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BY EMAIL

October 25, 2019

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

**Re: Hydro One Networks Inc. (Hydro One)
Application for 2020-2022 Electricity Transmission Rates
Responses to Interrogatories on the Expert Evidence of Pacific Economics
Group Research LLC
Board File Number: EB-2019-0082**

Please find attached an Excel spreadsheet containing the detailed calculations of the S-factor as prepared by OEB staff's consultant, Pacific Economics Group Research LLC (PEG). This spreadsheet is related to PEG's proposal of the S-factor as documented in its evidence (Exhibit M1) and also referenced in the response to an interrogatory (Exhibit L1/Tab 1/Schedule 16) from Hydro One Networks Inc. (Hydro One).

The spreadsheet was part of PEG's "working papers", containing a number of spreadsheets, program code, data files and other documentation upon which the Total Factor Productivity and total cost benchmarking analyses in PEG's evidence were based. Confidentiality for the "working papers" was requested for the reasons documented in OEB staff's letter of September 13, 2019, and was granted by the OEB in the Decision on Issues List and Confidentiality issued September 23, 2019.

Counsel for Hydro One advised that Hydro One was seeking the detailed calculations. This was addressed as a preliminary matter on day 3 of the Oral hearing (October 24, 2019). While OEB staff had expected that the material would remain confidential, OEB staff has worked with PEG to isolate the relevant material, and PEG has determined that the spreadsheet with the S-factor calculations may be filed on the public record.

PEG has confirmed that the spreadsheet is a stand-alone item, and in and of itself does not contain proprietary or commercially sensitive information.

PEG has also advised that the spreadsheet contains updated versions of tables B1 to B4 from PEG's evidence, due to a small error PEG identified in its calculations that was noted in Exhibit L1/Tab 1/Schedule 13. The revised values resulting from PEG's correction are highlighted in the attached spreadsheet.

OEB staff submits that this will put the necessary evidence on the public record and facilitate cross-examination by Hydro One and other parties of OEB staff's witness, Dr. Mark Lowry, when he appears later during the oral hearing.

Yours truly,

Original Signed by

Keith C. Ritchie
Project Advisor - Electricity Distribution: Major Rate Applications & Consolidations

Attachment

cc: All registered parties to EB-2019-0082