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BY E-MAIL

January 29, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Hydro One Networks Inc.
Motion to Review the EB-2016-0160 Decision and Order
OEB Staff Submission
OEB File No. EB-2017-0336

Please find attached the OEB staff submission on the Motion to Review the EB-2016-0160 Decision and Order filed by Hydro One Networks Inc.

Yours truly,

Original Signed By

Harold Thiessen
OEB Staff
Case Manager – EB-2017-0336

cc: All Parties, EB-2017-0336

Att.

Hydro One Networks Inc.

Motion to Review and Vary the Ontario Energy Board's EB-2016-0160 Decision, issued September 28, 2017, revised November 1, 2017, regarding 2017 and 2018 Hydro One Transmission Revenue Requirements and Charge Determinants

EB-2017-0336

OEB STAFF SUBMISSION

January 29, 2018

Background

Hydro One Networks Inc. (Hydro One) filed its Cost of Service application for 2017 and 2018 transmission revenue requirement and charge determinants with the Ontario Energy Board (OEB) on May 31, 2016. The OEB issued a Decision and Order on September 28, 2017 (revised on November 1, 2017).

On November 9, 2017, the OEB subsequently issued a decision and order regarding Hydro One's draft rate order providing additional explanation and reasons for matters in the original Decision and Order. Specifically, the OEB adjusted the amount of tax to be recovered from ratepayers after incorporating information provided by Hydro One on October 10, 2017, as a required in the OEB's September 28, 2017 Decision and Order.

The findings in this proceeding were used to calculate the Uniform Transmission Rates (UTR) for 2017. The 2017 UTR Rate Order was issued on November 23, 2017, setting these rates effective January 1, 2017 to be implemented November 1, 2017[1]. The 2018 UTR release is still pending but will set these rates to be effective and implemented January 1, 2018.

Hydro One filed its Motion to Review and Vary on October 18, 2017. Hydro One's Motion is based on three aspects of the OEB's 2017 and 2018 Transmission Decision[2]:

1) that a portion of tax savings resulting from the Government of Ontario's decision to sell its ownership interest in Hydro One Limited by way of an Initial Public Offering (IPO) on October 28, 2015 and subsequent sale of shares should be applied to reduce Hydro One's revenue requirement for 2017 and 2018 (Section15 of the Decision) (the "Tax Savings Determination");

2) that Allowance for Funds used During Construction (AFUDC) in respect of the Niagara Reinforcement Project (NRP) should not be included in rates for 2018 (Section 13 of the Decision, the "NRP Determination")

3) that the costs attributable to the Ombudsman Office should not be included in rates (paragraphs 7.2.2 and p. 47 of the Decision) (the "Ombudsman's Office Determination").

In addition, Hydro One filed a letter on November 29, 2017, clarifying that its Motion to Review is intended to be inclusive of both the Decision and Order of September 28,

[1] EB-2017-0280
[2] EB-2016-0160, September 28, 2017, revised November 1, 2017

2017 and November 9, 2017. Hydro One proposed that the aspects of the November 9, 2017 Decision and Order that relate to the matters raised in Hydro One's Motion to Review be addressed as part of the written factum which Hydro One would file as part of any proceeding hearing the Motion to Review and Vary.

On October 27, 2017, Hydro One sent the OEB a copy of its Notice of Appeal to the Divisional Court in respect of the OEB's tax-related findings in the Transmission Decision. The appeal to Divisional Court has been held in abeyance until 30 days after the OEB issues a decision on this motion.

On December 19, 2017 the OEB issued Procedural Order No. 1 for this proceeding determining a number of matters related to this proceeding, including:

- that the Motion to Review and Vary has met the threshold for review as defined in section 43 of the OEB's *Rules of Practice and Procedure*, and that it would hear the motion on its merits.

- that the OEB will treat the OEB's November 9, 2017 Decision and Order as part of this motion proceeding.

- that the parties granted intervenor status in the 2017 and 2018 transmission rates proceeding would be deemed as intervenors in the Motion to Review and Vary and that those parties granted cost eligibility status in the transmission proceeding would also be eligible for cost awards in the motion proceeding.

- setting dates for the filing of Hydro One's argument and motion record and the filing of arguments by intervenors, as well as setting the date for the oral hearing of this case.

Hydro One filed its argument and motion record with the OEB on January 15, 2018.

