FW: OFA loan to IESO

From: "Patel, Bharat (TBS)" <bharat.patel3@ontario.ca>
To: "Fong, Pauline (TBS)" <pauline.fong@ontario.ca>, "Nathan, Siva (OFA)" <siva.nathan@ofina.on.ca>, John Psinas <john.psinas@ofina.on.ca>
Cc: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>, "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>, "Kandeepan, Ken (OFA)" <ken.kandeepan@ofina.on.ca>
Date: Thu, 26 Jan 2017 11:58:09 -0500

Pauline/Siva,

My understanding is OPA debt with OFA were eliminated as an I/C balances, and the resulted net impact is Province had related debt outstanding payable to the third party.

Province debt position included in CFS - note#2:

March 31, 2010 – $90M outstanding debt

March 31, 2011 – $30M outstanding debt

March 31, 2012 – $75M outstanding debt

Can you please double check your w/p and confirm?

Thanks,
Bharat

From: Veinot, Cindy (TBS)
Sent: January-26-17 11:27 AM
To: Petsche, Nadine (TBS); Patel, Bharat (TBS)
Subject: FW: OFA loan to IESO

Hi all – have you had a chance to review the consolidation of OPA for the years noted?

Thanks,

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: January-24-17 12:31 PM
To: Patel, Bharat (TBS)
Cc: Petsche, Nadine (TBS); Veinot, Cindy (TBS); John Psinas; Nathan, Siva (OFA)
Subject: RE: OFA loan to IESO

Hi Bharat

I am cc'ing this to Cindy as well since I just finished a conversation with her on this issue.

The IESO has loan agreements with both the OEFC and the OFA. As of March 31, 2016 the IESO has a note payable for $90 million to the OEFC that matures April 30, 2017. It also has a credit facility that can be used for liquidity purposes for $95 million. As of March 31, 2016, IESO had not drawn any funds form this credit facility. The note receivable and the credit facility are detailed in Note 4 of the IESO's financial statements as of December 2015.

The IESO also has a maximum $975 million credit facility with the OFA to fund the RPP Variance account.

Prior to the OPA and the IESO merging this facility was provided to the OPA by the OFA, drawdowns over the last few years are as follows:

OPA Drawdowns:

March 31, 2010 – Drawn $90 Million from the Credit Facility of $975 million

March 31, 2011 – Drawn $30 million from the Credit Facility of $975M (repaid $60M)

March 31, 2012 – Drawn $75 million from the Credit Facility of $975M

March 31, 2013 – no outstanding amounts and therefore no drawings.

IESO Drawdowns:

March 31, 2014 – no outstanding amounts and therefore no drawings

March 31, 2015 - no outstanding amounts and therefore no drawings

March 31, 2016 – no outstanding amounts and therefore no borrowings

Dec. 31, 2016 – drawn $150.5 million from the credit facility of $975M maturing in November 30, 2019.

What is notable is that there is no mention of this credit facility in the IESO's financial statements, it could be just a simple omission, alternatively, it lends credence to IESO's assertion that this facility is on the market books. Unfortunately, IESO's assertion cannot be confirmed by reviewing the PA consolidation for the receivable from the OPA. The OPA was not the market operator and its unlikely they had a separate set of "market books".

Hope this helps. We cannot provide you with any JE's on the market books since all that we do is present the any drawdowns on the credit facility as a receivable from OPA/IESO. Siva and John are happy to discuss.

Thanks

Ken k

From: Patel, Bharat (TBS) [mailto:Bharat.Patel3@ontario.ca]
Sent: Tuesday, January 24, 2017 11:25 AM
To: Shemin Meralli <Shemin.Meralli@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Nadine Petsche (MOF) <Nadine.Petsche@ontario.ca>
Subject: OFA loan to IESO

Can you briefly explain with entries on how OFA is accounting loan (market) to IESO?

Thanks,
Bharat
