



**Greater Sudbury Hydro Inc**

**Pre-ADR Clarification Questions**

**February 8, 2025**

**Ontario Energy Board Staff**

**EB-2024-0026**

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1 Staff-1 Discontinuance of Accounts

2 **Question:**

3 Please confirm that Greater Sudbury will discontinue Account 1518 RCVA Retail,  
4 Account 1548 RCVA STR, and Account 1508 Sub-account Retail Service  
5 Charges Incremental Revenue.

6

7 **Response:**

8 Confirmed.

1 Staff-2 OPEB Recovery

2 **Question:**

3 Please confirm for how long Greater Sudbury has been recovering OPEBs in  
4 rates on a cash basis, prior to 2013.

5

6 **Response:**

7 Based on the following information, GSHi confirms that in all years prior to 2013,  
8 its OPEBs were recovered in rates on a cash basis.

9

10 GSHi first established its OPEB liability on the balance sheet in the Sudbury  
11 Hydro-Electric Commission financial statements dated October 31, 2000. These  
12 statements were prepared in relation to the City of Sudbury Council's by-law  
13 effective November 1, 2000, which transferred substantially all assets and  
14 liabilities of the Sudbury Hydro-Electric Commission to Greater Sudbury Hydro  
15 Inc. and its affiliated entities. Because the accrual basis was not calculated or  
16 used for financial statement purposes before this time, GSHi could not have  
17 recovered OPEBs on an accrual basis in rates prior to October 31, 2000.

18

19 In GSHi's 2009 Cost of Service rate application (EB-2008-0230), Exhibit 4, Tab  
20 2, Schedule 6, page 3, regarding "Treatment of changes in actuarial value in  
21 post-retirement benefits," it states:

22

23 "The rate application only includes the actual cost of benefits on a cash basis."  
24

24

25 This confirms that GSHi continued using the cash basis of OPEB recovery in its  
26 distribution rates from 2009 onward.

27



1 Additionally, GSHi's 2013 rate application—covering rates for 2013 to 2019 and  
2 including the date of its transition—also embedded OPEB costs on a cash basis.  
3  
4 Accordingly, the 2020 Cost of Service application constitutes GSHi's first  
5 transition from cash to accrual accounting for OPEBs, effective in the 2020 Test  
6 Year.

1 Staff-3 OPEB Principal Balance

2 **Question:**

3 In response to 9-Staff-54 (OPEBs), part b, Greater Sudbury provided a  
4 breakdown of the debit balance of \$26.1M in Account 1508 – subaccount -  
5 OPEBs Cash to Accrual Transitional Amount as,

6 • \$19,176,084 reflects the portion attributable to the change from cash to  
7 accrual basis, based on forward-looking actuarial assumptions.

8 • \$6,913,826 reflects the gross-up of the balance for the recovery of PILs.

9 OEB staff totaled the balance of the Dec 31, 2019 present value of the obligation  
10 in the RSM Valuations as \$19,789,907 (\$16,109,318 GSHI + \$3,680,589  
11 GSHPI). Please confirm OEB Staff's understanding of what the \$19.18M is  
12 based on. Please explain the discrepancy of \$613,823.

13

14 **Response:**

15 GSHi provided the supporting details for the principal balance proposed for  
16 disposition in its initial application (Exhibit 9, Tab 1, Schedule 1, Page 11, Table  
17 3). This table, reproduced below, summarizes how the \$19.18 million balance  
18 was calculated.



