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BY EMAIL AND RESS

February 13, 2024

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

Dear Ms. Marconi,

EB-2023-0198 – Hydro One Networks Inc. Leave to Construct Application – Waasigan Project – Argument-in-Chief

In accordance with Procedural Order ("PO") No.4 issued February 2, 2024, please find enclosed Hydro One's Argument-in-Chief in respect of the above-referenced matter.

An electronic copy of the Argument-in-Chief has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink, appearing to read "Joanne Richardson", written over a light blue horizontal line.

Joanne Richardson

Cc: All registered parties
Gordon Nettleton and Reena Goyal, McCarthy Tétrault LLP, counsel for HONI

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application made by Hydro One Networks Inc. pursuant to s. 92 of the *Ontario Energy Board Act, 1998* (the “**Act**”) for an Order or Orders granting leave to construct transmission facilities (“**Waasigan Project**” or “**Project**”) in the northwest Ontario regions of Thunder Bay, Rainy River and Kenora.

AND IN THE MATTER OF an Application by Hydro One Networks Inc. pursuant to s. 97 of the Act for an Order granting approval of the forms of land use agreements offered or to be offered to affected landowners.

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

February 13, 2024

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1.0 INTRODUCTION & PROCEDURAL BACKGROUND

1. On July 31, 2023 Hydro One Networks Inc. (“**Hydro One**”) applied to the Ontario Energy Board (“**OEB**”) for leave to construct the Waasigan Project (“**Project**”), which was subsequently updated on August 6, 2023.¹ The Application described the Project as being comprised of two sections of 230 kV overhead transmission lines spanning between Lakehead Transformer Station (“**TS**”) and Mackenzie TS (Phase 1) and between Mackenzie TS and Dryden TS (Phase 2), for a total distance of approximately 360km. In addition to the relief sought pursuant to section 92 of the Act, Hydro One also seeks approval as to the forms of the agreements offered or to be offered to affected landowners in accordance with section 97 of the Act.
2. To advance action on reconciliation and to ensure the timely completion of the Project to meet Provincial energy needs, the Project is being constructed in partnership with nine First Nations in the region, who are actively involved in project development and construction, and will have the opportunity to invest in 50 per cent of the equity stake in the transmission line component of the Project. Through an industry-leading partnership approach, the Project will advance Provincial energy needs while providing innovative and lasting benefits to Indigenous communities in procurement, employment, economic benefits and investment opportunities. Hydro One is moving this Application forward with the full support of its nine First Nations partners resulting from significant collaboration and joint decision-making throughout the development process which will continue throughout the construction phase of the Project. The formation and structuring of the limited partnership has not been finalized as of the date of this submission. Once it is known, it will be provided to the OEB through the appropriate application processes².

¹ The update was to include the Atrium Economics Report into the Application as Attachment 1 to Exhibit B, Tab 7, Schedule 1.

² Exhibit B, Tab 1, Schedule 1, Pg. 3.

1 3. This Application follows from a Lieutenant Governor in Council Order (“**OIC**”),
2 1701/2013³, directing Hydro One to develop and seek approvals for the Project
3 transmission line. Subsequently, the IESO provided Hydro One multiple letters of
4 direction, as provided at Exhibit B, Tab 3, Schedule 1, including the Letter of Direction
5 dated May 3, 2022 for Phase 1 of the Project⁴, and subsequently another Letter of
6 Direction on April 24, 2023 for Phase 2 of the Project⁵, providing the need dates for
7 both Project phases.

8
9 4. Directions concerning the Notice of Hearing for the Project were issued by the OEB
10 on August 30, 2023.⁶ The Notice of Application⁷ states that in determining whether
11 the Project is in the public interest under section 96 of the Act, the OEB shall only
12 consider the interests of consumers with respect to prices, reliability and quality of
13 electricity service. The Notice of Application also states that the OEB would consider
14 matters related to the forms of agreement offered to landowners affected by the route
15 or location of the transmission line, as required under section 97 of the Act. Parties to
16 the proceeding were accordingly expressly cautioned to limit their participation to
17 areas that fall within the OEB’s legislative mandate.⁸ Consideration of environmental
18 issues or issues related to the government’s Duty to Consult Indigenous communities
19 were expressly stated to not form part of the OEB’s review, unless they are relevant
20 to price, reliability and quality of electricity service.⁹

21
22 5. Hydro One filed its Affidavit of Service regarding fulfillment of the OEB’s August 30,
23 2023 Letter of Direction, on October 16, 2023.¹⁰

24
25 6. On November 10, 2023 the Board issued Procedural Order No. 1, wherein the
26 Gwayakocchigewin Limited Partnership (“**GLP**”), Independent Energy System
27 Operator (“**IESO**”), Kurt Krause, Lac des Mille Lacs First Nation (“**LDMLFN**”), Larry

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

⁴ Exhibit B, Tab 3, Schedule 1, Attachment 7.

⁵ Exhibit B, Tab 3, Schedule 1, Attachment 8.

⁶ [Letter of Direction from OEB to Hydro One dated August 30, 2023](#) (EB-2023-0198).

⁷ Notices of Application filed October 5, 2023 (EB-2023-0198).

⁸ [OEB Procedural Order No. 1 dated November 10, 2023](#) (EB-2023-0198).

⁹ [OEB Procedural Order No. 1 dated November 10, 2023](#) (EB-2023-0198).

¹⁰ [Affidavit of Carla Molina sworn October 16, 2023](#) (EB-2023-0198).

Richard, Neighbours on the Line (“**NOTL**”), Northwestern Ontario Métis Community and Region 2 of the Métis Nation of Ontario (“**MNO**”) and Ontario Power Generation Inc. (“**OPG**”), applied and were all granted intervenor status.¹¹

7. Schedule “B” to Procedural Order No. 1 sets out the Standard Issues List (“**Issues**”) which the parties are required to address in this Proceeding.¹² In so doing, OEB Staff and intervenors were afforded the opportunity to file written interrogatories on the Issues.

8. In response to the MNO’s request to the OEB for an extension to the deadline to complete and file its written interrogatories to Hydro One¹³, the OEB granted all intervenors an additional week to December 5, 2023¹⁴. OEB Staff were required to provide their questions to Hydro One by November 28, 2023.¹⁵

9. On November 28, 2023, OEB Staff provided their written interrogatories to Hydro One.¹⁶ On December 5, 2023, four intervenors (Kurt Krause, NOTL, MNO and Larry Richard) delivered their written interrogatories to Hydro One.

10. On December 14, 2023, Hydro One requested and was on the same day granted an extension to provide interrogatory responses, as a consequence of the earlier extension granted to MNO.¹⁷ Hydro One filed its responses to intervenor and OEB staff interrogatories on December 19, 2023, in compliance with the granted extension.¹⁸

11. On January 10, 2024, intervenor Larry Richard sent an email to Hydro One regarding the adequacy of Hydro One’s responses to specific interrogatories.¹⁹

¹¹ [OEB Procedural Order No. 1 dated November 10, 2023](#) (EB-2023-0198).

¹² [OEB Procedural Order No. 1 dated November 10, 2023](#) (EB-2023-0198).

