Ontario

need to be consistent with PSAB standards

→ completeness of the statute

Cinky – high risk

→ high risk of hitting Fiscal plan

→ more time → legislation → 6 weeks to date window

Global Adjustment (GA) Smoothing – Options

Working Draft

try 2.5 2.5 2.5 2.5

4 4 4 4 4

February 28, 2017

Legal / Accounting / Financing } keep

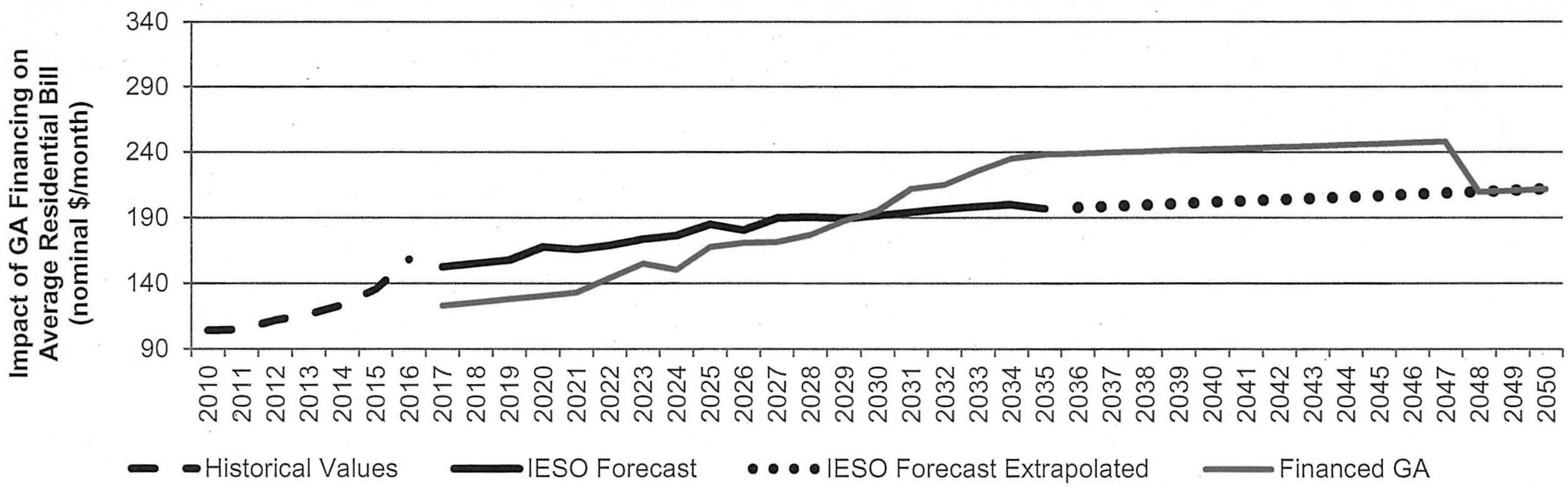
> deck – end of day → ?

> TB Minute →

Cabinet – sit as TB

→ *Darlington →

Option 1: GA Smoothing for RPP-Eligible Only (Borrow $2.5 billion in 2017, Residential Bills Lowered 25%) **Original Option**



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Average monthly residential bill w GA financing impact and tax *($/month)*	104	105	112	116	124	136	158	123	126	128	131	133	144	155	150	168	171	172	177
Year-over-year change in bill *(%)*	-	1.0	6.7	3.9	6.1	9.8	16.7	-22.1	2.0	2.0	2.0	2.0	8.1	7.7	-3.2	11.6	1.9	0.4	3.2
Impact of GA financing pre-tax *($/month)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-26.1	-26.1	-26.2	-32.8	-28.7	-22.0	-16.3	-23.0	-15.2	-8.4	-16.1	-11.8
Total Accumulated Debt *($ billion)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	5.1	7.9	11.4	14.6	17.6	20.2	23.6	26.4	28.6	31.7	34.5
Total Change in Accumulated Debt *($ billion)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	2.6	2.8	3.5	3.2	3.0	2.6	3.4	2.8	2.2	3.1	2.8

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly residential bill w GA financing impact and tax *($/month)*	188	195	212	215	226	235	238	239	240	241	242	242	243	244	245	246	247	247	248	210
Year-over-year change in bill *(%)*	5.9	4.2	8.6	1.4	5.0	4.0	1.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-15.5
Impact of GA financing pre-tax *($/month)*	-1.7	3.3	15.9	16.5	24.3	31.1	36.7	36.5	36.4	36.2	36.1	35.9	35.8	35.6	35.5	35.3	35.2	35.0	34.9	0.0
Total Accumulated Debt *($ billion)*	36.4	38.0	38.3	38.5	37.9	36.6	34.5	32.4	30.1	27.7	25.2	22.6	19.8	16.9	13.9	10.7	7.3	3.7	0.0	0.0
Total Change in Accumulated Debt *($ billion)*	1.9	1.5	0.3	0.2	-0.6	-1.3	-2.1	-2.2	-2.3	-2.4	-2.5	-2.6	-2.8	-2.9	-3.1	-3.2	-3.4	-3.5	-3.7	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2021 at the rate of inflation plus 0.3 percentage points with a limit of $3.9 billion above the true cost of GA in any given year. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer.

