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BY EMAIL

January 12, 2022

Ms. Nancy Marconi
Acting Registrar
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Marconi:

**Re: EB-2021-0110 Hydro One Networks Inc. 2023-2027 Custom Rate Application
– Filing of Pacific Economics Group Research LLC's Expert Evidence**

As documented in a letter filed on the record on September 24, 2021, Ontario Energy Board (OEB) staff retained Pacific Economics Group Research LLC (PEG) to file expert evidence on total cost benchmarking and Hydro Ottawa's proposed Custom IR plan. In accordance with Procedural Order No. 1, issued September 17, 2021 and the Decision on Blue Page Update, Confidentiality Request and Reply On Expert Evidence And Procedural Order No. 2 (P.O. 2), issued October 25, 2021, please find attached a copy of PEG's evidence, entitled *Incentive Rate-Setting for Hydro One Transmission and Distributor Services*. This report is labelled as Exhibit M. A copy of the author's curriculum vitae and a signed Form A: Acknowledgement of Expert's Duty form are also attached, in accordance with Rule 13A of the OEB's Rules of Practice and Procedure.

Claim for Confidentiality of PEG's working papers

As the OEB will be aware from experiences with this type of economic productivity and cost benchmarking evidence filed and considered in many cases and consultative processes over the years, the analyses documented in PEG's evidence are the result of sophisticated econometric modelling of extensive data for Ontario and U.S. utilities and other economic, engineering and business environment data. The working papers, consisting of spreadsheet and data base files with the data used in the analyses, program code and other relevant documentation, are not being provided publicly. OEB staff, working with PEG, is prepared to provide the working papers. However, OEB staff is requesting confidential treatment for the working papers in their entirety, for the following reasons:

1) PEG's working papers use, in large part, the similar working papers of Clearspring Energy Advisors LLC (Clearspring), which is Hydro One's external expert. The OEB has granted confidential treatment of Clearspring's working papers in P.O. 2. As Clearspring's working papers have been granted confidential treatment in their entirety, PEG cannot publicly disclose its working papers, which are derived in large part from and contain Clearspring's data, in accordance with PEG's own executed Declarations and Undertakings.

2) PEG's working papers also contain data and program code that PEG has developed, or that PEG has acquired from commercial third-party vendors. The data and code may be under agreements for public non-disclosure and would have commercial value to economic consultants who are competitors to PEG.

OEB staff therefore requests confidential treatment of PEG's working papers in their entirety. This would be consistent with the treatment afforded to Clearspring's working papers in this proceeding in P.O. 2, and to working papers of PEG and other economic consultants in other cases.¹

OEB staff has filed a copy of the zipped file containing the working papers with the Registrar's office. In accordance with the OEB's Practice Direction on Confidential Filing, counsel and consultants to registered parties and who file (or have filed) executed Declarations and Undertakings can request access to the working papers from the Registrar's office, who will provide the password to the file separately.

Any questions relating to this letter should be directed to Keith Ritchie at keith.ritchie@oeb.ca or at 416-440-8124. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Keith C. Ritchie
Senior Advisor, Major Rate Applications and Consolidations
Ontario Energy Board

Attachments

cc: All registered parties to EB-2021-0110

¹ e.g., EB-2017-0049 (Hydro One Networks Distribution 2018-2022), EB-2018-0218 (Hydro One Sault Ste. Marie), EB-2018-0082 (Hydro One Networks Transmission 2020-2022), EB-2018-0165 (Toronto Hydro Electric System Limited 2020-2024), EB-2019-0261 (Hydro Ottawa Limited 2021-2025)