GREATER SUDBURY HYDRO INC. (GSHI) – OPEB SUPPLEMENTAL EVIDENCE

Addressing the OPEB Transition Amount and Actuarial Variances (2020–2023)

Abstract

This document serves as supplemental evidence in support of GSHi's proposed treatment of Other Post-Employment Benefits (OPEBs). It provides background on the OPEB transition to accrual accounting and clarifies the rationale for proposed cost recovery. By incorporating an illustrative, actuarially supported example, the submission aims to demonstrate the integrity and fairness of GSHi's approach while aligning with Ontario Energy Board guidelines and interested parties expectations.

Contents

1. Introduction

Purpose and Overview

In the settlement proposal submitted on March 19, 2025, Greater Sudbury Hydro Inc. ("GSHi") agreed to file supplemental evidence on the Other Post-Employment Benefit ("OPEB") transition balance and related actuarial variances for the 2020-2023 period. The transition balance filed in Exhibit 9 of GSHi's October 30, 2024, Cost of Service application is supported by an actuarial valuation prepared by RSM Canada, and GSHi maintains that the valuation remains the appropriate basis for disposition.[1] This supplemental evidence expands on the historical context, assumptions, and mechanics behind the valuation and provides additional information to support GSHi's proposal.

GSHi has prepared this evidence to:

1. **Provide supplementary facts and explanation for GSHi's outstanding OPEB liabilities.**
   GSHi provides more detail with respect to the accrual of OPEB liabilities and the resulting transition balance and further explains why its proposal remains both reasonable and necessary.
2. **Illustrate OPEB mechanics through a practical, single-employee example.**
   The accompanying model[2]—developed by RSM Canada—illustrates the OPEB costs on an accrual basis associated with a single hypothetical employee from date of hire through death. Using a single employee keeps the arithmetic transparent and allows interested parties to see precisely how current-service costs, interest costs, actuarial gains and losses, and benefit payments evolve year-by-year. Once the mechanics are clear in this simplified context, the same principles can be scaled to encompass GSHi's full workforce. This example illustrates how, when transitioning from cash accounting to accrual accounting for OPEBs, it is necessary to recognize and recover a transitional amount calculated in the manner proposed by GSHi and its actuary in order to ensure that the company recovers the same OPEB costs in the years 2020 and beyond based on accrual accounting as it would recover based on cash accounting.

[1] GSHi notes that this methodology aligns with the approach approved for Enbridge Gas Distribution Inc. in proceeding EB-2011-0354; Appendix E provides a brief synopsis of that decision and highlights the parallels to GSHi's proposal.
[2] See Excel model titled "GSHI_OPEB_Illustrative_Example_20250509.xlsx"

3. **Contrast alternate approaches with established practice.**
   Where alternative treatments are contemplated, GSHi explains why, when properly done, all alternatives will produce the same result as GSHi's proposed methodology, identifies alternatives that are impractical or inconsistent with accepted actuarial principles, and explains why GSHi's method better aligns with regulatory expectations, industry standards, and produces just and reasonable rates.

By grounding its explanations in the illustrative example GSHi aims to provide the Ontario Energy Board ("OEB") and the parties with a clear, comprehensive, and transparent basis for assessing the appropriateness of the claimed OPEB amounts.

2. Background and Context

Regulatory and Procedural History

GSHi first sought approval to transition its OPEB cost recovery in rates from a cash-based to accrual-based accounting in its 2020 rate application. In the Decision and Order dated May 7, 2020, the Ontario Energy Board ("OEB") approved two deferral accounts to capture the financial impacts of this transition:

1. **OPEB Actuarial Gains and Losses Deferral Account** – Tracking variances arising from changes in actuarial assumptions and other differences between actual OPEB experience and forecast amounts.
2. **OPEB Cash to Accrual Transitional Amount Deferral Account** – Recording the transitional balance stemming from the shift to accrual-based OPEB recognition.

In this subsequent rate application, filed on October 30, 2024, GSHi proposes to dispose of the balances in these two accounts as at December 31, 2023. Through the interrogatories and pre-ADR clarification questions filed in this application, interested parties examined the OPEB balances in greater detail. The OEB's **Partial Decision and Interim Rate Order dated April 15, 2025,** approved the parties' request that GSHi file supplemental evidence on the claimed OPEB amounts to assist the OEB in its determination of the outstanding OPEB issues. Procedural Order No. 2 was issued April 24, 2025, and addressed the steps for the OPEB issues, including timelines for submission of this evidence and the exchange of interrogatories and interrogatory responses.

This evidence fulfills the first order of that directive. It provides updated, detailed support for the OPEB transition amount and associated variances, building on the original framework established in the May 7, 2020, decision.

3. Illustrative Example of OPEBs

To demonstrate the full lifecycle of OPEB costs for a single employee—from the date of hire through retirement and ultimately until death at age 95—RSM Canada was engaged to develop an illustrative example[3] on behalf of GSHi. This single-employee model is deliberately chosen to simplify the demonstration, making it more accessible to parties seeking to understand the core concepts behind OPEB cost recognition.

RSM Canada – Background and Role in Developing the Illustrative Example

RSM Canada LLP is a national audit, tax, and consulting firm that forms part of the global RSM network—one of the world's six largest accounting and advisory organisations. Within its actuarial and employee-benefits practice, RSM advises public-sector bodies, utilities, and corporate pension and post-retirement plans on valuation, funding, and financial-reporting matters governed by IFRS and Canadian actuarial standards.

GSHi engaged RSM Canada to develop a conceptual single-employee OPEB model (the "illustrative model") for three key reasons:

1. **Specialised actuarial expertise** – RSM's actuaries routinely prepare benefit valuations that must withstand both audit scrutiny and regulatory review, making them well-suited to model the present-value defined-benefit obligation (PV-DBO), current-service cost, interest cost, and actuarial gains and losses over an employee's full lifecycle.
2. **Independence and credibility** – As an external, third-party advisor, RSM brings objectivity to the assumptions selected (e.g., discount rates, salary-scale trends, mortality tables). Their involvement ensures that the illustrative example is grounded in accepted professional practice rather than internal judgment alone.
3. **Regulatory familiarity** – RSM has prior experience supporting Ontario electricity distributors on post-employment-benefit issues.

[3] See Excel model titled "GSHI_OPEB_Illustrative_Example_20250509.xlsx"

By leveraging RSM Canada's actuarial knowledge and regulatory experience, GSHi can provide interested parties with a clear, transparent, and technically robust illustration that underpins the company's proposed treatment of OPEB balances.

