Message

From: RYFA Ken -TREASURY [/O=OH/OU=TORONTO/CN=RECIPIENTS/CN=792883]
Sent: 10/10/2017 5:40:11 PM
To: Hunt, Richard [Richard.Hunt@moodys.com]; LEE John -TREASURY [john.s.lee@opg.com]
CC: Rice, Tracy [Tracy.Rice@moodys.com]; Butville, Andrew [Andrew.Butville@moodys.com]; Murahwi, Simba [Simba.Murahwi@moodys.com]; Ehmar, Aliya [Aliya.Ehmar@moodys.com]; Khurram, Zulaikha [Zulaikha.Khurram@moodys.com]; Hendrix, Harry [Harry.Hendrix@moodys.com]; MacFarlane, Gavin [Gavin.Macfarlane@moodys.com]; 'ian.benaiah@rbccm.com' [ian.benaiah@rbccm.com]; Adalja, Sunil [Sunil.Adalja@cibc.com]; Maciel, Andrew [Andrew.Maciel@cibc.com]; Sabri, Salina [Salina.Sabri@gs.com]; Sheena, Alexander [Alex.Sheena@gs.com]
Subject: RE: EXTERNAL – Fair Hydro Plan
Attachments: Moodys Questions October 3 Meeting.docx

Richard,
See attached response to these questions.
Thanks,
Ken

From: Hunt, Richard [mailto:Richard.Hunt@moodys.com]
Sent: Wednesday, October 04, 2017 4:00 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: Rice, Tracy <Tracy.Rice@moodys.com>; Butville, Andrew <Andrew.Butville@moodys.com>; Murahwi, Simba <Simba.Murahwi@moodys.com>; Ehmar, Aliya <Aliya.Ehmar@moodys.com>; Khurram, Zulaikha <Zulaikha.Khurram@moodys.com>; Hendrix, Harry <Harry.Hendrix@moodys.com>; MacFarlane, Gavin <Gavin.Macfarlane@moodys.com>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Sabri, Salina <Salina.Sabri@gs.com>; Sheena, Alexander <Alex.Sheena@gs.com>
Subject: EXTERNAL – Fair Hydro Plan

Hi John,

Thanks for coming with the banks to meet with the Moody's team yesterday. As a follow-up, we reviewed the previous presentations as well as the legislation and regulatory orders, and have highlighted some areas where it would be helpful to have some additional information:

July 13th Presentation:

1. From page seven, has there ever been a default by an LDC of an amount due to the IESO since the opening of the market in 2002, or have all 20 defaults been industrial customers?
2. From page 10, if the Trust does not purchase the regulatory asset, how does the IESO fund the shortfall in the amount due to the generators?
3. From page 22, how is it contemplated that the provincial guarantee will protect investors from an inability to fund in the capital markets?
4. As discussed in the meeting, can we get more details around the billing and collection process as described in slide 26?
    a) Will there be specified monthly invoicing and payment dates for the CEA, similar to invoicing and collections under the Market Rules?

General:

1. Can we get more details on the mechanics of the true-up process, with references to the corresponding legislation/regulation?
    a) Who initiates the process and what is the methodology used for the calculation?
    b) What is the mechanism to effect the change to the CEA?
2. Is there, or will there be something in the legislation/regulations that makes it clear that the debt service amounts payable by the trust during the moratorium period (or at other times when there may be a shortfall of collections), which are contemplated to be paid by the IESO, can be added to the variance account and classified as regulatory assets for future collection through the CEA?
3. Can we get more background on the global adjustment (GA) charge referenced in the information update?

Legislation:
1. The legislation seems to allow for a rate reduction only to April 30/18. Is this going to be extended?
2. The legislation also prescribes that recoveries can start on May 1/21. Will this be extended to account for the discussed moratorium?
3. Is the Financing Plan available?
4. Please clarify the intent of the Fair Allocation Amount in Section 20, and how it is to be applied. How does the readjustment amount relate to the Fair Allocation Amount?
5. Please provide a description of any proposed amendments to the legislation or regulatory orders that will take place prior to the launch of the funding program.

We will let you know if we have any other questions.

Best regards,

Richard

Richard Hunt
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