Message

From: Anthony Martinello [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3FB7D76317B34780B15D96309B995C31-ANTHONY MAR]
Sent: 2018-03-27 3:26:24 PM
To: Anthy Lovachis [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=42a8bb25d4b341b6aa9c16b1ddbc0790-Anthy Lovac]; Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]; Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]
Subject: RE: Media inquiry--Auditor general's claims

FYI – Anthy and I spoke on the matters below. Regards

From: Anthy Lovachis
Sent: March 27, 2018 12:53 PM
To: Anthony Martinello
Cc: Michael Boll; Susan Nicholson
Subject: FW: Media inquiry--Auditor general's claims
Importance: High

Anthony: is this something you can help answer?

I've also copied the draft response below, which is pulled from our responses to the Globe.

Has the province considered the risks of the fact that "the assets of IESO have been pledged as collateral and security against the fair hydro trust"?

- The IESO is reviewing the recommendation from the Auditor General to disclose the "pledging of market receivable as collateral" in its financial statement notes.
- After careful consideration and consultation with external professional advisors, the IESO determined that providing the security for the 4-year period (until July 2021), during which carrying costs would be paid, was the right thing to do.
- Providing this limited security helped the Fair Hydro Trust obtain a higher credit rating, reduce financing costs, and ultimately minimize costs to Ontario consumers.

More information:

- The security will only be called if the IESO fails to pay carrying costs to the Fair Hydro Trust in a month, which is highly unlikely, as the amount of carrying costs is small relative to the entire amount settled each month.
- Further, Moody's and DBRS have not changed the IESO's credit rating despite this security.

From: Jordan Penic
Sent: March 27, 2018 11:46 AM
To: Anthy Lovachis
Subject: Re: Media inquiry--Auditor general's claims

Yes please. Can you also get the quantum? How much are the carrying costs every month?

From: Anthy Lovachis
Sent: Tuesday, March 27, 2018 11:40 AM
To: Jordan Penic
Subject: RE: Media inquiry--Auditor general's claims

Do you need responses for this?

From: Jordan Penic
Sent: March 27, 2018 11:13 AM
To: Jessica Savage; Anthy Lovachis; Terry Young
Subject: FW: Media inquiry--Auditor general's claims
Importance: High

From: John Cannella
Sent: March 27, 2018 11:12 AM
To: Jordan Penic
Subject: Media inquiry--Auditor general's claims
Importance: High

Jordan—please see media inquiry below.

Not that Geoff has also sent this request to the MO and OPG.

John

From: Zochodne, Geoff
Sent: Tuesday, March 27, 2018 11:09:47 AM (UTC-05:00) Eastern Time (US & Canada)
To: Media; Colin.Nekolaichuk@ontario.ca; Media@OPG.com
Subject: Auditor general's claims

Hello,

My name is Geoff Zochodne and I'm a reporter for the Financial Post.

I'm working on a story about the auditor general's recent special audit of the IESO, and particularly that creditors could have claims before generators for the Fair Hydro Trust. This was outlined during a recent meeting of the public accounts committee: http://ontla.on.ca/web/committee-proceedings/committee_transcripts_details.do?locale=en&Date=2018-03-21&ParlCommID=9001&DocumentID=34777

Has the province considered the risks of the fact that "the assets of IESO have been pledged as collateral and security against the fair hydro trust"? What is the response to the auditor general's audit of the IESO, and of the accounting of it and the Fair Hydro Plan? Why hasn't this been disclosed in financial statements, as the auditor asked?

My deadline is 4:30.

Geoff Zochodne
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