

1 **School Energy Coalition (SEC) INTERROGATORY #001**

2
3 **Reference:**

4 NA

5
6 **Interrogatory:**

7 Please provide all materials provided to the Board of Directors for the approval of this
8 application and the associated 2017-18 budgets

9
10 **Response:**

11 A confidential memo to the Board of Directors is attached.

1 **School Energy Coalition (SEC) INTERROGATORY #001 - Attachment 1**

2

3 Hydro One has filed in confidence a submission to its Board of Directors summarizing its
4 proposed application to the OEB, seeking approval of cost of service transmission revenue
5 requirement for 2017 and 2018. In its submission, management summarizes the form of
6 application (i.e. cost of service), addresses the applicable transmission filing requirements, and
7 the *Renewed Regulatory Framework for Electricity Distributors* (“RRFE”). Management details
8 the financial metrics of the proposed application, the rationale behind the May 31st filing date,
9 and the alignment of Hydro One’s vision, values and business objectives with the RRFE. The
10 submission also summarizes Hydro One’s customer engagement approach, the Transmission
11 System Plan, its development, and the current status of Hydro One’s critical transmission assets.
12 The document also contains a discussion on the impact on rates of the proposed application and
13 the technical and strategic positions the proposed application adopts on certain issues.

Witness:

School Energy Coalition (SEC) INTERROGATORY #002

Reference:

Not Applicable

Interrogatory:

Please provide a copy of all budget guidance documents that were issued regarding the 2017-2018 budgets that underlie the application.

Response:

Please see the attachments to this response.

Business Planning 2016-20

Kickoff Meeting
May 20, 2015

Strategic Direction

HYDRO ONE STRATEGIC PLAN THE FIVE-YEAR MISSION AND VISION

Our Strategic Plan builds on the company's strong commitment to the Province of Ontario and is shaped by our Values. It lays out a set of clear objectives to position Hydro One to achieve its Mission and Vision.

MISSION AND VISION

We will be an innovative and trusted company delivering electricity safely, reliably, and efficiently to create value for our customers

VALUES

- Health and Safety • Stewardship
- Excellence • Innovation

STRATEGIC OBJECTIVES

- Injury-Free • Satisfying our Customers • Continuous Innovation
- Reliable Transmission and Distribution • Protecting the Environment
- Employee Engagement • Shareholder Value • Productivity and Cost-Effectiveness

In planning and executing our work, everything we do supports our Mission, Vision and Strategic Objectives

Corporate Strategy
(Mission, Vision and Objectives)

10 Year Needs Outlook
(Need)

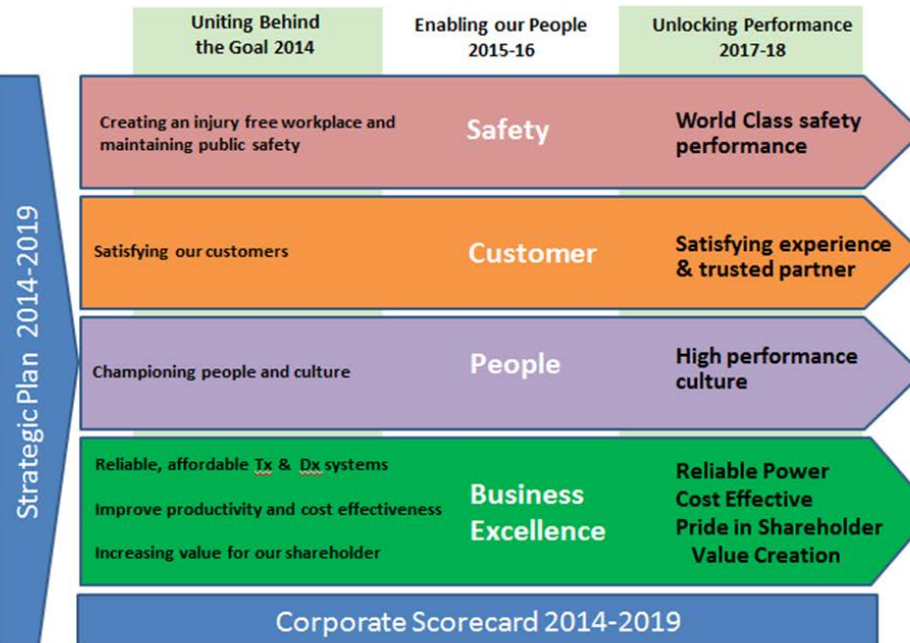
Business Planning/Rate Filing
(Prioritize/Risk Assessment)

Budget/Outlook
(Resource)

Reporting and Scorecard
(Measure)

Becoming Canada's Leading Utility

Improving the Safety, Customer Service and the Employee culture of Hydro One are key enablers to attaining the Business Excellence outlined in our Strategic Plan and Scorecard




**Canada's
Leading
Utility**

Our **Employees,**
Customers, and the
people of Ontario

BELIEVE

We are a company of
great **people** providing
safe, reliable, excellent
and affordable service

Regulatory Direction

OEB Renewed Regulatory Framework

- Dx and soon Tx
- Outcome based customer needs approach
- Performance management
- Incentives for continuous improvement
- Productivity benchmarking
- Value to customers commensurate with forecast spending
- Embedded annual savings DOES NOT equate to productivity and efficiency incentives

Business Plan: What Is It?

Work Program = Labour
Fleet Materials

Vertical (Overhead) Costs = Labour
Admin Budget

External Pressures:

- Government → Dividends
- OEB → lower rates
- Ratepayers → lower rates
- IESO → compliance & reliability
- New Shareholders → Earnings



Internal Pressures:

- Financial Constraints
- Business Needs
- Productivity
- One Company



XL Models

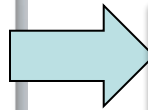
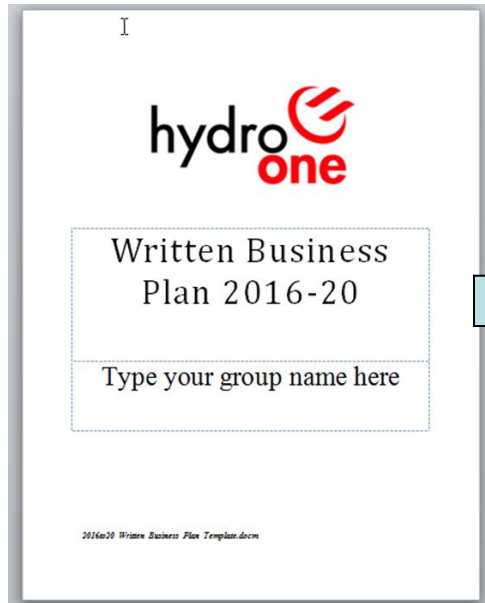
Revenue Requirement
for OEB and Rate
Applications

Financial Statements

- Shareholder Value
- Return



Business Plan: The Written Document



It's **YOUR** Story

Clarify for your
own group

Explain to
other groups

Educate a new
Board member

Details:

- Staff #
- Budget \$



- Productivity
- Interactions with others
- Work you do

Standard Template for ALL

Staffing Levels → MAXIMUM ^{hydro}One

Long Term Networks Regular Staff Levels v1											
As of May 19, 2015											
			Budget 2015	Budget 2016	Budget 2017	Budget 2018	Budget 2019	Budget 2020			
Sandy	Engineering & Construction Services	Construction Services		58	57	56	56	56	56		
		Engineering Services		283	258	233	221	213	211		
		Project Management		106	105	104	103	102	102		
		SVP Engineering & Technology		2	2	2	2	2	2		
		Engineering & Construction Total			449	422	395	382	373	373	
	Operations	Lines and Forestry	Forestry Operations		487	487	487	487	487		
			Provincial Lines		1653	1653	1643	1633	1633		
			Quality Assurance & Operations Support		110	106	92	78	74	74	
			VP Lines & Forestry		4	3	3	3	3		
		Planning	Distribution Asset Management		56	52	48	44	40	40	
			Network Development & Regional Planning		92	90	88	86	84	84	
			Project Development		64	62	60	58	56	56	
			Transmission Asset Management		56	55	54	53	52	52	
		VP Planning		2	2	2	2	2	2		
			Stations and Operating	Network Operating		252	250	248	246	244	244
				Station Services		769	759	759	759	759	759
				Technical Services		214	209	204	199	194	194
		VP Office - Operations		0	0	0	0	0	0		
		Operations Total			3759	3728	3688	3648	3628	3628	
		Strategic Services	Outsourcing Services		6	6	6	6	6	6	
			Strategic Services		2	2	2	2	2	2	
		Strategic Services Total			8	8	8	8	8	8	
		Sandy Total			4216	4158	4091	4038	4007	4007	
Ali	CFO	Business Planning & Support		9	9	8	8	8	8		
		Corporate Controller		103	100	97	94	93	93		
		Pricing		10	9	8	8	8	8		
		Regulatory Affair Price Support		26	26	26	25	24	24		
		Taxation		8	8	8	8	8	8		
		Treasury and Risk		12	12	12	12	12	12		
		CFO Total		168	164	159	155	153	153		
	Ali Total			168	164	159	155	153	153		
Laura	Corporate Relations			29	28	27	26	25	25		
	Corporate Relations Total			29	28	27	26	25	25		
	Customer Service	Customer Contact Operations		16	16	15	15	15	15		
		Customer Experience & CDM		17	16	15	14	14	14		
		Customer Operations		0	0	0	0	0	0		
		Customer Service Support		10	10	9	8	8	8		
		Key Account Management		45	44	43	42	41	41		
		Smart Grid Development		0	0	0	0	0	0		
		VP Customer Services		6	6	6	6	6	6		
		Customer Service Total		94	90	86	82	81	81		
	Laura Total			162	158	153	151	150	150		
Gary	Shared Services	Facilities Real Estate		21	20	19	18	17	17		
		Fleet Services		30	29	28	27	26	26		
		Supply Chain Services		62	60	59	58	57	57		
		Value Growth		70	68	67	66	65	65		
Shared Services Total			183	177	175	172	170	170			
Gary Total			183	177	175	172	170	170			
Judy	Corporate Common			168	162	156	150	144	144		
	Corporate Common Total			168	162	156	150	144	144		
	People & Culture	Health Safety & Environment		47	47	47	47	47	47		
		People & Culture		215	209	203	197	191	191		
People & Culture Total			215	209	203	197	191	191			
Judy Total			436	419	413	407	400	400			
Colin	ISD		167	166	160	154	148	148			
Colin Total			167	166	160	154	148	148			
Joe	General Counsel and Secretariat			23	22	21	20	19	19		
Joe Total			23	22	21	20	19	19			
John	Audit		14	14	13	12	11	11			
John Total			14	14	13	12	11	11			
Carm	EC Managed		21	20	19	18	17	17			
Carm Total			21	20	19	18	17	17			
Grand Total			5210	5144	5078	4996	4907	4907			

ZERO-Based Budgeting

→ Identify the work you NEED to do and the resources required to do it.

→ Regular staff levels capped as shown in table.

→ Use Temp and/or contract to make up the difference



Investment Planning Process Director Kick-off

Winter 2016

Agenda

Today, we'll cover the following broad topics:

- Executive Summary & Goals
- Schedule
- Teams and Roles
- Scope, Schedule and Deliverables
- KPI's
- Collaboration
- Training

Flexibility

- Inline with OEB expectations, we will be looking for clear relationships between investments and reliability, or customer or other key factors.
- Recommendations will affect the Tx Rate Application. Adjustments to the current 2017-2018 plan should be expected.

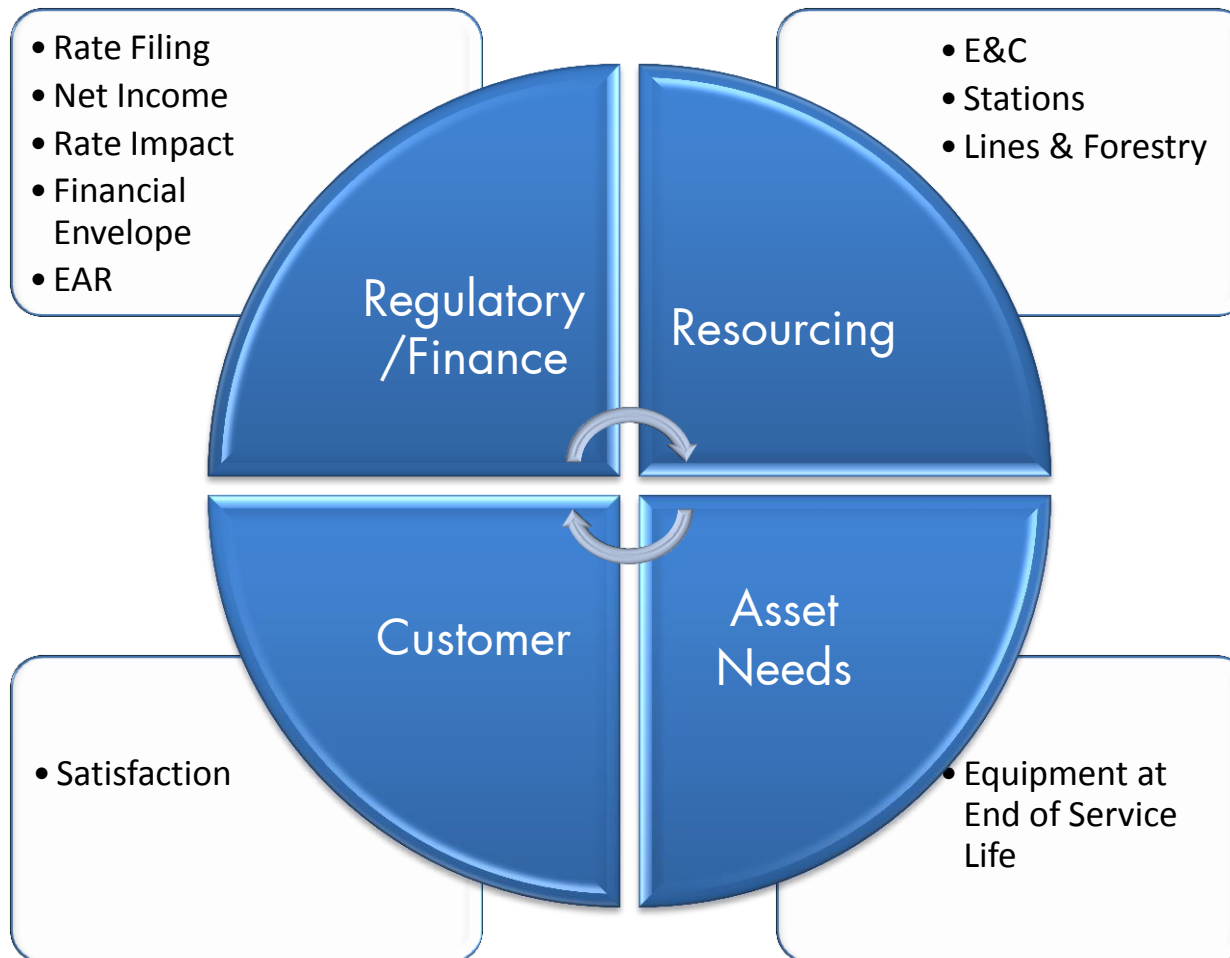
Lessons Learned

- Dedicated Quality Assurance period to resolve issues/discrepancies
- Enhance Coordination/Collaboration between planning groups
- Remodel Training Material and Tool Packages
- Consistent Risk Approach
- Direction regarding concept and effects of Investment Shifting and Alternative Levels

Goals

- Focus on Corporate Core Values
 - Maintain a **Safe Workplace**
 - Emphasis on **Customer Caring**
 - Importance of **One Company**
 - Engagement of **People Powered**
 - Strive for **Execution Excellence**
- Improve Justification of investments within the Tool
 - Alternatives and Risk Analysis
 - Emphasis on impacts to Customer
- No Surprises
 - Identify and escalate issues early
- Improve Lateral Integration
 - Enhance Alignment between Planning & Execution

Business Parameters



Measuring Risk

Hydro One Values

This is how Hydro One weighs the Corporate Values



When assessing risk in the AIP tool, you only need to do the risk assessment for Corporate Values you think apply to your investment – it is not required to assess risk for all Corporate Values

Message from the Board

- Customer impact
 - Demonstrate value to our Customers for the money we are spending
 - Demonstrate that we are doing what the Customer wants
 - How do our top 100 major Distribution customers feel about the average 7 hour restoration window (SADI)? Is the average SADI different for Large Distribution Accounts? How are we prioritizing work based on these sensitivities
- Prioritization
 - How does this process work?
 - How does one more dollar add value?
- Work Approval and Release
 - Review the Organizational Approval Registry (OAR/EAR)
 - Approval process for Investments
 - Redirection
 - Control/Governance
- Work Performance
 - Focus on major projects
 - How does technology impact our work program and how it is being accomplished? What is the roadmap? What is Work Force of the Future

Regulatory Impacts

- Transmission Filing
 - Required to meet our I/S Additions for 2015 & 2016
 - Failure to do so results in “clawback” of future Revenue Requirement
 - 2016-2020 Plan to serve as basis for Tx Rate Filing in Spring 2016 for 2017/18
 - Must align to 2016 Budgetary Board Approval
 - 2017 & 2018 to be presented to Board for Approval beginning of May
- Distribution Filing
 - Original Assumption: follow OEB Decision for 2017 and IRM rate regime (inflation less productivity) for 2018-2022
- EAR Updated
- Increased Reporting Requirements
 - Productivity
 - Work Accomplishment (Tx - reconciliation of asset centric vs station centric)
 - In-service Additions
 - OEB Scorecard (Dx only)
- Increased scrutiny of the need and timing of the work
 - Requires documentation of investment development including:
 - benefits, customer impacts, value and cost justification for each investment

Customer Info

- Stakeholdering plan under development
- Links to be posted on Training site to latest survey results
- Transmission –

Redacted
- Distribution -

Redacted

Schedule

Date	Segment	Duration
Training		
Jan 11 - Feb 10	Planner & Manager Training	4 weeks
Input		
Jan 29	Operations provides Unit Price Catalogue; Planning accepts Unit Price Catalogue	1 day
Feb 1 - Mar 28	Planner Input	8 weeks
Feb 24	Investment Planning Drop-in Session	½ Day
Mar 9 - 16	QA Review	1 week
Mar 22	Investment Planning Drop-in Session	½ Day
Mar 28 – May 4	Manager/Director Review of Input	4 weeks
Apr 27 – May 3	Investment/Risk Calibration	1 weeks
Optimization and Review		
May 5 – May 18	QA and Optimization	2 weeks
May 19 – 25	Director Review of Optimization Results	2 weeks
May 26 – June 1	Executive Review	1 week
Enterprise Engagement		
June 2 – 20	Executing LOB Review (Lines, Forestry, Stations, E&C)	3 weeks
Investment Plan Approval		
June 30	IRRC IPP Review and Approval	1 day
June 30	Investment Plan Proposal Complete	

Planning Input Review

- Planner Investment Input
 - Eight weeks: February 1 – March 28
 - KPI's will be implemented to measure the end-to-end Investment Planning Process
- Manager/Director Review Prior to Optimization
 - Four weeks: March 28 – May 4
 - Criteria for Approval to be communicated to planners during Kickoff
 - Review Completed via **Manager's Checklist**
 - Final Director Approval thru AIP Workflow
- Risk Calibration Session Prior to Optimization
 - One weeks : April 27 – May 3
 - To ensure alignment of risk levels across planning groups

Portfolio Owner Accountabilities

- Accountable for **inputs** into the Investment Plan. Ensure that:
 - Investment Owners adhere to estimating **timelines**
 - The **investment strategy** aligns with the Corporate Strategy
 - Proposed **alternatives** are meaningful and achievable
 - **Risk** assessments are complete and accurately reflect the risk to the company
 - The risk assessments are aligned and consistently evaluated across your area of accountability
- Review and provide feedback on the **output** of the optimizer
- Work with the **executing LOBs** on their ability to do the program, highlighting significant changes in work and assumptions
- Effectively communicate to senior management the risks of the proposed plan in your area of accountability

Portfolio Owner Accountabilities

- Three stage Approval Process
 - Manager's Checklist
 - To verify investment input is complete and all applicable supporting documentation is provided
 - Record of investment review stage
 - AIP Workflow Approval
 - Final approval of Investment Review
 - Investment Planning Approval Documents (iPADs)
 - Used during IRRC Planning Review to provide insight into Strategies and Risk associated with Investments within the Plan

IPP Schedule – Executing LOB

Date	Process	Expectation	Signoff
Jan 20	Director Level Kickoff with Exec. LOB	Confirm Schedule, Objectives & Expectations	Meetings Minutes
Feb 1 – Mar 28	AIP Investment Input	AM engagement w/LOB for Expectation Alignment	N/A
Jan 29	Unit Price Catalogue Complete	Planning & Operations Agreement	Director Email
Feb 23	January Month End Forecast Upload	LOB to ensure accuracy and completeness	
Apr 26	Q1 Forecast Upload	LOB to ensure accuracy and completeness	
May 25	Enterprise Engagement During Input (review of scope/altern, risks, cash flows, I/S additions etc)	LOB early id of issues	Director Email
June 1	Draft Accomplishment File Distributed: Post VP Review	IM provide draft for LOB Review	N/A
June 1 – 20	Executing LOB Review (Lines, Forestry, Stations, E&C)	Review Resource Capability & Unit Prices	Meeting Minutes
June 22	Draft Accomplishment File Distributed: Post LOB Review	IM Provide latest file based on LOB feedback for COO/CFO Approval	VP Email
June 23 – 30	IRRC Review and Approval	Approval from Senior Management of Plan	Meeting Minutes

Business Plan Approval

- Hydro One Board Approval: November
- Focus on the following areas:
 - Customer Impact
 - Prioritization
 - Work Approval and Release
 - Work Performance

Approval Process

Product	Level of Detail	Method of Sign-off
Pre-Optimization		
Unit Price Catalogue	Each Investment (sub-asset)	Director Email
Investment Development	Each Investment	AIP Workflow/Manager's Checklist
Early ID of Issues	By Division	Director Email for IRRC
Post Optimization		
Director Sign-off	Driver level	Meeting minutes
Planning VP	Driver level	Meeting minutes
LOB Sign-off	Order book (work and \$)	VP level email
Value Cards	Investment/Initiative	Director Level
COO/CFO Sign-off	Driver level	Meeting minutes

Investment Planning KPIs

- Implemented to measure the end-to-end Investment Planning Process
- Tracking of Planning & Operations agreement to cost & timelines
- Measure of Investment Development analysis
 - Includes in-depth risk breakdown

Executing LOB Contacts

Brad Bowness

Jonathan Rebick

Andy Stenning

Colin Penny

E&C

Redacted

Lines

Redacted

Forestry

Redacted

Stations

Redacted

PSIT

Redacted

Operating

Customer

Technology

Smart Meter

Fleet

Environment

**Facilities &
Real Estate**

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Interaction with Executing LOB

- During Input Window
 - Planning and Operations (Executing LOB) Review of the following
 - Investment Scope/Alternatives
 - Execution Risks / External Factors
 - Costs and Cash flows (UPC should be agreed to)
 - Milestone's: Estimate dates, Release Date, I/S Date
- During Enterprise Engagement
 - Initial Review Meetings first week of June – Facilitated by IM Team
 - Focus on changes to the work program and impact on resources. Consider: outages, procurement, outsourcing
- Forecast Uploads
 - February (?) & March (Q1) Month End Forecasts will be uploaded into AIP
 - Multi-year accuracy is required

Interaction with Executing LOB

1. Release date expected
2. Clarity of the Scope of work
3. Realistic in-service date requirement
4. Total investment cost
5. Shape of the expected annual cashflows given release and in-service dates
6. Timing of partial In-Service Addition amounts (ie. for Station Centric or extended projects)
7. Potential outsourcing opportunities or outsourcing approach
8. Concerns around risks or complexities that could impact final cost or schedule
(ie. regulatory and environmental approvals, real-estate, resourcing, outages, etc)
9. Key Customer considerations (ie. CCRA, downstream critical customer)

Investment Planning Training

- Investment Planning Training
 - Begins Jan 21st
 - Invites have been communicated
 - Staff must identify if rescheduling is necessary
 - Director Kick-off Address
- Management Training
 - March 23rd
 - Review AIP Workflow, Manager's Checklist, Reporting
- Drop in Sessions
 - Feb 24th – 9:00 am to 12:00 pm
 - March 22nd – 1:00 pm to 4:00 pm
 - TCT 13-C

Investment Planning Team

- Investment Planning Contacts:

Redacted

- Reference Sites:
- [Training Site](#)
- [AIP Tool](#)
- [Draft Accomplishment File](#)
- [AR Docs](#)
- [Risk Consequence Table](#)
- [Project Hub – Gantt Chart Directory](#)

Investment Planning Inbox -

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Introduction to Hydro One's Investment Planning Process

Winter 2016

Agenda

- Overview
- Module 1: Business Planning vs Investment Planning
- Module 2: The World Affecting your Investment
- Module 3: Your Responsibility as an Investment Owner
- Module 4: How Investments are Selected
- Module 5: Investment Planning Approvals
- Module 6: Related Processes

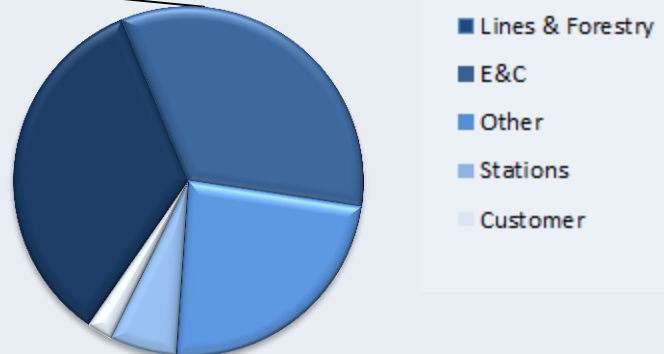
Objectives

- Learn about the Investment Planning Process (IPP) and its interdependencies to the corporate Business Planning Process
- Understand the context within which the Investment Plan is being developed and the process goals/metrics
- Recognize the steps in the high-level IPP
- Be able to identify focus areas and expectations of the IPP, including productivity and related metrics
- Understand the relationship between investment planning and parallel processes such as work release, budgeting, resource planning, etc.
- Understand the basics of the optimization process

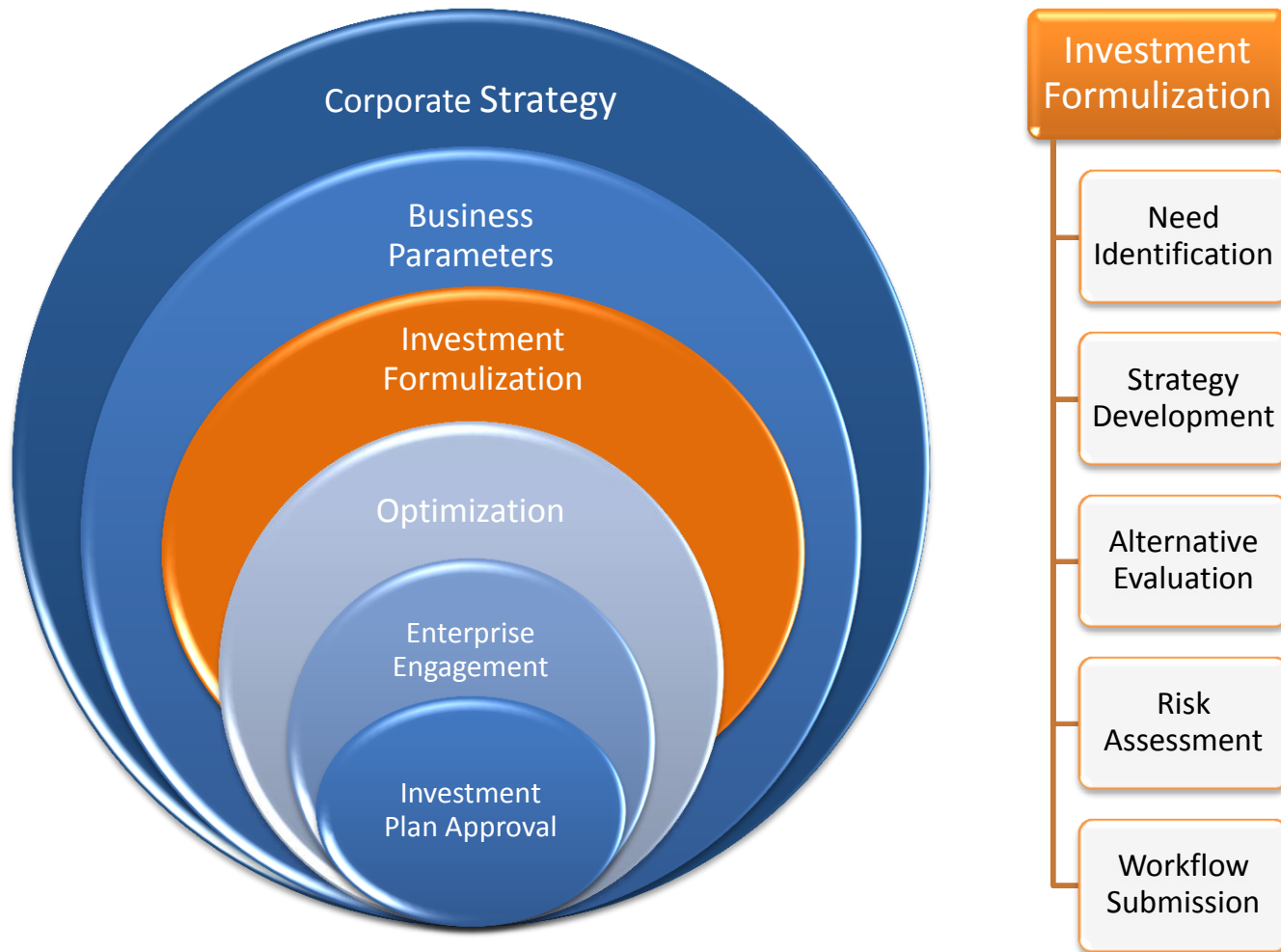
Module 1

BUSINESS PLAN VS. INVESTMENT PLAN

Business Plan vs Investment Plan

Corporate Business Plan	Investment Plan												
<p>Overall 5 year Financial Outlook for <u>Hydro One Limited</u>. that spans:</p> <ul style="list-style-type: none"> • Subsidiaries (Networks, Remotes, Telecom, Acquisitions) • Investments • Staffing & Overheads • Revenue Forecasts • Other (Tax, Depreciation, Working Capital, etc.) 	<p>The <u>Hydro One Networks</u> investments planned for the selected time period (all the work that we do):</p> <ul style="list-style-type: none"> • Sustainment • Development • Operations • Customer • Other <div> <p>The Plan Considers:</p> <ul style="list-style-type: none"> • Asset Needs (Short-term and Long-Term Risks) • Corporate Objectives • Financial, Regulatory, and Resource Constraints </div>												
	<p>\$2.5B CapEx and OM&A</p>  <table border="1"> <caption>\$2.5B CapEx and OM&A Breakdown</caption> <thead> <tr> <th>Category</th> <th>Estimated Percentage</th> </tr> </thead> <tbody> <tr> <td>Lines & Forestry</td> <td>35%</td> </tr> <tr> <td>E&C</td> <td>30%</td> </tr> <tr> <td>Other</td> <td>15%</td> </tr> <tr> <td>Stations</td> <td>10%</td> </tr> <tr> <td>Customer</td> <td>10%</td> </tr> </tbody> </table>	Category	Estimated Percentage	Lines & Forestry	35%	E&C	30%	Other	15%	Stations	10%	Customer	10%
Category	Estimated Percentage												
Lines & Forestry	35%												
E&C	30%												
Other	15%												
Stations	10%												
Customer	10%												

Your Role in the Investment Planning Process



Module 2

THE WORLD AFFECTING YOUR INVESTMENT

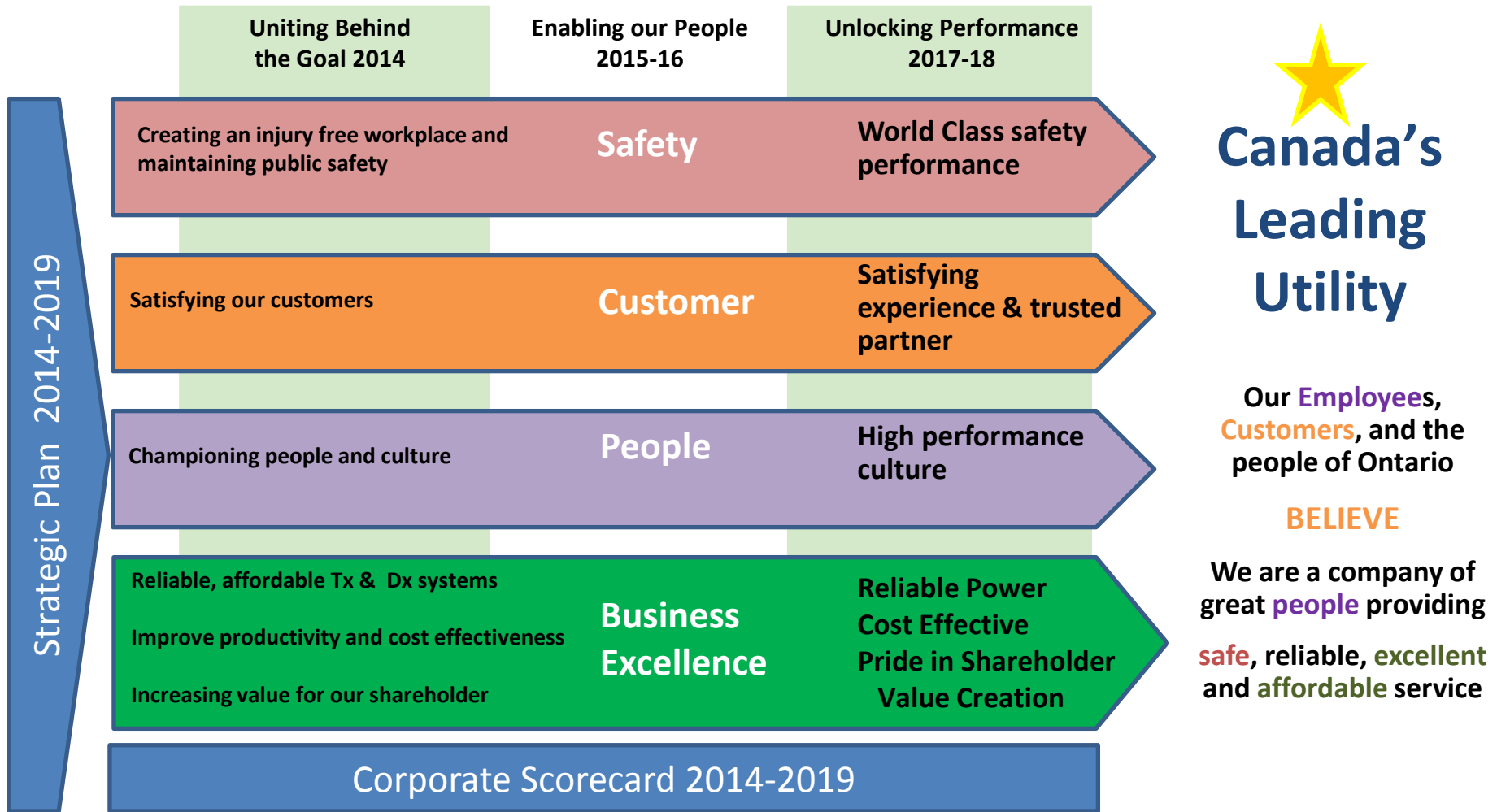
2016-2020 Investment Plan Update

- 2016 was approved by the Board for budgetary purposes on January 14th
- 2016-2018 to be submitted to the Board in early May for approval prior to Tx Rate Filing at the end of the month

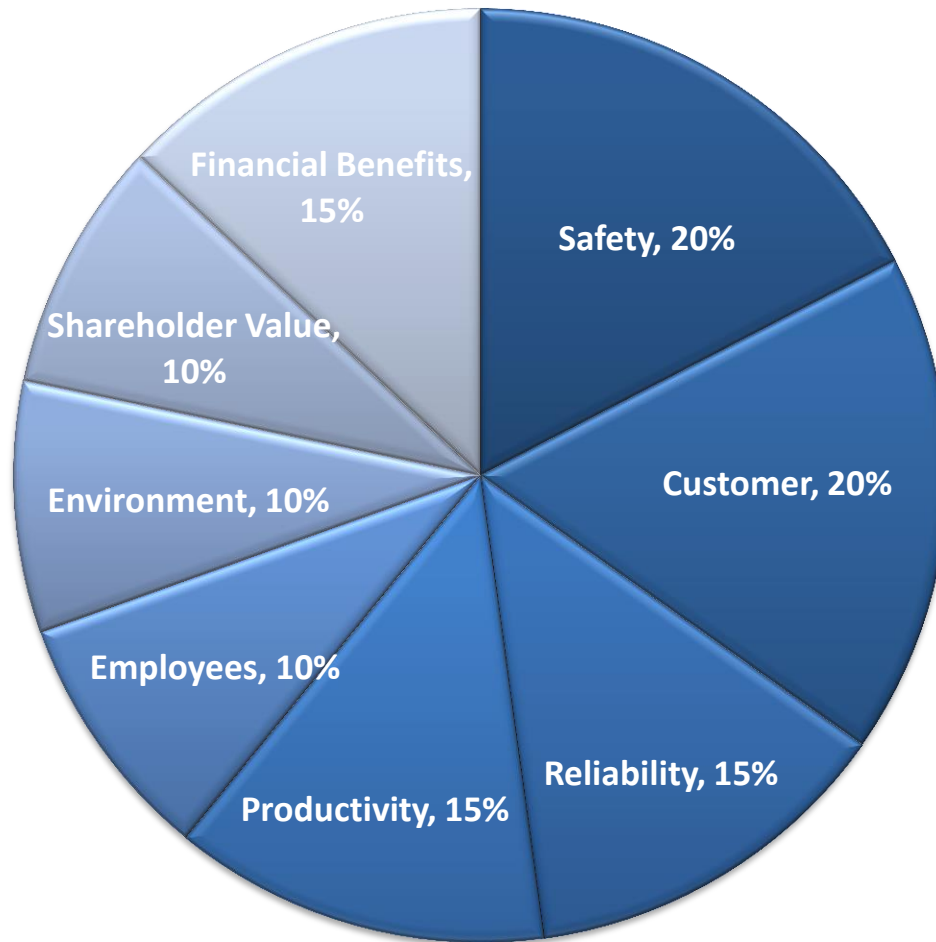
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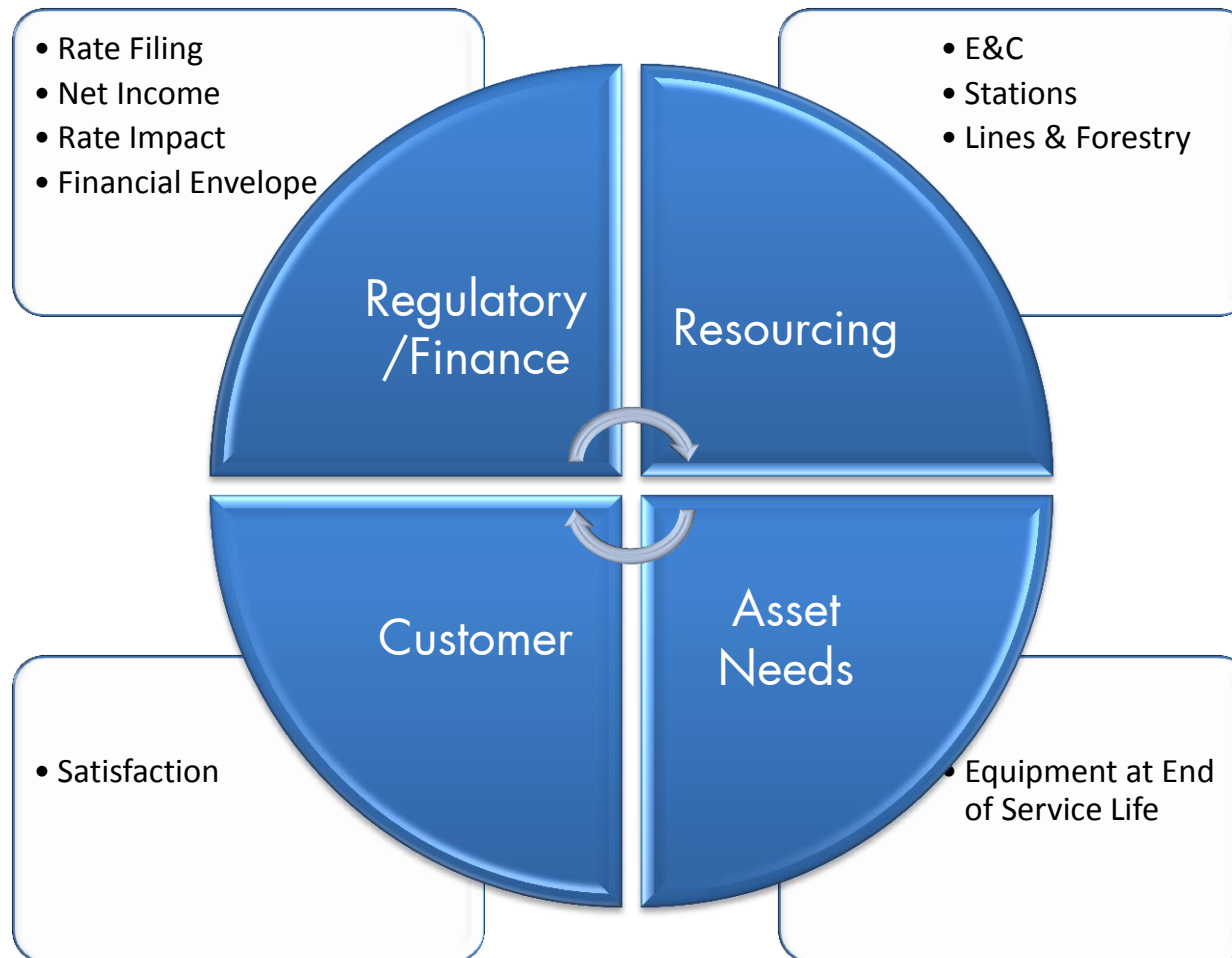
Corporate Strategy: Becoming Canada's Leading Utility



Hydro One's Business Values



Constraints



Financial Framework

Financial Envelope



Investment Plan Guided by Financial Envelope of [Previous Plan](#)

Regulatory Framework

- Plans should be consistent with approved rate decisions/applications in-flight
- Transmission
 - Consistent with 2016-2020 Plan and align to rate filing for years 2017-2018
- Distribution
 - To follow OEB Decision for 2017 and assume IRM rate regime (inflation less productivity) for 2018-2022

Benchmarking

- OEB has mandated productivity studies for both Transmission and Distribution
- Outcome from results of the Studies to be expected in the summer
 - May cause potential changes to the plan between internal approval and Board Approval submission

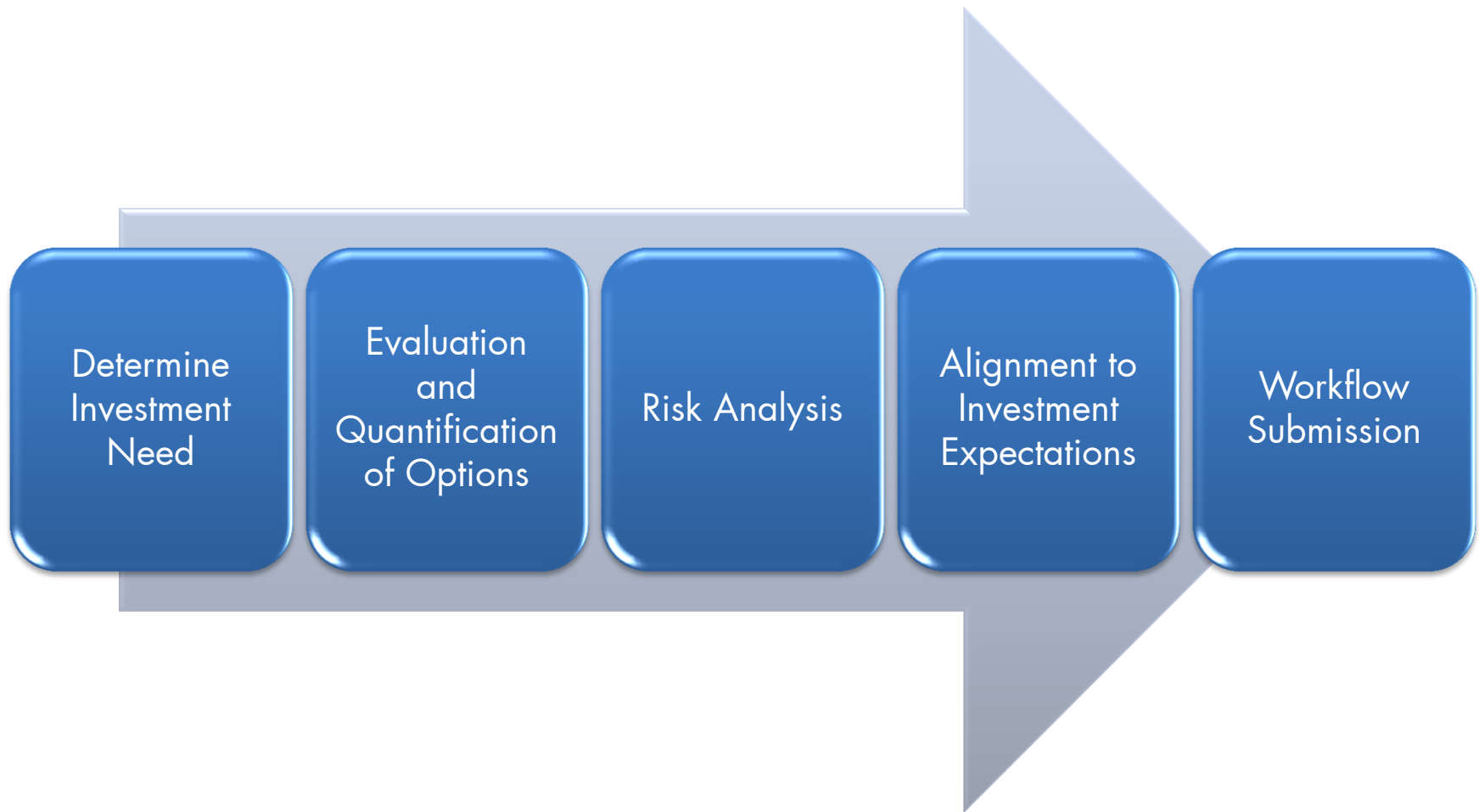
Touch point

- Name 3 Key Business Values for Hydro One
- What expected decisions may result in a change to the Investment Plan?

Module 3

YOUR RESPONSIBILITY AS INVESTMENT OWNER

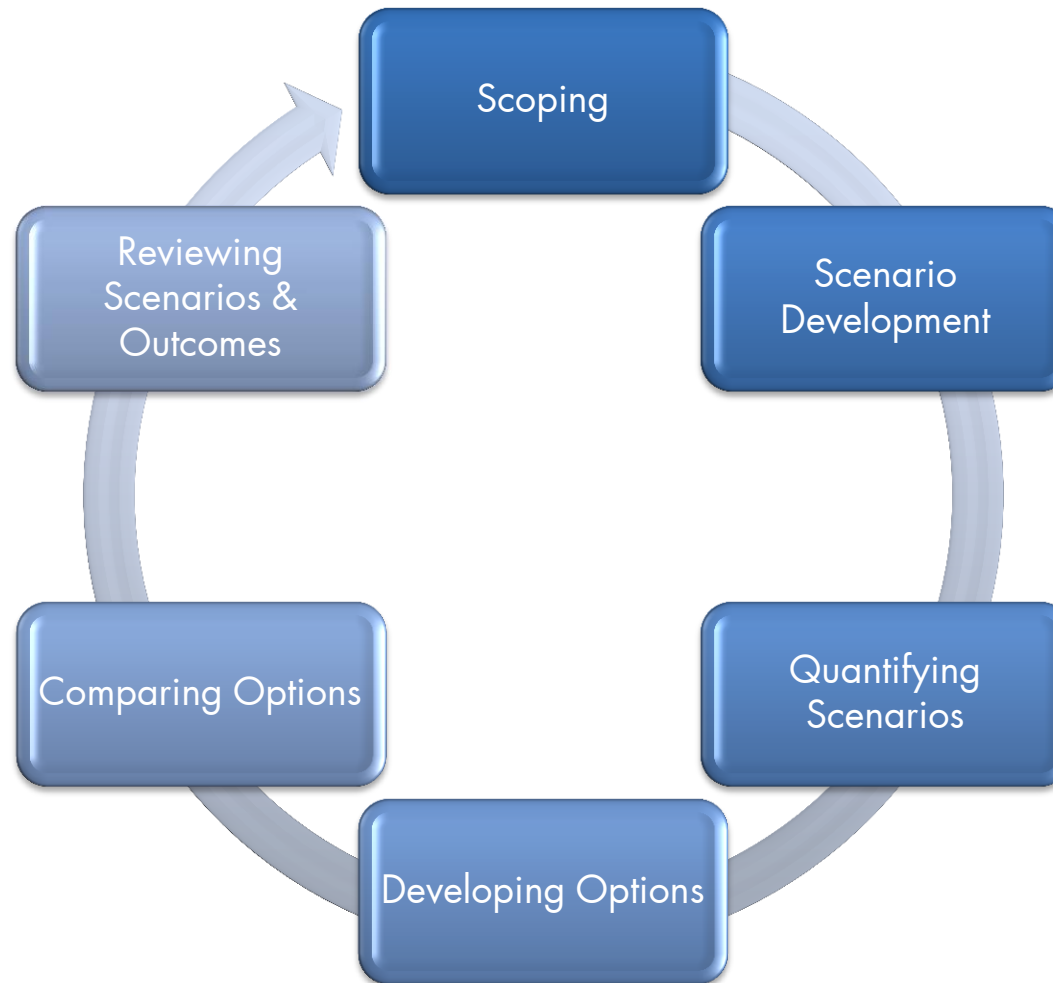
Role of Investment Owner



Investment Strategy

- Audit Approach to Investment Planning
- All investments must be justified through data analysis with supporting documentation
- Focus on Productivity with emphasis on unit accomplishments

Investment Assessment Process



Program

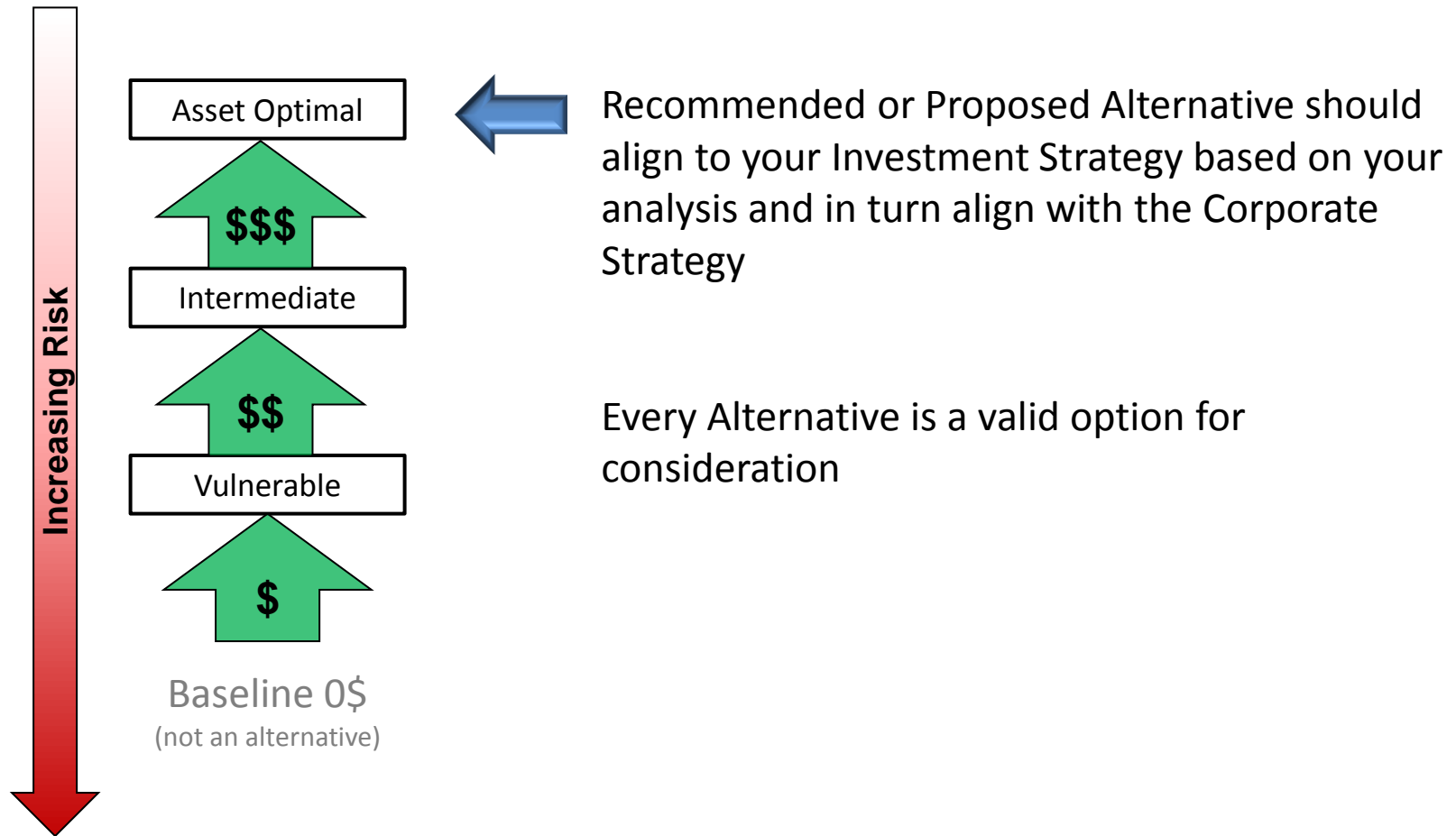
Definition (as per SP1078)

The total of all transactions relating to a specific body of work where the type of work **recurs year over year**. The extent of the work executed in any particular year, may change from year to year depending on its ranking in the prioritized programs and the overall availability of funds. Alternative approaches do not exist to achieve the objective.

