



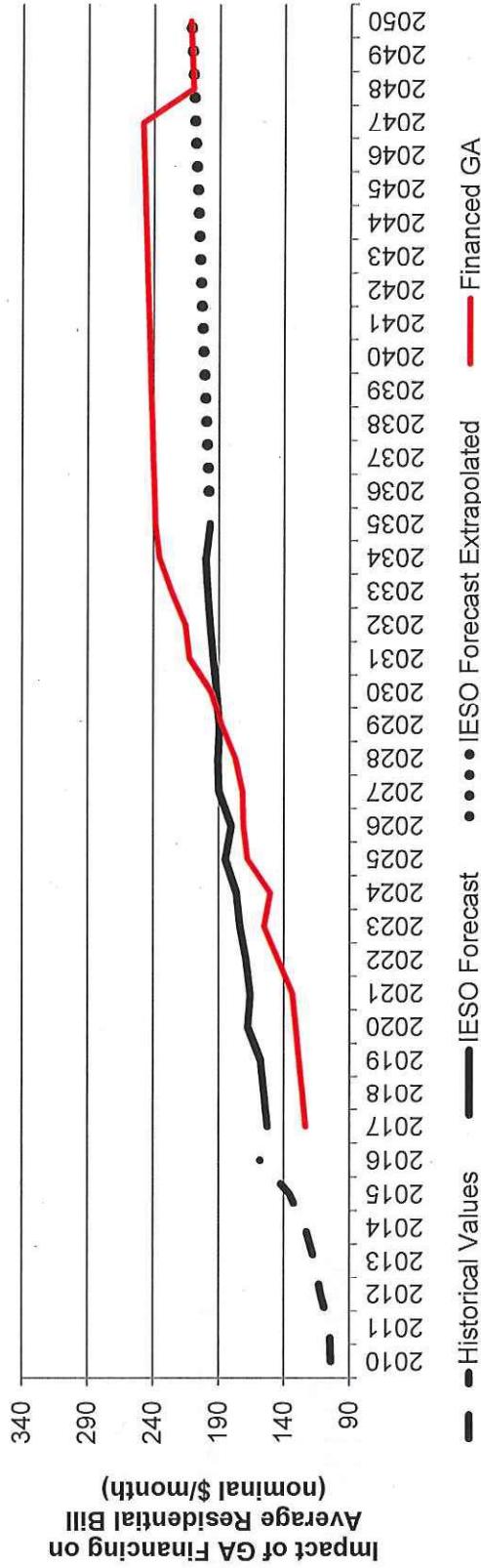
# Global Adjustment (GA) Smoothing – Options

