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**Oded Hubert**

Director – Regulatory Compliance  
Regulatory Affairs



BY COURIER

July 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-2009-0109: Status Report on Operations of Cat Lake**

Hydro One is providing this update to the Board in advance of the expiry (on July 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 April 21, 2009 (EB-2009-0109).

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

***Tracking of cost***

As directed, Hydro One continues to record 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 June 30, 2009 the total costs recorded since taking possession and control are as follows:

### Cumulative Costs incurred by Hydro One for Cat Lake

Capital:	\$ 585,797
OM&A:	\$ 368,129
Cost of Energy:	\$ 522,774
Interest Cost:	<u>\$ 24,515</u>
<b>Total</b>	<b>\$ 1,501,215</b>

The higher cumulative capital expenditures to date, relative to the April 15, 2009 report, reflect \$189,266 spent on replacement of the protection relays used to reliably detect faults on the 27.6 kV feeder supplying the Cat Lake Community. As reported in April, this work was completed on March 17<sup>th</sup>, 2009.

### ***Tracking of revenue***

Bills have been issued to customers on a monthly basis, with the most recent bills in the reporting period issued on June 11, 2009. The total amount invoiced at that time was approximately \$306,694. This amount includes GST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

Current (0-21 days):	\$ 48,246
Overdue 22-59 days:	\$ 17,325
Overdue 60-119 days:	\$ 38,156
Overdue 119+ days:	<u>\$ 202,966</u>
<b>Total</b>	<b>\$ 306,694</b>

As at June 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 2009:	\$ 57,665
May 2009:	\$ 28,013
June 2009	\$ 38,770
<b>Total</b>	<b>\$ 1,258,451</b>

### ***Regulatory Assets account balance***

As of June 30, 2009 the balance in the deferral account related to Cat Lake is **\$ 242,764.**

***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. In addition to informing the Board and its staff of any significant issues, we will continue to support of the Board's review of the Cat Lake situation. In response to the Board review, Hydro One has assessed the implications of, and options for, serving "connected remote communities" and has shared these with the OEB and with the government.

Sincerely,

*Original signed by*

Oded Hubert