RE: Emailing: GA Financing_Jan29-17 v1michel'a comments

From: "Nelms, Scott (ENERGY)" <scott.nelms@ontario.ca>
To: "Hume, Steen (ENERGY)" <steen.hume@ontario.ca>, "Picard, Michel (mpicard@kpmg.ca)" <mpicard@kpmg.ca>
Cc: "'louellette@kpmg.ca' (louellette@kpmg.ca)" <louellette@kpmg.ca>
Date: Mon, 30 Jan 2017 09:00:41 -0500

Hi Michel,

Thanks for the comments. I note you ask why rate regulated accounting is important. It may not be, but here is why I included the slide: It is my understanding that we first want to test for control. If we can demonstrate the entity is independent we don't need to worry about consolidation.

If we cannot meet the control test, we want to ensure that the consolidated entity has an asset on its books. I thought (but correct me if I am wrong) that in order for a receivable from ratepayers to be treated as an asset, the entity needs rate regulated accounting treatment (I'm not sure whether this is the correct terminology). As I understand it, an entity like OPG or Hydro One could book this sort of asset. IESO and OEFC, on the other hand, would not. Does this make sense?

Happy to chat via phone if this is easier. Have a call now, but should be free in 15 minutes. Or we can talk at 10am.

Scott

-----Original Message-----
From: Hume, Steen (ENERGY)
Sent: January 30, 2017 8:52 AM
To: Picard, Michel (mpicard@kpmg.ca)
Cc: Nelms, Scott (ENERGY); 'louellette@kpmg.ca' (louellette@kpmg.ca)
Subject: FW: Emailing: GA Financing_Jan29-17 v1michel'a comments

Thank you Michel. Hope you had a good weekend.

Steen

-----Original Message-----
From: Picard, Michel [mailto:mpicard@kpmg.ca]
Sent: January-30-17 8:51 AM
To: Hume, Steen (ENERGY)
Cc: Ouellette, Lois A
Subject: Emailing: GA Financing_Jan29-17 v1michel'a comments

Steen,

See you at 10am. My comments on the accounting issues.

Michel