



Ontario  
Energy  
Board

Commission  
de l'énergie  
de l'Ontario

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**CITATION:** Greater Sudbury Hydro Inc. Application for Electricity Distribution Rates  
Beginning May 1, 2025 (Re)

## **FINAL DECISION AND ORDER**

**EB-2024-0026**

### **GREATER SUDBURY HYDRO INC.**

**Application for electricity distribution rates beginning May 1, 2025**

**BEFORE: Anthony Zlahtic**  
Presiding Commissioner

**Patrick Moran**  
Commissioner

**Vinay Sharma**  
Commissioner

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**February 17, 2026**



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## 1 OVERVIEW

- [1] On April 15, 2025, the OEB issued its Partial Decision and Interim Rate Order (Partial Decision) accepting a partial settlement proposal filed by Greater Sudbury Hydro Inc. and participating intervenors.<sup>1</sup> The partial settlement proposal addressed all issues except certain discrete interrelated aspects of Issue 6.1 on the OEB-approved Issues List.<sup>2</sup> The OEB's Partial Decision also accepted the proposal for a written hearing process to consider the unsettled issues.
- [2] The issues arise from Greater Sudbury Hydro Inc.'s transition from cash-based accounting to accrual-based accounting for Other Post-Employment Benefits (OPEBs). The parties to the settlement proposal agreed that the following should proceed to a hearing before the OEB:
- The proposed recovery of \$25,068,558 related to Account 1508 – Other Regulatory Assets, Sub-Account OPEB Cash to Accrual Transitional Amount (OPEB Transitional Amount DVA), including the length of any disposition period.
  - The proposed credit of (\$6,881,814) related to disposition of Account 1508 – Other Regulatory Assets, Sub-Account OPEB Actuarial Gains & Losses (OPEB Actuarial Gains/Losses Variance Account), including the length of any disposition period.<sup>3</sup>
- [3] This decision addresses the partially unsettled Issue 6.1.
- [4] For the reasons set out in this Final Decision and Order, the OEB finds that the appropriate disposition of the OPEB Transitional Amount DVA is limited to the supported 2009-2019 cash vs. accrual differences, plus the payments in lieu of taxes (PILs), to be recovered over five years. The OPEB Actuarial Gains/Losses

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<sup>1</sup> EB-2024-0026, [Partial Decision and Interim Rate Order](#), April 15, 2025.

<sup>2</sup> The Issues List approved in the [OEB's Decision on Issues List](#), December 19, 2024. Issue 6.1 is: "Are the proposals for deferral and variance accounts, including the balances in the existing accounts, their disposition and period thereof, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?"

<sup>3</sup> As per the EB-2024-0026 [Cover Letter to Settlement Proposal](#), p. 2, these two amounts were originally \$26,089,910 and (\$7,218,181), respectively. As part of Greater Sudbury Hydro's response to interrogatory SEC-31(g) on its supplemental OPEBs evidence (June 13, 2025), Greater Sudbury Hydro proposed a net \$503,464 (pre-tax) downward adjustment to the claimed total combined amounts of the two deferral accounts in question to recognize work performed by Greater Sudbury Hydro employees for affiliates and third parties.

Variance Account shall remain open as a tracking account with no disposition as this time.

## 2 CONTEXT AND PROCESS

- [5] On March 19, 2025, Greater Sudbury Hydro Inc. (Greater Sudbury Hydro or GSHi) filed a proposal that reflected a partial settlement between Greater Sudbury Hydro and participating intervenors: Association of Major Power Consumers of Ontario (AMPCO), Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC), School Energy Coalition (SEC), and Vulnerable Energy Consumers Coalition (VECC) (collectively, the Parties). The Parties proposed that the OEB approve the implementation of base rates and rider amounts as agreed to in the settlement proposal, and that the OEB determine the unsettled issues, and implementation of associated riders, separately from the settled issues.<sup>4</sup>
- [6] On April 15, 2025, the OEB issued a Partial Decision accepting the partial settlement proposal.<sup>5</sup> The OEB's Partial Decision set out a draft rate order process so that Greater Sudbury Hydro could incorporate the outcomes of the OEB's decision in its cost of capital proceeding.<sup>6</sup> After the conclusion of a draft rate order process, the OEB issued an Interim Rate Order approving base distribution rates effective May 1, 2025 in accordance with the approved partial settlement proposal.<sup>7</sup> The OEB's Partial Decision also accepted the Parties' proposal for a written hearing process to consider the unsettled issues.<sup>8</sup>
- [7] The OEB issued various Procedural Orders with respect to the timelines for the procedural steps relating to the unsettled issues in this proceeding.<sup>9</sup>
- [8] Greater Sudbury Hydro filed written supplemental evidence on May 9, 2025 with respect to claimed OPEB amounts.<sup>10</sup>

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<sup>4</sup> EB-2024-0026, Partial Settlement Proposal, March 19, 2025, pp. 5-6

<sup>5</sup> EB-2024-0026, Partial Decision and Interim Rate Order, April 15, 2025

<sup>6</sup> EB-2024-0063

<sup>7</sup> EB-2024-0026, [Interim Rate Order](#), May 8, 2025

<sup>8</sup> EB-2024-0026, Partial Decision and Interim Rate Order, April 15, 2025, p. 7

<sup>9</sup> The OEB issued [Procedural Order No. 2](#) on April 24, 2025 which outlined the initial timetable for the procedural steps related to the unsettled issues in this proceeding. On June 6, 2025, the OEB issued [Procedural No. 3](#) which adjusted the dates for certain steps in this proceeding due to a requested one-week extension filed by Greater Sudbury Hydro for the filing of its interrogatory responses related to the supplemental evidence filed on the unsettled matters. The OEB issued [Procedural Order No. 4](#) on July 7, 2025 granting a joint request for an extension for the filing of intervenor submissions. The OEB also agreed that Greater Sudbury Hydro be granted an additional week to respond to all submissions.

<sup>10</sup> EB-2024-0026, [OPEBs Supplemental Evidence](#), [GSHI OPEB Illustrative Model](#), May 9, 2025

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- [9] After the completion of a discovery process related to the supplemental evidence, Greater Sudbury Hydro filed its argument-in-chief on the unsettled matters on June 27, 2025.<sup>11</sup> OEB staff filed its submission on July 11, 2025.<sup>12</sup> Intervenors filed their respective submissions on July 18, 2025.<sup>13</sup>
- [10] Greater Sudbury Hydro filed its reply submission on August 1, 2025.<sup>14</sup>
- [11] On September 17, 2025, the OEB issued Procedural Order No. 5 which noted that Greater Sudbury Hydro introduced an alternative proposal in its reply submission – to revert to a cash-basis recovery for OPEBs effective May 1, 2020. This alternative proposal was not explored during the discovery process. Procedural Order No. 5 also contained questions from the OEB Panel for Greater Sudbury Hydro to obtain further information regarding the impact of approving a reduced OPEBs amount pursuant to OEB staff intervenor submissions. The OEB provided OEB staff and intervenors with an opportunity to make submissions on Greater Sudbury Hydro’s alternative proposal to revert to a cash-basis recovery.<sup>15</sup> The OEB also provided the opportunity for Greater Sudbury Hydro to reply.
- [12] On September 22, 2025, Greater Sudbury Hydro requested a two-week extension to respond to the OEB Panel’s questions and requested confirmation of the scope and methodology of the requested information. The OEB granted the extension request through Procedural Order No. 6 and adjusted the dates for the remaining procedural steps.<sup>16</sup> The OEB further noted that Greater Sudbury Hydro bears the burden of proof to establish that the rates it seeks to implement are just and reasonable and invited Greater Sudbury Hydro to include explanations of any limitations on its responses in its filing.<sup>17</sup>
- [13] On October 2, 2025, the OEB issued a letter placing Greater Sudbury Hydro’s application in abeyance as of October 1, 2025, with the proceeding to be held in

