Message

From: HARTWICK Ken -FINANCE [/O=OH/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=217097]
Sent: 07/09/2016 6:13:28 PM
To: KABANI Amir -FIN & C CTRL [/O=OH/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=217607]; MAUTI John -FIN & C CTRL [/O=OH/OU=Toronto/cn=Recipients/cn=932974]
CC: CHENG Alec -FIN & C CTRL [/O=OH/OU=Toronto/cn=Recipients/cn=206590]
Subject: RE: US GAAP
Attachments: Executive Briefing Note_MOE Chief of Staff_Sept 7_Clean Version.docx

This reads really well. See my minor changes and let me know what you think. If good I may send to those looking at the topic.

-----Original Message-----
From: KABANI Amir -FIN & C CTRL
Sent: Wednesday, September 07, 2016 5:47 PM
To: HARTWICK Ken -FINANCE; MAUTI John -FIN & C CTRL
Cc: CHENG Alec -FIN & C CTRL
Subject: RE: US GAAP

Hi Ken,

Please find the attached draft in which we have tried to add clarity around the questions you had.

I am attaching a clean version to the previous draft since there have been quite a few edits as a result of the internal review of the briefing note.

I have tried to summarize the various questions and responses resulting from the internal review process below:

(1) Question: Do you have to be SEC registrant in order to issue public debt in the US?
Response: Yes - only a SEC registrant can issue public debt in the US

Redacted - S/C Priv.

(3) Question: Can we use US GAAP for OEB yet file under IFRS for reporting? When we convert for reporting to a new GAAP, we would approach the OEB to convert as well?
Response: It depends on the OEB and the impact to customers. This may not be to our benefit since this will open doors for the OEB to pick and choose from a plateful of reasons/information for rate setting purposes under US GAAP and IFRS. The OEB was quite clear in the past when the reporting standards change that they expect folks to convert for ratemaking purposes as well. The presumption therefore is that IFRS will be used for rate-setting purposes if OPG operates/reports under IFRS.

(4) Question: Can we use the work for 2015/2016 Province YE to demonstrate volatility of pension expense?
Response: Discussion around pension and OPEB has been deleted since pension and OPEB accounting under IFRS does not necessarily introduce more volatility and adverse impact when compared US GAAP.

(5) Question: Can we clarify the $ magnitude of future nuclear smoothing deferrals that may be at risk in reference to the review comment on setting up future regulatory assets?
Response: Briefing note has been revised to state that the impact is $3 billion impact over and up to year 2025.

(6) Question: How will IFRS accounting impact the use of deferral and variance accounts including the ones we already have on the books?
Response: Explanation added to the briefing note on both risk of writing-off existing assets in addition to risk of not being able to defer future amounts.

Your review and feedback would be deeply appreciated.

Kind Regards,

Amir Kabani

Senior Manager – Accounting Policy & Internal Controls External Reporting Group Ontario Power Generation Inc.
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-----Original Message-----
From: HARTWICK Ken -FINANCE
Sent: Monday, September 05, 2016 7:56 PM
To: KABANI Amir -FIN & C CTRL; MAUTI John -FIN & C CTRL
Cc: CHENG Alec -FIN & C CTRL
Subject: RE: US GAAP

Amir
See my comments. Lots of questions. It would be good to bring the issue to life with some numbers beyond the ARO issue.

From: KABANI Amir -FIN & C CTRL
Sent: Friday, September 02, 2016 5:03 PM
To: MAUTI John -FIN & C CTRL; HARTWICK Ken -FINANCE
Cc: CHENG Alec -FIN & C CTRL
Subject: RE: US GAAP

Hi Ken,

John and Alec are both away this week.

In their absence, John had requested me to help prepare the one-pager for the MOE that explains the implications associated with US GAAP vs. IFRS.

Please find the attached draft document.

Kind Regards,

Amir Kabani
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From: HARTWICK Ken -FINANCE <ken.hartwick@opg.com<mailto:ken.hartwick@opg.com>>
Sent: Tuesday, August 30, 2016 2:24 PM
To: KOGAN Alex -FIN & C CTRL; MAUTI John -FIN & C CTRL
Subject: US GAAP

Team
We have done a one pager along the way that explains the US GAAP vs IFRS. We want to do another version of this that explains the issue beyond ARO although ties into it. The intention is one page at most with a series of bullets that cover the following topics with a clear direction that the impact is important and serious.

* Set the context of the issue
* Explain exemption we have with OSC and impact if not extended
* What is the likely view of the AG if we move to IFRS (easy for them to say that is the basis of consolidation
* ARO impact
* Regulatory accounting impact on other accounts (Europe far more volatile I think)

Intention is to make sure they understand the full potential impact of losing US GAAP and risks associated with this.

Thanks

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