FW: I am at a conference all day on Wednesday so let me know if you have any questions

From: Ken Kandeepan <ken.kandeepan@ofina.on.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc: "Lemcke, Bonnie (OFA)" <bonnie.lemcke@ofina.on.ca>, John Psinas <john.psinas@ofina.on.ca>, "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
Date: Wed, 14 Jun 2017 08:47:02 -0400

Hi Cindy

As discussed yesterday the question from Fitch is highlighted below, pls see my suggested response for your review:

Based on its own internal assessment and from opinions provided by external accounting firms the Province is confident that the accounting treatment underlying the Fair Hydro Plan is appropriate. The Province expects that the Auditor General will opine on the Plan in her Annual Report usually released in November of each year. In the meantime, she has also issued a statement on the *Ontario Fair Hydro Plan Act 2017* . The link to her statement is provided below for your information.

http://www.auditor.on.ca/en/content/news/remarks_standing%20committee%20on%20justice%20policy.pdf

thanks

ken k

From: Bonnie Lemcke
Sent: Tuesday, June 13, 2017 1:33 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: I am at a conference all day on Wednesday so let me know if you have any questions

Hi Ken,

Can you provide an answer to the question that is highlighted in yellow. I need to send back by Thursday am.

Thanks,

Bonnie

From: Block, Marcy [mailto:marcy.block@fitchratings.com]
Sent: Tuesday, June 13, 2017 11:41 AM
To: Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
Subject: RE: I am at a conference all day on Wednesday so let me know if you have any questions

Thank you for letting me know. I have a few questions at the moment and likely to have some additional ones by the end of today or early tomorrow that I will send your way for distribution. In all cases, I will need to receive answers by early to mid-afternoon on Thursday. The current ones are as follows:

1. Can you please confirm the total amount of proceeds brought in by the Hydro One sales? One report that I have read places the value at C$9.8 billion as compared to the C$9 billion target.

2. Can you please relate the current plans for additional asset optimization over the next one to two years?
3. C$5 billion from the Hydro One share sales is to be dedicated to paying down outstanding debt. Can you please relate how much debt has been retired at this time from the share sales?
4. Understanding that there has been dissatisfaction with electricity rates in the province, were other methods to reduce rates considered aside from the Fair Hydro Plan? Does the province agree with the FAO's assessment that electricity bills will escalate after 2027 under this plan? If yes, how does the province expect to address this escalation?
5. The FAO recommended that the province obtain assurance from the office of the Auditor General that the province's proposed accounting treatment for the electricity cost refinancing initiative would not increase the province's annual surplus/deficit and net debt. Did the province seek and obtain this assurance?
6. The Fair Hydro Plan creates additional expense for the provincial budget over multiple fiscal years. How does the province expect to fund this increased annual expense?
7. Acknowledging that it has been a very short time since the Fair Housing Plan was introduced, what impact, if any, has the province seen on housing values or on the general economy that it would directly attribute to the Plan?

Thanks, Bonnie. I will get back to you soon with any remaining questions.

Marcy S. Block
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From: Bonnie Lemcke [mailto:Bonnie.Lemcke@ofina.on.ca]
Sent: Tuesday, June 13, 2017 8:43 AM
To: Block, Marcy <marcy.block@fitchratings.com>
Subject: I am at a conference all day on Wednesday so let me know if you have any questions

I will be checking my phone for e-mails but I thought I would let you know now in case you have some questions you need answered.

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