RE: Debt ratios under option 1D

From: Ronald Kwan <ronald.kwan@ofina.on.ca>
To: "Mayman, Gadi (OFA)" <gadi.mayman@ofina.on.ca>, "Thompson, Scott (MOF)" <scott.thompson@ontario.ca>
Cc: "Schuurman, Tim (MOF)" <tim.schuurman@ontario.ca>, "Kandeepan, Ken (OFA)" <ken.kandeepan@ofina.on.ca>, "Wynberg, Lynsey (OFA)" <lynsey.wynberg@ofina.on.ca>, "Birks, Ryan (MOF)" <ryan.birks@ontario.ca>
Date: Wed, 08 Feb 2017 14:30:55 -0500

Hi Scott, Gadi,

I had asked Energy staff about their modelling on RPP (they have not shared detail numbers yet).

I was told that the modelling in the deck was on the current actual load on the RPP (Regulated Price Plan), and does not capture the bigger RPP-eligible load.

I noted that modelling and having this scenario apply to RPP-eligible makes sense to me, on a quick consideration.

Otherwise, during the GA deferral period, I might think there'd be some incentive to go on to RPP, so RPP and RPP-eligible would converge while GA costs are deferred. And then you wouldn't want to leave the ability for the RPP-eligible customers to exit the RPP during the deferred GA recovery period in order to avoid the then higher cost.

Modelling the cost on an RPP-eligible basis would likely result in a higher cost estimate, so higher debt etc.

More to come on this I'm sure.

And, as you may have heard, we are trying to work with TBS analysts to get more from Energy on their modelling so that we understand the estimates better and, as Karen said today, that the cost estimate doesn't then rise right after a decision is made.

Ron

From: Gadi Mayman
Sent: February-08-17 14:15
To: Scott Thompson (CAB) <Scott.Thompson@ontario.ca>
Cc: Tim Schuurman (MOF) <Tim.Schuurman@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Lynsey Wynberg <Lynsey.Wynberg@ofina.on.ca>; Birks, Ryan (MOF) <Ryan.Birks@ontario.ca>
Subject: Debt ratios under option 1D

Hi Scott,

Following your request this morning, Ken and his team have run the numbers if the borrowed amounts for GA mitigation in option 1D hit the fiscal plan.

Compared to the 38.3% ratio we're currently forecasting for 16-17, starting in 17/18 it would drop to 38.1%, then 38.0% for 18/19 and 19/20, and 37.7% in 20/21.

Gadi
