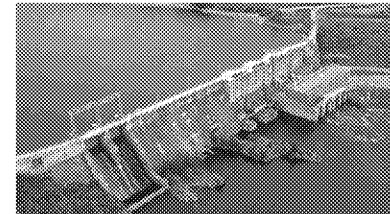
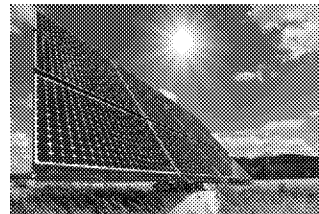
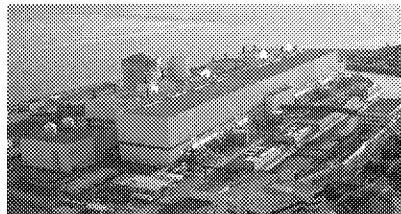


Fair Hydro Plan

DBRS Stress Scenario Analysis Series 2018-2



ONTARIOPOWER
GENERATION

March 27, 2018

Financing Assumptions and Offering Summary – Second Issuance

Description	Second term offering in an aggregate amount of up to \$[833] million (“Series 2018-2”)
Amortization / Repayment Profile	- Bullet bonds sized using 100% of the cash available for principal repayment under the Fair Allocation Amount provided by the Province, up to the notional amount of Series 2018-2. - Bullet bonds are to be repaid through the accumulation of deposits to a capital reserve account / sinking fund used to repay the bonds on the scheduled maturity date.

	Series 2018-2: Issuance Assumptions for Stress Analysis		
	Class A (Senior)	Class B (Subordinated)	Class C (Junior Subordinated)
% Capital Structure	51%	39%	10.0%
Issuance Amount	[\$425M]	[\$325M]	[\$83M]
Scheduled / Expected Maturity	May 15, 2038	May 15, 2038	May 15, 2038
Principal Payment Default Date	May 15, 2040	May 15, 2040	May 15, 2040
Coupon Payment Dates	May 15 / Nov 15	May 15 / Nov 15	May 15 / Nov 15

- A detailed overview of the DBRS stress scenarios that have been requested is presented below
 - Each scenario has been pre-populated in the financial model in the 'Sensitivities' tab

'AAA' Stress Scenarios – Class A

Stress Scenario #1

- Decline in consumption equal to the largest absolute annual forecast error of 9%
- Cash flow stress¹:
 - Year 1: 9% (1x forecast error)
 - Year 2: 18% (2x forecast error)
 - Year 3: 27% (3x forecast error)
 - Year 4: 36% (4x forecast error)
 - Year 5+: 45% (5x forecast error)
- Total charge-offs²:
 - Year 1-5: 50 bps
 - Year 6-10: 75 bps
 - Year 11-15: 100 bps
 - Year 16-20: 125 bps
 - Year 21-25: 150 bps
 - Year 26-30: 175 bps
- Service interruption stress results in failure to collect in the month with the highest expected collections

1. Note: As part of this stress, we have assumed that future rates will be set based on a re-forecasted demand curve (applying a 24 month lag to the sensitized demand curve)

2. Base case includes charge-offs equal to 0.28%.

'AAA' Stress Scenarios – Class A (continued)

Stress Scenario #2

- Oscillating demand variance with actual consumption equal to 10% below forecast relative to the base case, followed by 10% above forecast in the subsequent year
 - Demand fluctuation continues throughout the term of the FHP
- Charge-offs as described in Stress Scenario #1
- Failure to collect highest forecast collection month (as described in Stress Scenario #1)

Stress Scenario #3

- All of the same assumptions as Stress Scenario #1
- Incremental demand stress:¹
 - Year 6-10: Incremental 2% per year
 - Year 11+: Incremental 3% per year, to a floor equal to 10% of base case demand

Stress Scenario #4

- Charge-off breakeven, calculated as the maximum constant charge-off rate throughout the term of the FHP that can be absorbed without any delay in the payment of interest on Class A

1. Note: As part of this stress, we have assumed that future rates will be set based on a re-forecasted demand curve (applying a 24 month lag to the sensitized demand curve)
2. Base case includes charge-offs equal to 0.28%.