¹³ [Letter from MNO to OEB filed November 23, 2023](#) (EB-2023-0198).

¹⁴ [OEB Procedural Order NO. 2 dated November 24, 2023](#) (EB-2023-0198).

¹⁵ [OEB Procedural Order NO. 2 dated November 24, 2023](#) (EB-2023-0198).

¹⁶ [OEB Staff interrogatories to Hydro One filed November 28, 2023](#) (EB-2023-0198).

¹⁷ [OEB letter to Hydro One dated December 14, 2023](#) (EB-2023-0198).

¹⁸ [Exhibit I, Tabs 1 to 5, filed December 19, 2023](#) (EB-2023-0198).

¹⁹ [Email from Larry Richard to Hydro One et al. dated January 10, 2023](#) (EB-2023-0198).

12. On January 16, 2024, the OEB issued Procedural Order No. 3, requesting intervenors to indicate by January 25, 2024 whether they wished to file evidence.²⁰

13. Procedural Order No. 3 also included the OEB's decisions regarding Hydro One's confidentiality requests for specific information that had been redacted and/or not disclosed within its responses to intervenor and OEB staff interrogatories. Additionally, Procedural Order No. 3 directed Hydro One to provide by January 22 further responses to Larry Richard's interrogatories (specifically Larry Richard Interrogatory 1(a), 2(a), and 3(a) to 3(g)), or otherwise provide an explanation why the requested information is not relevant to the OEB's consideration of price, reliability and quality of electricity service.²¹

14. On January 22, 2024, Hydro One filed updated responses to Larry Richard's interrogatories 1(a), 2(a), and 3(a) to 3(g).²² A reply email was sent by Larry Richard to the OEB on January 27, 2024.²³

15. Intervenor NOTL subsequently sent a letter dated January 30, 2024 to Hydro One requesting, among other things, that Hydro One conduct a cost estimate on a proposed alternative route for the Project.²⁴

16. On February 1, 2024, Hydro One filed a letter to the OEB explaining that NOTL's proposed alternative route failed to meet the IESO's system planning requirements for the Project to connect through the Mackenzie TS in Atikokan, Ontario. Hydro One also pointed to evidence already filed on the record responsive to the other issues raised in NOTL's letter.²⁵

²⁰ [OEB Procedural Order No. 3 dated January 16, 2024](#) (EB-2023-0198).

²¹ [OEB Procedural Order No. 3 dated January 16, 2024](#) (EB-2023-0198).

²² [Hydro One updated responses to Larry Richard's interrogatories, filed January 22, 2024](#) (EB-2023-0198).

²³ [Email from Larry Richard to OEB et al. filed on January 27, 2024](#) (EB-2023-0198).

²⁴ [Letter from NOTL to the OEB dated January 30 and filed January 31, 2024](#) (EB-2023-0198).

²⁵ [Letter on behalf of Hydro One to the OEB dated February 1, 2024](#) (EB-2023-0198).

1 17. On February 2, 2024 the OEB issued Procedural Order No. 4, confirming that Hydro
2 One was not required to file any further responses to Larry Richard's interrogatories
3 and that Hydro One's response to NOTL's January 30 letter was satisfactory.²⁶
4

5 18. Procedural Order No. 4 also set down filing deadlines for Hydro One's Argument in
6 Chief (February 13), Submissions by OEB Staff and intervenors (February 21), and
7 any Reply Submission by Hydro One (March 6).²⁷
8

9 **2.0 SUBMISSIONS – ARGUMENT IN CHIEF**

10
11 19. Hydro One's Argument in Chief is organized to address each of the Issues.²⁸ In so
12 doing, Hydro One is mindful of the further directions provided in Procedural Orders
13 No.'s 2, 3, and 4 regarding the scope of this proceeding, as described above.
14

15 20. Accordingly, this Argument in Chief is limited in scope to only the Issues
16 notwithstanding other questions and issues intervenors have raised to date that are
17 outside the scope of this proceeding.
18

19 **Issue 1: Prices: Need for the Project**

20
21 ***1.1 - Has the applicant demonstrated that the project is needed or would be***
22 ***beneficial in the case of discretionary projects? What factor(s) are driving the need***
23 ***– e.g. new customer demand, increased system capacity requirement, reliability,***
24 ***sustainment, system resilience, etc.?***
25

26 21. As provided at Exhibit B, Tab 3, Schedule 1, Hydro One's evidence demonstrates the
27 need for the Project is substantial, including having the support from a government-
28 issued OIC, a Minister of Energy Letter to Hydro One's CEO outlining expectations
29 regarding the Project²⁹ and multiple IESO-issued letters of direction, all of which

²⁶ [OEB Procedural Order NO. 4 dated February 2, 2024](#) (EB-2023-0198).

²⁷ [OEB Procedural Order NO. 4 dated February 2, 2024](#) (EB-2023-0198).

²⁸ [OEB Procedural Order No. 1 dated November 10, 2023](#) (EB-2023-0198) at Schedule B.

²⁹ Exhibit B, Tab 3, Schedule 1, Attachment 2.

1 provide continued and consistent support and need for the Project. In addition, the
2 IESO's January 2023, Integrated Regional Resource Plan - Northwest Region³⁰ (the
3 "IRRP") contains further evidence of the Project's need and benefits for the power
4 system in the area.

5
6 22. Furthermore, Hydro One is undertaking the Project work to comply with a mandatory
7 requirement to satisfy obligations specified by the OEB³¹ in Hydro One's transmission
8 licence³², as directed by the OIC.

9
10 23. Consistent with the OEB's leave to construct filing guidelines³³ that require projects
11 be categorized as between non-discretionary and discretionary, this Project is a non-
12 discretionary project.

13
14 24. As per the Minister of Energy ("**Ministerial**") Directive to the OEB to amend Hydro
15 One's transmission licence, the Project is being driven to, "accommodate load due to
16 forecast demand growth over the long term, to promote the use of clean and
17 renewable energy sources from Ontario's supply mix, and to enhance opportunities
18 for the development and connection of new renewable generation facilities over the
19 long term."³⁴

20
21 25. In its Letter of Direction to Hydro One dated May 3, 2022, the IESO continued to
22 support the need for the Project, stating the requirement for increased supply
23 capacity, and provided specific direction that, "Hydro One should construct the Project
24 to meet near-term system capacity needs with Phase 1 being placed in-service as
25 close to the end of 2025 as possible"³⁵ citing "[m]ining developments continue to be
26 the main driver for growth".³⁶

³⁰ Exhibit H, Tab 1, Schedule 1, Attachment 1.

³¹ Exhibit B, Tab 3, Schedule 1, Attachment 3.

³² Exhibit B, Tab 3, Schedule 1, Attachment 4.

³³ <https://www.oeb.ca/sites/default/files/OEB-Electricity-Leave-to-Construct-Filing-Requirements-20230316.pdf>, Section 4.3.2.4 - Project Categorization, Pgs. 18-19.

³⁴ Exhibit B, Tab 3, Schedule 1, Attachment 1, Pg. 3.

³⁵ Exhibit B, Tab 3, Schedule 1, Attachment 7, Pg. 4.

