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## Memorandum

Date: October 14, 2025  
To: David Chisholm (Greater Sudbury Utilities)  
From: Stanley Caravaggio, Alan Liang (RSM Canada Consulting LP)  
CC: Catherine Huneault (Greater Sudbury Utilities)  
Subject: Post Retirement Benefit Projections for Greater Sudbury Hydro Inc. (GSHI) and Greater Sudbury Hydro Plus Inc. (GSHPI)

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### Background and Scope

RSM Canada Consulting LP (RSM) has been engaged by Greater Sudbury Utilities (GSU) to prepare forecasts of GSHI and GSHPI's post-retirement non-pension benefit liability items (including the present value of the defined benefit obligation, current service cost, interest cost and benefits paid) to support analysis being performed by GSU for their OEB filings for these two groups.

The purpose of this memorandum is to provide the detail regarding the data, methodology, and assumptions used in the preparation of our projections. The results of our forecasts are provided in a spreadsheet attached along with this memorandum.

As agreed with GSU and detailed in our statement of work, the scope of our forecasts include provision of the following:

- Updating and running actuarial valuation models to prepare projections of current service cost, interest cost, benefit cost and the present value of defined benefit obligations for 50 years for GSHI and GSHPI under a closed group setting and open group setting. The model is based on valuation demographic data as of December 31, 2022 (i.e. the date of last full valuation) and management's best estimate assumptions as of December 31, 2024. The closed group setting only includes projections of the existing employees as of December 31, 2022 and the open group setting includes projections of the existing employees as of December 31, 2022 and potential new hires after December 31, 2022.
- We have prepared summaries of projection results, one for each group under both closed and open group settings, in Excel worksheet format of the present value of defined benefit obligation, current service cost, interest cost and benefit payments for each projection year. We have also included the projected future headcount of active and retired members, broken down by those receiving lifetime benefits and those with benefits to age 65.
- The projections for the open group setting include the addition of assumed future new hires to the demographics for both groups based on information provided by GSU for recent new hires.

## Data

As indicated above, the data used in the analysis included the valuation database that was used in the actuarial valuation of GSU's most recent post-retirement non-pension benefits full valuation as at December 31, 2022. Details of the demographics of this data are outlined in our final December 31, 2022 actuarial valuation report dated March 13, 2023 and we have provided some of the summary statistics in the table below.

| October 31, 2022                              |             |
|-----------------------------------------------|-------------|
| <b>Employee (incl. LTD) Count</b>             |             |
| Male                                          | 82          |
| Female                                        | 56          |
| <b>Total</b>                                  | <b>138</b>  |
| <b>Employee Average Service</b>               |             |
| Male                                          | 10.0        |
| Female                                        | 10.5        |
| <b>Total</b>                                  | <b>10.2</b> |
| <b>Retiree (in Receipt of Benefits) Count</b> |             |
| Male                                          | 63          |
| Female                                        | 55          |
| <b>Total</b>                                  | <b>118</b>  |

In addition to the December 31, 2022 employee data, GSU has provided a listing of their new hires by gender and age for 2022, 2023, 2024 and 2025 to assist in determining future new employees to be added into the demographic data over time for the purposes of our projections. Details regarding the methodology and assumptions surrounding these new entrants is provided in the following section. Under the open group setting, new employees were added over the projection period to reflect estimates of the replacement of decrementing employees from the current valuation group.

## Methodology and assumptions

The base scenario benefit cash flows were projected for 50 years from the period 2023 to 2072 using the valuation data as indicated above and management's best estimate assumptions used per the December 31, 2024 actuarial extrapolation done for GSU as per our letter sent to GSU dated February 19, 2025.

### *New hires*

Under the open group setting, new hires were layered into the data for the full projection period. The number of new hires each year in the projection was assumed to be equal to the number of expected decrementing employees from the active employee group within each of the next 50 years, taking into consideration the current age of the employees as well as the assumed retirement, termination, and mortality rates. The assumptions regarding the characteristics of new hires were chosen by management and are as follows:

- The demographic profile of new employees in the future are assumed to follow in the same pattern as the hiring pattern of new employees hired between 2022 and 2025
- The family/single coverage upon retirement is assumed to be a 80%/20% split, that is the probability of an employee electing for family coverage is 80% at retirement, and 20% electing single at retirement.

## Results

The worksheet provided along with this memo provides the detailed output of the projection results. Below is a listing and description of the tabs included:

1. Disclosures (Hydro) – provides open group basis annual projection results in accounting exhibit format for GSHI group. Future new hires are added in for these results.
2. Disclosures (Plus) – provides open group basis annual projection results in accounting exhibit format for GSHPI group. Future new hires are added in for these results.
3. Disclosures (Hydro Closed) – provides closed group basis annual projection results in accounting exhibit format for GSHI group. No future new hires are included in these results.
4. Disclosures (Plus Closed) – provides closed group basis annual projection results in accounting exhibit format for GSHPI group. No future new hires are included in these results.
5. Summary (Hydro) – provides summary of key components for open group basis projections for GSHI group, including graphical representation of key projected values (i.e. defined benefit cost, benefit cash flows, and defined benefit liability).
6. Summary (Plus) – provides summary of key components for open group basis projections for GSHPI group, including graphical representation of key projected values (i.e. defined benefit cost, benefit cash flows, and defined benefit liability).

The key projection results include (among other items) annual figures for the development of the present value of the defined benefit cost (PV DBO), current service cost, interest cost and expected benefit payments.

For each group, estimate of the change in the PV DBO can be seen over time as well as how the level of defined benefit cost and benefit payments is expected to change over time. The projections for each group are impacted by the current demographic profile of each group and by future new hires to each

group for the open group projection basis. Each group contains a different number of initial actives and initial retirees as well as a different number of individuals who are eligible for lifetime benefits upon retirement versus those that individuals that are eligible for benefits to a limited age at retirement (i.e. age 65). These demographic components will impact the amount of PV DBO as well as the level of future benefit payments. The current service cost component is impacted more specifically by the number of actives remaining who have not reached the full eligibility age.

The charts included in the Summary tabs illustrate the change in key projection results over time as well as provide a comparison of the level of expected future benefit payments versus the expected future defined benefit costs.

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The intended users of this memorandum and the benefit liability projections include GSU to support their OEB filing submission. This report is not intended for any other use and shall not be shared with any other party without the consent of RSM. This memorandum and the accompanying worksheet of results should be considered in its entirety, as parts taken in isolation may be misleading.

We trust this memo and the attached worksheet containing our projection results are sufficient for GSU's purposes and we are available to answer any questions that arise.