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File No. 43925.1

February 5, 2026

DELIVERED BY EMAIL

Mr. Ritchie Murray
Ontario Energy Board
2300 Yonge Street, 27th floor
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Mr. Murray:

**Re: PUC (Transmission) LP by its general partner PUC (Transmission) GP Inc.
("PUCT")
Proceeding No. EB-2023-0360 ("Proceeding")
Post-Approval Modifications**

We are legal counsel to PUCT. On August 27, 2024, the Ontario Energy Board (the "**OEB**" or "**Board**") issued its Decision and Order in the above-noted Proceeding, granting PUCT leave to construct certain transmission facilities near Sault Ste Marie, Ontario ("**Decision**"). We write to advise of post-approval modifications to the project, as well as to clarify the applicable deadline for seeking OEB approval of performance standards under section 4.5 of the Transmission System Code ("**TSC**") (the "**Performance Standards**"). The following matters are addressed:

1. Material post-approval modifications;
2. Non-material post-approval modifications; and
3. Timing of Performance Standards approval.

1. Material post-approval modifications

In accordance with the Decision and Condition of Approval #3, whereby PUC Transmission is required to advise the OEB of any proposed material change in the project, PUC Transmission is proving an update to the PUC Transmission Project's in-service date and forecasted cost.

(a) In-Service Date Update

As set out in the LTC Application, the proposed in-service date for the PUC Transmission Project was the end of Q2 2027, assuming a construction start date in Q4 2024.¹ The updated in-service date is Q3 2027. This two-month change is due to the confirmed delivery times provided by suppliers for both the autotransformers and the STATCOM.

(b) Forecasted Cost Increase

The forecasted costs for the PUC Transmission Project are expected to exceed the \$188.87 million amount approved in the Decision,² but remain within the Class 3 AACE estimate submitted in LTC Application (Exhibit B, Tab 6, Schedule 1, pages 1-3). The current forecast spend is approximately \$226.14 million, representing an increase of 19.7%. This variance is within the AACE Class 3 range of (-20% / +30%). The increase is primarily attributable to changes to the STATCOM (discussed below) and higher costs for network assets, as well as development, engineering and legal expenses.

2. Non-material post-approval modifications

On June 20, 2025, PUCT filed a letter setting out a list of expected and completed construction activities in relation to the transmission facilities that, in PUCT’s view, satisfies Condition 2 in the conditions of approval for the leave to construct authorization. On July 15, 2025, the OEB sent a letter seeking further information and clarification, including requesting confirmation whether there has been any material change in the project. On July 25, 2025, PUCT responded to the OEB’s letter confirming that there has not been a material change in PUCT’s project and advising that PUCT would provide the OEB with further details of non-material station modifications related to transformer sizing and STATCOM configuration and sizing. This letter provides further detail of these, as well as a minor deviation to the transmission line route and change to the in-service date.

PUCT submits that the modifications described below are not material in nature and therefore do not warrant an examination.³ PUCT requests that this matter be considered by delegated authority pursuant to section 6 of the *Ontario Energy Board Act, 1998* in accordance with item 2 of the OEB’s “Delegated Powers and Duties – Facilities”.⁴ In the alternative, and without prejudice to the foregoing, should the delegated authority determine that any of these modifications do require examination, PUCT respectfully requests that the modifications be approved.

(a) Reliability Enhancement - Transformer Sizing

The project, as contemplated in the Decision, consists of a new 230 kilovolt (kV) transformer station (“**Tagona West TS**”) and approximately 10 kilometers of 230 kV transmission line from the Third Line TS to the proposed Tagona West TS (the “**PUC Transmission Project**”). In the application for the PUC Transmission Project (the “**LTC Application**”), the Tagona West TS was planned with two

¹ Exhibit B, Tab 1, Schedule 1, pg. 4, para 13.

² Decision p. 10-11 and 14-15.

³ EB-2023-0360, Decision and Order, August 27, 2024, Schedule B – Standard Conditions of Approval, paragraph 2 requires that PUCT only advise the OEB of proposed material changes in the project, including 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 Available online: < <https://www.oeb.ca/sites/default/files/delegated-powers-and-duties-6-Facilities-20230717.pdf> >

autotransformers at 240/125 kV, each rated at 120/160/200 MVA.⁵ This design met the Market Rules for n-1 reliability criteria under the Independent Electricity System Operator (“IESO”) System Impact Assessment (the “**SIA 2021-704**”).⁶ Under SIA 2021-704, Algoma Steel was approved to operate only one arc furnace at a time, such that the peak incremental loading on the transmission system was limited to 140 MW. Therefore, if one transformer were to fail, the remaining unit would carry the full load.

