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BY EMAIL

August 28, 2024

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Mr. Murray:

**Re: Hydro One Networks Inc.
Leave to Construct Application – Durham Kawartha Power Line Project
Ontario Energy Board (OEB) Staff Interrogatories
OEB File Number: EB-2026-0155**

In accordance with Procedural Order No. 1, please find attached the OEB staff interrogatories for the above proceeding. This document has been sent to Hydro One Networks Inc. and to all other registered parties to this proceeding.

Hydro One Networks Inc. is reminded that its responses to interrogatories are due by September 8, 2026. Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Yours truly,

Mansi Modi
Senior Advisor, Transmission

Encl.

**OEB Staff Interrogatories
Hydro One Networks Inc.
EB-2026-0155**

Staff – 1

Ref: Exhibit B, Tab 1, Schedule 1 – Page 3 of 8

Preamble:

Hydro One states that impacted First Nations will have the opportunity to invest in a 50% equity stake in the transmission line component of the Project. Hydro One further states that the limited partnership through which this investment would occur has not yet been finalized and that commercial details remain under negotiation.

Hydro One indicates that ownership, governance, and financing arrangements associated with the proposed Indigenous equity participation are still being developed. Hydro One nevertheless states that the proposed ownership arrangement is not expected to materially affect Project costs. Staff notes that the evidence provides limited information regarding the potential ownership, financing, asset ownership, cost recovery, and regulatory implications of the proposed arrangement.

Questions:

- a. Please provide an update on the status of the proposed Indigenous equity partnership.
- b. Please identify the First Nations that will have the opportunity to participate in the partnership.
- c. Please discuss whether the final ownership and financing structure could have any implications for project timing, cost recovery, or transmission rates.

Staff – 2

Ref(s): Exhibit B, Tab 6, Schedule 1, Page 2 of 2

Preamble:

Hydro One states that it has engaged Indigenous governments and communities throughout project development and will continue engagement throughout the life cycle of the Project. Hydro One also indicates that Indigenous communities have been involved in discussions regarding project decisions and economic participation opportunities. OEB staff seeks to better understand how input received through Indigenous engagement and consultation activities influenced the development of the Project.

Questions:

- a. Please describe how input received through Indigenous engagement and consultation activities influenced, if at all:
 - i. route selection;
 - ii. project design;
 - iii. risk mitigation measures; and
 - iv. construction planning.
- b. Where such input resulted in modifications to the Project, please identify the modification and the concern it was intended to address.

Staff – 3

Ref(s): Exhibit B, Tab 7, Schedule 1, Page 2 of 12

Preamble:

At the above reference, Hydro One provides the current estimated cost of the Durham Kawartha Power Line Project, a new approximately 55 km, 230 kV double-circuit transmission line between Dobbin TS and Clarington TS, including associated station modifications. The Application indicates that the Project has progressed through planning, route selection, environmental assessment, engineering, consultation, and procurement activities prior to filing.

Question(s):

- a. Please identify any Project costs that remain subject to significant uncertainty and provide the estimated range of potential cost increases or decreases associated with each item.

Staff – 4

Ref(s): Exhibit B, Tab 5, Schedule 1, Page 1 of 4

Preamble:

Hydro One states that the IESO evaluated two feasible termination points for the Project, Cherrywood TS and Clarington TS, and concluded that both options could be developed at a comparable cost while providing similar system benefits. Hydro One subsequently selected Clarington TS as the preferred termination point.

Questions:

- a. Please explain the basis on which Hydro One selected Clarington TS rather than Cherrywood TS.
- b. Please provide a quantitative comparison of the estimated capital cost of the Cherrywood TS and Clarington TS alternatives, including:
 - i. Total project cost;
 - ii. Transmission line cost; and
 - iii. Station modification and expansion cost.

Staff – 5:

Ref(s): Exhibit B, Tab 5, Schedule 1, Page 2 of 4

Preamble:

Hydro One evaluated four conductor alternatives and concluded that all four alternatives satisfy the Project's capacity requirements. Hydro One selected Alternative #4 (1443.7 kcmil ACSR/TW) because it produced the lowest total annual cost and 50-year net present value (NPV) result.

Questions:

- a. Please explain why the 1443.7 kcmil ACSR/TW conductor has a lower estimated capital cost than the smaller conductor alternatives.

Staff – 6

Ref(s): Exhibit C, Tab 1, Schedule 1, Page 1 of 6

Preamble:

Hydro One states that approximately 95% of the proposed transmission line will be located within an existing transmission corridor. The application further states that approximately 400 metres of the line will be constructed underground near Regional Road 3 in Clarington to avoid crossing four existing 230 kV transmission lines.

Questions:

- a. Please provide the engineering and economic rationale for the approximately 400 metre underground transmission section, including the alternatives considered and the reasons those alternatives were not selected.
- b. Please provide the cost of the preferred option and the alternatives evaluated.

