RE: Equity Financing

From: "Hosick, Sarah (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=hosick, sarah (tbs)">
To: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
Date: Tue, 25 Apr 2017 14:52:47 -0400

Further outreach then he had done below on requesting a memo?

From: Petsche, Nadine (TBS)
Sent: April-25-17 2:47 PM
To: Hosick, Sarah (TBS)
Subject: FW: Equity Financing

Sharing this time sensitive item. Not sure if there's something that might normally be done at the EA level (perhaps Felix would do the outreach to MOE?). n

From: Fung, Felix (TBS)
Sent: April 25, 2017 11:02 AM
To: Nelms, Scott (MOF); Gounden, Pratima (ENERGY)
Cc: Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS); Patel, Bharat (TBS); Graham, Helen (TBS); Veinot, Cindy (TBS); Kandeepan, Ken (OFA); Skubel, Chris (TBS)
Subject: RE: Equity Financing

Thanks Scott. This is helpful. We have reached out to Pratima Gounden in Energy's corporate shop on this. We understand that the Ministry will provide more information on this request as part of the May 9 TB/MBC submission - however, as discussed previously, in order for us to include this operating asset in Printed Estimates, we need written documentation - requesting operating asset asap. This could be in the form of a CAO memo from Rob to Karen Hughes requesting that this operating asset be included as part of Energy's Printed Estimates.

We need this memo asap (i.e., tomorrow at the latest so that it can be considered as part of Document Day), so that we can address the technical elements for Printed Estimates.

Please let us know if you have any questions.

Thanks,
Felix

From: Nelms, Scott (MOF)
Sent: April-24-17 1:23 PM
To: Veinot, Cindy (TBS); Kandeepan, Ken (OFA); Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS); Patel, Bharat (TBS)
Subject: RE: Equity Financing

Yes. We have linked in with Energy Corporate, so they are aware and working through the issue.

From: Veinot, Cindy (TBS)
Sent: April 24, 2017 1:00 PM
To: Nelms, Scott (MOF); Kandeepan, Ken (OFA); Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah

(TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS); Patel, Bharat (TBS)
Subject: RE: Equity Financing

Thanks Scott – do you know if Energy has communicated with their controller's group re: Energy recording the investmen?

Cindy

From: Nelms, Scott (MOF)
Sent: April-24-17 12:44 PM
To: Veinot, Cindy (TBS); Kandeepan, Ken (OFA); Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS)
Subject: RE: Equity Financing

Hi,

Energy has agreed to record these additional purchases of OPG shares on its financials.

In terms of the appropriation for 2017-18, Energy proposes the following (subject to input from others):

- The total debt forecast for the year starting May 1 2017 ending April 30 2018 is $2.5B including interest. Taking one month off that to align with the province's fiscal year gives $2.3B; of which up to 49% is anticipated to be financed via equity injections. This results in an equity injection requirement of approximately $1.1B for this fiscal year.

- Proposed forecasting buffer:

  - OEB has only allocated 50% of the benefit until the legislation passes, which may reduce the requirement for May and June. However, given that we don't know with certainty how the OEB will reassess RPP, we propose to leave the appropriated equity amount at $1.1B.
  - OPG also plans to borrow a small percentage of the 49% from the market. This amount has not yet been finalized, but could represent up to 5% of the total financing requirement. Given this uncertainty, we would suggest maintaining the request for $1.1B.
  - Both of these elements also provide a buffer against other forecasting uncertainties.

We are working with ENE staff to develop a TB submission that will incorporate this request. In the meantime, we are happy to chat if you have questions.

Thanks,
Scott

-----Original Message-----
From: Veinot, Cindy (TBS)
Sent: April 22, 2017 10:48 AM
To: Kandeepan, Ken (OFA); Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS)
Subject: Re: Equity Financing

Agreed. OPG Trust has not yet been created.

The operating asset appropriation will be for the Ministry that owns the new shares in OPG. Scott Nelms - assuming that will Energy. Can you confirm.