Parties supporting the motion in whole or in part were to file their arguments with the OEB and copy all parties no later than January 22, 2018. One party, the Power Workers Union, did file its argument on January 22, 2018. Other parties were to file their arguments with the OEB by January 29, 2018.

These are the submissions of OEB staff.

A) The Tax Savings Determination

The purpose of a motion to review

Rule 42.01 of the OEB's *Rules of Practice and Procedure*[3] provides the grounds upon which a motion may be raised with the OEB:

> Every notice of a motion made under Rule 40.01, in addition to the requirements under Rule 8.02, shall:
>
> (a) set out the grounds for the motion that raise a question as to the correctness of the order or decision, which grounds may include:
>
> (i) error in fact;
>
> (ii) change in circumstances;
>
> (iii) new facts that have arisen;
>
> (iv) facts that were not previously placed in evidence in the proceeding and could not have been discovered by reasonable diligence at the time.

The OEB first examined the purpose of a motion to review in detail in the Natural Gas Electricity Interface Review Decision (NGEIR Review Decision).[4]

> With respect to the question of the correctness of the decision, the Board agrees with the parties who argued that there must be an identifiable error in the decision and that a review is not an opportunity for a party to reargue the case.
>
> In demonstrating that there is an error, the applicant must be able to show that the findings are contrary to the evidence that was before the panel, that the panel failed to address a material issue, that the panel made inconsistent findings, or something of a similar nature. It is not enough to argue that conflicting evidence should have been interpreted differently.
>
> The applicant must also be able to demonstrate that the alleged error is material and relevant to the outcome of the decision, and that if the error is corrected, the reviewing panel would change the outcome of the decision.
>
> In the Board's view, a motion to review cannot succeed in varying the outcome of the decision if the moving party cannot satisfy these tests,

[3] OEB Rules of Practice and Procedure, revised October 28, 2016

[4] Motions to Review the Natural Gas Electricity Interface Review Decision, EB-2006-0322/0338/0340, May 22, 2007, p. 18

> and in that case, there would be no useful purpose in proceeding with the motion to review.

In the OEB's Decision on the Hydro One Networks Inc. Motion to Review the OEB's Decision on Connection Procedures[5], the OEB further commented:

> …in the case of an applicant-driven motion to review, it is not sufficient to simply reargue the case, or to argue that a different outcome might have been preferred. The moving party must show that the decision at issue is incorrect in an identifiable, relevant and material way."[6]

In a 2005 Natural Resource Gas Limited decision, the OEB stated:

> This [i.e. the motion to review] is not a hearing of the application de novo. In considering a motion to vary, the Board considers whether new evidence has been presented by the Applicant, or whether the original panel made an error in law or principle so as to justify the reversal of the original Decision.[7]

The purpose of a motion to review, therefore, is not simply to re-hear the original issue before the OEB. Most issues before the OEB require a significant exercise of judgment on behalf of the OEB panel, and lend themselves to a number of possible outcomes. The purpose of a motion to review is not for a party to simply re-argue the same case in front of a different panel in the hope of achieving a different outcome.

Similarly, the task of a reviewing panel is not to consider the matter afresh – a motion to review is not a hearing de novo. The role of the reviewing panel is not to consider the evidence and decide what outcome it would have arrived at. A reviewing panel should instead look at the matter and determine if the original panel made an identifiable and material error of law or fact. If the answer to that question is "no", then the motion must fail. It does not matter if the reviewing panel might have come to a different conclusion on the evidence – if the original panel did not make an identifiable error then the reviewing panel should not consider the matter further.

In addition to being in keeping with the legislation, rules and OEB precedent, there are solid policy reasons behind this approach. Most issues before the OEB could result in a range of decisions – all of which would meet the broad test of being just and reasonable. A party should not be permitted two opportunities to argue the same case. Absent an identifiable error, parties should have confidence that an OEB decision is final. A motion to review also consumes significant OEB and party resources, and regulatory efficiency demands that these motions only be permitted where a clear error has been made. If parties could simply re-argue any issue that they "lost" in the original

[5] Motion to Review the EB-2006-0189 Decision, EB-2007-0797, November 26, 2007
[6] Decision and Order, Hydro One and Great Lakes Power, EB-2007-0797, p. 8
[7] Decision with Reasons, Natural Resource Gas Limited, RP-2004-0167/EB-2005-0188

proceeding before the OEB, there would be little incentive for them to not file a motion to review.

