BN Rate Mitigation Accounting and Fiscal Analysis Jan 2017 v4np

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Karen – attached is a draft briefing not on this issue. Note that we haven't had a chance to speak to anyone in Energy. The longer deck that Kyle sent along this weekend speaks to having sent a note to OPCD (slide 18) – we haven't received anything from Energy. When this issue came up in December, I tracked down the Energy program person to speak to and at that time he hadn't engaged with Energy's controllership function. Perhaps he has done that since then, but nothing has made its way to us.

From a consolidated perspective, I think this concept results in a fiscal hit as based on my current knowledge of the structure, I think the province would have to expense all of the costs in the GA and would not be able to set up a receivable or a rate regulated asset for the costs to be financed and then collected from the rate payers in the future. However, Nadine has mentioned that there was some work done on this back in 2012 and I need to understand that better – I don't think the issue in the same, but we need some time to connect the dots.

Note also that OFA is looking at this. Helen and I had a brief conversation with John Kim on Friday. He was told not to speak to anyone outside of OFA, so hadn't reached out to us – not the best direction to be provided to him if our goal is to assess the fiscal impact.

Thanks,

Cindy