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via RESS – signed original to follow by courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited (“Toronto Hydro”)
Custom Incentive Rate-setting Application for 2015-2019 Electricity Distribution Rates
and Charges (the “Application”) – PSE Reply to the December 8, 2014 PEG Report.**

Toronto Hydro writes to the Ontario Energy Board (“OEB”) in respect of the above-noted matter.

Enclosed is Power System Engineering Inc. (“PSE”) Reply to the report dated December 8, 2014 by Pacific Economic Group (the “PEG Report”), entitled “*Toronto Hydro Electric System Limited Custom IR Application and PSE Report: Econometric Benchmarking of Toronto Hydro’s Historical and Projected Total Cost and Reliability Levels*”. At PSE’s request, the Reply is being filed confidentially because it contains certain information in respect of which PEG has sought confidential treatment. Toronto Hydro intends to reach out to PEG through OEB Staff to discuss whether certain steps (e.g., partial redactions) can be taken to permit a public filing of the Reply.

Please do not hesitate to contact me if you have any questions.

Yours truly,

[original signed by]

Daliana Coban

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:DC\db

cc: Charles Keizer and Crawford Smith
Maureen Helt
Ted Antonopoulos
Martin Davies
Intervenors of Record for EB-2014-0116