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October 3, 2014

via RESS e-filing – 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 – Reply Submissions on Confidentiality
OEB File No. EB-2014-0116**

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

Pursuant to Procedural Order No. 1, please find enclosed Toronto Hydro’s reply submission on the request for confidential treatment of certain portions of its pre-filed evidence.

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

Yours truly,

[original signed by]

Daliana Coban

Regulatory Counsel
Toronto Hydro-Electric System Limited
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encl.

:DC\acc

cc: Charles Keizer and Crawford Smith
Intervenors of Record for EB-2014-0116

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
Schedule B to the *Energy Competition Act, 1998*, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Toronto Hydro-
Electric System Limited for an Order or Orders approving or fixing
just and reasonable distribution rates and other charges, effective
May 1, 2015 to December 31, 2019.

REPLY SUBMISSIONS OF

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

ON CONFIDENTIALITY

Filed: October 3, 2014

1. Procedural Background

On July 31, 2014, Toronto Hydro-Electric System Limited (“Toronto Hydro”) submitted its pre-filed evidence in this proceeding, EB-2014-0116 (the “CIR Application”). As part of Toronto Hydro’s CIR Application, it requested under cover of letter dated July 31, 2014 and with reasons, confidential treatment of certain information pursuant to Rule 10.01 of the Ontario Energy Board’s (“OEB”) Rules of Practice and Procedure (“Toronto Hydro’s Confidentiality Request”).

OEB Staff filed submissions on Toronto Hydro’s Confidentiality Request on September 29, 2014 (“Board Staff’s Submission”). Board Staff’s Submission were limited to Toronto Hydro’s request for confidentiality regarding forecast proceeds from sale on two properties, which Toronto Hydro has proposed to credit to ratepayers in full.

No other parties to the proceeding filed submissions in response to Toronto Hydro’s Confidentiality Request.

In accordance with Procedural Order #1, below are Toronto Hydro’s submissions in reply to Board Staff’s Submission on Toronto Hydro’s Confidentiality Request (“Toronto Hydro’s Reply Submission”).

2. Summary of Toronto Hydro’s Request and Rationale: Proceeds of Sale

Toronto Hydro’s Confidentiality Request sets out the details and rationale for Toronto Hydro’s request for confidential treatment of the forecasted proceeds arising from the sale of two properties: 28 Underwriters and 5800 Yonge (the “Properties”).

To summarize: Toronto Hydro has proposed to credit all net proceeds of sale from the Properties back to ratepayers. Toronto Hydro seeks to maintain confidentiality on the forecasted proceeds of sale of the Properties in order to maximize the sale prices for the Properties, and in turn maximize the value of the credit (net proceeds) back to ratepayers. Where prospective buyers have access to Toronto Hydro’s forecast regarding proceeds of sale, this information may undermine Toronto Hydro’s ability to maximize the competitive price it could obtain for the Properties. It is possible that disclosing the forecasted net proceeds on the public record could be seen as an upper bound on the sale price thereby hindering Toronto Hydro’s ability to maximize the net proceeds available to ratepayers. In short, Toronto Hydro’s confidentiality request is for protection and benefit of ratepayers’ interests.

3. Reply to Board Staff's Submission

In their submission, Board Staff express two concerns with Toronto Hydro's Request for Confidentiality regarding proceeds of sale: (a) Toronto Hydro's approach to confidentiality regarding proceeds of sale in past proceedings; and (b) Confidential treatment regarding the Tariffs of Rates and Charges.

(a) Toronto Hydro's approach to confidentiality regarding proceeds of sale in past proceedings

OEB Staff noted that in EB-2007-0680, Toronto Hydro forecast the sale of two facilities (28 Underwriters and 60 Eglinton) and provided the estimated proceeds on the public record with no apparent adverse effects. OEB Staff questions the need to hold this type of information in confidence with respect to the Properties in this case.

Toronto Hydro respectfully submits that even if it were possible to make a determination on adverse effects, the apparent absence of them in the previous circumstances does not discount the potential for adverse effects in the current circumstances.

The OEB has discretion to consider the circumstances of each case, and to decide each case on its own merits. The circumstances in EB-2007-0680 were different than in the present case. In 2007, the utility proposed to return 50% of the net proceeds to ratepayers. In this case, the utility proposes to return all of the proceeds from the sale of the Properties to rate payers. Accordingly, both the potential upside and impact of any possible adverse effects on ratepayers is greater in the current case than previously.

(b) Confidential treatment regarding the proposed Tariffs of Rates and Charges

Toronto Hydro has decided to withdraw its request for confidential treatment of the proposed rate rider. Copies of the relevant schedules will be filed with the OEB at the earliest convenience.

4. Conclusion

When exercising its discretion in respect of a confidentiality request, Toronto Hydro understands that the OEB seeks to strike a balance between the objectives of transparency and openness and the need to protect information which could affect the interests of certain parties.

In Toronto Hydro's respectful view, the application of these objectives favours confidential treatment in these circumstances: the interest of ratepayers could be benefited by confidential protection, and adversely affected by the disclosure of the information.

Toronto Hydro respectfully submits that its proposal maximizes the potential benefit to ratepayers, minimizes the potential adverse effects on ratepayer interests, and addresses the practical concerns raised in Board Staff's Submission.