³⁶ Exhibit B, Tab 3, Schedule 1, Attachment 7, Pg. 3.

26. Subsequently, in its Letter of Direction to Hydro One dated April 24, 2023, the IESO continued to support the need for the Project, stating the requirement for increased supply capacity, and provided specific detailed direction of the need for Phase 2 to come “in service as soon as practical after Phase 1”³⁷, describing the requirement as,

“a single-circuit 230 kV line from Mackenzie TS to Dryden TS. In order to ensure that transmission reinforcements planned today can be leveraged to meet a range of future needs and outcomes, the IESO also recommends that: Phase 2 be routed in proximity to Dinorwic Junction to facilitate potential future system reinforcements north of Dryden”³⁸

Hydro One’s design and development of Phase 2 is consistent with this IESO direction.

27. Finally, and in support of both Phase 1 and Phase 2 sections of the Project, the IESO provided Hydro One with its needs assessment report dated July 26, 2023 entitled ‘*Waasigan Transmission Line Project: Need, Alternatives, and Recommendation*’ (“**IESO Needs Report**”), providing the requisite parameters for the scope of the Project. The report states in part that the “need identified in the Region is based on an outlook for growth based largely on the development of new mining projects and the electrification of existing mining activities in the Region³⁹” and concludes that the, “IESO recommends the Project as the only alternative that is feasible and implementable to supply forecast electricity demand growth in the Region⁴⁰” [Emphasis added].

1.2 - Is the project consistent with any relevant power system plan (e.g., regional plan)?

28. Hydro One’s evidence provides that the Project is consistent with the relevant power system plan, which in this case is the IESO’s January 2023 IRRP⁴¹. The IRRP

³⁷ Exhibit B, Tab 3, Schedule 1, Attachment 8, Pg. 4.

³⁸ Exhibit B, Tab 3, Schedule 1, Attachment 8, Pg. 4.

³⁹ Exhibit B, Tab 3, Schedule 1, Attachment 9, Pg. 20.

⁴⁰ Exhibit B, Tab 3, Schedule 1, Attachment 9, Pg. 21.

⁴¹ Exhibit H, Tab 1, Schedule 1, Attachment 1.

1 supports the IESO's prior recommendation of the need for Phase 1 of the Project, and
2 the anticipated need for Phase 2.

3
4 **Issue 2: Prices: Project Alternatives**

5
6 ***2.1 - Has the applicant demonstrated that the proposed project is the preferred***
7 ***option to address the need, as opposed to implementing a different transmission***
8 ***solution, a distribution solution, a non-wires solution, or some other solution?***
9

10 29. Hydro One's evidence in this proceeding relies on the IESO's Needs Report⁴²,
11 regarding Project need and alternatives. It describes needs in the Region emerging
12 as a result of anticipated demand growth under various demand forecast scenarios,
13 discusses alternatives considered to meet the needs, and recommends the
14 construction of the Project to meet the Region's needs.

15
16 30. Section 4 (Alternatives Considered) of the IESO Needs Report outlines that the "IESO
17 considered several alternatives to address the needs arising under each of the
18 Region's demand forecast scenarios, including transmission reinforcement,
19 incremental conservation and demand management (CDM), new non-emitting supply
20 resources (including storage), and new gas-fired generation."⁴³
21

22 31. Section 6 of the IESO Needs Report (Rationale for the Waasigan Project) concludes
23 the "Project is the recommended alternative as it improves system capability and is
24 technically feasible in meeting the Region's supply capacity Furthermore, it is the
25 most cost-effective alternative in every scenario when compared to a benchmark gas
26 generation alternative."⁴⁴
27

28 32. Additional evidence concerning transmission alternatives is found in Exhibit B, Tab 5,
29 Schedule 1 - *Cost Benefit Analysis and Options*. The analysis demonstrates why the
30 Project is preferred among applicable transmission alternatives given the IESO's

⁴² Exhibit B, Tab 3, Schedule 1, Attachment 9

⁴³ Exhibit B, Tab 3, Schedule 1, Attachment 9, Pg. 14.

⁴⁴ Exhibit B, Tab 3, Schedule 1, Attachment 9, Pg. 20.

1 evaluation that there are no non-wires solutions that could accommodate the Project's
2 need. Exhibit B, Tab 5, Schedule 1, also provides an analysis and conclusions as to
3 why the conductor size chosen for this Project is appropriate and is supported by
4 Hydro One's line losses evaluation and analysis⁴⁵.

5
6 33. In terms of the proposed Project route, route selection is determined through the
7 Environmental Assessment ("EA") process and falls outside the scope of this
8 proceeding except to the extent it is relevant to the OEB's consideration of prices and
9 the reliability and quality of electricity service.⁴⁶

10
11 34. Hydro One undertook extensive stakeholding and consultation as part of the EA
12 process to inform the development of the Project route that would best meet Project
13 needs. Alternative route stakeholder feedback – including feedback from certain
14 intervenors in this proceeding - was considered by Hydro One by further study and/or
15 augmentation of the Project route through the EA process.

16
17 35. Notwithstanding, three of those stakeholders, namely intervenors NOTL, Larry
18 Richard and Kurt Krause, sought clarity in this leave to construct Application on
19 Project routing alternatives and made statements during the interrogatories phase of
20 this proceeding, seeking clarity on why the line could not move away from the
21 preferred route in areas that impacted those parties.⁴⁷

⁴⁵ Exhibit B, Tab 5, Schedule 1, Section 2.0, Pgs. 2-4.

⁴⁶ Some intervenors raised questions pertaining to matters not relevant to this proceeding and notwithstanding the direction in Procedural Order No.1, in so far as they raised questions pertaining to matters that are not relevant to this proceeding i.e. do not pertain to matters concerning price, reliability and quality of electricity service. Consistent with the OEB's guidance, Hydro One responded to all questions pertaining to price, reliability and quality of service and refrained from responding to questions beyond the OEB's jurisdiction in this proceeding. However, where time permitted and to be helpful, Hydro One provided intervenors with applicable information and website links to Hydro One's EA (Section 2.0) as to where and how Project route matters were addressed.

⁴⁷ [Kurt Krause](#) interrogatories, [NOTL](#) interrogatories, [NOTL's](#) letter to OEB dated January 30, 2024 (filed January 31, 2024), [Larry Richard](#) interrogatories, [Larry Richard's](#) email dated January 10, 2024. [Larry Richard's](#) email dated January 27, 2024.

1 36. Hydro One's responses to questions pertaining to the preferred route and route
2 alternatives, in so far as they are within the scope of this leave to construct
3 Application, include explaining which route modifications were accepted and why
4 other proposed route modifications were not suitable.⁴⁸ Hydro One's evidence also
5 clarifies in which types of circumstances it has/will work with impacted landowners
6 regarding proposals for Project minor route refinements⁴⁹. Specifically, minor
7 refinements may include; a) minor tower relocations within corridor boundaries that
8 maintain the Project's centre-line, and/or, b) minor route refinements that introduce
9 slight deviations to the corridor boundaries. Both minor tower relocations and route
10 refinements attempt to accommodate landowner specific concerns, such as the
11 unique land use practices or proximity of the line to the landowner's residence. Minor
12 route refinements have been proposed to ten impacted landowners. Seven of these
13 route refinements have been accepted to date.⁵⁰

14
15 37. Intervenor group NOTL sent a letter to the OEB dated November 16, 2023 containing
16 an apparent "alternative route" which was described, "to go directly to Dryden via
17 Upsala and Ignace, bypassing Atikokan."⁵¹ NOTL claims the route proposal resulted
18 from discussions with Hydro One during the EA. However, as set out in Hydro One's
19 interrogatory response to OEB Staff in Exhibit I, Tab 1, Schedule 5, the route
20 described in NOTL's letter constitutes a new proposal that has not previously been
21 shared with Hydro One.

