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Jeffrey Smith

Director, Regulatory Compliance

BY COURIER

January 10, 2020

Ms. Christine E. Long
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON, M4P 1E4

Dear Ms. Long:

EB-2006-0180 and EB-2019-0277: Status Report on Operations of Cat Lake

Please find enclosed Status Report on Operations of Cat Lake. Pursuant to Rule 10.01 of *the OEB Rules of Practice and Procedure* and *the OEB's Practice Direction on Confidential Filings*, Hydro One hereby requests the confidential treatment, by means of redactions, of a portion of the enclosed Status Report, since negotiation with the Cat Lake community is ongoing and disclosing such information could adversely affect the ongoing negotiation.

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

Sincerely,

ORIGINAL SIGNED BY JEFFREY SMITH

Jeffrey Smith



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 25, 2020, 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 (“OEFC”). 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 24, 2019 (EB-2019-0152). Hydro One Remote Communities Inc. (“Remotes”) still expects to file a MAAD 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 9, 2019. It covers the Cat Lake utility activities to date and provides financial results until December 31, 2019.

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 December 31, 2019, the total costs recorded since taking possession and control are as follows:

Cumulative Costs incurred by Hydro One for Cat Lake

Capital:	\$3,517,082
OM&A:	\$5,113,117
Cost of Energy:	\$5,300,080
Interest Cost:	\$609,729
Total	\$14,540,008



Tracking of Revenue

As of December 31, 2019, 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 December 2017	\$576,204
January to December 2018	\$265,595
January to December 2019	\$384,240
Total	\$5,482,680

Bills have been issued to customers on a monthly basis, with the most recent bills in the reporting period issued in December of 2019. The total amount invoiced at that time was approximately **\$2,176,776**. This amount includes HST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

Current (0-39 days)	\$111,971
Overdue (40-69 days)	\$58,574
Overdue (70-89 days)	\$32,451
Overdue (90+ days)	<u>\$1,973,780</u>
Total	\$2,176,776

Regulatory Assets account balance

As of December 31, 2019, the balance in the deferral account related to Cat Lake is **\$9,057,329**.

Operations

Operations were normal with no significant events during the reporting period (January - December 2019).

Status of Negotiation with Cat Lake Community

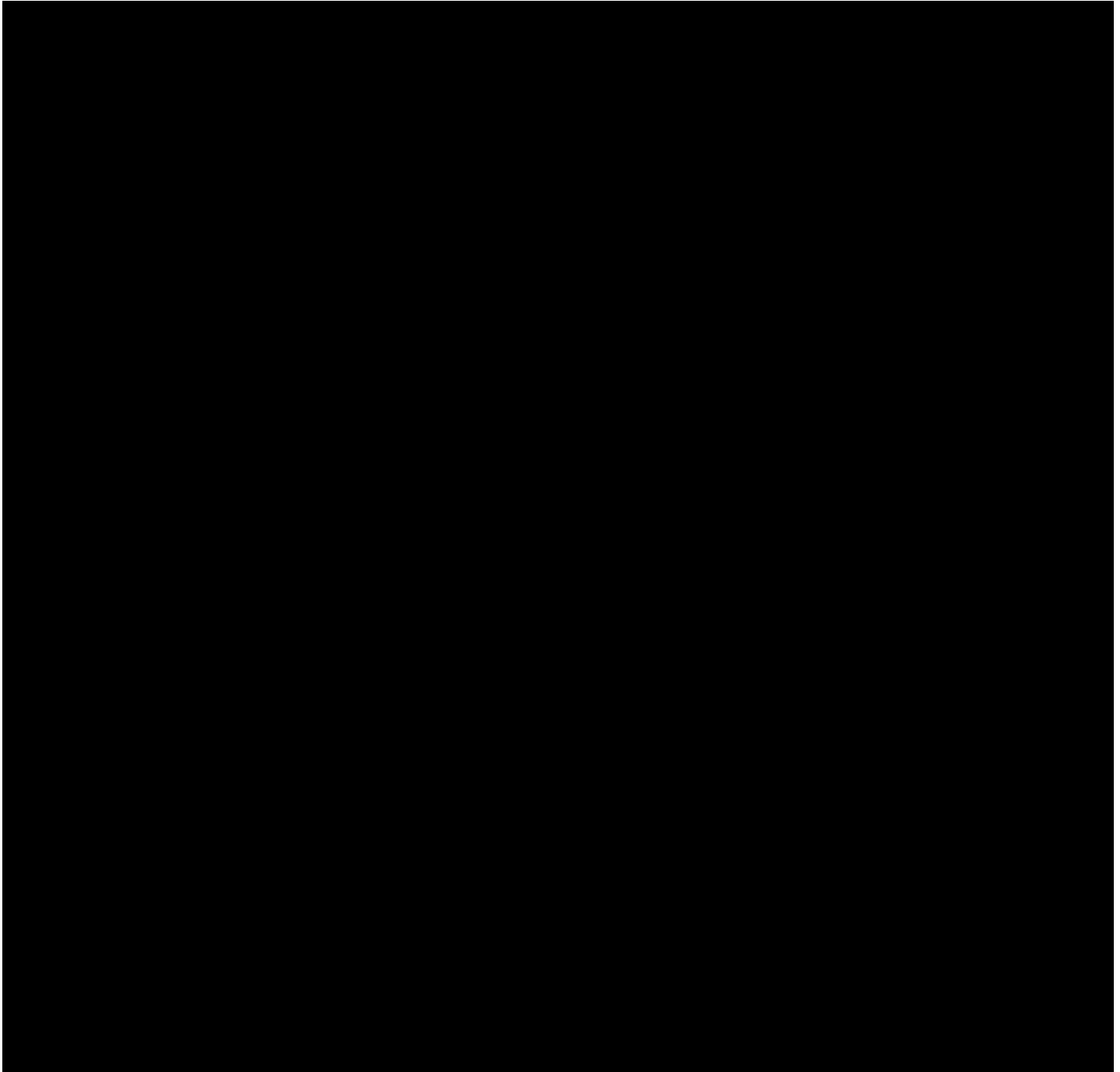
In the Board's decision (EB-2019-0152), the Board was concerned about the lack of progress made in arriving at a resolution of the Cat Lake interim licence and directed Hydro One to file a report on the steps that the utility has taken to arrive at a long-term resolution for the Cat Lake distribution system.

