

**Ontario Energy
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**Commission de l'énergie
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BY EMAIL

February 13, 2019

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

Dear Ms. Walli:

**Re: Hydro One Sault Ste. Marie LP
2019 Electricity Transmission Rate Application
Provision of Expert Evidence of Pacific Economics Group Research LLC
OEB File No. EB-2018-0218**

Hydro One Sault Ste. Marie LP (Hydro One SSM) requested confidential treatment of certain information (Working Papers) related to the evidence prepared by Power Systems Engineering Inc. (PSE) for Hydro One SSM.¹ The PSE evidence, including the Working Papers, pertains to Hydro One Networks Inc.'s total factor productivity and total cost benchmarking analyses for its transmission operations, on which Hydro One SSM based its proposed revenue cap increase.

On November 6, 2018, the Ontario Energy Board (OEB) issued its Decision on Confidentiality and Procedural Order No. 2 (Confidentiality Decision), in which the OEB determined that the Working Papers would be treated as confidential on the basis that they contain proprietary technical information, consistent with the OEB's *Practice Direction on Confidential Filings* (Practice Direction).

In accordance with the Decision on Confidentiality and Procedural Order No. 3 issued by the OEB on December 14, 2018, OEB staff filed a report prepared by Pacific

¹ August 29, 2018 letter from Hydro One SSM

Economics Group Research LLC (PEG) entitled “*Empirical Research for Incentive Regulation of Transmission*” (Report) on February 4, 2019. The Report was prepared at the request of OEB staff.

On February 7, 2019, Hydro One SSM filed a letter with the OEB requesting that OEB staff provide PEG’s working papers (PEG Working Papers) that support the Report. Hydro One SSM indicated that it and its consultant Mr. Steve Fenrick (formerly from PSE²) would maintain the confidentiality of the PEG Working Papers, and would sign a Declaration and Undertaking upon the request of the OEB.

On February 8, 2019, OEB staff filed a letter with the OEB requesting confidential treatment of the PEG Working Papers in their entirety, as at the date of the letter. OEB staff indicated that it was working with PEG to determine whether any portion(s) of the PEG Working Papers could be placed on the public record, and would advise the OEB as soon as possible in that regard. OEB staff also noted that Hydro One SSM had further confirmed that only its external consultant, Mr. Fenrick, and no Hydro One SSM employees, would receive access to the PEG Working Papers, in accordance with the section 6.1.2 of the OEB’s Practice Direction.

OEB staff further noted that PEG was in the process of preparing the PEG Working Papers for confidential distribution as soon as possible, and was making its best efforts to have the confidential un-redacted PEG Working Papers delivered to the OEB, Mr. Fenrick, and other individuals who have signed the OEB’s Declaration and Undertaking by February 13, 2019.

By way of this letter, OEB staff is advising the OEB, Hydro One SSM, Mr. Fenrick, and the intervenors that the confidential un-redacted PEG Working Papers are being delivered in confidence to the OEB, Mr. Fenrick, and consultants to Energy Probe Research Foundation (Energy Probe), one of the intervenors in this proceeding. Mr. Fenrick and the consultants to Energy Probe have signed the OEB’s Declaration and Undertaking and have requested the PEG Working Papers. The PEG Working Papers, in both Excel and database form and including calculations in Excel form/program code; variable names/company ID numbers; and any other information needed for an experienced consultant to be able to replicate PEG’s work, are being delivered to these recipients on a password-protected USB key. Password information is being provided separately.

Having reviewed with PEG the question of whether any portion(s) of the PEG Working Papers can be placed on the public record, OEB staff submits that no portion of the

² Mr. Fenrick was formerly an employee of PSE and is now an employee of Clearspring Energy Advisors

PEG Working Papers can be placed on the public record, primarily because PEG's program code incorporates code from PSE's Working Papers, for which confidentiality has previously been determined by the OEB in its Confidentiality Decision. As a result, OEB staff requests that the OEB confirm that the PEG Working Papers shall remain confidential in their entirety.

Yours truly,

Original signed by

Fiona O'Connell
Project Advisor, Major Applications

cc: Hydro One Sault Ste. Marie LP
All registered parties to EB-2018-0218