GREATER SUDBURY HYDRO INC.

2026 Electricity Distribution Rate Application

EB-2025-0036

Effective May 1, 2026

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O.1998, c.15 (Sched. B)

AND IN THE MATTER OF an Application by Greater Sudbury Hydro Inc for an Order or Orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* for 2026 distribution rates and related matters.

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APPLICATION FOR APPROVAL OF 2026 ELECTRICITY DISTRIBUTION RATES

INTRODUCTION

The Applicant is Greater Sudbury Hydro Inc. ("GSHI"). GSHI is a licensed electricity distributor operating pursuant to license ED-2002-0559. GSHI distributes electricity to over 48,300 customers within parts of Greater Sudbury (former City of Sudbury, Town of Coniston, Town of Capreol and Town of Falconbridge) and parts of the Municipality of West Nipissing (Town of Sturgeon Falls and Town of Cache Bay).

GSHI hereby applies to the Ontario Energy Board (the "Board") for an order or orders made pursuant to Section 78 of the *Ontario Energy Board Act, 1998* as amended, (the "OEB Act") approving just and reasonable rates for the distribution of electricity based on a 2026 Price Cap Incentive Rate-Setting (IRM) application, effective May 1, 2026.

GSHI has followed the instructions provided in Chapter 3 of the Filing Requirements for Electricity Distribution Rate Applications, filed in 2025 for rates taking effect in 2026 (the Filing Requirements), issued June 19, 2025; and the Guideline: Electricity Distribution Retail Transmission Service Rates and Low Voltage, issued March 31, 2025.
In addition,

a. GSHI has made no revisions to RRR data after it was incorporated into the 2026 Commodity Accounts Analysis Workform, and the 2026 Rate Generator Model. GSHI has verified the accuracy of the billing determinants and other RRR data that was pre-populated in the models.
b. GSHI has completed the 2026 IRM Rate Generator Model (developed and provided by the Board as listed on their website) which is filed in both Excel and Adobe PDF format.

c. GSHI has completed the 2026 Commodity Accounts Analysis Workform Model (developed and provided by the Board as listed on their website) which is filed in Excel format.
d. GSHI has completed the 2026 IRM Checklist which is filed in Excel format.
e. GSHI has provided the certifications signed by a Senior Officer of GSHI, included as Appendix A to this document.
f. GSHI will include its 2026 IRM Application and related information as required by the OEB on its website https://sudburyhydro.com/regulatory/.
g. GSHI distributes electricity to over 48,300 customers all of whom will be impacted by this application.

RELIEF SOUGHT

GSHI hereby applies for an Order granting distribution rates updated and adjusted in accordance with Chapter 3 of the Filing Requirements updated June 19, 2025, including the following:

Table 1: Summary of IRM Electricity Distribution Rate Requests

Description/Item	Summary of Request
Annual Adjustment Mechanism	**Yes**
Revenue-to-Cost Ratio Adjustments	No
Shared Tax Adjustments	No
Retail Transmission Service Rates	**Yes**
Low Voltage Service Rates	No
Group 1 Deferral and Variance Accounts Disposition/Recovery	**Yes**
Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)	No
Group 2 Deferral and Variance Accounts Disposition/Recovery	No
Residential Rate Design (i.e., transitioning to fully fixed rates)	No

Z-factor claims	No
Incremental Capital Module/Advanced Capital Module	No
Rate Year Alignment	No
Requests for new utility-specific DVAs	No
Renewable Generation and/or Smart Grid Funding Adder	No
Correction to Previously Disposed DVA Balances	No
Non-mechanistic changes (e.g., creation or addition of a new rate class)	No
Rate design where bill mitigation plans need consideration	No
Other Items/Requests of Note	**YES – OUTSTANDING ISSUE FROM 2025 COS (EB-2024-0026)**

GSHI is requesting:

a. An adjustment to the approved Retail Transmission Service Rates (RTSR) in accordance with Guideline – Electricity Distribution Retail Transmission Service Rates and Low Voltage Charges (March 31, 2025), including subsequent revisions and updates to the Uniform Transmission Rates (UTRs) as reflected in the 2026 Rate Generator model. This includes the implementation of reduced RTSR charges for facilities that qualify for the Electric Vehicle Charging (EVC) rate.

b. The continuation of the following charges:

   i. Wholesale Market Service Rate, Capacity Based Recovery and Rural or Remote Electricity Protection Charge, microFIT Service Charge, Retail Service Charges and the Specific Charge for Access to the Power Poles (rates to be updated by the Board as applicable).

   ii. Low Voltage Service Charges, Standard Supply Service Charge, Specific Service Charges, Transformer and Primary Metering Allowances, and Loss Factors as approved in the 2025 Cost of Service Application (EB-2024-0026).

iii. Smart Metering Entity Charge as specified by Independent Electricity System Operator Smart Metering Entity application (EB-2022-0137).

c. Disposition of the December 31, 2024, balances in its Group 1 Deferral and Variance Accounts in the amount of $2,433,875, and the related class specific rate riders effective for a 12-month period until April 30, 2027.

d. Rate Riders for Disposition of Global Adjustment Account proposed to be effective until April 30, 2027 – applicable only for Non-RPP Customers.