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<sup>11</sup> EB-2024-0026, [Greater Sudbury Hydro Argument-in-Chief](#), June 27, 2025

<sup>12</sup> EB-2024-0026, [OEB Staff Submission](#), July 11, 2025

<sup>13</sup> [CCMBC Submission](#); [VECC Submission](#); [SEC Submission](#); [AMPCO Submission](#); all filed July 18, 2025

<sup>14</sup> EB-2025-0026, [Greater Sudbury Hydro Reply Submission](#), August 1, 2025

<sup>15</sup> EB-2024-0026, [Procedural Order No. 5](#), September 17, 2025

<sup>16</sup> EB-2024-0026, [Procedural Order No. 6](#), September 26, 2025

<sup>17</sup> *Ibid*, p. 2

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abeyance until Greater Sudbury Hydro filed its responses to the OEB Panel's questions.<sup>18</sup>

- [14] Greater Sudbury Hydro provided its written responses to the OEB Panel's questions on October 15, 2025.
- [15] Pursuant to Procedural Order No. 6, OEB staff and intervenors filed their respective submissions on Greater Sudbury Hydro's alternative proposal on October 30, 2025. Greater Sudbury Hydro filed its reply submission on November 11, 2025.

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<sup>18</sup> EB-2024-0026, [OEB Abeyance Letter](#), October 2, 2025

### 3 DECISION ON PARTIALLY UNSETTLED ISSUE

#### 3.1 Background

- [16] In September 2017, the OEB issued a [Report of the Ontario Energy Board: Regulatory Treatment of Pension and Other Post-Employment Benefits \(OPEBs\) Costs](#) (OPEBs Report). The OPEBs Report describes the policy of the OEB for the regulatory treatment of the cost of pension and OPEBs incurred by rate-regulated Ontario energy utilities as part of the overall compensation paid to their employees. The OPEBs Report established accrual accounting as the default method for the recovery of OPEB costs in rates.<sup>19</sup>
- [17] Prior to May 1, 2020, Greater Sudbury Hydro recovered OPEBs on a cash basis. As part of Greater Sudbury Hydro's 2020 cost of service application,<sup>20</sup> the OEB approved changing the basis on which Greater Sudbury Hydro recovers OPEB costs in rates from the cash basis to the accrual basis of accounting. Two deferral accounts associated with OPEBs were established as part of the 2020 proceeding:
- Account 1508 - Other Regulatory Assets, Sub-Account OPEB Cash to Accrual Transitional Amount
  - Account 1508 - Other Regulatory Assets, Sub-Account OPEB Actuarial Gains & Losses.<sup>21</sup>
- [18] The Accounting Order for OPEB Transitional Amount DVA states:
- When transitioning between the cash and accrual method of accounting for OPEBs, the "*Report of the Ontario Energy Board – Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs*" dated September 14, 2017 speaks to calculating the amount that a regulated utility has already recovered from customers with regards to OPEBs in the rates charged to date, compared to what would have been collected in the rates had the newly approved method been in place since the beginning. This new account shall

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<sup>19</sup> EB-2015-0040, OPEBs Report, p. 2, September 14, 2017

<sup>20</sup> EB-2019-0037

<sup>21</sup> These accounts were established to track i) the transition impact from cash to accrual accounting, and ii) actuarial gains and losses arising from the accrual basis of accounting for OPEBs.

record the difference determined in performing the above calculation. GSHI will perform the above calculations before its next cost of service rate application.<sup>22</sup>

- [19] The Accounting Order for the OPEB Actuarial Gains/Losses Variance Account states that the account is effective May 1, 2020, until such time as the effective date of the next cost of service rate application. In addition, Greater Sudbury Hydro is to propose disposition in its next cost of service rate application, should the gains and losses that are tracked in this account not substantially offset over time.<sup>23</sup>

### 3.2 Current Application and Proposal

- [20] Greater Sudbury Hydro's 2025 cost of service application proposes:
- To dispose a debit balance of \$25,068,558 (grossed-up for PILs) as of December 31, 2023 in its OPEB Transitional Amount DVA relating to the transition from cash-based to accrual-based recovery of OPEBs in rates beginning in 2020
  - To dispose a credit balance in its OPEB Actuarial Gains/Losses Variance Account of \$6,881,814 as of December 31, 2023
- [21] Greater Sudbury Hydro proposes recovering the net resulting OPEBs amount (i.e., \$18,186,744) from its customers by way of rate riders over a ten-year period. Greater Sudbury Hydro submitted that this recovery period "strikes a practical balance between two OEB priorities: moderating annual bill impacts while avoiding an undue transfer of costs to future customers."<sup>24</sup>
- [22] Greater Sudbury Hydro proposes the rate riders start May 1, 2026 because this would coincide with the implementation of Greater Sudbury Hydro's 2026 rates, avoiding a mid-year rate change related only to the proposed rider.<sup>25</sup>

#### 3.2.1 OPEB Transitional Amount DVA

- [23] Greater Sudbury Hydro states that the OPEB Transitional Amount DVA balance consists of an audited opening balance for Greater Sudbury Hydro and an

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<sup>22</sup> EB-2019-0037, Decision and Rate Order, Schedule C, Accounting Order for OPEB Transitional Amount DVA, May 7, 2020

<sup>23</sup> EB-2019-0037, Decision and Rate Order, Schedule C, Accounting Order for OPEB Actuarial Gains/Losses Variance Account, May 7, 2020

<sup>24</sup> Greater Sudbury Hydro Argument in Chief, June 27, 2025, p. 13

<sup>25</sup> *Ibid*, p. 2, Footnote 3

allocated balance for Greater Sudbury Hydro Plus Inc. (or GSHPi),<sup>26</sup> which sums to a sub-total balance. This sub-total OPEB liability balance has then been grossed-up for taxes to equate to the total request for disposition.<sup>27</sup> The table below shows the calculation of the proposed total transitional amount.<sup>28</sup>

**Table 1: Calculation of Transition Amount**

<b>Description</b>	<b>GSHi</b>	<b>GSHPi</b>	<b>Total</b>
Gross unfunded OPEB liability (pre-tax) (a)	\$16,109,318	\$3,680,589	\$19,789,907
Portion not attributable to GSHi & ratepayers (%) (b)	4.66% (see explanation below)	(100%-83.32%) – 16.68% (see explanation below)	
Portion not attributable to GSHi & ratepayers (\$) (a*b=c)	\$750,694	\$613,823	\$1,364,517
Sub-total: Gross unfunded OPEB liability attributable to GSHi & ratepayers (pre-tax) (a – c = d)	\$15,358,624	\$3,066,766	\$18,425,390
PILs tax gross-up (d*26.5% / (1 – 26.5%)) = e	\$5,537,463	\$1,105,705	\$6,643,168
<b>Transition Amount (d+e)</b>	<b>\$20,896,087</b>	<b>\$4,172,471</b>	<b>\$25,068,558</b>

[24] In response to interrogatories, Greater Sudbury Hydro calculated that 4.66% of its total internal labour relates to affiliate services (such as street-light maintenance) or other third-party, non-rate regulated contract work and reduced its disposition request from \$16.11 million in gross unfunded liability pre-tax to \$15.36 million.<sup>29</sup> In addition, Greater Sudbury Hydro calculated that 83% or \$3.07

<sup>26</sup> Greater Sudbury Hydro Plus Inc. is Greater Sudbury Hydro's corporate services company, which Greater Sudbury Hydro states provides resources who are part of the OPEB program.

