



Project TITAN

Financing Plan

CONFIDENTIAL

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

MergeCo 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;
- Reliance on ICM revenue through re-basing deferral period;
- 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

Form of Short-Term Acquisition Financing:

- Obtain syndicated bank commitment for \$607MM;
 - CIBC/TD selected based on presentations from big 5 banks
- Issue Term Sheet for 2-3yr Term Loan;
- Below market pricing;
- Principal covenant 75% Debt: Total Capitalization test

Key Assumptions

- Next re-basing in 2026;
- MergeCo takes advantage of ICM in each year:
 - Regulatory risk of recovery;
 - Untested approach in context of merged entity;
 - Material contribution to cash flow;
 - ICM scenarios to illustrate “goal posts”

HOBNI Acquisition Financing Analysis

Scenario 1: 60% Target Acquisition Leverage

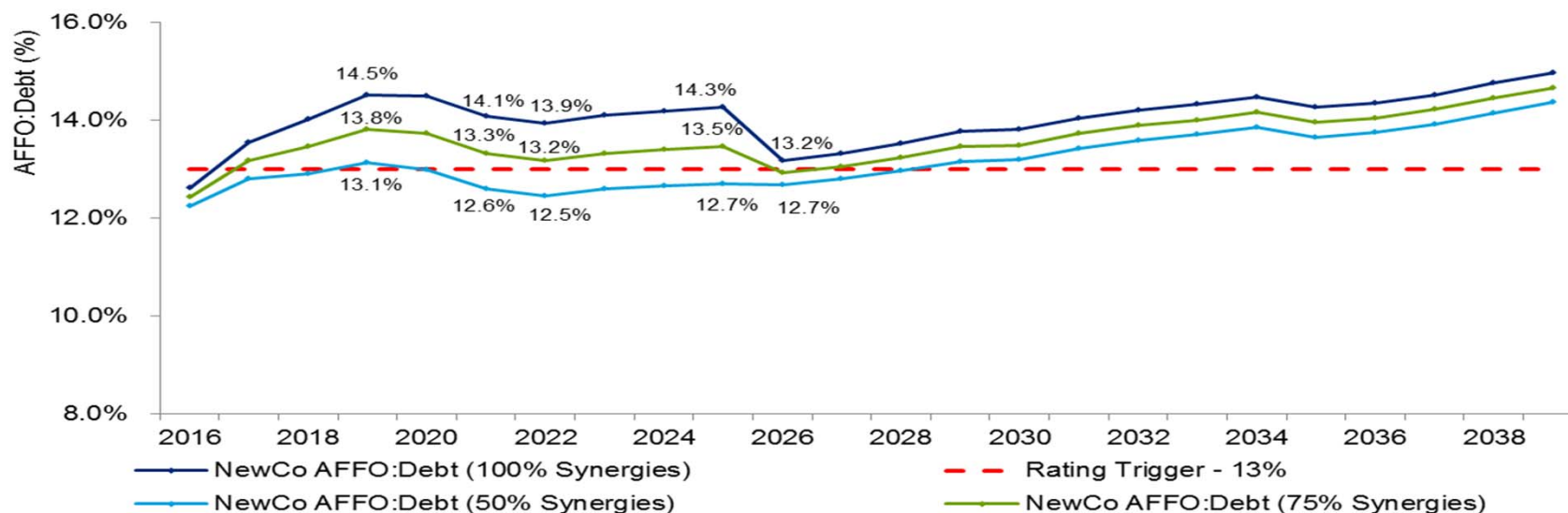
HOBNI Acquisition Financing (Regulated Only) Additional Debt Financing	Financing Structure	Amount (\$M)	% of Acquisition Price	Financing Structure (%)
	35%	\$140.9		
Sub-Total		\$140.9	23.2%	
Balance Funding Requirement:				
PowerStream	46.0%	\$214.2		
Enersource	31.0%	\$144.5		
Horizon Utilities	23.0%	\$107.4		
Total		\$466.1	76.8%	
<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		\$364.2		60%
Equity Financing Call/ (Surplus):				
PowerStream		\$152.6		
Enersource		\$83.4		
Horizon Utilities		\$6.8		
Total Equity Financing		\$242.8		40%
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	\$152.6	\$37.5	(\$49.6)	\$164.6
Enersource	\$83.4	\$12.6	(\$38.6)	\$109.5
Horizon Utilities	\$6.8	(\$3.9)	(\$9.1)	\$19.8
Total	\$242.8	\$46.2	(\$97.3)	\$293.9

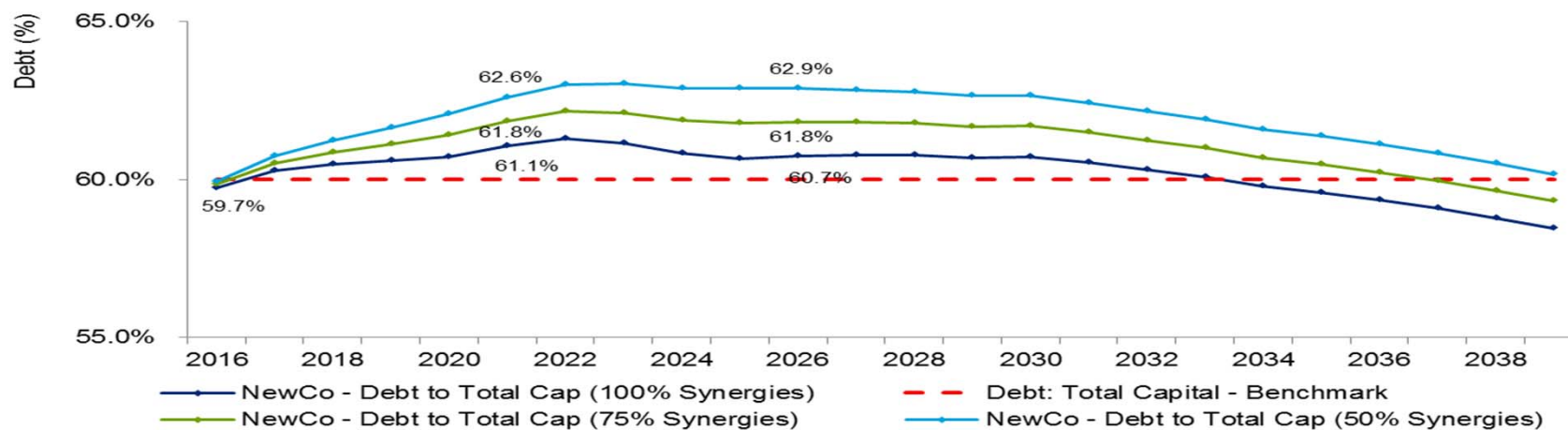
HOBNI Acquisition Financing Analysis

Scenario 1: 60% Target Acquisition Leverage (Including ICM)

