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BY COURIER

August 31, 2016

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

Dear Ms. Walli:

EB-2016-0160 – Hydro One Networks Inc.’s 2017 and 2018 Transmission Cost-of-Service Application and Evidence Filing – Interrogatory Responses – Request for confidential treatment of certain documents

In accordance with Rule 10 of the Board’s *Rules of Practice and Procedure and the Board’s Practice Direction on Confidential Filings*, Hydro One Networks Inc. hereby requests that responses provided to certain interrogatory requests made in the above proceeding be kept confidential and not be disclosed on the public evidentiary record.

The table below provides general descriptions of the confidential documents and the justifications relied upon to maintain confidential treatment of this information.

Interrogatory	Document/Summary/Rationale
I-1-20	<p data-bbox="354 1423 930 1455"><i>Fosters Associates 2014 Failure Analysis Report</i></p> <p data-bbox="354 1486 1466 1686">The report presents a 2014 statistical analysis of physical and inspection failures observed in selected plant categories classified in Transmission Lines, Transmission Stations and Distribution Lines owned and operated by Hydro One. The report contains asset survival analysis and data proprietary to Hydro One. The study compares service life indications derived using the Iowa curve family with indications derived by Hydro One using the Weibull survival function. The scope of the investigation was limited to a statistical life analysis.</p> <p data-bbox="354 1728 1466 1917">Hydro One has been advised by Fosters Associates that this report is a proprietary commercial work product. The development of the hazard curves described in the report is proprietary information and the subject-matter of work products prepared by Fosters Associates to various clientele. Public disclosure of the report would adversely affect the commercial and financial interests of Foster Associates as potential clients could otherwise access and make use of the report information free of charge.</p>

I-1-118	<p><i>Summary of actual results for Inergi’s performance indicators (PIs), which include the monthly, quarterly and yearly measures, for the period from March 2015 to February 2016</i></p> <p>The summary categorizes the PIs and provides the following information: the number of PIs in each category; the number and percentage of PIs for which Inergi met performance expectations; and the number of PIs for which Inergi missed target or minimum performance levels. As an explanatory note in the summary, Hydro One indicates how many PIs were adjusted upward to achieve continuous improvement as per the Inergi Agreement, effective as of January 1, 2016.</p> <p>Inergi LP has requested that this information be treated confidentially because it is not information that is in the public domain, the information is commercially sensitive and disclosure would adversely affect its commercial interests with other clientele.</p>
I-2-11	<p><i>Inergi Outsourcing Agreement</i></p> <p>This agreement is described in Exhibit C1, Tab 3, Schedule 2. The document contains terms and conditions defining the scope of services, fees payable to Inergi for performing the services, the governance structure and protocol applicable to the arrangement, and the allocation of risk and responsibility between the parties for various related matters.</p> <p>Inergi LP has requested that this document be treated confidentially as it contains very commercially sensitive information which would be impactful to its commercial activities outside of Hydro One.</p> <p>Portions of this agreement pertaining only to Hydro One’s distribution business have been redacted.</p>
I-2-25	<p><i>Amended and Restated Operating Agreement with the Independent Electricity System Operator (IESO) dated April 25, 2014</i></p> <p>This agreement contains terms and conditions describing each party’s respective role, rights, and responsibilities with respect to the secure and reliable use and operation of the “transmission facilities”, as described therein. In addition to provisions addressing the allocation of risk and responsibility and the governance structure applicable to the relationship, the document also contains information on special protection systems and operating parameters and practices.</p> <p>Hydro One has been advised by the IESO that the requested operating agreement is not publicly available. It contains both commercially sensitive information and information regarding operation of the integrated electric system (“IES”). Public disclosure could adversely impact security and safety of the IES.</p>
I-3-11	<p><i>Canadian Electricity Association’s (CEA) report “2014 Bulk Electricity System Delivery Point Interruptions & Significant Power Interruptions”</i></p> <p>The 2014 annual report provides “All Canada” composite numbers for delivery point performance measures. Both the single year (2014) and five-year (2010 to 2014) average performance figures are provided in this report. This report is produced by the Transmission Consultative Committee on Outage Statistics (T-CCOS) with the CEA. Hydro One is a member of this committee. The CEA 2014 composite numbers in Figures 8a, 8b, 9, 10, and 11 in that Exhibit are from this report.</p>