The amount needs to be based on 50% of the expected deferral for the 2017-18 year. IESO may need to weigh in on that.

Cindy

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ken Kandeepan
Sent: Saturday, April 22, 2017 10:08 AM
To: Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Veinot, Cindy (TBS); Petsche, Nadine (TBS)
Subject: Re: Equity Financing

Hi Helen

I suspect you are referring to the Affordability Trust that has already been set up by the Province but has nothing to to do with the OPG Trust that I mention in my email.

You may want to touch base with Cindy for a few minutes next week and she should be able to clarify the differences between these two trusts for you.

Thanks

Ken k

> On Apr 22, 2017, at 8:18 AM, Graham, Helen (TBS) < Helen.Graham@ontario.ca > wrote:
>
> Ken, we had understood 1.2 is possibly a go-forward number, but the correct amount for 17-18 should be prorated, as there will not be 12 months of activity. Is that correct?
>
> I thought the trust actually has already been created, but I could be wrong about that.
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ken Kandeepan
> Sent: Saturday, April 22, 2017 12:08 AM
> To: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS)
> Cc: Graham, Helen (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Veinot, Cindy (TBS)
> Subject: RE: Equity Financing
>
>
> Hi All
>
> There seems to be considerable confusion on this issue and hopefully I can clear that up with this email.
>
>
> · The Trust has nothing to do with the Province, it will be created by OPG and will be consolidated with OPG, not with the Province and is essentially not an issue with regard to the estimates process.
>
> · The objective of this estimates exercise is to allow the Province, or more specifically the Ministry of Energy to invest a certain amount of funds in OPG. In other words the Province's equity

investment in OPG will increase.
>
> · The Province provides cash to OPG, reducing its cash assets and its Investment in OPG, an asset account will increase, in effect one asset is exchanged for another.
>
> · As such an operating asset needs to be set up hopefully in Energy's estimates that allows the Province to make the payment to OPG.
>
> · The amount will be around $1.2 billion, however, Scott should able to provide a more precise number.
>
>
> Thanks and I am available for a discussion tomorrow, if anyone wishes further clarification, pls call me on my cell at 647-202-4373.
>
> Ken K
>
>
>
>
> From: Fung, Felix (TBS) [mailto:Felix.Fung@ontario.ca]
> Sent: Friday, April 21, 2017 8:30 PM
> To: Scott Nelms (ENERGY) < Scott.Nelms@ontario.ca >; Montgomery, Kaitlin (MOF) < Kaitlin.Montgomery@ontario.ca >; Ken Kandeepan < Ken.Kandeepan@ofina.on.ca >; John Kim < John.Kim@ofina.on.ca >; Psinas, John (TBS) < John.Psinas@ontario.ca >
> Cc: Helen Graham (MOF) < Helen.Graham@ontario.ca >; Hosick, Sarah (TBS) < Sarah.Hosick@ontario.ca >; James Strang (MOF) < James.Strang@ontario.ca >; Sandy Luk (MOHLTC) < Sandy.Luk@ontario.ca >; Indira Komal (MCSCS) < Indira.Komal@ontario.ca >
> Subject: RE: Equity Financing
>
> Sorry, 1 more question on this that I hope MOF/ENE and the OFA can help me answer. Scott/Katilin, your finance corporate shop may be able to help with this question too.
>
> I believe the Trust will be held by OPG. Since this is case, then it wouldn't be an operating asset that we need to show in the Estimates (as the Estimates generally don't show assets of consolidated entities). Instead, we would need to show a payment from MOF or Energy to the trust, and then a reversing adjustment below the line (but all of this would be in expense, not assets)?. In other words, how does MOF/ENE propose this to be shown in Printed Estimates?
>
> Thanks - happy to chat further.
>
> Felix
>
>
> From: Fung, Felix (TBS)
> Sent: April-21-17 8:17 PM
> To: Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kandeepan, Ken (OFA); Kim, John (OFA); Psinas, John (TBS)
> Cc: Graham, Helen (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS)
> Subject: RE: Equity Financing
>
> Hi everyone, further to James' email below, in order to have the possibility of including the operating asset in Printed Estimates (which is our preferred/recommended option), we need the following information from Energy/MOF by Monday:
>
> 1) the exact value of the operating asset that is required (note our comments below regarding any buffers that are to be added)

