

ATTACHMENT 1 SUMMARY OF CORPORATE STEPS FOR CONSOLIDATION



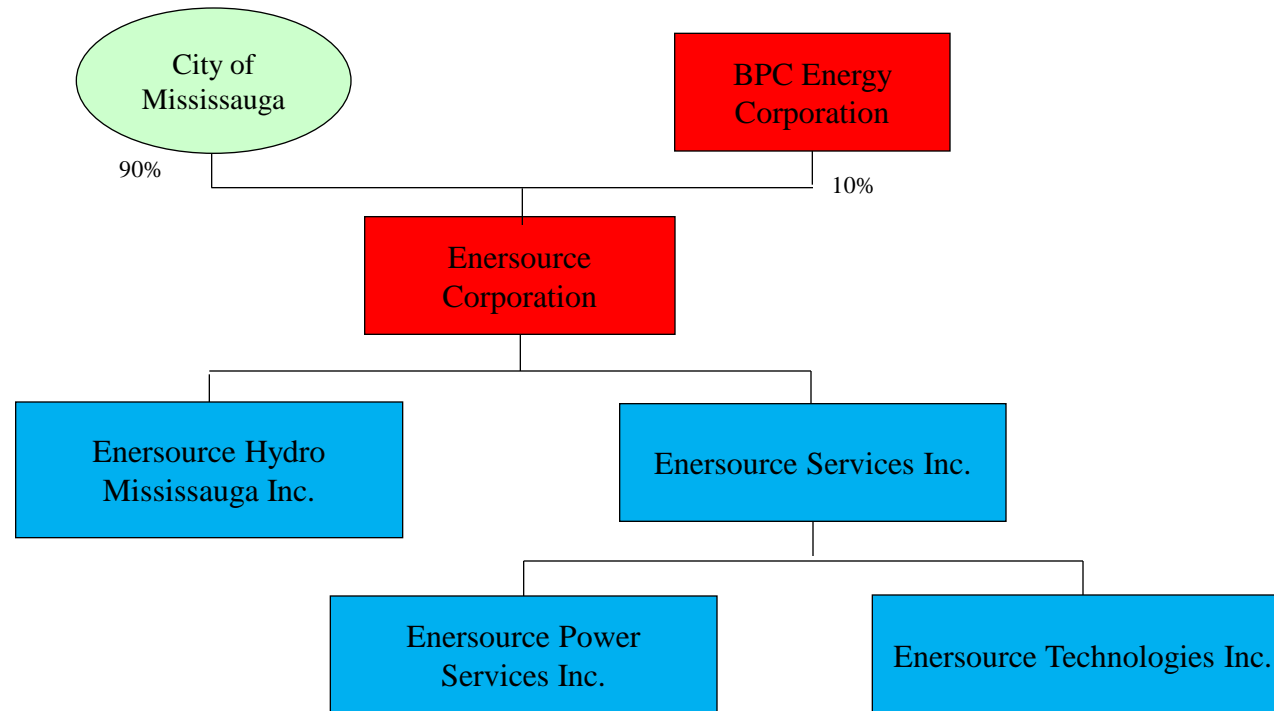
Attachment 1 - Summary of Corporate Steps for Consolidation

EB-2016-0025

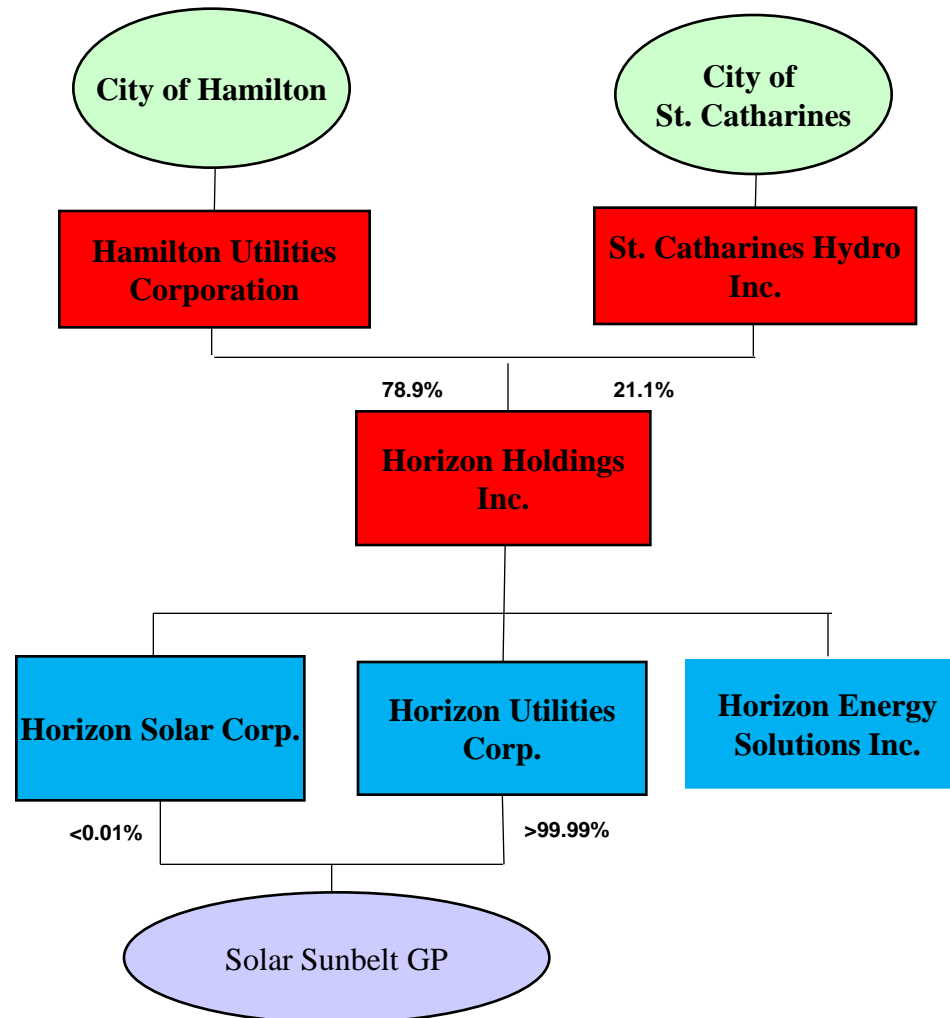
Summary

1. (a) Enersource adds a holding company, “Enersource Holdings Inc.”, below Enersource Corporation.
(b) Enersource Corporation transfers all of the shares of Enersource Hydro Mississauga Inc. and Enersource Services Inc. into Enersource Holdings Inc.
2. Enersource Holdings, Horizon Holdings Inc. and PowerStream Holdings Inc. amalgamate to form “Holdco”.
3. Holdco amalgamates its three LDC subsidiaries, Enersource Hydro Mississauga Inc., Horizon Utilities Corporation and PowerStream Inc., to form “LDC Co”.
4. LDC Co acquires the shares of HOBNI from Brampton Distribution Holdco Inc.
5. Holdco amalgamates Enersource Services Inc., Enersource Power Services Inc., Enersource Technologies Inc. (currently dormant) and Horizon Energy Solutions Inc. to form “ES Co”. Holdco transfers its shares of PowerStream Energy Services Inc. to ES Co in consideration of shares of ES Co. These transactions do not require OEB approval.
6. Articles of Amendment are filed for Horizon Solar Corp., PowerStream Energy Services Inc. and Hydro One Brampton Networks Inc. to change the names of those corporations. Solar Sunbelt GP’s business name registration is withdrawn and a new business name is registered.
7. (a) [Brampton Hydro] would transfer all of its assets to LDC Co in consideration for a promissory note from LDC Co.
(b) [Brampton Hydro] and LDC Co would amalgamate by way of a short form amalgamation.

