# Re: Globe and Mail

**From:** "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
**To:** "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
**Date:** Thu, 03 May 2018 16:40:39 -0400

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They haven't yet as far as I know -- do you have a response to give?

Sent from my BlackBerry 10 smartphone on the Rogers network.

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**From:** Veinot, Cindy (TBS)
**Sent:** Thursday, May 3, 2018 4:37 PM
**To:** Hosick, Sarah (TBS)
**Subject:** RE: Globe and Mail

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Do we have a chance to respond to their response below?

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**From:** Hosick, Sarah (TBS)
**Sent:** May 3, 2018 4:20 PM
**To:** Veinot, Cindy (TBS)
**Subject:** Fw: Globe and Mail

Sent from my BlackBerry 10 smartphone on the Rogers network.

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**From:** Tharani, Alisha (TBS) <Alisha.Tharani@ontario.ca>
**Sent:** Thursday, May 3, 2018 4:00 PM
**To:** Skoberne, Vivienne (TBS); Pichelli, Jason (TBS); Hadisi, Lawvin (TBS); Rubin, Jack (TBS); Ue, Allison (TBS); Nelson, Dane (TBS); Hosick, Sarah (TBS); Laughton, Patrick (TBS)
**Cc:** DiMuzio, Sofie (TBS); Sullivan, Bryant (TBS); Vrancart, Kate (TBS); Miller, Amanda (TBS)
**Subject:** FW: Globe and Mail

Hi all,

Please see below for an email from the Globe & Mail regarding TBS's requested corrections to the Apr 21 "Bad Books" article.

As highlighted in the email below, there will be one correction made with regards to the direction the Provincial Controller gave to IESO (to look at market accounts, not rate-regulated accounting). The correction has been made online (see below) and will appear in tomorrow's paper.

Note that we continue to work on the two follow-up questions from Matt McClearn that were received this afternoon, and will circulate for review as soon as possible:

- *I'm still not clear on when the government began using special purpose entities to raise debt. And I'd still like a list of all special purpose entities that have borrowed on behalf of the province.*

- *Also, if the Fair Hydro Trust borrows $1 billion, by what amount will the gross debt figure on the Province's consolidated financial statements increase by?*

Best,

Alisha

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ORIGINAL:
The official explanation is that in mid-January, 2017, at one of the earliest meetings to discuss the Fair Hydro Plan, Ontario Controller Cindy Veinot ordered Ms. Marshall to "take a closer look" at adopting rate-regulated accounting because she didn't think the IESO's existing policies were appropriate.

CORRECTION:
The official explanation is that in mid-January, 2017, at one of the earliest meetings to discuss the Fair Hydro Plan, Ontario Controller Cindy Veinot ordered Ms. Marshall to "take a closer look" at how the IESO accounted for its market accounts because she didn't think the IESO's existing policies were appropriate.

**Editor's Note: An earlier version of this article (an April 26 article on the Ontario Auditor-General report) incorrectly stated that Ontario Controller Cindy Veinot ordered a closer look at adopting rate-regulated accounting. In fact, she ordered a reconsideration of the accounting for market accounts.**

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**From:** Stead, Sylvia [mailto:SStead@globeandmail.com]
**Sent:** May 3, 2018 3:30 PM
**To:** Tharani, Alisha (TBS)
**Cc:** McClearn, Matthew
**Subject:** Globe and Mail

Hello Ms. Tharani. I have discussed your complaints about the article of April 21 and reviewed the requests for a correction. I will deal with them one at a time:

1. The words "a radical departure" are clearly representing the views of the AG. This is fair to say as well because the manner in which the borrowing associated with the Fair Hydro Plan would be disclosed would represent a departure from previous debt reporting.

2. "off-balance-sheet". Borrowing in this piece equates with net debt, and is a primary metric for measuring the province's debt. Also off-balance-sheet borrowing, which has no strict definition, was used to show that the full amount borrowed in connection with the Fair Hydro Plan does not appear in the net debt figure of the province. That is correct. Not only is borrowing for the Fair Hydro Plan not reflected in the net debt, but borrowing by OPG or the Trust shows up in investment in government business enterprises.

3. The author did not write that recording rate-regulated assets has been controversial in the private sector. He wrote that recording expenses as assets has been controversial in the private sector.

4. The dictionary definition of "ordered" is a person in authority directing or instructing someone to do something. That is a fair word in this case. Ms. Veinot did express an opinion on IESO's existing policies. ("I didn't think it was appropriate," she said.) However, as you correctly note, Ms. Veinot has testified that she asked the IESO to consider adopting market accounts, not rate-regulated accounting as the author stated. We have corrected this reference online and will include a correction in tomorrow's paper.

5. While the article does not provide the detailed breakdown you are providing, it is not wrong. Phrases such as “the government’s books” are common phrases used to refer to Public Accounts. Also, Ms. Veinot has testified: Essentially, what’s happening now with the fair hydro plan on that piece is that the period of settlement extends from 12 months to 30 years…That period stretches on for 30 years. Those amounts will be collected from ratepayers when the clean energy adjustment is charged to those ratepayers for electricity that is consumed. Rate-regulated accounting permits you to record that amount as an asset. From an accounting perspective, that means that it does not impact the deficit or surplus of the province, which means it reflects that those costs are borne by the ratepayer and not by the taxpayer.

6. This issue seems to turn on the difference between gross and net debt, but net debt is common use. I note that yesterday, the FAO issued its latest Economic and Budget Outlook, which refers to net debt.