

RE: For Approval: Media Inquiry following SCOPA re: OFHP

From: "Ue, Allison (TBS)" <allison.ue@ontario.ca>
To: "Angus, Helen (TBS)" <helen.angus@ontario.ca>
Date: Mon, 26 Mar 2018 12:43:06 -0400

Yes, will do. Thanks.

From: Angus, Helen (TBS)
Sent: March 26, 2018 12:41 PM
To: Ue, Allison (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Also ask Sofie's team to check with CO coms. Thanks.

From: Ue, Allison (TBS)
Sent: March 26, 2018 12:38 PM
To: Angus, Helen (TBS)
Cc: Skoberne, Vivienne (TBS); Nelson, Dane (TBS)
Subject: FW: For Approval: Media Inquiry following SCOPA re: OFHP

Hi Helen,

In response to the questions from the Globe and Mail regarding IESO, we have a proposed response that has been approved by OTB and IESO. We are also connecting with Energy DMO to ensure that we're on the same page before we respond.

Questions from the Globe and Mail:

- 1) On what date did Ms. Veinot ask the IESO to "look at" the issue of market accounts on the IESO's financial statements?
- 2) What form did this request take? (Letter, memo, personal conversation, etc.)
- 3) To whom at IESO did Ms. Veinot direct this request?
- 4) Did Ms. Veinot indicate to the IESO a time frame in which her instructions were to be executed? If so, what was that timeframe?

Proposed Response:

During the week of January 16, 2017, Cindy Veinot, Assistant Deputy Minister and Provincial Controller had a conversation with Kim Marshall, Vice President, Corporate Services and Chief Financial Officer regarding IESO taking a closer look at the appropriate accounting for market accounts on their financial statements. While no specific timeframe was discussed during the conversation, the intention of the request was to have this review completed before the province's year-end of March 31, 2017.

Let me know if you have any questions or concerns.

Thanks,
Allison

From: Tharani, Alisha (TBS)
Sent: March 26, 2018 12:27 PM
To: Ue, Allison (TBS); Nelson, Dane (TBS)
Cc: DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Miller, Amanda (TBS); Smith, Kendall (TBS); Thiru, Durga (TBS)

Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hi again,

Please note a minor change to the response (change highlighted in blue) that just came through from Cindy --

Response: During the week of January 16, 2017, Cindy Veinot, Assistant Deputy Minister and Provincial Controller had a conversation with Kim Marshall, Vice President, Corporate Services and Chief Financial Officer regarding IESO taking a closer look at the appropriate [accounting for](#) market accounts on their financial statements. While no specific timeframe was discussed during the conversation, the intention of the request was to have this review completed before the province's year-end of March 31, 2017.

Thanks,

Alisha

From: Tharani, Alisha (TBS)
Sent: March 26, 2018 12:13 PM
To: Ue, Allison (TBS); Nelson, Dane (TBS)
Cc: DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Miller, Amanda (TBS); Smith, Kendall (TBS); Thiru, Durga (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hi Allison, Dane,

As you know, last week we received follow-up questions from Matthew McClearn at the Globe & Mail:

- 1) On what date did Ms. Veinot ask the IESO to “look at” the issue of market accounts on the IESO’s financial statements?
- 2) What form did this request take? (Letter, memo, personal conversation, etc.)
- 3) To whom at IESO did Ms. Veinot direct this request?
- 4) Did Ms. Veinot indicate to the IESO a time frame in which her instructions were to be executed? If so, what was that timeframe?

While Matthew has posted the following today: [Auditor-General blasts ‘bogus’ hydro accounting strategies in Ontario](#), he will be writing further on the topic.

Here is the OTB & IESO-approved response to his follow-up questions:

Response: During the week of January 16, 2017, Cindy Veinot, Assistant Deputy Minister and Provincial Controller had a conversation with Kim Marshall, Vice President, Corporate Services and Chief Financial Officer regarding IESO taking a closer look at the appropriate use of market accounts on their financial statements.

While no specific timeframe was discussed during the conversation, the intention of the request was to have this review completed before the province's year-end of March 31, 2017.

Please let us know if you have any feedback and if this is ok to go to MO.