	<p>Hydro One has been advised by the CEA that the requested report is not publicly available and is sold on a subscription fee basis only. Public disclosure would adversely affect the commercial and financial interests of the CEA as potential clients could otherwise obtain access and make use of the Report information free of charge.</p> <hr/> <p><i>2014 Annual Report, Forced Outage Performance of Transmission Equipment</i></p> <p>The 2014 annual report provides “All Canada” composite numbers for equipment performance measures. Only the five-year (2010 to 2014) average performance figures are provided. This report is produced by the Transmission Consultative Committee on Outage Statistics (T-CCOS) with the CEA. Hydro One is a member of this committee. The CEA 2014 composite five-year moving averages in Figures 12 and 13 on page 26 of that Exhibit are based on information from this report.</p> <p>Hydro One has been advised by the CEA that the requested report is not publicly available and is sold on a subscription fee basis only. Public disclosure would adversely affect the commercial and financial interests of the CEA as potential clients could otherwise obtain access and make use of the Report information free of charge.</p>
I-6-1	<p><i>Submission to Hydro One’s Board of Directors regarding the 2017-2018 Transmission Application</i></p> <p>This is a submission to Hydro One’s Board of Directors summarizing the company’s proposed application to the OEB, seeking approval of cost of service transmission revenue requirement for 2017 and 2018. In its submission, management summarizes the form of application (i.e. cost of service), addresses the applicable transmission filing requirements, and the <i>Renewed Regulatory Framework for Electricity Distributors</i> (“RRFE”). Management details the financial metrics of the proposed application, the rationale behind the May 31st filing date, and the alignment of Hydro One’s vision, values and business objectives with the RRFE. The submission also summarizes Hydro One’s customer engagement approach, the Transmission System Plan, its development, and the current status of Hydro One’s critical transmission assets. The document also contains a discussion on the impact on rates of the proposed application and the technical and strategic positions the proposed application adopts on certain issues.</p> <p>The requested information is not publicly available and consistently treated in a confidential manner. Board of Director materials have been afforded confidential treatment in prior proceedings, see for example EB-2013-0416 Exhibit I-1.1-9 SEC 1.</p>
I-6-57	<p><i>Hydro One: Updated Discussion Notes – Preliminary CEO/CFO Pay Benchmarking</i> by Hugesson Consulting (April 2015)</p> <p>Hugessen Consulting was engaged by Hydro One’s 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 fourth quartile of the bottom 30 companies making up the S&P/TSX 60 Index.</p>

	<p>Hydro One has been advised by Hugesson Consulting that the content of its report is not publicly available; the information is proprietary and commercially sensitive. Public disclosure of the report would adversely impact Hugesson Consulting’s commercial interests in providing similar analysis of this information to other clientele which it does on a fee for service basis.</p>
I-6-57	<p><i>Hydro One: Executive Compensation Benchmarking Report dated October 16, 2015</i></p> <p>This report was prepared after Hydro One engaged Towers Watson to complete a competitive market assessment of its total rewards program for executive-level management employees. On a total rewards basis, Hydro One is positioned on average below the 25th percentile. The report compares peer group organization profiles and compensation levels. It provides some market compensation data and observations regarding the data in relation to Hydro One.</p> <p>Hydro One has been advised by Towers Watson that the content of its report is not publicly available; the information is proprietary and commercially sensitive. Public disclosure of the report would adversely impact Towers Watson’s commercial interests in providing similar analysis of this information to other clientele which it does on a fee for service basis.</p> <hr/> <p><i>Hydro One: Non-executive Compensation Benchmarking Report dated October 16, 2015</i></p> <p>This report was prepared after Hydro One engaged Towers Watson to complete a competitive market assessment of its total rewards program for non-executive-level management employees. On an aggregate basis, Hydro One’s position is aligned “at” or slightly above market median with any above market variance largely attributable to its “Support” segment identified in the report. The report describes its benchmark methodology and peer groups. It divides Hydro One’s subject group into two segments and provides applicable benchmarking results. It also considers the role of pension and benefits in Hydro One’s total rewards program.</p> <p>Hydro One has been advised by Towers Watson that the content of its report is not publicly available; the information is proprietary and commercially sensitive. Public disclosure of the report would adversely impact Towers Watson’s commercial interests in providing similar analysis of this information to other clientele which it does on a fee for service basis.</p>
I-9-6	<p><i>Results and Analysis of Phase 1 Insulator Tests Performed in Support of Hydro One Insulator Replacement Program</i></p> <p>This report entitled ‘Results and Analysis of Phase 1 Insulator Tests Performed in Support of Hydro One Insulator Replacement Program’ was produced by Electric Power Research Institute (“EPRI”). The report contains condition and testing data of insulators that is representative of a large installed insulator population. The condition of Hydro One insulators was assessed through benchmarking to EPRI and public domain test data. The test data supports the urgent replacement of COB and CP insulators manufactured between 1965 and 1982 that were installed at locations that pose safety concerns to the public.</p> <p>This report has been prepared in contemplation of Hydro One carrying out an asset replacement program. The information contained in the report is commercially sensitive and may adversely impact negotiations with equipment vendors involved in the replacement program.</p>

I-9-6	<p><i>Galvatech Coating System Assessment – Aging Performance, Service Life and Evaluation of Field Applications by EPRI</i></p> <p>This report documents various test approaches and the performance evaluation of Galvatech 2000. It provides information on anticipated service life of the coating system, application methods and quality control.</p> <p>This report has been prepared in contemplation of Hydro One carrying out an asset replacement program. The information contained in the report is commercially sensitive and may adversely impact negotiations with equipment vendors involved in the replacement program.</p>
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This letter is being filed on the Regulatory Electronic Submission System. In accordance with the Practice Direction, the documents will be marked as confidential and delivered to the Board by way of courier.

Kindly advise the undersigned should the Board have any questions or concerns with this request.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert

cc. Parties to EB-2016-0160 (electronic only)