

**NISHNAWBE ASKI NATION (NAN) INTERROGATORIES  
HYDRO ONE REMOTE COMMUNITIES INC.  
2013 RATES REBASING APPLICATION  
EB-2012-0137 - March 27, 2013**

**EXHIBIT A – ADMINISTRATIVE**

**A – NAN – 1**

**Summary of Application**

**Ref: Exhibit A, Tab 3, Schedule 1**

On page 3, Remotes indicates that it is “proposing to increase rates to the average customer in its service territory by 3.45%, the average increase for grid-connected customers approved by the Board in 2011.”

NAN submits the following interrogatories:

- a) To what extent has Remotes arrived at the proposed 3.45% increase by performing a deductive analysis based on its estimated budgetary needs, looking at the available sources of funding other than rate increases for the customers it serves, and then calculating the percentage rate increase from its customers that would be required for Remotes had to meet the budget that Remotes has put together? NAN cannot see any indication in Remotes’ Application and filed evidence to suggest that any such (deductive) methodology has been used to arrive at the percentage rate increase that should be imposed on Remotes’ customers;
- b) Stated in a different manner, to what extent has Remotes simply adopted the 3.45% average increase for grid-connected customers approved by the Board in 2011 and then built its financial and budgetary analysis around the increased rate contribution it intends obtain from its customers? Based on NAN’s review of the Application and filed evidence, it appears that this is the methodology which Remotes has used; and
- c) How much additional revenue (in total dollar terms) will Remotes obtain by increasing its customer rates by the proposed \$3.45%.

**A - NAN - 2**

**Summary of Remotes Business**

**Ref: Exhibit A, Tab 4, Schedule 1**

On pp. 3-4, Remotes discusses the Electrification Agreements (NAN assumes those are the Agreements being referred to by Remotes in this Exhibit) between the federal and Ontario governments under which Remotes is ostensibly responsible for funding ongoing operations and maintenance of the generation/distribution system in the communities which it serves.

According to Remotes, the same agreements specify that AANDC (formerly INAC) is responsible for funding capital related to system expansions and capital upgrades in First Nation communities.

Remotes notes that AANDC has devolved much of its financial responsibility for infrastructure to First Nation communities which now administer approximately 85 per cent of the funding that AANDC previously administered. Remotes suggests that this devolution of funding control has complicated the process for “capital upgrades” and ensured that it is not completely within Remotes control.

Finally, Remotes states that AANDC has advised that, owing to federal funding constraints, funding for “generation upgrades” or “generation capital” will not be included in AANDC’s capital plan from 2012 to 2017. Remotes states that upgrades will likely be needed in seven communities during the next five years. Remotes also advises that it will not be able to “connect new customers in communities where generation has reached its limits-- but that Remotes’ capital and maintenance programs must still be increased to meet safety, environmental, and reliability standards.

Given the information above, NAN poses the following interrogatories:

- a) What is the difference between Remotes’ funding of “ongoing operations and maintenance of the generation/distribution system” and AANDC’s funding of capital related to system expansions and capital upgrades in the same communities? How has this worked previously in terms of the sharing of funding between Remotes and AANDC for capital equipment in the generation/distribution system?
- b) Please describe the process involved between Remotes and AANDC for the sharing or allocation of a capital expenditure, as follows:
  - i. Who identifies the need for a capital expenditure as it relates to generation equipment?
  - ii. Who identifies the need for a capital expenditure as it relates to distribution equipment?
  - iii. Who identifies which party to an Electrification Agreement should be paying for the capital cost of generation equipment which needs to be repaired, replaced, or upgraded (i.e. upgraded is understood by NAN as the need to replace generation equipment in order to increase the capacity/output of electrical supply)?
  - iv. Who identifies which party to an Electrification Agreements should be paying for the capital cost of distribution equipment which needs to be repaired, replaced, or upgraded?

