<u>Legal Risks – Key Messages</u>

- The document that I understand is being referenced is months old

- It flagged early considerations that would need to be addressed as we moved forward, including accounting, legal and electricity system considerations

- Over the past several months we have been working with external and internal legal and accounting firms, with the Provincial Controller, with the Ministry of the Attorney General and with others to ensure any concern that was presented in that document was addressed

- The legislation that is now before the house has been **purposefully crafted to deal with these issues** – and it wouldn't have been introduced if we weren't confident that they had been addressed

On legal risk (whether OFHP could be challenged as a tax):

- The legal risk described in the document arises if it becomes clear that the government is not allocating costs fairly – in other words, if the government is imposing costs on future consumers who aren't receiving a corresponding benefit

- Now remember again that the **entire premise of the Fair Hydro Plan is that the costs of investing in our electricity system have been front-loaded on today's consumers**, even though we know these assets will last longer and benefit future consumers

- And since we know that these assets can be expected to last longer than 20 years – then consumers in the future who benefit from their continued operation should also be paying a portion of the costs – which in turn helps reduce costs for today's consumers

- **So the Fair Hydro Plan is really based on the same logic as this constitutional principle: fairness.**

- The legislation requires the Minister of Energy to allocate the costs in such a way that takes into account the corresponding benefits linked to those costs. And it contains specific provisions to ensure that the amount of Global Adjustment that's being differed is linked to the benefit that future consumers will receive – this is called the "Fair Allocation Amount".