Thanks,

Alisha

From: Ue, Allison (TBS)
Sent: March 14, 2018 6:34 PM
To: Tharani, Alisha (TBS); Nelson, Dane (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS)
Cc: DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Miller, Amanda (TBS); Smith, Kendall (TBS); Thiru, Durga (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Thanks all

From: Tharani, Alisha (TBS) <Alisha.Tharani@ontario.ca>
Date: Wednesday, Mar 14, 2018, 6:31 PM
To: Ue, Allison (TBS) <Allison.Ue@ontario.ca>, Nelson, Dane (TBS) <Dane.Nelson@ontario.ca>, Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>, Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>
Cc: DiMuzio, Sofie (TBS) <Sofie.DiMuzio@ontario.ca>, Sullivan, Bryant (TBS) <Bryant.J.Sullivan@ontario.ca>, Vrancart, Kate (TBS) <Kate.Vrancart@ontario.ca>, Miller, Amanda (TBS) <Amanda.Miller@ontario.ca>, Smith, Kendall (TBS) <Kendall.Smith@ontario.ca>, Thiru, Durga (TBS) <Durga.Thiru@ontario.ca>
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hi Allison,

Confirming that we have connected with our issues management counterparts at the Ministry of Energy to understand how the final response was landed, as well as for next steps regarding connecting with KPMG, EY and Deloitte.

We have also flagged this for awareness with our Finance counterparts.

We continue to review for potential issues and await further details from our Energy counterparts – we will be sure to follow-up with you with any updates.

Best,

Alisha

Alisha Tharani
Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

From: Ue, Allison (TBS)
Sent: March 14, 2018 4:33 PM
To: Tharani, Alisha (TBS); Nelson, Dane (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS)
Cc: DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Miller, Amanda (TBS); Smith, Kendall (TBS); Thiru, Durga (TBS)

Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Thanks Alisha for flagging this.

Based on Energy's response and the documents provided, do we need an issues management plan for this? I had a chat with Christine (we're at sign-off), and she's going to chat with Gabby. Apparently PO issues thinks that the content of the decks was publicly available/shared with gallery reporters before. They are going to regroup and double check.

We've also looped in with Energy and Finance DMO as well, so they are aware.

From: Tharani, Alisha (TBS)
Sent: March 14, 2018 3:42 PM
To: Nelson, Dane (TBS); Ue, Allison (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS)
Cc: DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Miller, Amanda (TBS); Smith, Kendall (TBS); Thiru, Durga (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hi all,

An update on this media request (re: OFHP decision-making)–

We have been informed that Energy's MO provided a response to the Globe & Mail reporter on Monday March 12. See attached for the response, which includes several supporting documents.

For your information –

- Energy's MO responded on behalf of TBS and Finance (the question initially posed to Finance was more appropriately suited for Energy).
- The response that was provided to the reporter differs from the TBS program area and DMO-approved response (e.g. the response provided to the reporter includes reference to the specific external advisors – EY, KPMG, Deloitte; it references OPCD; it includes reference to the North American jurisdictions that use rate-regulated accounting)
- Attachments that were sent to the reporter include:
 - o a statement from Deloitte as to whether public sector entity could use PSAS under rate-regulated accounting
 - o a KPMG report addressing IESO accounting issues raised by the AG (note that Energy highlighted that this report has been shared with other reporters for background, though has not been widely distributed)
 - o media and technical briefing decks on OFHP

I am also attaching a media contact report for your records.

Please let us know if you have any questions.

Best,

Alisha

Alisha Tharani
Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

TBS program area and DMO-approved response:

The Treasury Board Secretariat (TBS) was not responsible for developing the financial structure for Ontario's Fair Hydro Plan (OFHP). Senior TBS officials and their staff worked with officials from the Ministries of Finance and Energy, Ontario Power Generation, Independent Electricity System Operator and Ontario Financing Authority, as well as their external advisors, to understand the structure of OFHP proposed by the Ministry of Energy and assess the accounting treatment of OFHP in the consolidated financial statements of the Province. The consolidated financial statements of the Province are prepared in accordance with Public Sector Accounting Standards.

In developing Ontario's Fair Hydro Plan, the government considered a range of implementation options and consulted with external third-party experts to provide advice and ensure due diligence was completed. OFHP operates under a financial and accounting framework that is appropriate for the intended purpose.

In order to meet the need for accountability in government reporting and decision making, for the legislature and the public, it is essential that public sector financial statements reflect the economic substance of the government's activities, and the accounting is in accordance with Public Sector Accounting Standards.

