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Vice President and Chief Regulatory Officer
Regulatory Affairs



BY EMAIL

August 1, 2014

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

Dear Ms. Walli:

**EB-2013-0416 Hydro One Networks' 2015 - 2019 Distribution Custom Rate Application
– Amended Interrogatory Responses 3.3-SEC-31 and 4.2-SIA-50**

Please find enclosed two amended responses to interrogatories that were originally filed on July 4, 2014.

1. Exhibit I, Tab 3.3, Schedule 9 SEC 31
 - Attachment 1 – KPMG Report – Ministry of Energy Assessment of Benchmarking Reports from Hydro One
 - Attachment 2 – KPMG Report – Ministry of Energy Assessment of Organizational and Structural Opportunities at Hydro One
 - Attachment 3 – KPMG Report – Hydro One Rate Payer Impact Analysis
2. Exhibit I, Tab 4.2, Schedule 2 SIA 50

If you have any questions regarding these exhibits, please address them to Regulatory@HydroOne.com

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

cc. Intervenor

Encls.

School Energy Coalition (SEC) INTERROGATORY #31

Issue 3.3 **Has Hydro One proposed sufficient, sustainable productivity improvements for the 2015-2019 period, and have those proposals been adequately supported, for example, by benchmarking?**

Interrogatory

Reference: EB-2013-0321, Interrogatory Response 6.8-SEC-116

KMPG's *Assessment of Organizational and Structural Opportunities at OPG* at p.2] Does the Applicant have in its possession a copy of a report by KPMG engaged on behalf of the Ministry of Energy in 2012, assessing Hydro One's existing benchmarking studies and to identify organizational and structural opportunities for cost savings. If so, please provide a copy of the report.

Response

Please see the following attachments to this response:

- Attachment 1 – “Ministry of Energy – Assessment of Benchmarking Reports from Hydro One” (December 7, 2012) by KPMG;
- Attachment 2 – “Ministry of Energy – Assessment of Organizational and Structural Opportunities at Hydro One” (February 28, 2013) by KPMG; and
- Attachment 3 – “Hydro One Rate Payer Impact Analysis” (February 28, 2013) by KPMG.

Sustainable Infrastructure Alliance of Ontario (SIA) INTERROGATORY #50

Issue 4.2 Is the proposed level of 2015-2019 common corporate costs spending appropriate with an adequate demonstration of efficiencies over the 5-year period?

Interrogatory

Reference: Exhibit C1/Tab 2/Schedule 8

Please provide a breakdown of the Regulatory Affairs Budget from 2015 through 2019 into its major subcategories.

Response

Regulatory Affairs Budget Breakdown¹ (\$ Millions)

Description	2015	2016	2017	2018	2019
Pricing	2.7	2.7	2.7	2.8	2.8
Compliance	1.4	1.4	1.4	1.5	1.5
Major Application	1.5	1.5	1.1	1.3	1.3
Major Projects	0.7	0.7	0.7	0.8	0.8
Strategy & Regulatory Admin	1.6	1.5	1.5	1.5	1.6
OEB/NEB Costs	13.5	14.5	14.0	15.6	15.0
Total	21.5	22.4	21.5	23.3	22.9

Note 1 – The amounts shown in this table represent the total for Hydro One Networks, including both Hydro One Distribution and Transmission. The Distribution allocated amount was then determined using the Common Corporate Costs, Cost Allocation Methodology discussed in Exhibit C1, Tab 5, Schedule 1.

Note 2 – The majority of the OEB/NEB costs are for the fixed cost assessment provided annually by the respective boards.