<sup>27</sup> EB-2024-0026, Application, Exhibit 9, Tab 1, Schedule 1, p. 11

<sup>28</sup> Greater Sudbury Hydro Argument in Chief, June 27, 2025, p. 7

<sup>29</sup> *Ibid*

million relating to GSHPI's employees and retirees that support GSHi's distribution operations should be recovered from GSHi's customers.<sup>30</sup>

[25] Greater Sudbury Hydro states that,

...the need for the recovery of a Transition Amount by GSHi from its customers is a result of the fact that on transitioning from cash-based to accrual-based recovery of OPEB costs GSHi would no longer be held whole for its OPEB costs through recovery in rates going forward from 2020. This is because the transition from cash to accrual-based accounting for OPEBs materially reduces the prospective recovery of OPEB amounts in rates, a reduction that must necessarily be offset through the recovery of a Transition Amount in order to avoid a funding shortfall.<sup>31</sup>

[26] In its supplemental evidence on the claimed OPEBs amounts, Greater Sudbury Hydro proposed three options for calculating the OPEB transitional amount. A portion of the table provided in the supplemental evidence showing these options is produced below.<sup>32</sup> Option A is supported by Greater Sudbury Hydro for the reasons provided in its supplemental evidence.<sup>33</sup>

**Table 2: Options for Calculating 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
A. Actual Cash Cost for All Years	Actual Cash OPEB Payments	Actual Cash OPEB Payments
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
C. Embedded-in-Rates for All Years <sup>34</sup>	Not Feasible – “embedded in rates” figures unavailable prior to 2009	Amount Embedded in Rates

<sup>30</sup> *Ibid*, p 7

<sup>31</sup> *Ibid*, p. 4

<sup>32</sup> EB-2024-0026, OPEB Supplemental Evidence, p. 15

<sup>33</sup> *Ibid*, pp. 17-18

<sup>34</sup> Referred to in the supplemental evidence as the “OEB Staff Method”

- [27] For purposes of this Decision, the OEB has summarized the balance in the OPEB Transitional Amount DVA under all three options to be made up of:
- An initial recognition amount at the beginning of year 2000
  - The difference between the OPEB cost under the accrual basis and the OPEB cost under the cash basis from 2000 to 2019
  - Annual net actuarial gains or losses from 2000 to 2019<sup>35</sup>
- [28] All three options contain an initial recognition amount of \$6.49M<sup>36</sup> and annual net actuarial gains or losses from 2000 to 2019 of \$2.41M.<sup>37</sup> With respect to the initial recognition amount, Greater Sudbury Hydro noted that this corresponded to the actuarially determined liability first booked on Greater Sudbury Hydro's financial statements when the utility adopted accrual accounting for OPEBs for financial reporting purposes in October 2000.<sup>38</sup>

### 3.2.2 OPEB Actuarial Gains/Losses Variance Account

- [29] Greater Sudbury Hydro's evidence notes that the OPEB Actuarial Gains/Losses Variance Account captures year-to-year re-measurements that arise whenever key valuation assumptions (discount rate, salary growth, mortality, etc.) are updated. The account functions as a true-up between the liability embedded in base rates, the transition amount and the utility's evolving obligation.<sup>39</sup> In its evidence and interrogatory responses, Greater Sudbury Hydro stated that the actuarial gains/losses amount booked in this account updated the OPEB liability using the up-to-date assumptions as at the end of 2023.
- [30] Greater Sudbury Hydro proposes to clear this account in tandem with the transitional balance for four reasons: alignment of balances, intergenerational inequity, regulatory alignment and uncertainty of future offsets.<sup>40</sup>

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<sup>35</sup> OPEB Supplemental Evidence, Appendices A, B and C

<sup>36</sup> *Ibid*, Column (d)

<sup>37</sup> *Ibid*, Column (e)

<sup>38</sup> OPEB Supplemental Evidence, p .16

<sup>39</sup> Greater Sudbury Hydro Argument in Chief, June 27, 2025, p. 7

<sup>40</sup> Further details for each reason provided can be found in Greater Sudbury Hydro's Argument in Chief, pp. 8-9

### 3.3 Submissions on Greater Sudbury Hydro's Proposal to Dispose of OPEBs-Related Accounts

#### 3.3.1 Overview

- [31] OEB staff, CCMBC, AMPCO, SEC and VECC did not support the disposition of the balances in each of the OPEB Transitional Amount DVA and the OPEB Actuarial Gains/Losses Variance Account as proposed by Greater Sudbury Hydro.
- [32] OEB staff supported an OPEB Transitional Amount DVA balance of approximately \$9.5M (\$6.998M plus the grossed-up PILs). OEB staff submitted that the OPEB Transitional Amount DVA should be calculated as follows:
- 1) Beginning from the year 2009
  - 2) The difference in the period does not include the actuarial gains or losses; i.e., the difference only compares the OPEB's accrued current service cost and interest cost on an annual basis for the period with what was embedded in rates under the cash method
  - 3) Reduced by amounts related to its affiliates and third-party work which is not recovered through rates.<sup>41</sup>
- [33] OEB staff did not support the proposed disposition of a credit balance of \$6.88M in the OPEB Actuarial Gains/Losses Variance Account.
- [34] CCMBC and AMPCO respectively submitted support for the submission of OEB staff.<sup>42</sup>
- [35] VECC submitted that it is "largely in agreement with the principles" set out in OEB staff's submission except for when the beginning of the calculation of OPEB transitional amount should be, and to which employees it should apply.<sup>43</sup> VECC stated that any amount to be recovered should be based on a period beginning in 2012 and no amounts accrued due to employees of any affiliate should be included in the calculation. VECC submitted that the OEB should not approve the disposition of any actuarial gains or losses.

