



Jay Shepherd

Professional Corporation
2300 Yonge Street,
Suite 806
Toronto, Ontario M4P 1E4

BY EMAIL and RESS

September 11, 2015
Our File No. 20140099

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2014-0099 – North Bay Hydro Distribution Ltd. – Working Capital Submissions

We are counsel for the School Energy Coalition ("SEC"). Pursuant to *Procedural Order No. 3*, these are SEC's submissions on the appropriate Working Capital Allowance ("WCA") for North Bay Hydro Distribution Limited ("NBHDL").

SEC has had the opportunity to review the thorough submissions of Energy Probe and adopts them. The appropriate WCA for NBHDL is 7.97%.

SEC wishes to emphasize that the Board's determination of the appropriate WCA cannot solely be based on ensuring that a distributor has used the correct methodology and data in their lead-lag study. The Board must ensure that a distributor's processes that underlie the input data to the lead-lag study are reasonable. As the Board stated in its letter of June 3 2015, the default value reflected "a goal that all distributors strive for best practices in their administrative processes while supporting a distributor's basic cash flow requirements".¹ This is consistent with the Board's emphasis on benchmarking outlined in the *Renewed Regulatory Framework for Electricity*.² As Energy Probe's submissions demonstrate, NBHDL's practices are not reasonable and do not reflect best practices in a number of areas. Where that occurs, adjustments are warranted to ensure that the resulting rates that include a WCA are just and reasonable.

¹ Letter from the Ontario Energy Board: Allowance for Working Capital for Electricity Distribution Rate Application, dated June 3 2015, p.3

² *Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*, dated October 18 2012



Jay Shepherd Professional Corporation

All of which is respectfully submitted.

Yours very truly,
JAY SHEPHERD P. C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (email)
Interested Parties (email)