# Re: two questions from Bloomberg News

**From:** "Killorn, Bill (OPO)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=killorn, bill (opo)0f4">
**To:** "Berry, James (ENERGY)" <james.berry5@ontario.ca>, "@OPO-Media Relations and Issues Management" <opo-mediarelationsandissuesmgmt@msgov.gov.on.ca>
**Cc:** "Nekolaichuk, Colin (ENERGY)" <colin.nekolaichuk@ontario.ca>, "Campbell, David (ENERGY)" <david.campbell2@ontario.ca>
**Date:** Thu, 02 Mar 2017 18:26:28 -0500

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Should we add in the total anticipated cost is 25 over 30?

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**From:** Berry, James (ENERGY)
**Sent:** Thursday, March 2, 2017 6:24 PM
**To:** @OPO-Media Relations and Issues Management
**Cc:** Nekolaichuk, Colin (ENERGY); Campbell, David (ENERGY)
**Subject:** FW: two questions from Bloomberg News

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Hi all: Any concerns with ministry response below?

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**From:** Demetriades, Natasha (ENERGY)
**Sent:** March-02-17 6:01 PM
**To:** Berry, James (ENERGY)
**Cc:** Nekolaichuk, Colin (ENERGY)
**Subject:** RE: two questions from Bloomberg News

Hi James: Proposed response for ***Bloomberg*** is below.

Let me know if you have any changes before I send to the reporter.

He is looking for this information asap.

Ty!

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**Question:**

So my question relates to this part of the backgrounder on the GA:

``Under current forecasts, the immediate reduction in the GA would be about $2.5 billion per year on average over the first 10 years, with annual interest costs not exceeding $1.4 billion.''

What I'm not sure of is whether the increase in annual interest costs of up to $1.4 billion is included in the calculation of costs that the province will incur ($2.5 billion over the next three years). Would you be able to clarify or check with someone who could?

**Response:**

In the early years of the Global Adjustment (GA) refinancing, a portion of the costs covered by the GA would be refinanced to reduce pressure on today's electricity ratepayers. In later years, the cost of refinancing would be recovered from ratepayers .

Under current forecasts, the immediate reduction in the GA would be about $2.5 billion per year on average over the first 10 years, with annual interest costs not exceeding $1.4 billion. This figure was arrived at by calculating the interest that would accrue on the debt at its highest level.

*Note:* A 5 per cent interest rate is assumed.

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**From:** Demetriades, Natasha (ENERGY)
**Sent:** March-02-17 3:15 PM
**To:** Berry, James (ENERGY)
**Cc:** Nekolaichuk, Colin (ENERGY)
**Subject:** FW: two questions from Bloomberg News

Hi James: MOF re-directed this one to us.

I can work on getting him a response.

Checking in to find out his deadline.

Natasha

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**From:** Blodgett, Scott (MOF)
**Sent:** March-02-17 3:11 PM
**To:** Demetriades, Natasha (ENERGY)
**Cc:** McGoey, Eric (ENERGY)
**Subject:** RE: two questions from Bloomberg News

Thanks so much, Natasha.
Scott

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**From:** Demetriades, Natasha (ENERGY)
**Sent:** March-02-17 3:01 PM
**To:** Blodgett, Scott (MOF)
**Cc:** McGoey, Eric (ENERGY)
**Subject:** RE: two questions from Bloomberg News

Hi Scott: Yes I can work on getting him a response.

I'll get in touch with him.

With thanks,
Natasha Demetriades

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**From:** Blodgett, Scott (MOF)
**Sent:** March-02-17 2:55 PM
**To:** Demetriades, Natasha (ENERGY)
**Cc:** McGoey, Eric (ENERGY)
**Subject:** FW: two questions from Bloomberg News

Hi Natasha – would you or one of your team be able to get back to this reporter at Bloomberg?
He was at the tech briefing this morning – but didn't get some points clarified.
I phoned some of our senior policy staff and, like me, they remember that it was Deputy Imbrogno who answered these questions at the tech briefing – and they strongly suggested I send to Energy…and your folks could get back to the reporter.
Thanks so much.
Scott

**From:** Maciej Onoszko (BLOOMBERG/ NEWSROOM:) [mailto:monoszko@bloomberg.net]
**Sent:** March-02-17 2:31 PM
**To:** Blodgett, Scott (MOF)
**Subject:** two questions from Bloomberg News

hey Scott, tks for getting back, I've just listened through your message. I should have thought about this earlier, but it only occurred to me now that I don't fully understand the idea behind the costs related to the refinancing of the global adjustment.

So my question relates to this part of the backgrounder on the GA:

*``Under current forecasts, the immediate reduction in the GA would be about $2.5 billion per year on average over the first 10 years,* ***with annual interest costs not exceeding $1.4 billion."***

What I'm not sure of is whether the increase in annual interest costs of up to $1.4 billion is included in the calculation of costs that the province will incur ($2.5 billion over the next three years). Would you be able to clarify or check with someone who could?

Also, fyi, I've been in touch with the CEO of OPG already and he gave me a bit of insight into how exactly the GA is going to be refinanced. He told me there'll be an SPV that will get financing from markets. I wanted to make clear whether the interest on the financing the SPV will raise to cover the shortfall in GA is the same interest that's mentioned in the statement (up to $1.4 billion)

Hope this is clear enough,
Thanks for your help,
Maciej

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