Message

From: CROZZOLI Carlo -CBUSDEV&STRT [/O=OH/OU=TORONTO/CN=RECIPIENTS/CN=190928]
Sent: 9/28/2017 7:14:37 AM
To: DYKXHOORN Sandra -STAKEREL [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=5112b6bb1cdb478ebc96e1124b3dc1be-DYKXHOORN S]
Subject: RE: Question - Short-term prospectus - Equity for Fair Hydro Plan

Yes, thanks for keeping me posted...

Carlo Crozzoli | **Senior Vice President, Corporate Business Development and Strategy | Ontario Power Generation**
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From: DYKXHOORN Sandra -STAKEREL
Sent: Wednesday, September 27, 2017 6:33 PM
To: CROZZOLI Carlo -CBUSDEV&STRT <carlo.crozzoli@opg.com>
Subject: FW: Question - Short-term prospectus - Equity for Fair Hydro Plan

FYI – Not sure if you want to be kept in the loop on this or not...

From: DYKXHOORN Sandra -STAKEREL
Sent: Wednesday, September 27, 2017 2:05 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: RYFA Ken -TREASURY <ken.ryfa@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; JENNINGS Rick -STAKEREL <rick.jennings@opg.com>; 'GRUETZNER Ted -CORPRELCOMM (ted.gruetzner@opg.com)' <ted.gruetzner@opg.com>
Subject: Question - Short-term prospectus - Equity for Fair Hydro Plan

Dear John,

I have been asked about a paragraph in the short-term prospectus on page 7:

"In addition, it is expected that OPG will acquire a portion of the FHPA Debt, which is anticipated to consist of subordinated debt. A significant portion of the Company's investments in the FHPA Debt are expected to be funded through equity investments in OPG by the Province, with a portion of the investments to be funded from the Company's available funds, including all or a portion of the proceeds of any offerings of Notes. See "Use of Proceeds"."

The questions is will the province be injecting more equity into the Fair Hydro Plan. Note that Finance told the PCs in the budget lock up that the Province would be $1 billion in equity for this Fair Hydro Plan. Here is an excerpt from Todd Smith's speech at 2nd Reading in May 2017:

"We were told again this morning, as we were previously told in the budget lock-up, that the government is injecting $1 billion in equity in order to capitalize this plan. I just wanted to scale out on that point here. So they've invested $1 billion in the budget to get this scheme started, right? The government is saying that a $1-billion equity injection at Ontario Power Generation is enough to capitalize a $27.7-billion bond issue."

Redacted - Commercially Sensitive

Can you recommend a response to this?

Thank you,

Sandra

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