RE: A call from OPCD

From: Ronald Kwan <ronald.kwan@ofina.on.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Mon, 16 Jan 2017 15:40:53 -0500

Hi Cindy,

I do not know who drafted those slides. I believe at a director level, Tim Christie in Steen Hume's area is consolidating the slide deck. Tim also told me that Adrian Nalasco, another director in Steen's division and who used to be here, inserted high-level text in an earlier draft to say that there's an accounting risk and that Energy should engage TBS/OPCD early in the process.

And I believe that Michael Reid's division is coming up with many of the ideas for options.

Ron

From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: January-16-17 15:35
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: A call from OPCD

Ron – given there is commentary in the decks from the weekend on accounting, do you know who in Energy drafted those? It would be most worthwhile to have a conversation with whoever is analyzing the accounting directly for IESO.

Cindy

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January-16-17 10:14 AM
To: Veinot, Cindy (TBS)
Subject: Re: A call from OPCD

Hi Cindy,

When Energy staff first told me about their Global. Adjustment option, I asked Energy staff about the fiscal impact and if they had consulted OPCD on the accounting.

They had apparently not focussed on fiscal impacts and accounting up to then. I suggested that they should consult OPCD.

While not in the deck, Energy staff also seemed to think that OEFC could carry the difference on the GA with no bottom line impact.

I noted that OEFC is not a rate-regulated entity, and it is not on US GAAP. And noted that for OEFC's own power supply contracts it records the contract expenses and the reason it as no net impact is because it also records as revenues the power supply contract recoveries.

I would think that Energy should seek an accounting view from you. That said, as we draft our own notes on. Energy's proposals, it would be helpful if we were able to incorporate into the BN

OPCD's accounting advice.

Thanks,
Ron

On Jan 16, 2017, at 9:09 AM, Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca> wrote:

> Yes – I saw two – one dated December and one Jan 13. We have not been contacted by Energy to discuss the accounting – not sure who they are getting advice from.
>
> Cindy
>
> ---
>
> **From:** Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
> **Sent:** January-16-17 8:35 AM
> **To:** Veinot, Cindy (TBS)
> **Subject:** RE: A call from OPCD
>
> Hi Cindy,
>
> Did you see Energy's latest decks circulated on Saturday? They seem to leave the accounting questions open on the conservation cost proposal and the GA financing one.
>
> Ron
>
> ---
>
> **From:** Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
> **Sent:** January-13-17 4:38 PM
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: A call from OPCD
>
> We are providing a briefing note to our Associate DM by EOD today.
>
> Cindy
>
> ---
>
> **From:** Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
> **Sent:** January-13-17 4:28 PM
> **To:** Kim, John (OFA)
> **Cc:** Veinot, Cindy (TBS)
> **Subject:** Re: A call from OPCD
>
> Thanks John. Have a good weekend and recover from your jet lag
>
> Copying Cindy, as neither Gadi nor I, as non-accountants admittedly, could see how this could not have a fiscal impact either, and for the same reasons.
>
> Cindy, are you providing comments directly back to Energy, and, if so, when? Sooner rather than later would seem appropriate to me.
>
> Ron
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>
> **From:** John Kim
> **Sent:** January 13, 2017 4:13 PM
> **To:** Ronald Kwan
> **Subject:** A call from OPCD
>
> Hi Ron,
>
> Helen Graham and Cindy Veinot gave me a call. Helen called first and then asked me to a call with Cindy.

So DM of Energy appears to have engaged DM of TBS which is how OPCD received the deck. Energy asked for comments from an accounting perspective which is how OPCD seemed to have gotten engaged.

They wanted mostly clarification on Global Adjustment and what it covers. Cindy's comments were to the point that she would not see how this will not lead to a fiscal hit. That you cannot create a receivable/asset , unless there is a counterparty or unless it is a rate regulated entity.

I'm running out of steam so will be heading out shortly but will try to provide you with a note this weekend.

Thanks,

John.

Y. John Kim
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