



Ontario  
Energy  
Board

Commission  
de l'énergie  
de l'Ontario

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## **DECISION AND ORDER**

**EB-2022-0083**

### **HYDRO ONE REMOTE COMMUNITIES INC.**

**Application for a Service Area Amendment and other Licence  
Amendments**

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

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**April 28, 2022**

## DECISION AND ORDER

### INTRODUCTION

Hydro One Remote Communities Inc. (HORCI) filed an application with the Ontario Energy Board (OEB) dated January 27, 2022, under section 74 of the *Ontario Energy Board Act, 1998* (OEB Act). The application is for an order of the OEB amending HORCI's service area, as described in Schedule 1 of its distribution licence to include Wawakapewin First Nation.

HORCI is currently exempt from several provisions of the OEB's Distribution System Code (DSC) and Electricity Reporting and Record-Keeping Requirements (RRR). In respect of its proposed distribution service to Wawakapewin First Nation, HORCI seeks an amendment to its licence also exempting it from certain additional provisions of the DSC and RRR relating to: (i) the connection of new services, (ii) system reliability indicators and event reporting, (iii) emergency response, (iv) re-connection standards (disconnection), and (v) billing accuracy.

The application has been considered by the Delegated Authority, without holding a hearing, pursuant to section 6(4) of the OEB Act.

### THE APPLICATION

#### ***Background***

HORCI is a licensed electricity distributor, and a subsidiary of Hydro One Inc. HORCI serves approximately 4,100 mostly residential customers in 22 geographically isolated communities in Northern Ontario.

Wawakapewin First Nation is a community of about 70 people, located approximately 250 kilometers north of Pickle Lake, in Northern Ontario. Wawakapewin First Nation is one of 24 partner communities in the Wataynikaneyap Power LP. (WPLP) transmission project. It is a community prescribed by the Province of Ontario for the purposes of section 48.1 of the *Electricity Act, 1998*, and is remote community eligible for funding under the province's Rural and Remote Rate Protection (RRRP) plan.

HORCI included with its application a preliminary service level agreement negotiated between HORCI and Wawakapewin First Nation entitled *Long-Term Modified Service Framework (Draft)* (Framework). The pre-filed evidence also includes a copy of letter

from Wawakapewin First Nation to the Ministry of Energy, dated March 14, 2017, formally requesting that the community be included within HORCI's service territory.

Further to a request from OEB staff for additional information, HORCI provided supplemental evidence on April 14, 2022 (supplementary filing). Included with supplementary filing is copy of letter from Wawakapewin First Nation to HORCI, dated August 31, 2021, in support of HORCI's intent to seek the service area amendment and exemptions to DSC and RRR, as described in the Framework.

HORCI submits that the Framework forms the agreement between the parties in respect of the expected service model and the specific regulatory exemptions.

### ***Request for a Service Area Amendment***

As set out in O. Reg. 199/02 (Hydro One Inc.), made under the *Electricity Act, 1998*, HORCI requires a service area amendment to its electricity distribution licence to include Wawakapewin First Nation before it can provide the community with service.<sup>1</sup>

Upon being authorized by the OEB to serve Wawakapewin First Nation, HORCI will also be able to provide residents of the community with RRRP funding, in accordance with O. Reg. 442/01 (Rural or Remote Electricity Rate Protection), made under the OEB Act.<sup>2</sup>

HORCI expects to be able to complete the distribution connection of Wawakapewin First Nation to the IESO-controlled grid, via the WPLP transmission line, in May 2023.

### ***Request for Exemptions from the DSC and RRR***

The application identifies numerous unique access barriers to the community. In light of these access barriers, HORCI is seeking an exemption from compliance with several

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<sup>1</sup> Section 1. (2) of O. Reg. 199/02 provides that Hydro One Inc. shall not, directly or through a subsidiary, own or operate generation facilities and distribution systems in and shall not distribute electricity within Wawakapewin First Nation unless, after the OEB has received an application for a licence amendment from HORCI, the OEB has issued an order amending the licence to include that community within its service area.

<sup>2</sup> Section 2.3.1 of O. Reg. 442/01 provides that once the OEB has issued an order amending HORCI's licence to include Wawakapewin First Nation within its service area, HORCI will be authorized to provide consumers who occupy residential premises in the community with rate protection under section 79 of the OEB Act, as it is one of the remote communities named in Schedule 3 of the regulation.

provisions of the DSC and RRR that are incremental to the list of exemptions currently granted to HORCI in respect of its other authorized service areas.

As cited by HORCI and further explained in the Framework, Wawakapewin First Nation has no airport, is not road accessible, and may generally be reached only via winter road, ski- and float- plane, and that during periods of freeze and thaw, access to the community is very limited. Moreover, HORCI submits that, due to both safety and logistical requirements, it is currently unable to access Wawakapewin First Nation via float- or ski-plane, and that this may affect mobilization times, travel times, service and schedule flexibility.

