Message

Sent: 2017-11-30 3:04:27 PM
To: Kim Marshall [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b63a22b42bf14587870d93119a054d88-Kim Marshal]; LADAK Lubna - TREASURY [lubna.ladak@opg.com]
Subject: RE: IESO - Follow up question from PSAB group

Regards,

Jeannette Briggs Director, Settlements - Corporate Services
Independent Electricity System Operator (IESO)| T: 905-855-6364 | C: 416-997-6364
Station A, Box 4474, Toronto, ON, M5W 4E5
Web: www.ieso.ca | Twitter: IESO_Tweets | LinkedIn: IESO
Conservation: www.saveONenergy.ca | Twitter: saveONenergyOnt | LinkedIn: saveONenergy

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From: Kim Marshall
Sent: November 30, 2017 2:22 PM
To: LADAK Lubna -TREASURY
Cc: Jeannette Briggs
Subject: IESO - Follow up question from PSAB group

Lubna, thanks for asserting right up front that these are OPG requirements. Based upon your response and jeannette's here is what I propose to send back. You can see I would like to add some detail re RPP and OPG accounting but am open to suggestion.

Would it be the IESO or would it be OPG that would ultimately go to the Ontario Energy Board to recover these costs?

As per the legislation, OPG provides the clean energy adjustment recoverable for a specific period to the OEB who establishes the rate for specified consumers.

If it is the IESO, my understanding is the OFHPA creates the deferral and variance account that enables the IESO to recover costs from future rates. If it is OPG, would they already have a deferral and variance account to house these costs until it is recovered? Or does the legislation apply to OPG as well?

Parts of the legislation do apply to OPG. The IESO has the original right to recover from future rates. This creates the regulatory asset, like the fair hydro predecessor – RPP which was a variance account representing the difference
Jeannette – can we add a sentence re presvious RPP and IESO vs oeb role?
For OFHP, the IESO right to recover and any obligations will be transferred to the financing entity. While the financing entity is better able to speak to their accounting than I am, my understanding is they will have a variance account which will be consolidated into OPG. *Lubna anything high level to add here?*

Finally, when it comes time to recover those costs, would it go through the OEB prudence review or is that not necessary as a result of the OFHPA legislation?

The OFHPA legislation covers the OEB oversight. *Note to OPG – can we be more specific here?*

Kimberly Marshall | VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (416) 969-6232 | C: (416) 545-7202
120 Adelaide Street West, Suite 1600, Toronto, ON M5H 1T1
Web: www.ieso.ca | Twitter: IESO_Tweets | LinkedIn: IESO

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From: LADAK Lubna -TREASURY [mailto:lubna.ladak@opg.com]
Sent: November 29, 2017 12:22 PM
To: Kim Marshall
Cc: LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV
Subject: RE: EXTERNAL – Fwd: IESO - Follow up question

Kim,
I don't have all the context for the conversation with Umar Saeed of PSAB, but based on the email below:

- OPG would seek recovery of the costs, not the IESO
- . I am not aware of any prudence review beyond the legislative requirements in the OFHPA.

Feel free to give me a call if you want to discuss further.

Lubna Ladak | VP Treasury - FHP| Ontario Power Generation
700 University Avenue, Toronto, Ontario M5G 1X6 | 416-592-5984 | Cell 416-578-0219 | Fax 416-592-4189
lubna.ladak@opg.com

From: Kim Marshall [mailto:Kim.Marshall@ieso.ca]
Sent: Tuesday, November 28, 2017 7:26 PM
To: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: EXTERNAL – Fwd: IESO - Follow up question

Lubna, can we pls talk about these tomorrow? What is your day like. We may need
Some other OPG assistance, thx

Sent from my iPad

Begin forwarded message:

> **From:** "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>
> **Date:** November 28, 2017 at 1:30:19 PM EST
> **To:** Kim Marshall <Kim.Marshall@ieso.ca>
> **Cc:** "Hosick, Sarah (TBS)" <Sarah.Hosick@ontario.ca>, "Donaldson, Mark (TBS)"

<Mark.Donaldson@ontario.ca>
Subject: FW: IESO - Follow up question

Hi Kim – can you take a first crack these questions?

From: Umar Saeed [mailto:usaeed@psabcanada.ca]
Sent: November 28, 2017 11:12 AM
To: Veinot, Cindy (TBS); Kim.Marshall@ieso.ca
Cc: Michael Puskaric
Subject: IESO - Follow up question

Dear Kim and Cindy,

We wanted to thank you again for your time the other day. I am going through my notes and I had a few questions for clarification.
I suspect these will be fairly straightforward for you to answer, but I also want to be respectful of your time and if they are too complicated – please let me know.

Would it be the IESO or would it be OPG that would ultimately go to the Ontario Energy Board to recover these costs?
If it is the IESO, my understanding is the OFHPA creates the deferral and variance account that enables the IESO to recover costs from future rates. If it is OPG, would they already have a deferral and variance account to house these costs until it is recovered? Or does the legislation apply to OPG as well?
Finally, when it comes time to recover those costs, would it go through the OEB prudence review or is that not necessary as a result of the OFHPA legislation?

I want to ensure I am understanding the process for recovering costs through future rates and the role of the OEB, OFHPA accurately.
I know this is a busy time for both of you and your help is very much appreciated.

Sincerely,
Umar

Umar Saeed, MAcc, CPA, CA
Principal / Directeur de projets
Public Sector Accounting Board / Conseil sur la comptabilité dans le secteur public
Tel / Tél. : 416.204.3462
usaeed@psabcanada.ca
| **www.frascanada.ca** | **LinkedIn** | **@FRASCanada** |

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