22
23 38. In any event, NOTL's newly proposed "alternate route" is situated "north of Thunder
24 Bay to west of Upsala then northwest past Ignace to follow the existing 230 kV
25 Transmission Line to Dryden"⁵². As reiterated in Hydro One's responding letter filed
26 on February 1, 2024 in this proceeding, Hydro One did not perform a 'financial
27 assessment'⁵³ of NOTL's new proposed route because by-passing Atikokan, Ontario

⁴⁸ Exhibit I, Tab 1, Schedule 14, and Hydro One's updated responses in Exhibit I, Tab 5, Schedule 1, filed January 22, 2024.

⁴⁹ Exhibit I, Tab 1, Schedule 14, part e), Pg. 4.

⁵⁰ Exhibit I, Tab 1, Schedule 14, part e), Pg. 4.

⁵¹ [Letter from NOTL to OEB filed November 16, 2023 \(EB-2023-0198\)](#).

⁵² NOTL's letter to the OEB, dated November 16, 2023, Pg. 1.

⁵³ Exhibit I, Tab 1, Schedule 5, part a), Pg. 1.

1 does not meet the IESO's system planning requirements⁵⁴ that require the Project to
2 connect through the Mackenzie TS in Atikokan.

3
4 39. NOTL's original route alternative - one that was considered during the EA and one
5 that did meet the IESO's system planning requirements of connecting to Mackenzie
6 TS in Atikokan - was considered by Hydro One and a financial evaluation was
7 performed. The alternative route was ultimately rejected because it would be
8 approximately 41km longer and approximately 22% greater in cost than Hydro One's
9 preferred route. The associated increased cost to construct this proposed alternative,
10 along with the negative impact to Indigenous communities and natural environment,
11 were sufficient bases for Hydro One to reject it as a preferred alternative⁵⁵.

12
13 40. Another intervenor, MNO, sought information about the Project's route, much of which
14 is beyond matters relating to prices and reliability and quality of electricity service and
15 thus outside the scope of this proceeding. For those route-orientated questions that
16 were relevant to these three topics, Hydro One provided information as to how
17 alternative routes were assessed and the outcome of those evaluations, i.e. with
18 reference to the Project EA (Section 2.0).

19
20 41. MNO sought further clarity in this proceeding regarding certain Project route
21 alternatives and subsequent Project Schedule for sub-sections of the Project route.
22 In response, Hydro One confirmed⁵⁶ that those route alternatives were considered,
23 such as the sections of the Project through the Campus Lake Conservation Reserve
24 and the Turtle River-White Otter Lake Provincial Park included in the Amended Terms
25 of Reference⁵⁷ for the EA process. However, as Hydro One indicated in its response
26 to MNO, the timing of construction for those specific sub-routes, "have not yet been
27 developed as details required for this type of information is dependent upon obtaining
28 all the necessary regulatory and environmental approvals"⁵⁸.

⁵⁴ Exhibit B, Tab 3, Schedule 1.

⁵⁵ Exhibit I, Tab 1, Schedule 5, part a), Pg. 2.

⁵⁶ Exhibit I, Tab 4, Schedule 9, part c), Pg. 2.

⁵⁷ www.hydroone.com/abouthydroone/CorporateInformation/majorprojects/Waasigan/Documents/final-ea-report/appendices/Appendix_1.0-A%20Terms%20of%20Reference.pdf

⁵⁸ Exhibit I, Tab 4, Schedule 7, part a), Pg. 1.

1 42. Another intervenor, Larry Richard, sought clarification regarding a route alternative
2 referred to by him as the “Steep Rock Mine brownfield corridor”.⁵⁹ Construction and
3 operation of crossovers was explained in Hydro One’s interrogatory response Mr.
4 Richard’:

5
6 “This corridor refers to a decommissioned 115 kV right-of-way located
7 in the Atikokan to Shebandowan Lake area. While parts of this corridor
8 were considered during the EA process, these limited sections were not
9 assessed to be as optimal as compared to the preferred route. In the
10 Shebandowan Lake area, the use of the decommissioned corridor was
11 deemed less optimal given the need for crossovers that would be
12 required for the line to be operated and maintained amongst existing
13 facilities.”⁶⁰
14

15 43. Hydro One also provided a more detailed explanation why, where possible,
16 crossovers are avoided, stating “Crossovers are not preferred approaches for
17 transmission facility operations as they impose additional reliability risks upon both
18 the new and existing facilities. Where practicable, crossover construction and
19 operation approaches are avoided.”⁶¹ Selection of a preferred route that minimizes
20 crossovers, over one which does not, is reasonable and supports reliability objectives
21 at issue in this proceeding.
22

23 44. Hydro One also provided additional details in the form of updated interrogatory
24 responses to further sub-route suggestions raised by Larry Richard in his January 10,
25 2024 email to the OEB, that would move the line away from the preferred route.
26 Specifically, Larry Richard purports that a Project alternative route section, described
27 by Larry Richard as the ‘Steep Rock mining corridor’, would be a more cost-effective
28 solution. Hydro One responded with additional reasons for rejecting this sub-route
29 alternative, as follows:
30

31 ... the Steep Rock Mine corridor in this area included limited space
32 available to construct a 230 kV line and physical constraints on the north
33 side of the existing transmission line. The remaining portions of the
34 Steep Rock Mine corridor between Atikokan to Shebandowan Lake area

⁵⁹ Exhibit I, Tab 5, Schedule 1.

⁶⁰ Exhibit I, Tab 5, Schedule 1, part a), Pg. 3.

⁶¹ Ibid.

1 were also ruled out as being the preferred alternative given that this
2 route would not follow existing linear infrastructure, thereby introducing
3 natural environment disadvantages, such as habitat fragmentation for
4 wildlife, and would encounter physical constraints (i.e., an active
5 aggregate operation).⁶²
6

7 45. Hydro One also filed letters to the OEB dated January 30 and February 1, 2024 that
8 reiterated its evidence and updated interrogatory responses in reply to additional
9 assertions and requests regarding the Project route from intervenors Larry Richard
10 and NOTL pertaining to the Project route.⁶³
11

12 46. No further evidence was submitted to support the new alternative suggested by Larry
13 Richard or any other intervenor.
14

15 47. Hydro One's evidence is that the Project's preferred route, as submitted in this
16 Application as provided in Exhibit B, Tab 7, Schedule 1 is the most cost effective and
17 that, "(t)he Steep Rock Mine Corridor, located east of Atikokan, was ... identified and
18 considered during the EA and was determined during that assessment to have more
19 disadvantages, on balance (including cost), compared to the preferred route"⁶⁴. Hydro
20 One's recommended route is the preferred route.
21

22 48. That is, Hydro One's preferred route, as developed as a route alternative in the
23 Project's approved Terms of Reference and subsequently evaluated and selected in
24 the EA, is the most cost-effective route alternative that satisfies the need as
25 established by the OIC and supported by the IESO⁶⁵. As noted above, Hydro One's
26 route selection for the Project underwent extensive stakeholdering and consultation
27 via the EA process, which informed the route recommended in this Application. In
28 each instance when new routes have been proposed by intervenors, Hydro One has
29 clarified how or why those alternatives are less advantageous or unfeasible.

