Message

Sent: 2017-06-16 12:14:12 PM
Subject: Summary of proposed acctg matters
Attachments: #6737129-v1-Memo - M. Boll @ IESO .DOC

2.
OPG's Interest and other costs

- During the first 4-5 years (i.e. moratorium), the proposed structure is for the IESO to pay these costs.
- After the 4-5 years, subject to whether there is sufficient room under the FH financing plan, OPG will be able to have the ratepayer pay for these interest and costs via the CEA.
- IESO may still need to pay for some of these cost post the 5 years, but the intent is that eventually, OPG will have the ratepayer pay 100% via the CEA.
- KPMG views this as a liability for the IESO -- thus recording a liability (present valued for interest costs).
- KPMG is not yet firm on whether an equal and offsetting asset can be recorded since they will want to review the regulations to ensure that these costs (e.g. incurred costs) are recoverable by the IESO, and therefore a regulatory asset can be set up.
- I understand that E&Y has reviewed this from the OPG side