

FW: OEFC Funding of the Global Adjustment Deferral

From: Ken Kandeepan <ken.kandeepan@ofina.on.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Cc: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date: Wed, 15 Feb 2017 09:11:59 -0500

Hi Cindy

Let me know if you believe a quick call with their group would be useful this AM on this issue.

Thanks

Ken K

-----Original Message-----

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, February 15, 2017 9:09 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: CHENG Alec -FIN & C CTRL <alec.cheng@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; HAHN PARKER Janet - TREASURY <j.hahnparker@opg.com>
Subject: RE: OEFC Funding of the Global Adjustment Deferral

Ken:

Got your voice message with respect to your proposal to have OEFC fund the Global Adjustment deferral indirectly by lending to OPG and having OPG subsequently lend to a Financing Trust. I agree that this would be the simplest funding mechanism. However since the key objective for the Province to avoid having to recognize the debt and writeoff the Global Adjustment deferral OPG must maintain Government Business Entity (GBE) status. In order to remain a GBE, we must be able to "in the normal course of its operations, maintain its operations and meet its liabilities from revenue received from sources outside of the government reporting entity." I understanding from Alec Cheng (OPG accounting) who was on yesterday accounting call with Nadine (Controllers Office) that OPG GBE status would be put at high risk under the proposed scheme due to the proposed quantum of lending from the OEFC. Our accounting group along with Treasury will be performing some further assessment on this but it may be worth arranging another call with you and your accounting group to layout the issues since the Province seems to be driven by very tight and uncertain timelines and I want everyone to be up to speed.

We can make ourselves available for a call this morning. Please advise.

John

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