Actuarial Engagement and Model Preparation

RSM Canada's scope of work included:

1. **Identifying an Employee:** Constructing a hypothetical retiree profile that mirrors a typical GSHi employee and for which representative valuation inputs are available over a substantial period, using the actuarial details that underpin GSHi's actual historical and forecast OPEB liabilities.
2. **Gathering Historical Information:** Compiling relevant actuarial details on prior actuarial valuation results, to use as inputs into the illustrative model, ensuring a robust data set for the illustrative model.
3. **Preparing an Excel-Based Example:** Developing an Excel workbook that tracks the evolution of the post-employment benefit accounting liability for the hypothetical employee profile. This includes showing how the present value of the Defined Benefit Obligation (PV DBO), current service cost, interest cost, and actuarial gains/losses progress over time.
4. **Projecting Forward:** Projecting future costs and benefit payments for the hypothetical employee up to the date of death, thereby illustrating the interplay and impact of assumptions on the overall actuarial figures.

By incorporating recognized actuarial assumptions (e.g., discount rates, mortality tables) and representative inputs, this example will provide a clear illustration of how OPEB liabilities develop and change year by year. Through the illustration GSHi believes it is clear that:

a) Under GSHi's proposal, the transitional balance—together with future accrual-based recovery after the transition—matches the total cash payments projected for the post-transition period. Thus, whether recovery is on a cash basis or an accrual basis, the lifetime amount collected is the same. The transitional balance is the mechanism that keeps GSHi whole after the shift to accrual recovery; if any portion of that balance is disallowed, GSHi would permanently under-recover its OPEB costs for 2020 and beyond relative to what it would have collected had it remained on cash-based accounting for OPEBs for ratemaking purposes, and

b) There is no risk of over-recovery from ratepayers as a result of GSHi's proposed methodology.

Key Components Demonstrated in the Illustrative Example

1. **Annual Current Service Costs** – The incremental cost attributed to the employee's service each year while active.
2. **Interest Costs** – Interest cost reflected in the period on the present value of the obligation and on the Benefits Paid.
3. **Actuarial Gains and Losses** – Adjustments arising when real-world experience (e.g., mortality, discount rates) deviates from the original assumptions.
4. **Benefit Payments** – Actual cash outlays for post-employment benefits, commencing at retirement and continuing until the individual's end of life.

By illustrating how these components interact across an individual's career and retirement, the example clarifies the rationale for GSHi's proposed OPEB recovery methodology. It also provides a practical framework for examining alternative proposals, demonstrating the potential impacts of differing assumptions or cost-recovery structures.

Because the model focuses on one employee, the arithmetic is easy to follow and the effect of every assumption change is immediately apparent. The same mechanics apply in aggregate to GSHi's full workforce; scaling up simply involves summing individual results. Interested parties are encouraged to review the *Projections* tab first, paying particular attention to the "Actuarial (Gain)/Loss" column, which shows how each change in assumptions restates previously booked current-service and interest costs.

How to Read the Illustrative Model

An Excel workbook—referred to throughout this evidence as *the illustrative model* or as *the conceptual model*—accompanies this submission. It tracks the complete post-employment benefit lifecycle based on the example of a single employee who is hired at age 33, retires at age 55, and is assumed to pass away at age 95. The purpose is to let reviewers see, in one transparent file, how liability builds, how expense is recognized, how assumption changes drive actuarial gains or losses, and

how the recovery of a transition amount calculated in the manner proposed by GSHi is required in order to effect a transition from cash-based to accrual based accounting that provides for the full recovery of OPEB related costs.

Projections Tab

- **Column Titled "Type of Valuation"**
  Each row begins by identifying the type of annual update applied:
  Full Valuation Update (complete refresh of data, benefits, and assumptions), *Projection* (values rolled forward from the most recent full valuation), or *Extrapolation Update – Discount Rate* (projection with an updated discount rate only).

- **Columns Titled "Time Period", "Age of Individual", and "Year" – Time markers**
  "Time Period" shows the sequential year of employment, *"Age of Individual"* shows the employee's age in that year, and *"Year"* records the calendar year, so the reader can orient each set of results in both career and chronological terms.

- **Columns Containing Liability Mechanics**
  These columns walk through the year-by-year movement of the benefit obligation:

  - **PV of DBO at Beginning of Year** – present value of the defined-benefit obligation at the start of the year. This is the same value as at the end of the previous year.
  - **Current Service Cost** – the portion of the obligation earned for service in the current year.
  - **Benefits Paid** – cash outflows for post-retirement benefits during the year.
  - **Interest Cost** – unwinding of the discount on the opening present value of the defined benefit obligation and benefits paid.
  - **Expected PV DBO at End of Year** – liability projected to year-end assuming no data or assumption changes.
  - **Actual PV DBO at End of Year** – liability recalculated using updated data and assumptions.
  - **Actuarial (Gain) / Loss** – difference between actual and expected PV-DBO.

  - **Defined Benefit Cost in Income Statement** – total cost recognised in the income statement, comprising current-service cost, interest cost, and the actuarial gain or loss for the year.

- **Columns Titled "Assumptions"**
  All key assumptions—year-end discount rate, salary growth, health and dental trend rates, mortality, withdrawal, and other demographic or cost factors—are listed here. Because each assumption change is flagged on the same row as the actuarial gain or loss, the link between a revised assumption and the resulting liability adjustment is immediately visible.

Charts tab
A set of simple line graphs plots the present value of the defined-benefit obligation (PV-DBO), the annual defined-benefit expense, and the current-service cost over time, giving a quick visual of how the liability rises during employment, levels off in retirement, and then declines as benefits are paid.

What the illustrative model shows

GSHi suggests that the most important thing to take from the illustrative model is how, using the example where the company is transitioning from cash-based accounting for OPEBs to accrual-based accounting in 2020 with a transition date of December 31, 2019,the transitional balance at the end of 2019 that is required in order to ensure that the company is not harmed as a result of the transition is calculated as (current service costs minus benefits paid plus interest costs plus actuarial gains or (losses)) for the period from the year of hire all the way to the end of 2019. In the illustrative example that calculation equals $251,946. This transitional balance, combined with the (current service costs plus interest costs plus actuarial gains or (losses)) for the period from 2020 to the end of the model in 2061 equals $501,535, which equals the full amount of the cash-based recovery the company would collect for the individual for the period from 2020 to 2061 if the company did not transition to accrual-based accounting for rate-making purposes in 2020. Extrapolating this calculation for GSHi as of the end of 2019, the equivalent transitional balance is the $19,176,084 (before gross-up) that GSHi is claiming, calculated in the same way.

