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December 10, 2016

VIA RESS AND COURIER

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

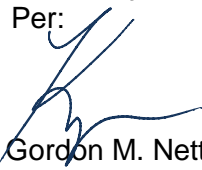
**RE: EB-2016-0160 Hydro One Networks Inc. (“Hydro One”) Transmission Rates
Application – Response to Undertaking J9.11**

Hydro One’s response to Undertaking J9.11 is enclosed.

Yours truly,

McCarthy Tétrault LLP

Per:



For: Gordon M. Nettleton

GMN

UNDERTAKING – J9.11

Undertaking

To explain how the estimates were derived. (Ref.: Exhibit C1-3-2, Appx. B)

Response

The table below shows the rates used to derive the estimated ECA dollars in the bridge (2016) and test (2017-2018) years. There is a variance between the ECA dollars for the test years and the amounts for 2015 and 2016 because the ECA dollars calculated in a given year are applied using a cumulative percentage. The ECA is adjusted for inflation sensitivity as well. *The current agreement began on March 1, 2015 and is priced in 2015 dollars.*

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Estimate</i>	<i>Estimate</i>
ECA	2013	2014	2015 (Jan/ Feb)*	2015 (Mar- Dec)*	2016	2017	2018
Increment		4.01%	4.01%	0%	2.02%	2.14%	1.89%
Cumulative	5.65%	9.66%	9.66%	0%	2.02%	4.17%	6.06%

*Note that the ECA dollars included in Table 1 for 2015 represent actuals for the January/February 2015 (at 9.66%, the final months of the *prior* agreement). ECA was not applicable in 2015 for the *current* agreement (March-December 2015).

The response to Exhibit I, Tab 11, Schedule 18 was completed using updated ECA estimates.

Witness: Gary Schneider