

**Hydro One Networks Inc.**

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**Frank D'Andrea**

Vice President, Regulatory Affairs & Chief Risk Officer

BY COURIER

November 30, 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:

**Re: Hydro One Remote Communities Inc. - Licence Amendment to Include the Community of Pikangikum in its Service Territory**

Hydro One Remote Communities Inc. ("Remotes") hereby applies for an amendment to its electricity distribution licence under Section 74 of the Ontario Energy Board Act, 1998 (the OEB Act) to add the community of Pikangikum to its distribution service territory.

Rates for customers in Pikangikum were approved in EB-2017-0051. Costs and revenues associated with serving the community were included in Remotes' Distribution System Plan as part of that same proceeding, starting in 2019.

As the Board is aware, Wataynikaneyap Power is constructing a distribution line to the community of Pikangikum, the first of its 16 planned connections of remote First Nations to the provincial electricity grid. It is Remotes' understanding that the federal and provincial governments have determined that service from a licensed distributor is required for the community to connect to the grid. Wataynikaneyap Power has indicated that the construction, testing and commissioning of the distribution line will be completed on or about December 20, 2018, and has requested that Remotes take over service to Pikangikum when the community connects to the new distribution line.

Remotes believes that **the connection of Pikangikum to the provincial grid is an emergency**, as the community's current electrical supply is inadequate and fails frequently. Remotes is therefore willing to waive certain timelines for the completion of the conditions precedent (described further below) and is requesting that the OEB amend Remotes' Distribution Licence to include Pikangikum **effective on the date the community connects to the Wataynikaneyap distribution line**. Remotes does not plan to own or operate the community's existing generation

assets, as, under the asset transfer agreement, these assets will be owned by Pikangikum First Nation. Remotes will keep Board staff informed as to the actual date of the distribution system connection to the Watay line.

### **Conditions Precedent Outlined in the Asset Transfer Agreement**

Pursuant to a request from the Honourable Chris Bentley, former Ontario Minister of Energy, Remotes negotiated an agreement with Pikangikum First Nation, its independent power authority, Eshkoay Wayab Corporation and Indigenous Services Canada, to transfer and own the distribution assets in Pikangikum and to provide distribution services in the community. The transfer agreement sets out conditions precedent to be satisfied by the First Nation and Remotes in order to complete the asset transfer. These conditions include the requirement to complete various distribution upgrades and capital projects, and the transfer of customer information that is required for Remotes to take over full distribution service to the community. As discussed in more detail in this application, some of these conditions have not yet been met. Remotes proposes to waive the timelines associated with these conditions in order to permit the community's connection to the grid, and plans to phase in full distribution services as these conditions are met.

This work was undertaken on behalf of Pikangikum by Opiikapawiin Services Limited Partnership (OSLP), which is a limited partnership established by the First Nations owner-partners in the Wataynikaneyap Power transmission line project. Pikangikum and OSLP worked with Indigenous Services Canada to acquire the necessary funding to complete the required work.

In February 2017, Remotes and the Electrical Safety Authority each provided reports setting out deficiencies and defects and required improvements to the Pikangikum Distribution System. The First Nation, through OSLP, has successfully remedied the deficiencies and defects and have completed the required improvements. The distribution assets are therefore safe to operate and safe to connect to the provincial grid.

Some additional capital projects required for Remotes to be able to service the community efficiently, such as the construction of a yard, garage, storage buildings, staff house and well are not yet complete. Access to the community is limited to air transport, winter road or barge. Unfortunately the weather did not cooperate during key shipping periods. Based on the winter road delivery and the remaining construction time lines, it is expected that all of the conditions related to the completion of additional capital projects will be met by April 1, 2019.

Remotes estimates that its O&M costs to serve the community excluding the cost of power, will increase by approximately \$250,000 as a result of the delay in the completion of the capital projects. These additional costs are largely due to increased flights, increased travel time, equipment rental costs and higher customer set up costs than planned. Pikangikum, OSLP and

Indigenous Services Canada, have agreed that the project, which is funded by Indigenous Services Canada, will pay for these additional costs.