Class B Stress Scenario

Stress Scenario #1

- Decline in consumption equal to the largest absolute annual forecast error of 9%
- Cash flow stress¹:
 - Year 1: 9.00% (1.00x forecast error)
 - Year 2: 15.75% (1.75x forecast error)
 - Year 3: 22.50% (2.50x forecast error)
 - Year 4: 29.25% (3.25x forecast error)
 - Year 5+: 36.00% (4.00x forecast error)
- Total charge-offs²:
 - Year 1-5: 50 bps
 - Year 6-10: 70 bps
 - Year 11-15: 90 bps
 - Year 16-20: 110 bps
 - Year 21-25: 130 bps
 - Year 26-30: 150 bps
- Service interruption stress results in failure to collect in the month with the highest expected collections

1. Note: As part of this stress, we have assumed that future rates will be set based on a re-forecasted demand curve (applying a 24 month lag to the sensitized demand curve)

2. Base case includes charge-offs equal to 0.28%.

Class C Stress Scenario

Stress Scenario #1

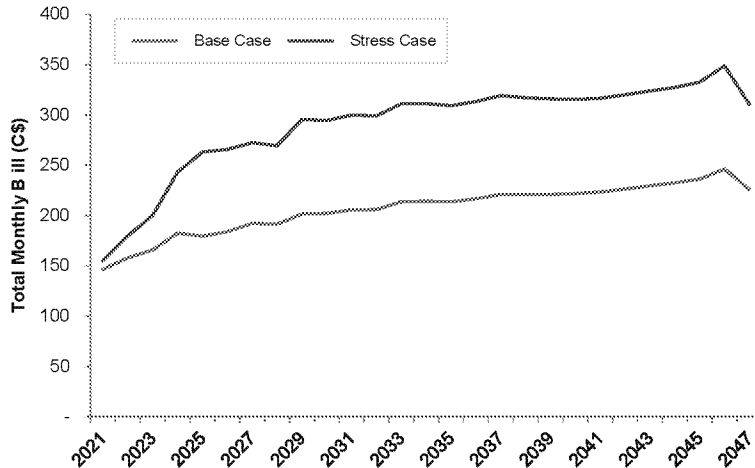
- Decline in consumption equal to the largest absolute annual forecast error of 9%
- Cash flow stress¹:
 - Year 1: 9.00% (1.00x forecast error)
 - Year 2: 13.50% (1.50x forecast error)
 - Year 3: 18.00% (2.00x forecast error)
 - Year 4: 22.50% (2.50x forecast error)
 - Year 5+: 27.00% (3.00x forecast error)
- Total charge-offs²:
 - Year 1-5: 50 bps
 - Year 6-10: 65 bps
 - Year 11-15: 80 bps
 - Year 16-20: 95 bps
 - Year 21-25: 110 bps
 - Year 26-30: 125 bps
- Service interruption stress results in failure to collect 50% of amounts owed in the month with the highest expected collections

1. Note: As part of this stress, we have assumed that future rates will be set based on a re-forecasted demand curve (applying a 24 month lag to the sensitized demand curve)

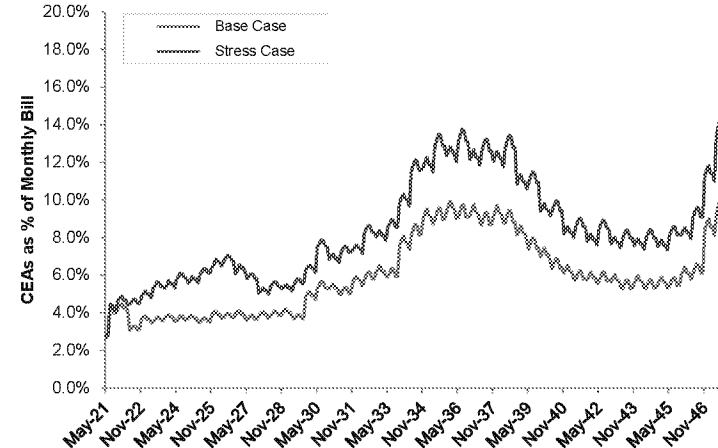
2. Base case includes charge-offs equal to 0.28%.

