Message

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Sent:	2017-10-13 12:16:06 PM
To:	Macfarlane, Gavin [Gavin.Macfarlane@moodys.com]
CC:	Hamlet Alexanian [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d0fcff8aeea84848ba5a12380ec04460-Hamlet Alex]
Subject:	IESO : LDCs - OEB ratios

Gavin,

As I understand, the proposed OPG Trust (spec purpose vehicle for fair hydro program) is looking to the IESO to provide/post a financial instrument (e.g. Letter of credit) in favor of the OPG Trust for any LDCs' payment defaults (e.g. CCAA/bankruptcy). I am led to understand that a) the proposed IESO's financial instrument is primarily to mitigate the risk for those non-credit rated LDCs, and b) OPG Trust proposes to treat all non-rated LDCs as similar to junk status.

I view the non-rated LDCs could be viewed to have more/better creditworthiness characteristics than simply junk status and so I am asking you to send along my concern/comments to your structured finance team who are looking at rating the OPG Trust deal.

See the OEB's public link below which shows many non-credit-rated LDCs with good current ratios, total debt/equity ratios, ROE and efficiencies assessment measures when compared to the credit-rated LDCs.

e.g. Toronto Hydro's current ratio = 0.61, total debt/equity = 1.45
e.g. Burlington Hydro's current ratio = 2.50, total debt/equity = 0.79

https://www.oeb.ca/sites/default/files/2016-consolidated-scorecard.pdf

Regards.