As set out in the LTC Application, the PUC Transmission Project was planned to advance in stages where Algoma Steel would move from operating one arc furnace at a time to, in the final stage, operating two arc furnaces at the same time.⁷ Since the Decision, the IESO completed a further System Impact Assessment for the final stage (SIA 2024-787), where Algoma Steel obtained approval to operate two arc furnaces at the same time.⁸ Under this revised operating scenario, each furnace will draw 150 MW, for a combined peak load of 300 MW. PUCT determined that it was more cost effective to meet the required n-1 reliability performance for this combined peak load with two 300 MVA units (approximate incremental cost \$4 million) instead of three 200 MVA units (approximate incremental cost \$12 million).⁹ Therefore, PUCT will implement two autotransformers at the Tagona West TS, each rated at 180/240/300 MVA, instead of the previously planned rating of 120/160/200 MVA.

(b) Reactive Power Compensation – STATCOM Configuration and Sizing

The SIA 2021-704 included a connection requirement for a substantial reactive power compensating device in order to protect other customers on the IESO-controlled grid from being negatively impacted by excessive voltage variations resulting from the operations of the electric arc furnace facilities.¹⁰ To satisfy this requirement, the PUCT Transmission Project proposed a dynamic, fast response, reactive power compensating device, either a static VAR compensator (“SVC”) or Static Synchronous compensator (“STATCOM”), connected to the 230 kV buses and rated at +/- 50MVar combined with 4 X 35 MVar switched capacitor banks.¹¹

Through the course of tendering for the equipment, it was determined that switching of the 4 X 35 MVar capacitor banks was not technically feasible due to equipment limitations at 230 kV. As a result,

⁵EB-2023-0360, Application, December 22, 2023 (“LTC Application”), Exhibit B, Tab 8, Schedule 1, p. 7, online: <<https://www.rds.oeb.ca/CMWebDrawer/Record/827916/File/document>>.

⁶ IESO System Impact Assessment Report, CAA ID: 2021-704, Project: PUC Transmission LP – New Transmission Station, Connection Applicant: PUC (Transmission) LP, September 28, 2023 (“SIA 2021-704”). LTC Application, Exhibit F, Tab 1, Schedule 1, p. 5, online: <<https://www.rds.oeb.ca/CMWebDrawer/Record/827916/File/document>>. IESO System Impact Assessment Addendum Report, CAA ID: 2021-704, Project: PUC Transmission LP – New Transmission Station, Connection Applicant: PUC (Transmission) LP, March 21, 2024, inline: <<https://www.rds.oeb.ca/CMWebDrawer/Record/848126/File/document>>.

⁷ LTC Application, Exhibit B, Tab 3, Schedule 1, p. 2-

⁸ IESO, System Impact Assessment Report, CAA ID: 2024-787, Project: Algoma Steel EAF Project – Stage 3, Connection Applicant: Algoma Steel Inc., June 12, 2025, p. 6 available online: <https://www.ieso.ca/-/media/Files/IESO/caa/CAA_2024-787_Final_Report_Public.pdf>

⁹ Estimates include the costs of breakers, disconnects, support structures and foundations.

¹⁰ LTC Application, Exhibit F, Tab 1, Schedule 1, Attachment 1, p. 7-8.

¹¹ LTC Application, Exhibit B, Tab 2, Schedule 1, p. 2.

PUCT, in consultation with the IESO, Algoma Steel, and vendors, determined the solution was to install a STATCOM only, connected to the 115 kV buses and rated at +/- 140 MVar.