Recovery approach	**Model reference**	**Total recovered over employee's life**	**Comments**
Full cash basis (recover only as benefits are paid)	Sum of *Benefits Paid* (Column C)	$501,535	All recovery related to the post transition period occurs after retirement; no recognition of service-period costs. If GSHi never transitioned from cash to accrual basis of recovery this is the expected timing and quantum of recovery of the OPEB costs for this employee.
Full accrual basis (recover service cost + interest + actuarial adjustments each year)	Sum of *Current Service Cost, Interest Cost, Actuarial (Gain)/Loss* (Columns B + D + G)	$501,535	Same total as cash basis; difference is timing: costs are recovered gradually during the employee's career.
Cash costs to transition date, transition balance to Dec 31, 2019, accrual basis in rates forward	Sum of *Benefits Paid* (Column C) up to transition year (aka cash costs recovered on a cash basis), plus Sum of *Current Service Cost, Interest Cost, Actuarial (Gain)/Loss* less *Benefits Paid (Columns* B + D + G - C) for years up to Dec 31, 2019 (aka transition balance), plus sum of *Current Service Cost, Interest Cost, Actuarial (Gain)/Loss* (Columns B + D + G) for year 2020 forward (aka accrual costs in rates)	$0 (cash costs recovered on a cash basis) + $251,946 (transition balance) + $249,589 (accrual costs in rates) = $501,535	Utility still recovers the full $501,535 it should, partially in the transition balance and partially embedded in future accrual-based rates. In the case of GSHi's actual experience where cash-based costs were recovered prior to transition, those cash recoveries are deducted from the transition balance.
Alternative "transition" scenario where some cash costs are recovered prior to transition. Cash costs to transition date (in this case, Dec 31, 2026), transition balance to Dec 31, 2026, accrual basis in rates forward	Sum of *Benefits Paid* (Column C) up to transition year 2026 (aka cash costs recovered on a cash basis), plus Sum of *Current Service Cost, Interest Cost, Actuarial (Gain)/Loss* less *Benefits Paid (Columns* B + D + G - C) for years up to Dec 31, 2026 (aka transition balance), plus sum of *Current Service Cost, Interest Cost, Actuarial (Gain)/Loss* (Columns B + D + G) for year 2027 forward (aka accrual costs in rates)	$35,590 (cash costs recovered on a cash basis) + $223,634 (transition balance) + $242,311 (accrual costs in rates) = $501,535	This scenario is provided to illustrate that appropriate recovery persists regardless of the quantum of cash costs recovered cumulatively to transition date. Utility still recovers the full $501,535 it should, despite partially recovering cash costs between employee's retirement date and the date of transition to accrual basis.

The model therefore illustrates two fundamental points:

1. **Cash vs. accrual is a timing difference, not a quantum difference.** When applied consistently over the employee's lifetime, either method yields the same total recovery ($501,535).
2. **Ensuring full recovery of future OPEB costs on the transition from cash to accrual accounting requires consideration of the entire history of the OPEB liability.** Calculating the transitional balance using a data set other than the full period prior to the transition will result in under-recovery of OPEB costs relative to what GSHi would be entitled to recover in rates without a transition to accrual-based accounting.

4. Addressing Key Issues

Based on the original evidence and both the interrogatory and pre-ADR clarification questions and responses, GSHi has identified areas where additional clarity may assist the OEB and parties review of the OPEB transition amount and related balances. The sections that follow provide a structured response to each topic, referencing the conceptual example prepared by RSM Canada when helpful.

4.1 Inclusion of Net Actuarial Gains/Losses Since 2020

The proposed treatment of net actuarial gains and losses recorded in the OPEB Actuarial Gains and Losses Deferral Account, established under the OEB's Decision and Order of May 7, 2020, remains an open issue in this proceeding. Specifically, the issue is whether the current balance, a credit of $7,218,181 (inclusive of PILs gross-up) to customers, that has accumulated since the 2020 transition to accrual accounting should remain in the deferral account—presumably on the theory that the credit might eventually be used to offset a future accumulation of debits—or recognized and disposed of now. This part of the evidence is intended to explain why GSHi believes it is appropriate to dispose of that net credit amount now as a partial offset against the December 31, 2019, calculated transitional balance.

Conceptual Example Illustration

As the conceptual example shows (Projections tab, "Actuarial (Gain)/Loss" column), a variance appears only when a core

assumption—discount rate, salary growth, mortality, etc. ("Assumptions" columns)—is updated. If those assumptions never change, each year's recorded current-service cost plus interest would remain correct and no actuarial gain or loss would ever surface. When, however, an assumption does change, the liability that was built up under the old parameters becomes out of date. When an assumption changes one could, in theory, go back and restate every prior year's current-service and interest charges to reflect the new assumption. However, in practice, that is neither feasible nor useful. Instead, the impact of the updated assumptions, if there are any, can be captured in a single adjustment—the actuarial gain or loss for the year—recorded in the year the assumption(s) are updated. In this way, each actuarial gain or loss is simply a one-time restatement of all previously booked current-service and interest costs so that the liability once again reflects the best, most current estimates.

Accordingly, the accumulation of a net credit in the OPEB Actuarial Gains and Losses Deferral Account that has occurred due to changes in key assumptions between the time of the calculation of the one-time transitional balance date (December 31, 2019) and now simply reflects instances where actual experience diverges from what had initially been projected when the transitional balance was first calculated. If the assumptions had not changed, the originally calculated current service and interest costs underpinning the transitional balance would be considered to have remained reasonable, and there would be no need to adjust the OPEB liability at the end of a year because of an actuarial gain or loss. To illustrate this concept, Table 1 is included below, which is an excerpt from the conceptual example model that shows a year in which assumptions changed to give rise to an actuarial gain or loss. The period chosen for the below screenshot illustrates that years in which assumptions don't change will result in no actuarial gain or loss, and in the year of a change of assumptions a gain or loss is experienced.

Table 1 – Actuarial Gain/Loss Example

													Assumptions				
5	Type of Valuation	Age of Individual	Year	PV of DBO at Beginning of Year	Current Service Cost	Benefits Paid	Interest Cost	Expected PV DBO at End of Year	Actual PV DBO at End of Year	Actuarial (Gain)/Loss	Defined Benefit Cost in Income Statement	Change in PV DBO	Discount Rate at end of year	Salary Rate (short term/long term rate)	Claim Cost Trend Rate - Health (Short term/Long term rate)	Claim Cost Trend Rate - Dental (Short term/Long term rate)	Other Assumptions (i.e. Base Benefit Costs, Expenses, Demographic)
6				A	B	C	D	E=A+B-C+D	F	G=F-E	B+D+G	B-C+D+G					
15	Projections Used	39	2005	12,569	2,095	-	843	15,507	15,507	-	2,938	2,938	5.75%	3.00%	10%/4%	5%/4%	No change
16	Full Valuation Update	40	2006	15,507	2,215	-	1,019	18,742	42,385	23,644	26,878	26,878	5.00%	3.00%	10%/5%	5.00%	Update of base benefit costs
17	Projections Used	41	2007	42,385	5,298	-	2,384	50,068	50,068	-	7,682	7,682	5.00%	3.00%	10%/5%	5.00%	No change

