

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.

4

5

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.