Greater Sudbury Hydro Inc

Interrogatory Responses to Supplemental Evidence

June 13, 2025

EB-2024-0026

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Ontario Energy Board Staff

EB-2024-0026

<u>Staff-1 The Model and Rates Recovery</u>

Reference:

Ref 1: GSHI_OPEB_Illustrative_Example_20250509 Excel

Ref 2: Page 6

In reference 1, Greater Sudbury Hydro provided an illustrative example prepared by RSM 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. Greater Sudbury Hydro stated that 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.

In reference 2, Greater Sudbury Hydro states that 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 Greater Sudbury Hydro'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.

Questions:

a) Please confirm whether the model assumes the utility recovers exactly equal amounts in rates as it incurs in costs under each method, with no difference between rate-setting and actual recovery. If not, please explain.
b) The model does not appear to compare historical amounts embedded in rates to actual OPEB accruals.

i. Given that Greater Sudbury Hydro's approved OPEB accounting order1 requires this comparison to prevent double-recovery, why was this not modeled or tested in the illustrative example?

ii. The model shows cost recognition starting in year 0 and ending at year 44. Please explain how this profile reflects or maps with Greater Sudbury Hydro's actual workforce. For example, what is the average remaining service life of Greater Sudbury Hydro's workforce, and how does that compare with the assumed 44-year model?

iii. The model appears to assume that no OPEB amounts were embedded in base rates during the period when the utility was recovering under the cash method. Is this assumption consistent with Greater Sudbury Hydro's actual rate-setting history? If not, please explain why a "zero recovery" proxy is valid for this model.

c) Please confirm whether Greater Sudbury Hydro has run the illustrative model using a sample or full population of its employees to verify that the logic holds under its actual workforce conditions. If yes, please provide the results.

i. If not, please explain why this was not done.

Response:

a) Confirmed. In every scenario GSHi illustrates—pure cash, pure accrual, and GSHi's "cash-to-transition-date + transition balance + accrual-going-forward"—the single-employee model is set so that the lifetime dollars recovered equal the lifetime benefit payments. That deliberate symmetry removes forecasting error and rate-setting variance, allowing readers to focus on the key lesson: cash and accrual differ only in timing, and a properly sized transition balance keeps the totals identical.

The spreadsheet is strictly a teaching aid, not a forecast of GSHi's future rate recovery. In real operations the forecast amounts embedded in rates will usually vary from the actual OPEB costs incurred; any such variance is absorbed by GSHi in the normal course, just as other forecast risks are absorbed under regular rate-setting. The "perfect-match" assumption is used only to keep the illustrative example simple and transparent while it demonstrates how current-service cost, interest cost, actuarial gains/losses, and cash payments interact—and how the transition balance ties them together.

b) i) The single-employee spreadsheet is intended to be a teaching aid. It illustrates OPEBs using its moving parts - current-service cost, interest, actuarial gains/losses and cash payments - to show why a one-time transition amount is required to ensure lifetime recovery remains the same when you move from cash to accrual. To keep that message clear it assumes each year's cost is fully recovered and doesn't pull in the separate "amounts-embedded-in-rates" layer, which relates to rate-setting rather than to the basic accounting mechanics the example is meant to illustrate.

The formal evidence does run the Accounting-Order check. Double recovery risk in this context relates to two possible avenues for double recovery. The first is that, somehow, historical rates, in this case from 2000 to 2019, recovered OPEB costs on an accrual basis. GSHi knows this is not the case because:

a) GSHi's rates were first set, pursuant to the OEB's 2000 vintage Rate Handbook, on the basis of its 1999 revenue, which in turn was based on its rates as dictated by Ontario Hydro prior to the adoption of accrual accounting for financial reporting purposes in 2000; and

b) those base rates, based on cash accounting, persisted until GSHi's first rebasing application for 2009 rates, wherein OPEB costs continued to be recovered on a cash basis.

The second way in which there "could" be double-recovery is if the "cash amounted embedded in rates" relating to OPEBs materially exceeded the actual cash payments over the same period. As illustrated by GSHi that is not the case from 2009 to 2019, as the amounted embedded in rates under-recovered relative to actual cash payments by a net amount of $847,996 ($5,448,685 actually paid for sum of these years as per Appendix A, less $4,600,689 embedded in rates for sum of these years as per Appendix B).

Section 4.2 of GSHi's May 9, 2025 Supplemental Evidence submission explains that "embedded-in-rates" figures exist only from 2009 onward; before that, the best data are the audited cash payments. GSHi therefore created Option B - cash for 2000-2008, embedded-in-rates for 2009-2019 - which is laid out in Appendix B. As explained in the evidence, GSHi's rates and rate increases from 2000 to 2008 were relatively stagnant, with no increases related to specific costs like OPEBs. Over that same period GSHi's actual OPEB payments increased by more the 100%, again without any corresponding increase in OPEB related funding in rates. Accordingly, GSHi believes there is sufficient evidence that there was no material over-recovery from 2000 to 2009, particularly given the material under-recovery from 2009 to 2019.

ii) The spreadsheet tracks one illustrative employee from hire to death so that readers can see the full rise-and-fall of an OPEB liability. RSM chose a simple life-cycle - hire at 33, retire at 55, live to 95 - because it lets the model capture both the build-up of the obligation while the person is working and the cash payouts after retirement, all in a transparent illustrative example. The time period presented in this example is long enough to show every moving part—current-service cost, interest, actuarial gains/losses and benefit payments but it is not meant to replicate GSHi's actual workforce profile.

The example is intended to illustrate the pattern of recognition (accrual during service, cash after retirement), not to map with GSHi's actual workforce. Whether the span were 12 years or 50, the lesson is the same: moving from cash to accrual requires a transition balance so that lifetime recovery equals lifetime cash outflow, leaving only the normal forecasting risk that accompanies the rate-setting process. Because that accounting principle is indifferent to the exact service-life assumption, the illustrative timeline has no impact on the balances GSHi seeks to dispose of.

iii) The illustrative model's purpose is to show the shape of OPEB recovery - accrual while an employee is on the payroll, cash after retirement - and to illustrate that a one-time transition balance proposed in the way GSHi has proposed keeps lifetime recovery and lifetime cost the same, except for the forecasting risk absorbed by the utility on cash payments embedded in rates compared to actual cash payments made. That relationship holds whether the utility had already collected some OPEB dollars in rates or not.

GSHi demonstrated this in its May 9, 2025 Supplemental Evidence (Section 3). There, four scenarios are summarized in the table presented; the fourth simply slides the transition date forward (e.g., to 31-Dec-2026) so that part of the accrual period falls after some OPEB amounts were already embedded in rates. The dollar figures change, but the same mechanics still line up cash and accrual, and the transition balance automatically nets out any prior recovery—so there is no double-counting.

c) Greater Sudbury Hydro has not re-run the one-employee workbook on a sample or on the full employee population. The spreadsheet's sole purpose is to explain the mechanics—accrual during employment, cash after retirement, and the one-time transition amount that aligns lifetime recovery with lifetime cost. Those mechanics are identical whether applied to one person or to every employee, so scaling it up would add no new insight.

A "full-population version" of the workbook would simply drop the actual actuarial numbers into the same formulas. Those figures are already on the record in Appendix A of the May 9, 2025 supplemental evidence (Option A tables). In other words, the actuarial valuation that underpins GSHi's proposed transition balance is the full-scale model; recreating it in the illustrative spreadsheet would only replicate the exact numbers shown in Appendix A.

Staff-2 Appendices A, B, and C

Reference:

Ref: Page 15

Greater Sudbury Hydro provided Appendices A, B and C as different calculation methods for the transitional amount of OPEBs requested for disposition, and notes that these are the "practical options." OEB staff has recreated the table from reference 1 below:

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")

Question:

a) Please confirm that Greater Sudbury Hydro has not quantified the OPEB costs embedded in rates amounts for the period pre-2009 in any of the three options Greater Sudbury Hydro put forward in reference 1 except when it uses "cash OPEB payments" as a proxy values in Appendix B.

b) Given Greater Sudbury Hydro's approved accounting order for its OPEB Transitional Amount, which stated that utilities must demonstrate the difference between what has already been recovered in rates and what would have been recovered under the accrual method, please explain how Greater Sudbury Hydro's selection of Option A – without estimating the embedded-in-rates recovery for the pre-2009 period – aligns with the OEB's guidance to avoid potential double recovery.

c) Please confirm what sources Greater Sudbury Hydro consulted to determine that no embedded OPEB data existed prior to 2009. i) Did Greater Sudbury Hydro assess the use of a proxy recovery amount (e.g. using 2009-2010 averages) to apply to the pre-2009 period, and what would be the result?

d) Please confirm and provide evidence that pension and OPEB costs were not co-mingled in rates from 2000-2019.

e) Please provide a revised calculation for Option C by excluding pre-2009 data using the same methodology. Please provide a set of rate riders in this scenario.

Response:

a) Confirmed. As detailed in Section 4.2 of the May 9, 2025 Supplemental Evidence, GSHi does not have reliable "embedded-in-rates" data for the years 2000-2008. As explained in 1-Staff-1, GSHi's rates from 2000 to 2008 were based on its revenue from 1999, which in turn was based on rates determined by Ontario Hydro during the period when only cash accounting was employed, both for rate setting and financial reporting purposes. The material upon which Ontario Hydro set rates is not available, and rate setting from 2000 to 2008 was not based on cost of service such that an approved amount "embedded in rates" is available. What GSHi does know is that the relatively low actual cash payments incurred by GSHi in 2000, the steady overall increase in actual cash payments from 2000 to 2008 without corresponding rate increases that recognized that cost pressure, as well as the under-recovery between actual cash payments and the amount embedded in rates from 2009 to 2019, all lead to the conclusion that there was no issue of double-recovery from 2000 to 2008.

b) The accounting order asks GSHi to show the difference between (i) amounts already recovered in rates and (ii) what would have been recovered had accrual accounting been used, so that any transition balance does not duplicate past recovery.

Option A does that in the most reliable way GSHi can:

1. **It anchors on fully auditable data set for 2000-2008 — the actual cash OPEB payments.** During that period base rates were frozen or subject to minimal adjustments; GSHi's evidence shows the cash it paid for benefits rose by 100 % over that period while rates barely moved, such that the noted cash outflows almost certainly exceeded the OPEB allowance in rates. Using the cash paid therefore, GSHi expects, understates, not overstates, the transitional debit.

   Combined with the fact that GSHi bears the forecast risk when cash based OPEB amounts are included in rates, and the fact that that risk manifested to the detriment of GSHi from 2009 to 2019, GSHi believes it has demonstrated that there is no risk that it has materially "over" or "double" recovered cash based OPEB amounts in rates.

2. **Where "embedded-in-rates" figures do exist (2009-2019), GSHi tested them.** Option B substitutes the known in-rates amounts for those years and produces a higher transition balance - $20.0 M versus $19.2 M under

Option A. This supports the proposition that Option A is the conservative choice.

3. **1999 Revenue Baseline and Implicit OPEB Provision in 2000-2008 Rates.** Pre-2009 rates used 1999 revenues as the base cost of service from 2000 to 2008, without reviewing and adjusting for the steep increase in GSHi's actual cash payments over that period; rates from 2000 to 2008 implicitly imported the provision for OPEB costs recovered in 1999.

4. **Under-Recovery Risk and Validation of Option A's Point-in-Time Snapshot.** With cash payments historically outpacing any implicit recovery, the risk in GSHi's direction is under-recovery, not over-recovery. Section 4.2 shows that reality and explains why Option A's point-in-time actuarial snapshot is an appropriate way to demonstrate the reasonableness of the claimed transition amount.

In short, Option A satisfies the Accounting-Order intent because it compares the best-available measure of past recovery (actual cash paid) with the actuarially determined accrual liability, yields the lower of the practicable transition balances, and relies only on verifiable data. This is particularly the case given that, throughout the period from 2000 to 2019, the risk that the amount embedded in rates materially deviated from the actual cash payments was borne by GSHi.

c) GSHi looked in three places for pre-2009 "embedded-in-rates" figures:

1. Corporate archives and local servers – Staff pulled electronic rate filing and working-paper documents still on its servers. Those files start more reliably with the 2009 cost-of-service rebasing (EB-2008-0230); earlier rate years were either frozen or rolled forward from the legacy

Ontario Hydro determined rates for 1999. None of the pre-2009 materials that could still be opened contains a line item isolating OPEB, and many of the oldest files—created nearly 25 years ago by employees who are no longer with the company—reflect the fact that GSHi was not permitted to bring forward a request for rates based on a cost of service filing until its first cost of service application (EB-2008-0230).

2. Hard-copy payroll and benefit records – GSHi follows the record-retention window set out in the OEB's accounting guidelines and parallel CRA guidance: current year + six. By the time the utility began preparing its 2020 cash-to-accrual transition evidence, any paper files from the 2000-2008 period had been lawfully destroyed.

3. OEB WebDrawer / historical rate orders – The only pre-2009 orders on file are the generic unbundling order and subsequent price-cap adjustments, none of which break out OPEB based on the nature of those rate proceedings. That absence, coupled with the record-retention limits above, led GSHi to conclude that reliable embedded-amount data simply do not exist for 2000-2008. Appendix C of the May 9, 2025 evidence therefore flags the pre-2009 portion of the OEB-Staff method as "not feasible."

Because the available sources proved empty, GSHi substituted actual cash payments as the only auditable proxy for those years (Options A and B). This approach complies with the Board's retention rules, avoids the speculative reconstruction of historical data, and respects the fact that any variance between the amount embedded in rates, explicitly or implicitly, was a risk borne by GSHi.

i) GSHi tested OEB staff's suggested proxy while preparing this response. GSHi averaged the OPEB amounts embedded in rates for 2009 ($383,250) and 2010 ($382,484), producing a proxy "embedded in rates" amount $382,867, and applied that figure to every year from 2000-2008. Because base-distribution rates were essentially frozen during those years, the proxy is far higher—often more than double—the cash actually paid in the earliest years, making it a very conservative assumption.

The attachment to this interrogatory response shows the full calculation. Starting from Appendix B (Blended Method), we replaced the pre-2009 embedded-in-rates values with the $382,867 proxy. The resulting transitional balance is $19,066,369. Column (i) in the attachment lists, year-by-year, the difference between OEB staff's proxy "embedded" amount and the cash actually paid; the total variance is $109,715, which is the difference between GSHi's Appendix A proposal ($19,176,084) and this proxy-based result ($19,066,369).

d) GSHi keeps its pension and OPEB streams on separate "rails," both operationally and in the accounting system:

Pension plan – All retirement-pension obligations are met through monthly remittances to OMERS. Those payments equal the entire pension expense each month; no liability is recorded on GSHi's books and the vendor – OMERS - is separate from any OPEB provider. Each remittance is booked to a dedicated pension general-ledger (GL) account.

OPEBs – Health, dental, life-insurance and other post-employment benefits are administered by a different provider and are recorded either as cash payments (for actual accounting purposes up to 2000; for ratemaking up to 2019) or as accrual entries (for financial-reporting purposes) in a separate GL account.

Because the vendors, GL codes and underlying accounting treatments are different, pension dollars cannot be mistaken for - or blended with - OPEB dollars when base rates are set or when costs are later compared to those rates.

Given that clean split, GSHi sees no credible pathway for inter-mingling or double-collection of pension and OPEB costs, either historically or under its proposed transition-balance methodology.

e) The extra row GSHi added to the attached illustrative table (last row highlighted green, titled “Staff-2s (e): cash until 2008, accrual 2009-onward”) shows what happens if the proposed methodology is adopted for one employee whose service began before 2009. On that life cycle the utility would recover only $443,122 of the $501,535 it eventually pays, a shortfall of $58,413.

Scaling that logic to the full workforce would under-collect for every employee who earned service before 2009. All of those employees accumulate accrual cost in the pre-2009 years, yet the proposed methodology would treat those costs as if they never existed, leaving GSHi without the funds to meet obligations it is legally required to pay.

The approach is also conceptually flawed. For example, cash payments and actuarial gains/losses recorded after 2009 mostly (and likely, in some cases, entirely) relate to the unfunded liability that built up before 2009. For example, virtually all cash paid in 2009 settle liabilities that accrued in earlier years. Simply cutting away the earlier entries but keeping the later ones produces a distorted—and understated—picture of the remaining liability.

Because the outcome would materially under-recover costs and lacks a sound cost-causality basis, GSHi cannot produce a defensible transitional balance or rate-riders on that foundation. Should the OEB nevertheless disallow full recovery of the transition amount—by imposing an arbitrary cut-off—the only coherent remedy would be for GSHi to revert to cash accounting and establish a new transition amount on that basis. Doing so would require (a) removing the current accrual-based provision from 2025 rates and substituting the cash-basis equivalent, and (b) unwinding, via rate riders, the difference between the accrual allowance embedded in 2020 rates and the cash amounts actually paid from 2020 to 2024.

Attachment 1 (of 2):

Staff-2 Proposed Recovery Approach

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.
Staff-2s (e): cash until 2008, accrual 2009-onward	Sum of Columns F + H + K for years 2009 forward plus sum of Benefits Paid (Column G) from 2008 back	**$443,122**	Utility still pays the full $501,535 in benefits but recovers only $443,122, leaving a $58,413 under-recovery for this example employee.

Attachment 2 (of 2):

Staff-2 2009/2010 Embedded Avg as Proxy, Embedded - in-Rates 2009-Onward (Staff-2 c) i))

2009/2010 Embedded Avg as Proxy, Embedded-in-Rates 2009-onward (Staff-2 c) i))

	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	Embedded in rates: Staff-2 c) i) New proxy to apply to pre-2009 period (Note 4)	Differences	Cash actually paid	Difference between amount considered embedded in rates and cash actually paid
		(a)		(b)	(a) - (b) = (c)	(d)	(e)	(f)	(a) - (f) = (g)	(h)	(f) - (h) = (i)
	31-Oct-00	480,000		147,000	333,000	6,491,000		319,056	160,944	147,000	172,056
Note 1	31-Dec-00	96,000		29,400	66,600		- 1,007	63,811	32,189	29,400	34,411
	31-Dec-01	547,873		214,500	333,373		- 432,206	382,867	165,006	214,500	168,367
	31-Dec-02	564,864		300,419	264,445		-	382,867	181,997	300,419	82,448
	31-Dec-03	580,731		300,324	280,407		-	382,867	197,864	300,324	82,543
	31-Dec-04	664,100		327,436	336,664		1,206,138	382,867	281,233	327,436	55,431
	31-Dec-05	686,507		221,430	465,077		-	382,867	303,640	221,430	161,437
	31-Dec-06	712,481		248,097	464,384		-	382,867	329,614	248,097	134,770
	31-Dec-07	1,149,549		346,000	803,549		5,912,439	382,867	766,682	346,000	36,867
	31-Dec-08	1,143,686		353,486	790,200		-	382,867	760,819	353,486	29,381
	31-Dec-09	1,293,468		383,250	910,218		-	383,250	910,218	395,036	- 11,786
	31-Dec-10	1,134,528	-0.20%	382,484	752,045		- 2,780,264	382,484	752,045	359,203	23,281
	31-Dec-11	1,122,923	-0.02%	382,407	740,516		1,280,544	382,407	740,516	433,451	- 51,044
	31-Dec-12	1,279,123	0.88%	385,772	893,351		1,461,200	385,772	893,351	460,614	- 74,842
	31-Dec-13	972,143		424,775	547,368		- 1,603,178	424,775	547,368	537,032	- 112,257
	31-Dec-14	1,255,136	1.40%	430,722	824,414		2,345,418	430,722	824,414	490,242	- 59,520
	31-Dec-15	1,310,940	1.15%	435,675	875,265		- 477,627	435,675	875,265	526,559	- 90,884
	31-Dec-16	935,431	-	435,675	499,756		- 6,840,715	435,675	499,756	507,749	- 72,074
	31-Dec-17	938,383	1.60%	442,646	495,737		1,552,390	442,646	495,737	545,139	- 102,493
	31-Dec-18	954,366	0.75%	445,966	508,400		- 1,545,129	445,966	508,400	550,634	- 104,668
	31-Dec-19	392,580	1.20%	451,317	- 58,737		2,329,046	451,317	- 58,737	643,026	- 191,709
	Subtotals	18,214,812		7,088,781	11,126,031	6,491,000	2,407,049	8,046,492	10,168,320	7,936,777	109,715
						(c) + (d) + (e)	20,024,080	(g) + (d) + (e)	19,066,369		
							Blended Method		Staff-2 c) i)		

Numbers different from "GSHi 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.

Note 4 As per Staff-2 c) i), substituting an average calculation of OPEB embedded in rates amounts back to pre-2009 years as a more conservative methodology. $382,867 represents the two-year average of OPEBs embedded in rates (2009 - $383,250; 2010 - $382,484)

Staff-3 OPEB Opening Balance

Reference:

Ref 1: Appendix A, Option A, page 23

Ref 2: Appendix B, Option B, page 24

Ref 3: Appendix C, Option C, page 25

In its supplemental evidence, Greater Sudbury Hydro includes an amount of $6,491,000 described as the "opening accrued OPEB liability" for the year 2000, based on an actuarial estimate prepared under the accrual accounting method. This amount is included in all three options in calculating the transitional balance for disposition.

Questions:

a) Please confirm that the $6,491,000 balance included in Greater Sudbury Hydro's transitional recovery estimate represents the opening accrued liability for OPEBs as of the year 2000 under an accrual accounting approach.

b) Please confirm that Greater Sudbury Hydro has not provided any quantification or estimate of the OPEB-related costs embedded in rates prior to the year 2000.

    i. If not confirmed, please explain Greater Sudbury Hydro's rationale in including this in the OPEB transitional amount and how it aligns with the principles of fairness in the OEB's Report on Pension and OPEBs.

c) Please provide any actuarial or rate-setting evidence Greater Sudbury Hydro may have reviewed to support Greater Sudbury Hydro's assertion, i.e. its claim for disposition, that none of the $6.491 million balance was already recovered from ratepayers.

d) Please provide any precedents where the OEB approved for disposition of an opening accrual liability prior to a distributor's first cost-of-service application as part of a utility's OPEB transitional amount.

Response:

a) Confirmed.

b) Confirmed. GSHi has not produced a dollar estimate of OPEB amounts embedded in distribution rates for any year before 2000; the company's first actuarial valuation—and therefore the first accrual-based figure—was recognized in financial statements for period-ending October 31, 2000 as of January 1, 2000.

The $6.491 million opening balance that appears in all three transition options is the actuarially determined OPEB obligation that was first recorded on GSHi's books when Canadian GAAP began requiring accrual accounting for employee-future benefits in 2000. Those pre-2000 accrual benefits were never recovered in rates on an accrual basis, so including the unfunded liability in the transition amount is the only way to ensure customers ultimately fund the costs incurred on their behalf.

This treatment is consistent with the OEB's Pension & OPEB Report, whose fairness principle is to make whole the shortfall that arises when a utility has been recovering on a cash basis and moves to accrual; it also mirrors the Board-approved approach in Enbridge's EB-2011-0354 decision.

GSHi notes that the initial recognition amount was ultimately transferred from the Sudbury-Hydro Electric Commission to GSHi, as reflected in the initial financial statement of GSHi for the November 1, 2000 to December

31, 2000 period pursuant to s.145 of the *Electricity Act*, which was enacted in order to ensure that, upon fulfilling the obligation to transfer the business of distributing electricity from municipal commissions to a distribution corporation, the assets and liabilities, including employee related liabilities, were transferred to the new corporation.

GSHi also notes that the initial recognition amount is a point in time calculation of the OPEB liability as of October 31, 2000, and that the liability has been updated continually over time as demonstrated by the actuarial gains and losses recorded between 2000 and 2019 and through the recognition of cash payments towards the unfunded liability, culminating in a new point in time calculation of the total liability as of December 31, 2019 that includes all the underlying data that underpinned the calculation of the initial recognition amount using the most up to date actuarial information circa 2019.

c) GSHi's conclusion that none of the $6.491 million opening liability has been recovered from customers rests on its rate setting record from 2000-2019. The opening liability was calculated for the first time in 2000. Prior to 2000 GSHi used only cash accounting; there was no accrual amount to bring forward to Ontario Hydro for recovery in rates prior to 2000. At the time the initial recognition amount was first recognized in 2000 through to 2008 there was no mechanism to change the recovery in rates from cash to accrual basis, and no process was ultimately endorsed by the OEB until the 2017 Report. During that 2000 to 2008 period GSHi's base rates were either frozen or adjusted only by limited price-cap and PILs/MARR mechanisms. GSHi's analysis shows cash payments rising from $176 k in 2000 to $353 k in 2008 while rate increases lagged - evidence of under-, not over-recovery. In its first cost of service based rate application (EB-2008-0230) GSHi continued to recover its OPEB costs on a cash-accounting basis; from an accrual accounting basis those cash payments were applied against the outstanding accrued liability in the normal course, but there was never a request, until the application for 2020 rates, to transition from cash based to accrual based accounting with respect to the recovery of GSHi's OPEB liabilities, which was the first opportunity for GSHi to make such a request subsequent to the release of the OEB's *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs* report confirming the OEB's preference for accrual accounting.

GSHi also notes that the original $6.491-million liability booked in 2000 has been re-measured each year through the regular actuarial roll-forward and revaluation of its OPEB obligation. As a result, the proposed transition balance no longer contains that 2000 figure as a stand-alone component; instead, it reflects the updated actuarial liability for the same cohort of those surviving employees after two decades of service-cost accruals, benefit payments, and actuarial gains and losses.

d) GSHi's survey of Board decisions found a single precedent that mirrors its circumstances: Enbridge Gas Distribution's rebasing application EB-2011-0354. In that case the Board accepted a settlement that rolled Enbridge's opening $90-million OPEB liability into a deferral account and cleared it to ratepayers over time.

The logic that underpins the OEB's approval of the EGI transition amount is identical to what GSHi proposes here: when a utility has historically recovered post-employment benefits on a cash basis, the accrued obligation that pre-dates the initial recognition amount must still be funded, and the fairest, most transparent way to do so is to include it in the transitional amount and amortize it prospectively.

Conceptually, disallowing GSHi's pre-2009 portion because it arose before the utilities first cost of service application would leave a legitimate, audited liability unfunded. GSHi remains legally obligated to pay those benefits, an obligation that arose as a result of the distribution service it provided to its customers. A material disallowance would undermine the utility's fiscal health and contradict the Board's own fairness principle that recovery should match cost causation, not the happenstance of regulation start-dates. Additionally, GSHi reiterates the fact that under cash-based accounting it is entitled to recover its full OPEB related costs through rates, and had been fully recovering those costs on a cash-accounting basis for the entire period prior to 2020; there is no justifiable reason why GSHi's entitlement to full recovery of its OPEB related costs should be negatively impacted as a result of its transition to accrual based accounting for regulatory recovery of those costs. Full recovery of those costs upon the transition to accrual based accounting can only be effected through the recovery of the full transition amount; in the absence of recovery of the full transition amount, the only way GSHi can be held whole would be to transition back to cash-based accounting, presumably through an adjustment to 2025 rates to reflect the applicable 2025 cash based amount and an unwinding of the differential between the accrual based amount included in rates from 2020 to 2024 and the amount that would have been embedded in rates on a cash basis over that time.

Staff-4 OPEB & Capitalization

Reference:

Ref 1: Section 4.4, Impact of Capitalized OPEB Costs, page 20

Ref 2: Appendix D

Ref 3: IAS 16 – Property, Plant and Equipment2

Greater Sudbury Hydro provided an analysis in reference 2, which 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 Greater Sudbury Hydro 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 Greater Sudbury Hydro capitalized OPEB costs on a cash basis from 2000 to 2019 despite having to report OPEB costs on an accrual basis.

Greater Sudbury Hydro stated that the comparison shows that under accrual-based reporting Greater Sudbury Hydro capitalized approximately $927,683 less than it would have had it used cash-based accounting.

Under IFRS (IAS 16), only directly attributable costs related to bringing an asset into service are eligible for capitalization. For OPEBs, this typically means a pro-rated share of current service costs associated with employees working directly on capital projects.

Questions:

a) Please clarify how Greater Sudbury Hydro determined that it would have capitalized more OPEB costs under the cash basis of accounting than under the accrual basis, when the cash basis recognizes expenses only when benefits are paid - typically well after capital projects are completed.

b) Please explain whether Greater Sudbury Hydro's estimate of $927,683 in undercapitalization reflects:
   i. A difference in capitalization policy, or
   ii. A change in the underlying allocation methodology (e.g. labor burdens or overheads), or
   iii. Other

c) Please provide the criteria Greater Sudbury Hydro used under each accounting method to determine which OPEB costs were eligible for capitalization, and explain how these criteria differ between the cash and accrual approaches.

d) Given that capitalization under IFRS is based on direct attribution, and not the timing of payment or expense recognition, please explain why the basis of accounting impacts the quantum of capitalized OPEBs, assuming no change in project staffing or accounting policy.

Response:

a) Appendix D does not suggest that OPEB cash payments made could be capitalized under today's IFRS rules; rather, it asks a "what-if" question: what would GSHi have capitalized had its accounting entries followed the same cash-basis logic that was embedded in its rates right up to 2019? Under accrual reporting, only the current-service portion of OPEB cost, and potentially interest pertaining to current employees, is placed in the payroll-burden pool each year, so only that slice—after applying the year's capital-labour ratio—can be capitalized. Interest cost pertaining to retirees and actuarial gains or losses go straight to OM&A and never touch rate base. By contrast, under pure cash accounting the entire annual cash outlay for retiree benefits would be booked to the payroll-burden pool and therefore subjected to the same capital-labour ratio. Because those cash payments exceeded the payroll-burden share of the accrual cost in all but three years between 2000 and 2019, a cash-based recording of OPEB costs over the period would have capitalized roughly $928,000 more than GSHi actually did capitalize. The comparison simply quantifies that under-capitalization and demonstrates that customers, not GSHi, benefited from the historic treatment.

b) The $927,683 shortfall arises from a difference in accounting policy—cash versus accrual—not from any change in GSHi's labour-burden allocation methodology.

- Cash-basis logic (what the rates assumed): every dollar of the annual cash paid for post-retirement benefits would have been charged to the payroll-burden pool and then capitalized in proportion to the labour hours charged to capital projects.

- Accrual-basis logic (what GSHi actually booked): only the current-service component of OPEB cost (and related interest for active employees) goes into the payroll-burden pool. Interest on retirees and actuarial gains/losses flow straight to the income statement (OM&A as part of net income, or in Other Comprehensive Income) and are never eligible for capitalization.

The "Approximate Percentage of Payroll Burden Capitalized", column "g" in Appendix D of GSHi's May 9th supplemental evidence submission, is the mechanism that allocates the burden to capital. It remained the same under both approaches, so the difference does not reflect a change in overhead allocation; it reflects the smaller OPEB dollar base that entered the burden pool once GSHi adopted accrual accounting. The comparison therefore quantifies how much less OPEB cost was capitalized simply because the accounting basis changed, not because the allocation method or percentages shifted.

c) Under the cash method (used in GSHi's books before 2000 and still embedded in rates until 2019), the utility treated every dollar of annual cash paid for post-retirement benefits as part of the payroll-burden pool. That pool was then split between OM&A and capital in proportion to the direct-labour hours charged to capital projects. In other words, the only "test" for capitalization was whether the employee worked on a capital job; once that was true, a pro-rated share of the year's cash OPEB outlay followed the labour cost into plant.

After GSHi adopted the accrual method (financial-statement basis) it applied the IAS 16 test of direct attribution more narrowly:

- Always capitalized: an allocation of the current-service cost for employees whose time was charged to a project.

- Capitalized from 2019 onward: the portion of the annual interest cost that relates to active employees; GSHi added this component after discussions with Board staff and its auditors in its last rate proceeding, recognizing that it was appropriate to also include a portion of these costs in capital as directly attributable.

- Never capitalized: interest cost on retirees and any actuarial gains or losses, because those items are not directly caused by current capital work; they are expensed to OM&A.

Thus the difference between the two approaches lies in which OPEB dollars are deemed “directly attributable.” Cash accounting includes the entire benefit payment into the burden pool, whereas accrual accounting restricts capitalization to costs tied to current service (and, since 2019, the associated interest for active employees). The allocation percentage—the ratio of capital labour to total labour—did not change; only the dollar base eligible to enter the burden pool changed.

d) Capitalization under IFRS hinges on direct attribution, but what reaches the “attributable” pool depends on the accounting basis. Under the old cash method and for rate making purposes up to 2019, every dollar of annual OPEB cash payments issued was charged to the payroll-burden pool, and a fixed share of that pool followed labour into plant; cash payments pertaining to OPEBs therefore migrated to capital even though it was not earned on the project. Once GSHi moved to accrual accounting for OPEBs for its actual accounting records in 2000 and forward, only current-service cost (and, since 2019, the interest tied to active employees) entered the burden pool, while retiree interest and actuarial gains or losses bypassed it and went straight to OM&A or OCI. The dollar base eligible for the IFRS test became smaller in almost all years (see Appendix D)—so the quantum of capitalized OPEBs was smaller.

Staff-5 OPEB & Historic OEB Rate Filings

Reference:

Ref 1: EB-2019-0037, Approved Accounting Order for Account 1508 – sub account OPEB Cash to Accrual Transitional Account

Ref 2: Appendix A (Greater Sudbury Hydro method)

The approved accounting order for Greater Sudbury Hydro's OPEB Transitional Amount, filed in EB-2019-0037, stated that the transitional balance will be determined by comparing the embedded-in-rates amounts (typically on a cash basis) to the amounts Greater Sudbury Hydro would have recovered if it had used the accrual method "since the beginning of time." In its current application, Greater Sudbury Hydro has proposed to calculate its transitional balance over the period from 2000 to 2019, covering the period from its corporatization to the 2020 transition to accrual accounting.

OEB staff notes that Greater Sudbury Hydro's first cost of service rebasing application was in 2009 (RP-2008-0274). As such, rates prior to 2009 were either based on historical municipal rates or continued frozen post-corporatization.

Questions:

a) Please confirm that Greater Sudbury Hydro's first cost of service rebasing application before the OEB was filed in 2009 (RP-2008-0074), and that prior to this, rates were set based on historic municipal rate structures or interim approvals.

b) Please explain how Greater Sudbury Hydro's calculation of its OPEB transitional amount from 2000 to 2008 aligns with the OEB's expectations in the OEB's 2017 Pension and OPEBs Report3, given that no cost of service-based rates were in place to quantify embedded OPEB recovery during those years.

c) Please provide any precedents where the OEB has approved the recovery of transitional OPEB balances calculated for periods prior to a utility's first cost of service rebasing.

d) Please clarify whether Greater Sudbury Hydro has considered limiting the calculation of its transitional balance to the period beginning with its first rebased rates, i.e. 2009-2019, and if not, explain why such an approach would be inconsistent with the intent of the accounting order.

Response:

a) Confirmed. GSHi's first cost-of-service rebasing application was filed in 2009 (EB-2008-0230); before that, distribution rates were based on 1999 vintage municipal rates that remained frozen or were adjusted only by simple inflationary mechanisms and specific, non OPEB related cost items.

When the OEB's 2017 *Pension & OPEB Report* expressed a preference for accrual accounting for OPEBs and urged distributors moving from cash to accrual to compare "embedded-in-rates" amounts with accrual costs "since the beginning of time," it did so knowing that no Ontario distributor had cost-of-service schedules—and therefore no discrete OPEB figures—before its first rebasing. In that context the Board acknowledged that proxies would be needed and that the overriding objective is to avoid material over- or under-recovery, not to recreate line-by-line rate history that never existed.

GSHi's proposal follows that principle:

- 2000-2008: audited cash payments are used as the best, verifiable proxy for amounts recovered in rates. Cash consistently exceeded any implicit allowance in the frozen tariffs, so this proxy understates the transitional debit, protecting customers. Further, GSHi notes that the use of the average 2009 and 2010 "embedded in rates" proxy suggested by OEB Staff in 1-Staff-2, which GSHi believes grossly overestimates the amount embedded in 2000 to 2008 rates, produces a net "over-recovery" from 2000 to 2019 of cash-based costs relative to cash costs "embedded in rates" of only $109,715.

- 2009-2019: actual "embedded-in-rates" amounts are known and are tested in Option B. That option yields a higher transitional balance than Option A as a result of the habitual under-recovery in rates relative to GSHi's actual cash payments over that period, confirming that the all-cash proxy is conservative.

Because forecast risk has historically fallen on the utility, and the evidence shows that risk worked against GSHi (cash outflows outpaced any recovery), GSHi believes that Option A fairly measures the unrecovered obligation while meeting the Report's fairness, cost-causality and inter-generational equity objectives.

b) GSHi's calculation for 2000-2008 follows the approach the 2017 Report on the Regulatory Treatment of Pension and OPEB Costs, as the report explicitly states that it is open to a panel to require a transition to a recovery mechanism suitable for that utility's particular circumstances. Nothing in the Report suggests that, where embedded-in-rates data are unavailable, a utility should be denied recovery of the costs it has already incurred. The intent is to prevent material over-recovery, not to impose a material under-recovery simply because detailed historic figures cannot be reconstructed.

For the pre-2009 years GSHi has no reliable record of what was embedded in the frozen municipal-era rates. What it does have are audited cash payments, and those cash payments, GSHi asserts, consistently exceeded any implicit allowance that could have been in rates. Option A therefore substitutes actual cash as the best, conservative proxy for “amounts recovered” during 2000-2008, ensuring there is no windfall or double-recovery. Option B then applies the very same embedded-in-rates test the Report contemplates wherever data do exist (2009-2019) and produces a slightly larger transitional debit—evidence that Option A is already more favourable to customers. Further, as noted, the proxy methodology proposed by OEB Staff in 1-Staff-2 produces only a nominal net “over-recovery” amount of $109,715, relative to GSHi’s Appendix A proposal, over the 2000 to 2019 period despite grossly overestimating, in GSHi’s view, the amount embedded in rates from 2000 to 2008.