Hydro One has observed in its arguments that OEB staff supported Hydro One's position on the tax issue when it was originally heard by the OEB. This is correct; however it does not lead to the conclusion that OEB staff also supports Hydro One in this motion. As set out above, the test is different on a motion to review.

The following is OEB staff's submission on the merits of the motion.

The OEB's Jurisdiction to Consider the Tax Issue

Hydro One appears to question the appropriateness, and perhaps even jurisdiction, of the OEB to examine the tax savings issue in this proceeding at all. OEB staff believes it is therefore helpful to set out the OEB's jurisdiction to review this issue.

Like all entities regulated by the OEB, Hydro One has certain tax obligations. Ordinarily the taxes a regulated business are required to pay are passed through to ratepayers as a component of the revenue requirement. The OEB has complete jurisdiction over the revenue requirement through its power under section 78 of the *Ontario Energy Board Act, 1998* (S.O. 1998, c.15, Sched. B) (the Act) to set just and reasonable rates: that is the core of the OEB's expertise and jurisdiction, and the very purpose of this proceeding.

In the current case Hydro One is seeking to recover from ratepayers an amount for taxes for its transmission business that is tens of millions of dollars higher than the taxes it will actually be required to pay during the test period.[8] This is not necessarily problematic; regulatory taxes and actual taxes are not always the same, and there can be good reasons why the OEB might approve a revenue requirement amount for taxes that does not match the actual taxes payable. However, there can be no question that the OEB is well within its mandate to look at this issue carefully.

Similarly, Hydro One suggests in its argument that the OEB has interfered with the intentions of the Legislature by interceding itself in decisions made by the Minister regarding the disposition and management of Hydro One's securities, assets, liabilities, rights, obligations, revenues and income.[9] OEB staff submits there has been no improper interference by the OEB. The OEB simply exercised its mandate to carefully consider all elements of Hydro One's proposed revenue requirement, including the amount for taxes that should be paid by ratepayers.

Although this Decision may have an indirect impact on any plans to sell Hydro One shares, this is true of many of the elements of the OEB's Decision. For example, the

[8] EB-2016-0160 Decision, revised November 1, 2017, pp. 85-86.
[9] Hydro One Argument, January 15, 2018, pp. 23-24, paras. 57-61

OEB's findings on Operations, Maintenance and Administration costs will impact Hydro One's revenues, which presumably impact its attractiveness to potential investors. The decision on taxes is an ordinary feature of the Decision and of any decision of the OEB under section 78 of the Act, and it does not improperly intercede in any ministerial or government decisions.

The Benefits Follows Costs Principle

Hydro One argues that the OEB either failed to apply or mis-applied the benefits follows costs principle. The underlying theory behind this principle is that a benefit should accrue to the party that has incurred the costs of producing that benefit. The calculation of the Actual Fair Market Value (FMV) Sales and Payments Ratio used in the Decision represents the application of the benefits follows costs principle in the context of the partial sale of Hydro One. As explained in the Decision, Hydro One was required to revalue all (100%) of its assets to FMV (FMV Bump) which in turn gave rise to future tax benefits.

The OEB has previously addressed a similar issue in which utilities were required to revalue their assets to FMV upon entering the PILs regime, which also gave rise to future tax benefits in the 2006 Electricity Distribution Rate Handbook process[10]. In the 2006 Report of the Board, the OEB concluded that the benefits follows costs principle was not applicable because neither party had incurred a cost. On that basis, the OEB had allocated 100/% of those tax benefits to ratepayers because the FMV Bump that gave rise to the benefits was costless.

The Actual FMV Sales and Payments Ratio uses that underlying principle from that 2006 Report as the basis of its calculation. It takes into account the fact that the shareholders in this case had incurred costs in the form of their share purchases and payment of a departure tax. However, it also recognizes that a costless component still exists because less than 100% of the shares in Hydro One were actually sold as part of the IPO. To account for this, the OEB did a calculation of the costless component of the transaction, and then did an allocation of the tax savings based on this analysis.

Put another way, this ratio limits the allocation of the tax benefits in favour of shareholders to the portion of the FMV Bump that they have actually paid for. OEB staff submits that this is a reasonable conclusion and is consistent with both the spirit of the benefits follows costs principle and the approach the OEB took in the 2006 Report.

