October 30, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto ON
M4P 1E4

Dear Mr. Murray,

**RE: EB-2024-0026 Greater Sudbury Hydro Inc. 2025 Rates Application
Greater Sudbury Hydro's alternative proposal
Submission of CCMBC**

In its reply submission of August 1, 2025, Greater Sudbury Hydro Inc. (GSHi) proposed "*a return to cash-basis recovery if the OEB determines that a fair transition to accrual cannot be achieved."*[1]

In Procedural Order No.6, the OEB directed that intervenors and OEB staff file their written submissions on the return to cash alternative proposal of GSHi with the OEB and serve them on all other parties by October 30, 2025. The following is the submission of the Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC).

In the EB-2019-0037 distribution rate application for the 2020 rate year GSHi had applied to the OEB to transition from cash-based to accrual-based accounting for recovery of its OPEB costs. The transition was covered by issues 4.1 and 4.2 in the EB-2019-0037 proceeding.

"4.1 Have all impacts of any changes in accounting standards, policies, estimates, and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

4.2 Are GSHi's proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts and the continuation of existing accounts, appropriate?"

There was full settlement of both issues in the EB-2019-0037 Settlement Proposal.

[1] GSHi Reply Submission, Page 2

"4.1 The Parties agree that GSHi's proposal to change its accounting for OPEB costs in rates from a cash accounting basis to an accrual accounting basis is appropriate and has been appropriately reflected in rates; see section 4.2 for new deferral and variance accounts related to the transition.

4.2 Are GSHi's proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts and the continuation of existing accounts, appropriate?

Subject to the Parties' agreement that:

a) GSHi will continue to track impacts caused by changes to CCA rates in Account 1592 - PILS and Tax Variances, Sub-account CCA Changes.

b) GSHi will establish a new deferral account to track transition costs related to the change from cash accounting to accrual accounting for OPEBs in an OPEB transition costs account for future review and possible disposition, and

c) GSHi will establish a new deferral account to track actuarial gains and losses in relation to OPEBs in an account for future review and possible disposition,

the Parties agree that GSHi's proposals for deferral and variance accounts are appropriate, including the proposed disposition of those accounts."

The OEB in its EB-2019-0037 decision[2] approved the settlement proposal. As a result, GHSI transitioned from cash accounting to accrual accounting for OPEBs in 2020.

In its reply submission in the case now before the OEB, EB-2024-0026, GSHi referenced the EB-2015-0040 decision[3]. The wording of the EB-2015-0040 decision allows distributors to use cash accounting under specific circumstance (emphasis added).

*"The OEB will use the pension and OPEB amounts determined through accrual accounting in rate-setting, **unless that method does not result in just and reasonable rates.**"*[4]

CCMBC submits that the OEB has not determined that accrual method of accounting that GSHi used since 2020 has not resulted in just and reasonable rates since then and would not result in just and reasonable rates in the future. For GHSI to revert to cash accounting would require the following two steps.

[2] Decision and Rate Order, EB-2019-0037, Greater Sudbury Hydro Inc, Application for electricity rates and other charges beginning May 1, 2020, May 7, 2020, page 2

[3] GSHi Reply Submission, Page 2, Footnote 3

[4] Report of the Ontario Energy Board Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs EB-2015-0040 issued September 14, 2017, page 8.

1. OEB would need to issue a decision in the EB-2024-0026 proceeding which determined that accrual accounting has not resulted in just and reasonable rates since 2020 and would not result in just and reasonable rates in the future. In its decision the OEB would have to allow GSHi to file an application to transition back to cash accounting.

2. GHSI would need to file a revised application and supporting evidence for approval to transition from accrual accounting to cash accounting for OPEB costs. The revised application would be subject to a discovery process and subsequent necessary regulatory steps.

CCMBC submits that the above two steps are the only fair way to proceed on the alternative proposal to transition back to cash accounting for OPEB costs proposed by GSHi. There is insufficient evidence on the record in the EB-2024-0026 proceeding regarding the impact on various components of revenue requirement of the transition back to cash accounting that GSHi used prior to 2020 for the OEB issue a decision on the return the transition to cash proposal. That evidence would need to be tested in a public proceeding.

Respectfully submitted on behalf of CCMBC.

Tom Ladanyi

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Date: 2025.10.30 11:33:28 -04'00'

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Parties to the Proceeding