Hydro One wants to end the current oversight situation in Cat Lake but will only do so knowing that the community and customers are set up with a stable framework that will be successful over the long-term. Hydro One has long felt that Remotes is best suited to run the Cat Lake utility due to its successful history of working with isolated First Nation communities similar to Cat Lake.

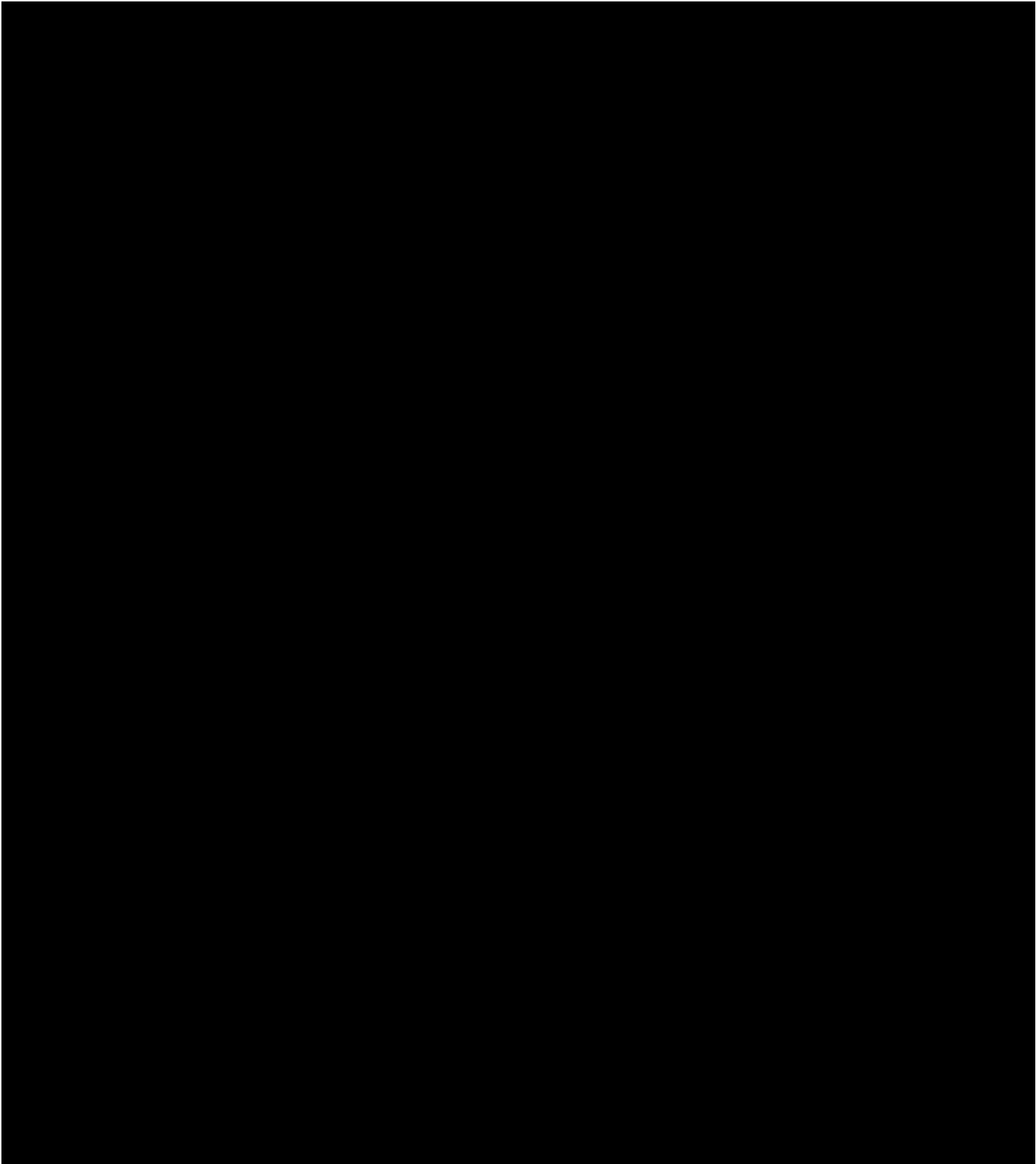
Remotes is striving to reach an agreement with the community to file a MAAD application that would include Cat Lake in Remotes' service territory. This initiative was communicated to the Board as early as Remotes' 2013 rate application (EB-2012-0137).

