Message

From: Kim Marshall [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B63A22B42BF14587870D93119A054D88-KIM MARSHAL]
Sent: 2018-02-01 1:25:37 PM
To: Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]
CC: Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]
Subject: RE: EXTERNAL – RE: Fair Hydro Plan - OPG's 2017 MD&A Disclosure

Lubna's comment rings a bell with me. Susan can you pls flip the fair hydro description from the notes to Michael – make sure we are using language that is appropriate legally.

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Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

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From: LADAK Lubna -TREASURY [mailto:lubna.ladak@opg.com]
Sent: February 01, 2018 1:21 PM
To: Kim Marshall
Cc: Michael Boll
Subject: RE: EXTERNAL – RE: Fair Hydro Plan - OPG's 2017 MD&A Disclosure

Thanks Kim.

In previous quarters, we referred to the Investment Interest as Deferred Global Adjustment. We're changing it in the 4th quarter, to be consistent with the Regulations. Les Wong (OPG's internal legal counsel is comfortable with it). We also used this term in our Offering Memo and Investor Presentation.

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From: Kim Marshall [mailto:Kim.Marshall@ieso.ca]
Sent: Thursday, February 01, 2018 1:13 PM
To: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Cc: Michael Boll <Michael.Boll@ieso.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan - OPG's 2017 MD&A Disclosure

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Lubna, thanks for reaching out. I am copying Michael Boll for another pair of eyes from a legal perspective.

Is this the wording that is appropriate? of Investment Interest

Yes we have a regulatory asset at y/e of 199million

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From: LADAK Lubna -TREASURY [mailto:lubna.ladak@opg.com]
Sent: February 01, 2018 12:53 PM
To: Kim Marshall
Subject: Fair Hydro Plan - OPG's 2017 MD&A Disclosure

Hi Kim,

As you know, our intent is for the IESO to transfer the regulatory asset related to the Fair Hydro Plan to OPG each month, but due to timing, this isn't possible for year-end. As an FYI, OPG will state the following in our 2017 MD&A:

By the end of the first quarter of 2018, the Trust is expected to acquire another tranche of Investment Interest from the IESO related to shortfalls and other costs from December 2017 up to the end of February 2018. **[MONITOR]**

I assume the IESO show a regulatory asset as at December 31, 2017 for the December balance.

We're also including the following disclosure which mentions the IESO:

Pursuant to the Act, effective May 1, 2017, the Independent Electricity System Operator (IESO) established a variance account to record, among other costs, the shortfall from the rate reductions otherwise payable by Specified Consumers. The Act allows the IESO to transfer a portion of the deferred balance to a financing entity that would fund the deferral in exchange for an irrevocable right to recover the balance and associated financing costs from Specified Consumers in the future (Investment Interest). The legislation appointed OPG as the Financial Services Manager of the Fair Hydro Plan and conveyed upon the Financial Services Manager statutory obligations, including the creation of one or more financing entities that may acquire Investment Interests from the IESO.

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