

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5240
Fax: (416) 345-5866
cell: (416) 903-5240
oded.hubert@HydroOne.com

Oded Hubert

Director – Regulatory Strategy & Compliance
Regulatory Affairs



BY COURIER

October 15, 2009

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

EB-2006-0180 and EB-2009-0285: Status Report on Operations of Cat Lake

Hydro One is providing this update to the Board in advance of the expiry (on October 21, 2009) of the current Interim Distribution Licence for Cat Lake.

In a Decision and Order dated July 21, 2006 (EB-2006-0180), the Board issued an order (ED-2006-0181) deeming as distribution assets all the transmission assets owned by the Cat Lake Public Utility, and issued a 3-month interim distribution licence to Hydro One. The Board ordered Hydro One to take possession and control of the deemed distribution assets owned by Cat Lake Power and the distribution assets in the Cat Lake community owned by the Ontario Electricity Financial Corporation. Hydro One Networks Inc. (“Hydro One”) assumed possession and control of the assets covered by this order at 12:01 am on August 14, 2006. The Board has subsequently amended the interim electricity distribution licence ED-2006-0181, and has extended it for consecutive 3-month terms, most recently on July 21, 2009 (EB-2009-0285).

This progress report covers the Cat Lake utility activities until September 30, 2009 and updates the report that Hydro One filed on July 15, 2009.

Tracking of costs

As directed, Hydro One is recording the revenues from the customers in the Cat Lake community and the “costs of operation and maintenance of the system.” The energy costs, OM&A costs and capital costs are recorded separately. As of September 30, 2009 the total costs recorded since taking possession and control are as follows:

Cumulative Costs incurred by Hydro One for Cat Lake

Capital:	\$ 601,684
OM&A:	\$ 370,261
Cost of Energy:	\$ 561,536
Interest Cost:	<u>\$ 24,569</u>
Total	\$ 1,558,050

Tracking of revenue

Bills have been issued to customers on a monthly basis, with the most recent bills in the reporting period issued on September 10, 2009. The total amount invoiced at that time, was approximately \$312,064. This amount includes GST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

Current (0-21 days):	\$ 19,588
Overdue 22-59 days:	\$ 22,159
Overdue 60-119 days:	\$ 31,966
Overdue 119+ days:	<u>\$ 238,351</u>
Total	\$ 312,064

As at September 30, 2009 Hydro One collected the following amounts from Cat Lake customers (rounded to the nearest dollar):

September to December 2006:	\$ 29,787
January to December 2007:	\$ 477,319
January to December 2008:	\$ 477,751
January to March 2009:	\$ 149,147
April to June 2009:	\$ 124,448
July 2009:	\$ 43,548
August 2009:	\$ 15,232
September 2009	\$ 25,596
Total	\$ 1,342,827

Regulatory Assets account balance

As of September 30, 2009 the balance in the deferral account related to Cat Lake is **\$ 215,223**.

Operations and further reporting

No major operations events occurred during the reporting period.

Hydro One continues to operate the Cat Lake system and to manage issues associated with its operations. We will inform the Board and its staff of any significant issues, solicit advice and guidance as needed, and provide any information that the Board may require. In addition to assisting the Board in its review of the Cat Lake situation, Hydro One has, earlier this year, assessed the options for serving new “connected remote communities”, and the Company continues to discuss these with the OEB and government.

Sincerely,

Original signed by

Oded Hubert