In the event that the Board is unable to provide a Decision and Order in this Application for implementation by the Applicant as of May 1, 2026, GSHI requests that the Board issue an Interim Rate Order declaring the current Distribution Rates and Specific Service Charges as interim until the decided implementation date of the approved 2026 distribution rates. GSHI also requests that it be permitted to recover the incremental revenue from the effective date to the implementation date, if the effective date does not coincide with the Board's decided implementation for the 2026 distribution rates and charges.

APPLICATION CONTACT INFORMATION:

Greater Sudbury Hydro Inc. 500 Regent Street PO Box 250 Sudbury, Ontario P3E 4P1	**Primary Application Contact** Tiija Luttrell Manager of Regulatory & Management Systems Telephone: (705) 675-0514 Email Address: tiija.luttrell@gsuinc.ca

PREVIOUS OEB DECISIONS

GSHI's last Cost of Service Application was for distribution rates effective May 1, 2025 (EB-2024-0026); a partial settlement was reached, and the Board issued a Partial Decision and corresponding Interim Rate Order on April 15, 2025. A copy of the Interim Tariff of Rates and Charges with an effective date of May 1st, 2025, has been filed with this application.

OUTSTANDING ISSUE FROM 2025 COS (EB-2024-0026)

An issue remains outstanding from GSHI's 2025 Cost of Service application (EB-2024-0026) regarding the recovery of a transition amount related to Other Post-Employment Benefits (OPEBs). That matter is currently before the Board. Should the Board approve recovery of the transition amount, GSHI anticipates implementing an additional rider, effective May 1, 2026, in accordance with the Board's determination. The rider would be applied in addition to the rates approved through this 2026 IRM. GSHI will update the proposed tariff sheets in this application, as necessary, to reflect and implement any directions or guidance provided by the Board in its decision on EB-2024-0026.

SUMMARY OF SUBMITTED DOCUMENTS

1. ***Manager's Summary (PDF format) -***
   GSHI_IRM_2026_APPL_SUMM_20251009
2. ***Current Tariff of Rates and Charges (PDF format) –***
   GSHI_IRM_2026_Current_Tariff_of_Rates_and_Charges_20251009
3. ***2026 IRM Rate Generator Model (Excel format) –***
   GSHI_IRM_2026_Rate_Generator_Model_20251009
4. ***2026 Commodity Accounts Analysis Work Form (Excel format) -***
   GSHI_IRM_2026_Commodity_Accounts_Analysis_Workform_20251009
5. ***2026 Proposed Tariff of Rates and Charges (PDF format) –***
   GSHI_IRM_2026_Proposed_Tariff_of_Rates_and_Charges_20251009
6. ***2026 IRM Checklist (Excel format) -***
   GSHI_IRM_2026_Checklist_20251009

PROPOSED DISTRIBUTION RATES AND OTHER CHARGES

PRICE CAP IR ADJUSTMENT

GSHI has been assigned a Stretch Factor Group of III as per the Pacific Economics Group (PEG) report entitled "Empirical Research in Support of Incentive Rate-Setting: 2024 Benchmarking Update". Consistent with this report and the Scorecard issued by the OEB in July 2025, GSHI has updated the Rate Generator Model to reflect the stretch factor group of III. With this data, the Rate Generator model has calculated an adjustment of 3.40% to base distribution rates based on a price escalator of 3.70% (issued August 18, 2025 – Incentive Rate Setting: 2024 Benchmarking Update for Determination of 2025 Stretch Factor Rankings (EB-2010-0379), less a productivity factor of 0.0% and stretch factor of 0.30%. GSHI has updated the price escalator in the IRM model on tab 17.

REVENUE TO COST RATIO ADJUSTMENT

Revenue to Cost Ratio adjustments were not required as part of GSHI's 2025 Cost of Service Application (EB-2024-0026) and as such GSHI is not proposing to adjust the Revenue to Cost Ratios as part of this application and therefore has not completed the 2026 IRM Revenue to Cost Ratio Adjustment Model.