Key Outputs – Energy Consumption and Bill Impact

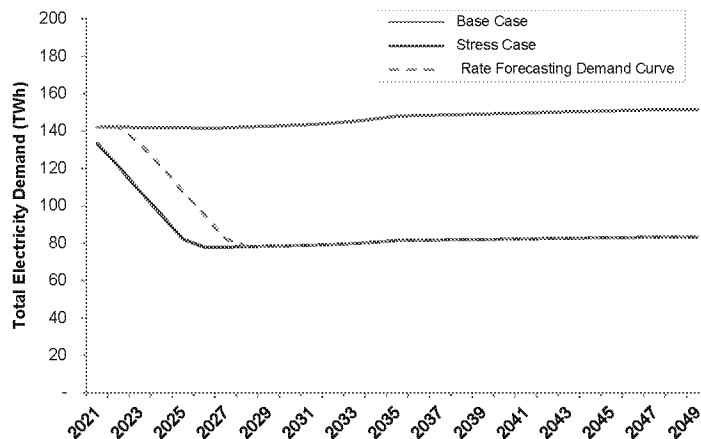
Customer Bill Impact (\$)



Customer Bill Impact (%)



Annual Energy Usage / Consumption



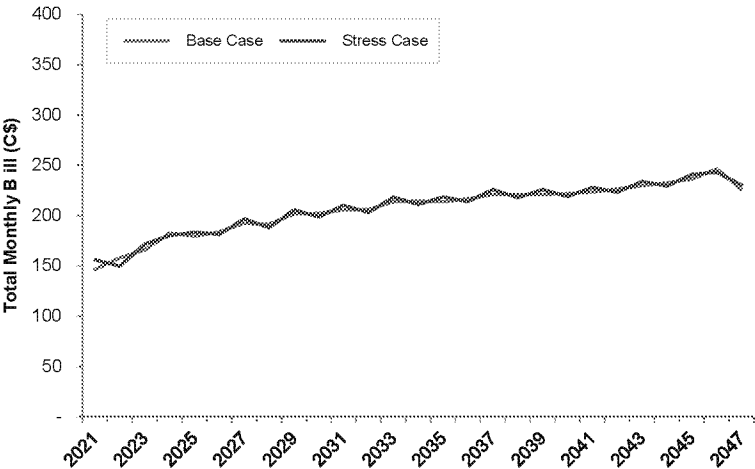
	Base Case	Stress Case
Average Bill Impact	7.0%	9.7%
Maximum Bill Impact	10.0%	14.3%

Debt Repayment Summary

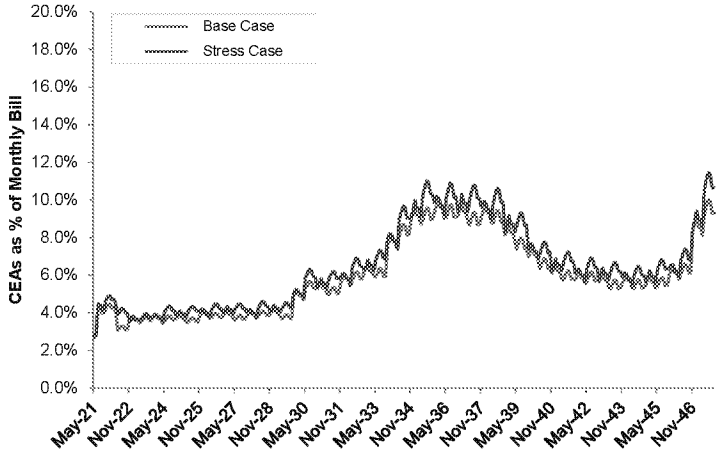
	Series 1	Series 2	Full Program
	Class A	Class A	Class A
Expected Repayment Date	15-May-33	15-May-38	15-May-48
Actual Repayment Date	15-May-33	15-May-38	15-May-48
Delay in Expected Repayment	-	-	-

