

CAT LAKE FIRST NATION



Hydro One Remotes Electricity Distribution Rate Application

“INTERROGATORY”

Submitted to :
Ontario Energy Board
P. O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON
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Attention : Board Secretary

MAY / 2013

**CAT LAKE FIRST NATION
ONTARIO ENERGY BOARD INTERROGATORY
EB-2012-0137**

Cat Lake First Nation is an Ojji-Cree remote community located approximately 180 kilometers northwest of the Town of Sioux Lookout. The Reserve is located in the Provincial Riding of Kenora - Rainy River and in the Federal District of Kenora. The Cat Lake Band consists of approximately 550 members with more than 400 living on-reserve.

Cat Lake First Nation was formally established in 1970 with 218 hectares of reserve land. This was increased to 1,771 hectares in 2003 under the Government of Canada's "Addition to Reserve Policy". The Community of Cat Lake is accessible by air transportation year round and by ground transportation on the winter road. The Cat Lake winter road is typically open from mid January to late March of each year, and is used to transport construction materials, equipment, bulk freight and fuel supplies to the community.

In an effort to eliminate the community's reliance on diesel power generation, Cat Lake First Nation secured funding to connect to the provincial electrical grid via a 27.6 kV line that was commissioned in 2001. Cat Lake Power was formed to own and operate the transmission line. For the first five years, Cat Lake Power was able to operate at a breakeven level with the Department of Indian & Northern Affairs (INAC) subsidizing the Standard "A" Rate of 82.53¢ / kWh on government funded assets.

A forest fire in 2005 destroyed some of the assets of Cat Lake Power and the INAC subsidy was discontinued in 2006. This further contributed to the company's financial difficulties and Cat Lake Power could not continue to operate. An application was submitted to the Ontario Energy Board (OEB) to discontinue transmission and distribution of electrical power to Cat Lake.

In July of 2006, the OEB granted Hydro One Networks an interim distribution license to operate and maintain the assets of Cat Lake Power. The company had set an interim rate of 62.5¢ / kWh on government funded assets after the INAC subsidy was discontinued in 2006. INAC did agree to subsidize the Standard "A" Rate for two additional years, fiscal year 2007 and fiscal year 2008.

On April 1, 2009 Cat Lake First Nation lost the subsidized "A" rate and has been paying the interim rate of 62.5¢ / kWh since that time. During the past four years, this has cost Cat Lake First Nation hundreds of thousands of dollars in Band funds to keep its government funded assets operational. These assets are vital to the health and welfare of the community.

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- The current situation is not sustainable. Cat Lake First Nation cannot continue to pay the 62.5¢ / kWh electrical rate on government funded assets in the community.
- Cat Lake First Nation must continue to operate its many public buildings including the school, teacherages, water treatment system, municipal garage, lift stations, heated water mains, fire station and Band office.
- The Cat Lake First Nation Chief and Band Council are strongly supportive of the proposal by Hydro One Remote Communities Inc. (HORCI) for a permanent servicing arrangement with Cat Lake First Nation.
- HORCI is proposing a Standard “A” Rate of 29.17 ¢ / kWh. This proposed rate reduction for Cat Lake First Nation would still pose considerable financial hardship on the community and its Band members. High electricity rates have had a very negative impact on the community and is hindering existing economic and social programs in Cat Lake First Nation.
- Most remote First Nation communities in Northwestern Ontario are not grid connected but still rely on polluting diesel power generation. Electricity consumption for the government funded assets in these communities is subsidized by the Department of Aboriginal Affairs & Northern Development Canada.
- Cat Lake First Nation was proactive back in the early part of the 21st century by eliminating diesel power generation in the community and the high expenses and logistical complications of supplying large quantities of diesel fuel via a short winter road season that was dependent on weather conditions. When the weather did not cooperate, the fuel was transported by aircraft, at even greater expense.
- The Department of Aboriginal Affairs & Northern Development Canada does not provide a subsidy for electrical usage on government funded assets in remote, grid-connected First Nation communities. Cat Lake is now paying an exorbitantly high cost for power on its government funded assets. The Cat Lake Chief and Band Council are strongly supportive of the elimination of the Standard “A” Rates which should be replaced by the General Service Rates that are in place in other grid-connected areas of the province.

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- Cat Lake First Nation is a community with a large number of young people, with the largest recent population increases of any of the Windigo communities. Unemployment in the community is very high and many jobs are seasonal in nature. The average income per family is well below the national and provincial averages and many households are living below the poverty line.
- The cost of living in Cat Lake First Nation is very high for such staples as food, gasoline, clothing and transportation. Any increase in the cost of electricity to consumers will result in more economic hardship for many residents who are already struggling to make ends meet.
- If the Hydro One Remotes proposal to service Cat Lake First Nation is successful, Cat Lake residents will be subject to a significant increase in residential electrical rates. The amount of the increase will be dependent on the monthly usage with rates increasing from 8.24¢ / kWh for the first 1000 kWh to 10.98¢ / kWh for the next 1500 kWh consumed per month. Electrical usage over 2500 kWh per month will be subject to a rate of 16.55¢ / kWh. Cat Lake residents are currently paying residential rates in the 8¢ / kWh range, regardless of the amount of usage.
- This increase in consumer electrical rates for Cat Lake First Nation is very significant. The Cat Lake Chief and Band Council are strongly opposed to the application for an additional rate increase of 3.5% for residential customers of Hydro One Remote Communities Inc. Most of the families in Cat Lake First Nation cannot afford to pay higher costs for electricity.
- The population of the Province of Ontario is approximately 12,850,000 based on the 2011 census figures. There are approximately 425 residents living on-reserve in Cat Lake First Nation. This represents .0033% of the entire population of the province. The standard of living in Cat Lake First Nation is already one of the lowest in Ontario. Any increase in residential electrical rates will lead to a further reduction in the standard of living for Cat Lake Band members.

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- Increasing electrical costs in a community with such a small percentage of the provincial population (.0033%) will have no real impact on the overall electrical costs to other rate payers in the Province of Ontario.
- Living in a remote community in Northwestern Ontario can be very challenging and poses certain hardships that residents in more populated areas do not fully understand. Gasoline costs \$2.50 / litre, most groceries are two to five times more expensive than in Southern Ontario, consumer goods have to be transported in at considerable expense; clothing, travel and vehicle expenses are also much higher.
- Some groups want higher electrical costs for the 21 remote communities serviced by Hydro One Remotes. When you factor in all the added expenses of living in a remote community, the lack of services, the limited employment opportunities, and the small percentage of the provincial population that actually live in these communities; the economic case for higher electrical rates does not justify the negative consequences for residents living in the north.
- An appropriate long-term solution needs to be implemented for Cat Lake First Nation. This solution needs to be fair and affordable for the community and its Band members.

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Cat Lake First Nation Chief and Band Council

- Chief Russell Wesley
- Head Councillor Ellen Wesley-Oombash
- Councillor Rachel Wesley
- Councillor Lavern Wesley
- Councillor Frank Sakakeesic



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