- v. If capital costs are to be apportioned between Remotes on the one hand, and AANDC on the other hand, who determines the percentage apportionment between these parties?
  - vi. What mechanisms exist to resolve any disputes between Remotes and AANDC concerning the apportionment of capital costs for certain equipment as between the two parties?
  - vii. What happens if AANDC objects to and then refuses to contribute to capital costs for certain equipment when called upon to do so? Does Remotes make the necessary capital investment to ensure that the equipment in question is either repaired, replaced, or upgraded?
- b) Explain how the devolution of funding from AANDC to First Nation Communities (e.g. Band Councils) since the 1990s has affected any responsibility which AANDC has under the Electrification Agreements to contribute to the capital costs of certain equipment for the generation/distribution system. Remotes has suggested that funding devolution has had certain impacts on the allocation of responsibility between Remotes and AANDC under the Electrification Agreements and NAN would appreciate knowing what Remotes believes those impacts are.
- c) Remotes suggests that devolution of funding from AANDC to First Nation communities has complicated the process for “capital upgrades” and ensured that it is not completely within Remotes control. How has devolution of funding had that impact? Is Remotes suggesting that devolution of funding to First Nation communities has involved AANDC delegating financial responsibility to those communities for the capital costs which AANDC was previously bearing under the Electrification Agreements? Please explain what Remotes means by its comments on the devolution of funding and, if possible, compare the current situation to the situation that existed for Remotes before devolution was implemented.
- d) What communications have been exchanged between Remotes and AANDC on the funding constraints relating to AANDC’s capital plan for 2012 to 2017? Please produce any and all relevant documentation between Remotes and AANDC concerning this issue, which is of considerable significance to NAN.
- e) How does Remotes intend to deal with the issue of repairing, replacing, and/or upgrading any equipment during the years 2013 to 2017 inclusive to which AANDC would have otherwise contributed if AANDC will not be contributing to the capital costs of such equipment during that period? Does Remotes intend to provide the capital funding for the activities that it would ordinarily provide and not compensate for any shortfall caused by a lack of contribution on the part of AANDC? If so, how will the existing and future electrical needs of First Nation communities be met?
- f) After noting the funding constraints of AANDC during the period 2012 to 2017, Remotes states that its own capital and maintenance programs must still increase to meet

safety, environmental, and reliability standards. Please explain how AANDC funding constraints (i.e. reduced capital funding for certain generation/distribution equipment) is linked to an increase in Remotes' capital and maintenance work programs designed to meet safety, environmental and reliability standards. Does Remotes not have to fund those programs in any event?

#### A - NAN - 3

##### **Compliance with Licence and OEB Filing Requirements for Electricity Distributors** **Ref: Exhibit A, Tab 6, Schedule 1**

On page 5, Remotes notes that its cost of capital is based on a "100% debt financing structure", consistent with a previous decision of the OEB. Further, as "Remotes operates as a break-even company, it does not plan to seek a return on capital." These are NAN's interrogatories:

- a) What does Remotes mean by "100% debt financing structure"? This is not clear.
- b) Does Remotes actually borrow funds to make whatever ongoing capital investments it must make to maintain and operate its generation and distribution facilities? Or are most of Remotes' capital needs met through the RRRP subsidy which it receives each year?
- c) What does Remotes mean by the term "break-even company"? Please elaborate. Remotes uses this term frequently in its filed evidence. NAN assumes that Remotes does not mean that its capital expenditures and operating and maintenance costs are equivalent to its revenue sources because Remotes' entire operations are heavily subsidized by other ratepayers in the Province through the RRRP.

#### A - NAN - 4

##### **Green Energy Plan** **Ref: Exhibit A, Tab 16, Schedule 1**

Remotes claims that it is working with local First Nations and with private sector developers to assist in developing renewable energy resources. Remotes also states that "the development of renewable energy is limited by very small community loads and the lack of water and wind resources, close to the communities."

NAN's interrogatories are as follows:

- a) What precisely is Remotes doing in the area of developing renewable energy resources? Please identify the specific First Nation communities which Remotes is working with, outline what Remotes has done during the past five years to assist in the development of renewable energy resources, identify the private sector developers being referred to, and disclose the capital investment Remotes has made in this area during the past five years.

- b) Please provide any investigations or studies which Remotes has conducted or commissioned which confirm that the potential to develop renewable energy resources close to First Nation communities is limited, having regard to Remotes' statements about the lack of water and wind resources.

## **B - NAN - 5**

### **EXHIBIT B1 - COST OF CAPITAL**

#### **Cost of Capital**

##### **Ref: Exhibit B1, Tab 1, Schedule 1**

In this Exhibit, Remotes identifies the amount of its deemed short-term debt, third party debt, long-term debt, and deemed long-term debt. NAN's interrogatories are thus:

- a) What is the source of Remotes' original \$23 million worth of third party long-term debt that was matched by a note issued by Hydro One Inc. on 1 April 1999 in consideration of the assets transferred? What assets are being referred to?
- b) What is Remotes' deemed long-term debt of \$16,446,000 for the year 2013 comprised of? Please explain what Remotes means by stated that the long-term debt "reflects the remaining amount of debt required to balance the total financing with the rate base." This is not clear to NAN.