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



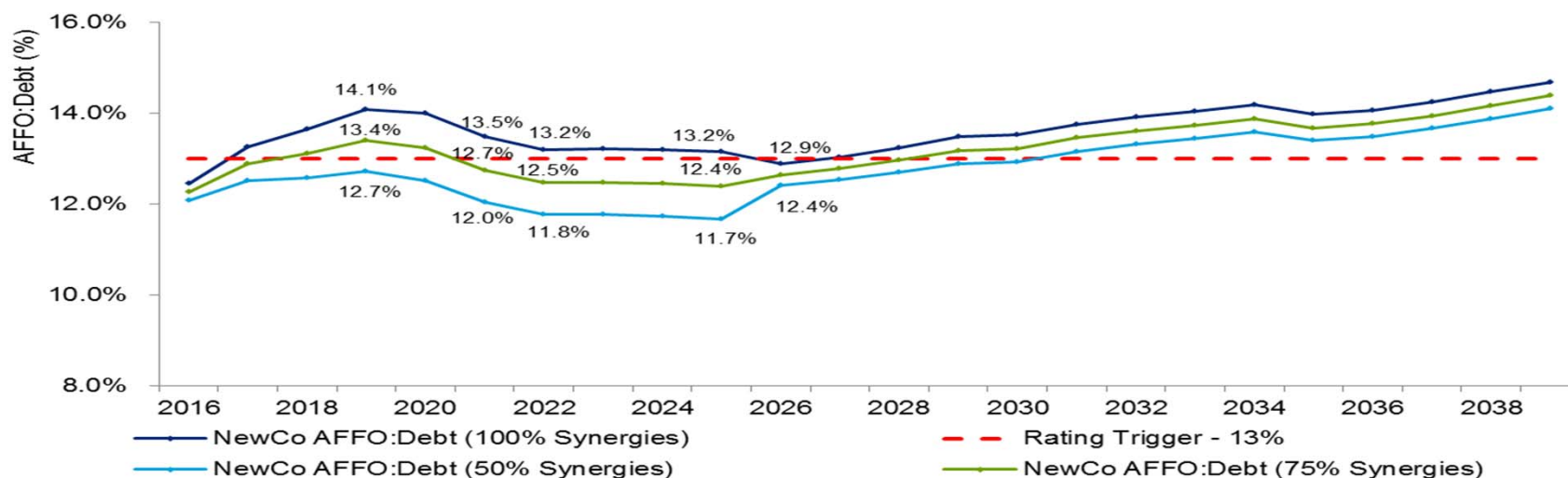
NewCo Debt to Total Capitalization (%) (Regulated & Non-Regulated, Synergies included)



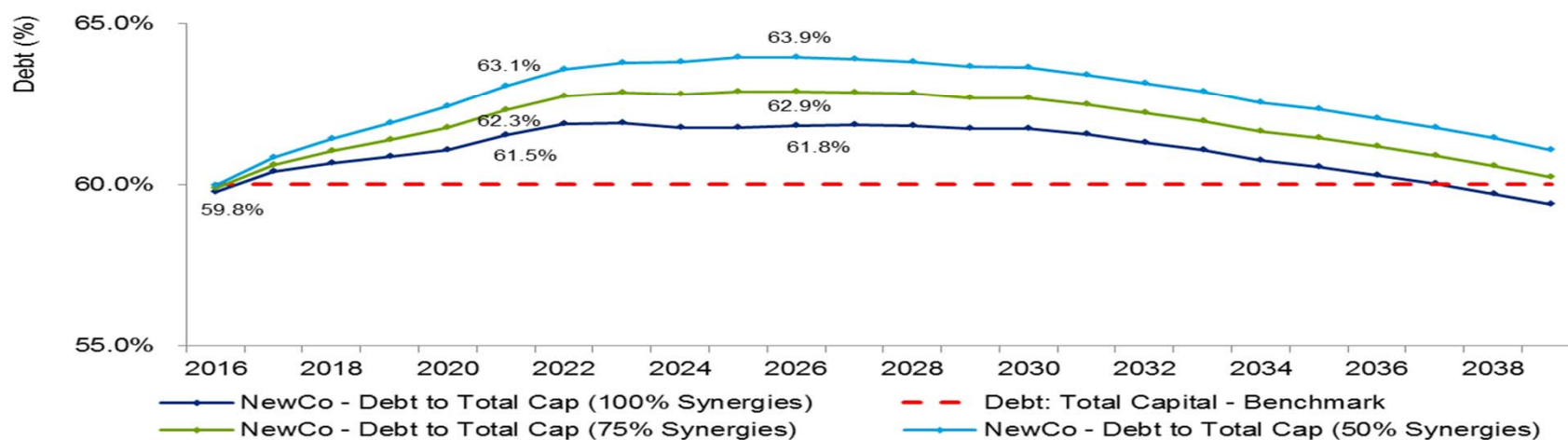
HOBNI Acquisition Financing Analysis

Scenario 1: 60% Target Acquisition Leverage (Excluding ICM)

