Stranded Debt (Historical) – OEFC 2015-16		**Rate Stabilization (proposed)**	
Debt Repayment Plan OEFC services and retires the debt and other liabilities of the former Ontario Hydro from the following revenue and cash flow sources in the electricity sector: • Outstanding notes receivable from the Province, OPG and IESO • PIL of corporate income and property taxes, and Gross Revenue Charges made by OPG, Hydro One and municipal electric utilities • Subsequent to the Hydro One IPO, Hydro One no longer pays PIL of corporate income tax to OEFC. Under the Electricity Act, 1998, provincial corporate taxes payable by Hydro One Inc. are due and payable by the Province to OEFC • DRC paid by electricity consumers • Electricity sector dedicated income - the Province's combined cumulative net income from OPG and Hydro One in excess of the Province's interest cost of its investment in these subsidiaries		- Deferred power generation costs to be recovered through future rates would be initially reported as regulatory assets by IESO and sold to OPG Trust which would report the amounts as intangible assets. CFS would reflect assets on OPG's consolidated financial statements under modified equity accounting (OFA debt borrowed to finance equity injection in OPG offset to Intangible asset reported by OPG upon consolidation of the Trust). - Interest expense reported by OFA on debt borrowed for equity injection would be offset by interest revenue earned by OPG in return for loan to OPG Trust.	
Statement of Financial Position Net Debt: $4.5B (unfunded liability) reported on OEFC f/s (for OEFC net debt equals to stranded debt)	Statement of Operations Revenue: $6.1B - DRC - PILs - ESDI Expense: $2.4B ■ IOD Net Annual Surplus/Def: ~~Net surplus $3.7B~~	Statement of Financial Position Net Debt: No impact (OFA debt offset by intangible asset reported on OPG books)	Statement of Operations Net Annual Surplus/Def: (assumes proposed accounting accepted by OAG): ■ Net annual impact dependent on amount of 3rd party financing; any interest expense incurred on loan to Trust by OPG would be offset by interest revenue reported by OPG); interest expense to Trust for 3rd party financing would reflected as intangible asset recoverable through future rates
Net fiscal impact of Stranded Debt on CFS: ■ B/S: Net unfunded amount of stranded debt ; ■ I/S: net of revenues dedicated towards funding stranded debt less expenses related to stranded debt		Net fiscal impact of Rate Stabilization on CFS: ■ No impact on net debt ■ No net impact if accounting accepted by OAG	

Commented [NP1]: check