Rationale for Including Gains/Losses in GSHi's Disposed Balances In This Rate Proceeding

The actuarial assumptions in place on December 31, 2019, —the transition date—were never expected to remain static. Updating those assumptions through December 31, 2023, has generated actuarial gains and losses that restate past current-service and interest costs forecasts so that the liability accrued in those years reflects today's best estimates. Excluding the disposition of those actuarial gains and losses would, arguably, over-state the balance now sought for disposition and leave the recognized OPEB liability misaligned with expected future benefit payments. Including the accumulated actuarial gains and losses therefore:

(i) recognises that economic and demographic conditions have evolved;
(ii) keeps the recognized liability in line with the most current, realistic assumptions;
(iii) disposes of the same costs that would have been recorded each year had the revised assumptions been in place from the outset; and
(iv) Helps to mitigate inter-generational inequity; in GSHi's view actuarial gains and losses relate to amounts that should have been collected-or not collected- in prior periods. Deferring their disposition would deny today's customers the benefit (or fail to impose the obligation) that properly belongs to them and shift that impact to future ratepayers. Whether the balance is a debit or a credit, disposing of it now more closely aligns with ensuring that each generation of customers bears only the costs attributable to the service it received.

For these reasons, GSHi submits that it is more appropriate to include—rather than omit—the actuarial gain/loss balance in the amounts being disposed of in this proceeding, particularly given the magnitude of the proposed credit in relation to the transitional balance.

4.2 GSHi's Historical OPEB Recovery in Rates

GSHi's proposed methodology establishes the transition amount as of December 31, 2019, using the current state of its employee complement and the then current actuarial assumptions about those employees; it does not rely on a reconstruction of annual accrual amounts reaching back to the inception of the company and associated annual actuarial

adjustments. In other words, it is the calculation that a company with GSHi's employee complement and benefit program would perform in the absence of any history of recognizing and tracking the accrual-based accounting of its OPEB liability.

Some of the interrogatories and pre-ADR clarification questions are premised on an alternative methodology that is based on what would have been, historically, the annual accrual amounts included in GSHi's distribution rates had GSHi recovered OPEBs on an accrual basis, insofar as that history is available, net of the cash amounts "embedded in rates" as opposed to the actual cash amounts experienced by GSHi.

Although specific recognition of GSHi's OPEB costs within rates was not apparent until GSHi's first Cost of Service application for rates related to the 2009 Test Year (EB-2008-0230), GSHi can advise that, as a result of the transition to OEB regulation over distribution rates as part of the unbundling process starting in 2000, the very limited increases in base rates prior to full rebasing for the 2009 Test Year (which included increases that only addressed PILs related and MARR related costs) and a period of frozen rates at the direction of the Ontario Government, GSHi suggests that the amount "embedded in rates" in relation to its OPEB costs from the 2000 to 2008 period were not materially different, or at least not materially higher than, its actual cash-based OPEB costs. More likely, GSHi suggests, it under-recovered its OPEB costs in rates from 2000 to 2008 as a result of the escalation of its actual cash based OPEB costs from $176,400 in 2000 to $353,486 in 2008, an increase of 100.39% over the 9-year period during which GSHi was unable to bring forward an update to its revenue requirement on a Cost of Service basis.[4]

As noted above, the OEB established an approved OPEB amount (using cash-based accounting) for the first time for the 2009 rate year, in GSHi's first Cost of Service application before the OEB (EB-2008-0230). Accordingly, GSHi has "embedded in rates" information for its OPEB amounts on a cash basis for the years 2009 to 2019.

With respect to the accrual amount for its OPEB amounts over time, GSHi has the relevant information from the year 2000 to 2019, despite having never recovered its OPEB costs on an accrual basis prior to 2020. GSHi has this information because it was required to, for the first time, establish and track the outstanding accrual-based liability for accounting purposes as of January 1, 2000. This is because effective January 1, 2000, GSHi was required to adopt the Canadian Institute of Chartered

[4] See Appendix A for the cash amounts paid by GSHi from 2000 to 2008.

Accountants new accounting standards for employee future benefits. The change was reflected for the first time in GSHi's financial statements prepared as of October 31, 2000.[5]

GSHi has precise records of its cash OPEB payments from 2000 to 2019. Using those records, it can identify the initial accrual recognized in October 2000, determine the annual current-service and interest-cost accruals that would have been reflected in rates had OPEB expenses been recovered on an accrual basis, and track the associated actuarial gains and losses over the same period. When these annual accrual figures are combined with the actual cash payments, they fully substantiate the proposed transition amount; the complete calculation appears in Appendix A.

Based on the foregoing, GSHi cannot establish the transition amount as of December 31, 2019 substituting the cash amounts actually paid with the "cash amount embedded in rates" as proposed in certain interrogatories and pre-ADR questions,[6] as the "cash amount embedded in rates" is not available from 2000 to 2008; this methodology, including highlighting showing the missing data, is Appendix C to this evidence, where a final transition balance cannot be fully calculated. GSHi can, however, provide a blended calculation that, for the 2000 to 2008 period, uses the actual cash amounts as a proxy for the "cash amount embedded in rates". This "Blended Methodology" is set out as Appendix B to this evidence.

[5] GSHi notes that the transition to accrual-based accounting for financial reporting purposes occurred after its rates were last under the purview of Ontario Hydro. Accordingly, the last "rate order" from Ontario Hydro, which formed the basis of GSHi's rates under the OEB from 2000 to 2008, incorporated the impact of GSHi's OPEB costs on a cash basis.
[6] See for example 9-Staff-54.

Practical options for calculating the transitional balance

Option	Treatment of pre-2009 cash costs in calculation (pre-OEB data gap)	Treatment of 2009 to transition date cash costs in calculation	Advantages	Considerations / Limitations	Liability Amount Calculated	Calculation Reference
A. Actual-Cash cost for all years ("GSHi method")	Actual cash OPEB payments	Actual cash OPEB payments	• Auditable data exist for the entire period. • Directly matches liability build-up.	• Does not mirror the risk-sharing intent of the OEB's embedded-in-rates approach.	$19,176,084	Appendix A: Option A. Actual-Cash cost for all years ("GSHi method")
B. Blended Method: Cash pre-2009, Embedded-in-Rates 2009-onward	Actual cash OPEB payments (used as proxy for unavailable data)	Amount embedded in rates	• Employs the OEB Staff method wherever reliable "embedded in rates" data exist. • Minimises estimation error before 2009.	• Introduces a timing mismatch for pre-2009 service; some forecasting risk remains with the utility.	$20,024,080	Appendix B: Option B. Blended Method: Cash pre-2009, Embedded-in-Rates 2009-onward
C. Embedded-in-Rates for all years ("OEB Staff method")	Not feasible – "embedded in rates" figures unavailable prior to 2009	Amount embedded in rates	• Aligns exactly with the OEB Report if full data existed.	• Requires reconstruction of pre-2009 rate filings—an exercise that would be largely speculative, subject to significant error, and potentially infeasible. • GSHi's first actuarial valuation was completed in 2000; reliable data for earlier years do not exist.	Cannot be fully calculated	Appendix C: C. Embedded-in-Rates for all years ("OEB Staff method")

As shown in the final column of the table above, Appendices A, B, and C contain the detailed information for each option. They use only GSHi's actual OPEB figures from the first-year accrual accounting was adopted for financial reporting purposes through to the transition date (December 31, 2019) and do not draw on any data from the illustrative example presented earlier in this submission.

