



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1

Exhibit 1:

ADMINISTRATIVE DOCUMENTS



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Tab 1

Exhibit 1: Administrative Documents

Tab 1 (of 10): Table of Contents

Table Of Contents

| <u>Exh</u> | <u>Tab</u> | <u>Sch</u> | <u>Att</u> | <u>Title</u> |
|------------|------------|------------|------------|---|
| 1 | | | | ADMINISTRATIVE DOCUMENTS |
| 1 | 1 | | | Table of Contents |
| 1 | 1 | 1 | | Table of Contents |
| 1 | 2 | | | Application Overview and Administrative Documents |
| 1 | 2 | 1 | | Revenue Requirement |
| 1 | 2 | 2 | | Load Forecast Summary |
| 1 | 2 | 3 | | Rate Base and Distribution System Plan (DSP) |
| 1 | 2 | 4 | | Operations, Maintenance and Administrative Expense |
| 1 | 2 | 5 | | Cost of Capital |
| 1 | 2 | 6 | | Cost Allocation and Rate Design |
| 1 | 2 | 7 | | Deferral and Variance Accounts |
| 1 | 2 | 8 | | Bill Impacts |
| 1 | 2 | 9 | | Business Plan |
| 1 | 2 | 9 | 1 | Business Plan |
| 1 | 3 | | | Administration |
| 1 | 3 | 1 | | Accuracy & Personal Information Certification |
| 1 | 3 | 2 | | Application Contact Information |
| 1 | 3 | 3 | | Identification of Legal Representation |
| 1 | 3 | 4 | | Applicants Internet Address and Social Media Accounts |
| 1 | 3 | 5 | | Notice of Hearing Publication |
| 1 | 3 | 6 | | Statement of Requested Hearing Form |
| 1 | 3 | 7 | | Effective Date Requested |
| 1 | 3 | 8 | | Statement of Changes in Methodology |
| 1 | 3 | 9 | | Identification of OEB Directives from previous OEB Decisions |
| 1 | 3 | 10 | | Reference to Conditions of Service |
| 1 | 3 | 11 | | Description of Corporate and Utility Organizational Structure |
| 1 | 3 | 12 | | Approvals Requested |
| 1 | 3 | 13 | | Materiality Threshold |
| 1 | 4 | | | Distribution System Overview |
| 1 | 4 | 1 | | Description of Service Area |

Table Of Contents

| Exh | Tab | Sch | Att | Title |
|------------|------------|------------|------------|---|
| 1 | 5 | | | Customer Engagement |
| 1 | 5 | 1 | | Ongoing Customer Engagement |
| 1 | 5 | 1 | 1 | Customer Satisfaction Survey - 2023 Report |
| 1 | 5 | 1 | 2 | OEB Appendix 2-AC Ongoing Customer Engagement Activities Summary |
| 1 | 5 | 2 | | Application-Specific Customer Engagement |
| 1 | 6 | | | Performance Measurement |
| 1 | 6 | 1 | | Performance Measurement |
| 1 | 6 | 1 | 1 | OEB Scorecard |
| 1 | 6 | 1 | 2 | PEG Benchmarking Model |
| 1 | 6 | 1 | 3 | Standardized Public Awareness of Electrical Safety Survey Report |
| 1 | 7 | | | Facilitating Innovation |
| 1 | 7 | 1 | | Facilitating Innovation |
| 1 | 8 | | | Financial Information |
| 1 | 8 | 1 | | Financial Information |
| 1 | 8 | 1 | 1 | 2023 Audited Statements |
| 1 | 8 | 1 | 2 | 2020 Rate Application Accounting Orders (EB-2019-0037 Schedule C) |
| 1 | 9 | | | Distributor Consolidation |
| 1 | 9 | 1 | | Collaborations and Partnerships |
| 1 | 10 | | | Impacts of Covid-19 Pandemic |
| 1 | 10 | 1 | | Impacts of Covid-19 Pandemic |
| 2 | | | | RATE BASE AND CAPITAL |
| 2 | 1 | | | Rate Base |
| 2 | 1 | 1 | | Overview |
| 2 | 2 | | | Fixed Asset Continuity Schedule |
| 2 | 2 | 1 | | Fixed Assets & Variance Analysis |
| 2 | 2 | 1 | 1 | OEB Appendix 2-BA Fixed Asset Continuity Schedule |
| 2 | 3 | | | Depreciation, Amortization and Depletion |
| 2 | 3 | 1 | | Depreciation, Amortization and Depletion |
| 2 | 3 | 1 | 1 | OEB Appendix 2-C Depreciation and Amortization Expense |
| 2 | 4 | | | Allowance for Working Capital |

Table Of Contents

| Exh | Tab | Sch | Att | Title |
|------------|------------|------------|------------|---|
| 2 | 4 | 1 | | Allowance for Working Capital |
| 2 | 4 | 1 | 1 | OEB Appendix 2-Z Commodity Expense |
| 2 | 5 | | | Policy Options for the Funding of Capital |
| 2 | 5 | 1 | | Policy Options for the Funding of Capital |
| 2 | 5 | 1 | 1 | ACM Model Moonlight (MS18) |
| 2 | 6 | | | Addition of Previously Approved ACM and ICM Project Assets to Rate Base |
| 2 | 6 | 1 | | Addition of Previously Approved ACM and ICM Project Assets to Rate Base |
| 2 | 7 | | | Capitalization |
| 2 | 7 | 1 | | Capitalization |
| 2 | 7 | 1 | 1 | Capitalization Policy |
| 2 | 7 | 1 | 2 | OEB Appendix 2-D Overhead Expense |
| 2 | 7 | 2 | | Burden Rates |
| 2 | 8 | | | Costs of Eligible Investments for the Connection of Qualifying Generation Facilities |
| 2 | 8 | 1 | | Costs of Eligible Investments for the Connection of Qualifying Generation Facilities |
| 2 | 9 | | | Distribution System Plan |
| 2 | 9 | 1 | | Distribution System Plan Overview |
| 2 | 9 | 1 | 1 | Distribution System Plan |
| 2 | 9 | 1 | 2 | OEB Appendix 2-AA Capital Projects Table |
| 2 | 9 | 1 | 3 | OEB Appendix 2-AB Capital Expenditures Summary |
| 2 | 9 | 1 | 4 | OEB Appendix 2-G Service Reliability and Quality Indicators |
| 3 | | | | CUSTOMER AND LOAD FORECAST |
| 3 | 1 | | | Load Forecast |
| 3 | 1 | 1 | | Load Forecast Overview |
| 3 | 1 | 1 | 1 | Load Forecast Report |
| 3 | 1 | 1 | 2 | OEB Appendix 2-IB Customer, Connections, Load Forecast and Revenues Data and Analysis |
| 3 | 2 | | | Accuracy of Load Forecast and Variance Analyses |
| 3 | 2 | 1 | | Variance Analysis of Load Forecast |
| 4 | | | | OPERATING EXPENSES |
| 4 | 1 | | | Overview |
| 4 | 1 | 1 | | Overview |

Table Of Contents

| <u>Exh</u> | <u>Tab</u> | <u>Sch</u> | <u>Att</u> | <u>Title</u> |
|------------|------------|------------|------------|---|
| 4 | 1 | 1 | 1 | OEB Appendix 2-JA Summary of Recoverable OM&A Expenses |
| 4 | 1 | 1 | 2 | OEB Appendix 2-L Recoverable OM&A Cost per Customer and per FTE |
| 4 | 2 | | | OM&A Summary and Cost Driver Tables |
| 4 | 2 | 1 | | Summary and Cost Driver Tables |
| 4 | 2 | 1 | 1 | OEB Appendix 2-JB OM&A Cost Driver Table |
| 4 | 3 | | | OM&A Variance Analysis |
| 4 | 3 | 1 | | OM&A Variance Analysis |
| 4 | 3 | 1 | 1 | OEB Appendix 2-JC OM&A Programs Table |
| 4 | 4 | | | Other OM&A Costs and Analyses |
| 4 | 4 | 1 | | Workforce Planning and Employee Compensation |
| 4 | 4 | 1 | 1 | OEB Appendix 2-K Employee Costs |
| 4 | 4 | 2 | | Shared Services & Corporate Cost Allocations |
| 4 | 4 | 2 | 1 | OEB Appendix 2-N Shared Services & Corporate Cost Allocations |
| 4 | 4 | 2 | 2 | KPMG Report on Shared Services and Cost Allocations Review |
| 4 | 4 | 3 | | Purchase of Non-Affiliate Services |
| 4 | 4 | 3 | 1 | Procurement Policy |
| 4 | 4 | 4 | | One-time Costs |
| 4 | 4 | 5 | | Regulatory Costs |
| 4 | 4 | 5 | 1 | OEB Appendix 2-M Regulatory Cost Schedule |
| 4 | 4 | 6 | | Low-income Energy Assistance Programs (LEAP) |
| 4 | 4 | 7 | | Charitable and Political Donations |
| 4 | 5 | | | Conservation and Demand Management Costs |
| 4 | 5 | 1 | | Conservation and Demand Management Costs |
| 5 | | | | COST OF CAPITAL AND CAPITAL STRUCTURE |
| 5 | 1 | | | Capital Structure |
| 5 | 1 | 1 | | Capital Structure |
| 5 | 1 | 1 | 1 | OEB Appendix 2-OA Capital Structure and Cost of Capital |
| 5 | 1 | 1 | 2 | OEB Appendix 2-OB Debt Instruments |
| 5 | 2 | | | Cost of Capital (Return on Equity and Cost of Debt) |
| 5 | 2 | 1 | | Cost of Capital |

Table Of Contents

| Exh | Tab | Sch | Att | Title |
|------------|------------|------------|------------|---|
| 5 | 2 | 1 | 1 | Promissory Note with GSU |
| 5 | 2 | 1 | 2 | TD SWAP Loan 2011 |
| 5 | 2 | 1 | 3 | TD Financing Agreement 2015 |
| 5 | 2 | 1 | 4 | TD Long-term Debt Mar 2020 (\$5.5M) |
| 5 | 2 | 1 | 5 | TD Long-term Debt Feb 2021 (\$4.5M) |
| 5 | 3 | | | Not-for-Profit Corporations |
| 5 | 3 | 1 | | Declaration of For-Profit status |
| 6 | | | | REVENUE REQUIREMENT AND REVENUE DEFICIENCY OR SUFFICIENCY |
| 6 | 1 | | | Revenue Requirement and Revenue Deficiency or Sufficiency |
| 6 | 1 | 1 | | Revenue Requirement and Revenue Deficiency or Sufficiency |
| 6 | 2 | | | Revenue Requirement Work Form Overview |
| 6 | 2 | 1 | | Revenue Requirement Work Form Overview |
| 6 | 2 | 1 | 1 | Revenue Requirement Work Form |
| 6 | 3 | | | Taxes or Payments in Lieu of Taxes (PILs) and Property Taxes |
| 6 | 3 | 1 | | Income Taxes or PILs |
| 6 | 3 | 1 | 1 | PILs Model |
| 6 | 3 | 1 | 2 | Latest Filed Federal & Provincial Tax Return (PILs Return) |
| 6 | 3 | 2 | | Other Taxes |
| 6 | 3 | 3 | | Non-recoverable and Disallowed Expenses |
| 6 | 4 | | | Other Revenue |
| 6 | 4 | 1 | | Overview of Other Revenue |
| 6 | 4 | 2 | | Other Revenue Variance Analysis |
| 6 | 4 | 2 | 1 | OEB Appendix 2-H Other Operating Revenue |
| 7 | | | | COST ALLOCATION |
| 7 | 1 | | | Cost Allocation Study |
| 7 | 1 | 1 | | Overview of Cost Allocation |
| 7 | 1 | 1 | 1 | Cost Allocation Model Sheets |
| 7 | 1 | 2 | | Cost Allocation Results |
| 7 | 1 | 2 | 1 | Revenue Requirement Workform Sheet 11 |
| 8 | | | | RATE DESIGN |

Table Of Contents

| Exh | Tab | Sch | Att | Title |
|------------|------------|------------|------------|---|
| 8 | 1 | | | Rate Design Overview |
| 8 | 1 | 1 | | Rate Design Overview |
| 8 | 2 | | | Adjustment for 30 Day Billing |
| 8 | 2 | 1 | | Adjustment for 30 Day Billing |
| 8 | 2 | 1 | 1 | Assurance of Voluntary Compliance (AVC) EB-2022-0105 - Fixed Charge Overbilling |
| 8 | 3 | | | Retail Service Charges |
| 8 | 3 | 1 | | Retail Transmission Service Rates (RTSRs) |
| 8 | 3 | 2 | | Retail Service Charges |
| 8 | 3 | 3 | | Regulatory Charges |
| 8 | 3 | 4 | | Smart Meter Entity Charge |
| 8 | 3 | 5 | | Specific Service Charges |
| 8 | 3 | 6 | | Wireline Pole Attachment Charge |
| 8 | 3 | 7 | | Low Voltage Service Rates |
| 8 | 4 | | | Loss Adjustment Factors |
| 8 | 4 | 1 | | Loss Adjustment Factors |
| 8 | 4 | 1 | 1 | OEB Appendix 2-R Loss Adjustment Factors |
| 8 | 5 | | | Tariff of Rates and Charges |
| 8 | 5 | 1 | | Tariff of Rates and Charges |
| 8 | 5 | 1 | 1 | Existing Tariff of Rates and Charges (Monthly Rates) |
| 8 | 5 | 1 | 2 | Proposed Tariff of Rates and Charges (30 Day Rates) |
| 8 | 5 | 2 | | Revenue Reconciliation |
| 8 | 5 | 3 | | Bill Impact Information |
| 8 | 5 | 3 | 1 | Bill Impact Model Sheets (Monthly vs Monthly) |
| 8 | 5 | 4 | | Bill Mitigation |
| 9 | | | | DEFERRAL AND VARIANCE ACCOUNTS |
| 9 | 1 | | | Disposition of Deferral and Variance Accounts |
| 9 | 1 | 1 | | Overview |
| 9 | 1 | 1 | 1 | DVA Continuity Schedule |
| 9 | 1 | 1 | 2 | RSM Actuarial Valuation Report – Exhibit Summaries 2019 |
| 9 | 1 | 1 | 3 | RSM Actuarial Valuation Report – Exhibit Summaries 2020 |

Table Of Contents

| Exh | Tab | Sch | Att | Title |
|------------|------------|------------|------------|---|
| 9 | 1 | 1 | 4 | RSM Actuarial Valuation Report – Exhibit Summaries 2021 |
| 9 | 1 | 1 | 5 | RSM Actuarial Valuation Report – Exhibit Summaries 2022 |
| 9 | 1 | 1 | 6 | RSM Actuarial Valuation Report – Exhibit Summaries 2023 |
| 9 | 1 | 2 | | Disposition of Accounts 1588 and 1589 |
| 9 | 1 | 2 | 1 | GA Analysis Workform |
| 9 | 1 | 3 | | Disposition of Account 1580, Sub-account CBR Class B Variance |
| 9 | 1 | 4 | | Disposition of Account 1595 |
| 9 | 1 | 5 | | Disposition of Retail Service Charges Related Accounts |
| 9 | 1 | 6 | | Disposition of Account 1592, Sub-account CCA Changes |
| 9 | 1 | 6 | 1 | UCC Continuities from 2019 and 2020 |
| 9 | 1 | 6 | 2 | Cressey Station ACM - 1592 Calculations |
| 9 | 1 | 7 | | Disposition of Account 1509, Impacts Arising from the COVID-19 Emergency |
| 9 | 1 | 8 | | Disposition of Account 1508, Sub-Account Pole Attachment Revenue Variance |
| 9 | 1 | 9 | | Disposition of Distributor-Specific Accounts |
| 9 | 2 | | | Establishment of New Deferral and Variance Accounts |
| 9 | 2 | 1 | | Establishment of New Deferral and Variance Accounts |
| 9 | 3 | | | Lost Revenue Adjustment Mechanism Variance Account |
| 9 | 3 | 1 | | Lost Revenue Adjustment Mechanism Variance Account |
| 10 | | | | Cost of Service Checklist |
| 10 | 1 | | | Cost of Service Checklist |
| 10 | 1 | 1 | | Cost of Service Checklist |
| 11 | | | | END OF APPLICATION |



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 2

Exhibit 1: Administrative Documents

Tab 2 (of 10): Application Overview and Administrative Documents



1

REVENUE REQUIREMENT

2 GSHi is requesting the approval of its proposed service revenue requirement in the
 3 amount of \$34,757,403, an increase of 30.2% over the 2020 OEB approved service
 4 revenue requirement as shown in Table 1 below.

5

6

Table 1: Service Revenue Requirement Summary

| | 2020 Board Approved | 2025 Test Year Revenue Requirement | Variance (\$) | Variance (%) |
|---|------------------------|--|--------------------|-----------------|
| Distribution Revenue Requirement | | | | |
| OM&A | \$16,237,777 | \$20,224,828 | \$3,987,051 | 24.6% |
| Amortization/Depreciation | \$4,333,632 | \$5,354,146 | \$1,020,514 | 23.5% |
| Property Taxes | \$268,803 | \$341,174 | \$72,371 | 26.9% |
| Income Taxes (Grossed up) | \$300,042 | \$834,697 | \$534,655 | 178.2% |
| Deemed Interest Expense | \$1,974,425 | \$3,316,123 | \$1,341,698 | 68.0% |
| Return on Deemed Equity | \$3,590,631 | \$4,686,435 | \$1,095,804 | 30.5% |
| Total Distribution Revenue Requirement | \$26,705,310 | \$34,757,403 | \$8,052,093 | 30.2% |

7

8

9 The main drivers behind the \$8,052,093 increase in the service revenue requirement
 10 are:

- 11 • **An increase in OM&A of \$3,987,051**, from \$16,237,777 to \$20,224,828 which is
 12 driven by several key factors. Shared services corporate cost allocation
 13 contributed the most significant portion of the increase, reflecting additional staff,
 14 wage increases, and fair market rent charges, partially offset by increased
 15 revenue from GSHi’s affiliate transactions. Labor and burden costs also rose as
 16 GSHi seeks to maintain a skilled workforce capable of meeting regulatory and
 17 operational demands. Other notable drivers include increases in contract labor
 18 and vegetation management costs, which are essential for system reliability.
 19 Additionally, rising IT and insurance costs, along with increased costs for building
 20 maintenance and software support, further contributed to the overall OM&A
 21 growth. For more information, see Exhibit 4, “Operating Expenses.”

22



- 1 • **An increase in depreciation expense of \$1,020,514**, mainly due to the ongoing
2 renewal of GSHi's distribution system assets, including the rebuilding of three
3 substations between 2020 and 2025. For further details, see Exhibit 2, "Rate
4 Base and Capital."
5
6 • **An increase of \$1,341,698 in deemed interest expense**, resulting from both
7 the increase in the overall rate base and the impact of a higher deemed rate of
8 long-term debt, which affects the calculation of deemed interest. See Exhibit 5,
9 "Cost of Capital and Capital Structure" for more information.
10
11 • **An increase of \$1,095,804 in return on deemed equity**, driven by a higher rate
12 of return on deemed equity and an increase in GSHi's rate base. Additional
13 information is available in Exhibit 5, "Cost of Capital and Capital Structure."
14

1

LOAD FORECAST SUMMARY

2 This section provides a summary of GSHi's load forecast, comparing key metrics from
3 the 2020 Board-approved values to the 2025 Test Year projections. The forecast
4 includes comparisons of load in kilowatt-hours (kWh), load in kilowatts (kW), and
5 customer/connection count. The tables in each section present the percentage changes
6 in these metrics and outline the growth between the two periods.

7

Load (kWh)

9 This section compares the total energy consumption in kilowatt-hours (kWh) from the
10 2020 Board-approved values to the projected load for the 2025 Test Year. Table 1 below
11 summarizes the percentage change and total increase or decrease in load over this
12 period.

13

14

Table 1: Load (kWh) Comparison: 2020 vs. 2025

| Category | 2020 Board Approved CDM Adjusted Forecast (kWh) | 2025 CDM Adjusted Forecast (kWh) | Difference (kWh) | % Change |
|----------------|--|---|---------------------|-------------|
| Residential | 367,560,506 | 371,703,857 | 4,143,351 | 1.13% |
| GS < 50 | 136,403,467 | 138,839,523 | 2,436,056 | 1.79% |
| GS > 50 | 344,496,360 | 319,690,359 | - 24,806,001 | -7.20% |
| Street Light | 7,448,452 | 3,659,039 | - 3,789,413 | -50.88% |
| Sentinel Light | 366,104 | 312,757 | - 53,347 | -14.57% |
| USL | 1,109,725 | 851,487 | - 258,238 | -23.27% |
| | 857,384,614 | 835,057,022 | - 22,327,592 | -2.60% |

15

16

Demand (kW)

18 This section outlines the comparison between the 2020 Board-approved load in demand
19 (kW) and the projected load for 2025. Table 2 shows the total difference in load and the
20 percentage change over this five-year period.

21

22

1

Table 2: Load (kW) Comparison: 2020 vs. 2025

| Category | 2020 Board Approved CDM Adjusted Forecast (kW) | 2025 CDM Adjusted Forecast (kW) | Difference (kW) | % Change |
|----------------|--|---------------------------------|-----------------|----------|
| Residential | | | | |
| GS < 50 | | | | |
| GS > 50 | 857,773 | 793,079 | - 64,694 | -7.54% |
| Street Light | 20,807 | 10,255 | - 10,552 | -50.71% |
| Sentinel Light | 1,010 | 860 | - 150 | -14.85% |
| USL | | | | |
| | 879,590 | 804,194 | - 75,396 | -8.57% |

2

3

4 Customer / Connection Count

5 This section compares the customer/connection count from the 2020 Board-approved
6 figures to the projected count for the 2025 Test Year. Table 3 below illustrates the
7 change in the number of customers or connections and the percentage growth.

8

9

Table 3: Customer / Connection Count Comparison: 2020 vs. 2025

| Category | 2020 Board Approved Customers / Connections | 2025 Forecast Customers / Connections | Difference | % Change |
|----------------|---|---------------------------------------|------------|----------|
| Residential | 43,121 | 43,422 | 301 | 0.70% |
| GS < 50 | 4,194 | 4,404 | 210 | 5.01% |
| GS > 50 | 500 | 435 | - 65 | -13.00% |
| Street Light | 9,958 | 10,303 | 345 | 3.46% |
| Sentinel Light | 360 | 336 | - 24 | -6.67% |
| USL | 289 | 246 | - 43 | -14.88% |
| | 58,422 | 59,146 | 724 | 1.24% |

10

1 **RATE BASE AND DISTRIBUTION SYSTEM PLAN (DSP)**

2 GSHi's Distribution System Plan (DSP) is designed to minimize the total cost of asset
3 ownership while providing high-quality service. This plan integrates efficient
4 infrastructure investment with the management of corporate risks. By employing leading
5 asset management practices, GSHi ensures that its system delivers reliable electricity
6 while controlling costs. Key practices include optimizing the balance between capital and
7 maintenance expenditures, using a risk-based approach to prioritize investments, and
8 pacing investments to avoid significant expenditure peaks and troughs.

9

10 **Summary of Major Drivers of the DSP**

11 GSHi's DSP is driven by a combination of internal and external factors that shape its
12 investment priorities. The plan divides capital expenditures into four main categories as
13 prescribed by the Ontario Energy Board (OEB): System Access, System Renewal,
14 System Service, and General Plant. These categories ensure a structured approach to
15 investment across the utility's infrastructure needs.

16

17 The DSP is particularly focused on delivering four performance outcomes:

18

- 19 • **Customer Focus:** Ensuring that investments align with customer needs and
20 expectations.
- 21 • **Operational Effectiveness:** Maintaining system reliability and performance
22 through targeted upgrades and maintenance.
- 23 • **Public Policy Responsiveness:** Meeting regulatory requirements and
24 supporting broader policy goals.
- 25 • **Financial Performance:** Optimizing investment to control costs and deliver
26 value.

27

28 Several key factors are influencing the DSP, including:

29



- 1 • **Customer Growth and Demand:** Increased inquiries from large industrial
2 consumers and the City of Greater Sudbury’s population growth projections are
3 driving the need for infrastructure improvements. GSHi’s transmission and
4 distribution systems are being positioned to support this growth, particularly in
5 high-demand areas like the Kingsway and Smelter Rd industrial parks.
- 6 • **Reliability Performance:** Despite improvements in system reliability over recent
7 years, equipment failures continue to contribute significantly to outages.
8 Addressing these failures through proactive asset renewal is a core focus of the
9 DSP.
- 10 • **Asset Condition:** GSHi’s Health Index (HI) scores show that many critical
11 assets, such as substations and poles, are nearing the end of their useful life. As
12 a result, the DSP includes extensive investments in System Renewal to replace
13 or refurbish aging infrastructure.

14
15 **Rate Base Requested for the Test Year**

16 For the test year, GSHi is requesting a rate base that reflects the investments needed to
17 maintain and improve system reliability while accommodating customer growth and
18 modernizing the grid. The rate base includes capital expenditures required for substation
19 refurbishments, distribution line upgrades, and the integration of modern technologies to
20 enhance operational efficiency. These investments are essential to ensuring GSHi can
21 meet the evolving needs of its service territory while maintaining financial stability.

22
23 A summary of the 2025 Test Year rate base requested is included in Table 1 below:
24
25

1

Table 1 – 2025 Test Year Rate Base Summary

| Description | Amount |
|--------------------------------------|--------------------|
| Fixed Assets | |
| Opening Net Fixed Assets | 114,942,358 |
| Closing Net Fixed Assets | 120,282,179 |
| Average Net Fixed Assets | 117,612,268 |
| Working Capital Allowance | |
| Controllable Expenses | 20,566,002 |
| Cost of Power | 107,410,437 |
| Working Capital Base | 127,976,439 |
| Working Capital % | 7.50% |
| Allowance for Working Capital | 9,598,233 |
| Total Rate Base | 127,210,501 |

2

3

4 For more information on the proposed rate base, see Exhibit 2 – Rate Base and Capital.

5

6 **Change in Rate Base from Last OEB-Approved**

7 The requested rate base for the test year represents an increase from the last OEB-
8 approved rate base. A summary of the change is included as Table 2 below:

9

10

Table 2: Change in rate base from last OEB-approved

| Description | 2020 Board Approved | 2025 Test | Variance (\$) | Variance (%) |
|----------------------------------|------------------------|--------------------|-------------------|-----------------|
| Average Gross Fixed Assets | 222,557,072 | 258,098,622 | 35,541,549 | 16.0% |
| Average Accumulated Depreciation | - 125,980,787 | - 140,486,353 | - 14,505,566 | 11.5% |
| Average Net Book Value | 96,576,285 | 117,612,268 | 21,035,983 | 21.8% |
| Working Capital | 117,101,232 | 127,976,439 | 10,875,207 | 9.3% |
| Working Capital Rate % | 7.5% | 7.5% | - | - |
| Working Capital Allowance | 8,782,592 | 9,598,233 | 815,641 | 9.3% |
| Rate Base | 105,358,878 | 127,210,501 | 21,851,624 | 20.7% |

11

12

13 For more information on the proposed rate base, see Exhibit 2 – Rate Base and Capital.

14

15

1 **Capital Expenditures Requested for the Test Year**

2 GSHi's capital expenditures for the test year are structured across four investment
3 categories:

4

- 5 • **System Access:** Investments to support new customer connections and the
6 relocation of distribution assets, as required by statutory orders.
- 7 • **System Renewal:** Proactive replacement of aging infrastructure, particularly
8 substations and transformers, based on the recommendations of recent asset
9 condition assessments.
- 10 • **System Service:** Investments aimed at improving service quality, including
11 voltage conversion projects and system upgrades to accommodate future load
12 growth.
- 13 • **General Plant:** Investments in corporate technology and fleet upgrades that
14 support operational efficiency.

15

16 Notable projects include substation refurbishments, the installation of a 44kV backup
17 feed to Sudbury's hospital, and continued voltage conversion efforts. These projects are
18 crucial to maintaining system performance and ensuring GSHi can meet future customer
19 demand.

20

21 A summary of the capital expenditures planned for the 2025 Test Year by category is
22 included as Table 3 below:

23

1

Table 3: Summary of Capital Expenditures for the 2025 Test Year

| | 2025 Test Year |
|---------------------------------|----------------------|
| CATEGORY | \$ '000 |
| System Access | \$ 2,175 |
| System Renewal | \$ 8,735 |
| System Service | \$ 168 |
| General Plant | \$ 1,555 |
| TOTAL EXPENDITURE | \$ 12,633 |
| Capital Contributions | -\$ 1,187 |
| NET CAPITAL EXPENDITURES | \$ 11,445 |

2

3

4 For more information on planned capital expenditures see Exhibit 2 – Rate Base and
5 Capital.

6

7 **Change in Capital Expenditures from Last OEB-Approved**

8

9 The capital expenditures requested for the test year reflect an increase from the last
10 OEB-approved levels. This increase is driven by several factors:

11

- 12 • **Inflation and Supply Chain Pressures:** Global supply chain disruptions have
13 increased the cost of materials and labor, leading to higher capital expenditures.
- 14 • **Aging Infrastructure:** The need to replace or refurbish older assets has grown
15 more urgent, requiring larger investments in System Renewal projects.

16

17 Despite this increase, GSHi has identified opportunities for cost savings, including:

18

- 19 • **Bundling Projects:** Grouping investments (e.g., renewing an entire subdivision
20 in one year) to reduce mobilization and construction costs.
- 21 • **Proactive Asset Management:** Prioritizing the replacement of assets with low
22 health index scores to minimize future operational and maintenance costs.

- 1 • **Voltage Conversion:** Eliminating 4kV systems to reduce line losses and
2 maintenance requirements.

3

4 See Table 4 below for a summary of the change in capital expenditures from last OEB-
5 approved:

6

7

Table 4: Change in capital expenditures from last OEB-approved

| | 2020 | 2025 | | |
|---------------------------------|------------------|------------------|-----------------|--------------|
| | Board | Test | | |
| | Approved | Year | Variance | Variance |
| CATEGORY | \$ '000 | \$ '000 | \$ | % |
| System Access | \$ 1,920 | \$ 2,175 | \$ 255 | 13.3% |
| System Renewal | \$ 5,502 | \$ 8,735 | \$ 3,233 | 58.8% |
| System Service | \$ 1,530 | \$ 168 | -\$ 1,362 | -89.1% |
| General Plant | \$ 1,215 | \$ 1,555 | \$ 340 | 28.0% |
| TOTAL EXPENDITURE | \$ 10,167 | \$ 12,633 | \$ 2,466 | 24.3% |
| Capital Contributions | -\$ 1,082 | -\$ 1,187 | -\$ 105 | 9.7% |
| NET CAPITAL EXPENDITURES | \$ 9,085 | \$ 11,445 | \$ 2,360 | 26.0% |

8

9

10 **Conclusion**

11 GSHi's requested rate base and capital expenditures reflect its commitment to delivering
12 reliable, safe, and efficient electricity service. The proposed investments align with
13 GSHi's long-term strategic goals and are necessary to address the challenges posed by
14 aging infrastructure, growing customer demand, and evolving regulatory requirements.
15 By focusing on proactive asset management and cost-effective project delivery, GSHi is
16 well-positioned to continue providing value to its customers while ensuring system
17 reliability and operational excellence.



1 **OPERATIONS, MAINTENANCE AND ADMINISTRATIVE**
2 **EXPENSE**

3 OM&A expenses are discussed in detail in Exhibit 4 of this application. For a
4 comprehensive breakdown of the factors contributing to OM&A changes, including key
5 drivers and detailed analysis of specific cost categories, please refer to the
6 corresponding sections within that exhibit.

7
8 **OM&A Requested for the Test Year**

9 Greater Sudbury Hydro Inc. (GSHi) is requesting an OM&A budget of **\$20,224,828** for
10 the 2025 test year. This budget reflects GSHi's commitment to meeting customer needs,
11 regulatory requirements, and system reliability through targeted investments in
12 operations, maintenance, and administration.

13
14 **Change in OM&A from Last OEB-Approved**

15 The last Ontario Energy Board (OEB) approved OM&A budget for GSHi was
16 **\$16,237,777** in 2020. The requested OM&A for 2025 represents an increase of
17 **\$3,987,051**, or **24.6%** over the 2020 Board-approved amount. This translates to a
18 compound annual growth rate (CAGR) of **4.5%** over the five-year period.

19
20 **Summary of Overall Drivers and Cost Trends**

21 Several factors contribute to the increase in OM&A expenses for 2025:

- 22 1. **Shared Services and Corporate Cost Allocation** (44.5% of total increase): The
23 largest driver of the OM&A increase comes from additional staff, general wage
24 progression, and fair market rent charges, (which are partially offset by increased
25 revenue from affiliate transactions) and changes that were recommended as part
26 of the Cost Allocation review audit performed by KPMG.
- 27 2. **Labor and Burden Costs** (20.4% of total increase): This reflects the need for a
28 highly skilled workforce to manage modern energy distribution systems and
29 comply with new regulatory requirements.



- 1 3. **Future Pension Benefit Interest Expense** (7.0% of total increase): This
- 2 expense reflects the cost of other post-employment benefits as determined by
- 3 annual actuarial valuations.
- 4 4. **Contract Labor** (5.8% of total increase): Contract labor is being strategically
- 5 used for short-term projects and specialized tasks, reducing the need for
- 6 permanent staff for certain functions.
- 7 5. **Vegetation Management Contract Labor** (5.3% of total increase): Rising
- 8 contractor costs for vegetation management are necessary to maintain system
- 9 reliability and safety by preventing outages caused by overgrown vegetation.
- 10 6. **IT Costs and Software Licenses**: Rising costs in this area reflect increased
- 11 needs for cybersecurity, software maintenance, and overall IT infrastructure
- 12 upgrades, which are essential for efficient operations and compliance with
- 13 modern standards.
- 14 7. **Other Factors**: Smaller contributing factors include increases in building
- 15 expenses, insurance, memberships, and training, all of which support the
- 16 ongoing operations of the company.

17

18 These cost drivers ensure that GSHi remains operationally effective, enhances reliability,

19 and meets regulatory requirements, all while preparing for future demands, particularly in

20 light of post-COVID challenges and ongoing industry changes.

21

22

1

COST OF CAPITAL

2 Proposed Capital Structure and Cost of Capital Parameters

3 GSHi has applied a 60/40 debt-to-equity ratio, as per the Ontario Energy Board’s (OEB)
 4 deemed capital structure guidelines.

5

6 60% debt is further broken down into 56% long-term debt and 4% short-term debt.

7 For the 2025 Test Year, see Table 1 as follows for a summary of the proposed capital
 8 structure:

9

Table 1: Summary of Proposed Capital Structure

| | Current Application | | | 2020 Approved | | |
|------------------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|
| | Deemed Portion | Effective Rate | Return Amount | Deemed Portion | Effective Rate | Return Amount |
| Short-Term Debt | 4.00% | 6.23% | \$ 317,009 | 4.00% | 2.75% | \$ 115,895 |
| Long-Term Debt | 56.00% | 4.21% | \$ 2,999,115 | 56.00% | 3.15% | \$ 1,858,531 |
| Total Equity | 40.00% | 9.21% | \$ 4,686,435 | 40.00% | 8.52% | \$ 3,590,631 |
| Regulated Rate of Return | 100.00% | 6.29% | \$ 8,002,558 | 100.00% | 5.28% | \$ 5,565,056 |
| Rate Base | | | \$ 127,210,501 | | | \$ 105,358,878 |
| <i>Deemed Interest Expense</i> | | | \$ 3,316,123 | | | \$ 1,974,425 |
| <i>Deemed Return on Equity</i> | | | \$ 4,686,435 | | | \$ 3,590,631 |
| Regulated Return on Capital | | | \$ 8,002,558 | | | \$ 5,565,056 |

11

12

13 Use of OEB’s Cost of Capital Parameters

14 GSHi is using the OEB’s cost of capital parameters for its application. It will update these
 15 parameters based on the Cost of Capital letter issued by the OEB for 2025 as part of its
 16 draft rate order.

17

18 There is no deviation from the OEB’s prescribed capital structure or methodology.

19

20



1 Deviations from OEB's Cost of Capital Methodology

2 No deviations are proposed by GSHi from the OEB's deemed capital structure or cost of
3 capital methodology. The actual long-term debt and equity structures align with the
4 OEB's methodology.

5



COST ALLOCATION AND RATE DESIGN

GSHi has prepared and is filing a cost allocation model consistent with the Directions and Policies in the Board's Reports of November 28, 2007 Application of Cost Allocation for Electricity Distributors, and March 31, 2011 Review of Electricity Distribution Cost Allocation Policy (EB-2010-0219) and all subsequent updates.

GSHi confirms it has not deviated from the OEB's cost allocation and rate design methodologies.

Table 1 Below provides the 2020 Board Approved cost allocation study results and the results of the 2025 cost allocation study.

Table 1 – Cost Allocation Results

| Rate Class | Costs | | Allocated Class | |
|-------------------|-------------------------------|--------|---------------------|--------|
| | Allocated from Previous Study | % | Revenue Requirement | % |
| Residential | \$ 17,622,635 | 65.99% | \$ 21,566,101 | 62.05% |
| GS < 50 | \$ 3,615,404 | 13.54% | \$ 4,872,491 | 14.02% |
| GS > 50 | \$ 4,959,799 | 18.57% | \$ 7,669,335 | 22.07% |
| Street Lighting | \$ 413,801 | 1.55% | \$ 536,810 | 1.54% |
| Sentinel Lighting | \$ 49,490 | 0.19% | \$ 67,681 | 0.19% |
| USL | \$ 44,183 | 0.17% | \$ 44,985 | 0.13% |

Table 2 below provides the approved revenue to cost ratios for 2024, the status quo revenue to cost ratios (based on a uniform rate increase), and the proposed revenue to cost ratios after revenue rebalancing, along with the Board policy revenue to cost ratio range.

1

Table 2 – Cost Allocation Ratios

| Rate Class | Approved Ratios for 2024 | Status Quo Ratios | Proposed Ratios | Policy Range |
|-------------------|--------------------------|-------------------|-----------------|--------------|
| Residential | 93.06% | 100.45% | 100.45% | 85% - 115% |
| GS < 50 | 118.66% | 118.54% | 118.54% | 80% - 120% |
| GS > 50 | 109.46% | 85.59% | 85.64% | 80% - 120% |
| Street Lighting | 120.00% | 121.41% | 120.00% | 80% - 120% |
| Sentinel Lighting | 93.06% | 79.79% | 85.64% | 80% - 120% |
| USL | 100.10% | 106.02% | 106.02% | 80% - 120% |

2

3

4 The revenue to cost ratio for the Street Lighting class is above the maximum of the
5 policy range and Sentinel Lighting is below the policy range floor. GSHi is proposing to
6 reduce the Street Lighting ratio and increase the Sentinel Lighting ratios in the test year.
7 In order to maintain revenue neutrality, GSHi is proposing to rebalance General Service
8 > 50 kW and Sentinel classes upwards as they are the only other classes below 100%.
9 Rates are designed to recover GSHi's proposed revenue requirement by using the
10 existing fixed and variable split for the Residential and Sentinel Lighting rate classes and
11 maintaining the existing fixed charge for all other rate classes as the current fixed charge
12 of these class exceeds the maximum charge as per the cost allocation model. For these
13 classes the targeted revenue increases are achieved through increases to the variable
14 charge.

15

16

Table 3 – Fixed Charges

| Rate Class | Fixed Charge Maintaining Fixed/Variable Split | CA Model Ceiling (Minimum System with PLCC) | Existing Charge | Proposed Fixed Charge before 30-day Adjustment | Basis for Proposed Fixed Charge |
|-------------------|---|---|-----------------|--|---------------------------------|
| Residential | \$39.04 | \$21.56 | \$33.77 | \$39.04 | Fully Fixed Charges |
| GS < 50 | \$29.41 | \$23.22 | \$25.44 | \$25.44 | Existing Charge |
| GS > 50 | \$224.35 | \$56.31 | \$193.95 | \$193.95 | Existing Charge |
| Street Lighting | \$4.68 | \$3.55 | \$4.10 | \$4.10 | Existing Charge |
| Sentinel Lighting | \$7.73 | \$16.69 | \$6.18 | \$7.73 | Maintain Fixed/Variable |
| USL | \$10.40 | (\$105.20) | \$9.00 | \$9.00 | Existing Charge |

17

18



1 GSHi is proposing to determine fixed charges on a 30-day basis, rather than a monthly
 2 basis, to align with its billing system. Therefore, the fixed charges provided above are
 3 adjusted by 98.63% (or 360/365) to produce the 30-day basis fixed charges that appear
 4 on GSHi's proposed tariff schedule. A summary of GSHi's current 2024 charges (with
 5 and without the 30-day adjustment) and GSHi's proposed 2025 charges is provided in
 6 Table 4.

7

8

Table 4 – Current and Proposed Charges

| Rate Class | Current Charges | | Current Charges | | Proposed Charges | | Rate Impact | |
|-------------------|------------------------|-----------------|--------------------------------|-----------------|-----------------------------|-----------------|--------------|-----------------|
| | Fixed Charge (monthly) | Variable Charge | Fixed Charge (30-day adjusted) | Variable Charge | Fixed Charge (30-day basis) | Variable Charge | Fixed Charge | Variable Charge |
| Residential | \$33.77 | | \$33.31 | | \$38.51 | | 15.6% | |
| GS < 50 | \$25.44 | \$0.0246 | \$25.09 | \$0.0246 | \$25.09 | \$0.0300 | 0.0% | 21.8% |
| GS > 50 | \$193.95 | \$5.5651 | \$191.29 | \$5.5651 | \$191.29 | \$6.6148 | 0.0% | 18.9% |
| Street Lighting | \$4.10 | \$1.9866 | \$4.04 | \$1.9866 | \$4.04 | \$9.3210 | 0.0% | 369.2% |
| Sentinel Lighting | \$6.18 | \$19.8801 | \$6.10 | \$19.8801 | \$7.62 | \$24.8617 | 25.0% | 25.1% |
| USL | \$9.00 | \$0.0136 | \$8.88 | \$0.0136 | \$8.88 | \$0.0206 | 0.0% | 51.3% |

9

1 **DEFERRAL AND VARIANCE ACCOUNTS**

2 Total Disposition (\$) and Allocation

3 GSHi is requesting approval for the disposition of its Group 1, Group 2, and Other DVAs,
4 including forecasted interest through April 30, 2025. The total disposition claim is a credit
5 of \$380,143 for Group 1 accounts, and a debit of \$18,901,146 for Group 2 accounts.
6 These amounts will be allocated across customer classes using the approved allocation
7 methodology. If applicable, the disposition is split between Regulated Price Plan (RPP)
8 and non-RPP customers based on their respective usage. See Exhibit 9, Tab 1,
9 Schedule 1 for more information.

10

11 Disposition Period(s)

12 GSHi proposes a disposition period from May 1, 2025 to April 30, 2026 for the Group 1
13 and Group 2 accounts outlined in this application, excluding balances pertaining to the
14 disposition of the net OPEB balance. For the net OPEB disposition balance, GSHi
15 proposes recovery over a 10-year period to mitigate the impact on rates, which results in
16 annualized amounts being recovered through rate riders over that duration.

17

18 New DVAs and Requested Discontinuations

19 GSHi is proposing the discontinuation of the following DVAs:

- 20 • **Account 1508 - Pole Attachment Revenue Variance:** Proposed for
21 discontinuation as rebasing for 2025 will eliminate the need for further deferral.
- 22 • **Account 1508 - OPEB Cash to Accrual Transitional Amount and OPEB**
23 **Actuarial Gains & Losses:** After disposition of these accounts, no further
24 transactions will be recorded, and GSHi proposes discontinuing these accounts.
- 25 • **Account 1525 - ACM Cressey Station Rebuild Sub-accounts:** These sub-
26 accounts will be discontinued upon the transfer of balances to capital assets.
 - 27 • **Account 1509 - Impacts Arising from the COVID-19 Emergency:** No
28 further balances will be recorded, and GSHi is not proposing continuation
29 of this account.

30 Additionally, no new DVAs are being requested in this application.



1

BILL IMPACTS

2 GSHi is requesting 2025 distribution rates as noted in the Tariff of Rates and Charges in
 3 Exhibit 8, Tab 5, Schedule 1, Attachment 2. The impact on GSHi’s customers is reflected
 4 in Table 1 below. These bill impacts are calculated using monthly-basis fixed charges
 5 (rather than 30-day basis fixed charges) to provide an accurate representation of the
 6 typical impact on customer monthly bills.

7

8

Table 1 – Bill Impacts

| RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer) | Units | Sub-Total | | | | | | Total | |
|--|-------|--------------|-------|-------------|-------|--------------|-------|--------------|-------|
| | | A | | B | | C | | Total Bill | |
| | | \$ | % | \$ | % | \$ | % | \$ | % |
| RESIDENTIAL - RPP | kwh | \$ 6.66 | 19.1% | \$ 2.88 | 6.8% | \$ 3.57 | 6.5% | \$ 3.34 | 2.5% |
| GENERAL SERVICE LESS THAN 50 KW - RPP | kwh | \$ 12.34 | 16.0% | \$ 1.93 | 2.0% | \$ 3.35 | 2.8% | \$ 3.12 | 0.9% |
| GENERAL SERVICE 50 to 4,999 kW - Non-RPP (Other) | kw | \$ 145.21 | 13.3% | \$ 201.30 | 17.2% | \$ 278.08 | 11.3% | \$ 302.63 | 3.2% |
| UNMETERED SCATTERED LOAD - RPP | kwh | \$ 2.77 | 20.7% | \$ 1.23 | 7.6% | \$ 1.43 | 7.3% | \$ 1.34 | 2.7% |
| SENTINEL LIGHTING - RPP | kw | \$ 3.15 | 30.5% | \$ 2.75 | 24.9% | \$ 2.80 | 23.4% | \$ 2.63 | 13.1% |
| STREET LIGHTING - Non-RPP (Other) | kw | \$ 11,881.55 | 25.7% | \$11,958.32 | 25.7% | \$ 12,180.34 | 24.2% | \$ 13,704.82 | 15.0% |
| RESIDENTIAL - RPP (Low Volume) | kWh | \$ 6.66 | 19.1% | \$ 5.59 | 15.0% | \$ 5.79 | 14.2% | \$ 5.42 | 8.6% |
| RESIDENTIAL - Non-RPP (Retailer) | kWh | \$ 6.66 | 19.1% | \$ 7.64 | 19.6% | \$ 8.32 | 16.3% | \$ 7.79 | 6.8% |
| GENERAL SERVICE LESS THAN 50 KW - RPP (Low volume) | kWh | \$ 2.44 | 6.2% | \$ (0.02) | 0.0% | \$ 0.34 | 0.7% | \$ 0.31 | 0.3% |
| GENERAL SERVICE LESS THAN 50 KW - Non-RPP (Retailer) | kWh | \$ 12.34 | 16.0% | \$ 14.61 | 16.6% | \$ 16.03 | 14.3% | \$ 15.00 | 5.3% |

9

10

11 Although the bill impacts for the Street Lighting and Sentinel Lighting classes fell above
 12 the 10% threshold, GSHi is not proposing a specific rate plan nor a mitigation plan in its
 13 initial application.

14

15 GSHi is proposing to explore ways of reducing its bill impacts during the interrogatories
 16 and settlement phases of this application, should the OEB and intervenors see the need
 17 for rate mitigation for these classes. Whether rate mitigation is ultimately required and
 18 what measures can accomplish any required mitigation, GSHi respectfully submits, can
 19 be best assessed at the end of the application process. This would occur after any
 20 required updates to the evidence and any changes to the application as a result of the
 21 settlement process, or any decisions made by the Board with respect to the application
 22 have been made, given the limited ways in which the applied for rates currently exceed
 23 the applicable impact threshold.

24

25



1

BUSINESS PLAN

2 The Greater Sudbury Hydro Inc. (GSHi) Business Plan, included as Exhibit 1, Tab 2,
3 Schedule 9, Attachment 1, outlines the company's strategic direction for the period from
4 January 1, 2025, to December 31, 2029. Over the next five years, GSHi will focus on key
5 initiatives aimed at maintaining reliable service, enhancing customer satisfaction, and
6 supporting the province's broader energy transition efforts. As Ontario moves towards a
7 decarbonized electricity grid by 2050, GSHi plans to implement a proactive asset
8 management strategy while navigating the complexities of increased electrification,
9 regulatory changes, and technological advancements. This Business Plan underscores
10 the importance of "no regrets activities," ensuring that investments in infrastructure and
11 services remain adaptable under various future conditions. Through collaboration with
12 stakeholders, GSHi is committed to improving operational efficiency, supporting
13 community development, and advancing sustainability while meeting regulatory
14 standards and customer expectations.
15



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 2
Schedule 9
Attachment 1
Page 1 of 1

Attachment 1 (of 1):

Business Plan



Building
Connections
for Life


A GSU company

GREATER SUDBURY HYDRO INC. BUSINESS PLAN

Jan 1, 2025 - Dec 31, 2029

Table of Contents

| | |
|---|----|
| 1.0 Executive Summary | 3 |
| 2.0 GSHi Business Description | 9 |
| 2.1 Regulatory Framework..... | 9 |
| 2.2 Vision..... | 11 |
| 2.3 Purpose | 11 |
| 2.4 Values | 11 |
| 3.0 Direction: Strategic Plan & the Renewed Regulatory Framework for Electricity Distributors (RRFE) 2025-2029..... | 14 |
| 3.1 Strategic Themes: Five Areas of Focus & Alignment to the RRFE | 14 |
| 4.0 GSHi Operational Plan: RRFE Focus and Alignment..... | 18 |
| 4.1 Customer Focus..... | 18 |
| 4.2 Operational Effectiveness Focus | 24 |
| 4.3 People Focus | 29 |
| 4.4 Financial Focus | 32 |
| 4.5 Community Focus..... | 37 |
| 4.6 Public Policy Responsiveness | 38 |
| 5.0 Control: Governance & Reporting | 41 |
| 5.1 Governance | 41 |
| 5.2 OEB Scorecard | 42 |
| 5.3 Corporate Scorecard | 43 |
| 6.0 Continuous Improvement | 45 |
| 6.1 Risk Management..... | 45 |
| 6.2 Renewing the Business Plan | 45 |
| Appendix 1 – Customer Satisfaction Survey | 46 |
| Appendix 2 – GSHi OEB Scorecard 2023..... | 47 |
| Appendix 3 – 2025 OM&A and Capital Budgets | 48 |
| Appendix 4 - FIN-BRD Enterprise Risk Management and MP 6.1 | 49 |
| H & S Actions to Address Risks and Opportunities | 49 |

2025-2029 BUSINESS PLAN

1.0 Executive Summary

Over 100 hundred years ago, Sudbury became the first community in Ontario to own and operate its own electricity generating facility. Today, over 48,000 customers in the City of Greater Sudbury and the Municipality of West Nipissing rely on GSHi to meet their evolving electricity needs. Greater Sudbury Hydro Incorporated (GSHi), which is wholly owned by Greater Sudbury Utilities who is wholly owned by the City of Greater Sudbury, now manages and maintains 26 substations. At peak demand, this system supplies 160 million watts (160 megawatts) of safe and reliable electricity to residential, commercial and industrial customers.

The energy market is transitioning. Ontario's energy transition is guided by efforts to decarbonize its electricity grid, focusing on reducing reliance on natural gas and increasing the use of non-emitting energy sources. Key reports from Ontario's Independent Electricity System Operator (IESO) highlight the province's roadmap towards a cleaner energy future. The IESO's pathways to decarbonization anticipates a decarbonized electricity grid by 2050. Achieving a fully decarbonized electricity system by 2050 would require the grid to more than double its current size moving from 42,000 MW to 88,000 MW, with an estimated investment of \$400 billion. To meet growing electricity demands and support decarbonization, Ontario is targeting the addition of 2,000 MW of new non-emitting generation by 2030, with further plans for 3,000 MW in subsequent procurements. The province's electricity demand from the Annual Planning Outlook by the IESO is projected to grow by about 2% annually over the next two decades, driven by economic growth and increased electrification. The transition involves complex challenges, including ensuring reliability and affordability while integrating emerging technologies like energy storage and hybrid generation. The IESO's "Pathways to Decarbonization" report outlines potential scenarios for eliminating emissions from the electricity sector, highlighting necessary actions, risks, and opportunities. Key actions include expanding energy-efficiency programs (CDM), planning long-lead time projects like nuclear and hydro, and enhancing support for low-carbon fuels as well as significant investments in bulk system transmission lines. Ontario's energy transition strategy, as detailed by the IESO,

involves significant investments and collaborative efforts to achieve a decarbonized electricity system by mid-century, ensuring a reliable and sustainable energy future for the province.

Ontario has set ambitious goals to promote electrification and the adoption of electric vehicles (EVs) as part of its broader climate action and economic development strategies. Key goals and their expected impact on local distribution system grids include increased EV adoption, expanding charging infrastructure, incentives, as well as legislative and policy support to encourage electrification and EV adoption. The impact on local distribution system grids as it relates to electrification include increased electricity demand, load management challenges, smart grid technologies, distributed energy resources (DERs), grid modernization and investments as well as regulatory and policy adjustments.

Ontario's energy transition, specifically the shift toward electrification, brings considerable uncertainty for the province's local distribution companies (LDCs), including GSHi. This uncertainty primarily revolves around the timing and scale of impacts electrification will have on LDCs. Key aspects of this uncertainty include:

- **Demand Forecasting:** Predicting the future electricity demand due to increased electrification (e.g., electric vehicles, electric heating) is challenging. LDCs need accurate forecasts to plan infrastructure upgrades, but current projections may vary widely.
- **Infrastructure Upgrades:** The pace at which LDCs need to upgrade their infrastructure to support increased electrification is unclear. Rapid changes in demand could necessitate urgent and extensive investments, while slower adoption rates might allow for more gradual improvements.
- **Regulatory and Policy Changes:** Evolving government policies and regulations related to electrification and energy transition add to the uncertainty. LDCs must adapt to new rules, incentives, and potential changes in energy pricing structures. The Report of the Electrification and Energy Transition Panel states that in the short term (present-2030) “A period of innovation and change during which government is needed to provide clear leadership in setting up the planning and regulatory frameworks that will be required to support the rapid but orderly transformation, much of it customer-driven, that can be expected to intensify after 2030” (Collie, 2023).

- **Technology Adoption Rates:** The speed at which consumers and businesses adopt new electrification technologies (such as electric vehicles and heat pumps) affects demand patterns. These adoption rates are influenced by factors like technological advancements, market incentives, and consumer behavior.
- **Economic Factors:** Economic conditions, including changes in energy prices, availability of funding for infrastructure projects, and broader economic trends, can impact the timing and scale of electrification.
- **Grid Reliability and Resilience:** Ensuring the grid remains reliable and resilient amidst increasing electrification is a concern. Uncertainty about when and where demand will increase makes it difficult for LDCs to plan and implement necessary measures.

Overall, the timing and impacts of electrification on Ontario's LDCs are surrounded by uncertainties that stem from variable demand growth, regulatory changes, economic factors, and technological adoption rates. These uncertainties necessitate flexible and adaptive planning strategies to ensure a smooth energy transition. Over the planning horizon, GSHi is terming this adaptive and flexible planning as “*no regrets activities*” – investments in the distribution system that remain valid under a variety of conditions. GSHi’s Distribution System Plan (DSP) emphasizes no regrets activities through a proactive asset management strategy. This approach prioritizes capital projects based on risk and business impact, ensuring a balanced focus on reliability and cost to ratepayers. The DSP aims to maintain this balance by smoothing capital expenditures over time, minimizing rate shocks while safeguarding service reliability.

GSHi understands that having capacity on the system where it’s needed, when it’s needed, is something that is critical to not only electrification but the development of the community (City of Greater Sudbury’s Employment Lands Strategy). GSHi balances that against the need to be prudent when making costly capital decisions. In the end, the strategic direction over the planning horizon is to focus on no regrets activities, while remaining nimble (for example, the development of capabilities required to operate as a Distribution System Operator) and collaborating with other electricity distributors to leverage emerging opportunities in a way that will provide the greatest benefit to ratepayers and stakeholders alike.

To balance these goals, GSHi will continually operate, maintain, and improve its systems through responsible, no regrets activities which includes investments in people, processes, collaboration and the distribution system. Exceptional OH&S performance and continual improvement is who GSHi is and what it does. The policies and procedures in its systems provide direction and structure; and meet the requirements of the OH&S Act, other statutory/regulatory requirements as well as follow the standards of ISO 9001 and ISO 45001s.

GSHi's vision and purpose aligns with the policies and objectives in the City of Greater Sudbury's Official Plan, which promises the delivery of a reliable supply of electricity to citizens in a manner that is fiscally responsible, environmentally conscious, and innovative in its approach to energy delivery and conservation.

To fulfill its vision, GSHi must **continuously strive for excellence in all areas of its business while meeting or exceeding the regulatory performance standards to which it is subject including but not limited to the OEB Scorecard and the Activity Performance Benchmarking (APB)**. A large component of this pursuit involves mirroring the performance outcomes detailed in the Ontario Energy Board's *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (hereafter the *RRFE*).¹

GSHi has consistently demonstrated strong alignment between its business practices and the four RRFE outcomes. This alignment is evidenced in the largely positive results GSHi has achieved year-over-year in the Ontario Energy Board-issued Electricity Utility Scorecard (hereafter the *Scorecard*). The Scorecard measures a distributor's effectiveness and improvement in customer focus, operational effectiveness, public policy responsiveness, and financial performance to the benefit of existing and future customers.

This alignment is by design—the Scorecard results are carefully reviewed to guide GSHi's business planning and the setting of strategic objectives. However, it is also **a reflection of the inherent values that have shaped GSHi's corporate culture for decades**. These values are discussed

¹ Released October 18, 2012

further in Section 2.4 as the baseline for all business planning activities and operational considerations.

GSHi's 2025-2029 Business Plan has been informed through Board governance strategic planning and direction, annual stakeholder consultation, as well as enhanced engagement activities specific to its 2025-2029 Distribution System Plan (DSP). The Plan takes a customer-focused approach to goal-setting that prioritizes continuous improvement in all areas of GSHi's business to drive value for our customers over the short and long term.

The goals and attainment strategies GSHi has set over the next five years fall within five objective categories that reflect multiple OEB performance outcomes and the RRF. These objective categories have been identified through careful consideration of:

- No regrets activities and the energy transition;
- Operations, administration and maintenance requirements;
- Advances in technology;
- An evolving and transitioning regulatory environment;
- GSHi's ongoing commitment to community investment; and
- The customer-stated need to balance rates with necessary investments to ensure reliable service that meets the needs of today and future generations.

Table 1 – GSHi's Corporate Objectives

Our Purpose

GSU owns infrastructure in the Energy and Telecommunications space that connects customers in a way that improves how they work and live. Our commitment to quality builds physical connections that meet the needs of future generations. Our personal connections with our customers, communities, and our people last a lifetime.

Our Corporate Values

- Doing the Right Thing** · We do the right thing even when no one’s looking.
- Ensuring Safety is our Responsibility** · We take care of what’s most important to us—our people, family, public, communities.
- Acting Courageously** · See opportunity, innovate, question, and own the result.
- Giving More** · Exceed expectations, respond with urgency, support the community.
- Protecting our Assets** · Take care of the important things today and for the future.

| | | | | |
|--|--|--|---|--|
|  |  |  |  |  |
| <p>Customer Objective</p> <p>GSU is committed to connecting with customers in a way that improves how they work and live. We build personal connections that last a lifetime.</p> | <p>People Objective</p> <p>GSU provides a safe, respectful environment for our people where they can achieve their full potential as experts and individuals.</p> | <p>Financial Objective</p> <p>GSU creates value for our customers and provides profit from each company. Our innovative and entrepreneurial spirit drives our growth.</p> | <p>Operational/ Organizational Excellence Objective</p> <p>GSU businesses measure their performance to continuously improve operational excellence. Our commitment to quality builds physical connections that meet the needs of future generations.</p> | <p>Community Objective</p> <p>GSU contributes daily to the social, cultural and economic fabric of our community.</p> |

The goals, objectives and attainment strategies described in the Plan have been approved by GSHi’s Board of Directors. Progress will be closely monitored using specific performance metrics, both externally-prescribed and internally-set.

GSHi believes that its Plan, which reflects its vision, purpose and corporate values, is reasonable, responsible and achievable. It assures accountability through performance tracking and evaluation, and contains a sound financial plan that underpins the rationale for the actions to be taken over the coming years.

