

RE: FAO Initial Report on OFHP - Strictly Confidential

From: "Forgione, Andrew (OPO)" <andrew.forgione@ontario.ca>
To: "Killorn, Bill (OPO)" <bill.killorn@ontario.ca>, "McPhail, Blane (OPO)" <blane.mcphail@ontario.ca>
Date: Tue, 16 May 2017 08:34:07 -0400

Main points:

- The FAO estimates that the net cost of the Province's FHP to be \$21 billion over 29 years.
- However, the impact to the Province and eligible electricity ratepayers differs.
- Eligible electricity ratepayers are projected to experience savings of \$33 billion from 2017 to 2027 and increased cost of \$10 billion from 2028 to 2045 for a net savings of \$23 billion.
- The FHP is projected to cost the Province approximately \$44 billion over 29 years. However, if the Province funds the cost of the FHP through debt, this amount could increase to between \$68 and \$93 billion.
- The Province's proposed accounting treatment of the electricity cost refinancing initiative results in no impact to the Province's annual surplus / deficit.
- However, if the Province's proposed accounting treatment does not meet public sector accounting standards, then the electricity cost refinancing initiative would result in \$26 billion in additional costs to the Province from 2017-18 to 2027-28 and \$26 billion in savings to the Province from 2028-29 to 2045-46.

From: Killorn, Bill (OPO)
Sent: May-16-17 8:26 AM
To: McPhail, Blane (OPO); Forgione, Andrew (OPO)
Subject: FW: FAO Initial Report on OFHP - Strictly Confidential
Sensitivity: Confidential

From: Bevan, Andrew (OPO)
Sent: May-14-17 6:39 PM
To: McEachern, Gillian (OPO); Rowe, Mary (OPO); MacKenzie, Rebecca (OPO); Killorn, Bill (OPO); Jancik, Mike (TBS)
Subject: Fw: FAO Initial Report on OFHP - Strictly Confidential
Sensitivity: Confidential

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Orsini, Steve (CAB) <Steve.Orsini@ontario.ca>
Sent: Sunday, May 14, 2017 6:28 PM
To: Bevan, Andrew (OPO)
Cc: Davidson, Steven (CAB); Bromm, William (CAB); Kwamena, Boafoa (CAB)
Subject: FW: FAO Initial Report on OFHP - Strictly Confidential

We are also reviewing and will feed in our comments to Energy. We can discuss on

Tuesday.

Steve

Interesting recommendation?

Due to the complexity of the proposed financing transaction, the FAO recommends that Members of Provincial Parliament (MPPs) obtain assurance from the Office of the Auditor General of Ontario (OAGO) that the Province's proposed financing structure and accounting treatment for the electricity cost refinancing component of the FHP meet public sector accounting standards and will not impact the Province's annual surplus / deficit and net debt.

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

From: Imbrogno, Serge (ENERGY)

Sent: May-13-17 7:58 AM

To: Orsini, Steve (CAB)

Cc: Bromm, William (CAB); Kwamena, Bofoa (CAB)

Subject: FAO Initial Report on OFHP

Hi Steve,

Attached is the initial report. We have a few days to provide comments. Steen is coordinating our response.

Serge