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<sup>41</sup> OEB Staff Submission, July 11, 2025, p. 9

<sup>42</sup> CCMBC Submission, July 18, 2025, p. 2; AMPCO Submission, July 18, 2025, p. 3

<sup>43</sup> VECC Submission, July 18, 2025, p. 3

- [36] SEC opposed allowing for the recovery of transitional amounts between 2000-2006 and 2006-2008 citing, among other matters, insufficient supporting information. Further, SEC argued that there are “significant legal and policy issues” with the proposal to allow recovery of a transitional amount related to employees who were employed by an affiliate rather than by Greater Sudbury Hydro. SEC submitted that actuarial gains and losses should not be disposed of at this time.<sup>44</sup>
- [37] Greater Sudbury Hydro submitted that if the OEB accepts the recovery amounts proposed by OEB staff and the intervenors, the resulting rates would not be just and reasonable.
- [38] Greater Sudbury Hydro argued against treating the transitional amount as isolated historical transactions as was done by OEB staff and the intervenors in their respective submissions. Greater Sudbury Hydro submitted that the transition amount is one cumulative figure - excluding years’ worth of transactions would result in a material, permanent under-recovery of Greater Sudbury Hydro’s costs to provide service to its customers and undermine the policy objectives articulated in the OEB’s OPEBs Report.<sup>45</sup>
- [39] Greater Sudbury Hydro submitted that it would still be legally bound to pay OPEB benefits yet would have insufficient revenue in rates to cover them.<sup>46</sup> Further, the proposed reductions by OEB staff and intervenors ignore the regulatory principle of “costs follow benefits”.<sup>47</sup>
- [40] Greater Sudbury Hydro submitted that a fair transition mechanism must recognize and dispose of actuarial gains and losses alongside the rest of the OPEB balance.

### 3.3.2 OPEB Transitional Amount DVA

- [41] For purposes of this Decision and with respect to the OPEB Transitional Amount DVA, certain submission points of OEB staff, intervenors and Greater Sudbury Hydro have been summarized and divided into the following topics:
- Starting Point for Recording of Cash vs. Accrual Variances

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<sup>44</sup> SEC Submission, July 18, 2025, pp. 1-2

<sup>45</sup> Greater Sudbury Hydro Reply Submission, August 1, 2025, p. 2

<sup>46</sup> *Ibid*, p. 3

<sup>47</sup> *Ibid*

- Initial Recognition Amount
- Actuarial Gains/Losses
- Affiliate Matters

#### Starting Point for Recording of Cash vs. Accrual Variances

- [42] OEB staff submitted that the starting point for the purpose of calculating the OPEB differences between cash and accrual amounts should be 2009 (when the utility first rebased its costs).<sup>48</sup> The approved accounting order for the OPEB Transitional Amount DVA requires a comparison of the OPEB costs embedded in rates and the OPEB costs under the accrual basis ‘since the beginning’. OEB staff interpreted this as the first year in which OPEBs were subject to full regulatory scrutiny.<sup>49</sup>
- [43] VECC submitted that until 2012, all employees from which any OPEB liability might arise were not employees of Greater Sudbury Hydro but rather acquired labour services through a contract arrangement.<sup>50</sup> Therefore, the amount to be recovered, if any, should be based on a period beginning in 2012.
- [44] SEC submitted that Greater Sudbury Hydro has admitted that it does not have the necessary data to perform the calculation to compare the amounts already recovered from customers with regard to OPEBs in the rates charged to date, to what would have been collected in the rates had the newly approved method been in place since the beginning.<sup>51</sup> SEC also submitted that Greater Sudbury Hydro’s rates during the 2006-2008 timeframe were based on rates that were frozen prior to 2006 and adjusted by a price cap index - this methodology was not intended to reflect actual utility costs, including those associated with OPEBs. SEC submitted that the OEB should not permit recovery of any amounts related to this period.<sup>52</sup>
- [45] Greater Sudbury Hydro noted that OEB staff’s argument effectively treats every utility moving from cash to accrual accounting as if it had already recovered its OPEB costs perfectly on an accrual basis up to its first cost-of-service year. Greater Sudbury Hydro’s view was that it is not in accordance with the OPEBs

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<sup>48</sup> OEB staff noted that prior to 2009, Greater Sudbury Hydro was under an incentive rate-making or formula-based rate setting, which did not involve explicit review or approvals of OPEB components.

<sup>49</sup> OEB Staff Submission, pp. 8-9

<sup>50</sup> VECC Submission, July 18, 2025, pp. 7-9

<sup>51</sup> SEC Submission, July 18, 2025, p. 3

<sup>52</sup> SEC Submission, July 18, 2025, p. 4

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Report to write off the 2000 to 2008 period because Greater Sudbury Hydro was not under cost-of-service regulation.<sup>53</sup>

- [46] Greater Sudbury Hydro argued that a 2012 shared-services cost allocation study cited by VECC addressed how Greater Sudbury Hydro prices inter-company services; not the balance-sheet recognition of OPEBs. Whether certain staff were on GSHPI's payroll in 2012 has no impact on the actuarial OPEB liability that has been recorded on Greater Sudbury Hydro's statements since 2000.<sup>54</sup>
- [47] In response to SEC, Greater Sudbury Hydro stated that it already managed its OPEB costs through the 2000-2006 rate freeze on a cash basis. As such, it would be inappropriate to reflect the impact of the rate freeze a second time based on an accounting framework that did not apply to Greater Sudbury Hydro.<sup>55</sup>

#### Initial Recognition Amount

- [48] OEB staff noted that there are no other electricity distribution companies having requested the OPEB cost recovery to keep them whole from inception.<sup>56</sup>
- [49] VECC's submission provided a history of the regulation of Ontario's electricity sector. VECC submitted that the corporation would need to show the transfer of the OPEB liability as a transition cost from the prior municipal utility department or commission to the new corporate structure (post restructuring). VECC ultimately submitted that Greater Sudbury Hydro "was never the owner of any pre-2000 OPEB. Nor is the owner of any other employment related liabilities subsequent to when it actually began to employ the staff related to those benefits. Therefore, it cannot today claim a historical liability of \$6.49 million to be paid by its ratepayers. This would be wrong factually and as a matter of law."<sup>57</sup>
- [50] SEC stated, with respect to amounts accrued prior to November 2000, the only evidence provided is a figure from financial statements from the year 2000 of the former Sudbury Hydro-Electric Commission.<sup>58</sup> There are no details on how the

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<sup>53</sup> Greater Sudbury Hydro Reply Submission, August 1, 2025, pp. 18-19

<sup>54</sup> Greater Sudbury Hydro Reply Submission, August 1, 2025, p. 53

<sup>55</sup> Greater Sudbury Hydro Reply Submission, August 1, 2025, p. 21

<sup>56</sup> OEB staff stated that Greater Sudbury Hydro transitioned to the OEB's regulatory mechanism in 2000.

<sup>57</sup> See VECC Submission, July 18, 2025, pp. 5-7 for more details.