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



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



HOBNI Acquisition Financing Analysis

Scenario 2: 70% Target Acquisition Leverage

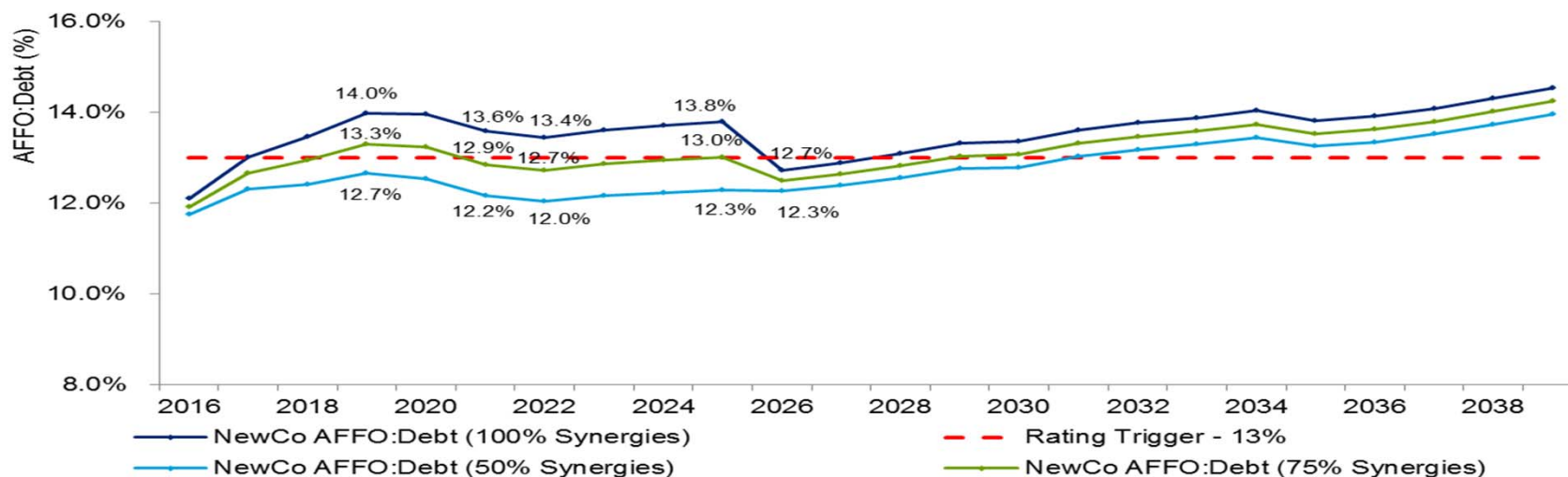
HOBNI Acquisition Financing (Regulated Only)	Financing Structure	Amount (\$M)	% of Acquisition Price	Financing Structure (%)
Additional Debt Financing	50%	\$201.6		
Sub-Total		\$201.6	33.2%	
Balance Funding Requirement:				
PowerStream	46.0%	\$186.3		
Enersource	31.0%	\$125.7		
Horizon Utilities	23.0%	\$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

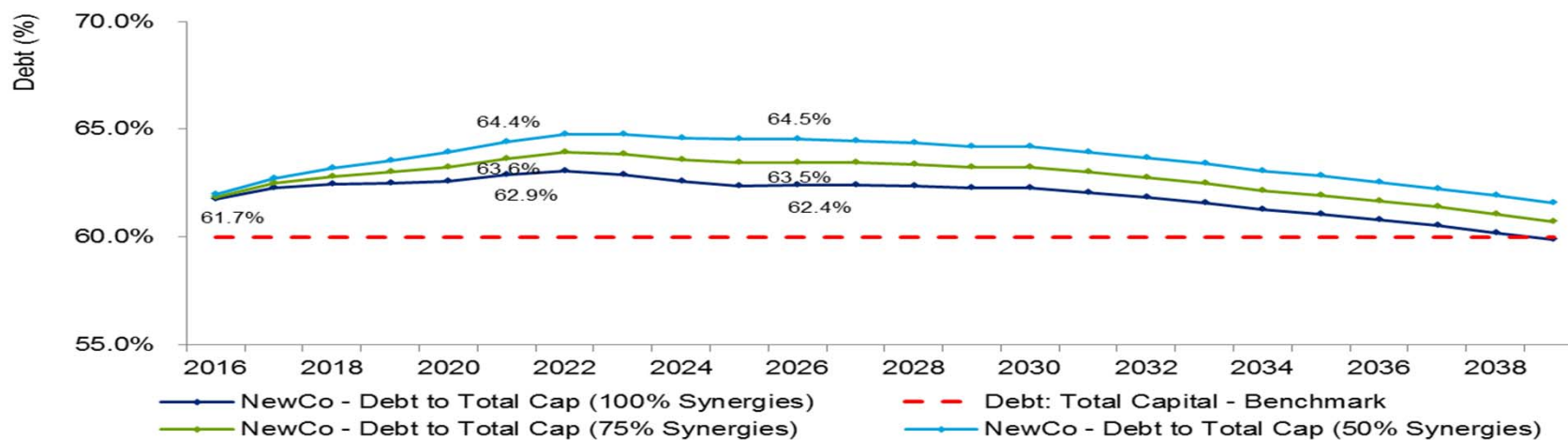
HOBNI Acquisition Financing Analysis

Scenario 2: 70% Target Acquisition Leverage (Including ICM)

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



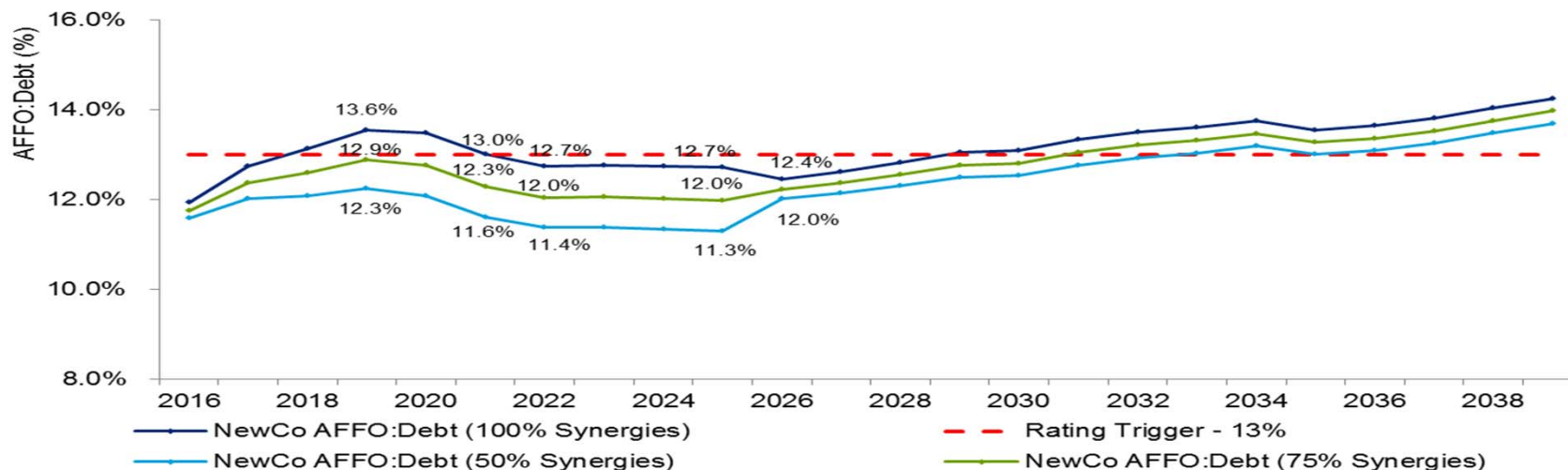
NewCo Debt to Total Capitalization (%) (Regulated & Non-Regulated, Synergies included)