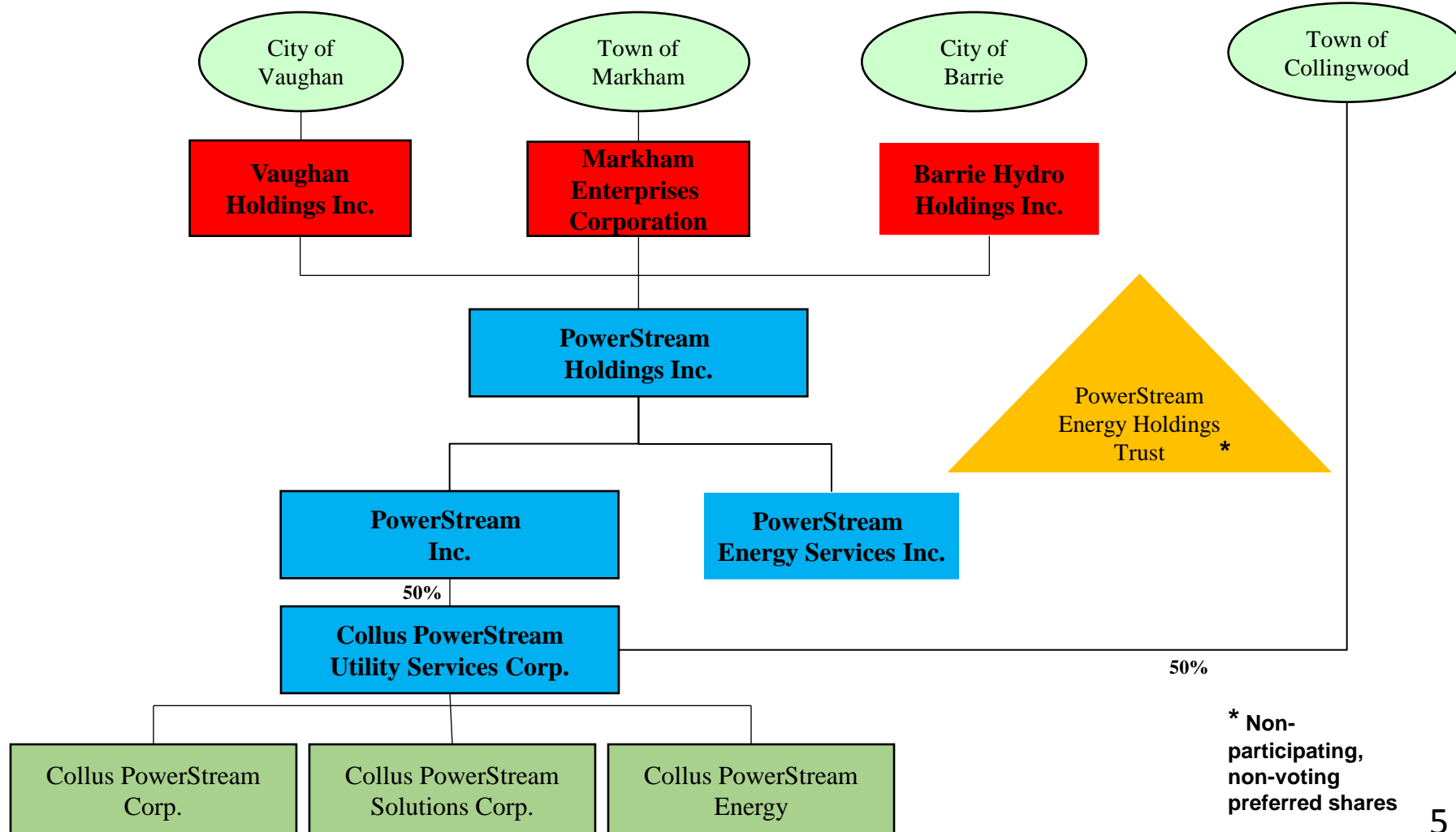
Current Structure: Enersource



Current Structure: Horizon



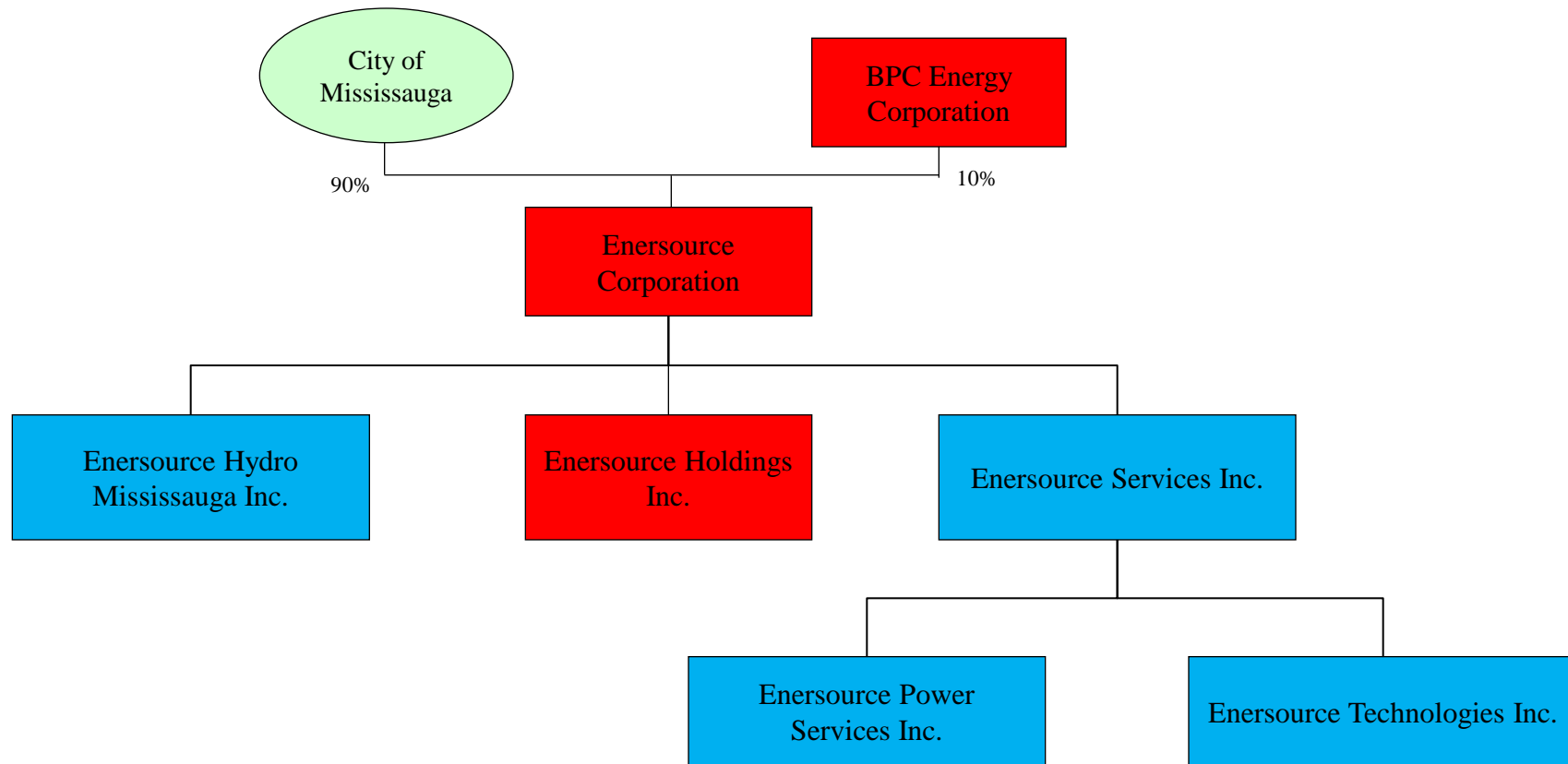
Current Structure: PowerStream



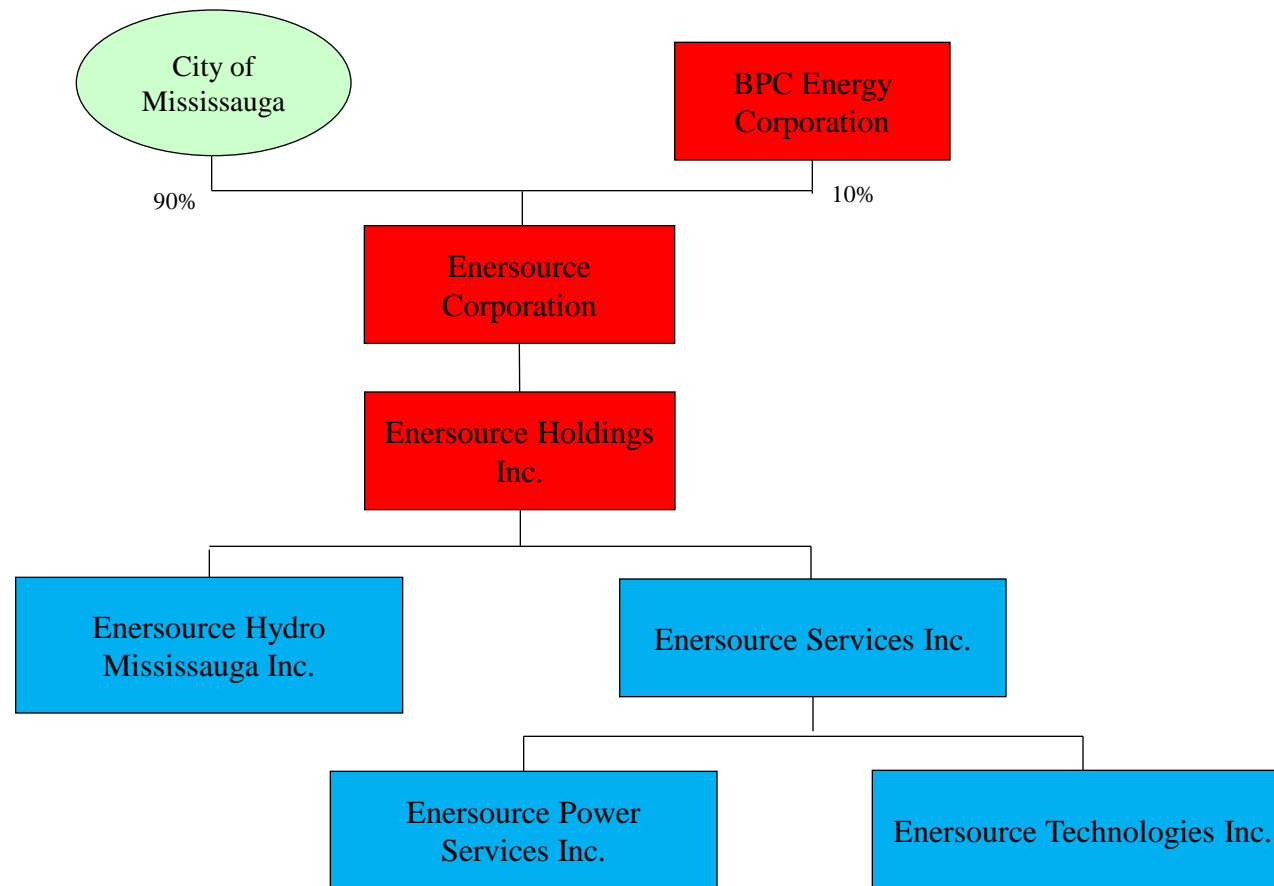
Step 1: Enersource Adds Holding Corporation

- (a) Enersource Corporation incorporates a new OBCA corporation, Enersource Holdings Inc., as a wholly-owned subsidiary.
- (b) Enersource Corporation rolls over all of the issued and outstanding shares of Enersource Hydro Mississauga Inc. and Enersource Services Inc. to Enersource Holdings Inc. in consideration for shares of Enersource Holdings.