<sup>58</sup> SEC Submission, July 18, 2025, p. 3

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amount was calculated, what years it covers, or whether previously recovered amounts were excluded.<sup>59</sup>

- [51] In its reply submission, Greater Sudbury Hydro argued that ignoring the transaction that recorded the initial recognition amount inappropriately skews the total transition amount calculation; and, that the initial recognition amount is an appropriate component of the total transition amount.
- [52] As noted previously, Greater Sudbury Hydro did not agree with the treatment of the transitional amount as isolated historical transactions.
- [53] Greater Sudbury Hydro submitted that the evidence shows an “unbroken audit trail” for the \$6.49M actuarial OPEB liability from Greater Sudbury Hydro’s initial recognition on the predecessor commission’s closing balance sheet (October 31, 2000) through each subsequent fiscal year up to the transition date of December 31, 2019.<sup>60</sup>
- [54] Greater Sudbury Hydro’s view is that there is no good explanation for ignoring the transaction that recorded the initial recognition amount, particularly since that aspect of the liability underpinned cash recovery in rates through to 2019.<sup>61</sup>

#### Actuarial Gains/Losses

- [55] OEB staff’s submission cited the OEB’s OPEBs Report which notes that actuarial gains/losses under International Financial Reporting Standards (IFRS) do not form part of income. Therefore, utilities reporting under IFRS should not dispose of any amounts related to actuarial gains or losses.<sup>62</sup> OEB staff’s view is that the inclusion of \$2.41M annual net actuarial gains/losses from 2000 to 2019 and the actuarial gains/losses component within the initial recognition amount of \$6.49M are, respectively, not appropriate.<sup>63</sup>
- [56] VECC and SEC respectively submitted that the OEB should not approve the disposition of any actuarial gains or losses (in either the OPEB Transitional Amount DVA or the OPEB Actuarial Gains/Losses Variance Account). The submissions of both VECC and SEC stated that actuarial gains and losses occur

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<sup>59</sup> *Ibid*

<sup>60</sup> Greater Sudbury Hydro Reply Submission, August 1, 2025, p. 47

<sup>61</sup> *Ibid*, p. 10

<sup>62</sup> OEB Staff Submission, July 11, 2025, p. 8

<sup>63</sup> OEB Staff Submission, July 11, 2025, p. 8

due to changes in the assumptions used to calculate OPEB liabilities; because assumptions can vary from year to year, the resulting amounts often reverse over time.<sup>64</sup>

- [57] SEC further argued that there are three different components of the actuarial gains and losses that Greater Sudbury Hydro seeks to recover, none of which should be disposed.<sup>65</sup>
- [58] SEC's view is that for any period of recovery that the OEB approves in the OPEB Transitional Amount DVA, the corresponding actuarial gains or losses should be transferred to the OPEB Actuarial Gains/Losses Variance Account for ongoing monitoring.<sup>66</sup> Further, the balance of Greater Sudbury Hydro's OPEB Actuarial Gains/Losses Variance Account should be monitored by the utility. If the balance continues to grow, Greater Sudbury Hydro should be required to provide an explanation of the causes in its next cost of service application, which would allow the OEB to consider future disposition if there is evidence of a systemic issue.<sup>67</sup>
- [59] Greater Sudbury Hydro submitted that the initial recognition amount is not a gain or loss adjustment and does not have embedded gains or losses embedded within it. Greater Sudbury Hydro stated that it is the first calculation of the accrual amount outstanding as at the beginning of accrual accounting for financial purposes on January 1, 2000, that in turn, forms the basis which subsequent revaluations adjust based on updated actuarial assumptions and information.<sup>68</sup>
- [60] Greater Sudbury Hydro does not agree that the actuarial gains and losses from 2000 to 2019 should be excluded from the transition amount, noting that while actuarial gains and losses may bypass the income statement, they cannot be carved out of the obligation itself - these amounts are part of the underlying

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<sup>64</sup> VECC Submission, July 18, 2025, p. 11, SEC Submission, July 18, 2025, p. 5

<sup>65</sup> SEC's July 18, 2025 Submission at page 5 states that the three different components (pre-tax and pre-affiliate allocation) include a \$5,305,368 net gain included in the OPEB Actuarial Gains/Losses Variance Account related to post-2019 OPEB actuarial gains and losses. Second, there is a \$2,407,049 actuarial net loss included in the OPEB Transitional Amount DVA related to actuarial gains and losses between November 2000 and the end of 2019. Third, there is almost certainly some portion of the \$6,491,000 initial recognition amount that relates to either a net gain or loss for the period before November 2000, of which SEC believes that the OEB should not allow disposition of any amount related to that period.

<sup>66</sup> SEC Submission, July 18, 2025, p. 5

<sup>67</sup> *Ibid*, p. 6

<sup>68</sup> Greater Sudbury Hydro Reply Submission, August 1, 2025, p. 27

OPEB liability.<sup>69</sup> Greater Sudbury Hydro submitted that if actuarial gains and losses from 2000-2019 are excluded from the transition amount, they should be recorded in the actuarial gains and losses variance account.<sup>70</sup>

### Affiliate Matters

- [61] Neither VECC nor SEC supported any amounts recorded in the transitional balance relating to Greater Sudbury Hydro's affiliate, GSHPi.
- [62] VECC submitted that Greater Sudbury Hydro should only be allowed to estimate the difference (post 2012) between OPEBs on an accrued basis and OPEBs on a cash basis for individuals employed by Greater Sudbury Hydro.<sup>71</sup> VECC highlighted the *Affiliate Relationship Code (ARC)*, and noted its purpose "is to ensure that the regulated utility treats an affiliate as it would any other third party contractor" - the utility pays either the competitive market price or if that is not available then the fully allocated costs of that service.<sup>72</sup> VECC argued that:
- All the costs include pension related costs as they can be best estimated at the time of contracting for the service. An affiliate relation cannot be used to pass out of period costs to the regulated utility.<sup>73</sup>
- [63] SEC submitted that "To allow GSHI to collect, to transfer a different entity related to obligations it will have on its financial books related to past costs, would be impermissible retroactive ratemaking and contrary to the standalone principal".<sup>74</sup>
- [64] SEC argued that Greater Sudbury Hydro has not pointed to a provision in its shared services agreement, or elsewhere, that makes it legally responsible for Greater Sudbury Hydro Plus Inc.'s OPEB obligations. SEC cited the ARC and noted that its intent is "not only the fair allocation of costs, but also to prevent preferential treatment."<sup>75</sup>
- [65] SEC stated that until at least 2008, Greater Sudbury Hydro operated as a virtual utility - other work was performed by GSHPi employees. SEC submitted that if the intent of the OPEB Transitional Amount DVA is to capture the difference

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<sup>69</sup> *Ibid*, p. 43

<sup>70</sup> *Ibid*, p. 37

<sup>71</sup> VECC Submission, July 18, 2025, p. 9

<sup>72</sup> *Ibid*

<sup>73</sup> *Ibid*

<sup>74</sup> SEC Submission, July 18, 2025, p. 4

<sup>75</sup> *Ibid*

between accrued and recovered amounts, “the reality is that, prior to 2008, the obligations would have almost all have been properly those of GSHPi”.<sup>76</sup> The OEB should ensure that this does not become a precedent that permits utilities to recover affiliate liabilities in contravention of established regulatory principles.”<sup>77</sup>

[66] Greater Sudbury Hydro stated that the OEB’s policy under the ARC specifically acknowledges the practice of sharing corporate services and specifies that an affiliate can provide such services to a regulated entity as long as it is costed on a fully allocated basis. Greater Sudbury Hydro stated that it has had OPEB costs associated with Greater Sudbury Hydro Plus Inc. employees recovered in its OEB approved rates, both on a cash basis prior to 2020 and on an accrual basis from 2020 forward.<sup>78</sup>

[67] Greater Sudbury Hydro submitted that:

For GSHi to transition from cash to accrual-based accounting for the costs charged to it by GSHPi, the transition amount experienced by GSHPi must be accounted for. This is because, exactly as was demonstrated for GSHi, switching from OPEB recovery on a cash basis to an accrual basis means reducing GSHPi’s future recovery of OPEB costs through the fully allocated costing exercise, leaving an unfunded OPEB liability that, without the recovery of a transition amount, becomes a stranded cost of GSHPi. In this way the transition amount is the trade-off for having GSHPi’s OPEB costs recovered in rates on an accrual accounting basis going forward.<sup>79</sup>

[68] Greater Sudbury Hydro outlined three possible ways in which the OEB can manage the transition issues related to OPEB costs for employees of an affiliate.<sup>80</sup>

[69] Greater Sudbury Hydro stated that however the OEB deals with the transition from cash to accrual accounting for OPEBs for affiliate transactions, the solution must account for the transition amount incurred by the affiliate in transitioning from cash to accrual as part of the affiliates’ recovery of its fully allocated costs

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<sup>76</sup> *Ibid*

<sup>77</sup> *Ibid*

<sup>78</sup> Greater Sudbury Hydro Reply Submission, August 1, 2025, p. 21-22

<sup>79</sup> *Ibid*, p. 23

<sup>80</sup> *Ibid*, see pp. 23-24 for more details.

from the regulated entity. To not do so would prevent the affiliate from recovering its fully allocated costs.<sup>81</sup>

### 3.3.3 OPEB Actuarial Gains/Losses Variance Account

- [70] With respect to the OPEB Actuarial Gains/Losses Variance Account, certain submission points of OEB staff, intervenors and Greater Sudbury Hydro are summarized below.
- [71] OEB staff does not support the proposed disposition of the OPEB Actuarial Gains/Losses Variance Account arguing that Greater Sudbury Hydro has not demonstrated that the actuarial gain accumulated in this account since 2020 would not substantially offset over time.<sup>82</sup> OEB staff cited the OEB's OPEBs Report in support of its position. Further, OEB's staff's view was that Greater Sudbury Hydro's proposal to net the gain accumulated in this account to offset the OPEB transitional amount is not appropriate since there is no interconnection between the OPEB Actuarial Gains/Losses Variance Account and the OPEB Transitional Amount DVA.
- [72] OEB staff submitted that the actuarial gain should continue to be tracked in the OPEB Actuarial Gains/Losses Variance Account, and the review should be done in Greater Sudbury Hydro's next cost of service application for any potential disposition.<sup>83</sup>
- [73] VECC submitted that it does not support the recovery of the proposed credit in the OPEB Actuarial Gains/Losses Variance Account. VECC submitted that this amount is unrelated to the issue of the transition to accrual accounting for OPEBs. Further, utilities generally do not dispose of accrual balances unless a systemic pattern of accrual loss or gain is thought to exist, and Greater Sudbury Hydro has not demonstrated that the amounts will not reverse over the coming period.<sup>84, 85</sup>

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<sup>81</sup> *Ibid*, p 25

<sup>82</sup> OEB Staff Submission, July 11, 2025, p. 10

<sup>83</sup> *Ibid*

<sup>84</sup> VECC Submission, July 18, 2025, p. 4

<sup>85</sup> *Ibid*, p. 3

[74] Details of SEC's submission on this matter were summarized in the Actuarial Gains/Losses sub-section of the OPEB Transitional Amount DVA section of this Decision.

[75] Greater Sudbury Hydro submitted that a fair transition mechanism must dispose of actuarial gains and losses along with the rest of the OPEB balance. Greater Sudbury Hydro submitted that:

...normally, the tracking of actuarial gains and losses are done in relation to already recovered principal amounts against which the adjustments relate. In the case of a transition from cash to accrual accounting as in this case, the gains and losses are being tracked against a principal amount that has not been recovered. Accordingly issues around, presumably, reaching back in time to change the amounts recovered already in rates does not apply until the OEB approves and GSHi recovers some part of the Transition Amount.<sup>86</sup>

#### Commencement Date and Disposition Period

[76] OEB staff did not take issue with a commencement date of May 1, 2026 for any approved OPEBs-related amounts for recovery as proposed by Greater Sudbury Hydro in its argument-in-chief.<sup>87</sup>

[77] With respect to the disposition period, in its July 11, 2025 submission, OEB staff stated that the decision on an appropriate disposition period depends on the quantum of OPEBs recovery approved by the OEB, if any.<sup>88</sup> See section 3.4 of this Decision for further details.

[78] VECC submitted that a period longer than five years is generally inappropriate citing that prolonging periods for disposition aggravates the intergenerational inequities that arise.<sup>89</sup>

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<sup>86</sup> Greater Sudbury Hydro Reply Submission, August 1, 2025, pp. 43-44

<sup>87</sup> OEB Staff Submission, July 11, 2025, p. 11

<sup>88</sup> *Ibid*, p. 12

<sup>89</sup> VECC Submission, July 18, 2025, p. 11

- [79] SEC stated that a 12-year recovery period<sup>90</sup> would ensure that costs are allocated over a time frame that closely matches the expected benefit payment horizon, while avoiding undue burden on current ratepayers.<sup>91</sup>

### 3.4 Alternative Proposal – Cash-Basis of Recovery for OPEBs

- [80] As part of its August 1, 2025 reply submission, in addition to responding to the submissions of OEB staff and intervenors on its proposal to dispose of its OPEB-related accounts (as summarized in the sections above), Greater Sudbury Hydro also set out an alternative proposal - a return to the cash-basis of recovery for its OPEBs effective May 1, 2020.
- [81] In accordance with Procedural Order No. 6, OEB staff and intervenors filed submissions on Greater Sudbury Hydro's alternative proposal on October 30, 2025.<sup>92</sup> Greater Sudbury Hydro filed its reply submission on November 11, 2025.
- [82] OEB staff did not support Greater Sudbury Hydro's proposal to revert to the cash basis for its OPEB costs for the following reasons: 1) reverting back to a cash basis effective May 1, 2020 may constitute retroactive rate-making; 2) the alternative proposal appears to arise from the potential material downward adjustment to its OPEB Transitional Amount DVA rather than a principled rate-setting rationale; 3) reverting back to the cash basis may result in intergenerational inequity and create a funding risk.<sup>93</sup>
- [83] OEB staff's submission also provided a further discussion on the disposition period of any OPEBs rate riders. OEB staff noted that in response to the OEB Panel's questions 2 & 3, Greater Sudbury Hydro provided bill impacts for its rate classes based on OEB staff's supported disposition amount over Greater Sudbury Hydro's proposed 10-year disposition period. OEB staff submitted that "now that OEB staff has had an opportunity to review the associated bill impacts, OEB staff submits that the disposition period could be reduced to five years to reduce intergenerational inequity unless Greater Sudbury Hydro can demonstrate that the bill impacts are greater than 10%."<sup>94</sup>

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<sup>90</sup> Calculated as the weighted average duration of OPEB benefit payments of 18 years, less approximately six years between December 31, 2019 and the proposed May 2026 start date.

<sup>91</sup> SEC Submission, July 18, 2025, p. 6

<sup>92</sup> CCMBC, SEC and VECC filed submissions.