Key Outputs – Energy Consumption and Bill Impact

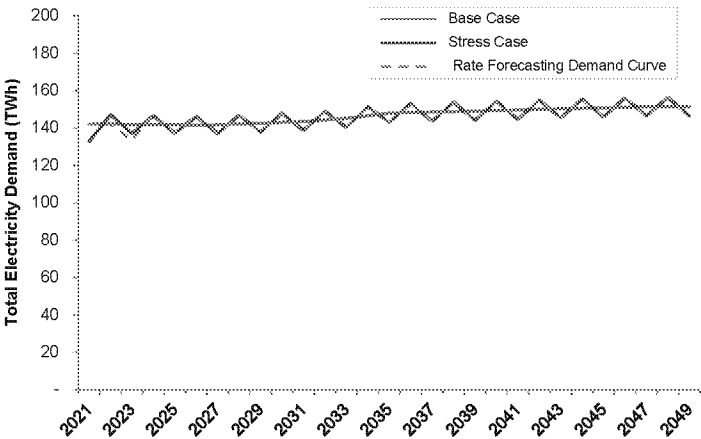
Customer Bill Impact (\$)



Customer Bill Impact (%)



Annual Energy Usage / Consumption



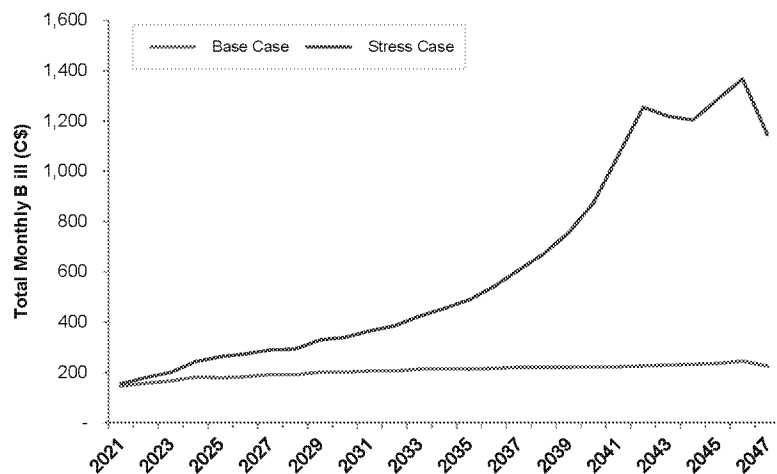
	Base Case	Stress Case
Average Bill Impact	7.0%	7.6%
Maximum Bill Impact	10.0%	11.5%

Debt Repayment Summary

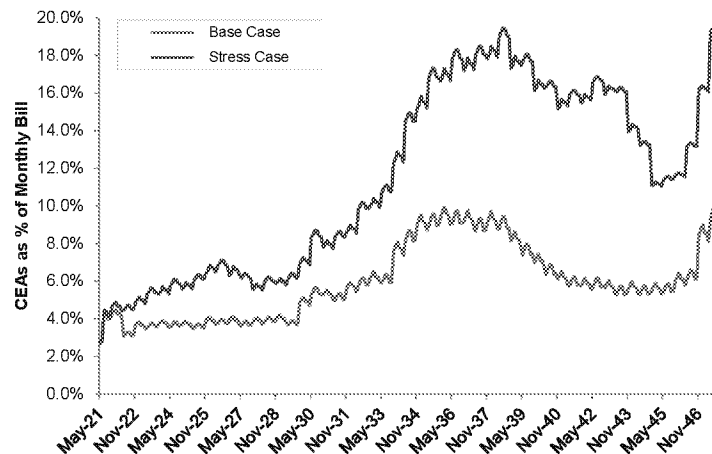
	Series 1	Series 2	Full Program
	Class A	Class A	Class A
Expected Repayment Date	15-May-33	15-May-38	15-May-48
Actual Repayment Date	15-May-33	15-May-38	15-May-48
Delay in Expected Repayment	-	-	-

Key Outputs – Energy Consumption and Bill Impact

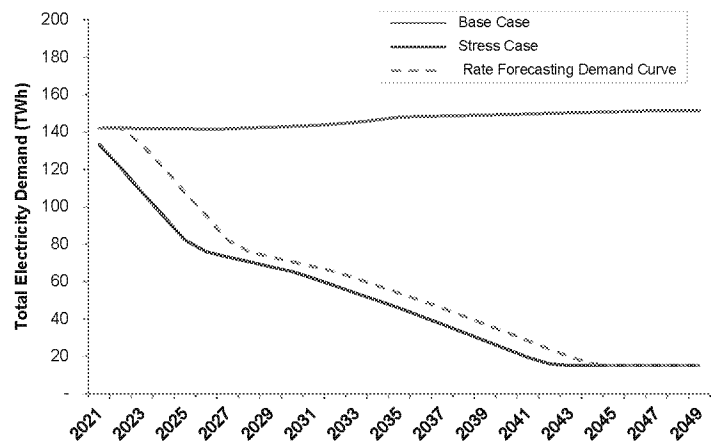
Customer Bill Impact (\$)



