

RE: **>Ont<** Electricity IESO

From: "Prins, Sebastian (TBS)" <sebastian.prins@ontario.ca>
To: "Jancik, Mike (TBS)" <mike.jancik@ontario.ca>
Date: Tue, 25 Oct 2016 08:00:56 -0400

On my way - 1 min on call

-----Original Message-----

From: Jancik, Mike (TBS)
Sent: October-25-16 7:52 AM
To: Prins, Sebastian (TBS)
Subject: FW: **>Ont<** Electricity IESO
Importance: High

Can you come by for a sec.

-----Original Message-----

From: Forgione, Andrew (OPO)
Sent: October 25, 2016 7:43 AM
To: Jancik, Mike (TBS)
Cc: Killorn, Bill (OPO)
Subject: FW: **>Ont<** Electricity IESO
Importance: High

Morning Mike - see issue below re: \$80M loss from IESO in our financial statements. Are you able to chat this AM on this or direct us to a policy advisor? We need to correct the story before the next version is sent around.

-----Original Message-----

From: Moulton, Dan (ENERGY)
Sent: October-25-16 7:37 AM
To: Killorn, Bill (OPO); Campbell, David (ENERGY); Forgione, Andrew (OPO); Xavier, Katrina (ENERGY)
Cc: McPhail, Blane (OPO); Beaudry, Jennifer (OPO)
Subject: RE: **>Ont<** Electricity IESO

We're awaiting further explanation from IESO, but it appears this is a massive overstatement of the situation. The following is the explanatory note from the Public Accounts. They moved over to PSAB in 2010 and there were pension changes associated, as there always would be. It would be helpful as we break this down on our side if TBS or MOF was able to provide examples of other entities that have been doing the same thing? I could be wrong, but thought that was something every agency was required to move towards?

I'm also wondering if this is a question about IFRS/USGAAP that the AG was taking issue with? I don't know enough about implications in or against our favour there?

"Effective January 1, 2011, the IESO adopted Canadian public sector accounting standards with a transition date of January 1, 2010. The adoption of PSAB was accounted for by retroactive application with restatement of prior periods subject to the requirements in Section PS 2125, First-time Adoption by Government Organizations.

The corresponding change to pension and other-post employment benefits resulted in previously unrecognized actuarial losses and past service costs of \$80,617 thousand at the date of transition being charged to the accumulated deficit.

The IESO includes a portion of the accumulated deficit resulting from the PSAB transition items in the annual proposed expenditures to the OEB for recovery through system fees."

-----Original Message-----

From: Moulton, Dan (ENERGY)

Sent: October-25-16 6:55 AM

To: Killorn, Bill (OPO); Campbell, David (ENERGY); Forgione, Andrew (OPO); Xavier, Katrina (ENERGY)

Cc: McPhail, Blane (OPO); Beaudry, Jennifer (OPO)

Subject: Re: **>Ont<** Electricity IESO

All hands on deck over here.

Were working to get to bottom of allegations and to include our comment in Keiths recast.

Minister also up at Estimates at 9am - so give ministry added push.

Rest assured, this issue has our full attention.

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Killorn, Bill (OPO)

Sent: Tuesday, October 25, 2016 6:52 AM

To: Campbell, David (ENERGY); Forgione, Andrew (OPO); Moulton, Dan (ENERGY); Xavier, Katrina (ENERGY)

Cc: McPhail, Blane (OPO); Beaudry, Jennifer (OPO)

Subject: RE: **>Ont<** Electricity IESO

Will need it sooner than 8:30.

Need it ASAP we need to ensure that Keith Leslie gets our messaging before his story gets picked up wider like last week.

-----Original Message-----

From: Campbell, David (ENERGY)

Sent: October-25-16 6:47 AM

To: Forgione, Andrew (OPO); Moulton, Dan (ENERGY); Xavier, Katrina (ENERGY)

Cc: McPhail, Blane (OPO); Killorn, Bill (OPO)

Subject: Re: **>Ont<** Electricity IESO

Yes we're working on it. Talk soon

Sent from my BlackBerry 10 smartphone on the Rogers network.

Original Message

From: Forgione, Andrew (OPO)

Sent: Tuesday, October 25, 2016 6:19 AM

To: Campbell, David (ENERGY); Moulton, Dan (ENERGY); Xavier, Katrina (ENERGY)

Cc: McPhail, Blane (OPO); Killorn, Bill (OPO)

Subject: Fw: **>Ont<** Electricity IESO

See below - can you send us your messaging by 8:30 am? We have an earlier briefing with the premier today and will need to brief her on it

A. Forgione

(647)-205-3475

Original Message

From: Command News <fp.NEWS.AFORGIONE@commandnews.com>

Sent: Tuesday, October 25, 2016 4:02 AM

To: Forgione, Andrew (OPO)

Subject: **>Ont<** Electricity IESO

Profile: AFORGIONE / My Drawer / Ontario Political News - Clip 3 (limit 30) Oct 25 2016 04:00:00 -

Source: BN [The Canadian Press - Broadcast wire]

>Ont< Electricity IESO

TORONTO - **>Ontario<**s efforts to ease the upward pressure on electricity rates has been dealt a

setback by a change in accounting practices.

In the government's public accounts for 2015-16, the Independent Electricity System Operator reported a ``previously unrecognized actuarial loss and past service costs" of just over \$80 million.

The provincial agency which oversees **>Ontario<***'s electricity market says it will raise fees it charges the power industry to recover the losses as part of its accumulated deficit charge.

Progressive Conservative researchers discovered the \$80 million loss in the public accounts and the Opposition plans to raise the issue in the legislature today.

The Tories point out the loss more than offsets the \$70 million the Liberals said would be saved over seven years under Ontario's new deal to purchase two terawatt hours of electricity annually from Quebec.

The Liberals are also removing the eight per cent provincial portion of the HST from electricity bills, and scrapping plans for more wind and solar power projects, to reduce system costs and ease upward pressure on rates.

(The Canadian Press)

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