2.0 GSHi Business Description

2.1 Regulatory Framework

In Ontario, the Ministry of Energy (hereafter the *Ministry*) sets the overall policy for the energy sector, guided by relevant laws and regulations. It oversees the IESO and the Ontario Energy Board (OEB), which regulates the energy sector as set out primarily in three statutes – the *Ontario Energy Board Act, 1998* (OEB Act); the *Electricity Act, 1998*; and the *Energy Consumer Protection Act, 2010*. The OEB Act establishes the authority of the OEB to approve and fix all rates for the transmission and distribution of electricity in Ontario and to set standards of service, conduct and reporting that must be adhered to as a condition of being licensed.

The OEB's regulatory framework for electricity distributors is designed to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

The OEB typically regulates electricity rates for distributors using a combination of detailed Cost of Service (COS) reviews and Incentive Rate-Setting Methodology (IRM) adjustments. Under the OEB's rate-setting methods, actual operating conditions may vary from forecasts, such that actual returns achieved can differ from approved returns. Approved electricity rates are generally not adjusted as a result of actual costs or revenues being different from forecasted amounts, other than for certain prescribed costs that are eligible for deferral for future collection from, or refund to, customers.

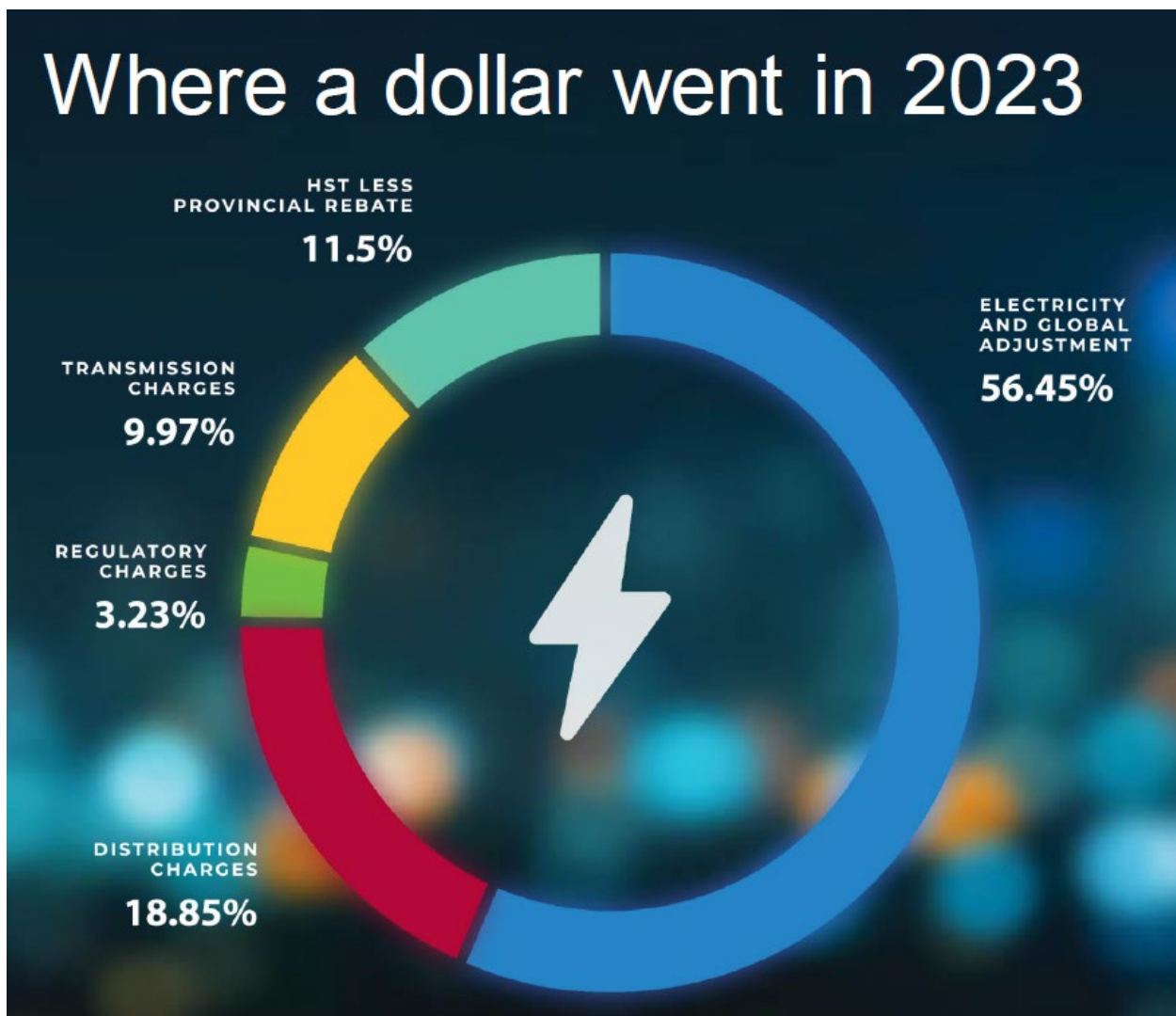
GSHi recovers its costs from customers through electricity distribution rates. These include the costs to:

- design, build and maintain overhead and underground distribution lines, poles, stations and local transformers;
- operate local distribution systems, including smart meters; and
- provide customer service and emergency response.

Costs and rates vary from one distributor to another, depending on factors such as the age and condition of assets, geographic terrain and distance, population density and growth and the proportion of residence to commercial consumers.

GSHi's distribution charge to its residential customers represents 18.85% of the total amount the customer pays, GSHi collects the entire electricity bill but keeps only this portion. The balance is passed on, without markup, to regulators, the provincial government and the other companies responsible for generating and transmitting electricity and managing the market system.

Figure 1 – Breakdown of GSHi's Electricity Rate



2.2 Vision

GSHi builds connections for life.

GSHi builds lasting infrastructure with a focus on quality, ensuring it meets the needs of today and future generations. Designing with future demands in mind, GSHi adapts to changing customer requirements to provide essential services to the communities it serves.

GSHi's goal is to form lifelong connections with customers, excelling in service delivery. It follows the platinum rule: "Treat each customer the way you would want your grandmother to be treated." By measuring and improving key service deliverables, the company maintains high standards of customer care.

GSHi fosters a culture of purpose, belonging, and safety, where every team member can thrive. From recruitment to development, it prioritizes cultural fit and ensures that safety is a shared responsibility for long-term success. "The Power of Us" emphasizes collaboration and shared values. The company hires the best, supports each other, and achieves excellence together.

GSHi's commitment extends to its communities. It volunteers, supports local causes, and leads development projects, enhancing the places where it works and lives. As leaders, the company continues to meet future challenges and contribute meaningfully to community projects, both large and small.

2.3 Purpose

GSHi owns infrastructure in the energy space that connects customers in a way that improves how they work and live. Our commitment to quality builds physical connections that meet the needs of future generations. Our personal connections with our customers, communities, and our people last a lifetime.

2.4 Values

The values listed below are **constant reference points that inform all decisions made and actions taken at GSHi**. When it comes to its values, GSHi never compromises. This commitment brings its employees together and sets the company apart. GSHi calls this *The Power of Us*. By subscribing to this belief, GSHi's employees have been empowered to:

The Power of Us

Doing the right thing. **Ensuring safety is our responsibility.** **Acting courageously.** **Protecting our assets.** **Giving more.**

In all circumstances, the most important question GSHi asks as an organization is: **Is this the right thing to do?** We always work in the best interests of our stakeholders, no matter what the circumstance. We deliver on our promises and consistently treat others as we'd like to be treated.. GSHi is fully committed to doing the right thing—always and without exception. This value, perhaps more than any other, defines it as an organization.

Ensuring safety is our responsibility is a non-negotiable at GSHi. The company takes care of what's most important to it – now and over the long term. Its people, their families, the public, and the communities are paramount, and their safety is GSHi's greatest responsibility. GSHi exhibits an unwavering commitment to continuous learning, safety, health, wellness, and work-life balance, allowing its people to achieve their full potential as experts and individuals.

GSHi recognizes that responsible corporate practice isn't just about meeting standards and fulfilling requirements—it also means **giving more**. GSHi carefully manages its operations and finances so that it is always in a position to deliver measured value to its stakeholders, and it will continue to do so. GSHi has set targets specific to maximizing its economic value to its customers without compromising its ability to manage its operations in a reliable and sustainable manner. GSHi strives to do more by consistently elevating its levels of efficiency through the application of continuous improvement principles to all of its business processes.

GSHi's belief in **giving more** also extends to the efforts taken to **protect its assets**. GSHi practices sound financial management, remains responsive in emergency situations, and engage in preventative maintenance of infrastructure. GSHi takes a long view – our unwavering commitment to quality builds physical connections that meet the needs of future generations.

Responsible planning often requires making difficult decisions. GSHi's experts must often **act courageously** when deciding which projects to prioritize to effectively allocate human and financial resources. At times, **doing the right thing** means tough choices must be made to ensure long-term prosperity while still providing expected value to customers.

3.0 Direction: Strategic Plan & the Renewed Regulatory Framework for Electricity Distributors (RRFE) 2025-2029

GSHi, along with its Board of Directors, met on February 28, 2024 to reconfirm GSHi's Strategic Direction over the planning horizon. From this session GSHi's corporate values, organizational vision and strategic objectives were re-confirmed. A focus on no regrets activities while remaining nimble through the energy transition, as well as collaboration with other LDCs to the betterment of ratepayers and stakeholders alike was the direction decided by the board. GSHi's values, vision and governance level direction framed GSHi's specific goals and objectives and ensured alignment with the RRFE outcomes.

3.1 Strategic Themes: Five Areas of Focus & Alignment to the RRFE

The energy transition, advances in technology, cybersecurity, ever-changing economic circumstances, electrification and greater awareness of environmental impacts have led customers to demand more of their energy distributors: greater reliability, consistent rates, more opportunities to self-monitor and manage energy consumption to control costs, electric vehicles with related charging infrastructure and additional support to connect renewable generation sources to the grid. As a result, the necessity for GSHi to continue to increase operational efficiency and engage in forward-thinking planning, sound financial management and attentive customer consultation, while keeping on top of public policy decisions, areas of economic growth in the City of Greater Sudbury and West Nipissing, electrification adoption in our service territory to drive decision making and collaborating with likeminded utilities for the betterment of ratepayers and stakeholders has never been more pressing.

GSHi's 2025-2029 Business Plan is a response to customer needs, regulatory requirements, the energy transition, the necessity for significant asset renewal, and the balance that must be struck between operating responsibly while ensuring maximum value to GSHi's stakeholders. GSHi's 2025-2029 Business Plan attempts to achieve this balance using the guidance obtained through customer consultation, through GSHi's path along Siemens Smart Grid Compass Framework®

roadmap, collaboration with other Utilities and no regrets activities during this period of energy transition. GSHi's Board of Directors reconfirmed the relevance, importance and alignment of its five strategic goal areas with the OEB's RRFE performance outcomes.

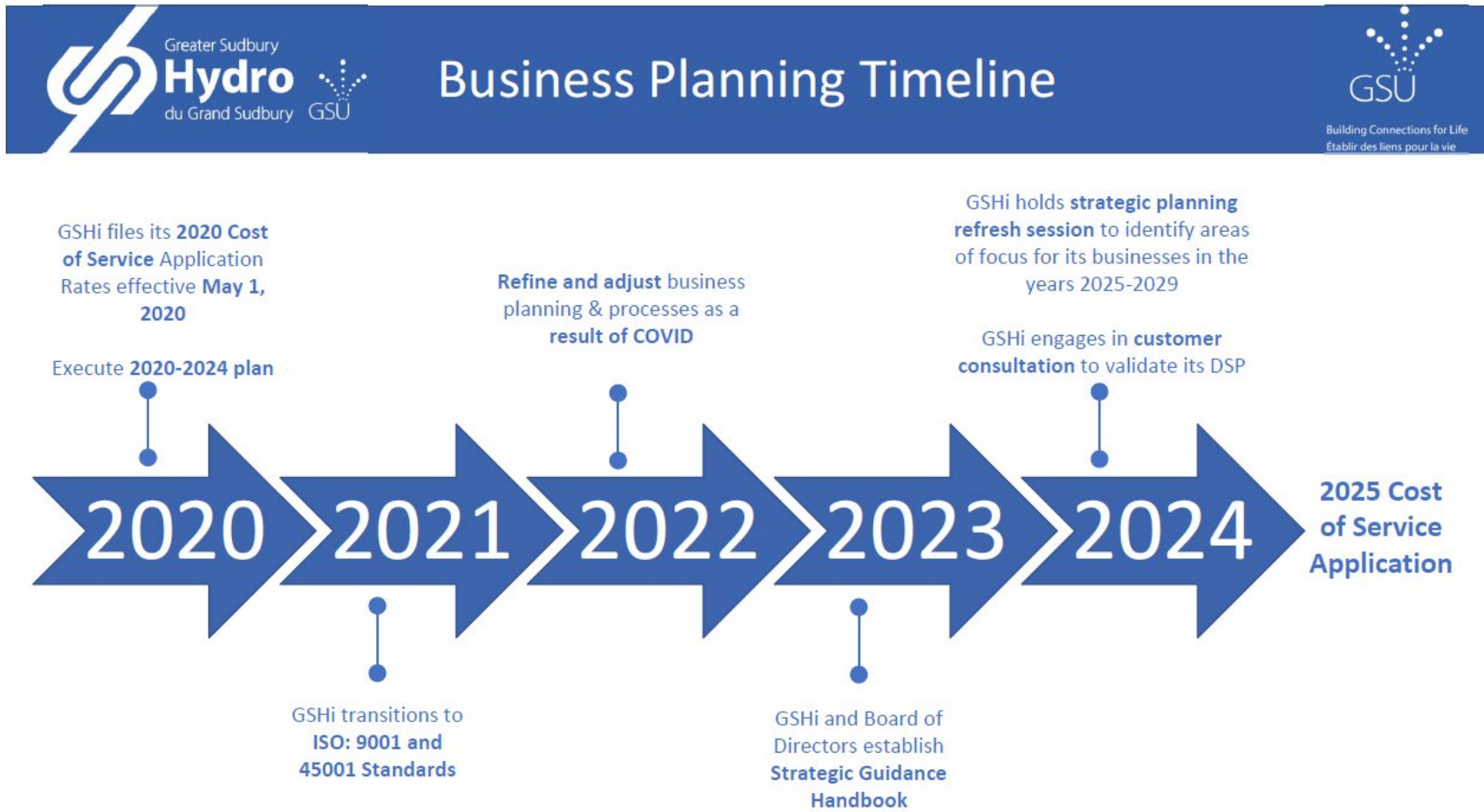
The PEG (Pacific Economics Group) econometrics model has been considered in shaping GSHi's business plan and DSP, particularly in decisions related to capital and operations, maintenance, and administration (OM&A) planning. By analyzing GSHi's performance metrics over the historic period, bridge year, and test year, the PEG calculations offer valuable benchmarks and efficiency targets that help guide operational and financial strategies.

These calculations give insights into cost trends and efficiency opportunities, helping GSHi to balance investment in infrastructure with operational expenditures. For the 2025 Cost of Service application, these PEG-informed decisions help justify the need for certain investments and/or operational improvements while aligning with regulatory expectations for efficiency and prudent use of ratepayer funds which are highlighted in GSHi's business plan strategies and throughout its 2025 COS Application.

Figure 2 – GSHi Goals alignment with RRFE Outcomes



Figure 3 – GSHi’s Business Planning Timeline



4.0 GSHi Operational Plan: RRFE Focus and Alignment

GSHi's specific strategies over the planning horizon within the RRFE focus areas are the tactical operational tools that will be implemented, monitored and measured to ensure its goals are met and, where possible, exceeded. The focus areas are listed below, along with the specific strategies GSHi will use to achieve its objectives supported by detailed budgeting and explanation contained within GSHi's 2025 Cost of Service Application.

GSHi's goals, objectives and strategies will be discussed in greater detail below.

4.1 Customer Focus

Objective: GSHi is committed to connecting with customers in a way that improves how they work and live. GSHi builds personal connections that last a lifetime.

The Renewed Regulatory Framework for Electricity Distributors (RRFE) stipulates that LDCs must adopt a consumer-centric approach to their operations by ensuring their services are provided in a manner that responds to identified customer needs and preferences. **GSHi has wholly embraced this requirement by recognizing that service to customers is core to its purpose.**

Placing customers at the heart of decisions made requires an understanding of the expectations they hold for the services provided by their electricity distributor, as well as their preferred methods for communicating with and being informed by utility staff. By identifying improvement strategies in **customer service**, which includes concrete actions to increase staff responsiveness and enhance customer engagement, GSHi will significantly increase its ability to connect with its customers in meaningful ways and satisfy their interests.

GSHi takes great pride in providing excellent service to its diverse customer base and plans its actions and allocates resources accordingly to ensure their needs are met in a responsible fashion. Its success in this endeavor has been validated by consistently positive customer feedback.

Since 2013, GSHi has employed the services of polling a market research company Oraclepoll Research Limited to conduct an annual customer satisfaction survey (Appendix 1). These surveys,

and the interpretation of results provided in each summary report, has allowed GSHi to see its operations through the eyes of its customers to better understand what services and organizational qualities they value, as well as where they experience pain-points in their relationship with the utility.

Over the past five years, Greater Sudbury Hydro Inc. (GSHi) has consistently maintained a high level of customer satisfaction, reflected in various service metrics. According to their annual customer satisfaction surveys, most customers have expressed overall happiness with the utility's services. GSH has excelled in key areas, including billing accuracy, reliability of service, and response times for scheduled appointments. For residential customers, satisfaction levels have ranged from 88% in 2020 to 93% in 2023. Business customers have consistently reported even higher satisfaction, with rates between 96% and 97% during the same period. When combining both residential and business customer feedback, overall satisfaction typically lands around 93% each year. This high satisfaction reflects GSH's focus on reliability, accurate billing, and prompt customer service, which resonates well with their customer base. Equally encouraging have been the responses received concerning the quality and consistency of GSHi's service. Customers have given high ratings to GSHi with respect to their level of agreement with the statement that GSHi provides its customer base with reliable and good service. Five-year averages (2019-2023) indicate a 78% level of agreement among residential respondents; for business customers, this level of agreement is 86%.

GSHi has also shown positive results in its OEB-issued Utility Performance Scorecard (Appendix 2) in the categories of service quality and customer satisfaction which have consistently exceeded industry standards. As part of its Customer Experience Plan, GSHi has set targets for service improvement that will continue to uphold this standard of excellence it has set in years past while also raising its sights.

GSHi recognizes that excellent service goes beyond providing a reliable supply of electricity. It means showing respect for customers by responding to their inquiries with a genuine desire to assist and educate, by addressing their concerns promptly and with compassion, and by delivering on promises made. And so, in keeping with its desire to continuously improve its business practices, **even in areas of demonstrated strength**, GSHi has identified strategies to support

improvements in service processes that will enhance the customer experience—now and into the future.

Over the historical period, GSHi developed a Customer Experience Plan which is central to GSHi's commitment to adopting a consumer-centric approach in alignment with the Renewed Regulatory Framework (RRF). This plan focuses on placing customers at the heart of all decisions, ensuring that their needs and preferences are met through continuous improvement in customer service. GSHi has consistently received positive feedback from both residential and business customers as noted previously. The company aims to maintain and enhance this standard by increasing staff responsiveness, improving customer engagement, and leveraging data from annual surveys to inform its strategies.

Over the next five years, GSHi will:

Continue to improve customer service experience for all GSHi customers through our areas of focus identified in our Customer Experience Enhancement Plan

Over the next 5 years, GSHi will focus on the strategies below to improve its customers' overall satisfaction with the service they receive as detailed by GSHi's Customer Experience Enhancement Plan.

Employee Engagement

GSHi recognizes that its greatest asset is its people and the significant value they bring to the organization. In collaboration with Human Resources, GSHi's leadership in the Customer Service department has developed a comprehensive job target profile for the Customer Service Representative role. This profile ensures the selection and hiring of individuals who align with the company's values and are positioned for long-term growth within the organization.

Employee development is a strategic priority for GSHi, particularly in the customer service department. The company fosters a culture of continuous improvement, offering formal training, knowledge-sharing opportunities, and coaching sessions. These initiatives build employee

confidence and enhance their ability to deliver high-quality service. This focus on development is especially critical, given that 50% of GSHi's full-time staff have less than three years of experience.

The collaborative team culture a

GSHi enables newer employees to learn from seasoned staff, ensuring that customer issues are resolved efficiently and professionally at the first point of contact.

Leadership development is also a key component of GSHi's employee engagement strategy.

Empowering leaders to support this culture of collaboration drives both customer satisfaction and employee engagement, further strengthening GSHi's reputation within the community. To continuously monitor performance, GSHi conducts weekly transactional surveys to gather customer feedback and address any issues in real-time, ensuring immediate action when necessary.

Clear and consistent communication is essential for building trust and maintaining strong customer relationships. By regularly reviewing and refining communication processes, GSHi reduces errors and ensures that information is conveyed uniformly across all touchpoints. This harmonized approach not only enhances customer satisfaction but also reinforces the company's commitment to delivering reliable and professional service.

Streamlined processes and consistent communication deliver benefits beyond operational efficiency—they provide customers with a seamless, coherent experience that further elevates GSHi's service standards.

Customer engagement

As customer expectations evolve, GSHi recognizes the importance of adapting to the latest industry trends that shape the landscape for inbound customer service. One key trend is the growing preference for self-service options, as many customers now seek the convenience of managing their accounts independently. To meet these changing needs, GSHi is conducting a comprehensive review and analysis of the tools within its Customer Information System (CIS) aimed at enhancing customer engagement.

Currently, 49% of GSHi customers access their accounts online, highlighting the need for additional features that streamline self-service options. The review focuses on enabling customers to perform key functions independently, such as setting up or modifying preauthorized payment plans, initiating move-in/move-out requests, and updating account profiles. By expanding these self-service capabilities, GSHi aims to provide customers with greater control over their account management while improving overall satisfaction.

In line with environmental initiatives and rising costs associated with paper billing, GSHi is also committed to significantly increasing the adoption of e-billing. The company has set a long-term goal of converting 90% of its customers to e-billing by 2040. This shift will not only reduce paper usage and associated costs but also provide customers with a more convenient, efficient, and environmentally friendly billing option. GSHi is dedicated to implementing a phased approach to achieve this target, ensuring a seamless transition for its customers.

Technology integration

GSHi is committed to leveraging technology to streamline processes and enhance communication, using digital solutions to reduce manual efforts and improve operational efficiency. A key focus is assessing and implementing optimal solutions from the various software systems utilized within the Customer Service and Billing departments. Recognizing the fast-paced evolution of technology, GSHi places a strong emphasis on equipping staff with the necessary training to quickly adapt to new software updates and functionalities, ensuring seamless integration and effective use of these tools in daily operations.

As part of its ongoing digital transformation, GSHi is actively evaluating the online tools and self-service capabilities supported by its Customer Information System (CIS). The goal is to offer a minimum set of self-service options, including preauthorized payment sign-up and move-in/move-out forms that can be filled out and submitted online. These enhancements aim to simplify processes for both customers and staff, improving accuracy, efficiency, and the overall customer experience.

Outcomes

Over the next five years, GSHi aims to significantly improve overall customer satisfaction by focusing on three core strategies: employee engagement, customer engagement, and technology integration. These strategies, aligned with GSHi's Customer Experience Enhancement Plan, will create a seamless, responsive, and customer-centric service model.

Through employee engagement, GSHi will continue to develop a highly skilled, collaborative workforce that is equipped to handle customer issues with professionalism and efficiency. By prioritizing staff development and leadership training, GSHi expects to see improved first-contact resolution rates and greater customer satisfaction. The combination of a strong team culture, continuous improvement initiatives, and real-time customer feedback will drive better service outcomes and reinforce GSHi's reputation as a trusted service provider.

In customer engagement, GSHi will adapt to evolving customer preferences by expanding self-service capabilities and digital tools. As more customers seek independent solutions, GSHi's enhancement of online account management features, such as preauthorized payment setups and move-in/move-out options, will empower customers with greater control and convenience. Additionally, GSHi's commitment to increasing e-billing adoption, targeting 90% by 2040, will support environmental goals and provide a modern, user friendly experience.

Through technology integration, GSHi will streamline internal processes and enhance communication efficiency. By leveraging new software solutions and optimizing existing systems, GSHi expects to reduce manual effort, increase accuracy, and provide a more seamless service experience for both customers and staff. These improvements will not only drive operational efficiency but also ensure that GSHi continues to deliver high-quality, reliable service in an increasingly digital landscape.

GSHi believes that the successful implementation of the strategies above will improve the overall customer experience of its customers.

4.2 Operational Effectiveness Focus

Objective: GSHi measures its performance to continuously improve operational excellence. GSHi's commitment to quality builds physical connections that meet the needs of future generations.

GSHi is committed to continuous improvement in productivity and cost performance. We are dedicated to delivering on high standard system reliability and quality objectives that align with the main focus areas of the RRFE as well as our corporate goal areas.

With its corporate values in mind, GSHi manages its distribution system assets by focusing on achieving realistic service and performance goals. Multi-year planning by the utility is based on rigorous data-driven processes with outcomes derived by striking a balance between cost, reliability, and risk. GSHi's asset management objectives serve to deliver on the promise of safe, reliable electricity service at a reasonable cost for its customers.

GSHi, over the planning horizon and beyond, has identified key strategies in order to continuously improve its operational effectiveness through no regrets activities. These strategies are detailed below.

Over the next five years, GSHi will:

Collaborate with other LDC's to leverage emerging opportunities in a way that will provide the greatest benefit to ratepayers and stakeholders alike.

Partnering with other Ontario Local Distribution Companies (LDCs) represents a strategic approach to navigating the energy transition that promises substantial benefits for both ratepayers and stakeholders. As the energy landscape evolves towards greater sustainability, LDCs face significant challenges such as integrating renewable energy sources, implementing advanced grid technologies, and meeting regulatory requirements. By forming alliances, LDCs can pool resources, share expertise, and leverage economies of scale, which leads to cost savings and enhanced operational efficiencies. For ratepayers, this collaboration translates into more stable

and potentially lower energy costs, improved service reliability, and accelerated access to innovative energy solutions like smart grids and distributed energy resources.

For stakeholders, the benefits of such partnerships are multifaceted. Stakeholders can expect a more resilient and future-proof business model, reducing the risks associated with the rapid changes in the energy sector. Policy-makers and regulators gain confidence that collaborative LDCs can meet environmental and reliability standards more effectively and provide stronger input when regulators seek contribution into policy making. Furthermore, communities served by these LDCs can anticipate better engagement and tailored energy solutions that address local needs, fostering a sense of shared responsibility and progress towards sustainability goals. Overall, the cooperative approach among Ontario LDCs not only enhances their ability to adapt to the energy transition but also ensures that the economic, social, and environmental interests of all stakeholders are aligned and advanced.

Renew the Distribution System

Reliability remains as one of GSHi's customers' top concerns. Having a system GSHi's customers can rely on with minimal outage occurrences and short outage times are outcomes GSHi's customers have stated through customer consultation are important to them. To ensure the distribution system is reliable for customers, system renewal following GSHi's Distribution System Plan is a key strategy GSHi will focus on over the planning horizon.

GSHi recognizes the growing demand for electricity driven by the electrification of transportation, industrial, and residential sectors in the communities we serve. To ensure that electricity is available when required, GSHi is committed to renewing its infrastructure, not simply replacing aging assets with like-for-like equipment but upgrading them with increased capacity to meet future needs. We are also actively exploring non-wires alternatives (NWAs) that could provide more flexible and cost-effective solutions. This proactive approach will enable the utility to support higher loads, improve grid reliability, and accommodate the expected surge in electric vehicles, heat pumps, and other electrified technologies. By investing in modernized substations and advanced grid infrastructure, GSHi is positioning itself to support its community transition to a low-carbon economy while ensuring long-term energy security for its customers.

The OEB requires all LDC’s to file a detailed DSP every 5 years and/or as a mandatory component of their evidence when filing a Cost of Service Application. GSHi is refining its DSP effective for 2025 and subsequent years and intends to file this with the OEB as part of its application for rates effective May 2025. The capital budget will be brought to the Board of Directors for approval and will be approved annually in accordance with the OEB approved rate plan.

GSHi investments fall within 4 categories of expenditures:

Table 3 – GSHi’s Capital Investment Categories

| Investment Category | Description of Investment |
|---------------------|---|
| System Access | New customer connections and other mandatory expenditures |
| System Renewal | Replacing end-of-life distribution system components |
| System Service | Enhancing the current system based on customer needs |
| General Plant | Other investments like equipment, tools, technology, facilities |

GSHi’s five (5) year capital plan is based on extensive internal engineering review, complimented by a third party (Kinectrics) Asset Condition Study completed in 2024. GSHi’s 5-year annual historical average investment in capital, net of contributed capital, has been approximately \$9.832 Million. GSHi utilized a third party to conduct its customer consultation to ensure customers agreed with the plan GSHi has in place for asset investment (report can be found in GSHi’s submitting as part of its 2025 COS application). The conclusion was that customers agree with the DSP and have high confidence in management’s ability to plan and invest in GSHi’s distribution system wisely.

This plan encompasses several key components in ensuring GSHi’s operational effectiveness:

- our investment lifecycles;
- renewable energy integration considerations;
- on-going maintenance planning;
- consultation and coordination with third parties;
- system capacity and utilization assessments;
- asset management policies and procedures and ;

- a ten (10) year capital expenditure plan consisting of five (5) historical years, the test year and four (4) forecasted years
- performance measurement

GSHi's investments in capital in the planning horizon can be seen in the capital portion of the 2025 - 2029 budget documents that are submitted concurrent with this Business Plan (Appendix 3) as well as in the DSP.

Maintain the distribution system

GSHi is committed to maintaining the reliability of its distribution system and ensuring that System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) targets are consistently met. GSHi adheres to Appendix C of the Distribution System Code (DSC), which outlines the minimum inspection requirements for Local Distribution Companies (LDCs). To meet these requirements and maintain system reliability, GSHi has implemented a comprehensive inspection and maintenance program, dividing its service territory into three areas.

Key inspection activities include the following:

- Monthly municipal substation inspections
- Annual distribution system infrared scanning
- Annual power transformer dissolved gas-in-oil testing
- 3-year cycle for pole and overhead equipment inspections
- 3-year cycle for pad-mounted equipment inspections
- 3-year cycle for vegetation inspections
- 4-year cycle for breaker maintenance and testing
- 4-year cycle for vegetation management.

These programs identify equipment performance trends, substandard conditions, and public safety concerns, ensuring that deficiencies are addressed promptly through work orders. Over the planning horizon, this proactive maintenance strategy will play a critical role in preventing unplanned outages, reducing emergency response costs, and enhancing customer satisfaction.

GSHi's inspection and maintenance programs are integral to the company's asset management process, feeding data into its Geographic Information System (GIS) to support informed decisions on system renewal investments. In compliance with Ontario Regulation 22/04, these programs are audited annually, with GSHi achieving compliance each year. Over the planning horizon, this continued approach to system maintenance and asset monitoring will ensure that GSHi meets regulatory requirements while optimizing asset performance, lifecycle costs, and overall system reliability.

Improve the distribution system, operational efficiencies and quality

Building upon the work completed in GSHi's historical period, GSHi is embarking on an ambitious Enterprise Modernization Strategy to enhance the reliability, efficiency, and resilience of its distribution system. This strategy is driven by specific goals, including improving system integration, optimizing asset management, and preparing for future technological advancements (see DSP). By modernizing its fragmented infrastructure and implementing advanced digital solutions, GSHi aims to streamline operations, reduce inefficiencies, and ensure the utility is future-ready.

A central component of this strategy is the integration of key systems, including GIS, Enterprise Asset Management (EAM), Operational Data Stores (ODS), and an Enterprise Service Bus (ESB). These technologies will serve as the backbone of a cohesive, data-driven operation, enabling real-time data exchange and predictive analytics. Additionally, the creation of a 360° Asset Register will provide a comprehensive view of all assets, supporting better decision-making and enhancing maintenance and resource allocation.

Through these modernization efforts, GSHi is committed to improving grid reliability and ensuring it meets critical performance metrics such as SAIDI and SAIFI. By leveraging advanced data insights and fostering a culture of continuous improvement, GSHi is positioning itself to meet the evolving demands of the energy sector while delivering enhanced value to its customers.

Industry Forums/Groups/Memberships

GSHi continues to leverage synergies where possible by building on the strategic network available to LDC's in helping to achieve the organization's goals and objectives. GSHi will continue to participate in its industry networks over the planning horizon.

Cybersecurity

As a critical infrastructure provider, GSHi recognizes the importance of robust cybersecurity measures to protect its operational systems, customer data, and the overall reliability of the electricity distribution network. In light of the increasing complexity of cyber threats, GSHi has implemented a comprehensive cybersecurity strategy that aligns with industry best practices and regulatory requirements. This strategy includes the deployment of advanced security technologies, such as real-time threat detection, network segmentation, and multi-factor authentication, alongside regular vulnerability assessments and security audits. GSHi is also committed to fostering a culture of cybersecurity awareness by conducting regular employee training and adopting a proactive approach to risk management. By prioritizing cybersecurity, GSHi ensures the resilience of its digital infrastructure, safeguarding the grid from potential cyber attacks and ensuring reliable service delivery for its customers.

The Manager of Information Security and Technology at GSHi plays a key role as Chair of the Ontario Energy Board's Cyber Security Advisory Committee (CSAC), positioning GSHi at the forefront of cybersecurity in Ontario's energy sector. Through this leadership, GSHi's Information Security and Technology Manager provides GSHi with direct access to emerging insights on cyber threats, best practices, and regulatory requirements. This involvement ensures that GSHi is proactive in addressing cybersecurity risks, protecting its critical infrastructure, and safeguarding customer data. By actively participating in the CSAC, GSHi benefits from alignment with industry standards, enhancing both the resilience and reliability of its operations.

Outcome:

The strategies above will ensure GSHi measures its performance to continuously improve operational excellence and our commitment to quality which builds physical connections that meet the needs of future generations.

4.3 People Focus

Goal: GSHi will provide a safe, respectful environment for our people where they can achieve their full potential as experts and individuals.

GSHi's focus on people and culture recognizes the importance of our employees whose talent, dedication and daily work supports the vision purpose of the company. Our success depends on our highly skilled, well trained, knowledgeable workforce and a safe, healthy work environment. Achieving the company's strategic objectives requires an environment that cultivates ongoing growth and learning, to maintain a workforce with the right skillsets to deliver on existing and new business lines.

Over the next five years. GSHI will:

Continuously update its multi-year safety communications plan

GSHi will continue to update our multi-year safety communications plan to ensure we hold the safety of the public in which we serve and the safety of staff in the organization as a top priority. Safety is something we practice each day at work and at home. Because of this, GSHi has set objectives around continual safety awareness into the planning horizon. In addition to daily tailboards and monthly safety meetings in Operations, all other departments have quarterly safety tailboards. , We will be adding of monthly "Safety Talks" which are a designed to keep safety at the forefront of our minds, focusing on a variety of topics that would take no longer than 15 minutes to convey.

We will also continue our S.A.F.E Committee which consists of a dedicated group of employees who collaborate to brainstorm and implement ideas for enhancing safety awareness. This committee focuses on planning and promoting safety-related events, campaigns and communications to enhance our safety culture. Our communications plan also takes into consideration GSHi's transition to the new ISO 45001 globally recognized standard for OH&S management systems and includes a risk based approach to safety, encourages worker involvement, continuous improvement and legal compliance. This plan will continue to serve as a guide for the Leadership Group as well as all staff to ensure important safety practices are being followed. The multi-year safety communications plan will detail the safety initiatives and how and when they will be executed and measured for effectiveness.

Ensure Public Safety

GSHi successfully completed the Electrical Safety Authority (ESA) audit cycle in 2023 obtaining full compliance with Ontario Regulation 22/04 with no “non-compliance” and one “needs improvements” identified. We promptly rectified the issues in the field and made the adjustments to our internal processes to reduce the likelihood of future “needs improvements” in this area. Our goal for the planning horizon is to continue successful outcomes.

Continuously update GSHi’s Succession Plan

Since GSHi’s last rebasing, the organizational workforce continues to evolve with the ever-changing climate of the electricity industry and post covid realities of attracting new talent. Increased demand in reporting requirements both internally and externally, the drive for innovation and efficiencies, customer requests for increased communications both in delivery methods and frequency, amongst other progressions has led to the creation of new positions in the utility. Each position was carefully considered and prudently reviewed before the position was filled. Training, development and succession planning is something GSHi’s executive team takes very seriously. Continuously developing staff in their roles, as well as developing key staff to succeed future leadership roles is a strategy GSHi has invested in over the past few years and will continue to invest in over the planning horizon. With additional imminent retirements in leadership roles occurring over the planning horizon, it is imperative that careful consideration is taken in the succession planning process. This process is undergoing review and continuous renewal.

GSHi is identifying key employee skills through skill matrices which are updated based on strategic retirements in order of prioritization. This plan helps to mitigate the risks associated with the sudden loss of key employees and leaders, making the handover of responsibilities less disruptive, helping to maintain productivity. This also addresses anticipated retirements for the next 10 years, on an annual continuous update basis, with staff training and development as a critical piece as these positions are succeeded.

New strategies for attracting talent include the mentoring of less experienced employees by exposing them to new initiatives which will help in their development & partnering with other Utilities for industry specific leadership training. We will also continue to renew our partnerships

with post-secondary institutions, encouraging both trade apprenticeships and non-trade co-operative opportunities with GSHi.

Outcome:

By focusing on these strategies, GSHi will provide a safe, respectful environment for our people where they can achieve their full potential as experts and individuals.

4.4 Financial Focus

Objective: GSHi creates value for our customers and provides profit. Our innovative and entrepreneurial spirit drives our growth.

Underpinning GSHi's overall strategy is the careful consideration of cost and the financial impact these key strategies will have on rates for its customers.

GSHi exhibits prudent review and analysis of all decisions and their impact on electricity rates for its rate payers. GSHi's management carefully considers the balance between system reliability and maintaining reasonable electricity rates in its rigorous planning processes.

Rate Setting

GSHi's distribution rates are set by the OEB, based on applications submitted for rate changes. GSHi last filed a COS application for rates effective May 1, 2020, and consequently, GSHi's portion of the bill has remained relatively constant except for inflationary increases, minus a stretch factor, over the intervening years.

GSHi has in recent years filed annual submissions under the OEB's Incentive Rate-setting Mechanism (IRM) which has essentially allowed GSHi an annual price increase based on the OEB's inflation rate less a "stretch" factor of 0.30% which is the stretch factor normally assigned to LDC's that are in Cohort III of the Pacific Economics Group (PEG) econometric model used to assess and predict costs associated with each LDC's operating conditions. Progressing through the next 5 years, GSHi forecasts efficiencies that, by 2028, will move us into Cohort II where the stretch factor would be 0.15% of the OEB inflation rate. GSHi will continue to strive to maintain and

improve operational efficiency through the strategies described in GSHi’s operational effectiveness focus.

GSHi’s filing of the Cost of Service Application for rates effective May 1, 2025 would then be followed by indexing of the 4th generation price cap index formula in the 4 intervening years until GSHi’s next normally scheduled Cost of Service Application which, in the absence of any unforeseen impediments, is predicted to be for rates effective May 1, 2030.

GSHi has an objective to maintain rate increases at or below inflation. To measure this objective, GSHi intends to calculate the rate increase over the period that is greater of either:

- 1) The previous 5 years; or
- 2) The proposed rate year to the last rate application year.

The calculation will use a compound annual growth calculation. Should a proposed rate increase in a given year cause GSHi to be offside for this objective, GSHi must justify the specific drivers causing the calculation to be offside within its rate application for the year, explaining why the increase is necessary to maintain operation and service levels. Over the planning horizon, GSHi’s rate increase will be higher than inflation due to its ageing assets, notably its substations.

The compound annual growth rate since the last rate application, to the current Cost of Service rate application, is presented in the below table.

Table 5 - GSHi’s Compound Annual Growth Rate

| 2020-2025 | Distribution Revenue | Compound Annual Growth Since 2020 |
|---|-----------------------------|--|
| 2020 Approved Revenue | \$25,152,524 | - |
| 2025 @ Current Rates with applied IRM increases | \$28,381,031 | 3.16% |
| 2025 @ Inflation | \$29,810,767 | 3.46% |
| 2025 @ Proposed Rates | \$32,687,699 | 5.38% |

The rows presented in the above table are:

- Approved revenue – what we were approved to collect from ratepayers in the last Cost of Service rate application, prepared for May 1, 2020 rates
- @ Current rates – what we would collect from customers in 2025 at the 2020 electricity rates increased by allowable IRM rate less our stretch factor. This represents a 3.16% annual increase in money collected from customers since 2020.
- @ Inflation – if we increased our rates by inflation since 2020, we should have increased them by 3.46%. This is using OEB rates calculated on a compound annual growth basis.
- @ Proposed rates – if we increased our rates equally between 2020 and 2025 proposed rates, we would have increased them by 5.38% per year in each year.

Inflation in the above table is calculated as the compound annual growth rate over the noted period, implied by the OEB’s published GDP IPI calculation for each year. The above illustrates that proposed rates will result in an increase that exceeds inflation. The drivers of the increase are justified in the rate application.

Financial Performance Monitoring

GSHi recognizes the importance of monitoring financial performance. GSHi has set an objective of achieving plus or minus 300 basis points (“the deadband”) in each fiscal year. To achieve this objective, GSHi will:

- Prepare fiscal year budgets that plan revenues and expenditures such that meeting budgets will result in being within the deadband
- Prepare and analyze monthly financial statements, monitoring budget-to-actual variances at a high level
- Prepare monthly budget reports for functional area Managers and Supervisors, allowing management to monitor budget to actual variances
- Report quarterly to the Board of Directors Historical & Forecast Capital Spend

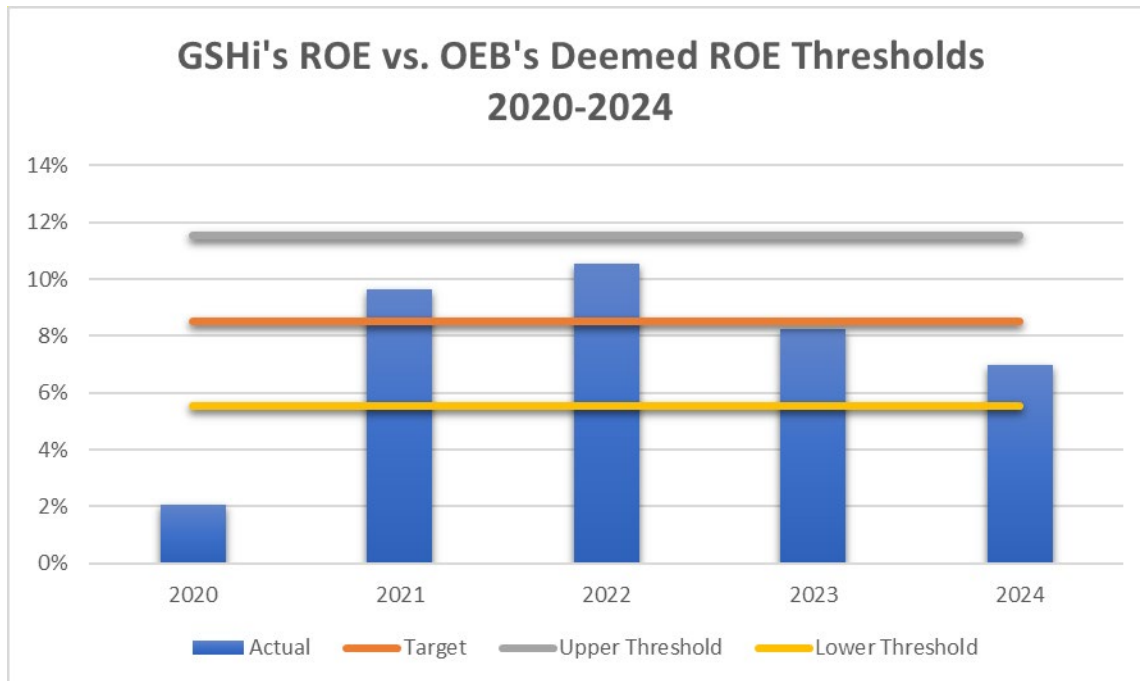
Capital Structure

The OEB's rate setting structure of debt to equity is 60% debt and 40% equity. At December 31, 2023, GSHi improved its debt to equity since 2020 to 66% debt and 34% equity from 77% debt and 23% equity moving towards the deemed equity structure of 60/40. Equity improved in 2020 when GSHi was able to recognize the OPEB liability as a regulated receivable to be disposed in the 2025 Cost of Service application.

Rate Regulated Return on Equity

The OEB has established a deemed Regulatory Return on Equity (ROE) which is the benchmark GSHi must aim for, to be profitable in relation to its equity. This is a measure of how well GSHi uses investments to generate earnings growth, within a tolerable limit (must fall within +/- 300 basis points of the deemed ROE). The OEB's deemed ROE for GSHi at its last COS Application for rates effective May 1, 2020 was 8.52%.

Figure 6 – GSHi's ROE Trends



With all of these financial metrics in mind, GSHi has specific strategies over the planning horizon to keep in pace with its 5-year plan as proposed in its 2025 COS application.

Over the next five years, GSHi will:

Be within +/- 300 basis points of the OEB's deemed ROE

As part of the operational business plan, GSHi has submitted an OM&A budget (Appendix 3) that supports the initiatives outlined in the goals, objectives and strategies outlined above. Expenses were carefully considered for each initiative in the operational business plan.

GSHi management will continue to monitor monthly, budget to actual variances in OM&A to ensure that GSHi remains within a tolerable variance threshold.

GSHi will also monitor its operations scheduling tool to make sure that maintenance jobs are beginning and ending on time and within labour hour budgets.

Implement the DSP

As part of the operational business plan, GSHi has submitted a capital budget (Appendix 3) that supports the initiatives goals, objectives and strategies outlined above. Capital investments were carefully considered for each initiative in the operational business plan.

GSHi management will continue to monitor monthly, budget to actual variances in the capital project report to ensure that GSHi remains within a tolerable variance threshold. GSHi will use its DSP to plan capital initiatives from 2025-2029.

Seek external funding sources for innovative initiatives

In its uncompromising commitment to its values, GSHi is embracing today's evolving energy industry through innovation and the pursuit of opportunities to increase operational efficiency and improve service to customers.

Outcome

By implementing these strategies, GSHi will create value for our customers in a balanced way. In its cost of service application, GSHi focuses on financial prudence, regulatory alignment, and operational efficiency. By targeting a ROE within +/- 300 basis points of the OEB's deemed ROE and closely monitoring OM&A and capital project variances, GSHi ensures responsible cost management. The implementation of the 2025-2029 DSP supports necessary capital investments while maintaining budget discipline. Additionally, seeking external funding for innovation allows GSHi to improve operational efficiency and adopt new technologies without overburdening ratepayers. These strategies demonstrate GSHi's commitment to delivering value, reliability, and compliance within its cost structure.

4.5 Community Focus

Objective: GSHi will contribute daily to the social, cultural and economic fabric of the community.

Providing value to customers and meeting their needs is about more than ensuring acceptable rates and reliable service—it means enhancing the communities in which customers live in ways that go beyond the utility's core business.

GSHi is committed to being a responsible and active corporate citizen, and is an important contributor to Greater Sudbury Utilities' community investment activities. For many years, GSHi has made an impact by supporting charitable organizations working to improve the quality of life for those in need, as well as not-for-profits dedicated to expanding the breadth of cultural experiences available to citizens in GSHi's service areas.

Over the next five years, GSHi will:

Support community activities

GSHi is committed to enriching the communities it serves by actively promoting volunteerism and dedicating resources to support local events and initiatives, such as the Festival of Lights. This annual event, hosted at Science North in Greater Sudbury, features an extensive display of

Christmas lights, attracting hundreds of visitors throughout the holiday season. Festival-goers contribute cash and nonperishable food donations, which benefit organizations supported by the Sudbury Charities Foundation. GSHi staff help bring this cherished event to life and will continue to support its success in the future.

In addition, GSHi remains a dedicated partner in the Power Up! initiative, an integral part of the Up Here art and music festival in Greater Sudbury. Reflecting the festival's mission to beautify urban spaces, GSHi provides local artists with the opportunity to transform city transformer boxes into vibrant public art. Staff also play a crucial role in ensuring the artists' safety by inspecting the boxes and conducting safety training sessions. As we move forward, GSHi will continue to lead by example, fostering community engagement and making a lasting, positive impact on the region it serves.

Outcome:

GSHi will continue to strengthen the cultural, economic, and social fabric of our community through its ongoing leadership and active engagement in the areas we serve.

4.6 Public Policy Responsiveness

Public policy plays a crucial role in shaping the operational environment of Local Distribution Companies, such as GSHi. In recent years, Ontario's energy landscape has undergone significant shifts due to changes in government policy, impacting energy conservation and broader sustainability efforts.

OEB and IESO's Efforts to Reinstate CDM Programs

In response to growing demand for energy efficiency and the need to support the province's environmental goals, both the Ontario Energy Board and the Independent Electricity System Operator have been working to reintegrate CDM programs into the energy framework. The IESO's Conservation and Demand Management Framework signals a renewed commitment to conservation, though with revised goals and funding mechanisms.

For GSHi, it is imperative to stay informed and adaptable to these policy developments. The evolving CDM landscape provides opportunities to leverage these programs in supporting customer demand for energy efficiency while also meeting the regulatory obligations set forth by the OEB.

Net-Zero Carbon Declaration and Implications for the Electricity Sector

The Ontario government has also aligned with national objectives to achieve net-zero carbon emissions by 2050. This declaration signals profound changes ahead for the electricity industry, which will play a critical role in reducing greenhouse gas emissions through the increased use of clean energy technologies, electrification of transportation, and the promotion of energy efficiency.

For GSHi, this creates both opportunities and challenges. The shift toward a net-zero economy will drive demand for investments in grid modernization, the integration of renewable energy, and innovative energy storage solutions. Moreover, it necessitates that GSHi monitor public policy changes closely, as regulatory requirements and government incentives will likely evolve rapidly in the coming years.

Strategic Considerations

GSHi will prioritize a proactive approach to public policy responsiveness, particularly in relation to:

- Monitoring policy changes from the OEB and IESO concerning CDM program implementation.
- Positioning itself as a leader in supporting customers' transition to net-zero through innovative programs and services.
- Collaborating with municipal and provincial governments as well as other likeminded Utilities to align local energy initiatives with broader public policy objectives, especially as new climate and energy-related regulations emerge.

By staying ahead of public policy changes and aligning with provincial energy goals, GSHi can ensure that it continues to serve its community effectively while contributing to Ontario's broader environmental objectives and energy transition.

GSHi will continue to remain flexible to emerging technologies like DER's as an alternative to the traditional wires solution and anticipates the entrance of these technologies in the coming years in its distribution system. GSHi will continue to consider these alternatives on a case-by-case basis where appropriate.

GSHi through its Regulatory department will continuously monitor and keep up to date with legislative and policy changes in order to deliver on obligations mandated by government and ministerial directives from the OEB.

Over the planning horizon, GSHi's strategy is to continue participating in activities like OEB webinars, Stakeholder Meetings and to continue its involvement with strategic alliances and groups like the Utilities Standards Forum and Association of Power Producers of Ontario (amongst others), to keep up with the ever-changing electricity industry climate.

5.0 Control: Governance & Reporting

5.1 Governance

GSHi upholds high standards of governance by adopting industry best practices, carefully designing and regularly reviewing governance structures and documentation, and selecting Directors based on the organization's evolving skill requirements. Additionally, GSHi prioritizes ongoing professional development for both Directors and Officers, ensuring they remain informed on the latest governance theories and practices.

Governance Hierarchy

Shareholder

The Council of the City of Greater Sudbury is the sole Shareholder of GSU, the parent company of GSHi. GSU and GSHi Directors are appointed by the Council of the City of Greater Sudbury following a nomination process conducted by the Councilors who are Directors. City Council also approves a Shareholder Declaration that generally sets out the Shareholder's expectations with respect to governance.

Board of Directors

The Board of Directors is responsible to direct the management of the corporation and control its activities and results. The Board's work and the roles and responsibility of the Board Chair and the performance expectations of the President and CEO are documented in a formalized Board Mandate, Board Chair Terms of Reference and President and CEO Performance mandate. The BoD complies with the Affiliates Relationship Code by ensuring that at least 1/3rd of the regulated company Directors are independent of any affiliates or the Shareholder. The Board consists of 7 Directors, 3 municipal councilors and 4 independent citizens, that together, meet the matrix of skills required to govern an organization of GSHi's size.

The Board, assisted by senior staff, set the strategic direction of the company by creating a series of goals. Specific targets aligned with these goals are developed annually at the GSU Strat Day. These goals and targets form the GSU/GSHi scorecard that is used to measure the success of the corporation and the performance of staff including the President and CEO.

Board Committees

The Board has assigned specific responsibility to two multifunction committees, the Audit, Finance, Risk Committee (AFR) and the HR/Governance Committee. These committees are guided by committee mandates which include annual workplans to ensure that regularly occurring responsibilities are scheduled and completed.

Executive Team

The day to day operation of the organization is led by the Executive Management Team consisting of functional Vice Presidents and the President and Chief Executive Officer. The Executive are responsible for achieving results that are equal to or exceed the goals established by the BoD. Further the Executive are responsible for ensuring that accurate and timely reporting is provided to the BoD.

5.2 OEB Scorecard

Utility scorecards track and show comprehensive performance information for each electricity utility in Ontario, over a range of time and for a specific year.

Scorecards are important because they provide information that tells the OEB if utilities are following the rules and if their performance is improving over time. They're also a way for the OEB to be transparent with utilities about how the energy distribution system overall is performing.

Utility scorecards show data for 20 specific measures within the four key areas of performance (RRFE):

- Customer focus
- Operational effectiveness
- Public policy and responsiveness

- Financial performance

In addition to tracking utilities' performance, scorecards help the OEB to:

- Encourage Ontario's electricity utilities to operate effectively and continually seek ways to improve their performance and deliver value for consumers
- Support the cost-effective planning and operation of the electricity distribution network overall
- Align the needs of a sustainable, financially viable electricity sector with the expectations of customers, who want reliable service at a reasonable price.

GSHi uses its OEB scorecard metrics to monitor customer, operational, public policy responsiveness and financial performance. It allows GSHi to measure performance over time and helps to identify areas for improvement in the strategic planning process.

GSHi's OEB Scorecard 2023 can be found in Appendix 2.

5.3 Corporate Scorecard

GSHi's Corporate Scorecard metrics for 2025-2029, as outlined in Table 1 of the Business Plan, serve as key performance indicators (KPIs) both internally and alongside the OEB scorecard metrics. The KPIs in each of its 5 objective areas are instrumental in evaluating the performance of our executives, management, and overall corporate achievements. Specific numerical targets are established in conjunction with the budget approval process and are integrated into that document. The Corporate Scorecard is monitored on a monthly basis to track progress towards our objectives and is regularly communicated to the Board of Directors, Executive, Management, and Staff. Additionally, these metrics undergo an annual review by Management, Executive, and the Board of Directors as part of GSHi's strategic planning process to ensure alignment with our long-term goals.

Figure - 7: GSHi’s Strategic Alignment



6.0 Continuous Improvement

6.1 Risk Management

GSHi uses the GSU Enterprise Risk Management Process. This process is defined in the Enterprise Risk Management, Policy ID: FIN-BRD Enterprise Risk Management and MP 6.1 H & S Actions to Address Risks and Opportunities. The Policy and Procedure prescribe that risk will be managed using a continuum that includes determining risk appetite, identifying specific risk to achieving desired outcomes, measuring the significance and likelihood of risk occurrences, developing appropriate responses (eliminate, mitigate, cease an activity etc.) and evaluation and reporting.

A significant component of GSHi's risk activity is the development and maintenance of a risk register. GSHi's register assesses risk based on likelihood using a scale of 1-5 and consequence using a scale of 1-5. A risk level is determined by the product of the likelihood times the consequence. GSHi has determined a risk tolerance of 10 (no further activity required below 10). For each business risk that is assessed above a risk level of 10 specific mitigation strategies are developed to reduce the risk associated with an activity to a risk tolerance below 10. The risk register undergoes a thorough review annually and is updated throughout the year to consider new business activities and the results of root cause analysis associated with corrective actions or non-conformances.

GSU's Policy FIN-BRD Enterprise Risk Management and MP 6.1 H & S Actions to Address Risks and Opportunities are attached in Appendix 4.

6.2 Renewing the Business Plan

To ensure continuous value enhancement for its customers, GSHi will conduct an annual review and renewal of its Business Plan. This process will enable the company to refine and adapt its goals and strategies in response to evolving market conditions and emerging opportunities.

Appendix 1 – Customer Satisfaction Survey



Greater Sudbury

Hydro

du Grand Sudbury

Customer Satisfaction Survey *2023 Report*



December 2023

TABLE OF CONTENTS

| | |
|-------------------------------------|----|
| METHODOLOGY & LOGISTICS | 2 |
| EXECUTIVE SUMMARY – RESIDENTIAL | 4 |
| Satisfaction | 4 |
| Rating Performance | 6 |
| Rates vs Outages | 7 |
| Payment Options & Online Management | 8 |
| Communication | 9 |
| Contact | 10 |
| Website | 13 |
| Billing- Ease of Understanding | 15 |
| Electric Vehicles | 16 |
| Energy Self Generation & Storage | 17 |
| EXECUTIVE SUMMARY – BUSINESS | 19 |
| Satisfaction | 19 |
| Rating Performance | 21 |
| Rates vs Outages | 22 |
| Payment Options & Online Management | 23 |
| Communication | 24 |
| Contact | 25 |
| Website | 27 |
| Billing – Ease of Understanding | 29 |
| Electric Vehicles | 30 |
| Energy Self Generation & Storage | 31 |

METHODOLOGY & LOGISTICS

Overview

Greater Sudbury Hydro (GSH) commissioned Oraclepoll to conduct a telephone satisfaction survey of its customers. The purpose of this survey process was to obtain customer input across a range of indicators related to customer satisfaction.

This report represents the findings from the current December 2023 customer satisfaction survey of Greater Sudbury Hydro (GSH) customers. Baseline survey data was first benchmarked by Oraclepoll in December 2013 and then tracked in each subsequent December up to this current 2023 period. In this survey wave, there is a N=500 residential customer sample segment and a N=100 business component.

Within this report there are the findings from the December 2023 survey of GSH residential and business customers. Where applicable and possible the results are compared to the previous survey waves as several questions were removed and others reworded.

This report includes an Executive Summary for each of the residential and business components. A separate Excel report contains the results by individual question.

Study Sample

Greater Sudbury Hydro provided Oraclepoll with a database of their residential and business customers to be interviewed. Numbers were randomly selected and a total of N=500 customers in total were polled by telephone.

| SAMPLE BREAKDOWN | |
|------------------|--------------|
| Residential | N=500 |
| Business | N=100 |
| TOTAL | N=600 |

Respondents were screened to ensure that they were 18 years of age or older and were one of the persons either at the business or residence that was responsible for making decisions related to their electricity usage, including bill payments.

Survey Method

The survey was conducted using computer-assisted techniques of telephone interviewing (CATI) and random number selection. Bi-lingual interviewers were employed, and surveys were conducted in English or French depending on the preference of the respondent.

Initial calls for the residential component were made between the hours of 5 p.m. and 9 p.m. Subsequent call backs of no-answers and busy numbers were made on a (staggered) daily rotating basis up to 5 times (from 10 a.m. to 9 p.m.) until contact was made. In addition,

telephone interview appointments were attempted with those respondents unable to complete the survey at the time of contact. At least one attempt was made to contact respondents on a weekend.

Calls to business customers were first made from 8:30 a.m. to 5:30 p.m. during weekdays. There was at least one follow up call after 5:30 p.m. and one on a weekend. In addition, telephone appointments were accepted and made as per the respondent's time preference.

A total of 20% of all interviews were monitored and the management of Oraclepoll Research Limited supervised 100%.

Logistics

Interviews were completed between the days of December 1st to December 16th, 2023.

