

UNDERTAKING

Undertaking

TO EXPLAIN \$400,000 2009 TRANSACTION IN EXHIBIT H, TAB 1, SCHEDULE 110, ATTACHMENT 1, PAGE 3 UNDER DEFERRED PENSION COSTS AND IF THERE WERE TRANSACTIONS IN 2008, AND, IF NOT, WHY

Response

In EB-2007-0681 Decision With Reasons (December 18, 2008) the Board directed Hydro One to reduce its forecasted pension costs by \$1.5M for purposes of setting 2008 rates (OEB Decision, pg.48). This reduction in effect 'trued up' the 2008 amount associated with the pension cost deferral account in the approved revenue requirement. As a result there is no amount for 2008 reflected in the deferral account.

The \$400,000 amount in Exhibit H, Tab 1, Schedule 110, Attachment 1, Page 3 represents one quarter of the 2009 estimated difference between the forecasted and actuarially-determined pension obligations used in EB-2007-0681. This column represents actual transactions to April 30, 2009 in the regulatory accounts and thus includes the first quarter entry of the forecasted pension obligation difference.