⁶² Hydro One's updated response in Exhibit I, Tab 5, Schedule 1, part a), Pg. 3, filed January 22, 2024.

⁶³ Hydro One's updated responses in Exhibit I, Tab 5, Schedules 1, 2 and 3, filed January 22, 2024.

⁶⁴ Hydro One's updated response in Exhibit I, Tab 5, Schedule 1, part a), Pg. 2, filed January 22, 2024.

⁶⁵ Per the need evidence filed at Exhibit B, Tab 3, Schedule 1.

49. The OEB, in Procedural Order No. 3, provided an opportunity for intervenors to file evidence in this proceeding. No intervening party chose to file any evidence on the record to demonstrate why an alternative to Hydro One's Project route was more advantageous.

50. The Notice of Commencement of the Terms of Reference for the EA process was first published in April 2019, and is when the Project stakeholdering and consultation stage commenced. The Amended Terms of Reference was approved by the Ministry of the Environment, Conservation and Parks ("MECP") in February 2022..

51. The purpose of this proceeding is to obtain leave to construct approval from the OEB by demonstrating the preferred route, as included in the Application, meets the public interest test consistent with the OEB's mandate and jurisdiction under section 92 of the Act. As stated in the OEB's Chapter 4 filing guidelines⁶⁶, "[t]he OEB will either approve or not approve the proposed project." Where the interrogatory process is used to propose new routes, route alternatives or modifications, it undermines the purpose of the MECP's Terms of Reference process, the approved Amended Terms of Reference for this Project, and the robust route evaluation undertaken within the EA.

Issue 3: Prices: Project Cost

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

52. Hydro One's Project cost information is provided in Exhibit B, Tab 7, Schedule 1 – Apportioning Project Costs and Risks, and outlines the Project's total costs, the costs of Phase 1 and Phase 2, and the components of each phase broken down between

⁶⁶ [2022 Draft LTC FR update for input \(markup\) 20221110 \(oeb.ca\)](#) – Pg. 21.

1 line and station components. Additionally, cost comparative information for each
2 phase of the transmission line and the station components are also provided.

3
4 53. Four comparable transmission line projects recently completed in Ontario are
5 provided in Section 6.0 of Exhibit B, Tab 7, Schedule 1, namely the Hawthorne to
6 Merivale, Power South Nepean, and Woodstock Area Transmission Reinforcement
7 (“WATR”) Projects constructed by Hydro One, as well as the East-West-Tie Project,
8 constructed by Upper Canada 2 Transmission, Inc. “These projects were selected as
9 reasonable comparators because they are 230 kV double-circuit transmission lines,
10 they utilize similar conductor types, and they are either completely or predominantly
11 built using steel lattice structures.”⁶⁷ Table 7 of Exhibit B, Tab 7, Schedule 1 provides
12 comparisons of specific project data points, illustrating the per Km cost for the line
13 Project is well within the range of the comparable line projects.

14
15 54. Hydro One’s evidence illustrates that the cost of the line portion of the Project is on
16 the lower end of the per km costs of comparable transmission lines. The Project cost
17 per km is \$2.6M per km, which is similar to the East-West Tie transmission line
18 forecasted total costs of \$2.4M per km, and less than the other comparably Hydro
19 One scoped projects (ranging between \$3.3M and \$4.1M per km).⁶⁸ For the other
20 Hydro One completed projects, Hydro One’s notes that the Hawthorne to Merivale,
21 Power South Nepean and WATR Projects were for transmission line projects
22 significantly shorter than the East=West Tie and Waasigan Project lengths. One factor
23 that contributes to lower costs for projects with comparably longer distances is that a
24 project’s fixed costs can be distributed over more km units, versus those that are
25 shorter in length.⁶⁹

26
27 55. The Hydro One comparator line projects were executed where design, procurement
28 and construction were undertaken by Hydro One.

⁶⁷ Exhibit B, Tab 7, Schedule 1, Pg. 8.

⁶⁸ Exhibit B, Tab 7, Schedule 1, Table 7, Pg. 11.

⁶⁹ Exhibit I, Tab 1, Schedule 13, part d), Pgs. 4-5.

1 56. For the comparable station projects provided, their scopes, schedules, and risk
2 profiles allowed for Hydro One's traditional execution methodology to be the most
3 effective means of project delivery. For the Waasigan Project, a fixed price
4 Engineering, Procurement and Construction ("**EPC**") execution methodology has
5 been selected to best define and manage project scope, schedule and risk while also
6 providing cost predictability in the delivery of a project of this magnitude⁷⁰.

7
8 57. Hydro One provides its station project scope analysis regarding comparable projects
9 in Section 7.0 of Exhibit B Tab 7 Schedule 1, demonstrating that "when compared to
10 the comparators, [the Project is] notably dissimilar in physical site requirements, site
11 preparation, grading, underground infrastructure, grounding and access
12 requirements. This leads to added Project complexity, planning and site
13 coordination."⁷¹ As such, while Phase 1 and Phase 2 station costs, based on cost
14 alone, appear to be on the higher end of the comparatives, the comparatives are less
15 meaningful and there is more variation to the scope of work for any unique station,
16 than there is when undertaking a transmission line comparison, due to the inherent
17 linear nature and similarities in scope. Transformer stations by their very nature are
18 individually unique, complex and do not easily lend themselves to comparative
19 exercise on a per unit basis. Conversely, the Project's station scope costs are
20 comparable to those stations outlined in Section 7.0 for each of the Project's phases,
21 i.e. the Phase 1 station scope is comparable to the Hydro One-executed East West
22 Tie Station facilities at, Wawa TS, Marathon TS and Lakehead TS, as shown in Table
23 8, and the Phase 2 station scope is comparable to, Hollard TS and Beach TS, as
24 shown in Table 9.

25
26 58. Hydro One's evidence further outlines the reasonableness of the Project's cost, by
27 providing detailed information regarding the application and results of Hydro One's
28 refined overhead capitalization methodology, and the rates which it will apply to the
29 Project in terms of the level of overhead support Hydro One is expected to be required
30 to provide to the Project.

⁷⁰ Exhibit B, Tab 7, Schedule 1, Pg. 15.

⁷¹ Exhibit B, Tab 7, Schedule 1, Pg. 15.

1 59. The use of the refined overhead capitalization methodology is an outcome of the
2 approach Hydro One is taking to develop and construct Projects, such as the
3 Waasigan Project, and will provide cost benefits, and increased cost certainty, to the
4 Project. The background regarding the methodology is provided in evidence⁷², and
5 those key details are provided here in the balance of this section.

