Re: Timeline for upcoming Fair Hydro Trust offering

From: "Berry, James (ENERGY)" <james.berry5@ontario.ca>
To: "Nucciarone, Michael (ENERGY)" <michael.nucciarone@ontario.ca>
Cc: "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>, "Schlaepfer, Martin (ENERGY)" <martin.schlaepfer@ontario.ca>, "Armstrong, Hillary (ENERGY)" <hillary.armstrong@ontario.ca>, "Perkins, Michael (ENERGY)" <michael.perkins@ontario.ca>
Date: Tue, 24 Apr 2018 20:21:08 -0400

Thanks all.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Nucciarone, Michael (ENERGY)
Sent: Tuesday, April 24, 2018 8:20 PM
To: Berry, James (ENERGY)
Cc: Whittington, Matt (ENERGY); Schlaepfer, Martin (ENERGY); Armstrong, Hillary (ENERGY); Perkins, Michael (ENERGY)
Subject: RE: Timeline for upcoming Fair Hydro Trust offering

Hi James,

Attached is a set of QAs regarding the second issuance of debt for the Fair Hydro Trust that closed today.

Thanks,
Mike

Sent with BlackBerry Work
(www.blackberry.com)

From: Perkins, Michael (ENERGY) <Michael.Perkins@ontario.ca>
Date: Tuesday, Apr 24, 2018, 11:56 AM
To: Berry, James (ENERGY) <James.Berry5@ontario.ca>, Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Cc: Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>, Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>, Nucciarone, Michael (ENERGY) <Michael.Nucciarone@ontario.ca>
Subject: RE: Timeline for upcoming Fair Hydro Trust offering

Hi James,

Below is an update from OPG on the FHT deal that closed today.

Let me know if you need anything else.

Best,
Michael

The FHT deal closed today and the rating agencies are issuing news releases. The releases include the rates for the subordinated debt as well as the senior.

Senior – 3.52%

Subordinated – 3.83%

Junior subordinated – 4.21%

Given that the rating agencies are issuing releases, we won't be issuing anything in addition to this. The rates will also be disclosed in our financial statement.

On Thursday April 19, the Fair Hydro Trust (FHT) issued $400 Million of 20 year bonds with a coupon rate of 3.52%. This rate is 32 bps higher than the Province, and 13 bps lower than Ontario utilities. 13 new buyers were included in the April issue, representing 22% of the deal. 34% of the bonds were purchased by insurance companies and pension funds, which is the target market.

As a result of this deal, FHT now has $900 Million of senior bonds outstanding and has acquired $1.765 Billion of Investment Interest from the IESO. The weighted average interest rate for senior and subordinated debt is 3.6%.

Although Moody's changed the outlook for the Province of Ontario and the IESO's ratings from stable to negative in April, there is no change to the Fair Hydro Trust debt rating as a securitization rating does not reflect modifiers.

From: Perkins, Michael (ENERGY)
Sent: April 24, 2018 8:49 AM
To: Berry, James (ENERGY) <James.Berry5@ontario.ca>; Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Cc: Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>; Nucciarone, Michael (ENERGY) <Michael.Nucciarone@ontario.ca>
Subject: RE: Timeline for upcoming Fair Hydro Trust offering

Good morning James,

OPG Comms has informed us that the FHT debt offering is supposed to close today.

They will send more details and share wording of what they will post on opg.com later today.

Below is what they posted on their Finance page for the first public debt offering in February.

Best,
Michael

https://www.opg.com/about/finance/Pages/Fair-Hydro-Trust.aspx

On Feb. 6, 2018, the OPG-managed Fair Hydro Trust completed its first public debt offering of $500 million at 3.357 per cent. The Trust supports the government's Fair Hydro Plan by refinancing a portion of the Global Adjustment costs over a longer time, thereby reducing electricity bills for residential customers, farmers, and some small businesses by up to 25 per cent.

As a company that is owned by the people of Ontario, OPG is committed that the Fair Hydro Trust is managed in the most efficient and transparent way. Going forward, the Fair Hydro Trust will continue to purchase assets from the IESO on an ongoing basis. Debt offerings to finance these assets will continue, up to two to three times a year as needed. OPG is committed to transparency, and will publicly report on the Fair Hydro Trust through its quarterly financial statements.

Quick facts on the transaction:

- **Amount: $500 million**
- **Rating: DBRS AAA, Moodys Aa2**
- **Term: 15.25 years**
- **Yield: 3.357%**

Sent with BlackBerry Work
(www.blackberry.com)

From: Berry, James (ENERGY) <James.Berry5@ontario.ca>
Date: Tuesday, Apr 24, 2018, 8:37 AM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Cc: Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>, Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>, Perkins, Michael (ENERGY) <Michael.Perkins@ontario.ca>, Nucciarone, Michael (ENERGY) <Michael.Nucciarone@ontario.ca>
Subject: RE: Timeline for upcoming Fair Hydro Trust offering

Any word on this?

From: Schlaepfer, Martin (ENERGY)
Sent: April 23, 2018 2:42 PM
To: Berry, James (ENERGY) <James.Berry5@ontario.ca>
Cc: Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>; Perkins, Michael (ENERGY) <Michael.Perkins@ontario.ca>; Nucciarone, Michael (ENERGY) <Michael.Nucciarone@ontario.ca>
Subject: RE: Timeline for upcoming Fair Hydro Trust offering

I will follow up and confirm.

Martin

From: Berry, James (ENERGY)
Sent: April 23, 2018 2:39 PM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Cc: Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>; Perkins, Michael (ENERGY) <Michael.Perkins@ontario.ca>; Nucciarone, Michael (ENERGY) <Michael.Nucciarone@ontario.ca>
Subject: RE: Timeline for upcoming Fair Hydro Trust offering

Hi Martin, any update from OPG on whether the deal will be closing tomorrow or Wednesday?

Thanks,
James

From: Schlaepfer, Martin (ENERGY)
Sent: April 20, 2018 10:45 AM
To: Berry, James (ENERGY) <James.Berry5@ontario.ca>
Cc: Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>; Perkins, Michael (ENERGY) <Michael.Perkins@ontario.ca>; Nucciarone,

Michael (ENERGY) <Michael.Nucciarone@ontario.ca>
Subject: RE: Timeline for upcoming Fair Hydro Trust offering

Attached is the most updated information we received from OPG (changes tracked).

Martin

From: Berry, James (ENERGY)
Sent: April 20, 2018 10:30 AM
To: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Cc: Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>; Perkins, Michael (ENERGY) <Michael.Perkins@ontario.ca>; Nucciarone, Michael (ENERGY) <Michael.Nucciarone@ontario.ca>
Subject: RE: Timeline for upcoming Fair Hydro Trust offering

Are these timelines still accurate?

From: Schlaepfer, Martin (ENERGY)
Sent: April 13, 2018 3:53 PM
To: Berry, James (ENERGY) <James.Berry5@ontario.ca>
Cc: Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Armstrong, Hillary (ENERGY) <Hillary.Armstrong@ontario.ca>; Perkins, Michael (ENERGY) <Michael.Perkins@ontario.ca>; Nucciarone, Michael (ENERGY) <Michael.Nucciarone@ontario.ca>
Subject: Timeline for upcoming Fair Hydro Trust offering

Hi James,

Attached is a timeline on OPG's upcoming offering for the Fair Hydro Trust. As this is the second tranche it's a much simpler process/timeline (e.g., no road shows) and OPG is not planning any proactive communications (with the exception that they will post high level details of the deal on their site once closed, as they did with the first tranche).

Thanks,
Martin