Question:

What form of advice was provided from KPMG, Deloitte and EY on the accounting for the Fair Hydro Plan?

Answer:

Firm	**Nature of Engagement**	**Conclusions of Opinion**	**Relevance to Consolidated financial statements of the province**
KPMG	Engaged by IESO to issue an opinion on the following accounting issues related to the Fair Hydro Plan under PSAS: (1) whether IESO can recognize a regulatory asset using the US GAAP guidance for rate-regulated accounting, (2) whether OPG Trust is controlled by IESO, and (3) whether the rate regulated asset under (1) should be derecognized upon sale to OPG Trust. KPMG also issued an unqualified (clean) opinion on the 2017 financial statements of IESO.	KPMG concurred with IESO management on the accounting under PSAS, namely (1) IESO can recognize a regulatory asset under US GAAP, (2) IESO does not control OPG Trust and (3) IESO should derecognize the regulatory asset upon sale of the asset to OPG Trust.	KPMG notes that their accounting opinion is specific to the accounting for IESO and was not prepared for the Province. OPCD worked with their advisor, EY, to assess the implications for the Province's accounting, taking into account the opinion provided by KPMG for IESO.
Deloitte	Engaged by KPMG to issue an opinion on whether IESO can follow rate-regulated accounting under PSAS. Deloitte did not opine on the application of rate regulated accounting to the Fair Hydro Plan.	A rate regulated entity reporting under PSAS that qualifies for rate regulated accounting under the US accounting guidance is not precluded from following that guidance.	The Deloitte opinion was provided in relation to the accounting by IESO and not that of the Province. OPCD worked with their advisor, EY, to assess the implications for the Province's accounting, taking

			into account the opinion provided by Deloitte to KPMG.
EY – 1	External auditor of OPG	EY was not engaged to issue a separate opinion on the impact of the Fair Hydro Plan to the consolidated financial statements of OPG. In December 2017, EY issued a memo to the Audit and Risk Committee of the Board of Directors of OPG that noted they concurred with the analysis completed by management of OPG under both US GAAP and IFRS. On March 8, 2018, EY issued a clean opinion on the consolidated financial statements of OPG, which reflected the consolidation of the Fair Hydro Trust.	The OPG consolidated financial statements, prepared in accordance with IFRS, are reported in the consolidated financial statements of the province using the modified equity method. The memo that EY prepared in December 2017 supports the accounting that will be reflected in the consolidated financial statements of the Province. EY will issue an additional report on the differences between US GAAP and IFRS for the purposes of the Public Accounts. The differences between IFRS and US GAAP with respect to the Fair Hydro Plan are expected to be insignificant.
EY – 2	Engaged by the Office of the Provincial Controller Division (OPCD) to advise OPCD on the accounting for the Fair Hydro Plan on the consolidated financial statements of the province. EY was not engaged to provide an accounting opinion to the Province. EY assisted in documenting the accounting analysis and provided a requested challenge function on the complex issues.	EY was not engaged to issue an accounting opinion.	Relevant as EY was engaged to advise OPCD on the accounting for the Province.