Message

From: RYFA Ken -TREASURY [ken.ryfa@opg.com]
Sent: 2017-11-23 3:23:42 PM
To: Kim Marshall [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b63a22b42bf14587870d93119a054d88-Kim Marshal]; Anthony Martinello [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=3fb7d76317b34780b15d96309b995c31-Anthony Mar]; Jeannette Briggs [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=148095610f7242f48a5a9da24b1a8a87-Jeannette B]; Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]
CC: LEE John -TREASURY [john.s.lee@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]
Subject: FW: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

FYI – preliminary notice to Province on FHP transaction timeline.

From: RYFA Ken -TREASURY
Sent: Thursday, November 23, 2017 1:26 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Shruti / Mike / Ken K,
Just wanted to give you a preliminary notice of expected funding requirements over the next month to facilitate the first purchase of the asset from the IESO and corresponding debt issued by the Trust, a part of which is supported by the equity injection from the Province. A formal notice will be provided in accordance with the relevant processes but given that this is the first transaction during a month when many people are away then we are providing this preliminary notice to help with lining up the relevant approvals.

The timing of the asset purchase will correspond to the debt issuance by the Trust. The exact timing will depend on completing the items required to market to investors – program documents and credit rating are the key elements.

In terms of dollar amount we anticipate the Trust purchasing the entire variance account balance. This is expected to be about $1.2 billion. As of the end of October, the account is just over $1 billion. It is expected that the senior debt for this first transaction will be both term debt and warehouse debt.

Since this is the first transaction in this structure and there are a number of moving parts at the current time then we will need to have some flexibility on the 5 business day requirement between notification and funding. One of the challenges is to include the Transfer Notice as part of the request for the equity since there is a similar 5 business day notice requirement. We may need to issue the equity request without the Transfer Notice attachment which would follow shortly after.

At the current time the expected dates are:
Pricing of term debt issuance – current target is sometime between Dec 12 to 15
Closing of debt issuance – Dec 19 to 22 (standard for securitization is T+5)

Closing date would correspond to the date for OPG to issue Class A shares to the Province in exchange for the corresponding funding from the Province.
Thanks,
Ken R