In short, GSHi has applied the Report’s principle of fairness: it uses verifiable numbers, avoids speculative reconstructions, and makes sure customers do not overpay. Where the necessary embedded-rate figures are not available, audited cash payments are a sound basis for the “cumulative difference” the Report envisages. The Report never contemplates stripping a utility of legitimate, prudently incurred costs simply because the first cost-of-service filing came after the costs began to accrue.

c) GSHi is aware of only one precedent in which the OEB approved recovery of an OPEB transition balance that, GSHi believes, reached back before the utility's first cost-of-service rebasing after the switch from cash to accrual accounting for financial reporting purposes: Enbridge Gas Distribution's 2013 rebasing application (EB-2011-0354). In that case the Board allowed Enbridge to recover a single, actuarially determined balance of approximately $90 million as of December 31, 2010. Although Enbridge's evidence showed how it tracked its accrual liability from 2001 onward despite recovering its OPEB cost on a cash basis in rates, similar to how GSHi tracked its accrual liability from 2000 to 2019, the amount approved for disposition on the transition from cash-based to accrual-based recovery in regulated rates was not a year-by-year reconstruction; it was the actuarial liability measured at the valuation date. The same approach underpins GSHi's Option A: the transitional debit equals the actuarially determined liability at December 31, 2019, net of all cash already paid, regardless of whether portions of that liability trace to years preceding the utility's first rebasing. Enbridge EB-2011-0354 stands as a close precedent for recovering OPEB accruals in the manner proposed by GSHi.

d) GSHi did examine the idea of limiting the transitional calculation to the 2009-2019 period in response to Staff-2 (e)—and rejected it for two reasons.

First, the approved accounting order requires the utility to compare what was actually recovered in rates with what would have been recovered on an accrual basis "since the beginning." Dropping the pre-2009 years would carve out a portion of the accrued liability that is already on GSHi's balance sheet and that customers have never funded, defeating the very purpose of the order.

Second, excluding 2000-2008 would create a permanent under-recovery for every employee who earned service before 2009. Those accrual costs are embedded in the actuarial liability that GSHi must pay, yet under the suggested cut-off they would be stripped out of the transitional debit and could never be collected—an outcome at odds with the Board's fairness principle that rates should reflect the costs of providing service.

GSHi's single-employee example demonstrates the point: if pre-2009 accruals are ignored, the utility never recovers the future cash it is entitled to once the employee retires, producing a large unrecoverable liability. Moreover, the fact that GSHi has always recovered OPEBs on a cash basis confirms no accrual dollars have been embedded in rates historically; if they had been, GSHi would already have been double-recovering by charging cash amounts and accrual amounts for the same obligation—that was not the case.

Finally, if the Board were to adopt a methodology that reduces the transitional amount to a level that leaves GSHi materially under-funded, GSHi's only realistic recourse would be to revert to cash-basis recovery. That would entail (i) adjusting the 2025 embedded OPEB amount back to cash based recovery and (ii) establishing a mechanism to offset the accrual/cash differential incurred from 2020-2024. GSHi views such a step as suboptimal for both the utility and customers, as it would abandon the accrual-based benefits the OEB's 2017 Report endorsed. Nonetheless, it would be the only way to preserve the company's financial health if the OEB determined that GSHi could not recover its full transition debit on the transition from cash to accrual accounting.

Staff-6 Appendix D

Reference:

Ref: Appendix D

In Appendix D, Greater Sudbury Hydro estimates that under accrual accounting, it would have capitalized $927,683 more in OPEB costs than it did under cash-based accounting from 2000-2019.

OEB staff notes that expensed OPEBs are recovered immediately in the year incurred; capitalized OPEBs are recovery based on the useful life of the asset, but they also earn a return on capital while in rate base.

Questions:

a) Please confirm whether the transitional amount calculated in Appendix A and replicated in Appendix D (columns A through E) includes both expensed and capitalized OPEB accrual costs, or only the expensed portion.

b) Please clarify whether the actual cash payments used in Appendix D column B include only OM&A expensed payments or also capture any OPEBs that were capitalized and recovered through depreciation and return on capital.

c) Please provide a breakdown from 2009-2019 of how much of Greater Sudbury Hydro's total accrual-based OPEB costs were expensed through OM&A and how much were capitalized as part of capital projects.

d) Please confirm whether Greater Sudbury Hydro has estimated the total revenue requirement impact of capitalized OPEBs, i.e. the cost recovery through depreciation plus return on capital, and how this compares to the expensed portion over the same period.

e) Please confirm whether any of the OPEB costs that were capitalized in prior years are still being recovery today through depreciation or return on capital. If so, please quantify.

f) Please explain whether the transitional amount proposed for disposition of accounts for the ongoing recovery of capitalized OPEBs. If not, please explain.

Response:

a) The transitional balance in Appendix A—and carried into Appendix D—represents the entire accrued OPEB liability on GSHi's balance sheet on December 31, 2019. It does not distinguish between amounts that, under accrual accounting, would have flowed to OM&A versus those that would have been capitalized; it simply captures all post-retirement benefit costs earned to date that customers have not yet funded.

Appendix D shows that, had GSHi used pure cash method accounting from 2000-2019, about $928,000 more of those costs would have been capitalized than actually were. In other words, GSHi could, in theory, seek to add $928,000 to rate base and recover depreciation and return without double-counting, because those cash-basis costs are neither included in the transitional balance (the calculation of the transitional balance gives full credit for cash amounts recovered regardless of whether those amounts are expenses or capitalized), nor included in past rates via capital, depreciation and return on rate base. GSHi confirms that it is not proposing to increase rate base to account for the undercapitalization of previously recovered cash amounts; it only did the analysis to ensure that ratepayers were not adversely affected by GSHi capitalization practice.

As it pertains to the transitional balance and a potential partial allocation to capital for this amount, trying to retroactively carve the transitional debit into capital and OM&A portions—then computing catch-up depreciation and return—would add significant complexity for little practical benefit. GSHi therefore proposes to recover the full transitional amount as a straight-line rider over the agreed amortization period, keeping historical capital records intact while ensuring customers pay the outstanding liability only once.

b) Column B in Appendix D lists the total cash OPEB benefit payments GSHi actually made in each year.

c) Please see the attachment filed with this response. Using the underlying data from Appendix D, GSHi has estimated that, for 2009-2019, approximately $914,039 of OPEB cost was capitalized while $10,674,982 was expensed to OM&A.

d) GSHi has not prepared a stand-alone revenue-requirement study that compares the depreciation + return associated with capitalized OPEB to the amounts expensed through OM&A. Instead, the utility relied on the analysis in Appendix D of its May 9, 2025 evidence. That schedule shows GSHi under-capitalized OPEB by roughly $928,000 over 2000-2019 relative to what a pure cash-method approach would have produced. Only three years—2007, 2008 and 2009—swing the other way, and the extra capital in those years totals just $7,879, an amount that is immaterial by any measure and more than offset by the long-term under-capitalization. On that basis GSHi is satisfied that any difference between capitalized and expensed recovery has worked in customers' favour, and a detailed revenue-requirement recalculation is not warranted.

e) GSHi confirms that the portion of OPEB cash costs capitalized in earlier years is still being recovered today through the normal depreciation and return-on-rate-base charges built into current rates. Because distribution plant is depreciated over long lives—about 40 years—any OPEB dollars booked to capital before 2019 will continue to flow through depreciation in rates for some time. Those amounts are not part of the transitional balance: when the cash was paid, the same dollar was removed from the accrued-liability account, so there is no risk of double recovery.

GSHi cannot isolate the precise unrecovered balance within the time allotted for interrogatories. Nevertheless, Appendix D of the May 9 evidence shows that, on net, GSHi under-capitalized roughly $928,000 of OPEB cost between 2000 and 2019. Customers have therefore been paying less through depreciation and return than they would have under a pure cash-method approach to the capitalization of the cash amounts. Any capitalized OPEB still being recovered today is thus appropriate—reflecting past cash outlays—and already outweighed by the historic under-capitalization that permanently benefits ratepayers going forward.

f) Inherent in the way the OPEB liability is calculated by the actuary, the transitional balance was calculated after subtracting every dollar of OPEB cash that has already been charged—whether through OM&A or via capitalization—to customers in prior years. When an OPEB cash payment was booked, whether considered theoretically booked to a capital project or to OM&A, that same amount was simultaneously removed from the accrued-liability account; the liability that remains (and is proposed for disposition) therefore contains no capitalized dollars that are still being recovered through depreciation and return on rate base. In other words, the ongoing recovery of past capitalized OPEBs is already accounted for through normal plant depreciation, so those costs are intentionally excluded from the transitional amount. As a result, the rider GSHi proposes will recover only the portion of the liability that has never entered rates, avoiding any possibility of double recovery.

GSHi notes that the historical capitalization of OPEB amounts is an issue of concern only when transitioning from accrual based to cash-based accounting, not when transitioning from cash based to accrual-based accounting. When transitioning from accrual based to cash-based accounting it is necessary to quantify historical amounts recovered on an accrual basis that will, on the transition to cash-based accounting, be recovered in the future, and pay those amounts back to ratepayers. That quantification task would include unwinding amounts that were collected in rates and capitalized, requiring a) a reduction in the rate base associated with those accrual amounts, and b) an accounting of the revenue requirement impact of those capitalized amounts.

In contrast, when transitioning from cash-based to accrual-based accounting, there is not similar need to back out cash amounts; the calculation of the transition amount fully credits the historical cash amounts against the transitional balance, whether those historical cash amounts were ultimately expenses or capitalized. Whether historical cash-based amounts were expensed or capitalized has no impact on the calculation of the transition amount; the full value of the cash payments made by GSHi is always applied against the unfunded liability.

Attachment 1 (of 1):

Staff-6 2009-2019 Accrual-Based OPEB Costs Expensed vs. Capitalized

Change consists of:

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	Total Change - Direct to Income Statement	Total Change - Payroll Burden	Total Change	Balance Check	Approximate Percentage of Payroll Burden Capitalized	Actual OPEBs Capitalized	Actual OPEBs expensed
	(a)	(b)	(a) - (b) = (c)	(d)	(e)	(k)	(f)	(k) + (f) = (i)	(k) + (f) - (a)	(g)	(f) * (g) = (h)	(i) - (h)
31-Dec-09	1,293,468	395,036	898,432		-	885,668	407,800	1,293,468	-	35.19%	143,494	1,149,974
31-Dec-10	1,134,528	359,203	775,325		- 2,780,264	854,306	280,222	1,134,528	-	38.67%	108,358	1,026,170
31-Dec-11	1,122,923	433,451	689,472		1,280,544	792,237	330,686	1,122,923	-	38.34%	126,780	996,143
31-Dec-12	1,279,123	460,614	818,509		1,461,200	822,254	456,869	1,279,123	-	26.10%	119,260	1,159,863
31-Dec-13	972,143	537,032	435,111		- 1,603,178	895,111	77,032	972,143	-	26.11%	20,110	952,033
31-Dec-14	1,255,136	490,242	764,894		2,345,418	993,139	261,997	1,255,136	-	24.33%	63,733	1,191,403
31-Dec-15	1,310,940	526,559	784,381		- 477,627	885,451	425,489	1,310,940	-	27.73%	117,983	1,192,957
31-Dec-16	935,431	507,749	427,682		- 6,840,715	920,549	14,882	935,431	-	29.34%	4,367	931,064
31-Dec-17	938,383	545,139	393,244		1,552,390	624,959	313,424	938,383	-	27.41%	85,909	852,474
31-Dec-18	954,366	550,634	403,732		- 1,545,129	592,797	361,569	954,366	-	30.42%	109,992	844,374
31-Dec-19	392,580	643,026	- 250,446		2,329,046	344,542	48,038	392,580	-	29.25%	14,052	378,528
Subtotals	11,589,021	5,448,685	6,140,336	-	- 4,278,315			11,589,021			914,039	10,674,982
								11,589,021				**11,589,021**

Staff-7 Future Actuarial Losses and Disposition

Reference:
Ref 1: Section 4.1, Inclusion of Net Actuarial Gains/Losses Since 2020, page 10
Ref 2: OEB's 2017 Report on Pension and OPEBs

Greater Sudbury Hydro is proposing to dispose the full balance in its OPEB Actuarial Gains and Losses Deferral Account of $7,218,181 inclusive of PILs, which it states has accumulated since transitioning to accrual-based OPEB accounting on January 1, 2020.

Greater Sudbury Hydro proposed to credit this amount to customers now to avoid intergenerational inequity.

In reference 2, the OEB's 2017 Report on Pension and OPEBs states,
The OEB generally expects that actuarial gains and losses will even out over time. However, if there is evidence of persistent and significant balances, the OEB will determine an appropriate regulatory treatment.

OEB staff notes that the disposition of the credit balance of $7.2M in the OPEB Actuarial Gains/Losses account, if approved, would partially offset the recovery of Greater Sudbury Hydro's OPEB Transitional Amount requested, $26.1M.

Questions:

a) Please confirm whether Greater Sudbury Hydro has analyzed the likelihood of future actuarial losses offsetting the current balance. If so, please provide the results of that analysis and explain whether it supports deferral or immediate disposition.

b) Please explain whether Greater Sudbury Hydro's position on disposing of the full actuarial gains and losses balance would change if the OEB were to significantly reduce the OPEB transitional amount it is proposing to recover.

c) Please provide any precedent cases that Greater Sudbury Hydro is aware of, in which the OEB approved the disposition of the actuarial gains/losses as part of the OPEB expenses.

Response:

a) GSHi has not attempted to model whether future actuarial gains or losses will offset the current $7.2 million credit. The balance reflects one-off changes in the key valuation assumptions adopted since 2020, factors whose future direction cannot be forecast with any reliability. Because actuarial gains and losses arise precisely because actual experience diverges from prior assumptions, projecting them would be speculative.

b) The $7.2-million actuarial-gains credit is calculated relative to the full $26.1-million transitional debit; it largely reflects the way the 2019 liability is re-measured as actuarial assumptions are updated each year. If the Board were to disallow a material portion of the transitional debit, that credit would no longer correspond to the remaining liability and would have to be recalculated. Beyond the arithmetic mismatch, a major disallowance would leave GSHi with a permanent, unfunded OPEB obligation—contrary to the intent that the shift from cash to accrual be revenue-neutral for the utility. Any "truncated" debit would need its own fresh actuarial roll-forward (2020-2023) to determine whether a gain or loss still exists.

In that circumstance GSHi would reconsider its position and would likely defer disposition of the actuarial-gains balance—preserving it to help fund the still-unrecovered obligation—or, alternatively, ask the Board to permit a return to cash-basis recovery so that its OPEB costs and OPEB funding could be realigned. Put simply, an immediate credit makes sense only if the transitional amount is approved substantially as filed; if that amount is significantly reduced, leaving the gains in the deferral account until a workable funding approach is settled would be the more prudent course.

c) GSHi is aware of one clear precedent: Enbridge Gas Distribution's 2013 rebasing case (EB-2011-0354). In that proceeding the OEB allowed Enbridge to recover about $90 million through its Transition Impact of Accounting Changes Deferral Account (TIACDA). 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. Evidence filed in that case shows the balance explicitly included both the present-value OPEB obligation at December 31, 2010 and the un-amortized net actuarial loss recorded at that date—i.e., actuarial gains and losses were part of the amount approved for disposition. An excerpt from Enbridge's evidence is attached; GSHi has highlighted the two figures that sum to the $84 million actuarial component ($80 million under-funded status plus $4 million un-amortized actuarial loss).

Attachment 1 (of 1):

Staff-7 Enbridge EB-2011-0354 Actuarial Schedule of Balance Approved for Disposition

Appendix 2
Enbridge Gas Distribution Inc.
Continuity Schedule of the OPEB Funded Status
(in millions) (see Note 1)

	A	B	C	D	E	F	G	H	I	J	K	L
	30-Sep-01	**30-Sep-02**	**30-Sep-03**	**31-Dec-04**	**31-Dec-05**	**31-Dec-06**	**31-Dec-07**	**30-Dec-08**	**30-Dec-09**	**30-Dec-10**	**30-Dec-09**	**30-Dec-10**
Change in Accrued Benefit Obligation												
Benefit obligation at beginning of year	50.40	54.80	59.60	62.60	72.00	89.10	95.00	99.50	83.20	81	77	74
Service cost	1.00	1.10	1.50	1.00	1.20	1.60	1.60	1.50	1.20	1	1	1
Interest Cost	3.50	3.80	4.40	3.80	4.50	4.60	4.90	5.60	5.40	5	5	5
Actuarial loss/(gain) and other adjustments	2.00	2.10	(5.70)	9.20	13.90	2.30	0.80	(20.30)	(5.80)	4	(6)	4
Benefits paid	(2.10)	(2.20)	(2.40)	(2.40)	(2.50)	(2.60)	(2.80)	(3.30)	(3.50)	(3)	(3)	(3)
Net transfer in/(out)										(2)		(2)
Adjustment due to change in measurement date								0.20		1		1
Plan amendments				(2.20)								
Employees transferred back to the Company			5.20									
Benefit obligation at end of year	54.80	59.60	62.60	72.00	89.10	95.00	99.50	83.20	80.50	87	74	80
Change in Plan Assets												
Fair value of plan assets at beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Employer's contributions	2.10	2.20	2.40	2.40	2.50	2.60	2.80	3.30	3.50	7	3	3
Benefits paid	(2.10)	(2.20)	(2.40)	(2.40)	(2.50)	(2.60)	(2.80)	(3.30)	(3.50)	(3)	(3)	(3)
Net transfer in												
Fair value of plan assets at end of year	-	-	-	-	-	-	-	-	-	4	-	-
Funded Status												
Benefit obligation	(54.80)	(59.60)	(62.60)	(72.00)	(89.10)	(95.00)	(99.50)	(83.20)	(80.50)	(87)	(74)	(80)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	4	-	-
Overfunded/(Underfunded) status at end of year	(54.80)	(59.60)	(62.60)	(72.00)	(89.10)	(95.00)	(99.50)	(83.20)	(80.50)	(83)	(74)	(80)
Contribution after measurement date				0.60	0.60	0.70	0.70	0.80	0.80		1	
Unamortized prior service cost							(0.70)	(0.60)				
Unamortized net actuarial loss/(gain)	2.00	4.00	(0.50)	8.70	22.40	23.20	18.90	(2.40)	(8.50)	(4)	(9)	(4)
Unamortized transitional (asset)/obligation	47.10	43.70	42.40	34.90	31.70	28.50	24.90	21.80	18.70	16	19	16
Net Amount Recognized on the Balance Sheet	(5.70)	(11.90)	(20.70)	(27.80)	(34.40)	(42.60)	(55.70)	(63.60)	(69.50)	(71)	(63)	(68)

Note 1: amounts in columns A through to J are from Enbridge's consolidated external financial statements, which include amounts from St. Lawrence Gas, a wholly owned subsidiary.
The balances in columns K and L presents the 2009 and 2010 results excluding the impact of St. Lawrence Gas.

Staff-8 Changes to Proposed Rate Riders

Reference:

Ref: Application, Exhibit 9, Tab 1, Schedule 1, page 15, Table 5

The table referenced above shows the rate riders proposed by Greater Sudbury Hydro related to its proposed OPEBs amounts. The table notes that Distribution Revenue is used in column A as the allocator.

OEB staff notes that Greater Sudbury Hydro's 2025 Distribution Revenue was updated as part of the draft rate order process of this proceeding.

Questions:

a) Please confirm if any changes are required to the calculated proposed rate riders.

Response:

Confirmed.

The rate-rider calculations in Exhibit 9, Table 5 used the 2025 Distribution Revenue available when the evidence was filed. Because that figure has since been updated in the draft rate order, GSHi will recalculate the riders using the Board-approved 2025 Distribution Revenue before the final rate order is issued.

Greater Sudbury Hydro Inc

Interrogatory Responses to Supplemental Evidence

June 13, 2025

Vulnerable Energy Consumers Coalition

EB-2024-0026

VECC-49 Valuations and Calculation Explanations

Reference: OPEB Supplemental Evidence Ilustrative Example

Questions:

a) Please define and explain what is entailed in the types of each valuation listed: i.e. Full Valuation Update, Projection Used, Extrapolation Updated – Discount rate.

b) Please explain how the "Actual PV DBO at End of Year" is calculated and specifically for each variable in the calculation how it is different from the variable used to calculated the "Expected PV DBO at End of Year."

Response:

a) Please see below for a description of each item listed:

Full Valuation Update: this includes a full update of all items involved in the valuation, namely the data as of the valuation date (data is typically only updated once every three years), assumptions (typically, most assumptions remain unchanged during the 3 years between full valuations unless management feels something material has occurred to warrant a change in assumptions. Generally, the exception to this is updates to the discount rate assumption annually depending on market yields) and benefit provisions. The PV DBO is calculated as the present value of expected future benefits multiplied by the ratio of years of service to the total years of service in the attribution period for active employees. For actives greater than 55 and retirees the PV DBO is equal to the present value of expected future benefits.

Projection Used: the values generated from this valuation type are projections from our model from the last full valuation update with the same assumptions, data and benefit provisions as of the last full valuation date.

Extrapolation Updated – Discount Rate: similar to Projection Used where it uses the projected values from our model from the last full valuation update with the same data, benefit provisions and assumptions except for the discount rate where it reflects the discount rate assumption chosen as of the extrapolation date. For example, if the last full valuation was done as of December 31, 2019 and an extrapolation update was done as of December 31, 2020, then the liability would reflect the same data, benefit provisions and assumptions (except the discount rate) as of December 31, 2019 and the discount rate would be as of December 31, 2020 instead of 2019.

b) Please see the table below which summarizes the details by the type of valuation:

	Actual PV DBO at End of Year			Expected PV DBO at End of Year
	Full Valuation Update	Projection Used	Extrapolation Updated – Discount Rate	
PV DBO BOY	Projected unit credit method used. Present value of projected benefit cash flows with pro-ration based on service for actives.	Extrapolated PV DBO from prior full valuation (using components below) based on prior year end assumptions.	Extrapolated PV DBO from prior full valuation (using components below) based on current year end assumptions.	Extrapolated PV DBO from prior full valuation (using components below) based on prior year end assumptions.
Current Service Cost	Not applicable	Increase to liability due to one additional year of service for each active employee based on prior year end assumptions.	Increase to liability due to one additional year of service for each active employee for the current year based on current year end assumptions.	Increase to liability due to one additional year of service for each active employee based on prior year end assumptions.
Interest	Not applicable	Interest on the PV DBO BOY based on prior year end assumptions.	Interest on the PV DBO BOY based on current year end assumptions.	Interest on the PV DBO BOY based on prior year end assumptions.
Benefit Payments	Not applicable	Decreases to liability to reflect benefit payments paid out in the year.	Decreases to liability to reflect benefit payments paid out in the year.	Decreases to liability to reflect benefit payments paid out in the year.

VECC-50 Data provided by EGI

Reference: OPEB Supplemental Evidence, Appendix E

"*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."

Question:

a) Please provide data in the form (attached for reference) completed by EGI in the proceeding that GHSI is relying upon. Update for the form for the dates proposed by GHSi

Response:

Please see the PDF attachment accompanying this response. It reproduces the Enbridge data template—annual cash payments, current-service cost, interest cost, actuarial gains / losses, and year-end accrued liability—updated with GSHi figures from 2000 through 2019 and the actuarial valuation at December 31, 2019.

GSHi reiterates that, as with Enbridge's filing, the annual adjustments are shown for transparency only. The balance GSHi proposes to dispose of is the actuarially determined liability at December 31, 2019, net of all cash already paid; the historical movements do not change that point-in-time established amount.

Attachment 1 (of 1):

VECC-50 GSHi Continuity Schedule of OPEB Funded Status

Greater Sudbury Hydro Inc
Continuity Schedule of OPEB Funded Status
(in dollars)

	31-Oct-00	31-Dec-00	31-Dec-01	31-Dec-02	31-Dec-03	31-Dec-04	31-Dec-05	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Change in Accrued Benefit Obligation																					
Benefit obligation at beginning of year	(6,491,000)	(6,824,000)	(6,889,593)	(6,790,760)	(7,055,205)	(7,335,612)	(8,878,414)	(9,343,491)	(9,807,875)	(16,523,863)	(17,314,063)	(18,212,495)	(16,207,556)	(18,177,572)	(20,457,281)	(19,289,214)	(22,399,526)	(22,706,280)	(16,293,247)	(18,238,881)	(17,097,484)
Service cost												(280,222)	(330,757)	(387,991)	(446,523)	(341,020)	(425,490)	(481,738)	(313,424)	(361,569)	(206,028)
Interest cost												(854,306)	(880,107)	(897,797)	(895,111)	(914,116)	(885,450)	(920,548)	(624,959)	(592,797)	(531,842)
Service cost plus interest (combined in some years)	(480,000)	(96,000)	(547,873)	(564,864)	(580,731)	(664,100)	(686,507)	(712,481)	(1,149,549)	(1,143,686)	(1,293,468)										
Actuarial loss/(gain) and other adjustments	-	1,007	432,206	-	-	(1,206,138)	-	-	(5,912,439)	-	-	2,780,264	(1,280,544)	(1,461,200)	1,603,178	(2,345,418)	477,627	6,840,715	(1,552,390)	1,545,129	(2,329,046)
Benefits paid	147,000	29,400	214,500	300,419	300,324	327,436	221,430	248,097	346,000	353,486	395,036	359,203	433,451	460,614	537,032	490,242	526,559	507,749	545,139	550,634	643,026
Net transfer in/(out)													87,941	6,665	369,491			466,855			345,290
Adjustment due to change in measurement date																					
Plan amendments																					
Employees transferred back to the Company																					
Benefit obligation at end of year	(6,824,000)	(6,889,593)	(6,790,760)	(7,055,205)	(7,335,612)	(8,878,414)	(9,343,491)	(9,807,875)	(16,523,863)	(17,314,063)	(18,212,495)	(16,207,556)	(18,177,572)	(20,457,281)	(19,289,214)	(22,399,526)	(22,706,280)	(16,293,247)	(18,238,881)	(17,097,484)	(19,176,084)
Change in Plan Assets																					
Fair value of plan assets at beginning of year																					
Employer's contributions	147,000	29,400	214,500	300,419	300,324	327,436	221,430	248,097	346,000	353,486	395,036	359,203	433,451	460,614	537,032	490,242	526,559	507,749	545,139	550,634	643,026
Benefits paid	(147,000)	(29,400)	(214,500)	(300,419)	(300,324)	(327,436)	(221,430)	(248,097)	(346,000)	(353,486)	(395,036)	(359,203)	(433,451)	(460,614)	(537,032)	(490,242)	(526,559)	(507,749)	(545,139)	(550,634)	(643,026)
Net transfer in																					
Fair value of plan assets at end of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funded Status																					
Benefit obligation	(6,824,000)	(6,889,593)	(6,790,760)	(7,055,205)	(7,335,612)	(8,878,414)	(9,343,491)	(9,807,875)	(16,523,863)	(17,314,063)	(18,212,495)	(16,207,556)	(18,177,572)	(20,457,281)	(19,289,214)	(22,399,526)	(22,706,280)	(16,293,247)	(18,238,881)	(17,097,484)	(19,176,084)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overfunded/(Underfunded) status at end of year	(6,824,000)	(6,889,593)	(6,790,760)	(7,055,205)	(7,335,612)	(8,878,414)	(9,343,491)	(9,807,875)	(16,523,863)	(17,314,063)	(18,212,495)	(16,207,556)	(18,177,572)	(20,457,281)	(19,289,214)	(22,399,526)	(22,706,280)	(16,293,247)	(18,238,881)	(17,097,484)	(19,176,084)
Contribution after measurement date																					
Unamortized prior service cost																					
Unamortized net actuarial loss/(gain)																					
Unamortized transitional (asset)/obligation																					
Net Amount Recognized on the Balance Sheet	(6,824,000)	(6,889,593)	(6,790,760)	(7,055,205)	(7,335,612)	(8,878,414)	(9,343,491)	(9,807,875)	(16,523,863)	(17,314,063)	(18,212,495)	(16,207,556)	(18,177,572)	(20,457,281)	(19,289,214)	(22,399,526)	(22,706,280)	(16,293,247)	(18,238,881)	(17,097,484)	(19,176,084)

VECC-51 OEB Reporting of OPEB Transition Costs

Reference: OPEB Supplemental Evidence, OEB Decision with Reasons, EB-1999-0034,

Board Findings

3.3.32 The Board concludes that transitional costs should be classified into two categories. The first category is costs related to corporate reorganization and to the transfer by-law whereby the municipal corporation acquires the assets of the municipal electric utility. The second is costs related to the business reengineering of the incorporated distribution company to conform to the new business orientation and requirements of a "wires only" company.

Decision with Reasons, EB-1999-0034, January 18, 2000, page 34

Question:

a) Please provide the OEB reporting of OPEB transition costs which occurred on the incorporation of Sudbury Hydro.

Response:

With respect to "transitional costs" related to "to corporate reorganization and to the transfer by-law whereby the municipal corporation acquires the assets of the municipal electric utility", GSHi identified $59,931 in costs related to the re-organization and confirmed that they should be attributed back to the shareholder in GSHi's rate application RP-2000-0255; see attached response to Board Staff interrogatory 1.5 in that proceeding.

Attachment 1 (of 1):

VECC-51 RP-2000-0255 Board Staff Interrogatory 1.5

Greater Sudbury Hydro Inc.
RP-2000-0255
Response to Board Staff Interrogatory List #1.5
Dated June 27, 2001

Question:

1.5) The application derives net income and the rate base for Greater Sudbury Hydro based on the sum of reported net income and rate bases for the three pre-amalgamated electricity commissions. The Board seeks clarification on the following data entries, calculations and accounting procedures used in deriving these results.

A) The rate base for the old Sudbury Hydro Electric Commission is indicated at $70,988,039. However, in the entry for accumulated depreciation for distribution lines and feeders [account 440], the rate base calculation spreadsheet indicated $17,566,018.14. This is different from the corresponding entry in the fixed asset and depreciation expense spreadsheet (where the totals for accumulated depreciation match the audited financial statements and all other entries match those inputted into the rate base calculation spreadsheet), the indicated number is <u>$17,511,771.74</u>. Please adjust or explain this difference.

B) Net income for the old Sudbury Hydro Electric Commission is adjusted for assets which are "non-wires" (such as water heater rentals, and sentinel light rentals), fibre, and utility restructuring activities. Exclusion of non-wires assets in the determination of net income is an allowable adjustment.

However, the Board will require a detailed breakdown of the specific costs comprising the indicated extraordinary provisions for restructuring and fibre optics and how net income for MARR purposes has been determined. Please indicate whether there are any specific costs associated with amalgamation or for restructuring in anticipation of market opening.

Please Note:

I. Board Decision RP-1999-0034 (January 18, 2000), sections 3.3.32 – 3.3.35. Section 3.3.32 requires that transitional costs be classified into two categories. The first is costs related to corporate reorganization and to the transfer by-law whereby the municipal corporation acquires the assets of the municipal electric utility. The second is costs related to business re-engineering of the incorporated distribution company to conform to the new business orientation and requirements of a "wires only" company.

   Section 3.3.33 states that with respect to the costs of corporate reorganization, the Board finds that this category of costs should be to the account of the shareholder. Section 3.3.34 states that with respect to business engineering costs, these should be deferred (please see Board Decision RP-2000-0069 below). *Section 3.3.35 states that the Board will not permit incorporation of any transition costs for purposes of establishing initial rates.*

<u>II.</u> Board Decision RP-2000-0069 (June 7, 2000), section 3.3.1 which states that utilities are authorized to record qualifying transition costs but only after the setting of initial rates: "These are costs related to the business re-engineering of the incorporated distribution company to conform to the new business orientation and requirements of a "wires-only" company. *Recovery of the prudently incurred re-engineering costs is deferred until after the setting of initial rates." Section 3.3.3 further states that: "The initial rates shall therefore not reflect any of the re-engineering costs."* <u>Hence net income for RUD model purposes should no be adjusted for these transition costs.</u>

III. According to the rules set out in the Rate Handbook (Page 3-8), the rate of return (ROE) is determined according to the instruction on page 5 of Subject 8020 of the Accounting for Municipal Electric utilities manual.

   Subject 8020 required that all extraordinary and financial expenses <u>be added back</u> into net income when calculating the ROE. Re-engineering costs are considered an extraordinary expense according to the rules and procedures et out in the 1999 Regulatory

Guidelines for Ontario Municipal Utilities (section 3.2). Hence any such costs and financial expenses should be <u>added back</u> into net income before calculating ROE.

C) In the financial information spreadsheet for the old Capreol utility, there is an entry in cell D73 for sentinel light rental ($1,031.67). However, in the calculation of the rate base for Capreol, there is no indication of any sentinel rental assets being excluded for the purpose of calculating the rate base. Please verify whether there are nay assets and associated depreciation/amortization specific to sentinel rentals, which would need to be treated as a "non wires" asset and excluded from the rate base for Capreol.

Response:

A. The difference is $44,246.50, which relates to amortization on backup transformers. This difference in account 440 has been transferred to line 450 – transformers. The fixed asset additions and accumulated amortization have been reconciled back to the 1999 Fixed Asset Continuity Schedule and the audited financial statements, and the figures are found to be correct.

B. Refer to the schedule entitled Net Income Proof. This schedule reconciles the net income per the 1999 audited financial statements to the net income utilized in the rate base calculation. An error in the cell formula was also corrected. The balance on the spreadsheet now indicates $2,451,542 which agrees with Sheet 7 –MARR Before taxes.

   Fibre revenue has been removed from the financial statements, as have the corresponding operating and amortization costs. This resulted in an upwards adjustment to net income in the amount of $611,923.

   Extraordinary items in the amount of $682,363 relate to payments to the Shareholder, payment made on behalf of the shareholder for costs relating to a co-generation facility, and costs initiated by the Transition Board in evaluating the viability of the Utility.

Payments to shareholder re Natural gas franchise review	$425,000
Co-generation facility	197,432
Transition Board costs re re-organization (consulting)	59,931

Re-organization costs relate to amalgamation and restructuring and as such should be attributed back to the shareholders. The above costs are not incorporated in the net income for purposes of establishing initial rates. Instead the costs are added back to reflect a net income attributable to the 'wires' only operation.

C. A review of the trial balance of Capreol Hydro reveals no information relating to fixed assets under the sentinel light category. The sentinel light energy revenue was erroneously input as sentinel light rental. The number has been transferred to line 9750 – general service.

VECC-52 Financial Statements OPEB Liability

Reference: OPEB Supplemental Evidence/ Enbridge Gas Distribution EB-2011-0354, Exhibit A2, Tab 3, Schedule 1, pages 2-3

"*In 2001, Enbridge first disclosed in its financial statements the unrecorded accrued OPEB liability. The OPEB liability balance at September 30, 2001 was approximately $55 million (excluding the impact of the Transitional Obligation noted in paragraph 10), which was the first year-end in which the new provisions were applicable. See Appendix 2 for a historical continuity of the OPEB liability from 2001 to 2010*."

Question:

a) Please provide the financial statements which first disclosed the unrecorded accrued OPEB liability of $6,491,000.
b) Please provide the first regulatory filing informing the Board of the future liability it was seeking to recover.
c) Did GHSi seek a regulatory deferral account at the time it recognized the liability? If not, why not?

Response:

a) Please see the attachment to response SEC-29, which is the financial statements which first disclosed the OPEB liability. An excerpt from Note 6 of those financial statements is provided below, which notes the opening $6.491M amount being recognized:

	October 31, 2000
Accrued benefit liability recognized in the balance sheet at January 1, 2000	$ 6,491
Expense for the period	480
Benefits paid for the period	(147)
Projected accrued benefit obligations as determined by actuarial valuation using a 6% discount rate	$ 6,824

b) The first regulatory filing that informed the Board a future OPEB liability would be brought forward was GSHi's 2020 cost-of-service application, EB-2019-0037. In that case the OEB approved Account 1508 – Other Regulatory Assets, Sub-Account "OPEB Cash-to-Accrual Transitional Amount."

The accounting order for that sub-account states:

> *"The approach to disposition of the deferral account will be for GSHi to propose disposition in its next cost-of-service rate application, and propose the mechanism by which the balance will be recovered. The final decision on the approval of disposition will be subject to prudence review in a rate application proceeding."*

In line with that directive, GSHi has now quantified the balance—based on the actuarial valuation dated December 31, 2019—and is seeking its recovery in the current rebasing application EB-2024-0026.

c) No. GSHi did not ask for a deferral account when the liability was first booked. At that time management treated OPEB accruals primarily as an accounting entry while continuing to recover OPEB costs in rates on the cash basis—a practice that was common among Ontario utilities and was, until the OEB’s 2017 Report on the Regulatory Treatment of Pension and OPEB Costs (EB-2015-0040), broadly accepted.

Because recovery of OPEB amounts was acceptable on a cash basis, a separate regulatory asset for the unfunded accrual was not pursued. After the OEB clarified in its 2017 Report its preference for accrual-based recovery and provided guidance that utilities moving to accrual recovery should quantify and dispose of the historical shortfall, GSHi took steps to transition to accrual-based accounting for rate making purposes. In its 2020 cost-of-service application (EB-2019-0037) GSHi secured the OPEB Cash-to-Accrual Transitional Amount deferral account to track that shortfall, and in the current rebasing case (EB-2024-0026) it is proposing disposition of the actuarially determined balance.

VECC-53 OEB Reporting of OPEB Transition Costs

Reference: OPEB Supplemental Evidence, OEB Decision with Reasons, EB-1999-0034,

Board Findings

3.3.32 The Board concludes that transitional costs should be classified into two categories. The first category is costs related to corporate reorganization and to the transfer by-law whereby the municipal corporation acquires the assets of the municipal electric utility. The second is costs related to the business reengineering of the incorporated distribution company to conform to the new business orientation and requirements of a "wires only" company.

Decision with Reasons, EB-1999-0034, January 18, 2000, page 34

Question:

a) Please provide the OEB reporting of OPEB transition costs which occurred on the incorporation of Sudbury Hydro.

Response:

Please see GSHi's response to 2-VECC-51 OEB Reporting of OPEB Transition Costs. VECC has confirmed this question was duplicated.