Confidence

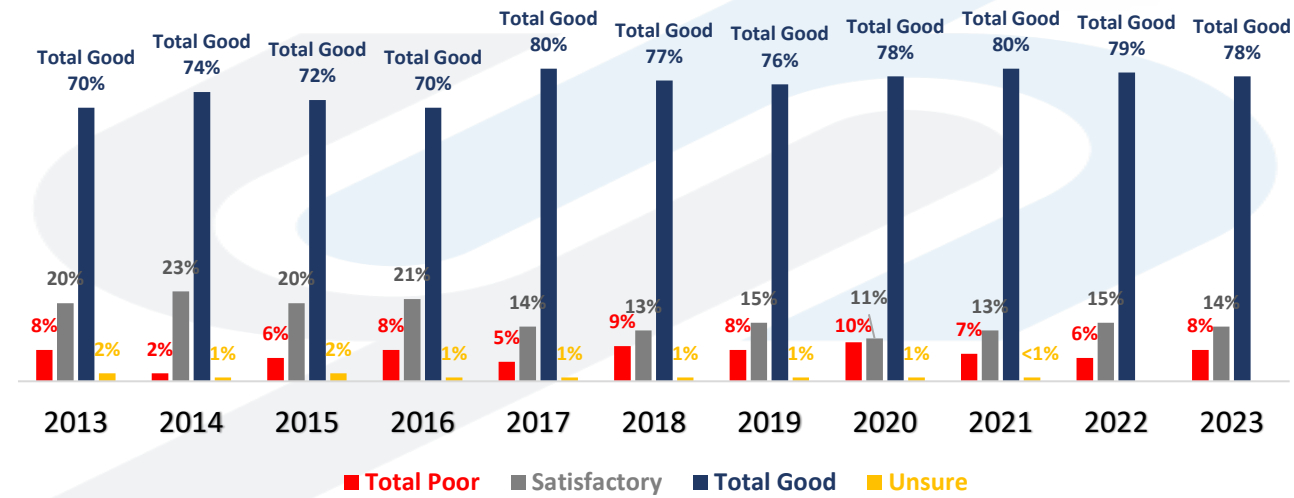
The margin of error for the N=500-person residential survey is $\pm 4.4\%$, $\frac{19}{20}$ times and $\pm 9.8\%$, $\frac{19}{20}$ times for the sample of N=100 businesses.

EXECUTIVE SUMMARY – RESIDENTIAL

Satisfaction

Residential customers were first asked an overall satisfaction question. The following graph compares the December 2023 results with the previous surveys. Results below combine the total poor (very poor & poor) and total good (good & very good) findings.

Q1. "Considering all aspects of being a customer of Greater Sudbury Hydro, how would you rate your overall satisfaction with the company as your electrical services provider?"



Satisfaction scores in terms of good and very good responses have remained consistent over the past four survey touchpoints in the 78% to 80% range.

The total good (38%) and very good (40%) rating stands at 78%, down only slightly from 2022. While the total poor rating increased slightly, there was a small decrease in the satisfactory response.

Respondents were then asked to rate their level of agreement with a statement about Greater Sudbury Hydro meeting its commitment to customers. The table below combines the responses of 4-agree and 5-strongly agree and compares the results over time.

“Please rate your level of agreement with the following statement using a scale from one strongly disagree to five strongly agree.”

Q2. “Greater Sudbury Hydro meets its commitment to customers.”

| TOTAL AGREE RESULTS – AGREE & STRONGLY AGREE | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 80% | 76% | 75% | 73% | 78% | 79% | 81% | 83% | 84% | 86% | 84% |

In total, 84% agreed (44%) or strongly agreed (40%) that Greater Sudbury_Hydro meeting its commitment to customers. This result was down slightly from 2022 but consistent with 2021 and 2020.

Rating Performance

Respondents were then asked to rate the performance of Greater Sudbury Hydro across four indicators using a five-point scale (1-very poor to 5-very good). The table below combines the positive responses of good and very good while tracking the results over time.

“Using a scale from one very poor to five very good, please rate the performance of Greater Sudbury Hydro in each of the following areas.”

PERFORMANCE AREAS –
TOTAL GOOD RESPONSES

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| Q3. The reliability of electricity supply | 83% | 92% | 90% | 88% | 89% | 82% | 85% | 88% | 86% | 87% | 86% |
| Q4. Prompt responses to electricity outages when they occur | 72% | 82% | 81% | 84% | 86% | 80% | 78% | 80% | 82% | 79% | 81% |
| Q5. Effectively scheduling planned electricity outages | 57% | 54% | 66% | 64% | 70% | 68% | 65% | 63% | 67% | 63% | 66% |
| Q6. Effectively communicating with customers about planned electricity interruptions in your area | 55% | 56% | 68% | 66% | 63% | 61% | 60% | 54% | 60% | 57% | 62% |

The reliability of the power supply indicator remains the highest rated in terms of combined good and very good responses at a strong 86%, consistent with the previous two years. Next best scored was the area of promptly responding to outages at 81%, up slightly, while lower scored, despite improvements were the scheduling planned outages and communicating with customers about them.

Rates Versus Outages

A trade-off question was once again asked that related to the cost customers are willing to pay for electricity system maintenance in relation to the security of service delivery or keeping the lights on.

Q7. “I am going to ask your opinion on the issue of balancing the price you pay for maintenance and renewal of your local electricity infrastructure with the security of your electricity service delivery or “keeping the lights on.” Please respond on a scale from one having the lowest rates possible with regular outages to five having the highest rates possible with no outages – 3 would be a balance between rates and outages.”

RATES VERSUS OUTAGES TRADE OFF

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| 1-lowest rates – regular outages | 2% | 4% | 4% | 3% | 2% | 1% | 2% | 4% | 5% | 6% | 6% |
| 2-low rates – occasional outages | 15% | 3% | 8% | 7% | 5% | 6% | 10% | 11% | 12% | 15% | 12% |
| 3-neutral – a balance between rates and outages | 44% | 55% | 47% | 54% | 59% | 61% | 58% | 62% | 65% | 67% | 69% |
| 4-high rates – only a few outages | 15% | 13% | 11% | 12% | 11% | 13% | 12% | 8% | 7% | 5% | 6% |
| 5-highest rates – no outages | 3% | 5% | 6% | 5% | 8% | 7% | 4% | 6% | 5% | 3% | 2% |
| Don’t know | 22% | 21% | 24% | 19% | 15% | 12% | 14% | 9% | 6% | 4% | 5% |

There is a continued increase in the percentage of customers that want a balance between rates and outages at 69%, +2% higher compared to 2022.

Eighteen percent of customers are now willing to tolerate some form of outages compared to a lower 21% in 2022. This includes 12% that answered low rates with occasional outages and 6% the lowest rates and regular outages.

Only 8% prefer higher rates with only a few outages and with a low 2% naming the highest rates and no outages.

Payment Options & Online Management

Customers were asked about their preferred method of paying their utility bill. One response was accepted.

Q8. "What is your preferred method of paying your bill?"

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|
| Online/telephone banking through financial institution | 64% | 67% | 64% | 66% | 60% |
| Automatic withdrawal bank account (variable payment) | 22% | 21% | 19% | 17% | 20% |
| Automatic withdrawal on an equal monthly payment plan | 9% | 10% | 13% | 13% | 18% |
| Credit card | NA | NA | 2% | 1% | 1% |
| Payment in person at Citizen Service Centre | NA | NA | NA | <1% | 1% |

Online banking remains the preferred method of paying bills albeit by a lower 60%, followed by 20% that named automatic withdrawal and 18% equal monthly payments.

All respondents were next asked in a question that provided prompts about the self serve options they would like to see added to the Greater Sudbury Hydro online portal.

Q9. What self-serve options would you like to see added to the Greater Sudbury Hydro online portal?

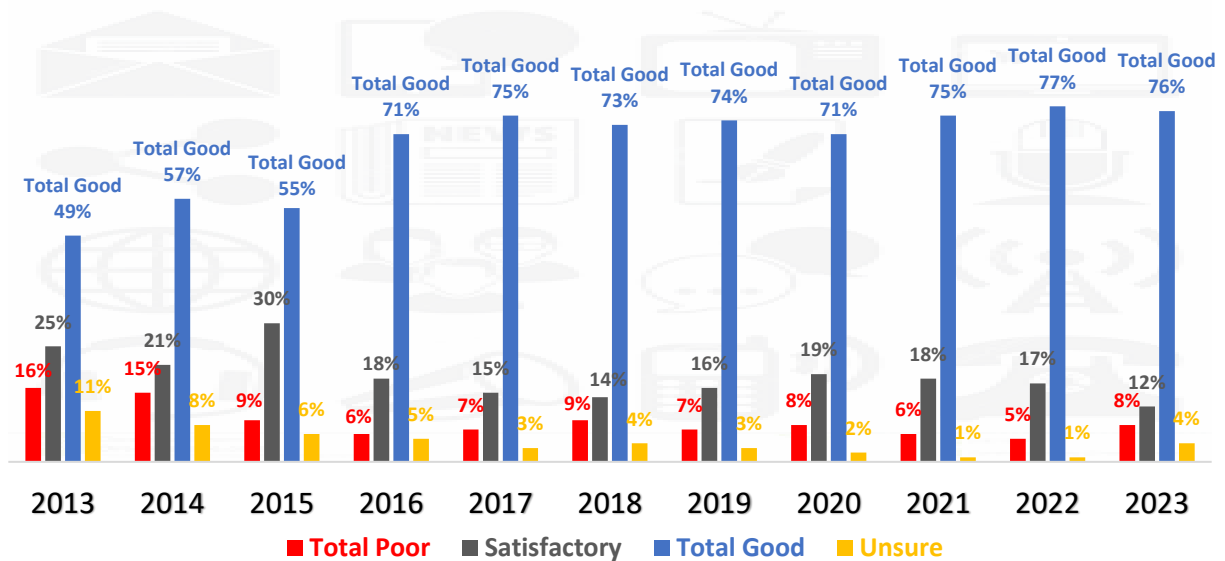
| | |
|--|-----|
| 1-Setting up/Changing Pre-Authorized Payment Options | 33% |
| 2-Move in / Move out | 16% |
| 3-Change payment options | 10% |
| 4-Update Account Profile Information | 37% |
| Unsure | 5% |

Most referenced was updating account profiler information and setting up or changing payment options, next followed by moving/moving out and changing payment options.

Communication

Respondents were asked a series of indicators about communications, starting with a rating question about how GSH communicates with its customers.

Q10. "Greater Sudbury Hydro communicates to its customers through a variety of methods including bill inserts, direct mail, social media, traditional media, and its website. Please rate the performance of Greater Sudbury Hydro in communicating with its customers using a scale from one very poor to five very good."

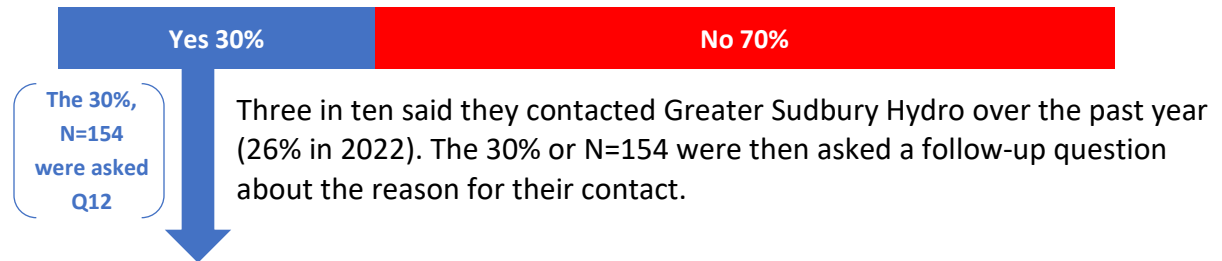


Seventy-six percent provided a positive (good & very good) rating for communicating with customers, consistent with 2021 and 2022.

Contact

Customers were first asked if they have contacted Greater Sudbury Hydro in the past 12 months. Those that have had communication were then asked a follow-up question about the reason for their contact.

Q11. "Over the past 12 months, have you contacted Greater Sudbury Hydro / Greater Sudbury Utilities?"



Q12. "What were your reasons for contacting Greater Sudbury Hydro?"

| | |
|---|-----|
| Billing issues / inquiry | 41% |
| Outages / information | 40% |
| Open or close account / change account info | 19% |

The main reasons for contacting Greater Sudbury Hydro related primarily to issues related to billing issues / inquiries, outages, and general account information or changes.

In an open or unaided question, residential customers were asked how they would prefer to communicate with Greater Sudbury Hydro for customer service or billing issues.

Q13. "How would you prefer to contact Greater Sudbury Hydro for Customer Service or Billing related issues?"

| | |
|--------------------------------------|-----|
| Email | 33% |
| Social Media | 31% |
| Text | 16% |
| Phone | 9% |
| Website form | 3% |
| Unsure | 3% |
| Live chat | 2% |
| Traditional mail | 1% |
| Automated chat/ or virtual assistant | 1% |

Email and social media were virtually tied as preferred methods, next by text messaging and telephone.

In another open or unaided question, residential customers were asked how they would prefer to communicate with Greater Sudbury Hydro about engineering or other projects.

Q14. How would you prefer to contact Greater Sudbury Hydro about engineering or other projects?

| | |
|-----------------------------------|-----|
| Email | 47% |
| Social Media | 24% |
| Text | 8% |
| Unsure | 7% |
| Website form | 5% |
| Traditional mail | 4% |
| Phone | 2% |
| Live chat | 1% |
| Automated chat/ virtual assistant | 1% |

When it comes to engineering other projects, email is the preferred method by nearly half.

The next open probe asked respondents about their preferred method to contact the utility about outage information.

Q15. How would you prefer to contact Greater Sudbury Hydro about outage information?

| | |
|--------------------------------------|-----|
| Phone | 36% |
| Text | 35% |
| Social Media | 21% |
| Email | 5% |
| Unsure | 1% |
| Live chat | 1% |
| Automated chat/ or virtual assistant | 1% |

On the issue of outages, telephone was most referenced as a communications tool, closely followed by text messaging.

Customers were then asked to identify the communication option they would like to see Greater Sudbury Hydro offer.

Q16. “What communication option would you like to see Greater Sudbury Hydro offer in the future?”

| | |
|----------------------------------|-----|
| Text/SMS notifications | 37% |
| Live Chat | 24% |
| Automated Chat/Virtual Assistant | 16% |
| Unsure | 14% |
| None | 9% |

Greater Sudbury Hydro Website

A series of four questions were asked about the Greater Sudbury Hydro / Greater Sudbury Utilities website.

Q17. "Have you visited the Greater Sudbury Hydro or the Greater Sudbury Utilities website over the past 12 months?"



Forty eight percent said they have visited the website(s) in the last year, down from 55% in 2022 (53% in 2021, 48% in 2020 and 38% in 2019).

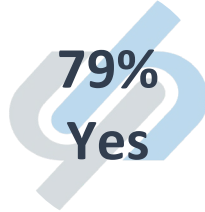
The N=242 (48%) of website visitors were then asked about the information they were looking for.

Q18. "What information did you look for?"

| | |
|---|-----|
| Account information | 35% |
| News or Developments | 17% |
| Rates & Fees | 15% |
| Energy conservation | 15% |
| Electric Vehicle charging | 11% |
| Environment/Safety | 4% |
| Corporate info | 2% |
| Distributed Energy Resource Connections | 1% |

Next, the N=242 visitors were asked if they found the information on the website they were looking for.

Q19. *“Did the website provide you with the information you were seeking?”*



Seventy nine percent said yes or that they found the information, compared to 76% in 2022 (73% in 2021, 71% in 2020 and 82% in 2019).

The 21% (N=52) that answered they did not find the information they were looking for were asked Q20 as a follow-up

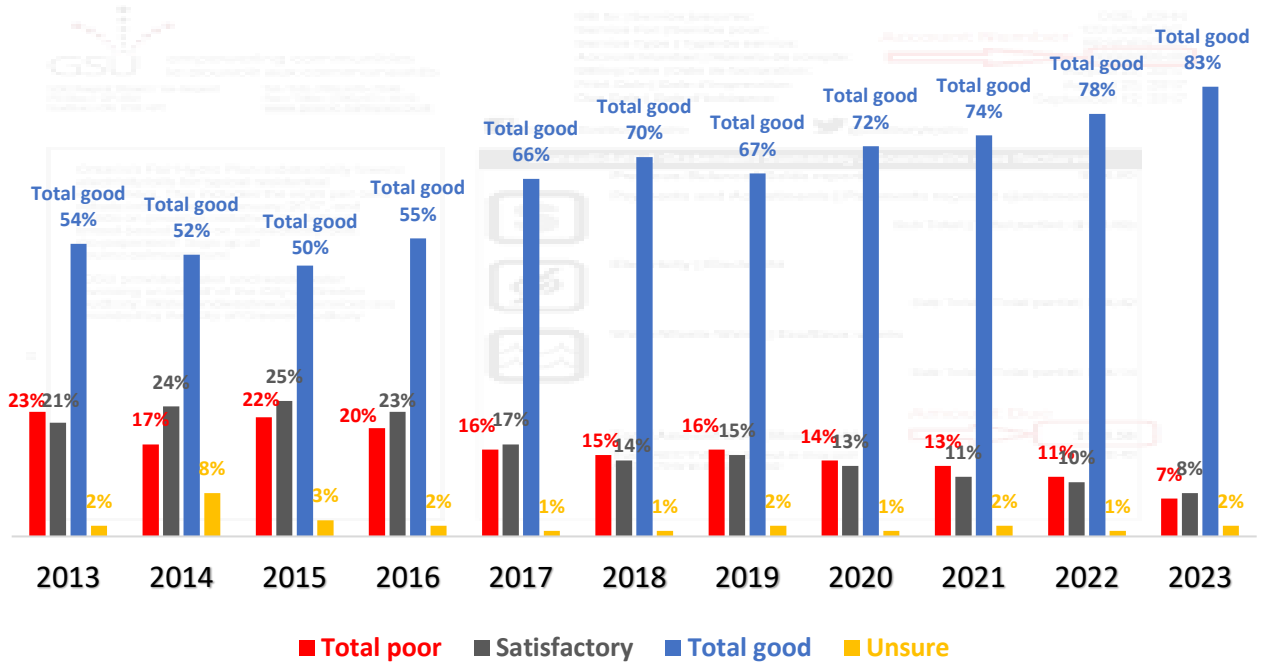
Q20. *“What information were you looking for?”*

| | |
|--|-----|
| Rebate programs / savings | 33% |
| Conservation / EVs / charging stations | 17% |
| Detailed account information | 15% |
| Don't know | 12% |
| Updates on outages | 10% |
| Time of use billing | 6% |
| Details on rates / charges | 6% |
| Careers / job availability | 2% |

Billing – Ease of Understanding

All residential customers rated the ease of reading or understanding their electricity or utility bill.

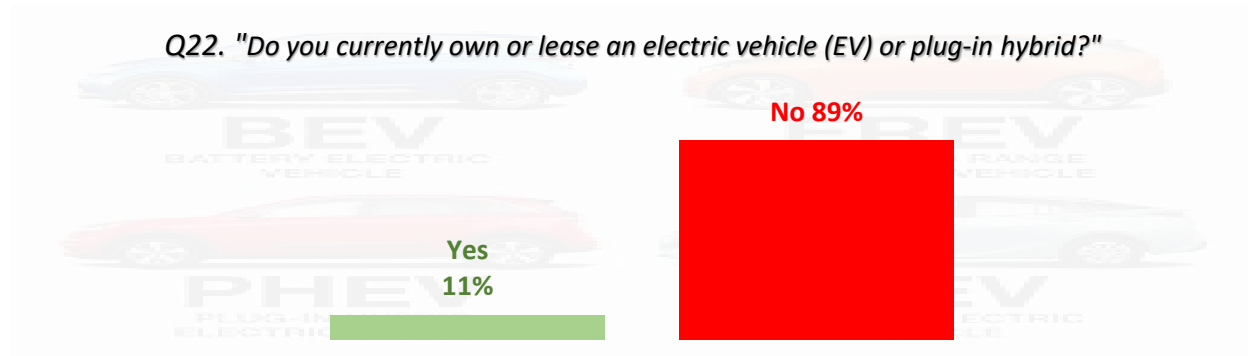
Q21. “Using a scale from one very poor to five very good, how would you rate how easy it is to read and understand your electricity or utility bill?”



Eighty-three percent provided a good or very good rating for the ease of understanding their bills, +5% higher than they did in 2022.

Electric Vehicles

All respondents were questioned if they currently own or lease an electric vehicle of which 11% said yes.



Next, those that do not have an EV were asked when they plan to purchase an electric vehicle.

Q23. *By 2035, no new internal combustion engine vehicles will be sold. When do you plan to switch over and purchase an EV?*

| | |
|--------------------------------|-----|
| Over the next year (12 months) | 3% |
| 1-2 years | 6% |
| 3-4 years | 10% |
| 5 or more years | 28% |
| Do not plan to purchase | 6% |
| Unsure | 47% |

Only 9% said they are considering an EV purchase within the next two years, 38% in the three-to-five or more window, while almost half are unsure.

Energy Self Generation & Storage

The final set of questions were related to energy self generation and storage.

Q24. *“Do you currently have solar panels or other forms of self-generation?”*

Yes: 2% (N=9)

The N=491 or 98% that do not have solar panels or other forms of self-generation were asked about the likelihood of installing them over the next two years. As the table below illustrates, interest in the short term is very low.

Q25. *“Do you plan to install solar panels or other forms of self-generation over the next...”*

| | |
|--------------------------------|-----|
| Over the next year (12 months) | 1% |
| 1-2 years | 1% |
| 3-4 years | 8% |
| 5 or more years | 19% |
| Do not | 18% |
| Unsure | 54% |

Q26. *Are you considering generating, and potentially storing, some or all of your electricity needed for your residence?”*

Yes: 12% (N=60)

The 12% or N=60 that are considering generating or storing electricity were asked in Q27 when they plan to do so.

Q27. *“When do you plan to generate or store electricity?”*

| | |
|-----------------|-----|
| 1-2 years | 7% |
| 3-4 years | 27% |
| 5 or more years | 37% |
| Unsure | 30% |

Then the 12% or N=60 that are considering generating or storing electricity were asked in an open-ended probe (Q28) about what is motivating them to generate and store electricity.

Q28 “What is motivating you to generate or plan to generate and store electricity?”

| | |
|---|-----|
| Lower utility bills | 40% |
| Environment / climate action | 28% |
| Having a secure energy source | 12% |
| Long-term savings / payback on investment | 8% |
| Unsure | 8% |
| Impact on resale value | 3% |

In the final question, the 88% that said in Q26 they are not considering generating or storing electricity (46%, N=232) or were unsure (42%, N=208) were asked about motivators.

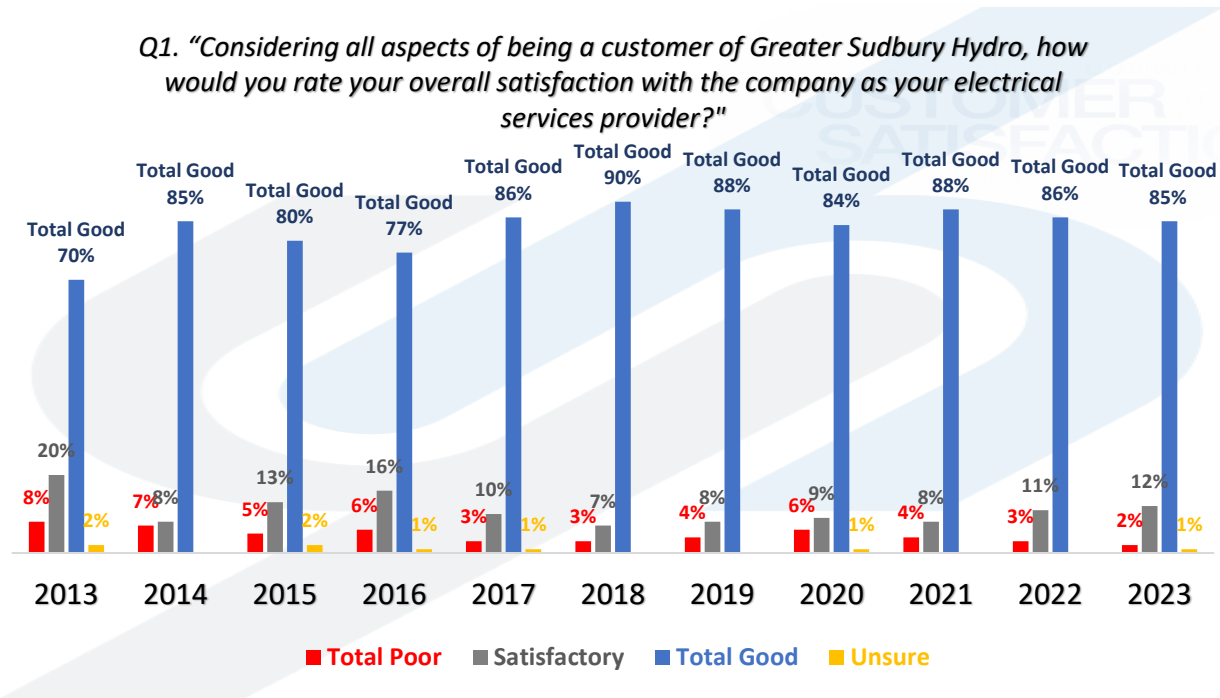
Q29. “What would motivate you to install an energy generation and or storage system for your residence?”

| | |
|------------------------------|-----|
| Cost | 31% |
| Unsure | 16% |
| Environment / climate action | 12% |
| Lower utility bills | 11% |
| Nothing | 11% |
| Payback on investment | 8% |
| Need more information | 7% |
| Reliability | 3% |
| Help with financing | 1% |

EXECUTIVE SUMMARY – BUSINESS

Satisfaction

Businesses were first asked an overall satisfaction question. The following graph compares the current 2023 results with the previous surveys. Results below combine the total poor (very poor & poor) and total good (good & very good) findings.



The overall satisfaction score as evidenced by the combined good and very good rating remains consistent at 85%.

Respondents were then asked to rate their level of agreement with a statement about Greater Sudbury Hydro meeting its commitment to customers. The table below combines the responses of 4-agree and 5-strongly agree and compares the results over time.

“Please rate your level of agreement with the following statement using a scale from one strongly disagree to five strongly agree.”

Q2. “Greater Sudbury Hydro meets its commitment to customers.”

| TOTAL AGREE RESULTS – AGREE & STRONGLY AGREE | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 69% | 86% | 83% | 79% | 85% | 86% | 80% | 85% | 87% | 89% | 87% |

In total, 87% agreed (48%) or strongly agreed (39%) that Greater Sudbury_Hydro meets its commitment to customers.

Rating Performance

Businesses were then asked to rate the performance of Greater Sudbury Hydro across four indicators using a five-point scale (1-very poor to 5-very good). The table below combines the positive responses of good and very good while tracking the results over time.

“Using a scale from one very poor to five very good, please rate the performance of Greater Sudbury Hydro in each of the following areas.”

| PERFORMANCE AREAS – TOTAL GOOD RESPONSES | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|
| Q3. The reliability of electricity supply | 90% | 87% | 89% | 86% | 92% | 91% | 93% | 90% | 92% | 89% |
| Q4. Prompt responses to electricity outages when they occur | 73% | 70% | 72% | 80% | 82% | 81% | 86% | 85% | 87% | 84% |
| Q5. Effectively scheduling planned electricity outages | 59% | 55% | 41% | 58% | 53% | 55% | 51% | 54% | 52% | 56% |
| Q6. Effectively communicating with customers about planned electricity interruptions in your area | 53% | 50% | 40% | 49% | 45% | 46% | 47% | 51% | 49% | 54% |

Highest scored once again was the reliability of power at 89%, followed by prompt response time to outages at 84%. They remain lower for effectively scheduling planned outages at 56% and for effectively communicating with customers about planned outages at 54% .

Rates Versus Outages

A trade-off question was asked related to the cost customers are willing to pay for electricity system maintenance in relation to the security of service delivery or keeping the lights on.

Q7. "I am going to ask your opinion on the issue of balancing the price you pay for maintenance and renewal of your local electricity infrastructure with the security of your electricity service delivery or "keeping the lights on." Please respond on a scale from one having the lowest rates possible with regular outages to five having the highest rates possible with no outages – 3 would be a balance between rates and outages."

RATES VERSUS OUTAGES
TRADE OFF

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| 1-lowest rates – regular outages | 3% | 4% | 3% | 3% | 1% | 1% | 1% | 2% | 3% | 4% | 2% |
| 2-low rates – occasional outages | 6% | 3% | 5% | 4% | 2% | 1% | 1% | 17% | 11% | 16% | 14% |
| 3-neutral – a balance between rates and outages | 57% | 58% | 65% | 69% | 79% | 75% | 82% | 76% | 83% | 78% | 77% |
| 4-high rates – only a few outages | 12% | 18% | 14% | 9% | 7% | 9% | 8% | 2% | 1% | 1% | 1% |
| 5-highest rates – no outages | 9% | 3% | 2% | 1% | 2% | 3% | 2% | 1% | 1% | 1% | 1% |
| Don't know | 13% | 14% | 11% | 14% | 9% | 11% | 6% | 2% | 1% | - | 5% |

Most or 77% still want a balance between rates and outages. There was a -4% decrease over 2022 to 16% in the number that want either low rates with occasional outages (14%) or the lowest rates with regular outages (2%). There was no change in the percentage of customers willing to accept high rates for a few outages, or the highest rates and no outages.

Payment Options & Online Management

Businesses were asked about their preferred method of paying their utility bill. One response was accepted.

Q8. “What is your preferred method of paying your bill?”

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|------|
| Online/telephone banking through financial institution | 66% | 59% | 65% | 69% | 68% |
| Equal monthly payment plan on an Equal monthly payment plan | 21% | 19% | 17% | 15% | 12% |
| Automatic withdrawal from bank account (variable payment) | 16% | 15% | 14% | 11% | 13% |
| Credit card | NA | NA | 1% | - | 2% |
| Payment in person at Citizen Service Centre | NA | NA | NA | - | 5% |

Online banking remains the preferred method of paying bills by businesses at 68%.

Next businesses were questioned about the self serve options they would like to see added to the portal.

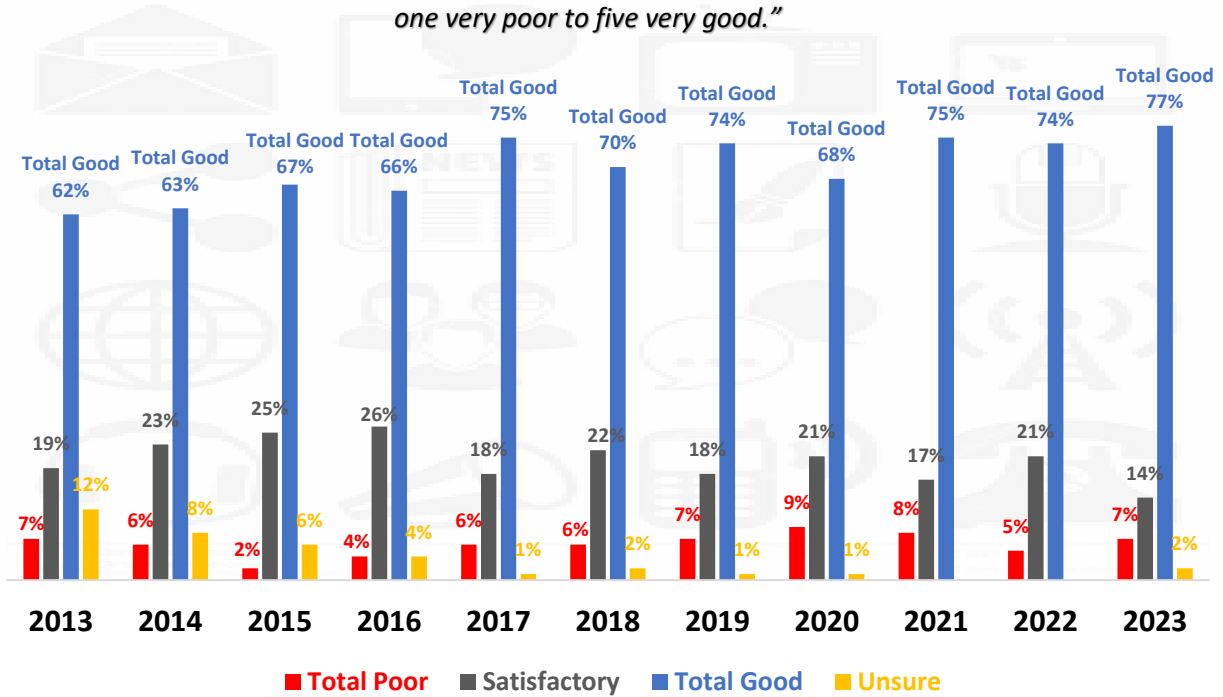
Q9. “What self-serve options would you like to see added to the Greater Sudbury Hydro online portal?”

| | |
|--|-----|
| Update Account Profile Information | 44% |
| Change payment options | 22% |
| Setting up/Changing Pre-Authorized Payment Options | 19% |
| Unsure | 9% |
| Move in / Move out | 6% |

Communication

Respondents were asked to rate how GSH communicates with its business customers.

Q10. "Greater Sudbury Hydro communicates to its customers through a variety of methods including bill inserts, direct mail, social media, traditional media, and its website. Please rate the performance of Greater Sudbury Hydro in communicating with its customers using a scale from one very poor to five very good."

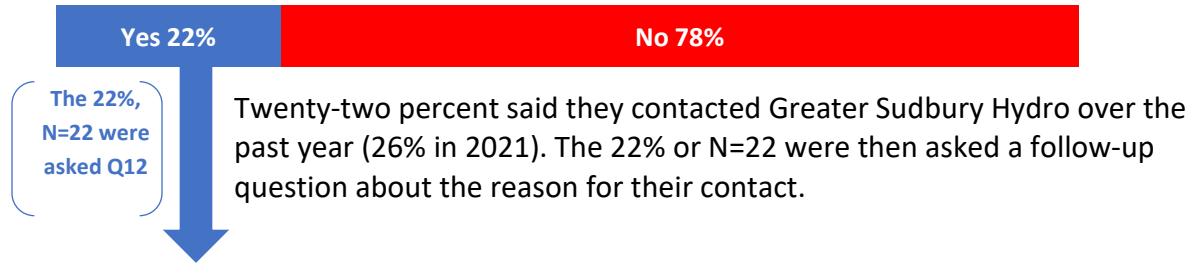


Seventy seven percent of businesses rated communications as being good or very good, up +3% from 2022.

Contact

The next set of probes were about recent contact with Greater Sudbury Hydro and communications with the utility. Businesses were first asked if they have contacted Greater Sudbury Hydro in the past 12 months.

Q11. "Over the past 12 months, have you contacted Greater Sudbury Hydro / Greater Sudbury Utilities?"



Q12. "What was the nature of your inquiry?"

| | |
|--------------------------|-----|
| Billing issues | 59% |
| Outage information | 27% |
| Open or close an account | 14% |

In an open or unaided question, residential customers were asked how they would prefer to communicate with Greater Sudbury Hydro for customer service or billing issues.

Q13. "How would you prefer to contact Greater Sudbury Hydro for Customer Service or Billing related issues?"

| | |
|--------------------------------------|-----|
| Email | 50% |
| Text | 27% |
| Website form | 6% |
| Phone | 5% |
| Automated chat/ or virtual assistant | 4% |
| Social Media | 3% |
| Live chat | 3% |
| Unsure | 2% |

In another open or unaided question, residential customers were asked how they would prefer to communicate with Greater Sudbury Hydro about engineering or other projects.

Q14. How would you prefer to contact Greater Sudbury Hydro about engineering or other projects?

| | |
|--------------------------------------|-----|
| Email | 44% |
| Social Media | 23% |
| Traditional mail | 13% |
| Unsure | 8% |
| Website form | 4% |
| Text | 4% |
| Phone | 2% |
| Live chat | 1% |
| Automated chat/ or virtual assistant | 1% |

The next open probe asked respondents about their preferred method to contact the utility about outage information.

Q15. How would you prefer to contact Greater Sudbury Hydro about outage information?

| | |
|--------------------------------------|-----|
| Text | 36% |
| Phone | 32% |
| Social Media | 29% |
| Live chat | 2% |
| Automated chat/ or virtual assistant | 1% |

Customers were then asked to identify the communication option they would like to see Greater Sudbury Hydro offer.

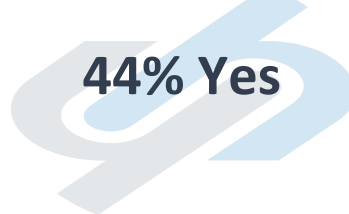
Q16. "What communication option would you like to see Greater Sudbury Hydro offer in the future?"

| | |
|----------------------------------|-----|
| Text/SMS notifications | 38% |
| None | 19% |
| Unsure | 19% |
| Live Chat | 14% |
| Automated Chat/Virtual Assistant | 10% |

Greater Sudbury Hydro Website

A series of four questions were asked about the Greater Sudbury Hydro / Greater Sudbury Utilities website.

Q17. "Have you visited the Greater Sudbury Hydro or the Greater Sudbury Utilities website over the past 12 months?"



Forty-four percent said they have visited the website(s) in the last year.

The N=44 website visitors were then asked about the information they were looking for.

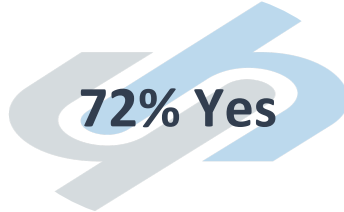
Q18. "What information did you look for?"

| | |
|---------------------------|-----|
| Account information | 60% |
| Rates & Fees | 28% |
| Energy conservation | 5% |
| Corporate info | 2% |
| News or Developments | 2% |
| Electric Vehicle charging | 2% |

Most named was accessing account information, next by information about rates or fees.

Next, the N=44 visitors were asked if they found the information on the website they were looking for.

Q19. *“Did the website provide you with the information you were seeking?”*



Seventy-two percent said yes or that they found the information they were looking for on the site.

The 28% (N=12) that answered they did not find the information they were looking for in Q19, were asked Q20 as a follow-up

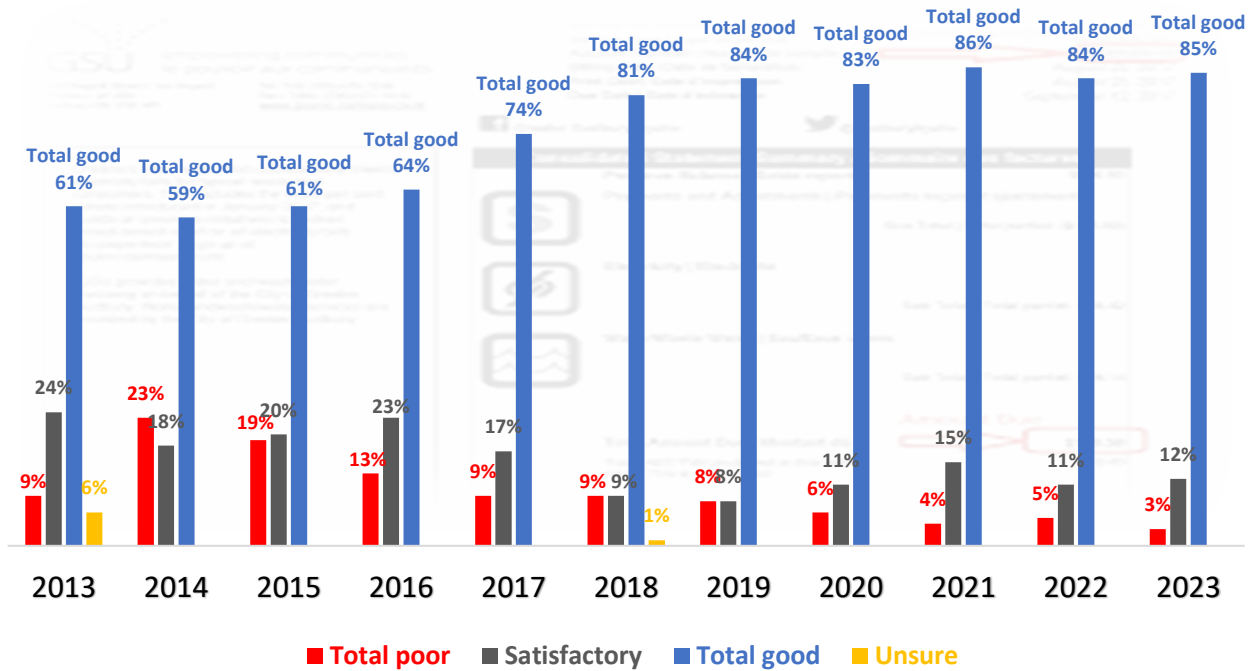
Q20. *“What information were you looking for?”*

| | |
|------------------------------|-----|
| Detailed account information | 33% |
| Updates on outages | 17% |
| Rebate programs / savings | 17% |
| Details on rates / charges | 17% |
| EV charging stations | 8% |
| Don't know | 8% |

Billing – Ease of Understanding

Businesses rated the ease of reading or understanding their power bill.

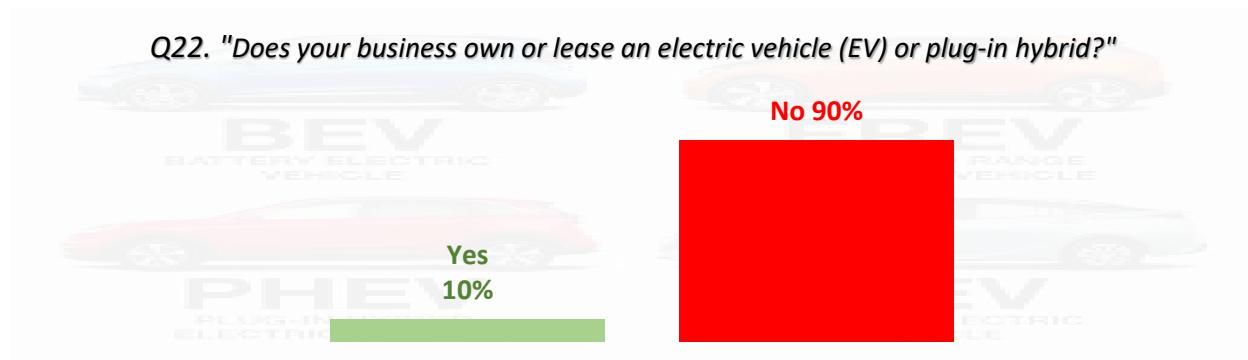
Q21. “Using a scale from one very poor to five very good, how would you rate how easy it is to read and understand your electricity or utility bill?”



Results are consistent over the past three survey periods with 85% providing a good or very good rating for the ease of understanding their bill.

Electric Vehicles

All respondents were questioned if they currently own or lease an electric vehicle of which 11% said yes.



Next, those that do not have an EV were asked when they plan to purchase an electric vehicle.

Q23. *By 2035, no new internal combustion engine vehicles will be sold. When do you plan to switch over and purchase an EV?*

| | |
|--------------------------------|-----|
| Over the next year (12 months) | 1% |
| 1-2 years | 2% |
| 3-4 years | 7% |
| 5 or more years | 29% |
| Do not plan to purchase | 7% |
| Unsure | 54% |

Only 3% said they are considering an EV purchase within the next two years, 36% in the three-to-five or more window, while more than half are unsure.

Energy Self Generation & Storage

The final set of questions were related to energy self generation and storage.

Q24. *“Do you currently have solar panels or other forms of self-generation?”*

Yes: 3% (N=3)

The N=97 or 97% that do not have solar panels or other forms of self-generation were asked about the likelihood of installing them over the next two years. As the table below illustrates, interest in the 1–2-year short term is very low, while seven in ten either have no plans or are unsure.

Q25. *“Do you plan to install solar panels or other forms of self-generation over the next...”*

| | |
|-----------------|-----|
| 1-2 years | 1% |
| 3-4 years | 9% |
| 5 or more years | 20% |
| Do not | 9% |
| Unsure | 61% |

Q26. *Are you considering generating, and potentially storing, some or all of your electricity needed for your residence?”*

Yes: 15% (N=15)

The 15% or N=15 that are considering generating or storing electricity were asked in Q27 when they plan to do so.

Q27. *“When do you plan to generate or store electricity?”*

| | |
|-----------------|-----|
| 1-2 years | 13% |
| 3-4 years | 13% |
| 5 or more years | 27% |
| Unsure | 47% |

Then the 15% or N=15 that are considering generating or storing electricity were asked in an open-ended probe (Q28) about what is motivating them to generate and store electricity.

Q28 “What is motivating you to generate or plan to generate and store electricity?”

| | |
|---|-----|
| Lower utility bills | 40% |
| Environment / climate action | 33% |
| Unsure | 13% |
| Long-term savings / payback on investment | 7% |
| Having a secure energy source | 7% |

In the final question, the 85% that said in Q26 they are not considering generating or storing electricity (N=85) were asked about motivators.

Q29. “What would motivate you to install an energy generation and or storage system for your residence?”

| | |
|------------------------------|-----|
| Cost | 24% |
| Need more information | 20% |
| Unsure | 15% |
| Environment / climate action | 14% |
| Lower utility bills | 13% |
| Reliability | 11% |
| Nothing | 4% |

Appendix 2 – GSHI OEB Scorecard 2023

Scorecard - Greater Sudbury Hydro Inc.

| Performance Outcomes | Performance Categories | Measures | 2019 | 2020 | 2021 | 2022 | 2023 | Trend | Target | | |
|---|------------------------------------|---|------------------------------------|----------|----------|----------|----------|-------|----------|-------------|-------|
| | | | | | | | | | Industry | Distributor | |
| Customer Focus Services are provided in a manner that responds to identified customer preferences. | Service Quality | New Residential/Small Business Services Connected on Time | 99.38% | 99.63% | 98.95% | 99.49% | 99.30% | | 90.00% | | |
| | | Scheduled Appointments Met On Time | 99.78% | 100.00% | 100.00% | 100.00% | 99.81% | | 90.00% | | |
| | | Telephone Calls Answered On Time | 71.26% | 67.38% | 64.22% | 71.07% | 71.16% | | 65.00% | | |
| | Customer Satisfaction | First Contact Resolution | 82.69% | 87.60% | 87.86% | 84.86% | 93 | | | | |
| | | Billing Accuracy | 99.93% | 99.95% | 99.97% | 99.94% | 99.95% | | 98.00% | | |
| | | Customer Satisfaction Survey Results | 91% | 89% | 93.60% | 94.60% | 92.83% | | | | |
| Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives. | Safety | Level of Public Awareness | 83.00% | 83.00% | 85.00% | 85.00% | 89.00% | | | | |
| | | Level of Compliance with Ontario Regulation 22/04 ¹ | C | C | C | C | C | | | C | |
| | | Serious Electrical Incident Index | Number of General Public Incidents | 0 | 0 | 0 | 0 | 0 | | | 0 |
| | | | Rate per 10, 100, 1000 km of line | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 0.000 |
| | System Reliability | Average Number of Hours that Power to a Customer is Interrupted ² | 1.89 | 1.48 | 1.11 | 1.15 | 1.49 | | | 1.43 | |
| | | Average Number of Times that Power to a Customer is Interrupted ² | 1.03 | 0.99 | 1.16 | 1.62 | 1.49 | | | 1.18 | |
| | Asset Management | Distribution System Plan Implementation Progress | 84.72% | 110% | 90.44% | 74.86% | 79.31% | | | | |
| | Cost Control | Efficiency Assessment | 3 | 3 | 3 | 3 | 3 | | | | |
| | | Total Cost per Customer ³ | \$679 | \$670 | \$679 | \$721 | \$805 | | | | |
| | | Total Cost per Km of Line ³ | \$31,938 | \$31,590 | \$31,877 | \$13,572 | \$15,170 | | | | |
| Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board). | Connection of Renewable Generation | New Micro-embedded Generation Facilities Connected On Time | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | | 90.00% | | |
| Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable. | Financial Ratios | Liquidity: Current Ratio (Current Assets/Current Liabilities) | 1.48 | 1.13 | 1.30 | 1.33 | 1.27 | | | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 1.76 | 1.22 | 1.19 | 1.13 | 1.09 | | | | |
| | | Profitability: Regulatory Return on Equity | Deemed (included in rates) | 8.98% | 8.52% | 8.52% | 8.52% | 8.52% | | | |
| | | | Achieved | 8.62% | 2.04% | 9.62% | 10.52% | 8.24% | | | |

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
 2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
 3. A benchmarking analysis determines the total cost figures from the distributor 's reported information.

Legend:

5-year trend
 up down flat

Current year
 target met target not met

2023 Scorecard Management Discussion and Analysis (“2023 Scorecard MD&A”)

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2023 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Greater Sudbury Hydro Inc) distributes electricity to over 47,800 customers in Northeastern Ontario Communities. The communities serviced by GSHI include: a portion of Greater Sudbury (formerly City of Sudbury, Town of Coniston, Town of Capreol, and Town of Falconbridge) and a portion of the Municipality of West Nipissing (Town of Surgeon Falls and Town of Cache Bay).

In 2023, GSHI exceeded most mandatory industry and distributor performance targets. The scorecard highlights GSHI’s commitment to providing safe and reliable electricity to improve the lives of their customers and communities. GSHI demonstrated strong performance in the areas of service quality, safety, and financial viability.

GSHI monitors their performance on a regular basis and seeks opportunities to make year over year improvements.

Service Quality

- **New Residential/Small Business Services Connected on Time – Industry Target Exceeded**

In 2023, GSHI connected 99.30% of approximately 568 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its' system within the five-day timeline prescribed by the OEB. For the five-year period from 2019 to 2023, GSHI has consistently performed better than the industry target of 90%. Where practicable, GSHI coordinates connection activities with other planned construction activities undertaken by the utility, other utilities, or municipal and provincial government agencies.

- **Scheduled Appointments Met on Time – Industry Target Exceeded**

GSHI scheduled approximately 538 appointments in 2023 to complete customer requested work (e.g., meter installs/removals, service disconnects, reconnects, and meter locates). The distributor met 99.81% of these appointments on time. For the five-year period from 2019 to 2023, GSHI has significantly exceeded the industry target of 90%.

- **Telephone Calls Answered on Time – Industry Target Exceeded**

In 2023, GSHI received more than 40,000 calls from its customers – over 160 calls per working day. Of these calls, an agent answered the call within 30 seconds or less 71.16% of the time. This result exceeds the OEB-mandated 65% target for call response times.

Over the past few years, GSHI has seen a reduction in the number of calls. Call volumes decreases are attributed to successfully promoting online self-serve features, and customers opting for the convenience of email communication. This shift in customer preference, has helped GSHI improve their answering times.

Customer Satisfaction

- **First Contact Resolution – Industry Target Not Established**

Specific customer satisfaction measurements have not been previously defined across the industry. GSHI has used the same process as in past years.

For GSHI, First Contact Resolution was measured based on live agent transactional phone surveys conducted by a third-party service provider. For the period January 1, 2023 – December 31, 2023, GSHI provided the service provider with a weekly sample of all inbound customer telephone calls into GSHI's Customer Service department.

Third party telephone agents, in turn, contacted and surveyed customers – typically within a week of their initial inbound contact. Customers were asked to rate various facets of their customer experience, and were also asked if their issue (i.e., reason for calling) was resolved on their first call to GSHI. Using the results of this survey, GSHI calculated a first contact resolution of 93.00% for 2023 which was an improvement from the 2022 result of 84.86%. GSHI endeavors to use the transactional customer survey results to identify customer service improvements with the intention of increasing first contact resolution in the future.

- **Billing Accuracy – Industry Target Exceeded**

In 2023, GSHI issued approximately 580,786 bills and achieved a billing accuracy of 99.95%. This compares favourably to the OEB’s prescribed target of 98%.

GSHI continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results – Industry Target Not Established**

In 2023, GSHI enlisted Oraclepoll Research, an independent third-party survey and analytics company, to conduct annual customer satisfaction surveys. These surveys provide crucial insights to inform discussions and strategies for enhancing customer service across all levels and departments within GSHI. Since 2013, Oraclepoll Research has conducted this annual survey for GSHI.

The survey included key questions on a variety of topics, ranging from pricing to value, reliability, communication methods, and customer service. It also sought suggestions for overall satisfaction.

Each year, the survey updates its questions by adding or removing a few that pertain to specific activities the LDC may consider for the future. To better streamline the survey, 28 questions were asked compared to 41 in previous years as some embedded questions (questions within questions) were removed. Also, some questions in the Electric Vehicle category were tweaked, one was adjusted to the new goals and guidelines set forth by the Federal Government. For example, this question was made available, “by 2035, no new internal combustion engine vehicles will be sold. When do you plan to switch over and purchase an EV?”

Data gathered from this annual survey is integrated into GSHI's planning process, serving as a part of the foundation for strategies to enhance customer satisfaction and better address the needs of both residential and business customers.

Historically, 400 residential and 100 business customers participated in the survey. However, in 2023, 500 residential customers participated, and businesses remained the same at 100.

- Residential results decreased from 94% in 2022 to 92% in 2023.
- Business results stayed the same in 2022 and 2023, both were 97%.

- When weighted, the overall satisfaction result for residential and business customers combined in 2023 was 92.83%, this was a slight decrease from 2022 (2022 - 94.60%).

The number of residents surveyed will be discussed if it should remain at 500 or revert to 400.

Safety

- **Public Safety**

- **Component A – Public Awareness of Electrical Safety – Industry Target Not Established**

GSHI is deeply committed to public safety, consistently engaging in activities designed to maintain and enhance safety around its distribution equipment.

On a bi-annual basis, GSHI commissions an independent third-party public opinion polling firm, Oraclepoll Research to survey the community on core questions created by the ESA. The latest poll was conducted in 2024.

The survey serves as a benchmark for measuring awareness levels, highlighting areas where further education and efforts are needed. The survey employs computer-assisted techniques of telephone interviewing (CATI) and random number selection. Numbers were randomly selected from a dual sample database that included both landline and cellular telephone numbers.

GSHI rated 89% in 2023 when the ratings and evaluation methodology outlined by ESA were applied to the responses. This was an improvement from the previous score of 85% reported in 2022 and 2021, and 83% for 2020 and 2019.

GSHI continues to communicate safety messages to the communities we serve through a variety of channels including our GSHI and GSU websites, social media channels (Facebook, X, and Instagram), radio campaigns, media releases, and news stories.

- **Component B – Compliance with Ontario Regulation 22/04 – Distributor Target Met**

Ontario Regulation 22/04 (Electrical Distribution Safety) establishes objective-based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by the licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications, and inspection of construction before they are put into service.

Over the past twelve years, GSHI was found to be compliant with Ontario Regulation 22/04 - *Electrical Distribution Safety*. This was achieved by their strong commitment to safety, and adherence to company procedures and policies.

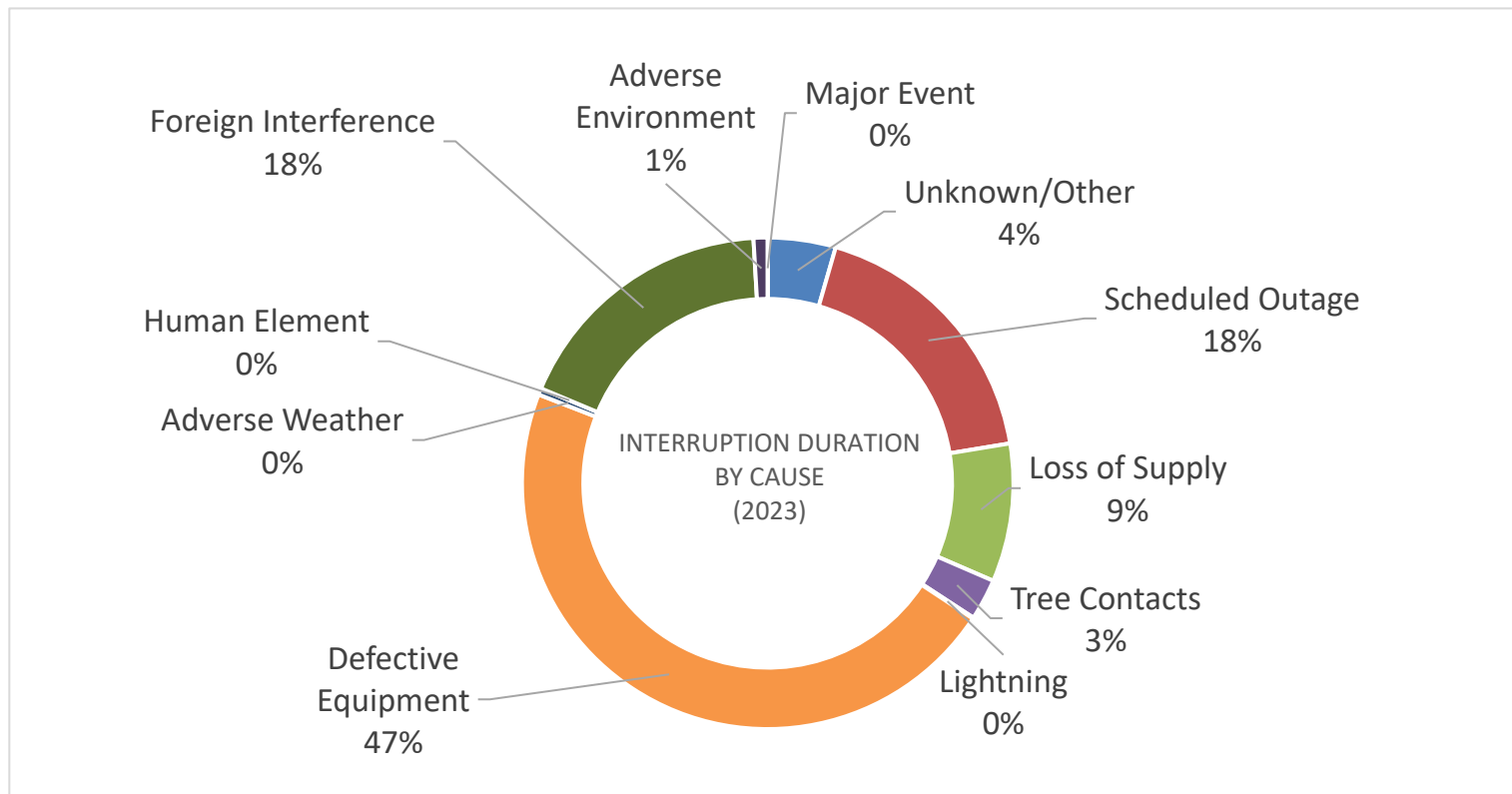
- **Component C – Serious Electrical Incident Index – Distributor Target Met**

Serious electrical incidents are defined in Ontario Regulation 22/04. The OEB measures the number and rate of serious electrical incidents occurring on a distributor’s assets and is normalized per 10, 100, or 1,000 km of line.

GSHI has maintained a “Serious Electrical Incident Index” value of 0 for the past twelve years.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted – Distributor Target Not Met**

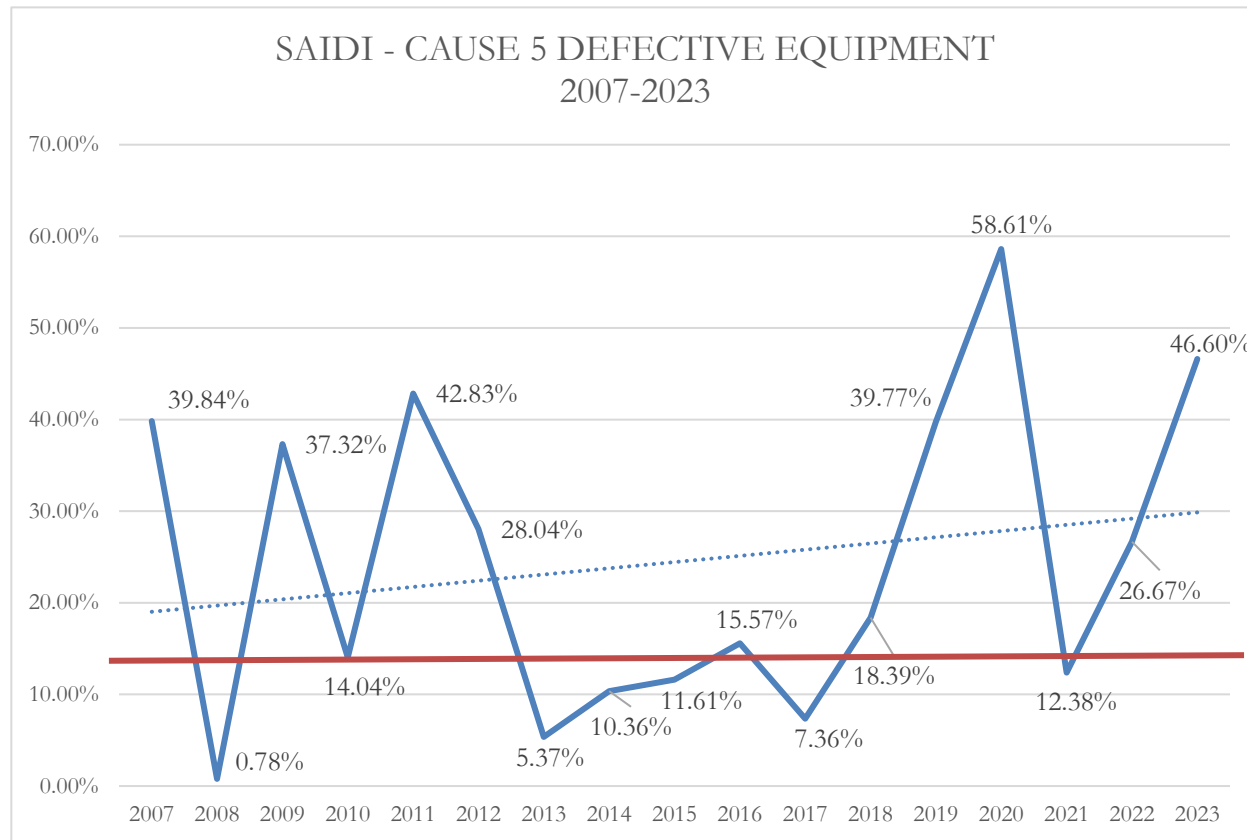


The above pie chart answers the following question: when power to a customer is interrupted, what percentage of the average hour of an outage is attributed to which cause?

