



BY EMAIL and RESS

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October 30, 2025
Our File: EB20240026

Attn: Ritchie Murray, Acting Registrar

Dear Mr. Murray:

Re: EB-2024-0026 – Greater Sudbury Hydro Inc. – SEC Submissions

We are counsel to the School Energy Coalition (“SEC”). Pursuant to Procedural Order No.6, these are SEC’s comments on Greater Sudbury Hydro Inc.’s (“GSHI”) alternative proposal, and comments on its response to the OEB Panel’s questions.

GSHI Reply to Panel Questions

SEC relies on the submissions filed with the OEB on July 18, 2025 for our position on the appropriate approach to GSHI’s proposed disposition of the two DVA’s related to other post-employment benefits (“OPEB”), the OPEB Cash to Accrual Transitional Amount Deferral Account (“Transitional DA”) and the OPEB Actuarial Gains & Losses Deferral Account (“Gains and Losses DA”). GSHI’s response to the OEB Panel’s questions does not change our position or analysis expressed in that submission.

SEC wishes to make brief comments on one aspect of GSHI’s responses. GSHI filed a detailed calculation of the financial impact of disallowing a material portion of its proposed balances. The magnitude arises because the amounts recorded as a regulatory asset, and in the DVA, are overstated. As SEC and OEB Staff have shown, those balances include costs that have already been recovered from ratepayers or should never have been recorded in the first place (e.g. reflect affiliate costs, not provided required evidentiary support, reflect amounts that were not appropriately recovered because of the 2022-2026 rate freeze). GSHI cannot book unreasonable amounts as a regulatory asset and then rely on the impacts of writing them down due to an unfavorable decision to justify recovery. The asserted impact of reversing what should be non-recoverable amounts is not evidence that the OEB should approve them.

GSHI Alternative Accrual to Cash Proposal

As SEC noted in its initial submissions, the proper outcome must balance the interests so that the rates arising from the disposition of the accounts at issue are just and reasonable. Given the diverging views, and the company’s inability to provide the data needed to show that amounts already recovered



in rates would also have been collected had the newly approved method been in place from the outset, a requirement of the approved Transitional DVA¹, GSHI's alternative proposal to return to cash accounting for OPEBs is reasonable.

The OEB's *Regulatory Treatment of Pension and Other Post-Employment Benefits (OPEBs) Costs* states that, while accrual is the default, a transition should occur only if it is "necessary to set just and reasonable rates and the transition issues are manageable for that particular utility."² The corollary is that, if those conditions are not met, the OEB should not require a transition to accrual. Through its approval of the EB-2019-0037 Settlement Proposal, the OEB has already approved a transition from cash to accrual, but the transitional impacts were not considered because GSHI was required to bring forward the necessary calculations in a DVA for disposition in this proceeding.³ Nothing prevents the OEB from effectively allowing the company to transition back now that the impacts on customers and the company are better understood. Doing so would, however, require the consent of all signatories to the approved Partial Settlement Proposal⁴, likely by way of a supplementary agreement, because the accounting policy and the embedded accrual OPEB costs included in OM&A were settled.⁵

If the OEB allows GSHI to transition back, three issues must be addressed, and the parties could be reconvened to determine the specifics, if they are willing. First, how to treat the approved 2025 base rates, which include OPEB OM&A on an accrual basis and are higher than they would have been on a cash basis?⁶ Second, how to account for the transitional impacts between 2020 and 2025, and how to refund any resulting amounts to ratepayers? GSHI's approach set out in Appendix A to its Reply Submission appears reasonable, although certain clarification questions are likely required. Third, is GSHI proposing that some of the cash expenses it seeks to recover relate to benefits (on a cash basis) for amounts that are properly the liabilities of an affiliate?⁷ The same principle raised by SEC in its submissions regarding the inclusion of allocations related to that affiliate would apply under the cash basis as well.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)
Applicant and intervenors (by email)

¹ [Decision and Order \(EB-2019-0037\), May 7, 2020](#), Schedule C

² [Report of the Ontario Energy Board: Regulatory Treatment of Pension and Other Post-employment Benefits \(OPEBs\) Costs \(May 18, 2017\)](#), p.9

³ [Decision and Order \(EB-2019-0037\), May 7, 2020](#), Schedule B, Settlement Proposal, p. 50

⁴ [Partial Decision and Interim Rate Order \(EB-2024-0026\), April 15 2025](#), Schedule A, Partial Settlement Proposal

⁵ [Partial Decision and Interim Rate Order \(EB-2024-0026\), April 15 2025](#), Schedule A, Partial Settlement Proposal, p.19 (Issue 2.1), and p.25 (Issue 3.4)

⁶ See GSHI Reply To Panel Questions, p.8, Figure

⁷ SEC Written Submission (July 18, 2025), p.4-5