FW: Accounting opinions

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
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Date: Thu, 13 Apr 2017 12:51:08 -0400

This is the email Ken and Kim were referring to – OPG and IESO will need to create the list of facts/assumptions, but we'll help where needed. You'll note that I've suggested that key folks from Energy and the legal advisors review this statement of facts/assumptions as well.

Cindy

From: Veinot, Cindy (TBS)
Sent: April-12-17 6:56 PM
To: 'ken.hartwick@opg.com'; 'Kim Marshall'
Cc: Petsche, Nadine (TBS); Hosick, Sarah (TBS)
Subject: Accounting opinions

Hi all – I had a chance to speak to Kim and John Lee briefly on the accounting opinions and wanted to ensure we are all on the same page. Please forward to your teams as appropriate.

Treasury Board directed the Ministry of Energy to report back prior to going to the LRC with legislation with formal accounting opinions from EY and IESO. The excerpt from the draft minute at the March 1 meeting is as follows:

> 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.

As you know, Energy has requested a Treasury Board meeting be convened on May 1, which is the same day they are scheduled to go to LRC with the draft legislation.

For purposes of the formal accounting opinions, I believe it would be most appropriate to have a single set of facts and assumptions that would be used for both opinions. Some of the assumptions may not be relevant to the individual analysis, but having a common set of facts and assumptions will mitigate the risk of the two firms opining on different facts/assumptions.

As of May 1, the legislation will not be final, so the draft legislation will have to be used for the opinions and noted as being at the draft stage. In addition, assumptions that reflect the agreed upon issues that will be included in the regulations/commercial agreements will have to be included. Once a common set of facts/assumptions is prepared, it would be prudent to ensure that Energy review (Carolyn, Steen, others?) and the law firms review (to discuss whether that includes Oslers or not, but I would think the other three, subject to your input and that of Energy.)

Can you let me know if you believe this plan to be reasonable and then put some thought to timelines re: developing the statement of facts/assumptions. Email is likely best for this.

I sent out a meeting invite for Monday morning to re-convene once we have a copy of the draft legislation, which is expected to be distributed between EOD tomorrow and Saturday.

Thanks for your continued cooperation on this.

Cindy

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