our additions in bold

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Date: Sun, 05 Mar 2017 18:07:44 -0500

The last decade has seen massive investments in improving our electricity system, but the costs were unfairly placed on one generation. We needed to make this fairer.

Part of that means moving the cost of social programs from the rate base to the tax base, and expanding this support to certain vulnerable groups.

We're also sharing the cost of these investments with future ratepayers who will continue to benefit from the significant investments made to build a clean and reliable electricity system. This element - the GA refinancing - will not impact the fiscal plan.

The GA refinancing will, however, add new borrowing costs. Year by year the impact will vary based on interest rates and other factors, but based on our conservative estimates taking a 5 per cent interest rate into consideration, we see that number amounting to approximately $25 billion over 30 years.

Ontario has diverse, broad based sources of revenues and as such, has a strong borrowing capacity. We have managed debt responsibly. In fact, this year will be our smallest borrowing program since the recession and is $2.6 billion less than our 2016 Budget forecast. We have also consistently beat our interest on debt targets. Just last month in our Q3 financial update, we reported that our interest on debt is $381 million less than originally forecast in the 2016 Budget. As we've said, the final amount will depend on annual interest rates and expenditures, which will be disclosed yearly, but given the province's strong borrowing ability we're confident it will be in this range.

The independent financial analysis that the FAO provides is important as we build on our plan to grow the economy and create jobs. That's why we expanded the FAO's ability to access financial, economic or other information previously protected by freedom of information laws. We will continue working with the FAO as we bring real relief and fairer hydro bills to Ontario families, as part of our Fair Hydro Plan.

For your reference, please see a release attached, DBRS issued on Friday with respect to our plan for GA refinancing, including a portion of the release pasted below:

“DBRS Limited (DBRS) has today commented on the Province of Ontario’s (Ontario or the Province; rated AA (low) with a Stable trend by DBRS) plan to reduce residential electricity prices by 25%, as announced on March 2, 2017. DBRS views the proposed changes as credit neutral. The Province has the ability to absorb the fiscal impact of the proposed policy changes, while still restoring budgetary balance in 2017–2018. The Province has also indicated that it will seek to recover the debt and financing costs associated with reducing the Global Adjustment (GA) through future electricity rates.”

Kelly Jackson
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