NOTE:

In-Service Additions calculated on a **ratio** basis

Program Alternatives



Note: Demand Programs will only have one alternative

Project

Definition (as per SP1078)

The total of all transactions relating to a specific body of work that is a **one-time event** that occurs during a specific time period. This period may cover more than one fiscal year. **Alternative** approaches can be taken to achieve the objective and there is a greater level of risk.

NOTE:

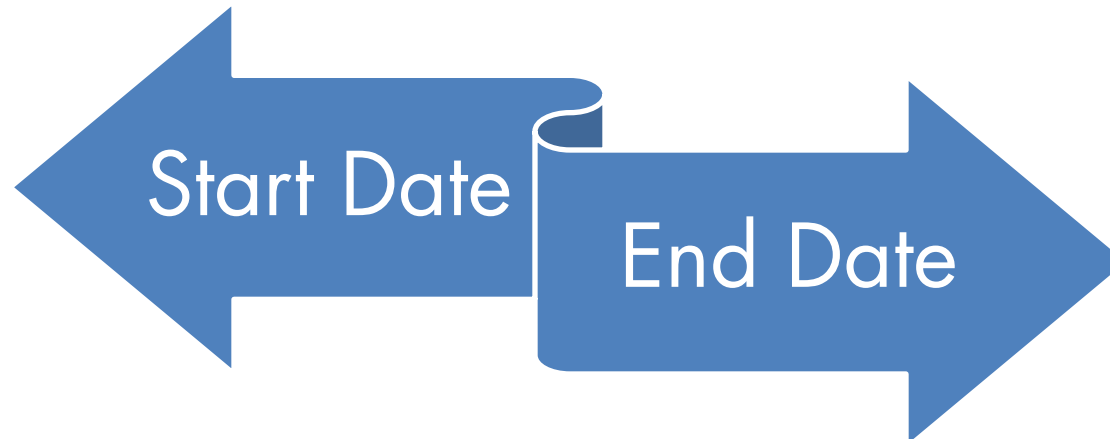
In-Service Additions determined by ***In-Service Date of total Net Costs***

All Integrated Investments are now **PROJECTS**

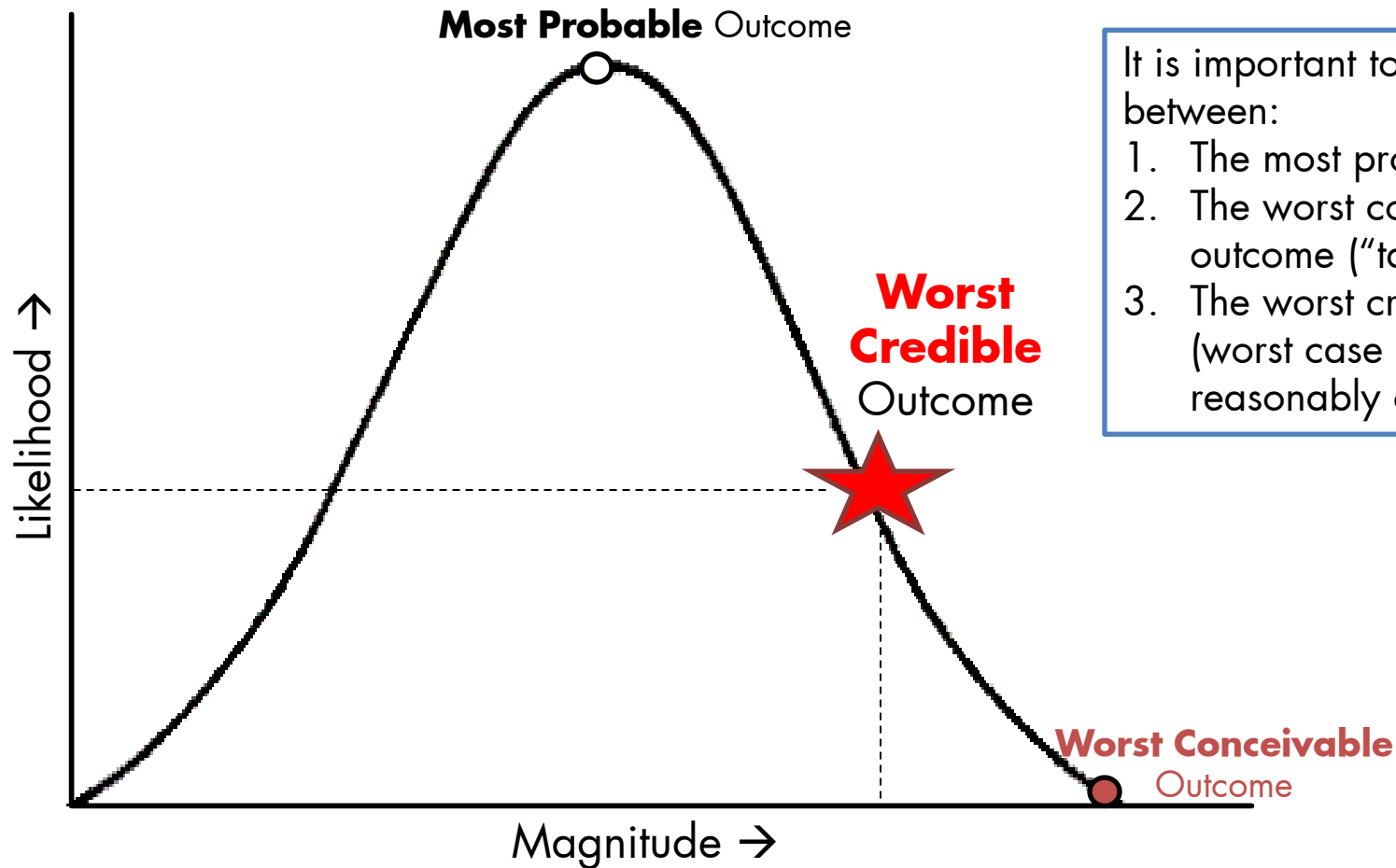
Updates to **Released Projects** are based on Multi-year Forecast from Service Provider and therefore are not the responsibility of the Investment Planner

Project Alternatives

- Project Alternatives are determined by the ability to **Shift** an investment
- Criteria based on the Earliest Start Date and the Latest Start Date
- Multiple Alternatives may be provided where appropriate
- Allows a level of confidence for those investments containing:
 - Signed Customer Agreement
 - Currently in the estimating process
 - Long-lead material



Hypothetical Risk Distribution Curve



It is important to differentiate between:

1. The most probable outcome
2. The worst conceivable outcome ("tail risk")
3. The worst credible case (worst case that may reasonably occur)

Investment Planning Risks Assessments

Hazards/Threats

- Fire
- Explosion
- Severe Weather
- Hazardous materials spill or release
- Mechanical breakdown
- Equipment condition
- Cyber Attack
- Physical Attack
- Theft and vandalism
- Obsolescence
- Inefficient processes
- Non-Compliance

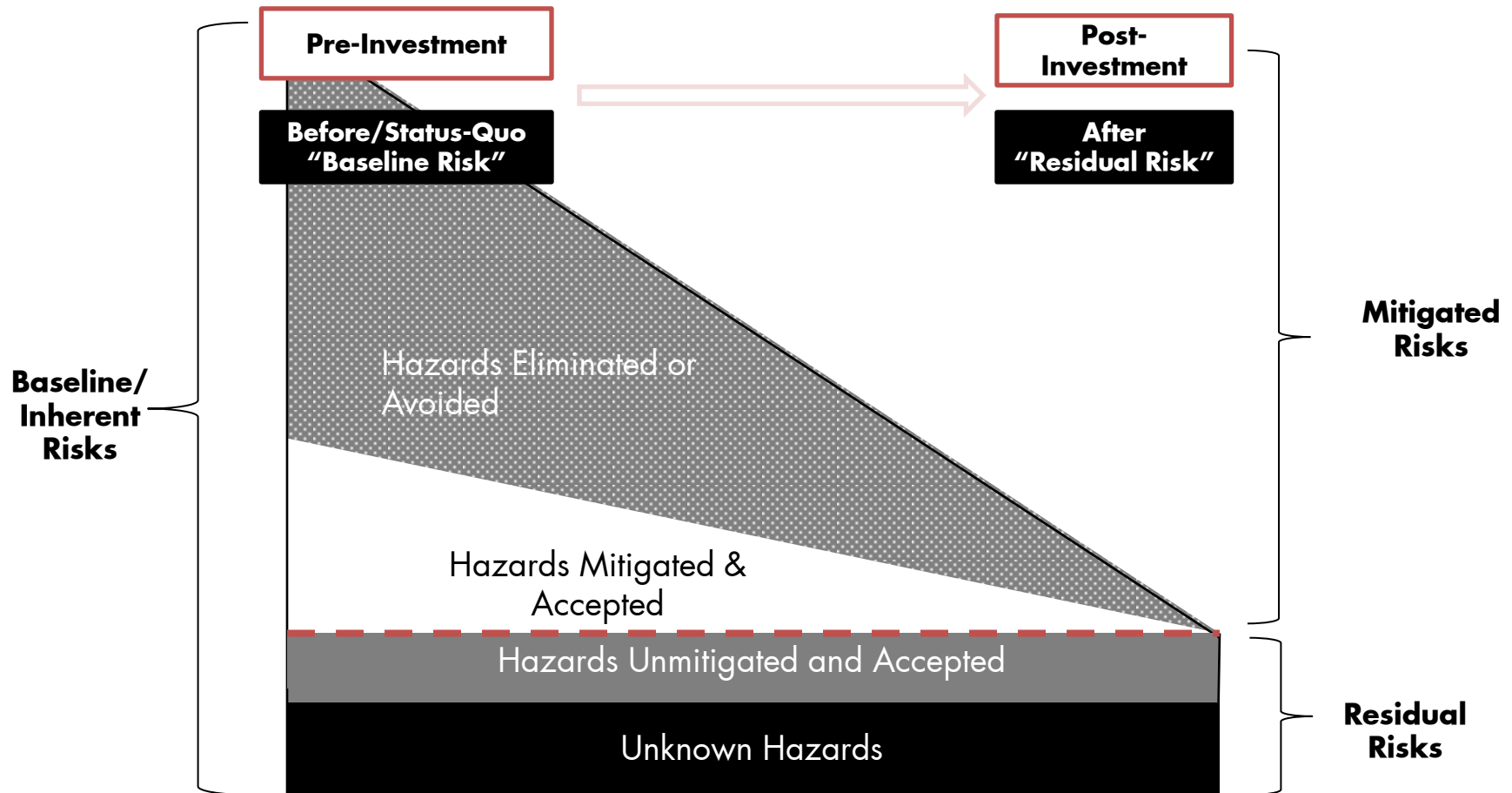
Assets at Risk

- People
- Power system facilities
- Customer Relationship
- Systems/Equipment
- Information Technology
- Operational performance
- Business Operations
- Financial profile
- Regulatory and legal obligations
- Environment
- Company Reputation

Consequences

- Workforce/Public Injuries
- Performance and reliability
- Erosion of customer goodwill
- Environmental release/contamination
- Financial loss
- Loss of Shareholder confidence
- Regulatory credibility
- Regulatory compliance
- Fines, penalties and sanctions

Risk Informed Investment Decisions



Expectations & Metrics

- Key Performance Indicators (KPIs) will be implemented to measure the end-to-end Investment Planning Process
- Including overall metrics such as:
 - Plan contributes to acceptable rate increase
 - Balanced plan developed & aligned to corporate guidance
 - Increase the “optimizable” portion in the plan

Note: ☒ indicates metric

Investment Input Expectations

Category	Components	Metric
Supporting Documentation	Asset Analytics Investment Development & Justification Scope Financial & Asset evaluations Risk/Value Assessment Potential Need Notifications	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Ability to Optimize	Shifting of Non-Executing Projects Viable Alternatives for Non-Demand/Non-Contract Programs No Near-Term Placeholders	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Planning Timelines	Logical and aligned to Estimating guidelines No Year End In-Service Dates (ISD)	<input checked="" type="checkbox"/>
Enterprise Engagement	Discussion of Key Investment Details such as: <ul style="list-style-type: none"> • All cost assumptions are to be agreed by Work Program Management • UPC • Sourcing Model • Planning Timelines 	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Tx Investments with Dx Contributions

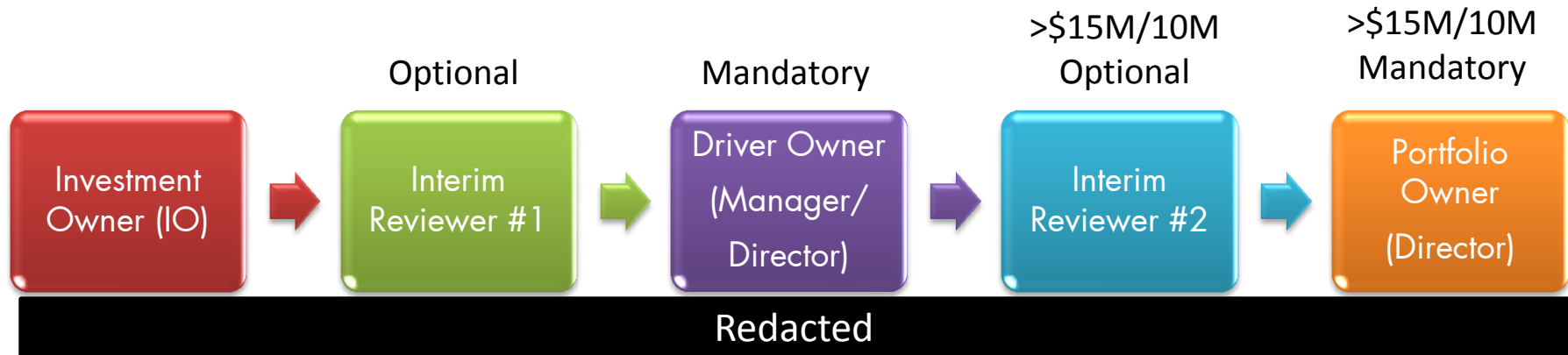
- Both ARs to have same Service Provider
- Funding Party (Dx) has a Gross Plan equal to the receiving party's (Tx) Capital Contribution from Dx
 - Note: Tx may have capital contributions in addition to Dx
- The timing of the matching Dx Gross \$ and Tx Cap Contribution must be equal on an annual basis and offset one another

Investment Input Quality & Analysis

- IM Team to complete Pre & Post Investment Submission Review with feedback provided on data quality and completeness
- Reviewer Feedback will be provided to the investment owner via a meaningful Manager Check-list ☒
 - Checklist will serve as a basis for many KPIs
- Essential for Investment Quality, as minimal changes will be allowed post-optimization ☒



Investment Approval Workflow



- All Investments must be approved through Workflow and status will be tracked and reported ☒

Investment Approval Submission

- Investment Planning Approval Documents (iPADs) are to be submitted post Workflow Approval for each Driver
- Asset Portfolio Documents (APDs) are to be submitted for asset types where appropriate
- Developed by the Director and based on investment owners proposed scenario for investments contained in associated Driver
- Used during IRRC Planning Review to provide insight into Strategies and Risk associated with Investments within the Plan

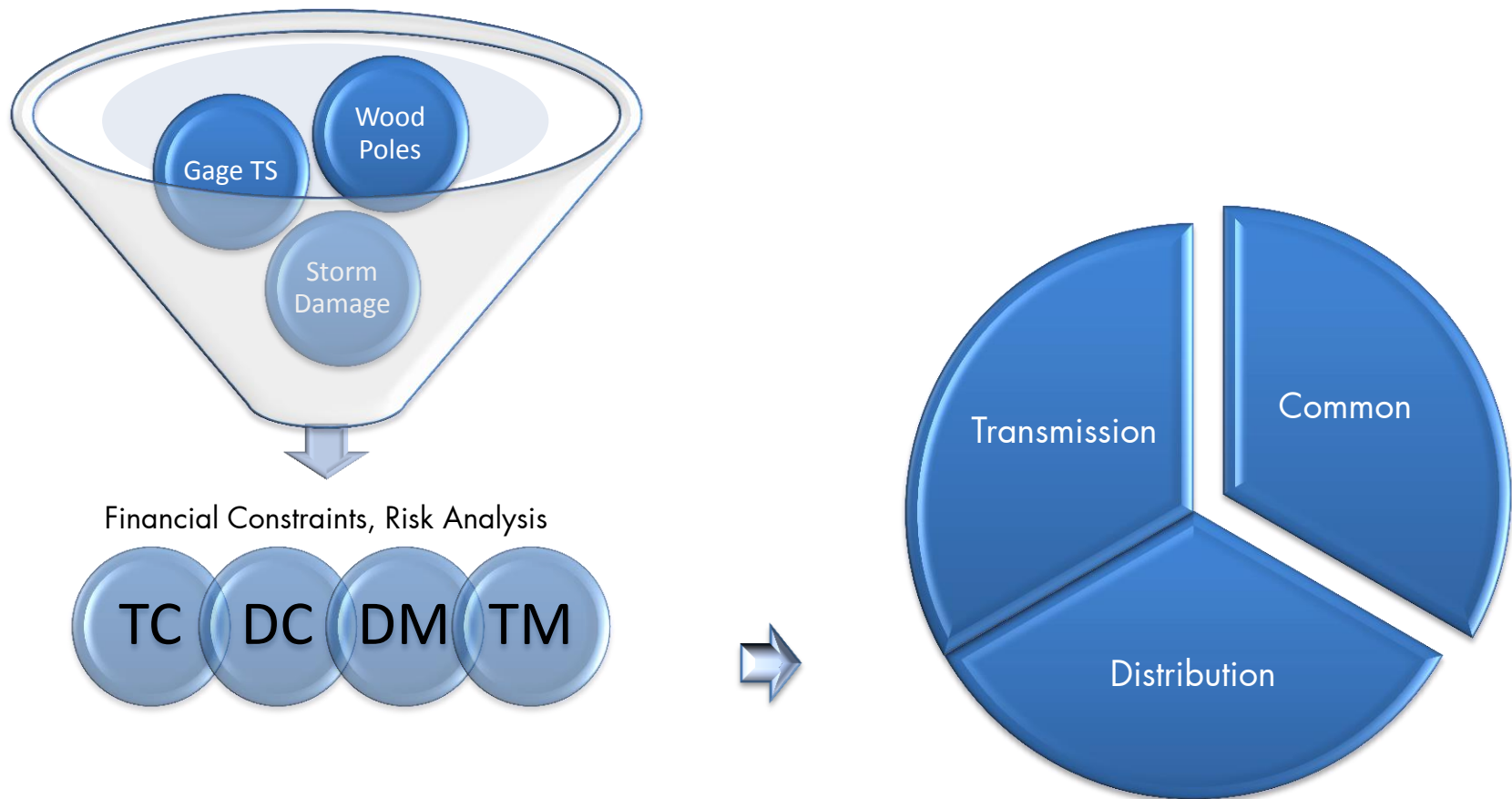
Touch Point

- What are the key responsibilities of an Investment Owner?
- Name three expectations for an investment that will be tracked as a metric

Module 4

HOW INVESTMENTS ARE SELECTED

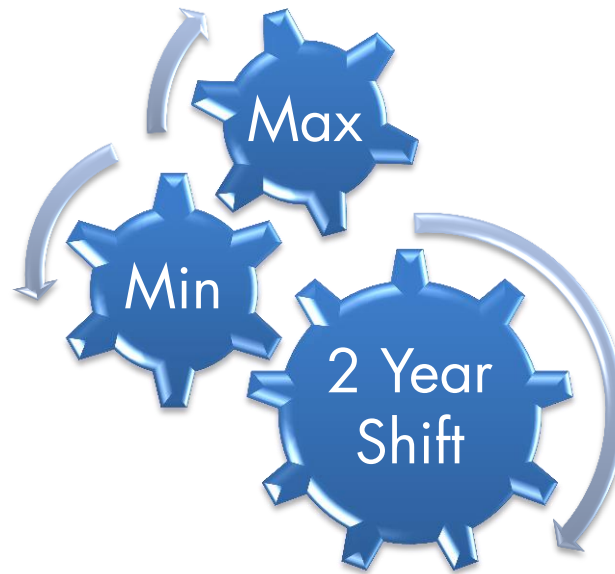
Optimization



Best Selection and timing of investments

Optimization Analysis

- Various scenarios are run by the IM Team to understand the data and achieve an optimal plan
- Risk Calibration sessions will be completed pre-optimization



Enterprise Engagement



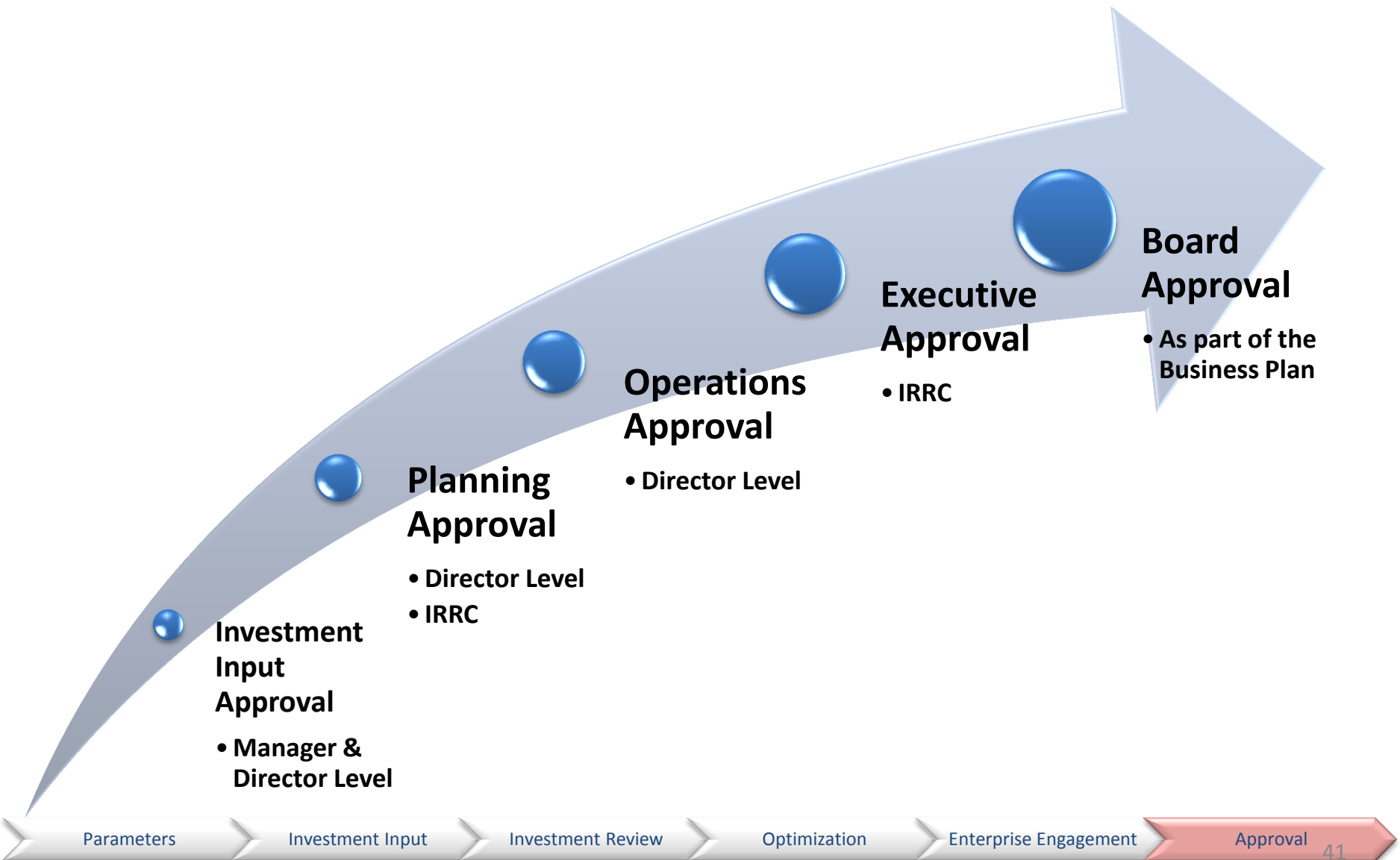
Enterprise Engagement Expectations

Expectation	Metric
Unit Prices from Operations are available to Planners and have been agreed to by both parties	☑
Operations (thru Finance) will provide a multi-year forecast of released projects Monthly	
Collaborative Effort between Planning and Operations for Funding Redirection	
Collaborative process to ensure investments have accurate costs and realistic timelines considering resource constraints	
All LOBs will participate in the finalization of the Investment Plan	☑

Module 5

INVESTMENT PLANNING APPROVALS

Investment Plan Approval Stages



Module 6

RELATED PROCESSES

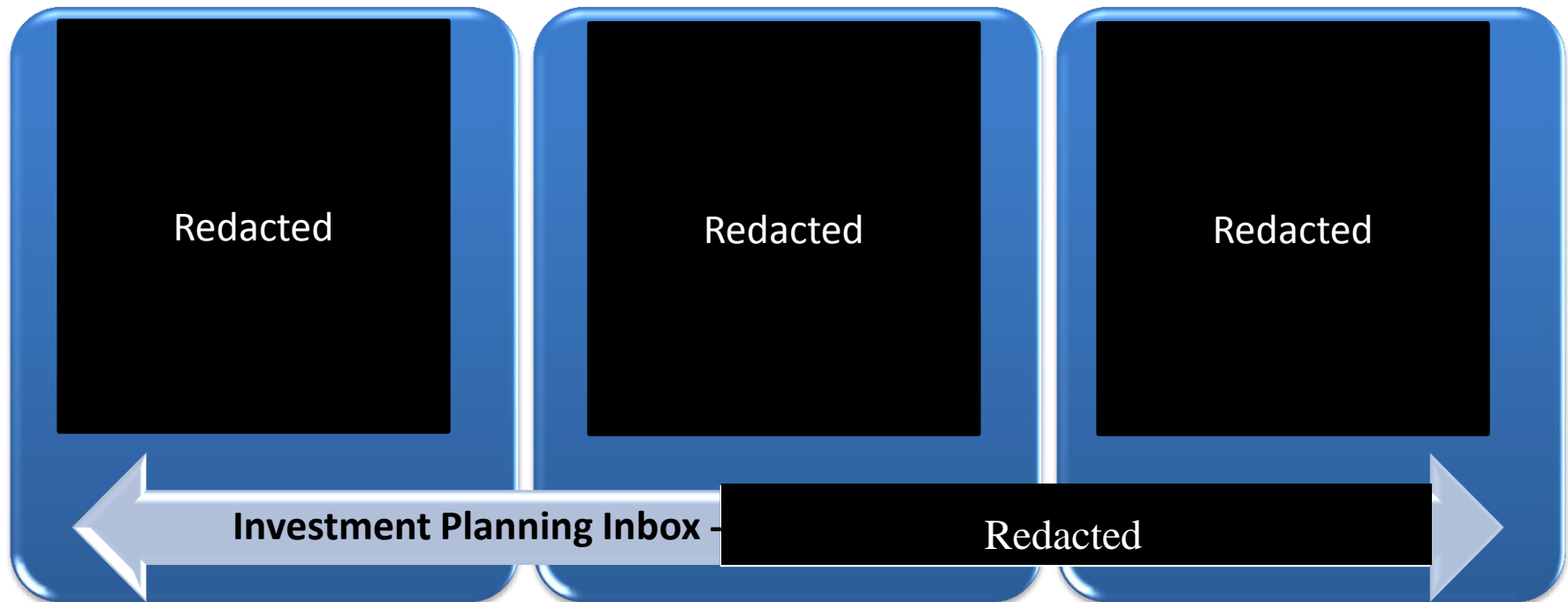
Related Processes

- ACER/Work Release
- Budgeting
- Resource Planning
 - Estimating
 - Stations including CMS
 - Construction Services
 - Lines & Forestry
- Outage Planning

Schedule

Date	Segment	Duration
Training		
Jan 11 - Feb 10	Planner & Manager Training	4 weeks
Input		
Jan 30	Operations provides Unit Price Catalogue; Planning accepts Unit Price Catalogue	1 day
Feb 1 - Mar 28	Planner Input	8 weeks
Feb 24	Investment Planning Drop-in Session	½ Day
Mar 9 - 16	QA Review	1 week
Mar 22	Investment Planning Drop-in Session	½ Day
Mar 28 – May 4	Manager/Director Review of Input	4 weeks
Apr 27 – May 3	Investment/Risk Calibration	1 weeks
Optimization and Review		
May 5 – May 18	QA and Optimization	2 weeks
May 19 – 25	Director Review of Optimization Results	2 weeks
May 26 – June 1	Executive Review	1 week
Enterprise Engagement		
June 2 – 20	Executing LOB Review (Lines, Forestry, Stations, E&C)	3 weeks
Investment Plan Approval		
June 30	IRRC IPP Review and Approval	1 day
June 30	Investment Plan Proposal Complete	

Investment Planning Team



- [Training Site](#)
- [AIP Tool](#)
- [Draft Accomplishment File](#)
- [AR Docs](#)
- [Risk Consequence Table](#)
- [Project Hub – Gantt Chart Directory](#)



Questions??

1 **School Energy Coalition (SEC) INTERROGATORY #003**

2
3 **Reference:**

4 NA

5
6 **Interrogatory:**

7 Please provide the most recent Hydro One business and/or strategic plans.

8
9 **Response:**

10 Please see Exhibit I, Tab 13, Schedule 6.

1 **School Energy Coalition (SEC) INTERROGATORY #004**

2
3 **Reference:**

4 Not Applicable

5
6 **Interrogatory:**

7 Please provide a copy of Hydro One's 2015-2017 corporate scorecards.

8
9 **Response:**

10 See following pages for the 2015 Year End Scorecard and the June 30, 2016 Scorecard.

HYDRO ONE LTD.
December 2015 Corporate Scorecard

Strategic Objective	Performance Measure		Year-End	
			Actual	Target
Injury-free Workplace	Recordable Rate (# of recordable injuries/illnesses per 200,000 hours worked)	●	1.7	1.7
	Customer Satisfaction – Transmission (% satisfied)	●	79	78
Satisfying Our Customers	Customer Satisfaction – Distribution (% satisfied)	△	85	86
	Connection of New Services – Distribution (% completed in ≤ 5 days)	●	96	95
	Billing Success (%)	●	99.7	99.0
	First Call Resolution (%)	△	82	83
Continuous Improvement & Cost Effectiveness in the Building and Maintaining Reliable Transmission and Distribution Systems	Transmission Unit Costs (OM&A/Gross Fixed Assets) (%)	△	2.9	2.8
	Distribution Unit Costs (OM&A/Gross Fixed Assets) (%)	●	5.4	5.4
	Duration (SAIDI) - Transmission (All multi-circuits supplied delivery points, minutes per delivery point)	△	10.1	10.0
	Duration (SAIDI) – Distribution (hours per customer)	△	7.6	7.1
Maintaining a Commercial Culture that Increases Shareholder Value	Net Income (Results are for Hydro One Ltd, including all subsidiaries, \$M)	●	704	695
	In-Service Capital – Transmission (% of Plan)	★	105	95
	In-Service Capital – Distribution (% of Plan)	★	116	95
Legend		★ Better than plan (≥5%)	● On Plan	△ Below Plan

HYDRO ONE LTD.
June 2016 Corporate Scorecard -- Draft

Strategic Objective	Performance Measure	Year-to-Date		Year-End (2015 Targets)			
		Actual	Target	Projection	Target		
Injury-free Workplace	Recordable Rate <i>(# of recordable injuries/illnesses per 200,000 hours worked)</i>	★	1.3	1.7	●	1.7	1.7
	Customer Satisfaction – Transmission <i>(% satisfied)</i>	—	—	—	●	78	78
	Customer Satisfaction – Distribution <i>(% satisfied)</i>	●	87	86	●	86	86
	Connection of New Services – Distribution <i>(% completed in ≤ 5 days)</i>	●	98	95	●	95	95
	First Call Resolution <i>(%)</i>	--	--	--	●	83	83
Continuous Improvement & Cost Effectiveness in the Building and Maintaining Reliable Transmission and Distribution Systems	Transmission Unit Costs <i>(OM&A/Gross Fixed Assets) (%)</i>	●	1.3	1.3	●	2.7	2.7
	Distribution Unit Costs <i>(OM&A/Gross Fixed Assets) (%)</i>	★	2.4	2.8	●	5.5	5.5
	Duration (SAIDI) – Transmission <i>(All multi-circuits supplied delivery points, minutes per delivery point)</i>	★	2.8	4.8	●	10.0	10.0
	Duration (SAIDI) – Distribution <i>(Hours per customer)</i>	★	3.3	3.4	●	7.1	7.1
Maintaining a Commercial Culture that Increases Shareholder Value	Net Income <i>(Results are for Hydro One Ltd, including all subsidiaries, \$M)</i>	—	—	—	●	695	695
	In-Service Capital – Transmission <i>(% of Plan)</i>	△	86	95	●	95	95
	In-Service Capital – Distribution <i>(% of Plan)</i>	△	94	95	●	95	95
Legend	★ Better than plan (≥5%)	● On Plan		△ Below Plan			

School Energy Coalition (SEC) INTERROGATORY #005

Reference:

NA

Interrogatory:

Are any Shareholder Directives no longer in force or no longer being applied as a result of the change in ownership structure of Hydro One? If so, please provide details.

Response:

On October 31, 2015, shortly prior to the change of ownership structure of Hydro One, Hydro One Inc.'s then sole shareholder, Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy, executed a declaration. The declaration provided that all unanimous shareholder agreements, shareholder resolutions and shareholder declarations made pursuant to section 108 of the *Business Corporations Act* (Ontario) that continued to restrict, in whole or in part, the powers of the directors of Hydro One Inc. to manage or supervise the company's management of its business and affairs were revoked and no longer applied to the company or its directors.

School Energy Coalition (SEC) INTERROGATORY #006

Reference:

Not Applicable

Interrogatory:

Please provide a copy of all benchmarking analysis, reports, opinions and/or assessments, undertaken by Hydro One or for Hydro One since 2014, regarding any aspect that directly or indirectly relates to its transmission business that is not already included in this application.

Response:

See response to Exhibit I, Tab 6, Schedule 36.

1 **School Energy Coalition (SEC) INTERROGATORY #007**

2
3 **Reference:**

4 Not Applicable

5
6 **Interrogatory:**

7 Throughout the application, Hydro One has forecasted various amounts and/or costs for
8 2016. What is the date the 2016 amounts and/or costs were set?

9
10 **Response:**

11 Please refer to Hydro One's response to LPMA interrogatory #23, in Exhibit I, Tab 4, Schedule
12 23.

School Energy Coalition (SEC) INTERROGATORY #008

Reference:

A/3/1, p.13

Interrogatory:

Please provide a breakdown of the Transmission Capital Budget for 2019-2021. Please provide any transmission capital plan that Hydro One has developed that underlies the forecast budget after 2018.

Response:

The capital budget for 2019 to 2021 has been provided in Exhibit B1, Tab 3, Schedule 1, Table 1. Given this application is only seeking rates for 2017 and 2018, the details on the transmission plan beyond the test years requested in this interrogatory are beyond the scope of this application.

1 **School Energy Coalition (SEC) INTERROGATORY #009**

2
3 **Reference:**

4 A-5-1, p.4-5

5
6 **Interrogatory:**

7 Please provide a full Hydro One Networks Inc. organizational chart.

8
9 **Response:**

10 Hydro One does not have a current, full organizational chart. Hydro One cannot produce one
11 with reasonable effort in the prescribed timeframe.

School Energy Coalition (SEC) INTERROGATORY #010

Reference:

With respect to the 2015 Auditor General of Ontario Chapter 3 Report, “Hydro One – Management of Electricity Transmission and Distribution Assets”.

Interrogatory:

- a. Please provide a chart showing each Auditor General recommendation and all sub-recommendations, Hydro One’s specific response to those recommendations (and each sub-recommendation), and the status of implementation of the recommendation.
- b. If the recommendation or sub-recommendation asks for Hydro One to set a target/timetable, provide a report, create an action plan, or anything similar, please provide it.

Response:

- a) Please see Exhibit I, Tab 1, Schedule 2.
- b) Hydro One has not committed to any timetables or targets.

School Energy Coalition (SEC) INTERROGATORY #011

Reference:

Exhibit B1, Tab 1, Schedule 3, p.23-29

Interrogatory:

Please provide a list of the utilities that make up the 'CEA Composite' and explain how the methodology is used to weight their individual data to make up the composite score.

Response:

For Figures 8a, 8b, 9, and 10, the following utilities made up the "CEA Composite".

1. AltaLink Management Ltd.
2. ATCO Electric
3. BC Hydro
4. ENMAX
5. EPCOR
6. Hydro One
7. Hydro-Québec (Trans Énergie)
8. Manitoba Hydro
9. New Brunswick Power
10. Newfoundland & Labrador Hydro
11. SaskPower

In addition, New Brunswick Power was dropped from the study from 2008. Enmax joined the study from 2009. Manitoba Hydro did not participate in 2007 and 2010 studies.

For Figures 11 and 12, the following utilities made up the "CEA Composite".

1. AltaLink Management Ltd.
2. ATCO Electric
3. BC Hydro
4. Churchill Falls (Labrador) Corp.
5. EPCOR
6. Hydro One
7. Hydro-Québec (Trans Énergie)
8. Manitoba Hydro

1 9. Newfoundland & Labrador Hydro

2 10. SaskPower

3
4 Manitoba Hydro dropped from the study from 2010. Hydro-Québec did not participate in the
5 2014 study. SaskPower did not participate in the 2010, 2013, and 2014 studies.

6
7 The “Canada Composite” is calculated based on pooled data from all participants. The “Canada
8 Composite” is the performance of a pseudo company which includes all the participants. There is
9 no specific weighting factors used for “Canada Composite” calculations.

School Energy Coalition (SEC) INTERROGATORY #012

Reference:

B1/1/3, p.23-29

Interrogatory:

Please provide a forecast of reliability, for each of the following metrics, for each year from 2016-2018, based on the capital work approved previously (2016), or sought for approval in this application (2017-2018). Please also provide for each metric, the forecasted reliability if no additional amounts were approved for 2017 and 2018 further to what was approved for 2016.

- a. Frequency of Momentary Delivery Point Interruptions
- b. Frequency of Sustained Delivery Point Interruptions
- c. Overall Frequency of Delivery Point Interruptions
- d. Duration of Sustained Delivery Point Interruptions
- e. Delivery Point Unreliability Index
- f. All Transmission Lines - Unavailability Due To Forced Outages
- g. All Major Transmission Station Equipment - Unavailability Due To Forced Outages

Response:

Transmission reliability metrics are largely dependent upon weather conditions and equipment performance. Due to uncertainty of weather condition and aging equipment, the reliability metrics generally cannot be predicted. Please refer to Exhibit I, Tab 2, Schedule 38, parts a) and b) for more details.

School Energy Coalition (SEC) INTERROGATORY #013

Reference:

Exhibit B1, Schedule 1, Tab 3, p.10

Interrogatory:

With respect to customer surveys:

- a. [p.10] Please provide a copy of the full results of the Large Transmission Customer Survey;
- b. [p.12] By 'end use customer', is the Applicant only considering transmission connected customers, or all end-use customers of LDCs?
- c. If 'end use customer' only means transmission connected customers, please explain why the Applicant did not survey end-use customers of LDCs. i.e. residential and general service customers that will ultimately pay Hydro One's revenue requirement.

Response:

- a. Attachment 1 is the 2015 Large Transmission Customer Survey Report.
- b. Hydro One considered 'end use customer' to be consumers connected to the transmission system, as per the Transmission System Code.
- c. Hydro One did not survey end-use customers of LDCs for several reasons.

The first reason is that Hydro One has no commercial relationship with customers of LDCs. It is highly unlikely that such customers would view themselves as customers of Hydro One.

Second, LDC customers pay distribution rates approved by the OEB. It would be very confusing for such customers to be surveyed on various attributes by another regulated entity (i.e. Hydro One), particularly when they do not perceive that entity as providing any services or outcomes directly to them. This customer confusion would mean the results of such a survey would be difficult to interpret. Thus, the cost of such a survey would be difficult to justify.

Filed: 2016-08-31

EB-2016-0160

Exhibit I

Tab 6

Schedule 13

Page 2 of 2

1 Lastly, there is little direct relationship between the reliability performance that LDC
2 customers experience and Hydro One's investments, as most LDCs have more than one
3 delivery point.

Witness: Graham Henderson

Customer Experience

Large TX Customer Satisfaction Report of Findings



December 14, 2015

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Survey Findings	12
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Additional Analysis	31
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Technical Vocabulary Glossary

Throughout the survey, Northstar has presented data graphically, using arrows to represent statistical differences in data, and has crafted recommendations and key insights using technical research terminology. Below is a glossary of terminology and symbols used throughout the report

- T2B / T4B – The top two box score (on a five point scale), or top four box score (on a 10 point scale) is compared throughout the report as a means of streamlining analysis.
- Arrows have been used to distinguish results which are statistically or directionally significant.
 -  ○ findings which are statistically higher or lower (calculated at a 90% confidence level) between years.
 -  ○ If the arrow is dashed, the findings are statistically higher/lower at an 80% confidence level.

Executive Summary

Survey Overview: Tx CSAT

- **Survey Objectives** – To measure key drivers of satisfaction among LTX customers and monitor Hydro One's performance on the four key service areas – Price, Customer Service, Product Quality / Reliability and Relationship.
- **Survey Type** – Measures customers' opinion of the company as a whole (whether they have interacted with Hydro One recently or not). It seeks to uncover perceptions of how well the company is meeting customer expectations and delivering on critical success factors.
- **In-field Dates** – Wave 1 field dates for the Large TX project included Hydro One sending the initial email invitation to all 186 Large TX customers on May 15, 2015. Follow-up e-mail reminders were sent by Cido Research (Northstar's field partner) on May 25, with the field closing on June 30. Wave 2 commenced September 25th with an e-mail sent to W1 non-responders. Telephone /website access concluded on October 20th.
- **Method of Communication** –All interviewing was conducted online followed by computer-assisted telephone interviewing if customer prefers/is not reached.
- **Response Rate** – Of the 186 names provided, six had been disconnected / removed, resulting in a sample size of 180. 116 customers completed the survey in it's entirety, resulting in a survey response rate of 64%. This is slightly lower than the response rate from the previous year (72%).
- **Surveyed Segment** – the below table outlines the surveyed customer types & survey sample size. Please note that two non-responders were undefined in the sample.

Segment Size	End Users	LDCs	Generators
Total Population Size*	59	69	52
Surveyed (N Value)	34	50	32

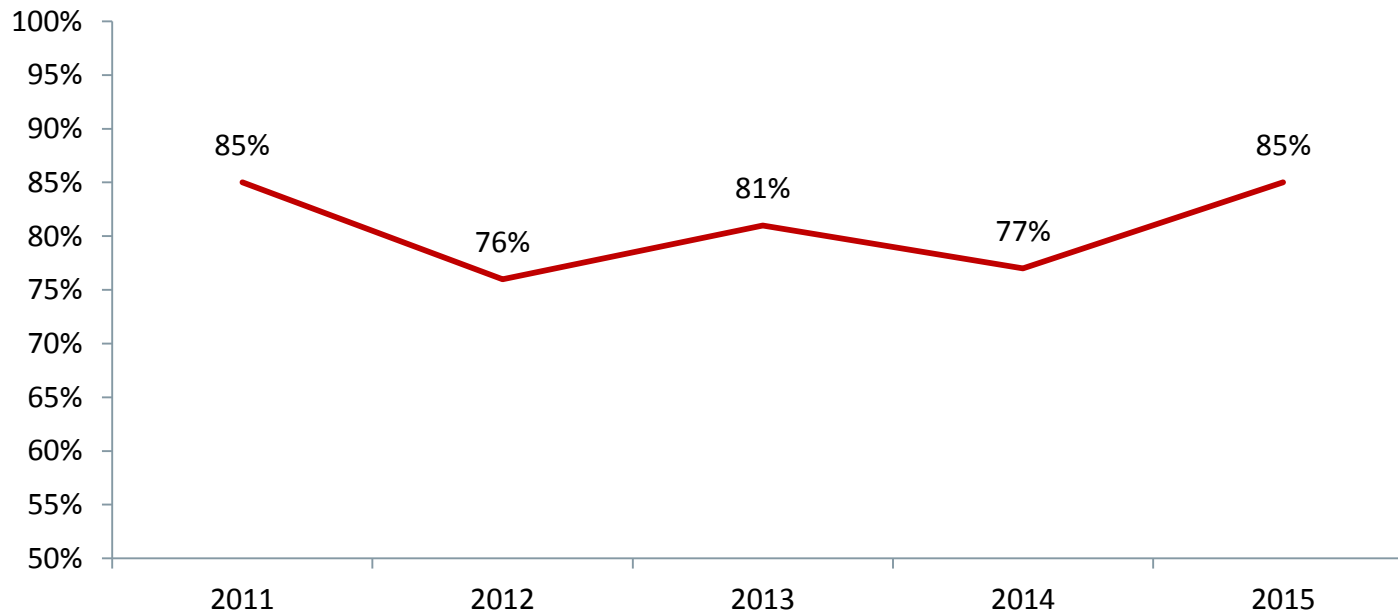
*Note: Total Population Size represent the total number of records provided in the sample.

Overall Satisfaction – Survey Results (All Tx)

The survey question reads:

“Overall, how satisfied are you with Hydro One? Would you say you are...?”

Overall Satisfaction (T2B)



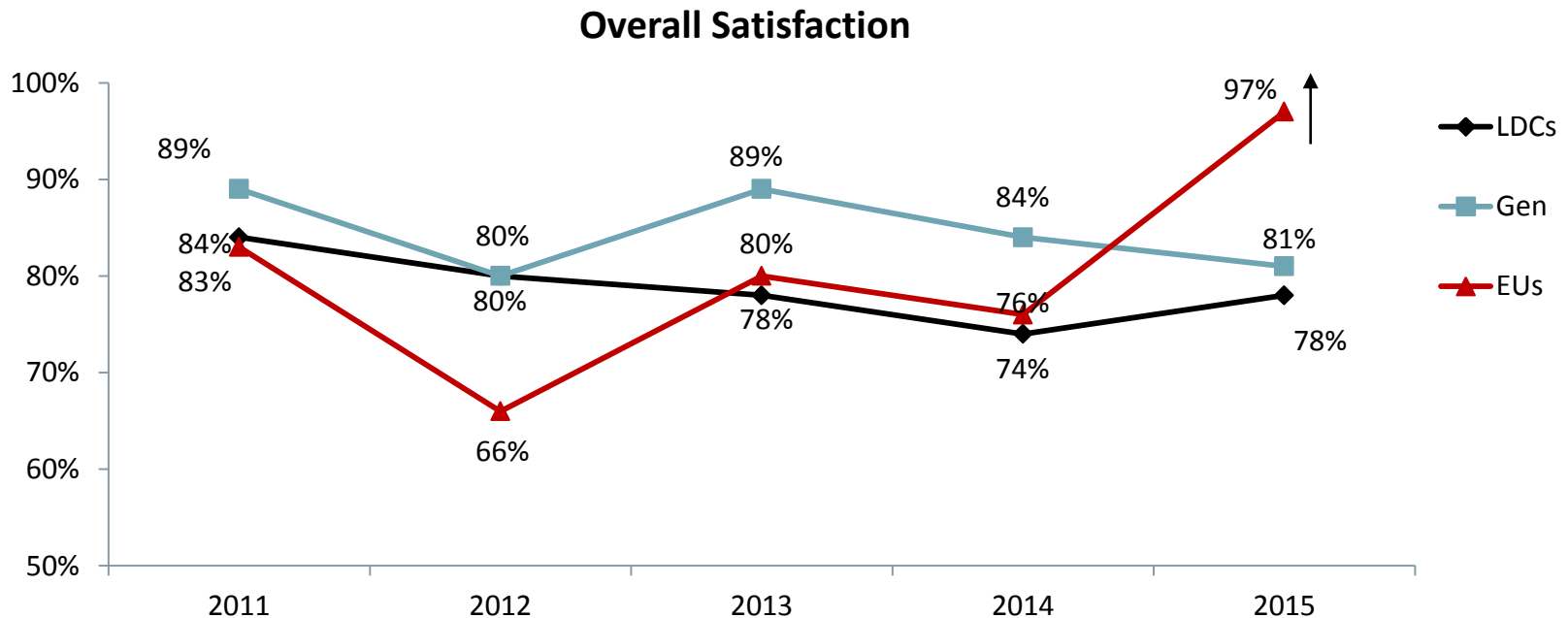
Key Insights

- Overall satisfaction has increased 8 points over the previous wave, and is now at the highest point since 2011.

Overall Satisfaction – Survey Results (By Segment)

The survey question reads:

“Overall, how satisfied are you with Hydro One? Would you say you are...?”