Step 1(a): Enersource Adds Holding Corporation



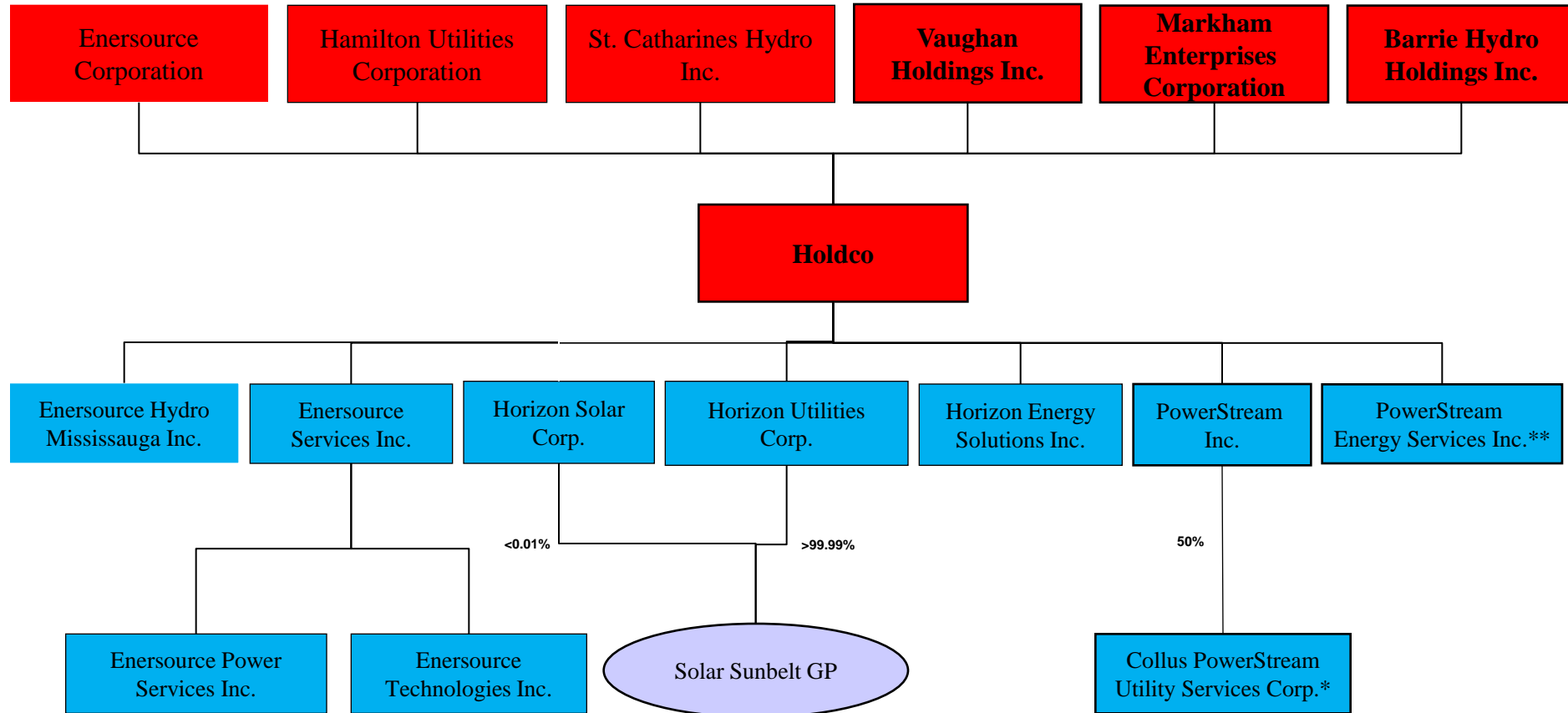
Step 1(b): Enersource Transfers Subsidiaries on a Rollover Basis



Step 2: Holding Companies Amalgamate to Form Holdco

- All three holding companies (Enersource Holdings Inc., Horizon Holdings Inc. and PowerStream Holdings Inc.) amalgamate to form “Holdco” pursuant to a merger participation agreement.
- As a result, there are six shareholders in Holdco: Enersource Corporation, Hamilton Utilities Corp., St. Catharines Hydro Inc., Vaughan Holdings Inc., Markham Enterprises Corporation and Barrie Hydro Holdings Inc.
- Following this amalgamation, Holdco has the subsidiaries shown in the following chart.

Step 2: Holdcos Amalgamate

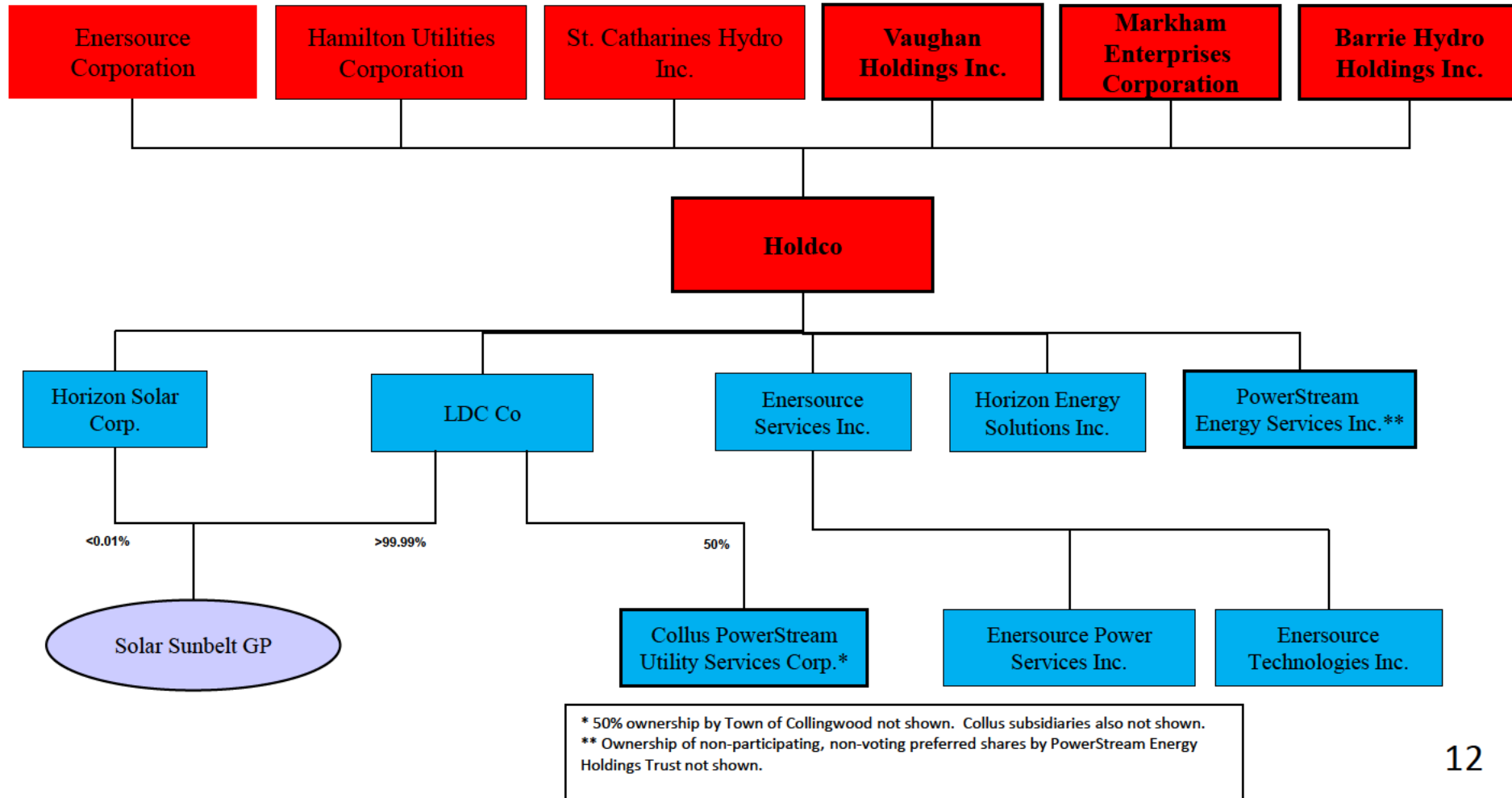


* 50% ownership by Town of Collingwood not shown. Collus subsidiaries also not shown.
** Ownership of non-participating, non-voting preferred shares by PowerStream Energy Holdings Trust not shown.

Step 3: LDCs Amalgamate

- Holdco amalgamates its three LDC subsidiaries, Enersource Hydro Mississauga Inc., Horizon Utilities Corporation and PowerStream Inc., to form “LDC Co”.

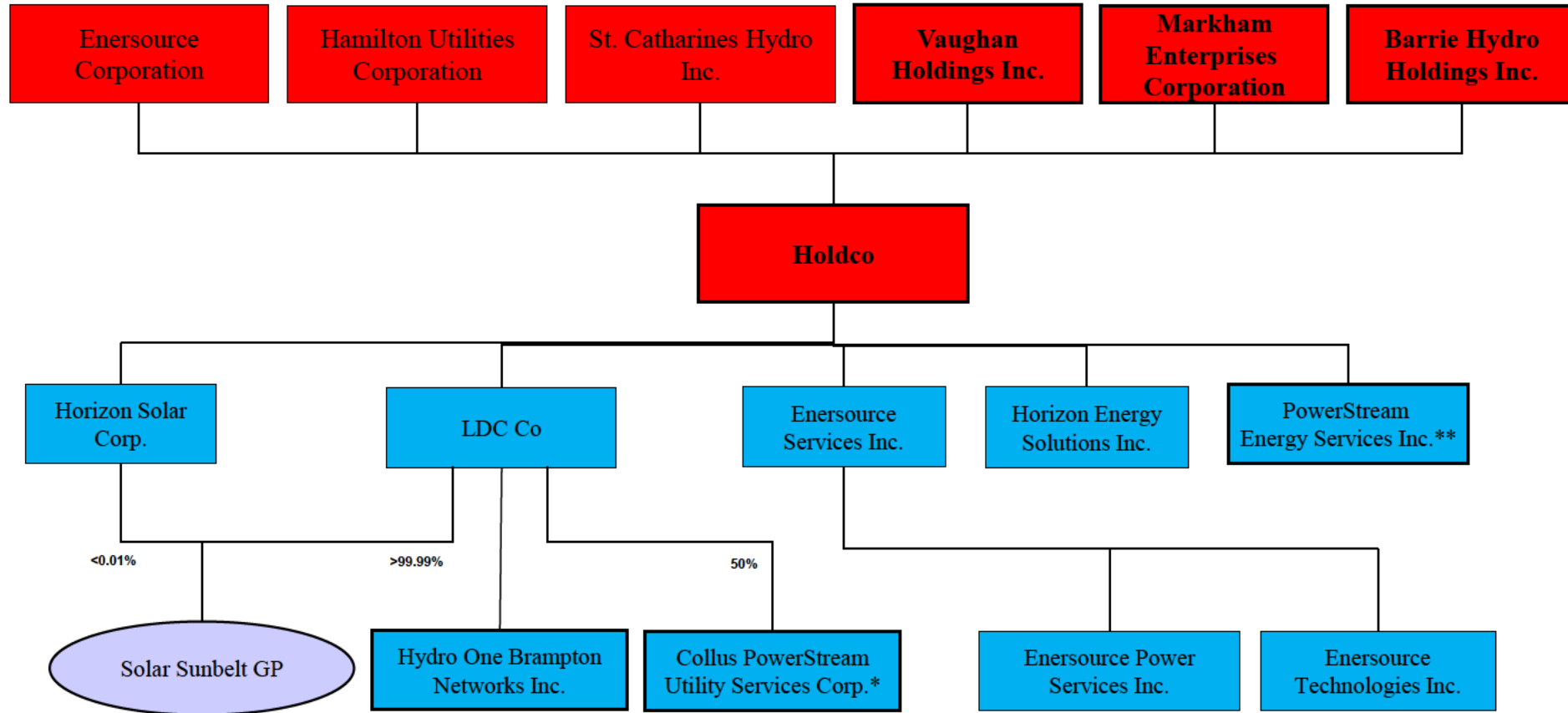
Step 3: LDCs Amalgamate



Step 4: LDC Co Acquires HOBNI

- LDC Co acquires Hydro One Brampton Networks Inc. from Brampton Distribution Holdco Inc.
 - Purchase Price of \$607MM
 - Subject to adjustment
 - Paid with cash and adjustable Note

