RE: entries (per review with CV)

From: "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
To: "Picard, Michel" <mpicard@kpmg.ca>
Cc: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Mon, 13 Feb 2017 15:31:08 -0500

Thanks Michel. Thanks for the reminder on the P/L impact…if market books are brought onto IESO f/s it would be b/s impact only.
N

From: Picard, Michel [mailto:mpicard@kpmg.ca]
Sent: February 13, 2017 3:18 PM
To: Petsche, Nadine (TBS)
Cc: Veinot, Cindy (TBS)
Subject: RE: entries (per review with CV)

Thanks Nadine.

I agree with you that reduction of costs is better under US GAAP. Under the potential new standard under IFRS, it will be a revenue rather than a reversal of the expense. BTW, IESO does not show the P/L impact as they would be considered an agent.

I am trying to fine justification to reduce the regulatory asset rather than to create a liability. My preferred treatment as well.

Regards,

Michel

From: Petsche, Nadine (TBS) [mailto:Nadine.Petsche@ontario.ca]
Sent: Monday, February 13, 2017 2:58 PM
To: Picard, Michel <mpicard@kpmg.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Subject: entries (per review with CV)

Hi Michel.

I had a chance to review the draft entries with Cindy, and below are additional considerations. In particular, #3 and #4 have suggested edits. N

The journal entries to reflect the above discussion are as follows:

1. to record the energy purchased from generators
   Dr Energy purchased 100
   Cr Generators 100

2. to record the amount collected from the distributors
   Dr Cash 90
   Cr Revenue 90

3. to record the remaining amount to be collected from the distributors over a period of 20-30 years in accordance with legislation and the OEB 's direction

Dr Regulatory asset 10 Can IESO record a regulatory asset? In order for costs to be RA, has to be part of IESO's incurred costs.
Cr Energy Purchased ~~Revenue~~ 10

4. to record the cash received from OPG to finance the remaining 10% payments to the generators

   Dr Cash rec'd OPG 10
   Cr ~~Due to OPG~~ Regulatory asset 10 The alternative is to eliminate the regulatory asset instead of creating a liability. (CV's view supports the alt treatment)

5. to record the payments to generators

   Dr Generators 100
   Cr Cash 100

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