Key Insights

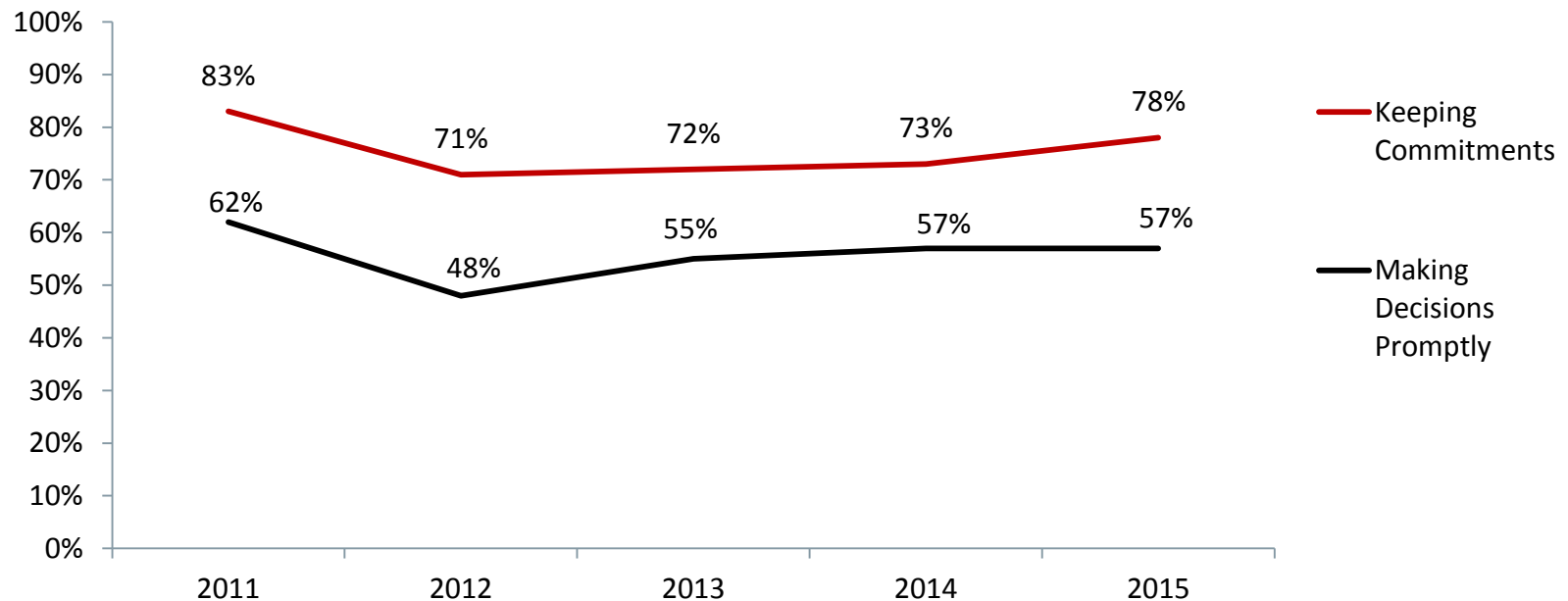
- The increase in overall satisfaction score can be largely attributed to End Users, showing a significant 21 point increase over the past year.
- LDC's have reversed the 5 year downward trend, with satisfaction levels returning to those seen in 2013.

Scorecard Metrics – Survey Results (All Tx)

The survey questions read:

“How would you rate Hydro One on the following specific attributes... Keeping Commitments and Making Decisions Promptly?”

Keeping Commitments & Making Decisions Promptly (T4B)



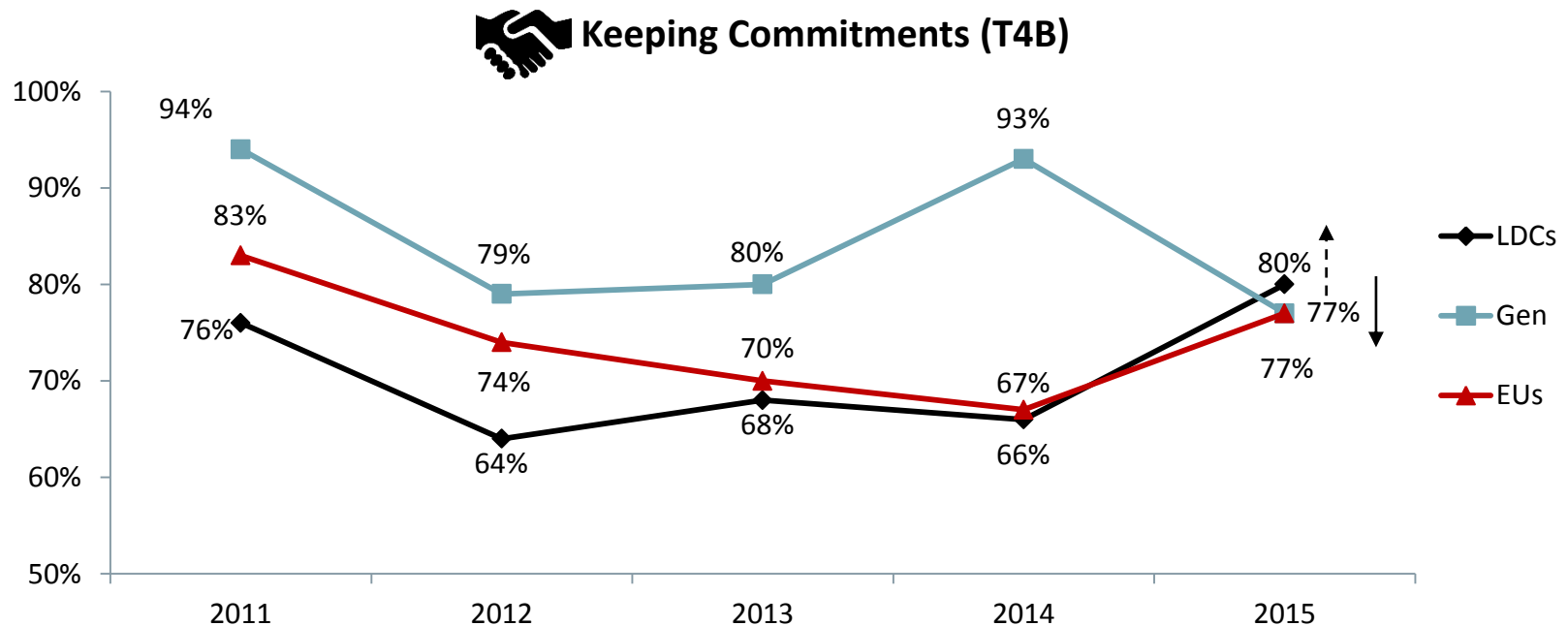
Key Insights

- Hydro One's ability to keep commitments shows a 5 point improvement over the last wave, with the utility's ability to make decisions promptly remains on par.

Keeping Commitments – Survey Results (By Segment)

The survey question reads:

“How would you rate Hydro One on the following specific attributes... Keeping Commitments?”



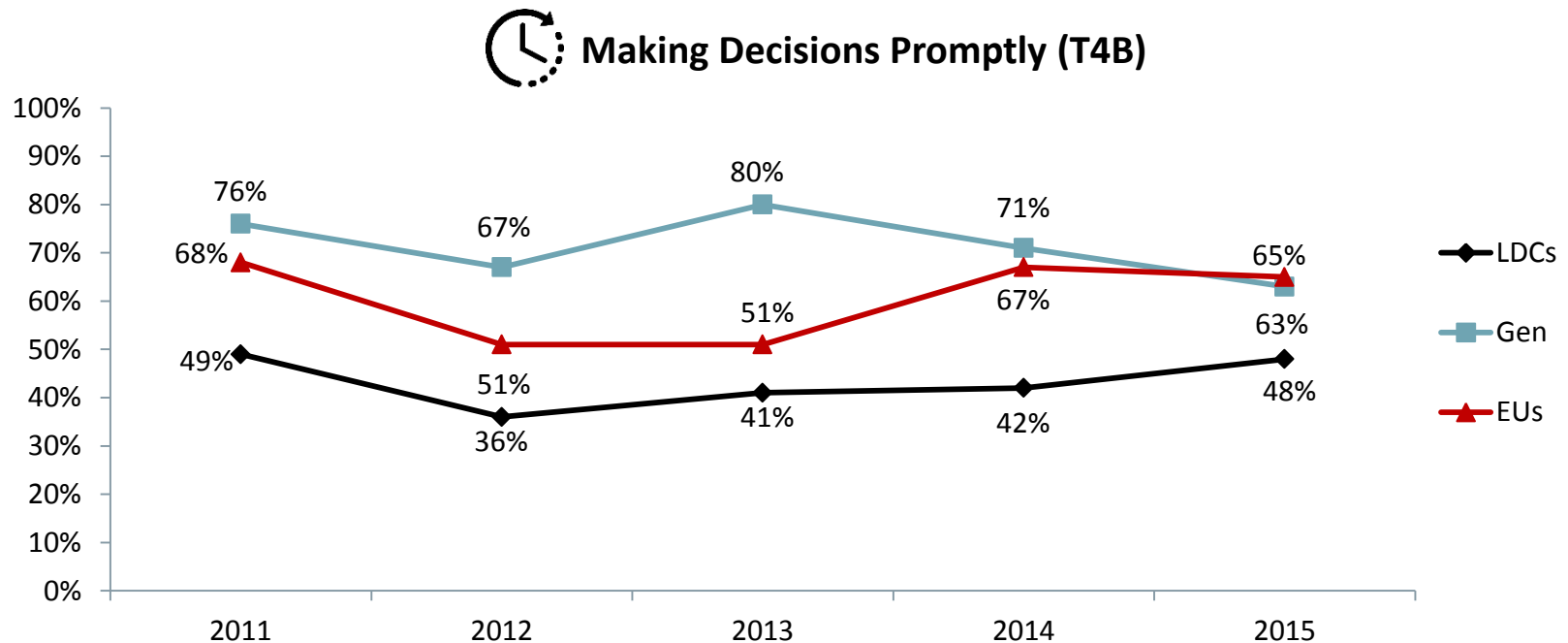
Key Insights

- Generator customers have historically shown the highest level of satisfaction regarding Hydro One's focus on keeping commitments, however 2015 has shown a significant, 16 point decrease in satisfaction among the subgroup.*

Making Decisions Promptly – Survey Results (By Segment)

The survey question reads:

“How would you rate Hydro One on the following specific attributes... Making Decisions Promptly?”

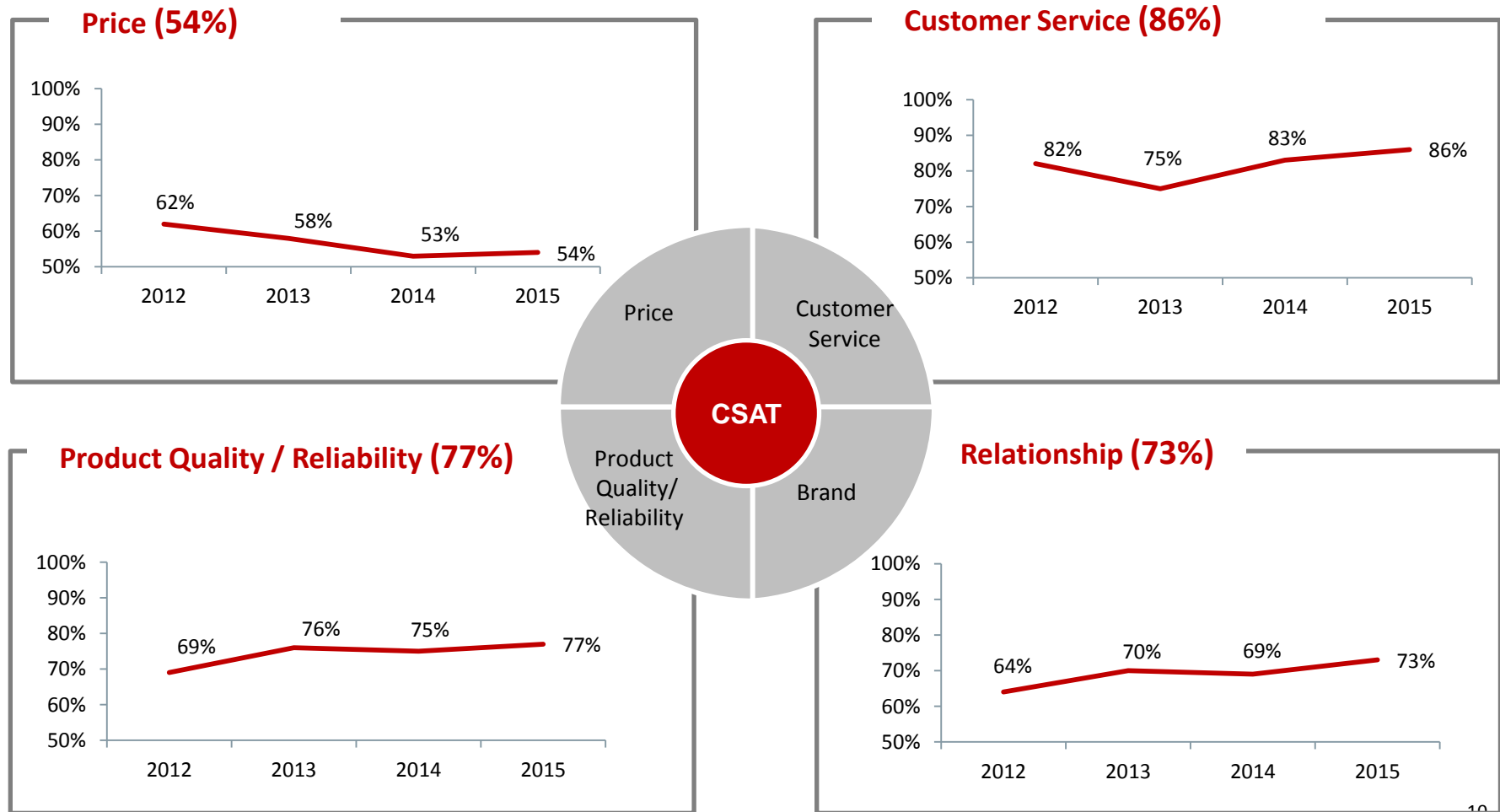


Key Insights

- LDC customers have shown a positive 4 year trend in regards to Hydro One's ability to make decisions promptly.*

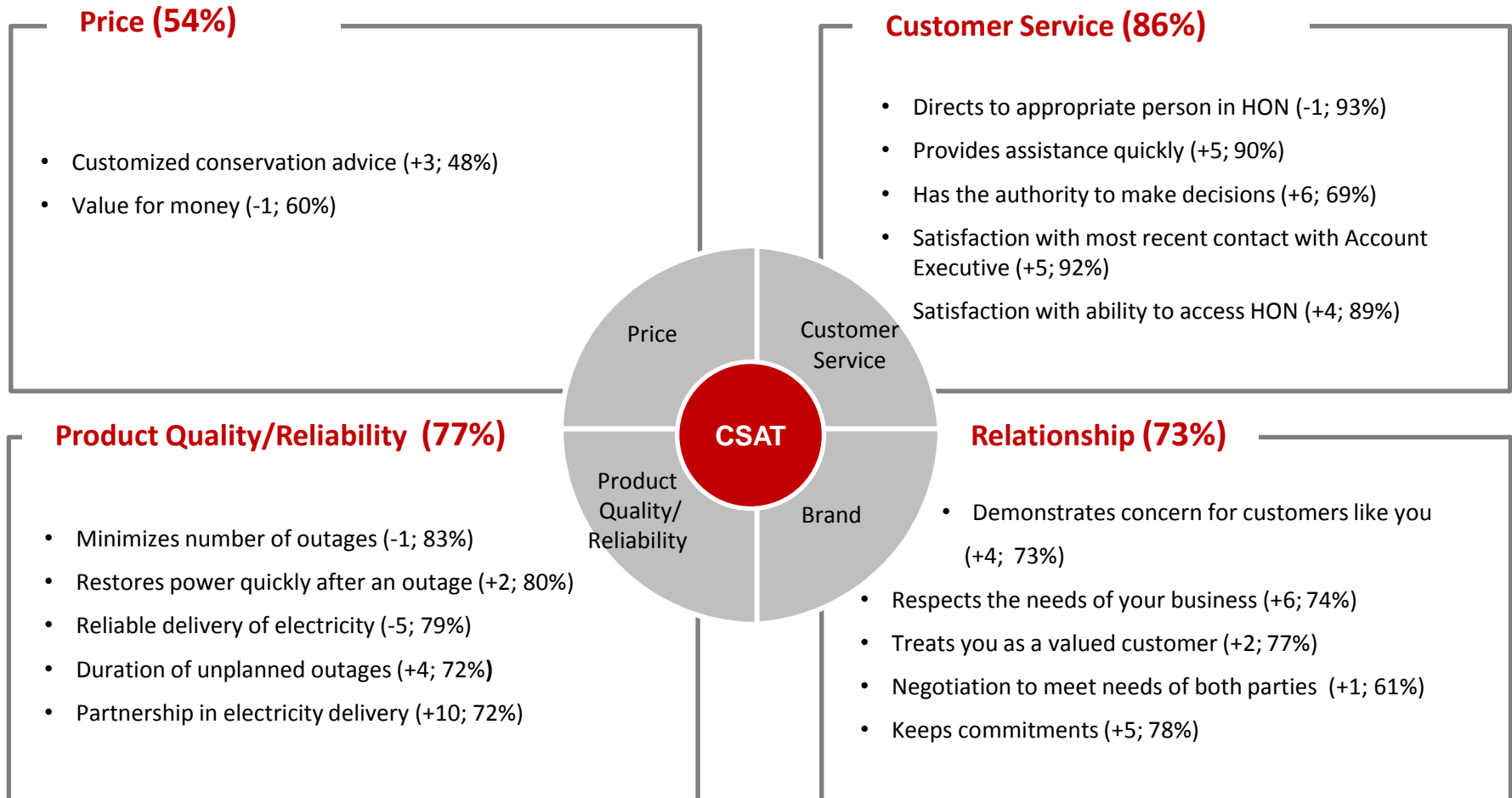
Survey Findings: Drivers of Satisfaction (All Tx)

Northstar analyzed data from 2012 – 2014 using factor analysis to group attributes into the four common themes and key driver analysis to determine the key drivers of satisfaction using the Pearson Correlation technique. Below is a graphical representation of how Hydro One's performance has been trending for the past 4 years.



Survey Findings: Drivers of Satisfaction (All Tx)

Below, each driver of satisfaction has been broken out by the five key metrics most highly correlated with overall satisfaction. These metrics have been compared to past year data, with significant increases and decreases marked by an arrow.



% indicates 2015 satisfaction score.

h | i indicates whether the current score is a statistically significant increase or decrease relative to the previous year results.

Survey Findings (1/2)

Key Findings

Impacted Segment

- **Overall Satisfaction with Hydro One has increased 8 points over the past year (85% vs. 77% in 2014) and is now at the highest point since 2011.**



The largest increases were received from End Users; a 22 point increase in their Account Executive having the authority to make decisions, 12% increase in overall satisfaction and a 19% increase in their recent contact experience with their Account Executive.



In contrast, the largest decreases were seen among the Generator customer segment for duration of unplanned outages (-32%), keeping commitments (a scorecard measure (-16%)) and the ability to understand electricity needs (-16%).



Historically, Generator customers have been the most satisfied with Hydro One, but 2015 results have indicated a negative shift among this customer group. The customer group indicates that planning issues (outage planning, infrastructure upgrades) are key areas to be addressed by HON to increase business.



LDC



End Users



Generators

- **Key Drivers of Satisfaction show a slight uptick over 2014, but remain largely stagnant.**

- The Relationship driver has had the largest increase of all drivers, increasing 4 points over the past year; bringing it 9 points above levels seen in 2012 and is at the highest point since tracking began.



The Price metric shows the smallest increase (+1%) but is largely determined by End Users, who have increasingly been citing price / billing issues as a key area for Hydro One to address to meet their business needs. An improvement in value for money for this customer segment will be beneficial to the Price score and .

- Customer Service is the metric most closely aligned with overall satisfaction, which shows a 3 point increase since 2014. This is most notably due to the Account Executive having the authority to make decisions (+6%).



LDC



End Users



Generators

Survey Findings (2/2)

Key Findings

Impacted Segment

- **The overall Large TX customer score is 79%, a single point above than the 2015 target and the highest it has been since tracking began.**



LDC customers show the largest increase among scorecard metrics, most notably regarding Hydro One's ability to keep commitments rising 14 points. However LDC customers retain the lowest relative score of the three groups.



End User customers provide the highest average score, due in part to a 10 point increase in Hydro One's pledge to keep their commitments.



Generators, who have historically had the highest customer score have slipped 4 points to 81%. While End User and LDC customers have seen an improvement in HON keeping commitments, Generators see the opposite and have consequently decreased their level of satisfaction by 16%.



LDC



End Users



Generators

- **92% of Large TX customers are satisfied with their most recent contact experience with their Account Executive.**



End User customers, who have historically been less satisfied with their AE than the other customer segments have shown a significant 19 point increase in satisfaction this year. While directionally increasing, their AE having 'the authority to make decisions' is the most important metric but receive the lowest level of satisfaction.



LDC customers have typically been the most satisfied with their AE, but have shown a 4 point decrease since 2014. This may be due to a significant decrease in follow-up (-14%), which is the metric most highly correlated with overall satisfaction.



LDC



End Users



Generators

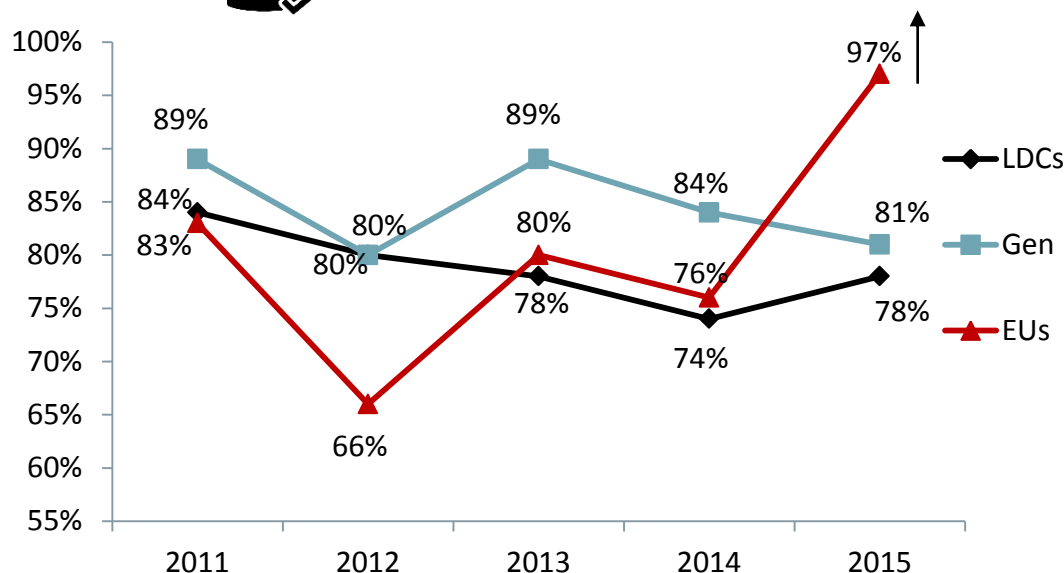
Survey Result Details

Performance Highlights: Overall Satisfaction

There has been a significant increase in overall satisfaction among End User customers, jumping 21 points over the past year and is now at the highest point since tracking began.



Overall Satisfaction (T2B)



Key Insights

- Further, End Users have the lowest dissatisfaction levels among customer groups.
- However, while LDC customers have reversed the downward trend seen since 2010, Generator customers have started on a steeper descent, dropping 8 points since 2013.
- Prior to 2015, Generator customers have been the most highly satisfied customer segment. However their satisfaction has slipped 3 points, but remains statistically on par with 2014 results.
- Please see Technical Appendix for detailed list on customers providing highest and lowers scores, along with non-responder list.

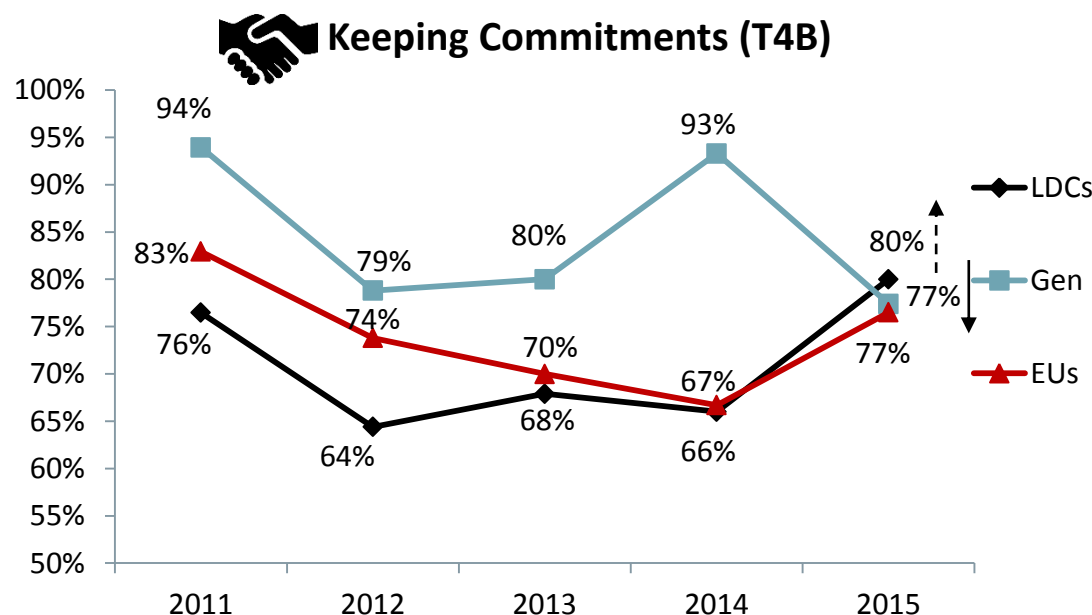


Satisfaction Level	2011 (n=132)	2012 (n=145)	2013 (n=137)	2014 (n=128)	2015 (n=116)
Very Satisfied/ Somewhat Satisfied	EU: 83%	EU: 66%	EU: 80%	EU: 76%	EU: 97%
	LDC: 84%	LDC: 80%	LDC: 78%	LDC: 74%	LDC: 78%
	Gen: 89%	Gen: 80%	Gen: 89%	Gen: 84%	Gen: 81%
Neutral	EU: 14%	EU: 14%	EU: 11%	EU: 9%	EU: -
	LDC: 11%	LDC: 15%	LDC: 7%	LDC: 14%	LDC: 14%
	Gen: 9%	Gen: 15%	Gen: 6%	Gen: 6%	Gen: 6%
Somewhat Dissatisfied/ Very Dissatisfied	EU: 2%	EU: 21%	EU: 9%	EU: 15%	EU: 3%
	LDC: 5%	LDC: 5%	LDC: 16%	LDC: 12%	LDC: 8%
	Gen: 3%	Gen: 5%	Gen: 6%	Gen: 9%	Gen: 13%

Q2. Overall, how satisfied are you with HYDRO ONE? Would you say you are...? [5 Point]

Performance Highlights: Keeping Commitments

78% of Large TX customers are satisfied with Hydro One's ability to keep commitments, leveling off across customer segments. Of note, there has been a dramatic drop (16 point) among Generators.



Key Insights

- End Users have reversed the four year downward trend, and are now at a level of satisfaction seen pre-2012.
- Further, LDC Customers have jumped 14 points, a directional increase with satisfaction levels returning to levels seen in 2010.
- Despite this, LDC customers account for more than half of dissatisfied customers.
- Further, Generator customers have shown a significant, 16 point decrease and is now at the lowest point since tracking began.
- Please see Technical Appendix for detailed list on customers providing highest and lowers scores, along with non-responder list.

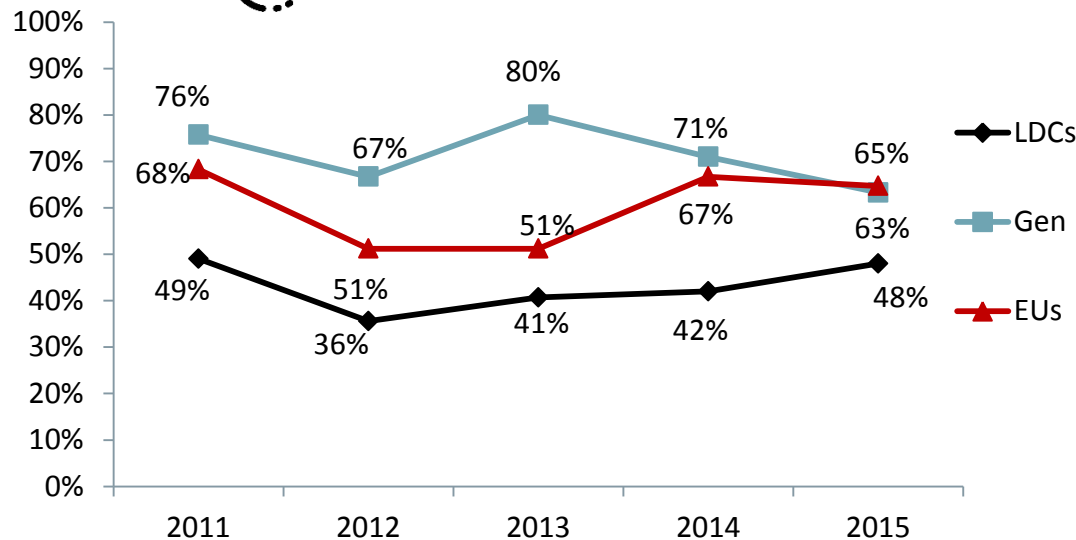
Satisfaction Level	2011 (n=125)	2012 (n=134)	2013 (n=128)	2014 (n=116)	2015 (n=115)
Very Satisfied/ Somewhat Satisfied	EU: 83%	EU: 74%	EU: 70%	EU: 67%	EU: 77%
	LDC: 76%	LDC: 64%	LDC: 68%	LDC: 66%	LDC: 80%
	Gen: 94%	Gen: 79%	Gen: 80%	Gen: 93%	Gen: 77%
Neutral	EU: 12%	EU: 10%	EU: 23%	EU: 22%	EU: 18%
	LDC: 14%	LDC: 27%	LDC: 19%	LDC: 26%	LDC: 6%
	Gen: 6%	Gen: 9%	Gen: 14%	Gen: 3%	Gen: 16%
Somewhat Dissatisfied/ Very Dissatisfied	EU: 5%	EU: 17%	EU: 8%	EU: 11%	EU: 6%
	LDC: 10%	LDC: 9%	LDC: 13%	LDC: 8%	LDC: 14%
	Gen: 0%	Gen: 12%	Gen: 6%	Gen: 3%	Gen: 7%

Performance Highlights: Making Decisions Promptly

Consistent with historical data, Hydro One's ability to make decisions promptly cues lower levels of satisfaction. This is perpetuated in 2015, with less than six in ten (57%) customers being satisfied with decision timeliness.



Making Decisions Promptly (T4B)



Key Insights

- LDC customer satisfaction has been trending upwards since 2012, however they have yet to overcome their historical position as the customer segment being least satisfied with HON.
- However, Generator customers, who are typically the highest rating customer segment have begun to trend downwards, slipping 17 points over the past two years.
- Further, Generator Customers account for over half of those who are very / somewhat dissatisfied, more than six times the level seen in 2014.
- Please see Technical Appendix for detailed list on customers providing highest and lowest scores, along with non-responder list.

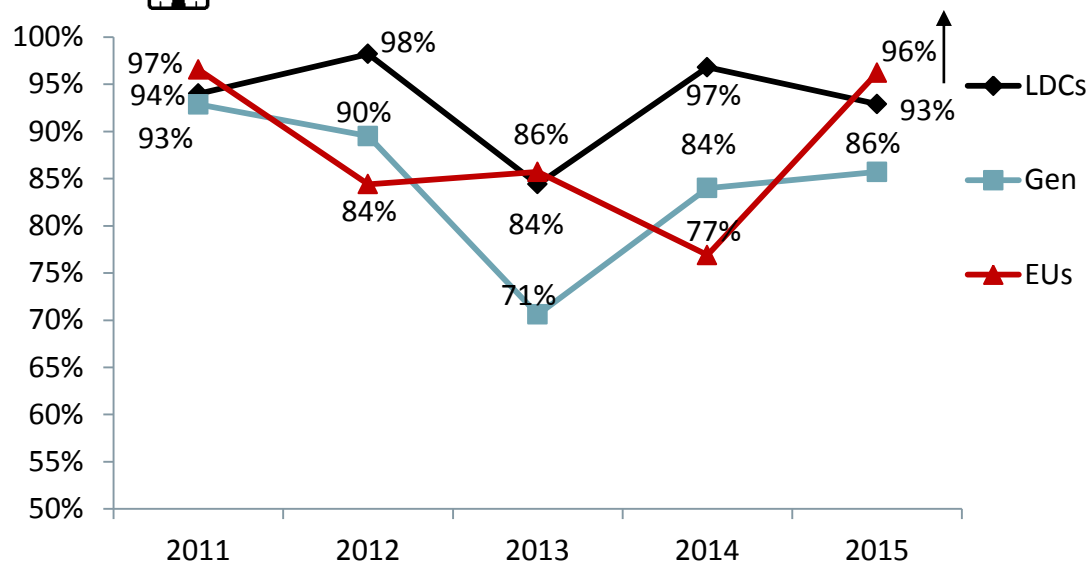
Satisfaction Level	2011 (n=125)	2012 (n=133)	2013 (n=130)	2014 (n=117)	2015 (n=114)
Very Satisfied/ Somewhat Satisfied	EU: 68%	EU: 51%	EU: 51%	EU: 67%	EU: 65%
	LDC: 49%	LDC: 36%	LDC: 41%	LDC: 42%	LDC: 48%
	Gen: 76%	Gen: 67%	Gen: 80%	Gen: 71%	Gen: 63%
Neutral	EU: 24%	EU: 34%	EU: 34%	EU: 19%	EU: 26%
	LDC: 22%	LDC: 29%	LDC: 30%	LDC: 34%	LDC: 34%
	Gen: 15%	Gen: 15%	Gen: 9%	Gen: 26%	Gen: 17%
Somewhat Dissatisfied/ Very Dissatisfied	EU: 7%	EU: 15%	EU: 15%	EU: 14%	EU: 9%
	LDC: 29%	LDC: 36%	LDC: 30%	LDC: 24%	LDC: 18%
	Gen: 9%	Gen: 18%	Gen: 11%	Gen: 3%	Gen: 20%

Performance Highlights: Satisfaction with Account Executive

Across all segments, customers are satisfied with their most recent contact experience with their Account Executive, with 92% of the total population being very / somewhat satisfied.



Satisfaction with Account Executive



Key Insights

- End Users show a significant, 19 point increase in satisfaction with their contact experience with the Account Executive.
- In fact, there are no End Users recalling a negative experience.
- However, LDC's, who have historically displayed higher levels of satisfaction, have shown a 4 point decrease in 2015.
- Consistent with other performance metrics, Generator customers account for the majority of dissatisfied respondents.

Satisfaction Level	2011 (n=107)	2012 (n=107)	2013 (n=84)	2014 (n=82)	2015 (n=96)
Very Satisfied/ Somewhat Satisfied	EU: 97%	EU: 84%	EU: 86%	EU: 77%	EU: 96%
	LDC: 94%	LDC: 98%	LDC: 84%	LDC: 97%	LDC: 93%
	Gen: 93%	Gen: 90%	Gen: 71%	Gen: 84%	Gen: 86%
Neutral	EU: -	EU: 13%	EU: 9%	EU: 8%	EU: 4%
	LDC: 2%	LDC: 2%	LDC: 0%	LDC: 3%	LDC: 2%
	Gen: 7%	Gen: 11%	Gen: 24%	Gen: 12%	Gen: -
Somewhat Dissatisfied/ Very Dissatisfied	EU: 3%	EU: 3%	EU: 3%	EU: 12%	EU: -
	LDC: 4%	LDC: 0%	LDC: 13%	LDC: -	LDC: 5%
	Gen: -	Gen: 0%	Gen: 6%	Gen: 4%	Gen: 14%

Performance Highlights: Experience with Account Executive (End Users)

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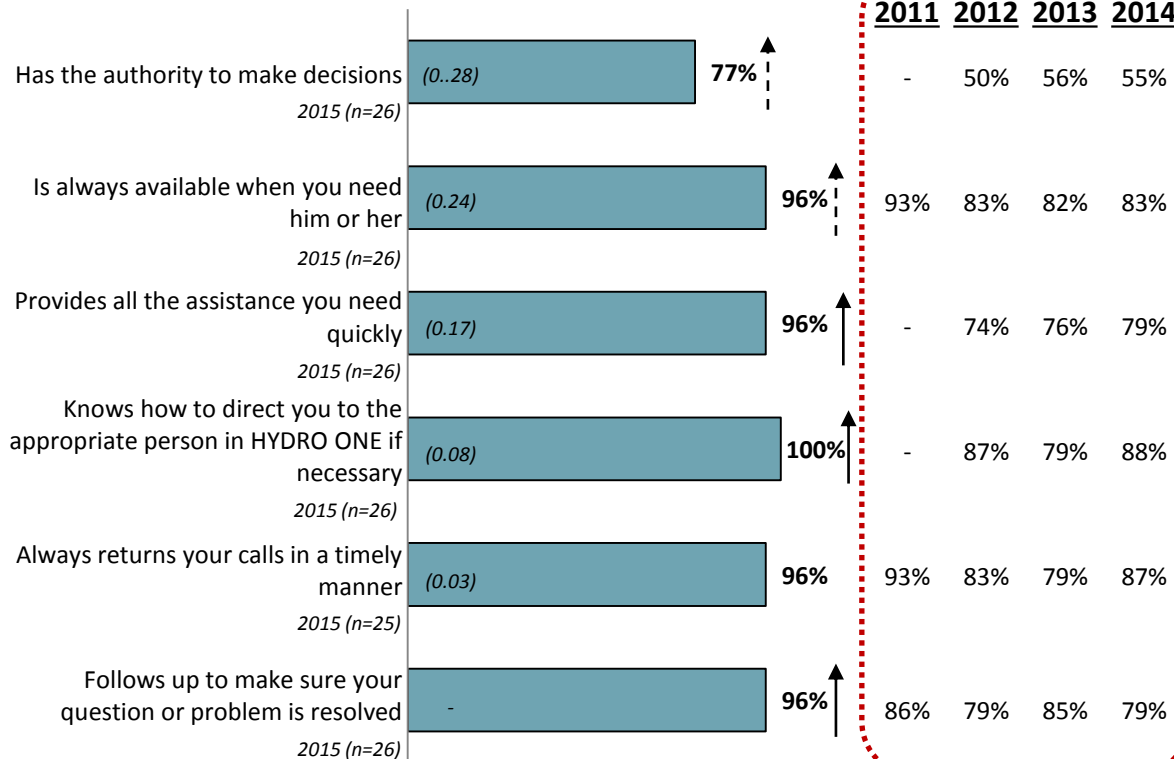
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End Users are most concerned with their Account Executive having the authority to make decisions. While this metric receives the lowest rating (77%), Account Executive performance has increased directionally over the past year.



Account Executive Performance Metric - End User



Key Insights

- In fact, all performance metrics show an increase over 2014 results, with significant increases seen in providing prompt assistance, knowing how to direct your call, and following up to ensure conflict resolution.*
- The increase in Account Executive performance suggests a close link to overall satisfaction.*
- Compared to LDC and Generator customers, End User overall satisfaction and their Account Executive performance are not highly linked.*



Performance Highlights: Experience with Account Executive (LDCs)

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Exhibit I-06-013

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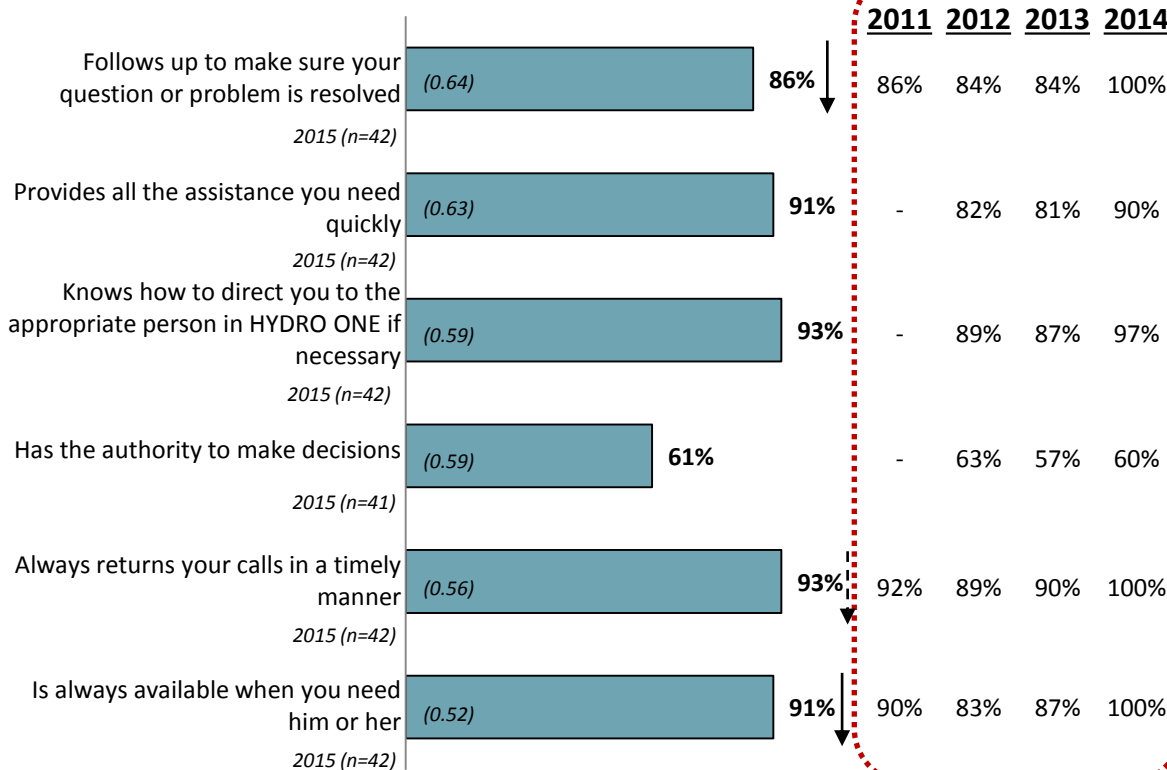
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LDC customers' metric of top importance – following up to ensure incidence resolution – has shown a significant, 14 point decrease over the past year and is now on par with pre-2014 results.



Account Executive Performance Metric - LDC



Key Insights

- Other performance metrics remain statistically on par with 2014 results, however significant and directional decreases can be seen regarding availability and responsiveness.
- Consistent with End users, the Account Executive's ability to utilize their authority to make decisions is the lowest ranked performance metric.



Performance Highlights: Experience with Account Executive (Generators)

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Exhibit I-06-013

Attachment 1

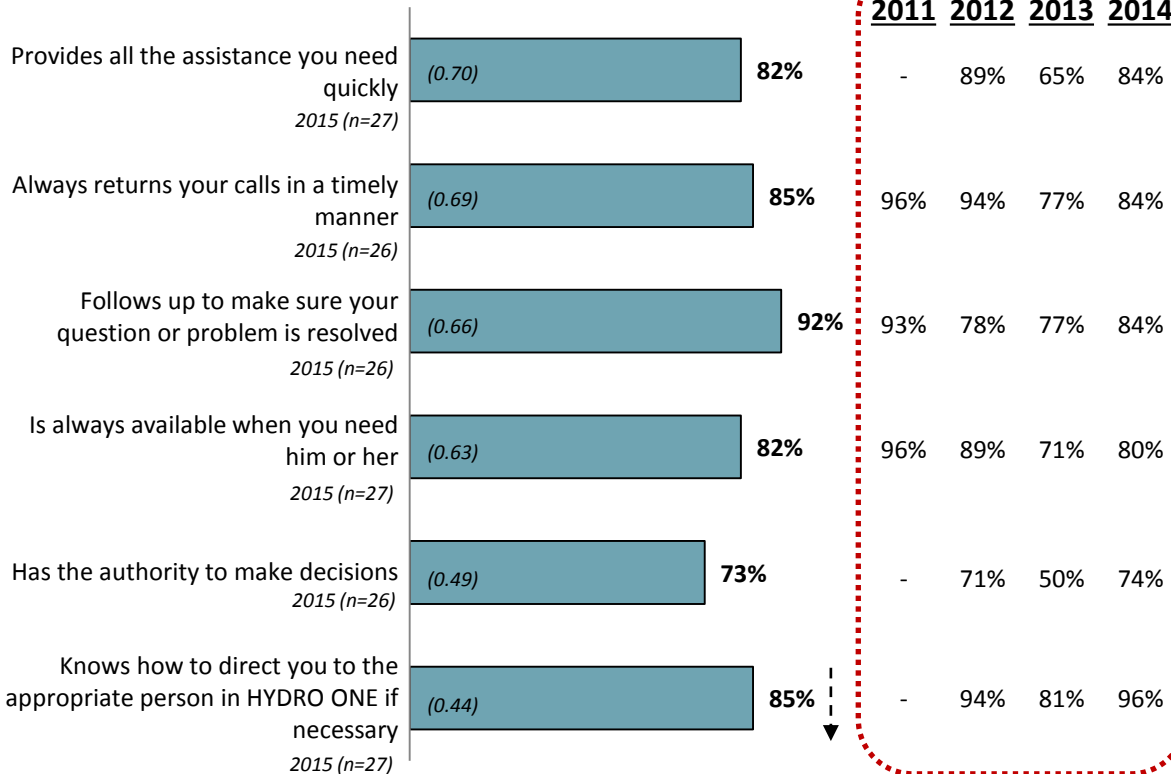
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Generator customers are most concerned with their Account Executive being prompt in providing assistance. This metric has remained stable in its ratings over the past year.



Account Executive Performance Metric - Generator



Key Insights

- There has been a directional decrease in satisfaction of knowing how to direct you to the appropriate person. However, this decrease is of little significance, as the metric is least correlated with overall satisfaction.
- All other metrics remain statistically on par with the previous year.



Performance Highlights: Main Issue to Address to Meet Business Needs

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The main issue for Hydro One to address is the reliability and power quality being delivered, followed by restoration time, outage planning / notifications, and communication.



Main Issue	Total (n=116)	End User (n=34)	LDC (n=50)	Generator (n=32)
NET: Product	19%	32%	18%	6%
Reliability/line maintenance/power quality	19%	32%	18%	6%
NET: Planning	23%	9%	20%	44%
Planning for work	4%	-	4%	9%
Infrastructure/upgrade	4%	3%	4%	6%
Outage planning/outage notifications	15%	6%	10%	31%
NET: Cost/Bills	16%	24%	14%	9%
Costs	10%	21%	6%	3%
Billing	6%	3%	8%	6%
NET: Customer relations	28%	15%	40%	22%
Build relationship	-	6%	6%	9%
Communications / proactive phone call	15%	9%	20%	13%
Responsiveness, follow up	10%	3%	18%	3%
Load transfers	1%	-	2%	-
Other	12%	9%	14%	13%
Don't Know	6%	12%	4%	3%
No issues / Nothing	18%	15%	14%	28%

Key Insights

- End Users are most concerned with the product being delivered and costs / billing. Overall costing is a large concern for End Users – accounting for more than half of mentions.
- Generator customers are seeking improvements focused around planning.
- LDC customers are experiencing issues surrounding customer relations, most notably surrounding communication and responsiveness.
- 18% of respondents did not mention an issue for Hydro One to address – most common among Generator respondents.



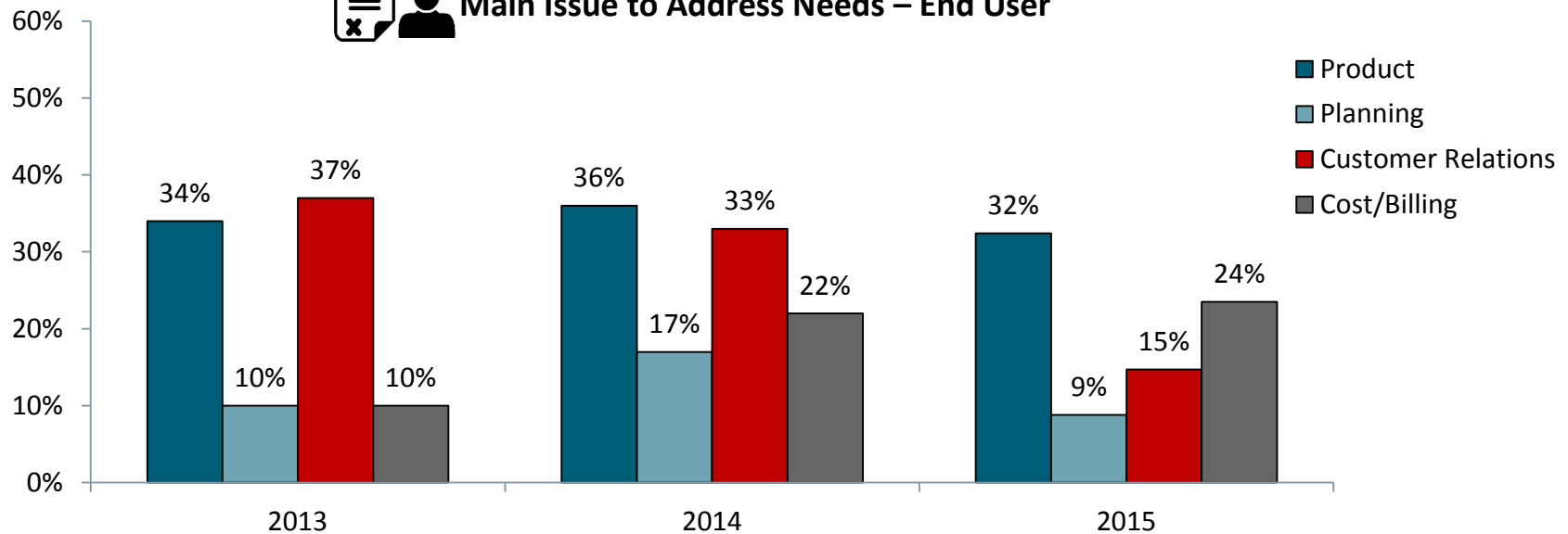
Main Issue to Address Needs – End User

The survey question reads:

“What is the main need or issue that Hydro One could address to support your business needs?”



Main Issue to Address Needs – End User



Key Insights

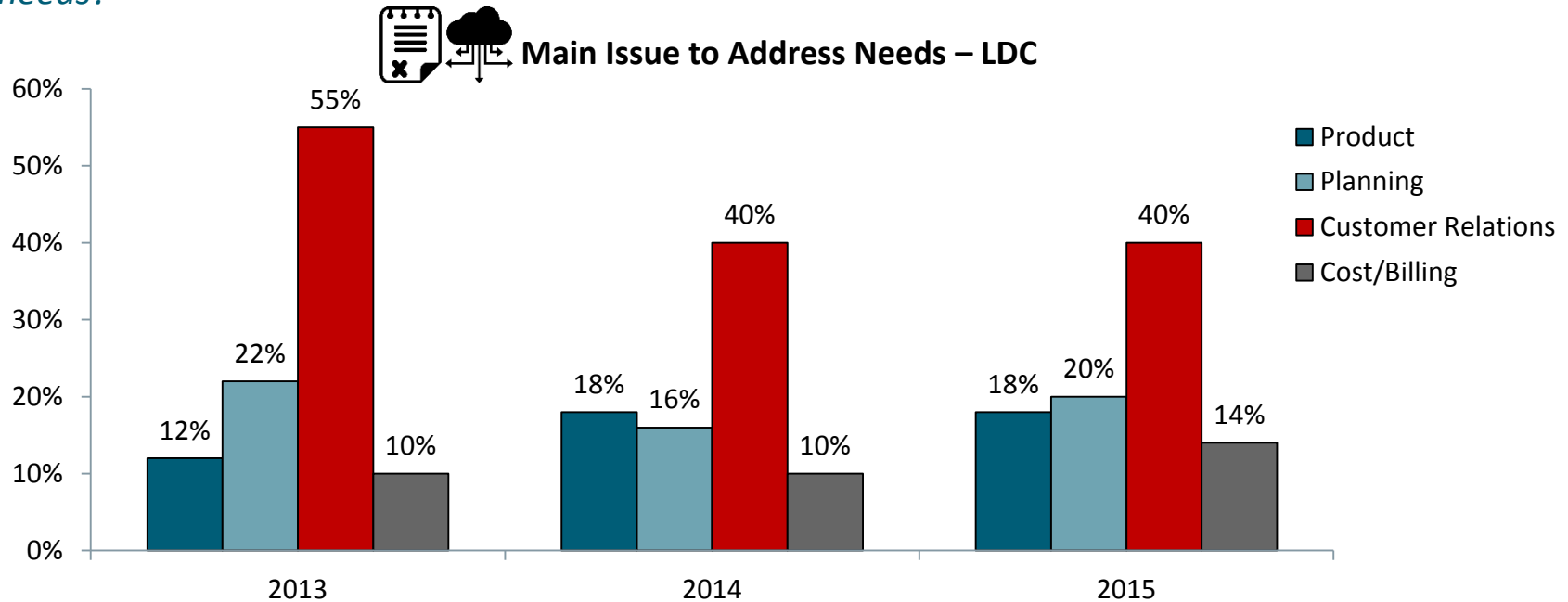
- *Product issues continue to be the most cited issue for Hydro One to address, with nearly one third (32%) of respondents citing this as a main need to address.*
- *While Customer Relations issues have been decreasing, Cost / Billing related issues have correspondingly increased.*



Main Issue to Address Needs – LDC

The survey question reads:

“What is the main need or issue that Hydro One could address to support your business needs?”



