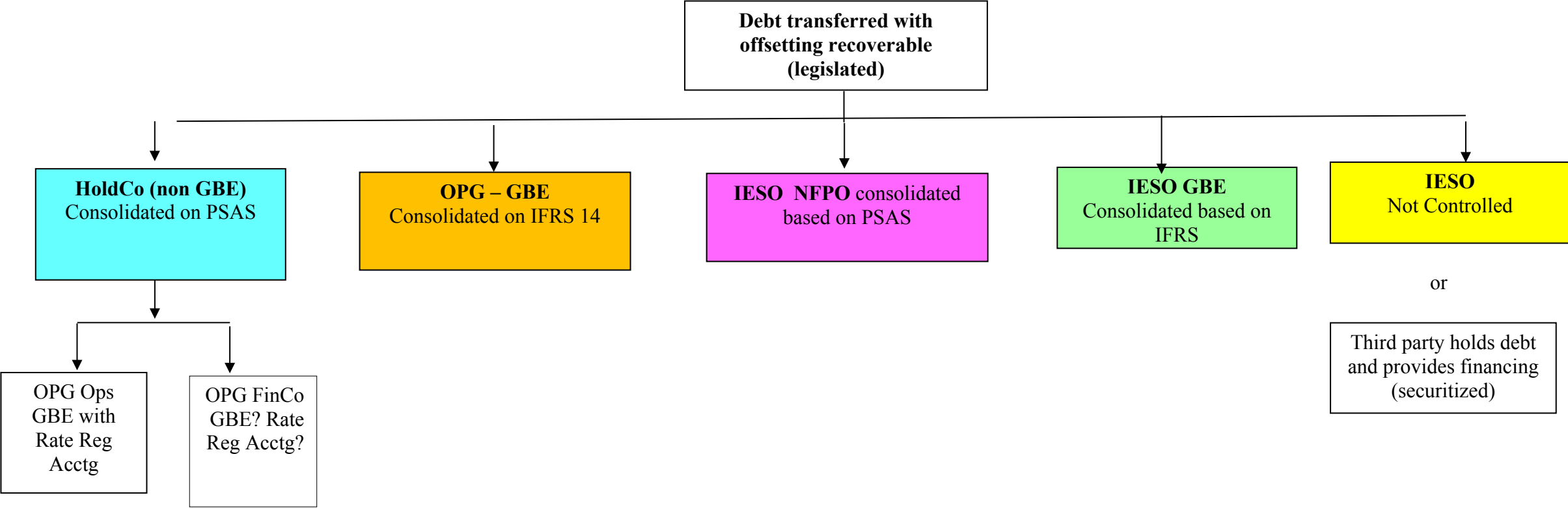




	HoldCo (GBE vs. non GBE)	OPG – GBE	IESO NFPO	IESO GBE (PREFERRED)	IESO Not Controlled
Acctg	• OPG RR accounting only as related to ‘own incremental costs’. • Deferred recoverable not expected to meet RRA test under US GAAP • FinCo no likely to meet GBE test – if not self-sustaining, selling goods and services. In addition, IFRS 14 treatment not eligible if not reporting RRA prior to adopting IFRS	• Limited ability to report RR Asset (must be ‘own incremental costs’) • Receivable accounting not possible as counterparty note identifiable. • Intangible asset accounting treatment might be possible. • Significant additional debt may have a negative potential impact on OPG’s financial rating/debt covenants • Potential risk to OPG’s classification as a GBE?	PSAS does not recognize rate regulated accounting (note US GASB does recognize). Market related transactions not reported on IESO books but do reflect rate regulated accounting. No rate regulated accounting reflected on IESO books although advice on conservation costs suggests may be feasible to report as an asset. Former OPA reported financial assets and liabilities (one to one relationship). If market transactions reported on IESO books under PSAS: - Could deferred amount be reported as an asset to offset (similar to EY advice on conservation costs?) Larger \$\$ - If market transactions NOT reported on IESO books: On premise that assets are recoverable from the market (in substance and substantiated by legislation/OEB oversight), could OFA report a recoverable?	Change in classification of IESO to GBE status (effective Jan 1/15) on basis that it would better support transparency and accountability in financial reporting (include market books which have reflected rate regulated accounting), and an adjustment to reverse the \$100M losses previously reported which are a RRA. Also \$235M liability reported currently for amounts overcollected (reported as retained profit) which should be reflected as RR. IFRS 14 should apply as at the date of changeover. On CFS, presentation change would be reflected in restated 151/6 comparatives with a \$.1B reduction in accumulated deficit. Not a new GBE, but rather a change in accounting classification where rate regulated accounting was previously applied to market books.	- OFA debt likely to be offset by a loan receivable on CFS - Annual assessment for impairment required.

				Similar to LYPA, the additional debt would be classified as an intangible (rather than a rate regulated asset). Possible that a portion of the debt be securitized to demonstrate feasibility and fact that OFA financing preferred only for benefit of lower rates.	
Fiscal	Ability to recognize deferred recoverable as RRA limited to OPG's portion; remainder would be expensed in period deferred.	Ability to recognize deferred recoverable as RRA limited to OPG's portion; remainder would be expensed in period deferred with potential impact on OPG's credit rating if cannot meet an asset test (RRA, financial asset or intangible).	Where asset/receivable reported on consolidation, no net fiscal impact for the CFS. Significant risk that asset would NOT be able to be reported as a receivable on IESO's books under PSAS.	If deferred costs recognized as Intangible assets or RR Assets (IFRS14) could retain offsetting assets and debt on books of province.	To the extent that the OFA continues to assist with financing the debt, would have debt and a related A/R on the Province's CFS. Any Provincial guarantee would represent a contingent liability until such time as likely and reasonably estimable.
O/S Ques.	Would nature of costs render them ineligible for RRA treatment on OPG's books under US GAAP and IFRS14? (For CFS it is IFRS14 that is key. Since amounts would not be reported on OPG's stand alone operating stmts, may not impact credit rating.) How would FinCo be established to meet the test of a GBE and what are key timelines?	Would nature of costs render them ineligible for RRA treatment on OPG's books under US GAAP and IFRS14? for CFS it is IFRS14 that is key. What are the requirements for OPG to record an intangible? – would need legislation to set up? (to allow them to undertake other activities). Consider implications on OPG debt covenants (possible refinancing required). - Does securitization have any impact?	Consider accounting analysis completed by EY for conservation costs. Audit risk considered high.	- Might a preference exist to link to IESO vs. OPG (related to IESO activities)? - Would intangible asset treatment align better with LYPA accounting (important precedent); - RRA treatment feasible, but would be different than LYPA and could be positioned negatively by some stakeholders who are opposed to rate regulated accounting; - Would an accounting opinion desirable (GBE classification, market books on book, intangible asset accounting)	Does a non-controlled entity strengthen the case for an A/R being reported on the Province's books to offset the debt?