<sup>93</sup> EB-2024-0026, [OEB Staff Submission on Alternative Proposal](#), October 30, 2025, p. 6

<sup>94</sup> *Ibid*, p. 12

- [84] CCMBC submitted that for Greater Sudbury Hydro to revert to cash accounting for OPEBs, the OEB would need to issue a decision in the current proceeding which determines 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. Secondly, a revised application and supporting evidence to transition from accrual accounting to cash accounting for OPEB costs would need to be filed by Greater Sudbury Hydro. The revised application would be subject to a discovery process and necessary regulatory steps.<sup>95</sup>
- [85] SEC stated allowing the company to transition back to cash accounting for OPEBs would require the consent of all signatories to the approved Partial Settlement Proposal in the current proceeding, because the accounting policy and the embedded accrual OPEB costs included in Operations, Maintenance and Administration expenses were settled. If the OEB allows Greater Sudbury Hydro to transition back, SEC outlined three issues that must be addressed.<sup>96</sup>
- [86] VECC agreed and further elaborated on SEC and CCMBC's statements above. VECC submitted that the accounting methodology, i.e. cash vs. accrual, is not the central question and that choosing one methodology over the other does not, by itself, determine whether retroactivity exists. In its view, for the parties to move forward with any chance of success, VECC stated that the OEB must first decide on the three fundamental questions raised in its prior argument.<sup>97</sup>
- [87] In its reply submission, Greater Sudbury Hydro clarified that its preference is for a full transition to accrual accounting for OPEBs, however, Greater Sudbury

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<sup>95</sup> EB-2024-0026, [CCMBC Submission on Alternative Proposal](#), October 30, 2025, pp. 3-4

<sup>96</sup> EB-2024-0026, [SEC Submission on Alternative Proposal](#), October 30, 2025, p. 2. 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. Second, how to account for the transitional impacts between 2020 and 2025, and how to refund any resulting amounts to ratepayers. Third, is Greater Sudbury Hydro 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? SEC stated that 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.

<sup>97</sup> EB-2024-0026, [VECC Submission on Alternative Proposal](#), October 30, 2025, p. 2-3. Those questions being: 1) can the OEB approve the recovery of costs which occurred prior to it having regulatory jurisdiction over the Utility? 2) Can costs of (unregistered) pension benefits for persons not actually employed by the Utility become costs for the Utility's ratepayers? 3) Can costs which are purported to have occurred during the period of a legislated rate freeze period now be collected from ratepayers?

Hydro acknowledged that it would support a reversion to cash accounting if the OEB deems appropriate under the circumstances.<sup>98</sup>

- [88] Greater Sudbury Hydro disagreed with OEB staff's argument that transitioning back to cash-based accounting would constitute retroactive rate-making. Greater Sudbury Hydro submitted that if it were to transition back to cash-based accounting for OPEBs effective May 1, 2025, it would not change the costs that were approved for Greater Sudbury Hydro, it only changes the timing of recovery of those costs.<sup>99</sup>
- [89] With respect to OEB's staff assertion that the reversion to cash would "create a funding risk," Greater Sudbury Hydro submitted that OEB staff do not develop this point or provide supporting analysis. There is therefore nothing substantive for Greater Sudbury Hydro to respond to beyond noting that its proposals fully fund the existing obligation.
- [90] Greater Sudbury Hydro provided bill impacts of a five-year disposition period associated with OEB staff's supported OPEBs amounts.<sup>100</sup> Greater Sudbury Hydro stated a five-year disposition period has roughly double the bill impact (i.e.: 1.70% increase to a Residential bill over five years compared to a 0.85% increase to a Residential bill over 10 years).
- [91] In response to the submissions filed by intervenors, Greater Sudbury Hydro proposed that if the OEB Panel wishes to consider reversion to cash-based accounting for OPEBs, the appropriate avenue is an amended settlement proposal. Greater Sudbury Hydro submitted that based on the submissions of SEC and VECC, it would be appropriate for the OEB to determine the recoverability of OPEB costs by Greater Sudbury Hydro in relation to the employees of its affiliate GSHPi as a preliminary matter.<sup>101</sup>

### 3.5 OEB Findings

- [92] The OEB has reviewed all submissions filed by the parties. Based on the evidence and arguments presented, the OEB sets out the following findings and the reasons supporting these determinations.

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<sup>98</sup> EB-2024-0026, [Greater Sudbury Hydro Reply Submission – Alternative Proposal](#), November 11, 2025

<sup>99</sup> *Ibid*, p. 4.

<sup>100</sup> *Ibid*, p. 18

<sup>101</sup> *Ibid*

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## 1. Proposal to Revert to Cash-Based Accounting for OPEBs

The OEB denies Greater Sudbury Hydro's request to revert to cash-based accounting for OPEB costs as of May 1, 2020, for the following reasons:

- In Greater Sudbury Hydro's 2020 rebasing proceeding, the OEB approved a settlement that:
  - changed OPEB recovery in rates from cash to accrual; and
  - established two deferral accounts to track: (i) the cash-to-accrual transition impact; and (ii) actuarial gains/losses.
- Greater Sudbury Hydro's proposal to reinstate cash-based recovery would effectively overturn the settlement approved in 2020, thereby engaging the rule against retroactive ratemaking.
- The OEB agrees with OEB staff that exceptions to the prohibition on retroactive ratemaking are narrow and well-defined, and that reversing an approved accounting methodology for OPEB recovery does not fall within any recognized exception. Greater Sudbury Hydro has not provided evidence to justify an exception.

## 2. Transitional DVA Amount

- The OEB adopts OEB staff's submission to reduce the transitional amount (including tax gross-up) from \$25.07 million to \$9.5 million, calculated for the period 2009-2019, with prospective recovery over five years.

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- The approach is appropriate because it:
    - limits the analysis to years in which embedded-in-rates OPEB cash amounts were explicit (2009–2019); and
    - compares those explicit cash amounts with accrual costs recognized in income (current service cost plus interest).
  - The amount to be recovered in rates is calculated as the difference between:
    - accrual-based OPEB costs recorded in income; and
    - forecast cash-based OPEB costs embedded in rates.
  - Greater Sudbury Hydro’s proposed methodologies were based on inappropriate assumptions, including:
    - that actuarial gains/losses are part of OPEB cost to be recovered through rates; and
    - that the transitional amount should make the utility “whole” back to the inception of OPEBs.
  - Actuarial gains/losses should not be included in the transitional amount, consistent with the OEB’s OPEBs Report, which confirms that actuarial gains/losses under IFRS do not form part of income or cost of service. Further, these gains/losses do not represent the actual difference between cash and accrual methods.
  - The OEB also reduces the transitional balance by amounts related to affiliate services and third-party work not recovered through rates. The Panel adopts the 4.66% allocation factor applicable to third-party work.
  - Regarding OPEBs associated with GSHPi, the Panel finds that OPEB costs for GSHPi employees who provided services to Greater Sudbury Hydro customers may be included as part of compensation within a fully allocated cost-based charge, provided the charge conforms with ARC principles.
  - Greater Sudbury Hydro provided bill impact evidence assuming a five-year disposition. None of the class-specific bill impacts under OEB staff’s proposal exceeded a 10% bill impact. Balancing ratepayer impacts with intergenerational equity, the OEB finds that a five-year disposition period is appropriate.