Attached as Appendix A are the updated single line diagrams to reflect the use of the 140 MVar STATCOM. This design enhancement will not have any impact on the physical footprint of the project. Given the STATCOM is part of the minimum connection requirement for the customer, this will not have any impact on network ratepayers. Further, the customer will not require a capital contribution because, as set out in the LTC, the net present value of the load is greater than the cost of the connection requirements.¹²

(c) Transmission Line Route

The Decision approved the PUC Transmission Project route set out in Exhibit C of the LTC Application.¹³ Section 4.3.3.1 of Chapter 4 of the Board's *Filing Requirements for Electricity Transmission Applications* states that "[a]ny variances to the approved route following OEB approval may require further review by the OEB. In the course of detailed design and construction some minor deviations from the original route may be required, and the applicant is obligated to advise the OEB, which will decide if such changes are of sufficient significance to warrant an examination. Generally, changes will be significant if new or existing landowners or public land are affected."¹⁴ In accordance with section 4.3.3.1, it is PUCT's understanding that an examination is not required for the minor deviation from the original route described below.

On April 7, 2025, after filing the LTC Application, the City of Sault Ste. Marie approved a plan of subdivision, two plans of condominium, a site-specific official plan amendment, and a rezoning to facilitate the development of a mixed-use community located at 0 Chippewa Street (the "**Chippewa Street Development**"). The proposal includes single-detached homes, semi-detached homes, townhouses, and apartments, along with neighborhood retail and park space. This is shown in Figure 1 below.¹⁵

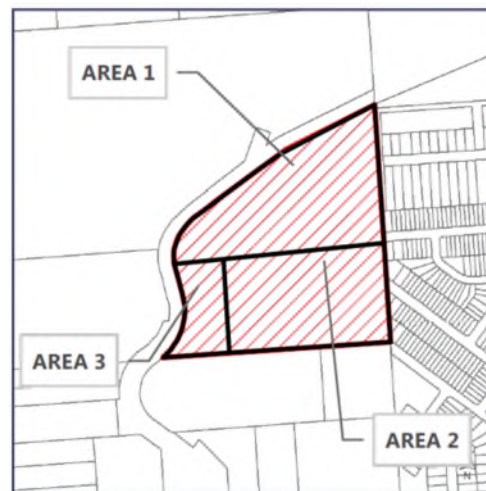
¹² LTC Application, Exhibit B, Tab 9, Schedule 1, p. 2-8.

¹³ EB-2023-0360, Decision and Order, August 27, 2024, p. 7-9, online: <https://www.rds.oeb.ca/CMWebDrawer/Record/729185/File/document>. LTC Application, Exhibit B, Tab 2, Shceule 1, Attachment 1.

¹⁴ Ontario Energy Board, *Filing Requirements for Electricity Transmission Applications*, Chapter 4, s. 4.3.3.1, online: <<https://www.oeb.ca/sites/default/files/OEB-Electricity-Leave-to-Construct-Filing-Requirements-20230316.pdf>>

¹⁵ Sault Ste Marie City Council Minutes, April 7, 2025: <[Regulahttps://pub-ssm.escribemeetings.com/Meeting.aspx?Id=e0059576-f40f-477e-8cff-a48583a5188f&Agenda=PostMinutes&lang=English&Item=49&Tab=attachmentsr](https://pub-ssm.escribemeetings.com/Meeting.aspx?Id=e0059576-f40f-477e-8cff-a48583a5188f&Agenda=PostMinutes&lang=English&Item=49&Tab=attachmentsr) Council Meeting - April 07, 2025>.

Figure 1: Approved plan of subdivision – Chippewa Street Development



Following the OEB’s approval of the transmission line route in its Decision, further engagement with landowners and developers in the Chippewa Street Development area resulted in requests for minor route deviations away from these properties during the refinement of design and construction plans, resulting in two proposed route deviations near areas 1 and 3 in the figure above.

Area 1 Deviation

The developer in area 1 requested that the PUC Transmission Project be shifted further north from the alignment in the LTC Application, as shown in the diagram 2214-P001-S5 (copy attached as Appendix B).¹⁶ Enclosed as Appendix C is the minor route shift to the north to address the concerns raised by the developer to increase the distance between the PUC Transmission Project and the planned subdivision. The route deviation is located on an existing easement owned by PUCT (yellow dashed area in Appendix C) and on land owned by PUCT (area outlined in red in Appendix C). The number of poles required for the adjusted route remains unchanged.

In assessing the requested routing shift, PUCT confirmed there will be no material impacts as a result of this minor deviation.

