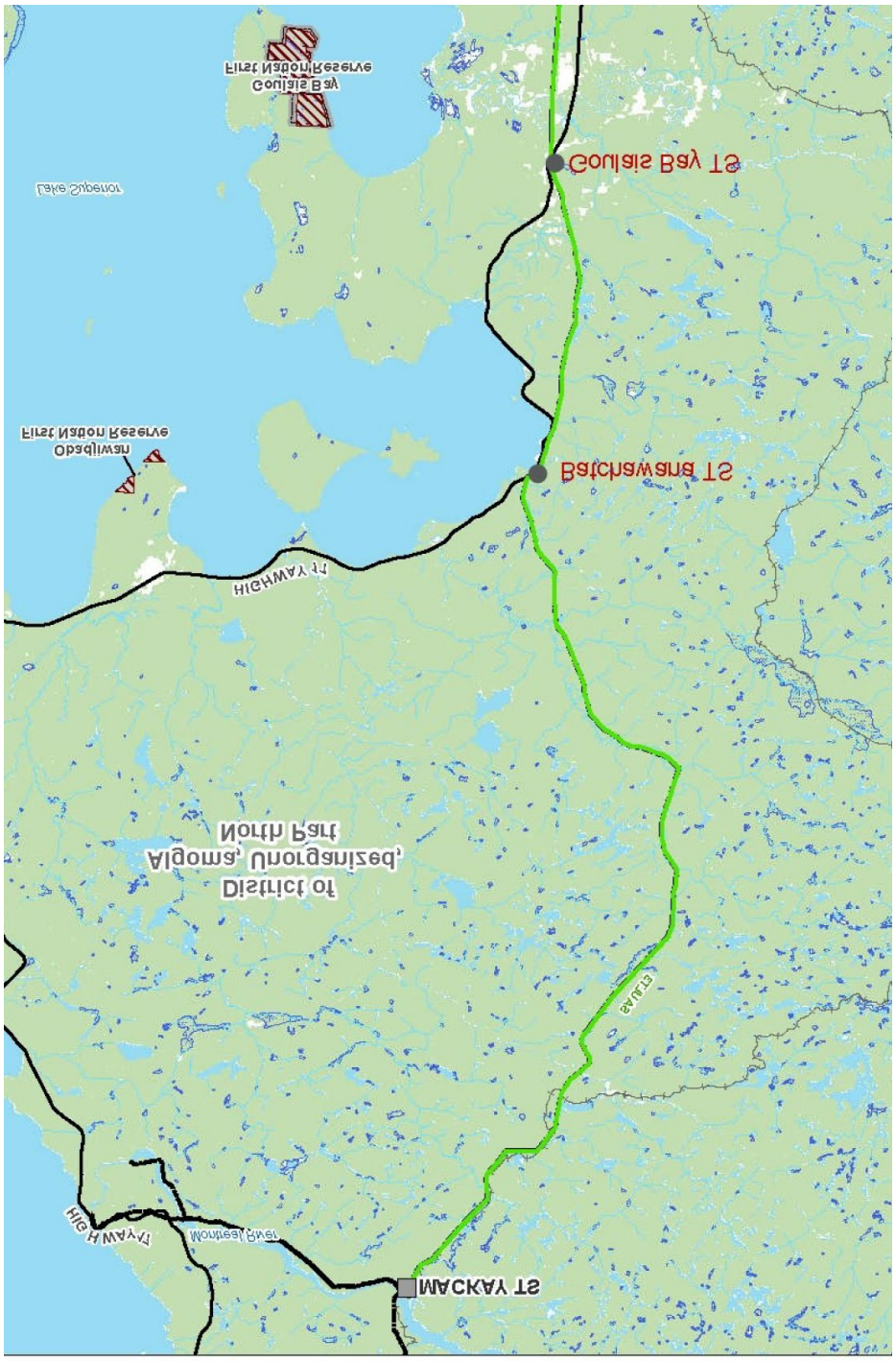
# DECISION AND ORDER

# HYDRO ONE SAULT STE. MARIE LIMITED PARTNERSHIP

# EB-2023-0061

# DECEMBER 7, 2023

**SCHEDULE A - SAULT #3 LINE REFURBISHMENT PROJECT MAP**
**HYDRO ONE SAULT STE. MARIE LIMITED PARTNERSHIP**
**EB-2023-0061**
**DECEMBER 7, 2023**



# SCHEDULE B

# DECISION AND ORDER

# HYDRO ONE SAULT STE. MARIE LIMITED PARTNERSHIP

# EB-2023-0061

# DECEMBER 7, 2023

# SCHEDULE B: STANDARD CONDITIONS OF APPROVAL FOR ELECTRICITY LEAVE TO CONSTRUCT APPLICATIONS HYDRO ONE SAULT STE. MARIE LIMITED PARTNERSHIP EB-2023-0061

1. HOSSM shall fulfill any requirements of the SIA and the CIA, and shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the project.

2. Unless otherwise ordered by the OEB, authorization for leave to construct shall terminate 12 months from the date of the Decision and Order, unless construction has commenced prior to that date.

3. HOSSM shall advise the OEB of any proposed material change in the project, including but not limited to changes in: the proposed route, construction schedule, necessary environmental assessment approvals, and all other approvals, permits, licences, certificates and rights required to construct the project.

4. HOSSM shall submit to the OEB written confirmation of the completion of the project construction. This written confirmation shall be provided within one month of the completion of construction.

5. HOSSM shall designate one of their employees as project manager who will be the point of contact for these conditions, and shall provide the employee's name and contact information to the OEB and to all affected landowners, and shall clearly post the project manager's contact information in a prominent place at the construction site.