VECC-54 OPEB & Affiliates

Reference: Exhibit 9, Tab 1, Schedule 1, page 11 /OPEB Supplemental Evidence

"*This OPEB Transition Balance is comprised of an audited opening balance of $16,109,318 for GSHi and an allocated balance for Greater Sudbury Hydro Plus Inc. of 6 $3,066,706 summing to a sub-total balance of $19,176,084*"

Questions:

a) Please explain why pension related costs of affiliates of Greater Sudbury Hydro are properly recouped from utility ratepayers.
b) Please provide the affiliate agreements which support the post payment of pension liabilities for affiliates providing services to the regulated utility.
c) Does GSHi provide pension payments to non-related contractors?
d) Please recalculate Options A and B removing any affiliate related OPEB liabilities.

Response:

a) Most of the corporate-service staff—CEO, finance, accounting, HR, IT, customer service, purchasing—are employed and paid by Greater Sudbury Hydro Plus Inc. (GSHPi), the non-regulated affiliate that houses shared services for the entire group. While those employees remain on GSHPi's payroll, the work they perform is almost entirely for GSHi's regulated distribution business. Under the OEB's Affiliate Relationships Code for Electricity Distributors and Transmitters (ARC):

   - Section 2.3.4.1 permits a distributor to pay an affiliate the affiliate's fully-allocated cost when acquiring a non-competitive service.

- Section 2.3.5.1 permits the costing of shared corporate services on a fully allocated basis.

Post-employment benefits (OPEBs) earned by GSHPi staff while they are working on GSHi tasks are a direct cost of providing distribution service and it is appropriate, under the ARC, to be charged to GSHi. GSHPi allocates its actuarially determined liability so only the share that is cost-causal to GSHi is transferred. GSHi notes that the OEB approved the recovery of costs from GSHPi on an accrual basis starting in 2020.

If that affiliate share was not charged to GSHi in this way, GSHPi would still need to recover the unfunded liability through a markup or separate fee as a recoverable cost to provide service. Allocating the liability directly to GSHi keeps the charge:

- Cost-causal – it follows the labour that earned the benefit;
- Fully allocated and at cost – exactly what the ARC prescribes; and
- Transparent and auditable – the transfer can be traced to the actuarial valuation.

It should also be noted that the future cash costs that are represented by the transition amount related to GSHPi, as GSHi has pointed out in general, were and would be fully recoverable from GSHPi under a cash-based accounting of OPEB costs. Whether GSHi pays those costs on an accrual-basis including the recovery of the proposed transition amount or on a cash-basis as was the case prior to 2020, the total amount of OPEB costs allocated from GSHPi to GSHi is identical. As part of the 2020 proceeding the OEB approved the recovery of OPEB costs related to

GSHi's affiliate on an accrual basis, transitioning from historical cash-based recovery; this transition, in order to remain cost neutral to GSHi, requires the recovery the calculated transition amount, to offset the overall lower future recovery in rates that will result from the transition from cash to accrual-based recovery.

For these reasons the GSHPi portion of the OPEB liability that relates to work performed for GSHi is appropriately included in the transitional balance recovered from GSHi's rate-payers.

b) Attached is the corporate-services (affiliate) agreement that governs the charges GSHPi (the shared-services company) bills to GSHi. It is already on the public record and is reproduced here for ease of reference. Several clauses make clear that any post-employment benefit (OPEB) costs earned by GSHPi employees while they are working on GSHi business must be flowed through to GSHi at fully-allocated cost:

Definition of "Corporate Services Expense" – page 3 (Article I, s.1.1)

> *"…all costs and expenses incurred by Servicesco in connection with the provision of the Corporate Services and calculated in accordance with the Transfer Pricing methodology attached as Schedule A."*
>
> This definition captures every element of compensation and benefits, including OPEBs, that Servicesco (GSHPi) incurs on behalf of GSHi.

Fee provision – page 7 (Article IV, s.4.1(ii))

Wiresco (GSHi) must pay a monthly fee equal to “the amount of the Expenses projected to be disbursed by Servicesco during each month...” “Expenses” here are the Corporate Services Expenses defined above, i.e., total compensation and benefits.

The ARC’s fully-allocated-cost requirement is built into the agreement’s pricing clause. Because ARC 2.3.4.1 and 2.3.5.1 permit that affiliate services be charged on a fully-allocated cost, the contract’s fee formula meets the ARC standard.

Because GSHPi employees supply corporate services almost exclusively to GSHi, the OPEB liability those employees generate while doing that work is appropriately allocated to GSHi’s ratepayers. The agreement (and the ARC) therefore requires that share of the liability to be billed through to GSHi at cost, and without mark-up, exactly as GSHi has done in its transitional-amount calculation.

c) GSHi understands the question to be asking whether the utility explicitly makes employer-pension or other post-employment benefit (OPEB) contributions on behalf of external contractors who are not employees and have no corporate affiliation with GSHi or GSHPi.

The answer is no. GSHi’s pension contributions are limited to employees who participate in the OMERS defined-benefit plan and, through the shared-services arrangement, to GSHPi employees who work on GSHi business. Independent contractors engaged for construction or other services are paid on a fee-for-service basis and do not directly receive pension or OPEB payments from GSHi. GSHi notes however that the costs incurred by contractors in relation to any pension or OPEB obligations are necessarily included as part of the price they charge GSHi for service.

d) GSHi cannot rebuild Options A or B on a year-by-year basis with the GSHPi portion stripped out. As noted in our response to SEC-31 (d), the two companies' OPEB amounts were recorded as a single pool up to 2015 and the historical actuarial reports cannot be disaggregated after the fact. In any case, the year-by-year history does not determine the amount GSHi seeks to recover. Consistent with the Enbridge precedent (EB-2011-0354), GSHi's proposal is based on a point-in-time actuarial valuation at December 31, 2019:

Description	GSHi	GSHPi	Total
OPEB Transitional amount (pre-tax)	$16,109,318	$3,066,766	$19,176,084
Regulatory tax gross-up	$5,808,120	$1,105,706	$6,913,826
Amount proposed for disposition	$21,914,438	$4,172,472	$26,089,910

Removing the GSHPi component would therefore reduce the transitional debit from $26.09 million to $21.91 million. A further historical re-cut of Options A and B is neither feasible—because the underlying split does not exist—nor necessary, because the 2019 valuation alone establishes the balance GSHi proposes to dispose of, including indicating the split between the amount related to GSHi staff and the amount related to GSHPi staff.

It should be noted that in splitting the 2019 transition amount between GSHi and GSHPi related amounts, the actuarial gains/losses from 2020 to 2023 would also have to be split between the two amounts.

Attachment 1 (of 1):

VECC-54 Corporate Services Agreement

CORPORATE SERVICES AGREEMENT

Between

GREATER SUDBURY HYDRO PLUS INC/HYDRO PLUS DU GRAND SUDBURY INC.
("Servicesco")

and

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
("Wiresco")

DATED AS OF July 1, 2019

RECITALS

1. Greater Sudbury Hydro Plus Inc./Hydro Plus du Grand Sudbury Inc. ("Servicesco") is a corporation established under the laws of the Province of Ontario and is in the business of providing Corporate Services to corporations and other entities operating electrical, , telecommunications or property rentals, generation facilities

2. Greater Sudbury Hydro Inc. / Hydro du Grand Sudbury Inc. ("Wiresco") is a corporation established under the laws of the province of Ontario and is in the business of distributing electricity throughout certain parts of the City of Greater Sudbury and the Municipality of West Nipissing.

3. Servicesco and Wiresco have agreed to enter into this Corporate Services Agreement dated as of July 1, 2019 (the "Agreement"), pursuant to which Servicesco will provide Corporate Services to Wiresco and Wiresco will provide certain services to Servicesco as described in Schedule A, on and subject to the terms and conditions set forth herein;

NOW THEREFORE, THIS CORPORATE SERVICES AGREEMENT WITNESSES THAT, in consideration of the covenants and agreements herein contained, the Parties hereto agree as follows:

ARTICLE I
INTERPRETATION

1.1 Definitions. Whenever used in this Agreement, unless the context otherwise requires, the capitalized words and terms used herein shall have the following meanings:

"Affiliate Relationships Code" means the OEB's *Affiliate Relationships Code for Electricity Distributions and Transmitters*, dated April 1, 1999, and revised March 15, 2010, and any supplements or amendment thereto:

"Agreement" means this Corporate Services Agreement, including all schedules and all documents, instruments and agreements supplemental hereto or in amendment or confirmation hereof;

"Applicable Laws" means all laws or ordinances and all judgments, decrees, injunctions, writs and orders of any court, arbitrator or Governmental Authority, and all statutes, rules, regulations orders, interpretations, directives, licenses and permits of any governmental body, instrumentality, agency or other regulatory authority applicable to this Agreement and/or the services provided pursuant to the Agreement.;

"Arbitration Act" means the *Arbitration Act, 1991,* S.O. 1991, Chap. 17;

"Base Fees" shall have the meaning ascribed in Section 4.1;

"Business Day" means a day other than Saturday, Sunday or a legal holiday in Sudbury, Ontario;

"Confidential Information" means information that Wiresco has obtained relating to a specific consumer, retailer or generator in the process of providing current or prospective electrical distribution or transmission services;
"Event of Default" means any of the events described in Section 6.1;

"Corporate Services Expenses" means with respect to any period, without duplication, all costs and expenses incurred by Servicesco in connection with the provision of the Corporate Services and calculated in accordance with the transfer pricing methodology attached to this agreement as Schedule A;

"Fair Market Value" means the price reached in an open and unrestricted market between informed and prudent parties, acting at arms length and under no compulsion to act;

"Force Majeure" means a strike, lockout, riot, insurrection, war, fire, tempest, flood, act of god, lack of materials or supply of service which results notwithstanding the diligent efforts of Servicesco and Wiresco;

"Governmental Authority" means any court or governmental department, commission, board, bureau, agency, or instrumentality of Canada. or of any province, territory, county, municipality, city, town or other political jurisdiction and whether now or in the future constituted or existing that has jurisdiction over some aspect of the services provided under this Agreement or over either of Servicesco or Wiresco;

"HST" means the harmonized sales tax levied under Part IX of the *Excise Tax Act* R.S.C., 1985, c. E-15;

"Insolvent" means, with respect to any Person, being insolvent, bankrupt, making a proposal under the *Bankruptcy and Insolvency Act* R.S.C., 1985 c. B-3 or having a trustee or receiver or manager appointed in respect of its assets;

"OEB" means the Ontario Energy Board;

"OEB Act" means the *Ontario Energy Board Act, 1998 S.O. 1998, C 15, Sched B;*

"Party" means Servicesco or Wiresco, or both, as applicable;

"Person" means any natural person, corporation, division of a corporation, partnership, trust, joint venture, association, company, estate, unincorporated organization, public utilities commission, or Governmental Authority;

"Required Consents" means all permits, by-laws, licences, waivers, exemptions, consents, certificates, authorizations, approvals, rights, rights of way and entitlements and the like which are required from any Governmental Authority or any other Person in respect of, or which are in any way material to, the performance of the Services by Servicesco on Wiresco's behalf;

"Services" and "Corporate Services" means the services that Wiresco requires to be performed by Servicesco and the services that Servicesco requires to be performed by Wiresco as listed in Schedule A

"Servicesco" means Greater Sudbury Hydro Plus Inc./Hydro Plus du Grand Sudbury Inc.;

"Taxes" means any and all governmental fees (including license, documentation and registration fees), taxes (including income, gross receipt, sales, rental, use, turnover, value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments, reassessments or withholdings of any nature whatsoever, including commodity taxes, together with any and all assessments, penalties, fines, additions and interest thereon;

"Term" shall mean the period from the date hereof to December 31, 2024 or such earlier date as this Agreement may be terminated in accordance with the provisions herein; and

"Wiresco" means Greater Sudbury Hydro Inc./Hydro du Grand Sudbury Inc.

1.2 Termination of Prior Agreement
Effective as of 11:59 pm EST on June 30, 2019 the Prior Agreement is terminated. Effective as of 12:00 am EST on July 1, 2019 this Agreement shall be in full force.

1.3 Interpretation. Throughout this Agreement;

(a) any word importing the singular number shall include the plural and vice versa;

(b) any word importing gender shall include all genders;

(c) all references to sections and schedules are to sections and schedules to and forming part of this Agreement; and

(d) all dollar amounts are in lawful money of Canada,

1.4 **Headings**. The headings in this Agreement are for convenience only and shall not in any way limit or be deemed to construe or interpret the terms and provisions of this Agreement.

1.5 **Schedules**. The following Schedules annexed hereto and incorporated by reference are deemed to be an integral part of this Agreement as if they had been set forth herein:

Schedule "A"- Transfer Pricing Methodology

1.6 **Applicable Law.** This Agreement and all documents, instruments and agreements related thereto shall be construed and enforced in accordance with the laws of the Province of Ontario.

1.7 **Successors and Assigns.** This agreement shall ensure to the benefit of and shall be binding on Servicesco and Wiresco, and their respective successors and assigns.

1.8 **Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. In respect of any provision so determined to be unenforceable or invalid, the Parties agree to negotiate in good faith to replace the unenforceable or invalid provision with a new provision that is enforceable and valid in order to give effect to the intent of the original provision to the extent permitted by law and in accordance with the intent of this Agreement.

1.9 **Time of the Essence.** Time shall be of the essence of this Agreement.

1.10 **No Partnership.** It is understood and agreed that nothing contained in this Agreement nor any acts of the Parties shall be deemed to constitute the Services and Wiresco as partners of each other.

ARTICLE II
PROVISION OF SERVICES BY SERVICESCO

2.1 **Appointment of Servicesco.** Servicesco will provide Services to Wiresco in accordance with the terms of this Agreement, throughout the Term.

2.2 **Duties and Responsibilities of Servicesco.** Subject to any Required Consents and to Section 2.4 hereof, Servicesco shall have the duty and responsibility during the Term to provide Services to Wiresco, including without limitation providing the necessary staff to provide the Services to Wiresco. Without limiting the generality of the foregoing, Servicesco shall have the following duties and responsibilities:

(a) to prepare an annual plan and budget for the performance of the Services by Servicesco and to submit such Plan to Wiresco for approval at least 30 days prior to the beginning of each fiscal year;

(b) to prepare and deliver to Wiresco on the 15th day of each month, a report detailing all Services which have been provided by Servicesco in the previous month including detailed and summary costing information calculated in accordance with Schedule A as acceptable to Wiresco;

(c) to provide any further report to Wiresco with respect to the Services, as may be requested from time to time by Wiresco;

(d) to provide the services of trained and accredited (where applicable) Servicesco personnel to provide the Services to Wiresco and otherwise meet Servicesco's obligations under this Agreement;

(e) to assist Wiresco in obtaining and maintaining and fulfilling all necessary permits, consents and permissions, or other regulatory requirements related to the Services, including any licensing requirements pursuant to the OEB Act;

(f) to use its reasonable efforts to secure and maintain from vendors, suppliers and subcontractors the best indemnities, warranties and guarantees as may be commercially available regarding all supplies, equipment and services purchased in relation to the Services, all of which shall be assigned to Wiresco, and assist Wiresco in preserving and enforcing such indemnities, warranties or guarantees;

(g) to promptly notify Wiresco of:

(i) any default hereunder;

(ii) any condition or occurrence which is likely to result in a material difference in the costs agreed to by Wiresco in the annual plan;

(iii) any occurrence, accident, safety violation, lawsuit claim by any Person which might reasonably be expected to result in an investigation or penalty under Applicable Laws or any material violation of any Applicable Laws; or

(iv) any other event which might reasonably be expected to have a material adverse effect on the Services;

2.3 **Powers of Servicesco.** Subject to the overall direction and requirements of Wiresco and subject to any Required Consents and to Section 2.4, Servicesco shall have the authority to administer, perform and carry out the terms of all necessary agreements and commitments, the performance of which is necessary or advisable in respect of the Services provided to Wiresco. Wiresco shall notify all other parties and shall execute all directions and other instruments as may be necessary to document Servicesco's authority under this Agreement to provide Services on behalf of Wiresco.

2.4 **Limit of Servicesco Expenditures.** In the conduct of its duties hereunder, Servicesco shall not, without first obtaining the written approval of Wiresco, undertake an expenditure which would result in a variance to the budget, as set out in the annual plan.

2.5 **Apportionment of Risks.**

(a) Servicesco shall have no liability as a result of this Agreement to make or arrange for payments on account of Wiresco expenses, or any other expenses relating to this Agreement, out of its own funds; and

(b) Servicesco will remain liable for any negligence, omission or failure in the performance of its obligations under this Agreement.

2.6 **Services Provided by Wiresco:** Wiresco shall provide services to Servicesco on the terms outlined in Schedule A. Servicesco in its sole discretion shall determine the amount of services required from Wiresco and agrees to be bound by the pricing methodology in Schedule A for all services procured.

ARTICLE III
TERM

3.1 **Term of Agreement.** This Agreement shall become effective as of the date hereof and shall continue in full force and effect throughout the Term unless sooner terminated in accordance with the provisions of this Agreement. This Agreement shall be automatically renewed for successive periods of five (5) years unless either Party provides the other with written notice to the contrary at least one hundred and eighty (180) days prior to the end of the then incumbent term.

ARTICLE IV
FEES AND PAYMENT OF EXPENSES

4.1 **Services Fee.** In consideration of the Services provided by Servicesco pursuant to this Agreement, Wiresco shall pay to Servicesco, in advance, a monthly Services fee, payable on the last day of the month in which the Services are performed. This fee shall consist of:

(i) a base fee (the "Base Fee") of $3,500 per month, exclusive of HST. The Base Fee may be reset annually by the Parties, in conjunction with the preparation of the Annual Plan; and

(ii) an amount equal to the amount of the Expenses projected to be disbursed by

Servicesco during each month, as reflected in each year's Annual Plan. Such amount shall be adjusted within 30 days of the end of each month based on the actual amount of the Expenses incurred by Servicesco during that month.

4.2 **Calculation of Services Expenses.** Wiresco hereby acknowledges and agrees that:

(a) Servicesco may provide Services to third parties and to itself which are similar to the Services which Servicesco provides to Wiresco hereunder;

(b) Servicesco shall be entitled, from time to time, to reasonably allocate its cost in respect of the Services it provides to Wiresco, among Wiresco, Servicesco and all other third parties to which Servicesco provide services; and

(c) The allocation of Servicesco's cost in respect of the Services as set out in Schedule "A" is reasonable and may be revised by Servicesco from time to time on written notice to Wiresco.

ARTICLE V
COVENANTS

5.1 **Covenants of Servicesco.** Servicesco covenants and agrees that in the performance of its obligations pursuant to this Agreement it shall:

(a) perform all services at all times in accordance with due care and diligence, and in compliance with Applicable Laws;

(b) comply with all instructions of Wiresco in relation to the performance of its Services under this Agreement.

5.2 **Covenants of Wiresco.** Wiresco covenants and agrees that it shall, throughout the Term of this Agreement:

(a) comply in every material respect with all Applicable Laws;

(b) at all times pay all taxes, government fees, and assessments of whatever nature or kind with respect to Wiresco's property and/or operations including any interest and penalties thereon when and as the same become due and payable, except when and so long as the validity of any of the same is in good faith being contested by Wiresco;

(c) execute all directions and other instruments as may be necessary or requested from time to time by Servicesco to document Servicesco's authority under this Agreement; and

(d) provide prompt notice to Servicesco of any material facts or information of which it is aware in relation to and which may affect the Services, including, without limitation, any pending or threatened claims by or against Wiresco before any court or administrative tribunal.

5.3 **Affiliate Relationships Code.** Each of the Parties acknowledge and agree that this Agreement is to be construed as a "Services Agreement" pursuant to the Affiliate Relationships Code, and as such is subject to the following:

(a) the fees paid to the Servicesco under this Agreement shall be calculated in accordance with Schedule A Transfer Pricing Methodology based on the Transfer Pricing Study completed for Wiresco by BDR North America Inc dated June 30, 2019 and as updated from time to time to reflect changes in Servicesco's operating environment;

(b) each of Wiresco and Servicesco shall maintain separate financial records and books of accounts;

(c) Wiresco shall provide the OEB with information regarding its transactions with Servicesco, in a form and manner and at such times as may be requested by the OEB, including without limitation:

(i) the business address, list of officers and directors, and description of Servicesco's business activities; and

(ii) a copy of this Agreement.

5.4 **Confidentiality Arrangements.** Pursuant to the Affiliate Relationships Code, the Parties hereby agree to establish and maintain the following confidentiality arrangements:

(a) Servicesco shall install and maintain appropriate computer data management and data access protocols to ensure that all Wiresco Confidential Information is protected from access by any affiliate that is an "energy service provider" as defined in the Affiliate Relationships Code;

(b) Operations staff shall not be directly involved in the collection of, and shall not have access to, Confidential Information;

(c) Servicesco shall not release Confidential Information to any party without first obtaining the written consent of the consumer, retailer or generator in question, except where Confidential Information is required to be released by Servicesco:

(i) for billing or market operation purposes;

(ii) for law enforcement purposes;

(iii) for the purpose of complying with a legal requirement; or

(iv) for the processing of past due accounts of the consumer which have been passed to a debt collection agency.

ARTICLE VI
DEFAULT AND TERMINATION

6.1 **Event of Default.**

Servicesco shall be in default under this Agreement upon the happening or occurrence of any of the following events, each of which shall be deemed to be "Event of Default" for the purposes of this Agreement:

(a) if Servicesco breaches or fails to observe or perform any of Servicesco's obligations, covenants, or responsibilities under this Agreement, and, within thirty (30) days after notice from Wiresco specifying the nature of such breach or failure, Servicesco fails to cure such breach of failure or to take steps to remedy such breach or failure to the satisfaction of Wiresco;

(b) if Servicesco:

(i) becomes Insolvent;

(ii) is subject to any proceeding, voluntary or involuntary under the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada), or any other Act for the benefit of creditors;

(iii) winds up either voluntarily or under an order of a Court of competent jurisdiction;

(iv) makes a general assignment for the benefit of its creditors; or

(v) otherwise takes any corporate action that acknowledges its Insolvency; or

(c) if there is gross negligence, willful default or fraud by Servicesco in the performance of any of its obligations, covenants, or responsibilities under this Agreement

6.2 Termination upon Event of Default. Upon the occurrence of an Event of Default, Wiresco in its absolute discretion may elect to terminate this Agreement, upon providing notice to Servicesco and paying any outstanding Base Fee and Corporate Service Expenses therein.

6.3 **Termination.** Subject to Section 8.1 either Party may terminate this Agreement, without cause and at any time, by providing at least one hundred and eighty (180) days' prior written notice of termination to the other Party.

6.4 **Restriction on Termination during Force Majeure.** During the occurrence of an event of Force Majeure, the obligations of the Party affected by such event of Force Majeure, to the extent that such obligations cannot be performed as a result of such event of Force Majeure. shall be suspended, and such Party shall not be considered to be in default hereunder, for the period of such occurrence, except that the occurrence of an event of Force Majeure affecting Wiresco (but not affecting the performance of Servicesco's obligations hereunder) shall not relieve it of its obligation to make payments to Servicesco hereunder. The non-performing Party shall give the other Party prompt written notice of the particulars of the event of Force Majeure and its expected duration, and shall continue to furnish regular reports with respect thereto on a timely basis during the continuance of the event of Force Majeure and shall use its best efforts to remedy its inability to perform. The suspension of performance is to be of no greater scope and of no longer duration than is required by the Force Majeure condition. No obligations of either Party that arose before the Force Majeure causing the suspension of performance are excused as a result of the Force Majeure.

6.5 **Post-Termination Arrangements.** In the event of termination of this Agreement, for any reason:

(a) Servicesco shall deliver to Wiresco all books, records, accounts, systems and manuals which it has developed and maintained relating to the Services pursuant to this Agreement;

(b) Servicesco and Wiresco shall take all steps as may be reasonably required to complete any final accounting between them and to provide, if applicable, for the orderly transfer of any matter contemplated by this Agreement; and

(c) title to all materials, equipment, supplies, parts and other items purchased or obtained by Servicesco in relation to the Services shall pass to and vest in Wiresco upon payment or reimbursement of costs by Wiresco.

ARTICLE VII
SUCCESSION AND DELEGATION

7.1 **No Assignment.** This Agreement may not be assigned by either of the Parties hereto.

7.2 **Delegation of Servicesco's Obligations.** Servicesco shall not delegate any of its obligations under this Agreement to a third party without the prior written consent of Wiresco, which consent may not be unreasonably withheld provided that such third party is a reputable and experienced person capable of fulfilling such obligation and further provided that Servicesco shall have provided Wiresco with at least ten (10) days' prior written notice, failing which such consent may be unreasonably withheld. Servicesco shall at all times remain liable and responsible for all obligations under this Agreement notwithstanding delegation of any obligations hereunder to a third party.

ARTICLE VIII
DISPUTE RESOLUTION

8.1 Arbitration.

(a) Any dispute, controversy or claim arising out of or in connection with, or relation to, this Agreement, or the performance, breach, termination or validity hereof, shall be finally settled by arbitration. Either Party may initiate arbitration within a reasonable time after any such dispute, controversy or claim has arisen, by delivering a written demand for arbitration upon the other Party. The arbitration shall be conducted in accordance with the Arbitration Act. The arbitration shall take place in Sudbury, Ontario, and shall be conducted in English;

(b) The arbitration shall be conducted by a single arbitrator having no financial or personal interest in the business affairs of either of the Parties. The arbitrator shall be appointed jointly by agreement of the Parties, failing which an arbitrator shall be appointed by application to the Superior Court of Ontario, in Sudbury;

(c) Absent agreement or an award in the arbitration to the contrary, the arbitration fees and expenses shall be paid by the Parties jointly; and

(d) The arbitral award shall be in writing, stating the reasons for the award and be final and binding on the Parties with no rights of appeal. The award may include an award of costs, including reasonable legal fees and disbursements and fees and expenses of the arbitrator. Judgement upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the Parties or their assets.

8.2 Confidentiality of Arbitration. The arbitration shall be kept confidential and the existence of the proceeding and any element of it (including but not limited to any pleadings, briefs or other documents submitted and exchanged, and testimony or other oral submission and any awards) shall not be disclosed beyond the arbitrator, the Parties, their counsel and any person necessary to the conduct of the proceeding, except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise.

ARTICLE IX
GENERAL MATTERS

9.1 Notice. Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by telecopy, rapifax or other electronic means of communication addressed to the respective Party as follows:

To Wiresco:

Greater Sudbury Hydro Inc.
500 Regent Street
P.O. Box 250
Sudbury, Ontario
P3E 4P1
Attention: Vice President Engineering and Operations
Fax No.: (705) 671-1413

To Servicesco:

Greater Sudbury Hydro Plus Inc.
500 Regent Street
P.O. Box 250
Sudbury, Ontario
P3E 4P1

Attention: President and C.E.O.
Fax No.: (705) 675-0528

or to such other address, telecopy number or rapifax number as a Party may from time to time notify the other in accordance with this Section 9.1. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been given on. the day of actual delivery thereof, or, if made or given by electronic means of communication, on the first Business Day following the transmittal thereof.

9.2 **Further Assurances.** Each of Wiresco and Servicesco shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other Party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

9.3 **Whole Agreement.** This Agreement together with the Schedules attached hereto constitute the whole and entire agreement between the Parties with respect to the subject matter hereof.

9.4 **Amendments and Waivers.** No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by both of the Parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

9.5 **Effective Date.** This Agreement is to take effect as and from July 1, 2019 notwithstanding the date of execution of this Agreement.

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of 30th of June, 2019.

GREATER SUDBURY HYDRO PLUS INC. / HYDRO PLUS DU GRAND SUDBURY INC.

Per: [redacted]

Name: MARK SIGNORETTI
Title: **Director**

c/s

Per: [redacted]

Name: **Catherine Huneault**
Title: **Vice President Corporate Services and CFO**

GREATER SUDBURY HYDRO INC./ HYDRO DU GRAND SUDBURY INC.

Per: [redacted]

Name: MARK SIGNORETTI
Title: **Director**

c/s

Per: [redacted]

Name: **Frank Kallonen**
Title: **President and CEO**

Schedule "A" - Transfer Pricing Methodology

Summary of Services Provided by Servicesco to Wiresco		
Nature of Service	**Allocation Method Used**	**BDR Comment or Recommendation**
Executive	Time Records	Reasonable and accordance with accepted principles of cost allocation.
Board of Directors	50% of the cost of two boards (Greater Sudbury and GSU), plus direct assignment of two independent directors	Reasonable and accordance with accepted principles of cost allocation.
Insurance	Direct assignment	Best treatment of identifiable costs
Risk management (employee safety)	97% of costs allocated to Greater Sudbury, based on time records	Recommend analysis of programs to determine correct balance for direct assignment.
Procurement, inventory and stores services	Value of issued inventory	Reasonable and accordance with accepted principles of cost allocation.
Human Resources	Directly assigned where possible, number of employees for other costs	Reasonable and accordance with accepted principles of cost allocation.
Information technology and telephone services	Telephone systems, PCs and ERP, by unweighted number of users; telephone sets by weighted number of users reflecting complexity of the units; systems for customer information and billing by factors related to that function; costs directly assigned where specifically identified with an affiliate or function.	Reasonable and accordance with accepted principles of cost allocation.
Payroll	Time tracking for activities identifiable specifically to Wiresco; number of employees for other costs	Reasonable and accordance with accepted principles of cost allocation.
Accounts payable	Time tracking for activities identifiable with Wiresco; number of invoices for other costs	Reasonable and accordance with accepted principles of cost allocation.
Regulatory	No current activities identifiable with affiliates; therefore 100% assigned to Wiresco	Reasonable and accordance with accepted principles of cost allocation.

Summary of Services Provided by Servicesco to Wiresco		
Nature of Service	**Allocation Method Used**	**BDR Comment or Recommendation**
Accounting, treasury, accounts receivable, financial reporting and audits	A time estimate for forecast; time records for actual Direct cost for audit	Reasonable and accordance with accepted principles of cost allocation.
Customer billing and related services (Where other services billed, costs allocated to electricity as per allocation method)	Direct assignment where costs can be specifically identified as attributable to electricity; other costs by number of bills, number of telephone calls, time tracking, calculated portion of service, or as appropriate for each type of cost	Reasonable and accordance with accepted principles of cost allocation.
Annual fee for cost recovery	For redistribution of costs which were allocated by other methodologies to Servicesco. In proportion to the allocation of other costs.	Reasonable and accordance with accepted principles of cost allocation.
Payment processing	Number of bills	Reasonable and accordance with accepted principles of cost allocation.
Quality management	Costs of Servicesco directly assigned to Wiresco, as other affiliates pay for their own programs directly	Reasonable and accordance with accepted principles of cost allocation.

Summary of Services Provided by Wiresco to Servicesco		
Nature of Service	**Allocation Method Used**	**BDR Comment or Recommendation**
Vehicles	Apply an hourly charge-out rate computed to recover all costs when applied to forecast vehicle usage hours. Time tracked through the work order system	Reasonable and accordance with accepted principles of cost allocation.
500 Regent Building	Market rate applied to square footage utilized to recover capital costs; allocation by square footage to recover operating costs; costs for utilization by the Plus Company reallocated to affiliates in accordance with the cost of the functional area occupying the space	Reasonable and accordance with accepted principles of cost allocation.
Staff and Vehicles for Street Lighting Services	Time of staff as recorded in the work order system.	Reasonable and accordance with accepted principles of cost allocation.

VECC-55 OPEB Amortization

Reference: OPEB Supplemental Evidence Ilustrative Example/ Enbridge Gas Distribution EB-2011-0354, Exhibit A2, Tab 3, Schedule 1, page 12-

35. An amortization period alternative would be the current expected average remaining service life of employees of 12.7 years (rounded to 13 years). Alternatively, an option would be to amortize over the amortization period of 15 years, which was utilized for the amortization of the Transitional Obligation originating in 2000. When Union Gas and Newfoundland Power converted from cash to accrual basis, they utilized amortization periods of 17 and 15 years respectively.

36. Enbridge is of the view that a 15 year amortization period is reasonable because it prevents rate shock, similar to length as other utilities who converted to the accrual method and is similar to the expected average remaining service life of employees.

Question:

a) Please explain the rationale for the amortization period proposed by GHSi for recovery of the proposed debit and credit to customers.
b) Please explain the rationale for offsetting the debit to customers with the credit ($7,218,181). For example, why is not more appropriate to provide the credit to customers immediately and recover the debit over a different (longer) period?

Response:

a) GSHi selected a ten-year amortization because it strikes a practical balance between two policy objectives the Board has emphasized in past decisions, including EB-2011-0354. The transition amount relates to accrual-based OPEB costs that are fully recoverable December 31, 2019; the amortization of the recovery of that amount from ratepayers is purely a mechanism for managing the rate impact associated with the recovery of that amount. Recovering the amount over 10 years lowers the annual amount each customer sees on the bill, but it also shifts a larger share of the obligation onto future customers who did not benefit from the services that gave rise to the liability. Compressing the period has the opposite effect: it keeps the cost with today's customers—reducing inter-generational inequity—but increases the year-to-year bill impact.

Beyond roughly ten years, lengthening the schedule provides only modest additional bill relief while pushing a substantial portion of the cost decades forward. GSHi believes a ten-year horizon fairly balances those considerations, but acknowledges that a different period of amortization may be appropriate.

b) GSHi proposes to clear the $7.2-million credit at the same pace as the $26-million debit for two reasons.

1. Inter-generational equity. The credit represents actuarial gains that accumulated while the same employees were earning the costs that make up the transitional debit. Applying the credit over the same 10-year rider keeps both cash flows with the same group of customers—the ones who received the service that produced the obligation—rather than granting today's customers an immediate windfall and leaving a portion of the debit for future customers to pay. Put another way, the net credit is an adjustment to the historically accrued amounts, and in this case largely attributable to the transition amount that has yet to be collected. Paying the net adjustment amount to ratepayers before the

transition amount has been recovered in rates would be analogous to given a customer a partial refund for a payment they have not yet made; it would not be reasonable to require GSHi to essentially refund an amount it has not yet recovered, the reasonable treatment is to collect the amount outstanding (the transition amount) concurrent to crediting this balance. The proposal implicit in the interrogatory is that GSHi should, essentially, refund money it has not yet collected.

2. Rate stability and cash-flow practicality. Crediting the full $7.2 million in a single year would reduce GSHi's 2025 distribution-revenue requirement by roughly 22%, creating an atypically large year-over-year bill fluctuation and a corresponding cash shortfall for the utility—money that was never collected in the first place. Offsetting the credit against the debit in one net rider smooths the impact for customers and avoids unnecessary volatility, while still ensuring every dollar of the credit is returned.

For these reasons GSHi believes the combined disposition—one net rider over 10 years—best aligns with the OEB's principles of fairness, rate-impact moderation, and cost causality.

Greater Sudbury Hydro Inc

Interrogatory Responses to Supplemental Evidence

June 13, 2025

School Energy Coalition

EB-2024-0026

Building Connections for Life
Établir des liens pour la vie

SEC-29 Financial Statement

Reference: [Sup. Evidence, p.16]

Question:

Please provide a copy of the referenced GSHI financial statement that shows the $6.491M in OPEB liabilities.

Response:

The noted excerpt misattributes the initial recognition amount to a GSHi financial statement. The initial recognition amount of $6.491M was first noted in the January 1, 2000 to October 31, 2000 financial statement of the Sudbury Hydro-Electric Commission. Please see the first attachment to this interrogatory response; Notes 5 and 6 to the statement discuss the initial recognition amount.

As shown in that statement the initial recognition amount of $6.491M as of January 1, 2000 became $6.824M as of October 31, 2000; this is the OPEB liability that was transferred to GSHi effective November 1, 2000. The liability first appears on GSHi's 2000 Financial Statement, see the second attachment to this interrogatory response.

Attachment 1 (of 1):

SEC-29 SHEC Financial Statements for the Ten months ended October 31, 2000

Financial Statements of

SUDBURY HYDRO-ELECTRIC COMMISSION

Ten months ended October 31, 2000

FREELANDT CALDWELL REILLY LLP
CHARTERED ACCOUNTANTS

Bernie R. Freelandt, C.A.
George L. Caldwell, C.A.
Edwin P. Reilly, C.A.
Sam P. Lolas, C.A.

AUDITORS' REPORT

Members of Council, Residents and Ratepayers of
The Corporation of the City of Greater Sudbury

We have audited the balance sheet of the **Sudbury Hydro-Electric Commission (the Utility)** as at **October 31, 2000** and the statements of earnings, utility equity and cashflow statement for the ten months then ended. These financial statements are the responsibility of the Utility's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Utility as at October 31, 2000 and the results of its operations and changes in its financial position for the ten months then ended in accordance with the accounting principles as disclosed in note 2 to the financial statements.

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Accountants

Sudbury, Canada
May 4, 2001

17 Frood Road - Suite 2 Sudbury, Ontario P3C 4Y9 (705) 675-2200 Fax: (705) 675-2515

SUDBURY HYDRO-ELECTRIC COMMISSION
Balance Sheet

October 31, 2000 with comparative figures for December 31, 1999 (in thousands of dollars)

	2000	1999
Assets		
Current assets:		
Cash and short-term investments	$ 10,650	$ 9,406
Accounts receivable (note 3)	4,761	5,200
Unbilled revenues	2,655	3,890
Inventory	1,469	2,340
Prepaid expenses	75	124
	19,610	20,960
Capital assets (note 4)	66,707	65,781
Other assets	283	295
	$ 86,600	$ 87,036

SUDBURY HYDRO-ELECTRIC COMMISSION
Balance Sheet

October 31, 2000 with comparative figures for December 31, 1999 (in thousands of dollars)

	2000	1999
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,913	$ 3,035
Payable to Ontario Power Generation Inc.	4,331	6,717
Current portion of long-term debt (note 5)	-	345
Current portion of other long-term obligations (note 5)	250	250
	7,494	10,347
Long-term obligations (note 5)	7,332	471
Utility equity	71,774	76,218
Contingent liability (note 9)		
	$ 86,600	$ 87,036

See accompanying notes to financial statements.

