

**Ontario Energy
Board**

P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**

C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

September 29, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited (THESL)
Board Staff Submission on Confidentiality
Board File No. EB-2014-0116**

In accordance with Procedural Order No.1 dated September 17, 2014, please find attached Board staff's submission on the request for confidential treatment by THESL for certain portions of its evidence.

Original Signed By

Martin Davies
Project Advisor, Electricity Rates & Accounting
Attachment

cc: Parties to EB-2014-0116 proceeding

Toronto Hydro-Electric System Limited
Custom Incentive Rate-Setting Application for 2015 - 2019
EB-2014-0116

Board Staff Submission on Confidentiality Request

On July 31, 2014, Toronto Hydro-Electric System Limited ("THESL") filed a letter with the Board requesting pursuant to Rule 10.01 of the Board's *Rules of Practice and Procedure* that certain information in the pre-filed evidence be kept confidential.

THESL's confidentiality requests are in four areas: (1) forecast proceeds from sale of properties, (2) cost difference between internal and external construction of projects, (3) personal information, and (4) business numbers.

Board staff has submissions only on the first of these areas; THESL's confidentiality claim for forecast proceeds from sale of properties. Board staff accepts THESL's position on the other three confidentiality claims, as Board staff considers these to be claims in areas which have been previously accepted by the Board.

Background

THESL is requesting confidential treatment of the forecast proceeds from the disposition of two properties which it owns, 5800 Yonge and 28 Underwriters, and of the Net Present Value ("NPV") and Base Case calculations of the proposed sale transactions (Appendices A and B) on the basis that the forecast proceeds may be deducted from these calculations. THESL proposes in the application to record the gains on the proceeds of sale with respect to the subject properties in a deferral account and to return these amounts to ratepayers through the clearance of that account.

THESL submitted that confidential treatment should be granted with respect to this information because its disclosure would cause the following potential harms:

1. It would prejudice THESL's ability to secure a competitive purchase price for the respective properties, as the forecasts may be used by potential buyers to undercut THESL's asking price for the properties;
2. It would represent a significant interference in THESL's future negotiations with potential buyers of the respective properties, as the forecast may be used by potential buyers to compromise THESL's bargaining position; and
3. As THESL proposes to return gains on sale to ratepayers, disclosure of the information could harm ratepayers' interests if it were to compromise THESL's competitive or negotiating position regarding those properties.

Submission

Board staff notes that with respect to the anticipated sale of 5800 Yonge and 28 Underwriters, THESL states that “Since the final amount may not be determined in time for rate finalization, Toronto Hydro requests that material differences between the actual sale amount and the amount cleared to customers be tracked for future disposition.”¹

Board staff also notes that among THESL’s confidentiality claims related to the forecast proceeds from the sale of these properties is the “Rate Rider for Operations Center Consolidation Plan Sharing – effective until April 30, 2018” on THESL’s proposed Tariff of Rates and Charges.

Board staff has two concerns with THESL’s confidentiality claim in this area:

The first is that in the EB-2007-0680 proceeding, THESL forecast that it would sell two work centres, 28 Underwriters Road in 2008 and 60 Eglinton West in 2010, and provided the estimated proceeds on the public record with no apparent adverse effects.² Board staff is unclear why information of this kind which has previously been placed on the public record by THESL now needs to be held in confidence.

The second is that Board staff believes that the Board should not issue a Tariff of Rates and Charges arising from this proceeding with a redacted tariff on it. In the event that the Board was to accept THESL’s proposal for confidentiality in this area, Board staff is unclear how, in the event these two buildings were not sold by the time a Decision is reached in this proceeding, the Board would be able to issue a Tariff of Rates and Charges incorporating a non-redacted rate rider to return the proceeds of the sales to ratepayers and asks that THESL address this issue in its reply submission

Board staff submits that if THESL cannot explain why these concerns are not valid, the Board should reject THESL’s confidentiality request in this area.

- All of which is respectfully submitted-

¹ Toronto Hydro-Electric System Limited, EB-2014-0116, Exh 8/Tab1/Sch 1/p.13

² Toronto Hydro-Electric System Limited, EB-2007-0680, Exh C2/Tab2/Sch 2/pp.10-12