MOODY'S
INVESTORS SERVICE

CREDIT OPINION
12 June 2017

Update

Independent Electricity System Operator

The IESO oversees the Province of Ontario's electrical system

Summary Rating Rationale

[redacted]

Detailed Rating Considerations

RECENT DEVELOPMENTS

Bill 132 (or the Fair Hydro Plan Act) could lead the IESO to finance billions of dollars associated with a rate cut for some Ontario electricity customers. However, our expectation is that the IESO does not finance the rate cut on its balance sheet and financing the rate cut is undertaken by others. While we think it is unlikely, if the IESO is required to finance the rate cut we expect this will be done with additional borrowings from the government. We expect that the IESO will substantially increase its committed undrawn facilities with a crown agent to meet this potentially large obligation.

[redacted]

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[redacted]

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