6
7 60. Specifically, Hydro One's procurement process for the Project allows for EPC
8 contractors to obtain competitive market pricing from their suppliers and vendors and
9 to identify and evaluate, engineering, procurement, construction, risks and
10 opportunities during the development of their respective offers. Thus, the Project cost
11 estimate, as included in Hydro One's evidence in Exhibit B, Tab 7, Schedule 1,
12 reflects current market tested EPC pricing to deliver the Project, along with
13 corresponding risk that will be transferred to the EPC contractor.⁷³

14
15 61. The Early Contractor Involvement ("**ECI**") delivery model engages the services of an
16 external engineering firm and the services of EPC contractors (referred to as ECI-
17 EPC). This initiative allows the ECI-EPC contractor to be engaged at an earlier stage
18 of development (typically at a preliminary budgetary estimate stage rather than near
19 the end of detailed estimating or at construction initiation). As such, the ECI-EPC
20 contractor performs many of the development functions that under the standard Hydro
21 One EPC delivery model would be performed internally by Hydro One⁷⁴.

22
23 62. Hydro One's projects that are executed by the ECI-EPC model are multi-year and
24 significantly larger in scale and cost compared to most of Hydro One's transmission
25 projects contemplated in its Transmission System Plan. As a result, the overhead
26 allocation rate for ECI-EPC projects is lower to reflect a reduced amount of Hydro
27 One Common Corporate functions support required by ECI-EPC projects, compared
28 to standard Hydro One Transmission projects.

⁷² Exhibit B, Tab 7, Schedule 1, Sections 3.0 and 4.0, and Attachment #1.

⁷³ Exhibit I, Tab 1, Schedule 11, part d), Pg. 4.

⁷⁴ Exhibit B, Tab 7, Schedule 1, Pg. 5.

1 63. An advantage of the ECI-EPC model, as outlined in Exhibit I, Tab 1, Schedule 19 is
2 that, “(b)y having the constructor on board early, some of the early scope of work is
3 performed by the constructor instead of internally by Hydro One thereby allowing
4 Hydro One to avoid expanding its’ internal corporate resource that would otherwise
5 perform this service. It offers the project proponent the opportunity to evaluate EPC
6 contractors prior to entering into a construction contract. It enables tailoring contract
7 terms appropriately and at a time that is advantageous to the project schedule. The
8 ECI-EPC model introduces an opportunity for innovation in project design and
9 execution while providing greater cost certainty through increased transparency and
10 risk apportionment.”⁷⁵

11
12 64. In the Atrium Economics Report⁷⁶ ‘*Overhead Capitalization Methodology for ECI-EPC*
13 *Contracted Projects*’ (“**Atrium Economics Report**”), Atrium Economics recommends
14 Hydro One use a blended overhead rate that would be determined by the weighted
15 average portion of a project’s type/source of costs, specifically the two differentiated
16 types of project costs being, i) ECI-EPC costs, which do not rely as heavily on Hydro
17 One’s corporate support functions and ii) Non-ECI-EPC costs, that should attract the
18 standard Transmission overhead rate as they rely on Hydro One’s corporate support
19 functions.

20
21 65. Section 4 of the Atrium Economics Report states that the common corporate costs
22 incurred by Hydro One to support these ECI-EPC contracted projects is of a different
23 level than standard Hydro One Transmission projects. A significant portion of each
24 project’s total cost relates to Owner’s Engineer (“**OE**”) and ECI-EPC Contracted work
25 (i.e., Hydro One determined that 79.5% of the capital expenditures will be payments
26 to external contractor (or OE costs) and only 20.5% will relate to internal Hydro One
27 incurred costs)⁷⁷.

⁷⁵ Exhibit I, Tab 1, Schedule 19, part b), Pgs. 2-3.

⁷⁶ Exhibit B, Tab 7, Schedule 1, Attachment 1.

⁷⁷ Exhibit B, Tab 7, Schedule 1, Attachment 1, Pg. 5.

1 66. Section 5.3 in the Atrium Economics Report states that the resulting total Direct
2 Capital and total Applicable Capital Overhead Costs associated with ECI-EPC
3 Contracted Projects are utilized in an Overhead Capitalization Rate (“**OCR**”)
4 Calculation identical to the OCR Calculation used for Hydro One’s Transmission
5 business as approved by the OEB in Hydro One’s 2023-2027 Joint Rate Application
6 (“**JRAP**”)⁷⁸. Furthermore, Section 5.4 in the Atrium Economics Report states that a
7 blended rate was calculated using the OCR for costs associated with external
8 contractor payments weighted at 79.5% and the standard delivery Transmission OCR
9 weighted at 20.5%. The results are shown in Figure 3 of the Atrium Economics
10 Report⁷⁹.

11
12 67. The Atrium Economics Report references the Black & Veatch (“**B&V**”) Report that
13 was filed in the Hydro One JRAP proceeding⁸⁰. Atrium Economics noted that its staff
14 member (Mr. Taylor), in his former capacity with and as a subcontractor to B&V, has
15 been the lead expert in connection with the B&V Report. He is also the Primary
16 consultant and author of the Atrium Economics Report.

17
18 68. Hydro One confirmed the proposal is utilizing the same methodology that was agreed
19 to by parties and accepted by the OEB in Hydro One’s JRAP proceeding (EB-2021-
20 0110)⁸¹. By using the refined overhead capitalization methodology outlined above,
21 when considering the existence of the ECI-EPC approach, Hydro One’s evidence is
22 that it lowers the impact to the Project budget by approximately \$60M, i.e., not
23 charging the Project for components of Hydro One overhead that are being performed
24 by the ECI-EPC contractor⁸².

25
26 69. Hydro One’s evidence, regarding the above-outlined refinement of Hydro One’s
27 current overhead capitalization methodology, is that “(t)he methodology embedded in
28 the report on Common Corporate Costs allocation as filed in the JRAP proceeding

⁷⁸ EB-2021-0110

⁷⁹ Exhibit B, Tab 7, Schedule 1, Attachment 1, Pg. 13.

⁸⁰ EB-2021-0110, Exhibit E, Tab 4, Schedule 8, Attachment 1.

⁸¹ Exhibit I, Tab 1, Schedule 21, part d), Pg. 4.

⁸² Exhibit I, Tab 1, Schedule 21, part e), Pg. 4.

(EB-2021-0110) has **not** *[Emphasis added]* been updated, except for refinements as discussed in Section 5 of the Atrium Economics Report”⁸³.

70. For the reasons outlined above, Hydro One submits that the use of the overhead capitalization rate, as described in the proceeding to date, is appropriate, provides ratepayer and project cost benefit and is consistent with Hydro One’s existing OEB-approved cost allocation methodology.

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

71. Hydro One’s evidence regarding potential Project risks and how the cost contingency forecast was developed has been provided at Section 5.0 of Exhibit B, Tab 7, Schedule 1, and in interrogatory responses Exhibit I, Tab 1, Schedules 7, 8, 12, 19. There, Hydro One outlined the process it undertook to develop and evaluate Project risks, measures it will continue to undertake to monitor and mitigate those Project risks, and provides a Project Risk Summary, including project risk category descriptions⁸⁴, together which demonstrate how the Project’s cost contingency forecast was calculated and that it is consistent with those risks identified.

