Message

From: Ramchandani, Rima [rramchandani@torys.com]
Sent: 2017-09-20 5:00:31 PM
To: Feldman, Michael [mfeldman@torys.com]; Peter Hamilton [PHamilton@stikeman.com]; RYFA Ken -TREASURY [ken.ryfa@opg.com]; Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]; Myers, Jonathan [jmyers@torys.com]; Mansoori, Nina [nmansoori@torys.com]; Glenn Zacher [GZacher@stikeman.com]; Anthony Martinello [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=3fb7d76317b34780b15d96309b995c31-Anthony Mar]; LEE John -TREASURY [john.s.lee@opg.com]; 'WONG Leslie -LAWDIV' [leslie.wong@opg.com]; Leibel, Robbie [rleibel@torys.com]
CC: LAURETA LAPIRA May -TREASURY [may.lapira@opg.com]; LIU Sheen -TREASURY [sheen.liu@opg.com]; LADAK Lubna -FIN & C CTRL [lubna.ladak@opg.com]; Kim Marshall [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b63a22b42bf14587870d93119a054d88-Kim Marshal]
Subject: RE: Fair Hydro -- IESO/OPG Meeting

I should have mentioned on the Osler memo, you should ignore the Note that begins at the bottom of the first page and everything on page 2 (this portion of their note was drafted at a time when there was a question raised about whether it would be feasible to continue the process we are following during the moratorium after the moratorium ends – we understand that this suggestion was subsequently abandoned). Thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com

TORYS LLP

From: Ramchandani, Rima
Sent: September-20-17 4:38 PM
To: Feldman, Michael <mfeldman@torys.com>; Peter Hamilton <PHamilton@stikeman.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Michael Boll <Michael.Boll@ieso.ca>; Myers, Jonathan <jmyers@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Glenn Zacher <GZacher@stikeman.com>; Anthony Martinello (Anthony.Martinello@ieso.ca) <Anthony.Martinello@ieso.ca>; LEE John -TREASURY <john.s.lee@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Leibel, Robbie <rleibel@torys.com>
Cc: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LADAK Lubna -FIN & C CTRL <lubna.ladak@opg.com>; 'Kim.Marshall@ieso.ca' <Kim.Marshall@ieso.ca>
Subject: RE: Fair Hydro -- IESO/OPG Meeting

Hi Peter, further to our call, attached are the following:

(1) A memo prepared by Osler describing the structural protections (i.e. security and priority of payment) during the moratorium period in order to achieve a AAA rating.
(2) A summary that we prepared of the material issues on your redraft of the MTSA. Note that we discussed some but not all of these points on our call and since Osler has not yet had an opportunity to review your redraft, they may raise additional comments. If you think we can bridge the gap on any of these points, please let us know. We will also coordinate with Osler to advance the draft MTSA.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666

From: Feldman, Michael
Sent: September-20-17 2:26 PM
To: Peter Hamilton <PHamilton@stikeman.com>; Ramchandani, Rima <rramchandani@torys.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Michael Boll <Michael.Boll@ieso.ca>; Myers, Jonathan <jmyers@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Glenn Zacher <GZacher@stikeman.com>; Anthony Martinello (Anthony.Martinello@ieso.ca) <Anthony.Martinello@ieso.ca>; LEE John -TREASURY <john.s.lee@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Leibel, Robbie <rleibel@torys.com>
Cc: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LADAK Lubna -FIN & C CTRL <lubna.ladak@opg.com>; 'Kim.Marshall@ieso.ca' <Kim.Marshall@ieso.ca>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro -- IESO/OPG Meeting

Peter,

A couple of questions:

1. You mention that cost and taxes "would also not be covered". We think that they are to be covered and wondered if the insertion of "not" was intentional.

2. We are not sure what the last sentence of the first paragraph means since the true-up does not apply until after the moratorium.

Michael K. Feldman

P. 416.865.7513

From: Peter Hamilton [mailto:PHamilton@stikeman.com]
Sent: September-20-17 10:16 AM
To: Ramchandani, Rima <rramchandani@torys.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Michael Boll <Michael.Boll@ieso.ca>; Myers, Jonathan <jmyers@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Glenn Zacher <GZacher@stikeman.com>; Anthony Martinello (Anthony.Martinello@ieso.ca) <Anthony.Martinello@ieso.ca>; LEE John -TREASURY <john.s.lee@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Leibel, Robbie <rleibel@torys.com>
Cc: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LADAK Lubna -FIN & C CTRL <lubna.ladak@opg.com>; 'Kim.Marshall@ieso.ca' <Kim.Marshall@ieso.ca>
Subject: RE: Fair Hydro -- IESO/OPG Meeting

Just to confirm the proposal we are asking KPMG to consider:

The Regulations under the Fair Hydro Act will be amended to impose a "regulatory obligation" upon the IESO to pay an amount to the financing trust monthly over the first four years (the deferral period) equal to the financing charges actually incurred by the financing trust on account of interest (and not principal). Contrary to earlier proposals costs and taxes of the financing trust would also not be covered. The IESO would require financing to bridge the gap between payment of this amount and recovery of the related GA amount. Either both of the interest cost and the funding receipt, or neither of them, will be counted for purposes of the true-up calculation.

IESO will provide security for this obligation in the form of a general security agreement charging all of IESO's assets, including in particular its present and future receivables and rights in relation thereto. The general security agreement will provide that on a monthly basis all receipts will be applied first by the IESO on account of the regulatory obligation. (NTD: If asked to give an opinion in respect of this GSA, our opinion would need to be limited to present receivables).

The Regulations under the Electricity Act will be amended to provide that the amounts paid are recoverable by the IESO under the GA in Section 25.33 of the Electricity Act.

By operation of the rate cap, this additional GA amount will lead to an increased negative variance and will give rise to a regulatory asset, which, in the ordinary course would be Transferred to the financing trust. The purchase price payable to the IESO would retire the related financing,

If I am missing, or have misstated, something please let me know.

Peter Hamilton

Direct: +1 416 869 5564
Email: phamilton@stikeman.com