

## OEB grants Hydro One Sault Ste. Marie leave to refurbish an electricity transmission line between Third Line and Mackay transformer stations

### DECISION

On December 7, 2023, the Ontario Energy Board (OEB) issued its [Decision and Order](#) granting Hydro One Sault Ste. Marie Limited Partnership (HOSSM) leave to refurbish an existing single-circuit electricity transmission line and associated facilities in North-West Ontario. The transmission line and associated station facilities proposed by HOSSM are collectively referred to as the Project.

The OEB determined that the Project was in the public interest based on an examination of its impact on consumers with respect to prices and 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 and alternatives to the proposed project. The OEB granted the application subject to the OEB's standard conditions of approval for leave to construct applications.

### ABOUT THE PROJECT

The Project will replace an existing 115 kilovolt single circuit line which runs between Third Line and Mackay Transformer Stations. That line consists of a wood pole line, approximately 90.5 km in length, which is more than 90 years old and in poor condition. Due to conductor sleeve failures, the load flow on the line was restricted and the refurbishment is necessary to ensure safe and reliable supply of electricity.

The estimated capital cost of the Project is \$68.8 million, including \$59.3 million for line work, \$4.2 million for station work and \$5.3 million for removal costs. HOSSM stated that the cost for the upgrade of the transmission line will be recovered through the line network connection pool.

The intervenors in the proceeding were:

- Algoma Power Inc.
- Batchewana First Nation (BFN)
- Independent Electricity System Operator
- Perimeter Forest Limited Partnership (PFLP)

### KEY FINDINGS

A summary of the OEB's key findings include:

- The Project is needed in order to ensure a safe and reliable supply of electricity to area customers.
- The plan for the refurbishment of the transmission line alone does not require leave to construct, however, the increase to conductor size does.

- While the OEB accepted HOSSM's estimated Project costs of \$68.8 million, it was noted that HOSSM did not provide sufficient comparator evidence to support the cost to be reasonable. The OEB determined that the Project costs will be subject to review in HOSSM's subsequent transmission revenue requirement proceeding.
- The impact on a typical residential customer bill is estimated by HOSSM to be an increase of 0.02% if approved for inclusion in rates, which is reasonable.
- 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.
- The OEB approved the land-related agreements proposed by HOSSM that may be required, if temporary construction rights for access or staging areas are required. These forms of agreements have been approved by the OEB in previous leave to construct applications.
- The OEB accepted HOSSM's preferred and recommended plan to increase the conductor size (one of five alternatives considered) as the most cost-effective option when capital costs are balanced relative to line losses.
- Based on clarifications provided during the proceeding and HOSSM's assertions regarding continued engagement, the OEB was satisfied that HOSSM has adequately addressed concerns raised by BFN and PFLP regarding the terms of temporary access to their lands.
- The OEB granted leave to construct subject to the standard conditions of approval, attached as Schedule B to the Decision and Order.

## **About the OEB**

The OEB is the independent regulator of Ontario's electricity and natural gas sectors. It protects the interests of consumers and supports the collective advancement of the people of Ontario. Its goal is to deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario's economic, social and environmental development.

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*Ce document est aussi disponible en français.*

*This Backgrounder was prepared by OEB staff to inform Ontario's energy consumers about the OEB's decision and is not for use in legal or regulatory proceedings. It is not part of the OEB's reasons for decision; those may be found in the Decision and Order issued December 7, 2023, which is the official OEB document.*