Customer Bill Impact (%)



Annual Energy Usage / Consumption



	Base Case	Stress Case
Average Bill Impact	7.0%	14.3%
Maximum Bill Impact	10.0%	19.5%

Debt Repayment Summary

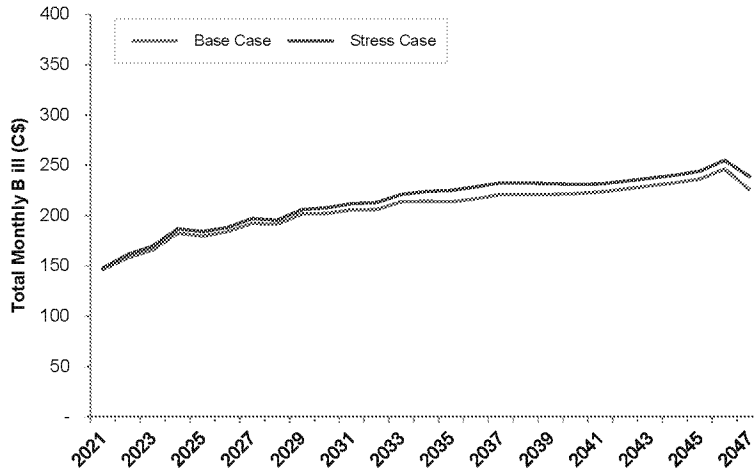
	Series 1	Series 2	Full Program
	Class A	Class A	Class A
Expected Repayment Date	15-May-33	15-May-38	15-May-48
Actual Repayment Date	15-May-33	15-May-38	15-May-48
Delay in Expected Repayment	-	-	-

Stress Summary – Class A Stress Scenario #4

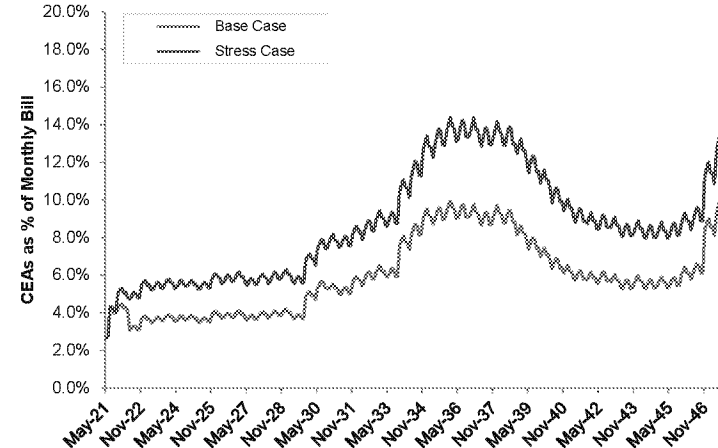
9

Key Outputs – Energy Consumption and Bill Impact

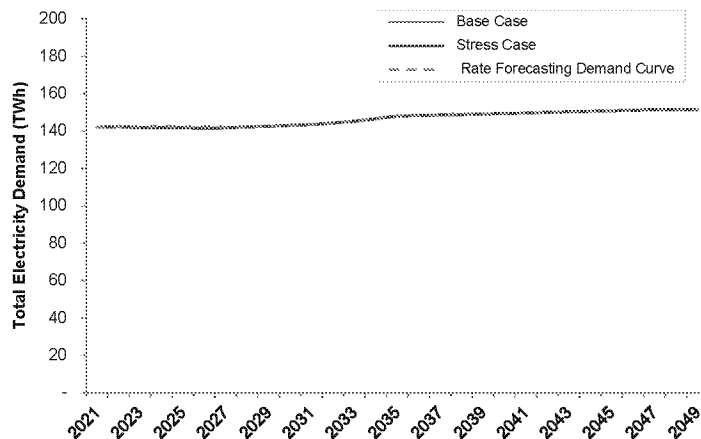
Customer Bill Impact (\$)



