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2025-04-24

VIA RESS

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 26th Floor  
Toronto, ON M4P 1E4

Dear Ms. Marconi,

**Re: Greater Sudbury Hydro Inc. (GSHi) – 2025 Electricity Rates Application EB-2024-0026**

Greater Sudbury Hydro Inc. (“GSHi”) is writing further to the Ontario Energy Board’s (“OEB”) Partial Decision and Interim Rate Order, dated April 15<sup>th</sup>, 2025 (the “Decision”). In accordance with the Decision, GSHi has incorporated the final 2025 cost of capital parameters into its application as described below.

**A. Update Pursuant to the Decision**

In accordance with the Settlement Proposal and the OEB’s direction in the Decision, GSHi has incorporated the following amendments in the Updated Models:

The following final parameters, effective January 1, 2025, have been applied in accordance with the Decision:

- Return on Equity (ROE): 9.00%
- Deemed Long-Term Debt Rate: 4.51%
- Deemed Short-Term Debt Rate: 3.91%

GSHi’s updated models and Tariff Sheets reflect these final inputs.

For the long-term debt component, GSHi applied the new rate of 4.51% to its affiliate debt (the only use of the deemed Long-Term Debt Rate in the Settlement Proposal) which has the effect of reducing the weighted average cost of debt from 4.26% to 4.15%.

The short-term debt rate of 3.91% and the ROE of 9.00% were also applied in the updated models. The following models have been revised accordingly for this change as well as an additional update discussed below:

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- PILs Model
- Chapter 2 Appendices (Tabs 2-OA and 2-OB)
- Revenue Requirement Workform (RRWF)
- Bill Impact Model (including Tariff Schedule)
- Cost Allocation Model

None of the other models filed as part of the settlement proposal on March 19, 2025 have been affected by this update, however have been included with this filing for completeness.

## B. Additional Updates

During the final verification of the updated models, GSHi identified an error related to the Group 2 Rate Rider for the GS>50 kW customer class. The rate rider had been incorrectly entered as a debit of 0.0717 into the Bill Impact model, when it should have been a credit of **-0.0717**. GSHi has corrected this on Tab 4 – Additional Rates in both bill impact models. As a result, Tab 5 – Final Tariff Schedule and Tab 6 – Bill Impacts have also been updated to reflect the correction.

Additionally, GSHi has removed the reference to “implementation May 1, 2020” from the Loss Factors section of the Tariff Schedule, as it believes this language is no longer appropriate.

GSHi also requests that the words “(per connection)” be added to the Unmetered Scattered Load Tariff sheet for the Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers – effective until April 30, 2026. This is consistent with how the rate rider is calculated.

## C. Cost of Capital

The following is a summary of the changes to the Cost of Capital Parameters and their resulting impacts.

Particulars	Capitalization Ratio		Settlement Proposal, March 19, 2025		Final CoC Updated, April 24, 2025		Variance over Settlement Proposal
<b>Debt</b>							
Long-term Debt	56.00%	\$71,206,328	4.26%	\$3,033,390	4.15%	\$2,955,063	-\$78,327
Short-term Debt	4.00%	\$5,086,166	5.04%	\$256,343	3.91%	\$198,869	-\$57,474
<b>Total Debt</b>	60.00%	\$76,292,494	4.31%	\$3,289,732	4.31%	\$3,153,932	-\$135,801
<b>Equity</b>	40.00%	\$50,861,663	9.25%	\$4,704,704	9.00%	\$4,577,550	-\$127,154
<b>Weighted Average Cost of Capital</b>	100.00%	\$127,154,156	6.29%	\$7,994,436	6.08%	\$7,731,481	-\$262,955

An updated Chapter 2 Appendices excel file has been filed with this submission. The only changes made were to tabs 2-OA and 2-OB.

## D. Bill Impacts

The tables below provide a summary of the bill impacts as a result of the updates described in Section A and B above.

### Illustrative Bill Impacts – Excluding OPEB (Excluding Unsettled Issues)

Rate Class	Units		Sub-Total A		Sub-Total B		Sub-Total C		Total Bill	
	kWh	kW	\$	%	\$	%	\$	%	\$	%
Residential	750		\$ 2.41	6.92%	-\$ 1.37	-3.23%	\$ 0.18	0.33%	\$ 0.16	0.12%
General Service (Under) < 50kW	2,000		\$ 3.68	4.76%	-\$ 6.73	-6.95%	-\$ 3.63	-3.00%	-\$ 3.43	-1.03%
General Service (Over) >50kW	60,000	150	\$ 12.06	1.11%	\$ 62.12	5.32%	\$ 228.79	9.29%	\$ 246.93	2.59%
Street Lighting	304,920	855	\$ 5,230.77	11.30%	\$ 5,279.01	11.34%	\$ 5,760.98	11.46%	\$ 6,450.95	7.08%
Sentinel Lighting	78	0.2	\$ 1.03	9.98%	\$ 0.63	5.73%	\$ 0.75	6.29%	\$ 0.70	3.52%
Unmetered Scattered Load	289		\$ 0.95	7.11%	-\$ 0.59	-3.65%	-\$ 0.14	-0.73%	-\$ 0.14	-0.27%