Initial-Recognition Amount (October 2000)

As noted in Appendices A, B and C, the OPEB transitional balance contains an "initial recognition" amount of $6.491 million, which corresponds to the actuarially determined liability first booked on GSHi's financial statements when the utility adopted accrual accounting for OPEBs for financial reporting purposes in October 2000. In theory, one could reconstruct this figure year-by-year from the very first date on which OPEB benefits were offered and then roll it forward exactly as is done in Appendices A, B, and C but for the years from 2000 back to inception of OPEBs. In practice, however, that exercise is impossible:

- **Data limitations.** Prior to 2000:

  A) GSHi did not complete annual actuarial valuations as it was both reporting and recovering its OPEB costs strictly on a cash basis without tracking accrual-based impacts, and
  B) electronic record-keeping was in its infancy if it was used at all.

- **Record-retention rules.** Under the OEB's regulatory accounting guidelines, utilities are generally required to maintain accounting records for the current year plus the previous six years; older source documents may be destroyed in the normal course. Consistent with that policy, any hard-copy payroll and benefit files predating 2000 have long since been discarded.

- **Disproportionate effort without associated benefits.** Attempting to recreate decades-old salary histories, benefit levels, and demographic data would introduce greater estimation error, not less—an outcome the OEB's 2017 OPEB Report expressly cautions against when it notes the "difficulty" of establishing cumulative recovery amounts stretching back in time.

- **Unnecessary.** Most importantly, GSHi's method takes a fresh "as-at December 31, 2019" snapshot of the accrued OPEB liability, so it does not require separately tracking the 2000 initial-recognition amount or the annual gains and losses from 2000 to 2019. As demonstrated in Appendix A, the point-in-time valuation provided by RSM produces the same December 31, 2019, transitional balance that would be obtained if one reconstructed every yearly accrual, interest, payment, and re-measurement since the beginning of accrual accounting for OPEBs (see Appendix A).

GSHi's preferred path: Actual-cash baseline

GSHi continues to assert that its proposed calculation of the one-time transitional balance by RSM continues to be the most appropriate way to quantify the unfunded OPEB related liability at the time of the transition from cash to accrual-based accounting in rates.

Accordingly, with respect to methodologies that look back on annual accrual and cash based differential amounts, GSHi supports Option A—using actual cash costs for all years— as the most transparent, data-driven and equitable method for setting the one-time transitional balance, which mirrors GSHi's initial submission and "as-at December 31, 2019" approach, and note the following in relation to that option:

- **Utility absorbs all forecast risk.**
  Under the approach underpinning Appendix A, any gap between (i) the cash cost embedded in rates and (ii) GSHi's actual cash outlay is borne entirely by the utility—whether favourable or unfavourable. In the years 2009-2019 that gap has been **unfavourable to GSHi.** Option B (which uses "embedded-in-rates" cash amounts from 2009 onward) produces a *higher* transitional liability than Option A, as GSHi's actual cash payments exceeded the amounts built into rates during that period.
- **"Windfall" concerns do not apply.**
  The KPMG transition paper and the OEB's 2017 OPEB Report caution against a potential windfall when a utility moves from accrual to cash recovery—because accrual costs already recovered in rates in prior years could be collected a second time on a cash basis. GSHi is moving in the opposite direction (cash → accrual). Far from a windfall, the historical pattern in Appendices A and B shows steadily rising cash payments from 2000 to 2008—outpacing the level

of limited rate increases experienced during that period and, by extension, the amounts estimated to be embedded in distribution rates. The logical conclusion is that GSHi under-recovered its OPEB costs on a cash basis over the 2000 to 2019 period.

- **Matches the actuarial snapshot.**
  Appendix A demonstrates that adding each year's accrual cost (current service + interest), subtracting cash payments, and including actuarial re-measurements from 2000-2019 produces the same liability balance GSHi's actuary calculated as at December 31, 2019. Option A therefore aligns exactly with the transitional balance GSHi has proposed based on the calculation by its actuary RSM.[7]

- **Data quality and auditability.**
  Actual cash payments from 2000 forward are fully documented, auditable, and require no speculative reconstruction of pre-2009 "embedded in rates" figures. Because the cash data ties directly to the financial statements and to the deferral-account ledger, interested parties can trace every dollar from the source records to the calculation of the transitional balance.

For these reasons GSHi submits that Option A best balances fairness to customers, regulatory intent, and evidentiary robustness. GSHi makes this submission notwithstanding the fact that Option B, which incorporated "embedded in rates" data where available, would increase the transition balance recovered from customers.

4.4 Impact of Capitalized OPEB Costs

In preparing this supplemental evidence, GSHi examined its historical capitalization of OPEB costs between 2000 and 2019 to ensure that customers are not harmed by GSHi's proposed methodology for calculating the transitional balance. As the summary of the analysis below shows, GSHi has concluded that while the complication of having to report OPEB costs based

[7] The two methods align because of how annual actuarial gains and losses are generated. At each year-end, the actuary recalculates the OPEB liability under updated assumptions; the actuarial gain or loss is simply the adjustment that brings the "expected" roll-forward balance (opening liability + current-service + interest – benefits paid) into line with the newly calculated "actual" liability. The calculation is illustrated in the "Actuarial (Gain)/Loss" column of the Projections tab in the Illustrative Example.

on accrual accounting for the purposes of its financial statements while at the same time recovering OPEB costs in rates based on cash accounting has resulted in a differential between:

A) the amount of OPEB costs that GSHi capitalized from 2000 to 2019 under accrual accounting, and
B) the amount of OPEB costs that GSHi would have capitalized from 2000 to 2019 under cash accounting,

that differential was to the benefit of customers, with GSHi having capitalized $927,683 less in OPEB costs that it would have had it been recognizing OPEB costs on a cash accounting basis for financial reporting purposes through that period.