PUCT submits this refinement of design and construction is not material. We note the OEB previously determined that a minor routing shift by Wataynikaneyap Power GP Inc. in EB-2018-0190 was not material, notwithstanding the routing shift was an extension of 620 meters to the approved route.¹⁷ PUCT submits the routing shift is not of sufficient significance to warrant an examination by the OEB.

Area 3 Deviation

The developer in area 3 requested that the PUC Transmission Project be shifted further west from the alignment in the LTC Application, as shown in the diagram 2214-P001-S5 (copy attached as Appendix

¹⁶ LTC Application, Exhibit C, Tab 2, Schedule 1, Attachment 1, PDF p. 89.

¹⁷ EB-2018-0190, Wataynikaneyap Power GP Inc., Change Request Letter, August 8, 2019, online: <https://www.rds.oeb.ca/CMWebDrawer/Record/649128/File/document>

B).¹⁸ Enclosed as Appendix C is the minor route shift to the west to address the concerns raised by the developer. The route deviation will affect a very small area of a new landowner as shown in the pink hashed area in Appendix C, however no other new landowners will be affected. The number of poles required for the adjusted route remains unchanged.

The newly affected landowner entered into an easement agreement with PUCT to accommodate the routing deviation using the form of easement as approved by the OEB in the Decision. PUCT followed the land and rights acquisition process as described in the LTC Application.¹⁹ The routing shift further to the west away from area 3 satisfies the subdivision owner's request to increase the distance between the PUC Transmission Project and the planned subdivision. There will be no material impacts as a result of this minor deviation.

3. Performance Standards Filing Deadline

On November 27, 2025, the OEB issued a letter to all licenced electricity transmitters (EB-2021-0307) stating that the OEB expects applicable transmitters to submit a revised Performance Standards Document that is consistent with changes set out in the letter for OEB approval by March 1, 2026.²⁰

It is PUCT's understanding that, pursuant to sections 4.5.1 and 4.5.2 of the Transmission System Code, a transmitter is not required to have an approved Performance Standards Document unless and until a load customer connects to the transmitter's transmission system. PUCT is not forecasting a customer connection until the end of 2027 and intends to submit its Transmission Standards Document for approval at that time. Please advise if the OEB requires a different course of action.

Please let us know if you require any further information.

