

**FSRA**Financial Services Regulatory  
Authority of Ontario

Ontario

**ARSF**Autorité ontarienne de réglementation  
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December 16, 2022

Attn: Alan Kestenbaum, CEO  
care of: Paul Simon, General Counsel  
STELCO Inc.  
386 Wilcox Street  
Hamilton, ON L8L 8K5[paul.simon@stelco.com](mailto:paul.simon@stelco.com)Attn: Al Kiel, Senior Partner  
LifeWorks Inc.  
16 York Street, Suite 3300  
Toronto, ON M5J 0E6[al.kiel@lifeworks.com](mailto:al.kiel@lifeworks.com)**Re: Stelco Inc. Retirement Plan for Salaried Employees at Lake Erie Works  
Registration Number 0698753**

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Enclosed, please find the Notice of Intended Decision (NOID) with respect to the above  
noted registered Pension Plan.

Yours truly,

Mitzi D'Souza  
Administrative Assistant, Pensions

Enclosure

c: David Pahn, Financial Services Regulatory Authority of Ontario

**IN THE MATTER OF** the *Pension Benefits Act*, R.S.O. 1990, c. P.8, as amended (the “Act”), in particular section 69(1) of the Act and section 24 of Ontario Regulation 255/17;

**AND IN THE MATTER OF** the Stelco Inc. Retirement Plan for Salaried Employees at Lake Erie Works, Registration Number 0698753 (the “Plan”).

### NOTICE OF INTENDED DECISION

**TO:** LifeWorks Inc., in its capacity as appointed administrator of the Plan  
16 York Street  
Suite 3300  
Toronto ON M5J 0E6

Attention: Al Kiel  
Senior Partner

*Administrator*

**AND TO:** Stelco Inc.  
386 Wilcox Street  
Hamilton ON L8L 8K5

Attention: Alan Kestenbaum  
Chief Executive Officer

*Employer*

**TAKE NOTICE THAT** pursuant to section 69(1) of the Act and section 24 of Ontario Regulation 255/17, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), the Head, Pension Plan Operations and Regulatory Effectiveness, intends to order the wind up of the Plan effective December 31, 2022. Details of this intended decision are described below.

**SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS**, veuillez nous envoyer votre demande par courriel immédiatement à: [contactcentre@fsrao.ca](mailto:contactcentre@fsrao.ca).

**YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SECTION 89(6) OF THE ACT.** A hearing by the Tribunal about this Notice of Intended Decision may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering it to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal  
25 Sheppard Avenue West, Suite 100  
7<sup>th</sup> Floor  
Toronto ON M2N 6S6

Attention: Registrar

Fax: 416-226-7750

Email: [contact@fstontario.ca](mailto:contact@fstontario.ca)

**TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you, an order will be issued as described in this Notice of Intended Decision.**

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at [www.fstontario.ca](http://www.fstontario.ca).

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* ("Rules") made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended. The Rules are available at the website of the Tribunal: [www.fstontario.ca](http://www.fstontario.ca). Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at (416) 590-7294, or toll free at 1-888-333-9211.

## REASONS FOR INTENDED DECISION

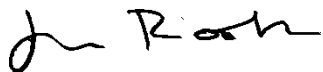
1. These are the reasons for the intended decision to order the wind up of the Plan effective December 31, 2022.
2. Stelco Inc. (formerly U.S. Steel Canada Inc.) is the employer that makes contributions to the Plan.
3. Pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended, and the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended, the Ontario Superior Court of Justice granted an order sanctioning a plan of compromise, arrangement and reorganization under which Bedrock Industries Canada L.P. ("Bedrock") acquired U.S. Steel Canada Inc. effective June 30, 2017.
4. On June 30, 2017, Bedrock, Stelco Inc., the Superintendent of Financial Services appointed under the *Financial Services Commission of Ontario Act, 1997*, S.O. 1997, c. 28, as amended, and Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance, entered into a Pension Agreement providing for, amongst other things, funding, administration and governance matters in relation to the main ongoing defined benefit pension plans sponsored by Stelco Inc. (the "Main Pension Plans"), including the Plan. The Pension Agreement is implemented, in part, by Ontario Regulation 255/17.
5. The terms of the Plan were amended and restated effective June 30, 2017. As a result of these amendments, pensionable service for members of the Plan ceased to accrue on December 31, 2017.
6. Morneau Shepell Ltd. (now LifeWorks Inc.) was appointed as the administrator ("Administrator") of the Plan effective January 1, 2018, under section 8(1.1) of the Act.
7. Effective June 8, 2019, pursuant to the *Financial Services Regulatory Authority of Ontario Act, 2016*, S.O. 2016, c. 37, Schedule 8, as amended, the Financial Services Regulatory Authority of Ontario ("FSRA") became the regulator under the Act and the powers and duties previously vested in the Superintendent of Financial Services under the Act were vested in the Chief Executive Officer.
8. Neither the Administrator nor Stelco Inc. is authorized to wind up the Plan, pursuant to section 23 of Ontario Regulation 255/17 and the terms of the Plan.
9. Section 69(1)(i) of the Act provides that the Chief Executive Officer may order the wind up of a pension plan in prescribed circumstances. Section 24(1)1 of Ontario Regulation 255/17 provides such circumstances exist in relation to the Plan when the Plan's assets are equal to or exceed its wind up liability, including the liability for expected wind up expenses.
10. On October 31, 2022, the Administrator filed with FSRA annual actuarial reports as at December 31, 2021 in accordance with section 21 of Ontario