Customer Bill Impact (%)



Annual Energy Usage / Consumption



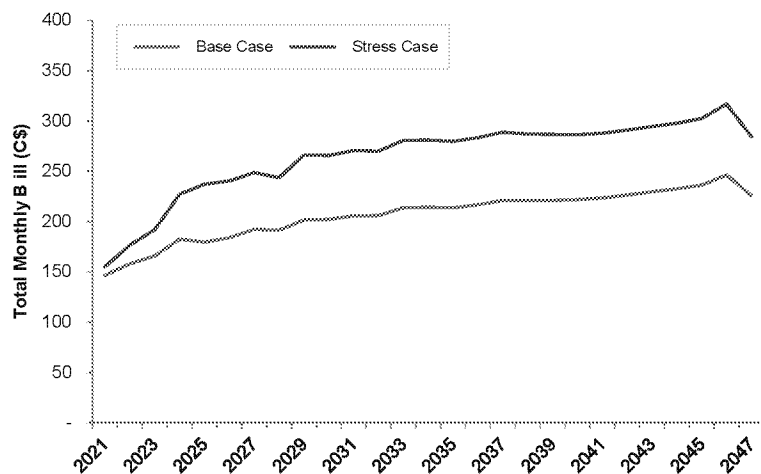
	Base Case	Stress Case
Average Bill Impact	7.0%	10.3%
Maximum Bill Impact	10.0%	14.4%

Debt Repayment Summary

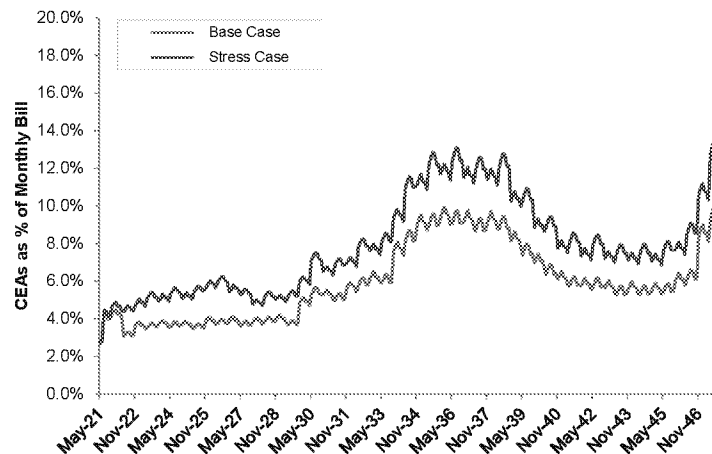
	Series 1	Series 2	Full Program
	Class A	Class A	Class A
Expected Repayment Date	15-May-33	15-May-38	15-May-48
Actual Repayment Date	15-May-33	15-May-38	15-May-48
Delay in Expected Repayment	-	-	-

Key Outputs – Energy Consumption and Bill Impact

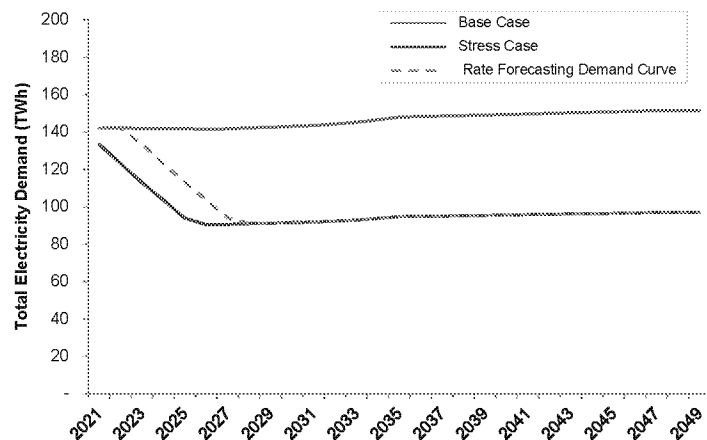
Customer Bill Impact (\$)



Customer Bill Impact (%)



