

Message

From: ANTHONY-HOKORORO Gail -FIN & C CTRL [gail.anthony.hokororo@opg.com]
Sent: 2017-06-14 4:35:19 PM
To: Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group
(FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]
CC: SHAH Ameet -FIN & C CTRL [ameet.shah@opg.com]
Subject: Dminimis FI

Importance: High

Hi Susan,

We want to get some context around the IESO's concern if you must report the interest obligation. You indicated that the IESO total market obligation is approximately \$17B annually. If the annual interest obligation recorded by the IESO re the Fair Hydro Plan arrangement is >\$10M annually, and the IESO becomes a di minimis FI, the IESO should still be able to claim ITCs in respect of all its other commercial activities. It will only be restricted with respect to claiming ITCs on expenses related to the Fair Hydro Plan.

The payment of the funding rebate amounts by the IESO to the OPG financing entity is not subject to HST. The unrecoverable HST (included in the funding rebates) that becomes a part of the regulatory asset cannot be claimed as ITCs by the IESO, regardless of the IESO's status as a di minimis FI or not.

Have I over looked any other expenses where the ITCs would be trapped? We would appreciate your response.

Regards,

Gail Anthony-Hokororo
Senior Manager, Taxation
Phone (416) 592-1964
Fax (416) 592-4949

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.