Step 4: LDC Co Acquires HOBNI



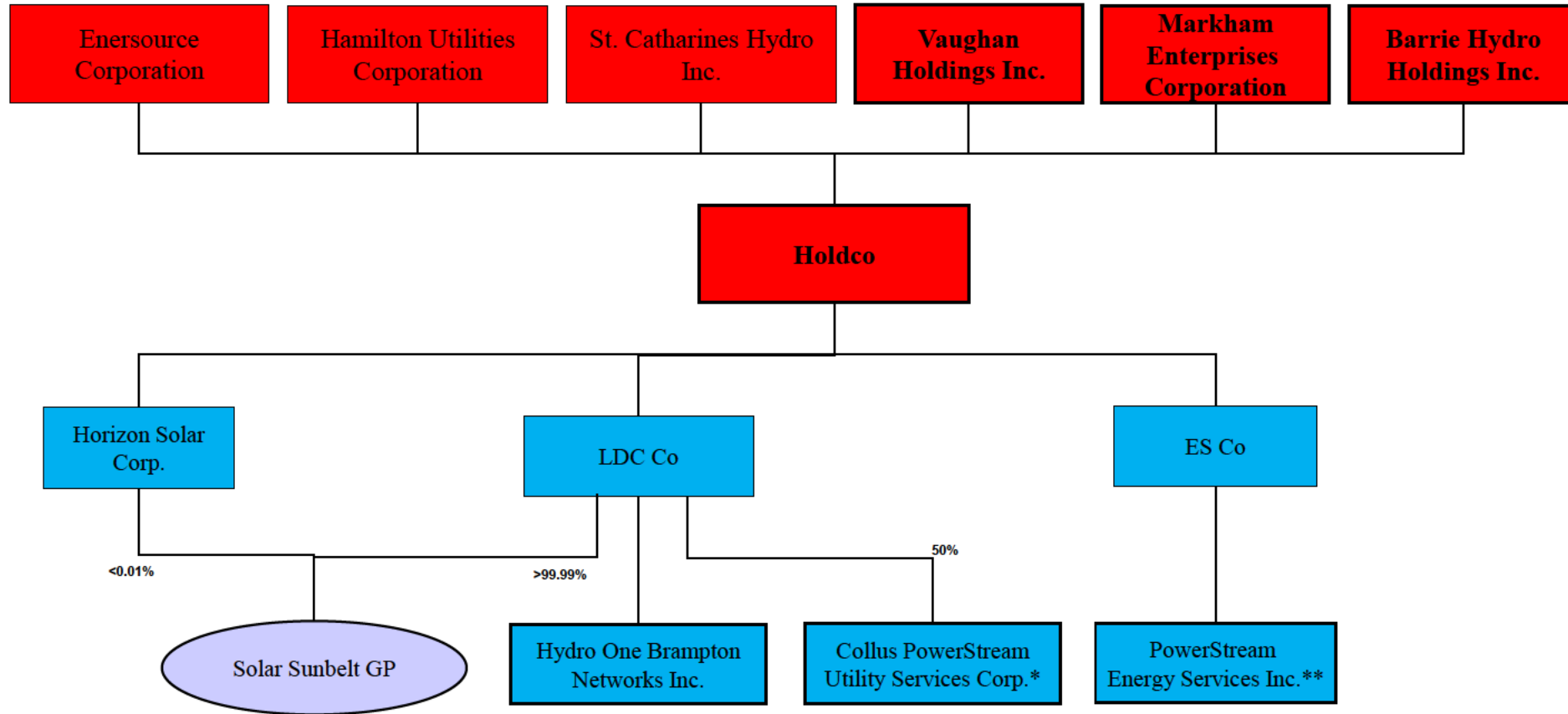
* 50% ownership by Town of Collingwood not shown. Collus subsidiaries also not shown.

** Ownership of non-participating, non-voting preferred shares by PowerStream Energy Holdings Trust not shown.

Step 5: Energy Services Companies Amalgamate

- Holdco will amalgamate Enersource Services Inc., Enersource Power Services Inc., Enersource Technologies Inc. and Horizon Energy Solutions Inc. to form “ES Co”.
- Holdco will contribute its shares of PowerStream Energy Services Inc. to ES Co on a rollover basis in exchange for shares of ES Co.
- These transactions do not require OEB approval.

Step 5: Energy Services Companies Amalgamate



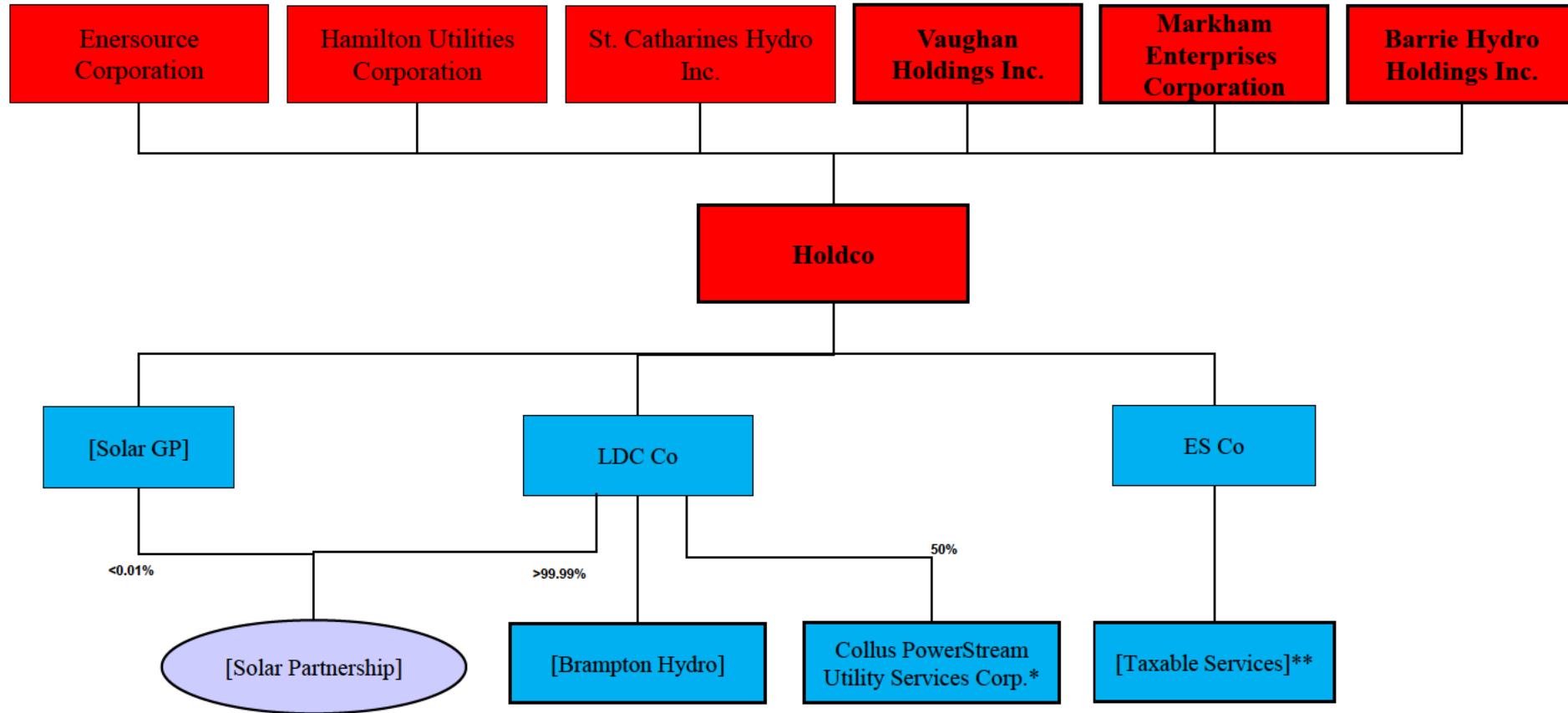
* 50% ownership by Town of Collingwood not shown. Collus subsidiaries also not shown.

** Ownership of non-participating, non-voting preferred shares by PowerStream Energy Holdings Trust not shown.

Step 6: Name Changes

- Articles of Amendment are filed to change the names of the following subsidiaries as follows:
 - “Horizon Solar Corp.” becomes “[Solar GP Inc.]”
 - “PowerStream Energy Services Inc.” becomes “[Taxable Services]”
 - “Hydro One Brampton Networks Inc.” becomes “[Brampton Hydro]”
- Solar Sunbelt GP withdraws its business name registration and files a new registration for the name “[Solar Partnership]”