Staff – 7

Ref(s): Exhibit B, Tab 7, Schedule 1

Preamble:

At the reference above Hydro One states that the transmission line cost estimate for the Project is based on a fixed price EPC contract procured through a two-stage Early Contractor Involvement, Engineering, Procurement and Construction (ECI-EPC) methodology. Hydro One further states that qualified EPC contractors developed independent competitive proposals that formed the basis for the project cost estimate.

Question(s):

- a. Please explain how Hydro One determined that the ECI-EPC methodology was the preferred procurement and delivery approach for the Project.
- b. Please explain how Hydro One satisfied itself that the fixed – price EPC contract reflects competitive market pricing and provides value for ratepayers.
- c. Please describe the allocation of major project risks between Hydro One and the EPC contractor, including:
 - i. Risks retained by Hydro One;
 - ii. Risks allocated to the EPC Contractor; and
 - iii. risks excluded from the EPC arrangement.
- d. Please explain whether the fixed-price EPC contract transfers tariff-related cost risk to the EPC contractor or whether Hydro One retains some or all of that risk.

Staff – 8

Ref(s): Exhibit B, Tab 7, Schedule 1, Page 1 of 2.

Preamble:

Hydro One includes contingency allowances as part of the Project cost estimate for both the transmission line and station components of the Project. Contingency allowances are intended to account for project risks and uncertainties that may affect the final project cost.

Question(s):

- a. For Exhibit B, Tab 7, Schedule 1, Page 1 of 2, for both Table 1 and Table 2, please provide a detailed list of the costs included in the contingencies category and the reason for its inclusion.
- b. Please describe how the contingency cost estimate for the Project compares to contingency cost estimates developed for projects of similar size and complexity. Please discuss any differences or similarities in costs between these projects and the Durham-Kawartha Power Line Project.

Staff – 9

Ref(s): Exhibit B, Tab 7, Schedule 1.

Preamble:

Hydro One has included adjustments in Tables 3 and 4 related to a “Newly Enacted Tariff Impact” and escalation factors applied to comparable project costs. Given the potential effect of recent tariffs and inflationary pressures on transmission project costs, additional information is required to understand Hydro One’s methodology, assumptions, cost exposure, and the reasonableness of the resulting adjusted comparable cost estimates. Greater transparency regarding these adjustments will assist in assessing the prudence of the proposed project costs and the appropriateness of the benchmarking analysis presented in the application

Questions:

- a. For the project costs shown in Table 1 and Table 2, please describe and quantify all categories that are currently exposed to tariff cost increases and list any additional risks.
- b. Please identify any mitigation measures Hydro One has implemented or is considering reducing exposure to tariff-related cost increases.
- c. Table 3 and Table 4 contains adjustments labelled “Newly Enacted Tariff Impact”.
 - i. How were these values calculated? What factors contributed to this analysis?
 - ii. Please provide an Excel spreadsheet showing how these adjustments were calculated, the factors that were included, and what values were assigned to each factor.
- e. For Table 3 and Table 4, Hydro One noted that the inflation adjustment factors used for comparator projects are consistent with the OEB’s annual inflation parameters for electricity transmitters’ rate applications.
 - i. Please confirm if Hydro One has applied the OEB’s 2027 inflation parameters in the escalation adjustment.
 - ii. If not, please update the escalation adjustment calculations for Table 3 and Table 4 using the OEB’s 2027 inflation parameters.

- f. For Table 3 and Table 4, please provide detailed calculations (in Excel format) for the Escalation Adjustment values (or the Total Adjusted Comparable Cost) for the three comparable projects. The calculations should show the annual inflation parameters applied for each year.
- g. In Table 4, the “Total Adjusted Comparable Cost” of the Dobbin TS is shown to be \$67.542 million. This is higher than all the comparable projects. Please discuss why the station work at Dobbin TS has a higher estimated adjusted cost compared to the comparable projects.

Staff - 10

Ref(s): Exhibit E, Tab 1, Schedule 1

Preamble:

At the above reference, Hydro One states that to complete the transmission line scope of work, Hydro One is required to acquire land rights from 183 directly impacted properties consisting of 171 privately held properties (including 7 Conservation Authority properties), 10 municipally held properties, 1 provincially held property, and 1 railway property. Hydro One further stated that It is working with the directly impacted property owners to acquire voluntary agreements. Hydro One also notes that approximately 95% of the route will utilize and re-purpose portions of existing transmission line corridors.

Questions:

- a) Please provide an update on the negotiations with the landowners for the necessary rights required for the construction of the proposed transmission line.
- b) Please explain how 183 properties are being directly impacted when 95% of the route will use existing transmission line corridors.

Staff – 11

Ref(s): *Energy for Generations, Ontario's Integrated Plan to Power the Strongest Economy in the G7*, June 2025

Question:

- a) Please discuss if there are portions of the above reference that Hydro One considers relevant to the matters in issue in this proceeding.