Response provided by Ministry of Energy on behalf of TBS:

Ontario's Fair Hydro Plan, a plan that lowers electricity prices for all Ontarians on average by 25% was developed by the Ministry of Energy. Officials from Treasury Board, Finance, OPG, IESO and the Ontario Financing Authority along with external advisors that included Ernst and Young, KPMG and Deloitte worked on the accounting related to the Fair Hydro Plan. They along with the Office of the Provincial Controller ensured that this plan was in accordance with Public Sector Accounting Standards. It's also important to note that the accounting treatment used in this plan is used in jurisdictions across North America including Alberta, New England, New York, Minnesota and Texas.

From: Tharani, Alisha (TBS)
Sent: March 8, 2018 8:59 AM
To: Nelson, Dane (TBS)
Cc: Ue, Allison (TBS); Vrancart, Kate (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hi Dane,

Quick update – the response will now be shared with the reporter by Energy's MO.

Best,

Alisha

Alisha Tharani
Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

From: Nelson, Dane (TBS)
Sent: March 7, 2018 2:31 PM
To: Tharani, Alisha (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Thanks!

Regards,

Dane Nelson, Senior Policy Advisor
Treasury Board Secretariat | Deputy Minister's Office
Phone: 416-325-3617 | Mobile: 416-409-3437 | E-mail: Dane.Nelson@ontario.ca

From: Tharani, Alisha (TBS)
Sent: March-07-18 2:10 PM
To: Nelson, Dane (TBS)
Cc: Ue, Allison (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS); Miller, Amanda (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Thanks very much, Dane!

Confirming it has now been shared with MO.

We'll be sure to keep you updated with any developments.

Thanks,

Alisha

Alisha Tharani
Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

From: Nelson, Dane (TBS)
Sent: March 7, 2018 1:50 PM
To: Tharani, Alisha (TBS)
Cc: Ue, Allison (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hey Alisha,

We're good to go. Thanks!

Regards,

Dane Nelson, Senior Policy Advisor
Treasury Board Secretariat | Deputy Minister's Office
Phone: 416 -325-3617 | Mobile: 416-409-3437 | E-mail: Dane.Nelson@ontario.ca

From: Tharani, Alisha (TBS)
Sent: March-07-18 1:44 PM
To: Nelson, Dane (TBS)
Cc: Ue, Allison (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP
Importance: High

Hi Dane,

Flagging that MO (Lawvin) called and is hoping to receive response ASAP – as they still need to get Energy MO and PO approval on their before the end of the day.

If you could please let us know if it's good to go ahead ASAP, it would be very much appreciated.

Thanks,

Alisha

Alisha Tharani
Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

From: Tharani, Alisha (TBS)
Sent: March 7, 2018 12:07 PM
To: Nelson, Dane (TBS)
Cc: Ue, Allison (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hi Dane,

See attached for the updated response, with Energy's edits tracked. To confirm, OPCD and OTB have confirmed they are ok with these changes.

Please let me know if these changes are ok on your end, and then we will share with MO to respond to the reporter. We are tracking towards a deadline of this afternoon.

Thanks very much,

Alisha

Alisha Tharani
Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

From: Tharani, Alisha (TBS)
Sent: March 7, 2018 9:16 AM
To: Nelson, Dane (TBS)
Cc: Ue, Allison (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS); Miller, Amanda (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hi Dane,

For sure – will do.

Thanks,

Alisha

Alisha Tharani

Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

From: Nelson, Dane (TBS)
Sent: March 7, 2018 9:15 AM
To: Tharani, Alisha (TBS)
Cc: Ue, Allison (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS); DiMuzio, Sofie (TBS); Miller, Amanda (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Thanks for the update Alisha. Can you please share the edits before sending it over to MO?

Regards,

Dane Nelson, Senior Policy Advisor
Treasury Board Secretariat | Deputy Minister's Office
Phone: 416-325-3617 | Mobile: 416-409-3437 | E-mail: Dane.Nelson@ontario.ca

From: Tharani, Alisha (TBS)
Sent: March-06-18 5:14 PM
To: Nelson, Dane (TBS)
Cc: Ue, Allison (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS); DiMuzio, Sofie (TBS); Miller, Amanda (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hi Dane,

To follow-up on this media request – we have just received feedback from Energy. We're running their (minor) changes through program area approval on our end, and will keep you updated.

MO has let the reporter know we'll get back to them tomorrow.

Thanks,

Alisha

Alisha Tharani
Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

From: Tharani, Alisha (TBS)
Sent: March 2, 2018 6:05 PM
To: Nelson, Dane (TBS)
Cc: Ue, Allison (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hi Dane,

Thanks again for the update.

At this time, we have Finance's approval.

We are still waiting to hear back from Energy – we will be sure to wait for their go-ahead before sharing the response with MO.

