Message

**From**: Michael Boll [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=4811917E15054407B665FE16D12FF415-MICHAEL BOL]
**Sent**: 2017-12-01 8:24:18 AM
**To**: Jeannette Briggs [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=148095610f7242f48a5a9da24b1a8a87-Jeannette B]
**Subject**: Re: EXTERNAL – IESO - Follow up question from PSAB group

Have fun today. Hope you get into CBC

Sent from my iPhone

On Dec 1, 2017, at 8:15 AM, Jeannette Briggs <jeannette.briggs@ieso.ca> wrote:

FYI

Regards

Jeannette Briggs
416 997-6364

**From:** Kim.Marshall@ieso.ca
**Sent:** December 1, 2017 8:00 AM
**To:** jeannette.briggs@ieso.ca; lubna.ladak@opg.com
**Cc:** may.lapira@opg.com
**Subject:** RE: EXTERNAL – IESO - Follow up question from PSAB group

Sorry folks - This is the public sector accounting board (psab) which is part of cpa Canada. The provincial controller did a briefing for them about fair hydro plan which I attended.

Your responses are great, thank you for doing so quickly. I don't think we need to meet on Monday. Have a great weekend

**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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Conservation: www.saveONenergy.ca | Twitter: saveONenergyOnt | LinkedIn: saveONenergy

**From:** Jeannette Briggs
**Sent:** November 30, 2017 5:17 PM
**To:** LADAK Lubna -TREASURY; Kim Marshall
**Cc:** LAURETA LAPIRA May -TREASURY
**Subject:** RE: EXTERNAL – IESO - Follow up question from PSAB group

I added the sentence for previous RPP variance and right to recovery.

Regards,

Jeannette Briggs Director, Settlements - Corporate Services
Independent Electricity System Operator (IESO)| T: 905-855-6364 | C: 416-997-6364
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**From:** LADAK Lubna -TREASURY [mailto:lubna.ladak@opg.com]
**Sent:** November 30, 2017 4:20 PM
**To:** Kim Marshall
**Cc:** Jeannette Briggs; LAURETA LAPIRA May -TREASURY
**Subject:** RE: EXTERNAL – IESO - Follow up question from PSAB group

Kim,
See my comments below.
Also, can you provide some context around who the person is that is asking these questions. Is there a department within the government that manages PSAB or is it a separate accounting body?

**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

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**From:** Kim Marshall [mailto:Kim.Marshall@ieso.ca]
**Sent:** Thursday, November 30, 2017 2:22 PM
**To:** LADAK Lubna -TREASURY <lubna.ladak@opg.com>
**Cc:** Jeannette Briggs <jeannette.briggs@ieso.ca>
**Subject:** EXTERNAL – IESO - Follow up question from PSAB group

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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 **as the Financial Services Manager,** 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. The IESO previously held the RPP variance (differences of tier/TOU rates to actual GA) and provided the balance semi-annually to the OEB to support a rate setting process that permitted inclusion of the variance in future rates of RPP consumers.

For OFHP, the IESO's right to recover **the regulatory asset** and any obligations will be transferred to the financing entity **(Fair Hydro Trust)**. ~~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.~~ **Once OPG sets up the Fair Hydro Trust and purchases this asset from the IESO, OPG will consolidate the asset in its financial statements.**

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. **The OEB shall set rates (cents/kwh) at which specified consumers are to be invoiced based on the clean energy adjustment, forecast electricity consumption of specified consumers, and costs/fees charged by the Financial Services Manager (OPG). The Act specifies the types of costs and fees the Financial Services Manager can recover. If the OEB disagrees with a cost/fee that the Financial Services Manager has submitted, it can refuse to approve them as described in the legislation.**

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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

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**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

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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
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