FW: OFA Lending

From: Ken Kandeepan <ken.kandeepan@ofina.on.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Wed, 15 Feb 2017 11:13:39 -0500

Hi Cindy

Based on our discussion yesterday, wouldn't the OPG Trust actually pay the interest to OEFC and instead of expensing capitalize the amount (increase the regulatory or intangible asset). Since OPG Trust has no revenues, the loan from OEFC to OPG Trust in any given year will have to include whatever interest is payable for a particular fiscal year.

This means OEFC and by extension the Province need not book any asset.

Let me know your thoughts

Thanks

Ken k

From: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Sent: Wednesday, February 15, 2017 11:05 AM
To: Scott Nelms (ENERGY)
Cc: Steen Hume (CAB); Gadi Mayman
Subject: RE: OFA Lending

Please work with OPG on this – it will impact their requirements – I'll also think about this, but need to loop Alec in ASAP.

Cindy

From: Nelms, Scott (ENERGY)
Sent: February-15-17 10:15 AM
To: Veinot, Cindy (TBS)
Cc: Hume, Steen (ENERGY); Mayman, Gadi (OFA)
Subject: OFA Lending

Hi Cindy,

We are working through modelling GA options with OPG. OPG will provide advice on financing assumptions from a 3rd party lender perspective. In parallel we would like to discuss what terms are realistic with OEFC as lender. From a financing perspective, I understand we have a fair bit of flexibility. So the limitation is likely on the accounting side. For example, the current model assumes 10+ years of interest capitalization. Would OEFC be in a position to book this as an asset, or would we need to consider a shorter period before interest repayment is required.

On a related note, do we have a more clarity on the importance of 3rd party lending to the overall construct?

Thanks,
Scott

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