## **C- NAN - 6**

### **EXHIBIT C - COST OF SERVICE**

#### **Summary of OM&A Expenditures**

##### **Ref: Exhibit C1, Tab 2, Schedule 1**

Remotes notes that its total OM&A expenditures will increase by approximately 10% during the 2012 to 2013 period, in part because of the increase in transmission and distribution costs associated with serving two new grid-connected communities- Pikangikum and Cat Lake First Nation in 2013. NAN's interrogatories are twofold:

- a) Does Remotes see any conflict between its role as a grid-connected transmitter and distributor of electricity to certain communities which it serves, and its role as a generator and distributor in other communities using diesel generation? Has Remotes considered filing separate applications to the OEB in respect of the capital, operating, and maintenance costs as a transmitter/distributor as opposed to its role as a generator/distributor using diesel generation?
- b) Leaving the contribution of the RRRP aside, to what extent are the additional capital and operating & maintenance costs of transmitted electricity to Pikangikum and Cat Lake First Nation being spread among other communities served by Remotes?

**C – NAN – 7****Generation OM&A****Ref: Exhibit C1, Tab 2, Schedule 2**

Remotes states that the single most costly aspect of Remotes' operation is fuel. In this Exhibit at p. 10, Table 5, Remotes indicates that average delivery cost per litre is \$1.53, a figure which NAN has assumed was based on prices in the Fall of 2012. Based on NAN's own research, the "at the pump" prices for diesel in Ontario, as of March 26, 2013, were as low as \$1.04/litre and as high as \$1.50/litre, with the price in Kapuskasing being \$1.47/litre.

Remotes observes that the cost of delivery of fuel is approximately 45% of the cost of the fuel itself, with air delivery comprising 70% of the fuel delivered to communities served by Remotes. Remotes also states that winter roads are becoming less and less reliable for the delivery of full fuel loads.

In addressing fuel usage as a means to reduce the costs of fuel overall, including delivery costs, Remotes advises that it has instituted CDM programs for communities and residential customers; Renewable Energy Technologies generation facilities; it has improved fuel generation efficiency through SCADA technology; it has a proactive scheduled maintenance program; and there is an active generation asset replacement program combined with more efficient technology. With respect to SCADA, Remotes indicates in Exhibit C1, Tab 2, Schedule 2, that it has improved fuel generating efficiency through such technology and by instituting a proactive scheduled maintenance program.

NAN's interrogatories are as follows:

- a) What will be the estimated high and low and average cost of fuel/litre delivered by various means to Remote communities in 2013?
- b) Given the problems with the reliability of winter road delivery, and the high cost of delivering fuel to communities by air transport, is Remotes working on a strategy to mitigate the costs of fuel delivery in the future (e.g. by increasing storage capacity in various communities, or by other means). If so, what kinds of alternative measures has Remotes identified thus far?
- c) Who bore the cost of the SCADA program, hardware and communications infrastructure? Who will bear the on-going costs of that program?
- d) Can Remotes provide confirmation of the savings achieved to date by using SCADA?
- e) Have SCADA and other technologies been made available to the First Nations for other infrastructures such as water and sewage treatment?

- f) Is the SCADA program considered part of the costs of *upgrading* generation, such that they should be borne by AANDC?
- g) Is the SCADA system being used to monitor the distribution systems in communities served by Remotes?
- h) Is the SCADA software, and its supporting telecommunications technology, capable of supporting smart metering in communities served by Remotes?
- i) What effect has the SCADA program/technology had on the frequency and nature of community visits by Remotes' officials to perform ongoing maintenance and/or disconnection or reconnections of electrical service?

**C – NAN – 8****Distribution OM&A****Ref: Exhibit C1, Tab 2, Schedule 3**NAN submits the following interrogatories:

- a) Please clarify the meaning of sentence beginning on page 2, line 27: Lower distribution operations in 2010 compared to 2009 primarily reflect lower data collection activities as part of Remotes' program to assess the condition of its distribution assets.
- b) On page 3, Remotes projects that increases between 2012 and 2013 reflect increased trouble response (\$180,000), higher planned maintenance (\$111,000) and higher forestry services (\$1,200,000) mainly associated with clearing the transmission line right of way to Cat Lake and costs associated with service to Pikangikum (\$380,000). What is the basis for the \$180,000 trouble response estimate? Also, how do the forestry costs of \$1,200,000 relate to a request for a rate increase for *generation and distribution* in the communities served by Remotes?