The Framework is intended to account for the unique access barriers to the community. HORCI submits that once these unique access barriers are resolved, the Framework would come to an end, as would the proposed incremental DSC and RRR exemptions. In this regard, the Framework identifies numerous new assets that are required to be developed in the community before the access barriers can be considered resolved. These potentially include, among other things, the development of a permanent and maintained all-season road, a helipad built to lit medical emergency helipad-type standards, an MTO-licensed airport with an adjoining compound or vehicle garage, etc.

With respect to the **Connection of New Services**, HORCI seeks an exemption from section 7.2 of the DSC and section 2.1.4.1.1 of the RRR. Section 7.2 of the DSC mandates timelines of 5 or 10 business days to complete the connection of new low- and high-voltage service arrangements, respectively (or other timelines as agreed by the parties). This requirement must be accomplished 90% of the time, annually, while the RRR specifies the related annual reporting requirements. The Framework provides for the completion of a new service within 90 days of all conditions being met (or on a mutually agreeable date). HORCI states that this timeline is dependent on factors such as agreed notice periods, bundling of work where possible, and an agreed full cost recovery approach, similar to its practice elsewhere in its service territory.

With respect to **System Reliability Indicators and Event Reporting**, HORCI is seeking an exemption from section 2.1.4.2 of the RRR. This provision defines and provides the calculations for broad utility system reliability indicators (such as SAIFI and SAIDI) and event reporting in Ontario. While it believes the distribution connection will improve Wawakapewin First Nation's electricity service, HORCI advises that interruptions and other potential complications due to weather events must be expected, and it anticipates and acknowledges that system reliability for the community will not attain the performance standards considered reasonable for the remainder of the

province. To help address response times and ensure public safety, HORCI states that it will train and provide on-going support to a local distribution operator living in the community.

In its supplementary filing, HORCI provided further information with respect to the request for an exemption from 2.1.4.2 of the RRR. HORCI stated that Wawakapewin First Nation is unlike all other communities that it serves, as the other communities are more readily served by chartered aircraft from Thunder Bay or other Northern hub communities. HORCI reiterated that this makes providing reliable service challenging if, and when, trouble occurs as newly introduced logistical and operational challenges emerge. HORCI stated that similar to its existing Independent Power Authority (IPA) service, response times would likely be measured in days and weeks, not minutes.

With respect to **Emergency Response**, HORCI is seeking an exemption from section 7.9 of the DSC and section 2.1.4.1.8 of the RRR. The DSC's section 7.9 mandates, in part, an emergency response timeline of 120 minutes for rural communities, with such timelines to be met 80% of the time, annually. The RRR Section 2.1.4.1.8 specifies the approach to report these emergency response statistics. The Framework acknowledges the critical need for an emergency response protocol and includes, among other things, a notification process for outage communications and the presence of community residents who have been trained and qualified as distribution operators capable of responding to local issues under HORCI's guidance. Contingent on this approach, HORCI is committing to attempt to respond to local distribution issues within 120 minutes at least 80% of the time and, for an expected prolonged outage, to provide a plan to respond within 48 hours of being notified. HORCI submits that, even with these efforts and the access constraints identified earlier, emergency response timelines generally will be slower for Wawakapewin First Nation than those elsewhere.

With respect to **Re-Connection Standards (Disconnection)**, HORCI is seeking an exemption from section 2.1.4.1.9 of the RRR, which correlates to its existing exemption from section 7.10 of the DSC. The DSC's section 7.10 requires that following a disconnection, a distributor's re-connection of the customer's property must be done within 2 business days of the date of full payment of the arrears or of the customer having entered into an arrears payment agreement. This requirement must be met 85% of the time, annually. The RRR specifies the approach to report these statistics.

With respect to **Billing Accuracy**, HORCI is seeking an exemption from section 7.11 of the DSC and section 2.1.19 b) of the RRR. The DSC's section 7.11 defines the requirements for an accurate electricity bill and mandates that the requirements be met

at least 98% of the time, annually. Section 2.1.19 b) of the RRR requires that distributors report their billing accuracy according to the DSC requirements, annually. HORCI submits that, as discussed in previous RRR annual reporting, it historically does not meet the industry standard of 98% (which relies on smart meter deployment throughout a utility's service area). HORCI has not installed a smart meter network due to limited communication infrastructure in its service territory and therefore relies on manual readings which are faxed to its office and entered into the system by its billing team. HORCI advises that if the faxed readings are late or not performed, they result in an unplanned estimate. HORCI has also continued with at least quarterly physical meter readings for seasonal customers, but there are a number of seasonal customers whose meters are inaccessible at certain times of the year, making the industry standard difficult to attain. HORCI states that a local meter reader will be trained and that, due to the small size of the community, this task will be part-time.