On behalf of the Commission:

___________________ Commissioner

___________________ Commissioner

SUDBURY HYDRO-ELECTRIC COMMISSION
Statement of Earnings

Ten months ended October 31, 2000 with comparative figures for the year ended December 31, 1999 (in thousands of dollars)

	2000	1999
Service revenue:		
Residential	$ 23,989	$ 29,695
General service	29,663	35,952
Street lighting	321	408
	53,973	66,055
Power purchases - Ontario Power Generation Inc.	41,663	53,201
Gross margin on service revenue	12,310	12,854
Other operating revenue:		
Electric	1,527	1,971
Fibre	995	908
	2,522	2,879
	14,832	15,733
Expenses:		
Amortization	3,918	4,631
General and administration	2,067	2,640
Utilization	2,051	2,632
Distribution	2,849	3,254
Fibre optics	1,070	1,140
Interest	338	54
Contracted services	242	278
	12,535	14,629
Earnings	$ 2,297	$ 1,104

See accompanying notes to financial statements.

SUDBURY HYDRO-ELECTRIC COMMISSION
Statement of Utility Equity

Ten months ended October 31, 2000 with comparative figures for the year ended December 31, for 1999 (in thousands of dollars)

	2000	1999
Utility equity, beginning of period as previously reported	$ 76,218	$ 74,023
Change in accounting policy employee future benefits (note 6)	(6,491)	-
Utility equity, beginning of period as restated	69,727	74,023
Transfer to City of Sudbury	(250)	-
Contributions in aid of construction	-	1,091
Earnings	2,297	1,104
Utility equity, end of period	$ 71,774	$ 76,218

See accompanying notes to financial statements.

SUDBURY HYDRO-ELECTRIC COMMISSION
Cashflow Statement

Ten months ended October 31, 2000 with comparative figures for the year ended December 31, 1999 (in thousands of dollars)

	2000	1999
Cashflows from operating activities:		
Earnings	$ 2,297	$ 1,104
Adjustments for:		
Amortization	4,120	4,893
Interest on post retirement benefits	333	-
Gain on disposal of property and equipment	-	(43)
	6,750	5,954
Change in non-cash operating working capital:		
Net increase (decrease) in customer deposits	37	(21)
Change in non-cash working capital (note 8)	86	9
	6,873	5,942
Cashflows from financing activities:		
Contributions in aid of construction	754	1,091
Principal repayments of debentures	(345)	(308)
	409	783
Cashflows from investing activities:		
Transfer to City of Sudbury	(250)	-
Capital assets acquired	(5,800)	(6,662)
Change in other assets	12	(112)
Proceeds on disposal of capital assets	-	64
	(6,038)	(6,710)
Net increase in cash and short-term investments	1,244	15
Cash and short-term investments, beginning of period	9,406	9,391
Cash and short-term investments, end of period	$ 10,650	$ 9,406

See accompanying notes to financial statements.

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1. **Reorganization:**

City of Sudbury Council approved a by-law effective November 1, 2000, transferring substantially all of the assets and liabilities of the Sudbury Hydro-Electric Commission to Greater Sudbury Hydro Inc., Greater Sudbury Hydro Plus Inc., and Greater Sudbury Telecommunications Inc., all wholly-owned subsidiaries of Greater Sudbury Utilities Inc., which is wholly-owned by the Corporation of the City of Greater Sudbury.

Greater Sudbury Hydro Inc. continues the Commission's business of distributing electricity in Sudbury while Greater Sudbury Hydro Plus Inc. and Greater Sudbury Telecommunications Inc. will explore competitive activities in the electricity and communications market. Consideration given to the City of Greater Sudbury is a combination of shares in the new companies and long-term notes payable to the City of Greater Sudbury.

The incorporation and subsequent reorganization was required by provisions of Bill 35, *The Energy Competition Act, 1998* enacted by the Province of Ontario to introduce competition in the electricity market.

2. **Significant accounting policies:**

(a) General:

These financial statements are the representation of the Utility's management and are prepared in accordance with accounting principles for municipal electrical utilities in Ontario as required by the Ontario Energy Board (OEB) and reflect the following policies as set forth in the OEB's Accounting Procedures Handbook.

(b) Basis of accounting:

(i) Unbilled revenues:

Revenue is recorded in the accounts to various dates on the basis of monthly or quarterly meter readings. At the end of an accounting cycle, there is energy used by consumers for which meter readings are not available. This unbilled revenue is estimated and recorded in the accounts at the end of each fiscal year. The related cost of power is recorded on the basis of power used.

(ii) Accounts receivable:

Accounts receivable are recorded net of an allowance for doubtful accounts.

2. Significant accounting policies:

(b) Basis of accounting (cont'd)

(iii) Inventory:

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on an average cost basis. Beginning January 1, 2000, generally accepted accounting principles for municipal electrical utilities require that spare transformers be capitalized and amortized over their useful lives. As at October 31, 2000, $927,000 was transferred from inventory to capital assets.

(iv) Capital assets:

Capital assets are recorded at cost less government grants received and include an allocation of engineering and other overhead. Amortization is provided annually in accordance with the following rates recommended by the Municipal Electric Association.

Building and fixtures	50 - 60 years
Distribution systems	25 - 40 years
System supervisory equipment	15 years
Water heaters	10 - 15 years
Vehicles	4 - 8 years
Office and miscellaneous equipment	5 - 10 years
Fibre optics	5 - 25 years

(v) Contributions in aid of construction:

Effective January 1, 2000, generally accepted accounting principles for municipal electric utilities require contributions in aid of construction to be recorded as an offset to capital assets. Capital contributions for the ten-month period to October 31, 2000 of $754,000 have been charged to capital assets.

In 1999, contributions in aid of construction of $1,091,000 were recorded as a direct contribution to equity.

(vi) Organization costs:

Organization costs are legal and other professional costs associated with the corporate restructuring and the transfer of assets from the Hydro-Electric Commission (see note 10). The organization costs will be written off on a straight-line basis over five years.

3. Accounts receivable:

	2000	1999
	(000's)	(000's)
Electrical energy	$ 4,250	$ 4,411
Sundry and recoverable work orders	1,375	1,368
	5,625	5,779
Allowance for doubtful accounts	864	579
	$ 4,761	$ 5,200

4. Capital assets:

	2000		1999	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	(000's)	(000's)	(000's)	(000's)
Land	$ 741	$ -	$ 712	$ -
Buildings and fixtures	8,025	2,276	7,988	2,140
Distribution systems	97,218	45,855	93,463	43,243
System supervisory equipment	1,169	431	1,035	366
Water heaters	6,934	5,801	6,533	5,609
Vehicles	2,759	2,299	2,759	2,133
Office and miscellaneous equipment	6,284	4,714	6,079	4,224
Fibre optics	6,327	1,488	5,813	1,028
Construction in progress	114	-	142	-
	129,571	$ 62,864	124,524	$ 58,743
Less accumulated amortization	62,864		58,743	
	$ 66,707		$ 65,781	

5. Long-term obligations:

	Interest	Maturity	2000 Total outstanding	1999 Total outstanding
			(000's)	(000's)
(a) Long-term debt				
Debentures	12.25%	2000	-	$ 345
Less portion included in current liabilities			-	345
			-	$ -

	2000	1999
(b) Other long-term obligations:		
Future pension benefit costs (note 6)	$ 6,824	$ -
Vested sick leave	40	39
Customer deposits	718	682
	7,582	721
Less portion included in current liabilities	250	250
	$ 7,332	$ 471

6. Employee future benefits:

Sudbury Hydro-Electric Commission pays certain health, dental and life insurance benefits on behalf of its retired employees. Effective January 1, 2000, Sudbury Hydro-Electric Commission adopted the Canadian Institute of Chartered Accountants new accounting standards for employee future benefits. The Commission recognizes these post-retirement costs in the period in which the employees rendered the services. The change in accounting policy was applied retroactively without restatement. The accrued benefit liability at January 1, 2000 and the expense for the ten months ended October 31, 2000, was determined by acturarial valuation using a discount rate of 6.0%.

6. Employee future benefits (cont'd):

Information about the Commission's defined benefit plan is as follows:

	October 31, 2000
Accrued benefit liability recognized in the balance sheet at January 1, 2000	$ 6,491
Expense for the period	480
Benefits paid for the period	(147)
Projected accrued benefit obligations as determined by actuarial valuation using a 6% discount rate	$ 6,824

The main actuarial assumptions underlying the valuations are as follows:

a) General and medical inflation:

The health care cost trend is estimated to decrease from 8.5% to 4.5% over five years. Other medical and dental expenses are assumed to remain consistent at a 4.5% increase per year.

b) Interest (discount) rate:

The obligations at year end, of the present value of future liabilities and the expense for the period ended, were determined using a discount rate of 6.0%.

c) Salary levels:

Future general salary and wage levels were assumed to increase at 2% per year.

7. Pension agreements:

The Commission makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 119 members of its staff including part time contributing members. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rates of pay.

Current service contributions for 2000 amounted to **$ nil** (1999; nil). No premiums were paid, by the employer or employees, from January 1, to October 31, 2000, due to the legislated OMERS premium holiday.

8. Change in non-cash operating working capital:

	2000	1999
	(000's)	(000's)
Change in non-cash operating working capital:		
Accounts receivable	$ 439	$ (1,253)
Unbilled revenues	1,235	287
Inventory	871	36
Prepaid expenses	49	(18)
Accounts payable and accrued liabilities	(122)	868
Payable to Ontario Power Generation Inc.	(2,386)	89
	$ 86	$ 9

9. Contingent liability:

A class action lawsuit claiming $500 million in restitutionary payments plus interest was served on Toronto Hydro-Electric Commission on November 8, 1998. This action was initiated against Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged Late Payment charges on overdue utility bills after April 1, 1981.

The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under section 347(1)(b) of the Criminal Code.

The Municipal Electric Association is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Hydro-Electric System.

Accordingly, no provision has been made in these financial statements with respect to any possible losses that may arise as a result of this matter.

10. Municipal and Industry Restructuring:

On October 1, 2000, Greater Sudbury Hydro Plus Inc./ Hydro Plus du Grand Sudbury Inc. (the Corporation) was incorporated under the Business Corporations Act (Ontario). The incorporation was required in accordance with the Electricity Act, 1998 (Ontario) (the "EA"). The Corporation is a retail service company.

Pursuant to the City of Greater Sudbury Act, 1999 (Ontario), a transition Board was appointed as a body corporate to assume the powers of the municipalities of The Regional Municipality of Sudbury, The City of Sudbury, The Towns of Capreol, Onaping Falls, Nickel Centre, Rayside-Balfour, Valley East and Walden collectively (collectively, the "Predecessor Municipalities"). Also pursuant to The City of Sudbury Act, the Predecessor Municipalities will amalgamate to become a body corporate under the name of the "City of Greater Sudbury" effective January 1, 2001. The Transition Board will be dissolved on January 31, 2001 and all assets, liabilities and contractual benefits and obligations accruing thereto will become those of the City of Greater Sudbury immediately prior to such dissolution.

In order to meet the requirements of the EA, the Transition Board enacted a transfer by-law, dated October 16, 2000 and effective November 1, 2000, under which the Predecessor Municipalities and their respective hydro-electric commissions (the "Commissions") transferred the book value of certain of the assets and liabilities and employees associated with the distribution of electricity and related activities to the new corporation.

Attachment 2 (of 2):

SEC-29 GSHi December 31, 2000 Financial Statements

Financial Statements of

GREATER SUDBURY HYDRO INC./ HYDRO DU GRAND SUDBURY INC.

Two months ended December 31, 2000

FCR

FREELANDT CALDWELL REILLY LLP
CHARTERED ACCOUNTANTS

Bernie R. Freelandt, C.A.
George L. Caldwell, C.A.
Edwin P. Reilly, C.A.
Sam P. Lolas, C.A.

AUDITORS' REPORT

To the Directors of Greater Sudbury Hydro Inc./Hydro du Grand Sudbury Inc. (the Corporation)

We have audited the balance sheet of the **Greater Sudbury Hydro Inc./Hydro du Grand Sudbury Inc. (the Corporation)** as at **December 31, 2000** and the statement of loss and deficit and cashflow statement for the two month period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and the results of its operations and its cash flows for the period then ended in accordance with the accounting principles as disclosed in note 2 to the financial statements.

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Accountants

Sudbury, Canada
May 4, 2001

17 Frood Road - Suite 2 Sudbury, Ontario P3C 4Y9 (705) 675-2200 Fax: (705) 675-2515

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet

December 31, 2000

Assets

Current assets:	
Cash	$ 8,733,861
Investments	1,810,036
Accounts receivable (note 3)	4,067,523
Unbilled revenues	4,632,300
Inventory	891,066
	20,134,786
Capital assets (note 4)	64,442,672
Other assets	283,256
	$ 84,860,714

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet

December 31, 2000

Liabilities and Shareholder's Equity

Current liabilities:	
Accounts payable and accrued liabilities	$ 86,652
Payable to Ontario Power Generation Inc. and Sudbury District Energy Corporation	8,456,497
Advances from related companies (note 5)	301,043
Promissory note (note 6)	48,645,458
Current portion of long-term obligations	250,000
	57,739,650
Long term obligations (note 7)	7,418,338
Shareholder's equity:	
Share capital (note 8)	20,848,052
Deficit	(1,145,326)
	19,702,726
Commitments (note 11)	
	$ 84,860,714

See accompanying notes to financial statements.

On behalf of the Board:

____

____

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Statement of Loss and Deficit

Two months ended December 31, 2000

Service revenue:	
Residential	$ 6,500,496
General service	6,759,120
Street lighting	96,332
	13,355,948
Power purchases	12,555,502
Gross margin on service revenue	800,446
Other operating revenue	171,145
	971,591
Expenses:	
Amortization	674,040
General and administration	528,993
Distribution - operations	425,711
Billing and collecting	253,213
Distribution - maintenance	139,871
Interest	95,089
	2,116,917
Net loss, being deficit at end of period	$ (1,145,326)

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Cashflow Statement

Two months ended December 31, 2000

Cashflows from operating activities:	
Net loss	$ (1,145,326)
Adjustments for:	
Amortization	728,798
	(416,528)
Net increase in customer deposits	10,564
Change in non-cash operating working capital (note 9)	784,711
	378,747
Cashflows from financing activities:	
Increase in long-term obligation to Greater Sudbury Plus Inc./Hydro Plus du Grand Sudbury	66,608
Advances from related companies	301,043
Contributions in aid of construction	161,855
	529,506
Cashflows from investing activities:	
Additions to capital assets	(1,212,519)
Decrease in cash and cash equivalents	(304,266)
Cash and cash equivalents, transferred on startup	10,848,163
Cash and cash equivalents, end of period	$10,543,897
Cash and cash equivalents consist of:	
Cash	$ 8,733,861
Investments	1,810,036
	$10,543,897

See accompanying notes to financial statements.

1. Incorporation and reorganization:

On October 1, 2000, Greater Sudbury Hydro Inc./Hydro du Grand Sudbury Inc. (the Corporation) was incorporated under the Business Corporations Act (Ontario). The incorporation of Greater Sudbury Hydro Inc./Hydro du Grand Sudbury Inc. was required in accordance with the Electricity Act, 1998 (Ontario) (the "EA"). The Corporation continues the Sudbury Hydro-Electric Commission's, Capreol Hydro-Electric Commission's and Nickel Centre Hydro-Electric Commission's ("the Commission's") business of distributing electricity in the City of Greater Sudbury.

Pursuant to the City of Greater Sudbury Act, 1999 (Ontario), a transition Board was appointed as a body corporate to assume the powers of the municipalities of The Regional Municipality of Sudbury, The City of Sudbury, The Towns of Capreol, Onaping Falls, Nickel Centre, Rayside-Balfour, Valley East and Walden collectively (the "Predecessor Municipalities"). Also pursuant to The City of Greater Sudbury Act, the Predecessor Municipalities will amalgamate to become a body corporate under the name of the "City of Greater Sudbury" effective January 1, 2001. The Transition Board will be dissolved on January 31, 2001 and all assets, liabilities and contractual benefits and obligations accruing thereto will become those of the City of Greater Sudbury immediately prior to such dissolution.

In order to meet the requirements of the EA, the Transition Board enacted a transfer by-law, dated October 16, 2000 and effective November 1, 2000 ("TB-33"), under which the Predecessor Municipalities and the Commissions transferred the book value of certain assets, liabilities and employees associated with the distribution of electricity and related activities to the Corporation.

Reorganization of former Hydro-Electric Commissions of the Predecessor Municipalities

The value of net assets transferred to the Corporation on November 1, 2000 was $69,493,510 and is represented by the aggregate book value of the net assets associated with the distribution of electricity of the Commission. In consideration for such transfer, the Corporation issued a promissory note payable to Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc. in the amount of $48,645,458 and 1,001 common shares valued at $20,848,052.

1. Incorporation and reorganization (cont'd):

Net assets transferred to the Corporation may be summarized as follows:

Assets	
Current	$19,180,829
Fixed	64,120,806
Other	283,256
	$83,584,891
Liabilities	
Current	$ 6,753,900
Other	7,337,481
	$14,091,381
Net assets	$69,493,510
Financed by	
Long-term debt	$48,645,458
Share capital issued	20,848,052
	$69,493,510

Certain regulations of section 93 of the EA, if enacted, may permit the assets transferred to be adjusted to reflect fair market value. This adjustment would take place on the date of market opening. The adjustment will result in the issuance of further debt and equity as consideration at the ratio stipulated in the transfer by-law.

2. Significant accounting policies:

(a) General:

These financial statements are the representation of the Corporation's management and are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and policies as set forth in the Accounting Procedure Manual issued by the Ontario Energy Board (OEB) under the authority of the Ontario Energy Board Act, 1998 ("OEBA").

2. Significant accounting policies (cont'd):

(b) Basis of accounting:

(i) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and note disclosures related thereto. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

(ii) Unbilled revenues:

Revenue is recorded in the accounts to various dates on the basis of monthly or quarterly meter readings. At the end of an accounting cycle, there is energy used by consumers for which meter readings are not available. This unbilled revenue is estimated and recorded in the accounts at the end of each fiscal year. The related cost of power is recorded on the basis of power used.

(iii) Accounts receivable:

Accounts receivable are recorded net of an allowance for doubtful accounts.

(iv) Inventory:

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on an average cost basis.

(v) Regulation:

The corporation is regulated by the OEB and any rate adjustments require OEB approval.

(vi) Capital assets:

Capital assets are recorded at cost less government grants received and include an allocation of engineering and other overhead. Amortization is provided annually, on a straight line basis, in accordance with the following rates recommended by the Municipal Electric Association.

Buildings and fixtures	50 - 60 years
Distribution systems	25 - 40 years
System supervisory equipment	15 years
Vehicles	4 - 8 years
Office and miscellaneous equipment	5 - 10 years
Fibre optics	5 -25 years

2. Significant accounting policies (cont'd):

(vii) Contributions in aid of construction:

In certain cases, non-refundable contributions are received in aid of construction or in acquisition of capital assets. Prior to January 1, 2000 these amounts were added to the Corporation's equity. Contributions received subsequent to January 1, 2000 are being classified as contra-assets and are being amortized at the same rate as the assets to which they relate.

(viii) Cash:

Cash consist of cash on hand and in banks and readily convertible investments. Readily convertible investments are carried at the lower rate of cost or market.

(ix) Investments:

Investments consist of Government of Ontario Savings Bonds and guaranteed investment certificates maturing within 12 to 48 months and bearing interest ranging from at 4.4% to 7%.

3. Accounts receivable:

Electrical energy sales	$ 4,727,523
Allowance for doubtful accounts	(660,000)
	$ 4,067,523

4. Capital assets:

	Cost	Accumulated Amortization	2000 Net Book Value
Land	$ 747,220	$ -	$ 747,220
Buildings and fixtures	8,029,786	2,306,517	5,723,269
Distribution systems	102,395,384	48,534,760	53,860,624
System supervisory equipment	1,170,910	444,251	726,659
Vehicles	2,934,982	2,508,716	426,266
Office and miscellaneous equipment	2,153,050	1,489,788	663,262
Fibre optics	2,086,699	348,230	1,738,469
Construction in progress	556,903	-	556,903
	$ 120,074,934	$ 55,632,262	$ 64,442,672

5. Related party transactions:

a) The Corporation subcontracts its billing and collecting of revenue, building and maintenance of capital assets, payment of purchases and all related government remittances, engineering, information services, and accounting, financial reporting and treasury to Greater Sudbury Hydro Plus Inc./Hydro Plus du Grand Sudbury Inc., a company related by virtue of common control. The Corporation entered into a Service Level Agreement with Greater Sudbury Hydro Plus Inc./Hydro Plus du Grand Sudbury Inc. for a period of five years at a monthly base cost of $3,500.

b) Advances from related companies consist of :

Greater Sudbury Hydro Plus Inc./Hydro Plus du Grand Sudbury Inc.	$ 175,080
Greater Sudbury Telecommunications Inc./ Télécommunications du Grand Sudbury Inc.	125,963
	$ 301,043

These advances are non-interest bearing and have no specified terms of repayments.

6. Promissory note:

The initial issuance of the promissory note between the Corporation and Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc. pursuant to TB-33 was initially set at an amount of $51,900,000 based on a preliminary estimate. The principal amount of the promissory note was subject to adjustment pursuant to subsection 4.06 and 4.08 of the TB-33 based on the net book value of the assets as of the effective date of the transfer. This amount, as adjusted, is reflected in these financial statements in the amount of $48,645,458.

The promissory note is interest bearing commencing January 1, 2001 at a rate to be established by the holder of the note from time to time and communicated in writing to the Corporation. The interest rate has not been set at the time of the issuance of these financial statements.

The note is repayable in full upon six months written notice of the holder of the note. As at December 31, 2000, the holder has not issued a demand to repay the note.

7. Long-term obligations:

Benefit costs - payable to Greater Sudbury Hydro Plus Inc./ Hydro Plus du Grand Sudbury Inc.	$ 6,889,592
Customer deposits	778,746
	7,668,338
Less portion included in current liabilities	250,000
	$ 7,418,338

Pursuant to an agreement dated November 1, 2000, the Corporation assigned the obligation for future pension costs to Greater Sudbury Hydro Plus Inc./Hydro Plus du Grand Sudbury Inc. Greater Sudbury Hydro Plus Inc./Hydro Plus du Grand Sudbury Inc. will recover the costs through the Service Level Agreement described in note 5 a).

8. Share capital:

The authorized share capital consists of an unlimited number of common shares. Any invitation to the public to subscribe for shares of the Corporation is prohibited.

On November 1, 2000, the Corporation issued 1 voting common share for $1.00.

On November 1, 2000, the corporation issued 1,000 voting common shares as consideration for the purchase of the Distribution Company Assets owned by The Corporation of the City of Sudbury and the Sudbury Hydro-Electric Commission, The Corporation of the Town of Nickel Centre and the Nickel Centre Hydro-Electric Commission, and The Corporation of the Town of Capreol and the Capreol Hydro-Electric Commission.

The issuance of the 1,000 common shares pursuant to the TB-33 initially set the value of the common shares at $22,200,000 based on a preliminary estimate which was subject to adjustment pursuant to subsection 4.06 and 4.08 of the TB-33. The consideration issued as reflected in these financial statements is in the amount of $20,848,052.

9. Change in non-cash operating working capital:

Accounts receivable	$ 181,715
Unbilled revenues	(1,842,260)
Inventory	320,662
Prepaid expenses	81,660
Accounts payable and accrued liabilities	94,542
Payable to Ontario Power Generation Inc. and SDEC	1,948,392
	$ 784,711

10. Contingent liability:

Litigation:

A class action lawsuit claiming $500 million in restitutionary payments plus interest was served on Toronto Hydro Electric Commission, continuing as Toronto Hydro Corporation, on November 8, 1998. This action was initiated against Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged Late Payment charges on overdue utility bills after April 1, 1981.

The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under section 347(1)(b) of the Criminal Code.

The Municipal Electric Association is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Hydro-Electric System.

Accordingly, no provision has been made in these financial statements with respect to any possible losses that may arise as a result of this matter.

11. Commitments:

The Company has offered a voluntary exit package to certain employees which opened January 8, 2001 and closed January 19, 2001. The total cost of the voluntary exit package is estimated at $1,215,000 and is not reflected in these financial statements.

12. Industry restructuring:

The EA provides for a competitive marketplace in the sale of electricity. Such marketplace is expected to be deregulated and electricity retailers will be competing for customers in 2001.

Once such market place is deregulated, the Corporation and its affiliates will be required, among other things, to compute and remit to the Province of Ontario payments in lieu of corporate taxes ("PILS"). PILS are computed in accordance with the rules for computing income, capital and other taxes provided for in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the EA and related regulations.

The OEBA conferred on the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity consumers, and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions to electricity distributors which may include, among other things, specified accounting records, regulatory accounting principles, separation of accounts for distinct businesses and filing and process requirements for rate setting purposes.

12. Industry restructuring (cont'd):

Prior to the EA and OEBA, the former Ontario Hydro exercised regulatory control over the electricity distribution sector through its powers under the Power Corporation Act. However, with the implementation of the EA and OEBA, the Power Corporation Act was repealed and the powers previously held by Ontario Hydro over the electricity distribution sector were passed to the OEB.

SEC-30 Appendices A-D in Excel Format

Question:

Please provide a copy of each Appendix A-D in Excel format.

Response:

Provided in the Excel document named "GSHI_OPEB_Appendices_20250607.xlsx".

SEC-31 OPEB & Affiliates

Reference: [Sup. Evidence, Appendix A; Ex.9-1-1, p.11] Appendix A shows annual calculations which derive the pre-tax OPEB Cash to Accrual Transitional Amount balance of $19,176,084. Based on Ex.9-1-1, p.11, Table 3, the amounts are derived from not just GSHI, but also GSHPi.

Questions:

a. Please confirm that GSHPi is an unregulated affiliate of GSHI.
b. Please explain why there are two GSHPi OPEB liability valuations and what the difference between them is.
c. Please provide all supporting documents and calculations regarding the two RSM accrual valuations of GSHPi's OPEB liability.
d. Please provide a revised version of Appendix A that separates out GSHI and GSHPi. Please provide the response in Excel format.
e. Please explain why it is appropriate to allocate any GSHPi costs to GSHI through this account.
f. Please explain why GSHI is responsible for the way that GSHPi may have historically charged GSHI for OPEB costs for employees. In your response, please make reference to the specific terms in any shared service agreement.
g. Please explain why there are not offsetting entries representing allocations between GSHI to GSHPi to reflect services historically provided by GSHI to its affiliates.

Response:

a) Confirmed.
b) The two GSHPi figures shown in Table 3 serve different purposes in the allocation of the affiliate's OPEB liability:

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			-
2020 Activity:				
	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
	Subtotal			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

- $3,138,999 – the opening present-value of the defined-benefit obligation (DBO) at January 1, 2018. This is the starting liability that the actuary carried forward into the valuation period.

- $368,994 – the actuarial (gain)/loss recorded during 2019. It reflects assumption changes and experience differences that arose in that year and is added to—or subtracted from—the opening DBO.

Both numbers are shown separately in Table 3 so that stakeholders can trace them back to the supporting GSHPi actuarial valuation and see exactly how each component was prorated to GSHi. GSHi provided additional context and explanation on allocation of the GSHPi balance in GSHi's response to Staff-3 "OPEB Principal Balance" in the February 8, 2025 Pre-ADR clarification questions.

c) GSHi is filing, as an attachment to this interrogatory response, the redacted RSM Canada actuarial valuation report dated December 31, 2019 for the consolidated GSU group. The report presents separate break-outs for Greater Sudbury Hydro Inc. and Greater Sudbury Hydro Plus Inc. (GSHPi); however, all schedules and commentary relating to non-regulated affiliates have been redacted. GSHi asks that the Board accept the report in its redacted form only, because the excised material is commercially sensitive and irrelevant to the determination of regulated rates.

GSHi also provides the following tables to supplement the information in the attached actuary report. These tables provide context on the number of individuals who affect the transition amount, the average liability per employee, and the type of benefits.

Greater Sudbury Hydro Plus Inc.			
PV DBO @ Dec 31, 2019	**Total liability**	**Number of individuals**	**Average liability**
Individuals with benefits to age 65:			
Actives (including LTD)	$121,626	38	$3,201
Retirees (including dependents)	$0	0	n/a
Sub-Total	$121,626	38	$3,201
Individuals with lifetime benefits:			
Actives (including LTD)	$1,992,962	11	$181,178
Retirees (including dependents)	$1,566,001	8	$195,750
Sub-Total	$3,558,963	19	$187,314
Grand Total	**$3,680,589**	**57**	**$64,572**

Greater Sudbury Hydro Inc.			
PV DBO @ Dec 31, 2019	**Total liability**	**Number of individuals**	**Average liability**
Individuals with benefits to age 65:			
Actives (including LTD)	$127,921	47	$2,722
Retirees (including dependents)	$0	2	$0
Sub-Total	$127,921	49	$2,611
Individuals with lifetime benefits:			
Actives (including LTD)	$4,029,680	18	$223,871
Retirees (including dependents)	$11,951,716	105	$113,826
Sub-Total	$15,981,396	123	$129,930
Grand Total	**$16,109,317**	**172**	**$93,659**

The detailed RSM workbooks that generate these figures—individual employee data, assumption worksheets and projection tables—remain in the custody of RSM Canada LLP. GSHi does not possess the raw files, and they contain personally identifiable information that cannot be placed on the public record.

d) GSHi cannot produce a stand-alone "GSHi-only" version of Appendix A. Until fiscal 2016 the entire OPEB obligation for both the affiliated company (GSHPi) and the regulated utility (GSHi) was carried on GSHi's books and valued by the actuary as a single combined amount, because GSHPi staff served GSHi to such an extent that the portion attributable to the other GSHPi affiliates was judged immaterial by management and the external auditors. Given that the historical actuarial reports treat the liability as one pool, a year-by-year split cannot be reconstructed.

In any event, the annual history does not drive the transitional balance. Consistent with Enbridge's approach in EB-2011-0354, GSHi proposes to dispose of the actuarially determined liability at a single point in time—December 31, 2019. At that date the actuary produced separate valuations for GSHi and GSHPi, and only GSHi's share of the GSHPi liability is included in the transition amount. Appendix A reproduces the year-over-year activity from GSHi's audited statements, but those interim ups and downs do not affect the amount GSHi seeks to recover; the "fresh" 2019 actuarial valuation establishes the balance, with actuarial gains and losses ensuring the liability is correctly restated as of that date, as explained in the May 9 evidence.

For clarity, the table below shows how the 31 December 2019 transitional balance breaks down between GSHi and the share allocated to GSHPi employees who support GSHi:

Description	GSHi	GSHPi	Total
OPEB Transitional amount (pre-tax)	$16,109,318	$3,066,766	$19,176,084
Regulatory tax gross-up	$5,808,120	$1,105,706	$6,913,826
Amount proposed for disposition	$21,914,438	$4,172,472	$26,089,910

Because the historical split cannot be reconstructed and would not influence the point-in-time liability that defines the transitional debit, GSHi submits that the revised appendix requested is neither feasible nor necessary.

e) GSHPi supplies most of the corporate-service staff for GSHi—CEO office, accounting, finance, HR, customer service, information technology, purchasing, etc. Those employees earn post-retirement health and dental benefits while they are working for GSHi's regulated business, so the portion of GSHPi's OPEB liability that relates to them is a real cost of providing distribution service. The Affiliate Relationships Code (ARC) already requires that shared-service costs be billed to the utility on a no-markup, cost-causal basis; allocating the actuarially determined liability follows the same principle and is more transparent than embedding an extra uplift in GSHPi's service fee.

At the December 31, 2019 valuation the actuary calculated separate OPEB obligations for GSHi and GSHPi. GSHPi then prorated its own liability across the affiliates it serves so only the share attributable to employees supporting GSHi is included in GSHi's transitional amount. If that share were not transferred, GSHPi would still need to recover the unfunded liability through its inter-company charge. Allocating the liability directly to GSHi keeps the cost with the customers who benefit from the employees' work, complies with cost-causality rules, and avoids a more complicated—and less transparent—methodology.

f) Under the OEB's Affiliate Relationships Code, GSHi must pay the fully-allocated, cost-causal share of any service it receives from an affiliate, including employee-related costs. GSHPi supplies corporate-service staff who support GSHi's regulated operations, and those employees earn post-retirement health and dental benefits while doing that work. Both the ARC and the companies' Shared-Services Agreement require GSHi to reimburse GSHPi for the total compensation and benefits, including employee future benefits, in proportion to the time spent on GSHi work. Because the obligation arises from work performed for GSHi, the cost must be recovered from GSHi.

Allocating GSHPi's actuarially determined OPEB liability as at December 31, 2019 to GSHi simply applies this rule: the share of the liability tied to employees who serve GSHi is recovered from GSHi's customers at cost—transparent, fully allocated, and with no mark-up—exactly as the ARC intends.

g) In considering this interrogatory, GSHi agrees that a portion of its transition balance should be allocated to the external parties it serves, similar to how the unfunded OPEB liability associated with GSHPi is allocated to GSHi. Using the 2025 cost-of-service labour budget GSHi determined that 4.66 % of its labour burden relates to services provided to outside parties (affiliates and recoverable work not recovered through rates). Applying this percentage to GSHi's $16.109 million transitional OPEB liability yields $750,694 attributable to those affiliates, leaving $15.359 million (pre-tax) to be recovered by GSHi from its customers.

The same adjustment must be made to the actuarial gains-and-losses deferral account: 4.66 % × $5.305 million = $247,230, reducing the account's pre-tax balance by that amount. Consequently, the net reduction to GSHi's proposal would be $750,694 − $247,230 = **$503,464** on a pre-tax basis.

If the OEB accepts the proposal with this adjustment, GSHi will file updated supporting schedules and rate riders. Should the Board instead adopt an alternative methodology, GSHi will require additional time to assess how that change affects the affiliate allocation and to revise the numbers accordingly.

Attachment 1 (of 1):

SEC-31 2019 Actuarial Report (Redacted)

GREATER SUDBURY UTILITIES INC.

REPORT ON THE ACTUARIAL VALUATION OF POST-RETIREMENT NON-PENSION BENEFITS

AS AT DECEMBER 31, 2019

FINAL – April 7, 2020

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Purpose

RSM Canada Consulting LP was engaged by Greater Sudbury Utilities Inc. (the "Corporation") to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2019. The nature of these benefits is defined benefit.

This report is prepared in accordance with the International Financial Reporting Standards ("IFRS") guidelines for post-retirement non-pension benefits as outlined in the International Accounting Standard 19 – Employee Benefits ("IAS 19").

The most recent full valuation was prepared as at December 31, 2016 based on the assumptions chosen by management at that date and in accordance with IAS 19.

The purpose of this valuation is threefold:

i) To determine the Corporation's liabilities in respect of post-retirement non-pension benefits at December 31, 2019;

ii) To determine the defined benefit costs to be recognized for fiscal year 2019; and

iii) To provide all other pertinent information necessary for compliance with IAS 19.

Note that all monetary figures in this report are rounded to the nearest hundreds of dollars and summated figures in this report may not match total figures due to rounding.

The intended users of this report include the Corporation and its auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

Included in the Appendix attached hereto are detailed accounting schedules containing the results of the valuation.

SECTION A —
VALUATION RESULTS

Section A.1 shows the key valuation results compared to previous year's figures projected from the most recent full valuation as well as a breakdown between active and retired individuals and type of benefit.

Section A.2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown an increase/decrease in the health and dental claims cost trend rates by 1% per annum and an increase/decrease in the discount rate by 1% per annum.

Section A.3 shows the development of changes in the present value of defined benefit obligation as a result of the re-measurement at December 31, 2019.

Valuation Results

Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2019 compared to previous year's figures projected from the most recent full valuation, disclosed in the consolidated Financial Statement as at December 31, 2018:

	December 31, 2018	December 31, 2019
Present Value of Defined Benefit Obligation (PV DBO)	**17,686,300**	**20,360,900**

	CY 2018	CY 2019
Current Service Cost	404,500	374,400
Interest Cost	612,200	675,500
Defined Benefit Cost Recognized in Income Statement	**1,016,700**	**1,049,900**
Actuarial (Gain)/Loss	(1,602,000)	2,355,800
Defined Benefit Cost Recognized In OCI	**(1,602,000)**	**2,355,800**
Defined Benefit Cost	**(585,300)**	**3,405,700**

The following table provides results from the actuarial valuation as at December 31, 2019 broken down by active (including disabled) and retired (including dependents) individuals and type of post-retirement non-pension benefit:

Dec. 31, 2019 PV DBO	Actives (incl. LTD)	Retirees (incl. Dependents)	Total
Life	163,100	937,900	**1,101,000**
Health	5,194,000	10,245,700	**15,439,700**
Dental	1,286,800	2,533,300	**3,820,100**
Total	**6,643,900**	**13,717,000**	**20,360,900**

Sensitivity Analysis

Section A.2—Sensitivity Analysis

	Dec. 31, 2019 PV DBO	Difference	% Difference
Base Assumptions	20,360,900		
Cost Trends +1%	23,674,200	3,313,400	16%
Cost Trends -1%	17,683,500	(2,677,300)	-13%
Discount Rate +1%	17,462,800	(2,898,000)	-14%
Discount Rate -1%	24,037,200	3,676,300	18%

Management's best estimate assumptions are those outlined in *Section C – Summary of Actuarial Method and Assumptions* in this report.

Development of Changes in the Present Value of Defined Benefit Obligation

Section A.3—Development of Changes in the Present Value of Defined Benefit Obligation

PV DBO at December 31, 2018	17,686,300
2019 Current Service Cost	374,400
2019 Benefit Payments	(731,200)
2019 Interest Cost	675,500
Expected PV DBO at December 31, 2019	**18,005,000**
Actuarial (Gain)/Loss at December 31, 2019	2,355,800
PV DBO at December 31, 2019	**20,360,900**

The increase indicated above of $2,355,800 in the PV DBO from the expected PV DBO at December 31, 2019 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Change in composition of active and retiree data (actual experience different from expected)	(179,400)
Change in assumptions:	
Discount Rate	2,370,500
Claim Cost Trend	263,200
Mortality Improvement Table	224,800
Claim Costs & Expenses	45,300
Withdrawal	37,500
Salary Scale	300
Retirement Age	(406,300)
Total Actuarial (Gain)/Loss at December 31, 2019	**2,355,800**

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2019 based on the changes in the assumptions and experience is recognized immediately in other comprehensive income at December 31, 2019.