Key Insights

- *Historically, there have been issues surrounding Customer Relations and needs among LDC customers. This is a key area to target, as LDC's have shown a 5 point decrease in satisfaction with their Account Executive – their most frequent Hydro One contact point.*
- *Other issues remain stagnant and of less concern.*



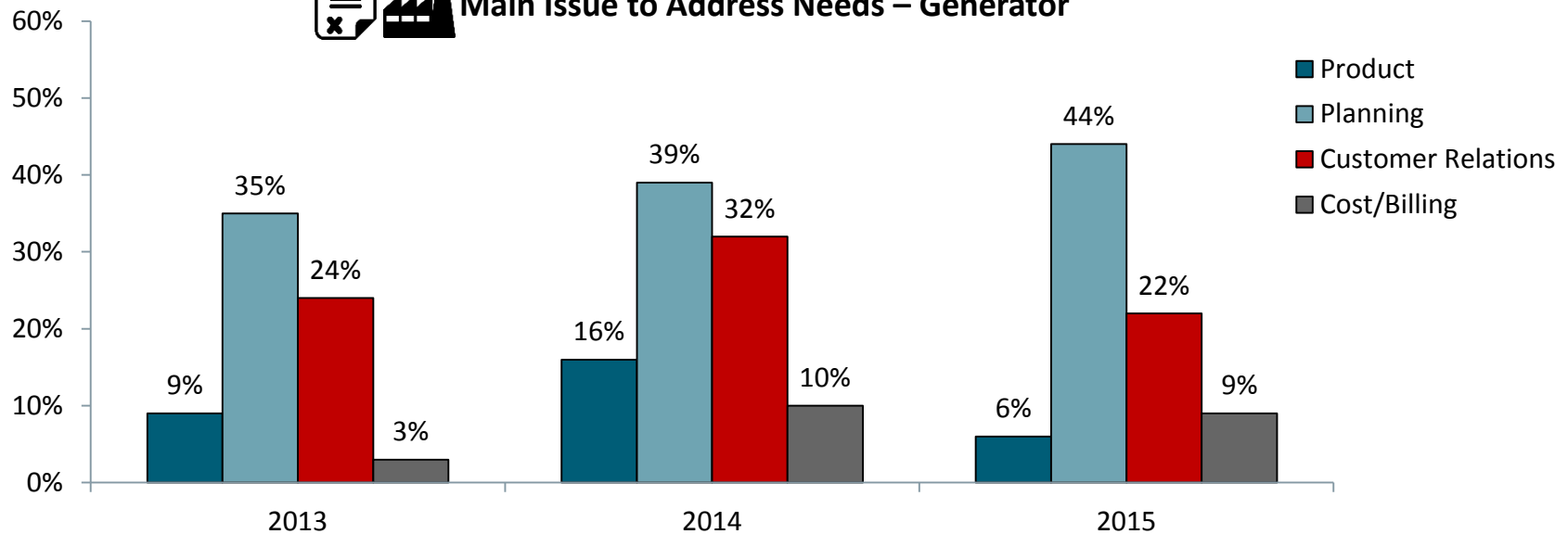
Main Issue to Address Needs – Generator

The survey question reads:

“What is the main need or issue that Hydro One could address to support your business needs?”



Main Issue to Address Needs – Generator



Key Insights

- Planning related issues have been increasing among Generator customers, with 44% citing issues or needs surrounding the topic. This is the highest proportion of Generators experiencing Planning issues since tracking began.*
- Inversely, Customer Relations issues have decreased 10 points.*



Performance Highlights: Overall Satisfaction “3” Score Customers

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Among the 9 customers rating their overall satisfaction score a 3, 7 are LDC customers and 2 are Generators. 5 companies requested their answers to be withheld from HON. Opportunities present itself around key metrics such as making decisions promptly, negotiating needs and providing relevant information – all metrics related to HON relationship.

Company*	Type	Largest Decreases	Lowest Results
Halton Hills Hydro Inc.	LDC		<ul style="list-style-type: none"> Q10M Making Decisions Promptly 30% (10 pt) Q10C Respect Business Needs 40% (10 pt) Q10G Demonstrate Concern 40% (10 pt) Q10I Demonstrates Flexibility 40% (10 pt) Q10K Negotiates Needs 40% (10 pt)
Horizon Utilities Corporation	LDC		<ul style="list-style-type: none"> Q7A System Maintenance 40% (5 pt) Q25H Authority to Make Decisions 20% (10 pt) Q10G Demonstrate Concern 50% (10 pt) Q10K Negotiates Needs 50% (10 pt) Q10L Provides Relevant Information 50% (10 pt) Q10M Making Decisions Promptly 50% (10 pt)
Suncor Adelaide Wind Limited	Gen		<ul style="list-style-type: none"> Q10I Making Decisions Promptly 30% (10 pt) Q10H Understands Electricity Needs 40% (10 pt) Q10M Making Decisions Promptly 40% (10 pt)
Canadian Niagara Power Inc.	LDC	<ul style="list-style-type: none"> Q18 Ability to Access HON, 40%, i2 (5 pt) Q10L Provides Relevant Information, 30%, i4 (10pt) Q10A Keeping Commitments, 40%, i4 (10pt) 	<ul style="list-style-type: none"> Q10I Demonstrates Flexibility 20% (10 pt) Q10M Making Decisions Promptly 20% (10 pt) Q10C Respect Business Needs 30% (10 pt) Q10G Demonstrate Concern 30% (10 pt) Q10K Negotiates Needs 30% (10 pt) Q10L Provides Relevant Information 30% (10 pt) Q25B Prompt Return of Phone Calls 30% (10 pt) Q25E Follow-up to Ensure Resolution 30% (10 pt)

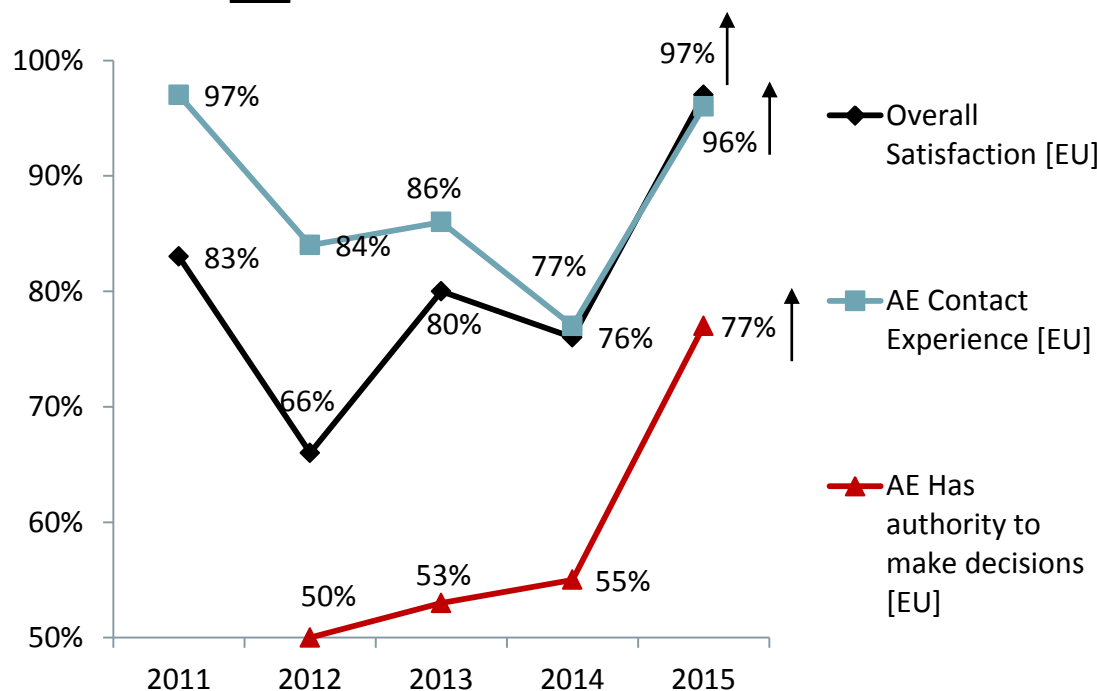
*Please note that above list includes companies willing to share responses with Hydro One.

Key Movers: Largest Improvements (Increases)

The End User customer segment accounts for the largest improvements seen across the survey, including overall satisfaction rising 20 points since 2014 resulting in the highest level seen since tracking began.



Largest Result Increases



Key Insights

- Two of the largest increases seen are surrounding Account Executive performance – overall contact experience and having authority to make decisions.



Q2 Overall, how satisfied are you with Hydro One? Would you say you are...? [5 point]

Q25H Using a 1 to 10 scale, where a 1 means you **disagree completely** and a 10 means you **agree completely**, please rate your experience with your Account Executive on each of the following statements. Your Account Executive... Has the authority to make decisions [10 point]

Q24 How satisfied are you with your most recent contact experience with your Account Executive? [5 point]

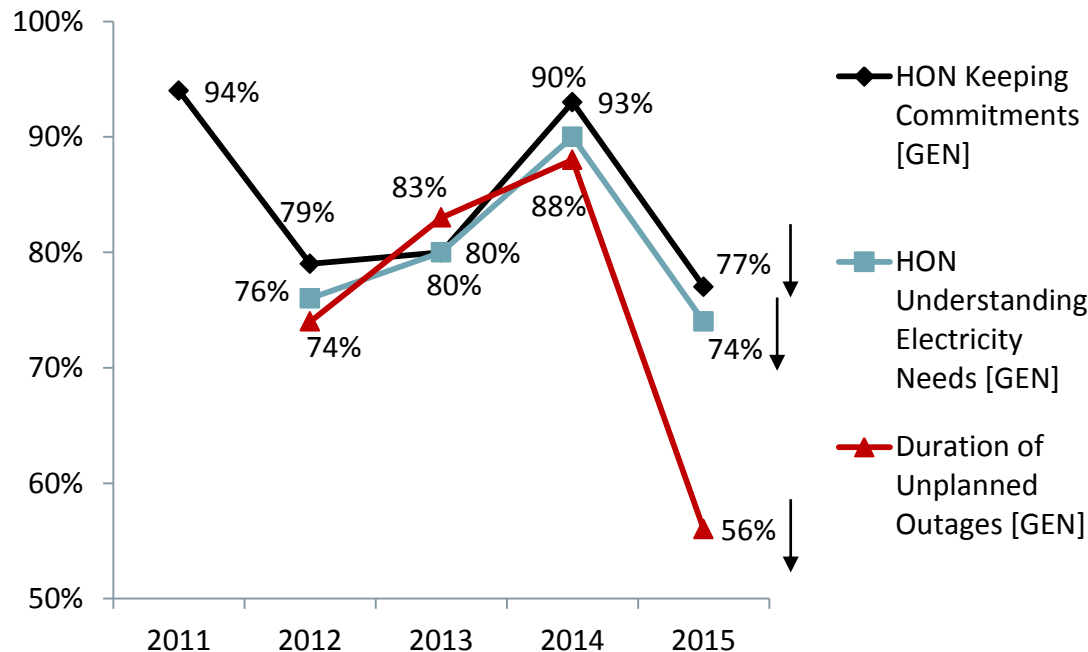
*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

Key Movers: Largest Declines (Decreases)

Generator customers account for the three largest decreases seen throughout this survey, including a 16 point decrease in satisfaction regarding HON keeping commitments – a key scorecard metric.



Largest Result Decreases



Key Insights

- The latter decreases surround HON's electrical knowledge, including their understanding of the company's needs and minimizing outages.
- The overall satisfaction level of Generator customers has decreased 3 points this wave, reaffirming the need to increase attention to Generator customers.



Q10A How would you rate HYDRO ONE on the following specific attributes? Keeping Commitments [10 point]

Q10H How would you rate HYDRO ONE on the following specific attributes? Understands Electricity Needs [10 point]

Q14A How would you rate HYDRO ONE on the following dimensions during unplanned outages? Minimizing duration of unplanned outages [10 point]

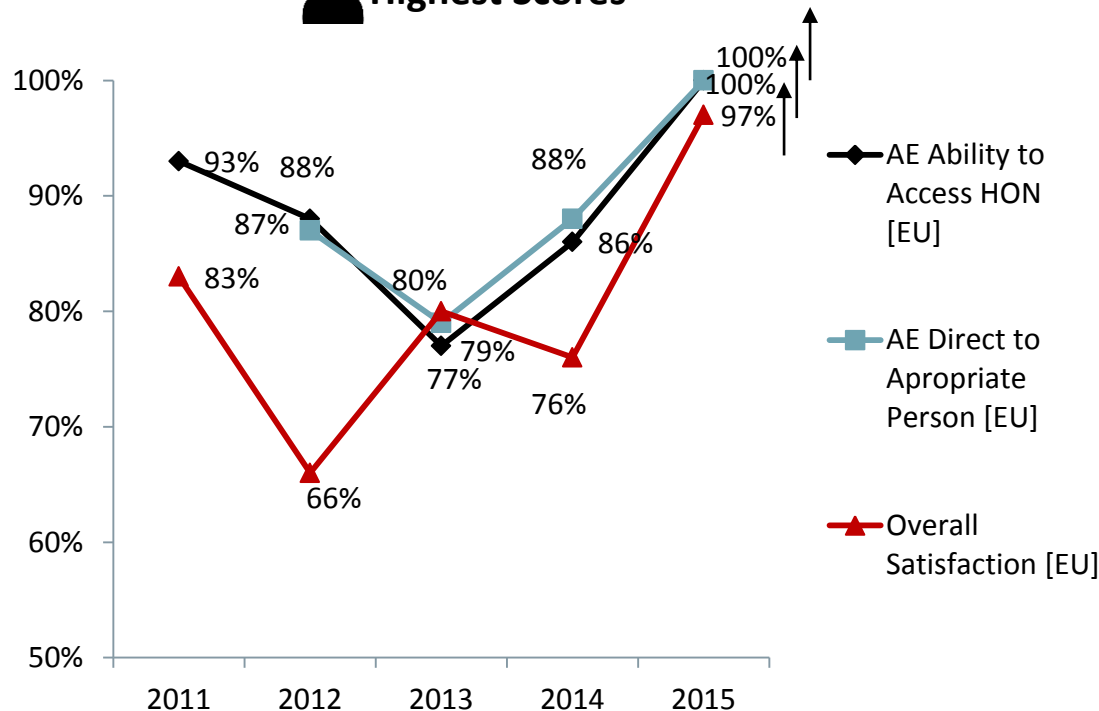
*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

Performance Highlights: Strengths (Highest Scores)

End Users expressed satisfaction with their Account Executive and Hydro One overall throughout the survey, and contribute the three highest scores seen across the survey – including two perfect scores regarding communications with their Account Executive.



Highest Scores



Key Insights

- Account Executive performance has largely attributed to the significant, 21 point increase in overall satisfaction seen among End User customers.
- In fact, the top scores are the highest seen since tracking began.
- Account Executive metrics have been trending positively since 2013.
- The highest scores are related to the Customer Service key driver.



Q18 Thinking now about your ability to access Hydro One to discuss your questions or problems either over the phone or through a representative, are you very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, or very dissatisfied? [5 point]

Q25G Using a 1 to 10 scale, where a 1 means you **disagree completely** and a 10 means you **agree completely**, please rate your experience with your Account Executive on each of the following statements. Your Account Executive... Direct to Appropriate Person [10 point]

Q2 Overall, how satisfied are you with Hydro One? Would you say you are...? [5 point]

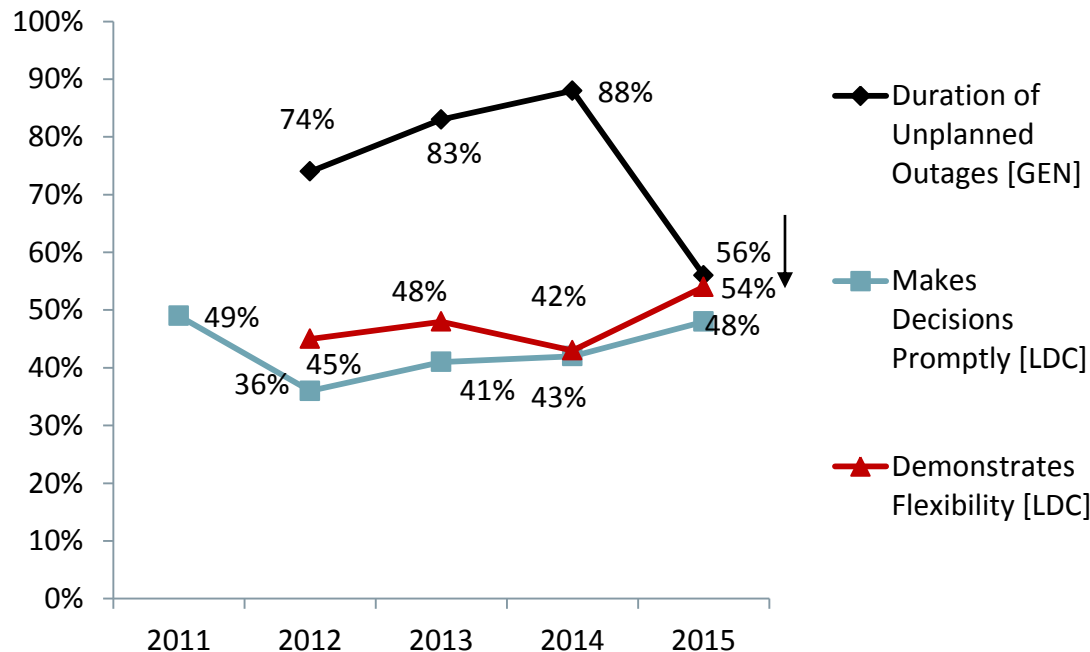
*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

Performance Highlights: Weaknesses (Lowest Scores)

LDC and Generator customers collectively contribute to the lowest scores seen across the survey. LDC metrics are surrounding their relationship with the brand, while Generators are least satisfied with the duration of unplanned outages – a product quality related metric.



Lowest Scores



Key Insights

- Despite being the lowest scores seen across the survey, LDC customers show a slight increase in HON making decisions promptly and demonstrating flexibility.
- Generator customer's satisfaction regarding the duration of unplanned outages has decreased significantly and is now at the lowest point since tracking began.



Q10 How would you rate Hydro One on the following specific attributes? Please use a 1 to 10 scale, where a 1 means you disagree completely, and a 10 means you agree completely.
Makes decisions promptly [10 point]

Q10 How would you rate Hydro One on the following specific attributes? Please use a 1 to 10 scale, where a 1 means you disagree completely, and a 10 means you agree completely.
Demonstrates Flexibility [10 point]

Q14 How would you rate Hydro One on the following dimensions during unplanned outages? Duration of unplanned outages [10 point]

*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

Additional Analysis: Scorecard Analysis

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TX Scorecard Analysis



Overall TX Scorecard (Target: 78%)	2011	2012	2013	2014	2015
Tx: Keeping commitments (NET 7-10)	83%	71%	72%	73%	78%
Tx: Making decisions promptly (NET 7-10)	62%	48%	55%	57%	57%
OGCC staff understand your needs (NET 7-10)	n/a**	86%	n/a**	89%	90%
OGCC procedures on planned outages (NET 4-5)	n/a**	78%	n/a**	86%	92%
Overall Tx Average Score	n/a**	71%	n/a**	76%	79%



End User Scorecard	2011	2012	2013	2014	2015
Tx: Keeping commitments (NET 7-10)	83%	74%	70%	67%	77%
Tx: Making decisions promptly (NET 7-10)	68%	51%	51%	67%	65%
OGCC staff understand your needs (NET 7-10)	n/a**	91%	n/a**	90%	92%
OGCC procedures on planned outages (NET 4-5)	n/a**	79%	n/a**	93%	100%
End User Average Score	n/a**	74%	n/a**	79%	83%



Generator Scorecard	2011	2012	2013	2014	2015
Tx: Keeping commitments (NET 7-10)	94%	79%	80%	93%	77%
Tx: Making decisions promptly (NET 7-10)	76%	67%	80%	71%	63%
OGCC staff understand your needs (NET 7-10)	n/a**	81%	n/a**	92%	91%
OGCC procedures on planned outages (NET 4-5)	n/a**	75%	n/a**	85%	95%
Generator Average Score	n/a**	75%	n/a**	85%	81%



LDC Scorecard	2011	2012	2013	2014	2015
Tx: Keeping commitments (NET 7-10)	76%	64%	68%	66%	80%
Tx: Making decisions promptly (NET 7-10)	49%	36%	41%	42%	48%
OGCC staff understand your needs (NET 7-10)	n/a**	85%	n/a**	85%	86%
OGCC procedures on planned outages (NET 4-5)	n/a**	81%	n/a**	79%	78%
LDC Average Score	n/a**	66%	n/a**	68%	73%

Key Insights

- The overall Large TX customer score is 79%, a point above than the 2015 target and the highest it has been since tracking began.
- LDC customers have the lowest scorecard rating among all customer groups, further enforcing their lower satisfaction level and identifying an area of opportunity. However this score has increased 5 points over the past year.
- The subpar LDC score is reflective of the consistent dissatisfaction expressed surrounding Hydro One's ability to 'make decisions promptly' – which is 9 points below the TX average.
- The three customer segments show similar levels of satisfaction regarding Hydro One's ability to keep commitments.



Additional Analysis: Trend Analysis Among Derived Importance of Scorecard Metrics

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Exhibit 1-06-013

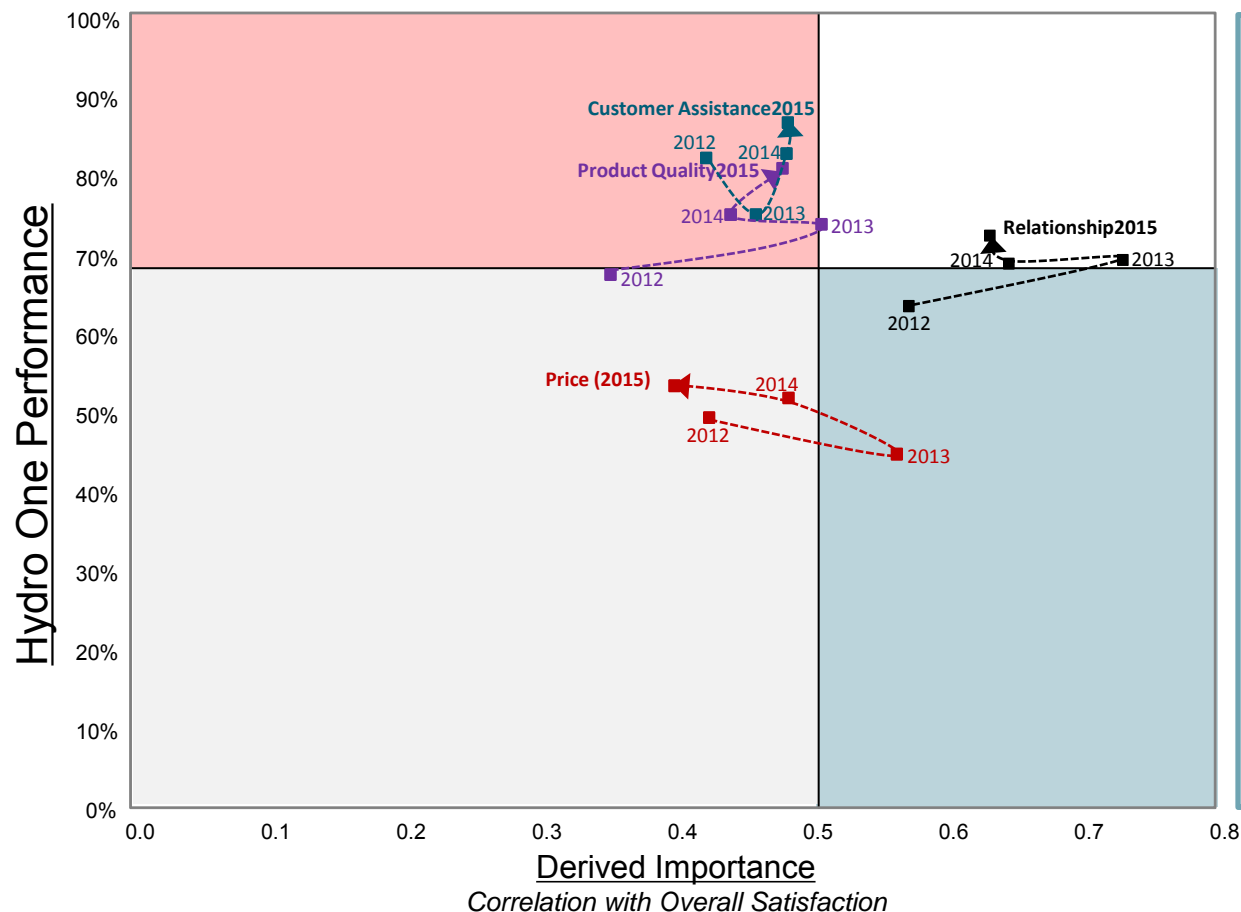
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By plotting performance and derived scores for scorecard factors, we can map strategic areas and help prioritize next steps. Further, trends within each scorecard driver have been identified based on year over year comparison, allowing us to lay the framework moving forward and prioritize next steps.

P4Y Performance & Importance of Scorecard Metrics



Key Insights

- *Relatively speaking, derived importance and performance of scorecard metrics remains stagnant to last years results.*
- *Product Quality and Customer Assistance metrics are moving in a positive direction.*
- *Relationship and Price have become (albeit slight) less important to the Hydro One consumer.*
- *As is consistent across other Hydro One CSAT studies, price related metrics have been identified as a key area of improvement.*





Results by Driver: Pricing (All Segments)

Key Changes and Results of Note

- *TX customers remain statistically on par with last year, with their level of price satisfaction increasing by a single point.*
- *While LDC customers show a 2 point decrease in perceived 'value for money' from Hydro One, End Users have increased 3 points.*
- *Derived importance analysis shows that price metrics have been decreasing in importance over the past two years.*



Risks & Opportunities

- *End Users, while increasingly concerned with costing (price / rates), are inversely less concerned – or rather disinterested in Hydro One providing value and conservation advice to their organization. There is a possible disconnect between a single organization providing electrical conservation and distribution.*



Verbatim Summary

“Our biggest concern is the cost of it, even though they have done some work over the years it's still a big cost for us.”

Hydro One is forcing us to spend over \$100,000 to replace equipment that is working perfectly.

“The connection agreement process (Transmission Grid) needs to be more transparent and **costing estimates** as provided more realistic and reasonable so as not to kill much needed hydro electric projects during the planning phase.”

“Competitive pricing.

Projects with Hydro One seem to be in the high end with times and cost.”



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Results by Driver: Customer Service (All Segments)

Key Changes and Results of Note

- *LDC customers are less satisfied with the customer service they are receiving from HON, with a significant decline in follow-up satisfaction.*
- *On the other hand, End Users show a significant increase in key customer service metrics, including a 22 point increase in HON displaying authority to make decisions.*
- *Customer Service has increased 3 points over the past year – it may be beneficial to target Generator and LDC customers in order to further increase the score.*



Risks & Opportunities

- *While End Users are increasingly satisfied with Hydro One customer relations, the AE metrics are becoming less correlated to overall satisfaction – possibly becoming a table stake, making it imperative to maintain and more difficult to improve upon.*



Verbatim Summary

“Better **responsiveness**. Get back to us in a timely fashion rather than making us chase you for answers. There seems to be a lack of accountability in ensuring we get information from the correct decision makers or subject-matter-experts.”

“It's around **scheduled downtime** where we need communication. They provide us a notice of when they are going be down and they usually give us advance notice, but sometimes the dates end up changing and we plan for that date.”

“We had several face to face meetings with Senior Executives that were cancelled or rescheduled.”

“**Communicating timelines** for planned outages that impact our customers.”

“Be more customer friendly, focused, and **supportive**. In many situations current Hydro One policies/process make it extremely difficult to perform these actions.”

“I'd like to re-enforce the **open communication** and cooperative attitude.”

“We would like to have an open discussion on Hydro One's processes and procedures.”



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Results by Driver: Product Quality (All Segments)

Key Changes and Results of Note

- While LDC and End User customers have seen positive movement regarding product quality metrics, Generator customers have become less satisfied.
- In fact, Generator customers have shown a significant 32 point decrease in satisfaction regarding the duration of unplanned outages, with just over half (56%) being satisfied with HON's performance.
- Product quality remains a key performance metric among respondents, with derived importance increasing over the past year.



Risks & Opportunities

- The increasing level of importance placed on power quality by Generator customers, coupled with their dissatisfaction on outage handling has created an area of opportunity – providing a streamlined outage communication path informing customers on key outage metrics will help to increase the transparency and help keep the customer informed.

Verbatim Summary

“Obtaining information related to Hydro One planned outages in the area (not directly impacting our customers) could be improved. We receive numerous calls from our customers when a planned outage notice is posted and we often need to follow up to ensure that we will not be impacted by the outage.”

“Reliability of supply to our nuclear stations. This means **not only equipment** health but also Human Performance issues that results in events that jeopardize the power supply to the stations.”

Being Transparent with Outage Information (1-6)

2015
(n=15)

Outage Causes	67%
Outage Restoration Time	20%
Preventative Measures	20%
Accountability	20%

“Reliability of Supply - Richview TS has had issues. Loss of supply has greatly improved however the size of outage may have been reduced dramatically - it appears the **frequency of outages has increased.**”

“H1 needs to get back into **providing technical field service** related to transmission and transformer service. With their long historical history and expertise it is an area that could be a win-win for customer and provider.”





Results by Driver: Relationship (All Segments)

Key Changes and Results of Note

- *Consistent with other key drivers, LDC and End Users continue to be satisfied with Hydro One's performance.*
- *On the other hand, Generator customers have seen a downturn in their relationship with Hydro One, most specifically regarding HON keeping commitments and understanding their electricity needs. Both metrics show significant decreases since 2014.*
- *However, LDC and End Users experience 14 and 10 point increases in satisfaction surrounding HON keeping commitments.*



Risks & Opportunities

- *Satisfaction among Generator customers has been deteriorating over the past year – but with a coupled effort to understand customer electricity needs and modification of unplanned outage handling, an improved customer experience may result.*



Verbatim Summary

"Just generally when they commit to a time line on an issue, they keep that time line."

"More interaction with the local crew. The area supervisors. For example I don't know who the Timmins supervisor is right now."

Keeping Commitments (1-6)	2015 (n=91)
Timelines / Scheduling	32%
Outage Planning / Notifications	29%
Responsiveness / Follow-up	18%
Communication	15%
Reliability / Line Maintenance	14%

Making Decisions Promptly (1-6)	2015 (n=108)
Admin / Operational Decisions	26%
Responsiveness / Follow-up	18%
Outage Planning / Notifications	13%
Reliability / Line Maintenance	10%
Infrastructure Upgrades	10%

"HONI's increasingly **bureaucratic approach** to their business model, particularly with large customers. further, HONI's "our way only" approach is a substantial irritant."

"I have a very good relationship with my account rep. He is my number one contact. He has been very good to deal with. **Very sincere.**"



Northstar Conclusions

- While overall customer satisfaction with Hydro One among LTX customers has improved since last year, it appears to have been largely due to increased account manager interactions with the End User group.
- However it is important to note that while Account Executive performance has increased among End Users, the metrics are loosely correlated to overall satisfaction and are not necessarily a solid improvement.
- Most of the key drivers of customer satisfaction in the four groupings of product, customer service, price and brand remain stable or within the margin of error.
- Generators are a significantly dissatisfied group compared to previous waves. The major negative shift is largely attributable to exposure to increased outages and their duration, Hydro One's inability to keep commitments and poor communication.
- While LDCs have historically and currently been the most negative of the three groups, they have given higher positive ratings this year for Hydro One's ability "to keep commitments".
- On the key scorecard metrics, Generators are notable for their declining satisfaction with Hydro One "keeping commitments". "Making decisions promptly" remains a lower rated attribute among all groups but especially with End Users. This comes at the same time as account managers are receiving high ratings for their style.
- For Hydro One to address the key business needs of this group of customers, resolution of the outage (duration), power quality and communication criticism is the top priority.

TX APPENDIX

Filed: 2016-08-31
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Appendix A

Key Metric Summary Results

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Type	Metric	2014	2015	Difference
Performance Highlights	Q10A Keeping Commitments*	EU: 67% LDC: 66% Gen: 93%	EU: 77% LDC: 80% Gen: 77%	EU: +10% LDC: +14% Gen: -16%
	Q10M Making Decisions Promptly*	EU: 67% LDC: 42% Gen: 71%	EU: 65% LDC: 48% Gen: 63%	EU: -2% LDC: +6% Gen: -8%
	Q25H Authority to Make Decisions	EU: 55%	EU: 77%	EU: +22%
Largest Increases	Q2 Overall Satisfaction	EU: 76%	EU: 97%	EU: +21%
	Q24 AE Contact Experience	EU: 77%	EU: 96%	EU: +19%
	Q14A Duration of Unplanned Outages	Gen: 88%	Gen: 56%	Gen: -32%
Largest Decreases	Q10A Keeping Commitments*	Gen: 93%	Gen: 77%	Gen: -16%
	Q10H Understands Electricity Needs	Gen: 90%	Gen: 74%	Gen: -16%
	Q18 Ability to Access HON	EU: 86%	EU: 100%	EU: +14%
Highest Scores	Q25G Direct to Appropriate Person	EU: 88%	EU: 100%	EU: +12%
	Q2 Overall Satisfaction	EU: 76%	EU: 97%	EU: +21%
	Q14A Duration of Unplanned Outages	Gen: 88%	Gen: 56%	Gen: -32%
Lowest Scores	Q10M Making Decisions Promptly*	LDC: 42%	LDC: 48%	LDC: +6%
	Q10I Demonstrates Flexibility	LDC: 43%	LDC: 54%	LDC: +11%

Significant increases highlighted in green, significant decreases highlighted in red

*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

* Indicates "foundational" question/metric

Appendix B

All Metric Summary (1/5)

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Overall:

Metric	LDC			End-User			Generator		
	2014	2015	Diff	2014	2015	Diff	2014	2015	Diff
Overall Satisfaction	74%	78%	+4%	76%	97%	+21%	84%	81%	-3%

Price:

Metric	LDC			End-User			Generator		
	2014	2015	Diff	2014	2015	Diff	2014	2015	Diff
Q9 Value for Money	62%	60%	-2%	58%	61%	+3%	-	-	-
Q10E Customized Conservation Advice	-	-	-	45%	48%	+3%	-	-	-

Significant increases highlighted in green, significant decreases highlighted in red

*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

Appendix B

All Metric Summary (2/5)

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Customer Service:

Metric	LDC			End-User			Generator		
	2014	2015	Diff	2014	2015	Diff	2014	2015	Diff
Q25D Prompt Assistance	90%	91%	+1%	79%	96%	+17%	84%	82%	-2%
Q18 Ability to Access HON	88%	86%	-2%	86%	100%	+14%	81%	84%	+3%
Q25H Authority to Make Decisions	60%	61%	+1%	55%	77%	+22%	74%	73%	-1%
Q25G Direct to Appropriate Person	97%	93%	-4%	88%	100%	+12%	96%	85%	-11%
Q24 AE Contact Experience	97%	93%	-4%	77%	96%	+19%	84%	86%	+2%
Q25A Availability of AE	100%	91%	-9%	83%	96%	+13%	80%	82%	+2%
Q25E Follow-up to Ensure Resolution	100%	86%	-14%	79%	96%	+17%	84%	92%	+8%
Q25B Prompt Return of Phone Calls	100%	93%	-7%	87%	96%	+9%	84%	85%	+1%

Significant increases highlighted in green, significant decreases highlighted in red

*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

Appendix B

All Metric Summary (3/5)

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Relationship:

Metric	LDC			End-User			Generator		
	2014	2015	Diff	2014	2015	Diff	2014	2015	Diff
Q10G Demonstrate Concern	62%	68%	+6%	67%	82%	+15%	84%	72%	-12%
Q10C Respect Business Needs	62%	76%	+14%	69%	74%	+5%	77%	71%	-6%
Q10B Treat as Valued Customer	74%	72%	-2%	69%	85%	+16%	84%	75%	-9%
Q10K Negotiates Needs	51%	60%	+9%	59%	63%	+4%	76%	61%	-15%
Q10A Keeping Commitments*	66%	80%	+14%	67%	77%	+10%	93%	77%	-16%
Q10N Being Fair	68%	66%	-2%	69%	77%	+8%	74%	72%	-2%
Q10M Making Decisions Promptly*	42%	48%	+6%	67%	65%	-2%	71%	63%	-8%
Q10I Demonstrates Flexibility	43%	54%	+11%	67%	71%	+4%	72%	63%	-9%
Q10L Provides Relevant Information	72%	76%	+4%	75%	71%	-4%	90%	75%	-15%
Q10H Understands Electricity Needs	70%	80%	+10%	69%	77%	+8%	90%	74%	-16%
Q27 Satisfaction with Communication	84%	82%	-2%	83%	91%	+8%	87%	81%	-5%

Significant increases highlighted in green, significant decreases highlighted in red

*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

Appendix B

All Metric Summary (4/5)

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Product Quality:

Metric	LDC			End-User			Generator		
	2014	2015	Diff	2014	2015	Diff	2014	2015	Diff
Q11B Reliable Transmission Connection	82%	76%	-6%	86%	84%	-2%	100%	97%	-3%
Q14A Duration of Unplanned Outages	59%	70%	+11%	69%	86%	+17%	88%	56%	-32%
Q11D Minimizes Power Outages	74%	76%	+2%	83%	84%	+1%	100%	94%	-6%
Q14D Restores Power Quickly	68%	70%	+2%	85%	91%	+6%	89%	88%	-1%
Q14C Is Transparent	71%	81%	10%	74%	82%	+8%	82%	69%	-13%

Significant increases highlighted in green, significant decreases highlighted in red

*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

Appendix B

All Metric Summary (5/5)

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Other:

Metric (% Yes)	LDC			End-User			Generator		
	2014	2015	Diff	2014	2015	Diff	2014	2015	Diff
Q12 Incidence of PY Unplanned Power Outage	76%	74%	-2%	75%	69%	-6%	58%	53%	-5%
Q19 Incidence of PY Contact by HON Account Exec.	98%	84%	-14%	72%	81%	+9%	81%	90%	+9%
Q34 Considers HON a Trusted Advisor	72%	69%	-3%	78%	81%	+3%	84%	80%	-4%
Q36b Requested Technical Supporting Materials PY	-	20%	-	-	39%	-	-	23%	-

Metric (% Yes / Already use)	LDC			End-User			Generator		
	2014	2015	Diff	2014	2015	Diff	2014	2015	Diff
Q35a Interested in Power Quality Services	-	63%	-	-	71%	-	-	37%	-
Q35b Interested in Energy Management Consulting	-	20%	-	-	71%	-	-	20%	-
Q35c Interest in Training Services	-	57%	-	-	61%	-	-	43%	-

Significant increases highlighted in green, significant decreases highlighted in red

*Note: Percentages represent scores of 4 and 5 on 5-point scale questions and 7 to 10 scores on 10-point scale questions

School Energy Coalition (SEC) INTERROGATORY #014

Reference:

B1/2.2, p.4

Interrogatory:

Please provide all meeting notes from the past 2 years from meeting of the Customer Advisory Board. What information from those meetings did Hydro One use in developing this application and its capital plan?

Response:

The intent of the Customer Advisory Board is to: (a) update the members representing various transmission and distribution customer segments on various initiatives, such as government policies, OEB proceedings, and Hydro One activities; and (b) receive their feedback and suggestions regarding impacts on their customer segments. The Customer Advisory Board has not been used as a venue to present proposed capital plans due to the diversity of its members which represent both transmission and distribution customer segments. It is a useful venue to review the types of initiatives and activities referred to in the meeting notes and solicit feedback on the same.

Please note that in the attached meeting notes, the following information has been redacted: 1) information related to Hydro One's distribution activities; 2) customer names and names of their staff representatives; and 3) the names of people or organizations to whom specific comments were attributed.

Customer Advisory Board Meeting - April 3, 2014

Filed: 2016-08-31
EB-2016-0160
Exhibit I-6-14
Attachment 1
Page 1 of 3

Minutes of Meeting

April 3, 2014

ATTENDEES

<i>Name</i>	<i>Representing</i>	<i>Name</i>	<i>Representing</i>
Bill Harper	VECC - Vulnerable Energy Consumers Coalition	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	Julie Girvan	CCC - Consumers Council of Canada
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jake Brooks	APPRO - Association of Power Producers of Ontario	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	Paul Clipsham (regrets)	CME - Canadian Manufacturers & Exporters
[REDACTED]	[REDACTED]	Ted Cowan (regrets)	OFA - Ontario Federation of Agriculture
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	Wayne Clark	AMPCO - Association of Major Power Consumers in Ontario
<i>Name</i>	<i>Hydro One Position</i>	<i>Name</i>	<i>Hydro One Position</i>
Oded Hubert	Acting VP – Customer Service	Daffyd Roderick	Director, Corporate Affairs
Giuliana Rossini	Director, Strategy & Conservation	David Adams	Director, Customer Care
Graham Henderson (regrets)	Director, Account Management	Laura Cooke (regrets)	VP, Corporate Relations
Susan Frank (regrets)	VP and Chief Regulatory Officer	Ian Malpass	Director, Regulatory Affairs
Cynthia Tetaka (regrets)	Manager, Corporate Communications		

AGENDA

#	Time	Topic	Responsible Person
1	9:00	Continental Breakfast	
2	9:30	Review minutes of previous meeting	Stephen Coleman – Manager, Large Distribution Accounts
3	9:45	Executive Speaker	Oded Hubert – Acting VP, Customer Service
4	10:30	Customer Service Recovery	Oded Hubert – Acting VP, Customer Service
5	11:00	Regulatory Update	Ian Malpass – Director, Regulatory Affairs
6	12:00	Lunch	
7	1:00	Customer Communications	Daffyd Roderick – Director, Corporate Affairs
8	1:45	Electricity Discovery Centre	Cynthia Tetaka – Manager, Corporate Communications
9	2:00	Other Business Open Forum	
10	2:30	Adjourn Meeting	

Meeting Notes

- Review minutes of previous meeting
 - Stephen reviewed the minutes from previous CAB meeting on September 26, 2013. Several clarification points were received on the minutes as drafted and the context of what was captured in some cases was confusing or misleading.

Minor editorial requests were captured and minutes were accepted by those in attendance.

2. Executive Speaker – Oded Hubert (Presentation slides)

- Oded provided an organizational update, covering the appointment of Sandra Pupatello to the Hydro One Board, and some changes to the Executive Team, including his own role as acting VP, Customer Service.
- CAB Members requested org charts for Hydro One from CEO to Director Level be provided. Stephen Coleman tasked to provide this information.

- Oded asked CAB members for their input in his new role– “what should Hydro One be focused on, with respect to both CAB members’ own constituents and all customers. CAB member comments included
 - i. Policy Stakeholdering – needs to continue, in many cases needs to increase
 - ii. Communication – automation of information, return to service estimates, maps of outages, Tx needs improvements in all areas
 - iii. Clarification of contact points to deal with Tx power quality issues (Action: Stephen Coleman to follow up).
 - iv. Tx needs to go deeper in process for technical trouble shooting when customer is experiencing problems, direct link to P.Q. working group issues, better resources to help in diagnosing process to happen faster.
 - v. Power Quality Standards – continue progress, are all customer groups accounted for in the P.Q. working group?
 - vi. Account Manager – accessibility is declining, short on authority, applies to both Tx and Dx customers
 - vii. Need for “Gradualism” with respect to transitions by Hydro One.
- With respect to Policy Consultations with the CAB, members noted that when the CAB was formed, Hydro One had regularly tabled internal policy documents for CAB member input.
 - i. This has been highlighted as one of the areas that has significantly declined in the past, although starting to come back
 - ii. Needs to be done well prior to hard implementation by Hydro One
 - iii. Include operational policies.

4. Regulatory Update – Ian Malpass (handout chart)

- Ian referred to the provided handout and highlighted the following items, providing a status update and inviting discussion

- ii. Remote Communities
 - OEB has approved 1.5% increase
- iii. Norfolk
 - Process is drawing to a close
 - Estimated to have been 18 months from start to finish by the time this is concluded (decision expected June/July)
 - CAB members expressed interest in Hydro One’s plans after the initial rate freeze.
- iv. Saugeen Ojibway Nation (Bruce/Milton) Partnership
 - Transmission rate filing will follow
- v. NRWC/Hydro One
 - Still working to define cost responsibility
- vi. 5B. Essex County – Leamington TS
 - CAB members enquired about the cost breakdown between the line and the station.
- vii. Renewed Regulatory Framework
- viii. Section 92 interrogatories
- ix. One member suggested that there is an opportunity for improved coordination of Hydro One’s positions in regulatory proceedings, based on an interrogatory submitted by Hydro One in one generator’s specific section 92 proceeding that seemed inconsistent to him with prior positions stated by the Company. Tx Rate Filing

- Hydro One is targeting for May 2014 filing.
- x. Energy East Project
 - Discussed treatment of this project in Tx rate filings
 - OEB has been instructed by the Ministry to begin public consultations
 - Hydro One plans to group the section 92 applications associated with this project

5. Customer Communications / Electricity Discover Centre – Daffyd Roderick

- Daffyd provided an overview of what is going on with Ombudsman report
- A update was provided regarding Hydro One's Electricity Discovery Centre (EDC) and its use as a forum for meeting and communicating with our customers and addressing specific customer questions (as an alternative to other media such mailouts).
- Daffyd summarized some recent findings regarding Corporate Reputation and the initiatives that Hydro One is taking on this front.

Next meeting – scheduled for June 19th in Toronto
CDM review identified as a main topic for next meeting.

