

Fiscal overview deck -- OPG: Pension and OPEB cost -- OEB ruling

From: "Veinot, Cindy (TBS)" </o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Schuurman, Tim (MOF)" <tim.schuurman@ontario.ca>
Cc: "Donaldson, Mark (TBS)" <mark.donaldson@ontario.ca>, "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date: Wed, 06 Jun 2018 15:43:36 -0400

Hi Tim,

In the fiscal overview deck, there is a bullet included on one of the risk slides that states:

- OEB decision on OPG switching from accrual based to cash based accounting for Pension and Other Pension Benefits

We followed up with OPG on this item, as it had never been flagged in our discussions with them. I'm sharing the response received from the VP Reporting at OPG, which is consistent with my expectations – e.g. that while there is a process to go through with the OEB to confirm, there is not a fiscal impact expected from this item.

Regards,

Cindy

From: MAUTI John -FIN & C CTRL [mailto:john.mauti@opg.com]
Sent: June 6, 2018 12:37 PM
To: Veinot, Cindy (TBS)
Cc: GORE Michael -FIN & C CTRL
Subject: RE: EXTERNAL – FW: Pension and OPEB cost deferral / OEB ruling

No impact expected.

We are allowed as part of this year's application to clear deferral and variance accounts to bring forward our Pension / OPEB cash to accrual balance in regulatory assets (about \$600M) to begin clearing it. Never done till its done but we don't foresee an issue with those requirements....well known, articulated by us and by the OEB themselves in terms of limitations and need to start to recover.

From: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Sent: Wednesday, June 06, 2018 11:02 AM
To: MAUTI John -FIN & C CTRL <john.mauti@opg.com>
Subject: EXTERNAL – FW: Pension and OPEB cost deferral / OEB ruling

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Hi John – can you take a look at the highlighted question below and let me know at a high level what the impact of this decision will be under US GAAP and IFRS. It has been identified as a risk in the fiscal plan.

Thanks,

Cindy

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

From: Donaldson, Mark (TBS)
Sent: March 1, 2018 5:45 PM
To: GORE Michael -FIN & C CTRL <michael.gore@opg.com>
Subject: RE: Pension and OPEB cost deferral / OEB ruling

Hi Michael,

Thanks for your other response - sent it on to the OFA.

Did you happen to see this earlier email? Hoping you can shine a little light for me on this.

Thanks.

From: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>
Date: Thursday, Feb 22, 2018, 11:01 AM
To: GORE Michael -FIN & C CTRL <michael.gore@opg.com>
Subject: Pension and OPEB cost deferral / OEB ruling

Hi Michael,

Thanks again for the ARO stuff yesterday.

Question: with respect to the OEB ruling on accrued pension and post-employment costs in May 2017 to move from accrual to cash on the rate application, can you confirm how that will be carried by OPG in its 2018 reporting and the impact on the bottom line?

I've seen an excerpt from the ruling:

"...under the requirements of USGAAP, the period of deferring amounts recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account must not exceed five years from the time that they were incurred. For example, amounts recorded during November 2014 must begin to be recovered no later than November 2019 and must be fully recovered within 20 years of November 2014. Failing this, OPG will be required to write off the regulatory asset for these amounts."

If a phone call works better, happy to make some time.

Thanks.

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