Note: the chart above includes the cause “Loss of Supply”, however this parameter is not within GSHI’s control.

GSHI experienced an increase in the average number of hours that power to a customer was interrupted during 2023 as compared to 2022 (exclusive of “Loss of Supply” outages). In 2023, the performance of 1.49 was a decrease over 2022’s performance of 1.15. This result remains above GSHI’s Scorecard target of 1.43.

Until 2017, the duration of service interruptions due to Cause 5 (Defective Equipment) had historically been in a favourable downward trend. However, 2023 saw a continued increase in the contribution of this outage cause code to the overall reliability index. The chart below shows the historical contribution to the overall SAIDI index for this outage cause code:



GSHI has conducted a detailed review of its distribution assets in its Distribution System Plan, which provides for the renewal of its distribution system over the next five years.

By focusing strategically on specific assets and/or asset populations, the plan includes, among its objectives, the goal of reducing the contribution of Cause 5-related outage events to the overall SAIDI index to below 15%. With a result of 46.6% in 2022, GSHI did not meet this goal; however, the drop from 2020's result (58.49%) to 2023's result (46.6%) demonstrates the benefit of an increased focus on proactive asset renewal.

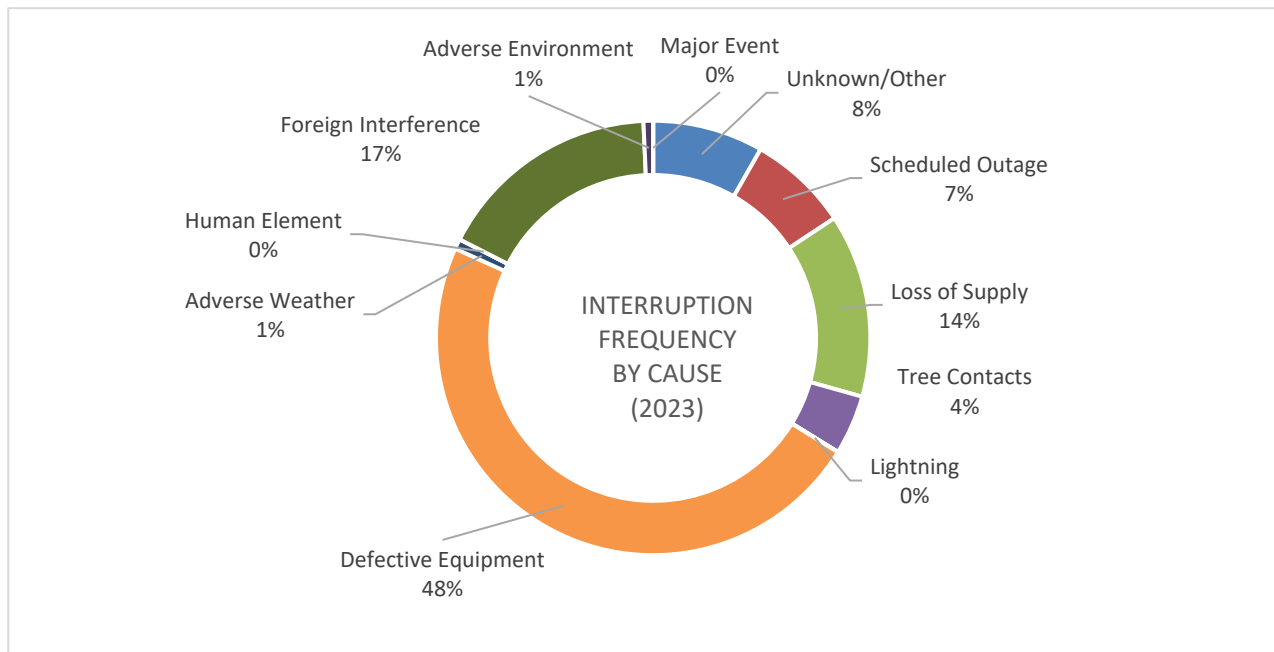
For all other outages (exclusive of "Loss of Supply"), "Scheduled Outages" was a leading cause contributing to outage duration at 18%. These types of outages have a substantial impact because of more rigorous safety procedures regarding worker safety and the type of work being undertaken. The performance of hazard analysis and job planning has resulted in frequent (and longer) planned outages. The Occupational Health & Safety Act requires that an Employer do "Everything reasonable in the circumstances for the safety of the worker" and the Infrastructure Health & Safety Association has embarked on "ZeroQuest", a path to zero Lost-Time Injuries (LTI) in the sector. GSHI has embraced both concepts over the years. This practice is fully supported by Senior Management at GSHI.

Additionally, the index saw a large contribution attributable to "Foreign Interference". This outage cause was responsible for 18% of the composite SAIDI index. On March 18, 2023, a burn-off on private plant caused a fault on the distribution system that resulted in the equivalent of 1,863 hours of customer interruption, which equates to 13% of the total outage hours for this cause for the entire year. In sum, seven (7) separate private plant failures caused a disruption to the distribution system, accounting for 26% of the total for this cause code.

Next, on December 9th, a vehicle hit a pole carrying the 44kV feed into the Town of Coniston which resulted in the equivalent of 2,787 hours of customer interruption, which equates to 20% of the total outage hours for this cause for the entire year. Altogether, there were 15 separate incidents of vehicles interfering with GSHI plant, resulting in approximately 6,520 customer-hours of interruption, which represents 46% of the total outage hours for this cause code.

Finally, 45 separate incidents of an animal contacting the distribution system resulted in an approximate 20% impact to this cause code. As part of its restoration process, GSHI applies an animal guard at locations that have experienced an outage due to wildlife contact. New transformers shipped to GSHI are also equipped with an animal guard and placed in to inventory so that each new installation is proactively deployed with this outage mitigation equipment.

- Average Number of Times that Power to a Customer is Interrupted – **Distributor Target Not Met**

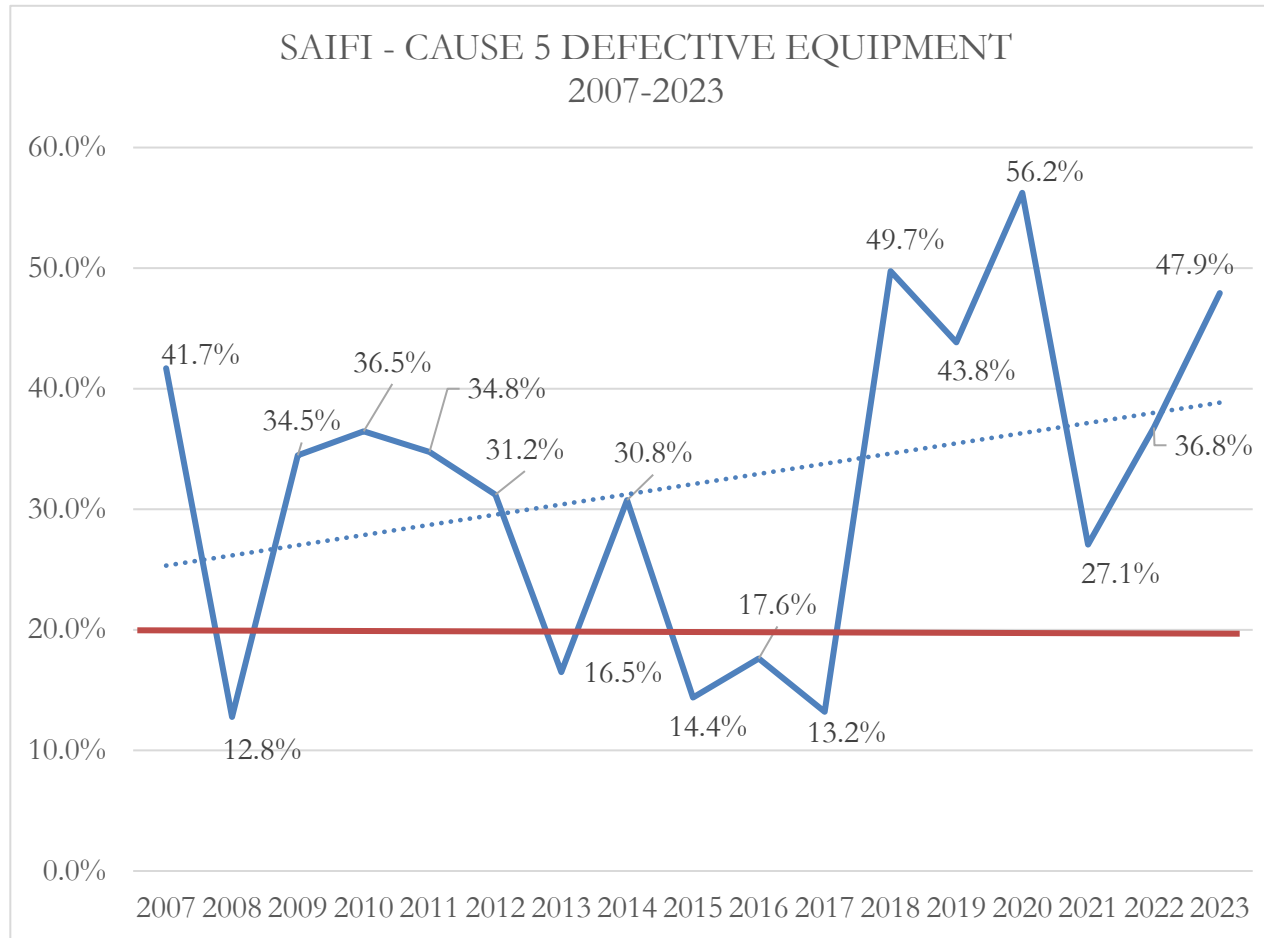


The above pie chart answers the following question: when power to a customer is interrupted, what’s the likelihood of a given cause? **Note:** the above includes the cause “Loss of Supply”, however this parameter is not within GSHI’s control.

GSHI experienced a decrease in the average number of times that power to a customer was interrupted during 2023 as compared to 2022 (exclusive of “Loss of Supply” outages). The Average Number of Times that Power to a Customer is Interrupted (i.e., frequency) of 1.49 was an improvement over 2022’s performance of 1.62. However, this result remains above GSHI’s Scorecard target of 1.18.

The frequency of service interruptions due to Cause 5 (Defective Equipment) had until 2017 been in a downward trend. However, 2023 continued to see an elevated contribution of this outage cause code to the overall reliability index.

The chart below shows the historical contribution to the overall SAIFI index for this outage cause code:



GSHI's Distribution System Plan has among its objectives the goal of reducing the contribution of Cause 5-related outage events to the overall SAIFI index to below 20%. With a result of 47.9% in 2023, GSHI did not meet this goal; however, the drop from 2020's result (56.2%) to 2023's result (47.9%) demonstrates the benefit of an increased focus on proactive asset renewal.

For all other outages (exclusive of "Loss of Supply"), "Foreign Interference" was a leading cause contributing to the outage frequency index at 17%. On November 3, 2023, a vehicle hit a pole and caused a fault on the distribution system that resulted in the equivalent of 2,131 customer interruptions, which equates to 13% of the total customer interruptions for this cause for the entire year.

Next, on December 9th, a vehicle hit a pole carrying the 44kV feed into the Town of Coniston which resulted in 2,900 customer interruptions, which equates to 20% of the total customer interruptions for this cause for the entire year. Altogether, there were 15 separate incidents of vehicles interfering with GSHI plant, resulting in 6,263 customer interruptions, which represents 45% of the total customer interruptions for this cause code.

Finally, 45 separate incidents of an animal contacting the distribution system resulted in 5,312 customer interruptions, which is a 38% impact to this cause code. As part of its restoration process, GSHI applies an animal guard at locations that have experienced an outage due to wildlife contact. New transformers shipped to GSHI are also equipped with an animal guard and placed in to inventory so that each new installation is proactively deployed with this outage mitigation equipment.

Asset Management

- **Distribution System Plan Implementation Progress – Industry Target Not Established**

Distribution system plan implementation progress is a new performance measure instituted by the OEB starting in 2013. Consistent with other new measures, utilities were given an opportunity to define it in the manner that best fits their organization. The Distribution System Plan (“DSP”) outlines GSHI’s forecasted capital expenditures, over the next five (5) years, required to maintain and expand the distributor’s electricity system to serve its current and future customers. The “Distribution System Plan Implementation Progress” measure is intended to assess GSHI’s effectiveness at planning and implementing the DSP. GSHI measures the progress of its DSP implementation as a ratio of actual total capital expenditures made in a calendar year over the total amount of planned capital expenditures for that calendar year per the DSP.

With actual capital spending of \$7,900,158, the 2023 measure indicates that Greater Sudbury Hydro realized a 20.7% reduction in planned capital expenditures of \$9,961,000.

However, apart from substantially completing the projects as outlined in the DSP, the reduction of actual capital spending of \$2,060,842 as compared with the plan was driven by encumbrances valued at \$2,087,418 in various areas such as substations, meters and vehicles. With suppliers continuing to struggle with timely product delivery, the expected spending in these areas was not realized in 2023 and is now expected to be incurred in 2024 (assuming there are no further delays in supplier delivery lead times).

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC (PEG) on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

In 2023, GSHI was placed in group three, consistent with the prior years. Group 3 distributors are defined as having actual costs within +/-10 percent of predicted costs. Group 3 is considered “average efficiency” - in other words are within the average cost range for distributors in the Province of Ontario.

GSHI has continued to focus on controllable costs, reviewing many of the key business processes to optimize those processes and drive efficiencies.

- **Total Cost per Customer**

Total Cost per Customer is calculated by PEG as the sum of GSHI’s capital and operating costs and dividing this cost figure by the total number of customers that GSHI serves. The cost performance result for 2023 is \$805 per customer which is a 12% increase over 2022.

Capital costs fluctuate depending on the need to replace existing capital assets and additional infrastructure to support system renewal and growth. Investments in new information system technology and the renewal and growth of the distribution system, have contributed to increased operating and capital costs. GSHI will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risk and customer rate impacts as demonstrated in our last rate application. Customer engagement initiatives will continue to ensure customers have an opportunity to share their viewpoint on GSHI’s capital spending plans.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometers of line that GSHI operates to serve its customers. GSHI’s 2023 cost performance is \$15,170 per Km of line, a 12% increase over 2022.

GSHI continues to experience a low level of growth in its total kilometers of lines due to a low annual customer growth rate. A low growth rate has reduced GSHI’s ability to fund capital renewal and increased operating costs through customer growth. GSHI continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

Connection of Renewable Generation

- **New Micro-embedded Generation Facilities Connected on Time - Industry Target Exceeded**

In 2023, GSHI connected 16 new micro-embedded generation facilities (distributed energy resource with nameplate capacity equal to or less than 10kW) 100% of the time within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time. Our workflow to connect these projects is very streamlined and transparent with our customers.

GSHI works closely with its customers and their contractors to tackle any connection issues and ensure a micro-embedded generation facility is connected on time.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short-term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being “liquid”. The higher the number, the more “liquid” and the larger the margin of safety to cover the company’s short-term debts and financial obligations.

In 2023, GSHI’s current ratio was 1.27 to 1. As noted above, this implies that GSHI has resources available to pay its short-term debts and financial obligations.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

GSHI notes that the OEB’s ‘leverage ratio’ is calculated by dividing the distributor’s ‘total debt’ by the aggregate ‘shareholder’s equity’. For this purpose, GSHI’s total debt and shareholders’ equity are determined in accordance with the requirements of the OEB’s Reporting and Record-keeping Requirements and Accounting Procedures Handbook, and not by reference to similarly termed financial ratios under International Financial Reporting Standards.

GSHI’s leverage ratio is 1.09 to 1.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**

GSHI’s current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 8.52%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor’s revenues and cost structure by the OEB.

- **Profitability: Regulatory Return on Equity – Achieved**

GSHI’s return achieved in 2023 was 8.24%, which is within the +/- 3% range allowed by the OEB.

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgement on the reporting date of the performance scorecard, and could be markedly different in the future.

Appendix 3 – 2025 OM&A and Capital Budgets

APPENDIX 3 – OM&A Budget

| | 2025 Test Year |
|---|-------------------|
| Programs | |
| <i>Reporting Basis</i> | MIFRS |
| Operation | |
| Operation Supervision and Engineering | 2,052,731 |
| Station Operations | 1,375,196 |
| Miscellaneous Distribution Expense | 1,225,639 |
| Load Dispatching | 990,390 |
| Meter Operations | 877,319 |
| Customer Premises | 792,448 |
| Overhead Distribution System Operations | 744,073 |
| Underground Distribution System Operations | 158,598 |
| Pole Attachments | 151,578 |
| Sub-Total | 8,367,972 |
| Maintenance | |
| Vegetation Management | 766,727 |
| Overhead Distribution System Maintenance | 648,054 |
| Underground Distribution System Maintenance | 454,776 |
| Station Maintenance | 75,220 |
| Meter Maintenance | 11,626 |
| Sentinel Lights | 7,758 |
| Sub-Total | 1,964,161 |
| Billing and Collecting | |
| Billing | 1,195,009 |
| Collections and Bad Debt Expense | 522,345 |
| Sub-Total | 1,717,354 |
| Community Relations | |
| Customer Accounts | 1,234,670 |
| Sub-Total | 1,234,670 |
| Administrative and General | |
| Administration | 4,619,969 |
| General Plant Costs | 923,838 |
| Regulatory Expense | 855,677 |
| Pensions and OPEBs | 501,187 |
| LEAP | 40,000 |
| Sub-Total | 6,940,671 |
| Total | 20,224,828 |

APPENDIX 3 - Capital Budget

| CATEGORY | Forecast Period (planned) | | | | |
|---------------------------------|----------------------------------|-------------|-------------|-------------|-------------|
| | 2025 | 2026 | 2027 | 2028 | 2029 |
| | <i>\$ '000</i> | | | | |
| System Access | 2,175 | 2,283 | 2,329 | 2,374 | 2,420 |
| System Renewal | 8,735 | 9,254 | 10,536 | 7,553 | 8,990 |
| System Service | 168 | 1,420 | 302 | 1,054 | - |
| General Plant | 1,555 | 1,399 | 1,353 | 1,393 | 1,573 |
| TOTAL EXPENDITURE | 12,633 | 14,357 | 14,520 | 12,374 | 12,983 |
| Capital Contributions | - | 1,187 | - | 1,346 | - |
| NET CAPITAL EXPENDITURES | 11,445 | 13,010 | 13,133 | 10,947 | 11,515 |
| System O&M | \$ 10,332 | \$ 10,590 | \$ 10,855 | \$ 11,126 | \$ 11,405 |

Appendix 4 - FIN-BRD Enterprise Risk Management and MP 6.1

H & S Actions to Address Risks and Opportunities

| | | | |
|--------------------|------------------------------------|-----------------------|-----------|
| Policy ID: | FIN-BRD Enterprise Risk Management | Approval Date: | 6/24/2024 |
| Section: | Finance | Supersedes: | 2/22/2021 |
| Motion No.: | 2024-GSUI-IC-02-05 | Review Date: | 6/24/2027 |

1.0 **Application:**

This policy applies to all GSU businesses.

2.0 **Responsibility:**

Governance Responsibility: The Audit/Finance/Risk Committee is responsible for reviewing and overseeing the operation of this policy pursuant to section 2.4.1 of the Terms of Reference established for it by the Board of Directors.

Management Responsibility: CEO & CFO

3.0 **Policy Statement:**

GSU recognizes that the effective management of risks is a fundamental component of good corporate governance and is vital for the company's continued growth and success.

GSU is committed to enterprise-wide risk management to ensure its corporate governance responsibilities are met and its strategic goals are realized. Enterprise-risk management enables GSU to identify and manage risks to:

- Improve business performance by optimizing growth opportunities.
- Remain innovative and establish competitive advantage.
- Anticipate and communicate uncertainties.
- Reduce operational losses and surprises.
- Protect the company's reputation and brand.

4.0 **Direction Given:**

It is the responsibility of GSU's Management through the CEO and CFO to ensure that an appropriate Risk Management Policy and Framework are developed, maintained, and applied to the operation of each of GSU's businesses. The Framework, which will be maintained in GSU's Integrated Management System (IMS), will achieve the following objectives:

- Provide a consistent and systematic approach to identify, analyze, evaluate, treat, monitor, and report on the portfolio of risks.
- Ensure the Board is presented with the best available information on which to base its approval on management's decisions.

- Ensure decisions made are aligned with the company's appetite for risk and are undertaken within the risk tolerances defined in the framework and are executed with sufficient independent oversight.
- Provide assurance through internal audit activities that internal controls are in place and are operating effectively and efficiently.

The Audit/Finance/Risk Committee will periodically review the Framework including its application and associated records including risks identified, risk tolerances, the assessment of the risks and mitigation measures employed.

5.0 **Related Governance Documents:**

GSUI Audit, Finance and Risk Committee Terms of Reference

MP 6.1 GSU H & S

Actions to Address Risks and Opportunities

Responsibility:

Health & Safety Officer (HSO)

Risks

HIRA: all sections apply

Risk Register: Legal/Regulatory

6.1.1 General

The organization has considered the context, interested parties, scope and risks and opportunities when planning the health and safety aspect of the IMS.

6.1.2 Hazard identification and assessment of risks and opportunities

GSU has established the Hazard Identification & Risk Assessment (HIRA) ([HSO-MF002](#)) which lists activities, their associated hazards and risks along with any controls implemented to reduce the risk to an acceptable level. All non-routine activities are identified as such and those unidentified will be considered routine. The HIRA methodology and its criteria for evaluating hazards and risks, as well as the risk factor threshold, is detailed in the Risk Assessment Model ([HSO-MF003](#)). This model is embedded as a link in the HIRA and can be found in the link: [View the Severity, Exposure and probability models](#).

The HIRA is distributed to the appropriate departments for review annually and is updated accordingly. The HIRA is also reviewed after any accident, incident or emergency and is considered as part of change management to ensure the risk or hazard is identified and the controls are adequate. If any changes to the HIRA are required, please see process [MP 7.5 GSU Documented Information](#) for further information. The HIRA is stored on the IMS site and is readily accessible to all employees.

GSU has established the S.A.F.E (Safety Awareness for Everyone) group and also leverages the Joint Health & Safety Committee to identify opportunities to further enhance the safety aspect of the IMS and its performance.

6.1.3 Determination of legal requirements and other requirements

GSU will stay current with the legal requirements outlined in the Interested Parties document. The Health and Safety Officer will be provided updates on legal requirements through mail subscriptions, email subscriptions, safety work groups, conferences and training seminars/webinars. The Joint Health & Safety Committee will also participate in some of these events. Pertinent information will be shared with employees via email communication, SharePoint, safety meetings and postings throughout the workplace. The interested parties document and the IMS will be updated to reflect any changes to these requirements.

6.1.4 Planning Action

The organization shall plan how to address risks and opportunities, legal and other requirements as described in the paragraphs above. The Emergency Preparedness and Response plan is outlined in [MP 8.2 GSU H & S Emergency Preparedness and Response](#). GSU has established the IMS to integrate the quality and the health and safety processes where possible. The effectiveness of the safety aspect of the IMS is measured through the Management Objectives and the items that are included on Monitoring, Measurement & Analysis Summary ([IMS-MF008](#)).



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 3

Exhibit 1: Administrative Documents

Tab 3 (of 10): Administration

1 **ACCURACY & PERSONAL INFORMATION**
2 **CERTIFICATION**

3 I, Frank Kallonen, President and CEO of GSHi, certify that the evidence filed is accurate,
4 consistent, and complete to the best of my knowledge. I further certify the following:

- 5
- 6 1. The information filed does not include any personal information (as that
7 phrase is defined in the Freedom of Information and Protecting of Privacy
8 Act) unless it is filed in accordance with Rule 9A of the OEB's Rules (and the
9 Practice Direction, as applicable) in accordance with Chapter 1 of the Filing
10 Requirements for Electricity Distribution Rate Applications – 2023 Edition of
11 the 2024 Rate Applications issued April 18, 2022.
- 12 2. The information filed by GSHi in this Application is accurate, consistent, and
13 complete to the best of my knowledge in accordance with Chapter 2 of the
14 Filing Requirements for Electricity Distribution Rate Applications – 2023
15 Edition for 2024 Rate Applications issued December 15, 2022.
- 16 3. That GSHi has robust processes and internal controls in place for the
17 preparation, review, verification and oversight of the deferral and variance
18 account balances being disposed of in accordance with Chapter 2 of the
19 Filing Requirements for Electricity Distribution Rate Applications – 2023
20 Edition for 2024 Rate Applications issued December 15, 2022.
- 21 4. That GSHi's Board of Directors has been informed during the preparation and
22 finalization of the budget and Application.

23

24 ***Original Signed by***

25 _____
26 Frank Kallonen
27 President and CEO
28 Greater Sudbury Hydro Inc.

29

30 October 30th, 2024



1

APPLICATION CONTACT INFORMATION

2

Applicant's Name: **Greater Sudbury Hydro Inc. (GSHi)**

3

4

Applicant's Mailing Address: 500 Regent Street

5

PO Box 250 Sudbury ON P3E 4P1

6

7

Telephone: Sudbury (705) 675-7536

8

West Nipissing (705) 753-2341

9

10

Fax: (705) 671-1413

11

12

Email: customerservice@gsuinc.ca

13

14

Lead Application Contact:

15

16

Tiija Luttrell

17

Manager – Regulatory

18

(705) 675-0514

19

tiija.luttrell@gsuinc.ca



1 **IDENTIFICATION OF LEGAL REPRESENTATION**

2

3 Firm Name: Michael R. Buonaguro Barrister and Solicitor

4

5 Address: 24 Humber Trail
6 Toronto ON M6S 4C1

7

8 Legal Counsel: Michael R. Buonaguro

9

10 Telephone: (416) 767-1666

11

12 Fax: (416) 767-1666

13

14 Email: mrb@mrb-law.com



1 **APPLICANTS INTERNET ADDRESS AND SOCIAL MEDIA**
2 **ACCOUNTS**

3 The Application and related materials will be posted on GSHi's website and will be
4 available for viewing using the following internet address:

5 <http://sudburyhydro.com/regulatory>
6

7 The Application will further be communicated to customers and media via Facebook and
8 X (formerly known as Twitter).
9

10 GSHi's social media channel addresses are as follows:
11

12 Facebook: <https://www.facebook.com/SudburyHydro/>

13 X: <https://x.com/SudburyHydro>

14 YouTube: <https://www.youtube.com/@greatersudburyutilities268>

15 Instagram: <https://www.instagram.com/gsuinc/>

16 LinkedIn: <https://www.linkedin.com/company/gsu-greater-sudbury-utilities/mycompany/>
17

18 The Application will also be available on the OEB's website at www.oeb.ca under Board
19 File Number EB-2024-0026.
20



1

NOTICE OF HEARING PUBLICATION

2

3 GSHi will follow the OEB's instructions regarding the publication of the Notice of Hearing
4 with respect to this Application. GSHi recommends that the Notice of Hearing be
5 published in both official languages on Sudbury.com, Le Voyageur and Tribune via
6 <https://westnipissing.com/> which represent the most popular newspaper sites in the
7 affected regions.



1 **STATEMENT OF REQUESTED HEARING FORM**

2 GSHi requests that pursuant to Section 32 of the Ontario Energy Board *Rules of*
3 *Practice and Procedure*, this Application be disposed of by way of a written hearing.

4
5 GSHi believes that a written hearing is the most efficient and cost-effective approach to
6 take in order to affirm the justness and reasonableness of the requests contained within
7 this Application.

8
9 GSHi understands that if certain issues remain unsettled after the settlement
10 conference, it may be asked to participate in an oral hearing.



1

EFFECTIVE DATE REQUESTED

2 GSHi requests that the Board make its Rate Order effective May 1, 2025 in accordance
3 with the Filing Requirements.

4

5 In the event that the Board is unable to provide a Decision and Order in this Application
6 or implementation by the Applicant as of May 1, 2025, the Applicant requests that the
7 Board declare its current rates interim, effective May 1, 2025, pending the
8 implementation of the Board's Rate Order for the 2025 rate year.



1 **STATEMENT OF CHANGES IN METHODOLOGY**

2 The methodologies used in this Application are generally consistent with those applied in
3 GSHi's 2020 Cost of Service Application. GSHi has made changes as required to align
4 with the evolving Filing Requirements since the 2020 application.

5

6 Changes in methodology for load forecasting

7 In this application, GSHi has made two methodological changes to its approach for the
8 weather-normalized load forecast. First, COVID variables have been included to account
9 for anomalous consumption patterns in 2020, and to a lesser extent the following few
10 years, that were caused by the COVID-19 pandemic. The variables were included so the
11 2025 forecast is not biased by uncharacteristic consumption in those years that is not
12 expected to persist in the 2025 Test Year.

13

14 The second change is manual adjustments to the forecast to account for electrification.
15 Electric vehicle and electric heating consumption are anticipated to increase above what
16 would be reflected in historic consumption trends. After the loads are initially forecasted
17 based on GSHi's historic loads, incremental electric vehicle and heating loads are
18 forecast separately and added to this initial forecast.

1 **IDENTIFICATION OF OEB DIRECTIVES FROM**
2 **PREVIOUS OEB DECISIONS**

3 In GSHi's 2020 Cost of Service Application (EB-2019-0037) there were two items that
4 carry forward and impact its 2025 Cost of Service proceeding.

5
6 **1) Consideration of the City of Greater Sudbury's Energy & Emissions Plan**

7 "GSHi agrees to consider the aims of the City of Greater Sudbury's Energy &
8 Emissions Plan with a view to pursuing cost efficiencies. GSHi will include a
9 report on any realized areas of cost-efficiency in its next DSP and Business Plan"

10
11 GSHi has been collaborating closely with the City of Greater Sudbury (CGS) and
12 various stakeholders to help advance the objectives of the Community Energy
13 and Emissions Plan (CEEP). Further details on this initiative, along with GSHi's
14 role, can be found in the Distribution System Plan (Exhibit 2, Tab 9, Schedule 1,
15 Attachment 1, particularly in section 5.2.2.5) and in GSHi's Business Plan
16 (Exhibit 1, Tab 2, Schedule 9, Attachment 1).

17
18 **2) Third party review of shared services arrangements**

19 "The Parties agree that as part of GSHi's next rebasing application it will retain a
20 3rd party to independently review GSHi's shared services arrangements and
21 related cost allocation methodology including a review of the following:

- 22 a) The services provided by GSHi to its affiliates,
23 b) The services provided to GSHi by its affiliates,
24 c) The allocation of costs for the services provided by and to GSHi,
25 d) The pricing for the services provided by and to GSHi, including a comparison
26 against the market price for those services, where appropriate, and
27 e) An assessment of the value of the shared services to GSHi's customers."

28
29 GSHi engaged KPMG to perform the review of shared services arrangements
30 and their report "The KPMG Report" is included as Exhibit 4, Tab 4, Schedule 2,



1 Attachment 2. The recommendations from their report were implemented in
2 2023 and are also embedded in the 2025 Test Year budgets.
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REFERENCE TO CONDITIONS OF SERVICE

GSHi's current Conditions of Service document is publicly available on its website and can be accessed using the following link:

http://sudburyhydro.com/shared_pages/conditions-of-service/

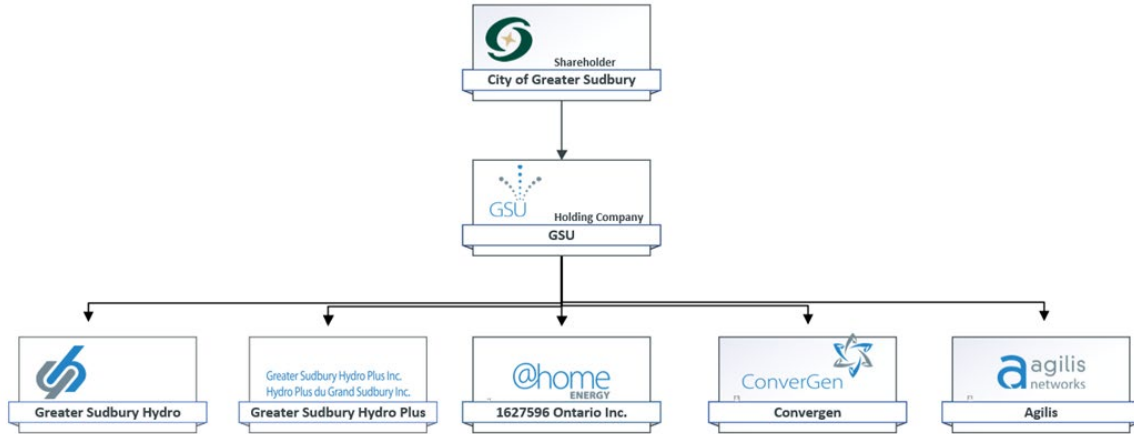
There are no rates or charges documented within the Conditions of Service that are not in GSHi's Tariff of Rates. The document will not require any changes as a result of the approval of this Application.

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DESCRIPTION OF CORPORATE AND UTILITY ORGANIZATIONAL STRUCTURE

GSHi is a subsidiary of Greater Sudbury Utilities (GSU), a holding company which functions solely as a parent entity without direct operational involvement, that is wholly owned by the Corporation of the City of Greater Sudbury.

Figure 1 Corporate entities chart



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Other GSU affiliates operate in the telecommunications, electricity generation and equipment rental businesses. Additionally, Greater Sudbury Hydro Plus Inc. (GSHP), another GSU affiliate, provides shared corporate services to all GSU affiliates, thereby ensuring GSHi and its ratepayers enjoy the advantages found in economies of scope. In addition to the shared corporate services, GSHP provides billing services to both GSHi for electricity and the municipality for water/wastewater.

Board of Directors

A Board of Directors oversees the conduct of GSHi’s business and provides direction and guidance to the President and Chief Executive Officer (President and CEO) and

1 senior executives, who are responsible for the day-to-day management and operation of
 2 GSHi. The distributors' Board of Directors is comprised of three members appointed by
 3 City Council and four private directors. The three directors appointed by council sit on
 4 both the parent company (GSU) and the distributors Boards of Directors.

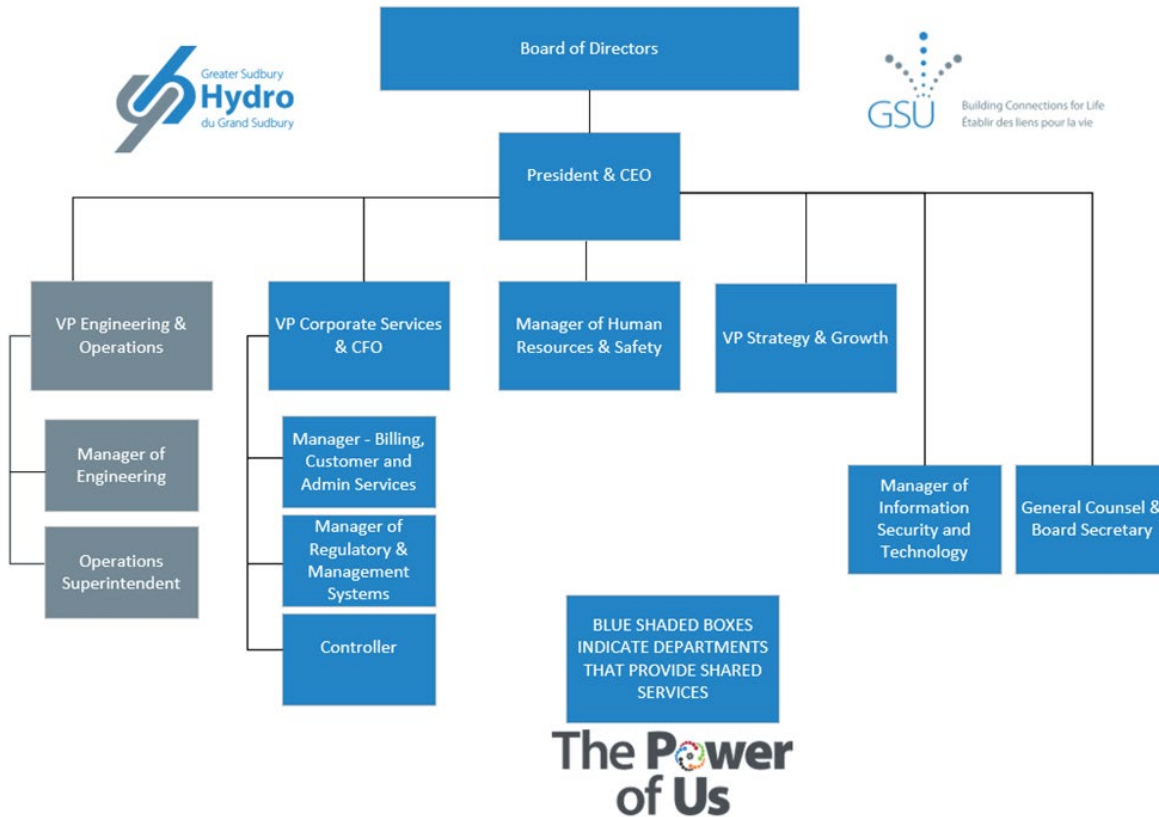
5

6 Figure 2 below provides a more detailed chart of GSHi's executive and senior
 7 management positions.

8

9 **Figure 2 Organizational Structure Chart – Executive & Senior Management**

10



11

12

13 **Planned Changes**

14 There are no planned changes in corporate or operational structure, including no
 15 planned changes in legal organization and/or control.

1

APPROVALS REQUESTED

2 In accordance with the Ontario Energy Board's (OEB) filing requirements, Greater
3 Sudbury Hydro Inc. (GSHi) respectfully submits the following requests for approval as
4 part of its 2025 Cost of Service Rate Application. These approvals pertain to the
5 proposed rate base, revenue requirement, cost allocation, distribution rates, deferral and
6 variance accounts, and other related items. Each request is outlined below, with
7 references to the corresponding exhibits and relevant sections of legislation, ensuring
8 full compliance with the OEB's regulatory framework. The approvals sought in this
9 application are essential for GSHi to meet its obligations while continuing to provide
10 safe, reliable, and efficient service to its customers.

11

12 1. **Approval of the 2025 Test Year rate base** as proposed in Exhibit 2 - Rate
13 Base.

14 a. Approval of GSHi's average net book value of fixed assets and working
15 capital allowance as proposed in Exhibit 2 - Rate Base.

16

17 2. **Approval of the ACM Application for Capital Expenditures Related to the**
18 **Moonlight (MS18) Substation Rebuild.** GSHi is seeking approval for the capital
19 expenditures associated with the rebuild of the Moonlight (MS18) substation, as
20 well as the approval of the related ACM application, as outlined in Exhibit 2 –
21 Rate Base, specifically Exhibit 2, Tab 5, Schedule 1, Attachment 1.

22

23 3. **Approval of the Distribution System Plan** included in Exhibit 2 – Rate Base.

24

25 4. **Approval of the 2025 Test Year revenue requirement** as proposed in Exhibit 6
26 - Calculation of Revenue Deficiency or Sufficiency as follows:

27

28 a. Approval of the capital structure, cost of capital parameters, and deemed
29 return on equity and debt as proposed in Exhibit 5 - Cost of Capital and
30 Capital Structure.



- 1 b. Approval of the test year Operations, Maintenance and Administration
2 expenses, property taxes & payments in lieu of taxes (PILs) as outlined in
3 Exhibit 4 - Operating Expenses.
- 4 c. Approval of the 2025 Test Year Service Revenue Requirement of
5 \$34,757,403 as proposed in Exhibit 6 - Calculation of Revenue Deficiency
6 or Sufficiency.
- 7 d. Approval of the 2025 Test Year Base Revenue Requirement of
8 \$32,687,699 as proposed in Exhibit 6 - Calculation of Revenue Deficiency
9 or Sufficiency.
- 10 e. Approval of the 2025 Revenue Offsets of \$2,069,704 as proposed in
11 Exhibit 3 - Operating Revenue.
- 12
- 13 5. **Approval of Cost Allocation** as filed in Exhibit 7 - Cost Allocation.
- 14
- 15 6. **Approval of 2025 distribution rates and charges**, effective May 1, 2025, as
16 proposed in Exhibit 8, Tab 5, Schedule 1, Attachment 2 - Proposed Tariff of
17 Rates and Charges of Exhibit 8 - Rate Design.
- 18
- 19 7. **Approval of the 2025 load forecast**, as documented in Exhibit 3 – Customer
20 and Load Forecast.
- 21
- 22 8. **Approval of a revised loss factor** as identified in Exhibit 8 - Rate Design,
23 specifically detailed in Exhibit 8, Tab 4, Schedule 1.
- 24
- 25 9. **Approval of the transition to 30 day rates**, as discussed in Exhibit 8 – Rate
26 Design, specifically detailed in Exhibit 8, Tab 2, Schedule 1.
- 27
- 28 10. **Approval of updated Retail Transmission Service Rates (RTSRs)**, as
29 identified in Exhibit 8 – Rate Design, specifically Exhibit 8, Tab 3, Schedule 1.
- 30



- 1 **11. Approvals for the clearance of the December 31, 2023 audited balances** of
2 (\$380,143) for Group 1 Deferral and Variance Accounts (DVA), and associated
3 class-specific rate riders and manual adjustments effective May 1, 2025, as set
4 out in Exhibit 9 - Deferral and Variance Accounts.
5
- 6 **12. Approvals for the clearance of April 30, 2025 forecast balances** of \$70,844
7 for Group 2 DVA accounts, and associated class-specific rate riders and manual
8 adjustments effective May 1, 2025, as set out in Exhibit 9 - Deferral and Variance
9 Accounts.
10
- 11 **13. Approval for the clearance of the balance in its 2405 Sub-account LRAM**
12 **1568 2023 Balance** of (\$41,427), and associated class-specific rate riders
13 effective May 1, 2025, as set out in Exhibit 9 - Deferral and Variance Accounts.
14
- 15 **14. Approvals for the clearance of December 31, 2023 audited balances** of
16 \$18,871,729 for the OPEB Combined disposition, and associated class-specific
17 rate riders and manual adjustments effective May 1, 2025, as set out in Exhibit 9
18 - Deferral and Variance Accounts.
19
- 20 **15. Other items or amounts that may be requested by GSHi** during the course of
21 this proceeding, and as may be granted by the Ontario Energy Board (OEB).



1

MATERIALITY THRESHOLD

2 Section 2.0.8 of the Chapter 2 Filing Requirements for Electricity Transmission
3 and Distribution Applications, dated December 15, 2022, stipulates that a
4 materiality threshold must be calculated to assess significant variances in an
5 applicant's rate base, capital expenditures, OM&A, and other items. In
6 accordance with these filing requirements, GSHi has determined its materiality
7 threshold as 0.5% of its distribution revenue requirement, given that its revenue
8 requirement falls within the \$10 million to \$200 million range. Based on a
9 proposed distribution revenue requirement of \$32,687,699, the materiality
10 threshold is calculated to be \$163,439. However, for the purposes of this
11 application, GSHi has applied a threshold of \$150,000, analyzing all variances
12 exceeding this amount.



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 4

Exhibit 1: Administrative Documents

Tab 4 (of 10): Distribution System Overview



DESCRIPTION OF SERVICE AREA

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GSHi was incorporated under the **Ontario Business Corporations Act** on **October 1, 2000**, as the successor to the former Hydro Commissions of the **City of Sudbury, Town of Capreol, and Town of Nickel Centre** (Coniston area).

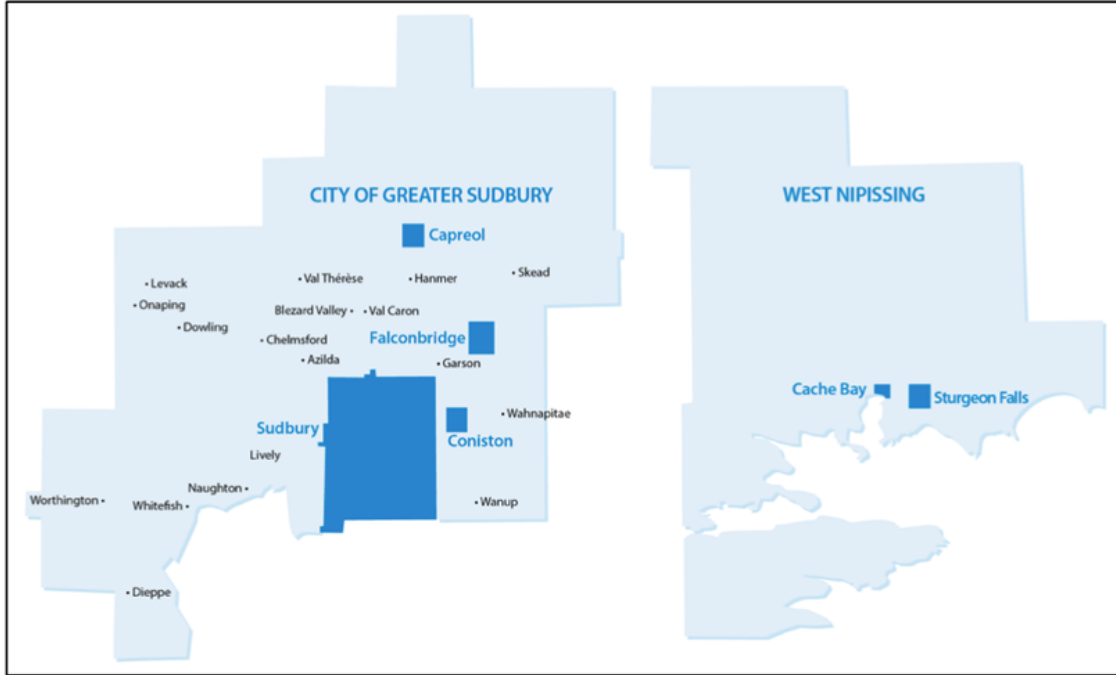
Following its incorporation, GSHi expanded its operations by purchasing the distribution assets of **Falconbridge Nickel Ltd.**, which served customers in the **Town of Falconbridge**. This acquisition was completed on **February 21, 2003** (EB-2002-0460).

Further growth occurred in **2005**, when GSHi purchased the distribution system owned by the **Municipality of West Nipissing**. GSHi was granted leave to amalgamate these assets with its own on **April 2, 2007** (EB-2006-0186). The West Nipissing assets now serve customers in the former towns of **Sturgeon Falls** and **Cache Bay**.

Today, GSHi provides distribution services to approximately **48,000 residential and commercial customers** across its distribution system. GSHi's service area is illustrated in **Figure 1**.

1

Figure 1: Distribution System Map



2

3 The distribution system is made up of 6 non-contiguous distribution areas that are
4 connected to the provincial grid by Hydro One in various configurations as shown in
5 Table 1.

6

1

Table 1: GSHi Interconnects

| System | Hydro One Connection Asset | Voltage | Connection Type |
|----------------|--|----------------|------------------------|
| Sudbury | Martindale T.S. & Clarabelle T.S. | 44 kV | Wholesale |
| Capreol | Martindale 9M7 | 44 kV | Embedded |
| Coniston | Martindale 9M6 & backed up by the Martindale 9M4 | 44kV | Embedded |
| Falconbridge | Martindale 9M6 | 44 kV | Embedded |
| Sturgeon Falls | Chrystal Falls DS - 7M1/M2 | 44 kV | Embedded |
| Cache Bay | Cache Bay DS - FS747-F2 | 12 kV | Embedded |

2

3 The City of Sudbury is centrally located in Northeastern Ontario at the intersection of
 4 three major highways. Situated on the Canadian Shield within the Great Lakes Basin,
 5 Sudbury is characterized by a diverse mix of urban, suburban, rural, and wilderness
 6 environments. The unique geology of GSHi's service area, all of which is located on the
 7 Canadian Shield, necessitates special considerations during project planning. For
 8 instance, the presence of high concentrations of extremely hard rock can make
 9 construction projects particularly challenging.



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 5

Exhibit 1: Administrative Documents

Tab 5 (of 10): Customer Engagement

1 **ONGOING CUSTOMER ENGAGEMENT**

2 **Overview**

3

4 Guided by its vision and Purpose GSHi seeks to build meaningful personal connections
5 with its customers that last a lifetime. A significant element of “Building Connections for
6 Life” is the customer engagement activities that GSHi undertakes.

7

8 One of GSHi’s five strategic focuses is **Customer Focus**. GSHi is committed to
9 connecting with customers in ways that improve their everyday lives and work, building
10 lasting personal connections. The **Renewed Regulatory Framework for Electricity**
11 **Distributors (RRFE)** stipulates that LDCs must adopt a consumer-centric approach to
12 ensure services are responsive to customer needs and preferences. GSHi embraces
13 this requirement, recognizing that serving its customers is central to its purpose. This
14 commitment is demonstrated through various ongoing initiatives, as described below
15 and in **Appendix 2-AC – Ongoing Customer Engagement Activities Summary**,
16 which is included as **Exhibit 1, Tab 5, Schedule 1, Attachment 2**.

17

18 **Surveys**

19

20 GSHi partners with **Oraclepoll Research** to conduct ongoing surveys of randomly
21 selected business and residential customers who have recently interacted with GSHi
22 staff. Customers are interviewed by live operators within 30 days of their initial outreach
23 to GSHi. These surveys capture feedback on overall satisfaction, the ability of staff to
24 resolve issues on first contact, and suggestions for service improvements. Since starting
25 in **2014, 3,643 interviews** have been completed, averaging **30 interviews per month**.

26

27 The surveys are designed to capture immediate feedback, ensuring that customer input
28 is consistently integrated into operational decisions. This process helps identify and
29 address emerging concerns in real-time. In cases where customers rate their satisfaction

1 as **three or lower** on a scale of 1-5, call recordings are reviewed, and department
2 supervisors take corrective action.

3
4 The number of surveys with low satisfaction scores has remained low in recent years, as
5 shown in **Figure 1**. Whether positive or negative, every interaction provides GSHi with
6 valuable insights into customer expectations and service standards.

7
8
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Figure 1 - Customer Satisfaction Survey Results of 3 or Less

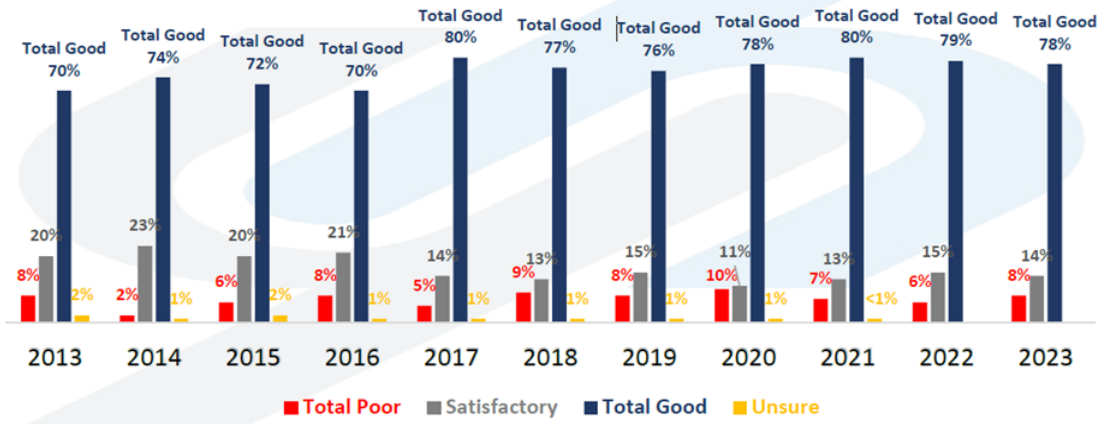
| Year | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 YTD Sep 30 |
|---------------------------|------|------|------|------|------|--------------------|
| Rating ≤3 | 5 | 7 | 1 | 0 | 0 | 1 |
| # of Surveys Completed | 323 | 367 | 430 | 439 | 428 | 150 |

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In addition to weekly feedback, GSHi has conducted an annual survey with Oraclepoll since **2013**. This broader survey provides deeper insights into customer trends, satisfaction levels, and expectations, guiding long-term planning. **Figure 2** shows that **76%-80%** of residential customers rate GSHi's service as good or very good, and **Figure 3** shows consistent satisfaction among business customers, with ratings between **84%-88%** from **2019-2023**.

1 **Figure 2 - Overall Satisfaction – 2023 Customer Service Survey - Residential**

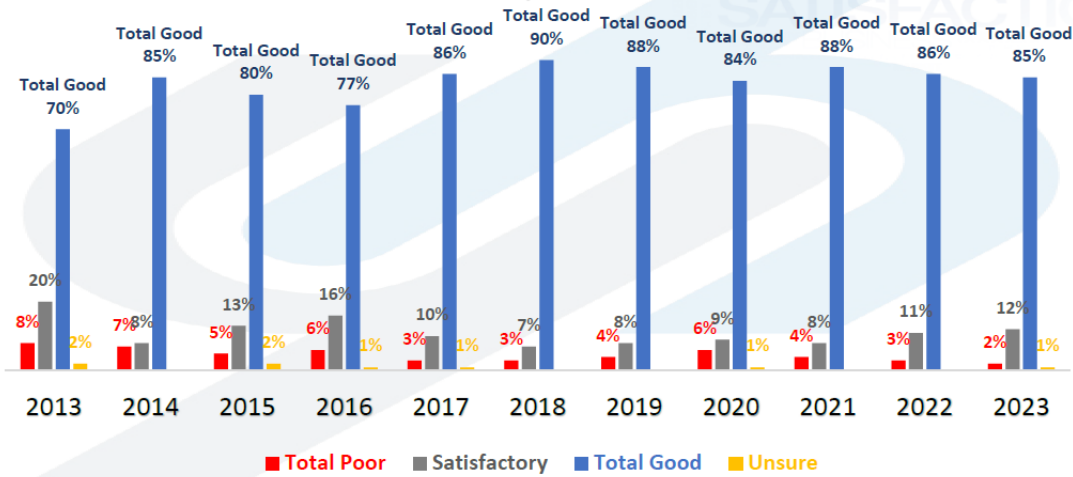
Q1. "Considering all aspects of being a customer of Greater Sudbury Hydro, how would you rate your overall satisfaction with the company as your electrical services provider?"



2
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4

Figure 3 - Overall Satisfaction – 2023 Customer Service Survey - Business

Q1. "Considering all aspects of being a customer of Greater Sudbury Hydro, how would you rate your overall satisfaction with the company as your electrical services provider?"



5
6

1 **Rates Versus Outages**

2

3 GSHi has noted an increasing customer preference for balancing rates with outage
4 frequency. As of **2023**, **69%** of customers expressed this preference, a trend that has
5 grown since **2019 (Figure 4)**.

6

7 **Figure 4 - Rates Versus Outages – 2013 Customer Service Survey**

RATES VERSUS OUTAGES TRADE
OFF

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| 1-lowest rates – regular outages | 2% | 4% | 4% | 3% | 2% | 1% | 2% | 4% | 5% | 6% | 6% |
| 2-low rates – occasional outages | 15% | 3% | 8% | 7% | 5% | 6% | 10% | 11% | 12% | 15% | 12% |
| 3-neutral – a balance between rates and outages | 44% | 55% | 47% | 54% | 59% | 61% | 58% | 62% | 65% | 67% | 69% |
| 4-high rates – only a few outages | 15% | 13% | 11% | 12% | 11% | 13% | 12% | 8% | 7% | 5% | 6% |
| 5-highest rates – no outages | 3% | 5% | 6% | 5% | 8% | 7% | 4% | 6% | 5% | 3% | 2% |
| Don't know | 22% | 21% | 24% | 19% | 15% | 12% | 14% | 9% | 6% | 4% | 5% |

8

9

10 **Self-Service and Online Access**

11

12 As customer expectations evolve, GSHi is adapting to meet the demand for **self-service**
13 **options**. Currently, **49%** of GSHi customers access their accounts online, underscoring
14 the need for enhanced self-service features. By expanding these capabilities, GSHi aims
15 to offer greater control over account management and improve overall satisfaction.

16 The full results of the **2023 annual survey** are included as **Exhibit 1 Tab 5, Schedule**
17 **1, Attachment 1**.

18

19 **Customer Service**

20

21 GSHi's Customer Service Representatives (CSRs) are available via telephone, email, or
22 in-person at the Sudbury office. These in-person interactions provide an opportunity for

1 personal connections, allowing customers to address their utility accounts directly with
2 CSRs and make bill payments. This human interaction helps to build trust and
3 strengthen customer relationships..

4 **Safety**

7 GSHi actively promotes electrical safety through partnerships with **Electricity Safety**
8 **and Conservation**. These efforts include providing electrical safety presentations to
9 local elementary schools and promoting safety messages through social media. Safety
10 is a core value at GSHi, and we strive to ensure the safety of our community, staff, and
11 their families. GSHi also conducts the **Standardized Scorecard Public Awareness of**
12 **Electrical Safety Survey**, required by the OEB, with a score of **85%** in **2022**, up from
13 **83%** in **2020**.

15 **SPART Process**

17 GSHi engages with the local development community through its participation in the **City**
18 **of Greater Sudbury's SPART process**. These weekly meetings allow developers and
19 interested parties to discuss prospective projects, providing GSHi the opportunity to
20 share critical information such as supply chain challenges and procurement timelines.
21 This collaboration ensures developers are well-informed and can better manage project
22 risks.

24 **Capital Projects**

26 For large capital projects like substation renewals, GSHi keeps customers informed
27 throughout the process. Pre-project campaigns include letters, pamphlets, website
28 updates, and social media posts. Media coverage and interviews are also used to reach
29 a broader audience, ensuring transparency and communication about the project's
30 progress and any related outages.

31

1 **Online Presence**

2

3 GSHi uses **social media** (primarily Facebook and Instagram) to engage with customers,
4 providing updates on outages, safety information, office hours, and community events.

5

6

Table 1 - Social Media Platform and Followers

| Social Media Platform | Followers as of September 30, 2024 |
|-----------------------|---------------------------------------|
| Facebook | 6.8K |
| Instagram | 1351 |
| X - active since 2010 | 6008 |
| LinkedIn | 625 |
| YouTube | 5 |

7

8

9 **Community Events**

10

11 GSHi staff, either directly or through its holding company **Greater Sudbury Utilities**
12 **(GSU)**, actively participate in community events throughout the year. Annually, GSHi
13 assists with the installation and removal of lighting for the **Festival of Lights at Science**
14 **North**, contributing to this beloved local event.

15

16 GSHi is also a proud supporter of the **Up Here Festival**, an annual celebration of public
17 art. Since **2016**, GSHi has provided space for new works of art to be created in and
18 around the downtown core, as well as in other locations across the community, through
19 the **Power Up Project**. Artists submit designs for transformers, and those selected
20 receive a safety briefing and the required personal protective equipment (PPE) before
21 beginning their work.

22

1 Additionally, GSHi supports community activities by assisting with the installation of
2 banners in the communities of **Coniston** and **Capreol**, flag raisings in **West Nipissing**,
3 and the removal of streetlighting in downtown Sudbury for filming purposes.

4
5 GSHi also engages with local educational institutions, participating in **Cambrian**
6 **College's career fair** to share knowledge about career opportunities in the electricity
7 industry.

8
9 Beyond these initiatives, GSHi staff volunteer their time and efforts to support a variety
10 of causes and events, including:

- 11
- 12 • **Mood Disorders of Canada - Defeat Depression Event** in support of the
- 13 **Northern Initiative for Social Action (NISA)**
- 14 • **Threads for Life**, an organization dedicated to helping families affected by
- 15 workplace tragedies
- 16 • **United Way Centraide North East Ontario**
- 17 • **Santa Shuffle** in support of **The Salvation Army**
- 18 • **Edgar Burton Food Drive** for the **Sudbury Food Bank**
- 19 • **Sudbury's Santa Claus Parade**
- 20

21 **Engagement with Municipal and Provincial Candidates**

22
23 Since **2014**, GSHi leadership has met with municipal and provincial candidates to build
24 relationships and educate them on GSHi's work, providing them with the knowledge to
25 share with the public.

26 27 **Summary**

28
29 Through active participation in community events, supporting local causes, and
30 engaging with educational institutions, GSHi demonstrates its deep commitment to the
31 communities it serves. Whether it's brightening the city with the **Festival of Lights**,



- 1 supporting public art through the **Power Up Project**, or volunteering at local events,
- 2 GSHi strives to make a positive impact. The company's involvement extends beyond
- 3 electricity distribution—it plays an integral role in fostering community well-being and
- 4 building connections that last a lifetime.