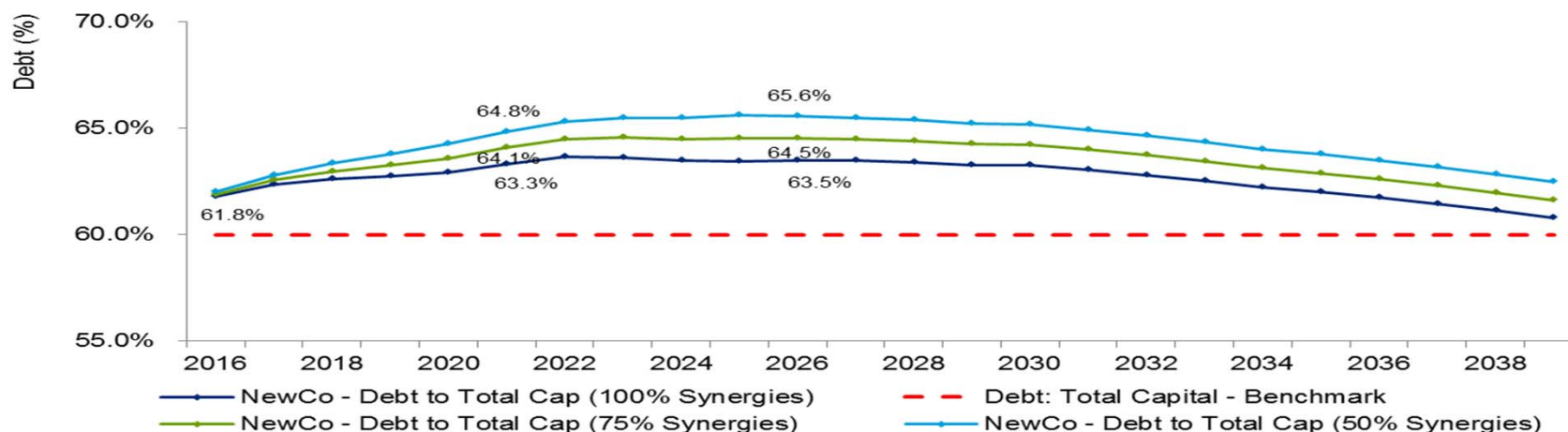
HOBNI Acquisition Financing Analysis

Scenario 2: 70% Target Acquisition Leverage (Excluding ICM)

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



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



HOBNI Acquisition Financing Analysis

Scenario 3: 75% Target Acquisition Leverage

HOBNI Acquisition Financing (Regulated Only)	Financing Structure	Amount (\$M)	% of Acquisition Price	Financing Structure (%)
Additional Debt Financing				
	57%	\$231.9		
Sub-Total		\$231.9	38.2%	

Balance Funding Requirement:				
PowerStream	46.0%	\$172.4		
Enersource	31.0%	\$116.3		
Horizon Utilities	23.0%	\$86.4		
Total		\$375.1	61.8%	

Balance Funding Requirement = HOBNI Acquisition Price - Rate Base Debt Financing.

(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	\$455.3	75%	

Equity Financing:

PowerStream	\$110.8		
Enersource	\$55.2		
Horizon Utilities	(\$14.2)		
Total Equity Financing	\$151.8	25%	

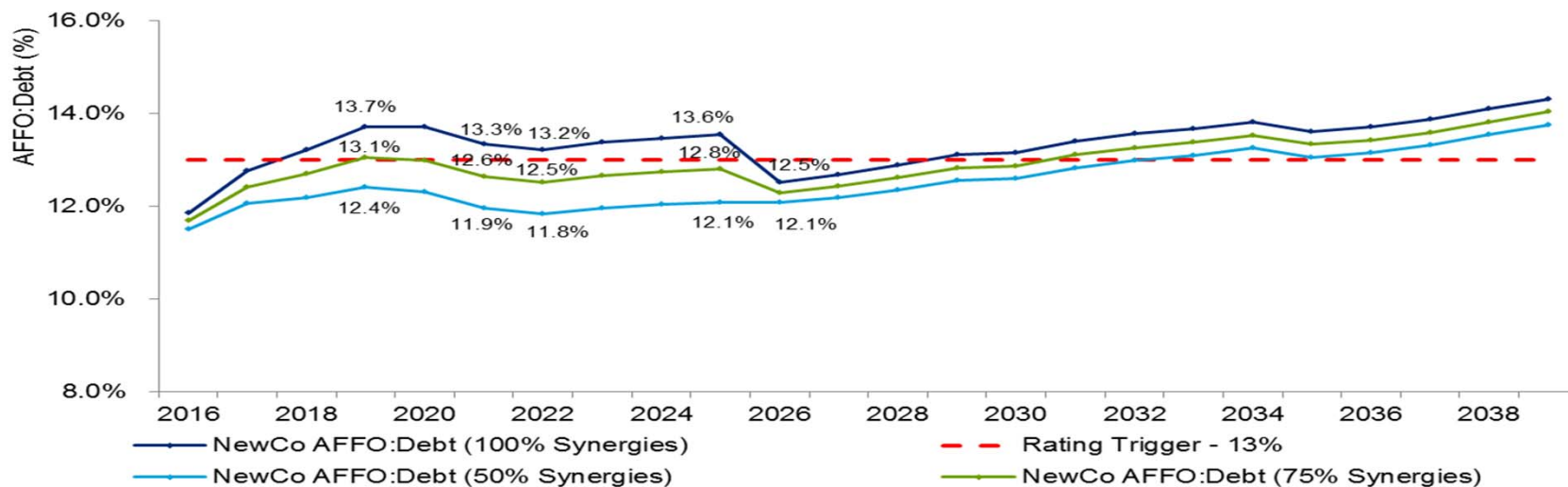
Total Acquisition Funding	\$607.0	100.0%	
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Summary Capital Requirements	Equity Financing Requirement [A]	Value of Working Capital Chips [B]	Value of Other Assets Chips [C]	Overall Capital Requirement [D = A - B - C]
PowerStream	\$110.8	\$37.5	(\$49.6)	\$122.8
Enersource	\$55.2	\$12.6	(\$38.6)	\$81.3
Horizon Utilities	(\$14.2)	(\$3.9)	(\$9.1)	(\$1.2)
Total	\$151.8	\$46.2	(\$97.3)	\$202.9

