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Director, Major Applications  
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BY COURIER

July 15, 2013

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

**EB-2006-0180 and EB-2013-0267: Status Report on Operations of Cat Lake**

Hydro One is providing this update to the Board in advance of the expiry (on July 23, 2013) 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 April 24, 2013 (EB-2013-0097). Hydro One Remotes ("Remotes") has applied to the Board for its approval to include Cat Lake in Remotes' service territory as part of their EB-2012-0137, 2013 Distribution Rate Application.

This progress report updates the report that Hydro One filed on April 12, 2013. It covers the Cat Lake utility activities to date and provides financial results until June 30, 2013.

***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 June 30, 2013 the total costs recorded since taking possession and control are as follows:

Cumulative Costs incurred by Hydro One for Cat Lake

Capital:	\$ 1,040,908*
OM&A:	\$ 2,848,792
Cost of Energy:	\$ 1,714,383
Interest Cost:	\$ 69,024
<b>Total</b>	<b>\$ 5,673,107</b>

\* Contributed capital of \$344 k received from the new community school was recognized in June.

***Tracking of revenue***

Bills have been issued to customers on a monthly basis, with the most recent bills in the reporting period issued in June of 2013. The total amount invoiced at that time, was approximately \$639,326. This amount includes HST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

Current (0-39 days):	\$ 179,504
Overdue 40-69 days:	\$ 33,887
Overdue 70-89 days:	\$ 62,730
Overdue 90+ days:	\$ 363,205
<b>Total</b>	<b>\$ 639,326</b>

Please note that the duration of the Aged A/R Report Categories has been changed due to the newly implemented Customer Information System (CIS).

As at June 30, 2013 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 December 2012	\$ 566,363
January to March 2013	\$ 77,552
April 2013	\$ 72,165
May 2013	\$ 27,736
June 2013	\$ 7,636
<b>Total</b>	<b>\$3,108,687</b>

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

As of June 30, 2013 the balance in the deferral account related to Cat Lake is \$ **2,564,420**.

### ***Operations***

In early April, there was a sustained outage due to a broken insulator. Another outage occurred in late April when a breaker at Ear Falls tripped isolating the E1C circuit that feeds Cat Lake. Another outage occurred on Friday, June 27 for a total of 15 hours, 14 minutes on the E1C Cat Lake MTS. With the exception of the previously mentioned, 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 \$456k was spent in the second quarter of 2013, involving mobilizing equipment and continuing the Distribution Line Clearing along the corridor between the Station and Community. This brings the total to approximately \$1.3M since the beginning of 2012. In summary, in 2013, Forestry did 18km of Brushing on transmission lines and 33km of Brushing on distribution lines. All of the transmission and distribution line clearing work is completed. The plan for 2014 includes 43km of distribution brush clearing (estimated date of completion is Spring 2014). Once this is finished, all forestry work will be completed.
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.
3. **Restocking of depleting inventory** [\$300k] **Status:** Listing of materials has been compiled. Approximately \$20k has been spent on materials (none of which was spent in the 2<sup>nd</sup> quarter).
4. **Purchase and deployment in the Community of Transport and Work Equipment.** At present, Hydro One only has a single 6x6 ATV in the community. [\$14k] **Status:** ATV 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 by Cat Lake

FN. The clear scope to allow refurbishing the Station in 2013 has been developed and a cost of approximately 300k was provided and accepted to mitigate the issues noted above.

**6. Connecting a new community school to the distribution system:** Hydro One Networks spent \$327,619 to date, on a work program to connect a new school to the distribution system. The connection work has been completed.

Hydro One continues to operate the Cat Lake system and to manage issues associated with its operations. We will also 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 ALLAN COWAN

Allan Cowan