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**Ian Malpass**

Director  
Regulatory Affairs



BY COURIER

January 10, 2018

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-2017-0358: Status Report on Operations of Cat Lake**

Hydro One Networks Inc. ("Hydro One") is providing this update to the Board in advance of the expiry on January 24, 2018 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 three-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 assumed possession and control of the assets covered by this order at 12:01 a.m. on August 14, 2006. The Board has subsequently amended the interim electricity distribution licences ED-2006-0181, and most recently extended it for a six-month term on July 25, 2017 (EB-2017-0241). Hydro One Remote Communities Inc. ("Remotes") still expects 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. Discussions with the community are ongoing in this regard.

This progress report updates the report that Hydro One filed on July 10, 2017. It covers the Cat Lake utility activities to date and provides financial results for the year ended December 31, 2017.

### ***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 at December 31, 2017, the total costs recorded since taking possession and control are as follows:

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

Capital:	\$1,730,793
OM&A:	\$4,575,855
Cost of Energy:	\$3,903,153
Interest Cost:	\$296,762
<b>Total</b>	<b><u>\$10,506,563</u></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 December 2017. The total amount invoiced at that time was approximately \$1,574,656. This amount includes HST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

Current (0-39 days):	\$83,715
Overdue (40-69 days):	\$28,508
Overdue (70-89 days):	\$19,359
Overdue (90+days):	\$1,443,075
<b>Total</b>	<b><u>\$1,574,656</u></b>

As at December 31, 2017, 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 2014	\$234,072
January to December 2015	\$488,254
January to December 2016	\$312,226
January to June 2017	\$194,267
July 2017 to December 2017	\$381,937
<b>Total</b>	<b>\$4,832,845</b>

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

As at December 31, 2017 the balance in the deferral account related to Cat Lake is **\$5,673,717**.

### ***Operations***

Operations were normal other than two outages that occurred during the six-month reporting period (July – December 2017):

- An outage occurred due to a lightning strike which resulted in two customers without service in the month of August 2017. A helicopter was required to access the site, and service was restored on the same day.
- An outage occurred due to a blown switch at a transformer which resulted in one customer without service in the month of September 2017. The service was restored on the same day.

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

Below is an update to previously planned but incomplete work for Cat Lake:

1. **Cat Lake MTS upgrade work:** Hydro One plans to remove an idle T3 transformer as required by regulations. Other required work includes making high voltage fuses more accessible to facilitate fuse changes by workers without bucket trucks, removing a high voltage circuit switcher that is no longer functional or supported by the manufacturer, installing a new station service transformer upstream of the low voltage breaker, and replacing station batteries and a rectifier. Work to create new drawings and order equipment for the above upgrades began in the fourth quarter of 2015 and was completed.

In July 2017, the design work and ordering of materials for the temporary poles and reclosures at Cat Lake Airport was completed. The poles were installed in November, 2017 and it is expected that the reclosures will be installed in late January, 2018.

A Purchase order for the upgrade work was approved in December 2017 and released in January, 2018 for the generator equipment.

The upgrade work can only be done in the winter when an ice road is established; this work is on hold until late January to beginning of March, 2018 and is also contingent on the condition and structural integrity of bridges between Cat Lake MTS and Cat Lake Airport.

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.

Should you have any questions on this update, please contact Yoon Kim at (416) 345-5228 or via email at [Yoon.Kim@HydroOne.com](mailto:Yoon.Kim@HydroOne.com).

Sincerely,

ORIGINAL SIGNED BY IAN MALPASS

Ian Malpass