**C – NAN – 9****Customer Care OM&A****Ref: Exhibit C1, Tab 2, Schedule 4**

Remotes indicates that it applied credits to bad debt expense in 2009, 2010 and 2011 because of Remotes' "success in negotiating payment arrangements with First Nation Band Councils." Further, and despite statements that Remotes had reduced the overall amount of bad debt from 2009 onward, Remotes asserts that "bad debt expense is expected to increase to reflect the conclusion of most of these payment plans in the bridge and test years."

NAN submits these interrogatories:

- a) What payment arrangements is Remotes referring to in its evidence? Please identify the Band Councils in question and the month and year of the alleged payment arrangements.
- b) If possible, please provide written evidence of such payment arrangements.
- c) Were the payment arrangements made by Band Councils on behalf of residential customers in their communities? In other words, were the payment arrangements in relation to residential accounts?
- d) Or were the payment arrangements made in respect of Standard A accounts which had fallen into arrears?
- e) What is the percentage breakdown between bad debt attributable to residential customers and bad debt attributable to Standard A customers for the years 2009, 2010, 2011, and 2012?
- f) Please provide a copy of any standard form payment agreement used by Remotes in the negotiations it says it conducted in 2009, 2010, and 2011.
- g) Please indicate if bad debt expense actually increased in 2012, and provide further details on why Remotes believes that bad debt will increase in 2013.
- h) Why would bad debt be expected to increase in the coming years because of the conclusion of payment plans previously arranged between Band Councils and Remotes? Does Remotes not have arrears payment programs or bad debt recovery arrangements in place on an ongoing basis?

**C – NAN – 10****Community Relations Operations, Maintenance and Administration****Ref: Exhibit C1, Tab 2, Schedule 5:**

Remotes notes in Exhibit C1, Tab 2, Schedule 5, page 2 at line 3 that Remotes includes three communities per year in the CDM program, and that eventually all communities will have participated in the program.

Also in Exhibit C1, Tab 2, Schedule 5, page 2 at line 13, Remotes states that customer conservation programs resulted in 245,600 kWh of yearly savings and life cycle savings of 1,891,878 kWh.

NAN's interrogatories are as follows:

- a) Why is the CDM program staggered and limited to three communities per year?



- b) Why is the CDM program not on-going and available to all communities simultaneously if it has had such a positive effect on the reduction of energy use, the consumption of fuel, and operational costs in communities served by Remotes?
- c) How were these alleged savings in electricity use determined by Remotes?
- d) On page 2, line 16, it is noted that the OPA Conservation Program for the Remotes service territory is not yet available. Is this Program projected to be available this calendar year? If so, what effect is predicted to result from the co-ordinated conservation programs?

## C – NAN - 11

### **Shared Services and Other Administrative Costs** **Ref: Exhibit C1, Tab 2, Schedule 6, p. 3, Table 2**

Table 2 notes that the Low Income Energy Assistance Program (LEAP) cost for each of the years 2011, 2012, and 2013 will be \$52,000.

#### NAN submits these interrogatories:

- a) In November 2010, Hydro One wrote to the OEB and indicated that it wanted an *exemption* from LEAP requirements as it related to Cat Lake First Nation. NAN is not aware of Hydro One having commenced any application for an exemption from LEAP requirements, as outlined under the Distribution System Code. What is the status of LEAP for Cat Lake First Nation? Has LEAP been made available to residents of Cat Lake? If so, what is the source of funding for the LEAP in Cat Lake First Nation? Has Hydro One or Remotes identified a social agency partner to administer LEAP in Cat Lake First Nation?
- b) What is the status of arrears payment programs for regular customers and low-income customers in Cat Lake First Nation? Has Remotes being complying with the requirements of the Distribution System Code in offering arrears payment programs to residents in Cat Lake First Nation?
- c) Were all of the funds made available for LEAP in 2011 and 2012 used by the low-income applicants for such assistance? Did demand for financial assistance from LEAP outstrip the funds available for applicants in the years 2011 and 2012? If so, by what aggregate amount?
- d) Has Remotes identified a social agency partner to administer LEAP in every First Nation community it serves?
- e) What is the source of financing for LEAP in First Nation communities served by Remotes? Is the funding for LEAP derived from additional charges applied to the

electricity bills of Remotes' customers? Or is a funding source *external* to Remotes' customers being used to fund LEAP in each community?

