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**Commission de l'énergie
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BY E-MAIL

June 5, 2015

Parties to EB-2014-0099

Re: North Bay Hydro Distribution Ltd. ("North Bay Hydro") 2015 Cost of Service Rate Application

During the settlement conference for North Bay Hydro's 2015 cost of service rate application held on May 19 and 20, 2015, the Board removed the allowance for working capital from the scope of issues that could be settled. The Board made this decision anticipating that the OEB's new policy on working capital allowance would be released prior to a settlement being reviewed by the Board.

In a letter dated June 3, 2015, the OEB provided an update to its policy for the calculation of the allowance for working capital for electricity rate applications. Under the new policy, distributors planning to file cost of service applications have the option to: (i) use a default value of 7.5% of the sum of the cost of power and operating, maintenance and administration costs to calculate their working capital allowance or (ii) request approval for a distributor-specific working capital allowance supported by the appropriate evidence from a lead-lad study or equivalent analysis.

The Board acknowledges that the new working capital policy was not known when North Bay Hydro filed its application and the policy does not specifically address implementation for active cost of service applications.

The Board requests that North Bay Hydro file a letter by June 12, 2015 indicating its preferred option with respect to the working capital allowance for 2015 rates. Determinations regarding the need for and the type of hearing regarding the allowance for working capital will be determined by the Board at a later date.

On June 2, 2015, North Bay Hydro filed a letter with the Board indicating that the parties to the proceeding were working towards the filing of the settlement proposal but would be unable to meet the June 3, 2015 deadline provided by the Board in Procedural Order

No. 1. North Bay Hydro advised that it was continuing to work toward finalization of the settlement proposal and would file an update with the Board regarding its progress.

The Board will not grant an extension for an indefinite period of time. The Board grants an extension to June 15, 2015 for the filing of the settlement proposal. Should the parties find that they still require more time, they may write to the Board in advance of June 15, 2015 and propose a new date.

Yours truly,

Original signed by

Kirstin Walli
Board Secretary