2016-17 Early-Read Outlook

Significant Improvement

2016 Budget
(4.3) billion

+ Pension Adjustment and Tools

2016 FES
(4.3) billion

+ Higher Revenue ***1.7 billion***

− Re-profiling Cap and Trade Proceeds ***0.5 billion***

− Lower Revenue from Assets ***0.1 billion***

− <u>Accounting Adjustments:</u>
Accounting Framework (IFRS) ***75 million***
Unchanged Contaminated Sites

Unchanged Program Expense

+ Reverse Pension Adjustment ***2.2 billion***

+ Lower Interest on Debt ***0.1 billion***

+ Reduce Reserve ***0.4 billion***

Early-Read
(0.6) billion

Moderate Improvement

2016 Budget
(4.3) billion

+ Pension Adjustment and Tools

2016 FES
(4.3) billion

+ Higher Revenue ***0.7 billion***

− Re-profiling Cap and Trade Proceeds ***0.5 billion***

− Lower Revenue from Assets ***0.1 billion***

− <u>Accounting Adjustments:</u>
Accounting Framework (IFRS) ***75 million***
Contaminated Sites ***50 million***

− Higher Program Expense ***1.0 billion***

+ Reverse Pension Adjustment ***2.2 billion***

Unchanged Interest on Debt

+ Reduce Reserve ***0.4 billion***

Early-Read
(2.7) billion

Details of Early-Read Outlook

As of January, 2017 early information suggests that the interim outlook for 2016-17 may show a considerable improvement compared to the 2016 Budget and FES.

$ Billions	2016 Budget	Change	2016 FES	Change	Early-Read Outlook
Revenue					
All Other Revenue	129.4	2.1	131.6	1.7 to 0.7	133.3 to 132.3
Cap and Trade Proceeds	0.5	–	0.5	(0.5)	–
Asset Optimization	0.7	–	0.7	(0.1)	0.6
Total Revenue	**130.6**	**2.1**	**132.7**	**1.2 to 0.2**	**133.9 to 132.9**
Acct'g. Framework for OPG/H1 (IFRS) and Impact of Contaminated Sites	–	–	–	(0.1)	(0.1)
Expense					
Program Expense	122.1	0.6	122.7	0.0 to 1.0	122.7 to 123.7
Pension Adjustment	–	2.2	2.2	(2.2)	0.0
Cap and Trade (GIF and Doc. Initiatives)	0.1	0.3	0.4	0.0	0.4
Total Program Expense	**122.1**	**3.1**	**125.3**	**(2.2) to (1.2)**	**123.1 to 124.1**
Interest on Debt	11.8	(0.4)	11.4	(0.1) to 0.0	11.3 to 11.4
Total Expense	**133.9**	**2.7**	**136.6**	**(2.3) to (1.2)**	**134.4 to 135.4**
Reserve	1.0	(0.6)	0.4	(0.4)	–
Surplus/(Deficit)	**(4.3)**	**(0.0)**	**(4.3)**	**3.8 to 1.7**	**(0.6) to (2.7)**

Outstanding information could *significantly* impact the outlook, such as: ministry revenue and expense updates, consolidations and other technical adjustments, revised pension expense estimates, key revenue updates.

Note: Numbers may not add due to rounding