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2025-03-19

VIA EMAIL & RESS

Ms. Nancy Marconi
Registrar
Ontario Energy Board (OEB)
2300 Yonge Street, 26th Floor
PO Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

**Re: EB-2024-0026 Greater Sudbury Hydro Inc. (GSHi) – 2025 Cost of Service
Application**

We are writing on behalf of all the parties with respect to the following matters.

Partial Settlement Proposal

The parties are pleased to be able to file a partial settlement proposal that resolves all matters related to GSHi's base rates beginning May 1, 2025, and, with only two exceptions, addresses the disposition of GSHi's deferral and variance accounts. Accordingly, if accepted by the OEB, GSHi will be able to implement new rates with an effective date as early as May 1, 2025.

With respect to the unsettled issues, which will be discussed below, the parties respectfully submit that the disposition of any amounts can be dealt with separately from the implementation of the rates flowing from the partial settlement proposal. In other words, the parties respectfully submit to the OEB that the partial settlement proposal can be accepted and implemented in advance of the hearing and resolution of the unsettled issues.

Additionally, GSHi is filing the ADR-related information responses provided to the parties during the settlement conference so that those responses can be placed on the public record.

Unsettled Issues

Two interrelated issues remain to be addressed in this proceeding, assuming the OEB accepts the partial settlement proposal:

- a) The proposed recovery of \$26,089,910 related to Account 1508 – Other Regulatory Assets, Sub-Account OPEB Cash to Accrual Transitional Amount, including the length of any disposition period; and
- b) The proposed credit of (\$7,218,181) related to disposition of Account 1508 – Other Regulatory Assets, Sub-Account OPEB Actuarial Gains & Losses, including the length of any disposition period.

These issues are linked as both arise from GSHi's transition from cash-based accounting to accrual-based accounting for Other Post-Employment Benefits (OPEBs). GSHi is seeking recovery of \$26,089,910 from customers due to the transition in 2020, while also proposing to credit (\$7,218,181) to reflect actuarial variances relative to the initial transition amount over the 2020 to 2024 period.

The amount related to the transition from cash to accrual-based accounting is material, exceeding 50% of GSHi's annual revenue requirement. Additionally, quantifying the appropriate costs for a regulated distributor that is transitioning from cash to accrual accounting for OPEBs is relatively uncommon, complex, and involves interpretation of OEB policy. Accordingly, the parties believe that under the circumstances it is reasonable that these issues be determined at a hearing, after the filing of additional evidence and further discovery, rather than through a settlement process.

Since any approved disposition will be accounted for through a disposition rider, likely over an extended period (GSHi's application proposes a 10-year disposition period), the parties agree that the partial settlement proposal should be implemented upon OEB approval, without waiting for a decision on the unsettled issues. When the OEB determines the appropriate disposition amount related to the unsettled issues, the parties anticipate that the OEB would also determine the timing of any approved disposition, including the disposition period.

Hearing Process

In determining that the OPEB transition-related issues should proceed to a hearing, the parties concluded that it would be highly beneficial – to both the parties and the OEB - for GSHi to file additional evidence outlining its OPEB history. This would provide critical context for the proposed transition amount and subsequent variances.

Accordingly, the parties jointly request that the OEB allow the filing of supplemental evidence related to the OPEB transition amount and the associated variances from 2020 to 2024, in accordance with section 11.01 a).

Additionally, the parties request that the OEB provide an opportunity for intervenors and OEB Staff to submit interrogatories to GSHi with respect to the supplemental OPEB evidence.

Accordingly, the parties respectfully request that the OEB issue an order specifying:

- a) GSHi will be permitted to provide supplemental written evidence with respect to its claimed OPEB amounts, including a history of its OPEB obligations prior to 2020, with a filing date of May 9th, 2025,
- b) Intervenors and OEB Staff may submit interrogatories on the supplemental evidence on or before May 23rd, 2025; and
- c) GSHi shall provide written responses to intervenor and OEB Staff interrogatories on the supplemental evidence on OPEBs on or before June 6th, 2025.
- d) GSHi shall file its argument in chief on the unsettled issues on or before June 20th, 2025;
- e) Intervenors and OEB Staff shall file their submissions on the unsettled issues on or before July 4th, 2025; and
- f) GSHi shall file its reply submissions on the unsettled issues on or before July 18th, 2025.

The parties have proposed a schedule that presumes a purely written process. If the OEB, notwithstanding the parties' preference for a written process, determines that an oral hearing is necessary, the parties presume that the OEB panel will advise the parties and provide a schedule that incorporates an oral hearing.

Please contact the undersigned with any questions.

Yours truly,

Original Signed By

Tijja Luttrell, CPA, CA
Manager of Regulatory & Management Systems

Cc: Iris Qi, Ljuba Djurdjevic, OEB Counsel, Mike Buonaguro, Intervenors in EB-2024-0026