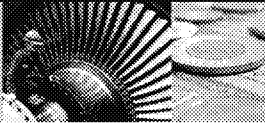


A TRUSTED BUSINESS PARTNER DRIVING VALUE

Value from Amortizing Contracts

April 26, 2017
Confidential

ONTARIOPOWER
GENERATION



Overview

- Latest drafts of the Fair Hydro Plan legislation have included OPG playing the role of deciding how much money can be borrowed by the Trust to reduce electricity bills.
- To determine the value, OPG has been analyzing how capital is amortized in electricity contracts to determine how much the Trust can borrow.
- Amortizing contracts over a longer period will reduce capital payments in each year.
- This value is made up of two major components related to:
 - Overpayments from the past that can be 'refunded' to ratepayers in the present.
 - Reducing current capital payments by amortizing them over a longer period.
- FHP borrowing must be aligned with the value that can be derived from this calculation.

Redacted - Commercially Sensitive

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