Yours truly,

BORDEN LADNER GERVAIS LLP



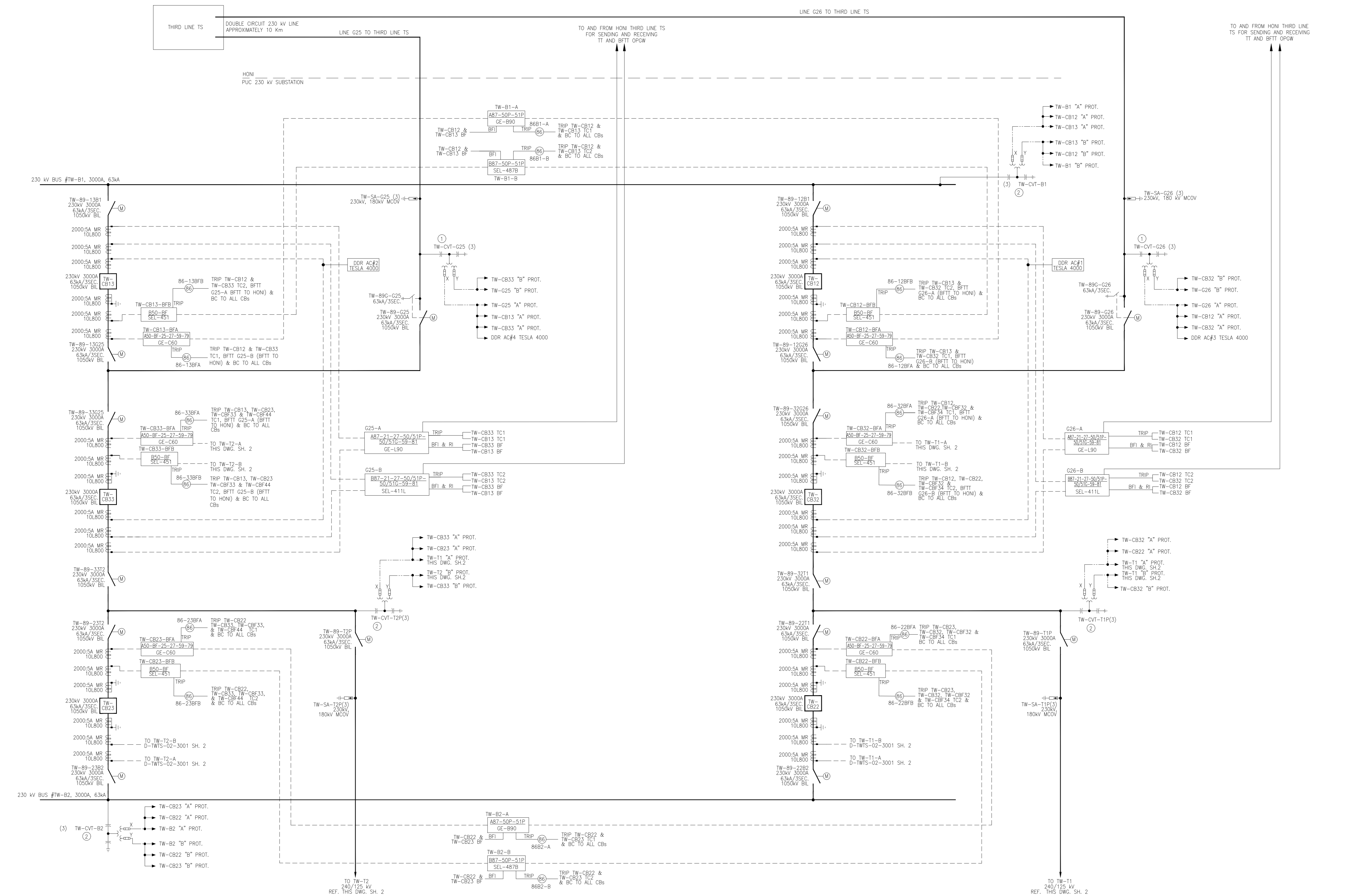
Zoë Thoms

¹⁸ LTC Application, Exhibit C, Tab 2, Schedule 1, Attachment 1, PDF p. 89.

¹⁹ LTC Application, Exhibit E, Tab 3, Schedule 1, p. 1

²⁰ OEB Letter, Changes to Improve the Transmission Framework for Reliability and Power Quality (EB-2021-0307), November 27, 2025, online < [regarding the regulatory framework for transmission reliability and power quality](#)>.

Appendix A



- LEGEND:**
- CURRENT TRANSFORMER CABLE
 - - - - - POTENTIAL TRANSFORMER CABLE
 - ① 3 X 138kV - 115/69V - 115/69V
0.3 MWXYZ, 1050kV BIL
(LINE CVT)
 - ② 3 X 138kV - 115/69V - 115/69V
0.3 MWXYZ, 1050kV BIL
(BUS CVT)

NOTES:

1. TRANSFORMER HAS BEEN SIZED TO OPERATE NEAR NAMEPLATE RATING UNDER FULL EAF LOADING. LOAD MANAGEMENT AND RAMP COORDINATION ARE ASSUMED TO BE DONE ACCORDINGLY.

NO.	REVISION	DATE	INITIAL
OC	ISSUED FOR 60% REVIEW	2025/07/11	TT
OB	ISSUED FOR 60% REVIEW	2025/05/09	TT
OA	ISSUED FOR 30% REVIEW	2025/01/15	YM



