FW: 2016 11 28 Hydro One Deferred Tax Asset v04 1

From:	"Katona, Keley (ENERGY)" <keley.katona@ontario.ca>
To:	"Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>
Date:	Mon, 28 Nov 2016 14:25:00 -0500
Attachments:	2016 11 28 Hydro One Deferred Tax Asset v04 1.doc (78.34 kB)

Deputy,
The attached note has been update based on what Scott outlined below. If you're comfortable with the attached, I can share with the MO and with the SoC's office. The meeting this afternoon still seems to be scheduled.
Thanks,
Keley

From: Nelms, Scott (ENERGY)
Sent: November-28-16 2:23 PM
To: Katona, Keley (ENERGY)
Subject: 2016 11 28 Hydro One Deferred Tax Asset v04 1

We made a few more changes to the note, based on conversations with Hydro One and Scotia. Note that apparently in oral hearings last week, Board members were asking quite a few questions about the deferred tax asset. There seems to be an interest in exploring whether some or all of the benefit should flow to ratepayers. Previously it was only board staff asking questions.

In addition, Scotia used the IPO model to determine that the full impact would be about $1B on a DCF basis. This translates to slightly less than $2 per share. However we would expect greater impacts as a result of a reduction in the P/E multiple to account for increased regulatory risk.

Finally, we removed the Toronto Hydro references, as those no longer appear to be relevant.