

1 UNDERTAKING

2  
3 Undertaking

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5 EXPLAIN FIGURES ON CHART

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7 Response

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9 [Provide an explanation of the difference between Transmission Unit Costs as provided  
10 in I-1-3 and Miscellaneous Exhibit K2.1, Schedule C, page 27.]

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12 With respect to the difference in Transmission Unit Costs between Exhibit 1 Tab 1  
13 Schedule 3 and Miscellaneous Exhibit K2.1, Schedule C, page 27:

14  
15 Exhibit 1 Tab 1 Schedule 3 is based upon Hydro One data as defined by the  
16 Canadian Electricity Association (CEA) whereby the Capital, Operating and  
17 Maintenance costs include “fringe benefits” (e.g. pension, health benefits,  
18 unemployment insurance, etc.) and costs associated with transportation, work  
19 equipment and information technology (IT). In addition, the CEA definition of  
20 Gross Fixed Assets includes assets associated with transport, work equipment and  
21 information technology.

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23 Miscellaneous Exhibit K2.1, Schedule C, page 27 is based upon an analysis of  
24 data from the First Quartile Consulting benchmarking association of comparable  
25 U.S. utilities. The unit costs are a 3 year average from 2006 to 2008 that are  
26 based on Federal Energy Regulatory Commission (FERC) definitions whereby  
27 Capital, Operating and Maintenance costs exclude fringe benefits (e.g. pension,  
28 health benefits, unemployment insurance, etc.) and costs associated with  
29 transportation, work equipment and IT. Also, the FERC definition of Gross  
30 Fixed Assets excludes assets associated with transport, work equipment and  
31 information technology.

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3 **UNDERTAKING**

4 **Undertaking**

5 INVESTIGATE REPORT OF MATERIAL TO SHAREHOLDER

6  
7 **Response**

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9 With reference to Mr. Shepherd's undertaking request in Transcript Volume 3,  
10 September 23, page 37, lines 26-28, and continued on Page 38, lines 1-3: There is no  
11 benchmarking report "that you [Hydro One] provide to the Province".

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13 The only material provided to the shareholder is contained within Hydro One Networks'  
14 exhibit JX3.3.