

Board Staff Interrogatory #283

Interrogatory

Reference:

Ref 1: Exhibit A1 / Tab 3 / Schedule 2 / Attachment 3 / Confidential Working Papers

Ref 2: Exhibit A1 / Tab 3 / Schedule 2 / Attachment 3 / pp. 22-25

Preamble:

Most of the data used in London Economics International LLC (LEI)'s benchmarking study are drawn from a proprietary dataset gathered by the Electric Utility Cost Group (EUCG) Hydroelectric Productivity database. LEI is not prepared to share these data with experts for OEB staff and intervenors in this proceeding. Even the names of the peers in the benchmarking studies have not been shared.

At Reference 1, the Applicants redact all data and information save the input price trend indexes. At Reference 2, the Applicants report materially favorable benchmarking results for the Company.

Question(s):

- a) Please confirm that it is not possible for OEB staff or intervenor consultants to replicate LEI's benchmarking results using the information provided. If not confirmed, please describe how this would be possible.
- b) Do the Applicants believe it is not possible for data, validated or not, to be inadvertently changed, mishandled, or misinterpreted during processing and modeling?
 - i. Please provide the Stata code for data processing and model estimation. This has value in the review of this work even if data cannot be provided.
- c) PEG may perform its own benchmarking analysis as part of PEG's evidence relating to the stretch factor. It would be useful at a minimum to know the identity of the companies included in the LEI benchmarking work to help explain differences in the results. Please provide a file with the non-EUCG data for each company, plant, and year used in the analysis. It should include the input prices used for each observation and any other data used in the analysis that is not covered by the NDA. Please also consider if providing anonymized data would be consistent with the NDA. Although not ideal, it would aid in the testing of at least some aspects of the work.

1 **Response**

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3 *This response was prepared by London Economics International LLC (“LEI”)*

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5 a) As noted in the benchmarking working file, the EUCG Hydroelectric Productivity
6 Committee dataset, including all costs and cost drivers used in LEI’s benchmarking
7 study, is the exclusive property of EUCG, and neither LEI nor its representatives
8 have any license or right to disclose this information for any purpose. This dataset
9 is subject to a non-disclosure agreement (“NDA”) between EUCG and LEI.

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11 Nevertheless, the quality of the EUCG data for benchmarking is critical to
12 acknowledge, given its rigorous policies and guidelines for data submission by
13 EUCG members and methodological collection and data validation practices. As
14 such, despite the confidential nature of the EUCG dataset, we chose to use this as
15 the basis of the benchmarking analysis; please also see page 5 of the LEI
16 benchmarking report for further details.

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18 b) The Applicants have no reason to believe that any data has been inadvertently
19 changed, mishandled, or misinterpreted during processing and modeling.

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21 i. Please see the attached “Stata Commands - OM&A Model.do” (Attachment 1)
22 and “Stata Commands - OM&A+SC Model.do” (Attachment 2) files.

23
24 c) LEI cannot provide the company names or plant names because this data is subject
25 to an NDA between EUCG and LEI. All data used in the analysis that is not covered
26 by the NDA has already been provided in the benchmarking workpaper.