Re: OPG debt Guarantee

From: "Veinot, Cindy (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=veinot, cindy (tbs)d57">
To: "Mayman, Gadi (OFA)" <gadi.mayman@ofina.on.ca>
Cc: "Angus, Helen (TBS)" <helen.angus@ontario.ca>, "Hughes, Karen (TBS)" <karen.hughes@ontario.ca>, "Thompson, Scott (MOF)" <scott.thompson@ontario.ca>, "Kwan, Ronald (OFA)" <ronald.kwan@ofina.on.ca>, "Schuurman, Tim (MOF)" <tim.schuurman@ontario.ca>, "Kandeepan, Ken (OFA)" <ken.kandeepan@ofina.on.ca>, "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
Date: Mon, 27 Feb 2017 12:29:57 -0500

Yes.

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Gadi Mayman
Sent: Monday, February 27, 2017 12:27 PM
To: Veinot, Cindy (TBS)
Cc: Angus, Helen (TBS); Hughes, Karen (TBS); Thompson, Scott (MOF); Kwan, Ronald (OFA); Schuurman, Tim (MOF); Kandeepan, Ken (OFA); Petsche, Nadine (TBS)
Subject: Re: OPG debt Guarantee

Would it be useful if I sent a similar email to Ken Hartwick to the one I just sent to you to make sure it's addressed in their white paper, or would that be unnecessarily confusing and just wait and see if they address it?

Thanks,
Gadi

> On Feb 27, 2017, at 12:25 PM, Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca> wrote:
>
> Hi Gadi. I'm hoping the OPG whitepaper addresses this issue head on. We have asked the question many times.
>
> Cindy
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> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Gadi Mayman
> Sent: Monday, February 27, 2017 11:10 AM
> To: Veinot, Cindy (TBS)
> Cc: Angus, Helen (TBS); Hughes, Karen (TBS); Thompson, Scott (MOF); Kwan, Ronald (OFA); Schuurman, Tim (MOF); Kandeepan, Ken (OFA); Petsche, Nadine (TBS)
> Subject: OPG debt Guarantee
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>
> Hi Cindy, we all had to rush off to our next meetings following FPC, so we didn't get a chance to have a discussion about why a Provincial guarantee of all of OPG's debt related to the trust isn't a problem for the accounting treatment that we'd need to get to in order to make the GA smoothing plan work, while direct borrowing and on-lending from the Province is if it's greater than 49% of the total borrowing (actually 44% in their current model).
>
>
> From a capital markets, investor and rating agency perspective, the guarantee is extremely likely to be lumped in with the rest of our debt, and would be considered just as much of a provincial obligation as guaranteed debt, particularly in this case where the reason that the guarantee is needed is

because investors will demand it in order to protect themselves from legislative amendments by a future government. For that reason, it's hard to justify, from a capital markets or cost perspective, having OPG borrowing in its own name with a government guarantee, so is it possible to revisit the potential accounting treatment and determine whether, now that we've effectively moved to a guaranteed structure, we could just have the Province, through the OFA or OEFC, do all of the borrowing and on-lend to OPG?
>
>
> Gadi
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> ________________________________
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