Working Draft

February 28, 2017

2017-02-28

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

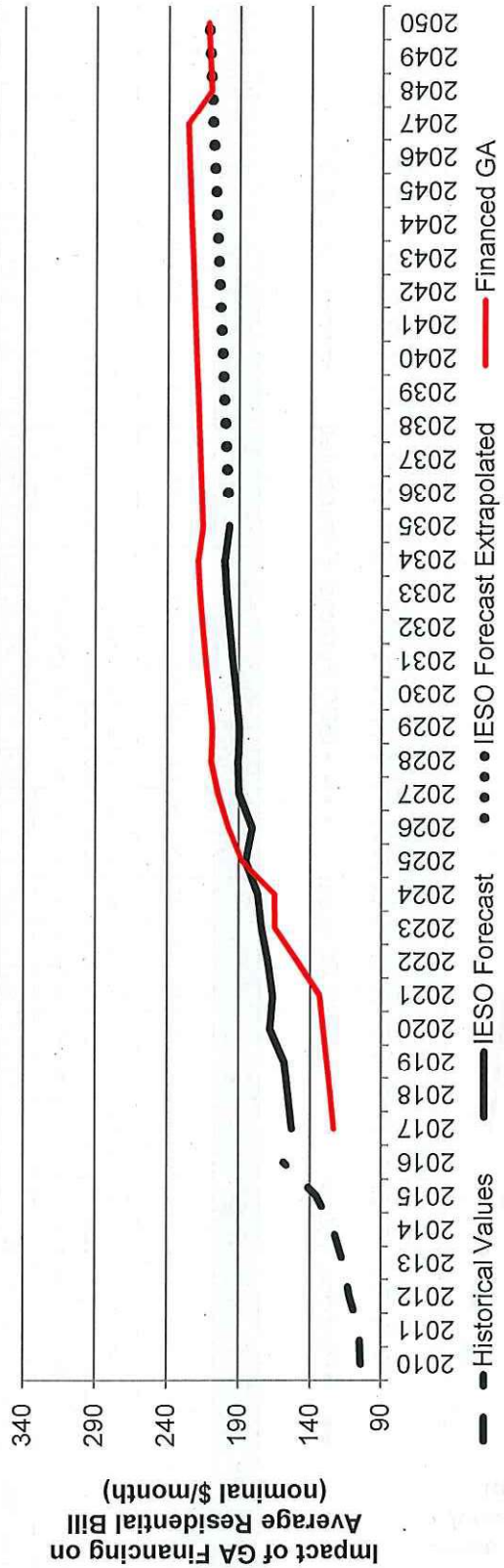


|                                                                           | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026 | 2027  | 2028  | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048  |
|---------------------------------------------------------------------------|------|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| Average monthly residential bill w GA financing impact and tax (\$/month) | 104  | 105  | 112  | 116  | 124  | 136  | 158  | 123   | 126   | 128   | 131   | 133   | 144   | 155   | 150   | 168   | 171  | 172   | 177   | 183  | 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 (%)                                         | -    | 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   | 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)                                 | 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 | -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)                                       | 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  | 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)                             | 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   | 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)

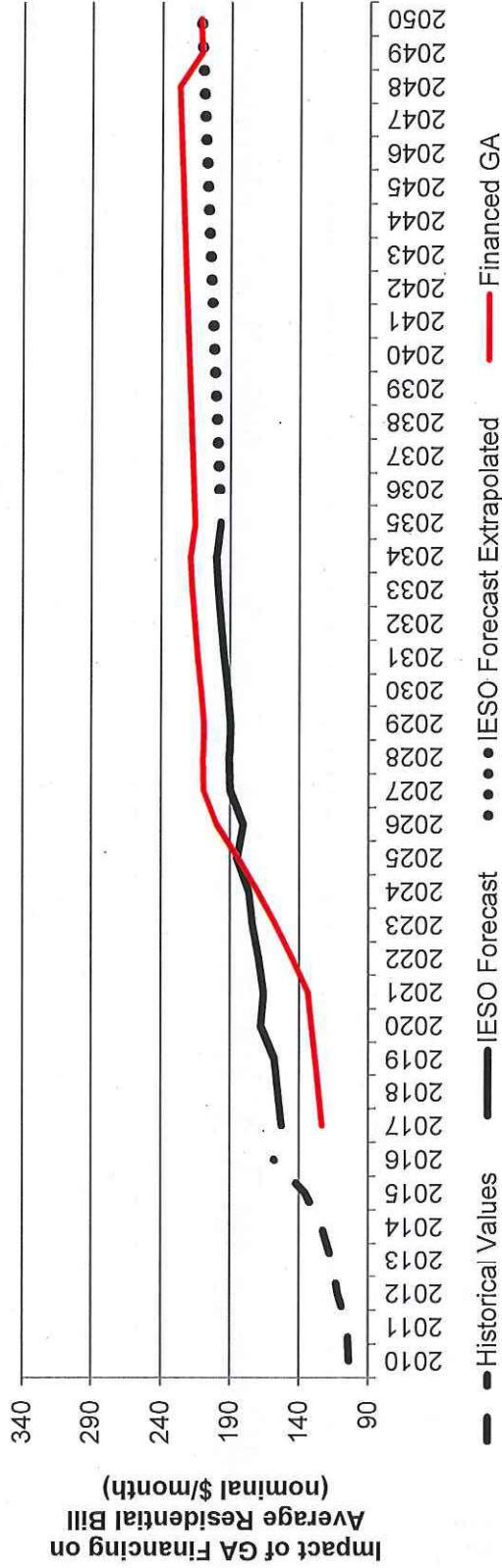


|                                                                           | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023 | 2024  | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 |
|---------------------------------------------------------------------------|------|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|------|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Average monthly residential bill w GA financing impact and tax (\$/month) | 104  | 105  | 112  | 116  | 124  | 136  | 158  | 123   | 126   | 128   | 131   | 133   | 149   | 164  | 165   | 188  | 197  | 204  | 209  | 209  | 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  | 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 | 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  | -7.2 |      |
| 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 | -18.2 | -8.3 | -10.4 | 2.4  | 14.8 | 12.8 | 16.8 | 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 | 0.0  |
| 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 | 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)                             | 0.0  | 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 | -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.



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



|                                                                                 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024 | 2025 | 2026 | 2027 | 2028 | 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<br>GA financing impact and tax<br>(\$/month) | 104  | 105  | 112  | 116  | 124  | 136  | 158  | 123   | 126   | 128   | 131   | 133   | 145   | 157   | 170  | 184  | 200  | 209  | 209  | 211  | 213  | 215  | 215  | 217  | 219  | 215  | 216  | 217  | 218  | 219  | 220  | 221  | 221  | 222  | 223  | 224  | 225  | 226  | 227  |
| 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  | -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  |      |
| Impact of GA financing pre-tax<br>(\$/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 | 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)                                             | 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 | 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<br>(\$ 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 | -0.7 | -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 | -1.5 | -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 EFV, 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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