

FW: Debt Financing the Global Adjustment

From: "Jack, Shannon (TBS)" <shannon.jack@ontario.ca>
To: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date: Mon, 16 Jan 2017 10:58:17 -0500
Attachments: BN Rate Mitigation Accounting and Fiscal Analysis Jan 2017 v4np.docx (49.51 kB); OPA Accounting Treatment for Regulatory Based Assets and Liabilities.docx (82.54 kB)

Since Cindy had these in the email, should I include them on the meeting invite?

From: Veinot, Cindy (TBS)
Sent: January 16, 2017 9:14 AM
To: Jack, Shannon (TBS)
Cc: Hosick, Sarah (TBS)
Subject: FW: Debt Financing the Global Adjustment

Shannon – can you find 30 minutes for Nadine, Helen Graham and I to connect on this issue – see if 1 pm today might work – thanks,

From: Petsche, Nadine (TBS)
Sent: January-15-17 9:30 AM
To: Veinot, Cindy (TBS)
Cc: Hosick, Sarah (TBS); Graham, Helen (TBS)
Subject: RE: Debt Financing the Global Adjustment

Cindy,
Further to my note from Friday, I've had a chance to review the draft document, and my comments are inserted. The accounting section does not reflect my feedback provided last week regarding the potential accounting impact on the IESO's and the Province's books. That said, the different position reflected in Friday's version of the paper clearly highlights the need to inquire of the IESO and it's auditors to clarify what the likely impact would be.
To help expedite the discussion, I have attached a memo received from the OPA in 2012 which outlined the accounting treatment at the time which I have assumed would not have changed since the merger. I will be on the road for the rest of the day, so assume that others will make the necessary edits to the paper, as appropriate.
Nadine

From: Petsche, Nadine (TBS)
Sent: January-13-17 10:19 PM
To: Veinot, Cindy (TBS)
Cc: Hosick, Sarah (TBS)
Subject: Re: Debt Financing the Global Adjustment

Cindy,
The OPA had its accounting for rate regulated assets reviewed a few years back (by DT I believe), and based on the nature of the assets, it was determined that they could account for them the same under PSAB. Since then, OPA and IESO have merged, and such assets/liabs may be treated the same (to be confirmed). If the OEB would allow for the costs to be recovered on a different basis/timeline, then the cost differential would be treated as a regulatory asset and recognized as an expense in the same periods in which revenue is recovered in rates. Our accounting commentary should suggest that the IESO's external auditors be consulted to confirm likely accounting assumptions and impact. N

From: Veinot, Cindy (TBS)
Sent: Friday, January 13, 2017 6:31 PM
To: Petsche, Nadine (TBS)
Cc: Hosick, Sarah (TBS)
Subject: Debt Financing the Global Adjustment

Hi Nadine – thanks for working with Helen on this briefing note. I’m assuming you authored the accounting section and I have a few questions re: the content.

Given IESO follows PSAS, I don’t see how the gap between the amount paid to the producers and the amount collected from the rate payers could be accounted for as an asset?

Can you take a look at what I’ve edited and let me know if I’m missing something.

We need to get this to Karen before Monday morning.

Thanks,

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