Step 6: Name Changes



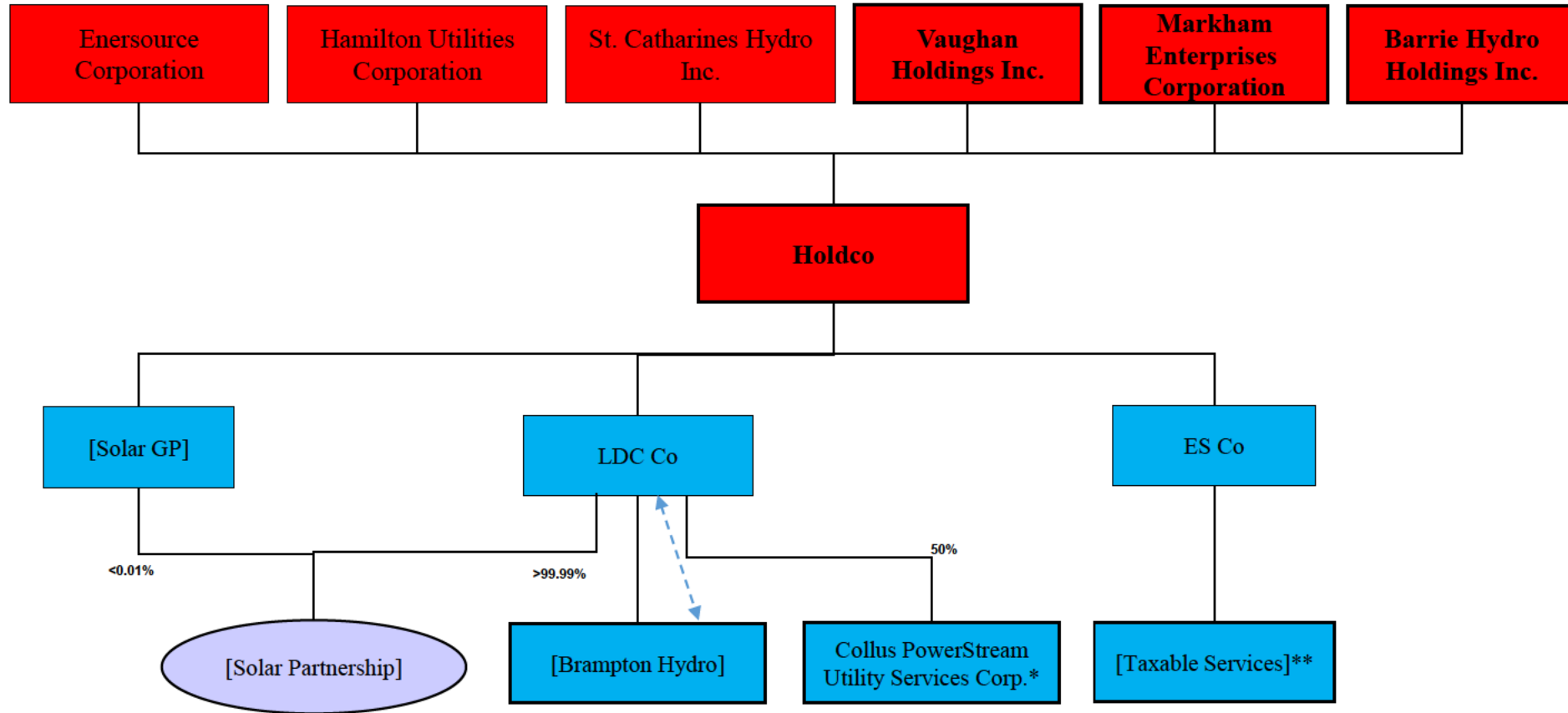
* 50% ownership by Town of Collingwood not shown. Collus subsidiaries also not shown.

** Ownership of non-participating, non-voting preferred shares by PowerStream Energy Holdings Trust not shown.

Step 7: Transfer of [Brampton Hydro] to LDC Co

- (a) The assets of [Brampton Hydro] would be transferred into LDC Co on a taxable basis in consideration for a promissory note. No tax election filed.
- (b) [Brampton Hydro] and LDC Co amalgamate and intercorporate note is extinguished.

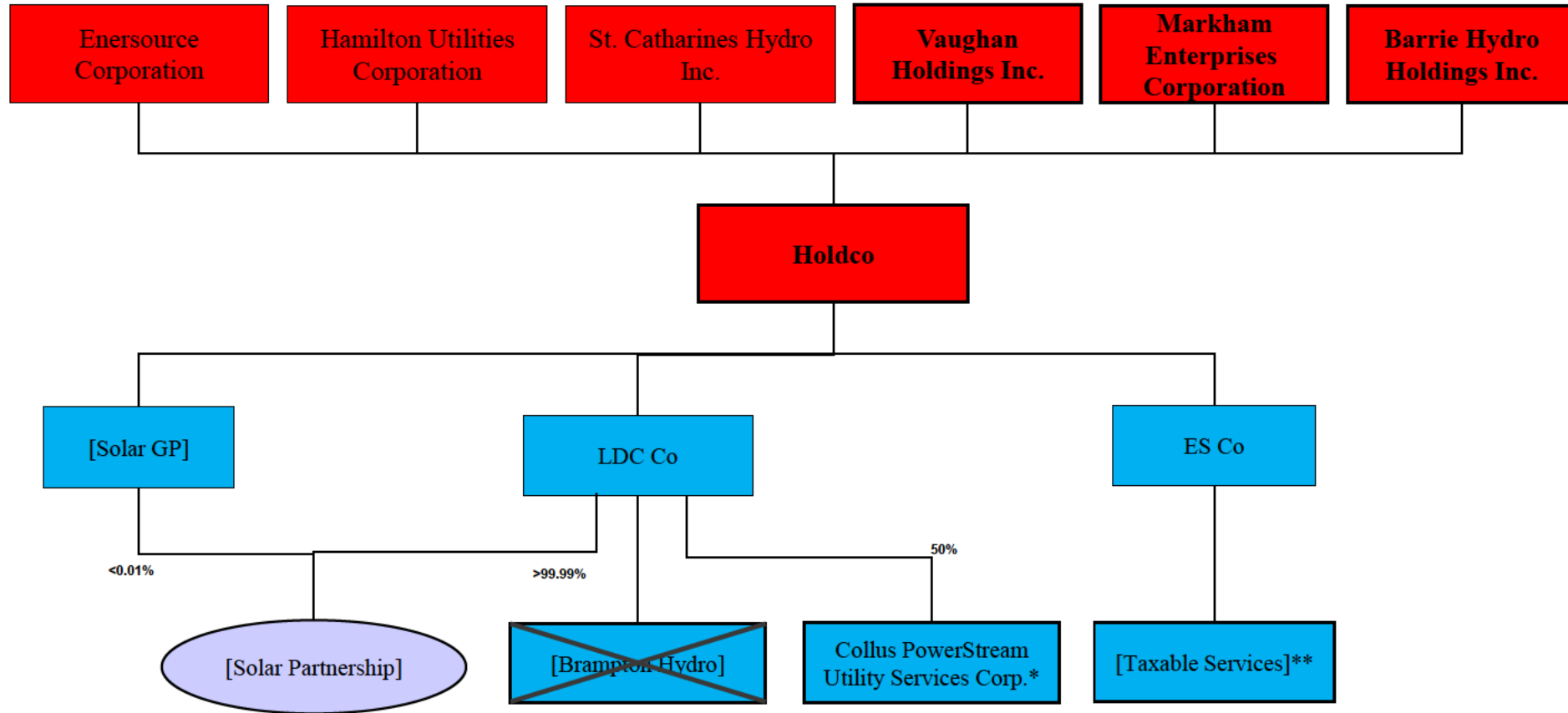
Step 7(a): Transfer of [Brampton Hydro] Assets to LDC Co for a Note



Transfer of assets to LDC Co
and Note to HOBNI

* 50% ownership by Town of Collingwood not shown. Collus subsidiaries also not shown.
** Ownership of non-participating, non-voting preferred shares by PowerStream Energy Holdings Trust not shown.

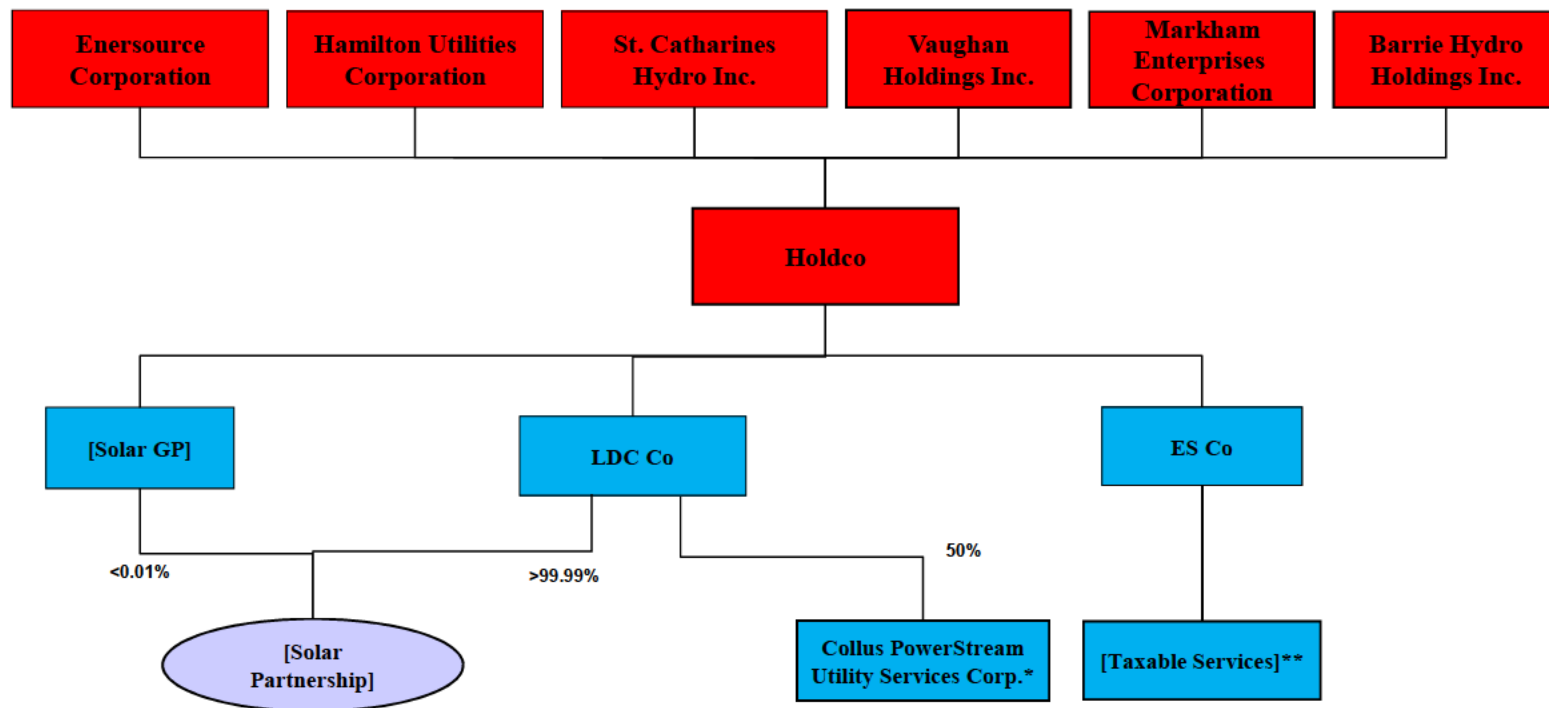
Step 7(b): Amalgamation of [Brampton Hydro] with LDC Co



* 50% ownership by Town of Collingwood not shown. Collus subsidiaries also not shown.