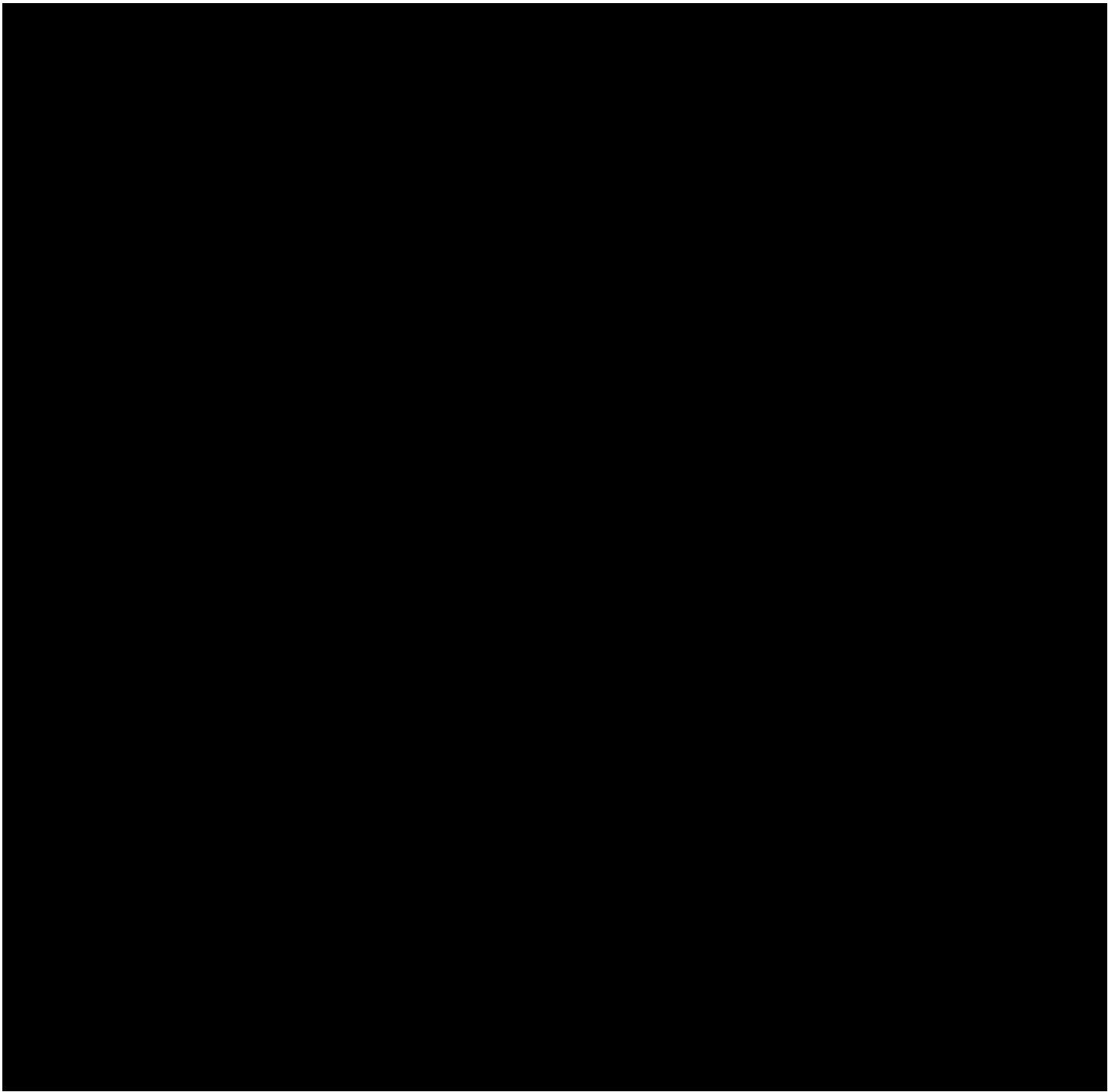
Once an agreement with the community has been reached and the required government approvals have been secured, then a MAAD application to file with the Board is expected to follow. Efforts with the community and stakeholders are ongoing in this regard.

Below is a report on the steps that Hydro One and Remotes have taken to arrive at a long-term solution for the Cat Lake distribution system in order to complete the MAAD application.



¹ “Cat Lake community” refers to Chief, council and leadership, as well as its tribal council (Windigo), external advisors, consultants and representatives.





Planned Work and Further Reporting

There is a new subdivision development where 13 of the 34 customers are planned to be connected within a few weeks. The remaining 21 customers will be connected upon the Electrical Safety Authority (ESA) clearance.

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.