72. Hydro One’s assessment, and development of the contingency budget is the result of “follow[ing] an industry established best practices methodology ... utilizing a risk management model⁸⁵” and that each risk that contributes to the total amount of contingency is based on “a probabilistic value based on their likelihood of occurrence”⁸⁶. The level of contingency budgeted for this Project is sufficient to accommodate known risks, and illustrates how sharing of Project risks, via the ECI-EPC fixed-price contract, is an effective method of risk management.

⁸³ Exhibit I, Tab 1, Schedule 21, part e), Pg. 4.

⁸⁴ Exhibit I, Tab 1, Schedule 7, part d), Table 3, Pgs. 4-5.

⁸⁵ Exhibit I, Tab 1, Schedule 7, part a), Pg. 2.

⁸⁶ Exhibit I, Tab 1, Schedule 7, part a), Pg. 3.

1 73. A breakdown of total contingency by Project phase, and by sub-Project type (i.e. line
2 and station components) can be found at Table 2 - Probabilistic Contingency
3 Allocation Summary⁸⁷, as well as the top three Project risks⁸⁸ contributing to the
4 contingency budget in Section 5.0 Risks and Contingencies within Exhibit B, Tab 7,
5 Schedule 1. Table 3 - Project Risk Summary⁸⁹, outlines a thorough list of the Project
6 risks that demonstrate the rigor around which the Project's total contingency estimate
7 was prepared. In terms of Project execution and assessment and mitigation of risk,
8 "(t)he Waasigan Project execution methodology was chosen as the preferred option
9 based on how best to allocate the Project's risks resulting in increased cost
10 predictability versus the execution methodology used in the comparative projects, that
11 most likely would have resulted in more cost volatility"⁹⁰ if applied to the Waasigan
12 Project.

13
14 74. Hydro One's evidence also outlines Project cost contingencies not included in the
15 estimate, due to the unlikely nature of them occurring, and includes items such as
16 labour disputes and significant changes in the cost of materials outside Hydro One's
17 control etc.⁹¹

18
19 ***3.3 - If the applicant has requested that deferral accounts be established, has the***
20 ***applicant adequately demonstrated that the eligibility criteria of Causation,***
21 ***Materiality, and Prudence have been met?***

22
23 75. Hydro One is not requesting any new deferral accounts be established in this
24 proceeding⁹².

25
26 76. The existing OEB-approved regulatory accounts, notably the Affiliate Transmission
27 Projects ("**ATP**") Account and the Externally Driven Work Regulatory ("**EDWR**")

⁸⁷ Exhibit I, Tab 1, Schedule 7, part a), Pg. 3.

⁸⁸ Those being: Land Acquisition; Engagement and Consultation; and Approvals, Permits and Authorizations.

⁸⁹ Exhibit I, Tab 1, Schedule 7, part d), Pgs. 4-5.

⁹⁰ Exhibit I, Tab1, Schedule 10, part a), Pg. 1.

⁹¹ Exhibit B, Tab 7, Schedule 1, Pg. 8.

⁹² Exhibit B, Tab 10, Schedule 1, Pg. 2.

Account will be used to track and record the costs and impacts of the Project. Specifically, the Line Project in relation to the ATP Account, and the Station Project in relation to the EDWR Account, are projects consistent with the types of projects that were contemplated to be included in the respective accounts. Hydro One's intention is to continue to use those accounts to accommodate the Project, as described at Exhibit B, Tab 10, Schedule 1, and Exhibit I, Tab 1, Schedule 3.

Issue 4: Prices: Customer Impacts

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

77. All Project costs will be included in the network connection pool for cost classification purposes and not allocated to any individual customers⁹³. No customer capital contributions are required for the Project.

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

78. Based on the need assumptions as determined by the IESO, and the staged in-service of the Project's two phases, Hydro One's evidence is that the 2023 OEB approved network rate of \$5.37 kW/month increases to \$5.71 kW/month by year 4, then decreases to \$5.65 kW/month by year 25⁹⁴. As it relates to a typical residential customer's rates under the Regulated Price Plan, Hydro One's evidence is that a \$0.56 per month increase is expected.

79. Hydro One's analysis of the network pool rate impacts considered the transmission revenue requirement for the year 2023 and the 2023 approved Ontario Uniform Transmission Rate ("UTR") Schedules. The expected change in the network pool revenue requirement will occur once Phase 1 of the Project is placed in-service,

⁹³ Exhibit B Tab 9 Schedule 1, Section 1.0, Pg. 1.

⁹⁴ Exhibit B Tab 9 Schedule 1, Section 3.0, Pg. 2.

1 currently estimated to be in December 2025. Thereafter, Phase 2 of the Project is
2 expected to be in-service.

3
4 **Issue 5: Reliability and Quality of Electricity Service**

5
6 ***5.1 - Has the applicant established that the project will maintain or improve***
7 ***reliability?***

8
9 ***5.2 - Has the applicant provided a final System Impact Assessment (SIA)? Does the***
10 ***final SIA conclude that the project will not have a material adverse impact on the***
11 ***reliability of the integrated power system?***

12
13 80. As provided for above in Hydro One's submission regarding Issue 1.1, the needs
14 evidence in support of this Application includes the OIC; multiple Long-Term Energy
15 Plans ("**LTEP's**") (2013⁹⁵ and 2017⁹⁶); multiple Letters of Direction from the IESO to
16 Hydro One⁹⁷; and the IESO Needs Report⁹⁸.

17
18 81. The IESO Needs Report incorporates by reference the IESO's final System Impact
19 Assessment ("**SIA**") for the Project.⁹⁹ The SIA concludes the Project is expected to
20 have no material adverse impact on the reliability of the integrated power system and
21 recommends a Notification of Conditional Approval for Connection be issued.

22
23 82. The impetus for the Project is to provide system benefits and performance West of
24 Thunder Bay area, most notably for the projected growth of the mining sector, by
25 increasing supply and reliability capability through the release of existing transmission
26 constraints. As cited in the IESO Needs Report¹⁰⁰, the Project was also most recently
27 identified in the Ontario government's *Powering Ontario's Growth* report as one of the

⁹⁵ [Long-Term Energy Plan 2013](#)

⁹⁶ [Long-Term Energy Plan 2017](#)

⁹⁷ Exhibit B, Tab 3, Schedule 1, Attachments 5 through 8.

⁹⁸ Exhibit B, Tab 3, Schedule 1, Attachment 9.

⁹⁹ Exhibit F, Tab 1, Schedule 1, Attachment 1.

¹⁰⁰ Exhibit B, Tab 3, Schedule 1, Attachment 9, Pg. 17, footnote 19.

electricity system upgrades being undertaken to unlock opportunities in Northern Ontario.¹⁰¹

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

83. A Customer Impact Assessment (“CIA”) has been filed as part of this Application.¹⁰² The CIA concludes that the Project will not have an adverse impact on customers in the local area due to the system configuration modification to incorporate the Project, and that resulting voltage changes on the areas high-voltage and low-voltage buses are within planning limits. Construction and operation of the Project is intended to satisfy the Project need, as addressed in the IESO’s SIA, and increase supply and improve reliability in the Northwest Region of Ontario.