**Table 3: OPEB Cash to Accrual Transitional Amount Transactions**

Date	Description	GSHPI Gross Un-Allocated Amount	Allocation % GSHPI to GSHi	Balance
2019-12-31	End of year balance			-
<b>2020 Activity:</b>				
	Record OPEB One-Time Transitional Amount - GSH (Hydro company)			16,109,318.00
	Record OPEB One-Time Transitional Amount - GSHPI (Corporate services company)	3,138,999.00	89.00%	2,793,710.00
	Record OPEB One-Time Transitional Amount - GSHPI (Corporate services company)	368,994.00	74.00%	273,056.00
	<b>Subtotal</b>			19,176,084.00
	PILS (Taxes)		26.50%	5,081,662.00
	PILS Gross-up	6,913,825.85	1.360544	1,832,164.00
2020-12-31	End of year balance			26,089,910.00
<b>2021 Activity:</b>				
	No activity in year			-
2021-12-31	End of year balance			26,089,910.00
<b>2022 Activity:</b>				
	No activity in year			-
2022-12-31	End of year balance			26,089,910.00
<b>2023 Activity:</b>				
	No activity in year			-
2023-12-31	End of year balance			<b>26,089,910.00</b>

1

2

3 To address the \$613,823 discrepancy noted by OEB staff, GSHi provides the

4 following reconciliation:



1

Description	Amount	Reference
GSHPi OPEB opening balance at January 1, 2019 – portion not allocated to GSHi (i.e., 11% of \$3,138,999)	\$345,290	Exhibit 9, Tab 1, Schedule 1, Page 11, Table 3
GSHPi OPEB actuarial gain/loss for 2019 – portion not allocated to GSHi (i.e., 26% of \$368,994)	\$95,938	Exhibit 9, Tab 1, Schedule 1, Page 11, Table 3
GSHPi Current Service Cost, Interest Cost, Benefits Paid for 2019 not included in allocation to GSHi (\$128,106 + \$120,930 – \$76,441) (i.e., 100% of \$172,595)	\$172,595	Exhibit 9, Tab 1, Schedule 1, Attachment 2
Total difference	\$613,823	

2

3 During the preparation of GSHi's 2020 year-end audited financial statements,  
4 GSHi and its external auditor finalized the transitional balance and recorded the  
5 associated deferral entries. The \$613,823 amount reflects the portion of GSHPi's  
6 OPEB obligations attributable to entities other than GSHi. GSHi acknowledges  
7 that 74% of the 2019 current service cost, interest cost, and benefits paid  
8 (totaling \$172,595) should have been allocated to GSHi, consistent with the 2019  
9 actuarial gain/loss allocation. However, to maintain the original transitional  
10 balance and avoid further complexity, GSHi opted not to adjust the balance in the  
11 initial preparation of this rate application. Had this allocation been made, the  
12 transitional amount would have increased by an additional \$127,720 ( $\$172,595 \times$   
13 74%).

14

15 GSHi is not seeking to revise the transitional balance for this one-time event and  
16 confirms that the \$19.18 million represents the portion of the transitional amount  
17 attributable to GSHi's change from a cash to an accrual basis for OPEBs.



1 Staff-4 OPEB Methodology

2 **Question:**

3 In response to 9-Staff-54, part b, Greater Sudbury acknowledged that the OEB's 2017 Report on the Regulatory  
4 Treatment of Pension and OPEB Costs discusses the potential for utilities to calculate the amounts already recovered  
5 from customers for OPEBs through rates and compare them to what would have been collected on an accrual (the OEB's  
6 method). However, GSHi does not interpret this as a directive requiring utilities to perform such a calculation, but rather  
7 as an indication of a methodology that could theoretically be applied.

8

9 a) Please calculate the transitional amount of cash to accrual method of accounting for OPEBs, using the OEB's  
10 method on a best effort basis, for Account 1508 – subaccount - OPEBs Cash to Accrual Transitional Amount , and  
11 compare that amount to the current amount in the account by using Greater Sudbury's proposed methodology .

12 b) Please provide the bill impacts for the balance derived from the use of the OEB method.

