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February 9, 2018

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Our Matter Number: 1181151

CIBC World Markets Inc.
RBC Dominion Securities Inc.
Goldman Sachs Canada Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Morgan Stanley Canada Limited
HSBC Securities (Canada) Inc.
Laurentian Bank Securities Inc.
Desjardins Securities Inc.
Casgrain & Company Limited
(collectively, the "**Agents**")

Fair Hydro Trust
Issuance of Cdn$500 million aggregate principal amount of 3.357% Senior Notes due May 15, 2033, Series 2018-1

We have acted as counsel to the Agents in connection with the issuance and sale today by Fair Hydro Trust (the "**Issuer**") of Cdn$500,000,000 aggregate principal amount of 3.357% Senior Notes due May 15, 2033, Series 2018-1 (the "**Notes**") and the solicitation by the Agents, as agents for the Issuer, of offers to purchase the Notes from purchasers (the "**Purchasers**") resident in one or more of the provinces of Canada (collectively, the "**Offering Jurisdictions**") on a private placement basis. The Notes will be issued pursuant to the master trust indenture dated as of December 21, 2017 (the "**Master Trust Indenture**") by and among the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), as amended and supplemented by a term senior series 2018-1 supplemental indenture to the Master Trust Indenture (the "**First Term Supplemental Indenture**") by and among the Issuer, the Indenture Trustee and Computershare Trust Company of Canada, as issuer trustee.

This opinion letter is delivered at the request of the Agents pursuant to Section 13(l) of the agency agreement dated February 6, 2018 among the Issuer, Ontario Power Generation Inc. and the Agents (the "**Agency Agreement**").

The Notes were offered to Purchasers pursuant to the confidential shelf offering memorandum of the Issuer dated January 22, 2018 (together with the documents and exhibits included or incorporated by reference therein, the "**Shelf Offering Memorandum**"), as supplemented by the final term sheet dated February 6, 2018 (the

"**Term Sheet**"). The Shelf Offering Memorandum, together with the Term Sheet, are collectively referred to as the "**Offering Memorandum**".

A. Documentation

As counsel for the Agents, we have participated in the preparation of, or have reviewed:

(a) the Agency Agreement;

(b) the Shelf Offering Memorandum and Term Sheet;

(c) the Master Trust Indenture;

(d) the First Term Supplemental Indenture; and

(e) a global note certificate dated February 9, 2018, registered in the name of "CDS & Co." representing the Notes.

B. Jurisdiction

We are solicitors qualified to practise law in the Province of Ontario and we express no opinion as to any laws or any matters governed by any laws other than the laws of the Province of Ontario and the federal laws of Canada applicable therein.

C. Scope of Examinations

In connection with the opinions expressed in this opinion letter, we have considered such questions of law and examined such public and corporate records, certificates, including certificates of public officials, and other documents and conducted such other examinations as we have considered necessary.

D. Assumptions and Reliances

We have assumed the legal capacity of all individuals, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed, photostatic or facsimile copies.

The opinion expressed in paragraph E.2 is based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder, all specific proposed amendments thereto detailed in public statements issued by the Minister of Finance prior to the date hereof and our understanding of the current published administrative and assessing practices of the Canada Revenue Agency. Our opinions do not otherwise anticipate or take into account any changes in law or in such administrative policies and assessing practices whether by legislative, governmental or other action.

For the purposes of the opinions expressed in this letter, we have also assumed that:

(a) all of the representations, warranties, acknowledgements and certifications made by each Purchaser of Notes set out in the Shelf Offering Memorandum under the heading "Representations and Agreements of Purchasers" are true and correct on the date of this opinion letter, including without limitation:

(i) the representation that each such Purchaser purchasing the Notes is an "accredited investor" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a Purchaser resident in the Province of Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*);

(ii) the representation that each such Purchaser is either purchasing the Notes as principal, or is deemed to be purchasing the Notes as principal in accordance with applicable securities laws, for the Purchaser's own account and not as agent for the benefit of another person; and

(iii) the representation that each such Purchaser is not a person created or used solely to purchase or hold the Notes as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in NI 45-106.