RETAIL TRANSMISSION SERVICE RATES

GSHI has completed the input fields on Tab 12 of the Rate Generator model relating to Retail Transmission Service Rates (RTSR). GSHI is charged RTSR's from both the Independent Electricity System Operator and Hydro One. On Tab 10, GSHI has included an estimate based off the last actual year of the amount of load used by customers expected to qualify for the EVC Rate in 2026 in order to calculate RTSR applicable to those customers.

As indicated in the Filing Requirements, GSHI understands that the model reflects the most recent Uniform Transmission Rates (UTR's) approved by the Board for 2025 and that Board Staff will adjust each distributor's model throughout the course of the application.

LOW VOLTAGE SERVICE RATES

GSHI is an embedded distributor and has Low Voltage Service Rates but is not requesting to update them at this time.

DEFERRAL AND VARIANCE ACCOUNTS

GSHI is requesting disposition of the December 31, 2024, balances in its Group 1 Deferral and Variance Accounts in the amount of $2,433,875. These accounts were previously disposed of on a final basis for balances that had accumulated to December 31, 2023, in GSHI's 2025 Cost of Service Application (EB-2024-0026). GSHI completed Sheet 3 of the Rate Generator model titled "Continuity Schedule". GSHI notes that a variance exists in column BW of this sheet which is discussed below.

GSHI confirms that no adjustments were made to its Group 1 DVA Account balances that were previously approved for disposition by the OEB on a final basis.

Account 1580 – Total Variance of $283,464

A total variance of $283,464 for 1580 – RSVA Wholesale Market Service Charge exists. This amount agrees to the amount in account 1580 – Variance WMS – Sub-account CBR Class B, 2.1.7 RRR balance of $283,465 (small difference due to rounding). As per the guidelines on footnote 5 of Tab 3 of the Rate Generator Model, the RRR balance for Account 1580 – RSVA Wholesale Market Service Charge should equal the control account as reported in the RRR, and would include the balance for Account 1580 – Variance WMS – Sub Account CBR Class B. As these balances are shown separately on the Continuity Schedule, this variance is expected.

COMMODITY ACCOUNTS 1588 AND 1589 (GLOBAL ADJUSTMENT)

The OEB's filing requirements require each distributor to complete the Commodity Accounts Analysis Work form to determine whether the balance in Account 1589 GA is reasonable. The Work form compares the general ledger principal balance to an expected principal balance based on monthly GA volumes, revenues, and costs. Distributors compare the actual and expected balances and explain the associated reconciling items. Any unexplained discrepancy greater than +/- 1% of the total annual IESO GA charges is assessed by the OEB for materiality and may prompt further analysis before disposition approval.

GSHI previously disposed of these accounts on a final basis for balances that had accumulated to December 31st, 2023 as part of its 2025 Cost of Service Application (EB-2024-0026). GSHI is requesting disposition of the balances as at December 31st, 2024, through a rate rider proposed to be effective until April 30, 2027 as part of this application. GSHI completed the GA analysis Workform for the balances for the year ended December 31st, 2024, and performed analysis over the expected balance in GA 1589. The completed Workform results in an unresolved difference for 2024 of $(41,660) equating to -0.2% difference, which is within the Board's +/- 1% threshold.

CAPACITY BASED RECOVERY (CBR)

Consistent with the Accounting Procedures Handbook, GSHI has continued to record Capacity Based Recovery ("CBR") charges and revenues separately for Class A and Class B customers in their respective Account 1580 subaccounts. GSHI previously disposed of Account 1580, Subaccount Class B in its 2025 Cost of Service Application (EB-2024-0026) which consisted of the balances at December 31, 2023. GSHI is requesting disposition of this account for balances that accumulated to December 31, 2024, as part of this application and is requesting the disposition be over the period of one year.

GSHI understands that no balance should exist in 1580 sub account CBR Class A. Accordingly, there is no Class A CBR balance to dispose of in this Application.

ACCOUNT 1595

According to the OEB's Chapter 3 filing requirements Distributors only become eligible to seek disposition of residual balances of Account 1595 sub-accounts two years after the expiry of the rate rider. As such, GSHI is seeking disposition of the residual balances in Account 1595 – Sub Accounts 2021. The rate rider expired on April 30, 2022 and the remaining residual balance as at December 31, 2024, has been audited. GSHI has selected this account for disposition on Tab 3 of the Rate Generator Model.

