

Fw: FYI - Media Requests re: OFHP following SCOPA

From: "Bromm, William (CAB)" <"o=govon/ou=ontario public sector - iserv
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To: "Orsini, Steve (CAB)" <steve.orsini@ontario.ca>, "Kwamena, Boafoa (CAB)"
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Date: Thu, 01 Mar 2018 18:45:37 -0500

FYI

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Sumi, Craig (CAB) <Craig.Sumi@ontario.ca>
Sent: Thursday, March 1, 2018 6:21 PM
To: Lazarus, Jordan (OPO); McPhail, Blane (OPO)
Cc: Forgione, Andrew (OPO); Killorn, Bill (OPO); McMichael, Rhonda (CAB); Scott, Adrienne (CAB); Kwamena, Boafoa (CAB); Bromm, William (CAB); Pontikis, Maria (CAB); Farrow, Alicia (CAB); Brown, Kyle (CAB); Heitshu, Tania (CAB); Evans, Kirsten (CAB); @CAB-Issues
Subject: Fw: FYI - Media Requests re: OFHP following SCOPA

Blane/Jordan,

In case you haven't received through other channels, just sharing this email strand from TBS regarding a media call from the Globe, following up on yesterday's SCOPA testimony

No hard deadline as of yet, but you'll see the reporter is getting into the weeds quite deeply on the FHP accounting and decision making and is looking for specifics.

Craig

From: Tharani, Alisha (TBS) <Alisha.Tharani@ontario.ca>
Sent: Thursday, March 1, 2018 5:19 PM
To: @CAB-Issues
Cc: @TBS-L-Issues and Media; @FIN-L-O-CSB-ISSUES; @ENERGY-COMM-Issues_and_MediaRelations
Subject: FYI - Media Requests re: OFHP following SCOPA

Hi CO issues,

In follow-up to yesterday afternoon's SCOPA appearance (with TBS, MOF and Energy),

we have received a few media inquiries from Matthew McClearn at the Globe & Mail.

The questions currently focus on decision-making and cost analysis regarding Ontario's Fair Hydro Plan.

For TBS, the reporter is particularly interested in the senior decision-makers who were responsible for the accounting structure for OFHP, particularly within the Office of the Provincial Controller. For Finance, the reporter is interested in the detailed borrowing estimates, including underlying math behind peak debt and interest charges. At this time, Energy has not received any requests.

See below my signature for the questions in full.

We do not have a hard deadline from the reporter at this time, and will continue to keep you updated.

Please let us know if you have any questions or need any further details from our end.

Best,

Alisha

Alisha Tharani

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Questions for TBS

Part 1: *“Who were the senior decision-makers at Treasury Board responsible for the accounting/financial structure with the Fair Hydro Plan?*

And what were their roles in establishing the accounting/financial structure?”

Part 2: *“The Hansard of the proceedings of the Standing Committee on Estimates on Oct. 24, 2017 indicates Ms. Sophie Kiwala said the following:*

*Our plan has been approved by the peers of the Auditor General at some of Canada's top accounting firms, including Ernst and Young, KPMG and Deloitte. In the development of the fair hydro plan, we also consulted with numerous third-party advisers in the application of accounting standards. IESO's management, IESO's audit committee, IESO's board of directors, IESO's external auditor and the **Office of the Provincial Controller** all support this accounting treatment.*

(Emphasis added.)

Who at the Office of the Provincial Controller signed off on the financial/accounting structure of the Fair Hydro Plan? What form did that approval take?”

Questions for Finance

As you may be aware, last year the Financial Accountability Office estimated that the FHP would cost Ontario \$45 billion over 29 years, or a net cost of \$21 billion once the resultant savings to electricity

ratepayers are subtracted. The FAO also said that "After 10 years, ratepayers will be required to repay the deferred electricity costs plus approximately \$21.0 billion in interest."

In its response to the Auditor General of Ontario's report on the FHP, the government asserted the following:

While total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than the estimates in the report of the Financial Accountability Office (FAO), cited by the report. Total borrowing estimates over the thirty year life of the program have been revised down substantially by the government since the FAO released its report in May 2017 and borrowing costs are now forecast to be substantially lower than original estimates. Current government estimates forecast that the peak debt over the thirty year life of OFHP will be below \$20 billion. The preliminary estimate from March 2017 was about \$28 billion.

(Emphasis added)

I request the detailed borrowing estimates cited by the government above, including the underlying math behind peak debt and interest charges and any assumptions made. Happy to discuss and clarify further if required.