Re: Moody's Report

From: "Ghiassi, Ali (MOF)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=ghiassi, ali (mof)0ef">
To: "Mayman, Gadi (OFA)" <gadi.mayman@ofina.on.ca>
Cc: "Thompson, Scott (MOF)" <scott.thompson@ontario.ca>, "McLean, David (MOF)" <david.mclean@ontario.ca>
Date: Sun, 12 Mar 2017 13:00:23 -0400

Thanks Gadi. Very helpful.

Ali Ghiassi
Chief of Staff
Minister of Finance
416.948.5409

> On Mar 12, 2017, at 12:21 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
> Moody's, unlike DBRS, was quite negative on our approach when we spoke to them last week, so we'll need to be very careful when we speak to them. If you read through the conditions that they list in the report that you've attached, you'd have to take a very optimistic approach to not assume we're at the outside edge, or beyond, what they'd consider acceptable.
>
> Fortunately, they don't rate OPG at the moment, because the utilities analyst on our call with them was the one who was most negative on our approach, and said that his view, at first glance, was that they are always concerned that regulatory assets can turn into stranded debt, and that this was the largest regulatory asset that he had ever seen. The difference in law between Canada and the US was also something that he pointed to, and the inability of the government to bind future governments. The provincial analyst on the call was less fussed, particularly after we made it clear that this would be funded on an as needed basis, not all $28 billion up front.
>
> We should discuss this further tomorrow, because if it's Moody's that Energy and OPG are counting on to make this effective, there's a lot of cautious work to be done.
>
> Gadi
>
>> On Mar 12, 2017, at 11:42 AM, Ghiassi, Ali (MOF) <Ali.Ghiassi@ontario.ca> wrote:
>>
>> Hi Gadi,
>>
>> Please see attached Moody's report re: the treatment of the securitization of utility charges via special legislation. While this is a U.S. based report it is instructive in respect to what we are trying to achieve.
>>
>> Let's chat next week about how we approach Moody's on this.
>>
>> Ali Ghiassi
>> Chief of Staff
>> Minister of Finance
>> 416.948.5409
>>
>>
>> Begin forwarded message:
>>
>> From: "Teliszewsky, Andrew (ENERGY)" <Andrew.Teliszewsky@ontario.ca<mailto:Andrew.Teliszewsky@ontario.ca>>
>> To: "Bevan, Andrew (OPO)" <Andrew.Bevan@ontario.ca<mailto:Andrew.Bevan@ontario.ca>>, "McEachern, Gillian (OPO)"

<Gillian.McEachern@ontario.ca<mailto:Gillian.McEachern@ontario.ca>>, "Ghiassi, Ali (MOF)"
<Ali.Ghiassi@ontario.ca<mailto:Ali.Ghiassi@ontario.ca>>, "Jancik, Mike (TBS)"
<Mike.Jancik@ontario.ca<mailto:Mike.Jancik@ontario.ca>>, "Rowe, Mary (OPO)"
<Mary.Rowe@ontario.ca<mailto:Mary.Rowe@ontario.ca>>, "Donelson, Philip (OPO)"
<Philip.Donelson@ontario.ca<mailto:Philip.Donelson@ontario.ca>>, "Mksyartinian, Jacob (OPO)"
<Jacob.Mksyartinian@ontario.ca<mailto:Jacob.Mksyartinian@ontario.ca>>, "Nguyen, Marianne (MOF)" <Marianne.Nguyen@ontario.ca<mailto:Marianne.Nguyen@ontario.ca>>, "Pichelli, Jason (TBS)" <Jason.Pichelli@ontario.ca<mailto:Jason.Pichelli@ontario.ca>>
>> Cc: "Whittington, Matt (ENERGY)"
<Matt.Whittington@ontario.ca<mailto:Matt.Whittington@ontario.ca>>, "Campbell, David (ENERGY)"
<David.Campbell2@ontario.ca<mailto:David.Campbell2@ontario.ca>>, "Marangoni, Emily (OPO)"
<Emily.Marangoni@ontario.ca<mailto:Emily.Marangoni@ontario.ca>>
>> Subject: Moody's Report
>>
>> Good Morning:
>>
>> In case folks are keen for a bit of light reading, enclosed is a report by Moody's on Securitization of Utility charges, similar to what the Fair Hydro Plan will enact.
>>
>> While this report is based on US information and about 18-months old, OPG and external legal recommended it to us as part of our implementation activities.
>>
>> It's generally an understandable read, while not all notes and references are exact correlates to the Canadian / Ontario context, it does provide a good "how to" and "quick facts" - all in about 8 pages.
>>
>> Take care.
>>
>> Andrew Teliszewsky
>> 416-327-3550
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>>
>> <Moody's Global Approach to Rating Securities Backed by Utility Cost Reco....pdf>
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> ______________________________________
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