RE: Feedback & requirements for May 1 TB/MBC

From: "Hosick, Sarah (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=hosick, sarah (tbs)">
To: "Fung, Felix (TBS)" <som.felix.fung@ontario.ca>
Cc: "Graham, Helen (TBS)" <helen.graham@ontario.ca>, "Sawosch, Mercedes (TBS)" <mercedes.sawosch@ontario.ca>, "Strang, James (TBS)" <james.strang@ontario.ca>, "Skubel, Chris (TBS)" <chris.skubel@ontario.ca>, "Arbabzadeh, Nina (TBS)" <nina.arbabzadeh@ontario.ca>
Date: Thu, 13 Apr 2017 13:00:06 -0400

Hi Felix,

As part of the complete TB package, the ministry should also be submitting the formal accounting opinions from OPG and IESO auditors, which I don't see mentioned in your email below. This is outlined in the march 1st minute (excerpt below). That has been iterated to the ministry during the weekly implementation meetings, and perhaps the ministry implicitly knows that the complete package means all the criteria in the minute but want to make sure that the ministry is hearing a consistent message through the various channels.

Happy to chat.
Sarah

> Direct the Ministry to report back to TB/MBC by Spring 2017, prior to going to LRC with any legislation, on the approach to refinance Global Adjustment , including, but not limited to:
>
> - **Formal accounting opinions from OPG and IESO auditors**.
> - Completed legal, financing and accounting risk assessments. Assessments to include, but not limited to proposed legislation, technical aspects such as Eurig analysis, and risk to borrowing (in discussion with the OFA).
> - Report on the multi-year profile of GA smoothing, identifying specific assumptions.
> - Report on sensitivity analysis completed as assumptions vary, such as under different recovery rates and periods.
> - Overall risk mitigation plan addressing completed legal, accounting and financing risk assessments.

From: Fung, Felix (TBS)
Sent: April-13-17 11:50 AM
To: Reid, Michael (ENERGY); Chander, Sunita (ENERGY)
Cc: Graham, Helen (TBS); Sawosch, Mercedes (TBS); Strang, James (TBS); Skubel, Chris (TBS); Hosick, Sarah (TBS); Arbabzadeh, Nina (TBS)
Subject: Feedback & requirements for May 1 TB/MBC

Hi Michael and Sunita,

We've had internal discussion here with Karen Hughes, OPCD and our legal folks. Below is feedback on draft leg as well as requirements for May 1 TB/MBC.

- * For May 1, 2017, Energy needs to submit a complete TB/MBC signed submission as soon as possible. Energy should be providing a full package of documentation including financial, accounting, and legal assessments covering GA smoothing and support programs (including the affordability fund) moving to government funding.

- * Re: proposed legislation, there seems to be separate GA smoothing legislation from legislation for moving support programs recovering from ratepayers to being government funded programs. Will this remain the case or will they be combined into one package?

- * To understand what Energy is trying to accomplish with is proposed legislation. Sharing supporting briefing materials even if draft would be helpful. For example:

    - * Do the programs moving to government funded need to be consistent with requirements of typical government funded programs?
    - * If so, what needs to change, what needs to drop/be added etc.
    - * Should all programs have the same treatment? For existing programs determine if existing admin model continues or is it replaced?
    - * Materials should include dollar forecast profile of runoff of the IESO variance balance.
    - * What is Energy trying to achieve with its provisions, such as, for settlement, overpayment (applying to non-public monies first/ getting public monies back), deemed debt retirement charge (is this known to OFA/OEFC). Terminology (e.g., "settlements") definitions would be helpful.
    - * Clarify whether Section 79 of the Ontario Energy Board Act is the RRRP program? If it is, why just amending with adding sections only, not repealing and replacing as with OESP?

    - * Would be helpful if Energy could explain how changes are related to future payments coming from the province (if not explained in briefing material)

    - * Appears aspects needed to frame future program as being supported from tax base have been brought over from other legislation, though there's uncertainty around whether all provisions are relevant/appropriate to rate base/tax base transition. Drafting needs to be checked against needs for the administration of public money vs funding from the rate base (which is not public money).

    - * Which part of MOF has agreed to take on duties that would be assigned to them by the draft legislation, including those with respect to audit powers, records retention, inspections/enforcement, overpayments etc

Is there an expectation at Energy that the provisions create a foundation for an accounting obligation on the province? AR for the province?

Thanks - let us know if it would be helpful to set up a meeting to discuss this further.

Felix

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Felix Fung
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