Re: Bloomberg News

From: "Imbrogno, Serge (ENERGY)" <"/o=govon/ou=ontario public sector - iserv ems/cn=recipients/cn=imbrognose">
To: "Berg, Denna (ENERGY)" <denna.berg@ontario.ca>
Cc: "Katona, Keley (ENERGY)" <keley.katona@ontario.ca>
Date: Thu, 02 Mar 2017 15:48:14 -0500

Ok

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Berg, Denna (ENERGY)
Sent: Thursday, March 2, 2017 3:40 PM
To: Imbrogno, Serge (ENERGY)
Cc: Katona, Keley (ENERGY)
Subject: Bloomberg News

Hi Deputy,

A reporter from Bloomberg wants to know about the $1.5B in annual interest costs. Below is our response reviewed by ESP. OK to share?

The $1.4 billion in annual interest cost, how did the Ministry arrive at this number?

In the early years of the Global Adjustment (GA) refinancing, a portion of the costs covered by the GA would be refinanced to reduce pressure on today's electricity ratepayers. In later years, the cost of refinancing would be recovered from ratepayers.

Under current forecasts, the immediate reduction in the GA would be about $2.5 billion per year on average over the first 10 years, with annual interest costs not exceeding $1.4 billion. This figure was arrived at by calculating the interest that would accrue on the debt at its highest level.

Note: A 5% interest rate is assumed.