Regulation 255/17 for the four Main Pension Plans that have yet to be wound up (the “Annual Reports”). Those Annual Reports indicated that of the four Main Pension Plans, only the Plan had an adjusted solvency deficiency as of December 31, 2021, and as a result, only the Plan would be allocated any future contributions that Stelco Inc. is required to make in relation to the Main Pension Plans under Ontario Regulation 255/17, unless and until subsequent annual actuarial reports are filed for the Main Pension Plans that show different adjusted solvency deficiency results for those plans.

11. The Annual Report for the Plan also stated that in September 2022, Plan assets were used to purchase deferred and immediate annuities on a buy-in basis covering approximately 45% of the Plan’s solvency liabilities related to members and former members of the Plan.
12. On October 31, 2022, the Administrator filed with FSRA a quarterly actuarial report for the Plan as at September 30, 2022, in accordance with section 22 of Ontario Regulation 255/17. This quarterly report stated the Plan’s wind up ratio as at September 30, 2022, was 98.6%.
13. In a letter and Actuarial Certification from the Administrator to the Canada Revenue Agency dated November 16, 2022, a copy of which was provided to FSRA, the Administrator stated additional contributions from Stelco Inc. not exceeding \$6,561,000 plus interest, where applicable, would be required for the Plan to have sufficient assets as at September 30, 2022, to pay all of the pension benefits under the Plan.
14. In an email from the Administrator’s legal counsel to FSRA staff and legal counsel on November 29, 2022, the Administrator stated the estimated wind up deficiency for the Plan as at November 1, 2022, was \$6,402,000, a slight decrease from the estimated \$6,561,000 wind up deficiency for the Plan as at September 30, 2022, that had been previously indicated in the Administrator’s November 16, 2022, letter to the Canada Revenue Agency.
15. In an email from the Administrator to FSRA on December 12, 2022, the Administrator stated that all of the Plan’s assets unrelated to the buy-in annuities were invested in fixed income investments, with none of those assets invested in equity investments.
16. In a letter from the Administrator to FSRA dated December 16, 2022, the Administrator confirmed that Stelco Inc. has contributed \$6,614,700 to the Plan since September 30, 2022, representing the amount of \$6,561,000 referred to in the Administrator’s November 16, 2022, letter to the Canada Revenue Agency and interest of \$53,700 on that amount.

17. Over \$35 million in tax savings contributions from Stelco Inc. were due to be contributed to the Main Pension Plans in October 2022 in accordance with section 17 of Ontario Regulation 255/17, but have yet to be contributed to any Main Pension Plan, including the Plan. As described above, currently no Main Pension Plan other than the Plan can be allocated any of these outstanding tax savings contributions under the requirements of Ontario Regulation 255/17. These tax savings contributions are therefore available to be contributed to the Plan should any additional contribution amounts be required to ensure the Plan's assets are equal to or exceed its wind up liability, including the liability for expected wind up expenses, as at December 31, 2022.
18. Based on the information described above, if the Plan is wound up effective December 31, 2022, FSRA expects the Plan's assets will be equal to or exceed its wind up liability, including the liability for expected wind up expenses. As a result, the prescribed circumstances in section 24(1)1 of Ontario Regulation 255/17 have been established to order the wind up of the Plan effective December 31, 2022.
19. Such further and other reasons as may come to my attention.

**DATED** at Toronto, Ontario, December 16, 2022.



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Jennifer Rook  
Head, Pension Plan Operations and Regulatory Effectiveness

By delegated authority from the Chief Executive Officer