

Hydro One Networks Inc.

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Jeffrey Smith

Director, Regulatory Compliance

BY COURIER

July 9, 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-2020-0155: Status Report on Operations of Cat Lake

Please find enclosed Status Report on Operations of Cat Lake.

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

Sincerely,

A handwritten signature in black ink, appearing to be "Jeffrey Smith", written over a circular scribble.

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 July 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 then 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 January 24, 2020 (EB-2019-0277). 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 January 10, 2020. It covers the Cat Lake utility activities to date and provides financial results until June 30, 2020.

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, 2020, the total costs recorded since taking possession and control are as follows:

Cumulative Costs incurred by Hydro One for Cat Lake

Capital:	\$3,517,679
OM&A:	\$5,417,315
Cost of Energy:	\$5,708,314
Interest Cost:	\$704,361
Total	<u>\$15,347,669</u>



Tracking of Revenue

As of June 30, 2020, 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
January to June 2020	\$241,581
Total	\$5,724,261

Bills have been issued to customers on a monthly basis, with the most recent bills in the reporting period issued in June 30 of 2020. The total amount invoiced at that time was approximately **\$2,357,269**. This amount includes HST, arrears, and late payment charges where applicable. The issued bills include the following amounts:

Current (0-39 days)	\$60,394
Overdue (40-69 days)	\$46,453
Overdue (70-89 days)	\$42,426
Overdue (90+ days)	<u>\$2,207,995</u>
Total	\$2,357,269

Regulatory Assets account balance

As of June 30, 2020, the balance in the deferral account related to Cat Lake is **\$9,623,408**.

Operations

Operations were normal with no significant events during the reporting period (January – June 2020).

Planned Work and Further Reporting

- As protection upgrade in the community has been put on hold due to COVID-19, the in-service date has been deferred to August 30, 2020. This may have to be further postponed depending on when the community lifts its restriction to access to the area.
- Line expansion to new subdivision housing was completed in February 2020.

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.