RSM

SECTION B —
PLAN PARTICIPANTS

Section B.1 sets out the summary information with respect to the plan participants valued in the current valuation compared to those valued in the previous valuation.

Section B.2 reconciles the number of participants in the previous valuation to the number of participants in the current valuation.

Participation Data

Section B.1—Participant Data

Membership data as at October 31, 2019 was received from the Corporation and included information such as name, gender, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

The Corporation has indicated that one new hire and one deceased retiree between November 1 and December 31. Adjustment has been made to reflect the changes. Although the data provided reflected status and benefit information as at October 31, no other changes in status and other member data occurring from November 1 to December 31 are expected to be material to the valuation results.

We have reviewed the data and compared it to the data used in the previous valuation for consistency and reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of hire prior to date of birth;
- Ages under 18 or over 100;
- Abnormal levels of benefits and/or premiums; and
- Duplicate records

In addition, the following tests were performed:

- A reconciliation of statuses from the prior valuation to the current valuation;
- A review of the consistency of individual data items and statistical summaries between the current and prior valuations; and
- A review of the reasonableness of changes in such information since the prior valuation.

	December 31, 2016	October 31, 2019
Employee Count		
Male	75	81
Female	49	52
Total	**124**	**133**
Employee Average Service		
Male	11.6	10.5
Female	10.0	11.0
Total	**10.9**	**10.7**
Retiree (in Receipt of Benefits) Count		
Male	63	64
Female	54	52
Total	**117**	**116**

	Employee Count as of October 31, 2019			Employee Avg Service as of October 31, 2019		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	11	7	18	2	3	2
30 - 35	16	5	21	6	6	6
36 - 40	12	8	20	7	8	8
41 - 45	10	7	17	9	6	7
46 - 50	9	5	14	8	14	10
51 - 55	12	9	21	17	16	17
56 - 60	8	8	16	27	19	23
61 - 65	2	3	5	25	17	20
66 - 70	1	-	1	10	-	10
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	**81**	**52**	**133**	**10.5**	**11.0**	**10.7**

Participant Reconciliation

Section B.2—Participation Reconciliation

	Actives	Disabled	Retired	Dependents
As at Dec. 31, 2016	**124**	**4**	**92**	**21**
New Entrants	21	-	-	-
Actives	-	2	10	-
Terminated	(5)	-	-	-
Retired	(10)	-	-	-
Deceased	-	-	(7)	-
Disabled	(2)	-	-	-
Removed Duplicate *	(2)	-	-	-
Data Correction **	1	-	-	-
As at Oct. 31, 2019	**127**	**6**	**95**	**21**

** There were two instances of the same employee in the database in the previous valuation. Duplicated records removed for the current valuation.*
*** One active employee was hired prior to the previous valuation but was not included in the database by the Corporation.*

SECTION C — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered. To accomplish this, it is necessary to:

- make assumptions for discount rates, mortality, and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and,
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The Defined Benefit Obligation and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by IAS 19. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. IAS 19 stipulates that the attribution period commences on the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) and ends on the date when further service by the employee will lead to no material amount of further post-retirement non-pension benefits under the plan, other than from further salary increases.

For each employee not yet fully eligible for benefits, the Present Value of the Defined Benefit Obligation (PV DBO) is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period. The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

The PV DBO at December 31, 2019 is based on membership data as at October 31, 2019 and management's best estimate assumptions established for calculations as at December 31, 2019.

The Corporation self-insures its health and dental benefits. For these benefits, we have used the following average monthly benefit claims costs for 2019, which includes corresponding expenses and taxes, as an estimate of the claims to be incurred (see below for further details on the expense and tax assumptions). These benefit claims costs have been calculated based on plan experience for the Corporation from January 2015 to October 2019. We have also included the previous valuation rates for comparison purposes.

Effective Period	Grouping	Health Single	Health Family	Dental Single	Dental Family
Previous Valuation	Age 55-65	$ 268.30	$ 536.60	$ 62.40	$ 124.79
	Age 65+	$ 149.75	$ 299.50	$ 49.92	$ 99.83
January 1, 2020 – December 31, 2020	All	$ 205.00	$ 410.00	$ 50.00	$ 100.00

The rates above are at the 100% level and prior to any cost-sharing provisions under the plan.

Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2019.

Economic Assumptions

Discount Rate

The rate used to discount future benefits is assumed to be 3.10% per annum as of December 31, 2019 using the December 31, 2019 spot rates curve from Fiera. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the market yields on high quality bonds at the time of preparing the valuation.

The assumption used in the previous valuation was 3.90% per annum as at December 31, 2016, which was subsequently chosen for the extrapolation as at December 31, 2018.

Salary Increase Rate

The rate used to increase salaries is assumed to be 2.30% per annum. This rate has been chosen by the Corporation's management and reflect the expected Consumer Price Index adjusted for productivity, merit and promotion and for company-specific information.

This salary increase rate assumption used in the previous valuation was 2.00% per annum.

Claims Cost Trend Rate

The rates used to project benefit costs into the future were chosen based on a research paper published by the Canadian Institute of Actuaries – *Model of Long-Term Health Care Cost Trends in Canada* - dated March 2018.

The following table provides a sample of the health and dental trend rates used in the valuation and the assumptions used in the previous valuation:

	Current Valuation	
Year	**Health**	**Dental + Vision**
2020	4.20%	4.50%
2025	5.30%	5.60%
2030	5.30%	5.30%
2035	4.60%	4.60%
2040 and thereafter	4.00%	4.00%

	Previous Valuation	
Year	**Health**	**Dental**
2020	5.56%	4.50%
2021	5.35%	4.50%
2022	5.14%	4.50%
2023	4.93%	4.50%
2024	4.71%	4.50%
2025 and thereafter	4.50%	4.50%

Demographic Assumptions

Mortality Table

The mortality tables used are as per the Canadian Institute of Actuaries Canadian Pensioners' Mortality Pension Experience Subcommittee final report dated February 11, 2014 (CIA Report). More specifically, the Canada Pensioners Mortality ("CPM") Table Public Sector (CPM2014 PUBL) has been used with the generational projection of mortality improvement based upon the CIA MI-2017 mortality improvement scale published in 2017.

The mortality improvement assumption has been updated from the CPM Improvement Scale B-2014, which was used in the previous actuarial valuation for the Corporation.

Rates of Withdrawal

Termination of employment is assumed to be in accordance with the following withdrawal table:

Age Bucket	Current Valuation	Previous Valuation
18 – 29	3.50%	3.50%
30 – 34	2.00%	2.50%
35 – 39	1.65%	2.15%
40 – 49	1.30%	1.75%
50 – 54	0.95%	1.40%

Retirement Age

All active employees are assumed to retire at age 60 (or immediately if currently over age 60) based on input from the Corporation's management. For employees who meet the minimum service requirement to be eligible for post-retirement benefits between ages 60 and 65, the retirement age will be extended to this date.

This assumption has been updated from age 57 from the previous valuation.

Disability

No provision was made for future disability.

This assumption remains unchanged from the previous valuation.

Other Assumptions

Family/Single Coverage

The following assumptions were chosen for the current valuation and are unchanged from the previous valuation:

- Coverage Type at Retirement (i.e. family, single) – The employee's coverage type at the valuation date will remain the same until the employee reaches the assumed retirement age.
- Spousal Gender – For employees with family coverage, the retiree has a spouse of the opposite gender at the date of retirement.
- Spousal Age Offset – Male spouses are assumed to be three years older than female spouses

Expenses and Taxes

For life coverage, it is assumed that 10% of the accrued benefit obligation reflects the cost of sponsoring and administering the program for life insurance. No additional information is available regarding the costs for the life insurance program. The assumption remains unchanged from the previous valuation.

For health and dental coverage, based on the current group expense and tax information provided by the Corporation, an assumption of 8.00% of the benefit cost levels is included to reflect taxes and administration expenses for dental benefits and an assumption of 26.00% of the benefit cost levels is included to reflect taxes and administration expenses of health benefits (this includes pooling charge).

In the previous valuation, the required level of expenses and taxes associated with administering benefits was assumed to be 24.79% for health and dental benefits.

SECTION D — SUMMARY OF POST-RETIREMENT BENEFITS

The following is a summary of the plan provisions that are pertinent to this valuation, based on information provided by and discussions with the Corporation.

Eligibility

All employees who retire with a minimum of 20 years of service are eligible for post-retirement life, health, and dental benefits.

Participant Contributions

The Corporation shall pay 100% of the cost of post-retirement life, health, and dental benefits for all eligible retirees.

Past Service

Past service is defined as continuous service prior to joining the plan if the participant was employed by another electrical distribution company/hydro prior to joining the Corporation.

Length of Service

Length of service is defined as continuous service from the date of hire to the valuation date, measured in years and months.

Summary of Benefits

Life Insurance

Eligible employees are entitled to the following post-retirement life coverage:

Employees hired prior to May 1, 1967

- 1 x salary at retirement until age 65
- 0.5 x salary at retirement (maximum of $25,000) from age 65 for lifetime

Employees hired after May 1, 1967 up to and including April 1, 2004

- 1 x salary at retirement until age 65
- $10,000 from age 65 for lifetime

Employees hired after April 1, 2004

- $10,000 until age 65

There are currently 5 retirees receiving life insurance benefits as per special negotiations with the Corporation.

Health and Dental Benefits

Eligible employees are entitled to the following post-retirement health and dental coverage:

Employees hired up to and including April 1, 2004

- Health and dental benefits for lifetime
- Upon death of the retiree, benefits previously provided to the retiree continue to the spouse for the spouse's remaining lifetime if the retiree has 25 years of active service

Employees hired after April 1, 2004

- Health and dental benefits until age 65
- Upon death of the retiree, benefits previously provided to the retiree continue to the spouse until the retiree would have reached age 65

Details of health and dental benefits provided can be found in the Corporation's governing documents.

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Greater Sudbury Utilities Inc. (the "Corporation") as at December 31, 2019, for the purposes described in this report.

In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

1. The data on which the valuation is based is sufficient and reliable;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and we express no opinion on them;
3. All known legal and constructive obligations with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations; and
4. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

We are not aware of any subsequent events after the date of completing this valuation that would have a significant effect on the valuation results contained herein.

The latest date on which the next actuarial valuation should be performed is December 31, 2022. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,
RSM CANADA CONSULTING LP

[redacted]

Stanley Caravaggio, FSA, FCIA
Director

Toronto, Ontario

April 7, 2020

SECTION E — EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan
of Greater Sudbury Utilities Inc.
Actuarial Valuation as at December 31, 2019

I hereby confirm, as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Greater Sudbury Utilities Inc.. that, to the best of my knowledge and belief, for the purposes of the valuation:

i) The membership data summarized in Section B is accurate and complete;

ii) The assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and

iii) The summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2019.

GREATER SUDBURY UTILITIES INC.

March 18, 2020	[redacted]
Date	Signature
Catherine Huneault	VP Corporate Services & CFO
Name	Title

APPENDIX — DETAILED ACCOUNTING SCHEDULES

04/07/2020

Greater Sudbury Utilities Inc.

Estimated Benefit Expense (IAS 19)

[redacted]

FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1
Defined Benefit Cost Recognized in Income Statement
Defined Benefit Cost Recognized in Other Comprehensive Income
Benefits Paid by the Employer

Net Defined Benefit Liability/(Asset) as at December 31

[redacted]

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost
Interest Cost

Defined Benefit Cost Recognized in Income Statement

[redacted]

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions
Net Actuarial Loss/(Gain) arising from Experience Adjustments
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)
Change in Effect of Asset Ceiling

Defined Benefit Cost Recognized in Other Comprehensive Income

Total Defined Benefit Cost

[redacted]

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1
Current Service Cost
Interest Cost
Benefits Paid
Net Actuarial Loss/(Gain)

Present Value of Defined Benefit Obligation as at December 31

[redacted]

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.

Estimated Benefit Expense (IAS 19)

[redacted]

FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost

Present Value of Defined Benefit Obligation as at January 1
Benefits Paid
Accrued Benefits
Interest Cost

[redacted]

Expected Present Value of Defined Benefit Obligation as at December 31

Present Value of Defined Benefit Obligation as at January 1
Current Service Cost
Benefits Paid
Interest Cost
Expected Present Value of Defined Benefit Obligation as at December 31

[redacted]

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31

Expected Present Value of Defined Benefit Obligation
Actual Present Value of Defined Benefit Obligation
Net Actuarial Loss/(Gain) as at December 31

[redacted]

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

04/07/2020

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Inc.
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

	CY 2019	CY 2020	CY 2021	CY 2022
Net Defined Benefit Liability/(Asset) as at January 1	13,958,484	16,109,318	16,134,462	16,123,786
Defined Benefit Cost Recognized in Income Statement	737,870	593,083	575,007	564,644
Defined Benefit Cost Recognized in Other Comprehensive Income	2,055,990	-	-	-
Benefits Paid by the Employer	(643,026)	(567,939)	(585,683)	(605,235)
Net Defined Benefit Liability/(Asset) as at December 31	16,109,318	16,134,462	16,123,786	16,083,195

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	CY 2019	CY 2020	CY 2021	CY 2022
Current Service Cost	206,028	102,497	83,917	74,188
Interest Cost	531,842	490,586	491,090	490,456
Defined Benefit Cost Recognized in Income Statement	737,870	593,083	575,007	564,644

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

	CY 2019	CY 2020	CY 2021	CY 2022
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	2,297,131	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	21,788	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(262,930)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	2,055,990	-	-	-
Total Defined Benefit Cost	2,793,860	593,083	575,007	564,644

C. Change in the Present Value of Defined Benefit Obligation

	CY 2019	CY 2020	CY 2021	CY 2022
Present Value of Defined Benefit Obligation as at January 1	13,958,484	16,109,318	16,134,462	16,123,786
Current Service Cost	206,028	102,497	83,917	74,188
Interest Cost	531,842	490,586	491,090	490,456
Benefits Paid	(643,026)	(567,939)	(585,683)	(605,235)
Net Actuarial Loss/(Gain)	2,055,990	-	-	-
Present Value of Defined Benefit Obligation as at December 31	16,109,318	16,134,462	16,123,786	16,083,195

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Inc.
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	13,958,484	16,109,318	16,134,462	16,123,786
Benefits Paid	(321,513)	(283,969)	(292,842)	(302,617)
Accrued Benefits	13,636,971	15,825,349	15,841,620	15,821,168
Interest Cost	531,842	490,586	491,090	490,456
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	13,958,484	16,109,318	16,134,462	16,123,786
Current Service Cost	206,028	102,497	83,917	74,188
Benefits Paid	(643,026)	(567,939)	(585,683)	(605,235)
Interest Cost	531,842	490,586	491,090	490,456
Expected Present Value of Defined Benefit Obligation as at December 31	14,053,328	16,134,462	16,123,786	16,083,195

E. Net Actuarial Loss/(Gain)

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	14,053,328	16,134,462	16,123,786	16,083,195
Actual Present Value of Defined Benefit Obligation	16,109,318	16,134,462	16,123,786	16,083,195
Net Actuarial Loss/(Gain) as at December 31	2,055,990	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Plus Inc.
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	3,138,999	3,680,589	3,844,228	3,998,442
Defined Benefit Cost Recognized in Income Statement	249,037	220,202	214,837	211,484
Defined Benefit Cost Recognized in Other Comprehensive Income	368,994	-	-	-
Benefits Paid by the Employer	(76,441)	(56,563)	(60,624)	(63,089)
Net Defined Benefit Liability/(Asset) as at December 31	3,680,589	3,844,228	3,998,442	4,146,836

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	128,106	106,981	96,606	88,510
Interest Cost	120,930	113,222	118,231	122,974
Defined Benefit Cost Recognized in Income Statement	249,037	220,202	214,837	211,484

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	397,359	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(105,591)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	77,225	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	368,994	-	-	-
Total Defined Benefit Cost	618,030	220,202	214,837	211,484

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	3,138,999	3,680,589	3,844,228	3,998,442
Current Service Cost	128,106	106,981	96,606	88,510
Interest Cost	120,930	113,222	118,231	122,974
Benefits Paid	(76,441)	(56,563)	(60,624)	(63,089)
Net Actuarial Loss/(Gain)	368,994	-	-	-
Present Value of Defined Benefit Obligation as at December 31	3,680,589	3,844,228	3,998,442	4,146,836

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Plus Inc.
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	3,138,999	3,680,589	3,844,228	3,998,442
Benefits Paid	(38,220)	(28,281)	(30,312)	(31,545)
Accrued Benefits	3,100,779	3,652,307	3,813,916	3,966,897
Interest Cost	120,930	113,222	118,231	122,974
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	3,138,999	3,680,589	3,844,228	3,998,442
Current Service Cost	128,106	106,981	96,606	88,510
Benefits Paid	(76,441)	(56,563)	(60,624)	(63,089)
Interest Cost	120,930	113,222	118,231	122,974
Expected Present Value of Defined Benefit Obligation as at December 31	3,311,595	3,844,228	3,998,442	4,146,836

E. Net Actuarial Loss/(Gain)

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	3,311,595	3,844,228	3,998,442	4,146,836
Actual Present Value of Defined Benefit Obligation	3,680,589	3,844,228	3,998,442	4,146,836
Net Actuarial Loss/(Gain) as at December 31	368,994	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

04/07/2020

Greater Sudbury Utilities Inc.

Estimated Benefit Expense (IAS 19)

[redacted]

FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1
Defined Benefit Cost Recognized in Income Statement
Defined Benefit Cost Recognized in Other Comprehensive Income
Benefits Paid by the Employer

Net Defined Benefit Liability/(Asset) as at December 31

[redacted]

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost
Interest Cost

Defined Benefit Cost Recognized in Income Statement

[redacted]

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions
Net Actuarial Loss/(Gain) arising from Experience Adjustments
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)
Change in Effect of Asset Ceiling

Defined Benefit Cost Recognized in Other Comprehensive Income

Total Defined Benefit Cost

[redacted]

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1
Current Service Cost
Interest Cost
Benefits Paid
Net Actuarial Loss/(Gain)

Present Value of Defined Benefit Obligation as at December 31

[redacted]

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

04/07/2020

Greater Sudbury Utilities Inc.

Estimated Benefit Expense (IAS 19)

[redacted]

FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost

Present Value of Defined Benefit Obligation as at January 1
Benefits Paid
Accrued Benefits
Interest Cost

Expected Present Value of Defined Benefit Obligation as at December 31

Present Value of Defined Benefit Obligation as at January 1
Current Service Cost
Benefits Paid
Interest Cost
Expected Present Value of Defined Benefit Obligation as at December 31

[redacted]

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31

Expected Present Value of Defined Benefit Obligation
Actual Present Value of Defined Benefit Obligation
Net Actuarial Loss/(Gain) as at December 31

[redacted]

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

04/07/2020

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Total
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***
A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet				
Net Defined Benefit Liability/(Asset) as at January 1	17,686,339	20,360,853	20,582,656	20,761,100
Defined Benefit Cost Recognized in Income Statement	1,049,891	852,839	831,545	819,606
Defined Benefit Cost Recognized in Other Comprehensive Income	2,355,840	-	-	-
Benefits Paid by the Employer	(731,217)	(631,036)	(653,101)	(676,405)
Net Defined Benefit Liability/(Asset) as at December 31	20,360,853	20,582,656	20,761,100	20,904,302
B. Determination of Defined Benefit Cost				
B1. Determination of Defined Benefit Cost Recognized in Income Statement				
Current Service Cost	374,383	231,433	203,606	186,496
Interest Cost	675,508	621,405	627,939	633,110
Defined Benefit Cost Recognized in Income Statement	1,049,891	852,839	831,545	819,606
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income				
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	2,679,366	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(144,086)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(179,441)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	2,355,840	-	-	-
Total Defined Benefit Cost	3,405,731	852,839	831,545	819,606
C. Change in the Present Value of Defined Benefit Obligation				
Present Value of Defined Benefit Obligation as at January 1	17,686,339	20,360,853	20,582,656	20,761,100
Current Service Cost	374,383	231,433	203,606	186,496
Interest Cost	675,508	621,405	627,939	633,110
Benefits Paid	(731,217)	(631,036)	(653,101)	(676,405)
Net Actuarial Loss/(Gain)	2,355,840	-	-	-
Present Value of Defined Benefit Obligation as at December 31	20,360,853	20,582,656	20,761,100	20,904,302

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Total
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	17,686,339	20,360,853	20,582,656	20,761,100
Benefits Paid	(365,609)	(315,518)	(326,550)	(338,203)
Accrued Benefits	17,320,731	20,045,335	20,256,106	20,422,898
Interest Cost	675,508	621,405	627,939	633,110
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	17,686,339	20,360,853	20,582,656	20,761,100
Current Service Cost	374,383	231,433	203,606	186,496
Benefits Paid	(731,217)	(631,036)	(653,101)	(676,405)
Interest Cost	675,508	621,405	627,939	633,110
Expected Present Value of Defined Benefit Obligation as at December 31	18,005,013	20,582,656	20,761,100	20,904,302

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	18,005,013	20,582,656	20,761,100	20,904,302
Actual Present Value of Defined Benefit Obligation	20,360,853	20,582,656	20,761,100	20,904,302
Net Actuarial Loss/(Gain) as at December 31	2,355,840	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

RSM

SEC-32 OPEB Remaining Service Life & Weighted Average Duration

Question:

Please provide the a) average remaining service life of members of the plan, and b) weighted average duration of OPEB benefit payments (inclusive of active employees).

Response:

a) The expected average remaining service life of all active members of the plan as at December 31, 2019 is approximately 13 years.

b) Based on the valuation data and projected results at December 31, 2019, the weighted average duration of benefit payments is approximately 18 years.

Greater Sudbury Hydro Inc

Interrogatory Responses to Supplemental Evidence

June 13, 2025

Coalition of Concerned Manufacturers and Businesses of Canada

EB-2024-0026

CCMBC-27 Initial Recognition Amount

Reference: Supplemental Evidence, *Initial Recognition Amount,* page 16

Preamble: *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:*

Questions:

a) How was the $6,491 actuarially determined liability calculated?

b) Please file the calculation that supports this amount.

Response:

a) GSHi's actuary would have had a list of all GSHi employees at the time, noted the post-retirement health, dental, and life-insurance benefits each person was entitled to, and estimated what those benefits would cost in today's dollars over the rest of their lives. Adding up the share of those future costs that had already been earned by service up to that date produced a single figure of $6.491 million – the amount GSHi recorded as the opening OPEB liability at January 1, 2000.

b) The detailed calculation is contained in the actuary's original Excel workbook, prepared in early 2001. That file is not held by GSHi—only the actuary who produced it may still retain a copy—and if it still exists, it includes personal employee data that cannot be made public. Instead, GSHi has filed the audited financial statements for the ten months ended October 31 2000; in Note 6 you will see the same figure referenced as the accrued OPEB liability booked on January 1 2000, which ties directly to the $6.491 million used in our transitional-balance schedules. That financial statement is filed as an attachment to the response of SEC's question number 3-SEC-29.

CCMBC-28 Impact of Capitalized OPEB Costs

Reference: Supplemental Evidence, *Impact of Capitalized OPEB Costs*, Page 18

Preamble: *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.*

Question:

Please confirm that OPEB costs are Indirect Overhead costs under MIFRS and can not be capitalized. Please explain your answer.

Response:

GSHi does not agree that all OPEB costs are "indirect overhead" under MIFRS and therefore ineligible for capitalization. IAS 16 allows capitalization of labour-related costs that are directly attributable to constructing or installing an asset. For OPEBs, that test is met by the share of current-service cost—and the related interest cost for active employees—earned while those employees work on capital projects. GSHi includes that amount in its payroll-burden pool, and a proportionate share is capitalized with the project labour.

By contrast, interest on retiree obligations is expensed to OM&A, because it is not caused by current construction activity, and actuarial gains or losses are recorded in Other Comprehensive Income. Thus only the directly attributable current-service (and related active-employee interest) portion of OPEB cost is capitalized; the rest is expensed or recorded to OCI, consistent with IAS 16.

CCMBC-29 Actuarial Gains and Losses

Reference: Supplemental Evidence, *5. Summary,* page 22

Preamble: *"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."

Questions:

a) Please file a spreadsheet showing all entries by year in the *OPEB Cash-to-Accrual Transitional Amount Account* that total $26,089.910.

b) Please file a spreadsheet showing all entries by year in the *OPEB Actuarial Gains & Losses* account that total $7,218,181.

c) Please file a spreadsheet showing the resulting net debit for each year over the ten-year period.

d) Please confirm that Actuarial Gains & Losses are reported in financial statements under Other Comprehensive Income (OCI) and are excluded from Net Income. Please explain your answer.

e) Did Actuarial Gains & Losses in past years have any impact on PILS? Please explain your answer.

f) Please file the Income Statement and Balance Sheet for each year from 2000 to 2024 including the amount of OCI reported for each year.

Response:

a) Please see the Excel document that accompanies the response to these interrogatory questions, tab titled “Transitional”.

b) Please see the Excel document that accompanies the response to these interrogatory questions, tab titled “Gain Loss”.

c) Please see the Excel document that accompanies the response to these interrogatory questions, tab titled “Recovery”.

d) Yes. Under IFRS actuarial gains and losses on OPEBs are recognized in Other Comprehensive Income (OCI) and bypass the income-statement “Net income” or “Profit for the period” line. Since the OEB approved the OPEB Actuarial Gains & Losses deferral account in GSHi’s 2020 cost-of-service proceeding (EB-2019-0037), GSHi now transfers each year’s actuarial gains and losses to that regulatory account. As a result, from 2020 onward the net amount recorded in OCI for OPEBs is effectively zero; the variances are captured in the deferral account instead of remaining in equity.

e) No. Actuarial gains and losses are recorded in Other Comprehensive Income (OCI), not in net income, so they never enter the tax-calculation base on which Payments-in-Lieu-of-Taxes (PILs) are determined. Because they are non-cash, below-the-line items, they are backed out for tax purposes; consequently GSHi’s PILs expense is unaffected by any actuarial gains or losses booked in a given year.

f) Please see the PDF attachments to this interrogatory response for the requested documents.

Attachment 1 (of 25):

CCMBC-29 GSH FS December 31, 2000

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet

December 31, 2000

Assets

Current assets:	
Cash	$ 8,733,861
Investments	1,810,036
Accounts receivable (note 3)	4,067,523
Unbilled revenues	4,632,300
Inventory	891,066
	20,134,786
Capital assets (note 4)	64,442,672
Other assets	283,256
	$ 84,860,714

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Balance Sheet

December 31, 2000

Liabilities and Shareholder's Equity

Current liabilities:	
Accounts payable and accrued liabilities	$ 86,652
Payable to Ontario Power Generation Inc. and Sudbury District Energy Corporation	8,456,497
Advances from related companies (note 5)	301,043
Promissory note (note 6)	48,645,458
Current portion of long-term obligations	250,000
	57,739,650
Long term obligations (note 7)	7,418,338
Shareholder's equity:	
Share capital (note 8)	20,848,052
Deficit	(1,145,326)
	19,702,726
Commitments (note 11)	
	$ 84,860,714

See accompanying notes to financial statements.

On behalf of the Board:

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GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Statement of Loss and Deficit

Two months ended December 31, 2000

Service revenue:	
Residential	$ 6,500,496
General service	6,759,120
Street lighting	96,332
	13,355,948
Power purchases	12,555,502
Gross margin on service revenue	800,446
Other operating revenue	171,145
	971,591
Expenses:	
Amortization	674,040
General and administration	528,993
Distribution - operations	425,711
Billing and collecting	253,213
Distribution - maintenance	139,871
Interest	95,089
	2,116,917
Net loss, being deficit at end of period	$ (1,145,326)

See accompanying notes to financial statements.

Attachment 2 (of 25):

CCMBC-29 GSH FS December 31, 2001

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Balance Sheet

December 31, 2001 with comparative figures for two months ended December 31, 2000

	2001	2000
Assets		
Current		
Cash (note 3)	$ 7,242,978	$ 8,733,862
Investments	700,000	1,810,035
Accounts receivable (note 4)	4,726,183	4,067,523
Inventory	861,618	891,066
Advances to related party (note 5)	1,615,119	-
Unbilled revenues	4,549,100	4,632,300
	19,694,998	20,134,786
Capital assets (note 6)	62,789,507	64,442,672
Payment in lieu of taxes	652,185	-
Other assets	355,877	283,256
	$ 83,492,567	$ 84,860,714

Approved On Behalf Of The Board

Director [redacted]

Director

See accompanying notes

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Balance Sheet

December 31, 2001 with comparative figures for two months ended December 31, 2000

	2001	2000
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities	$ 112,225	$ 86,651
Advances from related parties (note 5)	1,046,686	301,043
Payable to Ontario Power Generation Inc. and Sudbury District Energy Corporation	7,019,455	8,456,497
Promissory note payable (note 7)	48,645,458	48,645,458
Interest payable	1,301,105	-
Current portion of long-term debt	250,000	250,000
	58,374,929	57,739,649
Long-term debt (note 8)	7,375,490	7,418,339
	65,750,419	65,157,988
Shareholder's equity		
Share capital (note 9)	20,848,052	20,848,052
Deficit	(3,105,904)	(1,145,326)
	17,742,148	19,702,726
Commitments and contingencies (notes 10 & 16)		
	$ 83,492,567	$ 84,860,714

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Statement of Loss and Deficit
Year ended December 31, 2001 with comparative figures for two months ended December 31, 2000

	2001	2000
Sales		
Residential	$ 31,877,441	$ 6,500,496
General service	37,398,533	6,759,120
Street lighting	455,555	96,332
	69,731,529	13,355,948
Power purchases	55,775,403	12,555,502
Gross profit	13,956,126	800,446
Expenses		
Amortization	3,983,570	674,040
Interest on long-term debt	3,922,113	95,089
General and administration	2,927,383	528,993
Distribution - operations	2,306,458	425,711
Distribution - maintenance	1,588,026	139,871
Billing and collecting	1,571,259	253,213
	16,298,809	2,116,917
Loss before undernoted items and taxes	(2,342,683)	(1,316,471)
Other income (expense)		
Gain on sale of capital assets	15,346	-
Other operating revenue	1,224,794	171,145
Gain on employee future benefit costs	432,205	-
OPGI settlement (note 12)	284,928	-
Voluntary exit packages (Note 13)	(1,227,353)	-
	729,920	171,145
Loss before taxes	(1,612,763)	(1,145,326)
Payment in lieu of taxes	(652,185)	-
Net loss	(960,578)	(1,145,326)
Deficit, beginning of year	(1,145,326)	-
Dividends paid	(1,000,000)	-
Deficit, end of year	$ (3,105,904)	$ (1,145,326)

See accompanying notes

Attachment 3 (of 25):

CCMBC-29 GSH FS December 31, 2002

GREATER SUDBURY HYDRO INC./
HYDRO DU GRAND SUDBURY INC.

Balance Sheet
December 31, 2002 with comparative figures for 2001

	2002	2001
Assets		
Current		
Cash (note 3)	$ 1,447,719	$ 7,242,978
Term deposits	-	700,000
Accounts receivable (note 4)	3,510,156	4,726,183
Payment in lieu of taxes	13,140	-
Inventory	817,265	861,618
Advances to related parties (note 5)	619,647	568,433
Unbilled revenue - distribution	2,096,959	4,549,100
Unbilled revenue - energy sales	8,252,406	-
	16,757,292	18,648,312
Capital assets (note 6)	62,502,498	62,789,507
Payment in lieu of future taxes (note 13)	1,111,955	652,185
Regulatory assets (note 7)	2,957,432	123,731
Other assets	232,146	232,146
	$ 83,561,323	$ 82,445,881

Approved on behalf of the board

Director [redacted]

Director

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./
HYDRO DU GRAND SUDBURY INC.

Balance Sheet
December 31, 2002 with comparative figures for 2001

		2002		2001
Liabilities and shareholder's equity				
Current				
Accounts payable and accrued liabilities	$	587,598	$	112,225
Payable for energy purchases		6,293,490		7,019,455
Promissory note payable (note 8)		48,645,458		48,645,458
Interest payable		1,301,105		1,301,105
Current portion of long-term debt		332,507		250,000
		57,160,158		57,328,243
Long-term debt (note 9)		8,207,564		7,375,490
Preferred shares (note 10)		834,700		-
		66,202,422		64,703,733
Shareholder's equity				
Share capital (note 11)		20,848,052		20,848,052
Deficit		(3,489,151)		(3,105,904)
		17,358,901		17,742,148
Commitments and contingencies (note 12)				
	$	83,561,323	$	82,445,881

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./
HYDRO DU GRAND SUDBURY INC.
Statement of Loss and Deficit
Year ended December 31, 2002 with comparative figures for 2001

	2002	2001
Revenue		
Energy sales	$ 65,692,547	$ 55,775,439
Distribution	14,903,021	13,956,126
	80,595,568	69,731,565
Cost of energy	65,692,547	55,775,439
Gross profit	14,903,021	13,956,126
Expenses		
Amortization	3,874,304	3,983,570
Interest on promissory note payable	3,531,660	3,531,660
General administration	2,689,423	2,927,383
Distribution - operations	2,351,688	2,306,458
Billing and collecting	2,016,473	1,571,259
Distribution - maintenance	1,517,630	1,588,026
Interest	433,844	390,453
	16,415,022	16,298,809
Loss before undernoted items and payment in lieu of taxes	(1,512,001)	(2,342,683)
Other income (expense)		
Other operating revenue	816,775	1,224,794
Gain on sale of capital assets	8,550	15,346
Gain on employee future benefit costs	-	432,205
OPGI settlement (note 14)	-	284,928
Voluntary exit packages	-	(1,227,353)
	825,325	729,920
Loss before payment in lieu of taxes	(686,676)	(1,612,763)
Payment in lieu of taxes		
Current	156,341	-
Future (note 13)	(459,770)	(652,185)
	(303,429)	(652,185)
Net loss	(383,247)	(960,578)
Deficit, beginning of year	(3,105,904)	(1,145,326)
Dividends paid	-	(1,000,000)
Deficit, end of year	$ (3,489,151)	$ (3,105,904)

See accompanying notes to financial statements

Attachment 4 (of 25):

CCMBC-29 GSH FS December 31, 2003

GREATER SUDBURY HYDRO INC./
HYDRO DU GRAND SUDBURY INC.
Balance Sheet
December 31, 2003 with comparative figures for 2002

	2003	2002
Assets		
Current		
Cash (note 3)	$ 8,007,199	$ 1,447,719
Accounts receivable (note 4)	3,080,876	3,510,156
Payment in lieu of taxes	-	13,140
Inventory	895,664	817,265
Advances to related parties (note 5)	381,430	619,647
Unbilled revenue - distribution	1,348,083	2,096,959
Unbilled revenue - energy sales	4,589,674	8,252,406
Current portion of regulatory assets	402,249	-
	18,705,175	16,757,292
Capital assets (note 6)	62,313,022	62,502,498
Payment in lieu of future taxes (note 7)	1,116,529	1,111,955
Regulatory assets (note 8)	2,735,719	2,957,432
Other assets	232,146	232,146
	$ 85,102,591	$ 83,561,323

Approved on behalf of the Board:

Director [redacted]

Director

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./
HYDRO DU GRAND SUDBURY INC.

Balance Sheet

December 31, 2003 with comparative figures for 2002

		2003		2002
Liabilities and shareholder's equity				
Current				
Accounts payable and accrued liabilities	$	706,449	$	587,598
Payable for energy purchases		5,893,643		6,293,490
Promissory note payable (note 9)		48,645,458		48,645,458
Interest payable on promissory note		1,301,105		1,301,105
Current portion of long-term debt		345,297		332,507
		56,891,952		57,160,158
Long-term debt (note 10)		8,703,372		8,207,564
Preferred shares (note 11)		1,829,400		834,700
		67,424,724		66,202,422
Shareholder's equity				
Share capital (note 12)		20,848,052		20,848,052
Deficit		(3,170,185)		(3,489,151)
		17,677,867		17,358,901
Commitments and contingencies (note 13)				
	$	85,102,591	$	83,561,323

GREATER SUDBURY HYDRO INC./
HYDRO DU GRAND SUDBURY INC.

