

**Hydro One Networks Inc.**

7<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5721  
Cell: (905) 399-5721  
Jeffrey.Smith@HydroOne.com



**Jeffrey Smith**

Director, Regulatory Initiatives, Compliance and Support

April 4, 2019

BY COURIER

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

Dear Ms. Walli:

**Re: EB-2018-0218 Hydro One Sault Ste. Marie Request for Rates – Board Staff follow up to Argument-in-Chief**

By email received on April 3, Board Staff pointed out a discrepancy in Issue #B6, which was used in the Argument-in-Chief submitted by Hydro One Sault Ste. Marie (“Hydro One SSM”). The email states:

**Issue #B6 as proposed by parties:**

*6. Is the Power System Engineering’s TFP sample of comparator utilities appropriate, and does its TFP growth rate trend based on the 2004-2016 period meet the OEB’s requirement for a long-term historical trend?*

**Issue #B6 as approved by the OEB:**

*6. Is the Power System Engineering’s sample of comparator utilities for Total Cost Benchmarking and Total Factor Productivity appropriate for Hydro One SSM?*

Hydro One SSM thanks Board Staff for highlighting the discrepancy and apologizes for any confusion this error may have caused.

Hydro One SSM has reviewed the answers internally and with its external consultant advising on this matter. Included in the response to Issue #B5, the Argument-in-Chief states in Paragraph 2 on Page 11 that the TFP measurements are, “external measurements” and, “should equally apply to Hydro One SSM”. Moreover, in the same paragraph, Hydro One states that “the industry TFP forms a large implicit stretch factor and it would be unlikely the benchmarking results would change significantly if Hydro One SSM’s costs were added to those of HONI”.

Hydro One SSM believes that those are the key factors addressing the issue of why the sample of comparator utilities is appropriate for Hydro One SSM. Therefore, those factors represent the response that Hydro One SSM would provide to the corrected Issue #B6 listed in the January 10<sup>th</sup> Decision if it were to refile.

Hydro One SSM is open to refiling the Argument-in-Chief but submits that a full resubmission of the information is not warranted, as Hydro One SSM believes that the previously submitted responses to Issues #B5 & #B6 fully address the issues. Therefore, unless directed otherwise, Hydro One SSM does not plan to supplement its Argument-in-Chief.

Hydro One SSM thanks Board Staff for the opportunity to comment on the discrepancy.

Sincerely,

ORIGINAL SIGNED BY JEFFREY SMITH

Jeffrey Smith