** Ownership of non-participating, non-voting preferred shares by PowerStream Energy Holdings Trust not shown.

Post-Consolidation Organizational Chart



* 50% ownership by Town of Collingwood not shown. Collus subsidiaries also not shown.

** Ownership of non-participating, non-voting preferred shares by PowerStream Energy Holdings Trust not shown.

This page intentionally left blank.

ATTACHMENT 2 FINANCIAL SUMMARY



Attachment 2 - Financial Summary

Principles/ Objectives

- Cost effective liquidity to support growth objectives
- Sustain A-range rating
- Enhance customer and shareholder value through:
 - Lower distribution rates for customers than the *status quo*
 - Higher income/ dividends for Shareholders than the *status quo*.

Key Assumptions

- Financial model forecast from 2015 through 2039
 - Merger from 2016 onward
- No re-basing until year 11 following consolidation
- LDC Co may apply for ICM in each year
- 70% debt financing of HOBNI acquisition
- Dividend Policy “up to” 60% of MIFRS Net Income
- All Net Present Value (NPV) amounts use discount rate of 9.30%
- Income trends are presented on a MIFRS basis

Relative Valuation

PowerStream	46.0%
Enersource	31.0%
Horizon Utilities	23.0%

- Includes regulated and non-regulated assets
- Excludes PowerStream Solar/PV portfolio
- Relative valuations based upon Enterprise Value approach
 - Calculated using a discounted cash flow (DCF) forecast model

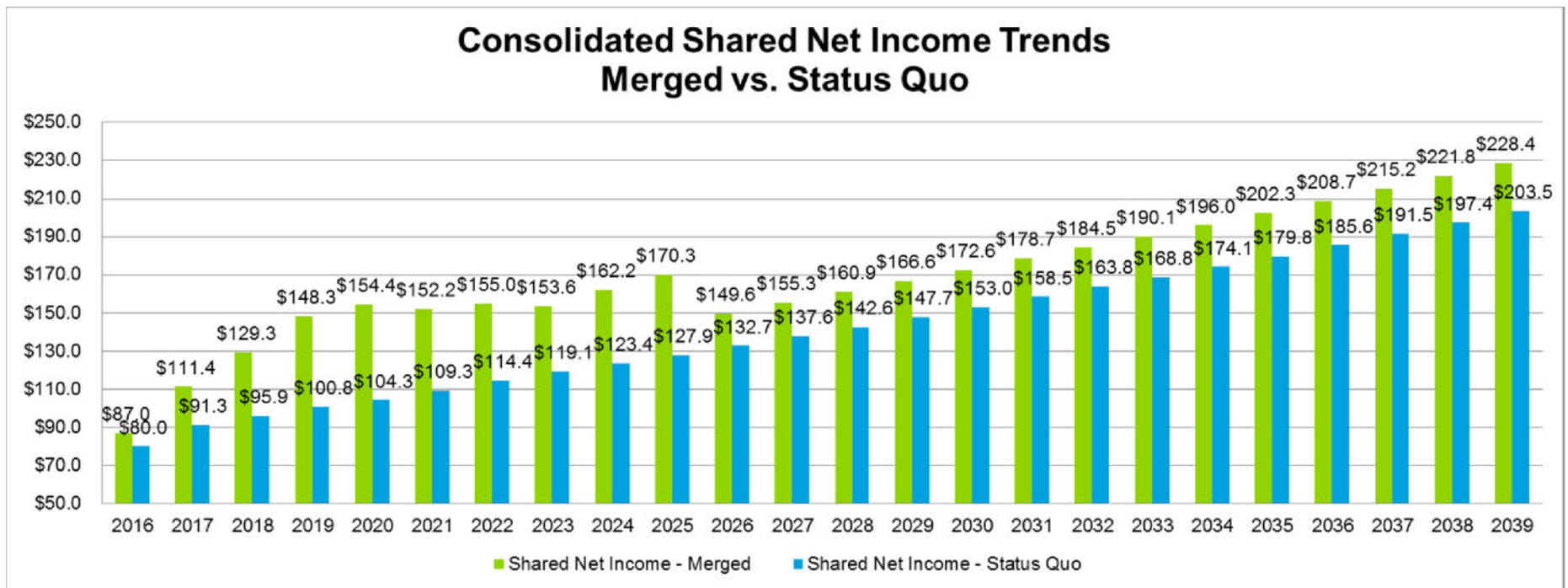
Shareholder Benefits Overview

- Holdco provides higher net income
 - NPV of Incremental Net Income shared by parties is \$276MM over *status quo*
- Holdco provides higher dividends
 - NPV of Incremental Dividends due to merging is \$220MM
- Dividend Policy adjusted for all entities to “up to” 60% of MIFRS Net Income after tax

Holdco Provides Higher Net Income

NPV of Net Income for 2016 through 2039 is \$1,430MM

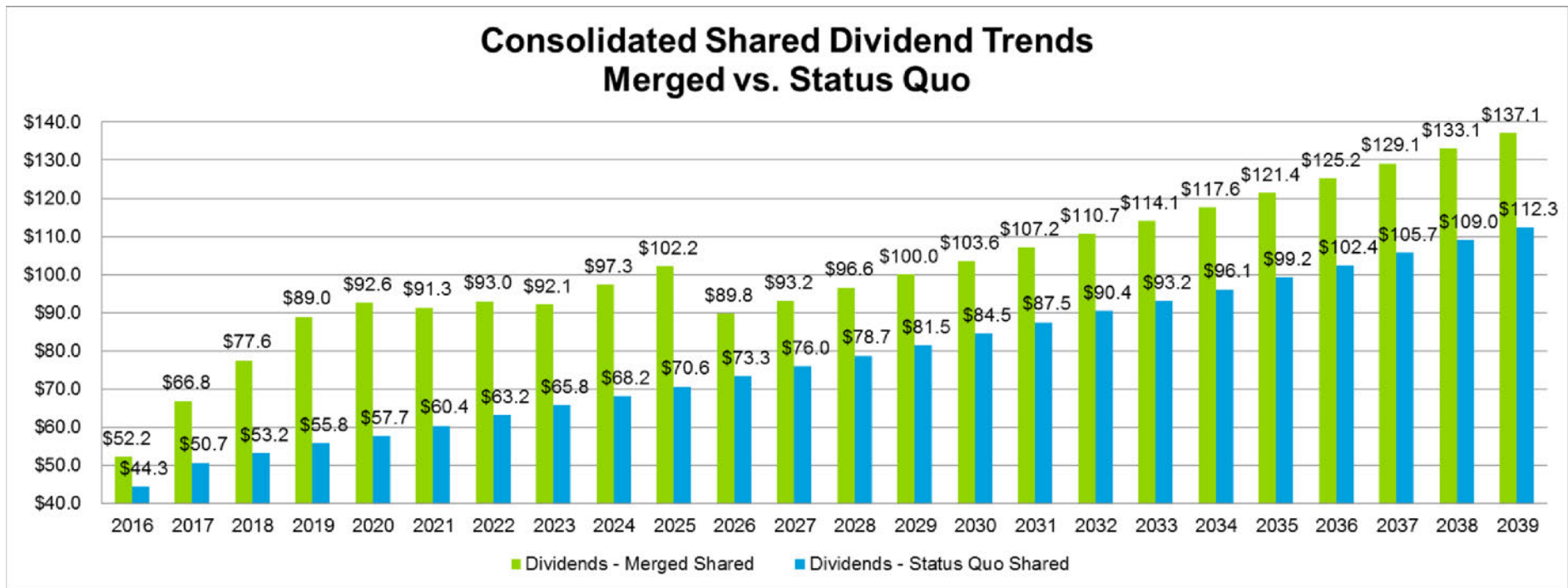
– Stand-alone NPV of Net Income is \$1,154 million



- Merged Net Income is higher during rebasing deferral period as a result of purchased HOBNI net income plus capital and operating synergies
- Merged Net Income is higher post rebasing as a result of contribution of HOBNI income partially offset by lower ongoing capital expenditure requirements and resulting lower rate base

Holdco Provides Higher Dividends

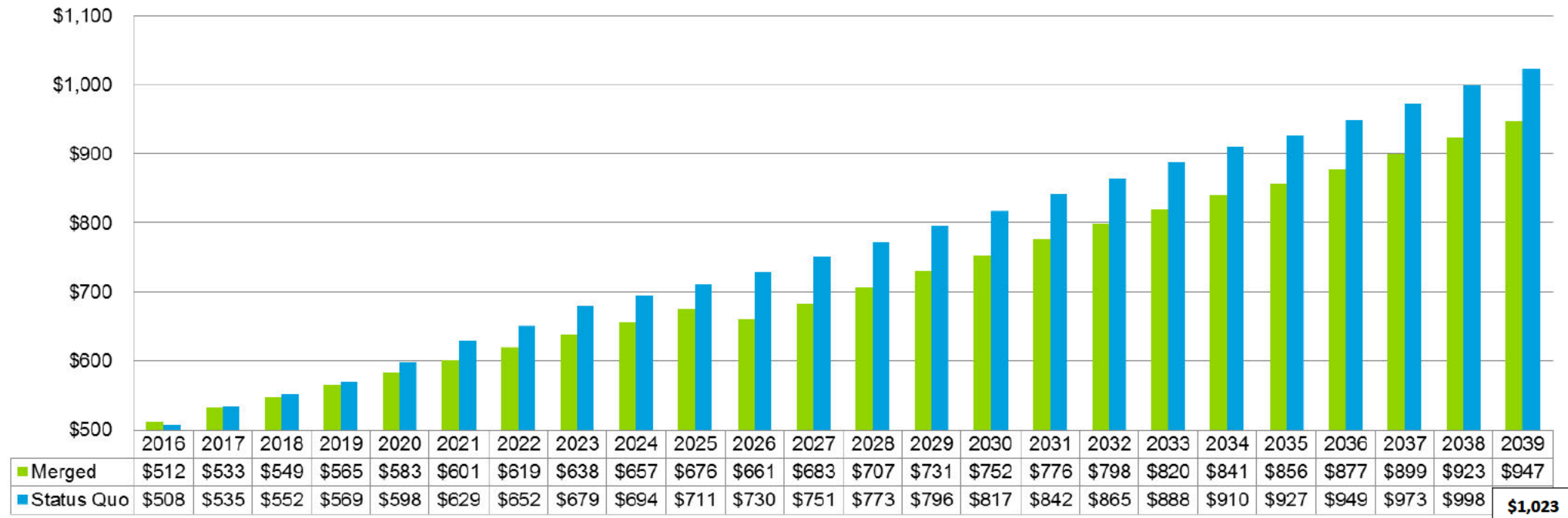
NPV of dividends for 2016 through 2039 is \$858 million
– Stand-alone NPV of dividends is \$637 million