Customer Advisory Board Meeting - December 10, 2014

Filed: 2016-08-31
EB-2016-0160
Exhibit I-6-14
Attachment 2
Page 1 of 3

Minutes of Meeting

December 10, 2014

Attendees:

<i>Name</i>	<i>Representing</i>
Laura Cooke (regrets)	Hydro One - VP, Corporate Relations
Rob Quail	Hydro One - VP, Customer Service
Susan Frank	Hydro One - VP and Chief Regulatory Officer
Giuliana Rossini	Hydro One - Director, Strategy & Conservation
Daffyd Roderick	Hydro One - Director, Corporate Affairs
Ian Malpass	Hydro One - Director, Regulatory Affairs
Graham Henderson (regrets)	Hydro One - Director, Account Management
Spencer Gill (regrets)	Hydro One - Government Affairs
Stephen Coleman	Hydro One - Key Accounts Manager
Bill Harper (regrets)	VECC - Vulnerable Energy Consumers Coalition
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Jake Brooks	APPrO - Association of Power Producers of Ontario
Julie Girvan	CCC - Consumers Council of Canada
[REDACTED]	[REDACTED]
Wayne Clark	AMPCO - Association of Major Power Consumers in Ontario
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Paul Clipsham	CME - Canadian Manufacturers & Exporters
Ted Cowan	OFA - Ontario Federation of Agriculture
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

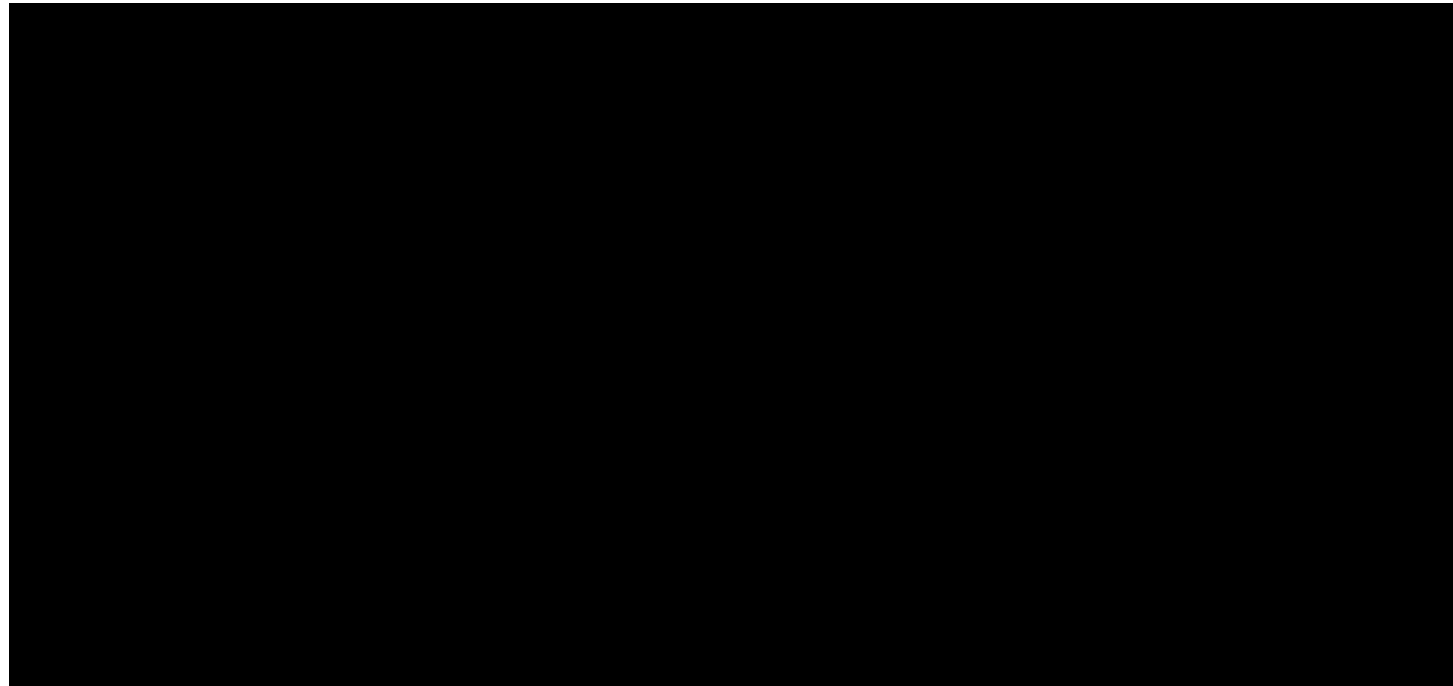
Agenda Items:

#	Time	Topic	Responsible Person
1	9:00	Continental Breakfast	
2	9:30	Review minutes of previous meeting	Stephen Coleman – Manager, Large Distribution Accounts
3	9:45	Executive Speaker	Rob Quail - VP, Customer Service
4	10:30	Customer Communications	Daffyd Roderick – Director, Corporate Affairs
5	11:00	Regulatory Update	Susan Frank – VP, Regulatory Affairs Ian Malpass – Director, Regulatory Affairs
6	12:00	Lunch	
7	1:00	Revenue Decoupling	Susan Frank – VP, Regulatory Affairs

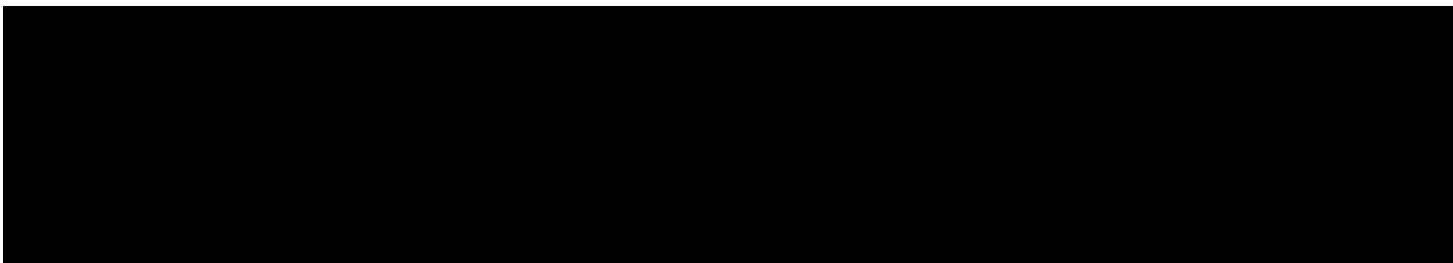
			Ian Malpass – Director, Regulatory Affairs
8	1:45	Policy Development	TBD
9	2:00	CDM	Giuliana Rossini – Director, Strategy & Conservation
10	2:30	Adjourn Meeting	

Meeting Notes

1. Review minutes of previous meeting
 - Meeting minutes of previous CAB meeting on April 3, 2014. No changes were required, minutes were accepted.
2. Executive Speaker – Rob Quail (presentation slides)

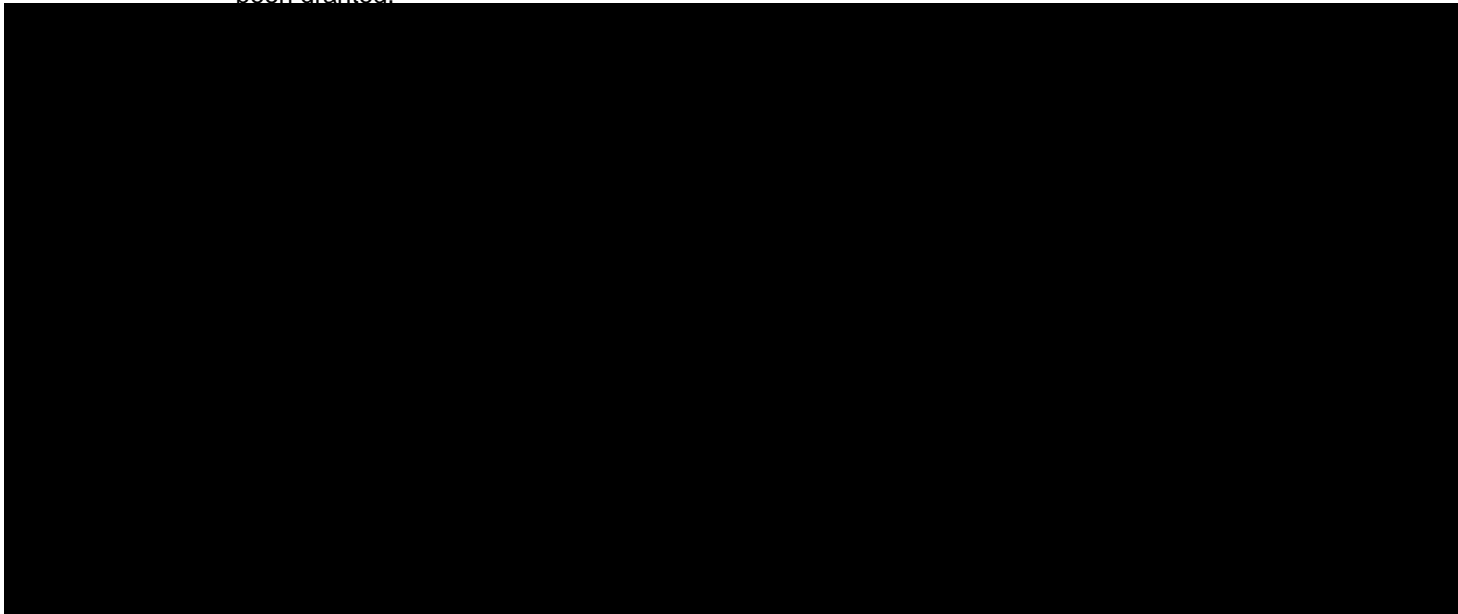


3. Regulatory Update – Ian Malpass (handout chart)
 - Ian provided a handout to each attendee
 - Tx rates: 0.4% in 2015, 1.4% in 2016 was approved by the OEB on Dec. 2nd
 - Ian/Susan provided background as to what was contained in HONI filing and what efforts HONI is doing to control rate increases
 - OM&A reductions - maintaining 2013 levels
 - Searching to find opportunities in shared services
 - Bringing in capital in-service additions on budget (being better at it), an asymmetrical variance account will be established to ensure customers only pay for assets in-service
 - More conservative optimism on what work can be completed
 - Independent benchmarking study
 - ToR's have not been finalized but will be done before next rate filing is submitted
 - Export tariff study, requested \$2.00/MWh, study recommended \$1.70/MWh, landed at \$1.85/MWh as per settlement agreement
 - Uniform Tx rate information was filed with OEB on Dec. 9th



- Bruce to Milton
 - Partnership will be the first of its kind in Ontario and Canada
 - Decision expected December 11(OEB accepted our request as filed)

- No impact on Uniform Tx Rates
- Question was raised about the capacity increasing between Ontario & Quebec
 - No information was available on the topic as the announcement was still to be clarified for HONI
- LDC Acquisitions (items #6, 7, & 8)
 - Norfolk - is completed
 - Haldimand - final submissions are now submitted to OEB
 - Woodstock - interrogatories on MADD, oral proceeding has been ordered, oral hearing commences on Jan. 15th
- Detroit Windsor project - question was asked if HONI knew what the capacity of the interconnect was changing (There will be no change from current capacity)
- Revenue Decoupling
 - several calculation options were presented
 - HONI submitted full rate impact study to OEB with recommendation to stay with variable
 - Sounds like OEB will proceed with their direction
 - Expected to have intervenors sessions in 2015
- Centre Wellington
 - Current SAA has been requested to be on hold with OEB by CWHI for an additional 4 months. Hold has been granted.



Action Items:

Item	Topic	Person Responsible

Customer Advisory Board Meeting - April 23, 2015

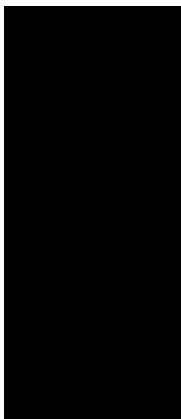
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Attachment 3
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Location:	Hydro One Networks Inc., 483 Bay Street, Toronto, ON M5G 2P5
Conf. Rm. :	06-Boardroom
Time:	9:00 am - 3:00 pm

Attendees:

Name	Representing	Status
Laura Cooke	Hydro One - VP, Corporate Relations	regrets
Rob Quail	Hydro One - VP, Customer Service	regrets
Oded Hubert	Hydro One - VP and Chief Regulatory Officer	
Giuliana Rossini	Hydro One - Director, Strategy & Conservation	regrets
Daffyd Roderick	Hydro One - Director, Corporate Affairs	regrets
Ian Malpass	Hydro One - Director, Regulatory Affairs	
Graham Henderson	Hydro One - Director, Account Management	regrets
Spencer Gill	Hydro One - Government Affairs	regrets
Stephen Coleman	Hydro One - Key Accounts Manager	
Bill Harper	VECC - Vulnerable Energy Consumers Coalition	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
Jake Brooks	APPRO - Association of Power Producers of Ontario	
Julie Girvan	CCC - Consumers Council of Canada	
[REDACTED]	[REDACTED]	[REDACTED]
Wayne Clark	AMPCO - Association of Major Power Consumers in Ontario	
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
Paul Clipsham	CME - Canadian Manufacturers & Exporters	
Ted Cowan	OFA - Ontario Federation of Agriculture	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]



Agenda Items:

#	Time	Topic	Responsible Person
1	9:00	Continental Breakfast	
2	9:30	Review minutes of previous meeting	Stephen Coleman – Manager, Key Accounts
3	10:00	Executive Speaker	Gary Schneider - VP, Shared Services
5	11:00	Regulatory Update	Oded Hubert – VP, Regulatory Affairs
6	12:00	Lunch	
7	1:00	Customer Communications	Cynthia Tetaka - Manager, Corporate Communications
8	1:45	Member Charter Review	All
9	2:00	New Business	All
10	3:00	Adjourn Meeting	All

Meeting Notes - April 23, 2015

Item	Topic	Comments
1.	Review of previous meeting minutes.	Stephen Coleman
2.	<p>Executive Speaker</p> <ul style="list-style-type: none"> • LDC acquisition, Fleet accountability, and shared services • Premier advisory council, 2 objectives - fund the transportation program and second further the energy policy. • [REDACTED] • [REDACTED] • IPO of HONI, government to 40%, initial offering of 15%, 10% caps on individual entity, recommendation to get to 40% is over 4 years • Mr. Deniston is the new board chair. • Transition is underway. His mandate is to select a commercial board, timeframe is 2-3 months. • OEB power to be strengthened. • Recommendations on pensions and labour contracts. • Prov budget will be announced at 4pm today. • 2 concerns [REDACTED] <ul style="list-style-type: none"> ◦ Will generators be restricted to owning IPO of HONI? ◦ Transmission is about 60% revenue. Dx is 40% of revenue, issue with [REDACTED] is GTA/Hamilton moving people is benefitting on the backs of consumers outside of central Ontario. What is the impact to customer loss for HONI as people look to other alternatives for power source. • The IPO is Hydro One Inc., would include "Remotes" and is Tx/Dx included. [REDACTED] 	Gary Schneider

- Is there any role for OEB in the IPO?
- [REDACTED]
- Woodstock, OEB hearing day has come and gone, HONI is waiting for the order from OEB (still pending).
- Procurement in portfolio, HONI is under certain constraints, this will prove interesting to see what will be opened for HONI with this IPO proposal (Clark report), will flexibility improve for HONI with Vendors/Suppliers [REDACTED]
- All materials, assets, land, etc. is under [REDACTED] portfolio. Historically is material costs increasing with newer technologies? Constraints affecting procurement times.
- How does the Canadian dollar effect HONI? Can have impact, most materials are from outside of Canada. Supplies vs. market price. Public RFPs.

1 **School Energy Coalition (SEC) INTERROGATORY #015**

2
3 **Reference:**

4 B1/2/2, p.8-9

5
6 **Interrogatory:**

7 Please confirm whether LDCs pass on transmission costs to their end use customers. Please
8 explain why Ipsos Reid did not survey non-transmission connected end-use customers.

9
10 **Response:**

11 Similar to other costs that LDCs incur to provide electricity to their customers, such as the cost
12 of energy, LDCs pass on transmission costs to their customers in a manner prescribed by the
13 OEB. Ipsos Reid did not survey non-transmission end-use customers for the same reasons noted
14 in the response to Exhibit I, Tab 6, Schedule 13.

School Energy Coalition (SEC) INTERROGATORY #016

Reference:

B1/2/3

Interrogatory:

For each capital project that Hydro One is undertaking that will be in-service in 2017 and 2018 that arise due to, or are part of, any regional plan, please provide:

- a. the name and description of the project
- b. the regional plan it is included in
- c. cost of the project and the year it will be in-service
- d. details regarding any capital contributions which are to be paid to Hydro One, and the methodology in determining the allocation of costs between Hydro One and any LDCs.

Response:

A listing of capital projects, with an in-service date in the test years, that Hydro One is undertaking as a result of the regional planning process are documented in the table below. Please refer to Exhibit B1, Tab 3, Schedule 11 Investment Summary Documents for further details on project description, costs and customer capital contribution. The methodology Hydro One utilizes in determining the final allocation of costs is outlined in Section 2.5 of Hydro One's Transmission Connection Procedures, in accordance with Section 6.5.2 of the Transmission System Code.

Ref #	Project Name	Regional Plan	I/S Year
D06	Galt Junction: Install In-Line Switches on M20D/M21D Circuits	KWCG	2017
D07	York Region: Increase Transmission Capability for B82V/B83V Circuits	GTA North	2017
D08	Hawthorne TS: Autotransformer Upgrades	Greater Ottawa	2018
D13	Ear Falls TS to Dryden TS: Upgrade 115kV Circuit E4D	North of Dryden	2018
D14	Supply to Essex County Transmission Reinforcement	Windsor-Essex	2018
D15	Horner TS: Build 230/27.6kV Transformer Station	Metro Toronto	2018
D17	Seaton MTS: Provide 230kV Line Connection	GTA East	2018

Note: Project D16 the "Lisgar TS: Transformer Upgrades" was identified in the Greater Ottawa Area regional plan, but as per the letter from Hydro Ottawa dated August 16, 2016 (refer to Exhibit I, Tab 1, Schedule 74) the project has since been cancelled.

Witness: Bing Young

School Energy Coalition (SEC) INTERROGATORY #017

Reference:

B1/2/4

Interrogatory:

Please explain how Hydro One's asset management approach has changed from its last transmission rates application.

Response:

Hydro One's asset management approach is largely unchanged from its last transmission rates application. However, the approach was further informed in this application through increased customer engagement and the use of the reliability risk model.

Hydro One undertook a concerted effort to gather additional customer feedback in advance of this application and engaged in a consultation process which is described in Exhibit B1, Tab 2, Schedule 2. The feedback from this consultation informed Hydro One's assessment of customer needs and preferences relating to reliability and reliability risk and planned investment levels. As described in Exhibit B1, Tab 2, Schedule 4, customers, for the most part, indicated that they expect Hydro One to be more proactive in addressing current and emerging reliability risk. The feedback also indicated customer concern with reliability and power quality. When presented with a range of investment levels with different rate impacts and changes in reliability risk, customers generally indicated a preference for maintained or reduced reliability risk, consistent with a higher level of capital investment. Custom needs and preferences that were identified by the customer engagement process played an important role in shaping Hydro One's investment plan.

Hydro One has also developed the reliability risk model, to create a leading indicator of system reliability. This model is fully described in Exhibit B1, Tab 2, Schedule 4. Reliability risk is used by Hydro One as an output measure to gauge the impact of its investments on future transmission system reliability.

1 **School Energy Coalition (SEC) INTERROGATORY #018**

2
3 **Reference:**

4 B1/2/4, Attach 1, p.1

5
6 **Interrogatory:**

7 Please provide a copy of the Foster Associates, 2014 Asset Failure Analysis report.

8
9 **Response:**

10 Please refer to Exhibit 1, Tab 1, Schedule 20, part b).

1 **School Energy Coalition (SEC) INTERROGATORY #019**

2
3 **Reference:**

4 B1/2/5

5
6 **Interrogatory:**

7 Please provide a couple of specific numerical examples (using different assets) of Hydro One's
8 Asset Risk Assessment Methodology calculations.

9
10 **Response:**

11 Please refer to response b) in Exhibit I, Tab 2, Schedule 40 and Exhibit B1, Tab 2, Schedule 5
12 and Schedule 7. The Asset Risk Assessment is a process that leads to development of
13 investments. It is not a scoring methodology. The Investment Summary Documents provided in
14 Exhibit B1, Tab 3, Schedule 11 describe investments which reflect the output of the ARA and
15 investment development process.

School Energy Coalition (SEC) INTERROGATORY #020

Reference:

B1/2/6

Interrogatory:

Please complete the shaded cells in the table included in Excel file B1-SEC-20. Please provide the response in Excel format.

Response:

The completed Excel file is submitted with this response.

It is important to note that historically asset replacements were carried out on an asset centric program basis. In recent years due to increased deterioration of multiple assets throughout stations, like for like replacement of individual assets is no longer sufficient. Bundled projects which include other ancillary equipment and required civil work are completed under one investment, and therefore the unit costs provided in the excel file assets replaced include the additional work. The comparison of costs per asset type may not be directly comparable to historical costs.

School Energy Coalition (SEC) INTERROGATORY #021

Reference:

B1/2/6, p.7-66

Interrogatory:

For each major asset type, please provide a table showing the number of assets in each of the following categories, i) very low risk, ii) low risk, iii) fair risk, iv) high risk; and v) very high risk.

Response:

The fleet level condition assessment distribution of station's major asset types is as follows:

Asset Type	Very Low Risk	Low Risk	Fair Risk	High Risk	Very High Risk
Transformers	323	224	63	97	14
Circuit Breakers	2292	1111	671	431	38
Protection Systems	4357	3994	484	1936	1331

The fleet level condition assessment distribution of Line's major assets is as follows:

Asset Type	Low Risk	Fair Risk	High Risk	Require Assessment
Conductors (km)	12,000	6,000	2,700	9,300
Wood poles	29,820	8,400	1,260	2520
Underground Cables (km)	197	59	11	3

1 **School Energy Coalition (SEC) INTERROGATORY #022**

2
3 **Reference:**

4 B1/2/6, p.7

5
6 **Interrogatory:**

7 Please explain how Hydro One determines the 'expected service life' of its assets. When was any
8 assessment undertaken?

9
10 **Response:**

11 Please refer to Exhibit I, Tab 1, Schedule 17, Parts (c) and (e).

School Energy Coalition (SEC) INTERROGATORY #023

Reference:

B1/2/7, p.4-5

Interrogatory:

Please provide the latest available Global Insight Forecast for 2017-2018 for:

- a. Transmission Cost Escalation For Construction
- b. Transmission Cost Escalation for Operations & Maintenance
- c. CPI-Ontario
- d. CDN:USD Exchange Rate

Response:

a) Please see the following table.

Global Insight's June 2016 forecast (%)

	Historical Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Transmission Cost Escalation for Construction	-0.1	2.0	2.2	1.2	1.2	1.8	2.4
Transmission Cost Escalation for Operations & Maintenance	2.1	0.9	0.4	-0.7	-0.5	0.9	1.5

b) Please see a) above.

c) Please see the following table.

Ontario CPI (%)*

	Historical Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
CPI – Ontario	1.4	1.1	2.3	1.2	2.1	1.9	2.0

* Global Insight's June 2016 forecast.

Witness: Bijan Alagheband

d) Please see the following table.

Exchange Rate (CDN:USD)

Description	Historical Years				Bridge Year	Test Years	
	2012	2013*	2014*	2015	2016	2017	2018
Exchange Rate	1.000	0.971	0.905	0.783	0.751	0.770	0.790

*The actual exchange rates were lower than forecasted due to unexpected decline in oil prices. Source: IHS Global Insight
June 2016

School Energy Coalition (SEC) INTERROGATORY #024

Reference:

B1/2/7

Interrogatory:

Please explain where rate impact is considered within the investment planning process?

Response:

Rate impact is considered throughout the investment planning process. At the start, customer consultation feedback and senior executive expectations are incorporated into a guideline that is communicated to staff and influences investment prioritization. As investment planning progresses, the effect of investment levels on rates is continually reviewed to compare the extent of required investments and their effect on rates with expectations outlined at the beginning of the process.

1 **School Energy Coalition (SEC) INTERROGATORY #025**

2
3 **Reference:**

4 B1/2/7, p.12

5
6 **Interrogatory:**

7 What 'incremental investment funding level' is being proposed in this application?

8
9 **Response:**

10 The characterization of "asset optimal", "intermediate" or "vulnerable" incremental investment
11 funding levels applies at the asset level. No summary characterization can be made for the total
12 funding level proposed in Hydro One's application, as it is a mixture of many investments in the
13 broad fleet of assets.

1 **School Energy Coalition (SEC) INTERROGATORY #026**

2
3 **Reference:**

4 B1/3/1/Attach 1

5
6 **Interrogatory:**

7 Please provide a similar chart showing a comparison of in-service additions by major category
8 for each year between 2012 and 2018.

9
10 **Response:**

11 Please see table as follows:

In-Service Additions Summary							
	Actual				Forecast	EB 2016-0160	
TRANSMISSION In-Service Capital	2012	2013	2014	2015	2016	2017	2018
Sustainment							
Transmission Stations							
Circuit Breakers	5.3	24.3	30.0	7.7	10.6	1.2	0.4
Power Transformers	76.7	66.2	97.2	60.8	37.8	15.0	2.6
Other Power Equipment	24.9	28.8	36.3	14.2	9.1	2.2	1.1
Ancillary Systems	21.7	7.7	29.3	22.3	14.0	3.5	1.9
Stations Environment	7.8	0.6	20.5	3.9	3.0	0.2	0.1
Integrated Station Investments	87.6	146.4	199.6	288.6	329.9	460.7	401.1
Protection, Control, Monitoring, and Telecommunications	19.5	23.2	40.0	25.6	35.9	10.3	40.1
Site Facilities and Infrastructure	24.0	17.2	34.3	30.3	11.5	12.0	8.7
Total Transmission Stations Capital	267.5	314.4	487.3	453.5	451.8	505.2	456.0
Transmission Lines							
Overhead Lines Refurbishment Projects, Component Replacement Programs and Secondary Land Use Projects	84.1	89.4	111.4	112.8	152.2	265.4	267.9
Underground Cables Refurbishment and Replacement	-	-	57.2	3.4	0.4	0.5	23.8
Total Transmission Lines Capital	84.1	89.4	168.5	116.2	152.7	265.9	291.7
Total Sustaining Capital	351.6	403.8	655.8	569.7	604.5	771.1	747.7
Development							
Inter Area Network Transfer Capability	667.2	21.1	50.7	2.1	20.4	5.5	264.6
Local Area Supply Adequacy	54.9	95.9	33.6	8.9	147.3	37.6	28.7
Load Customer Connection	40.6	44.0	29.3	9.4	13.2	5.9	71.8
Generator Customer Connection	2.6	0.4	2.1	(2.0)	0.5	1.4	0.3
P&C Enablement for Generation Connection	4.2	0.6	1.7	1.8	3.5	0.2	0.2
Risk Mitigation	4.0	13.5	46.6	8.3	2.5	11.4	7.0
Power Quality			-	-	-	2.5	2.3
TS Upgs to Facilitate Distribution Generation	19.0	55.6	(0.4)	(1.2)	0.0	-	-
Performance Enhancement	1.3	0.4	0.0	0.6	1.5	0.1	0.0
Smart Grid		-	14.2	-	20.7	-	-
Total Development Capital	793.8	231.7	177.9	27.9	209.5	64.6	374.9

Witness: Brad Bowness

1

2

3

	Actual				Forecast	EB 2016-0160	
	2012	2013	2014	2015	2016	2017	2018
TRANSMISSION In-Service Capital							
Operating							
Grid Operating and Control Facilities	1.2	1.2	2.9	25.8	10.0	1.4	2.3
Operating Infrastructure	7.2	4.2	9.1	3.6	5.1	6.6	8.0
Total Operating Capital	8.4	5.4	12.1	29.4	15.1	8.0	10.3
Common Corporate Costs and Other Costs							
Transport, Work & Service Equipment	14.5	18.7	22.0	22.1	27.3	23.0	24.9
Information Technology (including Cornerstone)	27.6	32.2	28.6	15.1	24.1	41.9	24.1
Facilities & Real Estate	3.5	12.1	18.1	34.7	30.0	19.2	22.8
Other MFA	-	-	-	0.3	1.2	3.7	5.1
Total Common Corporate Costs and Other Costs Capital	45.7	63.0	68.7	72.2	82.6	87.7	76.9
Total Transmission In-Service	1,199.4	703.8	914.5	699.1	911.7	931.5	1,209.8

Witness: Brad Bowness

School Energy Coalition (SEC) INTERROGATORY #027

Reference:

B1/3/1, Attach 1

Interrogatory:

With respect to external contractors:

- a. For each year between 2012 and 2018, and for each category, please provide what percentage of transmission capital spending is undertaken by external contractors as compared to internal labour.
- b. For capital work in which both external contractors and internal resources could be used, how does Hydro One determine when it will use external contractors?

Response:

- a. For externally executed contract work (eg. ePC, PC, etc), comprehensive labour breakdowns are not available as these are fixed price contracts. Therefore it is not possible to provide an accurate summary of comparative internal/external hours. Hydro One is presently exploring the possibility of utilizing other contracting models (e.g. Time and Material) which would provide the company with a comprehensive breakdown for benchmarking purposes. For more information on the ratio of internal versus external contractors, refer to Exhibit I, Tab 3, Schedule 52.
- b. The present contracting strategy is to identify projects in the work program that could be successfully executed by external contractor with minimal risk to Hydro One. The criteria that Hydro One considers in making this determination includes:
 - Required and available resource capacity relative to project resource requirements;
 - Collective agreement implications;
 - Geographical location sensitivities;
 - Size and complexity of work execution;
 - Customer impacts;
 - Corporate priorities;
 - Greenfield/Brownfield;
 - Timeline: Rush (minimum), Normal (average), Long (maximum); and
 - Technology involved in the project.

School Energy Coalition (SEC) INTERROGATORY #028

Reference:

B1/3/2, p.2

Interrogatory:

Please provide any longer-term forecasts for Sustaining Capital (by stations and lines) that Hydro One has.

Response:

Hydro One has provided forecasts that meet the filing requirements and also provided the full detail relating to the costs for which rate recovery is being sought in this application (Test Years 2017 and 2018).

School Energy Coalition (SEC) INTERROGATORY #029

Reference:

B1/3/11

Interrogatory:

For each Investment Summary Document:

- a. Please provide the Asset Risk Assessment for each investment, including a breakdown of all risk components included (i.e. asset condition risk, asset demographic risk, asset criticality, asset performance risk, etc.)
- b. Please quantify each alternative, for example, the cost to maintain instead of replacing the asset.

Response:

- a) Please refer to SEC #19 (Exhibit I, Tab 6, Schedule 19).
- b) Please refer to Board Staff #28 (Exhibit I, Tab 1, Schedule 28, Parts (a) and (i)).

School Energy Coalition (SEC) INTERROGATORY #030

Reference:

EB-2014-0140, Section IIIi(ii)/I/10/Schedule 14, Attach 1

Interrogatory:

Please provide a chart that shows for each investment (set out in an Investment Summary Document) planned to be undertaken in 2015-2016, its forecasted cost to be incurred in 2015-2016 and its actual (or forecasted to end of 2016) cost. Please provide an explanation for all variances +/- 5%.

Response:

Please see Hydro One's response to SEC IR 33 in Exhibit I, Tab 6, Schedule 33 for investments listed in Hydro One's last transmission rate application for 2015 and 2016, their original forecasts, and their actual or, in the case of 2016, updated forecast figures.

Please see Exhibit I, Tab 1, Schedule 60 for details on how Hydro One tracks material variances for projects in execution and a list of material project variances from 2012 to 2015. This material variance process tracks variances on the basis of the total project cost and not individual annual expenditures.

School Energy Coalition (SEC) INTERROGATORY #031

Reference:

B1/4/1, p.11

Interrogatory:

Please provide further details regarding the “initiative to further improve the estimating process and methodologies” to be operational in 2016.

Response:

An Estimating Process Refresh Initiative jointly sponsored by Work Program Management and Engineering Services which encompassed the following objectives has been completed:

- Identify and clearly define the roles and accountabilities for stakeholders supporting the early engineering and estimate development process lifecycle and other pre-approval activities.
- Perform more scope definition earlier so as to minimize changes further downstream in the lifecycle of a project. Scopes are frozen once the initiate phase is completed.
- Formal reviews of projects are introduced into the planning process and the level of rigor is based on thresholds of project costs.
- Identify and incorporate improvements to the current end-end process in order to support a release quality estimate and ensure alignment with the Shovel Ready initiative.
- Reinforce the early engineering and estimating processes with controls to measure and track the estimating process, monitoring of KPIs (Key Performance Indicators) and feedback to drive efficiencies and effectiveness through continuous improvement of the process.

Hydro One has also reduced the contingency amounts to 10% in detailed estimating phase. (Unless exceptional project circumstances arise). Escalation amounts allocated to labour is reviewed and is based on pre-determined escalation rate tables.

An industry recognized estimating tool has also been selected which is expected to help further promote consistency and accuracy, and potentially enable Hydro One to further reduce contingency amounts. In addition, a quantitative project risk methodology is being piloted that ties project contingency amounts to specific identified risk. This will serve as the project’s contingency funding and may help provide a more accurate use of project contingency.

School Energy Coalition (SEC) INTERROGATORY #032

Reference:

EB-2014-0140/III/iii/I/10/12

Interrogatory:

Please provide a similar table for in-service additions for 2016-2018.

Response:

Please see tables below for the expected in-service additions for all of the major projects to be in-service in the 2017 to 2018 period. The bridge year has not changed materially and has no material impact on the 2017 and 2018 test years.

SUSTAINING

ISD#	Investment Summary Description	2016 I/S Additions (\$M)	2017 I/S Additions (\$M)	2018 I/S Additions (\$M)	I/S (Year)	I/S (Month)
S01	Air Blast Circuit Breaker Replacement - Beck #1 SS	0.0	0.0	0.0	2019	December
S02	Air Blast Circuit Breaker Replacement - Beck #2 TS	0.0	0.0	0.0	2021	December
S03	Air Blast Circuit Breaker Replacement - Bruce A TS	59.5	11.2	15.0	2019	June
S04	Air Blast Circuit Breaker Replacement - Bruce B SS	0.0	0.0	0.0	2020	October
S05	Air Blast Circuit Breaker Replacement - Cherrywood TS 230 KV	0.0	0.0	0.0	2020	December
S06	Air Blast Circuit Breaker Replacement - Lennox TS	0.0	0.0	0.0	2020	February
S07	Air Blast Circuit Breaker Replacement - Richview TS	5.0	0.0	60.7	2018	December
S08	Station Reinvestment - Beach TS	26.2	15.0	14.0	2019	December
S09	Station Reinvestment - Centralia TS	0.0	0.0	20.7	2018	December
S10	Station Reinvestment - Dryden TS	0.0	20.5	5.7	2017	December
S11	Station Reinvestment - Elgin TS	0.0	0.0	0.0	2019	December
S12	Station Reinvestment - Espanola TS	0.0	24.8	0.0	2016	December
S13	Station Reinvestment - Gage TS	0.0	0.0	0.0	2019	November
S14	Station Reinvestment - Kenilworth TS	0.0	0.0	17.7	2018	December
S15	Station Reinvestment - Nelson TS	0.0	0.0	22.3	2019	March
S16	Station Reinvestment - Palmerston TS	0.0	0.0	23.3	2018	December
S17	Station Reinvestment - Wanstead TS	0.0	0.0	26.0	2018	November
S18	Integrated Station Component Replacement - Alexander SS	0.0	0.0	24.0	2018	November
S19	Integrated Station Component Replacement - Allanburg TS	16.2	8.0	2.9	2018	November
S20	Integrated Station Component Replacement - Aylmer TS	0.0	23.4	0.0	2017	June

Witness: Brad Bowness

Filed: 2016-08-31
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Tab 6
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Page 2 of 4

S21	Integrated Station Component Replacement - Barrett Chute SS	0.0	0.0	17.7	2018	June
S22	Integrated Station Component Replacement - Birch TS	0.0	0.0	0.0	2019	August
S23	Integrated Station Component Replacement - Bronte TS	0.0	0.0	0.0	2019	September
S24	Integrated Station Component Replacement - Bridgman TS	0.0	0.0	0.0	2022	March
S25	Integrated Station Component Replacement - Buchanan TS	11.8	4.7	4.4	2017	December
S26	Integrated Station Component Replacement - Cecil TS	0.0	12.0	0.0	2017	October
S27	Integrated Station Component Replacement - Chenaux TS	0.2	17.4	2.1	2017	December
S28	Integrated Station Component Replacement - Crawford TS	0.0	8.4	0.0	2017	December
S29	Integrated Station Component Replacement - DeCew Falls SS	0.0	12.6	0.0	2017	July
S30	Integrated Station Component Replacement - Dufferin TS	0.0	0.0	0.0	2019	June
S31	Integrated Station Component Replacement - Ear Falls TS	0.0	18.3	0.0	2017	August
S32	Integrated Station Component Replacement - Frontenac TS	1.0	0.0	8.5	2018	April
S33	Integrated Station Component Replacement - Hanmer TS	0.0	18.0	28.0	2019	September
S34	Integrated Station Component Replacement - Hawthorne TS	8.1	0.0	0.0	2019	September
S35	Integrated Station Component Replacement - Horning TS	0.0	0.0	35.2	2018	November
S36	Integrated Station Component Replacement - Leaside TS Bulk	13.9	5.4	7.1	2018	October
S37	Integrated Station Component Replacement - Leaside TS 27.6 kV	0.0	0.0	0.0	2019	September
S38	Integrated Station Component Replacement - Main TS	0.0	0.0	0.0	2019	June
S39	Integrated Station Component Replacement - Manby TS	1.2	0.0	0.0	2018	December
S40	Integrated Station Component Replacement - Martindale TS	0.0	0.0	0.0	2020	November
S41	Integrated Station Component Replacement - Minden TS	0.0	0.0	0.0	2020	November
S42	Integrated Station Component Replacement - Mohawk TS	0.0	0.0	0.0	2019	May
S43	Integrated Station Component Replacement - N.R.C. TS	0.0	29.5	0.7	2017	July
S44	Integrated Station Component Replacement - Pine Portage SS	0.0	0.0	0.0	2020	November
S45	Integrated Station Component Replacement - Richview TS	0.1	25.1	0.0	2017	December
S46	Integrated Station Component Replacement - Sheppard TS	0.0	0.0	0.0	2019	November
S47	Integrated Station Component Replacement - St. Isidore TS	0.0	26.1	0.0	2017	September
S48	Integrated Station Component Replacement - Stanley TS	0.0	0.0	0.0	2020	May
S49	Integrated Station Component Replacement - Strachan TS	0.0	0.0	8.4	2018	October
S50	Integrated Station Component Replacement - Strathroy TS	0.0	17.3	0.0	2017	December
S51	Demand Capital – Power Transformers	11.2	4.9	7.8	Ongoing	Ongoing
S52	Minor Component Demand Capital	5.6	4.2	4.6	Ongoing	Ongoing
S53	Operating Spare Transformer Purchases	3.9	5.1	6.7	Ongoing	Ongoing
S54	Transformer Protection Replacement due to 2nd Harmonic Misoperations	1.4	0.0	0.0	2020	December
S55	Replace Legacy SONENT Systems	0.0	1.0	3.1	2024	December
S56	Physical Security for Critical Stations (Non CIP-014)	0.0	0.0	0.0	2020	December
S57	CIP V6 Transient Cyber Assets & Removable Media	0.0	0.0	12.0	2018	September
S58	PSIT Cyber Equipment EOL	0.0	3.2	5.0	2017	December

Witness: Brad Bowness

S59	CIP-014 Physical Security Implementation	0.0	0.0	0.0	2020	December
S60	NERC CIP V6 - Low Impact Facilities	0.0	0.0	10.0	2018	September
S61	Transmission Site and Facilities Infrastructure	0.0	8.6	7.4	Ongoing	Ongoing
S62	C22J/C24Z/C21J/C23Z Line Refurbishment	13.0	24.2	10.0	2018	August
S63	D2L (Dymond x Upper Notch) Line Refurbishment	14.8	16.8	0.0	2017	May
S64	C1A/C2A/C3A Line Refurbishment	0.0	0.0	5.3	2018	November
S65	N21W/N22W Line Refurbishment	0.0	0.0	0.0	2019	December
S66	B5G/B6G Line Refurbishment	0.0	0.0	15.9	2018	December
S67	D2L (Upper Notch x Martin River) Line Refurbishment	0.0	0.0	30.4	2019	November
S68	B3/B4 Line Refurbishment	0.0	0.0	7.2	2018	October
S69	A8K/A9K Line Refurbishment	0.0	0.0	0.0	2019	September
S70	A7L/R1LB & 57M1 Line Refurbishment	0.0	0.0	0.0	2021	October
S71	K1/K2 Line Refurbishment	0.0	0.0	0.0	2019	November
S72	E1C Line Refurbishment	0.0	0.0	0.0	2020	December
S73	D6V/D7V Line Refurbishment	0.0	0.0	8.3	2018	October
S74	D2H/D3H Line Refurbishment	0.0	0.0	0.0	2019	December
S75	2017-2018 TX Wood Pole Replacements	18.1	29.9	17.6	Ongoing	Ongoing
S76	Steel Structure Coating	7.4	44.0	54.4	Ongoing	Ongoing
S77	Steel Structure Foundation Refurbishment Program	1.5	7.2	7.0	Ongoing	Ongoing
S78	Shieldwire Replacements	5.8	7.1	3.6	Ongoing	Ongoing
S79	Insulator Replacements	7.8	44.0	30.7	Ongoing	Ongoing
S80	Transmission Lines Emergency Restoration	10.3	12.9	8.8	Ongoing	Ongoing
S81	Gordie Howe International Bridge (GHIB) - Recoverable	0.0	0.0	0.0	2018	April
S82	Manvers - Lafarge Aggregate Pit - Recoverable	0.0	0.0	0.0	2020	December
S83	H7L / H11L Cable Replacement	0.0	0.0	23.3	2018	November

DEVELOPMENT

ISD#	Investment Summary Description	2016 I/S Additions (\$M)	2017 I/S Additions (\$M)	2018 I/S Additions (\$M)	I/S (Year)	I/S (Month)
D01	Clarrington TS: Build new 500/230 kV Station	0.0	0.0	263.8	2018	October
D06	Galt Junction: Install In-Line Switches on the M20D/M21D Circuits	0.0	4.5	0.1	2017	June
D07	York Region: Increase Transmission Capability for B82V/B83V Circuits	0.8	30.8	0.2	2017	October
D08	Hawthorne TS: Autotransformer Upgrades	0.0	0.0	16.0	2018	May
D13	Ear Falls TS to Dryden TS: Upgrade 115kV Circuit E4D	0.0	0.0	3.5	2018	March
D14	Supply to Essex County Transmission Reinforcement	0.0	0.0	50.5	2018	June
D15	Horner TS: Build 230/27.6 kV Transformer Station	0.0	0.0	5.1	2018	April
D16	Lisgar TS: Transformer Upgrades	0.0	0.0	10.0	Cancelled	Cancelled
D17	Seaton MTS: Provide 230 kV Line Connection	0.0	0.0	2.3	2018	May
D24	Nanticoke TS: New Station Service Supply	0.0	11.0	0.0	2017	December

OPERATING

ISD#	Investment Summary Description	2016 I/S Additions (\$M)	2017 I/S Additions (\$M)	2018 I/S Additions (\$M)	I/S (Year)	I/S (Month)
002	Grid Control Network Sustainment	2.9	2.2	2.4	2018	December

1 **School Energy Coalition (SEC) INTERROGATORY #033**

2 **Reference:**

3 EB-2014-0140/III/iii/I/10/14/Attach 1

5 **Interrogatory:**

6 Please update the table and add columns showing the actual net total cost, and in-service year
7 and month. Please explain all material variances (+/- 5%).

9 **Response:**

10 Please see the table and explanation on the following pages.

		EB-2014-0140		Forecast		EB-2016-0160		Updated/ Actual Forecast			Note
ISD#	Investment Type	2015	2016	Project Total	I/S Date	2015	2016	Project Total	I/S Year	I/S Month	
Sustaining Capital											
S01	Oil Circuit Breaker Replacements	2.6	10.8	13.4	Ongoing	1.1	0.0	1.1	Ongoing	Ongoing	
S02	SF6 Circuit Breaker Replacements	8.0	11.2	19.2	Ongoing	2.3	0.4	2.8	Ongoing	Ongoing	
S03	GTA Metalclad Switchgear Replacements	10.3	10.9	21.2	Ongoing	2.0	3.7	5.8	Ongoing	Ongoing	
S04	Air Blast Circuit Breaker Replacement - Richview TS	23.5	22.1	67.7	9/2017	30.4	23.6	95.5	2018	December	
S05	Air Blast Circuit Breaker Replacement - Beck #2 TS	15.4	9.9	32.7	12/2016	1.6	13.9	90.7	2021	December	
S06	Air Blast Circuit Breaker Replacement - Bruce A TS	22.1	26.4	79.6	6/2018	33.8	22.5	104.9	2019	June	
S07	Air Blast Circuit Breaker Replacement - Burlington TS	11.3	0.0	18.5	12/2015	9.0	7.4	21.7	2016	November	
S08	End of Life Station Reconfiguration - Gage TS	26.9	26.9	72.4	12/2017	3.8	3.8	36.0	2019	November	
S09	End of Life Station Reconfiguration – Timmins TS	5.2	0.0	10.7	12/2015	11.0	0.9	23.7	2016	September	
S10	End of Life Station Reconfiguration - Hanmer TS	8.0	0.0	16.0	12/2015	7.4	0.2	26.9	2015	September	
S11	Integrated DESN Replacement - Dunnville TS	4.6	0.0	18.3	6/2015	12.3	0.0	20.2	2015	September	
S12	Integrated DESN Replace. – National Research Council TS	15.5	0.0	22.1	10/2015	7.7	7.3	30.8	2017	July	
S13	Integrated DESN Replacement - Espanola TS	0.9	17.9	18.8	12/2016	8.0	13.8	24.8	2016	December	
S14	Integrated DESN Replacement - Strathroy TS	0.0	4.7	19.5	12/2017	1.8	9.9	17.3	2017	December	
S15	Integrated DESN Replacement - Elgin TS	18.8	11.3	33.0	12/2017	0.6	7.5	58.3	2019	December	
S16	Integrated DESN Replacement - Gerrard TS	18.8	0.0	25.6	12/2015	4.2	6.6	25.5	2016	July	
S17	Integrated DESN Replacement – Chenaux TS	14.0	5.9	20.1	12/2016	5.5	4.2	19.5	2017	December	
S18	Integrated DESN Replacement - Overbrook TS	11.3	0.0	16.0	12/2015	8.0	12.7	25.4	2017	March	
S19	Integrated DESN Replacement – Ear Falls TS	5.4	0.0	9.2	1/2016	0.3	7.0	18.3	2017	August	
S20	Integrated DESN Replacement - Wiltshire TS	5.1	5.2	12.6	12/2016	11.1	7.1	21.5	2016	October	

Witness: Brad Bowness

S21	Integrated DESN Replacement - Bridgman TS	4.5	0.0	9.4	10/2015	5.8	0.0	10.7	2015	June	
S22	Integrated DESN Replacement – Dundas TS	3.4	0.0	15.6	11/2015	7.1	0.2	16.3	2015	December	
S23	Integrated DESN Replacement - Goderich TS	0.9	6.6	14.1	12/2017	3.9	6.9	12.3	2017	June	
S24	Integrated DESN Replacement - Leaside TS	1.9	9.7	17.0	8/2017	0.2	2.1	21.1	2019	September	
S25	Integrated Station Component Replacements	15.4	0.9	16.3	Ongoing	63.4	57.1	120.5	Ongoing	Ongoing	
S26	Power Transformer Replacements	20.7	60.1	80.8	Ongoing	43.1	8.9	52.0	Ongoing	Ongoing	
S27	Operating Spare Transformer Purchases	3.2	8.4	11.6	Ongoing	0.3	0.0	0.3	Ongoing	Ongoing	
S28	Disconnect Switch Replacements	5.4	7.8	13.2	Ongoing	5.4	4.0	9.3	Ongoing	Ongoing	
S29	Capacitor Bank Replacements	6.3	6.5	12.8	Ongoing	2.6	0.0	2.6	Ongoing	Ongoing	
S30	Instrument Transformer Replacements	4.5	3.9	8.4	Ongoing	1.0	0.3	1.3	Ongoing	Ongoing	
S31	Insulator Replacements	4.4	4.5	8.9	Ongoing	0.7	0.1	0.7	Ongoing	Ongoing	
S32	Station Service Replacements	12.0	12.3	24.3	Ongoing	10.2	3.1	13.3	Ongoing	Ongoing	
S33	Spill Containment	11.3	10.8	22.1	Ongoing	3.8	1.3	5.1	Ongoing	Ongoing	
S34	Integrated Station P&C Replacements	28.7	31.4	60.1	Ongoing	11.2	1.3	12.5	Ongoing	Ongoing	
S35	Protection Replacements	18.4	21.6	40.0	Ongoing	9.9	1.4	11.3	Ongoing	Ongoing	
S36	RTU and SER Replacements	4.3	8.2	12.5	Ongoing	3.2	0.0	3.2	Ongoing	Ongoing	
S37	DC Signaling (Remote Trip) Replacements	6.7	4.6	11.3	Ongoing	2.8	0.3	3.1	Ongoing	Ongoing	
S38	Protection Tone Channel Replacements	4.2	4.2	8.4	Ongoing	4.0	0.0	4.0	Ongoing	Ongoing	
S39	PLC Device Replacements	4.6	4.7	9.3	Ongoing	1.8	0.8	2.6	Ongoing	Ongoing	
S40	Cyber Security NERC CIP V5 Readiness	9.9	1.5	15.6	4/2016	1.7	10.2	12.0	2016	January	1
S41	Cyber Security of Load Stations	1.5	4.5	6.0	Ongoing	0.0	18.0	18.0	Ongoing	Ongoing	
S42	Station Building Infrastructure	8.5	8.6	17.1	Ongoing	5.2	0.9	6.1	Ongoing	Ongoing	
S43	Station Civil Infrastructure	7.6	7.9	15.5	Ongoing	19.3	8.5	27.8	Ongoing	Ongoing	
S44	Wood Pole Replacements	27.7	28.2	55.9	Ongoing	38.2	38.3	76.5	Ongoing	Ongoing	
S45	Steel Structure Coating	8.8	10.3	19.1	Ongoing	5.1	8.8	13.9	Ongoing	Ongoing	
S46	Steel Structure Replacements	1.9	5.7	7.6	Ongoing	0.1	0.3	0.4	Ongoing	Ongoing	

Witness: Brad Bowness

S47	Steel Structure Foundation Refurbishments	4.7	5.5	10.2	Ongoing	1.8	3.9	5.7	Ongoing	Ongoing	
S48	Shieldwire Replacements	4.4	4.4	8.8	Ongoing	4.8	5.2	10.0	Ongoing	Ongoing	
S49	Insulator Replacements	3.6	3.7	7.3	Ongoing	2.9	25.2	28.1	Ongoing	Ongoing	
S50	Transmission Lines Emergency Restoration	10.9	11.1	22.0	Ongoing	8.7	8.3	16.9	Ongoing	Ongoing	
S51	C25H Line Refurbishment	27.1	0.0	52.4	12/2015	64.7	19.3	72.4	2016	March	2
S52	H24C Line Refurbishment	4.9	12.0	21.7	12/2016	9.9	36.6	26.4	2016	December	
S53	D10S/D9HS Line Refurbishment	4.8	0.0	4.8	12/2015	11.4	0.3	6.1	2016	December	
S54	Q11S/Q12S Line Refurbishment	0.0	17.1	17.1	12/2016	5.4	17.1	11.3	2018	June	
S55	Secondary Land Use and Recoverable Projects	44.8	25.6	83.6	12/2016	-0.1	0.0	-0.7	2018	November	
S56	H2JK/K6J Cable Replacement	12.1	0.0	62.0	6/2015	2.1	0.0	55.4	2014	December	3
S57	H7L/H11L Cable Replacement	14.3	14.5	28.8	12/2016	0.2	0.6	25.3	2018	November	
Development Capital											
D01	New 500 kV Bruce to Milton Double Circuit Transmission Line	3.3	3.2	709.0	Q2 2012	1.4	5.5	696.8	2012	Completed	
D02	Clarington TS: Build new 500/230kV Station	91.7	101.1	294.1	Q3 2017	79.3	76.7	280.7	2018	October	
D03	Installation of Shunt Capacitor Banks at CherrywoodTS	0.1	3.4	14.0	Q2 2018	0.0	0.0	2.1	2020	June	
D04	Midtown Transmission Reinforcement Plan	21.6	0.0	114.8	Q4 2015	13.5	24.4	121.2	2016	December	
D05	Guelph Area Transmission Reinforcement	48.3	29.9	94.3	Q2 2016	42.0	18.6	76.6	2016	September	
D06	Preston TS Transformation	10.0	4.6	24.9	Q2 2017	0.0	0.0	0.1	Cancelled	Cancelled	4
D07	Toronto Area Station Upgrades for Short Circuit Capability: Manby TS Equipment Uprate	5.7	3.9	24.3	Q2 2016	7.2	3.8	24.6	2016	June	
D08	Hawthorne TS: Replace two existing Transformers	1.0	7.0	12.5	Q2 2017	0.2	2.0	16.0	2018	May	
D09	York Region – Increase Transmission Capability for B82V/B83V Circuits	5.0	7.0	20.0	Q2 2017	1.2	7.5	31.8	2017	October	
D10	Copeland MTS: Build line connection for Toronto Hydro	9.5	0.0	40.4	Q3 2015	5.6	9.8	36.5	2018	April	
D11	Seaton TS: Build New 230-28kV Transformer Station	11.0	11.0	30.6	Q2 2017	0.0	0.7	7.1	2018	May	
D12	Supply to Essex County Transmission Reinforcement	25.0	37.5	77.0	Q1 2017	0.8	3.7	72.3	2018	June	

Witness: Brad Bowness

D13	Napanee Gas Generation Connection	1.0	4.5	6.5	Q1 2017	0.4	9.4	10.5	2017	March	
D14	Transmission Station P&C Upgrades for DG	17.5	18.0	35.5	Ongoing	9.6	4.4	14.0	Ongoing	Ongoing	
Operations Capital											
O1	NMS Capital Sustainment	12.6	0.0	34.5	9/2015	8.3	4.7	38.5	2016	February	5
O2	Integrated System Operations Centre - New Facility Formally (BUCC New Facility Development)	0.5	11.0	21.4	9/2018	0.2	8.0	68.6	2020	January	
O3	Wide Area Network Outreach Program	4.0	4.0	8.0	2018	0.0	0.0	0.0	Cancelled	Cancelled	6
O4	Station LAN Infrastructure Program	4.0	4.9	9.0	2019	0.0	0.0	0.0	Ongoing	Ongoing	7
O5	Fault Locating Program	3.0	3.0	6.0	2017	0.0	0.0	0.0	On Hold	On Hold	8
O6	Grid Control Network Sustainment	3.0	2.0	5.0	Ongoing	0.0	0.0	0.0	Ongoing	Ongoing	
O7	Hub Site Management Program	2.0	3.0	5.0	Ongoing	0.2	2.5	2.7	Ongoing	Ongoing	
CAPITAL COMMON CORPORATE COSTS AND OTHER COSTS											
IT1	Hardware/Software Refresh and Maintenance	12.0	11.2	23.2	Ongoing	12.4	14.9	27.3	Ongoing	Ongoing	
IT2	MFA Servers and Storage	7.1	9.3	16.4	Ongoing	6.1	6.4	12.5	Ongoing	Ongoing	
IT3	MFA PC and Printer Hardware	5.6	5.3	10.9	Ongoing	3.7	3.2	6.9	Ongoing	Ongoing	
IT4	Field Workforce Optimization and Mobile IT	5.0	5.0	10.0	12/2016	9.9	27.0	39.9	2017	January	
IT5	Customer Experience	5.0	1.0	6.0	12/2016	0.0	0.0	0.0	2016	December	
IT6	Corporate Support Optimization	0.0	3.0	3.0	Ongoing	1.3	1.0	2.3	2016	December	
C1	Real Estate Head Office & GTA Facilities Capital for 2015	13.1	0.0	13.1	12/2015	11.8	1.0	12.8	2016	December	
C2	Real Estate Field Facilities Capital	34.8	40.0	74.8	Ongoing	17.5	30.8	48.3	Ongoing	Ongoing	
C3	Transport & Work Equipment	54.5	62.5	117.0	Ongoing	67.2	69.9	137.1	Ongoing	Ongoing	
C4	Service Equipment	9.1	7.9	17.0	Ongoing	7.0	6.6	13.6	Ongoing	Ongoing	

Please note that the investments which are identified as ongoing programs do not have an exact date for in service due to the continuous nature of programs. Please also note that:

- Costs shown for projects under Development Capital are gross costs before customer contributions;
- Costs shown for projects under Common Corporate Capital include amounts allocated to both Dx and Tx with the exception of IT5 - Customer Experience for which the entire associated costs are allocated to Distribution.