Background

Rate-setting vs. accounting treatment.
Up to the date of transition, GSHi recovered its OPEB costs in rates on a cash basis. When seeking approval of OPEB costs for a particular Test Year, a forecast cash outlay for OPEBs was provided; as OPEBs were allocated to labour burden and labour burden was allocated between OM&A expenses and capital expenses, a portion of the OPEB cash costs were recovered in the revenue requirement as OM&A expenses and a portion was included in the revenue requirement as additions to rate base. This methodology for determining the amount of OPEB cost to be capitalized was only used for the purposes of applying to the OEB for rates; it was not used by GSHi outside of the rate making process, as GSHi was required to report OPEB costs on an accrual basis for financial reporting purposes.

For the same time period, on GSHi's external financial statements, OPEB costs were recorded on an accrual basis: current-service cost, interest cost, and actuarial re-measurements were recognised each year, and any portion of current-service cost shown in the income statement was partially capitalized as an amount that was allocated to the labour burden and subsequently allocated between OM&A expenses and capital spending.

Potential mismatch.
On reviewing the actual capitalization of OPEB costs between 2000 and 2019 within GSHi's use of accrual accounting for financial reporting purposes during that period in comparison to how the capitalization of OPEB costs was characterized for rate setting purposes on the basis of cash-based accounting, it appears to GSHi that the amount of OPEB costs capitalized from 2000-2019 by GSHi under the two methodologies could vary. Accordingly, GSHi performed an analysis to determine if

there was a material difference between the amounts that would have been capitalized on a cash accounting basis from 2000 to 2019 consistent with how GSHi applied for Test Year rate recovery of OPEB costs, and the amounts that GSHi actually capitalized using accrual-based accounting over the same period.

Analysis in Appendix D

Appendix D expands upon Appendix A and reconstructs, year-by-year, how OPEB costs flowed through both the income statement and the payroll-burden accounts using two different methodologies:

1. **Actual capitalized amount** – the accrual based OPEB cost that GSHi capitalized each year from 2000 to 2019, using a methodology to approximate the amount that would have been capitalized in each year, and
2. **Cash-basis benchmark** – the amount that would have been capitalized had GSHi capitalized OPEB costs on a cash basis from 2000 to 2019 despite having to report OPEB costs on an accrual basis.

The comparison shows that under accrual-based reporting GSHi capitalized approximately $927,683 less than it would have had it used cash-based accounting.

Implications for ratepayers

GSHi has concluded that because less OPEB cost was capitalized as a result of the requirement that GSHi use accrual accounting for financial reporting purposes despite recovering OPEB costs on a cash accounting basis in rates then would have been capitalized using cash-based accounting:

- Net plant and rate base were and are lower than they would have been, and
- Depreciation expense and the return on rate base embedded in rates were correspondingly lower, such that
- the revenue requirement related to capitalized OPEB costs was lower than what it would have been had GSHi capitalized its OPEB costs using cash-based accounting.

GSHi's proposal

- GSHi acknowledges the $927,683 under-capitalization but does not seek to recover it.
- Correcting the shortfall now would raise rate base and the related revenue requirement without offsetting benefits for customers.
- GSHi therefore proposes to leave the under-capitalized amount unadjusted and proceed with the transitional balance as filed.

4.5 Grossing Up the Balance for Taxes

As part of the calculation of the transitional balance and the net credit related to actuarial gains and losses since 2019, GSHi has grossed up both amounts for PILs. In reviewing its original evidence on the calculated amounts GSHi believes that it would be useful to explain why the gross up for PILs is necessary.

Why a gross-up is required

Amounts approved for disposition in relation to the transition amount and the actuarial gains and losses will flow through distribution rates as taxable revenue, even though both relate to expenses incurred by GSHi to provide distribution service. If GSHi were to recover only the pre-tax balance, PILs payments would immediately reduce the cash available to offset the OPEB liability.

Grossing-up the balance ensures that customers fund the after-tax amount the utility needs to clear the liability; the tax component is a pass-through, not an incremental gain to GSHi.

Precedent: Ontario Power Generation (EB-2018-0243)

In its 2019 deferral-and-variance account application, OPG added an explicit "income-tax impact" to the Pension & OPEB Cash-versus-Accrual Differential Deferral Account. OPG calculated the tax component by applying the standard gross-up

formula — amount × tax rate / (1 – tax rate). For example, a $614 million balance was grossed up by 25 % to add $204.7 million to its proposed disposition.

The full tax-grossed amounts were accepted by all parties in a settlement proposal and approved by the OEB in its Decision and Order dated February 21, 2019.

Application to GSHi

GSHi applies the same gross-up logic that the OEB accepted for OPG. First, it determines the pre-tax OPEB liability balance proposed for disposition. That balance is then converted to an after-tax amount by applying the corporate income-tax rate of 26.5 % using the standard formula: gross-up = pre-tax balance × [t / (1 − t)]. The resulting tax component is added to the pre-tax balance so that the total slated for clearance through rates exactly equals the cash GSHi must collect, net of taxes, to eliminate the liability.

Conclusion

The OEB has previously approved a tax gross-up for identical OPEB balances (OPG EB-2018-0243). GSHi's proposal follows that precedent, applies the same industry-standard formula, and ensures the utility receives the required net-of-tax cost recovery.

5. Summary

Based on the original record and the additional detail provided in this supplemental evidence, GSHi respectfully submits that the Ontario Energy Board should:

a) Approve recovery of a debit balance of $26,089,910 in the *OPEB Cash-to-Accrual Transitional Amount* account;

b) Approve disposition of a credit balance of $7,218,181 in the *OPEB Actuarial Gains & Losses* account; and

c) Authorize recovery of the resulting net debit through distribution rates over a ten-year period, as originally proposed.

Appendix A: Option A. Actual-Cash cost for all years ("GSHi method")

	Year	OPEB under accrual method - Sum of current service costs and interest costs (accrued method) (Note 2)	OPEBs actually paid under cash method (Note 3)	Differences	Initial recognition amount	Annual net actuarial (gain) loss
		(a)	(b)	(a) - (b) = (c)	(d)	(e)
	31-Oct-00	480,000	147,000	333,000	6,491,000	
Note 1	31-Dec-00	96,000	29,400	66,600	-	1,007
	31-Dec-01	547,873	214,500	333,373	-	432,206
	31-Dec-02	564,864	300,419	264,445		-
	31-Dec-03	580,731	300,324	280,407		-
	31-Dec-04	664,100	327,436	336,664		1,206,138
	31-Dec-05	686,507	221,430	465,077		-
	31-Dec-06	712,481	248,097	464,384		-
	31-Dec-07	1,149,549	346,000	803,549		5,912,439
	31-Dec-08	1,143,686	353,486	790,200		-
	31-Dec-09	1,293,468	395,036	898,432		-
	31-Dec-10	1,134,528	359,203	775,325	-	2,780,264
	31-Dec-11	1,122,923	433,451	689,472		1,280,544
	31-Dec-12	1,279,123	460,614	818,509		1,461,200
	31-Dec-13	972,143	537,032	435,111	-	1,603,178
	31-Dec-14	1,255,136	490,242	764,894		2,345,418
	31-Dec-15	1,310,940	526,559	784,381	-	477,627
	31-Dec-16	935,431	507,749	427,682	-	6,840,715
	31-Dec-17	938,383	545,139	393,244		1,552,390
	31-Dec-18	954,366	550,634	403,732	-	1,545,129
	31-Dec-19	392,580	643,026	- 250,446		2,329,046
	Subtotals	18,214,812	7,936,777	10,278,035	6,491,000	2,407,049
					(c) + (d) + (e)	**19,176,084**
						GSHi Method (agrees to GSHi submission)