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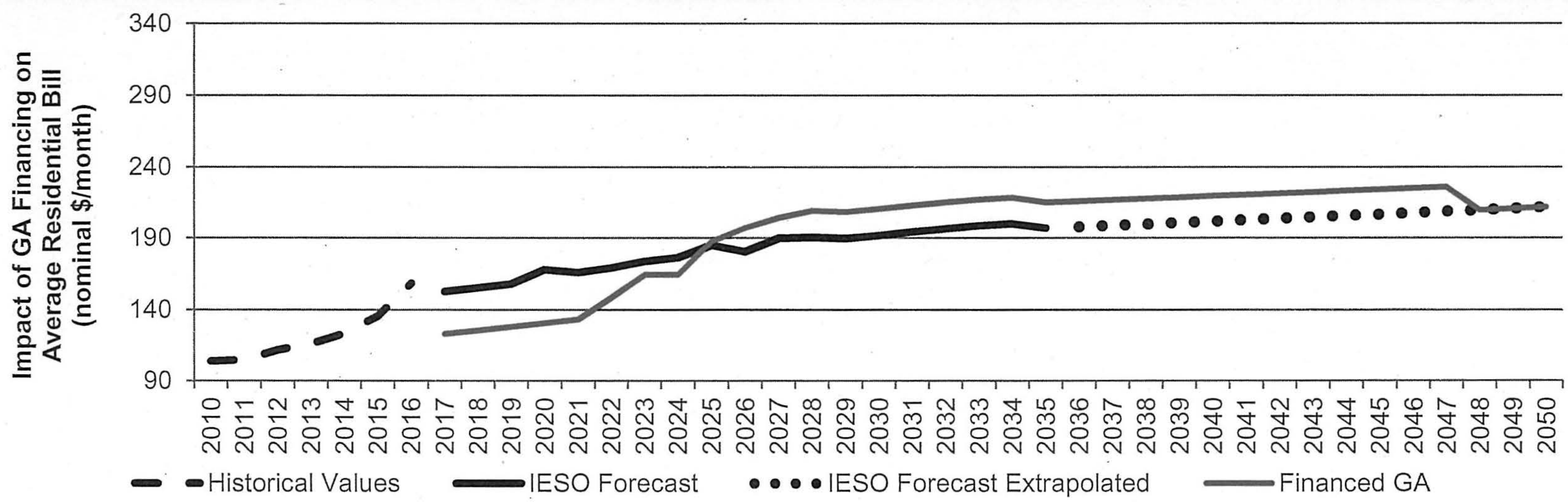
Option 2: GA Smoothing for RPP-Eligible Only (Borrow $2.5 billion in 2017, Residential Bills Lowered 25%, Lower Total Debt)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Average monthly residential bill w GA financing impact and tax *($/month)*	104	105	112	116	124	136	158	123	126	128	131	133	.149	164	165	188	197	204	209	209
Year-over-year change in bill *(%)*	-	1.0	6.7	3.9	6.1	9.8	16.7	-22.1	2.0	2.0	2.0	2.0	11.3	10.6	0.2	14.0	5.1	3.6	2.5	-0.4
Impact of GA financing pre-tax *($/month)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-26.1	-26.1	-26.2	-32.8	-28.7	-18.2	-8.3	-10.4	2.4	14.8	12.8	16.8	16.8
Total Accumulated Debt *($ billion)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	5.1	7.9	11.4	14.6	17.2	19.0	21.0	21.8	21.5	21.2	20.6	19.9
Total Change in Accumulated Debt *($ billion)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	2.6	2.8	3.5	3.2	2.6	1.7	2.0	0.8	-0.4	-0.2	-0.6	-0.7

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly residential bill w GA financing impact and tax *($/month)*	211	213	215	217	219	215	216	217	218	219	220	221	221	222	223	224	225	226	210
Year-over-year change in bill *(%)*	1.0	1.2	1.0	0.9	0.6	-1.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	-7.2
Impact of GA financing pre-tax *($/month)*	16.7	16.7	16.5	16.4	16.3	16.1	16.0	16.0	15.9	15.8	15.8	15.7	15.6	15.6	15.5	15.4	15.4	15.3	0.0
Total Accumulated Debt *($ billion)*	19.2	18.5	17.7	16.9	16.1	15.2	14.2	13.2	12.2	11.1	9.9	8.7	7.4	6.1	4.7	3.2	1.6	0.0	0.0
Total Change in Accumulated Debt *($ billion)*	-0.7	-0.7	-0.8	-0.8	-0.9	-0.9	-0.9	-1.0	-1.0	-1.1	-1.2	-1.2	-1.3	-1.3	-1.4	-1.5	-1.6	-1.6	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2021 at the rate of inflation plus 4.9 percentage points with a limit of $1.7 billion above the true cost of GA in any given year to cap repayment charges at a maximum of 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer.

