RE: Affordability Fund

From: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
To: "Nelms, Scott (MOF)" <scott.nelms@ontario.ca>
Cc: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Thu, 23 Feb 2017 07:05:00 -0500

Thanks Scott. A couple of comments/observations:

- An accounting opinion that the Trust is not controlled and should not be consolidated on the Province's books should also be sought (by MOE?)
- Do we have details on the nature of the discretion that might be exercised by the Trustees? If they are just executing in accordance with a Provincially dictated formula, that would not indicate independence.
- Normal accountability provisions for TPs would apply without compromising control (i.e. ability to receive report backs, ability to audit)
- Based on experience last year with the Green Investment Fund initiative, caution should be exercised when drafting any correspondence associated with the transfer so as to avoid 'perceived conditions' if the money is not to be flowed to the third party by March 31st. (Not sure that the $ would be considered 'flowed' in accordance with the government transfers standard if it is to H1 as an interim step.

Talk soon,
Nadine

From: Nelms, Scott (ENERGY)
Sent: February-23-17 6:45 AM
To: Petsche, Nadine (TBS)
Subject: Fw: Affordability Fund

Hi Nadine,

I hope you have this, but just in case, here is the basis for the 8am call. Apparently my Energy colleagues are going to TB for approval next week. They are unsure whether the attached structure would work from an accounting perspective. Hydro One is the logical operator of the fund, but that is challenging if we want to move the money this fiscal.

Thanks for your help,
Scott

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Nelms, Scott (ENERGY) <Scott.Nelms@ontario.ca>
Sent: Tuesday, February 21, 2017 8:38 AM
To: Cindy Veinot (TBS) (Cindy.Veinot@ontario.ca)
Subject: FW: Affordability Fund

Hi Cindy,

Hydro One is of the view they can establish a trust structure that would not be consolidated to its financials for the $200M Affordability Fund (see attached for details). Let me know if more information is required, or if a conversation with Hydro One / KPMG is warranted.

Thanks,

Scott

From: Michael.Vels@HydroOne.com [mailto:Michael.Vels@HydroOne.com]
Sent: February 21, 2017 7:34 AM
To: Nelms, Scott (ENERGY)
Subject: Affordability Fund

Scott, here is a first draft of an outline. What else would you need to help you put forward a recommendation for approval?

Mike.