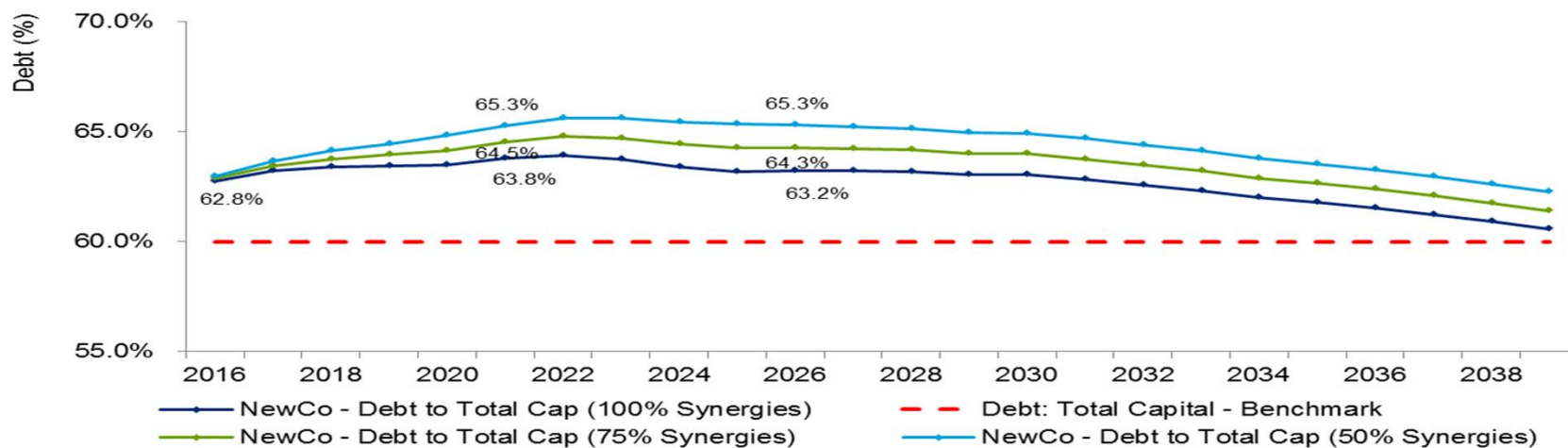
HOBNI Acquisition Financing Analysis

Scenario 3: 75% Target Acquisition Leverage (Including ICM)

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



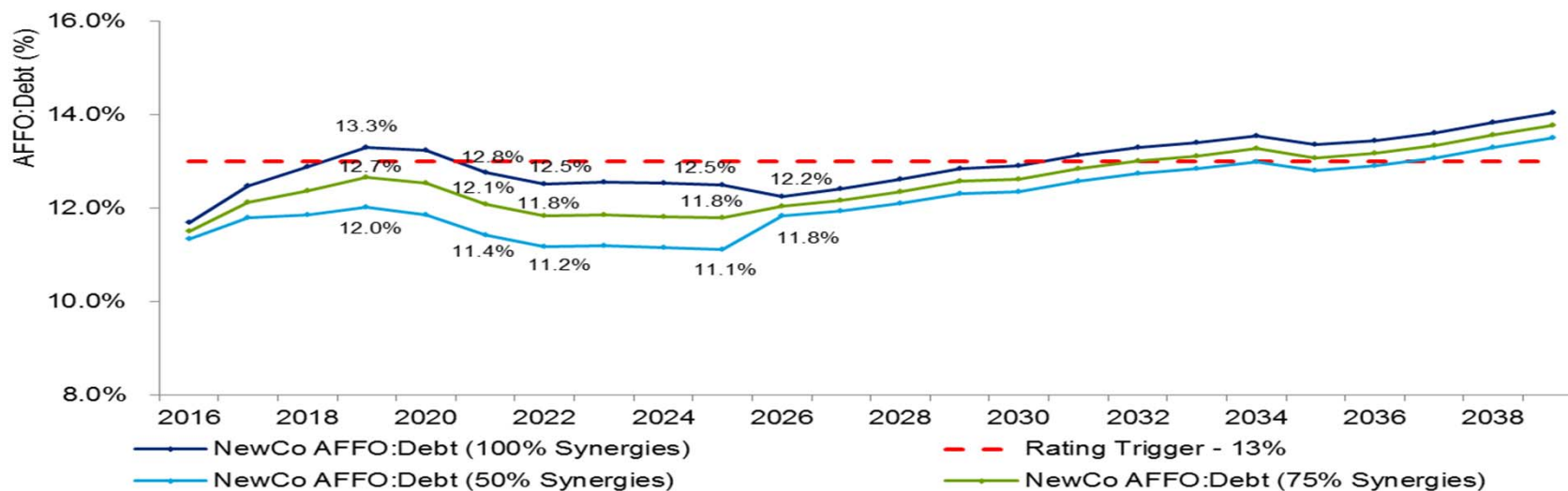
NewCo Debt to Total Capitalization (%) (Regulated & Non-Regulated, Synergies included)