### 3. OPEB Actuarial Gains/Losses Variance Account

- Having confirmed that that actuarial gains/losses under IFRS do not form part of income or cost of service, the OEB defers the disposition of the \$6.88 million actuarial gain credit until Greater Sudbury Hydro's next rebasing application. Greater Sudbury Hydro has not demonstrated that the actuarial gains accumulated since 2020 will not be substantially offset over time. Disposition at this stage is therefore not justified. A significant portion of the actuarial gains/losses account balance relates to "soft"<sup>102</sup> actuarial valuation changes that do not meet the definition of an asset and are not costs recognized in income. As such, they should not be passed through into rates at this time.
- Greater Sudbury Hydro's proposed netting of the actuarial gains/losses account against the transitional amount is inappropriate. The actuarial gains/losses account and the transitional account are not interdependent and should be assessed separately.
- The OEB notes the historical volatility of actuarial gains/losses and finds that Greater Sudbury Hydro has provided no reliable forward-looking evidence demonstrating that the gains are permanent or enduring.
- Accordingly, the OEB directs that the OPEB Actuarial Gains/Losses Variance Account remain open as a tracking account and be brought forward in Greater Sudbury Hydro's next rebasing application for consideration of potential disposition. Disposition may be proposed at that time if gains/losses have not been substantially offset.

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<sup>102</sup> EB-2024-0026, OEB Staff Submission – Proposal to Revert to Cash dated October 30, 2025, p 13. OEB staff submitted that Greater Sudbury Hydro's actuarial gains of approx. \$4.81M were "soft" because they do not meet the IFRS definition of an asset. The actuarial gains/losses are valuation changes, not costs, which fluctuate based on mortality rates, discount rates, etc., which is why IFRS does not recognize them as a part of income.

## 4 IMPLEMENTATION

[93] As part of its November 11, 2025 reply submission, Greater Sudbury Hydro provided the rate riders and bill impacts of OEB staff's supported OPEBs amount (i.e., \$9,507,935), over a five-year disposition period.<sup>103</sup> A portion of the table is replicated below which sets out the associated monthly rate riders, as provided by Greater Sudbury Hydro.

**Table 3: Rate Rider Calculations**

Rate Class	Units	kW / kWh / # of customers	Allocated Balance	Rate Rider
Residential	# of customers	43,485	\$1,185,164	\$2.27
General Service <50 kW	kWh	139,426,048	\$320,123	\$0.0023
General Service 50 to 4,999 kW	kW	792,309	\$355,389	\$0.4485
Unmetered Scattered Load	kWh	856,205	\$2,579	\$0.0030
Sentinel Lighting	kW	872	\$2,885	\$3.3083
Street Lighting	kW	10,258	\$35,448	\$3.4556
<b>Total</b>			<b>\$1,901,587</b>	

[94] The OEB notes that Greater Sudbury Hydro currently has a 2026 incentive rate-setting mechanism (IRM) application before the OEB.<sup>104</sup> The OEB directs Greater Sudbury Hydro to include the approved OPEBs rate riders in its

<sup>103</sup> [Greater Sudbury Hydro Reply Submission – Alternative Proposal](#), November 11, 2025, p. 18

<sup>104</sup> EB-2025-0036

proposed Tariff of Rates and Charges, effective May 1, 2026 as part of its 2026 IRM proceeding.

- [95] With respect to the current 2025 cost of service proceeding, following the issuance of its Partial Decision on April 15, 2025, the OEB issued an Interim Rate Order on May 8, 2025 approving base distribution rates and other amounts effective May 1, 2025 for Greater Sudbury Hydro.<sup>105</sup> The OEB approved the Tariff of Rates and Charges in Schedule A of the Interim Rate Order effective May 1, 2025 on an interim basis pending a decision on the unsettled matters in this proceeding.<sup>106</sup> Given that the OEB has now rendered its decision on the unsettled matters, the OEB declares Greater Sudbury Hydro's May 1, 2025 Tariff of Rates and Charges final.

### Cost Awards

- [96] In the OEB's April 15, 2025 Partial Decision, the OEB provided for the filing of interim cost claims for cost incurred up to April 30, 2025.
- [97] In its Decision and Order on Interim Cost Awards, dated June 10, 2025, the OEB granted interim cost awards to APMCO, CCMBC and SEC. VECC advised it will not be seeking interim costs but will file its complete cost claim at the end of the proceeding.<sup>107</sup>
- [98] All cost-eligible intervenors should file cost claims for the entirety of the proceeding through the OEB's online filing portal. Any amount received as an interim award will be applied as a credit against the total cost claim in the OEB's final cost award decision.
- [99] The OEB's June 10, 2025 Decision and Order on Interim Cost Awards noted that the OEB will conduct a complete review of cost claims at the conclusion of the proceeding. The OEB also noted that Greater Sudbury Hydro will have an opportunity to file objections at that time and intervenors whose total claims were subject to objections will have an opportunity to reply. The OEB stated that interim awards of costs may be subject to adjustment at that time.<sup>108</sup>

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<sup>105</sup> EB-2024-0026, [Interim Rate Order](#), May 8, 2025

<sup>106</sup> *Ibid*, p. 4

<sup>107</sup> EB-2026-0024, [Decision and Order on Interim Cost Awards](#), June 10, 2025, p. 2

<sup>108</sup> *Ibid*

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- [100] Requiring all intervenors to file cost claims for the entirety of the proceeding on the same date is expected to assist Greater Sudbury Hydro in considering any cost claim objections and assist the OEB in deciding final cost awards on a consistent basis.
- [101] The OEB reminds AMPCO and CCMBC that as part of the OEB's review of cost claims at the conclusion of the proceeding, AMPCO and CCMBC are required to explain how they coordinated their interventions when submitting their cost claims, or if they did not, why that was appropriate in their view.<sup>109</sup>

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<sup>109</sup> EB-2024-0026, Procedural Order No. 1, December 12, 2024, p.2

## 5 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Greater Sudbury Hydro's Tariff of Rates and Charges effective May 1, 2025, pursuant to the OEB's May 8, 2025 Interim Rate Order is declared final.
2. Greater Sudbury Hydro shall include the approved OPEBs rate riders in this proceeding on its 2026 proposed Tariff of Rates and Charges for its 2026 IRM rate application.

### Cost Awards

1. Intervenors shall submit to the OEB and copy Greater Sudbury Hydro Inc. their respective final cost claims no later than **February 24, 2026**.
2. Greater Sudbury Hydro Inc. may file with the OEB and forward to intervenors any objections to the claimed costs by **March 3, 2026**.
3. If Greater Sudbury Hydro Inc. objects to any intervenor costs, those intervenors may file with the OEB and forward to Greater Sudbury Hydro Inc. any responses, if any, to any objections for cost claims by **March 10, 2026**.
4. Greater Sudbury Hydro Inc. shall pay the OEB's costs of and incidental to this proceeding upon receipt of the OEB's invoice.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2024-0026** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\)](#)

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[Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.

- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact [registrar@oeb.ca](mailto:registrar@oeb.ca) for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Georgette Vlahos at [georgette.vlahos@oeb.ca](mailto:georgette.vlahos@oeb.ca) and OEB Counsel, James Sidlofsky at [james.sidlofsky@oeb.ca](mailto:james.sidlofsky@oeb.ca).

**DATED** at Toronto February 17, 2026

**ONTARIO ENERGY BOARD**

Ritchie Murray  
Acting Registrar