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February 24, 2017

**Delivered by Courier, Email & RESS**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2701  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Thunder Bay Hydro Distribution Inc.  
2017 Rate Application (EB-2016-0105)  
Settlement Update**

Pursuant to Procedural Order Number 1 in the above noted matter, if there is no settlement proposal arising from the settlement conference, Thunder Bay Hydro was to file a statement to that effect with the OEB by February 24, 2017.

Thunder Bay Hydro is filing this letter with the consent of the other parties to the settlement.

The parties are pleased to inform the Board that the parties are working towards completing a partial settlement of the issues in this proceeding. For the benefit of the Board, at the present time the key areas of disagreement among the parties, which are most likely require hearing are:

1. Capital (Issues 1.1 and 2.1): The Parties are not in agreement that the Applicant's proposed capital expenditures for the test year are appropriate.
2. OM&A (Issues 1.2 and 2.1): The Parties are not in agreement that the Applicant's proposed OM&A expenditures for the test year are appropriate.
3. Other Revenues (Issue 2.1): The Parties are not in agreement that the Applicant's proposed other revenues for the test year are appropriate.

Other issues, such as depreciation and cost of capital, remain outstanding primarily because they are dependent on those three main unsettled issues.

Finally, Thunder Bay Hydro notes that Procedural Order No. 1 contemplates the presentation of a settlement agreement on March 21, 2017 and an oral hearing on April 11, 2017. Thunder Bay Hydro will comply with the Board if this is the Board's preference, however Thunder Bay Hydro submits that it might be more efficient (particularly from a travel perspective) to present the settlement agreement at the start of the oral hearing on April 11, 2017.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

Per:

*Original signed by John A.D. Vellone*

John A.D. Vellone

CC: Intervenor of record in EB-2016-0105  
Chris Haussmann