### C – NAN – 12

#### **Depreciation and Amortization Expenses**

**Ref: Exhibit C1, Tab 4, Schedule 1**

Remotes discusses liabilities relating to the remediation of past environmental contamination, specifically the assessment and remediation of contaminated lands, based on the net present value of these estimated future expenditures. Remotes also notes that such expenditures are expected to be recoverable in future rates. Based on the figures in Table (Remotes Amortization Expense), the environmental expenditures appear to be significant and they will increase substantially in 2012 and 2013.

NAN makes the following interrogatories:

- a) Remotes notes that most of the contamination at Remotes' sites is associated with historic spills of diesel fuel. Have all of the sites for which remediation is planned been identified in this Schedule (i.e. Sandy Lake, Pikangikum, Attawapiskat, and Webequie) ? If not, what are the other sites that are or will be the subject of environmental assessment and remediation?
- b) Who was in possession, charge, or control of the diesel fuel when the historic spills of diesel fuel occurred at the sites being referred to in this Schedule?
- a) If Remotes (or its predecessor, Ontario Hydro) was responsible for the historic/previous spills of diesel fuel at a site, what basis does Remote believe it has to pass onto its customers (many of whom are low-income customers) the costs of environmental assessment and remediation?
- b) On page 4, in Table 2, the 2013 Environmental Assets Amortization expense is estimated at \$2,713,000. The narrative also indicates that the 2013 expense includes the remediation of an old tank farm site at Attawapiskat at a cost of \$350,000. Why has the existing or proposed expenditure on this environmental clean-up work been included in the costs identified in this Application because Attawapiskat is not listed as one of the communities to which Remotes provides electricity.

### C – NAN – 13

#### **2009 Board Approved vs. 2009 Actual OM&A Variance Explanations**

**Ref: Exhibit C2, Tab 6, Schedule 1**

Remotes notes that its actual OM&A costs were almost \$6 million lower than Remotes had estimated in the OEB proceeding which was EB-2008-0232. Approximately half of that amount was due to lower than expected diesel fuel prices, with the remainder accounted for by lower

generation maintenance, lower customer care, distribution and community relations costs. Also, bad debt expenses were lower than expected because of the “successful negotiation of arrears payment plans with First Nation communities.”

NAN submits the following interrogatories:

- a) Given that the OEB approved a rate increase in EB-2008-0232 based on estimated OM&A costs of \$36,020,000 when the actual costs were only \$30,125,000 (a difference of \$5,895,000), has any *rebate* been given to Remotes’ customers since they were compelled to pay a rate increase based on significantly higher costs which never materialized? If not, why not?
- b) With respect to the within Application, does Remotes propose to offer a rebate to its customers to the extent that the projected overall costs on which the 3.45% rate increase is being requested for OEB approval do not materialize? If not, why not?

**D – NAN – 14**

## **EXHIBIT D1 – RATE BASE**

### **Capital Programs**

#### **Ref: Exhibit D1, Tab 2, Schedule 1**

Remotes refers in Exhibit D1, Tab 2, Schedule 1 to the Electrification Agreements with INAC (now AANDC), under which the latter funds new generation and distribution capital within First Nation communities served by Remotes. NAN understands that most of those Agreements were entered into during the 1980s and 1990s between what used to be Ontario Hydro on the one hand, and the Department of Indian and Northern Affairs Canada (INAC) on the other.

In making reference to the Electrification Agreements, Remotes also notes that the assets purchased using federal funds become the property of Remotes, although they are not included in the rate base or revenue requirement as they have a nominal carrying value because they are provided as contributed capital. Remotes states that in non-First Nation communities, a similar arrangement exists, except that the provincial government funds the original costs of the plants.

NAN makes the following requests as they relate to the issue of the said Electrification Agreements or such other electrification agreements as may have been executed after the termination of any Electrification Agreements:

- a) Provide copies of all of the Electrification Agreements and any amendments thereto for the First Nation communities served by Remotes;
- b) Provide copies of any other electrification agreements which have replaced the Electrification Agreements if the latter have been terminated by either party thereto.