We will continue to keep you updated, and thanks again for moving this quickly on your end,

Alisha

Alisha Tharani
Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

From: Nelson, Dane (TBS)
Sent: March 2, 2018 5:01 PM
To: Tharani, Alisha (TBS)
Cc: Ue, Allison (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS)
Subject: RE: For Approval: Media Inquiry following SCOPA re: OFHP

Hey Alisha,

Further to our conversation, Helen has reviewed the proposed response and she is comfortable. However, we'll need buy-in from Energy and Finance before we send a response.

Regards,

Dane Nelson, Senior Policy Advisor
Treasury Board Secretariat | Deputy Minister's Office
Phone: 416-325-3617 | Mobile: 416-409-3437 | E-mail: Dane.Nelson@ontario.ca

From: Tharani, Alisha (TBS)
Sent: March-02-18 2:08 PM
To: Nelson, Dane (TBS)
Cc: Ue, Allison (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Thiru, Durga (TBS); Laughton, Patrick (TBS); Hosick, Sarah (TBS)
Subject: For Approval: Media Inquiry following SCOPA re: OFHP

Hi Dane,

As discussed – following SCOPA on Tuesday afternoon, TBS's MO received a media inquiry from a reporter, Matthew McClearn, at the Globe & Mail regarding decision-making at TBS for the accounting structure for Ontario's Fair Hydro Plan.

Please see below for the proposed response for approval. This response has been approved by the Associate DM and Director of Communications.

“ Who were the senior decision-makers at Treasury Board responsible for the accounting/financial structure with the Fair Hydro Plan? And what were their roles in establishing the accounting/financial structure?”

The Treasury Board Secretariat (TBS) was not responsible for developing the financial structure for the Fair Hydro Plan. Senior TBS officials and their staff worked with officials from the Ministries of Finance and Energy, Ontario Power Generation, Independent Electricity System Operator and Ontario Financing Authority, as well as their external advisors, to understand the structure of the Ontario Fair Hydro Plan (the “OFHP”) proposed by the Ministry of Energy and assess the accounting treatment of the OFHP in the consolidated financial statements of the Province. The consolidated financial statements of the Province

are prepared in accordance with Public Sector Accounting Standards.

In developing Ontario's Fair Hydro Plan, the government considered a range of implementation options and consulted with legal, accounting, financial and energy sector third-party experts to provide advice and ensure due diligence was completed. The OFHP operates under a financial and accounting framework that is appropriate for the intended purpose.

In order to meet the needs of users, including the legislature and the public, for accountability in government reporting and decision making, it is essential that public sector financial statements reflect the economic substance of the government's activities, and the accounting is in accordance with Public Sector Accounting Standards.

Yesterday, the reporter also followed up with an additional question for TBS (pasted below my signature), however, it's recommended that the above response addresses this question, as well.

Additionally, the reporter reached out to the Ministry of Finance regarding borrowing estimates for the OFHP. As this question more appropriately sits with the Ministry of Energy, Energy will be responding to the reporter. At this time, Energy itself has not received any direct inquiries from the reporter.

To confirm, we continue to connect with our counterparts and Energy and Finance, and this matter has also been flagged for CO Issues.

We look forward to your office's review/approval. Following your response, we will share this with MO to get respond to the reporter directly.

Please don't hesitate to let us know if you have any questions.

Thanks,

Alisha

Alisha Tharani
Senior Corporate Issues Management Analyst | Treasury Board Secretariat
416-327-3803 | Alisha.Tharani@ontario.ca

Questions for TBS from Matthew McClearn, Globe & Mail

**Part 1: "Who were the senior decision-makers at Treasury Board responsible for the accounting/financial structure with the Fair Hydro Plan?
And what were their roles in establishing the accounting/financial structure?"**

Part 2: "The Hansard of the proceedings of the Standing Committee on Estimates on Oct. 24, 2017 indicates Ms. Sophie Kiwala said the following:

Our plan has been approved by the peers of the Auditor General at some of Canada's top accounting firms, including Ernst and Young, KPMG and Deloitte. In the development of the fair hydro plan, we also consulted with numerous third-party advisers in the application of accounting standards.

IESO's management, IESO's audit committee, IESO's board of directors, IESO's external auditor and the Office of the Provincial Controller all support this accounting treatment.

(Emphasis added.)

Who at the Office of the Provincial Controller signed off on the financial/accounting structure of the Fair Hydro Plan? What form did that approval take?"