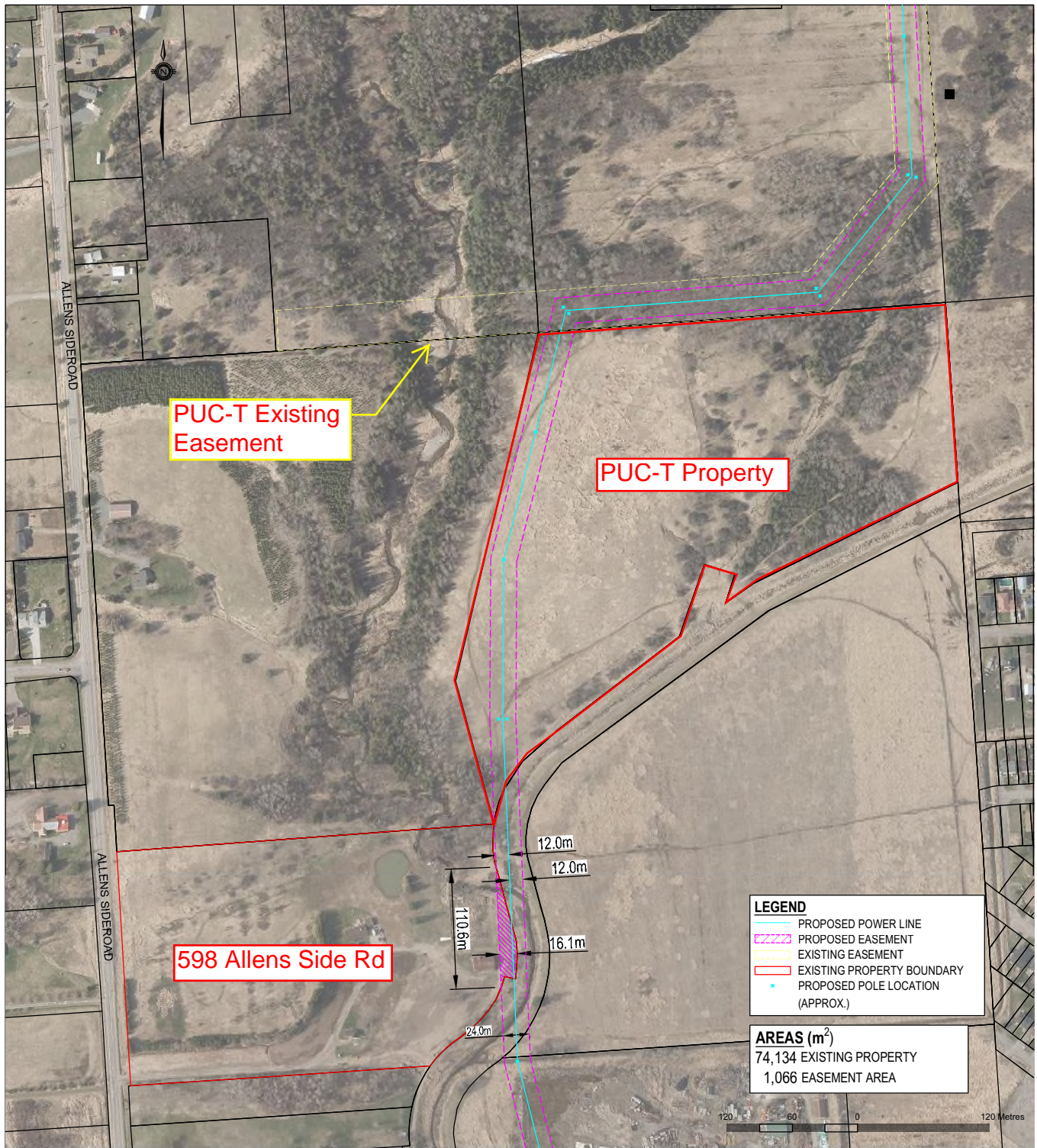
PUC TRANSMISSION 230 kV FACILITIES
230 kV AREA PROTECTION AND CONTROL
SINGLE LINE DIAGRAM

SCALE:	N.T.S.
DRAWN BY:	T. THIRAVIAM
DATE DRAWN:	2025/07/07
CHECKED BY:	M. HOSSAIN
DATE CHECKED:	2025/07/11
APPROVED BY:	R. RESALATPANAH
DATE APPROVED:	2025/07/11
DWG. NO.:	A-TWTS-02-3001-1
REV.:	0C

WSP
IN PROGRESS
 2025-07-11
 THIS DOCUMENT MUST NOT BE USED FOR
 CONSTRUCTION
 (OR FABRICATION OR INSTALLATION)

Appendix B

Appendix C



PROJECT:	SAULT STE. MARIE 230 KV TRANSMISSION PROJECT: CLASS EA SAULT STE MARIE, ONTARIO		SCALE: 1:5,000
	TITLE:	060040258010000 598 ALLENS SIDE RD FOR DISCUSSION	DRAWN BY: CHECKED BY: JB DS
	CLIENT:	PUC TRANSMISSION LP	PROJECT NO: CA0044054 DATE: APRIL 2025 FIGURE NO: 19A