

**Hydro One Networks Inc.**

7<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5240  
Fax: (416) 345-5866  
Oded.Hubert@HydroOne.com

**Oded N. Hubert**

Vice President  
Regulatory Affairs



BY COURIER

April 16, 2015

Ms. Kirsten Walli  
Board 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-2015-0013: Status Report on Operations of Cat Lake**

Hydro One is providing this update to the Board in advance of the expiry on April 23, 2015 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 January 23, 2015 (EB-2015-0013). Hydro One Remote Communities Inc. ("Remotes") is still expecting to file a MAADs application to include Cat Lake in Remotes' service territory, as noted by the Board in its Decision and Order in Remotes' 2013 rate application (EB-2012-0137), once an agreement with the community has been reached and required government approvals have been secured.

This progress report updates the report that Hydro One filed on January 15, 2015. It covers the Cat Lake utility activities to date and provides financial results until March 31, 2015.

### ***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 March 31, 2015 the total costs recorded since taking possession and control are as follows:

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

Capital:	\$ 1,018,736 <sup>1</sup>
OM&A:	\$ 3,956,502
Cost of Energy:	\$ 2,470,497
Interest Cost:	<u>\$ 153,967</u>
<b>Total</b>	<b>\$ 7,599,702</b>

### ***Tracking of Revenue***

Bills have been issued to customers on a monthly basis, with the most recent bills in the reporting period issued in March of 2015. The total amount invoiced at that time was approximately \$1,301,998. This amount includes HST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

Current (0-39 days):	\$ 181,972
Overdue (40-69 days):	\$ 71,065
Overdue (70-89 days):	\$ 20,203
Overdue (90+days):	<u>\$ 1,028,758</u>
<b>Total</b>	<b>\$ 1,301,998</b>

As of March 31, 2015 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 December 2013	\$ 298,490

<sup>1</sup> Please see note 4. “Capital,” under “Planned Work and Further Reporting.”

January to December 2014	\$ 234,072
January 2015	\$ 16,144
February 2015	\$ 20,156
March 2015	\$ 27,248
<b>Total</b>	<b>\$3,519,709</b>

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

As of March 31, 2015 the balance in the deferral account related to Cat Lake is **\$ 4,079,993**.

### ***Operations***

Operations were normal with no significant events during the three-month reporting period (January – March 2015).

### ***Planned Work and Further Reporting***

Below are updates to the previously planned but uncompleted work at Cat Lake:

- 1. Restocking of depleting inventory** [\$300,000] Status (Unchanged).
- 2. Cat Lake transmission and distribution work:** While 2014 work focused on defect corrections on distribution assets and vegetation control, attention in the first quarter of 2015 shifted to correction of electrical clearance on a transmission line tap for Cat Lake. This work was planned for completion in January, but has been deferred to June, 2015, based on outage availability. (Live work on this asset, which is Hydro One's most northern 115 kV line, is not an option, as Hydro One cannot bring the equipment needed for such work to the site.)
- 3. Revenues:** Cat Lake monthly revenues for the first quarter of 2015, although continuing at lower than desirable levels, are on average, moving toward values reported for the same period in 2013, prior to the transition to Hydro One's new Customer Information System. These values and the increase in overdue amounts continue to reflect the impact of the suspension of Hydro One's collections program for substantial periods in 2013 and 2014. Although the collections program has been re-activated, the implementation has been conservative, to ensure that the process is sound and addresses the appropriate customers.

- 4. Capital:** Hydro One received \$145,000 in contributed capital from the Cat Lake First Nation in March, 2015, for facilities work undertaken in 2014 and planned for 2015, resulting in a reduction in Hydro One's accumulated capital costs from \$1,156,653 as previously reported in Hydro One's January 15<sup>th</sup>, 2015 status report (EB-2015-0013). This reduction is reflected in the Capital amount under the section "Tracking of Cost," above.

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 ODED HUBERT

Oded Hubert