

Message

From: MAUTI John -FIN & C CTRL [/O=OH/OU=TORONTO/CN=RECIPIENTS/CN=932974]
Sent: 03/05/2017 3:06:21 PM
To: HARTWICK Ken -FINANCE [/o=OH/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=217097]
CC: MAUTI John -FIN & C CTRL [/o=OH/ou=Toronto/cn=Recipients/cn=932974]
Subject: RE: EXTERNAL - draft

Thanks Kent ! ☺

The entire analysis comes from KPMG and nothing expressly from IESO Management. A concern when KPMG expresses and independent opinion on matters that they actually put together

Some specific things I noticed:

- 1) KPMG calls it the "OPG Trust"not a name we've tried to use...
- 2) IESO New Accounting Policy – reg assets was effective Jan 1, 2016....obviously to make this plan work. Suspect that is where Bonnie has heartburn
- 3) Issue by issue there is a "management conclusion" and KPMG conclusionall on KPMG letterhead. Weird and obvious that KPMG did both. Not sure how KPMG deals with independence / conflict issue (no wonder you partners made a lot of money !)
- 4) The entire Issue #2 – **Does the IESO control the Trust ?????** Why is KPMG doing this assessment and opining?? I don't think in any context would the IESO be seen as controlling the Trust and I don't think this was a risk from anyone's perspective. The IESO have in fact gone out of their way to suggest they are controlling nothing by pitching themselves as the "bag man" controlling how to bill customers and recover but have nothing to do with the asset itself the plan, the recovery, the risk. I can see if KPMG was assessing whether the Province or Ministry was controlling the Trust but not the IESO. It's plain and obvious the IESO does not but 7 pages are needed to get there....
- 5) Issue #3 – Can the IESO derecognize the asset : basically takes a first principle approach to what an asset is and concludes it's not an asset

Their memo is 23 pages long (they then attach the FHP act as an appendix)

Our assessment is 14 pages with 2 pages for EY letter. All told, about the same approximate length.

John G. Mauti

Chief Controller & Accounting Officer
OPG Inc.
(416) 592-4046

From: HARTWICK Ken -FINANCE
Sent: Wednesday, May 03, 2017 1:34 PM
To: MAUTI John -FIN & C CTRL
Subject: FW: EXTERNAL - draft

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Sent with BlackBerry Work
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From: Picard, Michel <mpicard@kpmg.ca>
Date: Wednesday, May 03, 2017, 1:32 PM
To: HARTWICK Ken -FINANCE <ken.bartwick@opg.com>
Subject: EXTERNAL - draft

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Hi Kent,

Commercially Sensitive

On a different note, would you be interested in joining our table at the next OEN Luncheon on May 18? Serge Imbrogno will be joining our table.

The topic of conversation will be "Business Opportunities in Transportation Electrification"

Panelists:

Cara Clairman, Plug' n Drive

Heather Ferguson, Ontario Power Generation

Dr. Josipa Petrunic, Canadian Urban Transit Research & Innovation Consortium

Michel Picard, CPA, CA

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