RE: Rate Mitigation

From: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
To: "Graham, Helen (TBS)" <helen.graham@ontario.ca>, "Petsche, Nadine (TBS)" <nadine.petsche@ontario.ca>
Cc: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Fri, 13 Jan 2017 12:34:14 -0500

Yes, we should get it up to Karen's office by EOD.

From: Graham, Helen (TBS)
Sent: January-13-17 12:33 PM
To: Hosick, Sarah (TBS); Petsche, Nadine (TBS)
Cc: Veinot, Cindy (TBS)
Subject: RE: Rate Mitigation

Hi sarah

Whats the timing on this pls? I have shared a starter draft off with Nadine and PEMD, but would like to know timelines we need to hit – is it eod?

From: Hosick, Sarah (TBS)
Sent: January 13, 2017 8:33 AM
To: Petsche, Nadine (TBS); Graham, Helen (TBS)
Cc: Veinot, Cindy (TBS)
Subject: Re: Rate Mitigation

Hi helen and nadine

We have been asked to take the lead in creating a BN on this today in order to support Karen and the DM at a SoC meeting. Helen can I ask you to please help coordinate the comments into a note? We will also have to loop in with Felix in order to get their takeaways.

Happy to discuss

Thanks
Sarah
Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Petsche, Nadine (TBS)
Sent: Thursday, January 12, 2017 5:20 PM
To: Graham, Helen (TBS)
Cc: Hosick, Sarah (TBS); Veinot, Cindy (TBS)
Subject: RE: Rate Mitigation

Helen,
Your comments are generally aligned with my comments inserted in the deck attached. Namely, there are clear OEB and AG implications that need to be considered. We are not really in a position to assume anything w.r.t. OEB position nor the position of the IESO's external auditors. It would seem that additional stakeholdering, and due diligence over the scenario analysis would be prudent to inform any further deliberations.

N

From: Graham, Helen (TBS)
Sent: January-12-17 3:23 PM
To: Petsche, Nadine (TBS); Veinot, Cindy (TBS)
Cc: Hosick, Sarah (TBS)
Subject: RE: Rate Mitigation

A few thoughts

To put it bluntly, I think we are being asked whether issuing debt (Nadine may know, but I am not clear who would be the issuer – is it IESO? The Province? Some other entity?) works "accounting magic" to reprofile/amortize the costs of providing relief to ratepayers by stretching out the time over which to charge back to them, in the GA, the various items the GA covers.

It would seem we are interested in the reaction both of the OEB (which is Energy's bailiwick, presumably) and of the AG, but I think Serge is really asking whats our view on the latter. Do we have a view on that?

As well, even if it is the case that we think accounting standards might allow this, are we ok with it from the standpoint of our principles of transparency and accountability?

From a history point of view, as Energy has pointed out, this would be a trip back in time towards old Ont Hydro days, when the province used to guarantee the OH bonds – the cost of borrowing was on the ratepayer, but the risk was on the taxpayer, with the old Debt Guarantee Fee we charged to hydro to compensate for that. The deck points a little to the ratepayer/taxpayer issue as a comms challenge, but I presume the OFA will have more to say about that.

As well, the debt had a link to capital finance at that time because it was all about nuclear build; Nadine may know, but is this similarly a type of capital finance, which is one thing, or does it move into operating finance, which is another?

From: Petsche, Nadine (TBS)
Sent: January 12, 2017 2:04 PM
To: Veinot, Cindy (TBS); Graham, Helen (TBS)
Cc: Hosick, Sarah (TBS)
Subject: RE: Rate Mitigation

Cindy/Helen,
Please see my notes/comments. In addition to the accounting comments inserted, because of the significant political and audit risk associated with this item (from the AG as opposed to IESO's auditors), I would suggest that the assumptions be independently reviewed, and that additional scenario analysis be done to more fully inform any future considerations/discussions.
N

From: Veinot, Cindy (TBS)
Sent: January-12-17 1:14 PM
To: Petsche, Nadine (TBS); Graham, Helen (TBS)
Cc: Hosick, Sarah (TBS)
Subject: FW: Rate Mitigation

Hi Nadine and Helen – can you both take a look at this – thanks

From: MacIntyre, Kyle (TBS)
Sent: January-12-17 11:49 AM
To: Hughes, Karen (TBS); Veinot, Cindy (TBS)
Cc: Angus, Helen (TBS); Laughton, Patrick (TBS); Nelson, Dane (TBS)
Subject: FW: Rate Mitigation

Hi both – here's the deck from Serge for folks to take a look at.

From: Angus, Helen (TBS)
Sent: January-12-17 11:46 AM
To: MacIntyre, Kyle (TBS)
Subject: FW: Rate Mitigation

From: Imbrogno, Serge (ENERGY)
Sent: Thursday, January 12, 2017 11:45:54 AM (UTC-05:00) Eastern Time (US & Canada)
To: Angus, Helen (TBS)
Subject: FW: Rate Mitigation

Hi Helen,

I sent this deck to Scott and Gadi this morning. It's not intended to be widely distributed at this point. However, it would be helpful if I could get some initial thoughts, especially from an accounting perspective.

Sere

From: Imbrogno, Serge (ENERGY)
Sent: January-12-17 11:26 AM
To: Thompson, Scott (MOF); Mayman, Gadi (OFA)
Subject: Rate Mitigation

Hi,

Attached is a rate mitigation idea we've been asked to work on related to financing the global adjustment. Ideally, it would provide immediate rate relief without having a fiscal impact. The amounts are scalable but we've provided some illustrative numbers.

Serge