13

14 **Response:**

15 a) The table below summarizes the requested calculation:

1

Description	Amount	Reference
OPEB Transitional Principal Balance, as proposed by GSHi	\$19,176,084	Exhibit 9, Tab 1, Schedule 1, Page 11, Table 3
Add: Difference between cash paid and cash embedded in rates (2013–2019)	\$882,720	9-Staff-54, Response e)
<b>Total: OPEB Transitional Principal Balance, as proposed by OEB Staff</b>	<b>\$20,058,804</b>	

2

3 The impact on the OPEB Combined Disposition Rate Riders is an increase of \$882,720 in the principal balance to  
4 be collected. In addition, a gross-up for taxes of \$318,260 (calculated as  $\$882,720 \times 0.265 / (1 - 0.265)$ ) brings the  
5 total addition to \$1,200,980 ( $\$882,720 + \$318,260$ ).

6

7 Rate riders as originally proposed, Exhibit 9, Tab 1, Schedule 1, Page 15, Table 5:

8

**Table 5: OPEB Combined Disposition Rate Riders**

Rate Class	Allocated balance (Allocator: Distribution Revenue) <b>A</b>	Years for Recovery <b>B</b>	Units	kW / kWh / # of Customers	Allocated Balance (A / B)	Rate Rider
RESIDENTIAL SERVICE CLASSIFICATION	\$ 11,379,333	10	# of Customers	43,422	\$ 1,137,933	\$ 2.18
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	\$ 3,057,196	10	kWh	136,939,520	\$ 305,720	\$ 0.0022
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	\$ 3,839,612	10	kW	782,481	\$ 383,961	\$ 0.4907
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	\$ 30,677	10	kWh	872,285	\$ 3,068	\$ 0.0035
SENTINEL LIGHTING SERVICE CLASSIFICATION	\$ 26,171	10	kW	860	\$ 2,617	\$ 3.0417
STREET LIGHTING SERVICE CLASSIFICATION	\$ 538,740	10	kW	10,255	\$ 53,874	\$ 5.2536
<b>Total</b>	<b>\$ 18,871,729</b>				<b>\$ 1,887,173</b>	

1  
2  
3  
4

Rate riders as revised, with an additional \$1,200,980 of collection:

Rate Class	Allocated balance (Allocator: Distribution Revenue) <b>A</b>	Years for Recovery <b>B</b>	Units	kW / kWh / # of Customers	Allocated Balance (A / B)	Rate Rider
RESIDENTIAL SERVICE CLASSIFICATION	\$ 12,103,504	10	# of Customers	43,422	\$ 1,210,350	\$ 2.32
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	\$ 3,251,753	10	kWh	136,939,520	\$ 325,175	\$ 0.0024
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	\$ 4,083,961	10	kW	782,481	\$ 408,396	\$ 0.5219
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	\$ 32,630	10	kWh	872,285	\$ 3,263	\$ 0.0037
SENTINEL LIGHTING SERVICE CLASSIFICATION	\$ 27,836	10	kW	860	\$ 2,784	\$ 3.2353
STREET LIGHTING SERVICE CLASSIFICATION	\$ 573,025	10	kW	10,255	\$ 57,302	\$ 5.5879
<b>Total</b>	<b>\$ 20,072,709</b>				<b>\$ 2,007,271</b>	

5  
6



1

2 a) Bill impacts as requested:

3

4 Pre-settlement bill impacts, "Monthly" model, with original OPEB rider calculated (Based on \$18,871,729 above):

Table 2

RATE CLASSES / CATEGORIES <i>(eg: Residential TOU, Residential Retailer)</i>	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kwh	\$ 6.95	20.0%	\$ 3.17	7.5%	\$ 4.72	8.7%	\$ 4.42	3.3%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kwh	\$ 13.30	17.2%	\$ 2.89	3.0%	\$ 5.99	4.9%	\$ 5.59	1.7%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 171.61	15.7%	\$ 221.68	19.0%	\$ 388.35	15.8%	\$ 427.23	4.5%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kwh	\$ 2.88	21.5%	\$ 1.34	8.3%	\$ 1.78	9.1%	\$ 1.67	3.3%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kw	\$ 3.39	32.8%	\$ 2.99	27.0%	\$ 3.11	25.9%	\$ 2.91	14.6%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 11,864.12	25.6%	\$ 11,912.36	25.6%	\$ 12,394.33	24.6%	\$ 13,946.63	15.3%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 6.95	20.0%	\$ 5.88	15.8%	\$ 6.33	15.5%	\$ 5.93	9.4%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 6.95	20.0%	\$ 7.85	20.2%	\$ 9.40	18.4%	\$ 8.80	7.7%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	\$ 3.70	9.4%	\$ 1.24	2.8%	\$ 2.01	4.0%	\$ 1.88	1.8%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 13.30	17.2%	\$ 15.37	17.5%	\$ 18.47	16.5%	\$ 17.28	6.1%