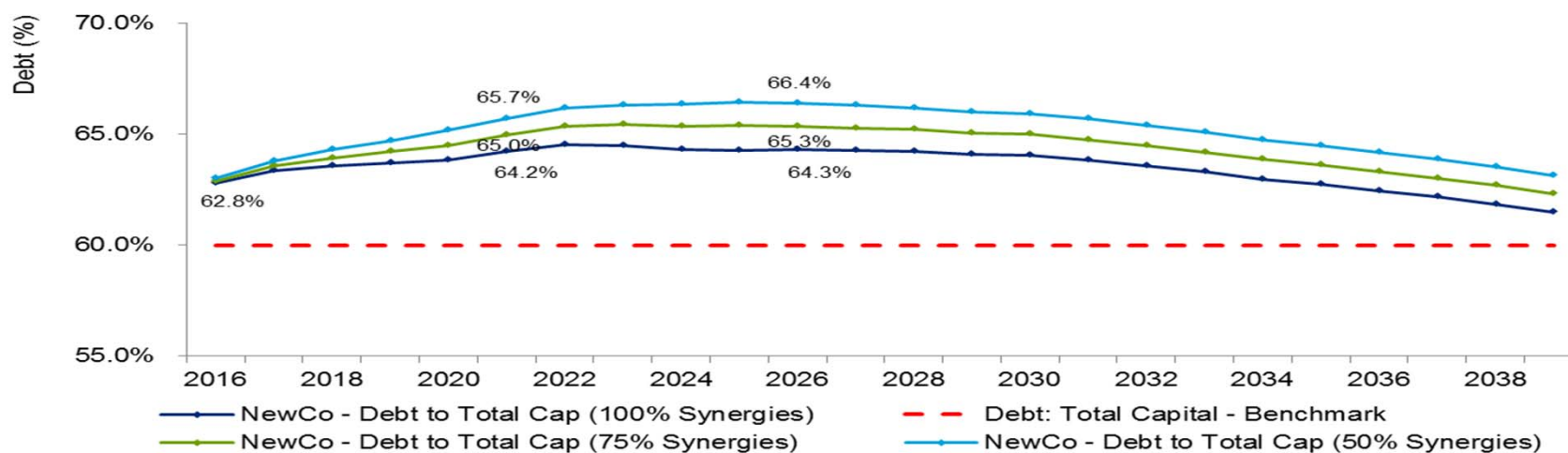
HOBNI Acquisition Financing Analysis

Scenario 3: 75% Target Acquisition Leverage (Excluding ICM)

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



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



HOBNI Acquisition Financing Analysis

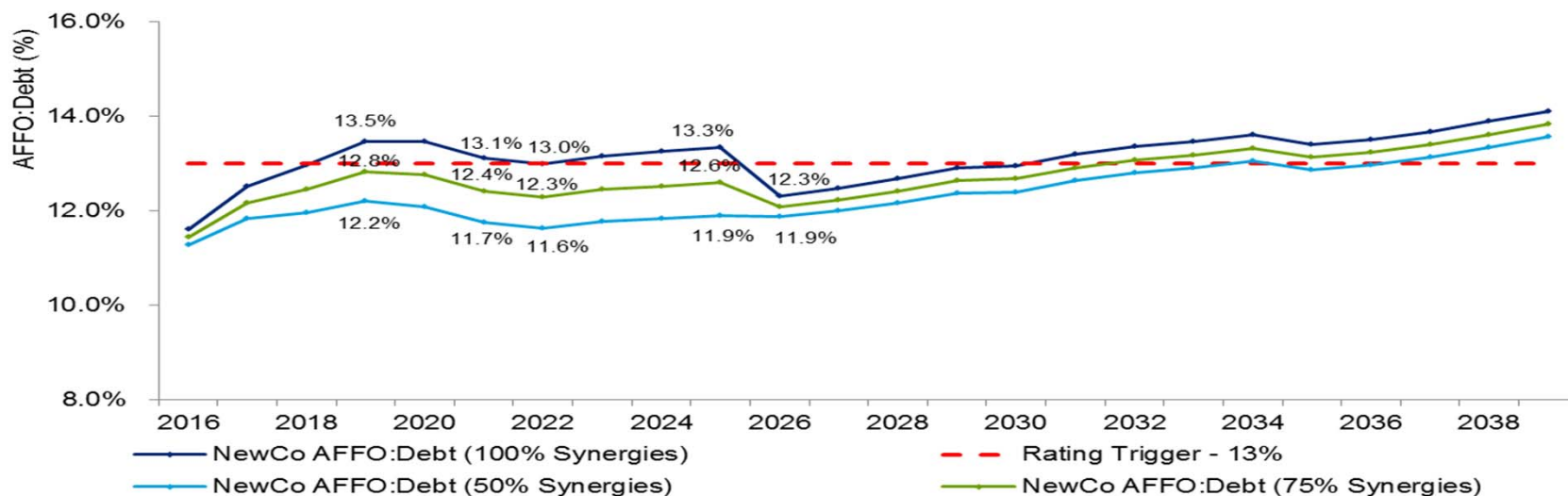
Scenario 4: 80% Target Acquisition Leverage

HOBNI Acquisition Financing (Regulated Only)	Financing Structure	Amount (\$M)	% of Acquisition Price	Financing Structure (%)
Additional Debt Financing				
	65%	\$262.3		
Sub-Total		\$262.3	43.2%	
Balance Funding Requirement:				
PowerStream	46.0%	\$158.4		
Enersource	31.0%	\$106.9		
Horizon Utilities	23.0%	\$79.4		
Total		\$344.7	56.8%	
<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		\$485.6		80%
Equity Financing:				
PowerStream		\$96.8		
Enersource		\$45.8		
Horizon Utilities		(\$21.2)		
Total Equity Financing		\$121.4		20%
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	\$96.8	\$37.5	(\$49.6)	\$108.8
Enersource	\$45.8	\$12.6	(\$38.6)	\$71.9
Horizon Utilities	(\$21.2)	(\$3.9)	(\$9.1)	(\$8.2)
Total	\$121.4	\$46.2	(\$97.3)	\$172.5