In its supplementary filing, HORCI provided further information with respect to seeking an exemption from section 7.11 of the DSC and section 2.1.19 b) of the RRR. HORCI reiterated that since it does not use smart meters, the accuracy of billing is heavily relied on the manual meter reads provided by the community's meter reader. In other communities, HORCI's staff could more easily be deployed to read meters should local representatives be unable to complete work. Given the logistical considerations, time requirements and steep costs, having HORCI staff complete this work is unwarranted. HORCI stated it would generally expect to have billing accuracy similar to other communities, but it would require a firm commitment by the community meter reader to regularly perform this work as other options are scarce or costly. As such, HORCI submits that it would be appropriate to exclude the above noted sections as consolidated billing accuracy results may be impacted negatively, and would not reflect what the average customer experiences.

## FINDINGS

The OEB grants the application to amend HORCI's electricity distribution licence to include the community of Wawakapewin First Nation within its licensed service area.

The OEB notes that O. Reg. 199/02 (Hydro One Inc.), made under the *Electricity Act, 1998*, was amended on January 1, 2020 to include Wawakapewin First Nation in the list of communities to whom HORCI may provide service, subject to the OEB approving a licence amendment including the community within its service area. It is also noted that upon the service area amendment taking effect, Wawakapewin First Nation will become

eligible for rate protection under O. Reg. 442/01 (Rural or Remote Electricity Rate Protection), made under the *Ontario Energy Board Act, 1998*.

The OEB is prepared to grant the requested exemptions from the DSC and RRR based on the evidence provided by HORCI. HORCI has provided explanations of the challenges in accessing the community which will affect its ability to meet the timelines for connections and emergency response, as well as billing accuracy under the DSC.

Consumer protection is a core part of the OEB's mandate and so the granting of any relief from the requirements set out in DSC is not given lightly. The OEB understands that the Framework has been developed as a way of ensuring agreed-upon levels of service between Wawakapewin First Nation and HORCI until the access challenges are addressed, and the OEB accepts that the Framework provides a reasonable level of protection for the consumers. The OEB expects HORCI to take whatever steps it can to ensure the highest level of service possible. Further, and in line with its expectations for HORCI, the OEB will revisit the exemptions when the identified access challenges are addressed or the Framework is ended. HORCI agreed to advise the OEB of any change in circumstances regarding the access challenges or changes to the Framework, and the OEB expects it to do so.

Given the relief granted from the DSC requirements, it is reasonable to exempt HORCI from the corresponding reporting requirements under the RRRs. In respect of the RRR requirement regarding reconnections, HORCI is already exempt from the DSC requirement for reconnection within 2 days and the OEB therefore finds it reasonable to exempt the company from the associated reporting requirement. With respect to monitoring the level of service within the community, the OEB accepts HORCI's request for an exemption from reporting under the RRR on reliability, as it has indicated the inclusion of the results for Wawakapewin First Nation would significantly impact its overall reliability reporting. However, the OEB must ensure that there is at least a reasonable level of monitoring by HORCI of reliability levels in the community. To that end, HORCI will be required to maintain records relating to its connection timelines, emergency response times, major events including response times, billing accuracy and overall reliability for the community. These records shall be made available to the OEB and to the community, upon request, to allow for transparency on the level of service.

Accordingly, the requested exemptions from the DSC and RRR are granted. The OEB will issue the amended licence once notification is received from HORCI confirming that Wawakapewin First Nation has been connected to the WPLP transmission line.

**IT IS ORDERED THAT:**

1. Hydro One Remote Communities Inc.'s electricity distribution licence ED-2003-0037, specifically Schedule 1 of the licence, shall be amended to include Wawakapewin First Nation.
2. Hydro One Remote Communities Inc.'s Electricity Distribution Licence ED-2003-0037, specifically Schedule 3 of the licence, shall, in respect its distribution service to Wawakapewin First Nation, be amended to include the following exemptions from the Distribution System Code: 7.2, 7.9, and 7.11, and the following exemptions from the Electricity Reporting and Record Keeping Requirements: 2.1.4.1.1, 2.1.4.2, 2.1.4.1.8, 2.1.4.1.9, and 2.1.19 b).
3. The amended licence will be issued effective upon the date Hydro One Remote Communities Inc. notifies the OEB that Wawakapewin First Nation has been connected to Wataynikaneyap Power LP. transmission line.

**DATED** at Toronto April 28, 2022

**ONTARIO ENERGY BOARD**

Brian Hewson  
Vice President, Consumer Protection & Industry Performance