



Hydro One Networks Inc.

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**BY EMAIL AND RESS**

December 19, 2024

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Marconi,

**EB-2024-0180 – Hydro One Remote Communities Inc. (Remotes) – Shoulderblade Falls Hydel – Funding Application – Reply Submission**

In accordance with Procedural Order No. 1 issued by the Ontario Energy Board on October 15, 2024, please find enclosed Remotes Reply Submission in respect of the above-noted proceeding.

An electronic copy has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Burke". The signature is written in a cursive, flowing style.

Kathleen Burke

**ONTARIO ENERGY BOARD**

**IN THE MATTER** OF the Ontario Energy Board Act, 1998,  
S.O.1998, c.15 (Schedule B);

**AND IN THE MATTER** an Application by Hydro One Remote  
Communities Inc., for an Order or Orders made pursuant to  
section 78 of the Ontario Energy Board Act, 1998 approving just  
and reasonable rates and other charges for the distribution and  
generation of electricity, to be effective April 16, 2024.

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**Reply Submission**  
**of**

**HYDRO ONE REMOTE COMMUNITIES INC.**

**December 19, 2024**

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**A. OVERVIEW**

Hydro One Remote Communities Inc. (Hydro One Remotes) filed an application with the Ontario Energy Board (OEB) under section 78 of the Ontario Energy Board Act, 1998 on August 27, 2024, to change its revenue requirement by including incremental funding for the continued operation of the Deer Lake Shoulderblade Falls Hydroelectric Facility (the Hydel), beginning April 16, 2024.

As part of its application, Hydro One Remotes requested approval:

- a) To record the Hydel's annual costs and the amounts paid to Deer Lake for road maintenance and for the electricity generated by the Hydel in the Remote or Rural Rate Protection Variance Account (RRRPVA);
- b) To dispose of the RRRPVA balance at Hydro One Remotes' next rebasing application; and
- c) For other items and/or amounts that may be requested by Hydro One Remotes in the course of this proceeding, and as may be granted by the OEB.

A Notice of Hearing was issued by the OEB on September 20, 2024. The OEB did not receive any intervention requests.

OEB Staff filed written interrogatories on November 8, 2024. Hydro One Remotes filed its written responses on November 22, 2024.

OEB Staff filed a written submission on December 6, 2024. This document is Hydro One Remotes' Reply Submission.

**B. RESPONSE TO OEB STAFF SUBMISSION**

Hydro One Remotes has no concerns with OEB Staff's submission:<sup>1</sup>

1. supporting the continued operation of the Hydel,
2. acknowledging that the proposed payment arrangements appear consistent with a long-standing relationship that has been in place since the 1990s,
3. agreeing that Hydro One Remotes is best positioned to operate, maintain and repair the Hydel,
4. that the RRRP remains the most appropriate source of revenue for [Hydro One Remotes] additional costs,
5. that Hydro One Remotes be kept financially whole for its work related to the Hydel, and that it is reasonable for Deer Lake to benefit from the Hydel's continued operation<sup>2</sup>,
6. that Hydro One Remotes provide an annual breakdown of all forecast costs and actual costs for the Hydel and the distribution line connecting the Hydel to the Diesel Generation Station, with variance explanations, when applying to dispose of RRRPVA balance<sup>3</sup>, and
7. that the proposed effective date of April 16, 2024 is appropriate.

**B1. OTHER FUNDING MECHANISMS**

OEB Staff invited Hydro One Remotes to explain in its Reply Submission why other funding mechanisms are not suitable for the continued operation of the Hydel<sup>4</sup>.

Hydro One Remotes considered other funding mechanisms and found them to be unsuitable.

The Hydel is owned by Deer Lake First Nation, therefore, any alternative funding mechanism would have to be sought by Deer Lake, however Deer Lake's preference is to continue funding the Hydel's operation through Hydro One Remotes<sup>5</sup>.

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<sup>1</sup> OEB Staff Submission, December 6, 2024, Staff Comments – the Hydel, p. 6

<sup>2</sup> OEB Staff Submission, December 6, 2024, Staff Comments – The Issues List, Issue 4, p. 7.

<sup>3</sup> OEB Staff Submission, December 6, 2024, Staff Comments – The Issues List, Issue 4, p. 7.

<sup>4</sup> OEB Staff Submission, December 6, 2024, Staff Comments – The Issues List, Issue 4, p. 7.

<sup>5</sup> EB-2024-0180, Application, p. 6 and p. 9.

1 Hydro One Remotes considered the suitability of the IESO's Small Hydro Program, a  
2 component of the IESO's Resource Adequacy Framework, for Deer Lake. While the Small  
3 Hydro Program can provide a contract to existing hydroelectric generation facilities with  
4 installed capacities of 10 MW and below,<sup>6</sup> an inadequate level of funding would be  
5 provided through this program.

6  
7 In addition, to qualify for the Small Hydro Program, Deer Lake would need to obtain  
8 exemptions related to metering and the operation of an unlicensed generator. It was not  
9 clear that Deer Lake would receive these exemptions nor was it clear that a contract would  
10 be awarded under this program, or if one was, how long it would take to get it in place.  
11 Since Deer Lake does not have the internal expertise to navigate this process, seeking  
12 funding through the OEB, consistent with past practice, was preferred.

13  
14 Grants or funding support from other governmental agencies under renewable generation  
15 programs were also considered however it was unclear whether an appropriate program  
16 exists to provide long-term funding to operate the Hydel. There were similar concerns with  
17 this option, as noted above, about inadequate funding, exemption requirements, contract  
18 timing and internal expertise navigating the process.

19  
20 Hydro One Remotes submits that this Application, as supported by OEB staff's submission  
21 and Deer Lake, is the preferred option to fund the Hydel's operation

## 22 23 **C. CONCLUSION**

24 Based on the foregoing and subject to Hydro One Remotes' agreement to provide a  
25 breakdown of costs (Section B bullet 6), Hydro One Remotes submits that the  
26 Application should be approved as filed.

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<sup>6</sup> [Small Hydro Program \(ieso.ca\)](https://ieso.ca)

1   **All of which is respectfully submitted on December 19, 2024.**

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By its counsel,

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A handwritten signature in blue ink, appearing to read "Raman Dhillon", is positioned above a horizontal line.

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Raman Dhillon

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