[10] RP-2004-0188

The Stand Alone Principle

Hydro One argues that the OEB failed to properly apply the stand alone principle in its consideration of the tax issue. Generally speaking the stand alone principle is applied by the OEB where an entity has both regulated and non-regulated business activities (which may be conducted by an affiliate). The cases cited by Hydro One in its January 15, 2018 argument all deal with utilities that have significant non-regulated activities, either on their own or through an affiliate. This is not the case for Hydro One. Hydro One operates two businesses: its transmission business (which is the subject of this case), and its distribution business. Both of these businesses are entirely regulated by the OEB, and Hydro One (Networks Inc.) does not have any significant unregulated business at all. The taxes at issue (or lack thereof) are Hydro One's taxes, and not taxes applicable to an unregulated business or affiliate.

As described in more detail above, regarding the 'Benefits follows Cost Principle', the OEB assessed the tax savings that it determined were appropriate for Hydro One transmission to retain, and there is nothing unreasonable about its conclusion. The Decision specifically considered the situation of the transmission business, and the benefits follows costs principle as it applies to that business.

Hydro One further asserts that the OEB has failed to meet the fair return standard. The fair return standard requires the OEB to allow Hydro One the opportunity to recover its cost of capital through the revenue requirement. OEB staff agrees that this is a legal requirement and the OEB does not have the power to deny Hydro One this opportunity. However, OEB staff does not agree that the Decision infringes upon the fair return standard. Hydro One was seeking to recover from ratepayers tens of millions of dollars for taxes that Hydro One was not actually required to pay. For the reasons described in the Decision and partially summarized in this submission, the OEB denied this request and instead determined a different allocation. The OEB determined that Hydro One's request was not reasonable, and it was therefore not approved under section 78 of the Act. Denying an unreasonable cost does not in any way violate the fair return standard.

The Evidentiary Basis for the Decision

As discussed above, the 2006 Report of the Board addressed a similar tax allocation matter that arose when utilities first entered the PILs regime. In that 2006 Report 100% of the related tax benefits from a deemed disposition of utility assets were allocated in favour of ratepayers on the basis that these benefits were costless to both parties.

However, during that process Hydro One had submitted that because these tax benefits are recaptured upon a sale of a utility's assets or a change in their tax status, ratepayers would have to compensate electricity distributors for that recapture if they

are to be allocated 100% of the tax benefits.[11] In the 2006 Report, the OEB agreed that if the ratepayers benefit from the tax savings, then any subsequent recapture should be considered from ratepayers as well. However, at the time of that process, it was uncertain if and when a scenario of recapture would ever occur. The OEB then noted that if at some point a related tax liability arises from the sale of assets or a change in tax status, then the distributor will be able to apply to the OEB for relief, at which point the issue will be determined[12].

OEB staff submits that the recapture scenario contemplated in the 2006 Report materialized as a result of Hydro One's change in tax status from its 2015 IPO. Therefore in OEB staff's view, there was nothing unreasonable about the OEB panel continuing down the path established in the 2006 Report by engaging in an analysis and allocation of the tax benefits associated with recapture and recognizing that the benefits were not entirely attributed to recapture.

Hydro One argues that at least some of the elements of the OEB's decision on the tax issue had not been argued before the OEB, and therefore the OEB did not have the benefit of Hydro One's arguments on these matters. For example, at paragraph 22 of its argument on this motion Hydro One states that the allocation methodology selected by the OEB had never been raised in the hearing. This is not entirely correct. The OEB's decision on calculating the amount of "recapture" was informed by submissions made by School Energy Coalition. Hydro One had the opportunity to address these submissions in its reply argument, but as noted by the OEB, did not do so.[13]

OEB staff also notes that Hydro One's evidence in its pre-filed material consisted of four paragraphs[14] and did not get into any level of detail in what Hydro One acknowledged in its argument on this motion as a very complex matter[15]. The burden of proof is on the applicant and in OEB staff's view it is not an error in fact or law for a regulator to engage in analysis of what evidence is in fact on the record and come to its own conclusions. The OEB made the best determination it could, based on the evidence that was on the record. In OEB staff's view, every data point used by the panel was on the record of this proceeding.

However, if the reviewing panel is of the opinion that the parties to this proceeding should have been afforded the opportunity to assess and comment on the analysis used in the Decision to determine the final PILs proxy that would be included in rates, it is open to the reviewing panel to send this discrete issue (i.e. the review of the calculation

[11] RP-2004-0188, p. 56
[12] RP-2004-0188, p. 57
[13] EB-2016-0160 Decision and Order, revised November 1, 2017, p. 90
[14] EB-2016-0160, Exhibit C1/Tab 8/Schedule 1
[15] Hydro One Argument, January 15, 2018, p. 9, para. 23

of recapture, etc.) back to the OEB to open the record for additional information and consideration.