Statement of Operations and Deficit
Year ended December 31, 2003 with comparative figures for 2002

	2003	2002
Revenue		
Energy sales	$ 55,850,206	$ 65,692,547
Distribution	15,873,605	14,903,021
	71,723,811	80,595,568
Cost of energy	55,850,206	65,692,547
Gross profit	15,873,605	14,903,021
Expenses		
Amortization	4,010,116	3,874,304
Interest on promissory note payable	3,531,660	3,531,660
General administration	2,418,041	2,689,423
Distribution - operations	2,497,110	2,351,688
Billing and collecting	2,079,778	2,016,473
Distribution - maintenance	1,347,451	1,517,630
Interest	425,161	433,844
	16,309,317	16,415,022
Loss before undernoted items and payment in lieu of taxes	(435,712)	(1,512,001)
Other income		
Other operating revenue	902,969	816,775
Gain on sale of capital assets	1,776	8,550
	904,745	825,325
Earnings (loss) before payment in lieu of taxes	469,033	(686,676)
Payment in lieu of taxes (note 7)		
Current	154,641	156,341
Future	(4,574)	(459,770)
	150,067	(303,429)
Net earnings (loss)	318,966	(383,247)
Deficit, beginning of year	(3,489,151)	(3,105,904)
Deficit, end of year	$ (3,170,185)	$ (3,489,151)

See accompanying notes to financial statements

Attachment 5 (of 25):

CCMBC-29 GSH FS December 31, 2004

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Balance Sheet

December 31, 2004 with comparative figures for 2003

	2004	2003
Assets		
Current		
Cash (note 4)	$ 8,717,421	$ 8,007,199
Accounts receivable (note 5)	922,082	3,080,876
Inventory	871,223	895,664
Advances to related parties (note 6)	335,182	381,430
Unbilled revenue - distribution	2,959,000	1,348,083
Unbilled revenue - energy sales	12,763,937	4,589,674
Current portion of regulatory assets	-	402,249
	26,568,845	18,705,175
Capital assets (note 7)	60,485,079	62,313,022
Payment in lieu of future taxes (note 8)	2,493,014	1,116,529
Regulatory assets (note 9)	450,196	2,735,719
Other assets	232,146	232,146
	$90,229,280	$ 85,102,591

Approved on behalf of the Board:

Director [redacted]

Director

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet
December 31, 2004 with comparative figures for 2003

	2004	2003
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities	$ 1,474,657	$ 706,449
Payable for energy purchases	8,576,110	5,893,643
Promissory note payable (note 10)	48,645,458	48,645,458
Interest payable on promissory note	-	1,301,105
Payment in lieu of taxes	900,999	-
Current portion of retail settlement variances (note 9)	117,100	-
Current portion of long-term obligations	369,465	345,297
	60,083,789	56,891,952
Long-term obligations (note 11)	10,348,765	8,703,372
Preferred shares (note 12)	2,824,100	1,829,400
	73,256,654	67,424,724
Shareholder's equity		
Share capital (note 13)	20,848,052	20,848,052
Deficit	(3,875,426)	(3,170,185)
	16,972,626	17,677,867
Commitments and contingencies (note 14)		
	$90,229,280	$85,102,591

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Statement of Operations and Deficit
Year ended December 31, 2004 with comparative figures for 2003

	2004	2003
Revenue		
Energy sales	$ 59,419,958	$ 55,850,206
Distribution	15,703,837	15,873,605
	75,123,795	71,723,811
Cost of energy	59,419,958	55,850,206
Gross profit	15,703,837	15,873,605
Expenses		
Amortization	4,055,343	4,010,116
Interest on promissory note payable	3,531,660	3,531,660
General administration	2,613,821	2,418,041
Distribution - operations	2,544,211	2,497,110
Billing and collecting	1,984,586	2,079,778
Distribution - maintenance	1,262,386	1,347,451
Interest	493,610	425,161
	16,485,617	16,309,317
Loss before undernoted items and payment in lieu of taxes	(781,780)	(435,712)
Other income		
Other operating revenue	922,958	902,969
Gain on sale of capital assets	49,849	1,776
Loss on employee future benefits	(1,206,138)	-
	(233,331)	904,745
Earnings (loss) before payment in lieu of taxes	(1,015,111)	469,033
Payment in lieu of taxes (note 8)		
Current	1,066,615	154,641
Future	(1,376,485)	(4,574)
	(309,870)	150,067
Net earnings (loss)	(705,241)	318,966
Deficit, beginning of year	(3,170,185)	(3,489,151)
Deficit, end of year	$ (3,875,426)	$ (3,170,185)

See accompanying notes to financial statements

Attachment 6 (of 25):

CCMBC-29 GSH FS December 31, 2005

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Non-consolidated Balance Sheet
December 31, 2005 with comparative figures for 2004

	2005	2004
Assets		
Current		
Cash and investments (note 3)	$ 12,874,967	$8,717,421
Accounts receivable (note 4)	2,578,420	922,082
Inventory	1,318,987	871,223
Advances to related parties (note 5)	2,467,501	335,182
Unbilled revenue - distribution	2,594,145	2,959,000
Unbilled revenue - energy sales	10,943,440	12,763,937
Current portion of regulatory assets	239,241	493,903
	33,016,701	27,062,748
Capital assets (note 6)	59,326,830	60,485,079
Payment in lieu of future taxes (note 7)	3,691,501	2,493,014
Regulatory assets (note 8)	1,153,841	1,605,090
Other assets	232,146	232,146
Investment in West Nipissing Energy Services Ltd. (note 9)	10	-
	$ 97,421,029	$ 91,878,077

Approved on behalf of the Board:

Director __________________________

Director __________________________

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Non-consolidated Balance Sheet
December 31, 2005 with comparative figures for 2004

	2005	2004
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities	$ 6,352,583	$ 1,474,657
Payable for energy purchases	8,914,632	8,576,110
Promissory note payable (note 10)	48,645,458	48,645,458
Payment in lieu of taxes	26,176	900,999
Current portion of regulatory liabilities	1,074,172	376,803
Current portion of long-term obligations	250,000	369,465
	65,263,021	60,343,492
Regulatory liabilities (note 8)	1,137,791	1,389,094
Long-term obligations (note 11)	11,079,949	10,348,765
Preferred shares (note 12)	2,824,100	2,824,100
	80,304,861	74,905,451
Shareholder's equity		
Share capital (note 13)	20,848,052	20,848,052
Deficit	(3,731,884)	(3,875,426)
	17,116,168	16,972,626
Commitments and contingencies (note 14)		
	$ 97,421,029	$ 91,878,077

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Non-consolidated Statement of Operations and Deficit
Year ended December 31, 2005 with comparative figures for 2004

	2005	2004
Revenue		
Energy sales	$ 67,536,379	$ 59,419,958
Distribution	16,011,159	15,703,837
	83,547,538	75,123,795
Cost of energy	67,536,379	59,419,958
Gross profit	16,011,159	15,703,837
Expenses		
Amortization	4,270,482	4,055,343
Interest on promissory note payable	3,531,660	3,531,660
General administration	2,767,192	2,613,821
Distribution - operations	2,662,446	2,544,211
Distribution - maintenance	1,834,096	1,262,386
Billing and collecting	1,725,751	1,984,586
Interest on long-term obligations	538,796	493,610
	17,330,423	16,485,617
Loss before undernoted items and payment in lieu of taxes	(1,319,264)	(781,780)
Other income (expenses)		
Other operating revenue	1,344,755	922,958
Gain on disposal of capital assets	4,405	49,849
Loss on employee future benefits	-	(1,206,138)
	1,349,160	(233,331)
Earnings (loss) before payment in lieu of taxes	29,896	(1,015,111)
Payment in lieu of taxes (note 7)		
Current	1,084,841	1,066,615
Future	(1,198,487)	(1,376,485)
	(113,646)	(309,870)
Net earnings (loss)	143,542	(705,241)
Deficit, beginning of year	(3,875,426)	(3,170,185)
Deficit, end of year	$ (3,731,884)	$ (3,875,426)

See accompanying notes to financial statements

Attachment 7 (of 25):

CCMBC-29 GSH FS December 31, 2006

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Non-consolidated Balance Sheet
December 31, 2006 with comparative figures for 2005

	2006	2005
Assets		
Current		
Cash and investments (note 4)	$ 11,697,782	$ 12,874,967
Accounts receivable (note 5)	4,152,387	2,578,420
Inventory	1,383,881	1,318,987
Advances to related parties (note 6)	2,387,345	2,467,501
Unbilled revenue - distribution	2,943,730	2,594,145
Unbilled revenue - energy sales	10,814,079	10,943,440
Current portion of regulatory assets	285,336	239,241
	33,664,540	33,016,701
Capital assets (note 7)	59,047,987	59,326,830
Payment in lieu of future taxes (note 8)	4,550,312	3,691,501
Regulatory assets (note 9)	178,354	1,153,841
Other assets	232,146	232,146
Investment in West Nipissing Energy Services Ltd. (note 10)	10	10
	$ 97,673,349	$ 97,421,029

Approved on behalf of the Board:

Director ____________________________

Director ____________________________

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Non-consolidated Balance Sheet
December 31, 2006 with comparative figures for 2005

	2006	2005
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities	$ 1,931,975	$ 6,352,583
Payable for energy purchases	10,870,161	8,914,632
Promissory note payable (note 11)	48,645,458	48,645,458
Payment in lieu of taxes	837,184	26,176
Current portion of regulatory liabilities	916,110	1,074,172
Current portion of long-term obligations	350,000	250,000
	63,550,888	65,263,021
Regulatory liabilities (note 9)	949,622	1,137,791
Long-term obligations (note 12)	11,495,798	11,079,949
Preferred shares (note 13)	2,824,100	2,824,100
	78,820,408	80,304,861
Shareholder's equity		
Share capital (note 14)	20,848,052	20,848,052
Deficit	(1,995,111)	(3,731,884)
	18,852,941	17,116,168
Commitments and contingencies (note 15)		
	$ 97,673,349	$ 97,421,029

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.

Non-consolidated Statement of Operations and Deficit
Year ended December 31, 2006 with comparative figures for 2005

	2006	2005
Revenue		
Energy sales	$ 66,389,421	$ 67,536,379
Distribution	18,890,215	16,011,159
	85,279,636	83,547,538
Cost of energy	66,389,421	67,536,379
Gross profit	18,890,215	16,011,159
Expenses		
Amortization	4,465,185	4,270,482
Interest on promissory note payable	3,531,660	3,531,660
General administration	2,678,773	2,767,192
Distribution - operations	2,742,805	2,662,446
Distribution - maintenance	1,823,406	1,834,096
Billing and collecting	1,920,184	1,725,751
Interest on long-term obligations	583,712	538,796
	17,745,725	17,330,423
Net earnings (loss) before undernoted items and payment in lieu of taxes	1,144,490	(1,319,264)
Other income (expenses)		
Other operating revenue	1,800,852	1,344,755
Gain on disposal of capital assets	5,146	4,405
	1,805,998	1,349,160
Earnings before payment in lieu of taxes	2,950,488	29,896
Payment in lieu of taxes (note 8)		
Current	2,072,526	1,084,841
Future	(858,811)	(1,198,487)
	1,213,715	(113,646)
Net earnings	1,736,773	143,542
Deficit, beginning of year	(3,731,884)	(3,875,426)
Deficit, end of year	$ (1,995,111)	$ (3,731,884)

See accompanying notes to financial statements

Attachment 8 (of 25):

CCMBC-29 GSH FS December 31, 2007

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Non-consolidated Balance Sheet
December 31, 2007 with comparative figures for 2006

	2007	2006
Assets		
Current		
Cash and investments (note 3)	$ 10,367,839	$ 11,697,782
Accounts receivable (note 4)	1,389,202	4,152,387
Inventory	1,321,717	1,383,881
Advances to related parties (note 5)	4,736,591	2,387,345
Unbilled revenue - distribution	2,948,233	2,943,730
Unbilled revenue - energy sales	10,814,079	10,814,079
Current portion of regulatory assets	95,112	285,336
	31,672,773	33,664,540
Capital assets (note 6)	59,115,171	59,047,987
Payment in lieu of future taxes (note 7)	6,383,286	4,550,312
Regulatory assets (note 8)	124,716	178,354
Other assets	232,146	232,146
Investment in 1700211 Ontario Inc.	400,000	-
Investment in West Nipissing Energy Services Ltd. (note 9)	10	10
	$ 97,928,102	$ 97,673,349

On Behalf of the Board:

[redacted]

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Non-consolidated Balance Sheet
December 31, 2007 with comparative figures for 2006

	2007	2006
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities	$ 1,671,578	$ 1,931,975
Payable for energy purchases	7,235,172	10,870,161
Promissory note payable (note 10)	48,645,458	48,645,458
Payment in lieu of taxes	254,514	837,184
Current portion of regulatory liabilities	200,000	916,110
Current portion of long-term obligations	350,000	350,000
	58,356,722	63,550,888
Regulatory liabilities (note 8)	1,913,916	949,622
Long-term obligations (note 11)	18,250,675	11,495,798
Preferred shares (note 12)	2,824,100	2,824,100
	81,345,413	78,820,408
Shareholder's equity		
Share capital (note 13)	20,848,052	20,848,052
Deficit	(4,265,363)	(1,995,111)
	16,582,689	18,852,941
Commitments and contingencies (note 14)		
	$ 97,928,102	$ 97,673,349

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Non-consolidated Statement of Operations and Deficit
For the year ended December 31, 2007 with comparative figures for 2006

	2007	2006
Revenue		
Energy sales	$ 67,437,170	$ 66,389,421
Distribution	20,667,045	18,890,215
	88,104,215	85,279,636
Cost of energy	67,437,170	66,389,421
Gross profit	20,667,045	18,890,215
Expenses		
Amortization	4,259,869	4,465,185
Interest on promissory note payable	3,531,660	3,531,660
General administration	2,885,604	2,678,773
Distribution - operations	2,928,565	2,742,805
Distribution - maintenance	2,319,565	1,823,406
Billing and collecting	1,987,315	1,920,184
Interest on long-term obligations	865,705	583,712
	18,778,283	17,745,725
Earnings before undernoted items and payment in lieu of taxes	1,888,762	1,144,490
Other income (expenses)		
Other operating revenue	2,073,157	1,800,852
Gain on disposal of capital assets	22,980	5,146
Actuarial loss on employee future benefits	(5,912,439)	-
	(3,816,302)	1,805,998
Earnings (loss) before payment in lieu of taxes	(1,927,540)	2,950,488
Payment in lieu of taxes (note 7)		
Current	2,175,686	2,072,526
Future	(1,832,974)	(858,811)
	342,712	1,213,715
Net earnings (loss)	(2,270,252)	1,736,773
Deficit, beginning of year	(1,995,111)	(3,731,884)
Deficit, end of year	$ (4,265,363)	$ (1,995,111)

See accompanying notes to financial statements

Attachment 9 (of 25):

CCMBC-29 GSH FS December 31, 2008

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet
December 31, 2008 with comparative figures for 2007

		2008		2007
Assets				
Current				
Cash and investments (note 4)	$	7,993,950	$	11,070,416
Accounts receivable (note 5)		3,439,400		1,690,270
Inventory		1,339,934		1,378,821
Prepaid expenses		400		1,399
Advances to related companies (note 6)		1,899,668		2,274,058
Unbilled revenue - distribution		3,054,710		3,084,650
Unbilled revenue - energy sales		12,411,853		11,533,848
		30,139,915		31,033,462
Capital assets (note 7)		62,004,161		60,708,724
Payment in lieu of future taxes (note 8)		6,075,549		6,383,286
Regulatory assets (note 9)		62,394		60,638
Other assets		232,146		232,146
Investment in 1700211 Ontario Inc.		400,000		400,000
	$	98,914,165	$	98,818,256

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet
December 31, 2008 with comparative figures for 2007

	2008	2007
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities	$ 2,037,488	$ 1,743,286
Payable for energy purchases	10,091,847	7,942,242
Promissory note payable (note 10)	48,645,457	48,645,457
Payment in lieu of taxes	4,835	263,526
Current portion of regulatory liabilities	-	104,888
Current portion of long-term obligations	350,000	389,963
	61,129,627	59,089,362
Regulatory liabilities (note 9)	3,616,655	1,694,451
Long-term obligations (note 11)	18,866,711	18,250,675
Preferred shares (note 12)	-	2,824,100
	83,612,993	81,858,588
Shareholder's equity		
Share capital (note 13)	20,848,052	20,848,052
Deficit	(5,546,880)	(3,888,384)
	15,301,172	16,959,668
Contingent liabilities (note 14)		
	$ 98,914,165	$ 98,818,256

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Statement of Operations and Deficit
For the year ended December 31, 2008 with comparative figures for 2007

	2008	2007
Revenue		
Energy sales	$ 71,781,064	$ 71,996,069
Distribution	21,183,692	21,618,634
	92,964,756	93,614,703
Cost of energy	71,781,064	71,996,069
Gross profit	21,183,692	21,618,634
Expenses		
Amortization	4,514,642	4,403,281
Interest on promissory note payable	3,531,660	3,531,660
General administration	2,819,191	3,013,427
Distribution - operations	3,484,268	3,121,005
Distribution - maintenance	2,546,095	2,319,565
Billing and collecting	2,033,124	2,205,485
Interest on long-term obligations	939,043	865,705
	19,868,023	19,460,128
Earnings before undernoted items and payment in lieu of taxes	1,315,669	2,158,506
Other income (expenses)		
Other operating revenue	1,747,422	2,067,568
Gain on disposal of capital assets	13,703	22,980
Actuarial loss on employee future benefits	-	(5,912,439)
	1,761,125	(3,821,891)
Earnings (loss) before payment in lieu of taxes	3,076,794	(1,663,385)
Payment in lieu of taxes (note 8)		
Current	2,251,653	2,289,539
Future	307,737	(1,832,974)
Recovery due to loss carryforwards	-	(102,600)
	2,559,390	353,965
Net earnings (loss)	517,404	(2,017,350)
Deficit, beginning of year	(3,888,384)	(1,871,034)
Dividends	(2,175,900)	-
Deficit, end of year	$ (5,546,880)	$ (3,888,384)

See accompanying notes to financial statements

Attachment 10 (of 25):

CCMBC-29 GSH FS December 31, 2009

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet
December 31, 2009 with comparative figures for 2008

		2009		2008
Assets				
Current				
Cash and investments (note 3)	$	10,634,296	$	7,993,950
Accounts receivable (note 4)		3,349,077		3,439,400
Inventory		1,211,259		1,339,934
Prepaid expenses		-		400
Payment in lieu of taxes		1,543,669		-
Advances to related companies (note 5)		-		1,911,077
Unbilled revenue - distribution		3,687,004		3,054,710
Unbilled revenue - energy sales		12,237,062		12,411,853
		32,662,367		30,151,324
Capital assets (note 6)		64,210,832		62,004,161
Payment in lieu of future taxes (note 7)		6,335,809		6,075,549
Regulatory assets (note 8)		21,180		62,394
Other assets		232,146		232,146
Investment in 1700211 Ontario Inc.		400,000		400,000
	$	103,862,334	$	98,925,574

Approved on behalf of the Board

Directo[redacted]

Directo[redacted]

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet
December 31, 2009 with comparative figures for 2008

	2009	2008
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities	$ 1,887,740	$ 2,037,488
Payable for energy purchases	12,159,001	10,091,847
Promissory note payable (note 9)	48,645,457	48,645,457
Payment in lieu of taxes	-	4,835
Advances from related companies (note 5)	1,726,132	11,409
Current portion of long-term obligations	753,179	350,000
	65,171,509	61,141,036
Regulatory liabilities (note 8)	3,607,143	3,616,655
Long-term obligations (note 10)	19,614,054	18,866,711
	88,392,706	83,624,402
Shareholder's equity		
Share capital (note 11)	20,848,052	20,848,052
Deficit	(5,378,424)	(5,546,880)
	15,469,628	15,301,172
Contingent liabilities (note 12)		
	$ 103,862,334	$ 98,925,574

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Statement of Operations and Deficit
For the year ended December 31, 2009 with comparative figures for 2008

	2009	2008
Revenue		
Energy sales	$ 77,140,065	$ 71,781,064
Distribution	21,567,284	21,183,692
	98,707,349	92,964,756
Cost of energy	77,140,065	71,781,064
Gross profit	21,567,284	21,183,692
Expenses		
Amortization	4,634,610	4,514,642
Distribution - operations	3,827,389	3,655,811
General administration	3,669,706	2,819,191
Interest on promissory note payable	3,531,660	3,531,660
Billing and collecting	2,629,034	2,315,831
Distribution - maintenance	1,677,666	2,091,845
Interest on long-term obligations	942,024	939,043
	20,912,089	19,868,023
Earnings before undernoted items and payment in lieu of taxes	655,195	1,315,669
Other income (expenses)		
Other operating revenue	1,240,122	1,747,422
Gain (loss) on disposal of capital assets	(1,334,963)	13,703
	(94,841)	1,761,125
Earnings before payment in lieu of taxes	560,354	3,076,794
Payment in lieu of taxes (note 7)		
Current	652,158	2,251,653
Future	(260,260)	307,737
	391,898	2,559,390
Net earnings	168,456	517,404
Deficit, beginning of year	(5,546,880)	(3,888,384)
Dividends	-	(2,175,900)
Deficit, end of year	$ (5,378,424)	$ (5,546,880)

See accompanying notes to financial statements

Attachment 11 (of 25):

CCMBC-29 GSH FS December 31, 2010

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet
December 31, 2010 with comparative figures for 2009

		2010		2009 (as restated) (note 17)
Assets				
Current				
Cash and investments (note 3)	$	2,700,894	$	10,634,296
Accounts receivable (note 4)		1,108,221		3,349,077
Inventory		1,022,658		1,211,259
Payment in lieu of taxes		-		1,543,669
Unbilled revenue - distribution		5,473,006		3,687,004
Unbilled revenue - energy sales		19,149,246		12,237,062
		29,454,025		32,662,367
Capital assets (note 6)		65,185,435		63,837,643
Payment in lieu of future taxes (note 7)		7,975,566		8,468,972
Regulatory assets (note 8)		5,360,633		110,970
Other assets		232,146		232,146
Investment in 1700211 Ontario Inc.		400,000		400,000
	$	108,607,805	$	105,712,098

Approved on behalf of the Board

Director [redacted]

Director

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet
December 31, 2010 with comparative figures for 2009

	2010	2009 (as restated) (note 17)
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities	$ 1,499,439	$ 1,887,740
Payable for energy purchases	12,691,064	12,159,001
Promissory note payable (note 9)	48,645,457	48,645,457
Payment in lieu of taxes	560,504	-
Advances from related companies (note 5)	1,234,727	1,726,132
Current portion of long-term obligations	753,179	753,179
	65,384,370	65,171,509
Regulatory liabilities (note 8)	11,406,964	11,792,716
Long-term obligations (note 10)	17,953,004	19,614,054
	94,744,338	96,578,279
Shareholder's equity		
Share capital (note 11)	20,848,052	20,848,052
Deficit	(6,984,585)	(11,714,233)
	13,863,467	9,133,819
Contingent liabilities (note 12)		
	$ 108,607,805	$ 105,712,098

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Statement of Operations and Deficit
For the year ended December 31, 2010 with comparative figures for 2009

	2010	2009 (as restated) (note 17)
Revenue		
Energy sales	$ 79,191,698	$ 77,140,065
Distribution	21,987,007	21,567,284
	101,178,705	98,707,349
Cost of energy	79,191,698	77,140,065
Gross profit	21,987,007	21,567,284
Expenses		
Amortization	4,959,843	4,634,610
Distribution - operations	3,613,610	3,827,389
Interest on promissory note payable	3,531,660	3,531,660
General administration	2,652,126	3,669,706
Billing and collecting	2,593,382	2,629,034
Distribution - maintenance	1,857,381	1,677,666
Interest on long-term obligations	914,168	942,024
	20,122,170	20,912,089
Earnings before undernoted items and payment in lieu of taxes	1,864,837	655,195
Other income (expenses)		
Gain on employee future benefit obligation	2,780,264	-
Other operating revenue	1,806,700	1,240,122
Loss on disposal of capital assets	(230,197)	(1,334,963)
	4,356,767	(94,841)
Earnings before payment in lieu of taxes	6,221,604	560,354
Payment in lieu of taxes (note 7)		
Current	1,491,956	652,158
Net earnings (loss)	4,729,648	(91,804)
Deficit, beginning of year, before prior period adjustment	(11,714,233)	(5,546,880)
Prior period adjustment (note 17)	-	(6,075,549)
Deficit, end of year	$ (6,984,585)	$ (11,714,233)

See accompanying notes to financial statements

Attachment 12 (of 25):

CCMBC-29 GSH FS December 31, 2011

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet

Year ended December 31 *(in Canadian dollars)*	2011	2010
Assets		
Current		
Cash and cash equivalents (note 3)	$ 7,262,780	$ 2,700,894
Accounts receivable (note 4 and 5)	2,499,627	1,108,221
Prepaid expenses	55,000	-
Advances to related companies (note 5)	1,874,207	-
Unbilled revenue - energy sales	14,040,593	19,149,246
Unbilled revenue - distribution	3,526,857	5,473,006
	29,259,064	28,431,367
Capital assets (note 6 and 17)	67,092,572	66,208,093
Payment in lieu of future taxes (note 7)	9,617,899	7,975,566
Regulatory assets (note 8)	5,291,311	5,360,633
Other assets	-	232,146
Investment in 1700211 Ontario Inc.	400,000	400,000
	$ 111,660,846	$ 108,607,805

Approved on behalf of the Board

Director [redacted]

Director

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet

Year ended December 31 *(in Canadian dollars)*	2011	2010
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities	$ 2,274,838	$ 1,499,439
Payable for energy purchases	10,434,707	12,691,064
Promissory note payable (note 9)	48,645,457	48,645,457
Payment in lieu of taxes	236,921	560,504
Advances from related companies (note 5)	-	1,234,727
Current portion of long-term obligations (note 10)	991,374	753,179
	62,583,297	65,384,370
Regulatory liabilities (note 8)	14,623,563	11,406,964
Long-term obligations (note 10)	21,404,663	17,953,004
	98,611,523	94,744,338
Shareholder's equity		
Share capital (note 13)	20,848,052	20,848,052
Deficit	(7,798,729)	(6,984,585)
	13,049,323	13,863,467
	$ 111,660,846	$ 108,607,805

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Statement of Operations and Deficit

Year ended December 31 *(in Canadian dollars)*	2011	2010
Revenue		
Energy sales	$ 85,008,941	$ 79,191,698
Distribution	22,284,451	21,987,007
Other operating revenue	1,780,959	1,806,700
	109,074,351	102,985,405
Expenses		
Cost of energy	85,008,941	79,191,698
Amortization	5,150,055	4,959,843
Distribution - operations	3,983,212	3,613,610
Interest on promissory note payable	3,531,660	3,531,660
General administration	2,906,557	2,652,126
Billing and collecting	3,117,052	2,593,382
Distribution - maintenance	1,691,516	1,857,381
Interest on long-term obligations	1,015,005	914,168
Loss (gain) on employee future benefit obligation	1,280,544	(2,780,264)
Loss on swaps	215,730	-
Loss on disposal of assets	203,030	230,197
	108,103,303	96,763,801
Earnings before payment in lieu of taxes	971,049	6,221,604
Payment in lieu of taxes (note 7)		
Current	1,785,193	1,491,956
Net earnings (loss)	(814,144)	4,729,648
Deficit, beginning of year	(6,984,585)	(11,714,233)
Deficit, end of year	$ (7,798,729)	$ (6,984,585)

See accompanying notes to financial statements

Attachment 13 (of 25):

CCMBC-29 GSH FS December 31, 2012

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet

Year ended December 31 *(in Canadian dollars)*	2012	2011
Assets		
Current		
Cash and cash equivalents (note 3)	$ 1,427,604	$ 7,262,780
Accounts receivable (note 4 and 5)	8,907,010	2,499,627
Prepaid expenses	374,285	55,000
Payment in lieu of taxes (note 7)	735,240	-
Advances to related companies (note 5)	3,439,952	1,874,207
Unbilled revenue - energy sales	13,263,399	14,040,593
Unbilled revenue - distribution	3,223,113	3,526,857
	31,370,603	29,259,064
Capital assets (note 6)	68,698,903	67,092,572
Payment in lieu of future taxes (note 7)	11,046,869	9,617,899
Regulatory assets (note 8)	5,656,741	5,291,311
Investment in ConverGen Inc.	400,000	400,000
	$ 117,173,116	$ 111,660,846

Approved on behalf of the Board

Director _[redacted]

Director ____________________

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Balance Sheet

Year ended December 31 *(in Canadian dollars)*	2012	2011
Liabilities and shareholder's equity		
Current		
Accounts payable and accrued liabilities (note 5)	$ 5,962,650	$ 2,274,838
Payable for energy purchases	12,492,237	10,434,707
Promissory note payable (note 9)	48,645,457	48,645,457
Payment in lieu of taxes (note 7)	-	236,921
Current portion of long-term obligations (note 10)	996,089	991,374
	68,096,433	62,583,297
Regulatory liabilities (note 8)	15,425,273	14,623,563
Long-term obligations (note 3 and 10)	23,648,394	21,404,663
	107,170,100	98,611,523
Shareholder's equity		
Share capital (note 13)	20,848,052	20,848,052
Deficit	(10,845,036)	(7,798,729)
	10,003,016	13,049,323
	$ 117,173,116	$ 111,660,846

See accompanying notes to financial statements

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND SUDBURY INC.
Statement of Operations and Deficit

Year ended December 31 *(in Canadian dollars)*	2012	2011
Revenue		
Energy sales	$ 88,181,911	$ 85,008,941
Distribution	24,023,457	22,284,451
Other operating revenue (note 5)	1,881,068	1,780,959
	114,086,436	109,074,351
Expenses		
Cost of energy	88,181,911	85,008,941
Amortization	5,217,299	5,150,055
Distribution - operations	4,170,603	3,983,212
Other utility expense	525,339	-
General administration	2,628,519	2,906,557
Billing and collecting	2,815,679	3,117,052
Distribution - maintenance	2,425,592	1,691,516
Interest on promissory note payable	3,531,660	3,531,660
Interest on long-term obligations	1,025,502	1,015,005
Loss on employee future benefit obligation	1,455,380	1,280,544
Loss (gain) on swaps	(24,505)	215,730
Loss (gain) on disposal of assets	(19,432)	203,030
	111,933,547	108,103,302
Earnings before payment in lieu of taxes	2,152,889	971,049
Payment in lieu of taxes (note 7)		
Current	899,196	1,785,193
Net earnings (loss)	1,253,693	(814,144)
Deficit, beginning of year	(7,798,729)	(6,984,585)
Dividends	(4,300,000)	-
Deficit, end of year	$ (10,845,036)	$ (7,798,729)

See accompanying notes to financial statements

Attachment 14 (of 25):

CCMBC-29 GSH FS December 31, 2013

Greater Sudbury Hydro Inc./
Hydro du Grand Sudbury Inc.

Balance Sheet

As at December 31, 2013

(expressed in Canadian dollars)

	2013 $	2012 $
Assets		
Current assets		
Cash and cash equivalents (note 3)	-	1,427,604
Accounts receivable (note 4)	9,852,502	9,824,378
Unbilled revenue		
Energy sales	15,332,127	13,263,399
Distribution	3,117,759	3,223,113
Prepaid expenses	339,854	374,287
Payment in lieu of taxes (note 7)	540,610	735,240
Advances to related companies (note 5)	2,489,271	3,439,952
	31,672,123	32,287,973
Capital assets (note 6)	75,987,656	68,698,903
Payment in lieu of future taxes (note 7)	9,373,742	11,046,869
Regulatory assets (note 8)	1,351,180	5,656,741
Investment in ConverGen Inc.	400,000	400,000
	118,784,701	118,090,486
Liabilities		
Current liabilities		
Bank indebtedness (note 3)	1,041,124	-
Accounts payable and accrued liabilities	5,836,776	6,880,020
Payable for energy purchases	11,192,420	12,492,237
Promissory note payable (note 9)	48,645,457	48,645,457
Payment in lieu of taxes (note 7)	-	-
Long-term obligations (note 10)	1,166,089	996,089
	67,881,866	69,013,803
Regulatory liabilities (note 8)	12,400,242	15,425,273
Long-term obligations (notes 3 and 10)	22,678,326	23,648,394
	102,960,434	108,087,470
Shareholder's Equity		
Share capital (note 13)	20,848,052	20,848,052
Deficit	(5,023,785)	(10,845,036)
	15,824,267	10,003,016
	118,784,701	118,090,486

Approved by the Board of Directors

_______________________ Director _______________________ Director

The accompanying notes are an integral part of these financial statements.

Greater Sudbury Hydro Inc./
Hydro du Grand Sudbury Inc.

Statement of Operations and Deficit

For the year ended December 31, 2013

(expressed in Canadian dollars)

	2013 $	2012 $
Revenue		
Energy sales	97,542,827	88,181,911
Distribution	26,059,079	24,023,457
Other operating	1,813,593	1,881,068
	125,415,499	114,086,436
Expenses		
Cost of energy	97,542,827	88,181,911
Depreciation	4,575,278	5,217,299
Distribution - operations	5,546,608	4,676,510
Distribution - maintenance	2,834,350	2,425,592
General administration	3,060,519	2,628,519
Billing and collecting	2,396,689	2,815,679
Interest on promissory note payable	3,531,660	3,531,660
Interest on long-term obligations	1,326,408	1,025,502
Loss (gain) on employee future benefit obligation	(1,603,138)	1,455,380
Gain on swap contract	(101,835)	(24,505)
	119,109,366	111,933,547
Earnings before payment in lieu of taxes	6,306,133	2,152,889
Payment in lieu of taxes - current (note 7)	484,882	899,196
Net earnings for the year	5,821,251	1,253,693
Deficit - Beginning of year	(10,845,036)	(7,798,729)
Dividends	-	(4,300,000)
Deficit - End of year	(5,023,785)	(10,845,036)

The accompanying notes are an integral part of these financial statements.

Attachment 15 (of 25):

CCMBC-29 GSH FS December 31, 2014

Greater Sudbury Hydro Inc./
Hydro du Grand Sudbury Inc.

Balance Sheet

As at December 31, 2014

(expressed in Canadian dollars)

	2014 $	2013 $
Assets		
Current assets		
Accounts receivable (note 4)	10,114,809	9,852,502
Unbilled revenue		
Energy sales	14,735,593	15,332,127
Distribution	2,999,866	3,117,759
Prepaid expenses	393,687	339,854
Payment in lieu of taxes (note 7)	980,143	540,610
Advances to related companies (note 5)	2,441,823	2,489,271
	31,665,921	31,672,123
Capital assets (note 6)	79,217,616	75,987,656
Payment in lieu of future taxes (note 7)	9,532,666	9,373,742
Regulatory assets (note 8)	1,141,237	1,351,180
Investment in ConverGen Inc.	400,000	400,000
	121,957,440	118,784,701
Liabilities		
Current liabilities		
Bank indebtedness (note 3)	1,957,524	1,041,124
Accounts payable and accrued liabilities	4,709,125	5,836,776
Payable for energy purchases	12,488,704	11,192,420
Promissory note payable (note 9)	48,645,457	48,645,457
Long-term obligations (note 10)	1,261,207	1,166,089
	69,062,017	67,881,866
Regulatory liabilities (note 8)	10,816,572	12,400,242
Long-term obligations (notes 3 and 10)	25,804,690	22,678,326
	105,683,279	102,960,434
Shareholder's Equity		
Share capital (note 13)	20,848,052	20,848,052
Deficit	(4,573,891)	(5,023,785)
	16,274,161	15,824,267
	121,957,440	118,784,701

Approved by the Board of Directors

____________________ Director   ____________________ Director

The accompanying notes are an integral part of these financial statements.

Greater Sudbury Hydro Inc./
Hydro du Grand Sudbury Inc.

Statement of Operations and Deficit

For the year ended December 31, 2014

(expressed in Canadian dollars)

	2014 $	2013 $
Revenue		
Energy sales	105,387,759	97,542,827
Distribution	22,636,158	26,059,079
Other operating	1,672,394	1,813,593
	129,696,311	125,415,499
Expenses		
Cost of energy	105,387,759	97,542,827
Depreciation	3,545,847	4,575,278
Distribution - operations	4,642,905	4,866,106
Other - utility expense	1,141,641	681,904
Distribution - maintenance	1,934,821	2,834,350
General administration	3,414,297	3,060,519
Billing and collecting	2,090,993	2,396,689
Interest on promissory note payable	3,531,660	3,531,660
Interest on long-term obligations	1,200,432	1,326,408
Loss (gain) on employee future benefit obligations	2,279,984	(1,603,138)
Loss (gain) on swap contract	60,859	(101,835)
Gain on disposal of capital assets	(26,005)	(1,402)
	129,205,193	119,109,366
Earnings before payment in lieu of taxes	491,118	6,306,133
Payment in lieu of taxes - current (note 7)	41,224	484,882
Net earnings for the year	449,894	5,821,251
Deficit - Beginning of year	(5,023,785)	(10,845,036)
Deficit - End of year	(4,573,891)	(5,023,785)

The accompanying notes are an integral part of these financial statements.

Attachment 16 (of 25):

CCMBC-29 GSH FS December 31, 2015

Greater Sudbury Hydro Inc./
Hydro du Grand Sudbury Inc.
Balance Sheet

(expressed in Canadian dollars)

	December 31, 2015 $	December 31, 2014 $	January 1, 2014 $
Assets			
Current assets			
Cash and cash equivalents (note 4)	2,862,070	-	-
Accounts receivable (note 5)	9,457,023	10,114,809	9,852,502
Unbilled revenue			
Energy sales	15,150,670	14,735,593	15,332,127
Distribution	2,950,235	2,999,866	3,117,759
Prepaid expenses	391,902	393,687	339,854
Payment in lieu of taxes (note 8)	-	980,143	540,610
Advances to related companies (note 19)	638,231	2,441,823	2,489,271
	31,450,131	31,665,921	31,672,123
Capital assets (note 6)	82,834,004	78,821,415	74,976,332
Intangible assets (note 7)	277,013	338,020	550,537
Payment in lieu of future taxes (note 8)	9,472,574	9,752,670	9,372,275
Investment in ConverGen Inc.	400,000	400,000	400,000
Total assets	124,433,722	120,978,026	116,971,267
Regulatory assets (note 9)	840,237	1,123,667	1,351,180
Total assets and regulatory balances	125,273,959	122,101,693	118,322,447
Liabilities			
Current liabilities			
Bank indebtedness (note 4)	-	1,957,524	1,041,124
Accounts payable and accrued liabilities	4,203,359	4,709,125	5,836,776
Payment in lieu of taxes (note 8)	623,916	-	
Payable for energy purchases	13,038,954	12,488,704	11,192,420
Promissory note payable (note 10)	48,645,457	48,645,457	48,645,457
Long-term obligations (note 11)	1,569,293	1,261,207	1,166,089
	68,080,979	69,062,017	67,881,866
Deferred revenue (note 3)	2,172,233	887,818	-
Long-term obligations (notes 3 and 11)	26,334,761	25,476,346	22,259,757
Total liabilities	96,587,973	95,426,181	90,141,623
Regulatory liabilities (note 9)	11,603,586	11,019,007	12,398,775
Total liabilities and regulatory balances	108,191,559	106,445,188	102,540,398
Shareholder's Equity			
Share capital (note 13)	20,848,052	20,848,052	20,848,052
Accumulated deficit	(3,765,652)	(5,191,547)	(5,066,003)
	17,082,400	15,656,505	15,782,049
Total liabilities, regulatory balances and equity	125,273,959	122,101,693	118,322,447

Approved by the Board of Directors

______________________________ Director ______________________________ Director

The accompanying notes are an integral part of these financial statements.