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 5
Schedule 1
Attachment 1
Page 1 of 1

Attachment 1 (of 2):

Customer Satisfaction Survey - 2023 Report



Greater Sudbury
Hydro
du Grand Sudbury

Customer Satisfaction Survey *2023 Report*



December 2023

TABLE OF CONTENTS

| | | |
|-------------------------------------|----|----|
| METHODOLOGY & LOGISTICS | | 2 |
| EXECUTIVE SUMMARY – RESIDENTIAL | | 4 |
| Satisfaction | 4 | |
| Rating Performance | 6 | |
| Rates vs Outages | 7 | |
| Payment Options & Online Management | 8 | |
| Communication | 9 | |
| Contact | 10 | |
| Website | 13 | |
| Billing- Ease of Understanding | 15 | |
| Electric Vehicles | 16 | |
| Energy Self Generation & Storage | 17 | |
| EXECUTIVE SUMMARY – BUSINESS | | 19 |
| Satisfaction | 19 | |
| Rating Performance | 21 | |
| Rates vs Outages | 22 | |
| Payment Options & Online Management | 23 | |
| Communication | 24 | |
| Contact | 25 | |
| Website | 27 | |
| Billing – Ease of Understanding | 29 | |
| Electric Vehicles | 30 | |
| Energy Self Generation & Storage | 31 | |

METHODOLOGY & LOGISTICS

Overview

Greater Sudbury Hydro (GSH) commissioned Oraclepoll to conduct a telephone satisfaction survey of its customers. The purpose of this survey process was to obtain customer input across a range of indicators related to customer satisfaction.

This report represents the findings from the current December 2023 customer satisfaction survey of Greater Sudbury Hydro (GSH) customers. Baseline survey data was first benchmarked by Oraclepoll in December 2013 and then tracked in each subsequent December up to this current 2023 period. In this survey wave, there is a N=500 residential customer sample segment and a N=100 business component.

Within this report there are the findings from the December 2023 survey of GSH residential and business customers. Where applicable and possible the results are compared to the previous survey waves as several questions were removed and others reworded.

This report includes an Executive Summary for each of the residential and business components. A separate Excel report contains the results by individual question.

Study Sample

Greater Sudbury Hydro provided Oraclepoll with a database of their residential and business customers to be interviewed. Numbers were randomly selected and a total of N=500 customers in total were polled by telephone.

| SAMPLE BREAKDOWN | |
|------------------|--------------|
| Residential | N=500 |
| Business | N=100 |
| TOTAL | N=600 |

Respondents were screened to ensure that they were 18 years of age or older and were one of the persons either at the business or residence that was responsible for making decisions related to their electricity usage, including bill payments.

Survey Method

The survey was conducted using computer-assisted techniques of telephone interviewing (CATI) and random number selection. Bi-lingual interviewers were employed, and surveys were conducted in English or French depending on the preference of the respondent.

Initial calls for the residential component were made between the hours of 5 p.m. and 9 p.m. Subsequent call backs of no-answers and busy numbers were made on a (staggered) daily rotating basis up to 5 times (from 10 a.m. to 9 p.m.) until contact was made. In addition,

telephone interview appointments were attempted with those respondents unable to complete the survey at the time of contact. At least one attempt was made to contact respondents on a weekend.

Calls to business customers were first made from 8:30 a.m. to 5:30 p.m. during weekdays. There was at least one follow up call after 5:30 p.m. and one on a weekend. In addition, telephone appointments were accepted and made as per the respondent's time preference.

A total of 20% of all interviews were monitored and the management of Oraclepoll Research Limited supervised 100%.

Logistics

Interviews were completed between the days of December 1st to December 16th, 2023.

Confidence

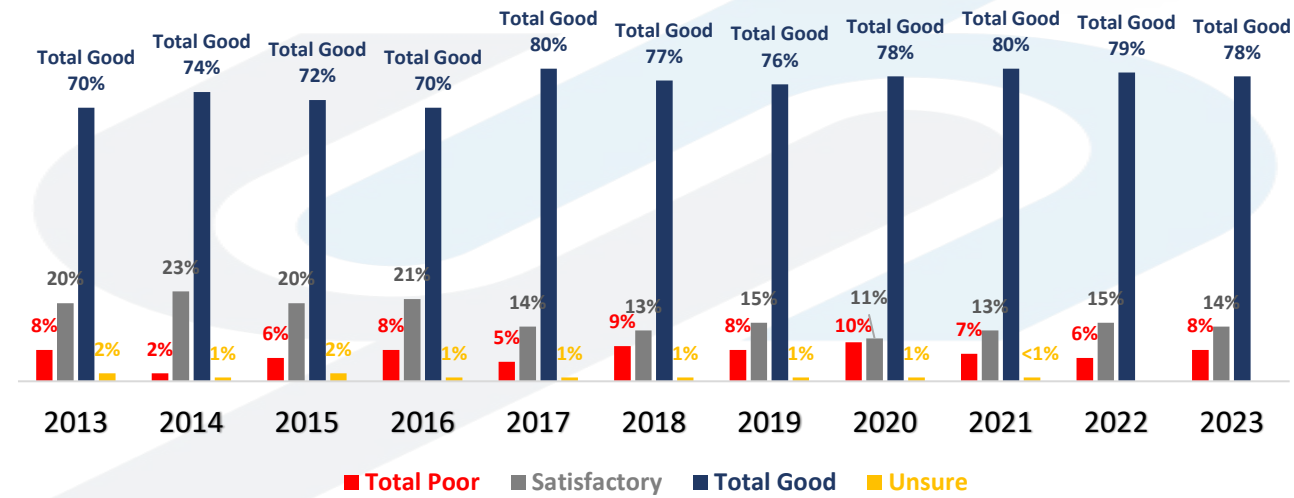
The margin of error for the N=500-person residential survey is $\pm 4.4\%$, $\frac{19}{20}$ times and $\pm 9.8\%$, $\frac{19}{20}$ times for the sample of N=100 businesses.

EXECUTIVE SUMMARY – RESIDENTIAL

Satisfaction

Residential customers were first asked an overall satisfaction question. The following graph compares the December 2023 results with the previous surveys. Results below combine the total poor (very poor & poor) and total good (good & very good) findings.

Q1. "Considering all aspects of being a customer of Greater Sudbury Hydro, how would you rate your overall satisfaction with the company as your electrical services provider?"



Satisfaction scores in terms of good and very good responses have remained consistent over the past four survey touchpoints in the 78% to 80% range.

The total good (38%) and very good (40%) rating stands at 78%, down only slightly from 2022. While the total poor rating increased slightly, there was a small decrease in the satisfactory response.

Respondents were then asked to rate their level of agreement with a statement about Greater Sudbury Hydro meeting its commitment to customers. The table below combines the responses of 4-agree and 5-strongly agree and compares the results over time.

“Please rate your level of agreement with the following statement using a scale from one strongly disagree to five strongly agree.”

Q2. “Greater Sudbury Hydro meets its commitment to customers.”

| TOTAL AGREE RESULTS – AGREE & STRONGLY AGREE | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 80% | 76% | 75% | 73% | 78% | 79% | 81% | 83% | 84% | 86% | 84% |

In total, 84% agreed (44%) or strongly agreed (40%) that Greater Sudbury_Hydro meeting its commitment to customers. This result was down slightly from 2022 but consistent with 2021 and 2020.

Rating Performance

Respondents were then asked to rate the performance of Greater Sudbury Hydro across four indicators using a five-point scale (1-very poor to 5-very good). The table below combines the positive responses of good and very good while tracking the results over time.

“Using a scale from one very poor to five very good, please rate the performance of Greater Sudbury Hydro in each of the following areas.”

| PERFORMANCE AREAS – TOTAL GOOD RESPONSES | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| Q3. The reliability of electricity supply | 83% | 92% | 90% | 88% | 89% | 82% | 85% | 88% | 86% | 87% | 86% |
| Q4. Prompt responses to electricity outages when they occur | 72% | 82% | 81% | 84% | 86% | 80% | 78% | 80% | 82% | 79% | 81% |
| Q5. Effectively scheduling planned electricity outages | 57% | 54% | 66% | 64% | 70% | 68% | 65% | 63% | 67% | 63% | 66% |
| Q6. Effectively communicating with customers about planned electricity interruptions in your area | 55% | 56% | 68% | 66% | 63% | 61% | 60% | 54% | 60% | 57% | 62% |

The reliability of the power supply indicator remains the highest rated in terms of combined good and very good responses at a strong 86%, consistent with the previous two years. Next best scored was the area of promptly responding to outages at 81%, up slightly, while lower scored, despite improvements were the scheduling planned outages and communicating with customers about them.

Rates Versus Outages

A trade-off question was once again asked that related to the cost customers are willing to pay for electricity system maintenance in relation to the security of service delivery or keeping the lights on.

Q7. “I am going to ask your opinion on the issue of balancing the price you pay for maintenance and renewal of your local electricity infrastructure with the security of your electricity service delivery or “keeping the lights on.” Please respond on a scale from one having the lowest rates possible with regular outages to five having the highest rates possible with no outages – 3 would be a balance between rates and outages.”

RATES VERSUS OUTAGES TRADE OFF

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| 1-lowest rates – regular outages | 2% | 4% | 4% | 3% | 2% | 1% | 2% | 4% | 5% | 6% | 6% |
| 2-low rates – occasional outages | 15% | 3% | 8% | 7% | 5% | 6% | 10% | 11% | 12% | 15% | 12% |
| 3-neutral – a balance between rates and outages | 44% | 55% | 47% | 54% | 59% | 61% | 58% | 62% | 65% | 67% | 69% |
| 4-high rates – only a few outages | 15% | 13% | 11% | 12% | 11% | 13% | 12% | 8% | 7% | 5% | 6% |
| 5-highest rates – no outages | 3% | 5% | 6% | 5% | 8% | 7% | 4% | 6% | 5% | 3% | 2% |
| Don’t know | 22% | 21% | 24% | 19% | 15% | 12% | 14% | 9% | 6% | 4% | 5% |

There is a continued increase in the percentage of customers that want a balance between rates and outages at 69%, +2% higher compared to 2022.

Eighteen percent of customers are now willing to tolerate some form of outages compared to a lower 21% in 2022. This includes 12% that answered low rates with occasional outages and 6% the lowest rates and regular outages.

Only 8% prefer higher rates with only a few outages and with a low 2% naming the highest rates and no outages.

Payment Options & Online Management

Customers were asked about their preferred method of paying their utility bill. One response was accepted.

Q8. "What is your preferred method of paying your bill?"

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|
| Online/telephone banking through financial institution | 64% | 67% | 64% | 66% | 60% |
| Automatic withdrawal bank account (variable payment) | 22% | 21% | 19% | 17% | 20% |
| Automatic withdrawal on an equal monthly payment plan | 9% | 10% | 13% | 13% | 18% |
| Credit card | NA | NA | 2% | 1% | 1% |
| Payment in person at Citizen Service Centre | NA | NA | NA | <1% | 1% |

Online banking remains the preferred method of paying bills albeit by a lower 60%, followed by 20% that named automatic withdrawal and 18% equal monthly payments.

All respondents were next asked in a question that provided prompts about the self serve options they would like to see added to the Greater Sudbury Hydro online portal.

Q9. What self-serve options would you like to see added to the Greater Sudbury Hydro online portal?

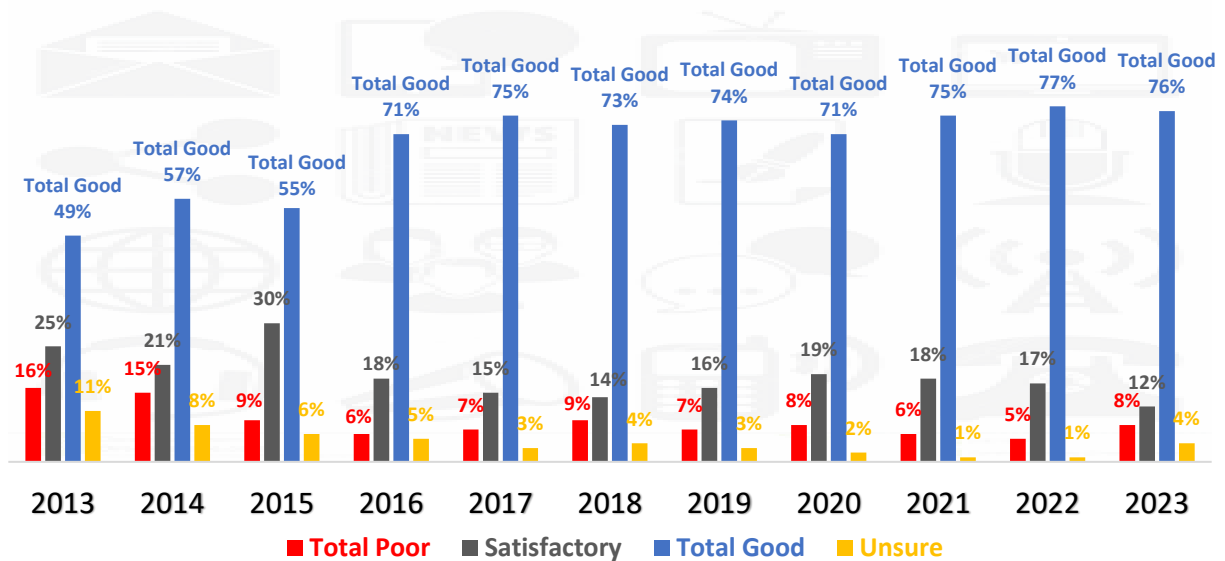
| | |
|--|-----|
| 1-Setting up/Changing Pre-Authorized Payment Options | 33% |
| 2-Move in / Move out | 16% |
| 3-Change payment options | 10% |
| 4-Update Account Profile Information | 37% |
| Unsure | 5% |

Most referenced was updating account profiler information and setting up or changing payment options, next followed by moving/moving out and changing payment options.

Communication

Respondents were asked a series of indicators about communications, starting with a rating question about how GSH communicates with its customers.

Q10. "Greater Sudbury Hydro communicates to its customers through a variety of methods including bill inserts, direct mail, social media, traditional media, and its website. Please rate the performance of Greater Sudbury Hydro in communicating with its customers using a scale from one very poor to five very good."

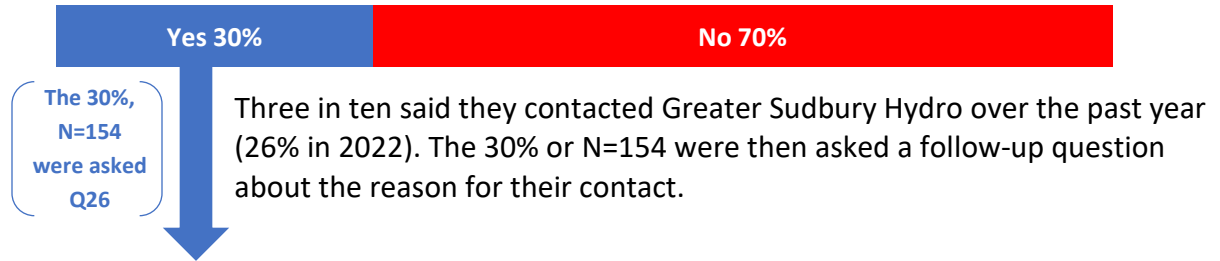


Seventy-six percent provided a positive (good & very good) rating for communicating with customers, consistent with 2021 and 2022.

Contact

Customers were first asked if they have contacted Greater Sudbury Hydro in the past 12 months. Those that have had communication were then asked a follow-up question about the reason for their contact.

Q11. "Over the past 12 months, have you contacted Greater Sudbury Hydro / Greater Sudbury Utilities?"



Q12. "What were your reasons for contacting Greater Sudbury Hydro?"

| | |
|---|-----|
| Billing issues / inquiry | 41% |
| Outages / information | 40% |
| Open or close account / change account info | 19% |

The main reasons for contacting Greater Sudbury Hydro related primarily to issues related to billing issues / inquiries, outages, and general account information or changes.

In an open or unaided question, residential customers were asked how they would prefer to communicate with Greater Sudbury Hydro for customer service or billing issues.

Q13. "How would you prefer to contact Greater Sudbury Hydro for Customer Service or Billing related issues?"

| | |
|--------------------------------------|-----|
| Email | 33% |
| Social Media | 31% |
| Text | 16% |
| Phone | 9% |
| Website form | 3% |
| Unsure | 3% |
| Live chat | 2% |
| Traditional mail | 1% |
| Automated chat/ or virtual assistant | 1% |

Email and social media were virtually tied as preferred methods, next by text messaging and telephone.

In another open or unaided question, residential customers were asked how they would prefer to communicate with Greater Sudbury Hydro about engineering or other projects.

Q14. How would you prefer to contact Greater Sudbury Hydro about engineering or other projects?

| | |
|-----------------------------------|-----|
| Email | 47% |
| Social Media | 24% |
| Text | 8% |
| Unsure | 7% |
| Website form | 5% |
| Traditional mail | 4% |
| Phone | 2% |
| Live chat | 1% |
| Automated chat/ virtual assistant | 1% |

When it comes to engineering other projects, email is the preferred method by nearly half.

The next open probe asked respondents about their preferred method to contact the utility about outage information.

Q15. How would you prefer to contact Greater Sudbury Hydro about outage information?

| | |
|--------------------------------------|-----|
| Phone | 36% |
| Text | 35% |
| Social Media | 21% |
| Email | 5% |
| Unsure | 1% |
| Live chat | 1% |
| Automated chat/ or virtual assistant | 1% |

On the issue of outages, telephone was most referenced as a communications tool, closely followed by text messaging.

Customers were then asked to identify the communication option they would like to see Greater Sudbury Hydro offer.

Q16. “What communication option would you like to see Greater Sudbury Hydro offer in the future?”

| | |
|----------------------------------|-----|
| Text/SMS notifications | 37% |
| Live Chat | 24% |
| Automated Chat/Virtual Assistant | 16% |
| Unsure | 14% |
| None | 9% |

Greater Sudbury Hydro Website

A series of four questions were asked about the Greater Sudbury Hydro / Greater Sudbury Utilities website.

Q17. "Have you visited the Greater Sudbury Hydro or the Greater Sudbury Utilities website over the past 12 months?"



Forty eight percent said they have visited the website(s) in the last year, down from 55% in 2022 (53% in 2021, 48% in 2020 and 38% in 2019).

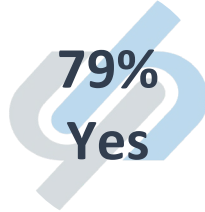
The N=242 (48%) of website visitors were then asked about the information they were looking for.

Q18. "What information did you look for?"

| | |
|---|-----|
| Account information | 35% |
| News or Developments | 17% |
| Rates & Fees | 15% |
| Energy conservation | 15% |
| Electric Vehicle charging | 11% |
| Environment/Safety | 4% |
| Corporate info | 2% |
| Distributed Energy Resource Connections | 1% |

Next, the N=242 visitors were asked if they found the information on the website they were looking for.

Q19. *“Did the website provide you with the information you were seeking?”*



Seventy nine percent said yes or that they found the information, compared to 76% in 2022 (73% in 2021, 71% in 2020 and 82% in 2019).

The 21% (N=52) that answered they did not find the information they were looking for were asked Q20 as a follow-up

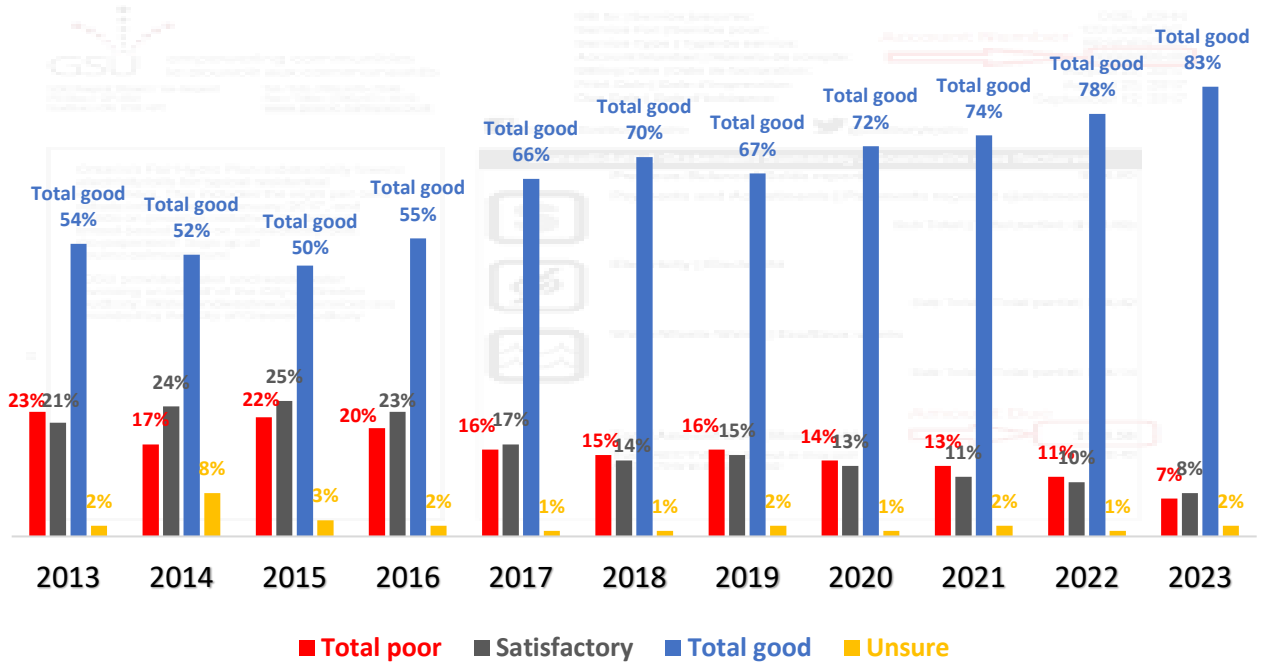
Q20. *“What information were you looking for?”*

| | |
|--|-----|
| Rebate programs / savings | 33% |
| Conservation / EVs / charging stations | 17% |
| Detailed account information | 15% |
| Don't know | 12% |
| Updates on outages | 10% |
| Time of use billing | 6% |
| Details on rates / charges | 6% |
| Careers / job availability | 2% |

Billing – Ease of Understanding

All residential customers rated the ease of reading or understanding their electricity or utility bill.

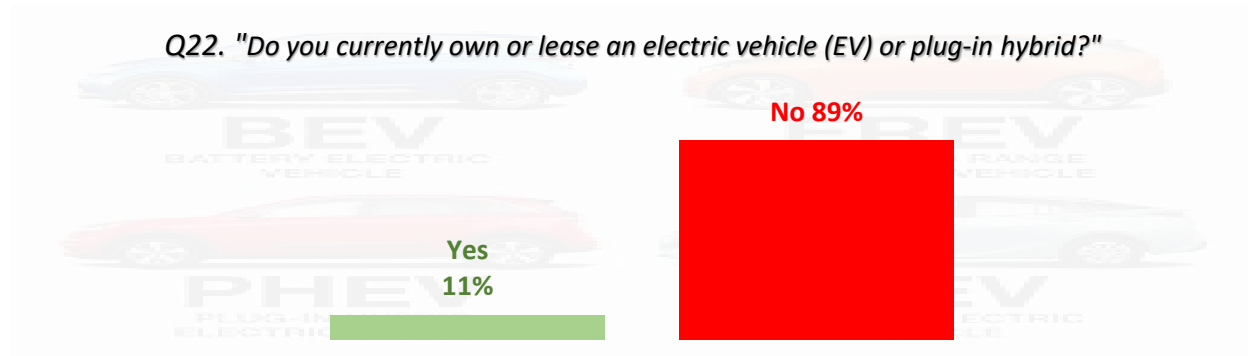
Q21. “Using a scale from one very poor to five very good, how would you rate how easy it is to read and understand your electricity or utility bill?”



Eighty-three percent provided a good or very good rating for the ease of understanding their bills, +5% higher than they did in 2022.

Electric Vehicles

All respondents were questioned if they currently own or lease an electric vehicle of which 11% said yes.



Next, those that do not have an EV were asked when they plan to purchase an electric vehicle.

Q23. *By 2035, no new internal combustion engine vehicles will be sold. When do you plan to switch over and purchase an EV?*

| | |
|--------------------------------|-----|
| Over the next year (12 months) | 3% |
| 1-2 years | 6% |
| 3-4 years | 10% |
| 5 or more years | 28% |
| Do not plan to purchase | 6% |
| Unsure | 47% |

Only 9% said they are considering an EV purchase within the next two years, 38% in the three-to-five or more window, while almost half are unsure.

Energy Self Generation & Storage

The final set of questions were related to energy self generation and storage.

Q24. *“Do you currently have solar panels or other forms of self-generation?”*

Yes: 2% (N=9)

The N=491 or 98% that do not have solar panels or other forms of self-generation were asked about the likelihood of installing them over the next two years. As the table below illustrates, interest in the short term is very low.

Q25. *“Do you plan to install solar panels or other forms of self-generation over the next...”*

| | |
|--------------------------------|-----|
| Over the next year (12 months) | 1% |
| 1-2 years | 1% |
| 3-4 years | 8% |
| 5 or more years | 19% |
| Do not | 18% |
| Unsure | 54% |

Q26. *Are you considering generating, and potentially storing, some or all of your electricity needed for your residence?”*

Yes: 12% (N=60)

The 12% or N=60 that are considering generating or storing electricity were asked in Q27 when they plan to do so.

Q27. *“When do you plan to generate or store electricity?”*

| | |
|-----------------|-----|
| 1-2 years | 7% |
| 3-4 years | 27% |
| 5 or more years | 37% |
| Unsure | 30% |

Then the 12% or N=60 that are considering generating or storing electricity were asked in an open-ended probe (Q28) about what is motivating them to generate and store electricity.

Q28 “What is motivating you to generate or plan to generate and store electricity?”

| | |
|---|-----|
| Lower utility bills | 40% |
| Environment / climate action | 28% |
| Having a secure energy source | 12% |
| Long-term savings / payback on investment | 8% |
| Unsure | 8% |
| Impact on resale value | 3% |

In the final question, the 88% that said in Q26 they are not considering generating or storing electricity (46%, N=232) or were unsure (42%, N=208) were asked about motivators.

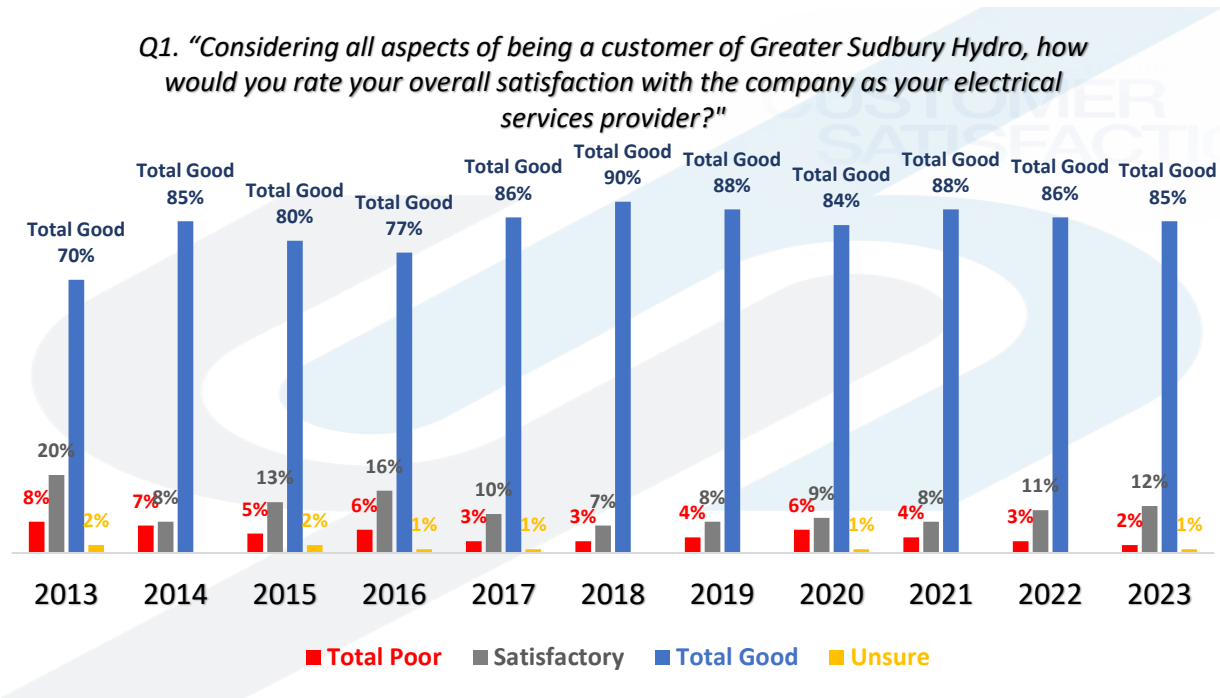
Q29. “What would motivate you to install an energy generation and or storage system for your residence?”

| | |
|------------------------------|-----|
| Cost | 31% |
| Unsure | 16% |
| Environment / climate action | 12% |
| Lower utility bills | 11% |
| Nothing | 11% |
| Payback on investment | 8% |
| Need more information | 7% |
| Reliability | 3% |
| Help with financing | 1% |

EXECUTIVE SUMMARY – BUSINESS

Satisfaction

Businesses were first asked an overall satisfaction question. The following graph compares the current 2023 results with the previous surveys. Results below combine the total poor (very poor & poor) and total good (good & very good) findings.



The overall satisfaction score as evidenced by the combined good and very good rating remains consistent at 85%.

Respondents were then asked to rate their level of agreement with a statement about Greater Sudbury Hydro meeting its commitment to customers. The table below combines the responses of 4-agree and 5-strongly agree and compares the results over time.

“Please rate your level of agreement with the following statement using a scale from one strongly disagree to five strongly agree.”

Q2. “Greater Sudbury Hydro meets its commitment to customers.”

| TOTAL AGREE RESULTS – AGREE & STRONGLY AGREE | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 69% | 86% | 83% | 79% | 85% | 86% | 80% | 85% | 87% | 89% | 87% |

In total, 87% agreed (48%) or strongly agreed (39%) that Greater Sudbury_Hydro meets its commitment to customers.

Rating Performance

Businesses were then asked to rate the performance of Greater Sudbury Hydro across four indicators using a five-point scale (1-very poor to 5-very good). The table below combines the positive responses of good and very good while tracking the results over time.

“Using a scale from one very poor to five very good, please rate the performance of Greater Sudbury Hydro in each of the following areas.”

| PERFORMANCE AREAS – TOTAL GOOD RESPONSES | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|
| Q3. The reliability of electricity supply | 90% | 87% | 89% | 86% | 92% | 91% | 93% | 90% | 92% | 89% |
| Q4. Prompt responses to electricity outages when they occur | 73% | 70% | 72% | 80% | 82% | 81% | 86% | 85% | 87% | 84% |
| Q5. Effectively scheduling planned electricity outages | 59% | 55% | 41% | 58% | 53% | 55% | 51% | 54% | 52% | 56% |
| Q6. Effectively communicating with customers about planned electricity interruptions in your area | 53% | 50% | 40% | 49% | 45% | 46% | 47% | 51% | 49% | 54% |

Highest scored once again was the reliability of power at 89%, followed by prompt response time to outages at 84%. They remain lower for effectively scheduling planned outages at 56% and for effectively communicating with customers about planned outages at 54% .

Rates Versus Outages

A trade-off question was asked related to the cost customers are willing to pay for electricity system maintenance in relation to the security of service delivery or keeping the lights on.

Q7. "I am going to ask your opinion on the issue of balancing the price you pay for maintenance and renewal of your local electricity infrastructure with the security of your electricity service delivery or "keeping the lights on." Please respond on a scale from one having the lowest rates possible with regular outages to five having the highest rates possible with no outages – 3 would be a balance between rates and outages."

RATES VERSUS OUTAGES
TRADE OFF

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| 1-lowest rates – regular outages | 3% | 4% | 3% | 3% | 1% | 1% | 1% | 2% | 3% | 4% | 2% |
| 2-low rates – occasional outages | 6% | 3% | 5% | 4% | 2% | 1% | 1% | 17% | 11% | 16% | 14% |
| 3-neutral – a balance between rates and outages | 57% | 58% | 65% | 69% | 79% | 75% | 82% | 76% | 83% | 78% | 77% |
| 4-high rates – only a few outages | 12% | 18% | 14% | 9% | 7% | 9% | 8% | 2% | 1% | 1% | 1% |
| 5-highest rates – no outages | 9% | 3% | 2% | 1% | 2% | 3% | 2% | 1% | 1% | 1% | 1% |
| Don't know | 13% | 14% | 11% | 14% | 9% | 11% | 6% | 2% | 1% | - | 5% |

Most or 77% still want a balance between rates and outages. There was a -4% decrease over 2022 to 16% in the number that want either low rates with occasional outages (14%) or the lowest rates with regular outages (2%). There was no change in the percentage of customers willing to accept high rates for a few outages, or the highest rates and no outages.

Payment Options & Online Management

Businesses were asked about their preferred method of paying their utility bill. One response was accepted.

Q8. “What is your preferred method of paying your bill?”

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|------|
| Online/telephone banking through financial institution | 66% | 59% | 65% | 69% | 68% |
| Equal monthly payment plan on an Equal monthly payment plan | 21% | 19% | 17% | 15% | 12% |
| Automatic withdrawal from bank account (variable payment) | 16% | 15% | 14% | 11% | 13% |
| Credit card | NA | NA | 1% | - | 2% |
| Payment in person at Citizen Service Centre | NA | NA | NA | - | 5% |

Online banking remains the preferred method of paying bills by businesses at 68%.

Next businesses were questioned about the self serve options they would like to see added to the portal.

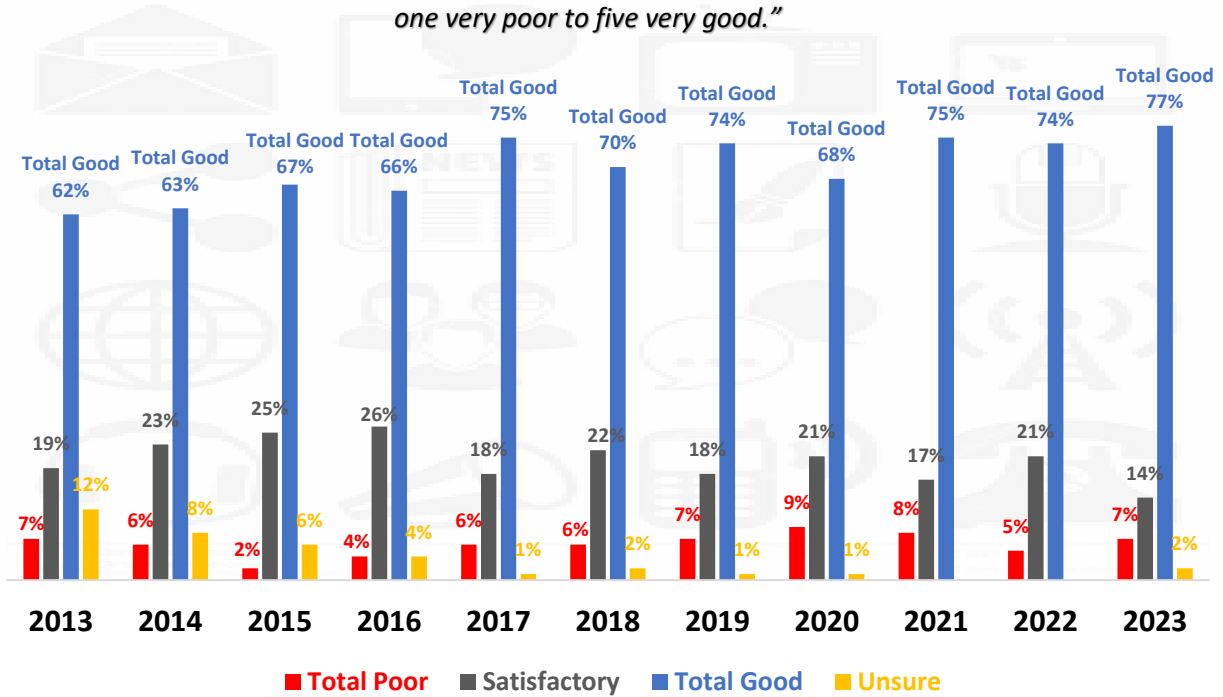
Q9. “What self-serve options would you like to see added to the Greater Sudbury Hydro online portal?”

| | |
|--|-----|
| Update Account Profile Information | 44% |
| Change payment options | 22% |
| Setting up/Changing Pre-Authorized Payment Options | 19% |
| Unsure | 9% |
| Move in / Move out | 6% |

Communication

Respondents were asked to rate how GSH communicates with its business customers.

Q10. "Greater Sudbury Hydro communicates to its customers through a variety of methods including bill inserts, direct mail, social media, traditional media, and its website. Please rate the performance of Greater Sudbury Hydro in communicating with its customers using a scale from one very poor to five very good."

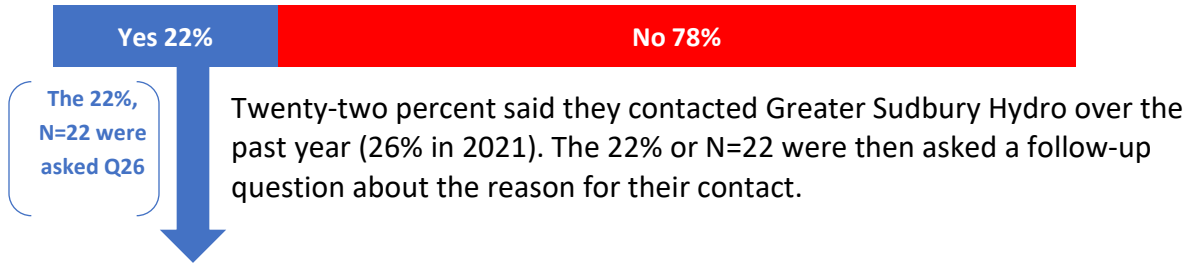


Seventy seven percent of businesses rated communications as being good or very good, up +3% from 2022.

Contact

The next set of probes were about recent contact with Greater Sudbury Hydro and communications with the utility. Businesses were first asked if they have contacted Greater Sudbury Hydro in the past 12 months.

Q11. "Over the past 12 months, have you contacted Greater Sudbury Hydro / Greater Sudbury Utilities?"



Q12. "What was the nature of your inquiry?"

| | |
|--------------------------|-----|
| Billing issues | 59% |
| Outage information | 27% |
| Open or close an account | 14% |

In an open or unaided question, residential customers were asked how they would prefer to communicate with Greater Sudbury Hydro for customer service or billing issues.

Q13. "How would you prefer to contact Greater Sudbury Hydro for Customer Service or Billing related issues?"

| | |
|--------------------------------------|-----|
| Email | 50% |
| Text | 27% |
| Website form | 6% |
| Phone | 5% |
| Automated chat/ or virtual assistant | 4% |
| Social Media | 3% |
| Live chat | 3% |
| Unsure | 2% |

In another open or unaided question, residential customers were asked how they would prefer to communicate with Greater Sudbury Hydro about engineering or other projects.

Q14. How would you prefer to contact Greater Sudbury Hydro about engineering or other projects?

| | |
|--------------------------------------|-----|
| Email | 44% |
| Social Media | 23% |
| Traditional mail | 13% |
| Unsure | 8% |
| Website form | 4% |
| Text | 4% |
| Phone | 2% |
| Live chat | 1% |
| Automated chat/ or virtual assistant | 1% |

The next open probe asked respondents about their preferred method to contact the utility about outage information.

Q15. How would you prefer to contact Greater Sudbury Hydro about outage information?

| | |
|--------------------------------------|-----|
| Text | 36% |
| Phone | 32% |
| Social Media | 29% |
| Live chat | 2% |
| Automated chat/ or virtual assistant | 1% |

Customers were then asked to identify the communication option they would like to see Greater Sudbury Hydro offer.

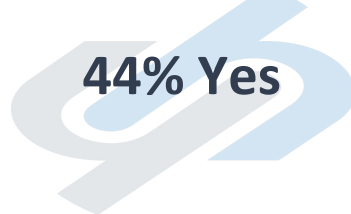
Q16. "What communication option would you like to see Greater Sudbury Hydro offer in the future?"

| | |
|----------------------------------|-----|
| Text/SMS notifications | 38% |
| None | 19% |
| Unsure | 19% |
| Live Chat | 14% |
| Automated Chat/Virtual Assistant | 10% |

Greater Sudbury Hydro Website

A series of four questions were asked about the Greater Sudbury Hydro / Greater Sudbury Utilities website.

Q17. "Have you visited the Greater Sudbury Hydro or the Greater Sudbury Utilities website over the past 12 months?"



Forty-four percent said they have visited the website(s) in the last year.

The N=44 website visitors were then asked about the information they were looking for.

Q18. "What information did you look for?"

| | |
|---------------------------|-----|
| Account information | 60% |
| Rates & Fees | 28% |
| Energy conservation | 5% |
| Corporate info | 2% |
| News or Developments | 2% |
| Electric Vehicle charging | 2% |

Most named was accessing account information, next by information about rates or fees.

Next, the N=44 visitors were asked if they found the information on the website they were looking for.

Q19. *“Did the website provide you with the information you were seeking?”*



Seventy-two percent said yes or that they found the information they were looking for on the site.

The 28% (N=12) that answered they did not find the information they were looking for in Q19, were asked Q20 as a follow-up

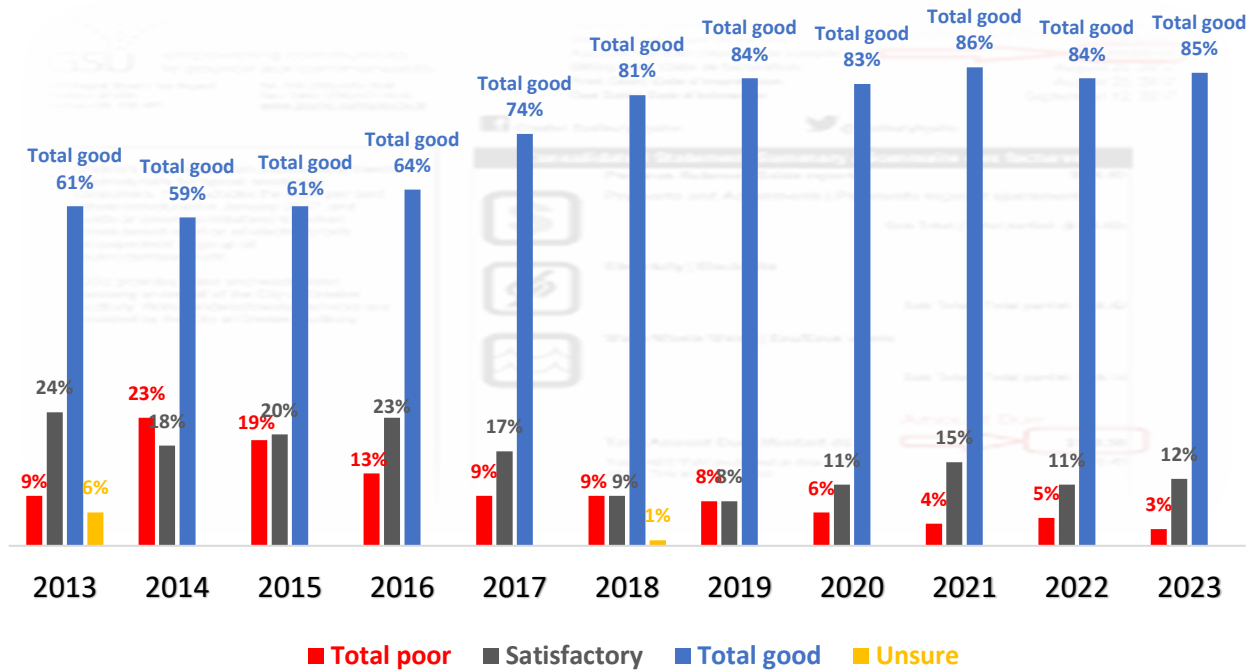
Q20. *“What information were you looking for?”*

| | |
|------------------------------|-----|
| Detailed account information | 33% |
| Updates on outages | 17% |
| Rebate programs / savings | 17% |
| Details on rates / charges | 17% |
| EV charging stations | 8% |
| Don't know | 8% |

Billing – Ease of Understanding

Businesses rated the ease of reading or understanding their power bill.

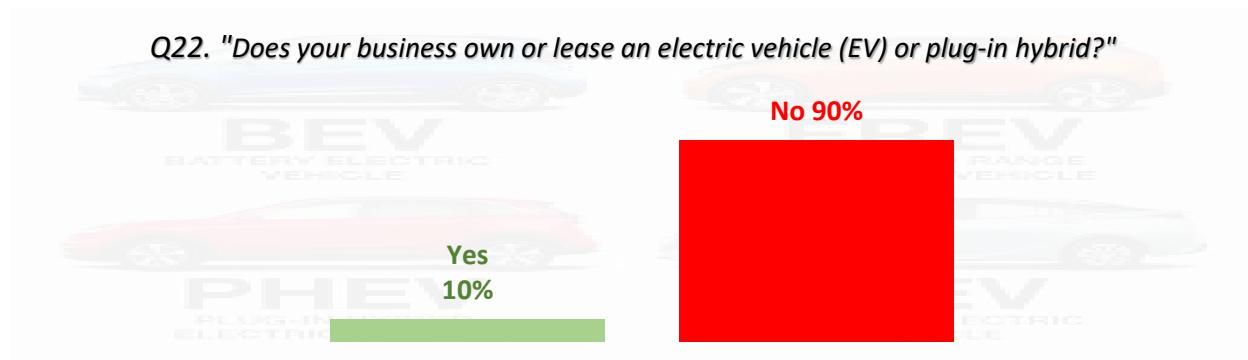
Q21. "Using a scale from one very poor to five very good, how would you rate how easy it is to read and understand your electricity or utility bill?"



Results are consistent over the past three survey periods with 85% providing a good or very good rating for the ease of understanding their bill.

Electric Vehicles

All respondents were questioned if they currently own or lease an electric vehicle of which 11% said yes.



Next, those that do not have an EV were asked when they plan to purchase an electric vehicle.

Q23. *By 2035, no new internal combustion engine vehicles will be sold. When do you plan to switch over and purchase an EV?*

| | |
|--------------------------------|-----|
| Over the next year (12 months) | 1% |
| 1-2 years | 2% |
| 3-4 years | 7% |
| 5 or more years | 29% |
| Do not plan to purchase | 7% |
| Unsure | 54% |

Only 3% said they are considering an EV purchase within the next two years, 36% in the three-to-five or more window, while more than half are unsure.

Energy Self Generation & Storage

The final set of questions were related to energy self generation and storage.

Q24. *“Do you currently have solar panels or other forms of self-generation?”*

Yes: 3% (N=3)

The N=97 or 97% that do not have solar panels or other forms of self-generation were asked about the likelihood of installing them over the next two years. As the table below illustrates, interest in the 1–2-year short term is very low, while seven in ten either have no plans or are unsure.

Q25. *“Do you plan to install solar panels or other forms of self-generation over the next...”*

| | |
|-----------------|-----|
| 1-2 years | 1% |
| 3-4 years | 9% |
| 5 or more years | 20% |
| Do not | 9% |
| Unsure | 61% |

Q26. *Are you considering generating, and potentially storing, some or all of your electricity needed for your residence?”*

Yes: 15% (N=15)

The 15% or N=15 that are considering generating or storing electricity were asked in Q27 when they plan to do so.

Q27. *“When do you plan to generate or store electricity?”*

| | |
|-----------------|-----|
| 1-2 years | 13% |
| 3-4 years | 13% |
| 5 or more years | 27% |
| Unsure | 47% |

Then the 15% or N=15 that are considering generating or storing electricity were asked in an open-ended probe (Q28) about what is motivating them to generate and store electricity.

Q28 “What is motivating you to generate or plan to generate and store electricity?”

| | |
|---|-----|
| Lower utility bills | 40% |
| Environment / climate action | 33% |
| Unsure | 13% |
| Long-term savings / payback on investment | 7% |
| Having a secure energy source | 7% |

In the final question, the 85% that said in Q26 they are not considering generating or storing electricity (N=85) were asked about motivators.

Q29. “What would motivate you to install an energy generation and or storage system for your residence?”

| | |
|------------------------------|-----|
| Cost | 24% |
| Need more information | 20% |
| Unsure | 15% |
| Environment / climate action | 14% |
| Lower utility bills | 13% |
| Reliability | 11% |
| Nothing | 4% |



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 5
Schedule 1
Attachment 2
Page 1 of 1

Attachment 2 (of 2):

***OEB Appendix 2-AC Ongoing Customer Engagement
Activities Summary***

Completing Appendix 2-AC is optional

File Number: EB-2024-0026

Exhibit: 1
Tab: 5
Schedule: 1
Page: 2

Date: 30-Oct-24

Appendix 2-AC Ongoing Customer Engagement Activities Summary

| Provide a list of customer engagement activities | Provide a list of customer needs and preferences identified through each engagement activity | Actions taken to respond to identified needs and preferences. If no action was taken, explain why. |
|--|---|--|
| Residential and Business Transactional Customer Surveys: Conducted weekly and facilitated by Oraclepoll Research. | These surveys are part of an ongoing effort to gather customer feedback on their most recent interactions with GSHi. The results of the surveys are regularly reviewed and discussed to ensure continuous improvement in customer service. | Survey results are reviewed by the respective departments, with particular attention given to scores of 3 or less, which are investigated more closely and acted upon if necessary. Trends in survey results are analyzed during annual management review meetings as part of GSHi's integrated management system. |
| Annual Customer Satisfaction Survey: Conducted by Oraclepoll Research. | <p>GSHi conducts a more comprehensive survey annually, an effort that has been ongoing since 2013. The 2023 survey is included as Exhibit 1, Tab 5, Schedule 1, Attachment 1.</p> <p>These surveys, along with the interpretation of results provided in Oraclepoll's summary reports, have given GSHi valuable insights into its operations from the customer's perspective. This feedback helps GSHi better understand which services and organizational qualities customers value, as well as the pain points they experience in their relationship with the utility. Key findings include customers consistently expressing a desire for a balance between reliability and cost, along with an increased demand for digital and automated communications.</p> | Project planning incorporates the insights and priorities identified in the annual survey. The 2025-2029 DSP reflects this feedback, ensuring that customer input has been considered in the planning and decision-making process. |

Completing Appendix 2-AC is optional

File Number: EB-2024-0026

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| Exhibit: | 1 |
| Tab: | 5 |
| Schedule: | 1 |
| Page: | 2 |

Date: 30-Oct-24

Appendix 2-AC Ongoing Customer Engagement Activities Summary

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|--|--|---|
| <p>Customer Service:</p> <ul style="list-style-type: none"> MyAccount - Customer Portal On-Bill Messaging IVR Calls LEAP (Low-Income Energy Assistance Program) In-Person Customer Service Telephone and Email Inquiries | <p>Customers who enroll in GSHi's MyAccount gain 24/7 access to their invoices, consumption information, and payment history.</p> <p>All GSHi customers receive a monthly statement, which serves as the most effective way for the utility to communicate with its entire customer base. Messages on statements may include information about available payment plans, upcoming rate changes, and other important updates. Occasionally, a bill insert is included, though this practice has become less common as GSHi aims to reduce paper usage.</p> <p>In certain cases, GSHi finds it most efficient to provide information through interactive voice response (IVR) calls. These messages may notify customers of upcoming planned power interruptions or provide account balance updates.</p> <p>GSHi partners with the Centre de santé communautaire du Grand Sudbury to determine eligibility and distribute funds through the LEAP program.</p> <p>Customers can contact GSHi's local customer service department by phone for assistance or visit the office for in-person support. This one-on-one, face-to-face interaction ensures personalized service.</p> <p>Customers primarily engage with GSHi for the following needs:</p> <ul style="list-style-type: none"> - Billing inquiries/balance updates - Move in/out services - Payment plans - Outage information - e-Billing/MyAccount Portal assistance | <p>Customers have expressed a desire for more self-serve options to access or update their information.</p> <p>Customer Service Representatives (CSRs) use email templates for new customers, which are sent following phone calls. These emails provide additional information about available rates, payment plans, and instructions on how to set up a MyAccount or register for e-Billing. This allows customers time to review the information and make informed decisions about their electricity accounts.</p> |

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File Number: EB-2024-0026

Exhibit: 1
 Tab: 5
 Schedule: 1
 Page: 2

Date: 30-Oct-24

Appendix 2-AC Ongoing Customer Engagement Activities Summary

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|--|--|--|
| Safety Awareness Initiatives | <p>One of GSHi's core values is "Safety is Our Responsibility." The corporate culture at GSHi places a strong emphasis on safety for staff, customers, and the community.</p> <p>Examples include:</p> <p>OEB/ESA Safety Survey: Conducted biennially in the community by Oraclepoll Research, this survey is mandated by the Ontario Energy Board (OEB) in collaboration with the Electrical Safety Authority (ESA). It provides valuable insights into the community's understanding of electrical safety issues and helps guide GSHi's safety initiatives.</p> <p>Other initiatives:</p> <p>GSHi S.A.F.E. Team Committee: A volunteer group of engaged staff members who promote safety both at home and in the workplace through various staff-led initiatives.</p> <p>Electricity Safety Conservation: Annually, GSHi visits two or three elementary schools in the community to teach students about electricity and electrical safety.</p> <p>GSHi also shares safety messages through social media posts, website content, and media releases to ensure ongoing education and awareness.</p> | <p>OEB/ESA Safety Survey Results: 2020 = 83% 2022 = 85%</p> <p>GSHi is committed to fostering public awareness around electrical safety. With consistent improvements in safety survey results, GSHi will continue to prioritize and promote safety for both its customers and staff.</p> |
| Participation in SPART Group - City Planning | <p>These meetings may address large projects throughout the city that could impact GSHi's distribution system. Customers and/or their representatives have the opportunity to meet with the parties involved in the project. This allows GSHi to ask questions about their project needs and communicate any requirements from GSHi's side.</p> | <p>GSHi values the opportunity to meet with the developer community in Sudbury to gather feedback on upcoming projects. These meetings provide a forum for discussing the needs and requirements of both GSHi and the developers, ensuring smooth coordination and addressing any potential impacts on the distribution system</p> |

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File Number: EB-2024-0026

Exhibit: 1
 Tab: 5
 Schedule: 1
 Page: 2

Date: 30-Oct-24

Appendix 2-AC Ongoing Customer Engagement Activities Summary

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|--|--|--|
| Customer Consultation and Communication for Significant Capital Projects | <p>Consultation is undertaken to ensure customers understand the rationale behind proposed renewal projects, and multiple opportunities for feedback and sharing concerns are made available. The consultation process includes:</p> <ul style="list-style-type: none"> - Distribution of brochures via various methods in the area served by the substation, providing an overview of the project, timeline, budget, and FAQs. - A dedicated page on GSHi's website focused specifically on the project, including photos and a form for customers to submit feedback or questions. - Media interviews to discuss project details and plans. - Social media updates, where information about ongoing work and planned outages is communicated through GSHi's social media channels. | <p>GSHi continuously improves, evaluates, and adjusts its communication practices to better engage with customers. GSHi collaborates closely with City Councillors in affected wards to help disseminate information and enhance public understanding. Additionally, GSHi considers the demographics of the area when determining the most appropriate engagement efforts.</p> |

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File Number: EB-2024-0026

Exhibit: 1
 Tab: 5
 Schedule: 1
 Page: 2

Date: 30-Oct-24

Appendix 2-AC Ongoing Customer Engagement Activities Summary

| Provide a list of customer engagement activities | Provide a list of customer needs and preferences identified through each engagement activity | Actions taken to respond to identified needs and preferences. If no action was taken, explain why. |
|---|---|--|
| <p>Online Presence:</p> <p>Website MyAccount - Customer Portal Google Profile Social Media</p> | <p>Website: Important information is relayed to customers via a banner at the top of the page, including updates on power interruptions, whether planned or unplanned. Customers can also access information about their electricity bills, available electricity plans, and corporate information, such as GSHi's most recent year-end financial report.</p> <p>MyAccount: GSHi's MyAccount portal allows customers to manage their electricity accounts online with ease. By registering, customers gain 24/7 access to many tools, helping them stay informed and make better decisions regarding their electricity usage and plans.</p> <p>Google Profile: GSHi's Google listing receives approximately 2,000 views per month.</p> <p>Social Media:</p> <p>Facebook: 6.8K followers. This is GSHi's most popular platform for informing customers about planned and unplanned outages, safety tips, campaigns, and changes to office hours. X (formerly Twitter): 6,008 followers. Instagram: 1,351 followers.</p> | <p>GSHi continually strives to improve its online presence, fostering strong relationships with customers through photos, videos, posts, and other digital interactions. This proactive approach helps keep customers informed and engaged.</p> <p>Customers especially appreciate being updated during power outages, particularly after hours, when timely information is most critical.</p> |

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File Number: EB-2024-0026

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| Exhibit: | 1 |
| Tab: | 5 |
| Schedule: | 1 |
| Page: | 2 |

Date: 30-Oct-24

Appendix 2-AC Ongoing Customer Engagement Activities Summary

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|--|--|--|
| Community Events | <p>Annually, GSHi assists with the installation and removal of holiday lighting at Science North, contributing to the festive spirit in the community.</p> <p>GSHi is a proud supporter of the Up Here Festival. Since 2016, GSHi has provided space for new works of art to be created around the downtown core and other locations within the community through the Power Up Project.</p> <p>GSHi has also assisted with the installation of community banners in Capreol, Coniston, and West Nipissing.</p> <p>In support of local filmmaking efforts, GSHi has temporarily removed street lighting when required for filming within the city.</p> <p>At the Cambrian College Career Fair, GSHi engages with the public to educate them about career opportunities in the electricity industry.</p> <p>GSHi staff occasionally attend Chamber of Commerce learning events to listen to speakers and network with community members.</p> | <p>"Giving More" is one of GSHi's core values, as the company strives to make the largest possible impact within its community. GSHi is committed to exceeding expectations in the quality of services provided and being active corporate citizens both locally and regionally.</p> |
| Annual Shareholder General Meeting | <p>The Annual General Meeting (AGM) is held each spring, providing interested parties with the opportunity to ask questions and engage in discussions regarding GSHi's operations. This forum allows for transparency and direct communication between GSHi and its stakeholders, ensuring that questions about financial performance, strategic direction, and operational decisions are addressed in a public and accessible setting. The AGM also reinforces GSHi's commitment to open governance and community involvement, giving shareholders, customers, and other interested individuals a platform to voice their concerns and receive updates directly from GSHi's leadership.</p> | <p>This meeting is open to the public, offering both the public and the Shareholder a valuable opportunity to hear how GSHi has performed and gain insight into future plans. It serves as a transparent platform where attendees can review past achievements, understand the company's direction, and engage in discussions about upcoming initiatives. The AGM reinforces GSHi's commitment to accountability, ensuring that stakeholders are informed and involved in the utility's strategic decisions.</p> |

Completing Appendix 2-AC is optional

File Number: EB-2024-0026

Exhibit: 1
 Tab: 5
 Schedule: 1
 Page: 2

Date: 30-Oct-24

Appendix 2-AC Ongoing Customer Engagement Activities Summary

| Provide a list of customer engagement activities | Provide a list of customer needs and preferences identified through each engagement activity | Actions taken to respond to identified needs and preferences. If no action was taken, explain why. |
|---|---|---|
| Engagement with Municipal and Provincial candidate interviews | Since 2014, GSHi leadership has extended invitations to municipal and provincial election candidates to meet and learn about the electrical industry and GSHi's operations. This initiative provides a recognized opportunity to educate community leaders about the distribution system and GSHi's role, allowing candidates to ask questions and deepen their understanding. By educating these leaders, GSHi helps them better inform the wider public through their own conversations and community engagement. | GSHi has found that these initiatives help open channels of communication and foster healthy relationships with political leaders. By engaging with candidates and community leaders, GSHi strengthens its connections with key decision-makers, ensuring that there is a mutual understanding of the utility's operations and the broader electrical industry. This proactive approach helps maintain open dialogue, which supports informed decision-making and collaboration on matters that impact the community. |

Application Specific Customer Engagement Activities Summary

| Provide a list of customer engagement activities | Provide a list of customer needs and preferences identified through each engagement activity | Actions taken to respond to identified needs and preferences. If no action was taken, explain why. |
|--|--|--|
| 2024 DSP Survey | The Distribution System Plan (DSP) was developed based on ongoing customer engagement efforts. The DSP-specific survey confirmed that GSHi was on the right track regarding both the plan and this application, reinforcing that the direction taken aligns with customer expectations and priorities. | The results of the DSP survey confirmed GSHi's plans. Customers, while wanting lower bills, also prioritize a safe and reliable electrical system and understand that achieving this level of service comes with associated costs. |

Note: Use "ALT-ENTER" to go to the next line within a cell

1 **APPLICATION-SPECIFIC CUSTOMER ENGAGEMENT**

2 **Introduction**

3

4 Greater Sudbury Hydro Inc. (GSHi) has undertaken a comprehensive customer
5 engagement process to inform its 2025 rate application. In addition to our annual
6 Customer Satisfaction Survey, GSHi commissioned a web-based survey specifically
7 tailored to gather customer feedback on the Distribution System Plan (DSP). This
8 engagement ensured that customer priorities were considered in the development of the
9 DSP and the associated capital investments over the 2025–2029 period.

