

# HYDRO ONE

## Investor Presentation

May 2008



# Forward Looking Statements

This presentation may contain forward-looking statements, including statements regarding the business and anticipated financial performance of Hydro One Inc. Although Hydro One believes that such statements are based on reasonable assumptions, such statements are subject to certain risks, uncertainties and assumptions related to operating performance, regulatory developments, economic conditions etc. In the event that one or more of the risks or uncertainties materialize, or that an underlying assumption prove to be incorrect, actual results may vary significantly from those expected. Hydro One is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# Hydro One at a Glance

---

- One of the largest electricity delivery systems in North America
- Wholly owned by the Province of Ontario



## Transmission

- \$7.3B in assets
- 28,900 km network - over 96% of capacity in Ontario
- 51 LDCs, 61 large industrials
- 26 interconnection facilities



## Distribution

- \$5.4B in assets
- 123,000 km system – spans 75% of Ontario
- 1.3M rural and urban customers incl. 32 LDCs, 50 large industrials

# Hydro One – Five Year Vision

---

- Ensure public confidence as stewards of provincial assets
- Best safety record in the world
- Top quartile reliability
- Customer satisfaction: 90% across all segments
- Skills development and retention
- Shareholder returns: Productivity / “A” category rating

# Key Regulatory Decisions

---

- Distribution rate hearing for 2008
- Bruce to Milton reinforcement
- Filing transmission rate application for 2009



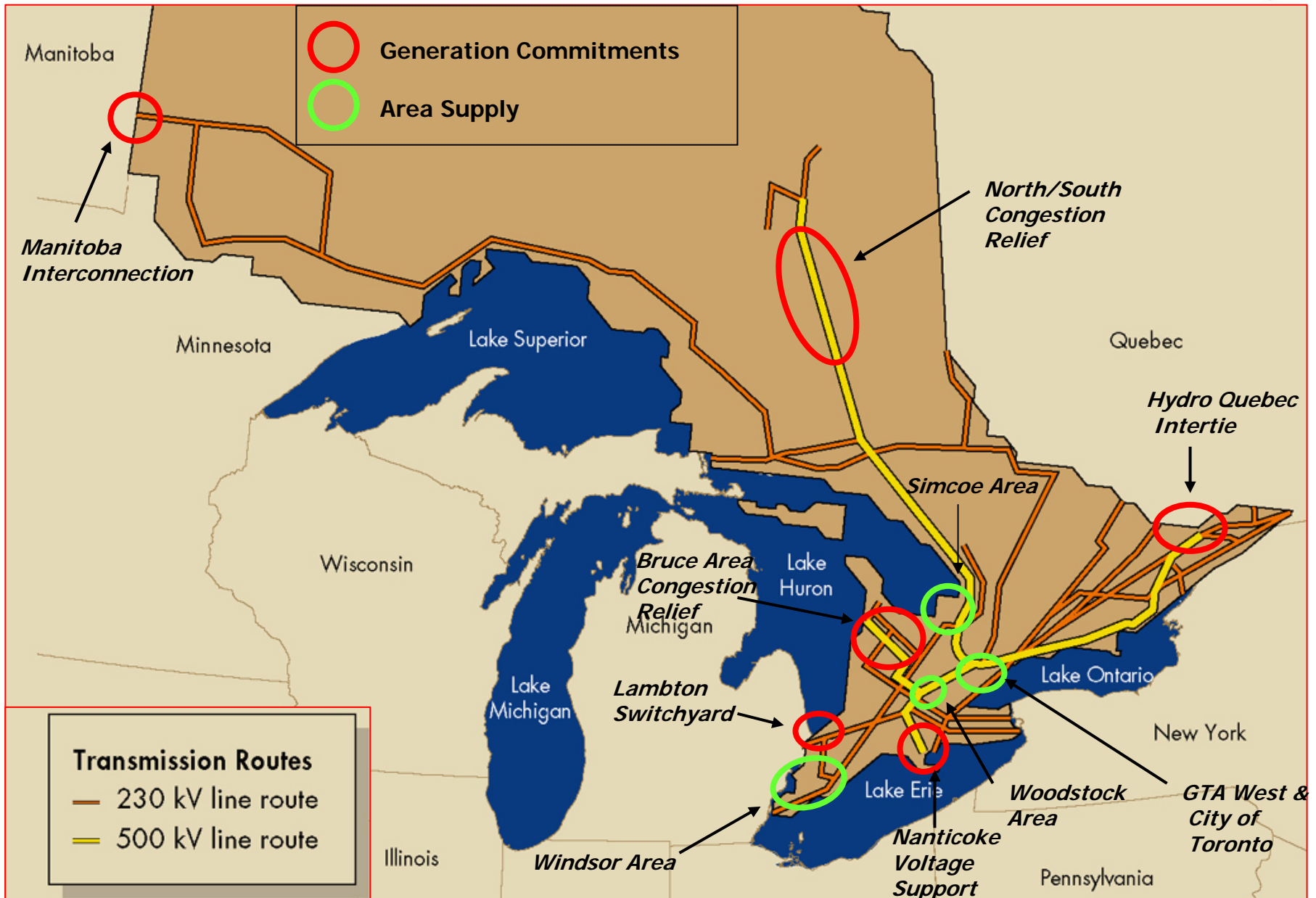
# Investment Drivers

---

- Ongoing core capital expenditures
- Transmission system development
  - System growth and reliability
  - New and retiring generation facilities
  - Interconnections
- OPA's Independent Power System Plan (IPSP)
- Smart meters
- Rationalization of Ontario electricity distribution sector



