

**UNDERTAKING**

**Undertaking**

TO DETERMINE THE RELATIONSHIP BETWEEN THE AMOUNTS IN THE CAPITAL BUDGET FOR THOSE TWO PROJECTS AND THE AMOUNTS REFERRED TO AT PAGE 10 OF EXHIBIT A, TAB 11, SCHEDULE 5.

**Response**

In Exhibit D1, Tab 3, Schedule 3, pages 11 – 12, Hydro One provides an explanation of the categories that Hydro One used in the last Transmission proceeding (EB-2008-0272) and continues to use in this proceeding to provide the Board with the approvals Hydro One is seeking from the Board. Category 4 projects are development capital projects that have significant cash flows within the test years but they will require future project-specific approvals from the OEB in the form of Section 92 applications. Hydro One is not seeking approval for these projects within this application since the prudency review for these projects will be tested during the Section 92 process.

The Board will have an opportunity to review the category 4 projects in two subsequent proceedings before they are included in rates. First in the applicable Section 92 proceeding and then in a future cost of service application where the projects will be included in the test year rate base for Board Approval.

Exhibit D1, Tab 3, Schedule 3, Appendix A shows all the capital development projects included in this application. A table of the category 4 projects is provided below. Since the evidence was filed on May 19, 2010 Hydro One has received Section 92 approval for the Midtown project so it is now a Category 1 project.

**Category 4 Projects**

<b>Project</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Net Total Cost</b>
D14 Midtown Transmission Reinforcement Plan	0.1	0.9	3.8	31.0	36.7	63.1
D15 Guelph Area Transmission Reinforcement	0.2	0.2	1.0	1.0	4.1	50.7
D21 Leamington TS: New 230/27.6kV DESN and Line Connection	0.3	0.5	0.1	15.4	33.8	62.4
D31 Lower Mattagami Generator Connection	0	0.1	0.5	2.0	4.0	0
D34 Algoma x Sudbury Transmission Expansion	0	0	0	0	5.7	431.6
D35 Northwest Transmission Reinforcement	0	0	0	4.5	16.9	399.5

1 As noted in this Undertaking, Projects D34 and D35 are also shown at page 10 of Exhibit  
2 A, Tab 5, Schedule 11, Table 3. The dollar amounts for these projects shown in this table  
3 are the forecast capital expenditures in the test years. Based on Hydro One's intention to  
4 seek approval for recovery of CWIP in rate base for these projects, as part of the Section  
5 92 applications, the dollar amounts shown do not include AFUDC. These projects are  
6 also shown in Exhibit A, Tab 11, Schedule 4 and Exhibit D1, Tab 3, Schedule 3 on the  
7 same basis and are discussed in Exhibit I, Tab 1, Schedule 120.

8

9 These projects are part of the capital development expenditures in this case and Hydro  
10 One is seeking approval of the total capital expenditures for the test years similar to the  
11 Board approvals given in previous Decisions. There is no amount included in the revenue  
12 requirement.