Re: Moody's Report

From: Gadi Mayman <gadi.mayman@ofina.on.ca>
To: "Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>, "Hume, Steen (ENERGY)" <steen.hume@ontario.ca>
Cc: "Thompson, Scott (MOF)" <scott.thompson@ontario.ca>, "Lemcke, Bonnie (OFA)" <bonnie.lemcke@ofina.on.ca>, "Nelms, Scott (MOF)" <scott.nelms@ontario.ca>, "Kwan, Ronald (OFA)" <ronald.kwan@ofina.on.ca>, "Kennedy, Nancy (MOF)" <nancy.kennedy@ontario.ca>
Date: Sun, 12 Mar 2017 13:36:21 -0400

Just so I don't always sound so worried, I thought that DBRS went very well, and I also felt the FAO meeting was a good one.

Original Message
From: Imbrogno, Serge (ENERGY)
Sent: Sunday, March 12, 2017 1:29 PM
To: Gadi Mayman; Steen Hume (CAB)
Cc: Scott Thompson (CAB); Bonnie Lemcke; Scott Nelms (ENERGY); Ronald Kwan; Nancy Kennedy (MOHLTC)
Subject: Re: Moody's Report

Thanks Gadi. Agree that there are some major differences between the US experience and the GA smoothing asset - the quantum and the legislative authority/property right differences being the most notable. I haven't had a full de-brief on the call but I believe everyone recognizes we have a lot of work to do to get this right.

Serge

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Gadi Mayman
Sent: Sunday, March 12, 2017 12:49 PM
To: Imbrogno, Serge (ENERGY); Hume, Steen (ENERGY)
Cc: Thompson, Scott (MOF); Lemcke, Bonnie (OFA); Nelms, Scott (MOF); Kwan, Ronald (OFA); Kennedy, Nancy (MOF)
Subject: Fw: Moody's Report

Hi Serge. I don't know if Steen had a chance to fill you in after our call with Moody's on Thursday, but your MO, and apparently OPG and/or their legal counsel, have a much more optimistic perspective than I took away from our call, which had a very different tone than our discussion with DBRS.

Gadi

Original Message
From: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Sent: Sunday, March 12, 2017 12:21 PM
To: Ghiassi, Ali (MOF)
Cc: Scott Thompson (CAB); David McLean (MOF)
Subject: Re: Moody's Report

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
>
>
>

>
> <Moody's Global Approach to Rating Securities Backed by Utility Cost Reco....pdf>