Issue 6: Route Map and Form of Landowner Agreements

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

84. The Project totals approximately 360 km in length, comprised of two distinct phases¹⁰³ due to the timing of completion and in-service as, follows:

- i. **Phase 1** - involves the construction of a new 230 kV double-circuit transmission line that is 190 km in length extending from Hydro One’s Lakehead TS in the Municipality of Shuniah along the existing 230 kV transmission line corridor near Highway 11 and 17 out of Shuniah and into Hydro One’s Mackenzie TS in the Town of Atikokan; and

¹⁰¹ <https://www.ontario.ca/files/2023-07/energy-powering-ontarios-growth-report-en-2023-07-07.pdf>, Pg. 70.

¹⁰² Exhibit G, Tab 1, Schedule 1, Attachment 1.

¹⁰³ Exhibit E, Tab 1, Schedule 1, Pg. 1.

1 ii. **Phase 2** - involves the construction of a new 230 kV single-circuit transmission line
2 that is 170 km in length extending from Hydro One's Mackenzie TS in the Town of
3 Atikokan along the existing 230 kV transmission line corridor near Highway 622
4 and Highway 17 into Hydro One's Dryden TS, located in the City of Dryden.

5
6 85. The new transmission corridor will be approximately 46 meters wide and will parallel
7 an existing transmission line, taking advantage of the existing Right of Way to the
8 extent possible.¹⁰⁴

9
10 86. Land rights for Phase 1 of the Project will require Hydro One to obtain consent from
11 approximately 260 existing permit holders, consisting of 32 unique permit holders who
12 have an interest in unpatented Crown Lands. Phase 2 of the Project will require
13 obtaining land rights from approximately 97 directly impacted property owners,
14 consisting of 78 privately held properties.¹⁰⁵

15
16 87. In its responses to Interrogatories, Hydro One provides the current status of land
17 acquisition for both phases¹⁰⁶, which is an update to Table 3, originally submitted in
18 Section 5.0 of the Application (Land Matters)¹⁰⁷. The updated evidence illustrates
19 appropriate progress for Phase 1, which is forecast to be in-service prior to Phase 2.
20 Hydro One's land acquisition process for Phase 2 will be initiated in 2024.

21
22 88. Hydro One submits that the nine forms of landowner agreements included in the
23 Application¹⁰⁸ and for which it is seeking OEB approval pursuant to section 97 of the
24 OEB Act, are appropriate and consistent with OEB requirements.

25
26 89. Most of the agreements are in substantially the same form as previously approved by
27 the OEB in other leave to construct proceedings (cited in Section 5.0 of the Application

¹⁰⁴ Exhibit E, Tab 1, Schedule 1, Pg. 1.

¹⁰⁵ Exhibit E, Tab 1, Schedule 1, Pg. 3.

¹⁰⁶ Exhibit I, Tab 1, Schedule 14, part a), Pg. 3.

¹⁰⁷ Exhibit E, Tab 1, Schedule 1, Pg. 8.

¹⁰⁸ Pro forma copies of the forms of agreements are included at Exhibit E, Tab 1, Schedule 1, Attachments 1 through 9.

(Land Matters) at Tables 4, 5 and 6)¹⁰⁹ and also lists instances of substantive changes to previously approved forms of agreements).

90. Hydro One has made independent legal advice (“**ILA**”) available to all impacted property owners. ILA being afforded to all impacted property owners is a principle found in Hydro One’s Land Acquisition Compensation Principles (“**LACP**”) ¹¹⁰. The intent of the LACP is to ensure common or uniform practices are followed in the way compensation for necessary land rights are determined and offered to landowners. This includes commitments to appraise lands using third party Accredited Appraiser Canadian Institute (“**AACI**”) qualified appraisers; landowner choice between granting an easement or fee simple sale of property interests; incentive payment offers; availability of independent legal advice to review settlement offers; all of which is intended to improve landowner relations and avoid the cost of more contentious expropriation processes.

91. New permanent land rights along the proposed Project line route are also required to accommodate the proposed transmission line facilities between Lakehead TS and Dryden TS. No additional property rights are required for any of the three transformer stations included in the Project’s scope. Temporary rights for construction purposes, including laydown areas, may also be required at specific locations along the corridor.

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

92. The detailed route maps at Exhibit C, Tab 2, Schedule 1, Attachments 1 through 3, satisfy the requirements of section 94 of the Act. Attachment 1 provides a general area “Notice Map” which depicts the proposed route relative to existing transmission highway and railway infrastructure. More detailed maps depicting navigable waters

¹⁰⁹ Exhibit E, Tab 1, Schedule 1, Pgs. 9-10.

¹¹⁰ Exhibit I, Tab 1, Schedule 15, Attachment 1.

1 and other environmental constraints and features are found in the “Detailed Route
2 Map”¹¹¹, “Individual Property Maps”¹¹², and Hydro One’s Environmental
3 Assessment¹¹³.

4
5 93. Together these maps adequately meet the OEB’s requirements of ensuring Project
6 mapping information has been adequately presented and available for public review
7 and consideration.

8 9 **Issue 7: Conditions of Approval**

10
11 ***7.1 - The OEB’s standard conditions of approval are attached as Schedule 1. If the***
12 ***OEB approves the proposed project, what additional or revised conditions, if any,***
13 ***are appropriate?***

14
15 94. As indicated in its response to interrogatories from OEB Staff¹¹⁴, Hydro One takes no
16 issues with the OEB’s standard conditions of approval. Further, any future Hydro One
17 affiliate that would own and maintain the Waasigan transmission line will have no
18 concerns with the OEB’s standard conditions.

19 20 **3.0 CONCLUSION**

21
22 95. Based on the foregoing, Hydro One respectfully submits that the relief sought in this
23 Application should be granted. The evidence in this proceeding is that the Project will
24 be carried out in a manner that addresses a provincially-determined need. The
25 evidence shows the estimated Project costs are reasonable, and that once placed
26 into service the Waasigan transmission line will meet identified bulk system
27 requirements for increased supply and greater reliability to customers in the
28 Northwest Region of Ontario.

¹¹¹ Exhibit C, Tab 2, Schedule 1, Attachment 2.

¹¹² Exhibit C, Tab 2, Schedule 1, Attachment 3.

¹¹³ The link to the Project’s Environmental Assessment was provided in Hydro One’s response to Exhibit I, Tab 3, Schedule 1, and is replicated here, <http://www.hydroone.com/about/corporate-information/major-projects/waasigan/project-approvals>.

¹¹⁴ Exhibit I, Tab 1, Schedule 17, part a), Pg. 1.

1 96. Hydro One therefore requests the OEB proceed expeditiously and approve this
2 Application subject to its standard conditions set out in Procedural Order No.1,
3 Schedule B, Schedule 1.

4

5

ALL OF WHICH IS RESPECTFULLY SUBMITTED