

UNDERTAKING

Undertaking

PROVIDE ACTUAL SHORT-TERM DEBT RATES PAID BY HYDRO ONE IN 2009 AND THE PRIME RATE AT THE TIME OF EACH OF THOSE RATE COMMITMENTS, AND HYDRO ONE'S CURRENT FORECAST OF PRIME RATE FOR 2010

Response

It should be noted that in determining the Cost of Capital for rate setting purposes, Hydro One is required to comply with OEB guidelines regarding the calculation of the Deemed Short-term Debt Rate. Hydro One is not allowed to introduce it's own Short-term Debt Rate into the calculation.

- a) The actual effective short-term debt rate paid by Hydro One in 2009 was 0.96%.
- b) The short-term debt rates were committed at various times during the December 2008 through December 2009 period. The monthly Bank of Canada Prime Rate for this period is provided below.

Canadian Prime Rate

December 2008	3.50%
January 2009	3.00%
February 2009	3.00%
March 2009	2.50%
April 2009	2.25%
May 2009	2.25%
June 2009	2.25%
July 2009	2.25%
August 2009	2.25%
September 2009	2.25%
October 2009	2.25%
November 2009	2.25%
December 2009	2.25%

- c) The forecast Bank of Canada Prime Rate for 2010 is 2.59% according to November Global Insight.