Note 1 This activity covers only two months because financial statements were issued on October 31, 2000—when the organization was incorporated and the OPEB liability was established. We know the balance as of December 31, 2000, and are estimating the current service cost, actuarial revaluation, and payments by examining the changes over the 10-month period ending October 31, 2000.

Note 2 In 9-Staff-54, GSHi reported the gross amounts for both current service cost and interest because the notes to GSHi's audited financial statements disclosed transfers to affiliates separately from the gross costs. Under the OEB's proposed methodology, balances transferred to affiliates would be excluded from these gross accrual costs. As a result, GSHi is adjusting for those transfers in this response. The figures reported above reflect the following adjustments from 9-Staff-54:

	Originally reported in 9-Staff-54	Transfer to affiliate in year	Reported above
	D	E	D+E
31-Dec-13	1,341,634	- 369,491	972,143
31-Dec-16	1,402,277	- 466,855	935,422
31-Dec-19	737,870	- 345,290	392,580

Note 3 These figures agree to financial statements or actuary reports for the year.

Appendix B: Option B. Cash pre-2009, Embedded-in-Rates 2009-onward ("Blended method")

	Year	OPEB under accrual method - Sum of current service costs and interest costs (accrued method) (Note 2)	Price Cap adjustments	Either actual cash OPEB payments (2000 to 2008) or OPEBs paid under cash method that had been embedded in rates in respective rebasing applications (2009 to 2019)	Differences	Initial recognition amount	Annual net actuarial (gain) loss
		(a)		(b)	(a) - (b) = (c)	(d)	(e)
	31-Oct-00	480,000		147,000	333,000	6,491,000	
Note 1	31-Dec-00	96,000		29,400	66,600	-	1,007
	31-Dec-01	547,873		214,500	333,373	-	432,206
	31-Dec-02	564,864		300,419	264,445		-
	31-Dec-03	580,731		300,324	280,407		-
	31-Dec-04	664,100		327,436	336,664		1,206,138
	31-Dec-05	686,507		221,430	465,077		-
	31-Dec-06	712,481		248,097	464,384		-
	31-Dec-07	1,149,549		346,000	803,549		5,912,439
	31-Dec-08	1,143,686		353,486	790,200		-
	31-Dec-09	1,293,468		383,250	910,218		-
	31-Dec-10	1,134,528	-0.20%	382,484	752,045	-	2,780,264
	31-Dec-11	1,122,923	-0.02%	382,407	740,516		1,280,544
	31-Dec-12	1,279,123	0.88%	385,772	893,351		1,461,200
	31-Dec-13	972,143		424,775	547,368	-	1,603,178
	31-Dec-14	1,255,136	1.40%	430,722	824,414		2,345,418
	31-Dec-15	1,310,940	1.15%	435,675	875,265	-	477,627
	31-Dec-16	935,431	-	435,675	499,756	-	6,840,715
	31-Dec-17	938,383	1.60%	442,646	495,737		1,552,390
	31-Dec-18	954,366	0.75%	445,966	508,400	-	1,545,129
	31-Dec-19	392,580	1.20%	451,317	- 58,737		2,329,046
	Subtotals	18,214,812		7,088,781	11,126,031	6,491,000	2,407,049
						(c) + (d) + (e)	20,024,080
		Numbers different from "GSHi Method"					Blended Method

Note 1 This activity covers only two months because financial statements were issued on October 31, 2000—when the organization was incorporated and the OPEB liability was established. We know the balance as of December 31, 2000, and are estimating the current service cost, actuarial revaluation, and payments by examining the changes over the 10-month period ending October 31, 2000.

Note 2 In 9-Staff-54, GSHi reported the gross amounts for both current service cost and interest because the notes to GSHi's audited financial statements disclosed transfers to affiliates separately from the gross costs. Under the OEB's proposed methodology, balances transferred to affiliates would be excluded from these gross accrual costs. As a result, GSHi is adjusting for those transfers in this response. The figures reported above reflect the following adjustments from 9-Staff-54:

	Originally reported in 9-Staff-54	Transfer to affiliate in year	Reported above
	D	E	D+E
31-Dec-13	1,341,634	- 369,491	972,143
31-Dec-16	1,402,277	- 466,855	935,422
31-Dec-19	737,870	- 345,290	392,580

Note 3 For the period from October 31, 2000, to December 31, 2008, we assume that the amounts actually paid matched those embedded in the rates. From 2009 onward, we use the amounts embedded in the rates. Amounts embedded in rates are adjusted for price cap index in subsequent years, as applicable.

Appendix C: Option C. Embedded-in-Rates for all years ("OEB Staff method")

	Year	OPEB under accrual method - Sum of current service costs and interest costs (accrued method) (Note 2)	Price Cap adjustments	OPEBs paid under cash method that had been embedded in rates in respective rebasing applications	Differences	Initial recognition amount	Annual net actuarial (gain) loss
		(a)		(b)	(a) - (b) = (c)	(d)	(e)
	31-Oct-00	480,000				6,491,000	
Note 1	31-Dec-00	96,000				-	1,007
	31-Dec-01	547,873				-	432,206
	31-Dec-02	564,864					-
	31-Dec-03	580,731					-
	31-Dec-04	664,100					1,206,138
	31-Dec-05	686,507					-
	31-Dec-06	712,481					-
	31-Dec-07	1,149,549					5,912,439
	31-Dec-08	1,143,686					-
	31-Dec-09	1,293,468		383,250	910,218		-
	31-Dec-10	1,134,528	-0.20%	382,484	752,045	-	2,780,264
	31-Dec-11	1,122,923	-0.02%	382,407	740,516		1,280,544
	31-Dec-12	1,279,123	0.88%	385,772	893,351		1,461,200
	31-Dec-13	972,143		424,775	547,368	-	1,603,178
	31-Dec-14	1,255,136	1.40%	430,722	824,414		2,345,418
	31-Dec-15	1,310,940	1.15%	435,675	875,265	-	477,627
	31-Dec-16	935,431	-	435,675	499,756	-	6,840,715
	31-Dec-17	938,383	1.60%	442,646	495,737		1,552,390
	31-Dec-18	954,366	0.75%	445,966	508,400	-	1,545,129
	31-Dec-19	392,580	1.20%	451,317	- 58,737		2,329,046
Subtotals		18,214,812		4,600,689	6,988,332	6,491,000	2,407,049

	(c) + (d) + (e)
Information not available	OEB Staff method (missing data; cannot be calculated)

Note 1 This activity covers only two months because financial statements were issued on October 31, 2000—when the organization was incorporated and the OPEB liability was established. We know the balance as of December 31, 2000, and are estimating the current service cost, actuarial revaluation, and payments by examining the changes over the 10-month period ending October 31, 2000.

