RE: Options

From: Ronald Kwan <ronald.kwan@ofina.on.ca>
To: "Thompson, Scott (MOF)" <scott.thompson@ontario.ca>
Cc: "Mayman, Gadi (OFA)" <gadi.mayman@ofina.on.ca>, "McLean, David (MOF)" <david.mclean@ontario.ca>
Date: Thu, 02 Feb 2017 13:49:20 -0500

Hi Scott,

At today's accounting meeting, Cindy's LDC option was one of the options under discussion. The new entity was also still under discussion. And Michel from KPMG still supported the idea of just getting rate-regulated accounting treatment, though Cindy again expressed the view that it might be hard to get there with the AG.

On Cindy's option, there was a fair amount of discussion on her point on finding some more certain minimum amount/share of current consumption that would still exist across each LDC over the full time period. Energy staff and Pelino weighed in on how uncertain that might be. There was discussion on mechanisms to "true-up" the amount owed across LDCs. Generally, the tenor of the discussion was that there was a lot of complexity on this option on how to make it work.

I.e., more to be done to flesh out the options.

Ron

From: Ronald Kwan
Sent: February-02-17 08:36
To: Scott Thompson (CAB) <Scott.Thompson@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; David McLean (MOF) <David.McLean@ontario.ca>
Subject: Re: Options

Hi Scott,

I saw an even more bare bones email on this last night.

We will work with others on fleshing out the option. I'd think there'd need to be some legislative and regulatory considerations that Energy Legal would need to work up too, which would need to support a regulatory asset for the LDCs and how their current and future lenders would assess this, as well as their equity holders.

On the direct connects, I doubt they would want enforced borrowing and would not have regulatory accounting, so I would not see them being billed the same way as LDCs.

And I'm not sure that the key is on forecasting consumption. If there is a regulatory asset construct here, the deferral aCcount would be collectible on whatever the volume base is in the future. The question is more on a potential incentive for customers to go off grid or reduce consumption.

Ron

On Feb 2, 2017, at 7:36 AM, Thompson, Scott (MOF) <Scott.Thompson@ontario.ca> wrote:

I assume you're already in the loop on this, but could you help Cindy and others with continuing to flesh out this option. I'm partic interested in the $ impact on debt and fisc.
Thanks
Scott

From: Angus, Helen (TBS)
Sent: February-02-17 6:14 AM
To: Orsini, Steve (CAB); Thompson, Scott (MOF)
Subject: Fwd: Options

Hi Steve and Scott,

More work will be done on this today but here are the bare bones of the option Cindy is working up. Will keep you updated as the work progresses.

Best.
Helen

<Electricity Price Mitigation -- LDC Long-term receivable option.docx>
