Message

From: Kim Marshall [/O=IMO/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=KIM MARSHALL9F5]
Sent: 2017-01-24 10:08:39 AM
To: Pelino Colaiacovo [pcolaiacovo@morrisonpark.com]
Subject: accounting set up queston

I need some accounting help, yes cindy wants validation of current ieso accounting treatment

Kimberly Marshall | VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (416) 969-6232 | C: (416) 545-7202
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-----Original Message-----
From: Pelino Colaiacovo [mailto:pcolaiacovo@morrisonpark.com]
Sent: January 24, 2017 8:26 AM
To: Kim Marshall
Subject: RE: Research

Can I call you at around 845? Which number is best?

I'm afraid I cannot do the 9 am call. I am pretty much booked through 12 at this point.

I have not been invited to the meeting this afternoon (and I already have something from 2 to 3 with another client - but if I had to drop out of that one, I probably could).

I am also going to be on a plane tonight and out of the city for the rest of the week. However, I will be available by phone and email.

/pc

-----Original Message-----
From: Kim Marshall [mailto:Kim.Marshall@ieso.ca]
Sent: January 24, 2017 08:17
To: Pelino Colaiacovo
Subject: RE: Research

I would say you have been more accounting help than many others as well. Any chance you could join a 9am call with Michel? If not no worry.
Are you in the meeting this afternoon?
Want to talk at 8:30?

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-----Original Message-----
From: Pelino Colaiacovo [mailto:pcolaiacovo@morrisonpark.com]
Sent: January 24, 2017 8:15 AM
To: Kim Marshall
Subject: RE: Research

Happy to oblige. I find that, oddly, in this situation I seem to have more institutional memory than almost anyone involved, including all of the Ministry of Energy people. That gives me a bit of a better perspective on where we should be looking for avenues of approach.

As it happens, it would be helpful to follow-up with you today if you have a minute on an admin matter.

I have several calls booked through the day, but if you could let me know when you might have 15 minutes for a phone call, I would appreciate it.

Best,

/pc

-----Original Message-----
From: Kim Marshall [mailto:Kim.Marshall@ieso.ca]
Sent: January 24, 2017 05:54
To: Pelino Colaiacovo
Subject: Re: Research

Thanks for being proactive.

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Pelino Colaiacovo
Sent: Monday, January 23, 2017 11:51 PM
To: Picard, Michel
Cc: Kim Marshall
Subject: RE: Research

Michel,

For the purposes of the Global Adjustment (which really arises out of the operation of the pre-merger OPA), the better analogy is actually not ISO entities, but rather power authorities. The closest analogy is actually the New York Power Authority (NYPA). Like the old OPA, it was formed to ensure that electricity was available to ratepayers (unlike the OPA, NYPA actually owns some facilities directly, as well as contracting for others). Notably, they issue their own bonds for financing, and make use of regulatory accounting in their books. NYPA is NOT CONSOLIDATED with the State of New York financially, but is included in a note to the financial statements, similarly to the "Trusts" in Ontario.

I have attached both the most recent NYPA financial report, and the most recent State of New York financial report, both of which explain the relationships in the notes to the financial statements.

When the OPA was created, NYPA was actually something of a model, but the circumstances of the creation of the OPA (rushed, and during what was perceived as an extreme crisis atmosphere - shades of today!) meant that we never nailed down the finer points, particularly from an accounting perspective (I also knew much less back then about these issues than I do now, after having worked on M&A activities for the past 11 years...).

I think that NYPA could be something of a model, either for the proposed new Trust, or for the IESO as a whole (which would be a much trickier business, because of the "control" issues...).

Best,

/pc

-----Original Message-----
From: Picard, Michel [mailto:mpicard@kpmg.ca]
Sent: January 23, 2017 22:27
To: Pelino Colaiacovo
Subject: Re: Research

I have subsequently checked ERCOT and it is in the books. Same for AESO in Alberta.

Sent from my iPhone

> On Jan 23, 2017, at 22:13, Pelino Colaiacovo <pcolaiacovo@morrisonpark.com> wrote:
>
> Thanks Michel.
>
> All of the US ISOs are multi-state except CalISO (and ERCOT, but you haven't mentioned that one). Given that they are multi-state, they would not appear on the books of any state government (and I presume also not the federal government either). Also, since they are multi-state, they are not, by definition, controlled by any one state anyway. In other words, yes, they show the balances, but it doesn't really matter to anyone that they do, since in our parlance they are "off book".
>
> CalISO is different, since they are in one state, and they deal directly with a single state government in some capacity. Is there any information available on whether they appear in the California books anywhere, or are they outside the public sector regime?
>
> Let's by all means speak tomorrow.
>

> Best,
>
> /pc
>
> -----Original Message-----
> From: Picard, Michel [mailto:mpicard@kpmg.ca]
> Sent: January 23, 2017 22:07
> To: Pelino Colaiacovo
> Subject: Fwd: Research
>
> Pelino,
>
> See the results of our research. We can discuss tomorrow.
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> From: "Picard, Michel" <mpicard@kpmg.ca<mailto:mpicard@kpmg.ca>>
> Date: January 23, 2017 at 21:44:54 EST
> To: Kim Marshall <Kim.Marshall@ieso.ca<mailto:Kim.Marshall@ieso.ca>>
> Cc: John Rattray <John.Rattray@ieso.ca<mailto:John.Rattray@ieso.ca>>
> Subject: RE: Research
>
> I also spoke to our partners in the US and they confirmed that the ISO entities in the US are showing on their balance sheets the settlement balances.
>
> ____
> From: Picard, Michel
> Sent: Monday, January 23, 2017 9:21 PM
> To: 'Kim Marshall' <Kim.Marshall@ieso.ca<mailto:Kim.Marshall@ieso.ca>>
> Cc: John Rattray <John.Rattray@ieso.ca<mailto:John.Rattray@ieso.ca>>
> Subject: Research
>
>
> Hi Kim,
>
> John and I have reviewed the disclosures of the market participants' settlement accounts in the financial statements of MISO, California ISO, Southwest Power Pool, ISO New England and AESO. They are all showing on their balance sheet the receivables and payables due to market participants. Can we discuss tomorrow morning at your earliest convenience.
>
> Michel Picard, CPA, CA
>
> Partner, Accounting Advisory Services
>
> KPMG LLP
>
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> AME_SEARCH&authToken=oVKr&locale=en_US&trk=tyah&trkInfo=clickedVertica
> l%3Amynetwork%2CclickedEntityId%3A107441415%2CauthType%3ANAME_SEARCH%2
> Cidx%3A1-1-1%2CtarId%3A1478640064654%2Ctas%3Amichel%20pi>
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