10

11 **Engagement Strategy**

12

13 GSHi collaborated with Oraclepoll to design and execute the DSP-specific customer
14 survey, which was open to all customers via a web-based platform. The goal of the
15 survey was to elicit customer input regarding GSHi’s distribution system management
16 and investment strategies. This targeted approach provided valuable feedback, ensuring
17 broad customer participation through digital means.

18

19 **Application-Specific Customer Engagement Activities**

20

21 • **Focused Engagement Approaches:**

22 The survey reached a broad range of customers across different classes,
23 including Residential, Commercial, Large Use, and microFIT. Customers were
24 asked to prioritize areas such as infrastructure upgrades, reliability, costs, and
25 green energy initiatives. The web-based format allowed for convenient
26 participation and gathering of diverse viewpoints on critical aspects of GSHi’s
27 DSP.

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- **Documentation of Feedback:**

GSHi provided respondents with detailed information about the planned investments across four key areas: System Renewal, System Access, System Service, and General Plant. The feedback from respondents confirmed that the proposed direction aligned with customer priorities, particularly in balancing investments with concerns about cost and reliability. The results were documented and cross-referenced to support the final proposals in the rate application, ensuring that customer perspectives were appropriately considered.

Incorporation of Feedback into Proposals

Respondents overwhelmingly supported maintaining system reliability and controlling distribution costs. As a result, the proposed DSP reflects a careful balance between infrastructure renewal and cost control, with significant investments in System Renewal to address aging infrastructure while responding to customer preferences for rate stability.

Customer-Specific Engagement for Unique Proposals

The section of the filing requirement concerning customers uniquely affected by specific proposals, such as new rate classes or changes to existing charges, does not apply to GSHi. None of the examples listed, such as Retail Service Charges, Specific Service Charges, standby rates, or unmetered-load customers, are relevant to GSHi's current application.

Response to Letters of Comment

GSHi will respond publicly to any letters of comment filed with the OEB during the proceeding. These responses will be placed on the public record, ensuring transparency and accountability in addressing customer concerns throughout the rate-setting process.



1 **Conclusion**

2

3 The customer engagement process, particularly the DSP-specific web-based survey,
4 helped confirm that GSHi's proposed direction aligns with customer priorities. The
5 feedback provided GSHi with the confidence to proceed with its planned investments,
6 ensuring that the DSP continues to reflect customer needs. This application
7 demonstrates careful consideration of customer priorities, particularly in areas such as
8 System Renewal and cost control, ensuring a prudent and reliable path forward for
9 GSHi's customers.

10

11 For the complete DSP survey, please see Appendix E of the DSP, included as Exhibit 2,
12 Tab 9, Schedule 1, Attachment 1.



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 6

Exhibit 1: Administrative Documents

Tab 6 (of 10): Performance Measurement

1

PERFORMANCE MEASUREMENT

2 The Renewed Regulatory Framework (RRF) is a comprehensive approach to regulation
3 centered on the achievement of four separate but interconnected outcomes that help to
4 ensure that Ontario's electricity system provides value for money for customers. The
5 RRF emphasizes outcomes (rather than activities) and response to customer
6 preferences in order to enhance distributor productivity and promote innovation. The
7 four RRF outcomes are as follows:

8 *1. Customer Focus*

9 Services are provided in a manner that responds to identified customer
10 preferences.

11 *2. Operational Effectiveness*

12 Continuous improvement in productivity and cost performance achieved; and
13 utilities deliver on system reliability and quality objectives.

14 *3. Public Policy Responsiveness*

15 Utilities deliver obligations mandated by the government (e.g. in legislation and in
16 regulatory requirements imposed further to Ministerial directives to the Board)

17 *4. Financial Performance*

18 Financial viability is maintained.

19

20 Under the RRF, GSHi is expected to continuously improve its understanding of the
21 needs and expectations of its customers and its delivery of services. To facilitate
22 performance monitoring and benchmarking, the OEB uses a scorecard approach which
23 sets out the OEB's policies on the measures that will be used to assess GSHi's
24 effectiveness and continuous improvement in achieving the four outcomes above. Along
25 with the scorecard, an econometric model is used to generate efficiency rankings for
26 GSHi over the historical period and test year, based on GSHi's annually benchmarked
27 cost performance. Another ongoing measure to encourage continuous improvement and
28 increase regulatory efficiency is Activity and Program-based Benchmarking in ten (10)
29 programs.



1 In this Application, GSHi presents its performance for each of the OEB's performance
2 outcomes over the last five years, including discussion on current performance and
3 projections for continuous improvement over the term of the Application.

4

5 **The Scorecard**

6 The Scorecard details the measures which the Board uses to monitor and assess a
7 distributor's effectiveness and improvement in achieving the Board's set targets in each
8 of the four performance areas noted above. GSHi has published its most recent
9 scorecard for public viewing on its website at:

10 *<https://sudburyhydro.com/wp-content/uploads/2024/08/2023-Scorecard-Greater->*
11 *[Sudbury-Hydro-Inc.pdf](https://sudburyhydro.com/wp-content/uploads/2024/08/2023-Scorecard-Greater-)*

12

13 Table 1 below provides GSH's 2019-2023 performance on its Scorecard metrics as
14 reported to the OEB in the annual RRR filings. GSHi's 2023 scorecard, including the
15 MD&A is provided as Exhibit 1, Tab 6, Schedule 1, Attachment 1.

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Table 1 – OEB Scorecard for GSHI from 2019-2023

| | Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---|--------|--------|--------|--------|--------|
| C u s t o m e r F o c u s | New Residential/Small Business Services Connected on Time (Target: 90%) | 99.38% | 99.63% | 98.95% | 99.49% | 99.30% |
| | Scheduled Appointments Met on Time (Target: 90%) | 99.78% | 100% | 100% | 100% | 99.81% |
| | Telephone Calls Answered on Time (Target: 65%) | 71.26% | 67.38% | 64.22% | 71.07% | 71.16% |
| | Billing Accuracy (Target: 98%) | 100 | 99.95 | 99.97 | 99.94 | 99.95 |
| | First Contact Resolution | 82.69% | 87.60% | 87.86% | 84.86% | 93.12% |
| | Customer Satisfaction Survey Results | 88% | 89% | 93.60% | 94.60% | 92.83% |
| E o p e r a t i v e n a l s | Level of Public Awareness | | | 85% | 85% | 89% |
| | Level of Compliance with Ontario Regulation 22/04 (Target: substantially compliant) | C | C | C | C | C |
| | Number of General Public Incidents | 0 | 0 | 0 | 0 | 0 |
| | Rate per 10, 100, 1000 km of line | 0 | 0 | 0 | 0 | 0 |
| | Average Number of Times Power to Customer is Interrupted | 1.03 | 0.99 | 1.16 | 1.62 | 1.49 |
| | Average Number of Hours Power to Customer is Interrupted | 1.89 | 1.48 | 1.11 | 1.15 | 1.49 |
| | Distribution System Plan Implementation on Progress | 84.72% | 110% | 90.44% | 74.86% | 79.31% |
| | Efficiency Assessment (1 = most efficient 5 = least efficient) | 3 | 3 | 3 | 3 | 3 |
| | Total Cost (\$) per Customer | 679 | 670 | 679 | 721 | 805 |
| | Total Cost (\$) per Km of Line | 31,938 | 31,590 | 31,877 | 13,572 | 15,170 |
| P r e s i v e c e | Renewable Generation Connection Impact Assessments Completed on Time | % | 100% | % | % | % |
| | New Micro-Embedded Generation Facilities Connected on Time (Target: 90%) | 100 | 100 | 100 | 100 | 100 |
| F i n a n c i a l | Liquidity: Current Ratio | 1.48 | 1.13 | 1.3 | 1.33 | 1.27 |
| | Leverage: Total Debt to Equity Ratio | 1.76 | 1.22 | 1.19 | 1.13 | 1.09 |
| | Profitability: Regulatory Return on Equity - Deemed | 8.98% | 8.52% | 8.52% | 8.52% | 8.52% |
| | Profitability: Regulatory Return on Equity - Achieved | 8.62% | 2.04% | 9.62% | 10.52% | 8.24% |

2

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4 Customer Focus - Service Quality

5 GSHi has consistently exceeded service quality targets for the last 5 years. Service
6 quality results are listed in Table 2 below.

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Table 2 - Service Quality Results

| Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|--------|--------|--------|--------|--------|
| New Residential/ Small Business Services Connected on Time (Target: 90%) | 99.38% | 99.63% | 98.95% | 99.49% | 99.30% |
| Scheduled Appointments Met on Time (Target: 90%) | 99.78% | 100% | 100% | 100% | 99.81% |
| Telephone Calls Answered on Time (Target: 65%) | 71.26% | 67.38% | 64.22% | 71.07% | 71.16% |

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Over the last 5 years, GSHi has exceeded targets for connecting customers on time and meeting scheduled appointments.

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Four out of the last 5 years, GSHi has also exceeded the target for answering customer phone calls within 30 seconds 65% of the time. In 2021, GSHi dipped slightly below target for answering customer calls. This was due to the effects of the pandemic where our workforce shifted from the office to working from home during 2020 and continued through 2021. This created challenges in training new staff remotely versus in person. At that time, more than half our call centre staff had less than 1 year of experience. As staff returned to the office in early 2022 and gained more experience, call targets were exceeded. In 2023 GSHI received 40,035 calls of which 71.16% were answered in less than 30 seconds.

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GSHi's target for these metrics in 2025 is to continue to exceed the industry target. Customer Satisfaction results are included in Table 3 below:

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Table 3 Customer Satisfaction

| Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------------------|--------|--------|--------|--------|--------|
| Billing Accuracy (Target: 98%) | 100 | 99.95 | 99.97 | 99.94 | 99.95 |
| First Contact Resolution | 82.69% | 87.60% | 87.86% | 84.86% | 93.12% |
| Customer Satisfaction Survey Results | 88% | 89% | 93.60% | 94.60% | 92.83% |

22
23



1 The Billing Accuracy target of 98% has been exceeded each year over the last 5 years.
2 In 2023 GSHi issued approximately 580,786 bills and achieved a billing accuracy of
3 99.95%, a slight increase from the prior year. GSHi continues to monitor its billing
4 accuracy results and processes to identify opportunities for improvement.

5
6 Specific customer satisfaction measurements have not been previously defined across
7 the industry. GSHi has used the same process as in past years. For GSHi, First Contact
8 Resolution was measured based on live agent transactional phone calls received. For
9 each calendar year, GSHi gave a third-party service provider a weekly sample of all
10 inbound customer telephone calls into GSHi's Customer Service department.
11 Representatives of the third-party service provider then contacted and surveyed
12 customers – typically within a week of their initial inbound contact with GSHi. Customers
13 were asked to rate various facets of their customer experience, and were also asked if
14 their issue (i.e., reason for calling) was resolved on their first call to GSHi. Using the
15 results of this survey, GSHi calculated a first contact resolution of 93.12% for 2023 which
16 was an improvement from the 2022 result of 84.86%.

17
18 GSHi endeavors to use the transactional customer survey results to identify customer
19 service improvements with the intention of increasing first contact resolution in 2025 and
20 beyond.

21
22 In 2023, GSHi enlisted Oraclepoll Research, an independent third-party survey and
23 analytics company, to conduct annual customer satisfaction surveys see Exhibit 1, Tab
24 5, Schedule 1, Attachment 1. This survey provides crucial insights to inform discussions
25 and strategies for enhancing customer service across all levels and departments within
26 GSHi. Since 2013, Oraclepoll Research has conducted this annual survey for GSHi.

27
28 The survey included key questions on a variety of topics, ranging from pricing to value,
29 reliability, communication methods, and customer service. It also provided an
30 opportunity for customers to comment on overall satisfaction.

1 Each year, the survey updates its questions by adding or removing a few that pertain to
2 specific activities the LDC may consider in the future. To streamline the survey, in 2023,
3 28 questions were asked compared to 41 in previous years as some embedded
4 questions (questions within questions) were removed. Also, some questions in the
5 Electric Vehicle category were revised to reflect the new goals and guidelines set forth
6 by the Federal Government. For example, this question was asked, “by 2035, no new
7 internal combustion engine vehicles will be sold. When do you plan to switch over and
8 purchase an EV?”

9

10 Data gathered from this annual survey is integrated into GSHi's planning process,
11 serving as a part of the foundation for strategies to enhance customer satisfaction and
12 better address the needs of both residential and business customers. Historically, 400
13 residential and 100 business customers participated in the survey. However, in 2023,
14 500 residential customers participated, and businesses remained the same at 100.

- 15 • Residential results decreased from 94% in 2022 to 92% in 2023.
- 16 • Business results stayed the same in 2022 and 2023, both were 97%.
- 17 • When weighted, the overall satisfaction result for residential and business
18 customers combined in 2023 was 92.83%, this was a slight decrease from 2022
19 (2022 - 94.60%).

20

21 GSHi will continue to enlist a third party to conduct this survey in 2025 and beyond as
22 well as work to maintain satisfaction results.

23

24 **Operational Effectiveness**

25 Safety targets and results are included in Table 4 below:

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Table 4 – Safety Targets and Results

| Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|------|
| Level of Public Awareness | | | 85% | 85% | 89% |
| Level of Compliance with Ontario Regulation 22/04 (Target: substantially compliant) | C | C | C | C | C |
| Number of General Public Incidents | 0 | 0 | 0 | 0 | 0 |
| Rate per 10, 100, 1000 km of line | 0 | 0 | 0 | 0 | 0 |

Component A – Public Awareness of Electrical Safety

Although the OEB does not have an established industry target, GSHI is deeply committed to public safety, consistently engaging in activities designed to maintain and enhance safety around its distribution equipment.

On a bi-annual basis, GSHI commissions an independent third-party public opinion polling firm, Oraclepoll Research, to survey the community on core questions created by the ESA. The latest poll was conducted in 2024 and the report has been included as Exhibit 1, Tab 6, Schedule 1, Attachment 3.

The survey serves as a benchmark for measuring awareness levels, highlighting areas where further education and efforts are needed. The survey employs computer-assisted techniques of telephone interviewing (CATI) and random number selection. Numbers were randomly selected from a dual sample database that included both landline and cellular telephone numbers.

GSHI achieved an awareness level of 89% in 2023 when the ratings and evaluation methodology outlined by ESA were applied to the responses. This was an improvement from the previous score of 85% reported in 2022 and 2021, and 83% for 2020 and 2019.

GSHI continues to communicate safety messages to the communities we serve through a variety of channels including our GSHI and GSU websites, social media channels (Facebook, X, and Instagram), radio campaigns, media releases, and news stories.



1 **Component B – Compliance with Ontario Regulation 22/04**

2

3 Ontario Regulation 22/04 (Electrical Distribution Safety) establishes objective-based
4 electrical safety requirements for the design, construction, and maintenance of electrical
5 distribution systems owned by the licensed distributors. Specifically, the regulation
6 requires the approval of equipment, plans, specifications, and inspection of construction
7 before they are put into service.

8

9 Over the past twelve years, GSHi has been compliant with Ontario Regulation 22/04 -
10 *Electrical Distribution Safety*. This was achieved by its strong commitment to safety, and
11 adherence to company procedures and policies.

12

13 **Component C – Serious Electrical Incident Index**

14

15 Serious electrical incidents are defined in Ontario Regulation 22/04. The OEB measures
16 the number and rate of serious electrical incidents occurring on a distributor’s assets and
17 is normalized per 10, 100, or 1,000 km of line.

18

19 GSHI has maintained a “Serious Electrical Incident Index” value of 0 for the past twelve
20 years and this continues to be the target for 2025.

21

22 **System Reliability**

23 System reliability is assessed with two metrics: the number of times power to a customer
24 is interrupted – System Average Interruption Frequency Index (“SAIFI”) and the average
25 duration of outages – System Average Interruption Duration Index (“SAIDI”) as noted
26 below in Table 5.

27

28

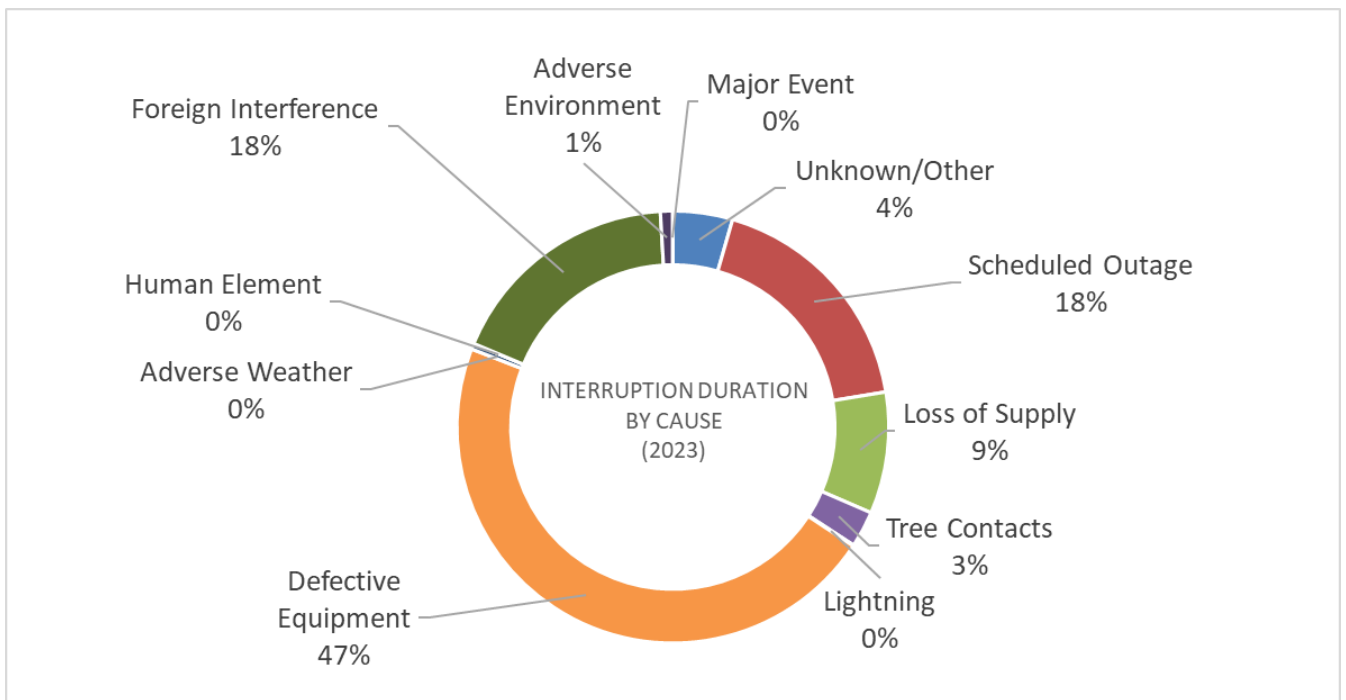
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Table 5 – System Reliability

| Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|
| Average Number of Times Power to Customer is Interrupted (SAIFI) | 1.03 | 0.99 | 1.16 | 1.62 | 1.49 |
| Average Number of Hours Power to Customer is Interrupted (SAIDI) | 1.89 | 1.48 | 1.11 | 1.15 | 1.49 |

Figure 1 below provides information on the underlying cause of the duration reported outages:

Figure 1 – Interruption Duration by Cause



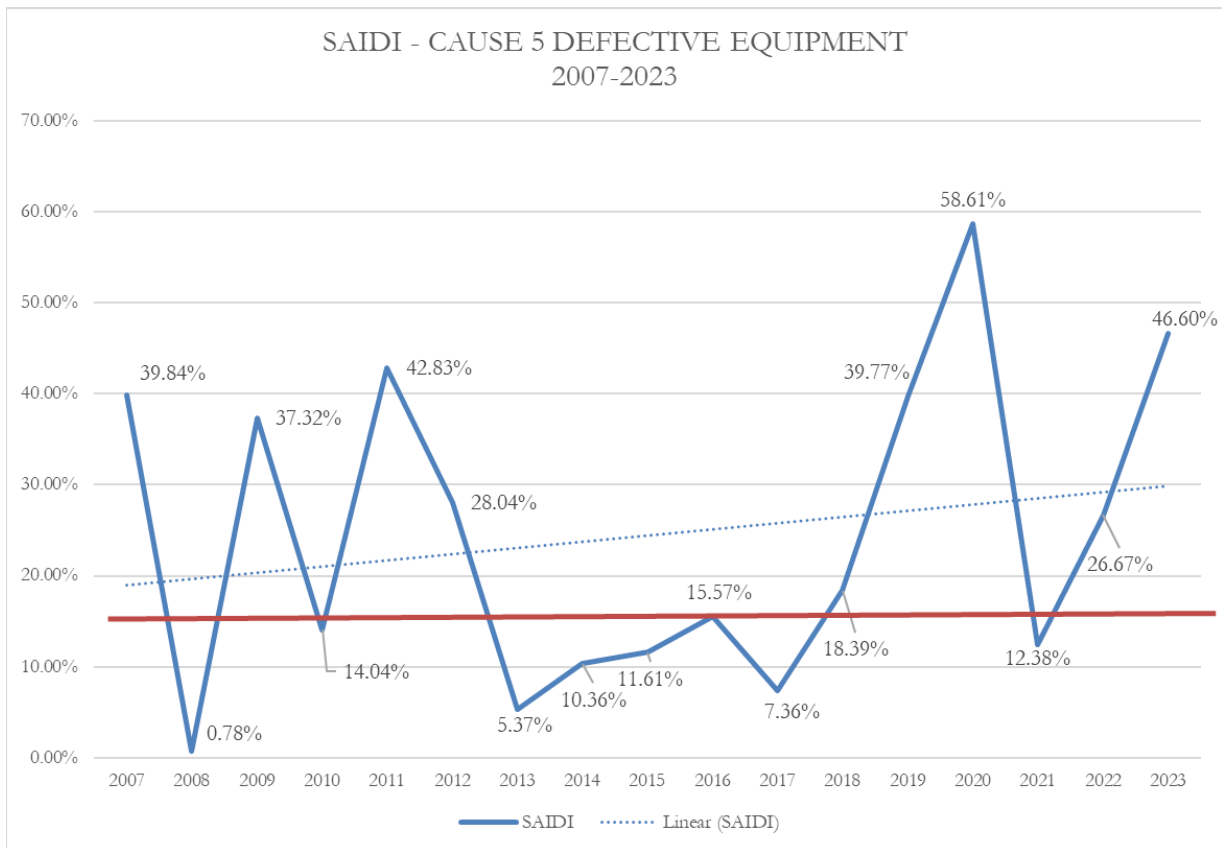
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Figure 1 includes the cause 'loss of supply' which is not within GSHi's control. GSHI experienced an increase in the average number of hours that power to a customer was interrupted during 2023 as compared to 2022 (exclusive of "Loss of Supply" outages). In 2023, the performance of 1.49 was a decrease over 2022's performance of 1.15 due primarily to an increase in Cause 5 outages (equipment failure). This result remains above GSHI's Scorecard target of 1.43.

1 Figure 2 below shows the historical contribution to the overall SAIDI index for Cause
 2 Code 5 (Defective Equipment). Since 2017 (with the exception of 2021) the duration of
 3 service interruptions due to Cause Code 5 has been increasing.

4

5 **Figure 2 –Outages Caused by Defective Equipment trends 2007-2023**



6

7

8 In order to address this deteriorating performance issue, GSHI conducted a detailed
 9 review of its distribution assets as part of its Distribution System Plan. This plan
 10 provides for the renewal of its distribution system over the next five years.

11

12 By focusing strategically on specific assets and/or asset populations, the plan includes,
 13 among its objectives, the goal of reducing the contribution of Cause Code 5-related
 14 outage events to the overall SAIDI index to below 15%(red line). With a result of 46.6%
 15 in 2023, GSHI did not meet this goal; however, the decrease from 2020's result (58.49%)

1 to 2023's result (46.6%) demonstrates the benefit of an increased focus on proactive
2 asset renewal.

3

4 For all other outages (exclusive of "Loss of Supply"), "Scheduled Outages" was a leading
5 cause contributing to outage duration at 18%. These types of outages have a
6 substantial impact because of more rigorous safety procedures regarding worker safety
7 and the type of work being undertaken. The performance of hazard analysis and job
8 planning has resulted in more frequent (and longer) planned outages. The Occupational
9 Health & Safety Act requires that an Employer do "Everything reasonable in the
10 circumstances for the safety of the worker" and the Infrastructure Health & Safety
11 Association has embarked on "ZeroQuest", a path to zero Lost-Time Injuries (LTI) in the
12 sector. GSHI has embraced both concepts over the years. This practice is fully
13 supported by Senior Management at GSHI.

14

15 Additionally, the index saw a large contribution attributable to "Foreign Interference"
16 (Cause Code 9). This Cause Code was responsible for 18% of the composite SAIDI
17 index. In March 2023, a burn-off on private plant caused a fault on the distribution
18 system that resulted in the equivalent of 1,863 hours of customer interruption, which
19 equates to 13% of the total outage hours for this cause for the entire year. In sum,
20 seven (7) separate private plant failures caused a disruption to the distribution system,
21 accounting for 26% of the total for this cause code.

22

23 In December 2023 a vehicle hit a pole carrying the 44kV feed into the Town of Coniston
24 which resulted in the equivalent of 2,787 hours of customer interruption, which equates
25 to 20% of the total outage hours for this cause for the entire year. Altogether, there were
26 15 separate incidents of vehicles interfering with GSHI plant, resulting in approximately
27 6,520 customer-hours of interruption, which represents 46% of the total outage hours for
28 this cause code.

29

30 In addition, there were 45 separate incidents of an animal contacting the distribution
31 system which resulted in an approximate 20% impact to Cause Code 9. As part of its

1 restoration process, GSHI applied an animal guard at locations that experienced an
 2 outage due to wildlife contact. New transformers shipped to GSHI are equipped with an
 3 animal guard and placed into inventory so that each new installation is proactively
 4 deployed with this outage mitigation equipment.

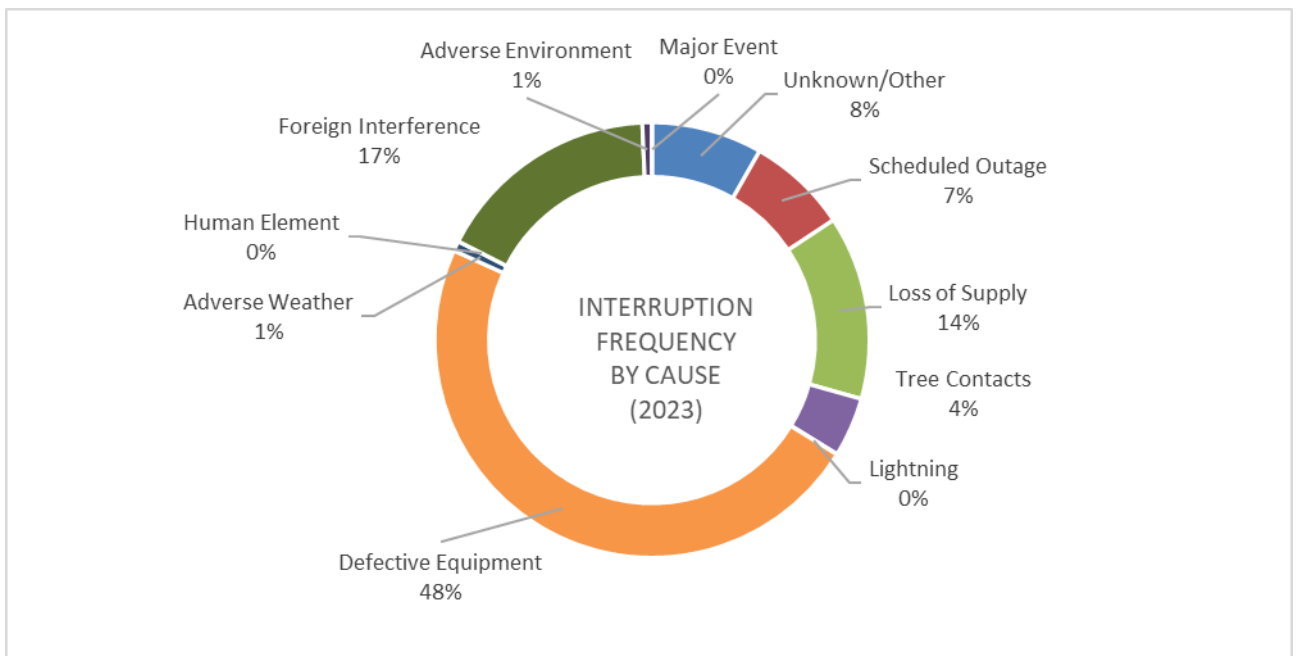
5

6 Figure 3 below provides information on the underlying cause of a customer power to is
 7 interruption:

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Figure 3 – Interruption Frequency by Cause



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11

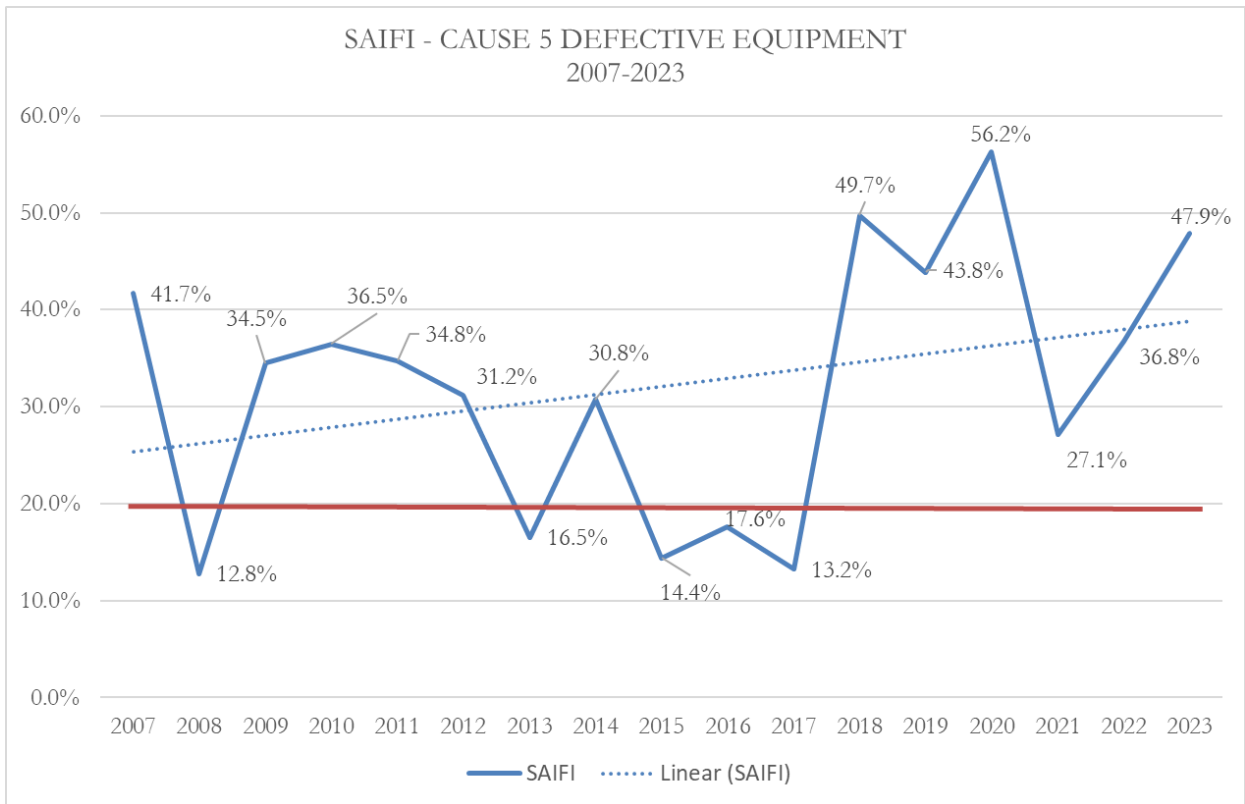
12 This chart includes the cause 'loss of supply' which is not within GSHI's control
 13 GSHI experienced a decrease in the average number of times that power to a customer
 14 was interrupted during 2023 as compared to 2022 (exclusive of "Loss of Supply"
 15 outages). The Average Number of Times that Power to a Customer is Interrupted (i.e.,
 16 frequency) of 1.49 was an improvement over 2022's performance of 1.62. However, this
 17 result remains above GSHI's Scorecard target of 1.18.

18

1 The frequency of service interruptions due to Cause Code 5 (Defective Equipment) had
2 until 2017 been in a downward trend. However, since then there has been an upward
3 trend in the contribution of this outage Cause Code to the overall reliability index

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Figure 4 – Frequency of Outages caused by Defective Equipment Trend



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GSHI's Distribution System Plan has among its objectives the goal of reducing the contribution of Cause Code 5-related outage events to the overall SAIFI index to below 20%(red line). With a result of 47.9% in 2023, GSHI did not meet this goal; however, the decrease from 2020's result (56.2%) to 2023's result (47.9%) demonstrates the benefit of an increased focus on proactive asset renewal.

In 2023, for all other outages (exclusive of "Loss of Supply"), "Foreign Interference" (Cause Code 9) was the next leading cause contributing to the outage frequency index

1 at 17%. In November 2023, a vehicle hit a pole and caused a fault on the distribution
2 system that resulted in the equivalent of 2,131 customer interruptions, which equates to
3 13% of the total customer interruptions for this cause for the entire year.

4
5 In December 2023, a vehicle hit a pole carrying the 44kV feed into the Town of Coniston
6 which resulted in 2,900 customer interruptions, which equates to 20% of the total
7 customer interruptions for this cause for the entire year. Altogether, there were 15
8 separate incidents of vehicles interfering with GSHI plant, resulting in 6,263 customer
9 interruptions, which represents 45% of the total customer interruptions for this Cause
10 Code.

11
12 In addition, there were 45 separate incidents of animals contacting the distribution
13 system resulting in 5,312 customer interruptions, which is a 38% impact to this Cause
14 Code. As part of its restoration process, GSHI applies an animal guard at locations that
15 have experienced an outage due to wildlife contact. New transformers shipped to GSHI
16 are also equipped with an animal guard and placed into inventory so that each new
17 installation is proactively deployed with this outage mitigation equipment.

18
19 **Asset Management**

20
21 Table 6 below shows the distribution system plan implementation progress:

22
23 **Table 6 Distribution System Plan Implementation Progress**

| Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------|------|--------|--------|--------|
| Distribution System Plan Implementation on Progress | 84.72% | 110% | 90.44% | 74.86% | 79.31% |

24
25
26 Distribution system plan implementation progress is a performance measure instituted
27 by the OEB starting in 2013. Consistent with other measures, utilities were given an
28 opportunity to define it in the manner that best fits their organization. The Distribution
29 System Plan (“DSP”) outlines GSHI’s forecasted capital expenditures, over the next five
30 (5) years, required to maintain and expand the distributor’s electricity system to serve its

1 current and future customers. The “Distribution System Plan Implementation Progress”
2 measure is intended to assess GSHI’s effectiveness at planning and implementing the
3 DSP. GSHI measures the progress of its DSP implementation as a ratio of actual total
4 capital expenditures made in a calendar year over the total amount of planned capital
5 expenditures for that calendar year per the DSP.

6

7 In 2023, actual capital expenditures of \$7,900,158, were 79.31% of the \$9,961,000 in
8 capital expenditures planned for 2023 in the 2020-2024 DSP.

9

10 The lower actual capital spending of \$2,060,842 as compared with the plan was due
11 primarily to delays in construction of substations and acquisition of meters and vehicles.
12 With suppliers continuing to struggle with timely product delivery, the expected spending
13 in these areas was not realized in 2023 and is now expected to be incurred in 2024
14 (assuming there are no further delays in supplier delivery lead times).

15

16 **Cost Control**

17 The Total costs for each Ontario local electricity distribution company are evaluated by
18 the Pacific Economics Group LLC (“PEG”) on behalf of the OEB to produce a single
19 efficiency ranking. The PEG econometric model attempts to standardize costs to
20 facilitate more accurate cost comparisons among distributors by accounting for
21 differences such as number of customers, treatment of high and low voltage costs, kwh
22 deliveries, capacity, customer growth, length of lines, etc. All Ontario electricity
23 distributors are allocated into one of five groups based on the magnitude of the
24 difference between their respective individual actual costs versus the PEG model
25 predicted costs for their utility. Table 7 below categorizes all distributors across the 5
26 groupings as summarized in the PEG 2023 Benchmarking Update issued in July 2024.

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28



1

Table 7 – Stretch Factor Assignments by Group

| Group I (17 Distributors) Stretch Factor = 0% | Group II (15 Distributors) Stretch Factor = 0.15% | Group III (17 Distributors) Stretch Factor = 0.30% | Group IV (3 Distributors) Stretch Factor = 0.45% | Group V (2 Distributors) Stretch Factor = 0.60% |
|--|---|--|--|---|
| Cooperative Hydro Enbrum Inc ELK Energy Inc. | Burlington Hydro Inc. Centre Wellington Hydro Ltd EPCOR Electricity Distribution Ontario Inc. | Alectra Utilities Corporation Atikokan Hydro Inc. | Canadian Niagara Power Inc. Hydro One Networks Inc. | Algoma Power Inc. Toronto Hydro-Electric System Limited |
| Entegrus Powerlines Inc. ENWLN Utilities Ltd Essex Powerlines Corporation Grimsby Power Incorporated Halton Hills Hydro Inc Hearst Power Distribution Company Limited | Fort Frances Power Corporation Grand Bridge Energy Inc. Hydro 2000 Inc. Kingston Hydro Corporation Lakeland Power Distribution Ltd. Newmarket-Tay Power Distribution Ltd. | Bluewater Power Distribution Corporation Chapleau Public Utilities Corporation Elxicon Energy Inc. Enova Power Corp. ERTH Power Corporation Festival Hydro Inc. Greater Sudbury Hydro Inc. | Hydro Ottawa Limited | |
| Hydro Hawsbury Inc. Lakefront Utilities Inc Milton Hydro Distribution Inc. Northern Ontario Wires Inc. Orangeville Hydro Limited Ottawa River Power Corporation Soux Lookout Hydro Inc. Wasaga Distribution Inc. Welland Hydro-Electric System | Niagara-on-the-Lake Hydro Inc. Niagara Peninsula Energy Inc. Oshawa PUC Networks Inc. Rideau St. Lawrence Distribution Inc. Tilsonburg Hydro Inc. Westario Power Inc. | Innpower Corporation London Hydro Inc. North Bay Hydro Distribution Limited Oakville Hydro Electricity Distribution Inc. PUC Distribution Inc. Renfrew Hydro Inc. Synergy North Corporation Wellington North Power Inc. | | |

2

3

4 In the 2023 Benchmarking Update, GSHI was placed in Group 3 as actual costs were 3.1%
 5 lower than predicted. This was an improvement over the prior year where actual costs
 6 were 0.2% higher than predicted. Group 3 distributors are defined as having actual costs
 7 within +/-10 percent of predicted costs and are considered to have “average efficiency”.

8

9 GSHI has continued to focus on controllable costs, reviewing many of the key business
 10 processes to optimize those processes and drive efficiencies.

11

12 Table 8 below summarizes the OEB approved IRM increases for the years since the last
 13 rebasing application and the assigned cohort as per the PEG model for those historical
 14 years. Table 9 shows the predicted outcome based on projected costs from 2023-2029
 15 for GSHI. GSHI is predicting to remain in Group 3 from 2025 to 2027 and will move into
 16 Group 2 based on planned spending as detailed throughout this Application.

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Table 8 - Summary of Historical Inflationary Increases, Stretch Factors and Cohort Placements

| Year | Inflationary Increase | Stretch Factor | OEB Approved IRM Increase | Cohort Assignment |
|------|-----------------------|----------------|---------------------------|-------------------|
| 2020 | 2.00% | 0.30% | 1.70% | III |
| 2021 | 2.20% | 0.30% | 1.90% | III |
| 2022 | 3.30% | 0.30% | 3.00% | III |
| 2023 | 3.70% | 0.30% | 3.40% | III |
| 2024 | 4.80% | 0.30% | 4.50% | III |

Table 9 - PEG Benchmarking Forecast 2023-2029

| | 2023 (History) | 2024 (Bridge) | 2025 (Test Year) | 2026 | 2027 | 2028 | 2029 |
|---|-------------------|------------------|---------------------|---------------|---------------|----------------|----------------|
| Cost Benchmarking Summary | | | | | | | |
| Actual Total Cost | 38,745,397 | 40,642,235 | 43,031,466 | 44,188,694 | 45,346,385 | 46,256,544 | 47,222,336 |
| Predicted Total Cost | 41,510,068 | 42,249,873 | 44,813,437 | 47,322,602 | 49,843,075 | 52,426,220 | 55,078,158 |
| Difference | (2,764,671) | (1,607,638) | (1,781,971) | (3,133,908) | (4,496,690) | (6,169,676) | (7,855,822) |
| Percentage Difference (Cost Performance) | -6.9% | -3.9% | -4.1% | -6.85% | -9.45% | -12.52% | -15.39% |
| Three-Year Average Performance | -6.9% | -5.4% | -4.9% | -4.93% | -6.79% | -9.61% | -12.45% |
| Stretch Factor Cohort | | | | | | | |
| Annual Result | 3 | 3 | 3 | 3 | 3 | 2 | 2 |
| Three Year Average | 3 | 3 | 3 | 3 | 3 | 3 | 2 |

Table 10 below summarizes the cost implications per GSHI customer and per km of GSHI line.

1

Table 10 – Costs per customer and Cost per Km of line

| Performance Year | Total Cost (\$) per Customer | Total Cost (\$) per Km of Line |
|------------------|------------------------------|--------------------------------|
| 2019 | \$ 679 | \$ 31,938 |
| 2020 | \$ 670 | \$ 31,590 |
| 2021 | \$ 679 | \$ 31,877 |
| 2022 | \$ 721 | \$ 13,572 |
| 2023 | \$ 805 | \$ 15,170 |

2

3

4 Total Cost per Customer is calculated by PEG as the sum of GSHI's capital and operating
5 costs and dividing this cost figure by the total number of customers that GSHI serves. The
6 cost performance result for 2023 is \$805 per customer which is a 12% increase over 2022.

7

8 Capital costs fluctuate depending on the need to replace existing capital assets and
9 additional infrastructure to support system renewal and growth. Investments in new
10 information system technology and the renewal and growth of the distribution system
11 have contributed to increased operating and capital costs. GSHI will continue to replace
12 distribution assets proactively on a carefully managed timeframe in a manner that
13 balances system risk and customer rate impacts as demonstrated in our last rate
14 application. Customer engagement initiatives will continue to ensure customers have an
15 opportunity to share their viewpoint on GSHI's capital spending plans.

16

17 Total cost per km of line uses the same total cost that is used in the Cost per Customer
18 calculation above. The total cost is divided by the kilometers of line that GSHI operates
19 to serve its customers. GSHI's 2023 cost performance is \$15,170 per Km of line, a 12%
20 increase over 2022.

21

22 GSHI continues to experience a low level of growth in its total kilometers of lines due to a
23 low annual customer growth rate. A low growth rate has restricted GSHI's ability to fund
24 capital renewal and increased operating costs through customer growth. GSHI

1 continues to seek innovative solutions to help ensure the cost/km of line remains
2 competitive and within acceptable limits to our customers.

3
4 Benchmarking these costs against a cohort of utilities that are similar in size, service
5 territory and by geographic proximity shows that GSHi is in the lowest 1/3 of LDCs in
6 that grouping. Table 11 below benchmarks total cost per customer and total cost per km
7 of line across the group from 2019-2023. In 2022 GSHI updated its kilometers of line
8 calculation to include secondary lines which resulted in a significant decrease in the total
9 cost per km of line calculation.

10
11 **Table 11 – Cost Comparisons**

12

| Total Cost (\$) per Customer | | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
| Bluewater Power | \$ 734 | \$ 710 | \$ 714 | \$ 779 | \$ 861 |
| Lakeland Power Distribution Ltd | \$ 730 | \$ 718 | \$ 715 | \$ 795 | \$ 893 |
| North Bay Hydro Inc | \$ 735 | \$ 715 | \$ 727 | \$ 777 | \$ 864 |
| PUC Distribution Inc | \$ 697 | \$ 673 | \$ 696 | \$ 725 | \$ 980 |
| Synergy North | \$ 675 | \$ 641 | \$ 651 | \$ 755 | \$ 829 |
| GSHi | \$ 679 | \$ 670 | \$ 679 | \$ 721 | \$ 805 |
| | | | | | |
| Total Cost (\$) per Km of Line | | | | | |
| Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
| Bluewater Power | \$ 34,871 | \$ 21,695 | \$ 21,932 | \$ 24,402 | \$ 26,424 |
| Lakeland Power Distribution Ltd. | \$ 28,074 | \$ 28,361 | \$ 27,856 | \$ 29,642 | \$ 33,833 |
| North Bay Hydro Inc | \$ 28,333 | \$ 29,272 | \$ 29,777 | \$ 32,071 | \$ 35,368 |
| PUC Distribution Inc | \$ 31,775 | \$ 30,791 | \$ 31,915 | \$ 33,246 | \$ 45,088 |
| Synergy North | \$ 30,199 | \$ 28,793 | \$ 29,384 | \$ 33,928 | \$ 37,275 |
| GSHI | \$ 31,938 | \$ 31,590 | \$ 31,877 | \$ 13,572 | \$ 15,170 |

13
14
15 **Public Policy Responsiveness**

16 Table 12 below shows the metrics used to measure public policy responsiveness.

17
18

1

Table 12- Public Policy Responsiveness

| Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|
| Renewable Generation Connection Impact Assessments Completed on Time | N/A | 100% | N/A | N/A | N/A |
| New Micro-Embedded Generation Facilities Connected on Time (Target: 90%) | 100 | 100 | 100 | 100 | 100 |

2

3

4 In 2023, GSHI connected 16 new micro-embedded generation facilities (distributed
5 energy resource with nameplate capacity equal to or less than 10kW) within the
6 prescribed time frame of five business days 100% of the time. The minimum acceptable
7 performance level for this measure is 90% of the time. GSHI workflow to connect these
8 projects is streamlined and transparent to customers.

9

10 GSHI plans to continue to work closely with customers and their contractors to tackle any
11 connection issues and ensure micro-embedded generation facilities are connected on
12 time to meet or exceed the OEB prescribed targets.

13

14 **Financial Ratios**

15 Table 13 below is an indication of the financial health of GSHI

16

17

Table 13 – Financial Metrics Measured

| Performance Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------|-------|-------|--------|-------|
| Liquidity: Current Ratio | 1.48 | 1.13 | 1.3 | 1.33 | 1.27 |
| Leverage: Total Debt to Equity Ratio | 1.76 | 1.22 | 1.19 | 1.13 | 1.09 |
| Profitability: Regulatory Return on Equity - Deemed | 8.98% | 8.52% | 8.52% | 8.52% | 8.52% |
| Profitability: Regulatory Return on Equity - Achieved | 8.62% | 2.04% | 9.62% | 10.52% | 8.24% |

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22

1 • Liquidity: Current Ratio (Current Assets/Current Liabilities)

2
3 As an indicator of financial health, a current ratio that is greater than 1 is considered
4 good as it indicates that the company can pay its short-term debts and financial
5 obligations. Companies with a ratio of greater than 1 are often referred to as being
6 “liquid”. The higher the number, the more “liquid” and the larger the margin of safety to
7 cover the company’s short-term debts and financial obligations.

8
9 In 2023, GSHI’s current ratio was 1.27 to 1. As noted above, this implies that GSHI has
10 resources available to pay its short-term debts and financial obligations. GSHI has set
11 an internal target of 1.25 on an annual basis.

12
13 • Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio

14
15 GSHI notes that the OEB’s ‘leverage ratio’ is calculated by dividing the distributor’s ‘total
16 debt’ by the aggregate ‘shareholder’s equity’. For this purpose, GSHI’s total debt and
17 shareholders’ equity are determined in accordance with the requirements of the OEB’s
18 Reporting and Record-keeping Requirements and Accounting Procedures Handbook,
19 and not by reference to similarly termed financial ratios under International Financial
20 Reporting Standards.

21
22 GSHI’s leverage ratio is 1.09 to 1. GSHI continues to work towards achieving the same
23 debt equity structure as the deemed equity structure of 1.5.

24
25 • Profitability: Regulatory Return on Equity – Deemed (included in rates)

26
27 GSHI’s distribution rates were approved by the OEB and include an expected (deemed)
28 regulatory return on equity of 8.52%. The OEB allows a distributor to earn within +/- 3% of
29 the expected return on equity. When a distributor performs outside of this range, the actual
30 performance may trigger a regulatory review of the distributor’s revenues and cost
31 structure by the OEB.

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- Profitability: Regulatory Return on Equity – Achieved

GSHI's return achieved in 2023 was 8.24%, which is within the +/- 3% range allowed by the OEB.

GSHI plans to remain within the +/- 3% range of deemed ROE allowed by the OEB each year.

Activity and Program Based Benchmarking

The OEB announced changes to the APB Framework on February 25, 2022, requiring LDCs to submit 3 years of historical data to be used in unit cost metric calculations. This data is used to compare the LDCs performance on the metric relative to all other LDCs and is intended to drive utility performance.

On October 17, 2024, the OEB published a new APB report with unit cost results updated to include 2023 results.

GSHI compares its costs against the industry wide average as well as three northern LDCs as they experience similar construction (especially environmental and Canadian Shield) and socio-economic conditions.

Billing O&M – GSHI compares favourably with both its chosen cohorts and the overall industry on this metric. The 5-year average cost for this category is lower than both the average of its cohorts and the industry.

It is noted that 2019 results erroneously included certain costs in Billing O&M. This was subsequently corrected; however, this slightly increased the 5-year average.

1
2

Table 14 – Billing O&M

| Distributor | Billing O&M - Unit Cost (\$/Customer) | | | | | |
|--------------------------------------|---------------------------------------|------|------|------|------|-------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 32.7 | 15.4 | 17.6 | 16.8 | 16.4 | 19.8 |
| North Bay Hydro Distribution Limited | 20.8 | 23.0 | 27.9 | 26.0 | 22.7 | 24.1 |
| PUC Distribution Inc. | 14.2 | 10.3 | 12.0 | 12.6 | 11.5 | 12.1 |
| Synergy North Corporation | 26.1 | 26.3 | 25.0 | 28.1 | 25.3 | 26.2 |
| Cohort Average | 23.4 | 18.8 | 20.6 | 20.9 | 19.0 | 20.5 |
| Industry Total | 26.6 | 27.4 | 27.1 | 28.0 | 27.6 | 27.3 |

3
4

GSHI is forecasting an increase in this category in both the Bridge and Test years, however, the predicted unit costs remain below cohort and industry averages.

7
8

Table 14A – Billing O&M - Forecast

| Distributor | Billing O&M - Unit Cost (\$/Customer) | |
|----------------------------|---------------------------------------|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 18.8 | 19.1 |

9
10

While GSHI is confident that it provides an efficient billing service as compared to its cohorts and the industry, it continues to seek efficiencies while providing service improvements in line with customer expectations.

14
15

Metering O&M – GSHI’s costs in this area are slightly below its cohorts but above the industry average. Considering the comparison, GSHI concludes that its cost/customer are reasonable for this category.

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Table 15 – Metering O&M

| Distributor | Metering O&M - Unit Cost (\$/Customer) | | | | | |
|--------------------------------------|--|-------------|-------------|-------------|-------------|-------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 17.0 | 17.3 | 16.1 | 15.4 | 17.0 | 16.6 |
| North Bay Hydro Distribution Limited | 25.0 | 25.3 | 21.0 | 20.9 | 21.9 | 22.8 |
| PUC Distribution Inc. | 21.5 | 20.3 | 19.0 | 21.6 | 21.0 | 20.7 |
| Synergy North Corporation | 10.5 | 8.5 | 7.7 | 7.5 | 7.7 | 8.4 |
| Cohort Average | 18.5 | 17.8 | 16.0 | 16.4 | 16.9 | 17.1 |
| Industry Total | 14.3 | 12.7 | 12.7 | 13.2 | 12.9 | 13.2 |

2

3

4 GSHI's cost/customer will increase in the bridge and test years as a result of increases
5 in supervision costs and the increase in planned meter testing efforts.

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Table 15A – Metering O&M Forecast

| Distributor | Metering O&M - Unit Cost (\$/Customer) | |
|----------------------------|--|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 19.2 | 18.6 |

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10 **Vegetation Management** – This is an area where GSHi has proposed a significant
11 increase in spending. A recent increase in momentary outages, and a documented
12 concern through the asset inspection process has highlighted a need to reinforce the
13 GSHI Vegetation Management process. GSHi's historical Vegetation Management
14 expenditures are more than 6% below the average of our cohorts and more than 36%
15 below the industry average. GSHI proposes to increase the tree-trimming/brushing
16 activity as well as to develop a more comprehensive data driven Vegetation
17 Management Program over the next 5-year IRM period.

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Table 16 - Vegetation Management

| Distributor | Vegetation Management O&M - Unit Cost (\$/Pole) | | | | | |
|--------------------------------------|---|------|------|-------|------|-------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 52.1 | 60.6 | 55.0 | 32.9 | 48.6 | 49.8 |
| North Bay Hydro Distribution Limited | 51.6 | 61.5 | 62.2 | 61.1 | 62.9 | 59.9 |
| PUC Distribution Inc. | 34.1 | 36.0 | 45.3 | 34.1 | 48.5 | 39.6 |
| Synergy North Corporation | 35.3 | 38.2 | 40.4 | 100.3 | 97.4 | 62.3 |
| Cohort Average | 43.3 | 49.1 | 50.7 | 57.1 | 64.4 | 52.9 |
| Industry Total | 74.8 | 65.4 | 68.4 | 70.9 | 61.0 | 68.1 |

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Table 16A - Vegetation Management Forecast

| Distributor | Vegetation Management O&M - Unit Cost (\$/Pole) | |
|----------------------------|---|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 52.7 | 64.4 |

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Lines O&M – GSHi’s spending on Lines O&M over the 5-year period was well below the cohort average but above the industry average. GSHI is of the opinion that spending in this area remains consistent and appropriate.

Table 17 – Lines O&M

| Distributor | Lines O&M - Unit Cost (\$/Circuit km of Primary Line) | | | | | |
|--------------------------------------|---|-------|-------|-------|-------|--------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 1,343 | 1,415 | 1,385 | 1,338 | 1,457 | 1,387 |
| North Bay Hydro Distribution Limited | 2,049 | 2,269 | 1,739 | 1,698 | 1,469 | 1,845 |
| PUC Distribution Inc. | 3,221 | 3,014 | 2,974 | 2,668 | 2,881 | 2,951 |
| Synergy North Corporation | 2,800 | 2,102 | 2,309 | 3,281 | 2,665 | 2,632 |
| Cohort Average | 2,353 | 2,200 | 2,102 | 2,246 | 2,118 | 2,204 |
| Industry Total | 1,030 | 1,044 | 1,052 | 1,166 | 1,202 | 1,099 |

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Table 17A – Lines O&M Forecast

| Distributor | Lines O&M - Unit Cost (\$/Circuit km of Primary Line) | |
|----------------------------|---|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 1,436 | 1,628 |

Stations O&M – GSHi owns and operates 26 substations. Many of these substations are past their expected life expectancy with concerning health indices. It is not possible to replace these aged assets quickly enough to ensure that station assets are current, therefore, GSHi is careful to monitor and maintain these assets to keep them in service until the capital program allows for their replacement over the next decade. At that time with a significant portion of the fleet renewed, maintenance costs would begin to lower.

Table 18 – Stations O&M

| Distributor | Stations O&M - Unit Cost (\$/MVA) | | | | | |
|--------------------------------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 2,420 | 2,382 | 1,942 | 2,455 | 2,129 | 2,266 |
| North Bay Hydro Distribution Limited | 939 | 846 | 999 | 876 | 781 | 888 |
| PUC Distribution Inc. | 1,026 | 1,888 | 1,781 | 1,210 | 1,746 | 1,530 |
| Synergy North Corporation | 2,928 | 2,901 | 2,134 | 2,633 | 4,830 | 3,085 |
| Cohort Average | 1,828 | 2,004 | 1,714 | 1,794 | 2,371 | 1,942 |
| Industry Total | 1,357 | 1,265 | 1,394 | 1,400 | 1,460 | 1,375 |

GSHi's costs in this category, while higher than the average of both our cohorts and the industry, have remained relatively consistent. As noted above this increased maintenance spending will be required as we continue to invest in and maintain aged assets to keep them going until they can be replaced.

Table 18A – Stations O&M Forecast

| Distributor | Stations O&M - Unit Cost (\$/MVA) | |
|----------------------------|-----------------------------------|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 2,471 | 3,450 |

1 **Poles, Towers OM&A** – GSHi’s 5-year average cost/pole in this category is slightly
2 below the cohort average and well below the industry average. GSHI is of the opinion
3 that the average costs are appropriate and continues to monitor the list of maintenance
4 items to ensure that critical repairs are being conducted in a timely manner.

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Table 19 – Poles, Towers OM&A

| Distributor | Poles, Towers and Fixtures O&M - Unit Cost (\$/Pole) | | | | | |
|--------------------------------------|--|------|------|------|------|---------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 15.9 | 7.4 | 6.9 | 6.1 | 5.5 | 8.3 |
| North Bay Hydro Distribution Limited | 14.1 | 17.8 | 7.9 | 6.4 | 8.3 | 10.9 |
| PUC Distribution Inc. | 1.1 | 1.1 | 0.8 | 0.9 | 1.2 | 1.0 |
| Synergy North Corporation | 15.5 | 23.3 | 12.5 | 18.7 | 17.3 | 17.5 |
| Cohort Average | 11.6 | 12.4 | 7.0 | 8.0 | 8.1 | 9.4 |
| Industry Total | 12.2 | 12.5 | 12.4 | 13.2 | 12.9 | 12.7 |

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The forecasted category spending in both the Bridge and Test years remains below cohort and industry averages.

Table 19A – Poles, Towers OM&A Forecast

| Distributor | Poles, Towers and Fixtures O&M - Unit Cost (\$/Pole) | |
|----------------------------|--|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 7.8 | 7.4 |

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Stations Capex – GSHi is focused on replacing station assets at an optimal sustainable pace. The station fleet is GSHI’s greatest asset renewal challenge. This judgement is supported by the Substation Condition Assessment Report from Lakeside Power Consulting included in the Distribution System Plan (included as Exhibit 2, Tab 9).

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Table 20 – Stations Capex

| Distributor | Stations CAPEX - Unit Cost (\$/MVA) | | | | | |
|--------------------------------------|-------------------------------------|--------------|--------------|--------------|---------------|--------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 5,852 | 9,088 | 400 | 1,274 | 840 | 3,491 |
| North Bay Hydro Distribution Limited | 5,908 | 3,462 | 881 | 2,871 | 2,201 | 3,065 |
| PUC Distribution Inc. | 870 | 870 | 2,296 | 13,178 | 112,696 | 25,982 |
| Synergy North Corporation | - | - | 141 | - | 279 | 210 |
| Cohort Average | 3,158 | 3,355 | 929 | 4,331 | 29,004 | 8,187 |
| Industry Total | 3,713 | 2,696 | 3,091 | 3,190 | 3,442 | 3,222 |

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4 GSHi intends to complete major substation renewal work in each of the next 5 years, this
5 will result in GSHi continuing to have higher than industry average spending in this
6 category as illustrated below.

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Table 20A – Stations Capex Forecast

| Distributor | Stations CAPEX - Unit Cost (\$/MVA) | |
|----------------------------|-------------------------------------|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 10,209 | 6,228 |

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11 **Poles, Towers CAPEX** – GSHi's cost per pole addition is in line with the average of the
12 selected cohorts and well below the industry average. While there is wide variability in
13 the cost of a pole replacement based on what circuits and equipment is carried by the
14 pole, it is a good general guide of overall capital construction efficiency.