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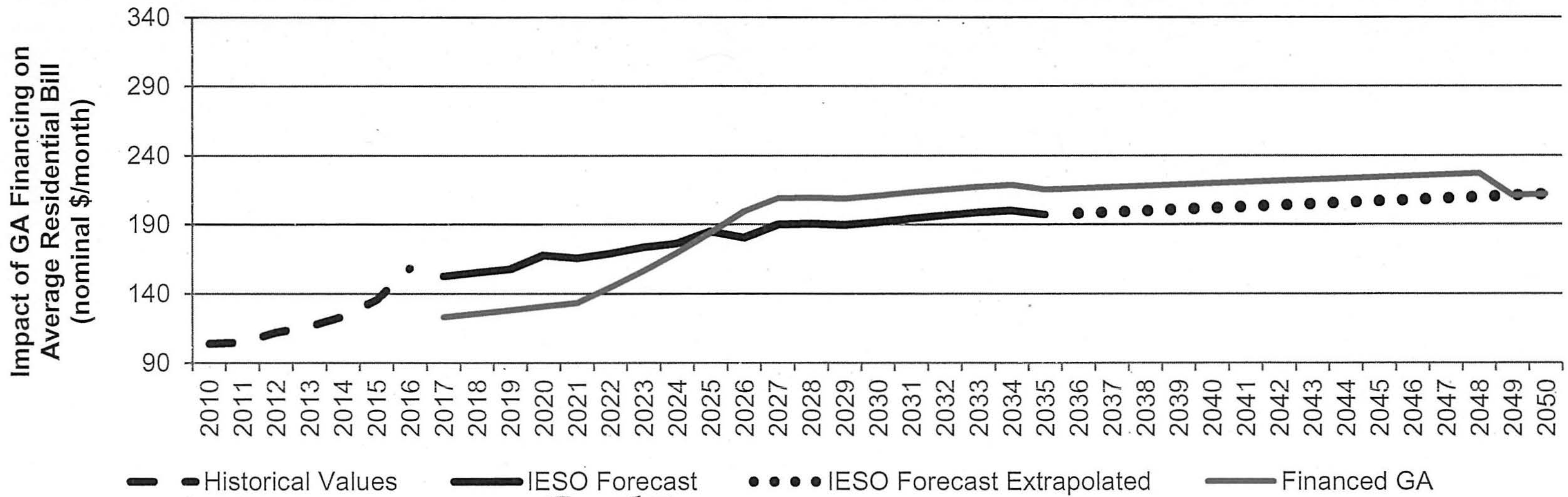
Option 3: GA Smoothing for <u>RPP-Eligible Only</u> (Borrow $2.5 billion in 2017, Residential Bills Lowered 25%, Lower Total Debt, Smoothed Increase)



2,5%   4%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Average monthly residential bill w GA financing impact and tax *($/month)*	104	105	112	116	124	136	158	123	126	128	131	133	145	157	170	184	200	209	209
Year-over-year change in bill *(%)*	-	1.0	6.7	3.9	6.1	9.8	16.7	-22.1	2.0	2.0	2.0	2.0	8.4	8.4	8.4	8.4	8.4	4.6	0.3
Impact of GA financing pre-tax *($/month)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-26.1	-26.1	-26.2	-32.8	-28.7	-21.7	-15.1	-5.8	-0.7	16.9	16.8	16.8
Total Accumulated Debt *($ billion)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	5.1	7.9	11.4	14.6	17.6	20.0	21.7	22.8	22.3	21.7	21.1
Total Change in Accumulated Debt *($ billion)*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	2.6	2.8	3.5	3.2	3.0	2.4	1.6	1.2	-0.6	-0.6	-0.6

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly residential bill w GA financing impact and tax *($/month)*	209	211	213	215	217	219	215	216	217	218	219	220	221	221	222	223	224	225	226	227
Year-over-year change in bill *(%)*	-0.4	1.0	1.2	1.0	0.9	0.6	-1.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Impact of GA financing pre-tax *($/month)*	16.8	16.7	16.7	16.5	16.4	16.3	16.1	16.0	16.0	15.9	15.8	15.8	15.7	15.6	15.6	15.5	15.4	15.4	15.3	15.3
Total Accumulated Debt *($ billion)*	20.4	19.8	19.1	18.3	17.5	16.7	15.8	14.9	14.0	13.0	11.9	10.8	9.6	8.4	7.1	5.7	4.3	2.8	1.2	0.0
Total Change in Accumulated Debt *($ billion)*	-0.6	-0.7	-0.7	-0.7	-0.8	-0.8	-0.9	-0.9	-1.0	-1.0	-1.1	-1.1	-1.2	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.2

Notes: Assumes 31 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2021 such that the average monthly residential electricity bill increases by 8.4 percent per year with a limit of $1.7 billion above the true cost of GA in any given year to cap repayment charges at a maximum of 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer.

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2,5 2,5 2. 6,5%

A maxed out at 10% of the total bill