Annual Energy Usage / Consumption



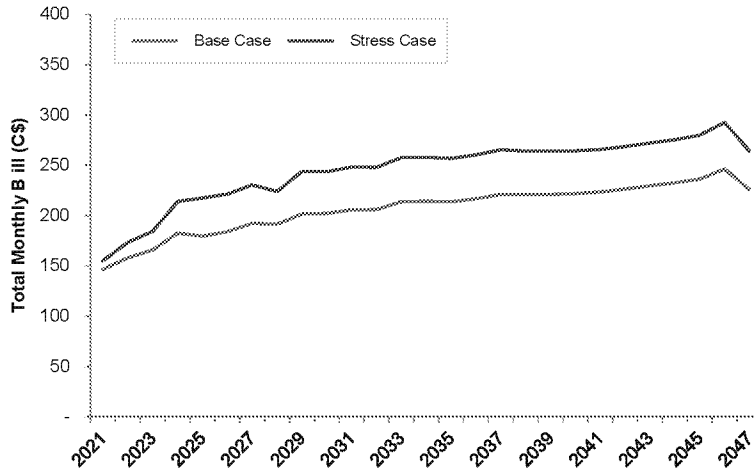
	Base Case	Stress Case
Average Bill Impact	7.0%	9.2%
Maximum Bill Impact	10.0%	13.5%

Debt Repayment Summary

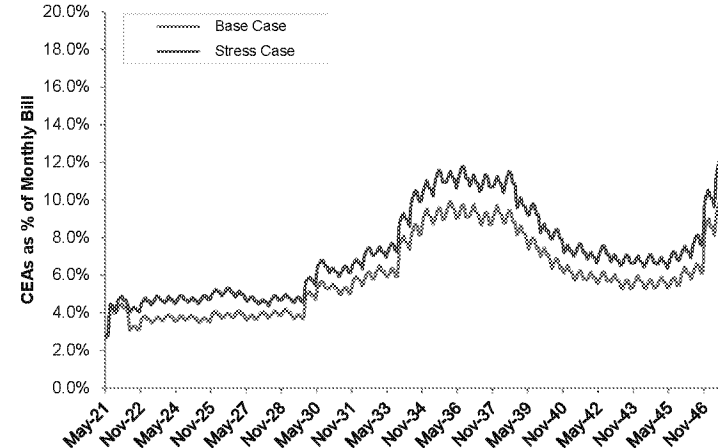
	Series 1	Series 2	Full Program
	Class A	Class A	Class A
Expected Repayment Date	15-May-33	15-May-38	15-May-48
Actual Repayment Date	15-Nov-33	15-Nov-38	15-May-48
Delay in Expected Repayment	6 Months	6 Months	-

Key Outputs – Energy Consumption and Bill Impact

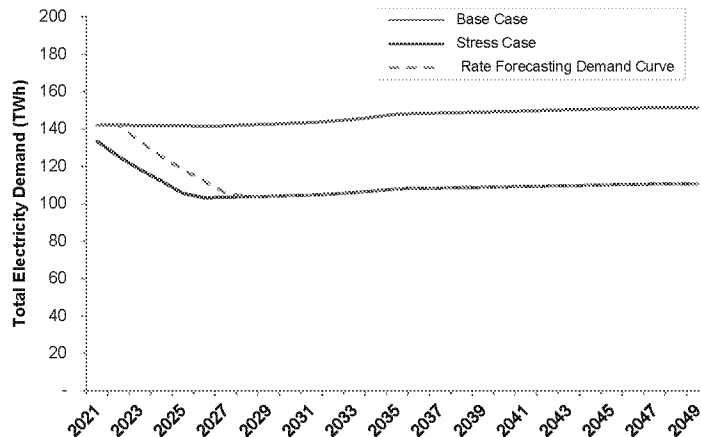
Customer Bill Impact (\$)



Customer Bill Impact (%)



Annual Energy Usage / Consumption



	Base Case	Stress Case
Average Bill Impact	7.0%	8.4%
Maximum Bill Impact	10.0%	12.2%

Debt Repayment Summary

	Series 1	Series 2	Full Program
	Class A	Class A	Class A
Expected Repayment Date	15-May-33	15-May-38	15-May-48
Actual Repayment Date	15-Nov-33	15-May-39	15-May-48
Delay in Expected Repayment	6 Months	12 Months	-