B) The NRP Determination

In its Notice of Motion dated October 18, 2017, Hydro One argued that the OEB erred in denying Hydro One recovery in the 2018 revenue requirement of an Allowance for Funds used During Construction (AFUDC) for the Niagara Reinforcement Project (NRP). The OEB allowed recovery of these costs in the revenue requirement for 2017. OEB staff submits that the OEB did not err in determining that the AFUDC should not be recoverable in 2018.

In the transmission rates case for approval of 2007 and 2008 transmission revenue requirements[16] (the 2007 Transmission Rates Case), the OEB provided Hydro One with relief from the carrying charges that they would incur on the funds (debt) used to finance the NRP. The NRP was not put into service as a result of a continuing land claim dispute in Caledonia, Ontario. At that time, the OEB did not put a limit on the period of time that Hydro One could recover the AFUDC on the NRP[17].

Hydro One has now been recovering these AFUDC amounts in rates for a period of 10 years, since January 1, 2007. OEB staff argued in its submission[18] that regulated utilities are required to face some risk in their business operations, and that they are compensated for risk through their return on equity. Staff pointed out that there is no evidence that progress has been made in addressing the NRP situation and submitted that a utility should have no expectation of a guaranteed recovery of costs for capital expenditures that have not resulted in used or useful assets. OEB staff submitted that there should be no further cost recovery unless and until the transmission line goes into service.

Hydro One's motion to review this aspect of the Decision is based on two main grounds:

- There was no evidence on the record of the proceeding that anything had changed from the circumstances that led the OEB to originally grant Hydro One the recovery of AFUDC. The OEB found in the original Decision that the expenditures were prudent and the situation delaying the project was out of Hydro One's control.

[16] EB-2006-0501 Decision With Reasons, August 16, 2007
[17] EB-2006-0501 Decision With Reasons, August 16, 2007, p. 64
[18] OEB staff submission, EB-2016-0160, January 25, 2017, p. 32

- New facts and circumstances have arisen since the hearing that are now in the public domain: Hydro One has reached a tentative agreement with affected First Nations and the Ministry of Energy. News releases describing the tentative agreement were attached to the Notice of Motion.

With respect to the first ground, OEB staff submits that it is the responsibility of the applicant to establish its case before the OEB. Hydro One has been recovering the AFUDC related to the project for ten years, and brought no evidence in this proceeding to demonstrate that any progress had been made to resolve the situation. OEB staff submits that what has changed since the OEB's initial decision on the recovery of AFUDC is the passage of time. It is reasonable for the OEB to reconsider the recovery of carrying costs for a project that has shown very little progress over a ten year span.

The Decision clearly set out the reasons why a denial of recovery for 2018 was not inconsistent with the OEB's 2007 Transmission Rates Case Decision:

> The fact that the OEB's decision in the EB-2006-0501 rate case did not put a time limit on the recovery of carrying charges for this unfinished project does not mean that the relief provided by the OEB in that case was endless. As stated in that decision, the OEB's role is "to make decisions that are in the public interest and to determine an appropriate balance between the interests of the regulated utility and consumers." In the current proceeding, the OEB finds that it is not appropriate for the ratepayers to continue to be burdened with the carrying charges for capital expenditures that have not resulted in a used or useful asset.[19]

Staff submits that the OEB owes a duty to ratepayers to allow only reasonable costs to be included in revenue requirements. Staff also submits that the absence of evidence to demonstrate progress in resolving the issues that prevented the completion of the NRP fully justified the OEB's decision to deny the recovery in the second year of Hydro One's application. Continued, unquestioned recovery of these amounts provides no incentive for Hydro One to make efforts to resolve the Caledonia impasse.

With regard to the second ground argued by Hydro One, the existence of the new circumstance of a tentative agreement with the affected First Nations; while OEB staff sees this as a positive step, staff submits that the evidence is not sufficiently persuasive to warrant a variance of the Decision. OEB staff notes that the news releases indicate that a period of consultation was to commence. It is to be hoped that this process will lead to a resolution allowing the completion of the NRP. However, a tentative

[19] EB-2016-0160 Decision and Order, revised November 1, 2017, p. 79

agreement should not be sufficient, OEB staff submits, to persuade the OEB that a resolution will necessarily occur.

