

1 **SUMMARY OF BOARD DIRECTIVES AND UNDERTAKINGS**
2 **FROM PREVIOUS PROCEEDINGS**

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4 This exhibit identifies Board directives to Hydro One Distribution from its previous rates
5 proceedings. Table 1 lists the directives and indicates the Exhibit number in this
6 application in which the evidence responds to the Board directives, or provides the
7 response itself.

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9 **Table 1**
10 **Directives from Proceeding EB-2007-0681 (2008 Distribution Rates)**

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Item #	Issue	Summary of Directive	Reference Exhibit
(i)	Incorporation of CDM into the Load Forecast	Accordingly the Board finds that the effects of CDM activities not attributable to the Company's actions must be accounted for and requires Hydro One to come forward in its next rates case with a detailed proposal to incorporate the impacts of CDM into its load forecast, both those attributable to its own actions and those not attributable to the Company's actions.	A-14-4
(ii)	Vegetation Management	Accordingly, the Board will require the Company, in consultation with the intervenors and Board staff, to develop a benchmarking approach which will provide the Board at the next rebasing exercise with definitive information respecting the Company's relative efficiency in this area of operations. In the interim, the Board will expect the Company to give effect to any innovations which improve its productivity and efficiency in this area.	A-15-2

Item #	Issue	Summary of Directive	Reference Exhibit
(iii)	Cost Allocation and Density Relationship	Accordingly, the Board directs Hydro One to provide a more detailed analysis on the relationship between density and cost allocation to the Board. This should consider whether the number of Residential and General Service customer classes in the new class structure is adequate, and whether the customer class demarcations approved in this Decision offer the best reflection of cost causation. The study should include consideration of alternative density weightings, with descriptions and criteria for comparing alternatives. Comparisons with the costs of distributors similar in size and location to Acquired Distributors would also be useful. The Board requires that Hydro One submit this information in its next cost of service application.	G1-2-5
(iv)	Milton Hydro	The Board strongly encourages Hydro One to proceed with the sale on the basis of the principles outlined. If that fails to occur within a time period for implementation before May 1, 2010, the Board directs Hydro One as part of its 2010 IRM to bring forward evidence relating to the construction of a rate specific to address Milton's circumstances.	G1-4-4

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2 **Directives from Proceeding EB-2008-0187 (2009 Distribution Rates - 3GIRM)**

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Item #	Issue	Summary of Directive	Reference Exhibit
(i)	Tracking Accounts	<p>... the Board directs Hydro One to establish a tracking account to track the differences between the capital expenditures it has proposed in the first four bulleted areas and actual spending. The difference will be reviewed at a time when they will be known. The revenue relief provided in the current proceeding will be subject to reimbursement should Hydro One's capital expenditures not materialize as planned or are found to be imprudently incurred. Should the information not be available to be reviewed early in the planned proceeding, that proceeding may need to be phased for that purpose.</p> <ul style="list-style-type: none"> • Proposed capital expenditures for leasehold 	Results will be provided once 2009 Audited Financial Statements are available in the 2 nd quarter of 2010.

Item #	Issue	Summary of Directive	Reference Exhibit
		improvements for the new head office; <ul style="list-style-type: none"> • Proposed three pilots for Hydro One’s smart grid project; • Hydro One’s capital budget for new connections and upgrades. • Cornerstone multi-year computer project. 	

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Directives from Proceeding EB-2008-0271 (2010/2011 Transmission Rates)

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Item #	Issue	Summary of Directive	Reference Exhibit
(i)	Compensation	The Board directs Hydro One to continue its key performance indicator development and to improve on its cost allocation accounting processes with the objective of being able to demonstrate improvements in efficiency and the value for dollar associated with its compensation costs.	A-16-1
(ii)	Cost of Capital	Hydro One’s cost of capital shall be adjusted to use its weighted average cost of embedded debt for purposes of determining the cost to be applied to the notional or deemed long-term debt.	B1-1-1

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