- c) Are there any electrification agreements which have been entered into by Remotes or any of its corporate predecessors where a First Nation community or Band is actually a signatory to the agreement? If so, please produce copies of any such agreements.
- d) When Remotes states that AANDC funds new generation and distribution capital within First Nation communities served by Remotes, does Remotes mean that AANDC funds such costs *at first instance*, that is, when electrification is being introduced into a First Nation community where it did not previously exist? Or does Remotes mean that such funding is provided by AANDC on an ongoing basis to fund the costs of replacement generation and/or distribution equipment as older equipment wears out? In other words, please clearly identify the capital costs which are ordinarily paid for by AANDC under Electrification Agreements as well as the capital costs which are paid for by Remotes-- whether at first instance when a generation or distribution system is initially being constructed in a First Nation community or, alternatively, where an existing system is being maintained on an ongoing basis, replaced as equipment wears out, or upgraded to expand its capacity.
- e) On page 2, Remotes indicates that it capitalizes costs that are directly attributable to the acquisition and construction of capital projects, as well as certain overhead and indirect costs. Are the capital costs incurred by Remotes for the construction and/or replacement of generating or distribution facilities in First Nation communities passed onto or imposed on any of these entities by way of electricity rates or special charges?
- i. a First Nations business enterprise entirely owned by one or more First Nation persons;
  - ii. a First Nation community enterprise, including a business undertaking by a First Nations Band;
  - iii. a residence consisting of one or more units in which every occupant is a First Nations person or, alternatively, where there are non-First Nation boarders or lodgers who are paying compensation to a First Nations person for such service;
  - iv. a school or other educational facility operated by the Federal Government; or
  - v. any premises which have been specifically designated by the Minister of AANDC (or his predecessor, a former Minister of INAC)
- f) In the First Nations communities served by Remotes, are the costs to make service connections to any one of the following entities passed onto or imposed on these entities by way of electricity rates or special charges?
- i. a First Nations business enterprise entirely owned by one or more First Nation persons;
  - ii. a First Nation community enterprise, including a business undertaking by a First Nations Band;
  - iii. a residence consisting of one or more units in which every occupant is a First Nations person or, alternatively, where there are non-First Nation boarders or

- lodgers who are paying compensation to a First Nations person for such service;
- iv. a school or other educational facility operated by the Federal Government; or
  - v. any premises which have been specifically designated by the Minister of AANDC (or his predecessor, a former Minister of INAC)
- g) On page 6, Remotes states that “[b]ecause of the inherent uncertainty of costs and budgeting associated with catastrophic failures, emergency system breakdowns are no longer included in Remotes’ business plan.”
- i. What was the practice of Remotes in the past in providing for reserves or contingency funds for emergency system breakdowns? If such figures were estimated and included in previous business plans, how can Remotes advise that such matters now involve inherent uncertainty of costs and budgeting and therefore they should be excluded from the business plan? What circumstances have changed since 2011 (See Table 4 on p. 6) to warrant such a conclusion?
  - ii. Remotes also states that [m]inor breakdowns would be addressed in the engine replacement program. Catastrophic failures would be treated as unforeseen expenditures.” Can Remotes provide examples of “catastrophic failures”? What is meant by this term as it relates to the breakdown or viability of equipment? Do catastrophic failures include leaks or ruptures from diesel fuel tanks and/or associated piping? Please provide clarification.
- h) Given that AANDC has been funding certain capital upgrades in First Nation communities, which therefore reduces the capital costs associated with Remotes’ activities in those communities, why have electrical rate increases in such communities been set at the same level as non-First Nation communities served by Remotes?
- i) Why has Remotes not created and calculated a two-tiered rate increase structure for non-First Nation communities (which do not receive federal funding for capital expenditures) and the First Nation communities (which do receive federal funding and thereby reduce the capital costs payable by Remotes in such communities)?
- j) By not differentiating between non-First Nation communities (which do not receive federal funding) and First Nation communities (which do receive federal funding) as far as rate increases are concerned, does Remotes not agree that First Nation communities end up bearing the burden of certain capital costs in non-First Nation communities which they should not be bearing?

**G – NAN - 15**

**EXHIBIT G1 – PROPOSED GRID-CONNECTED CUSTOMER RATES**

**Proposed Grid-connected Customer Rates**

**Ref: Exhibit G1, Tab 1, Schedule 2**

Remotes states that “to ensure that residential customers whose communities connect to the grid do not experience significant rate increases, Remotes plans to include non-Standard A grid-connected resident and general service customers in its existing non-Standard A Residential and General Service rate classes. Remotes adds that doing so “will reduce potential rate impacts if communities that Remotes serves connect to the grid.”

NAN’s interrogatories are as follows:

- a) Does Remotes expect to maintain in the long term the rate structure which it is currently proposing for customers in Pikangikum and Cat Lake First Nation? Or does Remotes expect that the rates being charged to various customers in these communities will eventually be the same as the rate structure for other grid-supplied customers in Ontario?