15

16 GSHi's pole replacement costs are 2% below the average of its cohorts. GSHi's costs
17 are nearly 20% below the industry average using the numbers that exclude Hydro One
18 and Rideau St Lawrence's costs. Based on this comparison GSHi believes that it is
19 experiencing capital efficiency in its pole replacement program.

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Table 21 – Poles, Towers Capex

| Distributor | Poles, Towers and Fixtures CAPEX - Unit Cost (\$/Pole Addition) | | | | | |
|--|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 9,202.5 | 11,125.0 | 7,977.0 | 9,893.3 | 10,591.9 | 9,757.9 |
| North Bay Hydro Distribution Limited | 9,232.6 | 11,951.5 | 13,844.4 | 9,358.4 | 16,067.4 | 12,090.9 |
| PUC Distribution Inc. | 12,183.1 | 12,478.5 | 8,375.9 | 6,263.6 | 6,402.2 | 9,140.6 |
| Synergy North Corporation | 5,531.0 | 6,944.9 | 9,653.0 | 11,315.0 | 11,371.9 | 8,963.1 |
| Cohort Average | 9,037.3 | 10,625.0 | 9,962.6 | 9,207.6 | 11,108.3 | 9,988.2 |
| Industry Total (excluding Hydro One and Rideau) | 12,132.2 | 10,438.7 | 10,922.5 | 11,853.2 | 12,954.9 | 11,660.3 |

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4 The forecast expenditures in the Bridge and Test years remain consistent with historical
 5 actuals in this category.

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Table 21A -Poles, Towers Capex Forecast

| Distributor | Poles, Towers and Fixtures CAPEX - Unit Cost (\$/Pole Addition) | |
|----------------------------|---|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 9,748.1 | 7,250.0 |

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10 **Line Transformers Capex** – GSHI’s average cost per line transformer addition is
 11 slightly below the average of its cohorts. GSHI’s annual cost for each year from 2019 to
 12 2023 compared well to the industry totals. Historical and forecasted costs remain
 13 consistent.

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Table 22 – Line Transformers Capex

| Distributor | Line Transformers CAPEX- Unit Cost (\$/Line Transformer Addition) | | | | | |
|--------------------------------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 9,678.5 | 10,033.0 | 11,519.6 | 11,876.9 | 12,378.1 | 11,097.2 |
| North Bay Hydro Distribution Limited | 12,557.8 | 11,313.3 | 15,206.3 | 12,426.2 | 16,886.5 | 13,678.0 |
| PUC Distribution Inc. | 8,895.1 | 11,230.0 | 6,550.2 | 11,607.0 | 18,914.2 | 11,439.3 |
| Synergy North Corporation | 7,323.2 | 8,479.5 | 7,567.8 | 12,225.4 | 18,667.4 | 10,852.7 |
| Cohort Average | 9,613.6 | 10,264.0 | 10,211.0 | 12,033.9 | 16,711.5 | 11,766.8 |
| Industry Total | 17,282.5 | 17,717.9 | 20,218.9 | 10,064.2 | 12,878.7 | 9,960.4 |

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Table 22A – Line Transformers Capex Forecast

| Distributor | Line Transformers CAPEX - Unit Cost (\$/Line Transformer Addition) | |
|----------------------------|--|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 11,981 | 10,206 |

Meters Capex – GSHi has been underspending in this category. This is primarily due to a supply chain issue with our AMI provider. GSHi continues to work with the vendor to try to overcome this issue.

Table 23 – Meter Capex

| Distributor | Meters CAPEX - Unit Cost (\$/Customer) | | | | | |
|--|--|------|------|------|------|---------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Average |
| Greater Sudbury Hydro Inc. | 3.1 | 9.3 | 2.2 | 2.6 | 1.7 | 3.8 |
| North Bay Hydro Distribution Limited | 4.1 | 3.9 | 9.0 | 3.4 | 6.3 | 5.4 |
| PUC Distribution Inc. | 2.3 | 2.3 | 6.4 | 9.3 | 16.9 | 7.4 |
| Synergy North Corporation | 14.5 | 10.5 | 6.9 | 10.5 | 10.3 | 10.5 |
| Cohort Average | 6.0 | 6.5 | 6.1 | 6.4 | 8.8 | 6.8 |
| Industry Total (excluding Hydro One and Rideau) | 14.5 | 14.8 | 12.8 | 13.1 | 16.9 | 14.4 |

Our capital plan expects a significant increase to Meter CAPEX from a low of \$105K in 2021 to expected capital expenditures of \$240K in 2025. Success in this category is largely dependent on availability of supply from the vendor.

Additionally, GSHi has not experienced any significant growth over the past 5 years, and as a result there has been limited need for new meters. GSHi expects that as the City of Greater Sudbury is successful in fostering growth in the community the need for new meters will increase.

Table 23A – Meter Capex Forecast

| Distributor | Meters CAPEX - Unit Cost (\$/Customer) | |
|----------------------------|--|------------------|
| | 2024 (Predicted) | 2025 (Predicted) |
| Greater Sudbury Hydro Inc. | 6.8 | 5.0 |



1 **Conclusion** – The APB comparisons are an important view of LDC cost performance.
2 Differences in accounting practices, the stage of the life cycle of assets and specific
3 operating conditions all can introduce variability to the results that make direct
4 comparisons challenging. Based on review of GSHi’s averages both in comparison to
5 the industry totals and the specific selected cohorts there are no unexpected outliers in
6 GSHi’s performance except as noted in the areas of Stations OM&A, Stations CAPEX
7 and Metering CAPEX.
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9



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 6
Schedule 1
Attachment 1
Page 1 of 1

Attachment 1 (of 3):

OEB Scorecard

Scorecard - Greater Sudbury Hydro Inc.

| Performance Outcomes | Performance Categories | Measures | 2019 | 2020 | 2021 | 2022 | 2023 | Trend | Target | | |
|---|------------------------------------|---|------------------------------------|----------|----------|----------|----------|-------|----------|-------------|-------|
| | | | | | | | | | Industry | Distributor | |
| Customer Focus Services are provided in a manner that responds to identified customer preferences. | Service Quality | New Residential/Small Business Services Connected on Time | 99.38% | 99.63% | 98.95% | 99.49% | 99.30% | | 90.00% | | |
| | | Scheduled Appointments Met On Time | 99.78% | 100.00% | 100.00% | 100.00% | 99.81% | | 90.00% | | |
| | | Telephone Calls Answered On Time | 71.26% | 67.38% | 64.22% | 71.07% | 71.16% | | 65.00% | | |
| | Customer Satisfaction | First Contact Resolution | 82.69% | 87.60% | 87.86% | 84.86% | 93.12% | | | | |
| | | Billing Accuracy | 99.93% | 99.95% | 99.97% | 99.94% | 99.95% | | 98.00% | | |
| | | Customer Satisfaction Survey Results | 91% | 89% | 93.60% | 94.60% | 92.83% | | | | |
| Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives. | Safety | Level of Public Awareness | 83.00% | 83.00% | 85.00% | 85.00% | 89.00% | | | | |
| | | Level of Compliance with Ontario Regulation 22/04 ¹ | C | C | C | C | C | | | C | |
| | | Serious Electrical Incident Index | Number of General Public Incidents | 0 | 0 | 0 | 0 | 0 | | | 0 |
| | | | Rate per 10, 100, 1000 km of line | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | | | 0.000 |
| | System Reliability | Average Number of Hours that Power to a Customer is Interrupted ² | 1.89 | 1.48 | 1.11 | 1.15 | 1.49 | | | 1.43 | |
| | | Average Number of Times that Power to a Customer is Interrupted ² | 1.03 | 0.99 | 1.16 | 1.62 | 1.49 | | | 1.18 | |
| | Asset Management | Distribution System Plan Implementation Progress | 84.72% | 110% | 90.44% | 74.86% | 79.31% | | | | |
| | Cost Control | Efficiency Assessment | 3 | 3 | 3 | 3 | 3 | | | | |
| | | Total Cost per Customer ³ | \$679 | \$670 | \$679 | \$721 | \$805 | | | | |
| | | Total Cost per Km of Line ³ | \$31,938 | \$31,590 | \$31,877 | \$13,572 | \$15,170 | | | | |
| Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board). | Connection of Renewable Generation | New Micro-embedded Generation Facilities Connected On Time | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | | 90.00% | | |
| Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable. | Financial Ratios | Liquidity: Current Ratio (Current Assets/Current Liabilities) | 1.48 | 1.13 | 1.30 | 1.33 | 1.27 | | | | |
| | | Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio | 1.76 | 1.22 | 1.19 | 1.13 | 1.09 | | | | |
| | | Profitability: Regulatory Return on Equity | Deemed (included in rates) | 8.98% | 8.52% | 8.52% | 8.52% | 8.52% | | | |
| | | | Achieved | 8.62% | 2.04% | 9.62% | 10.52% | 8.24% | | | |

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).

2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.

3. A benchmarking analysis determines the total cost figures from the distributor 's reported information.

Legend:

5-year trend
 up down flat
 Current year
 target met target not met

2023 Scorecard Management Discussion and Analysis (“2023 Scorecard MD&A”)

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2023 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

Greater Sudbury Hydro Inc) distributes electricity to over 47,800 customers in Northeastern Ontario Communities. The communities serviced by GSHI include: a portion of Greater Sudbury (formerly City of Sudbury, Town of Coniston, Town of Capreol, and Town of Falconbridge) and a portion of the Municipality of West Nipissing (Town of Surgeon Falls and Town of Cache Bay).

In 2023, GSHI exceeded most mandatory industry and distributor performance targets. The scorecard highlights GSHI’s commitment to providing safe and reliable electricity to improve the lives of their customers and communities. GSHI demonstrated strong performance in the areas of service quality, safety, and financial viability.

GSHI monitors their performance on a regular basis and seeks opportunities to make year over year improvements.

Service Quality

- **New Residential/Small Business Services Connected on Time – Industry Target Exceeded**

In 2023, GSHI connected 99.30% of approximately 568 eligible low-voltage residential and small business customers (those utilizing connections under 750 volts) to its' system within the five-day timeline prescribed by the OEB. For the five-year period from 2019 to 2023, GSHI has consistently performed better than the industry target of 90%. Where practicable, GSHI coordinates connection activities with other planned construction activities undertaken by the utility, other utilities, or municipal and provincial government agencies.

- **Scheduled Appointments Met on Time – Industry Target Exceeded**

GSHI scheduled approximately 538 appointments in 2023 to complete customer requested work (e.g., meter installs/removals, service disconnects, reconnects, and meter locates). The distributor met 99.81% of these appointments on time. For the five-year period from 2019 to 2023, GSHI has significantly exceeded the industry target of 90%.

- **Telephone Calls Answered on Time – Industry Target Exceeded**

In 2023, GSHI received more than 40,000 calls from its customers – over 160 calls per working day. Of these calls, an agent answered the call within 30 seconds or less 71.16% of the time. This result exceeds the OEB-mandated 65% target for call response times.

Over the past few years, GSHI has seen a reduction in the number of calls. Call volumes decreases are attributed to successfully promoting online self-serve features, and customers opting for the convenience of email communication. This shift in customer preference, has helped GSHI improve their answering times.

Customer Satisfaction

- **First Contact Resolution – Industry Target Not Established**

Specific customer satisfaction measurements have not been previously defined across the industry. GSHI has used the same process as in past years.

For GSHI, First Contact Resolution was measured based on live agent transactional phone surveys conducted by a third-party service provider. For the period January 1, 2023 – December 31, 2023, GSHI provided the service provider with a weekly sample of all inbound customer telephone calls into GSHI's Customer Service department.

Third party telephone agents, in turn, contacted and surveyed customers – typically within a week of their initial inbound contact. Customers were asked to rate various facets of their customer experience, and were also asked if their issue (i.e., reason for calling) was resolved on their first call to GSHI. Using the results of this survey, GSHI calculated a first contact resolution of 93.00% for 2023 which was an improvement from the 2022 result of 84.86%. GSHI endeavors to use the transactional customer survey results to identify customer service improvements with the intention of increasing first contact resolution in the future.

- **Billing Accuracy – Industry Target Exceeded**

In 2023, GSHI issued approximately 580,786 bills and achieved a billing accuracy of 99.95%. This compares favourably to the OEB’s prescribed target of 98%.

GSHI continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results – Industry Target Not Established**

In 2023, GSHI enlisted Oraclepoll Research, an independent third-party survey and analytics company, to conduct annual customer satisfaction surveys. These surveys provide crucial insights to inform discussions and strategies for enhancing customer service across all levels and departments within GSHI. Since 2013, Oraclepoll Research has conducted this annual survey for GSHI.

The survey included key questions on a variety of topics, ranging from pricing to value, reliability, communication methods, and customer service. It also sought suggestions for overall satisfaction.

Each year, the survey updates its questions by adding or removing a few that pertain to specific activities the LDC may consider for the future. To better streamline the survey, 28 questions were asked compared to 41 in previous years as some embedded questions (questions within questions) were removed. Also, some questions in the Electric Vehicle category were tweaked, one was adjusted to the new goals and guidelines set forth by the Federal Government. For example, this question was made available, “by 2035, no new internal combustion engine vehicles will be sold. When do you plan to switch over and purchase an EV?”

Data gathered from this annual survey is integrated into GSHI's planning process, serving as a part of the foundation for strategies to enhance customer satisfaction and better address the needs of both residential and business customers.

Historically, 400 residential and 100 business customers participated in the survey. However, in 2023, 500 residential customers participated, and businesses remained the same at 100.

- Residential results decreased from 94% in 2022 to 92% in 2023.
- Business results stayed the same in 2022 and 2023, both were 97%.

- When weighted, the overall satisfaction result for residential and business customers combined in 2023 was 92.83%, this was a slight decrease from 2022 (2022 - 94.60%).

The number of residents surveyed will be discussed if it should remain at 500 or revert to 400.

Safety

- **Public Safety**

- **Component A – Public Awareness of Electrical Safety – Industry Target Not Established**

GSHI is deeply committed to public safety, consistently engaging in activities designed to maintain and enhance safety around its distribution equipment.

On a bi-annual basis, GSHI commissions an independent third-party public opinion polling firm, Oraclepoll Research to survey the community on core questions created by the ESA. The latest poll was conducted in 2024.

The survey serves as a benchmark for measuring awareness levels, highlighting areas where further education and efforts are needed. The survey employs computer-assisted techniques of telephone interviewing (CATI) and random number selection. Numbers were randomly selected from a dual sample database that included both landline and cellular telephone numbers.

GSHI rated 89% in 2023 when the ratings and evaluation methodology outlined by ESA were applied to the responses. This was an improvement from the previous score of 85% reported in 2022 and 2021, and 83% for 2020 and 2019.

GSHI continues to communicate safety messages to the communities we serve through a variety of channels including our GSHI and GSU websites, social media channels (Facebook, X, and Instagram), radio campaigns, media releases, and news stories.

- **Component B – Compliance with Ontario Regulation 22/04 – Distributor Target Met**

Ontario Regulation 22/04 (Electrical Distribution Safety) establishes objective-based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by the licensed distributors. Specifically, the regulation requires the approval of equipment, plans, specifications, and inspection of construction before they are put into service.

Over the past twelve years, GSHI was found to be compliant with Ontario Regulation 22/04 - *Electrical Distribution Safety*. This was achieved by their strong commitment to safety, and adherence to company procedures and policies.

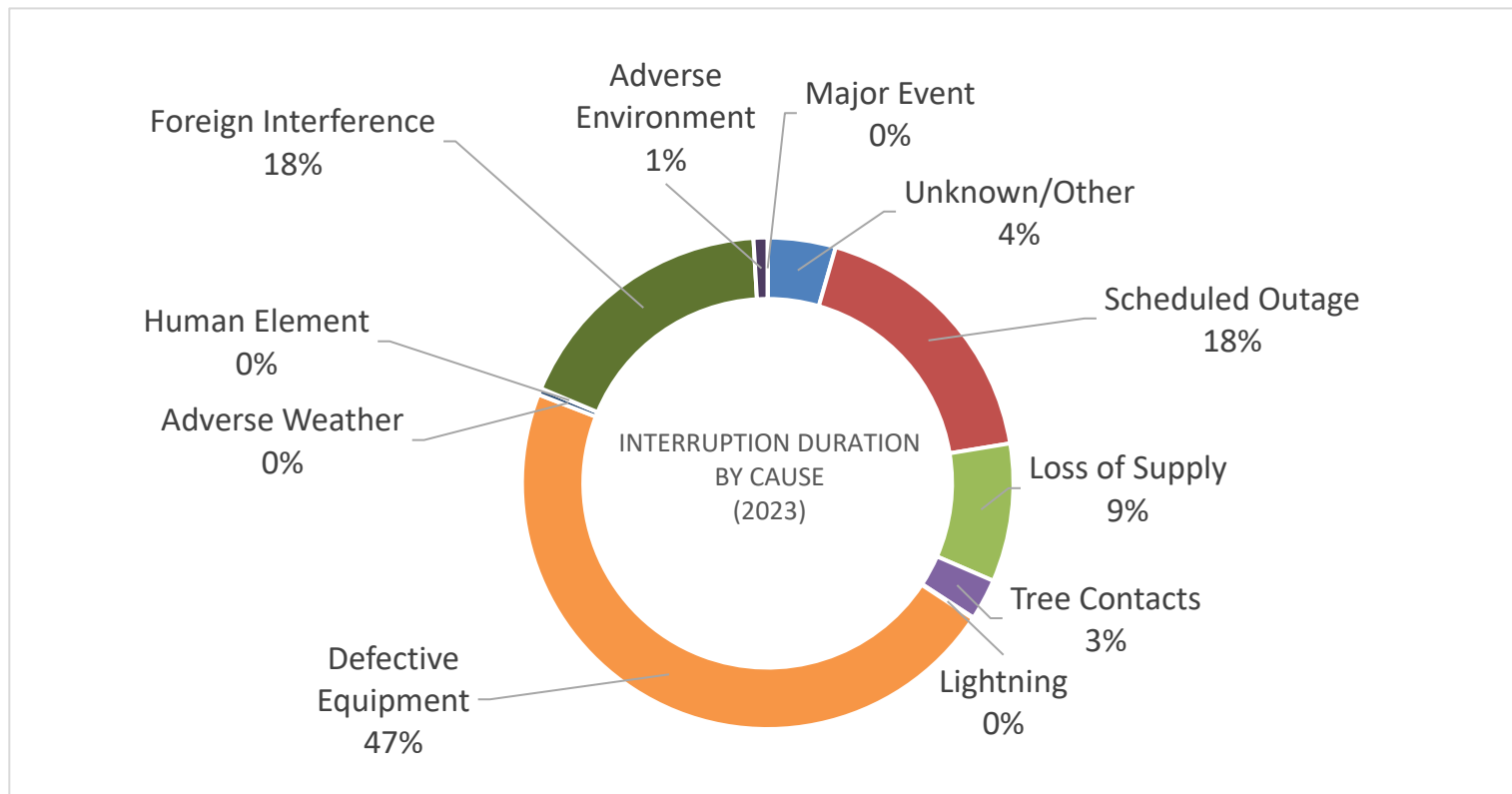
- **Component C – Serious Electrical Incident Index – Distributor Target Met**

Serious electrical incidents are defined in Ontario Regulation 22/04. The OEB measures the number and rate of serious electrical incidents occurring on a distributor’s assets and is normalized per 10, 100, or 1,000 km of line.

GSHI has maintained a “Serious Electrical Incident Index” value of 0 for the past twelve years.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted – Distributor Target Not Met**

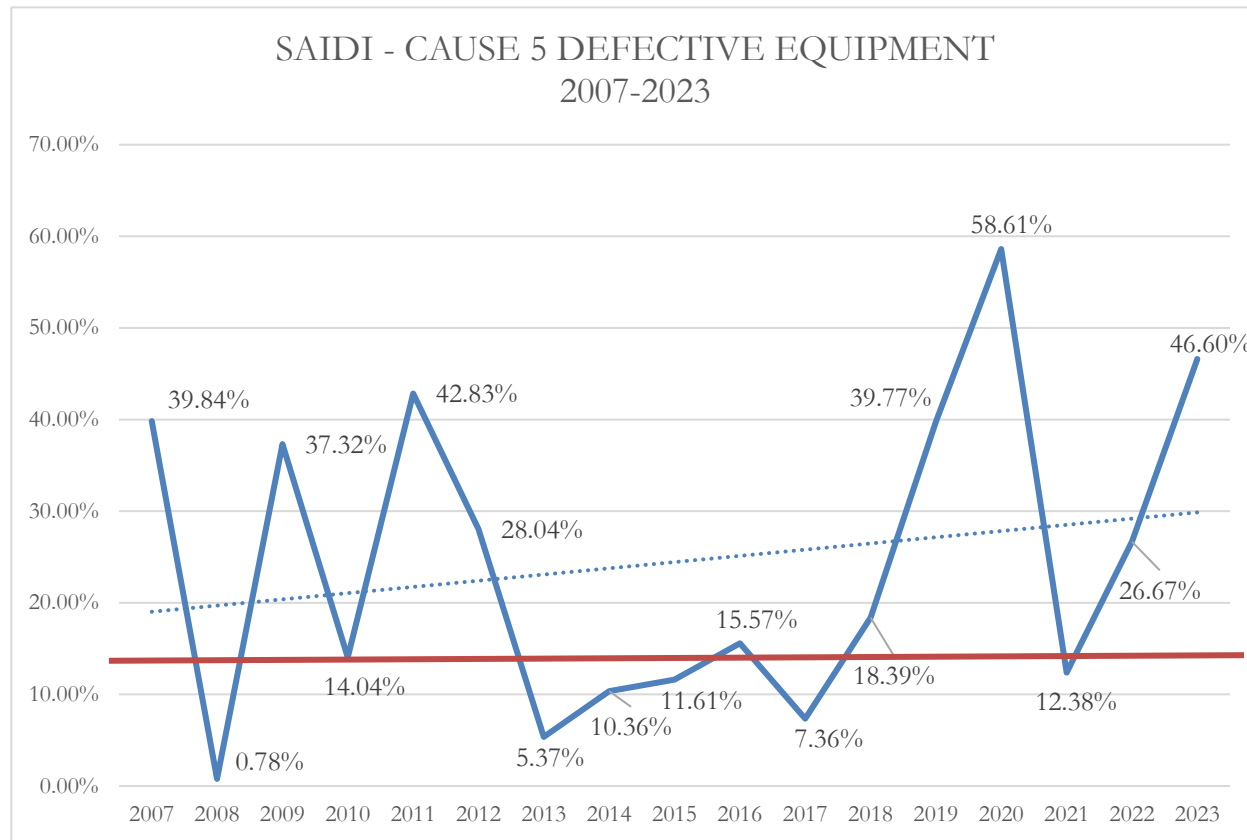


The above pie chart answers the following question: when power to a customer is interrupted, what percentage of the average hour of an outage is attributed to which cause?

Note: the chart above includes the cause “Loss of Supply”, however this parameter is not within GSHI’s control.

GSHI experienced an increase in the average number of hours that power to a customer was interrupted during 2023 as compared to 2022 (exclusive of “Loss of Supply” outages). In 2023, the performance of 1.49 was a decrease over 2022’s performance of 1.15. This result remains above GSHI’s Scorecard target of 1.43.

Until 2017, the duration of service interruptions due to Cause 5 (Defective Equipment) had historically been in a favourable downward trend. However, 2023 saw a continued increase in the contribution of this outage cause code to the overall reliability index. The chart below shows the historical contribution to the overall SAIDI index for this outage cause code:



GSHI has conducted a detailed review of its distribution assets in its Distribution System Plan, which provides for the renewal of its distribution system over the next five years.

By focusing strategically on specific assets and/or asset populations, the plan includes, among its objectives, the goal of reducing the contribution of Cause 5-related outage events to the overall SAIDI index to below 15%. With a result of 46.6% in 2022, GSHI did not meet this goal; however, the drop from 2020's result (58.49%) to 2023's result (46.6%) demonstrates the benefit of an increased focus on proactive asset renewal.

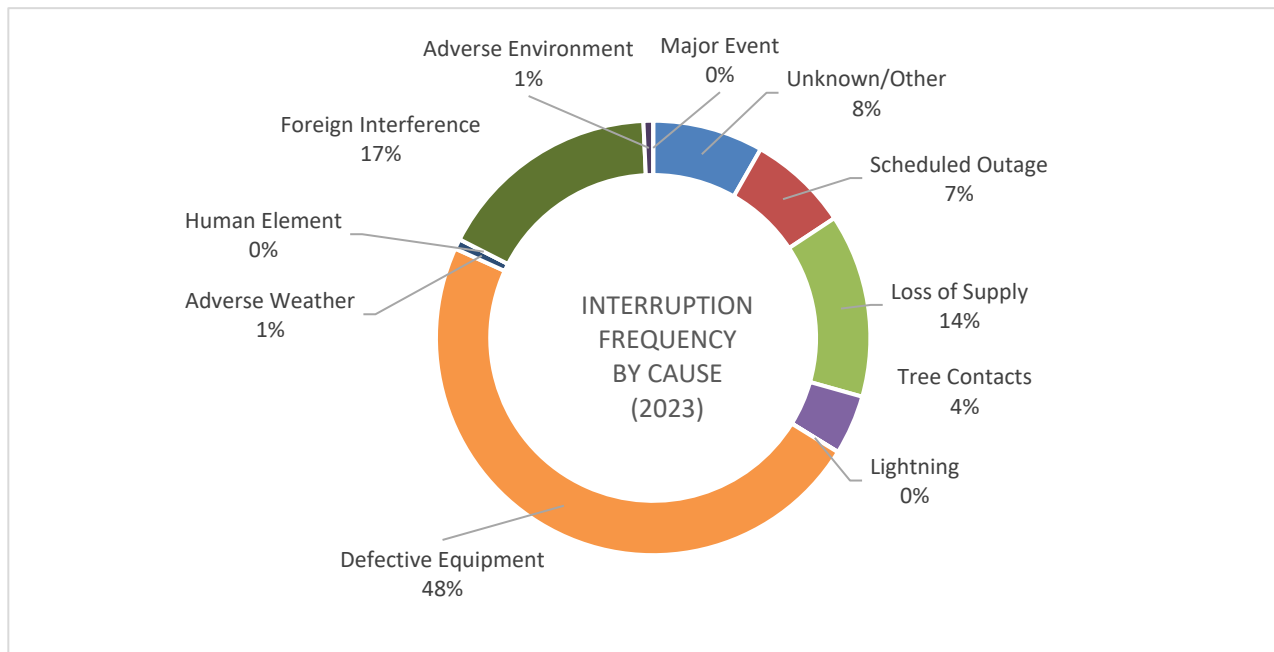
For all other outages (exclusive of "Loss of Supply"), "Scheduled Outages" was a leading cause contributing to outage duration at 18%. These types of outages have a substantial impact because of more rigorous safety procedures regarding worker safety and the type of work being undertaken. The performance of hazard analysis and job planning has resulted in frequent (and longer) planned outages. The Occupational Health & Safety Act requires that an Employer do "Everything reasonable in the circumstances for the safety of the worker" and the Infrastructure Health & Safety Association has embarked on "ZeroQuest", a path to zero Lost-Time Injuries (LTI) in the sector. GSHI has embraced both concepts over the years. This practice is fully supported by Senior Management at GSHI.

Additionally, the index saw a large contribution attributable to "Foreign Interference". This outage cause was responsible for 18% of the composite SAIDI index. On March 18, 2023, a burn-off on private plant caused a fault on the distribution system that resulted in the equivalent of 1,863 hours of customer interruption, which equates to 13% of the total outage hours for this cause for the entire year. In sum, seven (7) separate private plant failures caused a disruption to the distribution system, accounting for 26% of the total for this cause code.

Next, on December 9th, a vehicle hit a pole carrying the 44kV feed into the Town of Coniston which resulted in the equivalent of 2,787 hours of customer interruption, which equates to 20% of the total outage hours for this cause for the entire year. Altogether, there were 15 separate incidents of vehicles interfering with GSHI plant, resulting in approximately 6,520 customer-hours of interruption, which represents 46% of the total outage hours for this cause code.

Finally, 45 separate incidents of an animal contacting the distribution system resulted in an approximate 20% impact to this cause code. As part of its restoration process, GSHI applies an animal guard at locations that have experienced an outage due to wildlife contact. New transformers shipped to GSHI are also equipped with an animal guard and placed in to inventory so that each new installation is proactively deployed with this outage mitigation equipment.

- Average Number of Times that Power to a Customer is Interrupted – **Distributor Target Not Met**

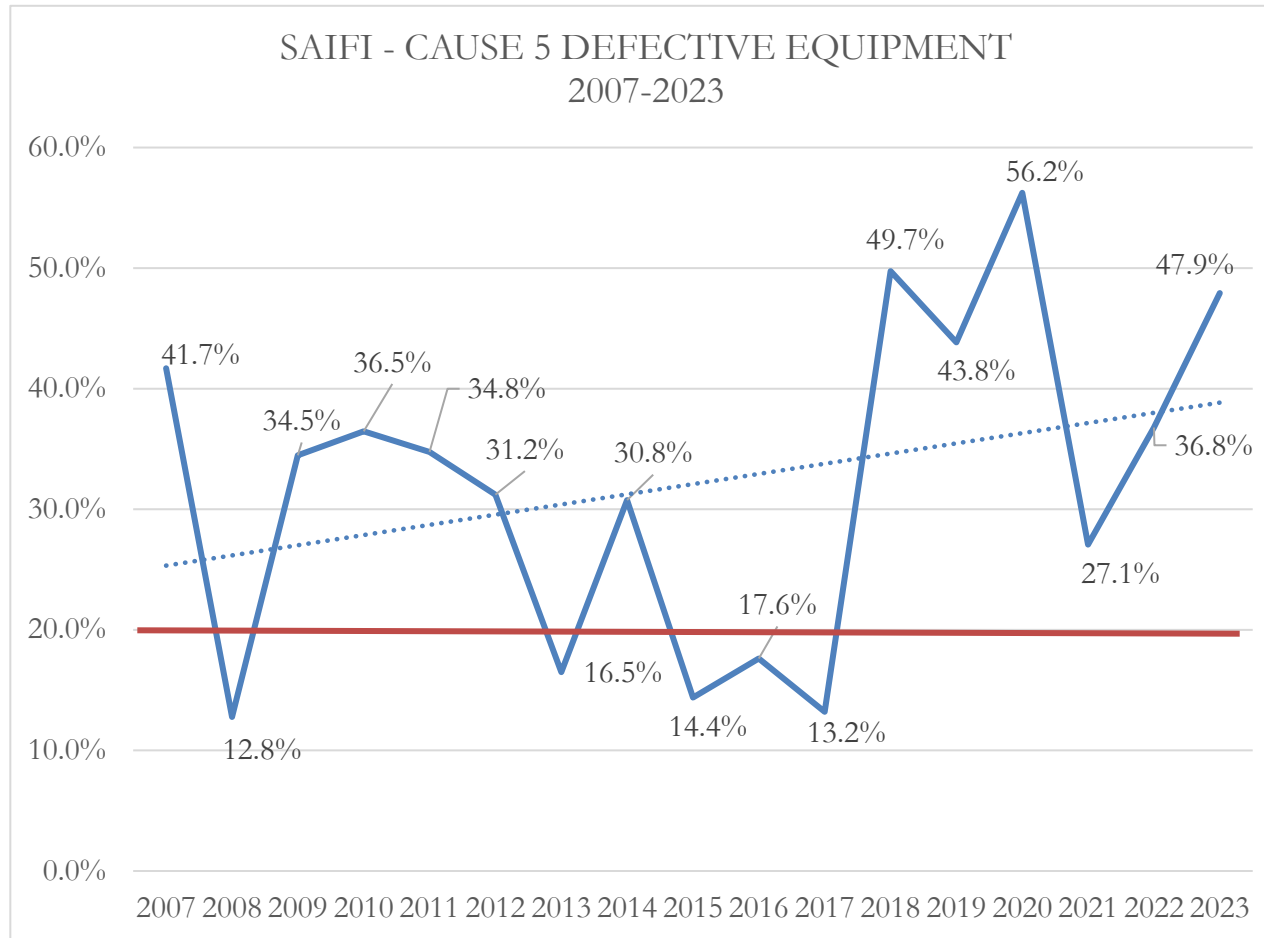


The above pie chart answers the following question: when power to a customer is interrupted, what’s the likelihood of a given cause? **Note:** the above includes the cause “Loss of Supply”, however this parameter is not within GSHI’s control.

GSHI experienced a decrease in the average number of times that power to a customer was interrupted during 2023 as compared to 2022 (exclusive of “Loss of Supply” outages). The Average Number of Times that Power to a Customer is Interrupted (i.e., frequency) of 1.49 was an improvement over 2022’s performance of 1.62. However, this result remains above GSHI’s Scorecard target of 1.18.

The frequency of service interruptions due to Cause 5 (Defective Equipment) had until 2017 been in a downward trend. However, 2023 continued to see an elevated contribution of this outage cause code to the overall reliability index.

The chart below shows the historical contribution to the overall SAIFI index for this outage cause code:



GSHI's Distribution System Plan has among its objectives the goal of reducing the contribution of Cause 5-related outage events to the overall SAIFI index to below 20%. With a result of 47.9% in 2023, GSHI did not meet this goal; however, the drop from 2020's result (56.2%) to 2023's result (47.9%) demonstrates the benefit of an increased focus on proactive asset renewal.

For all other outages (exclusive of "Loss of Supply"), "Foreign Interference" was a leading cause contributing to the outage frequency index at 17%. On November 3, 2023, a vehicle hit a pole and caused a fault on the distribution system that resulted in the equivalent of 2,131 customer interruptions, which equates to 13% of the total customer interruptions for this cause for the entire year.

Next, on December 9th, a vehicle hit a pole carrying the 44kV feed into the Town of Coniston which resulted in 2,900 customer interruptions, which equates to 20% of the total customer interruptions for this cause for the entire year. Altogether, there were 15 separate incidents of vehicles interfering with GSHI plant, resulting in 6,263 customer interruptions, which represents 45% of the total customer interruptions for this cause code.

Finally, 45 separate incidents of an animal contacting the distribution system resulted in 5,312 customer interruptions, which is a 38% impact to this cause code. As part of its restoration process, GSHI applies an animal guard at locations that have experienced an outage due to wildlife contact. New transformers shipped to GSHI are also equipped with an animal guard and placed in to inventory so that each new installation is proactively deployed with this outage mitigation equipment.

Asset Management

- **Distribution System Plan Implementation Progress – Industry Target Not Established**

Distribution system plan implementation progress is a new performance measure instituted by the OEB starting in 2013. Consistent with other new measures, utilities were given an opportunity to define it in the manner that best fits their organization. The Distribution System Plan (“DSP”) outlines GSHI’s forecasted capital expenditures, over the next five (5) years, required to maintain and expand the distributor’s electricity system to serve its current and future customers. The “Distribution System Plan Implementation Progress” measure is intended to assess GSHI’s effectiveness at planning and implementing the DSP. GSHI measures the progress of its DSP implementation as a ratio of actual total capital expenditures made in a calendar year over the total amount of planned capital expenditures for that calendar year per the DSP.

With actual capital spending of \$7,900,158, the 2023 measure indicates that Greater Sudbury Hydro realized a 20.7% reduction in planned capital expenditures of \$9,961,000.

However, apart from substantially completing the projects as outlined in the DSP, the reduction of actual capital spending of \$2,060,842 as compared with the plan was driven by encumbrances valued at \$2,087,418 in various areas such as substations, meters and vehicles. With suppliers continuing to struggle with timely product delivery, the expected spending in these areas was not realized in 2023 and is now expected to be incurred in 2024 (assuming there are no further delays in supplier delivery lead times).

Cost Control

- **Efficiency Assessment**

The total costs for Ontario local electricity distribution companies are evaluated by the Pacific Economics Group LLC (PEG) on behalf of the OEB to produce a single efficiency ranking. The electricity distributors are divided into five groups based on the magnitude of the difference between their respective individual actual and predicted costs.

In 2023, GSHI was placed in group three, consistent with the prior years. Group 3 distributors are defined as having actual costs within +/-10 percent of predicted costs. Group 3 is considered “average efficiency” - in other words are within the average cost range for distributors in the Province of Ontario.

GSHI has continued to focus on controllable costs, reviewing many of the key business processes to optimize those processes and drive efficiencies.

- **Total Cost per Customer**

Total Cost per Customer is calculated by PEG as the sum of GSHI’s capital and operating costs and dividing this cost figure by the total number of customers that GSHI serves. The cost performance result for 2023 is \$805 per customer which is a 12% increase over 2022.

Capital costs fluctuate depending on the need to replace existing capital assets and additional infrastructure to support system renewal and growth. Investments in new information system technology and the renewal and growth of the distribution system, have contributed to increased operating and capital costs. GSHI will continue to replace distribution assets proactively along a carefully managed timeframe in a manner that balances system risk and customer rate impacts as demonstrated in our last rate application. Customer engagement initiatives will continue to ensure customers have an opportunity to share their viewpoint on GSHI’s capital spending plans.

- **Total Cost per Km of Line**

This measure uses the same total cost that is used in the Cost per Customer calculation above. The total cost is divided by the kilometers of line that GSHI operates to serve its customers. GSHI’s 2023 cost performance is \$15,170 per Km of line, a 12% increase over 2022.

GSHI continues to experience a low level of growth in its total kilometers of lines due to a low annual customer growth rate. A low growth rate has reduced GSHI’s ability to fund capital renewal and increased operating costs through customer growth. GSHI continues to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.

Connection of Renewable Generation

- **New Micro-embedded Generation Facilities Connected on Time - Industry Target Exceeded**

In 2023, GSHI connected 16 new micro-embedded generation facilities (distributed energy resource with nameplate capacity equal to or less than 10kW) 100% of the time within the prescribed time frame of five business days. The minimum acceptable performance level for this measure is 90% of the time. Our workflow to connect these projects is very streamlined and transparent with our customers.

GSHI works closely with its customers and their contractors to tackle any connection issues and ensure a micro-embedded generation facility is connected on time.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short-term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being “liquid”. The higher the number, the more “liquid” and the larger the margin of safety to cover the company’s short-term debts and financial obligations.

In 2023, GSHI’s current ratio was 1.27 to 1. As noted above, this implies that GSHI has resources available to pay its short-term debts and financial obligations.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

GSHI notes that the OEB’s ‘leverage ratio’ is calculated by dividing the distributor’s ‘total debt’ by the aggregate ‘shareholder’s equity’. For this purpose, GSHI’s total debt and shareholders’ equity are determined in accordance with the requirements of the OEB’s Reporting and Record-keeping Requirements and Accounting Procedures Handbook, and not by reference to similarly termed financial ratios under International Financial Reporting Standards.

GSHI’s leverage ratio is 1.09 to 1.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**

GSHI’s current distribution rates were approved by the OEB and include an expected (deemed) regulatory return on equity of 8.52%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor’s revenues and cost structure by the OEB.

- **Profitability: Regulatory Return on Equity – Achieved**

GSHI’s return achieved in 2023 was 8.24%, which is within the +/- 3% range allowed by the OEB.

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgement on the reporting date of the performance scorecard, and could be markedly different in the future.



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 6
Schedule 1
Attachment 2
Page 1 of 1

Attachment 2 (of 3):

PEG Benchmarking Model

Summary of Cost Benchmarking Results

Greater Sudbury Hydro Inc.

| | 2023 (History) | 2024 (Bridge) | 2025 (Test Year) | 2026 | 2027 | 2028 | 2029 |
|---|-------------------|------------------|---------------------|---------------|---------------|----------------|----------------|
| Cost Benchmarking Summary | | | | | | | |
| Actual Total Cost | 38,745,397 | 40,642,235 | 43,031,466 | 44,188,694 | 45,346,385 | 46,256,544 | 47,222,336 |
| Predicted Total Cost | 41,510,068 | 42,249,873 | 44,813,437 | 47,322,602 | 49,843,075 | 52,426,220 | 55,078,158 |
| Difference | (2,764,671) | (1,607,638) | (1,781,971) | (3,133,908) | (4,496,690) | (6,169,676) | (7,855,822) |
| Percentage Difference (Cost Performance) | -6.9% | -3.9% | -4.1% | -6.85% | -9.45% | -12.52% | -15.39% |
| Three-Year Average Performance | -6.9% | -5.4% | -4.9% | -4.93% | -6.79% | -9.61% | -12.45% |
| Stretch Factor Cohort | | | | | | | |
| Annual Result | 3 | 3 | 3 | 3 | 3 | 2 | 2 |
| Three Year Average | 3 | 3 | 3 | 3 | 3 | 3 | 2 |



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 6
Schedule 1
Attachment 3
Page 1 of 1

Attachment 3 (of 3):

***Standardized Public Awareness of Electrical Safety
Survey Report***



**Biannual Standardized Scorecard
Public Awareness of Electrical Safety
Telephone Survey Report**



January 2024

Table of Contents

| | |
|-------------------------------|----|
| Methodology & Logistics | 3 |
| Safety Questions | 4 |
| Work Questions | 8 |
| General Demographic Questions | 9 |
| Electrical Safety Index Score | 10 |

Methodology & Logistics

Overview

This report represents the findings from the Greater Sudbury Hydro 2024 Biannual Standardized Scorecard Public Awareness of Electrical Safety telephone survey. The survey of residents in the Greater Sudbury Hydro coverage area was conducted by Oraclepoll Research Limited for Greater Sudbury Hydro.

Results contained in this report are from a series of questions developed by the Electrical Safety Authority. Included in this report is an executive summary of the findings from the survey. A separate Excel file contains the results of the survey by each individual question.

Study Sample

A total of N=400 residents in the Greater Sudbury Hydro service area were randomly selected and surveyed by telephone using person to person live telephone interviewing. All respondents were screened to ensure that they were 18 years of age or older and a resident of Greater Sudbury, Ontario.

Survey Method

The survey was conducted using computer-assisted techniques of telephone interviewing (CATI) and random number selection. Numbers were randomly selected from a dual sample database that was inclusive of land lines and cellular telephone numbers. A total of 20% of all interviews were monitored and the management of Oraclepoll Research Limited supervised 100%.

Logistics

Interviews were completed between the days of January 14th and January 24th, 2024. Initial calls were made between the hours of 5 p.m. and 9 p.m. Subsequent call backs of no-answers and busy numbers were made on a (staggered) daily rotating basis up to 5 times (from 10 a.m. to 9 p.m.) until contact was made. In addition, telephone interview appointments were attempted with those respondents unable to complete the survey at the time of contact.

Confidence

The margin of error for the 400-person residential survey is $\pm 4.9\%$, 19/20 times.

Safety Questions

In the first of six core safety questions, respondents were asked about their likelihood to call to locate an underground line in the event that they were undertaking a project that required digging.

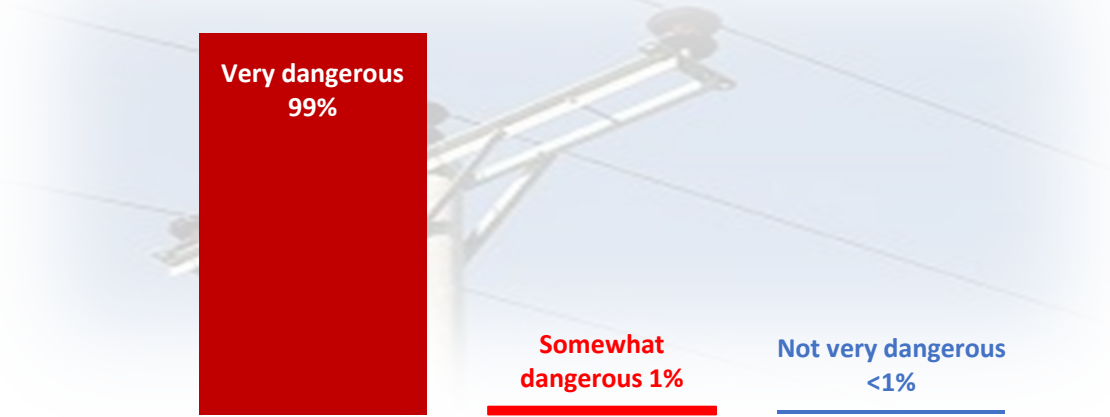
B5. "If you were to undertake a household project that required digging – such as planting a tree or building a deck – how likely are you to call to locate electrical or other underground lines?"



A total of 92% of residents interviewed claimed that they definitely (77%) or would be very likely (15%) to call to locate an underground line, while an additional 4% said that they would be somewhat likely to make contact. Only 4% stated that they would be not very (3%) or not at all likely (1%) to call to locate an underground cable.

Next a question was asked about the perceived danger of touching an overhead power line.

B6. "How dangerous do you believe it is to touch - with your body or any object - an overhead power line? Would you say it is very dangerous, somewhat dangerous, not very dangerous or not at all dangerous?"



Almost all of those interviewed were aware of the dangers associated with touching an overhead power line with 99% saying it is very dangerous.

The following asked respondents about how close they can come to an overhead power line.

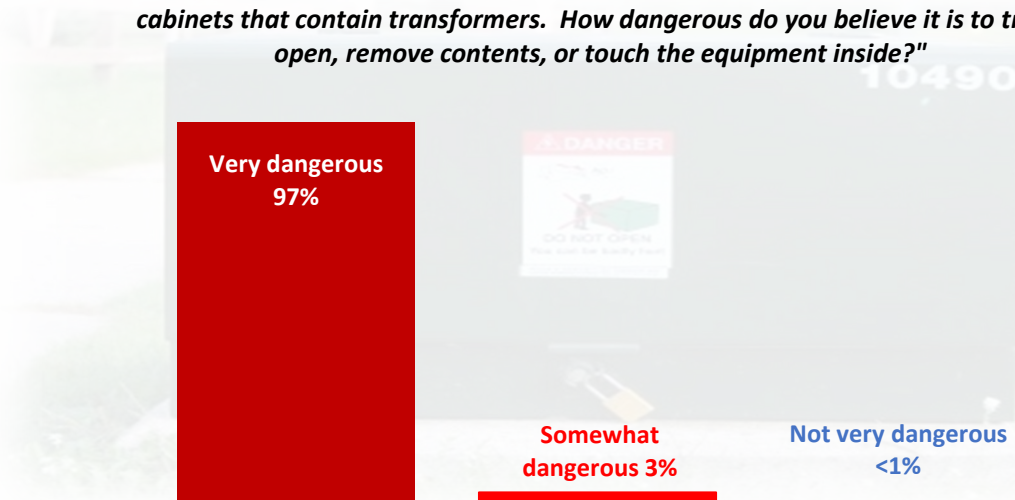
B7. “When undertaking outdoor activities-such as standing on a ladder, cleaning windows or eaves, climbing or trimming trees-how closely do you believe you can safely come to an overhead power line with your body or an object? Would you say....”

| | |
|--|-----|
| You can safely touch | - |
| Less than 1 metre | 1% |
| 1 to less than 3 metres | 15% |
| 3 metres to less than 6 metres | 30% |
| You should maintain a distance of 6 metres or more | 54% |
| Don't know | 0 |

No respondents said that you can safely touch an overhead power line and only 1% felt that a distance of less than one metre was safe. There were 15% that named one to three metres, 30% three to less than six metres and more than half or 54% felt that a distance of six or more metres was required.

The next indicator asked about tampering with ground mounted electrical utility equipment.

B8. “Some electrical utility equipment is located on the ground, such as locked steel cabinets that contain transformers. How dangerous do you believe it is to try to open, remove contents, or touch the equipment inside?”



Most residents see the dangers associated with tampering with ground electrical equipment with 97% saying it is very dangerous and 3% somewhat dangerous.

The following asked respondents about how closely they can come to a downed overhead power line.

B9. “How closely do you believe that you can safely come to a downed overhead power line, such as a downed line caused by a storm or accident?”

| | |
|---|-----|
| You can safely touch | - |
| Less than 1 metre | <1% |
| 1 to less than 5 metres | 5% |
| 5 metres to less than 10 metres | 12% |
| You should maintain a distance of 10 metres or more | 82% |
| Don't know | 1% |

On the issue of being at a safe distance of a downed power line, 82% said that they should be at a distance of ten or more metres and 12% from five to less than ten metres. No respondents said that they can safely touch a downed power line, while 1% did not know.

The final safety question dealt with a scenario of a downed power line coming in contact with a vehicle and what action should be taken.

B10. “If you were in a vehicle-such as a car, bus, or truck-and an overhead power line came down on top of it, which of the following options do you believe is generally safer?”

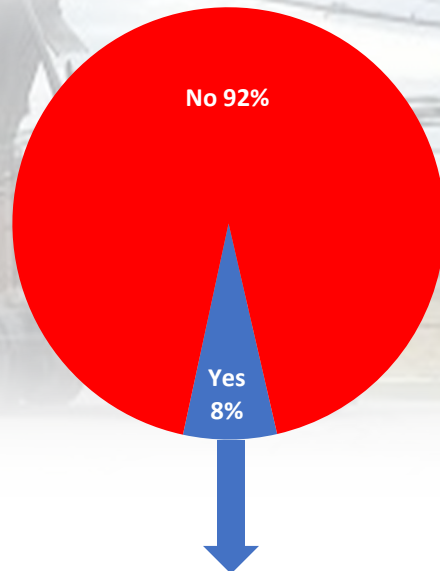
| | |
|---|-----|
| Stay in the vehicle until power has been disconnected from the line | 99% |
| Get out quickly and seek help | 1% |
| Don't know | - |

With respect to having an overhead power line falling on a vehicle and what action to take, almost all or 99% were aware of the need to stay in the vehicle until the power has been disconnected.

Work Questions

Two work related questions were asked of respondents.

B11. "Does your job regularly cause you to come close to energized power lines?"



A total of 8% of those surveyed (N=31) said that their job results in them regularly coming into proximity of energized power lines.

Those that said they come in regular contact with power lines (N=31) were then asked a follow up question about the nature of their employment.

"Do you work in any of the following fields?"

| | | |
|--------------------------------|------|-----|
| Construction or outdoor trades | N=12 | 39% |
| Electrician | N=9 | 29% |
| General Labour | N=7 | 23% |
| Transportation | N=3 | 10% |

General Demographic Questions

This next section includes the results from the general household demographic questions.

“How would you describe your primary residence?”

| | |
|--|-----|
| Fully detached house | 74% |
| Apartment or condo – less than 5 stories | 12% |
| Apartment or condo – 5 or more stories | 5% |
| Semi-detached home | 5% |
| Townhouse or row house | 4% |

“Which of the following age groups may I place you in?”

| | |
|-------------|-----|
| 18-24 | 6% |
| 25-34 | 21% |
| 35-44 | 14% |
| 45-54 | 22% |
| 55-64 | 16% |
| 65 and over | 21% |

GENDER RECORDED

| | |
|--------|-----|
| Male | 48% |
| Female | 52% |

Electrical Safety Index Score

The following Public Awareness - Electrical Safety Index Score has been calculated in accordance with the formula that has been established by the Electrical Safety Authority (ESA). The calculation is based on the six core measurement questions asked in this survey and the weighted responses assigned to each indicator. The index score that we have calculated follows the required four-step process.

Step 1: Add each individual respondent’s key measurement questions using the provided response values.

$B5 + B6 + B7 + B8 + B9 + B10 = \text{Individual respondent’s cumulative score} \Rightarrow \mathbf{2134.5}$

STEP 1: $B5 (339.5) + B6 (396) + B7 (282) + B8 (392) + B9 (328) + B10 (397) = 2134.5$

Step 2: Individual respondent’s cumulative score / # of questions = Respondent Standardized Score $\Rightarrow \mathbf{355.7}$

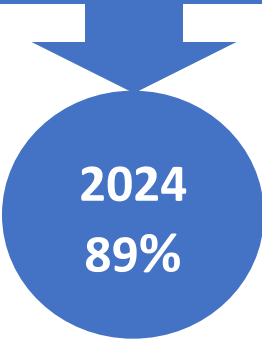
STEP 2: $2134.5 \div 6 = 355.7$

Step 3: Summation of all “Respondent Standardized Scores” / N-size (total sample size) = Raw Index Score $\Rightarrow \mathbf{.89}$

STEP 3: $355.7 \div N (400) = .89$ RAW INDEX SCORE

Step 4: Raw Index Score $\times 100 = \text{Index Score} \Rightarrow \mathbf{89\%}$

| | | |
|----------------|-------------------------|---|
| STEP 4: | $.89 \times 100 = 89\%$ | 2024 PUBLIC SAFETY AWARENESS INDEX SCORE |
|----------------|-------------------------|---|



| YTD TRACKING | SCORE |
|--------------|-------|
| 2022 | 85% |
| 2018 | 80% |
| 2020 | 83% |
| 2022 | 85% |



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 7

Exhibit 1: Administrative Documents

Tab 7 (of 10): Facilitating Innovation

1

FACILITATING INNOVATION

2 As part of its cost-based application, GSHi is committed to meeting the Ontario Energy
3 Board's (OEB) objective to facilitate innovation in the electricity sector, in alignment with
4 Section 1 of the **Ontario Energy Board Act, 1998**, as amended on December 8, 2020.

5 The following section outlines how GSHi's approach to innovation has shaped this
6 application, the specific projects and technologies implemented, and the consideration of
7 innovative alternatives in place of traditional investments.

8

9 **GSHi's Approach to Innovation**

10

11 Filing Requirement Question:

12 *How has your company's approach to innovation shaped this application?*

13

14 GSHi's approach to innovation has shaped this application through the establishment of
15 GSHi's **Innovation Office**, which drives continuous improvement and ensures effective
16 change management. This office uses the "**3 E's**" framework from "*Moves The Needle*"
17 to target innovation where it will have the greatest impact. GSHi's approach focuses on
18 aligning data, technology, processes, and people with corporate priorities by leveraging
19 enterprise architecture principles.

20

21 GSHi's emphasize both **incremental improvements** and **transformational projects** as
22 part of its innovation strategy. For example, GSHi's modernizing key processes using
23 platforms like **ArcGIS Online** and **Microsoft Online Services**, enhancing operational
24 efficiency and service delivery. These efforts reflect GSHi's commitment to digitalization
25 and modernization.

26

27 Additionally, GSHi has embedded a **continuous improvement program** and **change**
28 **management practices** into its **Integrated Management System (IMS)**. The **Plan-Do-**
29 **Check-Act (PDCA)** methodology is used to drive ongoing enhancements in areas like

1 technology adoption, product and service development, legal compliance, safety, and
2 regulatory adherence.

3

4 Filing Requirement Question:

5 *How does your company keep up with innovation more generally in your business?*

6

7 GSHi remains at the forefront of technological advancements by leveraging collaborative
8 platforms such as **Microsoft 365**, **Teams**, **SharePoint**, and the **Esri ecosystem**. These
9 tools enhance collaboration, data sharing, and operational transformation, ensuring that
10 GSHi stays competitive in an evolving energy sector.

11

12 Specific Projects and Technologies

13

14 Filing Requirement Question:

15 *What specific projects or technologies have you implemented that demonstrate*
16 *innovation in the provision of distribution services and the benefits to customers?*

17

18 GSHi has implemented several innovative projects and technologies aimed at improving
19 distribution services and delivering greater benefits to its customers. Examples include:

20

- 21 • **Integrated Management System (IMS):** GSHi developed a new IMS that
22 integrates Quality and Occupational Safety and Health systems, aligning with
23 ISO standards. The IMS streamlines operational and corporate processes,
24 improving efficiency and ensuring compliance.
- 25 • **Outage Management System (OMS):** GSHi has procured an OMS with plans
26 for a customer-facing outage portal to provide real-time updates to customers.
27 GSHi also uses **Interactive Voice Response (IVR)** technology to streamline
28 communication regarding planned outages and collections.
- 29 • **High-Accuracy Data Collection:** GSHi uses **Global Navigation Satellite**
30 **System (GNSS)** technology to collect accurate data on hard-to-find assets,
31 reducing repair times and improving field operations.

- 1 • **Digitalization of Data Collection:** GSHi has modernized inspections, switch
2 maintenance, and mobile field data collection, creating streamlined workflows
3 with related processes documented and centralized in its IMS.
- 4 • **Enterprise Health and Safety Management System:** GSHi's **Compliance**
5 **Science** software enables real-time digital reporting of safety incidents and
6 inspections, improving compliance and safety outcomes.
- 7 • **Geotab AVL System:** The **Geotab AVL system** optimizes fleet management by
8 providing real-time tracking and proactive maintenance scheduling, enhancing
9 fleet efficiency.
- 10 • **Automation and Machine Learning:** GSHi is testing machine learning models
11 to predict service levels for its call center, and plan to apply predictive models for
12 forecasting electrical loads based on historical data.

13

14 **Facilitating Customer Innovation**

15 **Filing Requirement Question:**

16 *How are you facilitating your customers' ability to innovate in how they receive electricity*
17 *services?*

18

19 GSHi facilitates customer innovation by working closely with customers requesting
20 connections for **Distributed Energy Resources (DER)**. GSHi's Engineering Group
21 assigns a Project Coordinator or Distribution Engineer to assess feasibility and manage
22 the process to completion. GSHi supports customers seeking to connect DERs by
23 providing the necessary engineering resources to assess and process connection
24 requests.

25

26 Through **Advanced Metering Infrastructure (AMI)**, customers have access to usage
27 data via the **Green Button** standard and GSHi's customer portal. This enables
28 customers to monitor and manage their electricity usage, providing greater control and
29 insight into their energy consumption.

30

31

1 **Enabling Characteristics or Constraints**

2

3 **Filing Requirement Question:**

4 *What are the enabling characteristics or constraints that affect your company's ability to*
5 *undertake innovative solutions?*

6

7 GSHi faces several operational constraints that limit its ability to pursue innovative
8 solutions fully. These include limited resources, with staff often focused on maintaining
9 current operations, leaving little capacity for innovation. Additionally, fragmented data
10 across non-integrated legacy systems makes it challenging to implement cohesive
11 innovative solutions that rely on accurate and accessible information.
12 By addressing these challenges through investments in **staff training, modernized**
13 **technological infrastructure**, and fostering an environment that embraces change,
14 GSHi aims to enhance its capacity for innovation and better serve its customers.

15

16 **Consideration of Innovative Alternatives**

17 **Filing Requirement Question:**

18 *Have you considered innovative alternatives in place of traditional investments?*

19

20 Yes, GSHi has considered innovative alternatives to traditional investments. For
21 example, GSHi plans to transition to cloud-based solutions and implement an
22 **Enterprise Service Bus (ESB)** to improve data integration and operational efficiency.
23 While these changes may increase operational expenses due to subscription-based
24 services, they reduce capital expenditures and provide flexibility for scaling.

25

26 Key expected benefits include improved operational efficiency, data accuracy,
27 collaboration, and enhanced customer service. Risks associated with these changes
28 include implementation challenges, data security concerns, and resistance to change,
29 which GSHi mitigates through planning, security protocols, and staff training.

30

31

1 Filing Requirement Question:

2 *Provide information on the costs, benefits, and risks associated with innovative*
3 *alternatives.*

4

5 GSHi has explored various innovative alternatives to traditional investments, such as
6 cloud-based technologies, enterprise service integration, and digitalization of core
7 operational processes. These alternatives have been considered in alignment with the
8 Ontario Energy Board's objective to facilitate innovation in the electricity sector.

9

10 *Costs:*

11 The transition to innovative alternatives, particularly cloud-based systems and digital
12 platforms, often involves higher operational expenditures due to subscription-based
13 models, software licensing, and integration costs. For example, shifting from on-premise
14 systems to **Software as a Service (SaaS)** models increases operating costs while
15 reducing capital expenditures associated with hardware. Furthermore, **employee**
16 **training** and **system implementation** represent additional upfront costs to ensure
17 seamless transitions to new technologies.

18

19 *Expected Benefits:*

20 The key benefits associated with these innovative alternatives include:

21

- 22 • **Operational Efficiency:** By streamlining processes, reducing manual tasks, and
23 automating data collection, GSHi expects to enhance overall productivity and
24 improve service delivery.
- 25 • **Data Accuracy and Accessibility:** Implementing cloud-based and integrated
26 systems ensures that data is consistent, readily accessible, and accurate,
27 supporting better decision-making and strategic planning.
- 28 • **Scalability:** Cloud-based systems provide the flexibility to scale services up or
29 down based on operational needs without significant infrastructure investments.
- 30 • **Customer Service Enhancements:** Leveraging advanced metering
31 infrastructure (AMI), Enterprise GIS, computerized work order management

1 systems, outage management systems, and digital tools enables GSHi to offer
2 more responsive, real-time services to customers, improving their experience.

3 • **Collaboration:** Modernized platforms enable improved collaboration within the
4 company and with external partners, enhancing project execution and data
5 sharing.

6

7 *Associated Risks:*

8 While these innovative alternatives provide clear benefits, they also come with
9 associated risks, including:

10

11 • **Implementation Challenges:** Transitioning from traditional to modern systems
12 may present technical challenges, including system integration issues and data
13 migration complexities. To mitigate this, GSHi ensures thorough planning and
14 works with experienced vendors.

