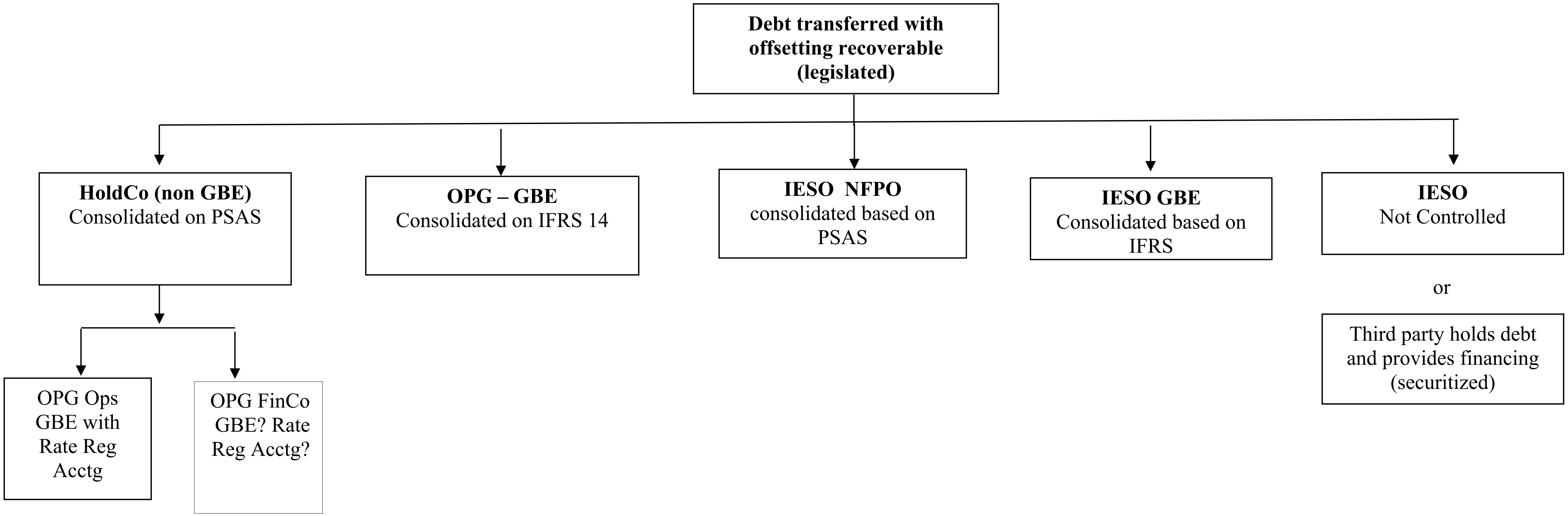
Decision Tree



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') • Significant additional debt may have a negative potential impact on OPG's financial rating • Potential risk to OPG's classification as a GBE?	PSAS does not recognize rate regulated accounting (note that US GASB does recognize). Market related transactions not reported on IESO books. 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: - Could deferred amount be reported as an asset to offset (similar to EY advice on conservation costs?) - 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?	IESO classification change could be linked with the merger of the IESO, supported by evidence of profit which IESO has been allowed to retain. Could previous accounting for deferrals constitute rate regulated accounting in the past? (financial assets and liabs?) Not a new GBE, but rather change in status? Would additional debt and OFA financing threaten self-sustainability? Would portion of debt be securitized to demonstrate feasibility?	- OFA financing assistance to be provided at a premium (for no control) - OFA debt likely to be offset by a loan receivable on CFS - IESO accounting ???
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.	Where asset/receivable reported on consolidation, no net fiscal impact for the CFS.	If deferred costs recognized as RR Assets, under IFRS14 based consolidation, could retain offsetting assets and debt on books of province.	

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.	Consider accounting analysis completed by EY for conservation costs. Would similar rational hold for Rate Stabilization?	IFRS 14 transition considerations key	Does a non-controlled entity strengthen the case for an A/R being reported on the Province's books to offset the debt?