

1   **Re: Security Smart Card and Disk Encryption for Laptops**

2   Q.    Explain why Hydro's shareholder is not absorbing the cost of implementing  
3       the directive that it has given to Hydro in this connection.

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6   A.    It is critical for Hydro to protect its physical assets and confidential  
7       information as well as ensure that customer/employee privacy is maintained  
8       independent of any direction from the Province. The latest information from  
9       Gartner Research indicates that by 2011, a common access card supported  
10      physical access control and personal computer login will be used by 70% of  
11      enterprises as a method of verifying identities for physical and logical security  
12      systems. Smartcard technology provides a solution for the protection of  
13      Hydro assets and information.