

Message

From: MAUTI John -FIN & C CTRL [/O=OH/OU=TORONTO/CN=RECIPIENTS/CN=932974]
Sent: 31/07/2017 4:22:02 PM
To: HARTWICK Ken -FINANCE [/o=OH/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=217097]
Subject: FW: ARC Chair's pre approval of additional fees exceeds authority delegated to him
Attachments: EXTERNAL – Re: OPG - Approval of EY prospectus fees; RE: Prospectus - timing and EY involvement; 07 memo Preapproval of 2016 EY Fees_AFC MAILING.docx; AFCmin Nov 11 2015R1.docx; EXTERNAL – Re: Request for Pre-approval of Additional Audit Related Services and Fees

Please do not forward

I'll pull together a Board memo but I do think this is heavy handed and overkill.

My team met with Corp Secretary staff directly in advance. Governance is that pre approval limited to \$250k (doesn't say annual. Doesn't say per occurrence).

George approved an amount for EY work related to FHP in Feb ... we took it to March Board meeting and ARC concurred.

My mind, that resets the \$250k limit as ARC "ratified" the pre approval.

Corp Secretary now disagreesafter not objecting to us reaching out to George.

John G. Mauti

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

From: KING Catriona -OFFCORPSEC
Sent: Monday, July 31, 2017 3:03 PM
To: MAUTI John -FIN & C CTRL
Cc: HARTWICK Ken -FINANCE; MATHIAS Carlton -OFFCORPSEC
Subject: ARC Chair's pre approval of additional fees exceeds authority delegated to him

John,

I am writing regarding your email (attached below) to ARC Chair George Lewis to seek pre-approval of additional auditing services and fees by E&Y, and to advise that under the current authority delegated to the ARC Chair by the Audit and Risk Committee, your request and George's approval exceeds the authority delegated to him. I have shared this information with George and he has requested that the item be added to the August 9th ARC agenda to seek pre-approval from the Audit and Risk Committee. Therefore, I am requesting you prepare a board memo to seek the ARC's approval for the additional \$215,000 in fees for E&Y. Attached below is background on the governance related to the authority delegated to the Chair of the Audit and Risk Committee as well as copy of the pre-approvals that he has provided this year which uses up all the authority delegated to him in 2017. I am happy to work with you and your new staff to review the governance and the process for seeking approvals from the ARC and the ARC Chair through the Corporate Secretary.

Thx

Catriona King | Vice President, Corporate Secretary | Ontario Power Generation Inc.

700 University Avenue, Suite H19 D26, Toronto, Ontario M5G 1X6 | W: 416.592.4474 | C: 416.524.4421 | F: 416.592.4555 |

Governance for Authority Delegated to ARC Chair and approvals already granted in 2017:

- November 2015 - OPG Management recommended and the Audit and Risk Committee approved the following delegation to the Chair of the ARC for pre-approval of audit and audit related services: ***"up to an aggregate limit of \$250,000 per year. This would include new engagement or changes in scope of pre-approved engagements that may arise in the year"***



07 memo
Preapproval of 2...



AFCmin Nov 11
2015R1.docx

- November 2016, E&Y's 2017 fees were approved by the ARC.
- February 28, 2017 - **ARC Chair pre-approved an additional \$250,000 in fees for E&Y** in relation to the implementation of the Province's Global Adjustment smoothing proposal to support OPG's accounting and the SPV/Trust accounting so that OPG may consolidate. (see attached) This used up the annual limit.



EXTERNAL – Re:
Request for Pre-...

- July 28th, 2017 - J.Mauti wrote directly to the ARC Chair and received **approval for another \$215,000 in additional fees for E&Y**. Earlier on that same day the Corporate Secretary and CFO met the ARC Chair by phone to brief him on the August 9th ARC agenda and he requested to the CFO that the item on pre-approval of additional audit related services from E&Y relating to OPG's upcoming prospectus go to the full ARC for approval. With the item going to the August 9th ARC it does not invoke any limit.

From: MAUTI John -FIN & C CTRL
Sent: Friday, July 28, 2017 1:04 PM
To: MATHIAS Carlton -OFFCORPSEC; KING Catriona -OFFCORPSEC
Cc: MAUTI John -FIN & C CTRL
Subject: ARC Chair pre approval



EXTERNAL – Re: OPG - Approval ...



RE: Prospectus - timing and EY in...

Last Wednesday / Thursday communication with ARC Chair.
Apologies for not copying / involving Corp Secretary's Office.
Discussed with Ken in advance.

John