Unfortunately, due to the delays in completing these capital projects, Remotes was unable to move inventory (transformers, poles, wire) and necessary equipment (bucket truck, pickup truck) to site. Remotes will therefore not be able to offer the full spectrum of its services immediately upon commencing to provide distribution services to the community. For example, while Remotes will be able to respond to all trouble calls it will not be able to perform new connections if poles and other heavy equipment are required to complete the work.

The agreement also outlined conditions and a timeline of 100 days before the takeover date related to the transfer of customer information that is required for Remotes to bill customers. Unfortunately, as Eshkoay Wayab Corporation operates as an Independent Power Authority, not all customers are currently billed, so the information (confirmation of customer names, premises and existing meter number), was not readily available and took Pikangikum more time to compile than expected. The customer information has not yet been fully collected or transferred. Once the customer information is acquired, Remotes will set up meter reading routes and hire and train meter readers in the community. Based on the information acquired to date, Remotes believes it will be in a position to bill customers accurately on or before April 1, 2019.

The estimated monthly cost of power from January to March 31, 2019 is expected to be approximately \$150,000. Indigenous Services Canada has indicated that Eshkoay Wayab Corporation may have the resources to pay these costs. In the event that Eshkoay Wayab is unable to fully cover these costs, Remotes proposes that the remainder flow to RRRP until normal customer billing and collections can commence, on or before April 1, 2019.

Remotes also requests that its distribution performance reporting hold Pikangikum separate from the results for rest of its service territory until full service can be provided to the community. Remotes is particularly concerned about the results for bill accuracy and connection of new customers.

Remotes' service territory is prescribed by legislation. O. Reg. 199/02 under the Electricity Act, 1998, was amended on November 16, 2018, to include the community of Pikangikum in Remotes' service territory (A copy of 199/02 is attached below as **Appendix A**). O. Reg. 442/01 under the Ontario Energy Board Act, 1998, allows the community to benefit from Rural or Remote Rate Protection once it is served by Remotes.

Remotes requests that this application proceed without a hearing as allowed under section 21(4) of the OEB Act, as no person will be adversely affected in a material way by the approval of this application. The community stands to achieve an immediate benefit when it enters Remotes' service territory, as it has been struggling to operate and maintain a community electrical system that has been a technical and financial burden.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Cc:

Brian Hewson, Ontario Energy Board

Irina Kuznetsova, Ontario Energy Board

Jonah Strang, Pikangikum First Nation

Kathryn Duchnick, Indigenous Services Canada

Patrick Boileau, OSLP

Richard Habinski, OSLP

Kraemer Coulter, Hydro One Remote Communities Inc.

## APPENDIX A

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### Electricity Act, 1998

#### ONTARIO REGULATION 199/02

#### HYDRO ONE INC.

**Consolidation Period:** From November 16, 2018 to the [e-Laws currency date](#).

Last amendment: 480/18.

Legislative History: 454/03, 390/09, 37/17, 480/18.

***This is the English version of a bilingual regulation.***

##### **Prescribed communities**

1. The following communities are prescribed for the purposes of subsection 48.1 (1) of the Act:

1. Armstrong.
2. REVOKED: O. Reg. 454/03, s. 1.
3. Bearskin Lake.
4. Big Trout Lake.
5. Biscotasing.
6. Collins.
7. Deer Lake.
8. Fort Severn.
9. Gull Bay.
10. Hillsport.
11. Kasabonika Lake.
12. Kingfisher Lake.
13. Landsdowne House.
- 13.1 Marten Falls.
14. Oba.
- 14.1 Pikangikum.
15. Sachigo Lake.
16. Sandy Lake.
17. Sultan.
18. Wapakeka.
19. Weagamow.
20. Webequie.
21. Whitesand.

O. Reg. 199/02, s. 1; O. Reg. 454/03, s. 1; O. Reg. 390/09, s. 1; O. Reg. 480/18, s. 1.

2. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION). O. Reg. 199/02, s. 2.

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