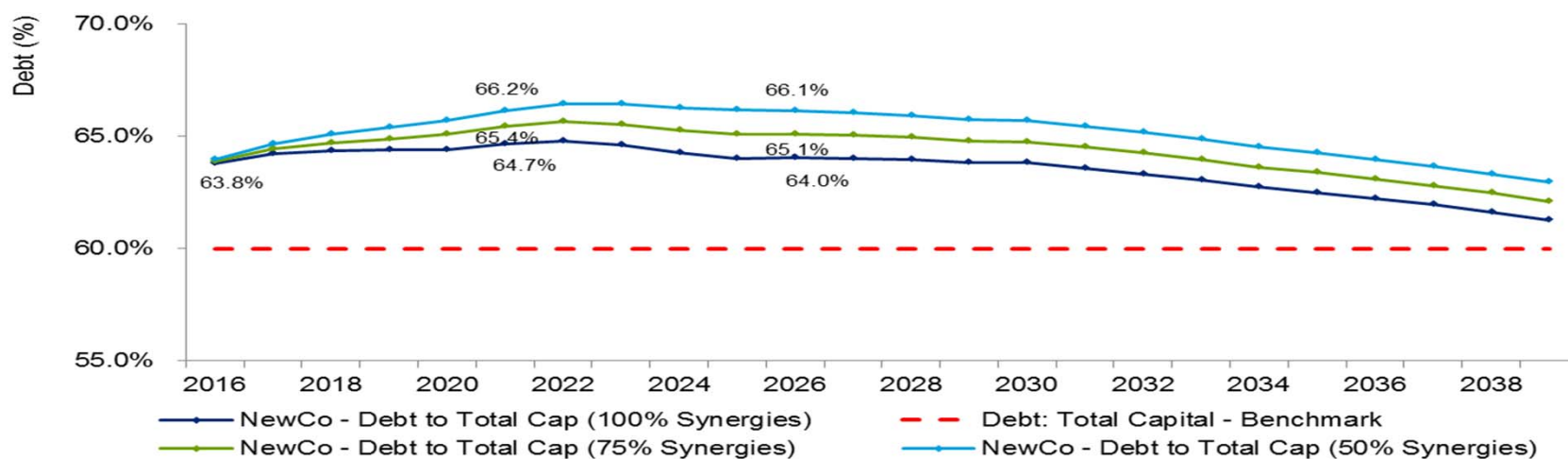
HOBNI Acquisition Financing Analysis

Scenario 4: 80% Target Acquisition Leverage (Including ICM)

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



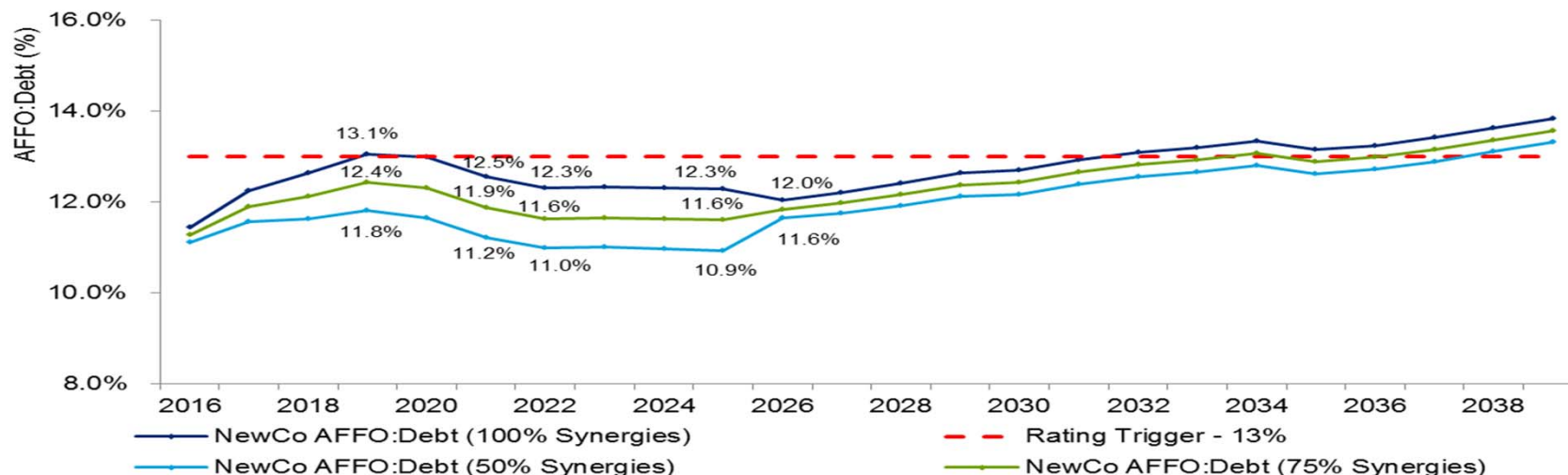
NewCo Debt to Total Capitalization (%) (Regulated & Non-Regulated, Synergies included)



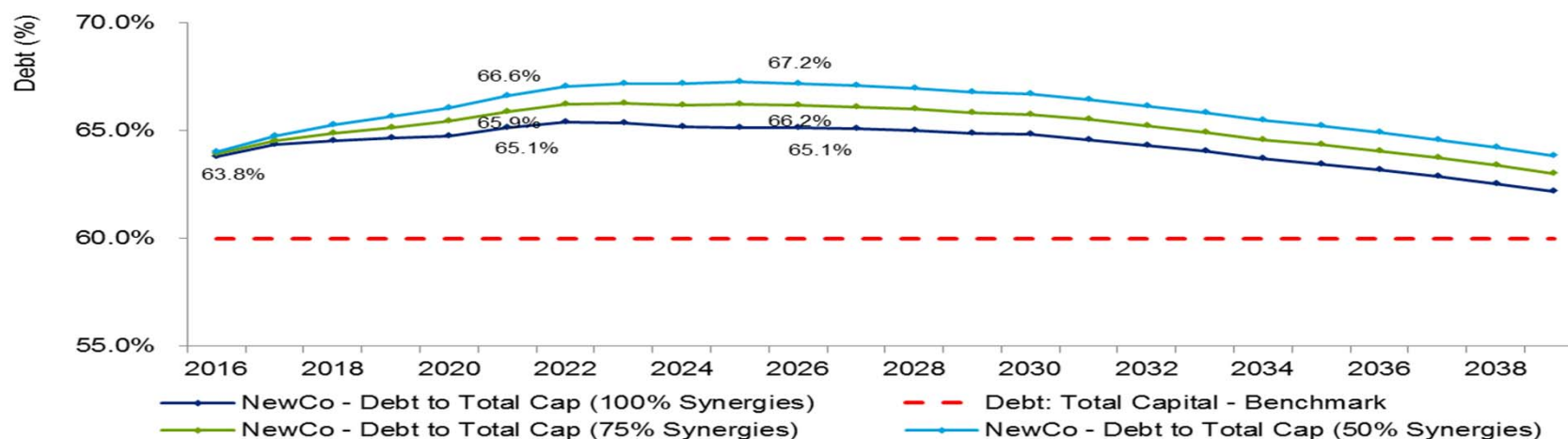
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Scenario 4: 80% Target Acquisition Leverage (Excluding ICM)