- Merged Dividends are higher as a result of:
- Net income from HOBNI purchase
 - Capital and operating synergies through rebasing deferral period
 - Partially offset by reduction in Net Income resulting from lower CapEx and Rate Base

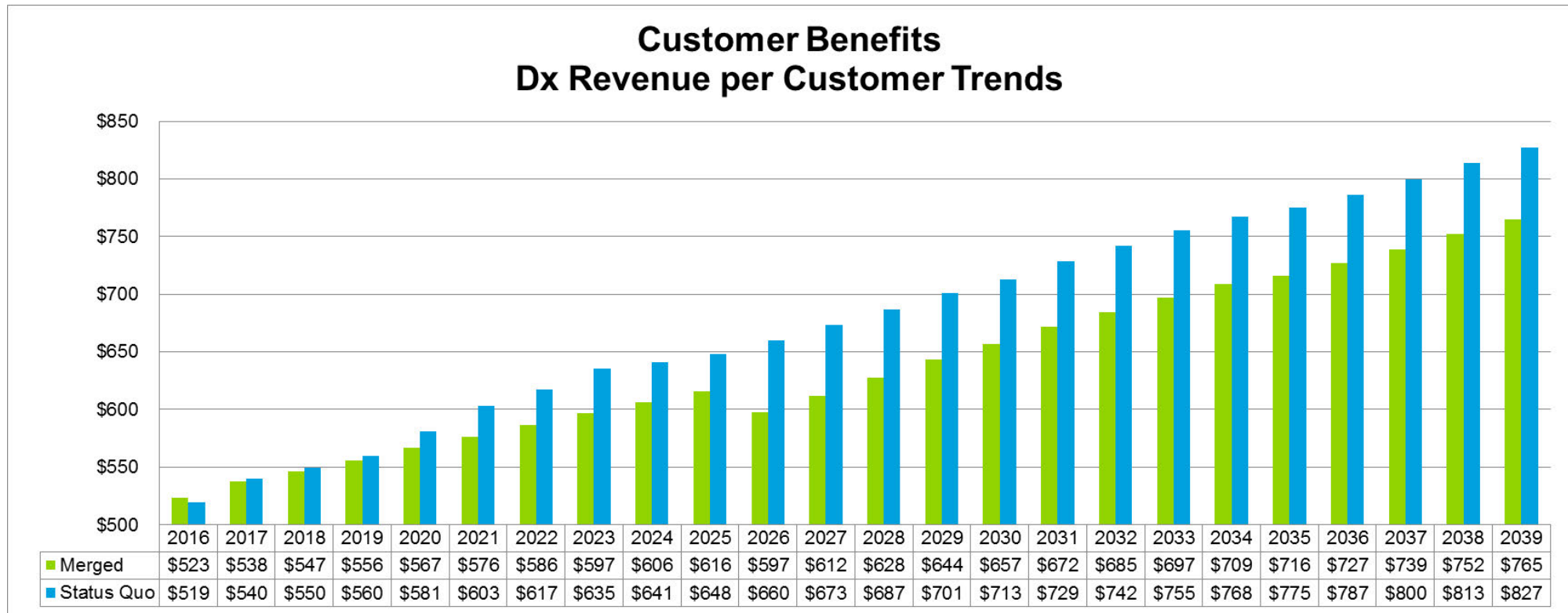
Customer Benefits – Rate Revenue

**Customer Benefits
Distribution Revenue Trends**



- Average annual Dx Revenue across forecast period:
Status Quo - \$765.5MM; merged down to \$716.9MM
- Average decrease of \$48.6MM or 5.9% across forecast period
- Average decrease of \$19.5MM or 3.3% in the first 10 years
- Average decrease of \$69.3MM or 8.0% post rebasing

Customer Benefits – Rate Revenue



- Average annual Dx Revenue per Customer across forecast period:
Status Quo - \$680; merged down to \$638
- Average reduction of \$42 or 6.2% across forecast period
- Average decrease of \$59 or 8.0% post rebasing
- Aggregate community benefit of \$69.3MM/ year post rebasing

Merger Synergies

(\$MMs)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Gross Synergies											
Operating	7.2	20.1	31.7	40.6	42.5	42.5	42.5	42.5	42.5	42.5	354.6
Capital	23.0	22.6	28.8	23.2	30.0	8.0	8.0	8.0	8.0	8.0	167.6
Total Synergies	30.2	42.7	60.5	63.8	72.5	50.5	50.5	50.5	50.5	50.5	522.2
Transition Costs											
Charged to Operating	20.9	11.1	8.2	2.3	0.5	-	-	-	-	-	43.0
Charged to Capital	33.7	15.2	4.4	-	-	-	-	-	-	-	53.3
Total Transition Costs	54.6	26.3	12.6	2.3	0.5	-	-	-	-	-	96.3
Net Synergies											
Operating	(13.7)	9.0	23.5	38.3	42.0	42.5	42.5	42.5	42.5	42.5	311.6
Capital	(10.7)	7.4	24.4	23.2	30.0	8.0	8.0	8.0	8.0	8.0	114.3
Total Net Synergies	(24.4)	16.4	47.9	61.5	72.0	50.5	50.5	50.5	50.5	50.5	425.9

- Gross OM&A expense reductions of \$355MM
 - ~14% of OM&A during the first 10 years and approximately ~15%/yr thereafter
- Capital investment reductions of \$168MM over 10 years
- Transition costs of \$96MM
- Total cash savings of \$426MM over forecast period (pre-tax)

Opportunities & Risks

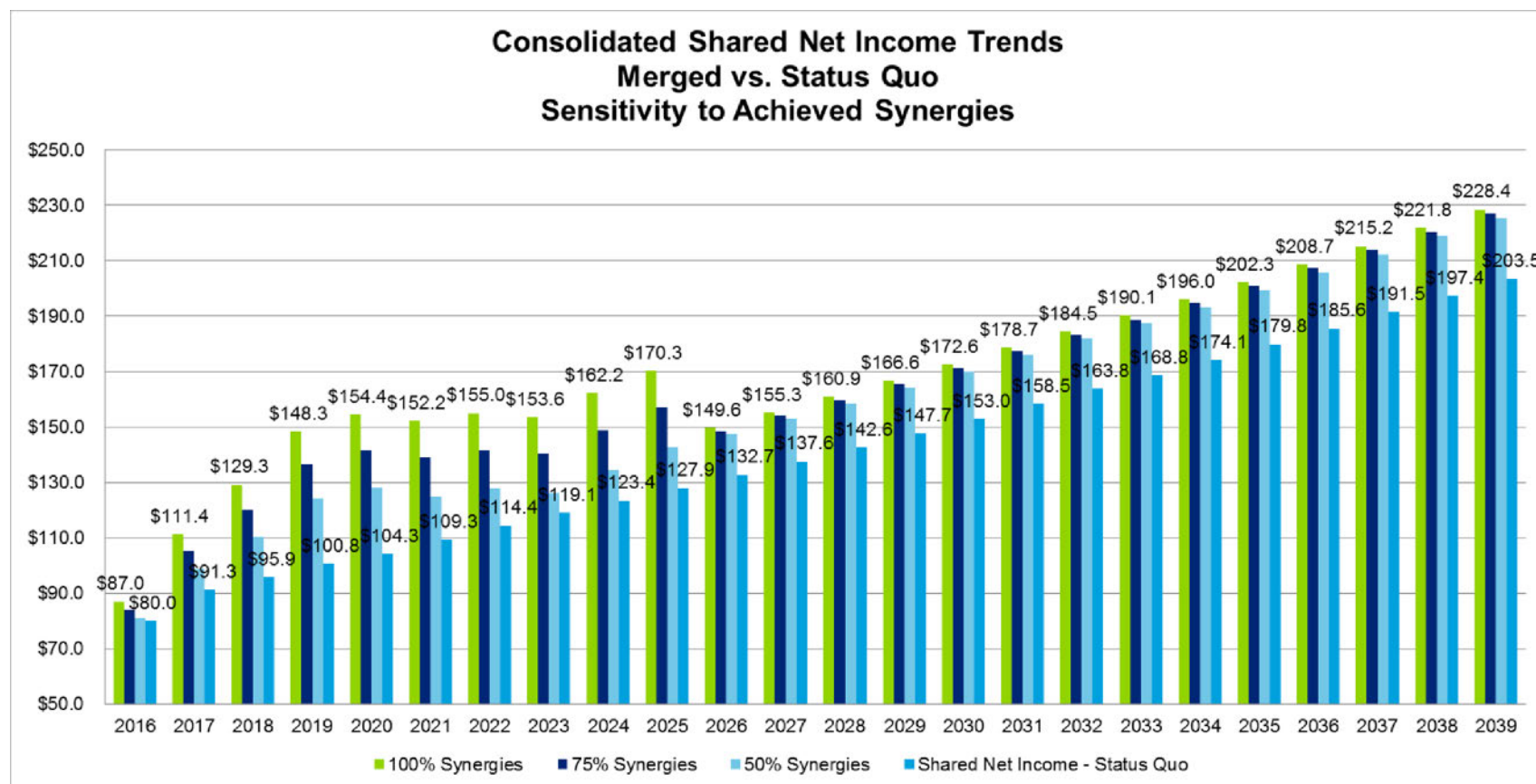
Opportunities:

- Interest costs for HOBNI share purchase during bridge period significantly lower than 4% assumed in model
- Greater synergies than planned are achieved

Risks:

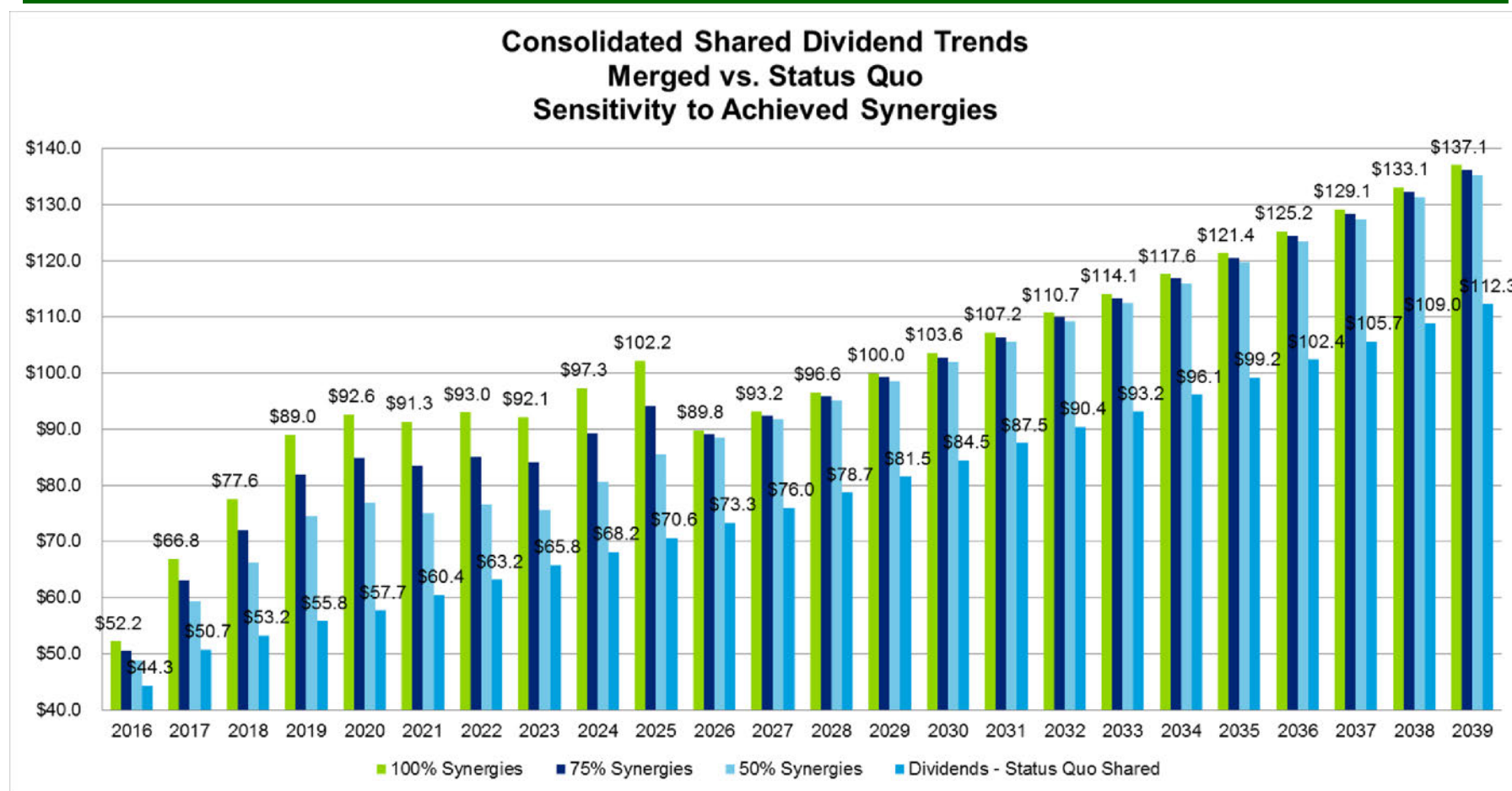
- Synergies may not be achieved or are delayed
- Unidentified expenses/liabilities from HOBNI
- Rising interest rate environment
- Debt rating agencies lower Holdco's credit rating below A

Holdco Shared Net Income: Sensitivity to Synergies



- Shared income across the Forecast Period declines by approximately \$130MM between scenarios, most of which is within the first 10 years of the merger
- Shared income remains above the *Status Quo* under all Merged scenarios given support both from HOBNI net income and achieved level of synergies
- Virtually all of the shared income increase beyond the 10 year rebasing deferral period attributed to acquired HOBNI net income

Holdco Shared Dividends: Sensitivity to Synergies



- Total dividends across the Forecast Period decline by approximately \$80MM between scenarios, most of which is within the first 10 years of the merger
- Dividends remain above the *Status Quo* under all Merged scenarios given support both from HOBNI net income and achieved level of synergies
- Virtually all of dividend increase beyond the 10 year rebasing deferral period attributed to acquired HOBNI net income

ATTACHMENT 3 SUMMARY OF THE FINANCING PLAN FOR THE TRANSACTION



Attachment 3 - Summary of the Financing Plan for the Transaction

Principles/ Objectives

- Cost effective liquidity to support growth objectives
- Sustain A-range rating:
 - Manage AFFO: Debt above 12% short-term/ 13% long-term
 - Short-term Debt: Capital not exceeding 65%
 - Long-term Debt: Capital around 60%-63%
- Structured approach to equity financing to manage transfer and departure tax barriers
- Manage liquidity and interest rate risks

Holdco Financing Overview

Immediate Financing Requirement:

- Secure HOBNI short-term financing commitment for acquisition

At Closing Financing Requirements:

- Short-term financing facility for HOBNI purchase;
- Short-term revolving facility to fund ongoing operations and capex;
- Plan for interest rate risk mitigation on “take-out” financing

Post-Closing Financing Requirements:

- MergeCo credit rating;
- MergeCo trust indenture;
- Debenture issuance (“take-out”) financing to refinance HOBNI acquisition and for ongoing long-term debt requirements (LDC CapEx/ Generation);
- Ongoing access to equity to finance regulated & non-regulated growth

Immediate Financing Requirement

HOBNI short-term financing commitment for acquisition

Approach to Acquisition Financing:

- Finance \$607MM HOBNI acquisition with approx. 70%-75% debt;
- Manages requirement for capital calls on parties;
- Recognizes short-term constraint on additional private equity;
- Preserve A credit rating but with some modest downward pressure

Key Assumptions

- Next rebasing in year 11 post consolidation;
- Holdco may file for ICM in each year.

HOBNI Acquisition Financing Analysis

70% Target Acquisition Leverage

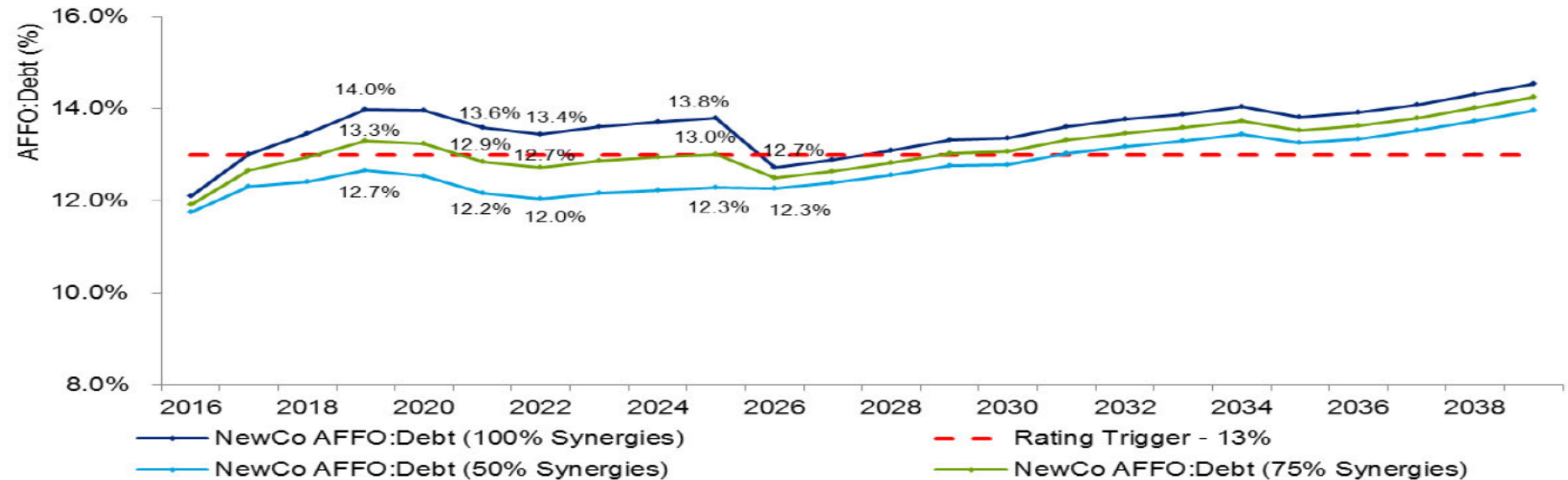
HOBNI Acquisition Financing (Regulated Only)	Financing Structure	Amount (\$M)	% of Acquisition Price	Financing Structure (%)
Additional Debt Financing				
	50%	\$201.6		
Sub-Total		\$201.6	33.2%	
Balance Funding Requirement:				
PowerStream	46.0%	\$186.3		
Enersource	31.0%	\$125.7		
Horizon Utilities	23.0%	\$93.4		
Total		\$405.4	66.8%	
<i>Balance Funding Requirement = HOBNI Acquisition Price - Rate Base Debt Financing.</i>				
(1) Value of Re-leverage "Chips":				
PowerStream		\$61.6		
Enersource		\$61.1		
Horizon Utilities		\$100.6		
Sub-Total		\$223.3	36.8%	
(2) Additional MergeCo Debt Financing:				
	—	—		
Sub-Total		—	—	
Total Debt Financing		\$424.9		70%
Equity Financing:				
PowerStream		\$124.7		
Enersource		\$64.6		
Horizon Utilities		(\$7.2)		
Total Equity Financing		\$182.1		30%
Total Acquisition Funding		\$607.0		100.0%

Summary Capital Requirements	Equity Financing Requirement [A]	Value of Working Capital Chips [B]	Value of Other Assets Chips [C]	Overall Capital Requirement [D = A - B - C]
PowerStream	\$124.7	\$37.5	(\$49.6)	\$136.7
Enersource	\$64.6	\$12.6	(\$38.6)	\$90.7
Horizon Utilities	(\$7.2)	(\$3.9)	(\$9.1)	\$5.8
Total	\$182.1	\$46.2	(\$97.3)	\$233.2

HOBNI Acquisition Financing Analysis

70% Target Acquisition Leverage

NewCo AFFO:Debt (Regulated & Non-Regulated, Synergies included)



NewCo Debt to Total Capitalization (%) (Regulated & Non-Regulated, Synergies included)