> 2) confirmation of the location of where this operating asset will show up (Ministry, admin data info)
> 3) a business case rationale explaining the purpose and why this is needed
>
> As per our conversation, we are currently in the midst of preparing for Printed Estimates - as such, we have an extremely short runway for this item to be included (we have until possibly Tuesday).
>
> Once we have the necessary information from you, we will then need to send it up to senior officials here, and also ensure that DMs of both Finance and Energy have an opportunity to review/sign off.
>
> Thanks - happy to chat further should you have any questions.
>
> Felix
>
>
>
> From: Strang, James (TBS)
> Sent: April-20-17 4:36 PM
> To: Kandeepan, Ken (OFA); Kim, John (OFA); Psinas, John (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF)
> Cc: Graham, Helen (TBS); Fung, Felix (TBS); Hosick, Sarah (TBS)
> Subject: FW: Equity Financing
>
> Hi, I've highlighted on page one of the attached note what I was referring during the teleconference around financing the trust (51%, 49%).
>
> Any buffer being added to the 49% needs to be explicitly identified in the Treasury Board submission – it is a decision point for TB to include a buffer. To what degree does the $2.5B have a buffer based on the level of precision in the estimate should also be covered.
>
> The TB submission needs to specify the rationale for the ask (explicitly identifying any buffer amounts being added), and the requested minute.
>
> James
>
> From: Fung, Felix (TBS)
> Sent: April 11, 2017 1:43 PM
> To: Veinot, Cindy (TBS)
> Cc: Hosick, Sarah (TBS); Graham, Helen (TBS); Strang, James (TBS)
> Subject: FW: Equity Financing - Working Group Note
>
> FYI
>
> From: Strang, James (TBS)
> Sent: April-11-17 11:58 AM
> To: Graham, Helen (TBS)
> Cc: Fung, Felix (TBS)
> Subject: FW: Equity Financing - Working Group Note
>
> The OFA note we received.
>
> From: Fung, Felix (TBS)
> Sent: April 4, 2017 10:47 AM
> To: Strang, James (TBS)
> Subject: FW: Equity Financing - Working Group Note
>
>

>
> From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
> Sent: April-04-17 10:45 AM
> To: Fung, Felix (TBS)
> Cc: Bruno Amara; Adam Prokop
> Subject: FW: Equity Financing - Working Group Note
>
> Hi Felix,
>
> Forwarding this to you as well. Please see attached.
>
> Regards,
> Salman
>
>
> From: Adam Prokop
> Sent: Tuesday, April 04, 2017 10:38 AM
> To: Bruno Amara < Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca >>; Salman Qadir < Salman.Qadir@ofina.on.ca<mailto:Salman.Qadir@ofina.on.ca >>; Shajee Kathirgamanathan < Shajee.Kathirgamanathan@ofina.on.ca<mailto:Shajee.Kathirgamanathan@ofina.on.ca >>; Carlos Yep < Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca >>; Mike Manning < Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca >>; John Kim < John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca >>; John Psinas < John.Psinas@ofina.on.ca<mailto:John.Psinas@ofina.on.ca >>; 'Montgomery, Kaitlin (MOF)' < Kaitlin.Montgomery@ontario.ca<mailto:Kaitlin.Montgomery@ontario.ca >>; Tobias P. Whitfield (MOF) < Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca >>
> Subject: Equity Financing - Working Group Note
>
> Greetings,
>
> Please review the attached equity injection note for internal review only. Please keep this within the Ministry/OFA for now.
>
> Kind regards,
>
> Adam Prokop
> Economic Specialist
> Office: 416-315-6462
> adam.prokop@ofina.on.ca<mailto:adam.prokop@ofina.on.ca >
>
>
> ________________________________
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