



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

Ontario

DECISION AND ORDER

EB-2019-0152

HYDRO ONE NETWORKS INC.

Application for the extension of an interim distribution licence issued in relation to distribution assets serving the Cat Lake community.

BY DELEGATION, BEFORE: Brian Hewson
Vice President,
Consumer Protection & Industry Performance

July 24, 2019

DECISION AND ORDER

Hydro One Networks Inc. (Hydro One) holds an interim licence issued by the Ontario Energy Board (OEB) under section 59(2) of the *Ontario Energy Board Act, 1998* (OEB Act) under which Hydro One has possession and control over distribution assets that serve the Cat Lake community, specifically the deemed distribution assets owned by Cat Lake Power Utility Ltd. and the distribution assets in the Cat Lake community owned by the Ontario Electricity Financial Corporation. The interim licence was first issued by the OEB on July 21, 2006 (proceeding EB-2006-0180), and its term has since been amended and extended as described in Appendix 1.

On July 9, 2019, Hydro One provided the OEB with a written update on the status of its operations under the interim licence. In its status report, Hydro One stated that day-to-day operations of the distribution system were normal with no significant events during the six-month reporting period.

The OEB is satisfied that Hydro One's management and operation of the distribution assets supplying Cat Lake and the associated businesses will help ensure the continued reliability of supply to consumers in that community.

In its July 21, 2008 Decision and Order on this matter, the OEB noted that interim orders have been issued under section 59 of the OEB Act since July 2006. The OEB further noted that in its view, the provisions of section 59 of the Act were intended to be emergency provisions; the provisions were not meant to be used as long-term solutions to operational problems. In its latest status report Hydro One confirmed that Hydro One Remote Communities Inc. (Remotes) still expects to file a MAADs application to include Cat Lake in Remotes' service territory once an agreement with the community has been reached and required government approvals have been secured. Hydro One stated that discussions with the community are ongoing in this regard.

As no long-term solution has yet been brought forward, the OEB finds it necessary to extend the term of Hydro One's interim licence to ensure the continuity of reliable electricity supply to consumers in the Cat Lake community. However, the OEB is concerned about the lack of progress made in arriving at a resolution of this matter, and that Hydro One has accumulated a significant balance in the deferral account provided for under this Decision.

The OEB requires Hydro One to file a detailed report on the steps that the utility has taken to arrive at a long-term solution for the Cat Lake distribution system. The report

should include information on any discussions that Hydro One has undertaken with relevant stakeholders, and the status of any required approvals or community agreements that Hydro One has identified in order to complete the MAADs application that it has referred to in each of its reports filed with the OEB since October 15, 2013.

IT IS ORDERED THAT:

1. The term of interim electricity distribution licence ED-2006-0181 is extended for a further period of six months to January 24, 2020. The interim electricity distribution licence set out in Appendix 1, is effective as of July 24, 2019.
2. Hydro One Networks Inc. continue to remain in possession and control of the deemed distribution assets owned by Cat Lake Power Utility Ltd. and the distribution assets in the Cat Lake community that are owned by the Ontario Electricity Financial Corporation, and continue to comply with the provisions of the interim licence set out in Appendix 1.
3. Hydro One Networks Inc. continue collecting revenue from the existing customers in the Cat Lake community based on the applicable rates.
4. Hydro One Networks Inc. continue keeping track of revenues from the customers in the Cat Lake community and of the costs of operation and maintenance of the distribution assets in a deferral account (under the Uniform System of Accounts). Such account will be reviewed in a future rate proceeding. The OEB will determine at that point the cost responsibility in the event of a shortfall and the mechanism for that shortfall recovery.
5. Cat Lake Power Utility Ltd. continue surrendering possession and control of the deemed distribution assets and associated business. Cat Lake Power Utility Ltd. is not entitled to any compensation from the Crown, the OEB or any person for having surrendered possession and control of its deemed distribution assets and business.
6. Ontario Electricity Financial Corporation continue surrendering possession and control of the distribution assets and associated business serving the community of Cat Lake. The Ontario Electricity Financial Corporation is not entitled to any compensation from the Crown, the OEB or any person for having surrendered possession and control of its distribution assets and business.

7. Hydro One Networks Inc. file, together with its next application for an extension of the term of electricity distribution licence ED-2006-0181, a detailed report on the status of its plans to file a MAADs application or alternative long-term solution to address the interim Cat Lake distribution system.

DATED at Toronto July 24, 2019

ONTARIO ENERGY BOARD

Original Signed By

Brian Hewson
Vice President, Consumer Protection & Industry Performance