Greater Sudbury Hydro Inc./
Hydro du Grand Sudbury Inc.

Statement of Operations, Comprehensive Income and Deficit

For the year ended December 31, 2015

(expressed in Canadian dollars)

	2015 $	2014 $
Revenue		
Energy sales	110,610,975	107,520,833
Distribution	22,510,863	22,636,158
Other operating (note 14)	2,212,498	1,683,163
	135,334,336	131,840,154
Expenses		
Cost of energy	109,307,909	109,089,817
Depreciation	3,887,147	3,726,034
Distribution – operations	5,067,678	4,634,917
Other - utility expense	1,240,469	1,141,641
Distribution - maintenance	2,204,109	1,934,821
General administration	3,513,739	3,414,297
Billing and collecting	1,904,802	2,098,981
Interest on promissory note payable	3,531,660	3,531,660
Interest on long-term obligations	1,112,606	1,225,223
Loss on swap contract	31,187	60,859
Loss on disposal of assets	538,014	289,758
	132,339,320	131,148,009
Profit before tax and regulatory items	2,995,016	692,146
Payment in lieu of taxes (note 8)	1,178,738	(339,171)
Net profit	1,816,278	1,031,317
Net movement on regulatory deferral accounts related to profit or loss, net of tax (note 9)	(868,009)	1,188,558
Profit for the year after net movements in regulatory balances, net of tax	948,269	2,219,874
Other comprehensive income: Item that will not be reclassified to profit or loss		
Remeasurement of future benefit obligations, net of tax	477,626	(2,345,418)
Total comprehensive income (loss) for the year	1,425,895	(125,544)
Deficit - Beginning of year	(5,191,547)	(5,066,003)
Deficit - End of year	(3,765,652)	(5,191,547)

The accompanying notes are an integral part of these financial statements.

Greater Sudbury Hydro Inc./Hydro du Grand Sudbury Inc.

Statement of Changes in Equity

(expressed in Canadian dollars)

	Share capital $	Accumulated other comprehensive income (loss) $	Retained earnings (deficit) $	Total $
Balance at January 1, 2014	20,848,052	-	(5,066,003)	15,782,049
Profit for the year	-	-	2,219,874	2,219,874
Remeasurement of future benefit obligation	-	(2,345,418)	-	(2,345,418)
Balance at December 31, 2014	20,848,052	(2,345,418)	(2,846,129)	15,656,505
Profit for the year	-	-	948,269	948,269
Remeasurement of future benefit obligation	-	477,626	-	477,626
Balance at December 31, 2015	20,848,052	(1,867,792)	(1,897,860)	17,082,400

The accompanying notes are an integral part of these financial statements.

Attachment 17 (of 25):

CCMBC-29 GSH FS December 31, 2016

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ -	$ 2,862,070
Accounts receivable (note 4)	12,939,298	9,560,931
Unbilled revenue:		
Energy sales	13,088,023	14,961,052
Distribution	2,243,543	2,950,235
Prepaid expenses	424,854	391,902
Payments in lieu of taxes recoverable (note 7)	296,588	-
Advances to related companies (note 17)	296,367	638,231
	29,288,673	31,364,421
Property, plant and equipment (note 5)	87,219,880	82,834,004
Intangible assets (note 6)	199,106	277,013
Deferred payment in lieu of taxes (note 7)	6,328,911	9,472,574
Investment in ConverGen Inc.	400,000	400,000
Total assets	123,436,570	124,348,012
Regulatory deferral account debit balances (note 8)	2,667,104	840,237
Total assets and regulatory balances	$ 126,103,674	$ 125,188,249

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2016, with comparative information for 2015

	2016	2015
Liabilities and Shareholder's Equity		
Current liabilities:		
Bank indebtedness (note 3)	$ 830,575	$ -
Accounts payable and accrued liabilities	5,031,165	3,903,929
Payment in lieu of taxes (note 7)	-	623,916
Payable for energy purchases	11,827,298	13,038,954
Long-term obligations (note 10)	1,263,684	1,569,293
	18,952,722	19,136,092
Deferred revenue	2,889,280	2,385,954
Promissory note payable (note 9)	48,645,457	48,645,457
Long-term obligations (note 10)	20,173,318	26,334,761
Total liabilities	90,660,777	96,502,264
Shareholder's equity:		
Share capital (note 12)	20,848,052	20,848,052
Accumulated other comprehensive income (loss)	3,160,134	(1,867,792)
Retained earnings (deficit)	2,358,643	(1,897,861)
	26,366,829	17,082,399
Total liabilities and shareholder's equity	117,027,606	113,584,663
Regulatory deferral account credit balances (note 8)	9,076,068	11,603,586
Commitments and contingencies (note 13)		
Guarantees (note 14)		
Total liabilities, regulatory balances and equity	$ 126,103,674	$ 125,188,249

See accompanying notes to financial statements.

Approved by the Board of Directors:

_______________________________ Director

_______________________________ Director

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2016, with comparative information for 2015

	2016	2,015
Revenue:		
Energy sales	$ 116,942,490	$ 110,610,975
Distribution	22,396,634	22,510,863
	139,339,124	133,121,838
Conservation revenue	1,383,432	1,106,728
Other operating	2,380,270	1,984,377
	143,102,826	136,212,943
Expenses:		
Cost of energy	116,083,768	109,307,909
Depreciation	3,755,301	3,887,147
Distribution - operations	6,350,659	6,152,391
Conservation and demand management	1,383,432	878,607
Distribution - maintenance	2,283,337	2,204,109
General administration	3,763,540	3,669,495
Billing and collecting	2,305,977	1,904,802
Interest on promissory note payable	3,531,660	3,531,660
Interest on long-term obligations	1,127,183	1,112,606
Loss (gain) on swap contract	(37,968)	31,187
Loss on disposal of property, plant and equipment	637,755	538,014
	141,184,644	133,217,927
Income before tax and regulatory items	1,918,182	2,995,016
Payment in lieu of taxes (note 7)	694,286	1,178,738
Net income	1,223,896	1,816,278
Net movement on regulatory accounts related to income or loss	842,296	(1,148,104)
Net movement on regulatory accounts from deferred taxes related to income	377,523	280,095
Net movement on regulatory accounts from deferred taxes related to other comprehensive income	1,812,789	-
Income for the year after net movements in regulatory balances, net of tax	4,256,504	948,269
Other comprehensive income - item that will not be reclassified to income or loss - remeasurement of future benefit obligations, net of taxes (note 11)	5,027,926	477,626
Total comprehensive income for the year	$ 9,284,430	$ 1,425,895

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2016, with comparative information for 2015

		Share Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total
Balance, January 1, 2015	$	20,848,052	(2,345,418)	(2,846,130)	15,656,504
Income for the year		-	-	948,269	948,269
Remeasurement of future benefit obligation		-	477,626	-	477,626
Balance, December 31, 2015		20,848,052	(1,867,792)	(1,897,861)	17,082,399
Income for the year		-	-	4,256,504	4,256,504
Remeasurement of future benefit obligation		-	5,027,926	-	5,027,926
Balance, December 31, 2016	$	20,848,052	3,160,134	2,358,643	26,366,829

See accompanying notes to financial statements.

Attachment 18 (of 25):

CCMBC-29 GSH FS December 31, 2017

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 1,409,388	$ -
Accounts receivable (note 4)	8,682,595	12,939,298
Unbilled revenue:		
Energy sales	8,777,514	13,028,375
Distribution	2,179,198	2,243,543
Prepaid expenses	414,034	424,854
Payments in lieu of taxes recoverable (note 7)	566,052	296,588
	22,028,781	28,932,658
Advances to related companies (note 17)	-	296,367
Property, plant and equipment (note 5)	92,230,464	87,219,880
Intangible assets (note 6)	143,582	199,106
Deferred payment in lieu of taxes (note 7)	7,718,676	6,328,911
Investment in ConverGen Inc.	400,000	400,000
Total assets	122,521,503	123,376,922
Regulatory deferral account debit balances (note 8)	4,168,782	3,100,474
Total assets and regulatory balances	$ 126,690,285	$ 126,477,396

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2017, with comparative information for 2016

		2017		2016
Liabilities and Shareholder's Equity				
Current liabilities:				
Bank indebtedness (note 3)	$	-	$	830,575
Accounts payable and accrued liabilities		3,763,199		5,031,165
Payable for energy purchases		8,493,676		11,767,650
Long-term obligations (note 10)		1,273,278		1,263,684
		13,530,153		18,893,074
Advances from related parties (note 17)		251,980		-
Deferred revenue		3,546,944		2,889,280
Promissory note payable (note 9)		48,645,457		48,645,457
Long-term obligations (note 10)		22,094,544		20,173,318
Total liabilities		88,069,078		90,601,129
Shareholder's equity:				
Share capital (note 12)		20,848,052		20,848,052
Accumulated other comprehensive income		2,123,337		3,160,134
Retained earnings		4,240,723		2,358,643
		27,212,112		26,366,829
Total liabilities and shareholder's equity		115,281,190		116,967,958
Regulatory deferral account credit balances (note 8)		11,409,095		9,509,438
Commitments and contingencies (note 13)				
Guarantees (note 14)				
Total liabilities, regulatory balances and equity	$	126,690,285	$	126,477,396

See accompanying notes to financial statements.

Approved by the Board of Directors:

_______________________________ Director

_______________________________ Director

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Energy sales	$ 104,288,228	$ 116,942,490
Distribution	22,439,241	22,396,634
	126,727,469	139,339,124
Conservation revenue	2,033,252	1,383,432
Other operating revenue	1,903,084	2,380,270
	130,663,805	143,102,826
Expenses:		
Cost of energy	103,711,816	116,083,768
Depreciation of property, plant, and equipment	3,696,101	3,655,109
Depreciation of intangible assets	62,369	100,192
Distribution - operations	6,667,917	6,434,317
Conservation and demand management	2,035,469	1,383,432
Distribution - maintenance	1,919,977	2,283,337
General administration	3,677,188	3,679,882
Billing and collecting	2,273,037	2,305,977
Interest on promissory note payable	3,531,660	3,531,660
Interest on long-term obligations	753,649	1,127,183
Gain on swap contract	(64,545)	(37,968)
Loss on disposal of property, plant and equipment	454,852	637,755
	128,719,490	141,184,644
Income before tax and regulatory items	1,944,315	1,918,182
Payment (recovery) in lieu of taxes (note 7)	(491,205)	694,286
Net income	2,435,520	1,223,896
Net movement on regulatory accounts related to income or loss	471,059	842,296
Net movement on regulatory accounts from deferred taxes related to income	(508,906)	377,523
Net movement on regulatory accounts from deferred taxes related to other comprehensive income	(515,593)	1,812,789
Income for the year after net movements in regulatory balances, net of tax	1,882,080	4,256,504
Other comprehensive income - item that will not be reclassified to income or loss - remeasurement of employee future benefit obligations, net of taxes (note 11)	(1,036,797)	5,027,926
Total comprehensive income for the year	$ 845,283	$ 9,284,430

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2017, with comparative information for 2016

		Share Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total
Balance, January 1, 2016	$	20,848,052	(1,867,792)	(1,897,861)	17,082,399
Income for the year		-	-	4,256,504	4,256,504
Remeasurement of employee future benefit obligation		-	5,027,926	-	5,027,926
Balance, December 31, 2016		20,848,052	3,160,134	2,358,643	26,366,829
Income for the year		-	-	1,882,080	1,882,080
Remeasurement of future benefit obligation		-	(1,036,797)	-	(1,036,797)
Balance, December 31, 2017	$	20,848,052	2,123,337	4,240,723	27,212,112

See accompanying notes to financial statements.

Attachment 19 (of 25):

CCMBC-29 GSH FS December 31, 2018

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ -	$ 1,409,388
Accounts receivable (note 4)	9,097,618	8,682,595
Unbilled revenue:		
Energy sales	8,634,427	8,777,514
Distribution	2,145,587	2,179,198
Prepaid expenses	162,197	414,034
Restricted cash	306,900	-
Payments in lieu of taxes recoverable (note 7)	-	566,052
	20,346,729	22,028,781
Property, plant and equipment (note 5)	98,088,487	92,230,464
Intangible assets (note 6)	104,848	143,582
Deferred payment in lieu of taxes (note 7)	7,833,825	7,718,676
Investment in ConverGen Inc.	400,000	400,000
Total assets	126,773,889	122,521,503
Regulatory deferral account debit balances (note 8)	4,941,350	4,168,782
Total assets and regulatory balances	$ 131,715,239	$ 126,690,285

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2018, with comparative information for 2017

		2018		2017
Liabilities and Shareholder's Equity				
Current liabilities:				
Bank indebtedness (note 3)	$	5,512,411	$	-
Accounts payable and accrued liabilities		2,588,361		3,763,199
Payment in lieu of taxes (note 7)		267,748		-
Payable for energy purchases		3,720,032		8,493,676
Current portion of long-term obligations (note 10)		1,187,502		1,273,278
		13,276,054		13,530,153
Advances from related parties (note 17)		459,123		251,980
Deferred revenue		4,820,710		3,546,944
Promissory note payable (note 9)		48,645,457		48,645,457
Long-term obligations (note 10)		20,840,398		22,094,544
Total liabilities		88,041,742		88,069,078
Shareholder's equity:				
Share capital (note 12)		20,848,052		20,848,052
Accumulated other comprehensive income		3,259,007		2,123,337
Retained earnings		6,452,980		4,240,723
		30,560,039		27,212,112
Total liabilities and shareholder's equity		118,601,781		115,281,190
Regulatory deferral account credit balances (note 8)		13,113,458		11,409,095
Commitments and contingencies (note 13)				
Guarantees (note 14)				
Total liabilities, regulatory balances and equity	$	131,715,239	$	126,690,285

See accompanying notes to financial statements.

Approved by the Board of Directors:

______________________________ Director

______________________________ Director

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Revenue (note 18):		
Energy sales	$ 99,204,797	$ 104,288,228
Distribution	23,023,347	22,439,241
	122,228,144	126,727,469
Conservation revenue	3,188,326	2,033,252
Other operating revenue	1,726,101	1,967,629
	127,142,571	130,728,350
Expenses:		
Cost of energy	97,703,066	103,711,816
Depreciation of property, plant, and equipment	3,913,989	3,696,101
Depreciation of intangible assets	45,500	62,369
Distribution - operations	6,715,461	6,667,917
Conservation and demand management	2,734,879	2,035,469
Distribution - maintenance	1,959,877	1,919,977
General administration	3,689,905	3,677,188
Billing and collecting	2,201,799	2,273,037
Interest on promissory note payable	3,531,660	3,531,660
Interest on long-term obligations	725,831	753,649
Loss on disposal of property, plant and equipment	624,722	454,852
	123,846,689	128,784,035
Income before tax and regulatory items	3,295,882	1,944,315
Payment (recovery) in lieu of taxes (note 7)	157,626	(491,205)
Net income	3,138,256	2,435,520
Net movement in regulatory balances, net of tax (note 8)	(925,999)	(553,440)
Income for the year after net movements in regulatory balances, net of tax	2,212,257	1,882,080
Other comprehensive income - item that will not be reclassified to income or loss - remeasurement of employee future benefit obligations, net of taxes (note 11)	1,135,670	(1,036,797)
Total comprehensive income for the year	$ 3,347,927	$ 845,283

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2018, with comparative information for 2017

		Share Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance, January 1, 2017	$	20,848,052	3,160,134	2,358,643	26,366,829
Income for the year		-	-	1,882,080	1,882,080
Remeasurement of employee future benefit obligation		-	(1,036,797)	-	(1,036,797)
Balance, December 31, 2017		20,848,052	2,123,337	4,240,723	27,212,112
Income for the year		-	-	2,212,257	2,212,257
Remeasurement of future benefit obligation		-	1,135,670	-	1,135,670
Balance, December 31, 2018	$	20,848,052	3,259,007	6,452,980	30,560,039

See accompanying notes to financial statements.

Attachment 20 (of 25):

CCMBC-29 GSH FS December 31, 2019

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 1,154,317	$ -
Accounts receivable (note 4)	10,333,748	9,754,676
Unbilled revenue:		
Energy sales	11,395,307	8,634,427
Distribution	1,939,472	2,145,587
Prepaid expenses	406,925	162,197
Restricted cash	270,986	306,900
Payments in lieu of taxes recoverable (note 7)	994,454	-
	26,495,209	21,003,787
Property, plant and equipment (note 5)	102,852,640	98,088,487
Intangible assets (note 6)	80,882	104,848
Deferred payment in lieu of taxes (note 7)	7,280,920	7,833,825
Investment in ConverGen Inc.	400,000	400,000
Total assets	137,109,651	127,430,947
Regulatory deferral account debit balances (note 8)	5,621,072	4,950,304
Total assets and regulatory balances	$ 142,730,723	$ 132,381,251

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2019, with comparative information for 2018

	2019	2018
Liabilities and Shareholder's Equity		
Current liabilities:		
Bank indebtedness (note 3)	$ -	$ 5,512,411
Accounts payable and accrued liabilities	5,810,423	3,245,419
Payment in lieu of taxes (note 7)	-	267,748
Payable for energy purchases	11,359,691	3,720,032
Advances from related parties (note 17)	3,250,000	-
Current portion of long-term obligations (note 10)	1,148,120	1,187,502
	21,568,234	13,933,112
Deferred revenue	6,630,050	4,820,710
Promissory note payable (note 9)	48,645,457	48,645,457
Long-term obligations (note 10)	22,958,799	21,299,521
Total liabilities	99,802,540	88,698,800
Shareholder's equity:		
Share capital (note 12)	20,848,052	20,848,052
Retained earnings	8,538,803	6,452,980
Accumulated other comprehensive income	1,547,158	3,259,007
	30,934,013	30,560,039
Total liabilities and shareholder's equity	130,736,553	119,258,839
Regulatory deferral account credit balances (note 8)	11,994,170	13,122,412
Commitments and contingencies (note 13)		
Guarantees (note 14)		
Subsequent event (note 22)		
Total liabilities, regulatory balances and equity	$ 142,730,723	$ 132,381,251

See accompanying notes to financial statements.

Approved by the Board of Directors:

_______________________________ Director

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GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue (note 18):		
Energy sales	$ 104,241,225	$ 99,204,797
Distribution	23,707,377	23,023,347
	127,948,602	122,228,144
Conservation revenue	3,162,744	3,188,326
Other operating revenue	2,148,798	1,726,101
	133,260,144	127,142,571
Expenses:		
Cost of energy	105,740,499	97,703,066
Depreciation of property, plant, and equipment	4,165,280	3,913,989
Depreciation of intangible assets	30,490	45,500
Distribution - operations	7,110,907	6,715,461
Conservation and demand management	3,157,586	2,734,879
Distribution - maintenance	1,994,252	1,959,877
General administration	4,150,502	3,689,905
Billing and collecting	2,496,100	2,201,799
Interest on promissory note payable	3,531,660	3,531,660
Interest on long-term obligations	515,097	725,831
Remeasurement of employee future benefit obligations	(345,290)	-
Loss on disposal of property, plant and equipment	513,104	624,722
	133,060,187	123,846,689
Income before tax and regulatory items	199,957	3,295,882
Payment in lieu of taxes (note 7)	459,428	157,626
Net income (loss)	(259,471)	3,138,256
Net movement in regulatory balances, net of tax (note 8)	2,345,294	(925,999)
Income for the year after net movements in regulatory balances, net of tax	2,085,823	2,212,257
Other comprehensive income - item that will not be reclassified to income or loss - remeasurement of employee future benefit obligations, net of taxes (note 11)	(1,711,849)	1,135,670
Total comprehensive income for the year	$ 373,974	$ 3,347,927

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2019, with comparative information for 2018

		Share Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2018	$	20,848,052	4,240,723	2,123,337	27,212,112
Income for the year		-	2,212,257	-	2,212,257
Remeasurement of employee future benefit obligation		-	-	1,135,670	1,135,670
Balance, December 31, 2018		20,848,052	6,452,980	3,259,007	30,560,039
Income for the year		-	2,085,823	-	2,085,823
Remeasurement of future benefit obligation		-	-	(1,711,849)	(1,711,849)
Balance, December 31, 2019	$	20,848,052	8,538,803	1,547,158	30,934,013

See accompanying notes to financial statements.

Attachment 21 (of 25):

CCMBC-29 GSH FS December 31, 2020

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ -	$ 1,154,317
Accounts receivable (note 4)	10,939,579	10,333,748
Unbilled revenue:		
Energy sales	9,422,475	11,395,307
Distribution	1,763,912	1,939,472
Prepaid expenses	381,485	406,925
Restricted cash	253,725	270,986
Payments in lieu of taxes recoverable (note 7)	159,570	994,454
	22,920,746	26,495,209
Property, plant and equipment (note 5)	109,143,853	102,852,640
Intangible assets (note 6)	77,069	80,882
Deferred payment in lieu of taxes (note 7)	-	5,269,700
Investment in ConverGen Inc.	400,000	400,000
Total assets	132,541,668	135,098,431
Regulatory deferral account debit balances (note 8)	33,434,013	5,375,365
Total assets and regulatory balances	$ 165,975,681	$ 140,473,796

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2020, with comparative information for 2019

	2020	2019
Liabilities and Shareholder's Equity		
Current liabilities:		
Bank indebtedness (note 3)	$ 6,482,874	$ -
Accounts payable and accrued liabilities	5,330,623	5,810,423
Payable for energy purchases	8,432,405	11,359,691
Advances from related parties (note 17)	-	3,250,000
Current portion of long-term obligations (note 10)	1,283,818	1,148,120
	21,529,720	21,568,234
Deferred revenue	7,493,006	6,630,050
Deferred payment in lieu of taxes (note 7)	1,891,710	-
Promissory note payable (note 9)	48,645,457	48,645,457
Long-term obligations (note 10)	29,453,336	22,958,799
Total liabilities	109,013,229	99,802,540
Shareholder's equity:		
Share capital (note 12)	20,848,052	20,848,052
Retained earnings	30,633,754	8,538,803
Accumulated other comprehensive income	-	1,547,158
	51,481,806	30,934,013
Total liabilities and shareholder's equity	160,495,035	130,736,553
Regulatory deferral account credit balances (note 8)	5,480,646	9,737,243
Commitments and contingencies (note 13)		
Guarantees (note 14)		
Effects of COVID-19 (note 21)		
Total liabilities, regulatory balances and equity	$ 165,975,681	$ 140,473,796

See accompanying notes to financial statements.

Approved by the Board of Directors:

______________________________ Director

______________________________ Director

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue (note 18):		
Energy sales	$ 117,290,563	$ 104,241,225
Distribution	23,514,169	23,707,377
	140,804,732	127,948,602
Conservation revenue	1,437,103	3,162,744
Other operating revenue	2,011,718	2,148,798
	144,253,553	133,260,144
Expenses:		
Cost of energy	120,735,869	105,740,499
Depreciation of property, plant and equipment	4,319,524	4,165,280
Depreciation of intangible assets	14,135	30,490
Distribution - operations	7,394,905	7,110,907
Conservation and demand management	1,419,752	3,157,586
Distribution - maintenance	1,948,062	1,994,252
General administration	3,945,182	3,977,857
Billing and collecting	2,271,922	2,323,455
Interest on promissory note payable	3,531,660	3,531,660
Interest on long-term obligations	514,185	515,097
Loss on disposal of property, plant and equipment	470,320	513,104
Loss on impairment of property, plant and equipment	96,380	-
	146,661,896	133,060,187
Income (loss) before tax and regulatory items	(2,408,343)	199,957
Payment in lieu of taxes (note 7)	7,811,907	459,428
Net loss	(10,220,250)	(259,471)
Net movement in regulatory balances, net of tax (note 8)	32,315,201	2,345,294
Income for the year after net movements in regulatory balances, net of tax	22,094,951	2,085,823
Other comprehensive income - item that will not be reclassified to income or loss - remeasurement of employee future benefit obligations, net of taxes (note 11 a)	-	(1,711,849)
Total comprehensive income for the year	$ 22,094,951	$ 373,974

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2020, with comparative information for 2019

		Share Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)		Total
Balance, January 1, 2019	$	20,848,052	6,452,980	3,259,007	$	30,560,039
Income for the year		-	2,085,823	-		2,085,823
Remeasurement of employee future benefit obligation		-	-	(1,711,849)		(1,711,849)
Balance, December 31, 2019		20,848,052	8,538,803	1,547,158		30,934,013
Income for the year		-	22,094,951	-		22,094,951
Reclassification of actuarial losses (note 11)		-	-	(1,547,158)		(1,547,158)
Balance, December 31, 2020	$	20,848,052	30,633,754	-	$	51,481,806

See accompanying notes to financial statements.

Attachment 22 (of 25):

CCMBC-29 GSH FS December 31, 2021

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Accounts receivable (note 4)	$ 11,199,745	$ 10,939,579
Unbilled revenue:		
Energy sales	8,795,930	9,422,475
Distribution	2,172,060	1,763,912
Prepaid expenses	193,934	381,485
Restricted cash	-	253,725
Payments in lieu of taxes recoverable (note 7)	710,778	159,570
	23,072,447	22,920,746
Property, plant and equipment (note 5)	115,769,343	109,143,853
Intangible assets (note 6)	75,745	77,069
Investment in ConverGen Inc.	400,000	400,000
Total assets	139,317,535	132,541,668
Regulatory deferral account debit balances (note 8)	30,491,541	33,434,013
Total assets and regulatory balances	$ 169,809,076	$ 165,975,681

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2021, with comparative information for 2020

	2021	2020
Liabilities and Shareholder's Equity		
Current liabilities:		
Bank indebtedness (note 3)	$ 4,237,067	$ 6,482,874
Accounts payable and accrued liabilities	4,898,413	4,920,280
Payable for energy purchases	8,576,941	8,432,405
Current portion of long-term obligations (note 10)	1,294,892	1,283,818
	19,007,313	21,119,377
Deferred revenue	8,234,761	7,493,006
Deferred payment in lieu of taxes (note 7)	1,648,812	1,891,710
Promissory note payable (note 9)	48,645,457	48,645,457
Long-term obligations (note 10)	32,092,667	29,453,336
Total liabilities	109,629,010	108,602,886
Shareholder's equity:		
Share capital (note 12)	20,848,052	20,848,052
Retained earnings	33,806,374	30,633,754
	54,654,426	51,481,806
Total liabilities and shareholder's equity	164,283,436	160,084,692
Regulatory deferral account credit balances (note 8)	5,525,640	5,890,989
Commitments and contingencies (note 13)		
Guarantees (note 14)		
Total liabilities, regulatory balances and equity	$ 169,809,076	$ 165,975,681

See accompanying notes to financial statements.

Approved by the Board of Directors:

_______________________________ Director

_______________________________ Director

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020

		2021		2020
Revenue (note 18):				
Energy sales	$	101,459,196	$	117,290,563
Distribution		26,858,067		23,514,169
		128,317,263		140,804,732
Conservation revenue		443,959		1,437,103
Other operating revenue		2,300,116		2,011,718
		131,061,338		144,253,553
Expenses:				
Cost of energy		101,947,114		120,735,869
Depreciation of property, plant and equipment		4,617,705		4,319,524
Depreciation of intangible assets		1,324		14,135
Distribution - operations		7,129,136		7,394,905
Conservation and demand management		443,840		1,419,752
Distribution - maintenance		1,869,196		1,948,062
General administration		3,962,536		3,945,182
Billing and collecting		2,285,758		2,271,922
Interest on promissory note payable		3,531,660		3,531,660
Interest on long-term obligations		527,094		514,185
Loss on disposal of property, plant and equipment		439,274		470,320
Loss on impairment of property, plant and equipment		-		96,380
		126,754,637		146,661,896
Income (loss) before tax and regulatory items		4,306,701		(2,408,343)
Payment (recovery) in lieu of taxes (note 7)		(219,496)		7,811,907
Net income (loss)		4,526,197		(10,220,250)
Net movement in regulatory balances, net of tax (note 8)		(1,353,577)		32,315,201
Income for the year after net movements in regulatory balances, net of tax		3,172,620		22,094,951
Total comprehensive income for the year	$	3,172,620	$	22,094,951

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2021, with comparative information for 2020

		Share Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)		Total
Balance, January 1, 2020	$	20,848,052	8,538,803	1,547,158	$	30,934,013
Income for the year		-	22,094,951	-		22,094,951
Reclassification of actuarial losses (note 11)		-	-	(1,547,158)		(1,547,158)
Balance, December 31, 2020		20,848,052	30,633,754	-		51,481,806
Income for the year		-	3,172,620	-		3,172,620
Balance, December 31, 2021	$	20,848,052	33,806,374	-	$	54,654,426

See accompanying notes to financial statements.

Attachment 23 (of 25):

CCMBC-29 GSH FS December 31, 2022

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2022, with comparative information for 2021

		2022		2021
Assets				
Current assets:				
Accounts receivable (note 4)	$	11,720,292	$	11,199,745
Unbilled revenue:				
Energy sales		9,303,947		8,795,930
Distribution		2,224,630		2,172,060
Prepaid expenses		212,955		193,934
Payments in lieu of taxes recoverable (note 7)		357,660		710,778
		23,819,484		23,072,447
Property, plant and equipment (note 5)		120,222,994		115,899,003
Intangible assets (note 6)		111,258		75,745
Investment in ConverGen Inc.		400,000		400,000
Total assets		144,553,736		139,447,195
Regulatory deferral account debit balances (note 8)		23,297,180		30,491,541
Total assets and regulatory balances	$	167,850,916	$	169,938,736

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2022, with comparative information for 2021

		2022		2021
Liabilities and Shareholder's Equity				
Current liabilities:				
Bank indebtedness (note 3)	$	5,260,558	$	4,237,067
Accounts payable and accrued liabilities		5,552,258		4,898,413
Payable for energy purchases		8,811,760		8,576,941
Current portion of long-term obligations (note 10)		1,224,608		1,294,892
		20,849,184		19,007,313
Deferred revenue		9,762,391		8,364,421
Deferred payment in lieu of taxes (note 7)		3,144,149		1,648,812
Promissory note payable (note 9)		48,645,457		48,645,457
Long-term obligations (note 10)		24,286,303		32,092,667
Total liabilities		106,687,484		109,758,670
Shareholder's equity:				
Share capital (note 12)		20,848,052		20,848,052
Retained earnings		34,993,946		33,806,374
Accumulated other comprehensive income		1,131,211		-
		56,973,209		54,654,426
Total liabilities and shareholder's equity		163,660,693		164,413,096
Regulatory deferral account credit balances (note 8)		4,190,223		5,525,640
Commitments and contingencies (note 13)				
Guarantees (note 14)				
Total liabilities, regulatory balances and equity	$	167,850,916	$	169,938,736

See accompanying notes to financial statements.

Approved by the Board of Directors:

_______________________________ Director

_______________________________ Director

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2022, with comparative information for 2021

		2022		2021
Revenue: (note 18)				
Energy sales	$	104,989,039	$	101,459,196
Distribution		26,412,341		26,858,067
		131,401,380		128,317,263
Conservation revenue		4,987		443,959
Other operating revenue		3,012,987		3,018,310
		134,419,354		131,779,532
Expenses:				
Cost of energy		106,785,204		101,947,114
Depreciation of property, plant and equipment		4,367,491		4,617,705
Amortization of intangible assets		3,946		1,324
Distribution - operations		7,383,070		7,129,136
Conservation and demand management		3,935		443,840
Recoverable expenses		939,179		718,194
Distribution - maintenance		1,590,144		1,869,196
General administration		4,171,661		3,962,536
Billing and collecting		2,387,702		2,285,758
Interest on promissory note payable		3,531,660		3,531,660
Interest on long-term obligations		646,360		527,094
Loss on disposal of property, plant and equipment		377,139		439,274
		132,187,491		127,472,831
Income before tax and regulatory items		2,231,863		4,306,701
Payment (recovery) in lieu of taxes (note 7)		1,513,565		(219,496)
Net income		718,298		4,526,197
Net movement in regulatory balances, net of tax (note 8)		469,274		(1,353,577)
Net income after net movements in regulatory balances, net of tax		1,187,572		3,172,620
Other comprehensive income:				
Item that may be subsequently reclassified to net income:				
Change in fair value of cash flow hedge (note 10)		1,131,211		-
Items that will not be reclassified to net income:				
Remeasurement of employee future benefit obligation (note 11)		6,328,218		1,223,175
Net movement in regulatory balances related to other comprehensive income (note 8)		(6,328,218)		(1,223,175)
Total comprehensive income	$	2,318,783	$	3,172,620

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2022, with comparative information for 2021

	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2021	$ 20,848,052	$ 30,633,754	$ -	$ 51,481,806
Net income after net movements in regulatory balances, net of tax	-	3,172,620	-	3,172,620
Balance, December 31, 2021	20,848,052	33,806,374	-	54,654,426
Net income after net movements in regulatory balances, net of tax	-	1,187,572	-	1,187,572
Other comprehensive income	-	-	1,131,211	1,131,211
Balance, December 31, 2022	$ 20,848,052	$ 34,993,946	$ 1,131,211	$ 56,973,209

See accompanying notes to financial statements.

Attachment 24 (of 25):

CCMBC-29 GSH FS December 31, 2023

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2023, with comparative information for 2022

		2023		2022
Assets				
Current assets:				
Accounts receivable (note 5)	$	12,032,879	$	11,720,292
Unbilled revenue:				
Energy sales		9,845,624		9,303,947
Distribution		2,267,608		2,224,630
Prepaid expenses		549,449		212,955
Payments in lieu of taxes recoverable (note 8)		44,195		357,660
		24,739,755		23,819,484
Property, plant and equipment (note 6)		124,405,212		120,222,994
Intangible assets (note 7)		197,507		111,258
Investment in ConverGen Inc.		400,000		400,000
Total assets		149,742,474		144,553,736
Regulatory deferral account debit balances (note 10)		23,263,043		23,297,180
Total assets and regulatory balances	$	173,005,517	$	167,850,916

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2023, with comparative information for 2022

	2023	2022
Liabilities and Shareholder's Equity		
Current liabilities:		
Bank indebtedness (note 4)	$ 8,003,344	$ 5,260,558
Accounts payable and accrued liabilities	4,705,435	5,552,258
Payment in lieu of taxes (note 8)	-	-
Payable for energy purchases	9,366,074	8,811,760
Current portion of long-term obligations (note 12)	1,017,410	1,224,608
	23,092,263	20,849,184
Deferred revenue (note 9)	10,901,313	9,762,391
Deferred payment in lieu of taxes (note 8)	3,010,008	3,144,149
Promissory note payable (note 11)	48,645,457	48,645,457
Long-term obligations (note 12)	23,472,632	24,286,303
Total liabilities	109,121,673	106,687,484
Shareholder's equity:		
Share capital (note 14)	20,848,052	20,848,052
Retained earnings	38,325,519	34,993,946
Accumulated other comprehensive income	840,333	1,131,211
	60,013,904	56,973,209
Total liabilities and shareholder's equity	169,135,577	163,660,693
Regulatory deferral account credit balances (note 10)	3,869,940	4,190,223
Commitments and contingencies (note 15)		
Guarantees (note 16)		
Total liabilities, regulatory balances and equity	$ 173,005,517	$ 167,850,916

See accompanying notes to financial statements.

Approved by the Board of Directors:

_______________________________ Director

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GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue: (note 20)		
Energy sales	$ 102,852,575	$ 104,989,039
Distribution	27,695,056	26,412,341
	130,547,631	131,401,380
Conservation revenue	-	4,987
Other operating revenue	3,211,170	3,012,987
	133,758,801	134,419,354
Expenses:		
Cost of energy	102,241,258	106,785,204
Distribution - operations	7,509,410	7,383,070
Depreciation of property, plant and equipment	4,853,253	4,367,491
General administration	4,795,715	4,171,661
Interest on promissory note payable	3,531,660	3,531,660
Billing and collecting	2,623,840	2,387,702
Distribution - maintenance	1,926,351	1,590,144
Interest on long-term obligations	1,150,873	646,360
Recoverable expenses	954,320	939,179
Loss on disposal of property, plant and equipment	435,489	377,139
Amortization of intangible assets	16,101	3,946
Conservation and demand management	-	3,935
	130,038,270	132,187,491
Income before tax and regulatory items	3,720,531	2,231,863
Payment (recovery) in lieu of taxes (note 8)	(23,725)	1,513,565
Net income	3,744,256	718,298
Net movement in regulatory balances, net of tax (note 10)	(412,683)	469,274
Net income after net movements in regulatory balances, net of tax	3,331,573	1,187,572
Other comprehensive income:		
Item that may be subsequently reclassified to net income:		
Change in fair value of cash flow hedge (note 12)	(290,878)	1,131,211
Items that will not be reclassified to net income:		
Remeasurement of employee future benefit obligation (note 13)	(698,829)	6,328,218
Net movement in regulatory balances related to other comprehensive income (note 10)	698,829	(6,328,218)
Total comprehensive income	$ 3,040,695	$ 2,318,783

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2023, with comparative information for 2022

	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2022	$ 20,848,052	$ 33,806,374	$ -	$ 54,654,426
Net income after net movements in regulatory balances, net of tax	-	1,187,572	-	1,187,572
Other comprehensive income	-	-	1,131,211	1,131,211
Balance, December 31, 2022	20,848,052	34,993,946	1,131,211	56,973,209
Net income after net movements in regulatory balances, net of tax	-	3,331,573	-	3,331,573
Other comprehensive loss	-	-	(290,878)	(290,878)
Balance, December 31, 2023	$ 20,848,052	$ 38,325,519	$ 840,333	$ 60,013,904

See accompanying notes to financial statements.