An insignificant debit balance of $90,204 remains in the 1595 (2021) subaccount. GSHI has leveraged the original allocations from the 2021 IRM Application to allocate the balance.

GSHI confirms that the residual balances in Account 1595 sub-account for the 2021 vintage year have not been previously disposed.

LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT (LRAMVA)

GSHI has a zero balance in its LRAMVA and is not requesting any disposition in this application. GSHI completed the disposal of LRAMVA in its 2025 Cost of Service rate proceeding (EB-2024-0026). GSHI seeks no further recoveries at this time.

SHARED TAX SAVINGS

As described in the Filing Requirements, Board policy (included in *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors*) prescribes a 50/50 sharing of impacts of legislated tax changes from distributors' tax rates embedded in its Board approved base rate known at the time of application. The corporation tax rate for the 2026 year as included in Sheet 8 of the Rate Generator model does not differ from the tax rate approved in GSHI's 2025 Cost of Service Application (EB-2024-0026) and as such no sharing of tax savings is applicable.

BILL IMPACTS

Based on the Proposed Rates and Tariff Schedules included with this application (GSHI_IRM_2026_Proposed_Tariff_of_Rates_and_Charges_20251009), bill impacts have been prepared for all rate classes at varying consumption levels as appropriate for GSHI's customer base and are included on tab 21 of the IRM Rate Generator Model. The Bill Impacts have also been summarized in Table 1 below.

For the Streetlighting class, GSHI has utilized the consumption and demand of a typical bill for its Municipality. The impact has been calculated using all connections for the Municipality rather than a single connection.

Table 2: Summary of Bill Impacts

Customer Class	Volume		Distribution Charges		Delivery Charges		Total Bill	
	kWh	kW	$ Change	% Change	$ Change	% Change	$ Change	% Change
RESIDENTIAL SERVICE CLASSIFICATION - RPP	750	-	$ 2.90	7.2%	$ 3.53	6.5%	$ 3.52	2.6%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	2,000	-	$ 8.27	9.3%	$ 9.53	8.2%	$ 9.52	2.9%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	60,000	150	$ 274.76	22.4%	$ 343.49	12.8%	$ 388.14	2.6%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	289	-	$ 1.12	7.3%	$ 1.30	6.7%	$ 1.30	2.6%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	78	-	$ 62.28	3.5%	$ 82.25	3.8%	$ 82.17	3.8%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	304,920	855	-$ 73.43	-0.1%	$ 125.36	0.2%	$ 141.66	0.1%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	220	-	$ 1.42	3.7%	$ 1.60	3.8%	$ 1.60	2.4%
RESIDENTIAL SERVICE CLASSIFICATION (Retailer) - Non-RPP (Retailer)	750	-	$ 3.35	7.5%	$ 3.98	6.8%	$ 4.49	2.2%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	500	-	$ 2.12	5.0%	$ 2.43	5.0%	$ 2.43	2.4%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	2,000	-	$ 9.47	9.5%	$ 10.73	8.4%	$ 12.12	2.3%

OTHER ITEMS

Z-Factor Costs

GSHI is not including any Z-Factor claims as part of this application.

Off-Ramps

GSHI's 2024 Regulated Return on Equity, as filed in its 2024 RRRs, was 8.12% or -.4% lower than its 2024 approved Regulated Return on Equity of 8.52%, which is inside the dead band of +/- 300 basis points.

Advanced/Incremental Capital Modules

GSHI is not including an Advanced Capital Module or an Incremental Capital Module as part of this application.

Appendix A

Certification of Senior Officer of GSHI

Greater Sudbury Hydro Inc. (GSHI)

Application for Approval of 2026 Electricity Distribution Rates

EB-2025-0036

CERTIFICATION OF EVIDENCE

I, Catherine Huneault, Vice President Corporate Services, and Chief Financial Officer, Greater Sudbury Hydro, hereby certify that:

1) The evidence filed in Greater Sudbury Hydro's 2026 IRM Electricity Distribution Rate Application and any evidence filed in support of the application, including the models and appendices, is accurate, consistent and complete to the best of my knowledge.
2) Greater Sudbury Hydro Inc. has processes and internal controls in place for the preparation, review, verification, and oversight of account balances being disposed.
3) The 2026 IRM Electricity Distribution Rate Application does not include personal information in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Dated at Sudbury, Ontario, this 9th day of October 2025

Catherine Huneault

Digitally signed by Catherine Huneault
Date: 2025.10.09 09:14:12 -04'00'

Catherine Huneault, CPA
VP – Corporate Services & CFO
Greater Sudbury Hydro Inc.