5

6

7 Pre-settlement bill impacts, "Monthly" model, with revised OPEB rider calculated (Based on \$20,072,709 above):



**Table 2**

RATE CLASSES / CATEGORIES <i>(eg: Residential TOU, Residential Retailer)</i>	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kwh	\$ 7.09	20.4%	\$ 3.31	7.8%	\$ 4.86	8.9%	\$ 4.55	3.4%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kwh	\$ 13.70	17.7%	\$ 3.29	3.4%	\$ 6.39	5.3%	\$ 5.96	1.8%
GENERAL SERVICE 50 to 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 176.29	16.2%	\$ 226.36	19.4%	\$ 393.03	16.0%	\$ 432.52	4.5%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kwh	\$ 2.93	21.9%	\$ 1.39	8.6%	\$ 1.84	9.4%	\$ 1.72	3.4%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kw	\$ 3.42	33.2%	\$ 3.03	27.4%	\$ 3.15	26.3%	\$ 2.95	14.7%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 12,149.80	26.3%	\$ 12,198.04	26.2%	\$ 12,680.01	25.2%	\$ 14,269.45	15.7%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 7.09	20.4%	\$ 6.02	16.1%	\$ 6.47	15.8%	\$ 6.06	9.7%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 7.09	20.4%	\$ 7.99	20.6%	\$ 9.54	18.7%	\$ 8.93	7.8%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	\$ 3.80	9.7%	\$ 1.34	3.0%	\$ 2.11	4.2%	\$ 1.98	1.9%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 13.70	17.7%	\$ 15.77	18.0%	\$ 18.87	16.9%	\$ 17.66	6.2%

1 Staff-5 GSHIs Approach to OPEB

2 **Question:**

3 In supporting the proposed method which is different than the OEB's method,  
4 GHSI states in its response to 9-Staff-54 that:

5 The present value of the defined benefit obligation represents the actuarial  
6 calculation of the accrued amount required to fund GSHi's OPEB obligation to  
7 retired and current employees. This calculation reflects the current service cost  
8 plus interest, less payments made, and is adjusted for actuarial revaluations.

9

10 If the sum of the current service cost, interest, and actuarial revaluation exceeds  
11 the payments issued, it creates an additional liability that GSHi would have  
12 recovered had it been on an accrual basis in prior periods. As such, the present  
13 value of the defined benefit obligation accurately reflects the amount GSHi would  
14 have recovered if OPEBs had been recovered on an accrual basis from the  
15 outset.

16

17 a) Please confirm that GHSI's approach recognizes the actuarial  
18 gains/losses, which fluctuate significantly over time.

19

20 b) Please confirm GHSI's understanding of the following:

21

22 - For the financial statement purpose under the IFRS, the actuarial  
23 gains/losses are not recorded in the income statement, but rather  
24 recorded in the Other Comprehensive Income.

25 - For the rates purpose, Account 1508 sub-account Actuarial  
26 Gains/Losses was established in GHSI's last rebasing application to  
27 track the actuarial gains or losses.

1 c) If the above is confirmed, please explain why GHSI's proposed method for  
2 calculating the transitional amount is reasonable.

3

4 **Response:**

5 a) Confirmed. GSHi's methodology for calculating its OPEB transitional  
6 amount inherently includes actuarial gains and losses, which fluctuate  
7 over time, within the present value of its defined benefit obligation.