### Illustrative Bill Impacts – Including OPEB (Including Unsettled Issues)

Rate Class	Units		Sub-Total A		Sub-Total B		Sub-Total C		Total Bill	
	kWh	kW	\$	%	\$	%	\$	%	\$	%
Residential	750		\$ 4.59	13.18%	\$ 0.81	1.93%	\$ 2.36	4.33%	\$ 2.21	1.65%
General Service (Under) < 50kW	2,000		\$ 8.88	11.49%	-\$ 1.53	-1.58%	\$ 1.57	1.29%	\$ 1.45	0.43%
General Service (Over) >50kW	60,000	150	\$ 85.66	7.86%	\$ 135.73	11.63%	\$ 302.40	12.28%	\$ 330.10	3.46%
Street Lighting	304,920	855	\$ 9,720.28	21.01%	\$ 9,768.53	20.99%	\$ 10,250.50	20.38%	\$ 11,524.10	12.64%
Sentinel Lighting	78	0.2	\$ 1.64	15.87%	\$ 1.24	11.24%	\$ 1.36	11.36%	\$ 1.27	6.37%
Unmetered Scattered Load	289		\$ 1.96	14.67%	\$ 0.42	2.60%	\$ 0.87	4.42%	\$ 0.81	1.61%

An updated version of both live excel bill impact models have been filed with this submission.

## E. Revenue Requirement

As a result of the updates from Section A, the table below provides a summary of the changes to the 2025 Revenue Requirement.

Description	Settlement Proposal, March 19, 2025	Final CoC Updated, April 24, 2025	Variance over Settlement Proposal
OM&A	18,924,828	18,924,828	-
Depreciation Expense	5,306,719	5,306,719	-
Property Taxes	341,174	341,174	-
PILs	798,732	752,888	- 45,844
Deemed Interest Expense	3,289,732	3,153,932	- 135,800
Deemed Return on Equity	4,704,704	4,577,550	- 127,154
Service Revenue Requirement	33,365,889	33,057,090	- 308,799
Revenue Offsets	2,192,578	2,192,578	-
Base Revenue Requirement	31,173,311	30,864,512	- 308,799

An updated version of the Revenue Requirement Workform has been filed with this submission.

## F. Cost Allocation

As a result of the updates to the Revenue Requirement Workform, the Cost Allocation Model has also been updated. The following table provides the updated Revenue-to-Cost Ratios with a comparison to the ratios included in the Settlement Agreement:

Rate Class	Settlement Proposal, March 19, 2025	Final CoC Updated, April 24, 2025	Variance over Settlement Proposal	OEB Target Low	OEB Target High
Residential	99.50%	99.44%	-0.06%	85.00%	115.00%
General Service (Under) < 50kW	119.05%	119.10%	0.05%	80.00%	120.00%
General Service (Over) >50kW	87.74%	87.90%	0.16%	80.00%	120.00%
Street Lighting	119.89%	119.57%	-0.32%	80.00%	120.00%
Sentinel Lighting	80.00%	80.00%	0.00%	80.00%	120.00%
Unmetered Scattered Load	105.63%	105.58%	-0.05%	80.00%	120.00%

The updated Base Revenue allocations and Fixed/Variable splits are included in the table below.

Rate Class	Allocated Base Revenue Requirement	Percentage from Fixed	Percentage from Variable	Fixed Component of Revenue Requirement	Variable Component of Revenue Requirement	Transformer Allowance
Residential	\$ 19,233,958	100.00%	0.00%	\$ 19,233,958	\$ -	\$ -
General Service (Under) < 50kW	\$ 5,198,871	25.65%	74.35%	\$ 1,333,274	\$ 3,865,597	\$ -
General Service (Over) >50kW	\$ 5,767,731	17.15%	82.85%	\$ 989,254	\$ 4,778,476	\$ 114,214
Street Lighting	\$ 575,296	88.14%	11.86%	\$ 507,060	\$ 68,236	\$ -
Sentinel Lighting	\$ 46,819	59.25%	40.75%	\$ 27,738	\$ 19,081	\$ -
Unmetered Scattered Load	\$ 41,837	69.71%	30.29%	\$ 29,165	\$ 12,672	\$ -

An updated Cost Allocation model has been filed with this submission.

## G. PILs

As a result of the updates from Section A, the following table illustrates the PILs impact.

	<b>Settlement Proposal, March 19, 2025</b>	<b>Final CoC Updated, April 24, 2025</b>	<b>Variance over Settlement Proposal</b>
Income Taxes (Not grossed up)	\$ 587,068	\$ 553,372	-\$ 33,696
Income Taxes (Grossed up)	\$ 798,732	\$ 752,888	-\$ 45,844

An updated live PILs model has been filed with this submission.

By filing these Updated Models, GSHi believes it has fully addressed the OEB's directions in the Partial Decision and Interim Rate Order with respect to incorporating the final 2025 cost of capital parameters. GSHi respectfully requests that the OEB finalize its determination of GSHi's 2025 rates at the earliest opportunity.

Should you have any questions or require additional information, please do not hesitate to contact the undersigned.

**Yours truly,**

*Original Signed By*

**Tiija Luttrell, CPA, CA**

Manager of Regulatory & Management Systems  
Greater Sudbury Hydro Inc.

cc: Georgette Vlahos – Case Manager, Ljuba Djurdjevic - OEB Counsel, Mike Buonaguro, Intervenor in EB-2024-0026