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



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



At Closing Financing Requirements

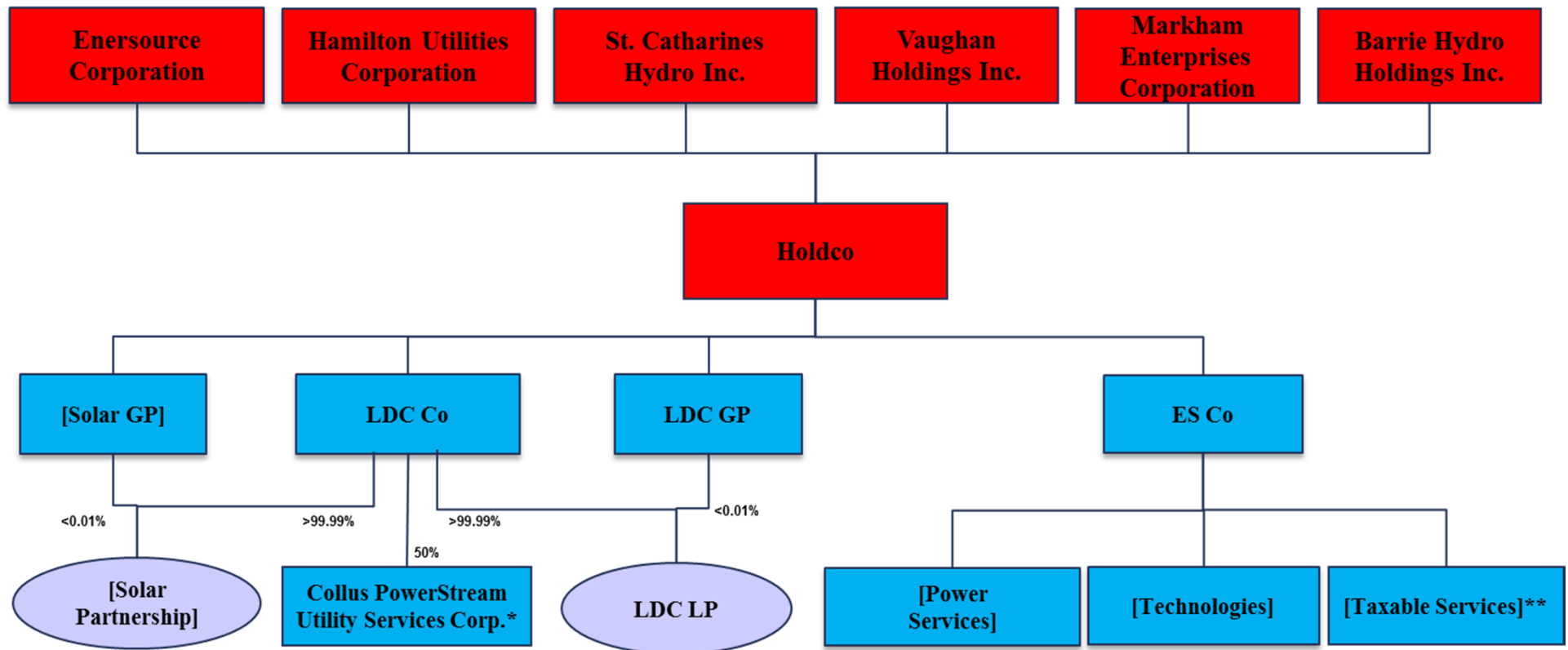
Close transaction and Plan Acquisition Take-Out Financing:

- Implementation of purchase financing;
- Additional revolving facility and/ or Commercial Paper program to support working capital requirements and short-term CapEx financing;
- Plan for preparation of Trust Indenture for the issuance of senior unsecured debentures;
 - Replace short-term purchase financing with long-term debentures;
 - Develop plan for interest rate risk mitigation on debenture issuance;
 - Ongoing management of any credit rating downgrade risk

Implement Limited Partnership structure:

- Create legal structure;
- Move HOBNI assets into LP;
- Prepare for equity injections, when required

Equity Financing: Limited Partnership Structure



* 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 Closing Financing Requirements

Prepare for issuance of debentures

- Obtain credit rating for Mergeco with S&P and DBRS;
- Finalize Trust Indenture;
- Implement interest rate risk mitigation measures (if appropriate);
- Plan for issuance at 6 – 12 months following closing transaction
 - Earlier, if achievable, to reduce interest rate risk exposure

Utilize LP structure for equity requirements

- Potential to fund annual capital expenditures;
 - Regulated and non-regulated businesses;
 - Impact on ownership percentages
- Help manage debt levels and credit metrics;
- Use PILs credits to offset any transfer tax payable;
- Provide access to equity for capex and ongoing growth plan;
- Subject to tax rulings

Credit Rating Risk Management

- Horizon, PowerStream and Enersource all current enjoy a credit rating of “A (stable)” from S&P and DBRS;
- Assume that Boards and Shareholders wish to maintain that rating;
- At 80%+ debt financing of purchase price, credit metrics create pressure for downgrade;
- Mitigation Strategy:
 - Potential for equity injections from Municipalities (through existing MEU structure) and private equity (through LP structure) to push AFFO: Debt metric upwards and debt to total capitalization downwards;
 - Dividend curtailment;
 - Proposed funding for annual capex (forecasted total capex of approximately \$300 million per year);
 - Subject to share provisions within Shareholders' Agreement
 - Will have impact on relative ownership for existing Shareholders