The variances in the project costing and in service dates are due to two main factors:

1. Integrated Capital Planning

As noted in Exhibit B1, Tab 3, Schedule 2, Hydro One has adopted an integrated capital planning approach for station sustainment investments, as a result several individual station component replacement programs have gradually been discontinued, beginning in 2015.

2. Annual Budgeting Process

As noted in Exhibit B1, Tab 2, Schedule 7, Exhibit I, Tab 1, Schedule 56, and Exhibit I, Tab 9, Schedule 5, through the annual budgeting process, projects may be advanced, deferred or cancelled, and program funding may be increased or decreased based on system and customer needs.

Six projects, out of which have been completed and placed in-service, fall into the variance threshold; the variance explanations are as follows:

1. Cyber Security NERC CIP V5 Readiness: Due to increased efficiencies resulting from staffing requirement which were less than originally anticipated.
2. C25H Line Refurbishment: Original estimate called for the removal of all access roads, the access roads were not removed along right of way as these will be re-used for current and future projects by various lines of business. In addition, aggregate requirements were lower than was originally estimated.
3. H2JK/K6J Cable Replacement: Underspent due to less than expected contractor claims and soil remediation costs that were anticipated but did not materialize.
4. Preston TS Transformation: The OPA recommended the installation of a second autotransformer at Preston TS by the end of 2015. Hydro One conducted a study with

1 results that identified the installation of two new autotransformers at Cedar TS under the
2 Guelph Area Transmission Project (GATR) additional transformation capacity was not
3 required at the time and the Preston second auto transformer work could be deferred to
4 2025.

- 5
- 6 5. NMS Capital Sustainment: The Network Management System Capital Sustainment
7 Project (ISD #O01) in-servicing was delayed five months due to the following schedule
8 impacts:
- 9 • Production system required a longer implementation period than was anticipated:
 - 10 • Software defects found and required resolution;
 - 11 • Suspension of activities during a UPS failure at the Ontario Grid Control Centre
- 12
- 13 6. Wide Area Network Outreach Program: Cancelled due to negative test results.
- 14
- 15 7. Station LAN Infrastructure Program: Majority of the work has been combined with
16 integrated station investment projects.
- 17
- 18 8. Fault Locating Program: The plan is being re-evaluated and combined with other control
19 infrastructure initiatives.

School Energy Coalition (SEC) INTERROGATORY #034

Reference:

B1/4/1

Interrogatory:

For each incremental productivity initiative related to capital spending, please provide the expected savings for each of 2017 and 2018. Please explain all assumptions made in the calculation.

Response:

The individual initiatives identified in Exhibit B1, Tab 4, Schedule 1, do not have a specific associated cost savings, with exception of “Cost Savings from Strategic Sourcing”. For Supply Chain initiatives and value realization, see Exhibit C1, Tab 5, Schedule 1 and Exhibit B2, Tab 1, Schedule 1, respectively. The initiatives will ensure that the increased capital work program is accomplished in a cost-effective and reliable manner, with reduced variability at the investment level, and in-line with regulatory expectations.

School Energy Coalition (SEC) INTERROGATORY #035

Reference:

B1

Interrogatory:

If the Board were to not approve a certain amount of proposed capital spending for 2017 and 2018, please explain how Hydro One would determine which proposed spending and projects would not be undertaken.

Response:

If the Board does not to approve Hydro One's proposed capital spending level, Hydro One would first consider any direction given by the Board on where reductions are required. If the Board Decision does not provide such direction, Hydro One will re-initiate the operational stakeholder engagement stage of its investment planning process (described in section 5.1 of Exhibit B1, Tab 2, Schedule 7) to modify the investment plan, based on the prioritized results and other factors, such as resource and outage availability, to determine which investments will not be undertaken.

School Energy Coalition (SEC) INTERROGATORY #036

Reference:

B2/1/1, p.3

Interrogatory:

Please provide a list of the “international and national benchmarking studies” the Applicant contributed to, with the full citation (if available publicly) for each.

Response:

Benchmarking Studies that Hydro One contributed to include:

1. The North American Transmission (NATF) Form Hydro One Peer Review

As per NATF this study cannot be shared outside NATF memberships. This was confirmed by Hydro One Networks Inc. law department.

2. CEA Forced Outage Performance of Transmission Equipment report

The 2014 composite report, which is the latest and based on all T-CCOS members’ aggregated data from 2010 to 2014, has been provided as the response to IR AMPCO #11 as a confidential document;

3. CEA Bulk Electricity System Delivery Point Interruptions & Significant Power Interruptions report

The 2014 composite report, which is the latest and based on all T-CCOS members’ aggregated data from 2010 to 2014 for 5-year performance and 2014 data for single year performance, has been provided as the response to AMPCO #11 as a confidential document.

4. SGS transmission reliability benchmarking study

The agreement with the Service Provider states that the results and methods cannot be disclosed without the permission of SGS and all of the other companies (13) mentioned in the Study. Hydro One discontinued participation in this study as of 2014. Therefore, this study is not available for release.

5. North American Transmission Forum Transmission reliability report

As per NATF this study cannot be shared outside NATF memberships. This was confirmed by Hydro One Networks Inc. law department.

1 **School Energy Coalition (SEC) INTERROGATORY #037**

2
3 **Reference:**

4 B2/1/1, Table 2

5
6 **Interrogatory:**

7 Please advise whether this is a full list of Tier 2 and Tier 3 metrics. If it is not, please provide the
8 full table with all such metrics currently identified.

9
10 **Response:**

11 This is currently the full list of Tier 2 and Tier 3 metrics.

School Energy Coalition (SEC) INTERROGATORY #038

Reference:

B2/1/1, p. 18-19

Interrogatory:

With respect to the Reliability and Cost Efficiency (RCE) metric, please:

- a. Advise what other transmission utilities use this metric.
- b. Provide citations for academic and technical papers and other publications that discuss the use of this metric.
- c. Confirm that the RCE is directly proportional to the number of outages.
- d. Confirm that the RCE is inversely proportional to the maintenance spend.
- e. Confirm that the RCE is inversely proportional to the gross assets, but on a declining basis, such that as gross assets go up, RCE goes down, but at a lower rate than at which assets go up.
- f. Confirm that an increase in gross assets results in an improvement in RCE (without any change in number of outages or maintenance spend), even if the increase is a result of new assets with lower maintenance needs and higher reliability. Please explain how that relationship demonstrates improved efficiency in delivering reliability.
- g. Provide a fuller description of the logic behind the metric being proposed.
- h. Provide a breakdown of the calculations for each of the figures in Table 4.

Response:

- a) Please see response to Exhibit I, Tab 3, Schedule 61, part a).
- b) To Hydro One's knowledge, this metric has not been a part of any academic studies or technical papers.

- 1 c) To ensure clarity, the definition of "directly proportional" is when an input value increases,
2 the output value increases at the same rate. Since the number of unplanned outages is only
3 one of three factors that make up the RCE score, the change in unplanned outages is not
4 directly proportional. However, the value of the RCE score increases when the number of
5 outages increases, all other things being equal.
6
- 7 d) For reasons similar to those cited in the response to part c), this response avoids the use of
8 "inversely proportional". The value of the RCE score increases when the level of
9 maintenance expenditures increases, all other things being equal.
10
- 11 e) A change in gross assets is not inversely proportional to the RCE. An increase in gross assets
12 does have an inverse impact on the RCE score, as the RCE score decreases at a slower rate
13 than the increase in gross assets.
14
- 15 f) An increase in gross assets does result in an improvement in RCE if both maintenance
16 spending and unplanned outages are held steady. Gross assets take into consideration the
17 fact that a larger set of assets require a larger maintenance program and that more assets with
18 the potential to cause an outage are now connected to the system. When economically
19 beneficial, Hydro One will endeavour to replace assets with newer technology that will
20 increase reliability and reduce maintenance costs, as this is aligned with customers' interest.
21 However the timeframe of the RCE metric is only five years which will likely not include
22 major changes in the types of assets that are being put into service. The assumption in the
23 question relating to transformational technology shifts are more likely to occur over the
24 course of a decade or longer.
25
- 26 Hydro One has been tasked by the OEB to develop outcome based productivity metrics that
27 show increasing value for money for program spending. In the case of the RCE metric, the
28 outcome being measured is the reduction of unplanned outages which have a negative impact
29 on customers. This metric tracks all three data points in order to provide a transparent view
30 to external stakeholders on how efficiently Hydro One is spending its capital and
31 maintenance dollars in order to reduce unplanned outages.
32
- 33 g) The RCE metric is composed of two other metrics that are also important metrics to track.
34 The first metric 'outages per billion dollars in gross assets' shows reliability of the
35 transmission system. The second metric, 'gross asset value per dollar of maintenance spend'
36 shows the cost of maintaining the existing assets. When these two metrics are combined, it

provides a transparent view of how effectively Hydro One is spending its maintenance and capital dollars in order to reduce unplanned outages.

h) Please refer to the table below.

Lines & Forestry Services Transmission RCE Scorecard										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross Asset Value (\$M)	3,739	3,899	3,991	4,587	4,717	4,926	5,010	5,061	5,181	5,276
Maintenance Spend (\$M)	43	40	42	42	47	53	49	52	53	54
Unplanned Outages	495	544	528	531	567	388	445	400	400	400
Year-Over-Year										
Outages per Billion Dollars in Gross Assets	132.4	139.5	132.3	115.8	120.2	78.8	88.8	79.0	77.2	75.8
Gross Asset Value per Dollar of Maintenance Spend	86.0	98.4	94.8	109.4	100.3	92.9	101.7	97.7	98.6	98.6
Lines & Forestry Transmission RCE Score	1.5	1.4	1.4	1.1	1.2	0.8	0.9	0.8	0.8	0.8
3 year Average lines & Forestry Transmission RCE Score			1.5	1.3	1.2	1.0	1.0	0.8	0.8	0.8
Station Services Services Transmission RCE Scorecard										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross Asset Value (\$M)	5,306	5,855	6,438	6,790	7,222	7,789	8,173	8,829	9,428	10,355
Maintenance Spend (\$M)	125	124	140	117	127	125	122	115	131	127
Unplanned Outages	621	619	669	581	708	683	660	660	660	660
Year-Over-Year										
Outages per Billion Dollars in Gross Assets	117.0	105.7	103.9	85.6	98.0	87.7	80.8	74.8	70.0	63.7
Gross Asset Value per Dollar of Maintenance Spend	42.6	47.2	46.0	58.2	56.9	62.3	66.8	76.6	72.1	81.4
Stations Transmission RCE Score	2.7	2.2	2.3	1.5	1.7	1.4	1.2	1.0	1.0	0.8
3 year Average Stations Transmission RCE Score			2.4	2.0	1.8	1.5	1.4	1.2	1.0	0.9

Witness: Michael Vels

1 **School Energy Coalition (SEC) INTERROGATORY #039**

2
3 **Reference:**

4 B2/1/1, p.23 and Attachment 1, p. 26

5
6 **Interrogatory:**

7 Please advise which “schedule”, and which “approved budget” (e.g. original, release date,
8 revised, final before commencement, or final with extras) is used to test the work execution
9 metric.

10
11 **Response:**

12 For the Work Execution metric *% of budgeted work completed on or ahead of schedule* the
13 measure uses the latest approved completion date which would accommodate approved scope
14 changes.

15
16 For the Work Execution metric *ISA as % of the OEB approved budget* the measure is the
17 overall approved in-service additions as captured in the associated Transmission Rate Decision.

School Energy Coalition (SEC) INTERROGATORY #040

Reference:

B2/2/1, p.1

Interrogatory:

The evidence says “Hydro One agreed stakeholders would be consulted regarding the Terms of Reference (TOR)...”: Please confirm that the actual wording of the Settlement Agreement is as follows:

Hydro One agrees to complete an independent Transmission Cost Benchmarking Study that will be filed with Hydro One’s next Transmission rates application. Intervenors and Board Staff will be consulted, and agreement will be sought, in defining the Terms of Reference that will be included in the Request for Proposal document. The Request for Proposal document will be used in the selection process for the independent party that will complete the Study. After Hydro One selects the independent party that will complete the Study, Intervenors and Board Staff will review the Study proposal provided by the independent party to help ensure that the proposal meets the requirements of the Terms of Reference. Intervenors and Board Staff will also be provided with an opportunity to review and provide comments on the preliminary results prior to finalizing the Study.”
[emphasis added]

Please confirm that a draft of the actual Terms of Reference was provided to the stakeholders, and that agreement was reached on those terms. If agreement was not reached, please provide an explanation.

Response:

It is confirmed that the wording in the Hydro One Transmission Settlement Agreement in proceeding EB-2014-0140 states “Intervenors and Board Staff will be consulted, and agreement will be sought, in defining the Terms of Reference”. To satisfy these requirements, Hydro One held its first of three stakeholder consultations on February 11, 2015. As recorded in the minutes of that consultation found as Exhibit B2, Tab 02, Schedule 01, Attachment 02 on page 4, “the purpose of the session is to gather input from participants on defining the associated Terms of Reference” and “the primary purpose of this session is to obtain stakeholder input through direct participation”.

1 On page 10 of the Consultation minutes, the minutes state “In terms of next steps, it was
2 determined that the Terms of Reference document within the RFP will be drafted using the input
3 from the current session. It was suggested by stakeholders, subject to Hydro One’s Supply Chain
4 procurement policies, this Terms of Reference document might then be reviewed by Mark
5 Rubenstein of the School Energy Coalition on behalf of the participant stakeholders. It was
6 stated that a non-disclosure agreement may need to be signed as per Hydro One’s procurement
7 policies, but Mr. Cowan would inquire if feasible and take appropriate steps”.

8
9 Subsequently, after the preparation of the draft terms of reference, a series of emails occurred:

- 10
- 11 • On April 10, 2016, an email was sent to Mr. Rubenstein with an attached Confidentiality
12 Agreement, requesting his signature;
 - 13 • On April 13, 2015, 9:09 am, an email was received by Hydro One Regulatory Affairs
14 from Mr. Rubenstein requesting that someone call him that day;
 - 15 • On April 13, 2015, 9:26 am, an email was sent to Mr. Rubenstein from Hydro One
16 Regulatory Affairs, requesting “something in writing to confirm you do not need to see
17 the Study and therefore will not be signing the Agreement”.
 - 18 • On April 13, 2015, 9:44, Mr. Rubenstein responded stating, “After considering the issue
19 since the Stakeholder meeting, SEC has determined it is not prepared to sign a
20 confidential agreement in order to review the terms of reference for the Transmission
21 Cost Benchmarking Study. We understand that because of that we will unable to review
22 the terms of reference for the Study”.
- 23

24 Hydro One believes that through these actions, it satisfied both requirements: to consult with
25 intervenors and Board Staff; and to seek agreement on the Terms of Reference. Subsequent
26 stakeholdering sessions were then held to provide additional information and obtain feedback on
27 the Study.

School Energy Coalition (SEC) INTERROGATORY #041

Reference:

B2/2/1, p. 2

Interrogatory:

Please provide a table showing all changes made to the Terms of Reference, the Study Plan, and the Final Report as a result of input from customer stakeholders, including in each case what was originally proposed, the input, and the final result.

Response:

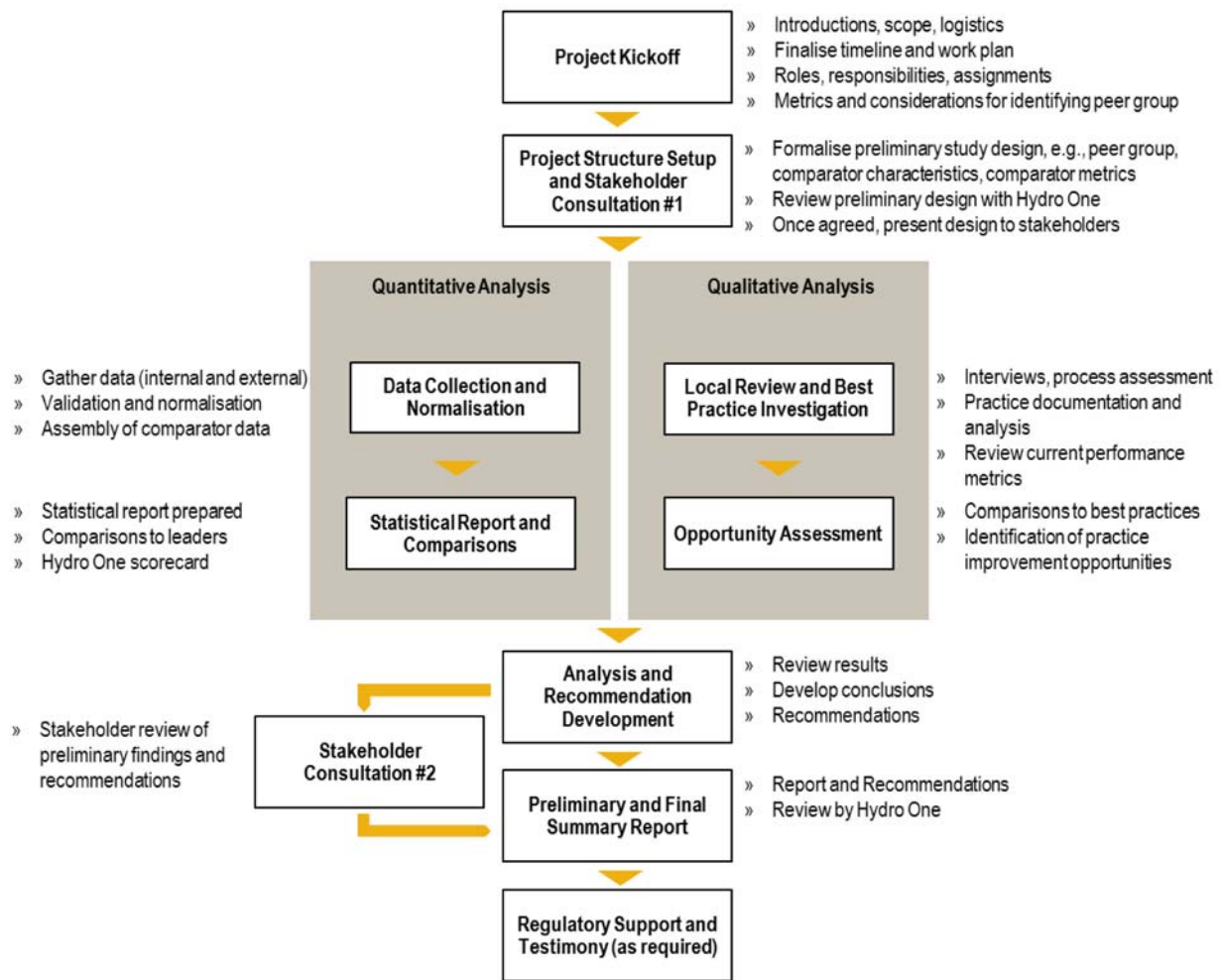
No systematic, comprehensive record of the changes to the Terms of Reference, Study Plan, and Final Report was kept during the course of the project. We have endeavored below to provide a discussion of the changes made as a result of stakeholder input.

Terms of Reference:

We are not aware of any changes that were made to the Terms of Reference during the course of the Study.

Study Plan:

The basic Study Plan is as shown in the diagram below. This core work plan remained unchanged through the course of the Study. Elements within the work plan were adjusted based on Stakeholder input. In particular, two areas of input resulted in changes – suggestions regarding the metrics, and the peer utilities to include in the study.



One suggestion made during Stakeholder Session 1 was to modify the project approach to include a Total Factor Productivity analysis. Because the study was defined as a Total Cost Benchmark study, this suggestion was not acted upon. Beyond that, the session focused mostly on questions and clarifications rather than suggestions for changes to the approach.

The list of peer companies for the study is shown in the following table. This includes the original list, the suggested additions, and the final result. Stakeholders recommended that additional companies be considered and that one company be excluded from the peer group, given its relatively small size. All the companies on the original list and the additional companies proposed by stakeholders were contacted. Those that agreed to participate were included in the final study. The company that stakeholders recommended excluding was

excluded. In the case of candidate companies who declined participation, each was contacted multiple times, through more than one individual.

Original List	Proposed Additions - Stakeholder Session 1	Final Participants
Austin Energy	Altalink	Baltimore Gas and Electric
B.C. Hydro	Emera (Nova Scotia Power)	BC Hydro
CenterPoint Energy – Electric (Houston, TX)		CenterPoint Energy
CPS Energy (San Antonio, TX)		Commonwealth Edison
East Kentucky Power Coop.		CPS Energy
Exelon – Baltimore Gas and Electric		East Kentucky Power Coop.
Exelon – ComEd (Chicago)		Hydro One Networks
Exelon – PECO Energy (Philadelphia)		Kansas City Power & Light
Hydro-Quebec Provincial		Manitoba Hydro
Kansas City Power and Light		Oncor Electric Delivery
Manitoba Hydro		PECO Energy
New Brunswick Power		PPL Electric Utilities
Oncor Electric Delivery (Dallas, TX)		Public Service Electric & Gas
PPL Electric Utilities (Central Pennsylvania)		Southern California Edison
Public Service Electric and Gas (New Jersey)		Tucson Electric Power
SaskPower		Westar Energy
Southern California Edison		
Tucson Electric Power		
Westar Energy (Kansas)		

Performance Metrics

Navigant and First Quartile proposed four major groupings of metrics, and these remained the same throughout the Study. The first three of these were performance metrics, and the fourth is better defined as a “practice” metric. The four major groupings were the following:

- Cost
- Reliability
- Safety
- Staffing

Witness: Oded Hubert

Filed: 2016-08-31

EB-2016-0160

Exhibit I

Tab 6

Schedule 41

Page 4 of 6

- 1 Within the major groupings there were a few minor changes during the course of the Study. The
- 2 initial list of performance metrics is as shown below. All of these metrics were eventually
- 3 included in the final report.

Cost Metrics

Capital Investment

Transmission Lines and Substations

Total Capital per Asset

Sustaining Capital per Asset

Growth Capital per Asset

Transmission Lines

Total Capital per Asset

Total Capital per Kilometer

Sustaining Capital per Asset

Sustaining Capital per Kilometer

Growth Capital per Asset

Growth Capital per Kilometer

Substations

Total Capital per Asset

Total Capital per MVA

Sustaining Capital per Asset

Sustaining Capital per MVA

Growth Capital per Asset

Growth Capital per MVA

OM&A Spending

Transmission Lines and Substations

Total OM&A per Asset

Transmission Lines

OM&A per Asset

OM&A per Kilometer

Substations

OM&A per Asset

OM&A per MVA

OM&A per Substation

Reliability Metrics

Transmission Lines

Element total outage frequency (TOF), for both > and < 200kV

Element sustained outage frequency (SOF), for both > and < 200kV

Element Momentary outage frequency (MOF), for both > and < 200kV

Element Sustained Outage Duration Time (SODT), for both > and < 200kV

Circuit Total Outage Frequency, Mileage Adjusted (TCOF100CTmi), both > and < 200kV

Circuit Sustained Outage Frequency, Mileage Adjusted (SCOF100CTmi), both > and < 200kV

Circuit Momentary Outage Frequency, Mileage Adjusted (MCOF100CTmi), both > and < 200kV

Percentage of Elements with Zero Automatic Outages (PCZO), for both > and < 200kV

Sustained automatic outages by cause code, for both <200kV and >200kV

Substations

Contribution To SAIFI

Contribution to SAIDI

Transformer Failures per 1000 Transformers

% Mis-Operation Rate for Relays

MOF from failed AC substation equipment, plus failed protection system equipment <200kV

MOF from failed AC substation equipment, plus failed protection system equipment >200kV

SOF from failed AC substation equipment, plus failed protection system equipment <200kV

SOF from failed AC substation equipment, plus failed protection system equipment >200kV

TOF from failed AC substation equipment, plus failed protection system equipment <200kV

TOF from failed AC substation equipment, plus failed protection system equipment >200kV

Safety Metrics

- OSHA Recordable Injury Rate - combined for Substations and Transmission
- OSHA Recordable Injury Rate - for Substations
- OSHA Recordable Injury Rate - for Transmission Lines
- OSHA DART Incidence Rates OSHA
- Lost workday Case Rates
- OSHA Lost Time Severity Rate
- Total Frequency Rates of Vehicle Accidents
- High Risk Vehicle Accident Frequency Rate
- Days worked since the last employee fatality
- Preventable Frequency Rate

Staffing Metrics

- Wage Rates for key jobs -- Journey-level lineworker, substation electrician
- Transmission Lines FTEs per asset
- Substation FTEs per asset
- Span of control - Substations and Lines
- Outsourcing % - Substations (Design, Construction, Maintenance)
- Outsourcing % - Transmission Lines (Design, Construction, Maintenance)

In addition, a few other metrics were suggested based on Stakeholder Session 1. The table below summarizes the results for those items.

Input from Stakeholders	Actions	Final Metrics
Investigate possibility to add something for worker productivity	Investigated possibilities - none available with comparable data from peers	Not Included
Consider Loss of Supply (LOS)	Tracked similar metrics, which were available from majority of peer companies	Similar metrics included
Consider Adding T-SAIDI and T-SAIFI	Gathered some data from CEA study Hydro One participated in, used for comparison	Included

Final Report

The table below shows the inputs from stakeholders regarding the final report.

Input from Stakeholders	Actions	Result
Modify format of some graphs	Modified to make axis labels more consistent, readable, consistent way to identify Hydro One on each chart	Better, more consistent graphs included
Consider adding depreciation as well as the existing CAPEX and OM&A values	Didn't have depreciation values from peer companies, so couldn't perform this analysis	Depreciation not included in report.
Make recommendations more specific	Revised recommendations to be more specific	Report modified to have more directed recommended actions

Witness: Oded Hubert

School Energy Coalition (SEC) INTERROGATORY #042

Reference:

B2/2/1, Attachment 1

Interrogatory:

With respect to the Transmission Total Cost Benchmarking Study:

- a. Please provide a copy of the RFP for the study, including the Terms of Reference.
- b. [p.4, 10] Please confirm that the normalization factor selected, gross asset value, has the result that if a transmission company has a relatively high cost system, its annual costs will appear to be lower than the rest of the comparators, even if those costs relative to customer outcomes are the same as or higher than the comparators.
- c. [p.4, 10] Please advise what steps were taken to ensure that the gross book value of Hydro One's assets, relative to its throughput, carrying capacity, or other non-cost factors, was not higher than the same metrics for the comparator group.
- d. [p.4, 10] Please advise what normalization factor was selected for each of the last ten transmission benchmarking studies filed with the FERC and prepared by companies other than Navigant or First Quartile.
- e. [p.11] Please provide the weighted average age of all of the transmission assets of each of the companies in the peer group, including Hydro One.
- f. [p.17] Please provide the calculation used to get to a 50 years replacement cycle.
- g. [p.22-23] Please provide a copy of the the CEA study referred to.
- h. [p.24-25 and Attachment 4, p.42] Please explain what steps were taken to ensure that the nomenclature used within the peer group to describe personnel was equivalent, such that the numbers of project managers could be compared directly. Please explain why, if the nomenclature is equivalent, Hydro One has lower support staff resources, and the hourly cost between support staff and project managers is not materially different.

- 1 i. [p. 31] For each of the recommendations on Figure 32, please provide details of the
2 information arising out of the benchmarking analysis that caused the experts to make the
3 recommendation, and how the recommendation and the data are linked or related.
4
- 5 j. [p. 33] Please confirm that Figure 33 provides 20-14 data for each company. Please
6 reproduce Figure 33 with two more columns, one for total transmission revenue for 2014,
7 and one for weighted average age of assets. Please provide the revised Figure 33, with
8 existing and additional information requested, in Excel format.
9
- 10 k. [p.33] Please provide a table showing the comparators proposed by parties during the
11 stakeholder process, and for each, either confirm that the comparator was included in the
12 final peer group or explain why it was not. Please provide a separate table showing a list of
13 the comparators that were added by the experts and were not proposed by parties during the
14 stakeholder process.
15
- 16 l. [p.35] Please reproduce Figure 36 indicating where Hydro One would be located on the chart
17 had it not been excluded.
18

19 **Response:**

- 20 a) The RFP has been filed as Attachment 1 to this response.
21
- 22 b) Since the gross asset value is used as a denominator any metric calculated using it would also
23 be equally affected by the selected numerator. Therefore, the stated presumption cannot be
24 confirmed.
25
- 26 c) The metrics referenced in the question were not used to compare the companies included in
27 the study.
28
- 29 d) The information filed with FERC is general accounting information according to specific
30 accounting guidelines issued by FERC. This accounting information does not constitute a
31 benchmarking study nor is it normalized by FERC.
32
- 33 e) The study prepared for Hydro One by Navigant did not include the weighted average age of
34 all transmission assets. The study did, however, include a look at the age of various assets in
35 terms of the percent installed by decade.

- 1 f) A specific calculation was not performed. The additional period of time that is needed to
2 replace older assets, absent a significant increase in capital funding, is driven by the much
3 higher cost of assets today than when the same assets were originally installed.
4
- 5 g) Refer to response to Exhibit I, Tab 3, Schedule 11, part b.
6
- 7 h) Study participants were asked to provide the number of full-time project managers.
8 Although specific job titles can vary between companies, participants understand that their
9 responses should include staff that is directly managing projects. The study did not include
10 an evaluation of the staffing costs associated with managing projects.
11
- 12 i) Each of the recommendations proposed in Figure 32 was generated by the experts and is
13 based on a balanced review of Hydro One costs and other operating performance factors as
14 well as by drawing on the deep experience of the experts. The intent of the recommendations
15 is to provide actions that can be taken to begin driving improvements in areas where Hydro
16 One might be lagging other companies and where the experts believe that there is reasonable
17 opportunity to realize improvement.
18
- 19 j) The data shown in Figure 33 is 2014 data. Transmission revenue was not reported as part of
20 the study. The study prepared for Hydro One by Navigant did not include the weighted
21 average age of all transmission assets. The study did, however, include a look at the age of
22 various assets in terms of the percent installed by decade.
23
- 24 k) The comparators proposed during the stakeholder process were each approached and invited
25 to participate in the study. The ones who agreed to participate by gathering and submitting
26 the required data are all represented in the report. Those that are not included in the study
27 chose not to participate by submitting data.
28

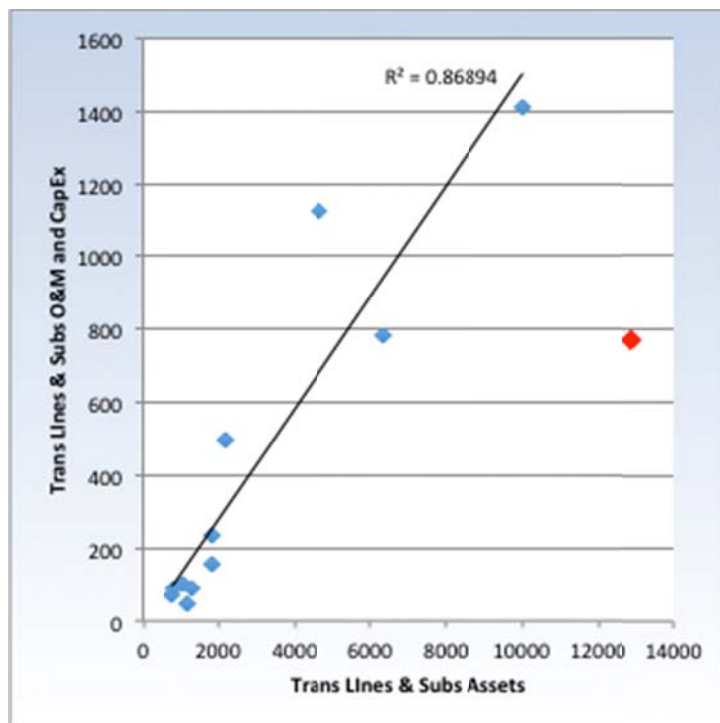
Proposed by Parties or by Experts	In Study?
Altalink	
BC Hydro	Yes
Canadian Utilities Limited (ATCO)	
Commonwealth Edison	Yes
Energie NB Power	
EPCOR Utilities Inc.	
Florida Power & Light	
Hydro Quebec	
Manitoba Hydro	Yes
National Grid	
New Brunswick Power	
Northeast Utilities	
Nova Scotia Power	
Pacific Gas & Electric	
SaskPower	
Southern California Edison	Yes
Xcel Energy	

1

Added by Experts	In Study?
Baltimore Gas & Electric	Yes
CenterPoint Energy	Yes
CPS Energy	Yes
East Kentucky Power Cooperative	Yes
KCP&L	Yes
Oncor Electric Delivery	Yes
PECO Energy	Yes
PPL Electric Utilities	Yes
Public Service Electric & Gas	Yes
Tucson Electric	Yes
Westar Energy	Yes

2

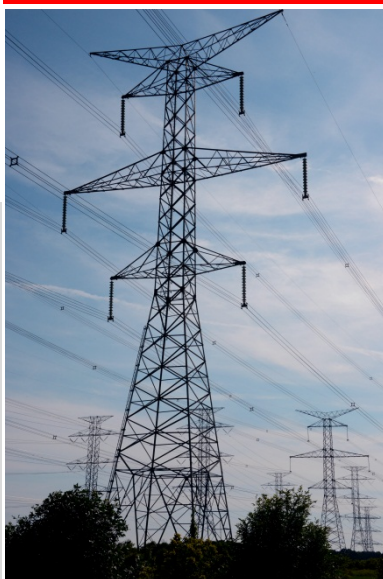
1) The chart has been reproduced with Hydro One placed on it.





Hydro One Networks Inc.

Request for Proposal
Tx Cost Benchmarking Study
RFP Number 7000005685



RFP Closing Date and Time
Monday May 25, 2015 Before 3:00:01 PM Toronto, Ontario, Canada

Hydro One Contact
Lynnette Harris
lynnette.harris@hydroone.com

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PART 1: OVERVIEW

1.1 Definitions

The following definitions apply:	
<i>Conflict of Interest</i>	means, but is not limited to, any situation or circumstance where, in relation to the performance of its obligations under the contract, the successful Proponent's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of its independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its obligations under the contract;
<i>Days and/or days</i>	shall mean calendar days;
<i>FIPPA</i>	means the Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. F.31, as amended;
<i>Proponent</i>	means the party responding to the RFP;
<i>Proposal</i>	constitutes a Proponent's response or submission to the RFP;
<i>Purchaser and/or Hydro One</i>	may be used interchangeably herein and means Hydro One Networks Inc.;
<i>Unfair Advantage</i>	any conduct, direct or indirect, by the Proponent at the procurement/bidding stage that may result in gaining an unfair advantage over other parties in the procurement/bidding process, including but not limited to (i) possessing, or having access to, information in the preparation of its Proposal that is confidential to the Purchaser and which is not available to other competitors, (ii) communicating with any person with a view to influencing, or being conferred preferred treatment in, the procurement process, or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the procurement process and result in any unfairness, including, without limitation, conduct, agreement, or concerted practice between the Proponent and another company or person to, among other things, create a fake Proposal/bid/submission for comparative purposes, or require a competitor to refrain from bidding/submitting a Proposal, or require a competitor to bid/submit a Proposal in a certain manner, or share details about their bid/Proposal, including how they intend to bid/submit a Proposal; and,
<i>Work and/or work</i>	all labour, materials, Construction Equipment, equipment, appropriate documentation, structures, services, tools, supplies, and acts required to be done, furnished or performed by the successful Proponent under the contract.

1.2 Introduction

This RFP document and all Addenda are retrieved through the BID System. The Proposal is **not** accepted electronically through the BID System; Proposals are submitted to the Proposal Depository as detailed Section 1.8 - Submission Place and Deadline for Proposals. A detailed user guide to the BID System is included in Part 5 – Attachments and Hyperlinks.

This RFP consists of five parts as follows:

- Part 1: Overview
- Part 2: Commercial Terms & Conditions
- Part 3: Terms of Reference
- Part 4: Form of Submission
- Part 5: Attachments and Hyperlinks

Complete your Proposal in accordance with the above noted RFP documents.

1.3 Schedule

Event	Date/Time
RFP Issuance (Confidentiality Agreement Signoff Required)	May 1, 2015
Last Date for Receipt of Proponent-written Questions	May 15, 2015
Proposal Due Date and Time	Before 3:00:01 PM local time, May 25, 2015 in Toronto, Ontario, Canada
Expected Successful Proponent Selection	Est. Week of June 1, 2015
Expected Project Initiation/Start Date	ASAP following Award

1.4 Submission Details / Form of Response

Proponents are required to complete the Form of Submission (Part 4) and other requested documentation as part of the Proposal. In order to allow a consistent evaluation of the Proposals, it is required that information be presented in accordance with Part 4, and to the point, clearly, and completely.

This RFP document has been protected. By pressing the “Tab” key you will be directed to each section requiring a response and/or consideration of a response. Access to all hyperlinks and embedded documents is available in Part 5 - Attachments and Hyperlinks in an unprotected state for you to access the link or open the document.

You may not change any of the pre-printed information. All required sections are to be directly addressed and fully completed to permit Proposal evaluation. Hydro One is not obligated to seek clarifications.

All questions are to be addressed and answers are to be clear, concise, legible, typed or written in ink. Your Proposal must be signed, in ink, by a person or persons authorized to do so. Erasures, overwriting or strikeouts must be initialed by the person signing on behalf of the Proponent submitting the Proposal. Failure to comply with the foregoing may cause rejection of the Proposal.

All required attachments to be completed and included with your Proposal are to be attached as appendices and properly referenced. The Appendix number shall be referenced in your response to the applicable section in Part 4 and is to be included on the attachment itself.

All Proposals are to be in English only. Any Proposals received by the Purchaser that are not entirely in the English language may be **disqualified**. Any resulting contract will be in English only, at the express wish of both parties.

Toutes les propositions doivent être en anglais seulement. Toutes propositions reçues par l'acheteur qui ne sont pas entièrement dans la langue anglaise peuvent être **disqualifiées**. Le contrat subséquent sera en anglais seulement.

Where there are spaces provided, indicate either “Yes” OR “No” by clicking in the appropriate box as shown in the “example” below:

Yes	<input checked="" type="checkbox"/>	No	<input checked="" type="checkbox"/>
-----	-------------------------------------	----	-------------------------------------

Please do not cross out, shade nor highlight your answer, to allow clarity during evaluation of the submission.

IMPORTANT

Proponents are cautioned against delivering responses that are little more than standard company collateral or company brochures collected en masse into a binder. While this collateral may form an important ancillary Section of your response, they are not to replace clear, definitive correlation between the Proponent’s experience and services/material/equipment to be provided and the specific Hydro One business requirements. Such responses may be disregarded.

Please keep all responses clear, concise, and on subject. Back-up information can be included as an Appendix.

1.4.1 Unpriced Proposal, Pricing Matrix and Number of Copies

Proposals must be submitted in the following method:		
(a)	Unpriced Proposal	<p>Proposals shall include:</p> <ul style="list-style-type: none"> one (1) original (ink) paper copy signed by an authorized representative, prominently marked "Original" (without the Pricing Matrix) and; one (1) hard copy and; one (1) electronic copy either CD or USB key (without the Pricing Matrix). <p>The Proposal Return Label should be affixed to the outside of the sealed package. The Proposal Return Label is included in Part 5 – Attachments and Hyperlinks.</p> <p>Failure to comply with the foregoing may cause your Proposal to be disqualified.</p> <p>The content of the paper copy Proposal (Part 4 completed) <u>shall be the same</u> as the electronic version Proposal (Part 4 completed). In the event of a conflict or inconsistency between the hard copy and the electronic copy of the unpriced Proposal, the hard copy of the unpriced Proposal shall prevail.</p>
(b)	Pricing Matrix	<p>Proponents must complete the Pricing Matrix – Attachment #6 as included in Part 5 – Attachments and Hyperlinks. The Pricing Matrix must be completed in its entirety, using the exact format provided in this RFP document package.</p> <ul style="list-style-type: none"> one (1) hard copy of the completed Pricing Matrix must be inserted in a <u>separate sealed envelope</u>, inside the box or package containing your unpriced Proposal and the separate sealed envelope shall be clearly marked: <p style="text-align: center;">RFP Document # 7000005685 Tx Cost Benchmarking Study Proposal Appendix #6 Pricing Matrix Your Full Legal Company Name</p> <p><i>Proponent Note:</i> Appendix # to be referenced in the envelope</p> <p>and;</p> <ul style="list-style-type: none"> included in the same separate sealed envelope shall be one (1) electronic copy (unprotected) containing <u>the same content</u> of the paper copy Pricing Matrix. <p>Ensure you have completed all tabs/worksheets in the Pricing Matrix. Where no price applies, state '0' or 'nil'. Your Proposal may be disqualified if a price in any area of the Pricing Matrix is left blank.</p> <p>In the event of a conflict or inconsistency between the hard copy and the electronic copy of the Proponent's Pricing Matrix, the hard copy of the Pricing Matrix shall prevail.</p> <p>In most instances Hydro One will evaluate the completed Pricing Matrix only after the determination that the Proposal is compliant based on passing all Mandatory Criteria, if applicable and after the evaluation of the other Rated Criteria (other than price). The Purchaser may, in its sole discretion, accept or reject any Proposal:</p> <ul style="list-style-type: none"> (a) that does not have a completed Pricing Matrix in a separate sealed envelope (and labeled as the Pricing Matrix along with the applicable RFP # and company's Proposal Appendix #, or (b) that includes any material pricing information in the Proposal (completed Part 4 - Form of Submission).
(c)	Complete Submission	<p>A complete submission will include the unpriced Proposal and the separate, sealed, package containing the Pricing Matrix. The complete submission will be labeled and delivered to Hydro One as stipulated in Section 1.8.</p>

1.5 Submission Place and Deadline for Proposals

Your Proposals **must** be received **before** the time and date indicated in Schedule – Section 1.4 of this RFP. Proponents shall address their Proposal to:

Hydro One Networks Inc.
483 Bay Street, South Tower, **Ground Floor Reception**
Toronto, Ontario M5G 2P5

Attention: Proposal Depository – Ground Floor Reception
Reference: **RFP Document # 7000005685**

Hours of operation for the Proposal Depository are: **Monday to Friday** (except for statutory holidays observed in Ontario), from **9:00 a.m. to 3:00 p.m.** Local Time in Toronto, Ontario, Canada.

Hydro One cannot guarantee Proposals will be able to be received and date and time-stamped outside of these hours of operation.

Proposals, and revisions to Proposals, received orally, by telephone, e-mail or by facsimile equipment, or after the specified Proposal due date and time, will not be considered.

The Proposal due date and time will be strictly adhered to.

The onus is on each Proponent to ensure their Proposal is received at the Proposal Depository – Ground Floor Reception at the above-noted address before the stipulated Proposal due date and time regardless of the method of delivery. Responses are deemed received when they are date and time-stamped. The Proposal due time and the local time in Toronto, Ontario, Canada will conclusively be deemed to be the time shown on the time-stamp clock used at the Proposal Depository – Ground Floor Reception for this purpose. It is each Proponent's responsibility to ensure that their response is delivered and date and time-stamped before the Proposal due date and time. The Proponent should factor in that there may be delays or other conditions at the Proposal Depository that could delay the date and time-stamping of their Proposal, and that their own clock (and other clocks) may show a time different than the time-stamp clock used for receipt of Proposals, and this may result in their response being late. The Proponent is also cautioned that there could be a high volume of visitor traffic at the Reception Desk, which may cause delay in the time-stamping of the Proposal and result in a Proposal response being late.

1.6 The Purchaser's Contact / Communications

Inquiries/questions or comments with respect to this RFP must be directed in writing to the Purchaser's Contact - Lynnette Harris by e-mail at: **lynnette.harris@hydroone.com** or Fax #416-345-6068 before the Last Date for Receiving Proponents' Written Questions stated in section 1.4 above. Or by mail:

Hydro One Networks Inc.
Attn: Lynnette Harris
483 Bay Street, 6th Floor, South Tower,
Toronto, Ontario M5G 2P5

The Purchaser will provide Proponents with written responses to questions that are submitted before the Last Date for Receiving Proponents' Written Questions stated in Section 1.4. Material questions and answers will be distributed in numbered Addenda to Proponents by posting such Addenda on the Purchaser's SRM BID System. In answering a Proponent's questions, the Purchaser will set out the question(s), but without identifying the Proponent that submitted the question(s) and may, in its sole discretion:

- (a) edit the question(s) for clarity;
- (b) exclude questions that are either unclear or inappropriate; and
- (c) answer similar questions from various Proponents only once.

Where an answer results in any change to the RFP, such answer will be formally evidenced through the issue of a separate Addendum for this purpose.

During the RFP period, no officer, agent, or employee of the Purchaser is authorized to alter orally, any portion of these documents. Any alterations will be issued as addenda and will be considered an integral part of the RFP.

Prior to award of the contract, any correspondence that may be required shall carry the Purchaser's RFP Document Number.

At the sole discretion of Hydro One, questions and the responses may be distributed to all the Proponents.

It is the responsibility of the Proponent to seek clarification from the Purchaser's Contact on any matter it considers to be unclear. The Purchaser shall not be responsible for any misunderstanding on the part of the Proponent concerning this RFP or its process.

Proponent Note:

While we conduct the solicitation and evaluation of the Proposals, please do not contact any individual in Hydro One with respect to this requirement, other than the Purchaser's Contact.

Failure to comply with this requirement may cause your Proposal to be **disqualified**.

1.7 Evaluation Process and Criteria

1.7.1 Mandatory Criteria/Requirements

Mandatory requirements will be assessed on a pass/fail basis. Failure to meet the mandatory requirements will result in disqualification. A Proposal must include or conform with the following mandatory requirements:

- Proponent agrees to not take any action that would cause the Purchaser or any of its directors, officers, employees, agents, representatives, or business partners to be in breach of any of the obligations set out in Hydro One's corporate Code of Business Conduct.
- Confirmation of meeting any and all Mandatory Technical Requirements outlined in Part 3 – Terms of Reference.
- Acknowledgement, Agreement and Acceptance of the Terms and Conditions within Part 1 – Instructions to Proponents.
- Your Proposal submission must be received at the Proposal Depository before the date and time stipulated in Section 1.4 and at the location stipulated in Section 1.6. Late Proposals will be returned unopened.

In addition to the above Mandatory Requirements each Proponent must declare in Part 4 – Form of Submission whether it has an actual or potential Conflict of Interest or Unfair Advantage.

Where, in its sole discretion, the Purchaser concludes that an Unfair Advantage and/or Conflict of Interest arises or where the Purchaser discovers a Proponent's failure to disclose all actual or potential Conflicts of Interest or Unfair Advantage, it may, in addition to any other remedy available to it at law or in equity, **disqualify** the Proponent's Proposal, or terminate any contract awarded to the Proponent pursuant to this RFP.

1.7.2 Rated Criteria

Evaluation of the proposals will be based on, but not limited to, the following criteria:

- i) Compliance with Hydro One's Code of Business Conduct.
- ii) Evidence of good standing with WSIB.
- iii) Compliance with insurance requirements.
- iv) Compliance with all other Commercial Conditions as outlined in the "Commercial Terms and Conditions" attached as Part 2 to this RFP.
- v) Compliance with security requirements.
- vi) Viable business in existence for a minimum of 3 years.
- vii) Cost, terms of payment and other aspects of the relationship that concerns financial arrangements.
- viii) Ability to meet delivery schedule requirements.
- ix) Compliance with Hydro One's need to retain ownership of all work products.
- x) Proven expertise and experience of company.
- xi) Proven experience of proposed personnel.
- xii) Proven ability to have qualified personnel in place to undertake the project.
- xiii) Details of similar work successfully completed in the past.
- xiv) Ability to fully address issues and requirements within the Terms of Reference.
- xv) Proven experience and understanding in a Regulatory environment in North America, (preference will be given for experience in the Ontario regulatory environment).
- xvi) Experience as an Expert Witness before a Regulatory Body.
- xvii) Proven experience in support of Demonstrated clear understanding of Hydro One's requirements (including, but not limited to – regulated electricity industry, regulatory accounting, proposed project team, proposed project methodology, work plan, deliverables including recommendations and analysis).
- xviii) Understanding of the impacts of the HST for businesses.
- xix) Demonstrates awareness and understanding of Canadian and US GAAP and IFRS.
- xx) Proposed Pricing structure/Matrix.

All submissions received will be evaluated against the criteria listed. Proponents are encouraged to provide a cost-effective Proposal, detailing the services/material/equipment to be provided and any other contribution to support the requirements

defined in the RFP documents. The onus is on each Proponent to ensure that its Proposal is complete and comprehensive in all respects to enable Hydro One to properly assess and evaluate the Proponent's capabilities and competence in relation to the scope of work. To that end, please submit any additional information that supports the required capabilities identified in Part 3: Terms of Reference.

If a Proposal contains a defect or fails to comply in some way with the requirements of this RFP, which in the sole and absolute discretion of Hydro One is not material, Hydro One may waive the defect or non-compliance and accept the Proposal for purposes of evaluation.

1.7.3 Stages of Evaluation Process

The evaluation of the Proposals will be conducted by the evaluation team (the "**Evaluation Team**") in several stages, as described below. The Purchaser will determine the membership of the Evaluation Team, in its sole discretion, which may include external consultants and advisors.

The Purchaser will conduct the evaluation of Proposals in the following stages:

Stage I - Review of Mandatory Requirements (Pass / Fail)

Stage I will consist of a review to determine which Proposals comply with all of the mandatory requirements. Proposals, which do not comply with all of the mandatory requirements, will be **disqualified** and not evaluated further. All qualified Proposals (those complying with all of the mandatory requirements) will advance to Stage II.

Stage II – Evaluation of General Requirements

Stage II will consist of a scoring by the Purchaser of each qualified Proposal on the basis of the General Requirements rated criteria. A short list of Proposals based on the General Requirements rated criteria will be developed. Only short-listed Proposals will advance to Stage III and be considered for an award.

Stage III – Evaluation of Pricing / Total Evaluated Cost

Upon completion of Stage II the sealed pricing envelope provided for each qualified Proposal will then be opened and Stage III will consist of a scoring of the pricing submitted. Pricing will be scored based on a pricing formula established by the Evaluation Team on the basis of the information provided in the Proponent's completed Pricing Matrix (form included in Part 5 – Attachments and Hyperlinks).

1.7.4 Cumulative Score

At the conclusion of Stage III, all scores will be added and the highest scoring Proponent ("Preferred Proponent") will be selected to enter into a contract in accordance with Part 2 – Commercial Terms and Conditions.

In the event that the Preferred Proponent fails or refuses to execute the contract within 14 Days from being notified of its position as the Preferred Proponent, the Purchaser may, in its sole discretion:

- (d) extend the period for concluding the contract, provided that if substantial progress towards executing the contract is not achieved within a reasonable period of time from such extension, the Purchaser may, in its sole discretion, terminate the discussions;
- (e) exclude the Preferred Proponent's Proposal from further consideration and begin discussions with the next highest-ranked Proponent without becoming obligated to offer to negotiate with all Proponents; and
- (f) exercise any other applicable right set out in this RFP, or available in law including but not limited to, cancelling the RFP and issuing a new RFP for the same or similar services. The Purchaser may also cancel this RFP or exclude the Preferred Proponent from further consideration in the event the Preferred Proponent fails to obtain any of the permits, licenses, surety bonds, other types of security and/or approvals required pursuant to this RFP.

1.8 RFP Process / Debriefings

Proponent note: The hyperlinks included herein are available for opening in Part 5 – Attachments and Hyperlinks.

Unsuccessful Proponents will be provided with notification of award in writing and/or by following the appropriate links to Tenders and Proposals – Awards at www.HydroOne.com.

Proponents may request a debriefing after notification of award. All requests must be in writing to the Purchaser's Contact stipulated in Section 1.8 of this Part 1 and must be made within sixty (60) days of notification of award. The intent of the

debriefing information session is to aid the Proponent in presenting a better submission in subsequent procurement opportunities. Any debriefing provided is not for the purpose of providing an opportunity to challenge the procurement process.

