Message

From: JORDA Jenny -FIN & C CTRL [/O=OH/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=216872]
Sent: 25/04/2017 3:16:31 PM
To: JORDA Jenny -FIN & C CTRL [jenny.jorda@opg.com]; 'Ken Kandeepan' [Ken.Kandeepan@ofina.on.ca]; MAUTI John - FIN & C CTRL [john.mauti@opg.com]; LEE John -TREASURY [john.s.lee@opg.com]
CC: 'George Sakura' [George.Sakura@ofina.on.ca]; 'Veinot, Cindy (TBS)' [Cindy.Veinot@ontario.ca]; 'John Psinas' [John.Psinas@ofina.on.ca]
Subject: RE: EXTERNAL – RE: GA Smoothing -- Journal Entry model
Attachments: OPG Entries_Updated Model_April 25.xlsx

Sorry - please use the updated version attached.

-----Original Message-----
From: JORDA Jenny -FIN & C CTRL
Sent: Tuesday, April 25, 2017 1:57 PM
To: 'Ken Kandeepan'; MAUTI John -FIN & C CTRL; LEE John -TREASURY
Cc: George Sakura; 'Veinot, Cindy (TBS)'; John Psinas
Subject: RE: EXTERNAL - RE: GA Smoothing -- Journal Entry model

Hi John P,

See attached for the financial statement impacts on the Trust and consolidated OPG of the journal entries relating to the GA transaction. These numbers are based on a version of the model received yesterday from our investment planning group who I believe is working closely with the MOE on the forecasts.

Let me know if you have any questions.

-----Original Message-----
From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Monday, April 24, 2017 11:05 AM
To: JORDA Jenny -FIN & C CTRL; MAUTI John -FIN & C CTRL; LEE John -TREASURY
Cc: George Sakura; 'Veinot, Cindy (TBS)'; John Psinas
Subject: RE: EXTERNAL - RE: GA Smoothing -- Journal Entry model

Hi All

The strong preference here is for any assumptions to be provided in the form of journal entries. As requested pls revise the model as per John's email. His email also poses a couple of questions as well, pls indicate in the revised model what assumptions are being adopted as responses to these questions.

Much appreciated if you can provide the revised model EOD, as a final note we do agree that a deferral of 30% or 16-17% does not impact the initial JE's, nevertheless I believe that we all can agree that the closer the accounting model is to draft legislation the less issues that we will have as we move forward.

Thanks

Ken k

-----Original Message-----
From: JORDA Jenny -FIN & C CTRL [mailto:jenny.jorda@opg.com]
Sent: Monday, April 24, 2017 10:28 AM
To: John Psinas <John.Psinas@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: RE: EXTERNAL - RE: GA Smoothing -- Journal Entry model

Hi John - The entries that we sent initially are example entries, a deferral of 30% or a deferral of 16-17% is not going to have an impact on the journal entries.

The repayment from the Trust on external debt is a straight credit to cash and a debit to long term debt.

Whatever is collected from ratepayers through the intangible asset will always be revenue to the Trust. In terms of what these funds will be used for subsequently, I'm not really sure? John L - do you have some insight on that?

As long as the interest is paid in cash to OPG on a monthly basis, it should not impact the accounting consolidation.

-----Original Message-----
From: John Psinas [mailto:John.Psinas@ofina.on.ca]
Sent: Monday, April 24, 2017 10:14 AM
To: JORDA Jenny -FIN & C CTRL
Cc: LEE John -TREASURY; MAUTI John -FIN & C CTRL; Ken Kandeepan; George Sakura
Subject: FW: EXTERNAL - RE: GA Smoothing -- Journal Entry model

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Jenny,
I'm told that the legislation is nearing completion. The OFA thus asks if we can finalize all the journal entries to ensure there is no fiscal hit to the Province.

Can we get a revised one that includes:

(a) not a deferral of 30% but closer to the 16-17% that is being proposed; and

(b) the repayment from the Trust on the external debt, not just repayment from the Trust to OPG on the two loans

We assume, and correct us if we're wrong, that once the smoothing flips (the amount collected from ratepayers is less than the actual GA) such a difference represents a revenue to the Trust and this revenue will be used to first pay the interest and then subsequently pay down the OPG and external debt in such a proportion so that the criteria for consolidating the trust with OPG under US GAAP is not impacted.

After the Trust pays down the debt from OPG, it will be cash rich in the sense that it has no corresponding debt for the 44%. Will those funds be used to pay dividends to the Province, or some kind of a share buyback?

Thanks.

--John