OEB staff submits that the OEB should not vary the Decision, but maintain the one year disallowance of AFUDC (a disallowance of $4.6 million in a total 2018 revenue requirement of over $1.4 billion). Hydro One will have every opportunity to bring forward further evidence of progress in the negotiations and the time frame for the completion of the NRP in its filing for revenue requirements for 2019 and subsequent years.

C) The Ombudsman's Office Determination

Hydro One has asked that the Decision be varied to correct what it alleges to be an error of fact in the Decision, and to reverse a determination to disallow the recovery of costs associated with the Office of the Ombudsman, which forms part of the Office of the Chair.

The relevant paragraph of the Decision appears at page 48[20] and is part of the Compensation section, specifically the portion of the Decision that discusses the changes in compensation amounts resulting from leadership changes at the utility. The paragraph reads:

> The budgeted annual compensation cost of the new Chair is about $1.7 million and $1.8 million in 2017 and 2018 respectively, with about 53% of those amounts being allocable to transmission. Of those amounts, $1.4 million is attributable to the Ombudsman's Office. The 2014 cost of the Chair that was replaced was about $300,000.

One amendment to this paragraph was already made in the October 11, 2017 revision to the Decision: the addition of the sentence "Of those amounts, $1.4 million is attributable to the Ombudsman's Office."[21] However, Hydro One regards the paragraph as still incorrect as the $1.7 and $1.8 million amounts (for 2017 and 2018 respectively) relate to the total cost of the Office of the Chair including the Ombudsman's Office, and are not the compensation costs of the Chair as the Decision states. Further, the present wording invites comparison of the $1.7 and $1.8 million amounts with the 2014 amount of $300,000, which was in fact the compensation cost of the Chair at that time.

Secondly, Hydro One states at paragraphs 80 and 81 of its factum:

> …in the Decision, the Board disallowed the recovery of costs attributable to the Ombudsman's Office in rates. This was an error… Disallowing the recovery of

[20] EB-2016-0160 Decision and Order, revised November 1, 2017
[21] Clarification to EB-2016-0160 Decision and Order, October 11, 2017

> costs associated with the Office of the Ombudsman also undermines the independence of the Ombudsman's office, as it suggests that the Ombudsman should be funded by shareholders rather than ratepayers. In order to preserve the independence of the Ombudsman, the Decision should be varied so that 53% of $1.4 million of the costs associated with the Office of the Ombudsman, or $742,000, are recovered in transmission rates.

OEB staff does not understand the submission of Hydro One regarding disallowance of the costs of the Office of the Ombudsman. No reference is given in the factum as to the page or section of the Decision in which this disallowance was made. In the Decision, the OEB determined

> … that compensation amounts in the total OM&A envelopes for 2017 and 2018 of $412.7 million and $409.3 million are unreasonably high by an amount of approximately $15.0 million in each year.[22]

OEB staff have not found any reference in the Decision to the specific denial of the costs of the Office of the Ombudsman, and invites Hydro One to provide a reference for this finding in the Decision.

OEB staff opposes any increase in the compensation amounts included in the 2017 and 2018 revenue requirements. The Decision provides ample reasons for the disallowance made by the OEB[23], and in staff's submission, the resulting revenue requirements were reasonable.

Further, OEB staff does not agree that the amended paragraph in the Decision quoted above from page 48, contains factual errors. Each sentence taken on its own is accurate. The clarification added in the October 11, 2017 version of the Decision underscored that $1.4 million of the cost of the Office of the Chair was attributable to the cost of the Office of the Ombudsman. However, if the OEB finds that the paragraph is unclear or confusing, OEB staff suggests the following revision:

> The budgeted annual ~~*compensation*~~ cost of the ~~*new*~~ *Office of the Chair* is about $1.7 million and $1.8 million in 2017 and 2018 respectively, with about 53% of those amounts being allocable to transmission. Of those amounts, $1.4 million is attributable to the Ombudsman's Office, *which was an addition to the Office of the Chair in 2017*. The cost of the Office of the Chair in 2014 was about $300,000, *which did not include the cost of the Ombudsman's Office*. [additions in italics]

All of which is respectfully submitted.

[22] EB-2016-0160 Decision and Order, revised November 1, 2017, p. 59
[23] EB-2016-0160 Decision and Order, revised November 1, 2017, pp. 45 to 60