1.9 Confidentiality / FIPPA

Hydro One reminds Proponents that the terms and conditions of the Confidentiality Agreement signed prior to the release of this RFP, Attachment #4 – Previously Executed Confidentiality Agreement in Part 5 – Attachments and Hyperlinks, will apply to the full content of this RFP and material provided through the RFP process. Without derogating from the terms of the said Confidentiality Agreement, Hydro One hereby informs Proponents as follows:

- (a) All requirements, documentation and information obtained by Proponents in connection with this RFP are the property of Hydro One, must be treated as confidential, and not used for any purpose other than for preparing your Proposal and replying to this RFP, and for fulfillment of any subsequent contract(s), if awarded.
- (b) Should you choose not to participate in this RFP process, please destroy all electronic and paper forms of this RFP.
- (c) Any confidential information supplied to the Purchaser by the Proponent may be disclosed by the Purchaser where it is obligated to do so under FIPPA, by an order of a court or tribunal or pursuant to a legal proceeding. The provisions of this section apply to all Proponents and shall survive the RFP process.

1.10 Intentionally Deleted:

1.11 Intentionally Deleted:

1.12 Disclaimer

- (a) Hydro One reserves the right, in its sole and absolute discretion, to award the RFP to:
 - (i) more than one Proponent;
 - (ii) make a partial award;
 - (iii) modify, cancel, postpone, withdraw, or re-issue this RFP at any time, whether before or after Proposals have been submitted, and for any reason whatsoever without any obligation or reimbursement to any of the Proponents of any monies, whether or not a Proponent's Proposal contains all required information and whether or not the Proposal is properly completed or submitted;
 - (iv) waive procedural/technical defects, irregularities, exceptions, or omissions in the Proposal if, in doing so, the best interests of Hydro One will be served;
 - (v) negotiate any Proposal with a Proponent without reference to any other Proponent or Proposals.
- (b) Hydro One shall in no way be committed to accept the lowest Proposal or any Proposal and shall not be required to give any reason for its decision. Each Proponent agrees that the exercise of any right described herein shall be without liability on the part of Hydro One for any damage or claim brought by a Proponent because of same, nor shall any Proponent seek recourse of any kind against Hydro One because of same. Hydro One may, at its sole and absolute discretion, modify, delay, cancel, postpone, or withdraw this RFP and re-issue other RFPs (or proceed with another procurement process) for same or similar Work.
- (c) The costs and expenses for the preparation and submission of a Proposal and all other cost and expenses incurred by any Proponent relating to this RFP, and the process related thereto, shall be borne by that Proponent. Hydro One shall not be liable to pay for such costs and expenses or to reimburse or compensate a Proponent in any manner whatsoever or under any circumstances including, without limitation, in the event of rejection of any or all Proposals, or the modification, cancellation, postponement, withdrawal, or re-issuance of this RFP, or if Hydro One proceeds with another procurement process for same or similar work.
- (d) All requirements and conditions imposed by the RFP documents are for the benefit of Hydro One. They are not to be construed as undertakings or obligations on the part of Hydro One with respect to their enforcement. Hydro One will not be liable for any verbal information or advice or any errors or omissions which may be contained in this RFP. Hydro One makes no representations or warranties either express or implied, with respect to the accuracy or completeness of this RFP and Hydro One shall not be responsible for any action, cost, loss or liability arising from the Proponent's reliance or use of this RFP.
- (e) The Proposals solicited are solely for the benefit of Hydro One, and Hydro One does not make any claims or promises whatsoever that the final award will be based on any perceived or assumed.

- (f) All requirements, documentation and information obtained by the Proponents in connection with the RFP are Hydro One's property and must be maintained in confidence and shall not be used for any purpose other than for replying to the RFP, and for fulfilment of any subsequent contract(s) if awarded.
- (g) Without limiting the generality of the provisions of all sections of this Part 1, Hydro One reserves the right to disqualify from submitting a proposal, or refuse to award to:
- (i) An individual or partnership, or
 - (ii) An individual or partnership who was a shareholder or officer of a corporation, or
 - (iii) A corporation, or
 - (iv) A corporation with a shareholder or officer, or
 - (v) A corporation that has a shareholder or officer who is also a shareholder or officer of another corporation that has, in the twenty-four (24) months prior to the Proposal due date, or at any time between the Proposal due date and the date of award;
 - A. had a bid bond retained, or had all or part of a performance bond retained, or breached a contract with Hydro One or one of its affiliates; or
 - B. failed to complete its obligations under any prior contract with Hydro One or one of its affiliates; or
 - C. conducted itself under a prior contract with Hydro One in a manner that, in Hydro One's reasonable opinion, did not meet the highest standards of integrity, ethics, and business practices; or
 - D. was involved, or is now involved, in a legal proceeding, dispute, or threatened dispute, with Hydro One, whether or not the Proponent believes the said proceeding, dispute, or threatened dispute is with merit.
- The foregoing does not apply where the shareholder holds shares of a publicly-traded company that offers its registered securities to the general public and the shareholder holds an insignificant interest in the stock of that company, not to exceed a total of five per cent of the outstanding stock of the company.
- (h) Hydro One may, in its sole and absolute discretion, choose to meet with one or more of the Proponents to discuss aspects of their Proposal. Hydro One may require one or more Proponents to submit supplementary documentation clarifying any matters contained in their Proposal, and the supplementary documentation accepted by Hydro One shall form part of the Proposal of such Proponents.
- (i) This document is the sole property of Hydro One and shall not be reproduced or distributed in whole or in part for any other purpose other than that for which it is intended, i.e. submission of Proposal and submission of work. All other use of this document or portion thereof shall require the prior written approval of Hydro One.
- (j) The Proponent submitting a Proposal(s) agrees that all rights, title and interest, including copyright ownership, to all information and material that may be provided to the Proponent by Hydro One or otherwise obtained by the Proponent relating to the RFP or in the Proponent's supply of Work if it is the successful Proponent, shall remain the property of Hydro One. All such information and material and any copies thereof shall be returned to Hydro One upon request. The Proponent further agrees to maintain all information and material that may be provided to the Proponent by Hydro One or otherwise obtained by the Proponent in relation to the RFP or in the course of supplying the Work, if the Proponent is the successful Proponent, in strict confidence and to disclose the said information and material only to those of its employees having a need to know same and who have undertaken a like obligation to maintain its confidentiality. The Proponent agrees neither to reproduce or disclose or distribute the said information and material to any other third party and not to use the said information and material for any purpose other than as specifically contemplated herein without Hydro One's prior written consent.
- (k) In no event shall Hydro One be responsible for any losses or damages of the Proponent that are indirect, consequential, punitive, or for economic loss, loss of revenues, loss of profits, penalties, or fines, including without limitation as a result of the Purchaser accepting a non-compliant bid; accepting a bid that does not meet one or more mandatory provisions; disqualifying a bid that meets all of the mandatory provisions; accepting a bid from an ineligible bidder; failing to accept or disqualifying a compliant bid; failing to adhere to its stated evaluation criteria; failing to adhere to its specifications, scope of work, or terms of reference; cancellation, delay, or amendment of the RFP process; commencing a similar RFP process or proceeding with another method of procurement; making a partial award; awarding to more than one Proponent; seeking or failing to seek a clarification on any Proposal; awarding to a bidder other than the lowest bidder; correcting any evaluation errors; failure to conduct a fair process; negotiating with any Proponent without reference to any other Proponents or Proposals; waiver or failure to waive procedural or technical defects, irregularities, exceptions, and omissions in bids; accepting a late bid; or failing to accept a bid submitted on time; refusing to accept a bid submitted to an incorrect location; accepting a bid that was submitted to an incorrect location; or inability or unavailability to accept the submission of a proposal.

- (l)** Subject to all other exclusions and limitations anywhere in the RFP documents, Hydro One's maximum liability in the event of any loss or damages due in whole or in part to the Hydro One's act or omission, including, without limitation any negligence, willful misconduct, breach of any statutory or other duty of care, or breach of contract, shall not exceed one thousand dollars (\$1,000).
- (m)** The Proponent confirms that it has had an opportunity to review the RFP documents and obtain legal advice in respect thereto.

By submitting a Proposal to the Purchaser, each Proponent acknowledges, agrees with and accepts the terms and conditions of all clauses in this Part 1 - Overview, and agrees to the adequacy of the RFP and the process described herein for the intended purpose. The acknowledgement, agreement and acceptance of the terms and conditions within this Part 1 - Overview is mandatory and any revisions by the Proponent to any clauses found within this Part 1 - Overview will not be accepted, nor will any alternate terms and conditions submitted by the Proponent be accepted. In particular, by submitting a Proposal, each Proponent agrees to any terms that exclude or limit Purchaser's liability in connection with this RFP. These provisions for the benefit of Hydro One may not be waived.

PART 2: COMMERCIAL TERMS AND CONDITIONS

Part 2 of the RFP document comprises:

- 2.1 Special Terms and Conditions - Supplemental to A-29-2011 (October 2011)
- 2.2 Insurance Requirements
- 2.3 Contract Standard A-29-2011 (October 2011)

To the extent of any conflict or inconsistency, Section 2.1 – Special Terms and Conditions take precedence over Section 2.3 – Standard Commercial Conditions for Consulting and Professional Services, Contract Standard A-29-2011 (October 2011). In the Special Terms and Conditions and Contract Standard A-29-2011 (October 2011) the successful Proponent under the RFP shall be referred to as the Consultant.

To the extent of any conflict or inconsistency, Section 2.2 – Insurance Requirements take precedence over Section 2.1 – Special Terms and Conditions and Section 2.3 – Contract Standard A-29-2011 (October 2011). In the Insurance Requirements the successful Proponent under the RFP shall be referred to as the Consultant.

2.1 Special Terms and Conditions – Supplemental to Contract Standard A-29-2011 (October 2011)

Capitalized terms not defined under the Special Commercial Terms and Conditions shall have the same meaning ascribed to them under A-29-2011 (October 2011), unless otherwise expressly stipulated. The provisions of these Special Terms and Conditions shall prevail over any provisions under A-29-2011 to the extent of any conflict or inconsistency.

2.1.1 Security / Safety Measures

A-29-2011 (October 2011) Section 29 is hereby amended as follows:

- 29 (a) (i) Delete the words “Personnel Risk Assessment Form”, and replace with “Personnel Risk Assessment”
- 29 (b) (ii) Delete the words “Personnel Risk Assessment Form”, and replace with “Personnel Risk Assessment”

2.1.2 Notices

A-29-2011 (October 2011) Section 32 is hereby amended as follows:

Delete the words “15th floor, North Tower”, and replace with “8th floor, South Tower”.

2.1.3 Expiry and Extension of Contract

The Contract shall expire following the required deliverables and participation in the defense of the Benchmarking Report in up to two OEB proceedings expected to occur in 2016.

2.1 Insurance Requirements

When used in these insurance provisions, the term “Consultant” shall mean the Purchaser’s opposite party, whether described as the Company, Contractor or otherwise in this agreement. The Consultant agrees to provide and/or cause its sub consultants to provide and maintain in full force and effect with financially responsible insurance carriers, the following insurance which shall take effect as of the date of this agreement and shall remain in effect during the term hereof or any extension thereof or as otherwise specified herein:

2.1.1 Automobile Liability Insurance

Automobile Liability Insurance, covering all licensed vehicles owned, **(and non-owned auto for policies written in U.S.)**, rented or leased and used in connection with the Work to be performed under this agreement. Coverage shall include Bodily Injury and Property Damage Liability, mandatory Accident Benefits and if applicable attached machinery, to a combined inclusive minimum limit of **\$1,000,000**. To achieve the desired limits, Excess or Umbrella coverages may be used.

2.1.2 Commercial General Liability Insurance

Commercial General Liability Insurance with limits of **\$5,000,000** inclusive for both bodily injury, including death, personal injury and damage to property, including loss of use thereof, for each occurrence. To achieve the desired limits, Excess or Umbrella coverages may be used. Coverage shall specifically include but not be limited to the following:

- Blanket Contractual Liability;
- Damage to property of the Purchaser including loss of use thereof;
- Liability arising out of unlicensed equipment
- Pollution Liability coverage on at least a Sudden and Accidental basis
- Products & Completed Operations to be continuously maintained through the operational liability insurance;
- Employer's Liability;
- Non-Owned Automobile Liability; **Not applicable where company's auto liability insurance covers non-owned autos as in U.S. policies;**
- Broad Form Property Damage;
- XCU endorsement **(if applicable to the services being provided under the contract);**
- Blasting **(if applicable to the services being provided under the contract).**

2.1.3 Errors and Omissions Insurance

N/A

2.1.4 Worker Compensation

Consultant and/or its sub consultants shall qualify under and shall satisfy all the workers compensation laws of all jurisdictions in which the "Work" and any portion of the Work is to be performed and any other applicable provisions of said laws. **(Note: For U.S. employees, appropriate State Workers Compensation must be carded including Employees Liability for a minimum limit of \$1,000,000 U.S., with a Foreign Coverage Endorsement and, to the extent applicable, Jones Act and U.S. Longshoreman's and Harbor Workers coverage and FELA).** The Consultant, upon commencement of any work at the site, shall submit a list of all employees who will be employed at the site.

2.1.5 Intentionally Deleted

2.1.6 Certificates of Insurance

In accordance with the provisions herein, the Company will supply and cause its subcontractors to supply Purchaser a certificate of insurance completed by a duly authorized representative of their respective insurers certifying that at least the minimum coverages required here are in effect and that the coverages will not be cancelled, restricted or reduced without 30 days advance written notice by registered mail, receipt required, to:

Hydro One Networks Inc.
Attn: Lynnette Harris
483 Bay Street, 6th Floor, South Tower,
Toronto, Ontario M5G 2P5

(with copy to

Hydro One Inc., Risk & Insurance Department
483 Bay Street, TCT 07, South Tower
Toronto, Ontario. M5G 2P5

- (a) Failure of Purchaser to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Purchaser to identify a deficiency from evidence provided will not be construed as a waiver of the Consultant obligation to maintain such insurance. No one acting on behalf of the Purchaser has any authority to waive the any insurance requirement herein, unless done so by making specific reference to the provision being affected, and done so in a written instrument signed by hand (and not electronically) by the Purchaser's authorized signing authority.
- (b) The Purchaser's acceptance of delivery of any certificate of insurance evidencing the required coverages and limits does not constitute approval or agreement by the Purchaser that the insurance requirements have been met or that the insurance policies shown in the certificates of insurance are in compliance with the requirements.
- (c) The Consultants failure to maintain the required insurance, or to provide such certificate or other evidence of full compliance with these insurance requirements, as set forth here may result in termination of this contract at Purchaser's option.

- (d) If any of the coverages are required to remain in force after final payment, an additional certificate evidencing continuation of such coverage will be submitted with the Consultants final invoice.
- (e) Certificates of insurance are required to be provided prior to the work beginning.
- (f) All deductibles shall be to the account of the Consultant and/or its sub Consultants.
- (g) With the exception of Automobile Liability Insurance, all insurance noted above shall specify that it is primary coverage and not contributory with or in excess of any other insurance that may be maintained by Purchaser.
- (h) All limits and deductibles are expressed in Canadian dollars.
- (i) Purchaser shall be included as an Additional Insured under coverages noted in Commercial General Liability and Excess/Umbrella Liability but only with respect to their rights and interest in the operations of the Consultants and shall be added a Loss Payee as Purchaser's interest may appear, under coverage All Risks' Installation Floater.
- (j) Coverages noted in Commercial General Liability and Excess/Umbrella Liability shall contain a Cross Liability clause and a Severability of Interests clause.
- (k) Coverage provided for the Purchaser shall not be invalidated or vitiated by actions or inactions of others.
- (l) The aforementioned insurance requirements shall be in force prior to the commencement of services under the contract and shall remain in force during the entire term of the contract. Notwithstanding anything else in the contract:
 - (i) the Consultant shall not commence providing the said services prior to the Purchaser's receipt of a valid Standard Insurance Certificate evidencing compliance with all terms of this clause;
 - (ii) if the required insurance coverage expires during the Contract term the Consultant shall ensure that replacement insurance coverage as required above shall be in place immediately so that coverage shall be continuously maintained ; and the Consultant shall provide a renewal certificate within 14 days of expiration evidencing continued compliance with all terms of this clause.

2.2 Contract Standard A-29-2011 (October 2011)



A-29-2011 (October 2011).pdf

Proponents Note: This Contract Standard A-29-2011 (October 2011) is available for opening in Part 5 – Attachments and Hyperlinks.

Background

Hydro One Inc. is a holding company with subsidiaries that operate in the business areas of electricity, Transmission and Distribution (“T&D”), and telecom services. Hydro One Inc. is wholly owned by the Province of Ontario and our T&D businesses are regulated by the Ontario Energy Board (“OEB”). Our industry, including our company, is governed within the broad legislative framework of the Electricity Act and the OEB Act.

Hydro One Networks Inc. (“Hydro One”) represents the majority of Hydro One Inc. business. As stewards of the Province’s electricity grid, our core role is to provide safe, reliable and cost-effective electricity transmission and distribution and to connect clean and renewable sources of generation to the province’s electricity grid.

Hydro One Telecom Inc. is a CRTC-registered, non-dominant, facilities-based carrier involved in marketing the excess fibre-optic capacity. We provide broadband telecommunications services in Ontario with connections to Montreal, Buffalo, and Detroit. Building on the expertise and reliability of Hydro One, Hydro One Telecom delivers broadband telecommunications solutions for Carriers, ISP’s, commercial customers and the Public Sector.

Hydro One is the largest electricity transmission and distribution company in Ontario. We own and operate substantially all of Ontario’s electricity transmission system, accounting for approximately 96.6% of Ontario’s transmission capacity based on the revenue approved by the OEB. Based on assets, our transmission system is one of the largest in North America and our distribution system is the largest in Ontario.

The following link can be found and accessed in Part 5 - Attachments and Hyperlinks. In this website, information about Hydro One Inc. and its subsidiaries is available.

Website: <http://www.hydroone.com/OurCompany/Pages/QuickFacts.aspx>

2.0 Hydro One Transmission Cost Study

2.1 Transmission Total Cost Study Framework

In the Hydro One Networks Inc. 2015-2016 Transmission Revenue Requirement Settlement Agreement, Hydro One agreed to complete an independent Transmission Cost Benchmarking Study to be filed with Hydro One’s next Transmission Rates application. This Study will provide a high level set of benchmarks and comparisons of Total Cost (defined as Capital and OM&A) and Business Performance (generally defined as service delivery effectiveness and efficiency) for Hydro One among North American peer organizations. Hydro One expects to benefit from this study with the exploration of cost variations and associated best practices that can be adopted to realize cost efficiencies within our Transmission business.

In the Settlement Agreement, Hydro One agreed stakeholders would:

- Be consulted regarding the Terms of Reference (TOR) for the Request for Proposal (RFP);
- Have an opportunity to review the successful proponent’s Study proposal to help ensure it meets the requirements of the TOR; and
- Provided with an opportunity to review and provide comments on the preliminary results prior to finalizing the Study.

The Stakeholder Consultation Notes from the session held to determine the TOR for the RFP are found at this link:

<http://www.hydroone.com/RegulatoryAffairs/Documents/EB-2014-0140%20Tx%20Rates%202015/HONI%20Stakeholder%20Consultation%20Notes,%20February%2011%202015.pdf>

2.2 Deliverables

Hydro One is undertaking this Transmission Cost Benchmarking project with the expectations that the awarded proponent will:

- Demonstrate expertise and capability by detailing the type of information to be gathered and the types of utilities that should be used for comparison purposes;
- Define potential comparator characteristics to ensure appropriate sample size;
- Select an appropriate group of businesses to use as comparators to Hydro One for total cost benchmarking such as other North American utilities including integrated utilities and other non-utility businesses where appropriate;
- Consider variations between comparators and how they will be taken into consideration in the study;
- Advise on which comparison indicators will be relevant, measurable and will garner the appropriate reliable results through the Study
- Ensure a common understanding of the comparison criteria by stating the parameters and definitions to be used;
- Quantify and evaluate costs of the benchmark group relative to the cost drivers, to assess how reasonable Hydro One's costs are compared to the benchmark group;
- Explore cost variations and associated best practices and methods and make recommendations on what could be adopted to realize efficiency gains; and
- Advise how data is to be collected, appropriate number of years of data required for the study to be deemed meaningful, reliable and repeatable.

3.0 SCOPE OF WORK

3.1 Project Requirements

Part A

1. Design a benchmarking study to deliver the Hydro One expectations outlined in section 2.2;
2. Present the proposed study design, cohort selection criteria and comparison metrics to be used to a stakeholder consultative for their understanding and input;
3. Meet with Hydro One to review suggested changes resulting from the consultative process;
4. Provide interim progress reports as requested by Hydro One;
5. Prepare and present a draft of the study report to Hydro One and the stakeholder consultative to gain feedback and comments for possible incorporation into the study;
6. Present a Final Report to Hydro One for filing to the Ontario Energy Board;
7. Defend the study plan, findings and conclusions in a regulatory proceeding in the normal phases of the regulatory application process as defined by the OEB. This includes the preparation of other related evidence as necessary to support methodology and measures applied, related assumptions on economic parameters, comparable companies, comparison criteria, etcetera;
8. Include in the study:
 - A description of the methodology to be used to complete the study to meet Hydro One's expectations;
 - Comparator characteristics (some potential characteristics will be provided by Hydro One);
 - Comparison metrics (some potential metrics will be provided by Hydro One);
 - A thorough list of reliability metrics;
 - Findings and conclusions on the reasonableness of Hydro One's transmission total cost relative to comparators;
 - An explanation of any significant divergence from the optimal benchmark;
 - Recommendations of best practices and methods Hydro One should adopt to realize efficiency gains; and
 - A summary report on business performance within the peer group and recommend measures that could be utilized by Hydro One.
9. Design the benchmarking study to be readily repeatable to permit a comparison trend analysis for future reviews.
10. Prepare for and participate in stakeholder consultative sessions relating to the benchmarking study to gain input to the study design and parameters and presentation of the Study proposal to review and provide comments on the preliminary results prior to finalizing the study. Hydro One wishes to fully inform the consultative about the study, to the extent that "confidentiality" issues permit, with the objective of gaining their endorsement of the process and the results. Hydro One will retain the right to unilaterally decide any question related to the study.
11. Prepare a draft study proposal for review by Hydro One and stakeholders on or before end of May 2015, preliminary study results by end of October 2015 and a final report on or before end of December 2015.

Part B

12. Participate fully, in cooperation with Hydro One, in the filing, discovery, hearing and argument phases of the Ontario Energy Board review of the transmission cost study.
 13. Defend the benchmarking study report and associated issues as an expert witness for Hydro One as and when required, before the Ontario Energy Board at future Regulatory Hearings. This includes preparing expert witness testimony.
- **Note: Preparation of the study and report outlined in Part A should be costed and a single lump sum price is to be provided. For Part B, individual per diem rates, as appropriate, with an estimated total hour allocation for this work should be provided; expected reimbursable expenses must be detailed.**

3.2 Consultant Requirements

The consultant required for this assignment must:

- Be able to provide all of the services outlined in Section 3.0;
- Have expertise and proven experience in preparing a cost benchmarking study and defending recommendations in a regulatory environment;
- Have in-depth knowledge and experience in applying general regulatory principles as they apply to the project scope;
- Have knowledge of specific practices and precedents within the regulated utility industry;
- Have significant experience in acting as an expert witness at rate hearings in the subject areas covered by this work scope;
- Be able to demonstrate that they have successfully completed similar work for other large clients, on time and on budget;
- Comply with Hydro One's Code of Business Conduct; and
- Comply with Hydro One Commercial Terms and Conditions; Insurance and WSIB.

3.3 Schedule

The schedule for completion of the activities is driven for by Regulatory requirements for a new rate application to be submitted in the first quartile of 2016. The consultant shall base their response to this RFP on meeting the following schedule of major milestones:

1. Deliver draft proposal for the Study:
2. Participate in stakeholder sessions:
3. Deliver the preliminary results at a stakeholder session:
4. Deliver the Final Report:
5. Fully participate in the defense of the Benchmarking Report in up to two OEB proceedings expected to occur in 2016.

3.4 Pricing

Hydro One is looking to have a fixed price submitted for the delivery of the Final Report and hourly rates provided for the individuals needed to fully participate in the defense of the Benchmarking Report in up to two OEB proceedings expected to occur in 2016.

PART 4: FORM OF SUBMISSION

Notes:

- (a) Capitalized terms not defined herein shall have the same meaning ascribed to them in the Bid Invitation Letter of this RFP.
- (b) The "Proponent", "Contractor", and "Company" are the same party.
- (c) In order to allow a consistent evaluation of the Proposals, you must complete your response on the form provided as the Form of Submission (Part 4). Responses are to be to the point, clear, and complete. You may insert additional lines on the electronic document to provide sufficient space for your complete response; however, you may not change any of the pre-printed information. All requested sections must be directly addressed and fully completed to permit evaluation. Hydro One is not obligated to seek clarifications. All attachments required to be completed and included with your submission are to be attached and properly referenced. Failure to comply may cause your Proposal to not be considered and be disqualified.
- (d) Failure to comply with sections marked "Mandatory Requirement(s)" will cause your Proposal to not be considered and be **disqualified**.

4.1 Company information

ALL fields are to be completed or if Not Applicable, Proponent should enter "N/A" in field.	
Full Legal Name of Proponent:	26T
Any other name under which the Proponent conducts business:	26T
Mailing Address:	26T
Complete Mailing Address: City, Province / State / Country:	26T
Postal / Zip Code:	26T
Complete Remit to Address (if different than Mailing Address above):	26T
Mailing Address:	26T
City, Province / State / Country:	26T
Postal / Zip Code:	26T
Phone Number (including Area Code):	26T
Fax Number (including Area Code):	26T
Email Address:	26T
Website / URL Address:	26T
Name of Proponent's Main / Key Contact Person:	26T
Proponent's GST / HST Registration Number:	26T
Proponent's QST Registration Number:	26T
Proponent's Proposal Reference Number	26T
The undersigned, hereby declare that the company is: (Complete sub-clause (a) or (b) only, whichever applies)	26T
(a) A Company incorporated under the laws of	
OR	
(b) An individual or partnership carrying on business under the firm name and style above stated the names and places of incorporation, if any, of the members of the partnership or	26T

joint venture being the following:

4.2 Mandatory Requirements

<p>Mandatory requirements will be assessed on a pass/fail basis. A Proposal must include or conform with the following mandatory requirements. Proponent is to place an “X” mark in either the “Yes” or “No” column in each of the rows below. <u>Failure to meet the mandatory requirements will result in disqualification.</u></p>		Yes	No
<p>4.2.1 Hydro One Code of Business Conduct</p> <p>We have examined the Hydro One Code of Business Conduct, and agree to not take any action that would cause the Purchaser or any of its directors, officers, employees, agents, representatives, or business partners to be in breach of any of the obligations set out in Hydro One’s corporate Code of Business Conduct.</p> <p>A current copy of the code may be reviewed by downloading the electronic document by following the appropriate link at the following hyperlink (can be found and accessed in Part 5 – Attachments and Hyperlinks): http://www.hydroone.com/CodeofConduct</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>4.2.2 Acknowledgement, Agreement and Acceptance of the Terms and Conditions within Part 1 – Overview</p> <p>A Proponent may not take any exception to Part 1 –Overview under this RFP. Confirm your acceptance of Part 1 – Overview.</p>		<input type="checkbox"/>	<input type="checkbox"/>
<p>4.2.3 Acknowledgement, Agreement and Acceptance of all Mandatory Technical and Project Requirements within Part 3 – Terms of Reference</p> <p>A Proponent may not take any exception to any Mandatory Technical or Project Requirement within Part 3 – Terms of Reference this RFP. Confirm your acceptance and compliance with all Mandatory Technical Requirements within Part 3 – Terms of Reference by selecting the appropriate box below.</p>		Proposal meets Mandatory Technical and Project Requirements	
Mandatory Technical or Project Requirement	Proponent Bid Reference	Yes	No
-	26T	<input type="checkbox"/>	<input type="checkbox"/>
-	26T	<input type="checkbox"/>	<input type="checkbox"/>
-	26T	<input type="checkbox"/>	<input type="checkbox"/>
-	26T	<input type="checkbox"/>	<input type="checkbox"/>
-	26T	<input type="checkbox"/>	<input type="checkbox"/>
-	26T	<input type="checkbox"/>	<input type="checkbox"/>
-	26T	<input type="checkbox"/>	<input type="checkbox"/>

4.3 Executive Summary

Provide a concise summary of your organization, number of years in business, capabilities, and compliance. Readers of this section should be able to grasp the substance of the response quickly and easily.

Answer below:

26T

4.4 Subcontractors / Sub-consultants

Please below any subcontracting arrangements (resources, etc) who would be assigned to the Work. Hydro One reserves the right in its sole and absolute discretion to reject for any reason whatsoever any sub-consultants proposed by the Proponent.

Answer below:

26T

4.5 Your Understanding of Hydro One's Requirements

Describe in your own words, your understanding of Hydro One's requirements including scope and resource requirements. Specify in detail the actual services you propose to deliver. Detail the support you will require from Hydro One. Identify any major issues as determined by your company that would need to be addressed for successful delivery of the services.

Answer below:

26T

4.6 Proof of Ability, Project Team and Subject Matter Expertise

Hydro One requires detailed assurance that Proponents responding to this RFP demonstrate past performance in, and present/future resource commitment to, the utility services industry and contracts for needs similar to those expressed in this RFP. Please provide responses to the following:

4.6.1 Utility Services Background:

Provide an overview of your experience and background in this field. Outline your involvement in any **related** associations or groups, including any interest groups. Complete at least **five (5)** utility references in the table(s) under "4.6.3 – References" below, at least one of which should include a large transmission component.

Answer below:

26T

Describe your experience in large scale projects, similar to the contracts sought by this RFP. Experience may also include other industries governed by different but equivalent standards. Provide examples of similar projects Proponent has completed within the last three (3) years using technology and methodology you have proposed in this RFP response. Proponent is expected to provide name, location and date of work, other technologies included in solutions, time frame of delivery of the projects, challenges encountered (technology, etc), methodology used, size of project team including vendor, client and integrator with an emphasis on experience relevant to the deliverables out lined in the Terms of Reference of this RFP.

Answer below:

26T

4.6.2 References

Complete the table below to demonstrate:

Project Experience and References

Referenced Project Title /Description	Proponent Contact (Name and Phone Number)	Contact Information for Reference	Name of Proposed Project Team Member(s) that worked on	Résumé of Proposed Team Member attached
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		(Name and Phone Number)	referenced project	Yes	No
26T	26T	26T	26T	<input type="checkbox"/>	<input type="checkbox"/>
26T	26T	26T	26T	<input type="checkbox"/>	<input type="checkbox"/>
26T	26T	26T	26T	<input type="checkbox"/>	<input type="checkbox"/>
26T	26T	26T	26T	<input type="checkbox"/>	<input type="checkbox"/>
26T	26T	26T	26T	<input type="checkbox"/>	<input type="checkbox"/>

Place an "X" mark in either the "Yes" or "No" column in each of the rows below.	Yes	No
Please indicate whether Hydro One may contact the provided references.	<input type="checkbox"/>	<input type="checkbox"/>

4.6.3 Project Team

Provide details of the personnel who would be assigned to the Work, and those who would be available as additional resources, clearly specifying for each individual whether they are "assigned" resources, or "available additional" resources. Personnel details should include proof of their ability to perform the Work including resumés detailing education, professional status and experience, **(to be attached as an Appendix)**. In addition, indicate specifically which of the **five** reference accounts used for the "Project Experience" table under "c." above the personnel to be "assigned" to the project have worked on and in what capacity they were accountable on these projects. As mentioned, include as appendices the appropriate CVs.

Provide evidence of the subject matter expertise available to meet the requirements of this RFP. This should include having the capability in terms of personnel, training, processes, methodologies, etc.

Indicate the proposed team members' availability for the duration of this initiative.

The proposed team members are subject to Hydro One review and approval. Hydro One is particularly interested in the skills, knowledge, qualifications and relevant practical experience of the Proponent's team and the individual's experience with similar projects.

Answer below:

26T

Résumé(s) **attached as Appendix # 26T** to our submission.

4.6.4 Intentionally Deleted

4.7 Statement of Work

Place an "X" mark in either the "Yes" or "No" column in each of the rows below.	Yes	No
<p>Provide a draft Statement of Work utilizing the attached SOW Template included in Attachment #11– Statement of Work in Part 5 – Attachments and Hyperlinks.</p> <p>Attached as Appendix #26T to our submission. (Fill in the blank.)</p> <p>Please indicate whether you have completed and attached the above documentation:</p>	<input type="checkbox"/>	<input type="checkbox"/>

4.8 Schedule

Place an "X" mark in either the "Yes" or "No" column in each of the rows below.	Yes	No
<p>Hydro One is targeting completion of this engagement (See both deadlines - Part 3 Terms of Reference – 1.4.1) including final report and presentation(s). Proponents are expected to propose a project plan that meets this timeframe based on the scope, complexity, and size of the tasks. Please provide the following:</p> <p>Brief summary overview of approach you will take to complete this assignment.</p> <p>Work plan and schedule in a format acceptable to the Purchaser (e.g. Microsoft Project).</p> <p>Resource plan. This includes resource roles and percent allocation for each major deliverable.</p> <p>Hydro One resource requirements, including roles, knowledge requirements, percent available (quantity of their time needed), and timelines (at what point in the proposed work schedule they will be required).</p> <p>Non-personnel resources requested of Hydro One, if required (i.e. Hydro One service providers).</p> <p>Project planning assumptions including required access to senior management.</p> <p><i>Answer below:</i></p> <p>26T</p> <p>Provide confirmation below of your ability to meet the delivery timelines outlined in Part 3: Terms of Reference</p>	<input type="checkbox"/>	<input type="checkbox"/>

4.9 Hydro One Resource Requirements

Detail any required support by Hydro One resources. Include an estimate of time, the reason and at what point in the proposed work schedule the resources are required.

Also include any non-personnel resources required of Hydro One. Indicate space/facilities and equipment expected to be provided by Hydro One.

Answer below:

26T

4.10 Intentionally Deleted

4.11 Intentionally Deleted

4.12 Intentionally Deleted

4.13 Assessment Methodology

Provide a description of the methods, processes and procedures and high level plan for conducting the Work as defined in this Request for Proposal (i.e., what and how it will be done). The Proponent should state the nature, and content, and the expected artifacts/deliverables that will be generated (i.e., what will be the product and what will Hydro One expect to receive).

Answer below:

26T

4.14 Assumptions and Constraints

Identify below key assumptions and constraints governing your Proposal.

Answer below:

26T

4.15 Risks

Using the table provided below, provide an assessment of the potential risks that may impact a successful project completion and how these risks will be mitigated.

Potential Risk	Risk Impact	Risk Mitigation
26T	26T	26T
26T	26T	26T
26T	26T	26T

4.16 Intentionally Deleted

4.17 Intentionally Deleted

4.18 Pricing

“Goods and Services Tax” or “GST” means the federal Goods and Services Tax chargeable in accordance with Part IX of the Excise Tax Act (Canada), as amended (the “Excise Tax Act”), and includes the additional tax payable under sub-section 165(2) of the Excise Tax Act in respect of a supply made in a participating province.

“Harmonized Sales Tax” or “HST” means GST payable for a supply made in a participating province. Ontario is a participating province effective July 1, 2010.

Place an “X” mark in either the “Yes” or “No” column in each of the rows below.	Yes	No
<p>Pricing Matrix included as Attachment #6– Pricing Matrix in Part 5 – Attachments and Hyperlinks has been completed in its entirety and is included with your Proposal. The completed Pricing Matrix, using the exact format provided in this RFP, must be inserted in a separate sealed envelope, inside the box or package containing your main Proposal and the envelope shall be clearly marked:</p> <p style="text-align: center;">RFP Document #7000005685 Proposal Appendix #____ Pricing Matrix Your Full Legal Company Name</p> <p>Included in the same separate sealed envelope shall be electronic copies containing the same content of the paper copy Pricing Matrix. For number of paper copies and electronic copies required see Section 1.7.1 – Unpriced Proposal, Pricing Matrix and Number of Copies.</p> <p>Acknowledge that you have complied with the above by marking an “X” in the appropriate box:</p> <p>Attached as Appendix # 26T to our submission.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Pricing Matrix has been included in separate sealed envelope and is identified as Appendix # _____ to our submission.</p> <p>Prices/rates include:</p> <ul style="list-style-type: none"> • All labour, overhead administration, work equipment, and materials necessary to perform the Work. • All insurance(s), WSIB/workers’ compensation and all other charges of every kind attributable to the Work. • All applicable taxes (except for GST/HST and QST). Where applicable, all prices and rates must be net, excluding GST/HST and QST. If applicable, the GST/HST and QST shall be shown, as extra and separately, on the pricing matrix. • All reimbursable expenses. (Note: If extra, reimbursable expenses must be shown separately on the Pricing Matrix and details are to be provided in Part 4 – Form of Submission). • All other charges of every kind attributable to the Work. <p>Prices are in Canadian dollars and are not subject to adjustment for fluctuations in foreign exchange. If not in Canadian dollars, specify currency here: 26T. (Fill in the blank.)</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Indicate whether all reimbursable expenses are included in your proposed pricing by marking an “X” in the appropriate box.</p>	<input type="checkbox"/>	<input type="checkbox"/>

Place an "X" mark in either the "Yes" or "No" column in each of the rows below.	Yes	No
<p>If No, please provide details below:</p> <p>26T</p> <p>Proponent note: If reimbursable expenses are extra, the estimate must be shown on your completed Pricing Matrix.</p> <p>Proponent note: Under no circumstances will any expenses be recoverable by the successful Proponent from the Purchaser, either directly or indirectly, for any hospitality, incidental, or food or beverage expenses incurred by successful Proponent's personnel, or anyone acting on behalf of the successful Proponent, including but not limited to expense in respect of:</p> <ul style="list-style-type: none"> (i) meals, snacks and beverages; (ii) gratuities; (iii) laundry, dry cleaning and valet services; (iv) dependant care; (v) home management and; (vi) personal telephone calls. <p>The Purchaser shall not accept a surcharge for general administrative expenses including, without limitation, communication charges, data systems management, etc. Proposals shall not include any such charges.</p>		

4.18.1 Firm Rates

Place an "X" mark in either the "Yes" or "No" column in each of the rows below.	Yes	No
<p>Rates are firm for the duration of the engagement. Agreed:</p> <p>If No, please provide details below:</p> <p>26T</p>	<input type="checkbox"/>	<input type="checkbox"/>

4.18.2 Incentives/Added Value

<p>Proponent proposes the following favorable payment terms, rebates, volume discounts, incentives etc. that may be considered in the evaluation of this Proposal and are intended to increase the total value delivered by the successful Proponent and received by the Purchaser.</p> <p><i>Answer below:</i></p> <p>26T</p>

4.18.3 Intentionally Deleted

4.19 Commercial Terms and Conditions

Place an "X" mark in either the "Yes" or "No" column in each of the rows below.	Yes	No
<p>Indicate your willingness to accept the Hydro One's Commercial Terms & Conditions included in Part 2 – Request for Proposal. Failure to explicitly express any exceptions below to the proposed terms and conditions in this section will be deemed as willingness to accept.</p> <p>If any exceptions please state below:</p> <p>26T</p> <p>Proponent note: Any exceptions will be considered in the evaluation and may cause your Proposal to not be considered further.</p>	<input type="checkbox"/>	<input type="checkbox"/>

4.19.1 Terms of Payment

Place an "X" mark in either the "Yes" or "No" column in each of the rows below.	Yes	No
Net 45 days after receipt of an acceptable invoice to be billed on a monthly basis tied to accepted deliverable or milestones or upon completion and acceptance of the work as applicable.		
Agreed: If No, please provide details below: 26T	<input type="checkbox"/>	<input type="checkbox"/>

4.19.2 Invoicing Compliance

Hydro One general invoice requirements are as follows;

Invoices **MUST** be submitted in accordance with the contract documents' Terms of Payment and Invoicing requirements and in a format corresponding to the items listed on the face of each Purchase Order and Purchase Order release. Invoices **MUST** match the Purchase Order and Purchase Order release in price and quantity.

All invoices must clearly show:

- Invoice number and date;
- Contractor's name, address, phone number and contact name;
- 'Remit' address, if different than mailing address;
- This Outline Agreement number, the Purchase Order release number and the Purchase Order release line number(s) including location of the Work and a short description of the Work the charges relate to;
- Quantity 1 lot price (unless otherwise specified on the Purchase Order release);

If the Purchaser's Site Contact requires details of labour, materials and/or equipment used, please provide this information **SEPARATELY**, direct to the Site Contact. **DO NOT** attach a copy of this information to your invoice(s) submitted for payment.

NOTE:

1. Invoices not conforming to the above instructions/format will be returned to the Contractor.
2. Payments will be made to the "Remittance" address only. Cheques may not be picked up.
3. Do not include charges from more than one Purchase Order release on an invoice.

The pricing in the sample invoice should **NOT** under any circumstances be representative of the specific requirement of this RFP. Failure to comply will be considered in the evaluation and may cause your Proposal to not be considered further.

The Invoice Sample should **not** be submitted with your Proposal, you will be contacted by the Purchaser if a sample invoice is required.

Place an "X" mark in either the "Yes" or "No" column in each of the rows below.	Yes	No
We will provide the required documentation as outlined above upon request by the Purchaser in this section:	<input type="checkbox"/>	<input type="checkbox"/>

4.19.3 Financial Information

Place an "X" mark in either the "Yes" or "No" column in each of the rows below. Failure to meet these requirements may result in disqualification.	Yes	No
Financial Information To enable Hydro One to assess the Proponent's financial condition, the Proponent is required to provide the information requested in Attachment #3 – Financial Requirements in Part 5 – Attachments and Hyperlinks . Proponent Note: The Proponent has the option to provide the Financial Requirements in a separate sealed envelope, at their discretion.		
Indicate whether you have completed and attached the above documentation; Attached as Appendix # 26T to our submission.	<input type="checkbox"/>	<input type="checkbox"/>

4.19.4 Standard Insurance Certificate

Place an "X" mark in either the "Yes" or "No" column in one of the rows below. Failure to meet this requirement may result in disqualification.	Yes	No
<p>The Proponent shall procure and maintain at its own expense, insurance(s), as described in Section 2.2 – Insurance Requirements of this RFP package, for the duration of this contract.</p> <p>We have examined and meet the requested insurance requirements and the Standard Insurance Certificate Attachment #5 – Hydro One Standard Insurance Certificate Form in Part 5 – Attachments and Hyperlinks has been completed in its entirety and is included in the hard copies of our submission.</p> <p>Attached as Appendix # 26T to our submission.</p>	<input type="checkbox"/>	<input type="checkbox"/>
OR		
<p>If Proponents answered NO to the above Insurance question:</p> <p>We currently do not meet the requested insurance requirements. However, if we are the successful Proponent, we will obtain and meet the required insurance requirements, at no additional cost to the Purchaser, and submit the Standard Insurance Certificate Form and any other insurance documentation requested by the Purchaser within 48 hours after the Purchaser's notification or request.</p>	<input type="checkbox"/>	<input type="checkbox"/>

4.19.5 WSIB

Place an "X" mark in either the "Yes" or "No" column in one of the rows below. Failure to meet this requirement may result in disqualification.	Yes	No								
<p>(a) Submit evidence that your company is in good standing with the Workplace Safety Insurance Board by including the Clearance Certificate Number and Validity Period as well as a copy of the Clearance Certificate. For the purposes of obtaining a Clearance Certificate through the WSIB online, the "Principal Account Number" is 9425608 (for Hydro One Networks Inc.)</p> <p>(Complete the information in the appropriate spaces below.)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">CLEARANCE CERTIFICATE NUMBER</th> <th style="width: 20%;">VALIDITY PERIOD (mm/dd/yyyy)</th> <th style="width: 20%;">FROM:</th> <th style="width: 30%;">TO:</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="height: 40px;"> <p>Attached as Appendix # 26T to our submission.</p> <p>Proponent's most Recent WSIB Experience Rating Sheet, CAD-7/NEER/MAP: (Fill in the blank.)</p> <p>Proponents are required to meet or exceed the current Hydro One requirements for WSIB Rating (one of the following):</p> <ul style="list-style-type: none"> MAP maximum of 10% surcharge on WSIB premiums NEER: < 1.5 (rebate or surcharge status) CAD-7: -0.0 or higher (rebate or surcharge status) </td> </tr> </tbody> </table>	CLEARANCE CERTIFICATE NUMBER	VALIDITY PERIOD (mm/dd/yyyy)	FROM:	TO:	<p>Attached as Appendix # 26T to our submission.</p> <p>Proponent's most Recent WSIB Experience Rating Sheet, CAD-7/NEER/MAP: (Fill in the blank.)</p> <p>Proponents are required to meet or exceed the current Hydro One requirements for WSIB Rating (one of the following):</p> <ul style="list-style-type: none"> MAP maximum of 10% surcharge on WSIB premiums NEER: < 1.5 (rebate or surcharge status) CAD-7: -0.0 or higher (rebate or surcharge status) 				<input type="checkbox"/>	<input type="checkbox"/>
CLEARANCE CERTIFICATE NUMBER	VALIDITY PERIOD (mm/dd/yyyy)	FROM:	TO:							
<p>Attached as Appendix # 26T to our submission.</p> <p>Proponent's most Recent WSIB Experience Rating Sheet, CAD-7/NEER/MAP: (Fill in the blank.)</p> <p>Proponents are required to meet or exceed the current Hydro One requirements for WSIB Rating (one of the following):</p> <ul style="list-style-type: none"> MAP maximum of 10% surcharge on WSIB premiums NEER: < 1.5 (rebate or surcharge status) CAD-7: -0.0 or higher (rebate or surcharge status) 										
<p style="text-align: center;">OR - If Proponent is unable to provide information above, please complete one of the following:</p> <p>We currently do not have WSIB Clearance Certificate, and;</p>	Yes	No								
<p>(b) we have been deemed an Independent Operator by WSIB (or equivalent if a U.S. or non-Ontario company). However, if we are the successful Proponent, we will opt for the insurance from WSIB and obtain the required WSIB Clearance Certificate irrespective of any available exemptions from the same, at no additional cost to the Purchaser, and submit a copy of the WSIB Clearance Certificate and any other documentation requested by the Purchaser within a reasonable time period upon Purchaser's request.</p> <p>We have included a copy of the "Decision Letter" from WSIB attached as Appendix # 26T to our submission.</p>	<input type="checkbox"/>	<input type="checkbox"/>								

Place an "X" mark in either the "Yes" or "No" column in one of the rows below. Failure to meet this requirement may result in disqualification.	Yes	No
<p>(c) we are considered "By Application" by the WSIB. We have included a letter from the WSIB, indicating that there is an opportunity to obtain optional coverage under an existing rate group. We will opt for the insurance from WSIB and obtain the required WSIB Clearance Certificate irrespective of any available exemptions from the same, at no additional cost to the Purchaser, and submit a copy of the WSIB Clearance Certificate and any other documentation requested by the Purchaser within a reasonable time period upon Purchaser's request.</p> <p>We have included a copy of the "Decision Letter" from WSIB attached as Appendix # 26T to our submission.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>(d) we are considered Exempt by the WSIB (Schedule II). We have included a letter from the WSIB, indicating that there is no opportunity to obtain optional coverage under our existing rate group.</p> <p>We have included a copy of the "Decision Letter" from WSIB attached as Appendix # 26T to our submission. (Fill in the blank.)</p>	<input type="checkbox"/>	<input type="checkbox"/>

4.20 Ownership Rights

Place an "X" mark in either the "Yes" or "No" column in each of the rows below.	Yes	No
We agree that Hydro One will retain ownership rights of all work product, deliverables, etc. conceived and received in the course of this engagement.	<input type="checkbox"/>	<input type="checkbox"/>

4.21 Intentionally Deleted

4.22 Intentionally Deleted

4.23 Additional Information

Submit any additional information that supports the required competencies and capabilities as identified in the evaluation criteria outlined in Part 1 – Instructions to Proponents and throughout the RFP, but please keep proposed documentation to a minimum. Excessive marketing material is not required.

Answer below:

26T

4.24 Sample Documents/Miscellaneous Information

This section is for the inclusion or attachment of any sample documentation or miscellaneous information not requested for or requested for in these documents but which is not furnished elsewhere that the Proponent may wish to provide in support of their response.

Answer below:

(Proponents note: If including any attachments please include the Appendix numbers)

26T

4.25 Intentionally Deleted

4.26 Intentionally Deleted

4.27 Conflict of Interest and Unfair Advantage

Conflict of Interest and Unfair Advantage shall have the meaning ascribed on them in the Definitions Section 1.2 of this RFP.

The Proponent, by submitting the Proposal, warrants that to the best of its knowledge, information and belief no actual or potential Conflict of Interest or Unfair Advantage exists with respect to the submission of the Proposal or performance of the contemplated contract other than those, if any, disclosed below. Where the Purchaser discovers a Proponent's failure to disclose all actual or potential Conflicts of Interest or Unfair Advantage, the Purchaser may disqualify the Proponent or terminate for cause any contract awarded to that Proponent pursuant to this RFP process.

In the event that the spaces below are left blank, the Proponent shall be deemed to declare that to the best of its knowledge, information, and belief **(a)** it has had no Unfair Advantage in preparing its Proposal and **(b)** there is no foreseeable actual or potential Conflict of Interest in performing the contractual obligations contemplated in the RFP.

If either or both of the statements below apply, place an "X" mark in the appropriate box below:	
The Proponent declares that to the best of its knowledge, information, and belief there is an actual or potential Unfair Advantage relating to the preparation of its Proposal.	<input type="checkbox"/>
The Proponent declares that to the best of its knowledge, information, and belief there is an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the RFP.	<input type="checkbox"/>

In the event the Proponent declares an actual or potential Unfair Advantage and/or an actual or potential Conflict of Interest (by marking an "X" in either of the boxes above), the Proponent shall provide all relevant detailed information below:
26T

The Proponent agrees to provide any additional information which may be requested by the Purchaser, in the form prescribed by the Purchaser.

Where, in its sole discretion, the Purchaser concludes that an Unfair Advantage and/or Conflict of Interest arises, it may, in addition to any other remedy available to it at law or in equity, **disqualify** the Proponent's Proposal, or terminate for cause any contract awarded to the Proponent pursuant to this RFP.

4.28 Proponent Signature

The undersigned hereby warrants and represents the following:

- The information provided pursuant to this RFP document is complete and accurate in all respects;
- All RFP documents including any Addenda have been thoroughly reviewed;
- The Proponent has the current capability to provide the proposed services;

The undersigned has received the following addenda as listed below (if no addenda are issued by Hydro One leave blank).

	<u>Addendum No.</u>	<u>Dated</u>
No.		
No.		
No.		

The Bidder hereby covenants and agrees that this offer is valid for acceptance for a period of 120 days from the last date and time fixed for receipt of Proponent by the Purchaser and that the Purchaser may at any time within the said period accept this Proponent submission whether or not any other Proponent submissions have been previously accepted.

SIGNATURE	_____
NAME	26T
TITLE	26T
DATE	26T

Proponent note: At least one copy of your Proposal MUST include ORIGINAL (ink) signature(s). See Part 1 –Overview for number of paper and electronic copies required. No pricing information shall be included in this Part 4 - Form of Submission. Pricing shall be provided by including the completed Pricing Matrix, per Part 5 – Attachments and Hyperlinks as an Appendix to your submission in a separate sealed envelope as detailed in Part 1 –Overview.

PART 5: ATTACHMENTS AND HYPERLINKS

Attachments Instructions for Proponents

All attachments below that require the Proponent to complete information must be completed, printed and included in / attached to the Proposal.

All completed attachments are to be referenced within the appropriate section in the completed Part 4 - Form of Submission, with the corresponding Appendix # to your Proposal.

All completed attachments are to include the Proponent's Appendix #.

All electronic copies of your submission are to include all Appendices.

Exception: The completed Pricing Matrix is required to be inserted in a **separate sealed envelope along with separate electronic copies including only the completed Pricing Matrix** as per Part 1 - Overview. No pricing information is to be included in the completed paper/hard copies of the completed Form of Submission or the electronic copies of the completed Form of Submission.

