Message

From:	Kim Marshall [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B63A22B42BF14587870D93119A054D88-KIM MARSHAL]
Sent:	2018-02-02 12:22:44 PM
To:	LADAK Lubna -TREASURY [lubna.ladak@opg.com]
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, here are some edits we suggest, to align more completely with terminology related to the legal definitions, happy to discuss, thx

By the end of the first quarter of 2018, the Trust is expected to acquire another tranche of Investment Interest corresponding to the specified portion of the regulatory asset transferred by~~from~~ the IESO related to the balance recorded by the IESO in its Fair Hydro variance account ~~shortfalls and other costs~~ from December 2017 up to the end of February 2018. **[MONITOR]**

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~~ regulatory asset to a financing entity that would fund the ~~deferral~~ transfer 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 pursuant to a transfer of a regulatory asset from the IESO.

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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 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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