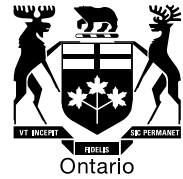


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BY E-MAIL

December 8, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited
Application for Rates
Board File Number EB-2014-0116**

In accordance with Issues List Decision and Procedural Order No. 3 issued on December 2, 2014, please find attached the report by Pacific Economics Group Research, LLC 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: Assessment and Recommendations.*"

This report represents the independent and impartial expert opinion of Dr. Kaufmann and associates and was prepared and is being filed for the purpose of assisting the Board in the current proceeding.

Yours truly,

Original Signed By

Martin Davies
Project Advisor, Electricity Rates & Accounting

Attachment

cc: Parties to EB-2014-0116 proceeding