Attachment 25 (of 25):

CCMBC-29 GSH FS December 31, 2024

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2024, with comparative information for 2023

		2024		2023
Assets				
Current assets:				
Accounts receivable (note 4)	$	12,438,989	$	11,475,262
Unbilled revenue:				
Energy sales		10,204,784		9,845,624
Distribution		2,385,267		2,267,608
Prepaid expenses		191,204		549,449
Payments in lieu of taxes recoverable (note 7)		33,731		44,195
		25,253,975		24,182,138
Property, plant and equipment (note 5)		132,693,110		124,405,212
Intangible assets (note 6)		205,691		197,507
Investment in ConverGen Inc.		400,000		400,000
Total assets		158,552,776		149,184,857
Regulatory deferral account debit balances (note 9)		20,593,350		23,263,043
Total assets and regulatory balances	$	179,146,126	$	172,447,900

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2024, with comparative information for 2023

		2024		2023
Liabilities and Shareholder's Equity				
Current liabilities:				
Bank indebtedness (note 3)	$	6,774,244	$	8,003,344
Accounts payable and accrued liabilities		5,001,952		4,147,818
Payable for energy purchases		10,221,450		9,366,074
Current portion of long-term obligations (note 11)		1,054,994		1,017,410
		23,052,640		22,534,646
Deferred revenue (note 8)		11,847,350		10,901,313
Deferred payment in lieu of taxes (note 7)		2,029,209		3,010,008
Promissory note payable (note 10)		48,645,457		48,645,457
Long-term obligations (note 11)		29,044,621		23,472,632
Total liabilities		114,619,277		108,564,056
Shareholder's equity:				
Share capital (note 13)		20,848,052		20,848,052
Retained earnings		41,961,833		38,325,519
Accumulated other comprehensive income		545,892		840,333
		63,355,777		60,013,904
Total liabilities and shareholder's equity		177,975,054		168,577,960
Regulatory deferral account credit balances (note 9)		1,171,072		3,869,940
Commitments and contingencies (note 14)				
Guarantees (note 15)				
Total liabilities, regulatory balances and equity	$	179,146,126	$	172,447,900

See accompanying notes to financial statements.

Approved by the Board of Directors:

______________________________ Director

______________________________ Director

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue: (note 19)		
Energy sales	$ 112,440,415	$ 102,852,575
Distribution	28,860,727	27,695,056
	141,301,142	130,547,631
Other operating revenue	3,575,536	3,211,170
	144,876,678	133,758,801
Expenses:		
Cost of energy	113,008,177	102,241,258
Distribution - operations	7,771,662	7,509,410
General administration	5,264,633	4,795,715
Depreciation of property, plant and equipment	5,119,291	4,853,253
Interest on promissory note payable	3,531,660	3,531,660
Billing and collections	2,798,344	2,623,840
Distribution - maintenance	2,248,073	1,926,351
Recoverable expenses	1,267,752	954,320
Interest on long-term obligations	973,674	1,150,873
Loss on disposal of property, plant and equipment	224,531	435,489
Amortization of intangible assets	27,065	16,101
	142,234,862	130,038,270
Profit before tax and regulatory items	2,641,816	3,720,531
Recovery in lieu of taxes (note 7)	(944,476)	(23,725)
Profit for the period	3,586,292	3,744,256
Net movement in regulatory balances, net of tax (note 9)	50,022	(412,683)
Profit for the period after net movements in regulatory balances, net of tax	3,636,314	3,331,573
Other comprehensive income:		
Item that may be subsequently reclassified to profit or loss:		
Change in fair value of cash flow hedge (note 11)	(294,441)	(290,878)
Items that will not be reclassified to profit or loss:		
Remeasurement of employee future benefit obligation (note 12)	20,858	(698,829)
Net movement in regulatory balances related to other comprehensive income (note 9)	(20,858)	698,829
Total comprehensive income for the period	$ 3,341,873	$ 3,040,695

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2024, with comparative information for 2023

	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2023	$ 20,848,052	$ 34,993,946	$ 1,131,211	$ 56,973,209
Profit for the period after net movements in regulatory balances, net of tax	-	3,331,573	-	3,331,573
Other comprehensive loss	-	-	(290,878)	(290,878)
Balance, December 31, 2023	20,848,052	38,325,519	840,333	60,013,904
Profit for the period after net movements in regulatory balances, net of tax	-	3,636,314	-	3,636,314
Other comprehensive loss	-	-	(294,441)	(294,441)
Balance, December 31, 2024	$ 20,848,052	$ 41,961,833	$ 545,892	$ 63,355,777

See accompanying notes to financial statements.

CCMBC-30 Appendices A, B, and C

References: Supplemental Evidence, *Appendix A: Option A. Actual-Cash cost for all years ("GSHi method")* page 23, *Appendix B: Option B. Cash pre-2009, Embedded-in-Rates 2009-onward ("Blended method")* page 24 and *Appendix C: Option C. Embedded-in-Rates for all years ("OEB Staff method")* page 25

Questions:

a) Please explain how the Subtotal of $2,407,049 in column (e) was calculated.
b) Please explain why there is no "Annual net actuarial (gain) loss" shown for 6 years in column (e).
c) Why are all balances in column (e) losses? Was there not a single year with an actuarial gain?
d) Please explain why *"OPEBs paid under cash method that had been embedded in rates in respective rebasing applications"* is claimed to be "*information not available"* on page 25 in Appendix C but is shown on page 24 in Appendix B.
e) Please file actuarial reports that support all actuarial losses shown in column (e).

Response:

a) The $2,407,049 figure is simply the arithmetic subtotal of every annual value shown in column (e) of Appendix A. GSHi added each yearly amount in that column—from 2000 through 2019—and the sum of those cells equals $2,407,049.

b) The "Annual net actuarial (gain) loss" row is populated only in years when GSHi's actuary performed a re-measurement and updated an underlying assumption (discount rate, mortality table, trend rate, etc.). In the years that appear blank (effectively zero), the liability simply unwound through current-service cost and interest cost until the next valuation triggered a new actuarial gain or loss entry.

c) Gains are shown - they appear as negative numbers. In the Appendices a positive value in column (e) is an actuarial loss, while a value preceded by the "-" sign is an actuarial gain. Column (e) contains gains in the following years: 2000, 2001, 2010, 2013, 2015, 2016, 2018. Those rows are displayed with a "-" in front of the dollar amount, indicating the actuarial gain for that year.

d) Appendix B deliberately mixes data sources. For 2000-2008, the column shows the actual cash OPEB payments because no "embedded-in-rates" figures exist for those years; for 2009-2019 it switches to the amounts that were expressly embedded in each rebasing application. The header spells this out: "*Either actual cash OPEB payments (2000-2008)* or *OPEBs paid under cash method that had been embedded in rates (2009-2019)*."

Appendix C tries to apply the "embedded-in-rates" approach to every year, but the pre-2009 figures don't exist. Hence the cells for 2000-2008 are marked "information not available."

Accordingly there is no inconsistency - Appendix B explicitly substitutes cash payments where embedded values are missing, while Appendix C shows only the "embedded-in-rates" amounts for the period.

e) Please see the attachments to this interrogatory response, GSHi is filing the actuarial summary for each year that actuarial losses are recognized.

Attachment 1 (of 7):

CCMBC-30 2004 Actuarial Summary

Greater Sudbury Hydro Plus Inc.

ESTIMATED BENEFIT EXPENSE (CICA 3461)
as at December 31, 2004
FINAL

Discount Rate	5.75%
Withdrawal Rate	2.00%

A. Determination of Benefit Expense

Current Service Cost	$172,448
Interest on Benefits	$491,653
Expected Interest on Assets	$0
Transition amortized over 9 years	$0
Actuarial (Gain)/Loss Expense	$1,206,138
Benefit Expense	$1,870,239

B. Reconciliation of Prepaid Benefit Asset (Liability)

Accrued Benefit Obligation (ABO) as of December 31	$8,878,415
Assets as at January 1	$0
Unfunded ABO	($8,878,415)
Unrecognized Loss/(Gain)	$0
Unrecognized Transition	$0
Prepaid Benefit Asset (Liability)	($8,878,415)
Prepaid Benefit (Liability) as at January 1	($7,335,612)
Annual Benefit Income (Expense)	($1,870,239)
Annual Contributions by Firm	$327,436
Prepaid Benefit Asset (Liability)	($8,878,415)

Greater Sudbury Hydro Plus Inc.

ESTIMATED BENEFIT EXPENSE (CICA 3461)
as at December 31, 2004
FINAL

C. Calculation of Component Items

Calculation of the Service Cost	
- Current service cost	$172,448
Interest on Benefits	
- ABO at January 1	$8,541,750
- Current service cost	$172,448
- Benefit payments	($163,718)
- Accrued benefits	$8,550,481
- Interest	$491,653
Expected Interest on Assets	
- Assets at January 1	$0
- Funding	$327,436
- Benefit payments	($327,436)
- Expected assets	$0
- Interest	$0
Expected ABO as at December 31	
- ABO at January 1	$8,541,750
- Current service cost	$172,448
- Interest on benefits	$491,653
- Benefit payments	($327,436)
- Expected ABO as at December 31	$8,878,415
Expected Assets as at December 31	
- ABO at January 1	$0
- Funding	$327,436
- Interest on assets	$0
- Benefit payments	($327,436)
- Expected Assets as at December 31	$0
Gain and Loss	
Gain/Loss on ABO as at January 1	
- Prepaid Benefit (Liability) as at January 1	$7,335,612
- Actual ABO	$8,541,750
- (Gain)/Loss on ABO	$1,206,138
Gain/Loss on Assets as at January 1	
- Expected assets	$0
- Actual assets	$0
- (Gain)/Loss on assets	$0
Total (Gain)/Loss as at January 1	$1,206,138
- 10% Corridor of Max. (ABO, Assets)	$854,175
- Cumulative Gain (Loss) Outside of Corridor	$351,963
- Minimum required Amortization of (Gain)/Loss	$39,107
- Actual Amortization of (Gain)/Loss	$1,206,138

Greater Sudbury Hydro Plus Inc.

ESTIMATED BENEFIT EXPENSE (CICA 3461)
as at December 31, 2004
FINAL

D. Gain and Loss History

Remaining Payments	(Gain)/Loss	(Gain)/Loss Account Balance	Amortized (Gain)/Loss	Unrecognized (Gain)/Loss
January 1, 2001	($432,205)	($432,205)	($432,205)	$0
January 1, 2002	$0	$0	$0	$0
January 1, 2003	$0	$0	$0	$0
January 1, 2004	$1,206,138	$1,206,138	$1,206,138	$0
January 1, 2005				
January 1, 2006				
January 1, 2007				
January 1, 2008				
January 1, 2009				
January 1, 2010				
January 1, 2011				
January 1, 2012				
January 1, 2013				
January 1, 2014				

Attachment 2 (of 7):

CCMBC-30 2007 Actuarial Prepared Estimated Benefits Expense (2008 Report with 2007 Comparative)

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2007	Calendar Year 2008
Discount Rate	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed increase in Employer Contributions	actual	10.00%

A. Determination of Benefit Expense

	Calendar Year 2007	Calendar Year 2008
Current Service Cost	354,460	372,183
Interest on Benefits	795,089	835,287
Expected Interest on Assets	-	-
Past Service Cost/(Gain)	-	-
Transitional Obligation/(Asset)	-	-
Actuarial (Gain)/Loss	5,912,439	-
Benefit Expense	7,061,988	1,207,470

B. Reconciliation of Prepaid Benefit Asset (Liability)

Accrued Benefit Obligation (ABO) as at December 31	16,523,863
Assets as at December 31	-
Unfunded ABO	(16,523,863)
Unrecognized Loss/(Gain)	-
Unrecognized Transition	-
Prepaid Benefit Asset (Liability)	(16,523,863)
Prepaid Benefit/(Liability) as at January 1	(9,807,875)
Benefit Income/(Expense)	(7,061,988)
Contributions/Benefit Payments by the Employer	345,999
Prepaid Benefit Asset (Liability)	(16,523,863)

Greater Sudbury Hydro Plus Inc.

ESTIMATED BENEFIT EXPENSE (CICA 3461)

FINAL

	Calendar Year 2007	Calendar Year 2008
Discount Rate	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed increase in Employer Contributions	actual	10.00%

C. Calculation of Component Items

	Calendar Year 2007	Calendar Year 2008
Calculation of the Service Cost		
- Current Service Cost	354,460	372,183
Interest on Benefits		
- ABO at January 1	15,720,314	16,523,863
- Current Service Cost	354,460	372,183
- Benefit Payments	(173,000)	(190,300)
- Accrued Benefits	15,901,774	16,705,747
- Interest	795,089	835,287
Expected Interest on Assets		
- Assets at January 1	-	-
- Funding	173,000	190,300
- Benefit Payments	(173,000)	(190,300)
- Expected Assets	-	-
- Interest	-	-
Expected ABO as at December 31		
- ABO at January 1	15,720,314	16,523,863
- Current Service Cost	354,460	372,183
- Interest on Benefits	795,089	835,287
- Benefit Payments	(345,999)	(380,599)
- Expected ABO at December 31	16,523,863	17,350,734
Expected Assets as at December 31		
- Assets at January 1	-	-
- Funding	345,999	380,599
- Interest on Assets	-	-
- Benefit Payments	(345,999)	(380,599)
- Expected Assets at December 31	-	-

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2007	Calendar Year 2008
Discount Rate	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed increase in Employer Contributions	actual	10.00%

D. Actuarial (Gain)/Loss

	Calendar Year 2007	Calendar Year 2008
(Gain)/Loss on ABO as at January 1		
- Prepaid Benefit/(Liability)	9,807,875	16,523,863
- Actual ABO	15,720,314	16,523,863
- (Gain)/Loss on ABO	5,912,439	-
(Gain)/Loss on assets as at January 1		
- Expected Assets	-	-
- Actual Assets	-	-
- (Gain)/Loss on Assets	-	-
Total (Gain)/Loss as at January 1	5,912,439	-
10% of ABO as at January 1	1,572,031	1,652,386
Total (Gain)/Loss in Excess of 10%	4,340,408	-
Expected Average Remaining Service Life (Years)	8	7
Minimum Amortization for Current Year	542,551	-
Actual Amortization for Current Year	5,912,439	-
Unamortized (Gain)/Loss	-	-

Attachment 3 (of 7):

CCMBC-30 2011 Actuarial Summary

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)

	Calendar Year 2011
Discount Rate at January 1	5.00%
Discount Rate at December 31	4.50%
Withdrawal Rate	2.00%
Assumed Increase in Employer Contributions	actual

C. Calculation of Component Items

Calculation of the Service Cost	
- Current Service Cost	330,757
Interest on Benefits	
- ABO at January 1	17,488,099
- Current Service Cost	330,757
- Benefit Payments	(216,726)
- Accrued Benefits	17,602,131
- Interest	880,107
Expected Interest on Assets	
- Assets at January 1	-
- Funding	216,726
- Benefit Payments	(216,726)
- Expected Assets	-
- Interest	-
Expected ABO as at December 31	
- ABO at January 1	17,488,099
- Current Service Cost	330,757
- Interest on Benefits	880,107
- Benefit Payments	(433,451)
- Expected ABO at December 31	18,265,512
Expected Assets as at December 31	
- Assets at January 1	-
- Funding	433,451
- Interest on Assets	-
- Benefit Payments	(433,451)
- Expected Assets at December 31	-

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)

	Calendar Year 2011
Discount Rate at January 1	5.00%
Discount Rate at December 31	4.50%
Withdrawal Rate	2.00%
Assumed Increase in Employer Contributions	actual

D. Actuarial (Gain)/Loss

(Gain)/Loss on ABO as at January 1	
- Prepaid Benefit/(Liability)	16,207,556
- Unamortized (Gain)/Loss From Prior Year	1,280,544
- Expected ABO	17,488,099
- Actual ABO	17,488,099
- (Gain)/Loss on ABO	-
(Gain)/Loss on assets as at January 1	
- Expected Assets	-
- Actual Assets	-
- (Gain)/Loss on Assets	-
Total (Gain)/Loss as at January 1	1,280,544
10% of ABO as at January 1	1,748,810
Total (Gain)/Loss in Excess of 10%	-
Expected Average Remaining Service Life (Years)	8
Minimum Amortization for Current Year	-
Actual Amortization for Current Year	1,280,544
(Gain)/Loss on ABO at December 31 due to change in discount rate assumption	
- Expected ABO - December 31	18,265,512
- Actual ABO - December 31	19,726,712
- (Gain)/Loss on ABO	1,461,200
Unamortized (Gain)/Loss as at December 31	1,461,200

Attachment 4 (of 7):

CCMBC-30 2012 Actuarial Summary

Greater Sudbury Utilities Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)

	Calendar Year 2012
Discount Rate at January 1	4.50%
Discount Rate at December 31	4.00%
Withdrawal Rate	2.00%
Assumed Increase in Employer Contributions	actual

A. Determination of Benefit Expense

Current Service Cost	387,990
Interest on Benefits	894,798
Expected Interest on Assets	-
Past Service Cost/(Gain)	-
Transitional Obligation/(Asset)	-
Actuarial (Gain)/Loss	1,461,200
Benefit Expense	2,743,988

B. Reconciliation of Prepaid Benefit Asset (Liability)

Accrued Benefit Obligation (ABO) as at December 31	22,245,811
Assets as at December 31	-
Unfunded ABO	(22,245,811)
Unrecognized Loss/(Gain)	1,696,925
Unrecognized Past Service Cost/(Gain)	-
Prepaid Benefit Asset (Liability)	(20,548,886)
Prepaid Benefit/(Liability) as at January 1	(18,265,512)
Benefit Income/(Expense)	(2,743,988)
Contributions/Benefit Payments by the Employer	460,614
Prepaid Benefit Asset (Liability)	(20,548,886)

Greater Sudbury Utilities Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)

	Calendar Year 2012
Discount Rate at January 1	4.50%
Discount Rate at December 31	4.00%
Withdrawal Rate	2.00%
Assumed Increase in Employer Contributions	actual

D. Actuarial (Gain)/Loss

(Gain)/Loss on ABO as at January 1	
- Prepaid Benefit/(Liability)	18,265,513
- Unamortized (Gain)/Loss From Prior Year	1,461,200
- Expected ABO	19,726,713
- Actual ABO	19,726,713
- (Gain)/Loss on ABO	-
(Gain)/Loss on assets as at January 1	
- Expected Assets	-
- Actual Assets	-
- (Gain)/Loss on Assets	-
Total (Gain)/Loss as at January 1	1,461,200
10% of ABO as at January 1	1,972,671
Total (Gain)/Loss in Excess of 10%	-
Expected Average Remaining Service Life (Years)	7
Minimum Amortization for Current Year	-
Actual Amortization for Current Year	1,461,200
(Gain)/Loss on ABO at December 31 due to change in discount rate assumption	
- Expected ABO - December 31	20,548,886
- Actual ABO - December 31	22,245,811
- (Gain)/Loss on ABO	1,696,925
Unamortized (Gain)/Loss as at December 31	1,696,925

Greater Sudbury Utilities Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)

	Calendar Year 2012
Discount Rate at January 1	4.50%
Discount Rate at December 31	4.00%
Withdrawal Rate	2.00%
Assumed Increase in Employer Contributions	actual

A. Determination of Benefit Expense

Current Service Cost	387,990
Interest on Benefits	894,798
Expected Interest on Assets	-
Past Service Cost/(Gain)	-
Transitional Obligation/(Asset)	-
Actuarial (Gain)/Loss	1,461,200
Benefit Expense	2,743,988

B. Reconciliation of Prepaid Benefit Asset (Liability)

Accrued Benefit Obligation (ABO) as at December 31	22,245,811
Assets as at December 31	-
Unfunded ABO	(22,245,811)
Unrecognized Loss/(Gain)	1,696,925
Unrecognized Past Service Cost/(Gain)	-
Prepaid Benefit Asset (Liability)	(20,548,886)
Prepaid Benefit/(Liability) as at January 1	(18,265,512)
Benefit Income/(Expense)	(2,743,988)
Contributions/Benefit Payments by the Employer	460,614
Prepaid Benefit Asset (Liability)	(20,548,886)

Greater Sudbury Utilities Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)

	Calendar Year 2012
Discount Rate at January 1	4.50%
Discount Rate at December 31	4.00%
Withdrawal Rate	2.00%
Assumed Increase in Employer Contributions	actual

D. Actuarial (Gain)/Loss

(Gain)/Loss on ABO as at January 1	
- Prepaid Benefit/(Liability)	18,265,513
- Unamortized (Gain)/Loss From Prior Year	1,461,200
- Expected ABO	19,726,713
- Actual ABO	19,726,713
- (Gain)/Loss on ABO	-
(Gain)/Loss on assets as at January 1	
- Expected Assets	-
- Actual Assets	-
- (Gain)/Loss on Assets	-
Total (Gain)/Loss as at January 1	1,461,200
10% of ABO as at January 1	1,972,671
Total (Gain)/Loss in Excess of 10%	-
Expected Average Remaining Service Life (Years)	7
Minimum Amortization for Current Year	-
Actual Amortization for Current Year	1,461,200
(Gain)/Loss on ABO at December 31 due to change in discount rate assumption	
- Expected ABO - December 31	20,548,886
- Actual ABO - December 31	22,245,811
- (Gain)/Loss on ABO	1,696,925
Unamortized (Gain)/Loss as at December 31	1,696,925

Attachment 5 (of 7):

CCMBC-30 2014 Actuarial Summary

Greater Sudbury Hydro (Split)
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2014
Discount Rate - January 1	4.80%
Discount Rate - December 31	4.00%
Withdrawal Rate	Age based rate table
Assumed increase in Employer Contributions	actual

A. Determination of Benefit Expense

Current Service Cost	282,574
Interest on Benefits	947,771
Expected Interest on Assets	-
Past Service Cost	-
Transitional Obligation/(Asset)	-
Actuarial (Gain)/Loss	2,279,984
Benefit Expense	3,510,329

B. Reconciliation of Prepaid Benefit Asset (Liability)

Accrued Benefit Obligation (ABO) as at December 31	22,727,870
Assets as at December 31	-
Unfunded ABO	(22,727,870)
Unrecognized Loss/(Gain)	-
Prepaid Benefit Asset (Liability)	(22,727,870)
Prepaid Benefit/(Liability) as at January 1	(19,707,783)
Benefit Income/(Expense)	(3,510,329)
Contributions/Benefit Payments by the Employer	490,242
Prepaid Benefit Asset (Liability)	(22,727,870)

Greater Sudbury Hydro (Split)
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2014
Discount Rate - January 1	4.80%
Discount Rate - December 31	4.00%
Withdrawal Rate	Age based rate table
Assumed increase in Employer Contributions	actual

C. Calculation of Component Items

Calculation of the Service Cost	
- Current service cost	282,574
Interest on Benefits	
- ABO at January 1	19,707,783
- Current service cost	282,574
- Benefit payments	(245,121)
- Accrued benefits	19,745,236
- Interest	947,771
Expected Interest on Assets	
- Assets at January 1	-
- Funding	245,121
- Benefit payments	(245,121)
- Expected assets	-
- Interest	-
Expected ABO as at December 31	
- ABO at January 1	19,707,783
- Current service cost	282,574
- Interest on benefits	947,771
- Benefit payments	(490,242)
- Expected ABO at December 31	20,447,886
Expected Assets as at December 31	
- Assets at January 1	-
- Funding	490,242
- Interest on assets	-
- Benefit payments	(490,242)
- Expected Assets at December 31	-

Greater Sudbury Hydro (Split)
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2014
Discount Rate - January 1	4.80%
Discount Rate - December 31	4.00%
Withdrawal Rate	Age based rate table
Assumed increase in Employer Contributions	actual

D. Actuarial (Gain)/Loss

(Gain)/Loss on ABO as at January 1	
- Prepaid Benefit/(Liability) as at January 1	19,707,783
- Unrecognized Transitional Obligation	-
- Unamortized (Gain)/Loss	-
- Expected ABO	19,707,783
- Actual ABO	19,707,783
- Total (Gain)/Loss on ABO	-
(Gain)/Loss on assets as at January 1	
- Expected assets	-
- Actual assets	-
- (Gain)/Loss on assets	-
Total (Gain)/Loss as at January 1	-
10% of ABO as at January 1	1,970,778
Total (Gain)/Loss in excess of 10%	-
Expected average remaining service life (years)	11
Minimum Amortization for current year	-
(Gain)/Loss on ABO at December 31 due to new valuation	
- Expected ABO - December 31	20,447,886
- Actual ABO - December 31	22,727,870
- (Gain)/Loss on ABO at December 31	2,279,984
Actual Amortization for current year	2,279,984
Unamortized (Gain)/Loss	-

Attachment 6 (of 7):

CCMBC-30 2017 Actuarial Summary

Greater Sudbury Utilities Inc.

Estimated Benefit Expense (IAS 19)

Greater Sudbury Hydro Inc.

FINAL

	Actual CY 2017	Projected ** CY 2018
Discount Rate at January 1	3.90%	3.30%
Discount Rate at December 31	3.30%	3.30%
Health Benefit Cost Trend Rate at December 31		
Initial Trend Rate	5.99%	5.78%
Ultimate Rate	4.50%	4.50%
Year Ultimate Rate Reached	2025	2025
Dental Benefit Cost Trend Rate at December 31	4.50%	4.50%
Assumed Increase in Employer Contributions	actual	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

	Actual CY 2017	Projected ** CY 2018
Net Defined Benefit Liability/(Asset) as at January 1	13,510,514	14,952,158
Defined Benefit Cost Recognized in Income Statement	708,165	706,725
Defined Benefit Cost Recognized in Other Comprehensive Income	1,225,588	-
Benefits Paid by the Employer	(492,110)	(554,867)
Net Defined Benefit Liability/(Asset) as at December 31	14,952,158	15,104,015

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actual CY 2017	Projected ** CY 2018
Current Service Cost	190,852	222,459
Interest Cost	517,314	484,266
Past Service Cost/(Gain)	-	-
Defined Benefit Cost Recognized in Income Statement	708,165	706,725

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

	Actual CY 2017	Projected ** CY 2018
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	1,225,588	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-
Change in Effect of Asset Ceiling	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	1,225,588	-
Total Defined Benefit Cost	1,933,754	706,725

C. Change in the Present Value of Defined Benefit Obligation

	Actual CY 2017	Projected ** CY 2018
Present Value of Defined Benefit Obligation as at January 1	13,510,514	14,952,158
Current Service Cost	190,852	222,459
Interest Cost	517,314	484,266
Benefits Paid	(492,110)	(554,867)
Past Service Cost/(Gain)	-	-
Net Actuarial Loss/(Gain)	1,225,588	-
Present Value of Defined Benefit Obligation as at December 31	14,952,158	15,104,015

* The CY 2017 defined benefit cost and expected December 31, 2017 PV DBO are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2016.

** Projected CY 2018 results are provided for informational purposes only. Signficant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Inc.
FINAL

	Actual CY 2017	Projected ** CY 2018
Discount Rate at January 1	3.90%	3.30%
Discount Rate at December 31	3.30%	3.30%
Health Benefit Cost Trend Rate at December 31		
Initial Trend Rate	5.99%	5.78%
Ultimate Rate	4.50%	4.50%
Year Ultimate Rate Reached	2025	2025
Dental Benefit Cost Trend Rate at December 31	4.50%	4.50%
Assumed Increase in Employer Contributions	actual	expected ***

D. Calculation of Component Items

	Actual CY 2017	Projected ** CY 2018
Interest Cost		
Present Value of Defined Benefit Obligation as at January 1	13,510,514	14,952,158
Benefits Paid	(246,055)	(277,434)
Accrued Benefits	13,264,459	14,674,724
Interest Cost	517,314	484,266
Expected Present Value of Defined Benefit Obligation as at December 31		
Present Value of Defined Benefit Obligation as at January 1	13,510,514	14,952,158
Current Service Cost	190,852	222,459
Benefits Paid	(492,110)	(554,867)
Interest Cost	517,314	484,266
Expected Present Value of Defined Benefit Obligation as at December 31	13,726,569	15,104,015

E. Net Actuarial Loss/(Gain)

	Actual CY 2017	Projected ** CY 2018
Net Actuarial Loss/(Gain) as at December 31		
Expected Present Value of Defined Benefit Obligation	13,726,569	15,104,015
Past Service Cost/(Gain)	-	-
Expected Present Value of Defined Benefit Obligation after Past Service Cost/(Gain)	13,726,569	15,104,015
Actual Present Value of Defined Benefit Obligation	14,952,158	15,104,015
Net Actuarial Loss/(Gain) as at December 31	1,225,588	-

* The CY 2017 defined benefit cost and expected December 31, 2017 PV DBO are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2016.

** Projected CY 2018 results are provided for informational purposes only. Signficant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Plus Inc.
FINAL

	Actual CY 2017	Projected ** CY 2018
Discount Rate at January 1	3.90%	3.30%
Discount Rate at December 31	3.30%	3.30%
Health Benefit Cost Trend Rate at December 31		
Initial Trend Rate	5.99%	5.78%
Ultimate Rate	4.50%	4.50%
Year Ultimate Rate Reached	2025	2025
Dental Benefit Cost Trend Rate at December 31	4.50%	4.50%
Assumed Increase in Employer Contributions	actual	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

	Actual CY 2017	Projected ** CY 2018
Net Defined Benefit Liability/(Asset) as at January 1	2,786,635	3,286,723
Defined Benefit Cost Recognized in Income Statement	226,314	246,482
Defined Benefit Cost Recognized in Other Comprehensive Income	326,803	-
Benefits Paid by the Employer	(53,029)	(65,975)
Net Defined Benefit Liability/(Asset) as at December 31	3,286,723	3,467,230

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

	Actual CY 2017	Projected ** CY 2018
Current Service Cost	118,670	139,109
Interest Cost	107,645	107,373
Past Service Cost/(Gain)	-	-
Defined Benefit Cost Recognized in Income Statement	226,314	246,482

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

	Actual CY 2017	Projected ** CY 2018
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	326,803	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-
Change in Effect of Asset Ceiling	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	326,803	-
Total Defined Benefit Cost	553,118	246,482

C. Change in the Present Value of Defined Benefit Obligation

	Actual CY 2017	Projected ** CY 2018
Present Value of Defined Benefit Obligation as at January 1	2,786,635	3,286,723
Current Service Cost	118,670	139,109
Interest Cost	107,645	107,373
Benefits Paid	(53,029)	(65,975)
Past Service Cost/(Gain)	-	-
Net Actuarial Loss/(Gain)	326,803	-
Present Value of Defined Benefit Obligation as at December 31	3,286,723	3,467,230

* The CY 2017 defined benefit cost and expected December 31, 2017 PV DBO are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2016.

** Projected CY 2018 results are provided for informational purposes only. Signficant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Plus Inc.
FINAL

	Actual CY 2017	Projected ** CY 2018
Discount Rate at January 1	3.90%	3.30%
Discount Rate at December 31	3.30%	3.30%
Health Benefit Cost Trend Rate at December 31		
Initial Trend Rate	5.99%	5.78%
Ultimate Rate	4.50%	4.50%
Year Ultimate Rate Reached	2025	2025
Dental Benefit Cost Trend Rate at December 31	4.50%	4.50%
Assumed Increase in Employer Contributions	actual	expected ***

D. Calculation of Component Items

Interest Cost		
Present Value of Defined Benefit Obligation as at January 1	2,786,635	3,286,723
Benefits Paid	(26,515)	(32,988)
Accrued Benefits	2,760,120	3,253,736
Interest Cost	107,645	107,373
Expected Present Value of Defined Benefit Obligation as at December 31		
Present Value of Defined Benefit Obligation as at January 1	2,786,635	3,286,723
Current Service Cost	118,670	139,109
Benefits Paid	(53,029)	(65,975)
Interest Cost	107,645	107,373
Expected Present Value of Defined Benefit Obligation as at December 31	2,959,920	3,467,230

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31		
Expected Present Value of Defined Benefit Obligation	2,959,920	3,467,230
Past Service Cost/(Gain)	-	-
Expected Present Value of Defined Benefit Obligation after Past Service Cost/(Gain)	2,959,920	3,467,230
Actual Present Value of Defined Benefit Obligation	3,286,723	3,467,230
Net Actuarial Loss/(Gain) as at December 31	326,803	-

* The CY 2017 defined benefit cost and expected December 31, 2017 PV DBO are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2016.

** Projected CY 2018 results are provided for informational purposes only. Signficant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on expected benefits to be paid to those eligible for benefits

Attachment 7 (of 7):

CCMBC-30 2019 Actuarial Summary

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Inc.
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	13,958,484	16,109,318	16,134,462	16,123,786
Defined Benefit Cost Recognized in Income Statement	737,870	593,083	575,007	564,644
Defined Benefit Cost Recognized in Other Comprehensive Income	2,055,990	-	-	-
Benefits Paid by the Employer	(643,026)	(567,939)	(585,683)	(605,235)
Net Defined Benefit Liability/(Asset) as at December 31	16,109,318	16,134,462	16,123,786	16,083,195

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	206,028	102,497	83,917	74,188
Interest Cost	531,842	490,586	491,090	490,456
Defined Benefit Cost Recognized in Income Statement	737,870	593,083	575,007	564,644

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	2,297,131	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	21,788	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	(262,930)	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	2,055,990	-	-	-
Total Defined Benefit Cost	2,793,860	593,083	575,007	564,644

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	13,958,484	16,109,318	16,134,462	16,123,786
Current Service Cost	206,028	102,497	83,917	74,188
Interest Cost	531,842	490,586	491,090	490,456
Benefits Paid	(643,026)	(567,939)	(585,683)	(605,235)
Net Actuarial Loss/(Gain)	2,055,990	-	-	-
Present Value of Defined Benefit Obligation as at December 31	16,109,318	16,134,462	16,123,786	16,083,195

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.

Estimated Benefit Expense (IAS 19)

Greater Sudbury Hydro Inc.

FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	13,958,484	16,109,318	16,134,462	16,123,786
Benefits Paid	(321,513)	(283,969)	(292,842)	(302,617)
Accrued Benefits	13,636,971	15,825,349	15,841,620	15,821,168
Interest Cost	531,842	490,586	491,090	490,456
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	13,958,484	16,109,318	16,134,462	16,123,786
Current Service Cost	206,028	102,497	83,917	74,188
Benefits Paid	(643,026)	(567,939)	(585,683)	(605,235)
Interest Cost	531,842	490,586	491,090	490,456
Expected Present Value of Defined Benefit Obligation as at December 31	14,053,328	16,134,462	16,123,786	16,083,195

E. Net Actuarial Loss/(Gain)

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	14,053,328	16,134,462	16,123,786	16,083,195
Actual Present Value of Defined Benefit Obligation	16,109,318	16,134,462	16,123,786	16,083,195
Net Actuarial Loss/(Gain) as at December 31	2,055,990	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

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*** Based on exepcted benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Plus Inc.
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	3,138,999	3,680,589	3,844,228	3,998,442
Defined Benefit Cost Recognized in Income Statement	249,037	220,202	214,837	211,484
Defined Benefit Cost Recognized in Other Comprehensive Income	368,994	-	-	-
Benefits Paid by the Employer	(76,441)	(56,563)	(60,624)	(63,089)
Net Defined Benefit Liability/(Asset) as at December 31	3,680,589	3,844,228	3,998,442	4,146,836

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	128,106	106,981	96,606	88,510
Interest Cost	120,930	113,222	118,231	122,974
Defined Benefit Cost Recognized in Income Statement	249,037	220,202	214,837	211,484

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	397,359	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(105,591)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	77,225	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	368,994	-	-	-
Total Defined Benefit Cost	618,030	220,202	214,837	211,484

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	3,138,999	3,680,589	3,844,228	3,998,442
Current Service Cost	128,106	106,981	96,606	88,510
Interest Cost	120,930	113,222	118,231	122,974
Benefits Paid	(76,441)	(56,563)	(60,624)	(63,089)
Net Actuarial Loss/(Gain)	368,994	-	-	-
Present Value of Defined Benefit Obligation as at December 31	3,680,589	3,844,228	3,998,442	4,146,836

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

Greater Sudbury Utilities Inc.
Estimated Benefit Expense (IAS 19)
Greater Sudbury Hydro Plus Inc.
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.10%	3.10%	3.10%
Discount Rate at December 31	3.10%	3.10%	3.10%	3.10%
Health Benefit Cost Trend Rate at December 31	5.56%	4.40%	4.70%	4.90%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	3,138,999	3,680,589	3,844,228	3,998,442
Benefits Paid	(38,220)	(28,281)	(30,312)	(31,545)
Accrued Benefits	3,100,779	3,652,307	3,813,916	3,966,897
Interest Cost	120,930	113,222	118,231	122,974
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	3,138,999	3,680,589	3,844,228	3,998,442
Current Service Cost	128,106	106,981	96,606	88,510
Benefits Paid	(76,441)	(56,563)	(60,624)	(63,089)
Interest Cost	120,930	113,222	118,231	122,974
Expected Present Value of Defined Benefit Obligation as at December 31	3,311,595	3,844,228	3,998,442	4,146,836

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	3,311,595	3,844,228	3,998,442	4,146,836
Actual Present Value of Defined Benefit Obligation	3,680,589	3,844,228	3,998,442	4,146,836
Net Actuarial Loss/(Gain) as at December 31	368,994	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data at December 31, 2016 and management's best estimate assumptions at December 31, 2018.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

CCMBC-31 Consistency with Enbridge Precedent

Reference: Supplemental Evidence*, Appendix E: Consistency with the Enbridge Precedent (EB-2011-0354)*, page 27

Preamble: 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.

Question:

Considering that the Board allowed Enbridge to recover approximately $90 million over twenty years and considering that Enbridge has 3.8 million customers, why is GSHi requesting the recovery of $26 million over only ten years when it has only 48 thousand customers?

Response:

GSHi selected a ten-year amortization because it strikes a practical balance between two policy objectives the Board has emphasized in past decisions, including EB-2011-0354. Extending the period lowers the annual amount each customer sees on the bill, but it also shifts a larger share of the obligation onto future customers who did not benefit from the services that gave rise to the liability. Compressing the period has the opposite effect: it keeps the cost with today's customers—reducing inter-generational inequity—but increases the year-to-year bill impact.

Beyond roughly ten years, lengthening the schedule provides only modest additional bill relief while pushing a substantial portion of the cost decades forward. GSHi believes a ten-year horizon fairly balances those considerations, yet it notes that it is willing to adjust the recovery period if the Board concludes a different term better serves rate-payer interests and equity principles.