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Senior Regulatory Advisor  
Regulatory Affairs

BY COURIER

July 15, 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-2015-0222: Status Report on Operations of Cat Lake**

Hydro One is providing this update to the Board in advance of the expiry on July 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 April 24, 2015 (EB-2015-0160). 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 April 16, 2015. It covers the Cat Lake utility activities to date and provides financial results until June 30, 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 June 30, 2015, the total costs recorded since taking possession and control are as follows:

Cumulative Costs incurred by Hydro One for Cat Lake

|                 |                    |
|-----------------|--------------------|
| Capital:        | \$1,035,491        |
| OM&A:           | \$3,989,092        |
| Cost of Energy: | \$2,596,416        |
| Interest Cost:  | \$164,852          |
| <b>Total</b>    | <b>\$7,785,851</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 June of 2015. The total amount invoiced at that time was approximately \$1,234,836. This amount includes HST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

|                       |                    |
|-----------------------|--------------------|
| Current (0-39 days):  | \$105,879          |
| Overdue (40-69 days): | \$28,738           |
| Overdue (70-89 days): | \$32,992           |
| Overdue (90+days):    | \$1,067,227        |
| <b>Total</b>          | <b>\$1,234,836</b> |

As of June 30, 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          |
| January to December 2013   | \$298,490          |
| January to December 2014   | \$234,072          |
| January to March 2015      | \$63,548           |
| April 2015                 | \$26,267           |
| May 2015                   | \$22,136           |
| June 2015                  | \$160,485          |
| <b>Total</b>               | <b>\$3,728,597</b> |

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

As of June 30, 2015 the balance in the deferral account related to Cat Lake is **\$4,057,255**.

### ***Operations***

Operations were normal with no significant events during the three-month reporting period (April – June 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 July 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. During the month of June, two large payments from Cat Lake First Nations were received for approximately \$90,000 and \$45,000

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 S. LISA LEE

S. Lisa Lee