

Message

From: Susan Nicholson [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=F668E601BD2B4865A5C31DCA531047C8-SUSAN NICHOLSON]
Sent: 2017-07-12 2:28:33 PM
To: Natalie Schaus [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=58bb43f7d031480696ce362cf240759c-Natalie Sch]; Alefiya Jivajee [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=752d18b7818e4c3092f22a37e0b298d6-Alefiya Jivajee]
CC: Anthony Martinello [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=3fb7d76317b34780b15d96309b995c31-Anthony Mar]
Subject: RE: memo to Board

So this reconciliation shows we are out of balance by \$8.8 million on a total \$81.2 million?? Am I reading this right?

From: Natalie Schaus
Sent: July 12, 2017 2:25 PM
To: Susan Nicholson; Alefiya Jivajee
Cc: Anthony Martinello
Subject: RE: memo to Board

Hi Susan, this is our analysis as of March 31, 2017 which shows the balance is our GL vs Treasury's Calculation of the loan.

We are still working with Idalin to reconcile differences between the OPA invoices and Settlements and just heard back from her on the 7th which she agrees with us there are discrepancies and is not sure why.

Anthony, Alefiya and I were to going to meet next week to discuss next steps.

Natalie

A	B	C	D	E	F	G	H
RPP Accounts							
				Dec-16	Jan-17	Feb-17	Mar-17
111058	IESO RPP Program Bank Account			6,658,913.21	-	-	-
211010	Revolving Line of Credit for M			150,501,105.00	116,306,121.93	110,383,509.76	81,208,758.62
215010	RPP Variance Balance-Default			141,489,041.28	113,851,906.24	107,849,474.42	78,605,288.74
215020	RPP Variance Interest-Default			- 6,500,723.67	- 6,368,686.01	- 6,297,226.42	- 6,227,805.61
				- 8,853,874.18	- 8,822,901.70	- 8,831,261.76	- 8,831,275.49
Treasury Calculation:							
0		LOAN -Opening Balance		80,224,794.60	150,501,105.00	116,306,121.93	110,383,509.76
1		OFA Loan Advance		70,275,310.40			
2		Treasury Repaid loan			- 34,194,983.07	- 5,922,612.17	- 29,174,751.14
3		OPA Invoice RRP Invoice (Line 192) *1 MONTH LAG		- 70,224,878.61	27,637,135.04	6,002,431.82	29,244,185.68
4		Bank -Opening Balance		-	6,658,913.21	-	-
5		Interest Expense *1 MONTH LAG		- 51,431.79	- 102,670.62	- 82,593.28	- 69,435.76
6		Interest Income			1,605.44	2,773.63	1.22
7		Interest recovered from the Market		6,658,913.21	-	-	-
8		Bank -Ending Balance		6,658,913.21	0.00	0.00	0.00
9		Loan Balance		150,501,105.00	116,306,121.93	110,383,509.76	81,208,758.62

From: Susan Nicholson
Sent: July 12, 2017 1:43 PM
To: Alefiya Jivajee; Natalie Schaus
Cc: Susan Nicholson
Subject: RE: memo to Board
Importance: High

I need to understand this by 3:00 pm today. I am drafting a memo to the Board and it needs to go to Kim tomorrow morning. As you can see below I am quoting numbers from our financials that Anthony says are incorrect.

From: Susan Nicholson
Sent: July 12, 2017 10:56 AM
To: Alefiya Jivajee; Natalie Schaus
Cc: Anthony Martinello; Susan Nicholson
Subject: FW: memo to Board

I believe you have an RPP variance to debt reconciliation complete. What is the difference?

From: Anthony Martinello
Sent: July 12, 2017 10:47 AM
To: Jeannette Briggs; Susan Nicholson; Natalie Schaus
Subject: FW: memo to Board

My suggested edits below, the March 31 debt was \$81M – see attached.

The OEB began to partially reduce the RPP rate on May 1, 2017 for Fair Hydro, and the full impact of Ontario's Fair Hydro Plan inclusive of fully reduced RPP and Non-RPP rates to help achieve the 25% bill reduction were effective on July 1, 2017. The accounting changes to address the Fair Hydro program is expected to commence in August with the first transfer of the regulatory asset to the Financing Entity. The accounting for these transactions will be as follows each month:

- 1) Market invoicing will pay the generators fully but will have received a reduced amount (RPP and Non-RPP's global adjustment modifier) from the LDCs.
- 2) The Financing Entity (managed by OPG) will invoice the IESO for any Financing Entity expenses including any OPG administration costs, the resupply of third party transactions and interest during the 4 year moratorium period (prior to the Clean Energy Adjustment coming in effect).
- 3) The LDC shortfall and Financing Entity expenses will be funded by IESO via debt facilities in the interim and will be recorded in the variance account as part of the regulatory asset.
- 4) The Financing Entity will purchase the regulatory asset. This will transfer the risks and rewards associated with the regulatory asset to the Financing Entity.
- 5) IESO will use the cash received from the transfer of the regulatory asset to repay the debt from step 3 above.
- 6) Any interest incurred by the IESO for debt will also be recorded in the variance account as part of the regulatory asset and recovered in a subsequent transfer of the regulatory asset.
- 7) Any remaining balance in the IESO's regulatory asset will become recoverable from the market post the moratorium period.

The transfer of 100% of the regulatory asset to the Financing Entity will not add any additional variance amounts (unless the Financing Entity does not purchase the amounts, which is not expected in normal course of business) on the market books at each month end. The balance in the variance account as of March 31, 2017 was an asset of \$81 million (net of interest) and offset by the revolving line of credit (see attached appendix – Note 2 Market Accounts).