Re: EXTERNAL - Examples of jurisdictions in U.S. | GA refinancing

From: "Whittington, Matt (ENERGY)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=whittington, matt (energy)cce">
To: "Berry, James (ENERGY)" <james.berry5@ontario.ca>
Cc: "Den Heijer, Kevin (ENERGY)" <kevin.denheijer@ontario.ca>
Date: Mon, 11 Sep 2017 17:05:06 -0400

Sure - I'll stop by after this call with the Minister is done.

Sent from my iPad

On Sep 11, 2017, at 4:24 PM, Berry, James (ENERGY) <James.Berry5@ontario.ca> wrote:

> Do you have a couple mins to discuss below?
>
> **From:** DYKXHOORN Sandra -STAKEREL [mailto:sandra.dykxhoorn@opg.com]
> **Sent:** August-09-17 6:51 PM
> **To:** Berry, James (ENERGY)
> **Cc:** ROWE Jennifer -CORPAFFAIRS; GRUETZNER Ted -STAKEREL; Campbell, David (ENERGY)
> **Subject:** FW: EXTERNAL - Examples of jurisdictions in U.S. | GA refinancing
>
> Hi James,
>
> As requested, below is a list of 18 jurisdictions that have a rate reduction bond (RRB) market (and some of the companies that issued them).
>
> RRBs are based on the creation of a special purpose entity which issues the bonds backed by the right to receive cashflow streams from utility consumers. As you may know, these RBBs are not exactly like the GA financing used here in Ontario. Rate reduction bonds are for financing costs that have been incurred and paid back over time smoothing the rate impact. Fair Hydro is accumulating debt over a period to provide rate relief and "rebalance" cost profile. This will be paid back over time based on a very specific amortization profile which will be tied to underlying assets and contracts tied to the GA.
>
> Our finance group also wanted to clarify that the reference to "external accounting experts" is not accurate – as this list did not come from an accounting firm. Also, "similar accounting practices" is not accurate as the RRBs are more of a financing strategy in the electricity industry, not an accounting practice.
>
> Here is a list of the following jurisdictions with an active RRB market
> 1. New York (Long Island Power Authority)
> 2. Florida (Duke Energy Florida)
> 3. Louisiana (Entergy New Orleans, Cleco Power)
> 4. Hawaii (Dept of Business, Economics, Development and Tourism)
> 5. Michigan (Consumers Energy, Detroit Edison)
> 6. West Virginia (AEP West Virginia, Potomac Edison Company)
> 7. Texas (AEP Texas Central, CenterPoint Energy Houston Electric, Reliant Energy, Entergy Texas)
> 8. Arkansas (Entergy Arkansas)
> 9. Maryland (Baltimore Gas & Electric)

10. New Jersey (Jersey Central Power & Light, PSE&G)
11. California (Pacific Gas & Electric, Southern California Edison, San Diego Gas & Electric, Sierra Pacific Power)
12. Pennsylvania (West Penn Power, PECO Energy, Pennsylvania Power & Light)
13. Massachusetts (Boston Edison, Western Massachusetts)
14. Connecticut (State of Connecticut, Connecticut Light & Power)
15. New Hampshire (Public Service of New Hampshire)
16. Illinois (Illinois Power, Commonwealth Edison)
17. Montana (Montana Power)
18. Washington (Puget Sound Energy)

Let us know if you have any questions about the above!

Thanks,
Sandra

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From: Berry, James (ENERGY) < James.Berry5@ontario.ca >
Date: Monday, Jul 24, 2017, 11:27 AM
To: ROWE Jennifer -CORPAFFAIRS < jennifer.rowe@opg.com >, MCGOEY Eric -STAKEREL < eric.mcgoey@opg.com >
Cc: Campbell, David (ENERGY) < David.Campbell2@ontario.ca >
Subject: EXTERNAL – Examples of jurisdictions in U.S. | GA refinancing

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Hi to you both and happy Monday.

Just doing some information gathering and was hoping OPG could put together a list of most/all of the 18 jurisdictions mentioned below when it comes to GA refinancing and its accounting practices. We're familiar with Long Island and Duke, but looking for more examples that we can point to. It's not urgent, but something by end of this week or early next would be greatly appreciated.

Thanks!
James

- External accounting experts confirmed that 18 other jurisdictions in North America utilize similar accounting practices in the electricity system, offering strong legal and financial frameworks to guide Ontario's own proposal.

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