# Transmission System Development - Overview



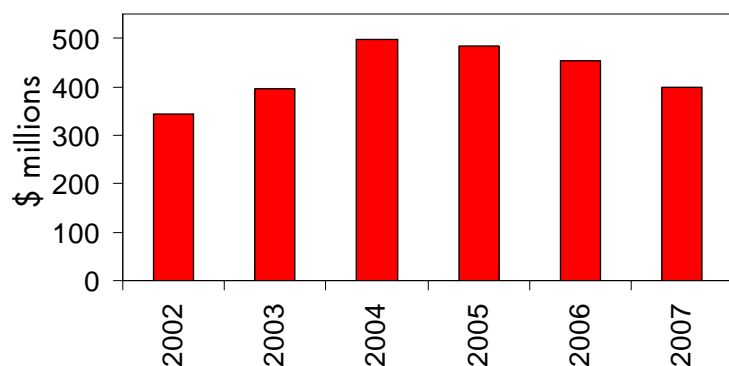
# Capital Expenditures

---

- Planned capital expenditures approx. \$4.5B in 2008 to 2010
  - Core capital expenditures
  - System development / smart meters
- Likelihood and timing driven by:
  - CDM impacts
  - Smart meter program
  - Generation development / retirements
  - Approval process / times

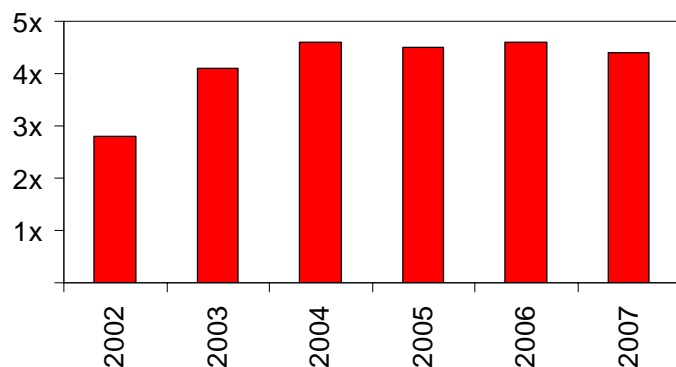
# Stable Financial Performance

## Net Income



- Stabilizing regulatory environment
- Continued focus on operations
- Organic growth opportunities
- Financial metrics supportive of target credit ratings

## FFO Interest Coverage



# Financing

---

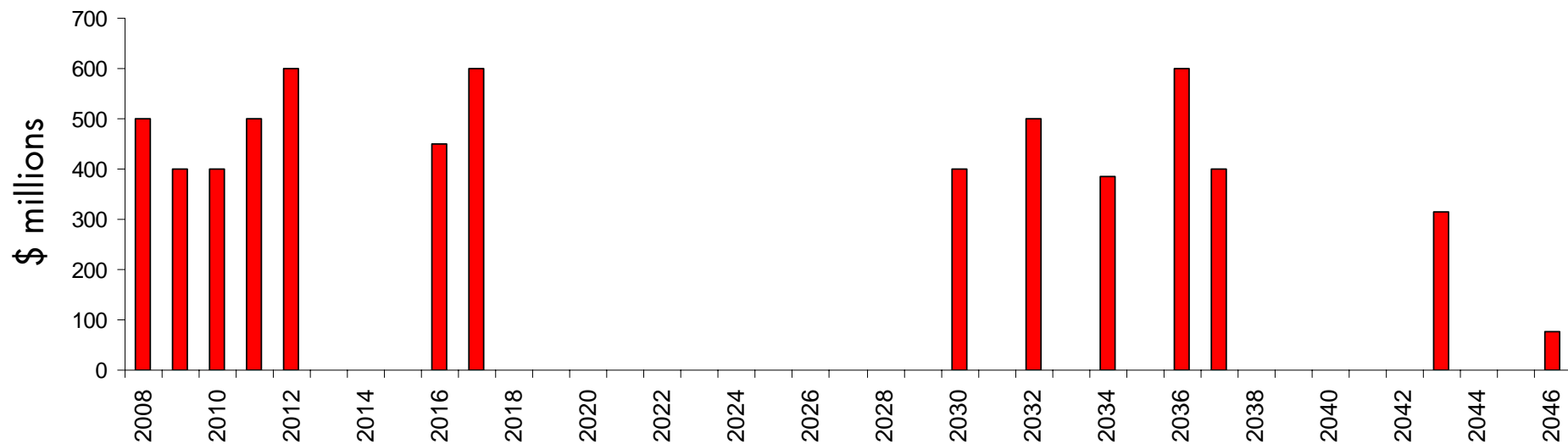
- Borrowing requirements driven by:
  - Debt maturities
  - Non-core capital expenditures
- MTN shelf main platform maturing July/09
  - \$1.65B remaining
- \$1B CP program to bridge requirements

<b>Long-term Credit Ratings</b>	
S&P	A
Moody's	Aa3
DBRS	A (high)

S&P	A
Moody's	Aa3
DBRS	A (high)



# Long-term Debt Maturities



# Summary

---

- 99% regulated – experienced and supportive regulator
- Stable financial performance
- Going forward:
  - Continued focus on core wires business
  - Organic growth opportunities through infrastructure investments
  - Maintain credit quality



# Hydro One Contacts

---

## **Beth Summers**

Chief Financial Officer

Tel. – (416) 345-4008

Email – [beth.summers@hydroone.com](mailto:beth.summers@hydroone.com)

## **Ali R. Suleman**

Vice President and Treasurer

Tel. – (416) 345-6126

Email – [a.suleman@hydroone.com](mailto:a.suleman@hydroone.com)



# HYDRO ONE