(a) the Agency Agreement has been duly authorized, executed and delivered by, and is enforceable in accordance with its terms against, each of the parties thereto;

(b) the Issuer is not engaged in the business of trading in securities or holding itself out as engaging in the business of trading in securities under applicable securities laws in the Province of Ontario;

(c) each of the Agents is registered as required under the applicable securities laws of the Province of Ontario as of the date of this opinion letter in a category of registration that permits it to offer, sell or arrange for the offer or sale the Notes to Purchasers resident in the Province of Ontario and that each of the Agents has complied with the Agency Agreement, the provisions of its registrations and with all laws applicable to it; and

(d) no order, ruling or decision of any competent regulatory authority will have been issued or is in effect that restricts any trades in securities of the Issuer or that affects any person or company that engages in such trades, and that no proceedings for that purpose have been instituted or are pending or contemplated.

We do not express or imply any opinion as to whether the Offering Memorandum constitutes full, true and plain disclosure of all "material facts" relating to the Issuer or the Notes, or as to whether the Offering Memorandum does not contain a "misrepresentation" (in each case, within the meaning of applicable securities laws).

E. Opinions

On the basis of the foregoing and subject to the qualifications hereinafter expressed, we are of the opinion that:

1. The issuance, offer and distribution of the Notes by the Issuer to Purchasers resident in the Province of Ontario in the manner contemplated in the Agency Agreement is exempt from the prospectus requirements of the *Securities Act* (Ontario) and no documents must be filed, proceedings taken or approval, consent or authorization of the Ontario Securities Commission ("**OSC**") is required to be obtained by the Issuer to permit such issuance, offer and distribution of Notes, other than the filing by the Issuer with the OSC within 10 days after the date of distribution of the Notes of a report of exempt distribution on Form 45-106F1 – *Report of Exempt Distribution* prepared and executed in accordance with NI 45-106, together with any applicable prescribed filing fees, and the filing by the Issuer of a copy of the Offering Memorandum and any amendment to the Offering Memorandum where required by the securities laws of the Province of Ontario.

2. The statements set forth in the Term Sheet under the caption of "Certain Canadian Federal Income Tax Considerations" constitute an accurate summary of the matters discussed therein, subject to the limitations, qualifications, assumptions and exceptions referred to therein.

3. No prospectus is required and no other documents are required to be filed, proceedings taken, or approvals, permits, consents or authorizations of regulatory authorities obtained under the securities laws of the Province of Ontario to permit a Purchaser of Notes resident in the Province of Ontario to trade the Notes in the Province of Ontario either through registrants or dealers registered under applicable laws who comply with applicable laws or in circumstances where there

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is an exemption from the registration requirements of the applicable laws, provided that:

(a) the Issuer is, and has been, a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;

(b) at the time of the trade, at least four months have elapsed from the date of this letter;

(c) the certificates representing the Notes, if any, carry the legend required by Section 2.5(2)3(ii) of National Instrument 45-102 *Resale of Securities* ("**NI 45-102**"), or if the Notes are entered into a direct registration or other electronic book-entry system, or if the Purchaser did not directly receive a certificate representing the Notes, the Purchaser received a written notice containing the legend restriction notation set out in Section 2.5(2)3(ii) of NI 45-102;

(d) the trade is not a "control distribution" within the meaning of NI 45-102;

(e) no unusual effort is made to prepare the market or to create a demand for the Notes that are the subject of the trade;

(f) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and

(g) if the Purchaser is an "insider" or "officer" of the Issuer (within the meaning of applicable securities laws), the Purchaser has no reasonable grounds to believe that the Issuer is in default of securities legislation.

We express no opinion with respect to any subsequent resales of the Notes.

The opinions in this letter are given solely for the benefit of the Agents in connection with the transactions referred to herein and may not, in whole or in part, be relied upon by or shown or distributed to any other person.

Yours very truly,

Osler, Hoskin & Harcourt LLP

MDI/RF/TH/AM