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**Oded Hubert**

Director – Regulatory Strategy & Compliance  
Regulatory Affairs



BY COURIER

January 15, 2010

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-2010-0006 - Status Report on Operations of Cat Lake**

Hydro One is providing this update to the Board in advance of the expiry (on January 21, 2010) 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 October 21, 2009.

This progress report covers the Cat Lake utility activities until December 31, 2009 and updates the report that Hydro One filed on October 15, 2009.

***Tracking of cost***

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 December 31, 2009 the total costs recorded since taking possession and control are as follows:

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

Capital:	\$ 610,355
OM&A:	\$ 376,605
Cost of Energy:	\$ 623,158
Interest Cost:	<u>\$ 24,824</u>
<b>Total</b>	<b>\$ 1,634,922</b>

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

Bills have been issued to customers on a monthly basis, with the most recent bills in the reporting period issued on December 9, 2009. The total amount invoiced at that time, was approximately \$336,431. This amount includes GST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

Current (0-21 days):	\$ 23,584
Overdue 22-59 days:	\$ 13,165
Overdue 60-119 days:	\$ 30,907
Overdue 119+ days:	<u>\$ 268,775</u>
<b>Total</b>	<b>\$ 336,431</b>

As at December 31, 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 to September 2009:	\$ 84,376
October 2009:	\$ 27,909
November 2009:	\$ 29,298
December 2009	\$ 22,020
<b>Total</b>	<b>\$ 1,422,054</b>

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

As of December 31, 2009 the balance in the deferral account related to Cat Lake is **\$ 212,868**.

### ***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 that may arise, and continue to provide information and assistance as may be requested by the Board, including information required for the Board's review of the Cat Lake situation or related to Bill 235, the *Energy Consumer Protection Act, 2009*. The bill, tabled for First Reading on December 8, 2009, includes proposed amendments to section 48.1(1) of the *Electricity Act, 1998* to allow Hydro One (through Hydro One Remote Communities, Inc.) to serve communities prescribed by regulation, whether or not they are grid-connected.

Sincerely,

*ORIGINAL SIGNED BY ODED HUBERT*

Oded Hubert