8

9 b) GSHi confirms that:

10

11 IFRS Treatment: Actuarial gains/losses are recognized in Other  
12 Comprehensive Income (OCI).

13

14 Regulatory Treatment: In GSHi's last rebasing application, Account 1508 –  
15 sub-account Actuarial Gains/Losses was established to track those  
16 gains/losses prospectively (i.e., from 2020 onward). Consequently, for the  
17 period up to 2019, the related actuarial gains and losses must be reflected  
18 in the one-time transitional amount in order to capture the full accrued  
19 obligation.

20

21 **c) Reasonableness of GSHi's Proposed Method**

22

23 GSHi is following established OEB precedent in calculating its one-time  
24 transition amount for shifting from a cash basis to an accrual basis for OPEB  
25 accounting. A similar approach was approved in **EB-2011-0354 (Enbridge  
26 Gas Distribution Inc.)**, where Enbridge recovered approximately \$90 million  
27 over 20 years starting January 1, 2013. Specifically the transition amount  
28 included:

29

- 30
- **Unamortized Transitional Obligation**

- 1       • **Cumulative Difference Between Cash and Accrual Methods** up to
- 2       the transition date
- 3       • **Adjustments for Subsequent Years** until the transition was fully
- 4       implemented

5

6       This mirrors GSHi's current proposal. Although Enbridge described part of its  
7       transitional amount as the difference between cash and accrual—potentially  
8       suggesting a retrospective calculation comparing each year's embedded cash  
9       amount to actual cash payments—their supporting actuarial valuation clearly  
10      shows it was calculated as current service costs plus interest, less payments,  
11      and adjusted for actuarial revaluations as of December 31, 2010. This is the  
12      same methodology GSHi is employing.

13

14      In Enbridge's evidence (EB-2011-0354, document named "EGDI\_APPL\_Ex  
15      A\_Administrative\_20120621", Exhibit A2, Tab 3, Schedule 1, page 10),  
16      approximately \$84 million of its \$90 million transitional amount was valued by  
17      an actuary to include all relevant OPEB factors, including actuarial gains and  
18      losses.

19

20      Page 350 of the same administrative exhibit, specifically "Exhibit A2, Tab 3,  
21      Schedule 1, Appendix 2," is a summary document of actuarial valuations and  
22      shows a column that captures Enbridge's "Overfunded/(Underfunded) status"  
23      plus "Unamortized net actuarial loss/(gain)," which together equal the  
24      approved \$84 million transitional amount.

25

26      In short, Enbridge's unamortized transitional obligation was derived using the  
27      same framework GSHi is proposing:

28

- 29           a. **Actuarial basis** (present value of OPEB obligation)
- 30           b. **Inclusion of remeasurement items** (actuarial gains/losses)





1 Staff-6 Co-Op Student Program

2 **Question:**

3 In the Exhibit 4 of the application, Greater Sudbury stated that the Co-op  
4 placement became vacant during 2023. Since 2020, 2.39 FTE students and Co-  
5 op placements have been eliminated.

6

7 In response to 4-VECC-29 (b) and 4-Staff-36, no FTEs are assigning to Co-  
8 op/Summer student in 2025.

9

10 a) Please clarify why the Co-cop program has been eliminated and replaced  
11 with senior position FTEs, and whether this is a permanent change?

12 b) If not, what is the plan for reinstating or revamping the Co-op program in  
13 the future?

14

15 **Response:**

16 a) GSHi has not eliminated its Co-Op program nor replaced the Co-Op  
17 positions with senior position FTEs. GSHi continues to employ several  
18 students and Co-Op placements each year. However, the number of  
19 students taken on for certain tasks has been reduced, as it has become  
20 more operationally efficient to utilize contract labor or because a student  
21 position was no longer required in specific departments.

22

23 As for Co-Op placements, as noted in Exhibit 4, Tab 4, Schedule 1, GSHi  
24 has faced challenges in recent years in securing co-op students due to a  
25 limited supply of available candidates. Consequently, GSHi has adjusted  
26 its budget for Co-ops to reflect 2 FTE positions.

27

28 b) Not applicable.