

# Peer Group Issues

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# Overview

Any unit cost comparisons across peer groups under a total cost benchmarking regime should focus on total distribution cost rather than OM&A distribution cost

This presentation summarizes the current peer groups and discusses potential changes to those peer groups

# Current Peer Groups

Peer groups essentially based on four cost driver variables

## 1. Size/Output of Distributor

- Small
- Mid-size
- Large

## 2. Degree of undergrounding

- Low
- Medium
- Medium-high
- High

## 3. North-South location

## 4. Rapid/non-rapid growth



# Current Peer Groups (Con't)

Total of eleven peer groups, plus Hydro One

1. Small Northern Low Undergrounding
2. Small Northern Medium Undergrounding
3. Mid-size Northern

>>> Hydro One is large Northern but has no peers

4. Small Southern Low & Medium Undergrounding
5. Small Southern Medium-High Undergrounding
6. Small Southern Medium-High Undergrounding with Rapid Growth

# Current Peer Groups (Con't)

7. Mid-size Southern Low & Medium Undergrounding
8. Mid-size Southern Medium-High Undergrounding
9. Large City Southern Medium-High Undergrounding
10. Large City Southern High Undergrounding
11. Mid-size GTA Medium-high and High Undergrounding

# Updating Peer Groups

Updated peer groups will be driven by what econometric analysis shows are the main 'drivers' of total distribution cost

Design issues:

- Number of peer groups
- Weight placed on peer group vs. econometric analysis
- Other ways to amend peer group analysis?