[No Subject]

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The "asset" being legislated into existence does not met the accounting requirements for an asset on the Province's consolidated financial statements, which are prepared following Canadian Public Sector Accounting Standards.

As introduced in Section 1.3.2, the asset that the Fair Hydro Act creates is referred to as a "regulatory" or "rate-regulated" asset. In reviewing emails and correspondence, we noted that senior officials and their advisers looked to U.S. accounting standards for private enterprises as a means to justify moving to regulatory accounting for Ontario's consolidated financial statements. One of the requirements for recording a regulatory asset in the U.S. is that there must be an independent regulator that has the authority to establish rates for consumers of regulated services or products. The regulator of the electricity sector in Ontario is the Ontario Energy Board (OEB).

However, the Province has the power, through legislation, regulations and Ministerial directions, to dictate the activities of the OEB. In fact, the OEB has been legislated in the Fair Hydro Act to follow a course of action (see Appendix 2, the Ontario Fair Hydro Plan Act, 2017, Sections 7, 9, 11, and 15(4)). This reinforces the OEB's lack of independence. If there is no independent regulator establishing electricity rates for consumers, neither can there be a rate-regulated asset.