FW: New Issue Announcement - Fair Hydro Trust 2018-1

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Hi Deputies, FYI, the process of going public with the first debt offering of the FHT has now begun. Next week Ken Hartwick and John Lee will do their cross-country roadshow, and the issue is expected to be launched and priced the following week – on the same schedule as had been discussed at our most recent breakfast club meeting.

The email announcement below is from RBC, one of the three lead underwriters, with CIBC and Goldman, of the transaction.

Gadi

From: Dorri, Sam [mailto:sam.dorri@rbccm.com]
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Dear Ontario Team,

Away from your impending Green transaction, we wanted to forward you some details and a short write-up on the announcement of the Fair Hydro transaction (that I'm sure you're aware of). Pricing is expected the week of Feb 5th – we'll keep you posted on any interesting questions or developments as they come through in the coming weeks.

This afternoon, Fair Hydro Trust (or "the Trust") announced cross-country marketing efforts in anticipation of its inaugural debt offering. The structure consists of three tranches of which only the Senior Notes will be offered and sold to institutional investors, while the Subordinated and Junior Subordinated will be retained. The inaugural offering of the Notes has an expected maturity date of May 15, 2033 (15.25 year term). RBC Capital Markets is acting as Joint Lead and Joint Bookrunner on the transaction. The roadshow schedule consists of luncheons, one-on-ones and a nationwide conference call. The events will be in Montreal on January 29th, in Toronto on January 30th and 31st and in Western Canada on February 1st and 2nd.

The Fair Hydro Trust offering is in connection with the Province of Ontario's Fair Hydro Plan ("FHP") announced on March 2, 2017, which proposed to lower the average electricity bill for eligible customers by 25%. The FHP is an initiative designed to ensure clean energy costs and clean energy benefits associated with Ontario's clean energy initiatives are fairly allocated among present and future residential consumers, small businesses and farms and to provide fairness for the aforementioned electricity users over time. The collateral consists of cost recovery receivables originated to fund the difference between what electricity users pay and what power generators are contractually owed. The Notes will be offered privately in Canada pursuant to an Offering Memorandum.

The Trust is being structured to be bankruptcy remote to Ontario Power Generation, who is acting as Financial Services Manager. The program is estimated to be $20 billion, split ~51% Senior debt, ~39% Subordinated debt, ~10% Junior Subordinated debt, with the financing program anticipated to be ~10-years.

Details of the Offering are as follows:

Issuing Entity:	Fair Hydro Trust ("FHT")
Seller and Servicer:	The Independent Electricity System Operator ("IESO")
Offered Securities:	Fixed Rate Bullet Senior Notes
Amount Offered:	C$●
RBC Role:	Joint Lead Manager / Joint Bookrunner

Class	**Senior Notes**	**Subordinated Notes**	**Junior Subordinated Notes**
Issuance Size:	C$●	C$●	C$●

Spread:	GOC +●	Placed with OPG	Placed with OPG
Expected Ratings (DBRS / Moody's):	AAA(sf)/ Aa2(sf)	AA(sf)/ Aa2(sf)	A(sf)/ Aa2(sf)
Expected Final Payment Date:	May 15, 2033	May 15, 2033	May 15, 2033
Term:	15.25 years	15.25 years	15.25 years
Payment Dates:	May 15th and November 15th	May 15th and November 15th	May 15th and November 15th