Note 2 In 9-Staff-54, GSHi reported the gross amounts for both current service cost and interest because the notes to GSHi's audited financial statements disclosed transfers to affiliates separately from the gross costs. Under the OEB's proposed methodology, balances transferred to affiliates would be excluded from these gross accrual costs. As a result, GSHi is adjusting for those transfers in this response. The figures reported above reflect the following adjustments from 9-Staff-54:

	Originally reported in 9-Staff-54		Transfer to affiliate in year	Reported above
	D		E	D+E
31-Dec-13	1,341,634	-	369,491	972,143
31-Dec-16	1,402,277	-	466,855	935,422
31-Dec-19	737,870	-	345,290	392,580

Appendix D: Expanding GSHi's Proposal to Quantify Capitalization Difference

	Year	OPEB under accrual method - Sum of current service costs and interest costs (accrued method) (Note 2)	OPEBs actually paid under cash method (Note 3)	Differences	Initial recognition amount	Annual net actuarial (gain) loss
		(a)	(b)	(a) - (b) = (c)	(d)	(e)
	31-Oct-00	480,000	147,000	333,000	6,491,000	
Note 1	31-Dec-00	96,000	29,400	66,600		- 1,007
	31-Dec-01	547,873	214,500	333,373		- 432,206
	31-Dec-02	564,864	300,419	264,445		-
	31-Dec-03	580,731	300,324	280,407		-
	31-Dec-04	664,100	327,436	336,664		1,206,138
	31-Dec-05	686,507	221,430	465,077		-
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	31-Dec-08	1,143,686	353,486	790,200		-
	31-Dec-09	1,293,468	395,036	898,432		-
	31-Dec-10	1,134,528	359,203	775,325		- 2,780,264
	31-Dec-11	1,122,923	433,451	689,472		1,280,544
	31-Dec-12	1,279,123	460,614	818,509		1,461,200
	31-Dec-13	972,143	537,032	435,111		- 1,603,178
	31-Dec-14	1,255,136	490,242	764,894		2,345,418
	31-Dec-15	1,310,940	526,559	784,381		- 477,627
	31-Dec-16	935,431	507,749	427,682		- 6,840,715
	31-Dec-17	938,383	545,139	393,244		1,552,390
	31-Dec-18	954,366	550,634	403,732		- 1,545,129
	31-Dec-19	392,580	643,026	- 250,446		2,329,046
	Subtotals	18,214,812	7,936,777	10,278,035	6,491,000	2,407,049
					(c) + (d) + (e)	**19,176,084**
					GSHi Method (agrees to GSHi submission)	

Change consists of:

Total Change - Direct to Income Statement	Total Change - Payroll Burden	Balance Check	Approximate Percentage of Payroll Burden Capitalized	Actual OPEBs Capitalized	GSHi would have capitalized under pure cash method	Difference
(k)	(f)	(k) + (f) - (a)	(g)	(f) * (g) = (h)	(b) * (g) = (i)	(i) - (h)
333,000	147,000	-	43.01%	63,220	63,220	-
96,000	-	-	43.01%	-	12,644	12,644
390,453	157,420	-	29.81%	46,928	63,944	17,016
407,446	157,418	-	35.32%	55,604	106,116	50,511
423,312	157,419	-	33.86%	53,308	101,701	48,393
491,653	172,447	-	30.86%	53,209	101,032	47,822
514,058	172,449	-	35.77%	61,680	79,199	17,519
540,034	172,447	-	36.23%	62,479	89,888	27,409
795,089	354,460	-	35.85%	127,080	124,047	- 3,033
789,226	354,460	-	36.43%	129,120	128,766	- 355
885,668	407,800	-	35.19%	143,494	139,003	- 4,491
854,306	280,222	-	38.67%	108,358	138,899	30,541
792,237	330,686	-	38.34%	126,780	166,178	39,398
822,254	456,869	-	26.10%	119,260	120,238	978
895,111	77,032	-	26.11%	20,110	140,196	120,086
993,139	261,997	-	24.33%	63,733	119,256	55,523
885,451	425,489	-	27.73%	117,983	146,009	28,026
920,549	14,882	-	29.34%	4,367	148,988	144,622
624,959	313,424	-	27.41%	85,909	149,421	63,512
592,797	361,569	-	30.42%	109,992	167,508	57,515
344,542	48,038	-	29.25%	14,052	188,099	174,047
				1,566,668	2,494,351	**927,683**
						GSHi under-capitalized

Appendix E: Consistency with the Enbridge Precedent (EB-2011-0354)

GSHi's one-time transitional balance mirrors the approach that the Ontario Energy Board approved for Enbridge Gas Distribution Inc. ("Enbridge") in proceeding EB-2011-0354. In that case the Board allowed Enbridge to recover approximately $90 million over twenty years beginning January 1, 2013. Approximately $84 million of that amount was actuarially determined and comprised of (i) the present-value OPEB obligation as at December 31, 2010, and (ii) the unamortized net actuarial loss recorded at that date. The calculation captured the cumulative shortfall that had arisen under cash recovery by applying the actuarial formula—current-service cost plus interest, less benefits paid—together with all re-measurement items recorded up to the transition date.

GSHi follows the same methodology that the OEB approved for Enbridge. GSHi is proposing for disposition the actuarially determined OPEB liability as of December 31, 2019, recorded in the OPEB Cash-to-Accrual Transitional Amount deferral account. This balance represents the cumulative shortfall that arose while GSHi recovered OPEB costs on a cash basis—exactly what Enbridge captured in its unamortized transitional obligation dated December 31, 2010. By anchoring the one-time disposition to this actuarial liability, GSHi employs the identical methodology the Board previously endorsed, ensuring the transition from cash to accrual recovery is both complete and consistent with established practice.

In short, GSHi's proposal follows the same actuarial, balance-sheet logic that the Board has previously accepted for ratemaking purposes It therefore represents a reasonable and consistent method for establishing the transitional amount when moving from cash to accrual OPEB cost recovery.