Rating Report

Fair Hydro Trust

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Rating Summary

Redacted - Commercially Sensitive

Structure Summary

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Expected Maturity Date	Principal Payment Default Date
May 15, 2033	
May 15, 2033	Commercially Sensitive
May 15, 2033	

1 Includes the 2018-1 Senior Notes, 2018-1 Subordinated Notes and 2018-1 Junior Subordinated Notes (collectively, the 2018-1 Notes).
2 Payment frequency will become monthly to the extent that the Series 2018-1 Notes are not fully repaid by the Expected Maturity Date.
3 The Principal Payment Default Date is set two years after the Expected Maturity Date of the 2018-1 Notes.

Rating Considerations

Strengths

1. **Repayment by a large and diversified ratepayer base**
2. **Non-bypassability**
3. **Regulated electricity market in Ontario**
4. **True-up mechanism**
5. **Low historical charge-off rates**

Challenges

1. **Change of law**
2. **Moratorium period**
3. **Off-the-grid risk**
4. **Electricity consumption forecast error**
5. **Operational risk**
6. **Repayment after an Event of Default**

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Expected Maturity Date
May 15, 2033
May 15, 2033
May 15, 2033

Commercially Sensitive

Commercially Sensitive

Commercially Sensitive

Commercially Sensitive

Transaction Structure

Commercially Sensitive

Commercially Sensitive

The remaining Electricity Vendors are unrated, but their share of CEA collections are expected to be low. Though the letter of credit will not cover all expected collections from such Electricity Vendors, DBRS considers the amount sufficient given that it is

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Note:
All figures are in Canadian dollars unless otherwise noted.