If you are receiving these "Attachments and Hyperlinks" electronically, then please double click on the icons below to open them.









5.1 Attachments

List of Attachments

The following documents are referenced attachments to the RFP and should be treated as part of the RFP documentation:

Attachment #1	<u>Hydro One Code of Business Conduct</u>
Attachment #2	<u>Intention to Submit Proposal Form</u> - N/A
Attachment #3	<u>Financial Requirements Form</u> Proponents note: To be completed and attached to your Proposal. <u>At your discretion, may be included in a separate sealed envelope within your Proposal.</u>
Attachment #4	<u>Previously Executed Confidentiality Agreement</u>
Attachment #5	<u>Hydro One Standard Insurance Certificate Form</u> Proponent note: To be completed and attached to your Proposal.
Attachment #6	<u>Pricing Matrix</u> Proponent note: Must be completed and included in a separate sealed envelope as per Part 1 – Overview
Attachment #7	<u>Intention to Attend Pre-Submission Meeting Notification & Confirmation Form</u> - N/A
Attachment #8	<u>Contractor Health, Safety & Environmental Questionnaire</u> - N/A
Attachment #9	<u>Resource Attachments for Project Delivery Service</u> – N/A
Attachment #10	<u>Project Governance and Reporting</u> – N/A
Attachment #11	<u>Statement of Work Template</u>
Attachment #12	<u>Contract Standard A-29-2011 (October 2011)</u>
Attachment #13	<u>BID System User Guide</u> Proponent note: Proposals are <u>not</u> accepted through the BID System – See Part 1 – Overview
Attachment #14	<u>Aboriginal Business Declaration Form</u> - N/A
Attachment #15	<u>Proposal Return Label</u> Proponents note: Affix this label to your submission package envelope

Notification of awards can be viewed by following the appropriate links to Tenders and Proposals – Awards at **www.HydroOne.com**

Attachments – 1 - 15			
#1 <u>Hydro One</u> <u>Code of Business Conduct</u> * See Hyperlink Below	#2 <u>Intention to Submit</u> <u>Proposal Form</u> N/A	#3 <u>Financial Requirements</u> <u>Form</u>  Business Profile & Financial Requirement	#4 <u>Previously Executed</u> <u>Confidentiality Agreement</u>  Hydro One - Confidentiality Agree
#5 <u>Hydro One Standard</u> <u>Insurance Certificate Form</u>  Hydro One Standard Insurance Form.docx	#6 <u>Pricing Matrix</u>  Price Matrix Tx Cost Bnchmrkg Study.xlsx	#7 <u>Intention to Attend Pre-</u> <u>Submission Meeting Form</u> N/A	#8 <u>Contractor Health, Safety</u> <u>& Environmental</u> <u>Questionnaire</u> N/A
#9 <u>Resource Attachments For Project Delivery Service</u> N/A		#10 <u>Project Governance And</u> <u>Reporting</u> N/A	#11 <u>Statement Of Work</u> <u>Template</u>  SOW Template.doc
#12 <u>Contract Standard A-29-</u> <u>2011 (October 2011)</u>  A-29-2011 (October 2011).pdf	#13 <u>BID System User Guide</u>  Hydro One BID System - Supplier Hel	#14 <u>Aboriginal Business</u> <u>Declaration Form</u> N/A	#15 <u>Proposal Return Label</u>  Return Label.docx

5.2 Hyperlinks

* A current copy of the Hydro One corporate Code of Business Conduct may be reviewed by downloading the electronic document by following the appropriate link at the following hyperlink:
<http://www.hydroone.com/CodeofConduct>

As referenced in Part 3 – Terms of Reference, here you will find Information about Hydro One Inc. and its subsidiaries at:
<http://www.hydroone.com/OurCompany/Pages/QuickFacts.aspx>

As referenced in Part 1 – Overview:

Notification of awards can be viewed by following the appropriate links to Tenders and Proposals – Awards
at www.HydroOne.com

RFx Process Confidentiality Agreement

Dated as of date of Proponent's signature below.

Between:

Hydro One Networks Inc. ("Hydro One")

and

the party signing below and identified as "Proponent"

A. Hydro One from time to time issues requests for proposals, expressions of interest, tenders, qualifications and requests of like nature (each an 'RFx') with respect to the acquisition of goods and or services.

B. Hydro One considers the RFx and the facts that an RFx has been issued to Proponent, that Hydro One Confidential Information has been provided to Proponent and that discussions, negotiations or investigations in relation to the RFx have taken place, or are taking place or may take place and all information of Hydro One or an affiliate accessed by Proponent or provided to Proponent in connection with the RFx by or on behalf of Hydro One or an affiliate or a customer of either, which, regardless of form, a reasonable person would consider to be proprietary or confidential, to be "Hydro One Confidential Information".

C. Hydro One requires that Proponent be bound to Hydro One under a valid and subsisting agreement in this form as a condition of issuance of an RFx to Proponent.

D. In fairness to other participants of any RFx process, Hydro One cannot contemplate amendments hereto. Any contract arising with Proponent from an RFx should address the confidentiality obligations of the parties from and after the time agreement is reached.

E. Proponents are expected to use discretion in disclosing proprietary or confidential information to Hydro One. "Proponent Confidential Information" means product or service specifications which are marked 'Confidential' and pricing information, relating to Proponent's response to the RFx.

In consideration of Hydro One issuing one or more RFx documents to the Proponent during the currency of this Agreement and other good and valuable consideration, the parties agree as follows:

1. Definitions

For the purposes of this Agreement, the following additional definitions will apply:

"Customer Information" means any specific information about a customer of Hydro One and/or any of its affiliates and includes, but is not limited to, Personal Information.

"Personal Information" means any factual or subjective information, recorded or not, about an identifiable individual and this includes information in any form, including, but not limited to age, name, ID numbers, income and ethnic origin.

“Purpose” means for the purpose of the RFx in connection with which the information was disclosed or discovered, including without limitation, reviewing, evaluating and/or responding to the RFx or the Proponent’s response thereto and with respect to any contract for the supply of goods or services arising between the parties in connection with the RFx, means for the purpose of the contract in connection with which the information was disclosed or discovered, including without limitation, for the purpose of performance or enjoyment of performance of the contract;

2. Inclusions and Exclusions to Confidential Information

Hydro One Confidential Information shall be deemed to include Customer Information and Personal Information.

Neither Hydro One Confidential Information nor Proponent Confidential Information shall include information which:

- (a) Is previously known to or lawfully in the possession of the recipient as evidenced by the recipient’s written record prior to the date of disclosure;
- (b) Is independently known to or discovered by the recipient, without any reference to the confidential information of the disclosing party;
- (c) is obtained by the recipient from an arm's length third party having a bona fide right to disclose same and who was or is not otherwise under an obligation of confidence or fiduciary duty to the disclosing party;
- (d) Lawfully is or becomes public knowledge through no fault or omission of, or breach of this Agreement by, the receiving party; or
- (e) Is required to be disclosed pursuant to a final judicial or governmental order or other legal process.

3. Disclosure and Use of Confidential Information

Hydro One may issue RFx(s) to Proponent from time to time. Hydro One agrees to maintain Proponent Confidential Information, and Proponent agrees to maintain all Hydro One Confidential Information disclosed or discovered in connection with a particular RFx, in strict confidence and to use such Proponent Confidential Information or Hydro One Confidential Information as the case may be, solely for the Purpose and, without limiting the generality of the forgoing limitation, not for the purpose of achieving any additional commercial or financial benefit. In addition, the Proponent may only make such copies of Hydro One Confidential Information as are reasonably necessary for the Purpose. The Proponent is permitted to disclose Hydro One Confidential Information only to such of its personnel who need to know the Hydro One Confidential Information for the Purpose.

4. Compelled Disclosure

In the event that a party (in this paragraph, the ‘recipient’) or anyone to whom the recipient transmits (in this paragraph, the ‘transmittee’) the confidential information of the other (namely the Hydro One Confidential Information or the Proponent Confidential Information as the case may be) becomes legally compelled to disclose any of such confidential information, the recipient will provide the other party with prompt notice so that the other party may seek injunctive relief or other appropriate remedies and/or waive compliance with the provisions of this Agreement. In the event that such other party is unable to obtain

injunctive relief or other remedies, the recipient will exercise reasonable efforts to prohibit the further transmission of the confidential information. In the event that both parties are unable to prevent the further transmission of the confidential information, the recipient will, or will use reasonable efforts to cause the transmittee to furnish only that portion of the confidential information, which the recipient is advised by written opinion of counsel is legally required to be furnished by the recipient or transmittee to such person, and exercise reasonable efforts to obtain assurances that confidential treatment will be afforded to that portion of the confidential information so furnished.

5. Security Safeguards

The Proponent undertakes to protect and safeguard all Hydro One Confidential Information hereof in its possession or under its control in the manner described in Schedule “A” attached hereto and forming a part of this Agreement (the “Security Safeguards”).

6. Unauthorized Use or Disclosure of Confidential Information

Each party undertakes to notify the other immediately upon discovery of any unauthorized use and/or disclosure of the confidential information of the other as defined herein, to cooperate with the other to help regain possession of such confidential information, and to prevent its further unauthorized use and/or disclosure.

7. Audit of Information Management Practices

Where Personal Information has been disclosed, at any reasonable time, and where Customer Information has been disclosed, where Hydro One has reason to suspect a breach of this Agreement, and in either case on reasonable notice, Hydro One shall have the right to audit the information management practices of the Proponent for compliance with the terms of this Agreement, including, but not limited to Section 5 hereof, and all applicable laws.

8. Return of Confidential Information

The Proponent shall promptly return to Hydro One or destroy (and provide written certification thereof) all Hydro One Confidential Information (and any copies thereof) on request except such copies as Proponent may be required to retain at law.

9. Remedies

The parties agree that each would be irreparably injured by a breach of this Agreement by the other and that in such event, the injured party may seek equitable relief, including injunctive relief, specific performance and/or such other relief as may be granted by any court to prevent breaches of this Agreement and to enforce specifically the terms and conditions herein in any action instituted in any court having subject matter jurisdiction, in addition to any other remedy to which the party may be entitled at law or in equity.

10. Assignment

Neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the prior written consent of the other. Subject to the foregoing, this

Agreement shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

11. Notices

Notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been properly given on the date of actual delivery if delivered by hand or by courier, five business days after dispatch by registered mail, and on the date faxed (unless it is faxed after the addressee's normal business hours, in which case it shall be deemed received on the addressee's next business day), addressed to the party to whom it was sent at the address, or fax number, of such party as specified in writing by such party to the other party.

12. No Waiver

The failure of either party to exercise any right, power or option or to enforce any remedy or to insist upon the strict compliance with the terms, conditions and covenants under this Agreement shall not constitute a waiver of the terms, conditions and covenants herein with respect to that or any other or subsequent breach thereof nor a waiver by the party at any time thereafter to require strict compliance with all terms, conditions and covenants hereof, including the terms, conditions and covenants with respect to which the party has failed to exercise such right, power or option. Nothing shall be construed or have the effect of a waiver except an instrument in writing signed by a duly authorized officer of the party which expressly waives a right, power or option under this Agreement.

13. Announcements

Except as required by law, regulatory authorities, or stock exchanges, no public announcement, press release, or other public disclosure concerning this Agreement or the transactions contemplated herein shall be made by the Proponent, without Hydro One's prior written consent and approval. The Proponent shall provide at least 72 hours' notice to Hydro One, if permitted by law, prior to making any announcement required by law, regulatory authorities, or stock exchanges. Hydro One may take such actions as it deems necessary to prevent such disclosure if in its sole opinion such disclosure is not mandatory. The Proponent shall not make any statements or submissions on behalf of Hydro One concerning this Agreement or the RFX, or the Proponent's response thereto, or any contract or services arising in connection with the RFX and response, without the express written consent of Hydro One.

14. Entire Agreement

This Agreement constitutes the entire Agreement between the parties respecting the confidentiality of their respective confidential information and supersedes all prior negotiations, representations, understanding or agreements, written or oral, between them concerning same.

15. Severability

If any non-material provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason by any court of

competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provision of this agreement which shall otherwise remain in full force and effect and be enforced in accordance with its terms and the effect of such holding, declaration or pronouncement shall be limited to the territory or jurisdiction in which made.

16. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and the parties hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario at Toronto in the event of a dispute hereunder.

17. Term and Termination

This Agreement and the terms hereof shall continue to be in effect and apply to information disclosed or discovered in connection with an RFx issued pursuant hereto indefinitely, notwithstanding the termination of the application of this Agreement as provided below. Hydro One may terminate the application of this Agreement to future RFx processes by advice to Proponent that execution of a new form of Non-Disclosure Agreement is a condition of receipt of any such RFx without affecting the validity or applicability of this Agreement to any RFx issued prior to such advice.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed as of the date shown below for Proponent's signature by their respective duly authorized signatories.

BASIS TECHNOLOGIES INC. _____	HYDRO ONE NETWORKS INC.
Per: _____	Per: _____
I have the authority to bind the corporation.	I have the authority to bind the corporation.
Name: <u>Karl Pringle</u>	<u>Rob Berardi</u>
Title: <u>President</u>	<u>Director</u> , Supply Chain Services
Date: <u>December 8, 2014</u>	Date: <u>December 8, 2014</u>

Schedule “A”

Security Safeguards Regarding Hydro One Confidential Information

Proponent shall protect Hydro One Confidential Information by security safeguards appropriate to the sensitivity of the information (provided that Proponent may apply the highest level of security safeguards to all Hydro One Confidential Information).

- 1) Proponent shall protect Hydro One Confidential Information against such risks as loss or theft, unauthorized access, disclosure, copying, use, modification or destruction, through appropriate security measures, regardless of the format in which it is held.
- 2) All of Proponent’s employees with access to Hydro One Confidential Information shall be contractually required to respect the confidentiality of that information.
- 4) The nature of the safeguards will vary depending on the sensitivity, amount, distribution and format of the information, and the method of storage. More sensitive information such as Personal Information and Customer Data will be safeguarded by a higher level of protection.
- 5) The methods of protection will include:
 - (a) Physical measures, for example, locked filing cabinets and restricted access to offices;
 - (b) Organizational measures, for example, controlling entry to data centers and limiting access to information on a “need-to-know” basis;
 - (c) Technological measures, for example, the use of passwords and encryption; and
 - (d) investigative measures, in cases where Proponent has reasonable grounds to believe that Hydro One Confidential Information is being inappropriately collected, used or disclosed by anyone whom in law the Proponent is responsible.

School Energy Coalition (SEC) INTERROGATORY #043

Reference:

B2/2/1, Attachment 2, p. 33

Interrogatory:

Please provide a table showing each of the comparators actually used in the benchmarking study, and for each, show how they meet the comparator characteristics referred to on this slide.

Response:

Table shown below:

Company	Gross Transmission Assets (\$000)	Customers	Service Territory (sq. km)	KM of Transmission Lines	MWH Transmitted	Ownership*	Regulatory Regime**	Susceptible to Storms
Baltimore Gas & Electric	1,179,098,656	1,351,891	3,701	2,090	30,562,078	IOU		Yes
B.C. Hydro	5,111,155,732	1,945,599	42,370	18,508	54,637,557	Provincial		Yes
CenterPoint Energy	2,059,764,178	2,299,248	8,045	5,984	101,741,203	IOU	Open	Yes
Commonwealth Edison	3,389,679,995	3,842,198	18,388	8,656	89,977,031	IOU	Open	Yes
CPS Energy	877,775,489	771,603	2,438	2,407	26,334,008	Municipal	Open	
East Kentucky Power Coop.	569,099,123		N/A	4,728	22,790,243	Cooperative		
Kansas City Power & Light	1,297,124,005	903,776	28,838	4,273	24,731,534	IOU		Yes
Manitoba Hydro	1,055,000,000	555,760	650,000	12,800	30,000,000	Provincial		
Oncor Electric Delivery	7,005,354,033	3,310,530	86,032	25,776	114,905,829	IOU	Open	Yes
PECO Energy	1,439,589,112	1,234,338	3,379	1,757	37,501,023	IOU	Open	Yes
PPL Electric Utilities	2,408,545,384	1,400,118	26,000	8,771	40,599,247	IOU	Open	Yes
PSE&G	5,845,024,497	2,259,205	2,011	2,317	40,746,702	IOU		Yes
Southern California Edison	11,071,660,300	4,967,691	80,450	26,206	88,986,000	IOU	Open	
Tucson Electric Power	936,496,126	414,748	1,617	3,114	18,278,352	IOU		
Westar Energy	2,053,092,375	695,972	16,251	9,952	30,436,785	IOU		Yes

School Energy Coalition (SEC) INTERROGATORY #044

Reference:

B2/2/1, Attachment 2, p. 42

Interrogatory:

Please advise which of the “cost criteria results” listed were used in the benchmarking study. For the first three criteria listed, please provide a table showing the results of these metrics for Hydro One and each of the comparators.

Response:

The cost criteria used in the benchmarking study found on pages 12, and 15 - 20) included: Transmission Lines and Substations OM&A plus Capital per Asset, Transmission Lines Direct O&M per Asset, Transmission Lines Direct O&M (Activity-based) per Asset, Transmission Lines Capital per Asset, Substations Direct O&M plus Capital per Asset, Substations Direct O&M (Activity-based) per Asset, Substations Capital (Activity-based) per Asset. The charts containing this information also contain the results for other companies for which the information was available.

School Energy Coalition (SEC) INTERROGATORY #045

Reference:

B2/2/1, Attachment 3, p. 18 and Attachment 4, p. 54

Interrogatory:

Please confirm that the best practices goal was not included in the Settlement Agreement. Please confirm that the “balanced panel” was used in order to deliver best practices information. Please confirm that a “homogeneous panel” is the optimal approach when selecting a peer group for benchmarking purposes.

Response:

It is confirmed that the best practices goal was not included in the Settlement Agreement.

A balanced pool was used for the transmission study. A balanced pool offers a variety of companies with some similar characteristics, and some differences. A balanced pool includes companies with many different characteristics, which provides a broader range of operating practices that can be used to determine the drivers affecting the overall performance of a company as well as to generate best practices which can be leveraged by other companies. The experts have not suggested that a “homogeneous panel” is the optimal approach when selecting a peer group for benchmarking purposes.

School Energy Coalition (SEC) INTERROGATORY #046

Reference:

B2/2/1, Attachment 3, p. 32-37

Interrogatory:

Please provide a copy of the responses given by the experts to the stakeholder feedback points on pages 32-37, as indicated on page 31 (next steps). If no written responses were delivered, please explain why, and provide those responses now.

Response:

Written responses were not prepared previously. The experts responded to the feedback in making modifications to the study, as shown in the companies included, and the metrics included in the study. As requested, written responses are provided below. For the questions on page 32:

1. Profiles have been provided in the report submitted by the experts, as well as in response to **B2-SEC-43 above.**
2. Altalink and Emera/Nova Scotia Power were approached for their participation, and they declined.
3. Utilized both TADS metrics and CEA metrics in the analysis.
4. Not done, because similar distinctions are not available for other jurisdictions.
5. Used the data from the CEA reliability study. Did not include Great Lakes Power data based both on size of company and on its reluctance to participate.

Questions on pages 33-37:

- 1) Companies removed from the original list of possible comparators all declined to participate. Each was invited to participate, and declined.
- 2) The question notes that whether or not the potential comparators have been studied in depth by the experts is irrelevant to their use for the study for Hydro One. We agree. The rest of the question asks for justification of why companies were removed from the list. As noted above, companies were removed from the list if they declined to participate in the study.

Witness: Ben Grunfeld

- 1
- 2 3) FERC data on transmission costs contains costs associated with asset types, e.g. capital
- 3 invested in substations, towers, conductors, etc. for each year, or O&M \$ spent on those same
- 4 assets. There is no information regarding how much of that investment is for replacement of
- 5 aged assets versus construction of new lines, how much is for storm restoration, or any other
- 6 purpose. It simply shows \$ amounts spent on different types of assets, and whether they are
- 7 categorized as capital or O&M. The other key problem with FERC data is that it can be
- 8 misleading in terms of timing – for capital projects, the entire value of a capital project
- 9 appears as a capital addition in the year in which the project is completed. In the (typical)
- 10 case of a 3-year transmission construction project in which, for example \$500 million is
- 11 spent over the 3-year project lifetime, the capital addition numbers for the company will
- 12 show \$0, \$0, and \$500 million for the three years. All 3 of those numbers are incorrect for
- 13 the years in which the money was actually invested. FERC data is also limited to only cost
- 14 data, so there is no reliability information to provide perspective.
- 15
- 16 4) The criteria for assessing costs and reliability for transmission and for distribution are
- 17 similar. Costs for each are relevant, split between capital and OM&A. Reliability in
- 18 distribution has more of a focus on end-use customers, while for transmission it is more on
- 19 system, or segment interruptions, as well as customer interruptions.

1 **School Energy Coalition (SEC) INTERROGATORY #047**

2
3 **Reference:**

4 B2/2/1, Attachment 4, p. 5

5
6 **Interrogatory:**

7 Please provide all studies in the possession of the experts supporting their opinion that
8 transmission companies do not have economies of scale past a certain size, and supporting their
9 opinion that all the comparators in this study are larger than that threshold size.

10
11 **Response:**

12 The studies completed by the experts for their clients are confidential and were not provided to
13 Hydro One as part of this study.

School Energy Coalition (SEC) INTERROGATORY #048

Reference:

B2/2/1, Attachment 4, p. 32

Interrogatory:

Please provide a table, in the same format as this table, showing administrative costs alone.

Response:

The chart shown on page 32 was provided to give a relative or benchmarked view of Hydro One's costs compared to a very large group of companies. Although the administrative cost data for all of these companies is not readily available, a reasonable estimate of the administrative costs for each of the companies can be made by comparing the O&M and OM&A charts provided on the referenced page.

School Energy Coalition (SEC) INTERROGATORY #049

Reference:

C1/2/1, p.6-7

Interrogatory:

Please provide a similar table showing 2014 Board-approved versus 2014 OM&A actual expenditures.

Response:

Please see table below:

	OEB Approved	Actual	Variance
Description	2014	2014	
Sustainment	246.5	228.6	(17.9)
Development	14.7	7.5	(7.2)
Operations	58.0	56.6	(1.4)
Customer Care	4.7	5.4	0.7
Common Corporate Costs and Other OM&A	59.0	37.2	(21.8)
Taxes Other Than Income Taxes	66.8	64.1	(2.7)
Total	449.8	399.5	(50.3)

School Energy Coalition (SEC) INTERROGATORY #050

Reference:

C1

Interrogatory:

For complete Appendix 2-JB – Cost Driver Table, from the Board’s *Filing Requirements For Electricity Distribution Rate Applications*¹, with information for 2012-2018, please provide a version of the table in Excel.

Response:

Detailed information regarding Hydro One’s OM&A expenses is provided in Exhibits C1 and C2. To compile the information in the manner requested would entail unreasonable effort in the timeframe given.

¹http://www.ontarioenergyboard.ca/oeb/Documents/2016EDR/2016_Filing_Requirements_Chapter2_Appendices.xls

1 **School Energy Coalition (SEC) INTERROGATORY #051**

2
3 **Reference:**

4 C1

5
6 **Interrogatory:**

7 Similar to Appendix 2-JC - OM&A Program Table, from the Board's Filing Requirements For
8 Electricity Distribution Rate Applications, please provide in one single table, all of the OM&A
9 expenses broken out in the evidence for 2012-2018. Please provide a version of the table in
10 Excel.

11
12 **Response:**

13 Detailed information regarding Hydro One's OM&A expenses is provided in Exhibits C1 and
14 C2. To compile the information in the manner requested would entail unreasonable effort in the
15 timeframe given.

1 **School Energy Coalition (SEC) INTERROGATORY #052**

2
3 **Reference:**

4 C1/2/2

5
6 **Interrogatory:**

7 For each incremental productivity initiative related to OM&A, please provide the expected
8 savings for each of 2017 and 2018. Please explain all assumptions made in the calculation.

9
10 **Response:**

11 For expected savings please refer to Exhibit I, Tab 1, Schedule 116.

12
13 For a high level explanation of the savings please refer to Exhibit C1, Tab 2, Schedule 6.

School Energy Coalition (SEC) INTERROGATORY #053

Reference:

C1/2/2. p.41

Interrogatory:

With respect to vegetation management OM&A:

- a. For each year between 2012 and 2018, please provide the kilometres of each, brush control and line clearing, that Hydro One has completed (2012-2015) or is forecasting to complete (2016-2018).
- b. Have the brush and line clearing cycles changed since 2012? If so, please describe the changes and their rationale.
- c. How does Hydro One determine the appropriateness of its brush and line clearing cycles?

Response:

- a. See table below

	Actuals				Forecast		
	2012	2013	2014	2015	2016	2017	2018
Tx Line Clearing (kms)	2,704	2,864	3,287	3,735	3,100	2,800	2,800
Tx Brush Control(ha)	11,048	11,687	12,625	11,356	12,500	11,500	11,800

- b. No changes in brush and line clearing cycles have been made since 2012.
- c. Please refer to Exhibit C1, Tab 2, Schedule 2, page 42.

School Energy Coalition (SEC) INTERROGATORY #054

Reference:

C1/4/1. p.5

Interrogatory:

With respect to retirement eligibility and retirements, please provide:

- a. A table that shows the underlying data for Figure 2.
- b. The number of eligible retirements for each year between 2016-2018.

Response:

a.

Year	# Retired	# Eligible to retire
2011	165	1009
2012	176	970
2013	234	861
2014	176	867
2015	167	927

b.

Year	# Eligible to retire
2016	1009
2017	1251
2018	1381

School Energy Coalition (SEC) INTERROGATORY #055

Reference:

C1/4/1, p.15

Interrogatory:

Please provide the specific details of the “increased resource flexibility [that] was achieved by negotiating enhancements to utilize temporary employees longer and to contract out more work”.

Response:

In 2015 collective bargaining with the PWU, Hydro One negotiated the ability to retain temporary employees in an ongoing position for a duration of 15 months which is an improvement from the previous 12 month restriction.

Hydro One was also able to negotiate a Purchase Service Agreement which enables Hydro One to outsource cable locate work. Cable locates are a lower skilled activity that would otherwise be performed by higher skilled classifications. Contracting out this type of work allows for greater efficiency and lower costs.

1 **School Energy Coalition (SEC) INTERROGATORY #056**

2
3 **Reference:**

4 C1/5/, p.15

5
6 **Interrogatory:**

7 What assumptions is Hydro One making for the purposes of this application regarding the PWU
8 after the expiry of its current collective agreement and the end of the test period (April 1-
9 December 31, 2018)?

10
11 **Response:**

12 It is assumed that there will be a continued focus on cost containment and increased flexibility as
13 Hydro One enters collective bargaining with the PWU in 2018. Due to the nature of collective
14 bargaining, it is premature to elaborate on specifics at this time.

School Energy Coalition (SEC) INTERROGATORY #057

Reference:

C1/4.1, p.16-17

Interrogatory:

Please provide a copy of all report/analysis/opinions/advice and assessments provided by both Willis Tower Watson and Hugessen Consulting regarding the MCP compensation strategy and the basis of the components of the new management compensation program.

Response:

See Attachment #1 for Hugessen Consulting's report entitled *Hydro One: Updated Discussion Notes - Preliminary CEO/CFO Pay Benchmarking*. The report has been filed in Confidence.

See Attachment #2 for a summary of the Towers Watson *Hydro One: Executive Compensation Benchmarking Report*. The report has been filed in Confidence.

See Attachment #3 for a summary of the Towers Watson *Hydro One: Non-executive Compensation Benchmarking Report*. This report has been filed in Confidence.

School Energy Coalition (SEC) INTERROGATORY #057 (Attachment 1)

Hydro One has filed with the OEB on a confidential basis *Hydro One: Updated Discussion Notes – Preliminary CEO/CFO Pay Benchmarking* by Hugesson Consulting. Hugessen Consulting was engaged by the Hydro One Board of Directors to perform a competitive market assessment and provide advice for appropriate compensation for the recruitment of a new President and CEO and Chief Financial Officer. The report describes the compensation philosophy employed, the primary peer group and other reference groups used, and the benchmarking results. Based on Hugesson Consulting's market assessments, the CEO's total direct compensation was positioned close to the average (P50) of four other larger Canadian utilities and sits in the fourth quartile of the bottom 30 companies making up the S&P/TSX 60 Index. The CFO's total direct compensation is also in the bottom quartile of the S&P /TSX 60 Index.

1 **School Energy Coalition (SEC) INTERROGATORY #057 (Attachment 2)**

2
3 Hydro One has filed with the OEB on a confidential basis the Towers Watson *Hydro One:*
4 *Executive Compensation Benchmarking Report* dated October 16, 2015. This report was
5 prepared after Hydro One engaged Towers Watson to complete a competitive market assessment
6 of its total rewards program for executive-level management employees. On a total rewards
7 basis, Hydro One is positioned on average below the 25th percentile.

8
9 The report compares peer group organization profiles and compensation levels. It provides some
10 market compensation data and observations regarding the data in relation to Hydro One.

1 **School Energy Coalition (SEC) INTERROGATORY #057 (Attachment 3)**

2
3 Hydro One has filed with the OEB on a confidential basis the Towers Watson *Hydro One: Non-*
4 *executive Compensation Benchmarking Report* dated October 16, 2015. This report was
5 prepared after Hydro One engaged Towers Watson to complete a competitive market assessment
6 of its total rewards program for non-executive-level management employees. On an aggregate
7 basis, Hydro One's position is aligned "at" or slightly above market median with any above
8 market variance largely attributable to its "Support" segment identified in the report.

9
10 The report describes its benchmark methodology and peer groups. It divides Hydro One's
11 subject group into two segments and provides applicable benchmarking results. It also considers
12 the role of pension and benefits in Hydro One's total rewards program.

School Energy Coalition (SEC) INTERROGATORY #058

Reference:

C1/4/1, p21

Interrogatory:

With respect to the Long Term Incentive Program (“LTIP”), please:

- a. Provide a copy of the details of the LTIP that are provided to participants.
- b. Provide details regarding the individual metrics and/or targets that are used and the basis for using them.
- c. Explain how the LTIP aligns with the interest of Hydro One’s ratepayers;
- d. Explain how the LTIP aligns with the objectives under the Renewed Regulatory Framework for Electricity.

Response:

- a) See Attachment #1 document “Hydro One 2016 Long Term Incentive Plan”.
- b) Under the new LTIP, some participants are eligible for Restricted Share Units (“RSU”) and other participants are eligible for a mix of RSUs and Performance Share Units (“PSU”). RSUs are units that convert into Hydro One shares after they vest at the end of a three year period. PSUs are similar to RSUs, but vest according to achievement of corporate performance goals. For 2016, the corporate performance measures include Average Earnings per Share (“EPS”) and a dividend modifier. If the dividend modifier falls below a specified dividend amount, no PSUs will vest regardless of the average EPS.
- c) Please see response to Exhibit I, Tab 11, Schedule 26, part c.
- d) The LTIP aligns with the RRFE in that the LTIP is an at risk compensation element that is dependent upon the achievement of certain performance metrics that if achieved, support the principles of the RRFE (e.g. Customer Focus, Operational Effectiveness, Public Policy Responsiveness and Financial Performance).



HYDRO ONE 2016 LONG-TERM INCENTIVE PLAN (LTIP)

DRIVING LONG-TERM PERFORMANCE

Welcome to the Hydro One 2016 Long-Term Incentive Plan (LTIP). LTIP provides a long-term reward opportunity that focuses our collective efforts on achieving our vision and long-term strategic objectives.

By recognizing successful performance with grants that transfer into company shares, the LTIP is designed to drive long-term value creation and a culture of ownership and accountability that aligns with our ratepayer and shareholder interests.

WHAT'S INSIDE:

OVERVIEW OF THE LTIP PLAN – An overview of the plan

RESTRICTED SHARE UNITS – Cycle and calculation of RSUs

PERFORMANCE SHARE UNITS – Cycle and calculation of PSUs

MANAGING YOUR PLAN – Leaving the plan and settlement of grants

QUESTIONS – Where to go for more information

OVERVIEW OF LTIP

Those participating in Hydro One's 2016 LTIP will be issued a grant comprised of either:

- a) 50% Restricted Share Units and 50% Performance Share Units or
- b) 100% Restricted Share Units.

Restricted Share Units (RSUs) are units that convert into Hydro One shares after they vest (i.e., you obtain non-forfeitable rights to the shares) at the end of a three year period. In the same way that Hydro One common shares receive dividend payouts each year, these units also accrue dividend equivalents over the three year period that are converted into additional RSU units. So, at the end of the three year vesting period, you will receive your award plus share values equal to the accumulated dividends.

Performance Share Units (PSUs) are units that are similar to RSUs, but vest according to achievement of corporate performance goals. The number of PSUs that vest can range from 0% to 200% of the grant, depending on the actual performance as compared to corporate performance goals. These units also accrue dividend equivalents over the three year period.

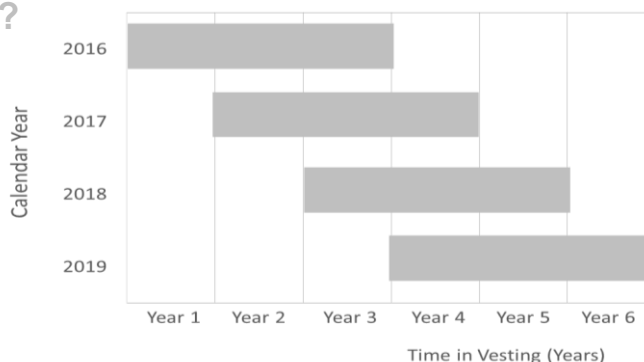
The aim of the Long-Term Incentive Plan is to:

- Reward long-term value creation and foster alignment with shareholder and ratepayer interests;
- Support the achievement of objectives that lead to long-term value creation;
- Encourage teamwork and collaboration across groups and geographies; and,

Attract and retain top talent by aligning high performance with payout opportunities.

HOW OFTEN ARE GRANTS MADE?

LTIP grants are generally made early in each year with the vesting cycle based on a January 1st effective date. The result may be overlapping vesting periods, multiple outstanding grants and annual payouts. For example, in the chart to the right, you'll see how a series of grants might accrue over the first four grant periods. From 2018 onward, grant cycles overlap such that there will be three grants in process, each at various stages of vesting.



WHY AWARD RSUs and PSUs?

As a leader at Hydro One, your hard work and results impact share price performance and the longer-term success of the business. RSUs and PSUs are an important element of our compensation strategy, aligning your rewards with the long-term interest of our shareholders and ratepayers.

The corporate performance goals used in the calculation of awards provide a balanced approach to the complex drivers of long-term shareholder value, including profitability, efficient use of capital, earnings growth and the ability to support dividends. Linking your awards to these measures creates a direct link between your continued contributions as a member of our leadership team, the company's results, and your individual rewards.

HOW IS MY GRANT DETERMINED?

LTIP grants are determined each year by the board of directors, at their discretion. Grants reflect relative contributions of our leaders, and are not guaranteed from year to year as equity participation grants will be made to those who make a significant contribution and will participate in the increasing value of the Company.

The size of the grant is intended to be market competitive and to deliver on our commitment to pay for performance. We regularly review the competitive practice within our approved peer groups of other utility and related companies, and provide individual grants that reflect each individual's performance and potential to drive Hydro One's success.

RESTRICTED SHARE UNITS

WHAT IS A RESTRICTED SHARE UNIT?

Restricted Share Units (RSUs) are units that convert into Hydro One shares after they vest (i.e., you obtain non-forfeitable rights to the shares) at the end of a three year period. In the same way that Hydro One common shares receive dividend payouts each year¹, these units also accrue dividend equivalents over the three year period that, in turn, provide additional RSU units. So, at the end of the three year vesting period, you will receive your award plus share values equal to the accumulated dividends.

THE RSU CYCLE

Year of Grant	3 Years After Grant	
AWARD GRANT	AWARD VESTING	OWNERSHIP
<ul style="list-style-type: none"> • Early in the fiscal year, you are granted a number of RSUs • Vesting is counted from January 1st • RSUs are credited with dividend equivalents as of each dividend payment date for the underlying mirrored Hydro One Limited common shares 	<ul style="list-style-type: none"> • All RSUs granted to you in 2016 or credited through dividend equivalents vest on December 31st, 2018 	<ul style="list-style-type: none"> • The vested units are converted to Hydro One Limited common shares and ownership is transferred to the employee early in the next year following vesting

¹ The amount and timing of any dividends payable by Hydro One Limited will be at the discretion of the board of directors.

DIVIDEND EQUIVALENTS

RSUs and PSUs are credited with the same amount as a dividend on an outstanding common share.

An Illustrative Example

You receive a grant of 750 RSUs (representing 750 common shares of Hydro One Limited). For purposes of this illustration, assume the share price is constant at \$20.50 (IPO share price) and the quarterly dividend paid on common shares is constant at \$0.21 per share.

Growth via Dividend Reinvestment							
Year	Quarter	Starting RSUs	Share Price	Dividends Paid	Dividend Equivalents		Ending RSUs
		[A]	[B]	[C]	[D]	[E]	[A] + [E]
					= [C] x [A]	= [D] / [B]	
Year 1	1	750.000	\$20.50	\$0	\$0	-	750.000
	2	750.000	\$20.50	\$0.21	\$157.50	7.683	757.683
	3	757.683	\$20.50	\$0.21	\$159.11	7.762	765.445
	4	765.445	\$20.50	\$0.21	\$160.74	7.841	773.286
Year 2	5	773.286	\$20.50	\$0.21	\$162.39	7.921	781.207
	6	781.207	\$20.50	\$0.21	\$164.05	8.003	789.210
	7	789.210	\$20.50	\$0.21	\$165.73	8.085	797.295
	8	797.295	\$20.50	\$0.21	\$167.43	8.167	805.462
Year 3	9	805.462	\$20.50	\$0.21	\$169.15	8.251	813.713
	10	813.713	\$20.50	\$0.21	\$170.88	8.336	822.049
	11	822.049	\$20.50	\$0.21	\$172.63	8.421	830.470
	12	830.470	\$20.50	\$0.21	\$174.40	8.507	838.977
Total						88.977	

THREE YEAR VESTING

Grants will vest at the end of the three year period or 100% on December 31st of the third year of the grant.

Here's how an illustrative example of an RSU grant would accrue over the three year period, including dividend equivalents (as estimated in the previous chart):

- Your RSU grant = 750 units (750 x \$20.50 = \$15,375)
- Total dividends earned over 3 years = 88.977 units
- Total RSUs at vesting = 838.977 (750 units + 88.977 units)
- Total Value of RSUs at vesting* = \$17,199 (838.977 x \$20.50 = \$17,199)

*The total value of the grant at the end of three years, including dividend accrual, have been estimated with no change in Fair Market Value (FMV) of the mirrored Hydro One Limited common share from the grant value. A change in the FMV would alter the total dividends earned over three years and the total value once vested.

PERFORMANCE SHARE UNITS

WHAT IS A PERFORMANCE SHARE UNIT?

Performance Share Units (PSUs) are units that are similar to RSUs, but vest according to achievement of corporate performance goals. The number of PSUs that vest can range from 0% to 200% of the grant, depending on the performance as compared to corporate performance goals. Please refer to Schedule A of your PSU Award Agreement for further information. These units also accrue dividend equivalents over the three year period.

THE PSU CYCLE

Year of Grant	3 Years After Grant	
AWARD GRANT	AWARD VESTING	OWNERSHIP
<ul style="list-style-type: none"> Early in the fiscal year, you are granted a number of PSUs. The Board communicates the three year Hydro One corporate performance goals that must be met for the grant to be paid out. PSUs are credited with dividend equivalents as of each dividend payment date for the underlying mirrored Hydro One Limited common shares 	<ul style="list-style-type: none"> Corporate performance goals against actual performance is assessed. Actual number of PSUs are determined (0% or a range from 50% to 200% of the total number of accrued PSUs, including the number granted and received as dividend equivalents) based on performance. The PSUs vest. 	<ul style="list-style-type: none"> The vested units are converted to Hydro One Limited common shares and ownership is transferred to the employee early in the next year following vesting

PSU CALCULATION



**Actual payout results are subject to the Board's review of the audited financial statements and approval of the payout percentage*

Corporate Performance Goals


Each grant year, corporate performance goals will be approved by the Board of Directors. At the end of the three year period, actual performance against these corporate performance goals will be used to calculate the PSU award. The award can be up to 200% of the initial grant, depending on performance. At threshold performance for Average EPS, 50% of the award will vest, up to the maximum of 200%. Below threshold, no units will vest. The resulting number of PSUs that vest are converted to Hydro One Limited common shares. For 2016 the corporate performance measures include: Average Earnings per Share ("EPS") and Dividend Modifier. Details and specific target performance levels are included in your personalized 2016 award grant agreement.

How you can improve Earnings Per Share (EPS)

EPS is the company's profit for the year, divided by the number of outstanding shares. It is a measure of profitability. As a senior leader, you have the ability to improve earnings – and EPS – by managing costs, creating operational and productivity efficiencies, generating new sources of revenue and smart allocation of capital to increase our rate base. Remember, EPS is just one of many performance measures used to manage the business. Decisions to support EPS improvements need to also consider the broader organizational implications and be consistent with our values.

An Illustrative Example

- You receive a grant of 750 PSUs early in the fiscal year. The PSUs vest at the end of the third year.
- PSUs, like RSUs, are credited with dividend equivalents. For purposes of this illustration, let's assume we can use the same calculation outlined under the RSU example with the share price constant at \$20.50 (IPO share price) and the quarterly dividend paid constant at \$0.21 per share.
- Here's a simplified illustration on how the PSU grant would be calculated:

Grant Your PSU award + PSUs credited through dividend equivalents	Step #1: Determine the total number of PSUs, including dividend equivalents (estimated for purposes of this mode – see RSU example):				
	Your PSU grant	= 750 units			
	Total dividends earned over 3 years	= 88.977 units			
	Total PSUs at vesting	= 838.977 (750 units + 88.977 units)			
 Performance Multiplier (0% or a range from 50% to 200%) Financial results reviewed against key financial measures	Step #2: Apply performance modifiers for Average EPS & Dividend Modifier:				
		<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>	<u>Scenario 4</u>
	831.549 PSUs at vesting				
	Average EPS	= Threshold	Target	Maximum	Target
	Performance multiplier	= 50%	100%	200%	100%
	Total PSUs	= 419.489	838.977	1,677.954	838.977
	Dividend modifier	= 100%	100%	100%	0%
	Total PSUs	= 419.489	838.977	1,677.954	0
	Total Value of PSUs	= \$8,600	\$17,199	\$34,398	\$0
	# of PSUs x FMV at end of three year period - \$20.50 (assumed constant share price)				
	Relative to a grant value of \$15,375 (750 x \$20.50)				

NOTE: For a simplified illustration the Scenarios provided are at the Threshold, Target or Maximum levels of the Average EPS, but performance between the levels would be pro-rated and are calculated on a linear basis. Average EPS below threshold would result in no PSUs vesting.

In addition to the Earnings per Share performance, the PSU vesting criteria require that the Company maintain its dividend at \$0.21 per share per quarter. If the dividend modifier falls below that amount, no PSU's will vest regardless of the Earnings per Share performance.

MANAGING YOUR PLAN

During the three year vesting period you will be able to track your shares and dividend equivalents in your Computershare account. It is anticipated your 2016 grants will appear in your Computershare account in Q3 of 2016.

WHAT HAPPENS ONCE THE GRANT VESTS?

The awarded units are settled in shares. When the shares vest to the benefit of the employee, income tax withholdings and remittances ("Tax Remittances") must be made with respect to the fair market value of the shares issued to the employee. Hydro One will provide the employee with options for settlement of these remittance obligations. No shares will be issued to the employee until the employee has provided for the Tax Remittances to Hydro One's satisfaction.

HOW IS MY GRANT SETTLED OR PAID OUT TO ME?

The total value you receive is based on the actual number of RSUs and PSUs (including dividend equivalents) that vest at the end of the vesting period. Both RSUs and PSUs will be settled in Hydro One shares.

WHAT HAPPENS IF I LEAVE THE COMPANY, DIE OR BECOME DISABLED?

If you die or become disabled over the course of the three year period, the next installment of unvested awards will continue to vest on a pro-rata basis and, for PSUs, assuming a target level of performance. The remainder of unvested awards is forfeited. If you resign or are terminated with or without cause, any unvested RSUs and PSUs will be forfeited. If you retire (as defined by the Hydro One Limited Long Term Incentive Plan text "Plan text"), then all unvested awards continue to vest through your retirement.

QUESTIONS

For more information, please feel free to review the Plan Text provided to you with your award agreement. If you have additional questions, please contact Sabrin Lila, Manager, and Compensation & HR Systems.

DISCLAIMER

This summary is intended to provide general information regarding LTIP. The applicable provisions of LTIP are set forth in the Plan text and award agreements (collectively referred to as the "Official Documents"). In the event of a discrepancy between the information in this summary and the Official Documents, the Official Documents will be considered correct and will govern in all cases. No rights accrue by reason of any statements made in this summary.

School Energy Coalition (SEC) INTERROGATORY #059

Reference:

C1/4/1, p.20-21

Interrogatory:

With respect to the Short Term Incentive Plan (“STIP”) and Long-Term Incentive Plan (“LTIP”):

- a. What percentage of a management employee’s compensation could be set based on each of the STIP and LTIP?
- b. Please provide the maximum amount for each year between 2016 and 2018 that could be paid out under each of the STIP and LTIP.
- c. Please provide the amount for each year between 2016 and 2018 that Hydro One has budgeted to pay for each of the STIP and LTIP.

Response:

- a) The percentage of MCP compensation for STIP is based on the level of the role within the MCP compensation band structure. The range of STIP % of base salary, at target, is 5% to 90%. The percentage of compensation under the LTIP program for those eligible to participate is 20% to 280% of base salary.
- b) The maximum amounts each year that could be paid out under STIP and LTIP are:

Short Term Incentive Plan

Year	Max. STIP
2016	\$ 26,287,931
2017	\$ 27,076,569
2018	\$ 27,888,866

Long-Term Incentive Plan

	Maximum Expense recognized per year		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
2016 Grant	\$ 3,170,263	\$ 3,510,350	\$ 3,510,350
2017 Grant	\$ -	\$ 5,528,522	\$ 5,528,522
2018 Grant	\$ -	\$ -	\$ 5,598,253
	\$ 3,170,263	\$ 9,038,872	\$ 14,637,125

c) Budgeted Amount (in millions) for STIP and LTIP (2016-2018)

Budget for LTIP and STIP (\$M)			
	2016	2017	2017
Long Term Incentive	\$1.8	\$5.3	\$8.2
Short Term Incentive	\$15.8	\$16.0	\$16.2

1 **School Energy Coalition (SEC) INTERROGATORY #060**

2
3 **Reference:**

4 C1/4/1, Attach 1

5
6 **Interrogatory:**

7 Please provide the Payroll Table from 2013 to 2018 in Excel format.

8
9 **Response:**

10 Please see Attachment #1 for the Excel spreadsheet.

School Energy Coalition (SEC) INTERROGATORY #061

Reference:

C1/4/1, Attach 1

Interrogatory:

Please provide the number of employees in 2015 that would have appeared on the Ontario Government's Public Sector Salary Disclosure list (i.e. Sunshine List) if it had still applied to Hydro One. Please also provide the number of employees in 2015 that would have had salaries at or over \$200,000.

Response:

The number of Hydro One Networks employees who would have been on the 2015 Government Public Sector Salary Disclosure list is 3956 employees.

The number of Hydro One Networks employees who had total compensation at or over \$200,000 in 2015 was 47.

School Energy Coalition (SEC) INTERROGATORY #062

Reference:

C1/4/1, Attach 1

Interrogatory:

With respect to Hydro One's employee vacancy rate:

- a. Please provide Hydro One's actual vacancy rate for each year between 2012 and 2015.
- b. Please provide the forecast vacancy rate for each year between 2016 and 2018, and the basis for the forecast.
- c. Please confirm that Hydro One has built into its budget for 2017-2018 its forecast vacancy rate for 2017-2018. If confirmed, please explain how Hydro One has translated the forecast vacancy rate into a budgeted number.

Response:

- a. The "vacancy rate" is a Human Resources metric used to determine the ratio of number of open vacancies to number of positions in an organization. This is not a metric that Hydro One tracks primarily because Hydro One does not experience difficulty in filling the majority of its positions.
- b. See a) above.
- c. See a) above.

School Energy Coalition (SEC) INTERROGATORY #063

Reference:

C2/2/1

Interrogatory:

With respect to external contractors:

- a. For each year between 2012 and 2018, and for each category, please provide what percentage of transmission OM&A spending is undertaken by external contractors as compared to internal labour.
- b. For OM&A work in which both external contractors and internal resources could be used, how does Hydro One determine when it will use external contractors?

Response:

Hydro One does not have all the data required to perform the analysis requested in this interrogatory readily available. For these reasons, this information is currently unavailable and would require unreasonable effort to procure in the timeframe given.

School Energy Coalition (SEC) INTERROGATORY #064

Reference:

F1/1, p.13

Interrogatory:

With respect to the In-Service Capital Additions Variance Account, please provide:

- a. The account's current balance, including a breakdown of that calculation.
- b. A forecast of the account's balance at the end of 2016, including a breakdown of that calculation.

Response:

a) & b) Please see below for the two year and three year totals of in-service additions, relative to OEB approved.

\$ Millions	Actual / Forecast	OEB Approved	Variance
2014 Actual	\$914.5	\$863.3	\$51.2
2015 Actual	\$699.1	\$821.3	(\$122.2)
2-year total	\$1,613.6	\$1,684.6	(\$71.0)
2016 Bridge	\$911.7	\$673.3	\$238.4
3-year total	\$2,525.3	\$2,357.9	\$167.4

As stated in the Settlement Agreement approved by the OEB in EB-2014-0140, the variance account tracks the three year cumulative total for in-service additions over the 2014 to 2016 period. As the in-service additions are forecasted to be in excess of what was embedded in rate base; and due to the asymmetrical nature of the account, there will be no balance recorded in this account.

1 **School Energy Coalition (SEC) INTERROGATORY #065**

2
3 **Reference:**

4 F1/1, p.13

5
6 **Interrogatory:**

7 Is Hydro One proposing to continue the In-Service Capital Additions Variance Account to record
8 amounts for 2016-2018 on the same basis as was agreed to in the EB-2014-0140 Settlement
9 Agreement for 2014-2016? If not, please explain why.

10
11 **Response:**

12 Please see page 5 of Exhibit F1, Tab 1, Schedule 2 filed on May 31st, 2016.

School Energy Coalition (SEC) INTERROGATORY #066

Reference:

H1/4/1, p.2

Interrogatory:

With respect to the Export Transmission Service (“ETS”) rate:

- a. Please explain why Hydro One believes it is appropriate to maintain the ETS rate at the same level that was approved for 2015 and 2016.
- b. If it was determined that the ETS rate should be adjusted for 2017 and 2018 to reflect the increased costs Hydro One is proposing to review in this application, what ETS rate would Hydro One recommend?

Response:

- a. The approved 2015 and 2016 ETS rate of \$1.85/MWh was established as a part of the settlement agreement in proceeding EB-2014-0140. The \$1.85/MWh value was not calculated using a model that can be simply updated; it was an agreed upon rate, informed by the Elenchus study’s analysis on cost causality for export service, determined through the Settlement negotiation between Hydro One and the Stakeholders. As such, Hydro One believes it is appropriate to maintain the rate.
- b. Changes to both Hydro One’s Network revenue requirement and forecast export volumes would need to be considered in adjusting the ETS rate. Over 2017 and 2018, Hydro One’s Network revenue requirement is proposed to increase by an average of 1.9%, and the export volumes are forecasted to increase by an average of 2.4%. This results in an average effective change to the ETS rate of -0.5% over 2017 and 2018. Given this minimal effective change to the ETS rate, and the fact that the current ETS rate of \$1.85/MWh is a negotiated value, Hydro One believes it remains an appropriate value for 2017 and 2018.