McCarthy Tétrault LLP
PO Box 48, Suite 5300
Toronto-Dominion Bank Tower
Toronto ON M5K 1E6
Canada
Tel: 416-362-1812
Fax: 416-868-0673

Gordon M. Nettleton
Partner
Email: gnettleton@mccarthy.ca

mccarthy tétrault

December 14, 2016

VIA RESS AND COURIER

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

Dear Ms. Walli:

RE: EB-2016-0160 Hydro One Networks Inc. ("Hydro One") Transmission Rates Application – Responses to Undertakings J9.3 and J10.3

Hydro One's responses to Undertakings J9.3 and J10.3 are enclosed.

Yours truly,

McCarthy Tétrault LLP
Per:

Gordon M. Nettleton
GMN

UNDERTAKING – J9.3

Undertaking

To explain why in the wood poles portfolio the costs ended up being a lot more than in the 2014 application it said it would be. (Ref: Ex. I-6-20)

Response

The wood pole portfolio includes a range of structure replacements with either cross-arm, single pole, multiple wood poles or a combination thereof and can range from $20,000 to $80,000 per structure. The assumptions used in the 2014 application had a higher number of cross-arm replacements planned (which would fall into the lower unit cost range) than actually materialized in 2014. In addition, composite poles were used in a higher proportion in 2014. Composite poles represent a 20% increase to the unit price that was not accounted for in the planned unit cost. Composite poles represented approximately 25% of the pole replacements in 2014.

Witness: Brad Bowness/Chong Kiat Ng

UNDERTAKING – J10.3

Undertaking

To check that the lump sum and OPEBs are in the data.

Response

The PWU and Society lump sum amounts were not included in compensation data considered by the Mercer compensation study. In preparing the study, Mercer Canada requested that participants report base salary, STIP, LTIP, pension and benefit amounts.

OPEB data was included in the compensation study.