# RE: Electicity Rate Mitigation

**From:** "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
**To:** "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
**Cc:** "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
**Date:** Fri, 24 Feb 2017 10:59:38 -0500

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Received. Will focus on this. n

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**From:** Veinot, Cindy (TBS)
**Sent:** February-24-17 10:49 AM
**To:** Petsche, Nadine (TBS)
**Cc:** Hosick, Sarah (TBS)
**Subject:** RE: Electicity Rate Mitigation

Hi Nadine – I didn't hear back from you on my message below, so I constructed a very basic model – can you work with the other parties to vet it.

Bottom line from my perspective from this model is that the Province will have increased IOD – partially in IOD line and partially in the Hydro One line on the amount of the deferral. I used 5% interest and assumed half-year for interest (e.g. $30 is deferred in even amounts each month). See the bottom right of the spreadsheet for the impact calculation. One issue I haven't thought through is how the Trust will recognize interest income that they will receive in connection with the payback. You can't recognize interest on an intangible. This may be the disconnect with OPG?

Can you also think through what the impact is if OFA financed all of the debt and loaned it to the Trust – what is that impact to the fiscal plan.

Thanks,

Cindy

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**From:** Veinot, Cindy (TBS)
**Sent:** February-23-17 2:46 PM
**To:** Petsche, Nadine (TBS)
**Cc:** Hosick, Sarah (TBS)
**Subject:** Electicity Rate Mitigation

Hi Nadine – we need a mock up of the impact of the new structure -- i.e. if we take a sample transaction and push it through, confirmation of the journal entries – IESO, OFA, OPG Trust, OPG, Province.

Can we use the numbers we have been talking through – e.g. 100 paid to generators, 70 collected from LDCs and 30 deferred with 5% interest. We should run it for a period of time -- not 30 years – but assume 5 years or something short, including a build up (e.g. 2 years) and repayment (e.g. 3 years).

Could you work with Kim/John and Ken K on this? -- for EOD tomorrow?

I'm concerned that with the equity injection from the Province to OPG, we haven't captured the IOD impact appropriately.

Thanks,

Cindy

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