15 • **Data Security and Privacy:** Moving to cloud-based platforms introduces data
16 security risks, especially regarding sensitive customer and operational data.
17 GSHi is committed to implementing stringent security protocols to protect against
18 data breaches and to comply with regulatory requirements.

19 • **Change Management Resistance:** Employees may face challenges adapting to
20 new technologies and workflows. GSHi addresses this risk by providing
21 comprehensive training and ongoing support to facilitate smooth adoption and
22 overcome resistance to change.

23 • **Increased Operational Expenses:** As noted, shifting to subscription-based
24 models may increase operating expenses. However, this cost is offset by the
25 scalability, flexibility, and lower capital expenditure needs provided by these
26 technologies.

27

28 Overall, GSHi believes that the long-term benefits of adopting these innovative
29 alternatives—such as improved efficiency, enhanced customer service, and better data
30 management—outweigh the risks and initial costs associated with implementation.

31



1 **Non-Distribution Activities Compliance**

2 **Filing Requirement Question:**

3 *Do any of your innovative activities fall under non-distribution activities as defined in*
4 *sections 71(2), (3), or (4) of the Ontario Energy Board Act?*

5

6 At this time, GSHi does not provide services that fall under sections 71(2), (3), or (4) of
7 the OEB Act. GSHi does not own or operate facilities under section 71(3) and has not
8 sought Board approval for business activities described in section 71(4).



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 8

Exhibit 1: Administrative Documents

Tab 8 (of 10): Financial Information

1

FINANCIAL INFORMATION

2 Audited Financial Statements

3 GSHi has included its 2023 audited financial statements, covering the two most recent
4 historical years. These statements exclude the operations of affiliated companies that
5 are not rate-regulated. The audited financial statements are provided as Exhibit 1, Tab 8,
6 Schedule 1, Attachment 1.

7

8 Annual Report and Management's Discussion and Analysis

9 GSHi does not prepare a separate Annual Report or Management's Discussion and
10 Analysis (MD&A), and therefore none is included with this submission.

11

12 Rating Agency Reports

13 There are no rating agency reports available for GSHi.

14

15 Prospectuses and Information Circulars

16 There are no recent or planned public debt or equity offerings, and therefore, no
17 prospectuses or information circulars are available for GSHi.

18

19 Change in Tax Status

20 There has been no change in GSHi's tax status.

21

22 Accounting Orders

23 In its last cost of service rate application (EB-2019-0037), GSHi's settlement agreement
24 included Schedule C, "Accounting Order – EB-2019-0037 – May 7, 2020," which detailed
25 accounting orders for two 1508 sub-accounts. These sub-accounts are titled "Sub-
26 Account OPEB Actuarial Gains & Losses" and "OPEB Cash to Accrual Transitional
27 Amount."

28

29 The first accounting order established a deferral account under Account 1508, Sub-
30 Account "OPEB Actuarial Gains & Losses," effective May 1, 2020. This account captures



1 the cumulative actuarial gains and losses related to Other Post-Employment Benefits
2 (OPEBs), which would otherwise be recorded in Account 7010 – "Pension Actuarial
3 Gains or Losses or Remeasurement Adjustment – Other Comprehensive Income." GSHi
4 will not record interest on this balance, and any disposition of the account will be
5 proposed in the next cost of service rate application if the gains and losses do not
6 substantially offset. Any disposition request will require actuarial valuation support and
7 will be subject to a prudence review during a rate application proceeding.

8

9 The second accounting order established a sub-account under Account 1508 to record
10 the "OPEB Cash to Accrual Transitional Amount." This account tracks the difference
11 between the OPEB costs recovered from customers on a cash basis and the amounts
12 that would have been recovered had the accrual basis been used historically, following
13 GSHi's transition to an accrual-based recovery method for 2020 rates. The account is
14 effective from May 1, 2020, until the next cost of service rate application. Like the first
15 account, GSHi will propose the disposition and recovery mechanism in the next rate
16 application, subject to a prudence review.

17

18 See Exhibit 1, Tab 8, Schedule 1, Attachment 2 for a PDF copy of these two accounting
19 orders.

20

21 Departures from the Uniform System of Accounts (USoA)

22 GSHi confirms that this application complies with the Uniform System of Accounts
23 (USoA), and there are no departures from the USoA.

24

25 Accounting Standards

26 GSHi follows International Financial Reporting Standards (IFRS) for its general purpose
27 financial statements. The company transitioned to IFRS on January 1, 2015, and
28 restated its 2014 financial reporting for comparability, effective January 1, 2014. GSHi's
29 financial statements are prepared in accordance with IFRS Accounting Standards as
30 issued by the International Accounting Standards Board.

31



1 Non-Distribution Business Activities

2 GSHi does not conduct any non-distribution business activities such as generation, and
3 there are no generation facilities owned by GSHi. All business operations are related to
4 its rate-regulated distribution activities.

5



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 8
Schedule 1
Attachment 1
Page 1 of 1

Attachment 1 (of 2):

2023 Audited Statements

Financial Statements of

**GREATER SUDBURY HYDRO INC. /
HYDRO DU GRAND SUDBURY INC.**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Greater Sudbury Hydro Inc. / Hydro du Grand Sudbury Inc.

Opinion

We have audited the financial statements of Greater Sudbury Hydro Inc. / Hydro du Grand Sudbury Inc. (the "Corporation"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of income and comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Page 2

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

April 22, 2024

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position

December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|--|-----------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Accounts receivable (note 5) | \$ 12,032,879 | \$ 11,720,292 |
| Unbilled revenue: | | |
| Energy sales | 9,845,624 | 9,303,947 |
| Distribution | 2,267,608 | 2,224,630 |
| Prepaid expenses | 549,449 | 212,955 |
| Payments in lieu of taxes recoverable (note 8) | 44,195 | 357,660 |
| | <u>24,739,755</u> | <u>23,819,484</u> |
| Property, plant and equipment (note 6) | 124,405,212 | 120,222,994 |
| Intangible assets (note 7) | 197,507 | 111,258 |
| Investment in ConverGen Inc. | 400,000 | 400,000 |
| Total assets | <u>149,742,474</u> | <u>144,553,736</u> |
| Regulatory deferral account debit balances (note 10) | 23,263,043 | 23,297,180 |
| Total assets and regulatory balances | <u>\$ 173,005,517</u> | <u>\$ 167,850,916</u> |

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Financial Position (continued)

December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Liabilities and Shareholder's Equity | | |
| Current liabilities: | | |
| Bank indebtedness (note 4) | \$ 8,003,344 | \$ 5,260,558 |
| Accounts payable and accrued liabilities | 4,705,435 | 5,552,258 |
| Payment in lieu of taxes (note 8) | - | - |
| Payable for energy purchases | 9,366,074 | 8,811,760 |
| Current portion of long-term obligations (note 12) | 1,017,410 | 1,224,608 |
| | <u>23,092,263</u> | <u>20,849,184</u> |
| Deferred revenue (note 9) | 10,901,313 | 9,762,391 |
| Deferred payment in lieu of taxes (note 8) | 3,010,008 | 3,144,149 |
| Promissory note payable (note 11) | 48,645,457 | 48,645,457 |
| Long-term obligations (note 12) | 23,472,632 | 24,286,303 |
| Total liabilities | <u>109,121,673</u> | <u>106,687,484</u> |
| Shareholder's equity: | | |
| Share capital (note 14) | 20,848,052 | 20,848,052 |
| Retained earnings | 38,325,519 | 34,993,946 |
| Accumulated other comprehensive income | 840,333 | 1,131,211 |
| | <u>60,013,904</u> | <u>56,973,209</u> |
| Total liabilities and shareholder's equity | <u>169,135,577</u> | <u>163,660,693</u> |
| Regulatory deferral account credit balances (note 10) | 3,869,940 | 4,190,223 |
| Commitments and contingencies (note 15) | | |
| Guarantees (note 16) | | |
| Total liabilities, regulatory balances and equity | <u>\$ 173,005,517</u> | <u>\$ 167,850,916</u> |

See accompanying notes to financial statements.

Approved by the Board of Directors:

_____ Director

_____ Director

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Income and Comprehensive Income

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Revenue: (note 20) | | |
| Energy sales | \$ 102,852,575 | \$ 104,989,039 |
| Distribution | 27,695,056 | 26,412,341 |
| | <u>130,547,631</u> | <u>131,401,380</u> |
| Conservation revenue | - | 4,987 |
| Other operating revenue | 3,211,170 | 3,012,987 |
| | <u>133,758,801</u> | <u>134,419,354</u> |
| Expenses: | | |
| Cost of energy | 102,241,258 | 106,785,204 |
| Distribution - operations | 7,509,410 | 7,383,070 |
| Depreciation of property, plant and equipment | 4,853,253 | 4,367,491 |
| General administration | 4,795,715 | 4,171,661 |
| Interest on promissory note payable | 3,531,660 | 3,531,660 |
| Billing and collecting | 2,623,840 | 2,387,702 |
| Distribution - maintenance | 1,926,351 | 1,590,144 |
| Interest on long-term obligations | 1,150,873 | 646,360 |
| Recoverable expenses | 954,320 | 939,179 |
| Loss on disposal of property, plant and equipment | 435,489 | 377,139 |
| Amortization of intangible assets | 16,101 | 3,946 |
| Conservation and demand management | - | 3,935 |
| | <u>130,038,270</u> | <u>132,187,491</u> |
| Income before tax and regulatory items | 3,720,531 | 2,231,863 |
| Payment (recovery) in lieu of taxes (note 8) | (23,725) | 1,513,565 |
| Net income | 3,744,256 | 718,298 |
| Net movement in regulatory balances, net of tax (note 10) | (412,683) | 469,274 |
| Net income after net movements in regulatory balances, net of tax | 3,331,573 | 1,187,572 |
| Other comprehensive income: | | |
| Item that may be subsequently reclassified to net income: | | |
| Change in fair value of cash flow hedge (note 12) | (290,878) | 1,131,211 |
| Items that will not be reclassified to net income: | | |
| Remeasurement of employee future benefit obligation (note 13) | (698,829) | 6,328,218 |
| Net movement in regulatory balances related to other comprehensive income (note 10) | 698,829 | (6,328,218) |
| Total comprehensive income | <u>\$ 3,040,695</u> | <u>\$ 2,318,783</u> |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Changes in Equity

Year ended December 31, 2023, with comparative information for 2022

| | Share Capital | Retained Earnings | Accumulated Other Comprehensive Income | Total |
|--|------------------|----------------------|---|---------------|
| Balance, January 1, 2022 | \$ 20,848,052 | \$ 33,806,374 | \$ - | \$ 54,654,426 |
| Net income after net movements in regulatory balances, net of tax | - | 1,187,572 | - | 1,187,572 |
| Other comprehensive income | - | - | 1,131,211 | 1,131,211 |
| Balance, December 31, 2022 | 20,848,052 | 34,993,946 | 1,131,211 | 56,973,209 |
| Net income after net movements in regulatory balances, net of tax | - | 3,331,573 | - | 3,331,573 |
| Other comprehensive loss | - | - | (290,878) | (290,878) |
| Balance, December 31, 2023 | \$ 20,848,052 | \$ 38,325,519 | \$ 840,333 | \$ 60,013,904 |

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|----------------|----------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Comprehensive income | \$ 3,040,695 | \$ 2,318,783 |
| Items not involving cash: | | |
| Depreciation of property, plant and equipment | 5,324,597 | 4,826,478 |
| Amortization of intangible assets | 16,101 | 3,946 |
| Non-cash employee future benefit obligation | 1,298,584 | (5,764,248) |
| Loss on disposal of property, plant and equipment | 435,489 | 377,139 |
| Loss (gain) on swap contract | 290,878 | (1,162,191) |
| Amortization of deferred revenue | (80,605) | (259,063) |
| Payment (recovery) in lieu of taxes | (23,725) | 1,513,565 |
| | 10,302,014 | 1,854,409 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (312,587) | (520,547) |
| Prepaid expenses | (336,494) | (19,021) |
| Unbilled revenue: | | |
| Energy sales | (541,677) | (508,017) |
| Distribution | (42,978) | (52,570) |
| Customer deposits | (116,185) | (100,825) |
| Regulatory assets/liabilities | (286,146) | 5,858,944 |
| Accounts payable and accrued liabilities | (846,823) | 653,845 |
| Deferred revenue | (560,572) | 558,115 |
| Payable for energy purchases | 554,314 | 234,819 |
| | 7,812,866 | 7,959,152 |
| Employee future benefits paid | (586,926) | (507,801) |
| Payment in lieu of taxes recovered | 203,049 | 334,890 |
| | 7,428,989 | 7,786,241 |
| Investing activities: | | |
| Purchase of property, plant and equipment | (10,031,270) | (9,870,911) |
| Contributions in aid of construction | 1,780,099 | 1,098,918 |
| Proceeds on disposal of property, plant and equipment | 88,966 | 343,303 |
| Increase (decrease) in developer contributions | (1,309,840) | 236,794 |
| Purchase of intangible assets | (102,350) | (39,459) |
| | (9,574,395) | (8,231,355) |
| Financing activities: | | |
| Repayment of term and bank loans | (597,380) | (578,377) |
| Increase in bank indebtedness during the year | (2,742,786) | (1,023,491) |
| Bank indebtedness, beginning of year | (5,260,558) | (4,237,067) |
| Bank indebtedness, end of year | \$ (8,003,344) | \$ (5,260,558) |

See accompanying notes to financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements

Year ended December 31, 2023

Greater Sudbury Hydro Inc./Hydro du Grand Sudbury Inc. (the "Corporation") is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in the City of Greater Sudbury. The address of the Corporation's registered office is 500 Regent Street, P.O. Box 250/500 rue Regent, CP 250, Sudbury ON P3E 3Y2.

The Corporation delivers electricity and related energy services to residential and commercial customers in the City of Greater Sudbury and parts of the Municipality of West Nipissing. The Corporation is wholly owned by Greater Sudbury Utilities Inc. / Services Publics du Grand Sudbury Inc. which is itself wholly owned by the City of Greater Sudbury / Ville du Grand Sudbury.

1. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on April 22, 2024.

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

- Note 6 – Property, plant and equipment
- Note 10 – Regulatory balances
- Note 13 – Employee future benefits
- Note 15 – Commitments and contingencies

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

i) Measurement of fair values:

When measuring the fair value of an asset or liability, the Corporation uses observable market data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities:
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurements.

The Corporation recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the changed occurred.

(e) Rate regulation:

The Corporation is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Basis of presentation (continued):

(e) Rate regulation (continued):

Rate setting:

i) Distribution revenue:

For the distribution revenue related to electricity sales, the Corporation typically files a Cost of Service ("COS") rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenses, debt and shareholder's equity required to support the Corporation's business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and intervenors and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand ("GDP IPI-FDD") net of a "stretch factor" determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

On November 2, 2021 the Corporation filed an IRM requesting a 3.00% increase to distribution rates for the period of May 1, 2022 to April 30, 2023. The IRM was approved on March 24, 2022.

On November 22, 2022 the Corporation filed an IRM requesting a 3.40% increase to distribution rates for the period of May 1, 2023 to April 30, 2024. The IRM was approved on March 23, 2023.

On October 11, 2023 the Corporation filed an IRM requesting a 4.50% increase to distribution rates for the period of May 1, 2024 to April 30, 2025. The IRM was approved on March 21, 2024.

ii) Electricity rates:

The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Regulation:

The following regulatory treatments have resulted in accounting treatments which differ from those prescribed by IFRS for enterprises operating in an unregulated environment and regulated entities that have not adopted IFRS 14, Regulatory Deferral Accounts ("IFRS 14").

(b) Regulatory balances:

The Corporation has adopted IFRS 14 as an interim standard giving entities conducting rate-regulated activities the option of continuing to recognize regulatory balances according to their previous GAAP. Regulatory balances provide useful information about the Corporation's financial position, financial performance and cash flows. IFRS 14 will remain in force until either repealed or replaced by permanent guidance on rate-regulated accounting from the IASB.

The Corporation has determined that certain asset and liability balances arising from rate-regulated activities qualify for the application of regulatory accounting treatment in accordance with IFRS 14 and the accounting principles prescribed by the OEB in the Accounting Procedures Handbook for Electricity Distributors. Under rate-regulated accounting, the timing and recognition of certain expenses and revenues may differ from those otherwise expected under other IFRS in order to appropriately reflect the economic impact of regulatory decisions regarding the Corporation's regulated revenues and expenditures. These amounts arising from timing differences are recorded as regulatory asset and liability balances on the Corporation's balance sheet, and represent existing rights and obligations regarding cash flows expected to be recovered from or refunded to customers, based on decisions and approvals by the OEB.

Regulatory deferral account asset balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account liability balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account asset balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The asset balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(b) Regulatory balances (continued):

Regulatory deferral account liability balances are recognized if it is probable that future billings in an amount at least equal to the liability balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The liability balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account liability balance.

The probability of recovery or repayment of the regulatory account balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the year incurred.

Regulatory deferral accounts attract interest at OEB prescribed rates. In 2023, the interest rate was 4.73% for the first quarter, 4.98% for the second and third quarter and 5.49% for the fourth quarter. Regulatory balances can be recognized for rate-setting and financial reporting purposes only if the OEB directs the relevant regulatory treatment or if future OEB direction is determined by management to be probable. In the event that the disposition of these balances is assessed to no longer be probable based on management's judgment, the balances are recorded in the Corporation's statement of income and comprehensive income in the period when the assessment is made. Regulatory balances that do not meet the definition of an asset or liability under any other IFRS are segregated on the statement of financial position as regulatory deferral account debit/credit balances and on the statement of income and comprehensive income as net movements in regulatory balances, net of tax. The netting of regulatory debit and credit balances is not permitted.

The measurement of regulatory balances is subject to certain estimates and assumptions, including assumptions made in the interpretation of the OEB's regulations and decisions.

(c) Financial instruments:

At initial recognition, the Corporation measures its financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of the financial asset depends on the classification determined on initial recognition. Financial assets are classified as either amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation changes its business model for managing financial assets.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(c) Financial instruments (continued):

Financial liabilities are initially measured at fair value, net of transaction costs incurred. They are subsequently carried at amortized cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings.

Hedging items and hedged items are presented in the financial statements in the same manner as other assets and liabilities. For derivative instruments that qualify for hedge accounting and which are designated as cash flow hedges, the effective portion of any gain or loss, is reported as a component of accumulated other comprehensive income. Any gains or losses that represent either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in results of operations.

(d) Revenue recognition:

i) Sale and distribution of electricity:

Electricity sales are recognized as the electricity is delivered to customers and includes the amounts billed to customers for electricity, including the cost of electricity supplied, distribution, and any other regulatory charges. Electricity revenue is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(d) Revenue recognition (continued):

ii) Capital contributions:

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are not accounted for under IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). Cash contributions received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15. The contributions are received to obtain a connection to the distribution system in order to receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

iii) Other operating revenue:

Other operating revenue includes revenue from services ancillary to the electricity distribution, pole rentals, and other regulatory service charges.

(e) Capital inventory:

Capital inventory, which is included within capital inventory and construction in progress comprising of material and supplies, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis, and includes expenditures incurred in acquiring the material and supplies and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(f) Property, plant and equipment:

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment ("PP&E") have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on the disposal of an item of PP&E are determined by comparing the proceeds from disposal, if any, with the carrying amount of the item of PP&E and are recognized in the statement of income and comprehensive income.

Spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in income as incurred.

Depreciation is calculated over the depreciable amount and is recognized in income on a straight-line basis over the estimated useful life of each part or component of an item of PP&E. The depreciable amount is cost. Land and capital inventory are not depreciated. Construction-in-progress assets are not depreciated until the project is complete and in service.

The estimated useful lives are as follows:

| | |
|------------------------|---------------|
| Buildings | 15 - 50 years |
| Distribution equipment | 20 – 50 years |
| Other fixed assets | 5 – 25 years |

Depreciation is taken at 50% of the above rates in the year of acquisition.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(g) Intangible assets:

i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

ii) Land rights:

Payments to obtain rights to access land (land rights) are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title.

iii) Amortization:

Amortization is recognized within profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than land rights, from the date that they are available for use. The estimated useful lives are:

| | |
|-------------------|---------------|
| Computer software | 5 years |
| Land rights | Not amortized |

Amortization is taken at 50% of the above rates in the year of acquisition.

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate.

(h) Impairment:

i) Financial assets measured at amortized cost:

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for that asset.

ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than capital inventories and deferred payment in lieu of taxes at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(h) Impairment (continued):

ii) Non-financial assets (continued):

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in income or loss.

For assets other than goodwill, impairment recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Employee future benefits:

i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (the "Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings for the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(j) Employee future benefits:

i) Pension plan (continued):

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan with employee benefit expense recorded in net income when they are due.

ii) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and reported in accumulated other comprehensive income. As part of the settlement proposal for its 2020 Cost of Service application, the Corporation was approved for the recovery of the actuarial gains and losses. Additional information with respect to this regulatory balance is presented in note 10(e).

(k) Deferred revenue and assets transferred from customers:

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as a developer contribution within long-term obligations. When the capital project is complete, the amount is transferred to deferred revenue. Deferred revenue represents the Corporation's obligation to continue to provide customers access to the supply of electricity, and is amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

(l) Finance income and finance costs:

Finance income comprises interest earned on cash and on regulatory assets.

Finance charges comprise interest expense on borrowings and regulatory liabilities. Finance costs are recognized as an expense.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(m) Payment in lieu of taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case, the tax is also recognized directly in other comprehensive income or equity, respectively.

The Corporation is currently exempt from taxes under the *Income Tax Act* (Canada) and the *Ontario Corporations Tax Act* (collectively the "Tax Acts"). Under the *Electricity Act, 1998*, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Corporations Tax Act* (Ontario) as modified by the *Electricity Act, 1998*, and related regulation. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes ("PILS") are referred to as income taxes.

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

(n) Leased assets:

At inception of a contract, the Corporation will assess whether the contract is or contains a lease. A contract is determined to contain a lease if it provides the Corporation with the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts determined to contain a lease are accounted for as leases. For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Material accounting policies (continued):

(n) Leased assets (continued):

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability if required.

The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less or for leases of low value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Future changes in accounting policy:

Certain amendments to standards are effective for annual periods beginning after January 2024 and earlier application is permitted; however, the Corporation has not early adopted them in preparing these financial statements.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Changes in material accounting policies:

The Corporation adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) on January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

4. Bank credit facility:

The Corporation has access to an \$8,000,000 credit facility (2022 - \$8,000,000). The credit facility is only drawn upon in instances where the combined cash balance of the consolidated Greater Sudbury Utilities entity is in a negative position. As at December 31, 2023, \$Nil (2022 – \$Nil) was drawn on the credit facility.

5. Accounts receivable:

| | 2023 | 2022 |
|---|---------------|---------------|
| Electricity | \$ 10,620,732 | \$ 10,053,247 |
| Other | 1,895,862 | 2,282,455 |
| | 12,516,594 | 12,335,702 |
| Allowance for doubtful accounts: | | |
| Balance, beginning of year | (615,410) | (738,600) |
| Increase (decrease) in provision | (308,074) | 235,315 |
| Accounts receivable write-offs (recoveries) | 439,769 | (112,125) |
| Balance, end of year | (483,715) | (615,410) |
| | \$ 12,032,879 | \$ 11,720,292 |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Property, plant and equipment:

Cost:

| | Land and Buildings | Distribution Equipment | Other Fixed Assets | Capital Inventory and Construction in Progress | Total |
|------------------------------|-----------------------|---------------------------|-----------------------|--|----------------|
| Balance, January 1, 2022 | \$ 16,449,355 | 209,876,680 | 15,994,253 | 2,600,752 | \$ 244,921,040 |
| Additions (net of transfers) | 192,813 | 5,522,082 | 973,102 | 3,182,914 | 9,870,911 |
| Disposals/retirements | - | (1,682,349) | (953,753) | - | (2,636,102) |
| Balance, December 31, 2022 | 16,642,168 | 213,716,413 | 16,013,602 | 5,783,666 | 252,155,849 |
| Additions (net of transfers) | 73,467 | 8,563,338 | 476,667 | 917,798 | 10,031,270 |
| Disposals/retirements | (49,715) | (2,239,023) | (972,150) | - | (3,260,888) |
| Balance, December 31, 2023 | \$ 16,665,920 | 220,040,728 | 15,518,119 | 6,701,464 | \$ 258,926,231 |

Accumulated depreciation:

| | Land and Buildings | Distribution Equipment | Other Fixed Assets | Capital Inventory and Construction in Progress | Total |
|----------------------------|-----------------------|---------------------------|-----------------------|--|----------------|
| Balance, January 1, 2022 | \$ 7,895,980 | 109,000,952 | 12,125,105 | - | \$ 129,022,037 |
| Depreciation charge | 438,651 | 3,756,798 | 631,029 | - | 4,826,478 |
| Disposals | - | (1,157,559) | (758,101) | - | (1,915,660) |
| Balance, December 31, 2022 | 8,334,631 | 111,600,191 | 11,998,033 | - | 131,932,855 |
| Depreciation charges | 440,448 | 4,239,593 | 644,556 | - | 5,324,597 |
| Disposals | (38,176) | (1,730,810) | (967,447) | - | (2,736,433) |
| Balance, December 31, 2023 | \$ 8,736,903 | 114,108,974 | 11,675,142 | - | \$ 134,521,019 |

Carrying amounts:

| | Land | Buildings | Distribution Systems | Capital Inventory and Construction in Progress | Total |
|----------------------|--------------|-------------|-------------------------|--|----------------|
| At December 31, 2022 | \$ 8,307,537 | 102,116,222 | 4,015,569 | 5,783,666 | \$ 120,222,994 |
| At December 31, 2023 | 7,929,017 | 105,931,754 | 3,842,977 | 6,701,464 | 124,405,212 |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Intangible assets:

(a) Cost:

| | Computer Software | Land Rights | Total |
|-------------------------------|----------------------|----------------|------------|
| Balance, at January 1, 2022 | \$ 718,282 | \$ 75,635 | \$ 793,917 |
| Additions | 39,459 | – | 39,459 |
| Balance, at December 31, 2022 | 757,741 | 75,635 | 833,376 |
| Additions | 82,086 | 20,264 | 102,350 |
| Balance, at December 31, 2023 | \$ 839,827 | \$ 95,899 | \$ 935,726 |

(b) Accumulated amortization:

| | Computer Software | Land Rights | Total |
|-------------------------------|----------------------|----------------|------------|
| Balance, at January 1, 2022 | \$ 718,172 | \$ – | \$ 718,172 |
| Amortization charges | 3,946 | – | 3,946 |
| Balance, at December 31, 2022 | 722,118 | – | 722,118 |
| Amortization charges | 16,101 | – | 16,101 |
| Balance, at December 31, 2023 | \$ 738,219 | \$ – | \$ 738,219 |

(c) Carrying amounts:

| | Computer Software | Land Rights | Total |
|----------------------|----------------------|----------------|------------|
| At December 31, 2022 | \$ 35,623 | \$ 75,635 | \$ 111,258 |
| At December 31, 2023 | 101,608 | 95,899 | 197,507 |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Payment in lieu of taxes (PILS):

Current PILS expense:

| | 2023 | 2022 |
|-----------------------------------|-------------------|------------------|
| Current payments in lieu of taxes | \$ 81,458 | \$ 103,472 |
| Other adjustment to prior years | 28,958 | (85,244) |
| | \$ 110,416 | \$ 18,228 |

Deferred PILS expense (recovery):

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Origination and reversal of timing differences | \$ 720,678 | \$ 1,199,189 |
| Adjustment to prior years | (854,819) | 296,148 |
| | \$ (134,141) | \$ 1,495,337 |
| Payment (recovery) in lieu of taxes | \$ (23,725) | \$ 1,513,565 |

Rate reconciliation before net movements in regulatory balances:

| | | |
|---|--------------------|---------------------|
| Comprehensive income before PILS and regulatory items | \$ 3,429,653 | \$ 3,363,074 |
| Statutory Canadian federal and provincial income tax rate | 26.5% | 26.5% |
| PILS using the Corporation's statutory rate | 908,858 | 891,215 |
| Adjustment to prior years | (825,861) | 210,904 |
| Regulatory movements | (279,247) | 408,565 |
| Other | 172,525 | 2,881 |
| Payment (recovery) in lieu of taxes | \$ (23,725) | \$ 1,513,565 |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Payment in lieu of taxes (PILS) (continued):

All deferred tax liabilities are expected to be settled after 12 months. The tax effect of temporary differences that give rise to deferred tax liabilities are as follows:

| | Employee Benefits | Plant and Equipment | Regulatory Adjustment | Other | Total |
|-----------------------------------|----------------------|---------------------------|--------------------------|--------------|----------------|
| Balance, December 31, 2021 | 5,206,081 | (1,176,989) | (7,776,211) | \$ 2,098,307 | \$ (1,648,812) |
| Change in deferred tax balance | (1,662,093) | (671,542) | 1,798,710 | (960,412) | (1,495,337) |
| Balance, December 31, 2022 | 3,543,988 | (1,848,531) | (5,977,501) | 1,137,895 | (3,144,149) |
| Change in deferred tax balance | 188,590 | (306,624) | 44,981 | 207,194 | 134,141 |
| Balance, December 31, 2023 | \$ 3,732,578 | \$ (2,155,155) | \$ (5,932,520) | \$ 1,345,089 | \$ (3,010,008) |

9. Deferred revenue:

Deferred revenue is comprised of capital contributions from developers to construct or acquire property, plant and equipment for the purpose of connecting future customers to the Corporation's distribution network. Capital contributions received from developers are recognized as deferred revenue and are amortized into revenue at an equivalent rate to that used for the depreciation of the related property, plant and equipment. As at December 31, 2023, unamortized capital contributions amounted to \$10,901,313 (2022 - \$9,762,391).

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Regulatory balances:

The following is a reconciliation of the carrying amount for each class of regulatory deferral account balances:

| | January 1, 2023 | Balances arising in the period | Recovery/ (reversal) | December 31, 2023 |
|---------------------------------------|----------------------|--------------------------------------|-------------------------|----------------------|
| IFRS deferral (a) | \$ 1,597,512 | \$ 170,457 | \$ (798,443) | \$ 969,526 |
| Cost of service (c) | 267,255 | (27,527) | – | 239,728 |
| Group 1 variance accounts (d) | 2,640,436 | (85,231) | (398,192) | 2,157,013 |
| OPEB regulatory deferrals (e) | 18,525,566 | 884,019 | – | 19,409,585 |
| Incremental pole rental revenue (j) | 237,607 | 219,679 | – | 457,286 |
| Deferred rate implementation (f) | 28,804 | 1,101 | – | 29,905 |
| Regulatory assets | \$ 23,297,180 | \$ 1,162,498 | \$ (1,196,635) | \$ 23,263,043 |
| Advanced Capital Module - Cressey (i) | \$ 322,730 | \$ (135,923) | \$ 313,015 | \$ 499,822 |
| Tax related variance accounts (g) | 347,496 | 2,122 | – | 349,618 |
| Deferred payment in lieu of taxes (h) | 3,449,653 | (455,888) | – | 2,993,765 |
| LRAMVA (b) | 70,793 | (43,609) | – | 27,184 |
| Fixed charge billing error | (449) | – | – | (449) |
| Regulatory liabilities | \$ 4,190,223 | \$ (633,298) | \$ 313,015 | \$ 3,869,940 |

| | January 1, 2022 | Balances arising in the period | Recovery/ (reversal) | December 31, 2022 |
|---------------------------------------|----------------------|--------------------------------------|-------------------------|----------------------|
| IFRS deferral (a) | \$ 2,218,640 | \$ 170,457 | \$ (791,585) | \$ 1,597,512 |
| Cost of service (c) | 369,668 | (102,413) | – | 267,255 |
| Group 1 variance accounts (d) | 1,037,166 | 1,398,984 | 204,286 | 2,640,436 |
| OPEB regulatory deferrals (e) | 26,530,762 | (8,005,196) | – | 18,525,566 |
| Incremental pole rental revenue (j) | – | 237,607 | – | 237,607 |
| Deferred rate implementation (f) | 335,305 | 807 | (307,308) | 28,804 |
| Regulatory assets | \$ 30,491,541 | \$ (6,299,754) | \$ (894,607) | \$ 23,297,180 |
| Advanced Capital Module - Cressey (i) | \$ 141,784 | \$ (135,923) | \$ 316,869 | \$ 322,730 |
| Tax related variance accounts (g) | 362,807 | (15,311) | – | 347,496 |
| Deferred payment in lieu of taxes (h) | 4,054,151 | (604,498) | – | 3,449,653 |
| LRAMVA (b) | 47,996 | 22,797 | – | 70,793 |
| Fixed charge billing error | 918,902 | – | (919,351) | (449) |
| Regulatory liabilities | \$ 5,525,640 | \$ (732,935) | \$ (602,482) | \$ 4,190,223 |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Regulatory balances (continued):

The regulatory deferral account balances are recovered or settled through rates set by the OEB which are determined using estimates of the Corporation's future number of electricity customers as well as estimates of future electricity consumption by customers.

The Corporation has received approval from the OEB to establish its regulatory deferral account balances.

The regulatory balances of the Corporation consist of the following:

a) IFRS deferral:

As part of its 2020 Cost of Service application, the Corporation was approved to dispose of the costs accumulated between 2013 and 2019 related to the IFRS-CGAAP transitional property, plant and equipment losses that did not form part of its 2013 rate base. The Corporation will recover these costs over a 5-year period. For the year ended December 31, 2023, the Corporation recorded an increase of \$170,457 (2022 – \$170,457) and recovered \$798,443 (2022 – \$791,585) from rate payers related to this balance.

b) LRAMVA:

The Lost Revenue Adjustment Mechanism variance account (“LRAMVA”) was established to capture the variance between the Conservation and Demand Management (“CDM”) adjustment to a distributor’s OEB-approved load forecast and the actual CDM results at the customer rate class level. When disposing of this regulatory asset, the Corporation must provide evidence to the OEB to support the claim. The Corporation was approved to dispose of these funds for recovery from rate payers through its 2021 IRM application and for repayment to ratepayers as part of its 2023 IRM application.

For the year ended December 31, 2023, the Corporation has recorded a liability of \$27,184 (2022 – \$70,793) and was approved to dispose of a liability of \$70,793 (2022 – \$48,008).

c) Cost of service accrual:

The Ontario Energy Board’s Accounting Procedure Handbook allows for the deferral of regulatory expenses, that by approval or direction of the Board, are to be spread over future periods. During 2019 and 2020, the Corporation worked on and received approval of its Cost of Service application. The amounts in this account reflect the associated costs incurred to the end of 2020. The amount in this account will be amortized to the income statement annually over 5 years by charges to this account. For the year ended December 31, 2023, the Corporation recognized \$107,985 (2022 - \$107,985) within operating expenses and recorded an increase of \$70,000 (2022 – \$Nil) related to its future application.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Regulatory balances (continued):

d) Group 1 variance accounts:

Group 1 variance accounts consist of retail settlement variance accounts. These accounts represent the difference between the amount paid by the Corporation to its power supplier for the cost of energy and the amount billed by the Corporation to its customers as energy sales, and related carrying costs, which are recorded on the statement of financial position as retail settlement variances until their final disposition is decided by the OEB. The Corporation recognizes retail settlement variances as an asset or liability based on the expectation that these amounts will be approved by the OEB for future collection from, or refund to, customers through the rate setting and approval process. The retail settlement variance asset represents the surplus of amounts billed by the IESO for the cost of energy compared to the amounts charged to customers as energy sales.

Settlement of the deferral accounts is done on an annual basis through the rate application to the OEB. The net balance of the retail settlement variances must meet a certain threshold in order to dispose of these balances. The Corporation was approved to dispose of a portion of these balances for recovery from rate payers through its 2022 IRM application. The amount included in the 2023 IRM application did not exceed the threshold and therefore the balance was not requested for disposition. The amount included in the 2024 IRM application representing balances as of December 31, 2022 was approved for disposal.

e) OPEB regulatory deferrals:

As part of its 2020 Cost of Service application, the Corporation was approved to establish a new "Other Post-Employment Benefit ("OPEB") Cash to Accrual Transitional Amount" deferral account. The Corporation previously recovered OPEBs through rates on a cash basis and has transitioned to recover on an accrual basis in 2020. Guidance was provided to utilities with respect to the transition between cash and accrual methods of recovery of the OPEB obligation through rates within the *Report of the Ontario Energy Board – Regulatory Treatment of Pension and OPEB costs* dated September 14, 2017. Included within the balance recorded at December 31, 2023 is \$26,089,910 (2022 - \$26,089,910) relating to the recovery of the OPEB obligation utilizing an accrual approach which will be recovered through rate payers in future years.

The Corporation was also approved to establish a new "OPEB Actuarial Gains and Losses Deferral Account" to record the cumulative actuarial gains and losses for future recovery or repayment to ratepayers should the gains and losses that are tracked in this account not substantially offset over time. The balance arising during the year ended December 31, 2023 is comprised of an actuarial loss of \$698,829 (2022 – gain of \$6,328,218) and an associated deferred tax liability impact of \$185,190 (2022 – asset of \$1,676,978). At December 31, 2023, the cumulative net position is an actuarial gain payable to rate payers in future rates.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Regulatory balances (continued):

e) OPEB regulatory deferrals (continued):

These balances represent management's best estimate of the transitional balance and the expected recovery based on the guidance available as of the date of these financial statements. The balance will be reviewed with the Corporation's next Cost of Service application and a mechanism to recover the balance will be proposed at that time. The final decision on the approval of disposition will be subject to a prudence review in the next Cost of Service proceeding with any adjustment recorded in the period the approval for disposition is received.

f) Deferred rate implementation:

As part of the Corporation's settlement proposal for its 2020 Cost of Service application, it requested approval to defer the implementation of its May 1, 2020 rate increase in line with the option allowed to other distributors by the OEB for May 1, 2020 rate increases in order to offer relief to customers as a result of the COVID-19 pandemic. The Corporation's request was approved and its May 1, 2020 rate increase was deferred to November 1, 2020. This account represents the revenue that was foregone during the period of May 1 to October 31, 2020 and the amounts subsequently recovered from ratepayers. The Corporation was approved to begin recovering this balance over a 1-year period as part of its 2021 IRM application. For the year ended December 31, 2023, the Corporation recovered \$19 from rate payers (2022 - \$307,308).

g) Tax related variance accounts:

This balance arose from the revenue requirement impact of accelerated capital cost allowance deductions from the Accelerated Investment Incentive tax measure which received Royal Assent on June 21, 2019. Any balance in this account will be proposed for disposition as part of the Corporation's next Cost of Service application.

h) Deferred payment in lieu of taxes:

This regulatory deferral account relates to the expected future electricity distribution rate reduction for customers arising from timing differences in the recognition of deferred tax assets and other approved recoveries. As at December 31, 2023, the Corporation has recorded a deferred tax liability of \$2,993,765 (2022 - \$3,449,653) with respect to its rate-regulated activities. In the absence of rate regulation this regulatory balance and the retained earnings impact would not be recorded.

i) Advanced Capital Module – Cressey:

As part of its 2020 Cost of Service application, the Corporation was approved for an Advanced Capital Module ("ACM") for its Cressey Substation. The ACM is a funding mechanism that allows incremental funding requests for discrete projects that are part of a distributor's Distribution System Plan, that will be put into service during the incentive rate-setting term. The mechanism helps promote manageable rate impacts over the long-term.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Regulatory balances (continued):

j) Advanced Capital Module – Cressey (continued):

The Cressey Substation was built in 2021 for a total cost of \$4,750,994. Accounting guidance provided by the OEB would have the Corporation record the asset as a regulatory asset, to be transferred to capital assets in the distributor's next Cost of Service rebasing year, however the Corporation has recorded the asset and associated accumulated depreciation within property, plant and equipment in accordance with the requirements under IFRS.

For the year ended December 31, 2023, the Corporation collected \$313,015 (2022 - \$316,869) from customers related to the ACM and has recorded this amount as a regulatory liability.

k) Incremental pole rental revenue:

Pole attachment charges are what electricity distributors charge third parties, such as telecommunications and cable companies, for access to their network of electricity poles. For the charge for 2023, the OEB adjusted the rate electricity distributors were to charge the third-party companies and the corresponding decrease in revenue is included in this account and will be requested for disposition as part of the Corporation's next Cost of Service application.

l) Net movement:

Reconciliation between the net movements in regulatory balances shown in the regulatory deferral account balances table and the net movements presented on the statement of income and comprehensive income is as follows:

| | 2023 | 2022 |
|--|-------------------|-----------------------|
| Total movements of regulatory assets per regulatory balances table | \$ (34,137) | \$ (7,194,361) |
| Total movements of regulatory liabilities per regulatory balances table | 320,283 | 1,335,417 |
| Total net movements | \$ 286,146 | \$ (5,858,944) |
| Net movement in regulatory balances, net of tax | \$ (412,683) | \$ 469,274 |
| Net movement in regulatory balances related to other comprehensive income | 698,829 | (6,328,218) |
| Total net movement per financial statements | \$ 286,146 | \$ (5,858,944) |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Regulatory balances (continued):

For certain regulatory asset and liabilities identified above, the expected recovery or settlement period, or likelihood of recovery or settlement is affected by risks and uncertainties relating to the ultimate authority of the OEB in determining the item's treatment for rate-setting purposes. The Corporation continually assesses the likelihood of recovery of each of its regulatory assets and refund of each of its regulatory liabilities and continues to believe that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If at some future date the Corporation determines that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be charged to operations in the period the determination is made.

11. Promissory note payable:

The promissory note payable to the parent company Greater Sudbury Utilities Inc. / Services Publics du Grand Sudbury Inc. is unsecured and bears interest at a rate of 7.26% (2022 – 7.26%) per annum and has been subordinated to the Toronto-Dominion Bank as security on the Corporation's operating credit facilities.

The note is repayable in full on six months' written notice of the holder of the note. As at April 22, 2024, the holder has informed the Corporation it will not demand repayment of the note within one year.

During the year, interest totaling \$3,531,660 (2022 - \$3,531,660) was charged by Greater Sudbury Utilities Inc. / Services Publics du Grand Sudbury Inc. on the promissory note payable.

12. Long-term obligations:

| | 2023 | 2022 |
|--|---------------|---------------|
| Employee future benefit obligation (note 13) | \$ 14,085,202 | \$ 13,373,544 |
| Multiple draw term loan (a) | 369,261 | 533,807 |
| Bank loan (b) and (e) | 9,077,592 | 9,510,426 |
| Customer deposits (c) | 1,609,660 | 1,725,845 |
| Developer contributions (d) | 188,660 | 1,498,500 |
| Interest rate swap at fair value (a) and (e) | (840,333) | (1,131,211) |
| | 24,490,042 | 25,510,911 |
| Less: current portion | (1,017,410) | (1,224,608) |
| | \$ 23,472,632 | \$ 24,286,303 |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Long-term obligations (continued):

- (a) On January 14, 2011, the Corporation was advanced monies under a reducing term, floating rate facility at a face amount of \$2,000,000 to finance the purchase of the smart meters. Concurrent with the entry into the loan facility, to mitigate the Corporation's exposure to interest rate risk, the Corporation entered into an International Swaps and Derivatives Association, 2002 Master Agreement. The interest rate swap is used for non-speculative purposes to convert floating rate debt into fixed rate debt bearing interest at 3.796%. The TD bank multiple draw term loan is secured by a general security agreement representing a first charge on all the borrower's assets and undertakings, and an unlimited guarantee of advances executed by the borrower. The debt facility has a termination date of January 19, 2026. The unrealized gain or loss on this contract is included as a component of other comprehensive income for the year. As at December 31, 2023, the Corporation recorded an asset of \$3,358 (2022 – \$5,658).
- (b) The Corporation entered into a financing agreement on January 12, 2015 with TD Equipment Finance in the amount of \$971,604. The financing facility is payable in annual payments of \$119,805 including interest at a fixed rate of 4.33% over the 120 month term and is secured by the underlying specified assets under financing. As at December 31, 2023 the net book value of these assets is \$641,261 (2022 - \$680,125).
- (c) Customer deposits represent cash deposits from electricity distribution customers and retailers.
- Deposits from electricity distribution customers are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.
- (d) Upon expansion of the Corporation's electricity distribution customer base, a developer is required to incur the cost to establish any necessary electricity infrastructure. This infrastructure is contributed to the Corporation and the Corporation then assumes the risks and responsibilities associated with the infrastructure. The Corporation is required to perform an analysis of the ongoing economic benefit it receives from the expansion, and a formulaic approach determines if a developer is entitled to recovery of the capital it contributed to the Corporation. These developer contributions represent the Corporation's estimated liability of amounts owed to developers pertaining to these expansions.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Long-term obligations (continued):

- (e) The Corporation entered into an unsecured debt arrangement with TD Bank in the form of funds available via multiple draws, up to a maximum of \$10,000,000 in total debt. The Corporation received a draw of \$5,500,000 on March 26, 2020 bearing interest at a fixed rate of 1.976% and arranged a further draw of \$4,500,000 on February 19, 2021 bearing interest at a fixed rate of 2.351%. The term of the draws are 10 years with 25-year amortization.

The Corporation has a series of interest rate swap contracts corresponding to this debt arrangement that were used to convert floating rate to fixed rate debt. The unrealized gain or loss on these contracts is included as a component of other comprehensive income for the year. As at December 31, 2023 the Corporation recorded an asset of \$836,975 (2022 - \$1,125,553).

Principal repayments relating to note 12 (a), (b), and (e) for the next 5 years are as follows:

| | |
|------------|------------|
| 2024 | \$ 617,756 |
| 2025 | 526,042 |
| 2026 | 358,734 |
| 2027 | 349,860 |
| 2028 | 357,423 |
| Thereafter | 7,237,038 |

13. Employee future benefits:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability at December 31, 2023 of \$14,085,202 was based on extrapolation of the last full actuarial valuation performed at December 31, 2022, using a discount rate of 4.65%.

The cost of providing benefits under the benefit plans is actuarially determined using the projected unit credit method, which incorporates management's best estimate of future salary levels, retirement ages of employees, health care costs, and other actuarial factors. Changes in actuarial assumptions and experience adjustments give rise to actuarial gains and losses. Actuarial gains and losses on medical, dental and life insurance benefits are recognized in OCI as they arise. Actuarial gains and losses related to rate-regulated activities are subsequently reclassified from OCI to a regulatory balance on the statement of financial position. Within the December 31, 2023 financial statements the actuarial losses were reclassified to a regulatory balance as described in note 10(e).

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

13. Employee future benefits (continued):

Changes in the present value of the defined benefit unfunded obligation and the accrued benefit liability are as follows:

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Employee future benefit obligation, beginning of year | \$ 13,373,544 | \$ 19,645,593 |
| Current service cost | 43,802 | 75,786 |
| Interest costs | 555,953 | 488,184 |
| Benefits paid during the year | (586,926) | (507,801) |
| Actuarial losses (gains) from remeasurement | 698,829 | (6,328,218) |
| Employee future benefit obligation, end of year | \$ 14,085,202 | \$ 13,373,544 |

Components of net benefit expense recognized are as follows:

| | 2023 | 2022 |
|---------------------------------------|-------------------|-------------------|
| Current service cost | \$ 43,802 | \$ 75,786 |
| Interest costs | 555,953 | 488,184 |
| Net benefit expense recognized | \$ 599,755 | \$ 563,970 |

Actuarial gains and losses recognized in other comprehensive income are as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| Cumulative amount at January 1 | \$ — | \$ — |
| Recognized during the year | (698,829) | 6,328,218 |
| Reclassification to regulatory balance | 698,829 | (6,328,218) |
| Cumulative amount at December 31 | \$ — | \$ — |

The significant actuarial assumptions used in the valuation are as follows (weighted average):

| | 2023 | 2022 |
|--|-------|-------|
| Accrued benefit obligation: | | |
| Discount rate | 4.65% | 5.05% |
| Assumed health care cost trend rates: | | |
| Initial benefit care cost trend rate | 4.90% | 4.70% |
| Initial dental benefit cost trend rate | 5.10% | 4.90% |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

13. Employee future benefits (continued):

The main actuarial assumptions utilized for the valuation are as follows:

- General inflation – future general inflation levels, as measured by the changes in the Consumer Price Index, were assumed at 2.00% in 2023, and thereafter (2022 – 2.00%).
- Discount (interest) rate – the discount rate used to determine the present value of future liabilities and the expense for the year ended December 31, 2023, was 4.65% (2022 – 5.05%).
- Salary levels – future general salary and wage levels were assumed to increase at 2.31% (2022 – 2.31%) up to December 31, 2023, and 2.50% per annum thereafter.
- Medical costs – medical costs were assumed to be 4.70% for 2023 and increase by 0.20% per annum.
- Dental costs – dental costs were assumed to be 4.90% for 2023 and increase by 0.20% - 0.30% per annum.

14. Share capital:

| | 2023 | 2022 |
|--|---------------|---------------|
| Authorized: Unlimited common shares | | |
| Issued: 1,001 common shares | \$ 20,848,052 | \$ 20,848,052 |

15. Commitments and contingencies:

General:

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. On an ongoing basis, the Corporation assesses the likelihood of any adverse judgments or outcomes as well as potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after an analysis of each individual issue. The provision may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General liability insurance:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2023, no assessments have been made.

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

16. Guarantee:

The Corporation has issued a \$9,048,386 letter of guarantee to the IESO. This was a requirement of the IESO for market opening on May 1, 2002. At December 31, 2023, no amounts have been drawn on this letter of guarantee.

17. Pension agreement:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, defined benefit pension plan benefit with equal contributions by the employer and its employees. In 2023, the Corporation made employer contributions of \$1,006,996 to OMERS (2022 - \$980,958).

The Corporation estimates that a contribution of \$1,123,991 will be made to OMERS during the next fiscal year.

18. Employee compensation:

| | 2023 | 2022 |
|------------------------------|----------------------|----------------------|
| Salaries, wages and benefits | \$ 12,195,127 | \$ 11,726,343 |
| Contributions to OMERS | 1,006,996 | 980,958 |
| | <u>\$ 13,202,123</u> | <u>\$ 12,707,301</u> |

19. Related party transactions:

The Corporation subcontracts its billing and collection of revenue, payment of purchases and all related government remittances, information services, accounting, payroll processing, financial reporting and treasury services to Greater Sudbury Hydro Plus Inc./Hydro Plus du Grand Sudbury Inc., a company related by common ownership.

The sole shareholder of the Corporation is Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc., which in turn is wholly-owned by the City of Greater Sudbury. The City produces financial statements that are available for public use.

Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members, and their compensation is summarized below.

| | 2023 | 2022 |
|-----------------------|---------------------|---------------------|
| Directors' fees | \$ 68,001 | \$ 68,704 |
| Salaries and benefits | 990,707 | 955,986 |
| | <u>\$ 1,058,708</u> | <u>\$ 1,024,690</u> |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

19. Related party transactions (continued):

Transactions with parent:

During the year, the Corporation paid promissory note interest to its parent in the amount of \$3,531,660 (2022 - \$3,531,660).

Transactions with ultimate parent (the City):

In the Corporation had the following significant transactions with its ultimate parent, a government entity:

- Electricity for all City owned properties totaling \$6,654,448 (2022 - \$6,281,975).
- The Corporation paid \$253,701 (2022 - \$246,965) to the City on account of municipal taxes.
- The Corporation delivers electricity to the City throughout the year for the electricity needs of the City and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB.

20. Revenues (in thousands):

The following table disaggregates revenues by type of customer (in thousands):

| | 2023 | 2022 |
|--|------------|------------|
| Revenue from contracts with customers: | | |
| Energy sales: | | |
| Residential service | \$ 45,749 | \$ 47,227 |
| General service | 51,309 | 49,433 |
| Other | 5,795 | 8,329 |
| | 102,853 | 104,989 |
| Distribution revenue: | | |
| Residential service | 17,047 | 15,891 |
| General service | 9,941 | 9,843 |
| Other | 707 | 678 |
| | 27,695 | 26,412 |
| Conservation revenue: | | |
| Conservation recoveries | - | 5 |
| Revenue from other sources: | | |
| Pole rental | 880 | 877 |
| Other charges | 2,331 | 2,136 |
| | 3,211 | 3,013 |
| | \$ 133,759 | \$ 134,419 |

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

21. Financial instruments and risk management:

(a) Fair value disclosure:

Cash and cash equivalents and interest rate swap contracts are measured at fair value. Swap contracts are adjusted to fair value by using mark-to-market valuation established by TD Securities, a division of TD Bank Financial Group, as of the close of business on the last business day of the fiscal year. The fair value measurement of the financial instrument for which the fair value has been disclosed is included in Level 2 of the fair value hierarchy [Note 1(d)].

The carrying values of accounts receivables, unbilled revenue, bank indebtedness, accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

(b) Financial risks:

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

i) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable and unbilled revenue, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Greater Sudbury. No single customer accounts for a balance in excess of 7% of total accounts receivable.

The carrying amount of accounts receivable is reduced through the use of an allowance for estimated credit losses and the amount of the related impairment loss is recognized in net income. Subsequent recoveries of receivables previously provisioned are credited to net income. The balance of the allowance for impairment at December 31, 2023 is \$483,715 (2022 - \$615,410). A write-off of \$439,769 (2022 – recovery of \$112,125) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2023, approximately \$1,245,768 (2022 - \$1,670,765) is considered 46 days past due. The Corporation has over 47,000 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2023, the Corporation holds security deposits in the amount of \$1,609,660 (2022 - \$1,725,845).

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

21. Financial instruments and risk management (continued):

(b) Financial risks (continued):

i) Derivative instruments:

As detailed in note 12 to the financial statements, the Corporation has entered into a series of interest rate swap contracts totaling \$8,479,045 (2022 - \$8,673,897) and covering 98.5% (2022 - 97.3%) of long-term debt. These interest rate swap contracts were used to convert floating rate debt to fixed rate debt and qualify as cash flow hedges.

ii) Market risk:

Market risk primarily refers to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

iii) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they come due. The credit facility discussed in note 4 is only drawn upon in instances where the combined cash balance of the consolidated Greater Sudbury Utilities entity is in a negative position.

The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

iv) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2023, shareholder's equity amounts to \$60,013,904 (2022 - \$56,973,209) and long-term debt amounts to \$84,036,812 (2022 - \$83,918,759).

GREATER SUDBURY HYDRO INC. / HYDRO DU GRAND SUDBURY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2023

22. Comparative information:

Certain 2022 comparative information has been reclassified to conform with the presentation adopted in 2023.



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 8
Schedule 1
Attachment 2
Page 1 of 1

Attachment 2 (of 2):

***2020 Rate Application Accounting Orders (EB-2019-0037
Schedule C)***

SCHEDULE C
DECISION AND ORDER
GREATER SUDBURY HYDRO INC.
ACCOUNTING ORDER
EB-2019-0037
MAY 7, 2020

Account 1508 – Other Regulatory Assets, Sub-Account OPEB
Actuarial Gains & Losses –
Draft Accounting Order

Greater Sudbury Hydro Inc. (“GSHi”) shall establish a new “Other Post-Employment Benefit (OPEB) Actuarial Gains & Losses Deferral Account” to record the cumulative actuarial gains & losses that would otherwise be recognized in Account 7010 – “Pension Actuarial Gains or Losses or Remeasurement Adjustment – Other Comprehensive Income”.

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account “OPEB Actuarial Gains & Losses” effective May 1, 2020 until such time as the effective date of the next cost of service rate application. GSHi will not record interest on any balance in the sub-account.

The approach to disposition of the deferral account will be for GSHi 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. The disposition amount will be supported by actuarial valuations. The final decision on the approval of disposition will be subject to prudence review in a rate application proceeding.

The following outlines the proposed accounting entries for this account:

| USofA # | Account Description |
|--|--|
| DR/CR: 1508 | Other Regulatory Assets – Sub-Account OPEB Actuarial Gains & Losses |
| DR/CR: 7010 | Pension Actuarial Gains or Losses or Remeasurement Adjustment – Other Comprehensive Income |
| Transaction description: To remove the income statement impact of the actuarial gain or loss and record the transaction in account 1508. | |

**Account 1508 – Other Regulatory Assets, Sub-Account OPEB Cash to
Accrual Transitional Amount
Draft Accounting Order**

Greater Sudbury Hydro Inc. (“GSHi”) shall establish a new “Other Post-Employment Benefit (OPEB) Cash to Accrual Transitional Amount”.

GSHi previously recovered OPEBs on a cash basis. GSHi has transitioned to recover OPEBs on an accrual basis in the cost of service rate application for 2020 rates (EB-2019-0037). 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 record the difference determined in performing the above calculation. GSHi will perform the above calculation before its next cost of service rate application.

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account “OPEB Cash to Accrual Transitional Amount” effective May 1, 2020 until such time as the effective date of the next cost of service rate application. GSHi will not record interest on any balance in the sub-account.

The approach to disposition of the deferral account will be for GSHi to propose disposition in its next cost of service rate application, and propose the mechanism by which the balance will be recovered. The final decision on the approval of disposition will be subject to prudence review in a rate application proceeding.

The following outlines the proposed accounting entries for this account:

| USofA # | Account Description |
|---|---|
| DR/CR: 1508 | Other Regulatory Assets – Sub-Account OPEB Actuarial Gains & Losses |
| DR/CR: 3045 | Unappropriated Retained Earnings |
| Transaction description: To record the recovery/repayment of the transitional amount for the change from cash to accrual basis of recovering OPEBs in distribution rates. | |



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 9

Exhibit 1: Administrative Documents

Tab 9 (of 10): Distributor Consolidation

1

COLLABORATIONS AND PARTNERSHIPS

2 GSHi was formed through a series of historic consolidation transactions. At
3 incorporation, GSHi succeeded the former Sudbury Hydro-Electric Commission, Capreol
4 Hydro, and Nickel Centre Hydro. It later acquired West Nipissing Energy Services
5 (WNES) and the assets in the former townsite of Falconbridge.

6

7 GSHi continues to monitor opportunities for further consolidation, guided by a principle
8 that any transaction must deliver clear benefits to the ratepayers of both parties as well
9 as GSHi's ultimate shareholder. Currently, GSHi is not engaged in any Merger,
10 Acquisition, Amalgamation, and Divestiture (MAADs) discussions.

11

12 GSHi, either directly or through its holding company GSU, is involved in collaborative
13 efforts aimed at improving service for the ratepayers of participating Local Distribution
14 Companies (LDCs). Some key initiatives include:

15

16 • **Electricity Distributors Association (EDA):** The EDA provides analysis,
17 networking opportunities, and a collective voice for its members, enabling them
18 to actively participate in the public discourse on key issues affecting the
19 development of Ontario's energy industry.

20 • **Northeast District Buying Consortium (NEDBC):** This cooperative purchasing
21 group consists of LDCs in northeastern Ontario. NEDBC facilitates shared
22 procurement efforts, efficient purchasing of standardized materials and
23 equipment, and occasionally emergency inventory. Through this consortium,
24 members benefit from economies of scale.

25 • **Utility Standards Forum (USF):** Originally formed to address construction
26 standards under Ontario Regulation 22/04, USF has expanded its scope to
27 include collaborative projects in engineering, IT, regulatory compliance, and
28 customer service. It now benefits a wide range of Ontario LDCs, from small to
29 large.



- 1 • **17 Trees Inc.:** This Utility Arborist (UA) contracting company, founded by GSHi
2 alongside PUC Distribution Inc. and North Bay Hydro, delivers high-quality UA
3 services to its shareholders.
- 4 • **Grid Smart City Cooperative (GSC):** With 16 member LDCs, GSC serves over
5 910,000 customers and manages \$2.65 billion in assets. The cooperative shares
6 resources, insights, and systems to improve operational efficiency, reliability, and
7 innovation across Ontario's electricity grid.

8
9 GSHi continues to explore further collaborative opportunities with other LDCs, aiming to
10 share costs and reduce risks in response to the growing impacts of electrification and
11 decarbonization. Collaboration is a key part of GSHi's strategy to navigate these
12 changes in the electricity distribution sector.

13
14
15



Greater Sudbury Hydro Inc.
Filed: October 30, 2024
EB-2024-0026
Exhibit 1
Tab 10

Exhibit 1: Administrative Documents

Tab 10 (of 10): Impacts of Covid-19 Pandemic



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IMPACTS OF COVID-19 PANDEMIC

GSHi has incorporated the impacts of the COVID-19 pandemic throughout its application, particularly in the load forecast, capital forecast, and OM&A budgets. These adjustments reflect the ongoing effects of the pandemic on GSHi's operations and planning, ensuring that the forecasts are aligned with the current environment and its related challenges. Where necessary, the details of these impacts are discussed in the relevant sections of the application to provide a comprehensive understanding of how the pandemic has shaped GSHi's forecasts and strategies.