

Message

From: Tim Fryer [tfryer@collus.com]
Sent: 10/6/2011 4:03:25 AM
To: Erling, Jonathan M [/O=KPMG/OU=CA/CN=RECIPIENTS/CN=CA13722]; Ed Houghton [ehoughton@collus.com]
CC: Herhalt, John M [/O=KPMG/OU=CA/CN=RECIPIENTS/CN=CA17803]
Subject: RE: Questions from Hydro One

Hello all:

I agree that this is the process.

The fact of the matter though is that the questions are going to come. Although we tried to put a Data Room of documents that would be all encompassing we know expect that there will be questions like this that we will have to respond to.

I have made notes below regarding these particular ones and start to give everyone an understanding of the process we expect to follow when questions are tabled.

If you have any questions about this let me know.

Thanks

Tim

From: Erling, Jonathan M [jerling@kpmg.ca]
Sent: Wednesday, October 05, 2011 7:03 PM
To: Ed Houghton; Tim Fryer
Subject: FW: Questions from Hydro One

Ed and Tim:

John Herhalt just called me and suggested that I call Mr. Meeker back and bring his attention to the sentence that reads questions should be directed in writing to John Herhalt, so I will do that shortly.

Jonathan

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From: Herhalt, John M
Sent: Wednesday, October 05, 2011 6:52 PM
To: Erling, Jonathan M; 'tfryer@collus.com'
Cc: 'ehoughton@collus.com'; Meehan, Diane M
Subject: Re: Questions from Hydro One

Jonathan

First of all this is a breach in the request for proposal

All questions are to be submitted in writing through me (my email address). Please ask Hydro One to follow the request and not call individuals specifically

Ed and Tim - I assume you agree

John

From: Erling, Jonathan M
Sent: Wednesday, October 05, 2011 06:45 PM
To: Tim Fryer <tfryer@collus.com>
Cc: Ed Houghton <ehoughton@collus.com>; Herhalt, John M; Meehan, Diane M
Subject: Questions from Hydro One

Dear Tim:

We received a call this afternoon from a Mr. Meeker at Hydro One who had a number of questions/comments regarding the data room and proposed sale process.

His first comment was that the list of information provided in the RFP does not appear to address the proposed implementation of Time of Use rates. **(There was a reference in the draft RFP that included the indication of TOU being implemented in January 2012. That continues to be the case/plan with all capabilities in place -essentially we could start billing TOU tomorrow but the timeline we are working on is about properly preparing the customer.)** I asked him if there is something specific that he is looking for. He said that, in particular, he would like to know the capabilities of your customer information system and about any changes/upgrades that may be required. **(I'm sure this is exactly what is in mind and now I expect that detail on the CIS will be requested by all. I will prepare a detailed CIS summary document and place it on the electronic file area at my first opportunity.)** I gather this is something that Hydro One might be able to help out with.

Additional questions were as follows: **(I expect whenever we get questions we will determine what is proponent specific and what is something that needs to be made available to all? As noted above with the CIS info and once it is available we will notify all.)**

(1) Will information be available electronically? **(Not all is electronically stored thus the physical copy with the Data Room material. Jonathan indicated that the information container we had sent down to KPMG had arrived. I am hoping that it has been examined to determine if it is as required because having never put something like this together I am unsure.)**

(2) Will you be providing bidders with an opportunity to review the utility's physical assets? **(?)**

(3) Will you be providing bidders with an opportunity to meet with management? **(?)**

(4) Can the offer be subject to additional due diligence? **(?)**

In response to Question 4, I noted that the RFP makes reference to the offer being "non-binding", and therefore it seems reasonable to assume that additional due diligence could be carried out after the proposal submission. However, I also cautioned that I was not involved in the drafting of the document and would therefore need to confirm this interpretation.

In response to Question 1, I stated that you were already looking at making documents available on your website and that I would likely have further details tomorrow. **(Yes I will be working with Mark Hammond first thing Thursday to make sure it is available)**

I said I would forward his questions to you by email. In particular, he is hoping to get an answer to Question 4 sometime before noon tomorrow, since this will influence their allocation of resources. I am out of the office at a meeting for the first part of the morning, but will be in later in the morning if you need to talk by phone.

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