Fw: [NOTES] Auditor General releases Special Report, The Fair Hydro Plan in media studio - October 17, 2017

From: "Prins, Sebastian (TBS)" <sebastian.prins@ontario.ca>
To: "Gallant, Gabrielle (TBS)" <gabrielle.gallant@ontario.ca>, "Pichelli, Jason (TBS)" <jason.pichelli@ontario.ca>
Date: Tue, 17 Oct 2017 12:52:53 -0400

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Holden Wine <hwine@liberal.ola.org>
Sent: Tuesday, October 17, 2017 12:47 PM
To: Beaudry, Jennifer (OPO); Ernesaks, Andrea (OPO); Bevan, Andrew (OPO); Forgione, Andrew (OPO); Andrew Rudyk; cbanas@liberal.ola.org; Codd-Downey, Beckie (GHLO); McPhail, Blane (OPO); Bossin, Bryan (OPO); Clare Buckley; Foerster, Carly (OPO); Walsh, Chad (OPO); Jack Davidson; Tomney, Genevieve (OPO); McEachern, Gillian (OPO); Pattillo, Ian (OPO); jgomez@liberal.ola.org; Lazarus, Jordan (OPO); Moseley-Williams, Kate (OPO); Killorn, Bill (OPO); Richardson, Kyle (OCOC/GHLO); Swaraj Mann; Rowe, Mary (OPO); Pranavie Mayooran; Jancik, Mike (OPO); McIntyre, Moira (OPO); Warda Nasir; MacKenzie, Rebecca (OPO); Ahluwalia, Ron (MOI); Le Guern, Ronan (OPO); Jonathan Scott; Joseph Uranowski; Holden Wine
Cc: Den Heijer, Kevin (ENERGY); Prins, Sebastian (TBS); Koukoulas, Sophia (MOF); Williams, Emily (MOL); Gebremedhin, Ruth (MTCS); Festeryga, Katherine (MEDG)
Subject: [NOTES] Auditor General releases Special Report, The Fair Hydro Plan in media studio - October 17, 2017

Media: CBC, Hains, Benzie, Lamoureux, Carter (Global), Smith Cross, Alison Smith, TFO, (Toronto Sun), crawley, cityNews, TFO, Rath, mcgrath
Speaker: Auditor General Bonnie Lysyk
Attending:

Notes:

Thank you for this opportunity
Non partisan officer
Speak out when financial information of the gvt is not presented fairly
This is such a case
I am not speaking about decision to provide ratepayers with relief
Thats policy decision
Report recommends the govt record the true financial impact of its electricity rate reduction plan in the province's budget and consolidated financial statements
Use least costly financing structure to fund the rate reduction
Govts structure will hide from Ontarians the real financial impacts of its electricity rate reduction
Not a difference of opinion accountants on some obscure rule of bookkeeping
Accounting proposed by govt is wrong
Ontario Power generators guarenteed a certain price for their electricity
If ratepayers get a discount on their hydro bill, someone else pay difference
Someone is province
Govt borrows to cover a shortfall between revenues and costs
Govts proposal is to treat loss as an asset
Proper accounting borrowing money and losses should result in net debt increasing and higher deficit

May 2017 FAO reported structure could cost ratepayers about 4 billion dollars in additional interest
Emails showed enlisted senior officials and spent at least 2 million hiring outside advisers to design complex accounting
Public expects transparency and accountability
Encourage govt to implement two recommendations
Record financial imapct of the fair hydro plans electricity rate reduction on budget
Use financing structure to fund the rate reduction that is least cost

Smith cross what if they don't accept
Ontarians will be paying more

Crawley strong language, don't recall you being this direct. How strong is this
About policy decision
Opg earns money

Crawley if company did this?
It would be looked upon the same way

Carter: make assumption of intention, what is govt intention

Carter: is govt doing intentionally
Off the books the true impact.

Citynews: is this legal, should there be a police investigation
Wouldn't charactrize it like that

Citynews: if CFO did the same?
Everything needs to be looked individually

Media: what would happen if govt financed
Would not be pretty picture

Toronto Sun: said didn't get all the emails
Under legislation there is an expectation to receive
Cooperation from treasury board ieso, etc
Ministry of Energy didn't respond properly

Fairchild: rate reduction, after 2027 what will happen
According to FAO, 12 percent increase

Crawley: talk about 4 billion for interest, how significant is that amount of money?
We don't think the 4 billion needs to be spent

Crawley you're saying there's rules and govt made up their rule - penalties?
This is a plan
That's why we asked govt to rethink this
Consequence - my job is to report

Carter: accounting dispute
Not an accounting dispute

Carter: that's what govt is calling it

Carter: govt is going to say you're making wrong assumptions
We assume them to say it
Don't think it's anything they didn't expect
Forced us to do a lot of work

Carter: your relationship with govt
Not about relationship

Carter govt will make it about that

Crawley:
Government is not a utility

Government should not be putting accounting statement
Why did you need to pass legislation
Why did you structure this if you have to pay higher interest rate

Crawley: trying to hide deficit

They are accountable
Made a structure and put it in place
Issue that will need to be dealt year over year

Media: how unusual to not receive email
We usually get emails

Hains:
Heard analogy like mortgaging a house
Only diff, govt doesn't own a house

Crawley: credit analogy?
Govt has debt and not asset

Media: anywhere it says they have to use canadian standards
They will say they can use US standards
Not correct
This is canada
Govt not a utility

Benzie: you're saying it's not illegal? So it's an accounting dispute
Not accounting dispute
If your going to following public accounting standards, then you don't have to structure deficit this way
AG across Canada are to look entire picture - bigger than accounting issue

Smith how would you sign off if no changes
Will see before signing off
Pension situation
Pension asset, but no cash coming in
Pension aset of 12 billion
More spending
That's a concern
For us issue of transparency

Crawley if done properly, what would've deficit been?
Can't predict number