

Hydro One Networks Inc.

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

Tel: (416) 345-6408
Fax: (416) 345-5870
cell: (416) 388-4025
Ruth.Greey@HydroOne.com

Ruth Greey

Senior Regulatory Advisor
Regulatory Affairs



BY COURIER

October 15, 2012

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-2012- 0407 - Status Report on Operations of Cat Lake

Hydro One is providing this update to the Board in advance of the expiry (on October 23, 2012) of the current Interim Distribution License 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 license 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 license ED-2006-0181, and has extended it for consecutive 3-month terms, most recently on July 24, 2012 (EB-2012-0315).

This progress report updates the report that Hydro One filed on July 17, 2012. It covers the Cat Lake utility activities to date and provides financial results until September 30, 2012.

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 September 30, 2012 the total costs recorded since taking possession and control are as follows:

Cumulative Costs incurred by Hydro One for Cat Lake

Capital:	\$ 977,133
OM&A:	\$ 1,667,877
Cost of Energy:	\$ 1,397,662
Interest Cost:	<u>\$ 47,912</u>
Total	\$ 4,090,584

Tracking of revenue

Bills have been issued to customers on a monthly basis, with the most recent bills in the reporting period issued in September of 2012. The total amount invoiced at that time, was approximately \$508,696. This amount includes HST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

Current (0-21 days):	\$ 40,030
Overdue 22-59 days:	\$ 32,257
Overdue 60-119 days:	\$ 63,063
Overdue 119+ days:	<u>\$ 373,345</u>
Total	\$ 508,696

As at September 30, 2012 Hydro One has cumulatively 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 December 2009	\$ 437,198
January to December 2010	\$ 446,712
January to December 2011	\$ 488,469
January to June 2012	\$ 403,550
July 2012	\$ 12,852
August 2012	\$ 92,342
September 2012	<u>\$ 9,286</u>
Total	\$2,875,266

Regulatory Assets account balance

As of September 30, 2012 the balance in the deferral account related to Cat Lake is **\$ 1,215,318**.

Operations

Operations were normal with no significant events during the three-month reporting period.

Planned Work and Further Reporting

Some of the work activities and investments that are planned for Cat Lake are listed below, along with ballpark cost estimates where travel costs are a large component:

1. **Major Forestry work** under the lines serving the community. [\$2M] **Status:** Approximately \$440k has been spent in 2012, involving mobilizing equipment and beginning the Distribution Line Clearing along the corridor between the Station and the Community. Forty kilometers of Line Clearing has been completed, the remaining 35 km will be completed in Spring of 2013. Brush clearing of both the Transmission and Distribution lines is scheduled to be complete by Spring of 2014.
2. **Construction of a “Hydro House”** to accommodate staff from outside the community. [\$250k] **Status:** Options have been evaluated and it has been decided to proceed with securing the Hydro House. Currently investigating potential sites.
3. **Restocking of depleting inventory** [\$300k] **Status:** Listing of materials has been compiled.
4. **Purchase and deployment in the Community of Transport and Work Equipment.** A single 6x6 ATV [\$14k] has been sourced but is yet to be purchased.
5. **Cat Lake distribution station work:** upgrading existing communications equipment, installing bypass fuses, refurbishment of a circuit switcher, relocating a station service transformer and weed control for improved reliability. [\$1M +]. **Status:** Upgrade of communications equipment was completed in 2011. The current Station Design has no redundancy and any work to refurbish or change the configuration will require an outage. The original diesel generator is planned to be decommissioned and removed from site. A solution has been put forward to mitigate reliability issues. A detailed estimate is being put together along with a tentative timetable for 2013.
6. **Connecting a new community school to the distribution system:** Hydro One Networks spent \$18,000 on a work program to connect a new school to the distribution system.

Hydro One Networks continues to operate the Cat Lake system and to manage issues associated with its operations. It will continue to inform the Board and its staff of any significant issues, to solicit advice and guidance as needed, and to provide information in support of the Board’s review of the Cat Lake situation.

Sincerely,

ORIGINAL SIGNED BY RUTH GREEY

Ruth Greey