



hydroOne

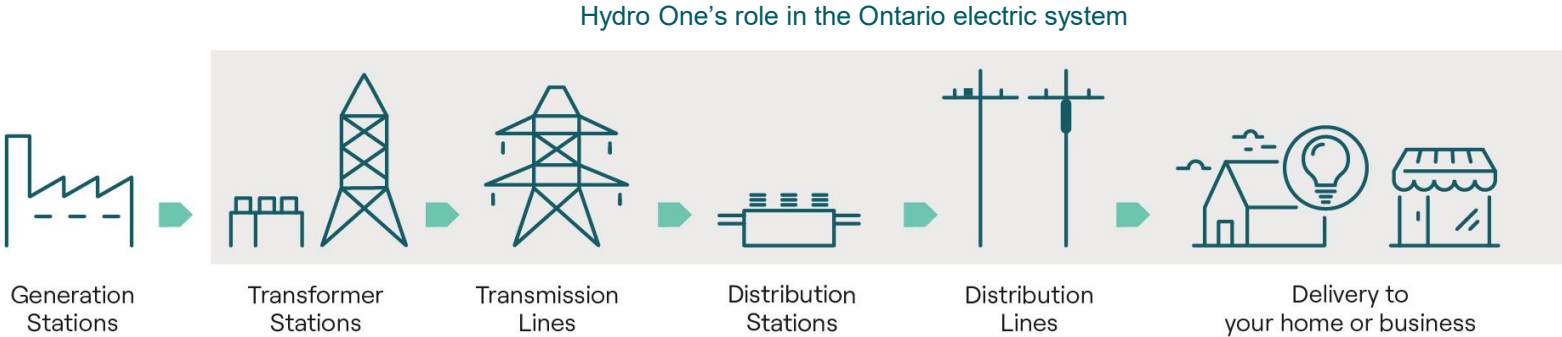
# Investor overview

Post first quarter 2022

# Why invest in Hydro One

A unique low-risk opportunity to participate in the transformation of a premium, large scale regulated electric utility

- One of the largest electric utilities in North America with significant scale and leadership position across Canada's most populated province.
- One of the strongest investment grade balance sheets in the North American utility sector.
- Unique combination of pure-play electric power transmission and local distribution, with no generation or material exposure to commodity prices.
- Stable and growing cash flows with 99% of business fully rate-regulated in a constructive, transparent and collaborative regulatory environment.
- Predictable self-funding organic growth profile with expanding rate base and strong cash flows, together with broad support for refurbishment of aging infrastructure and with ~6% expected rate base CAGR<sup>1</sup>. No external equity required to fund planned growth.
- Transparency in our Environmental, Social and Governance (ESG) reporting.
- Increased \$1.1184 annualized dividend with 70% - 80% target payout ratio.
- Opportunity for continued dividend growth with rate base expansion, continued consolidation and efficiency realization.



~6%	Rate base growth <sup>1</sup>
4-7%	EPS growth over 2019-2022 <sup>2</sup>
~5%	Average annual dividend growth

<sup>1</sup> Subject to change upon approval of Joint Transmission and Distribution Rate Application for 2023 -2027.  
<sup>2</sup> Future guidance to be updated post approval of the Joint Transmission and Distribution Rate Application

# Recent developments

## Organization Priorities

### First Quarter Highlights

- First quarter earnings per share (EPS) of \$0.52 was 15.6% higher compared to EPS of \$0.45 for the same period in 2021.
- EPS for the quarter was higher year over year primarily due to approved rates for the transmission and distribution segments as well as higher peak demand and higher energy consumption, partially offset by higher depreciation, amortization and asset removal costs and higher operating, maintenance and administrative expenses.
- Hydro One commits to meaningful Reconciliation with an industry-leading agreement to provide First Nations with the opportunity to invest in an equity stake in the Waasigan Transmission Line project.
- Hydro One announced grants from its Energizing Life Community Fund for Indigenous communities, charitable organizations, and municipalities.
- Hydro One and Jack.org announced a free mental health discussion for educators and adults to help identify the signs of struggle in young people and access support.
- The Company filed an evidence update on the Joint Rate Application with the Ontario Energy Board (OEB).
- Subsequent to the quarter, the Minister of Energy directed the OEB to amend Hydro One Networks Inc.'s transmission licence to develop four additional transmission lines to meet the growing electricity demand in southwestern Ontario.
- The Company's capital investments and in-service additions for the quarter were \$449 million and \$229 million, respectively, compared to \$527 million and \$157 million in 2021.
- Quarterly dividend declared at \$0.2796 per share, payable June 30, 2022.



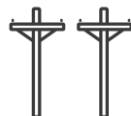
# The value of Hydro One

## ABOUT THE COMPANY

### Transmission & Distribution



~30,000 circuit KMs of transmission lines



Largest Local Distribution Company in Ontario with approximately 1.5 million customers



Combined 2022 Transmission & Distribution Rate Base of \$23.6B<sup>2</sup>

Market Capitalization of ~\$20.2<sup>1</sup> billion

### Regulated and Privatized Operations



99% of revenue from regulated operations

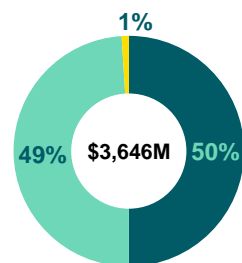


Privatization initiative by Province of Ontario to divest majority stake in Hydro One largely complete with post November 2015 IPO (15%), April 2016 secondary (15%), and May 2017 secondary (20%) offerings

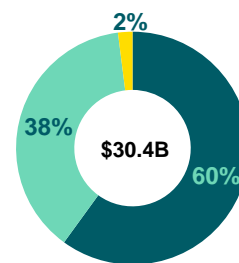
## HOW WE DID IN 2021

■ Transmission ■ Distribution ■ Other

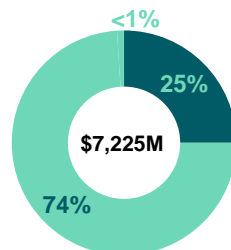
### Revenues Net of Purchased Power<sup>5</sup>



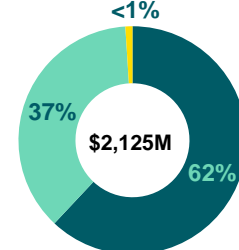
### Total Assets



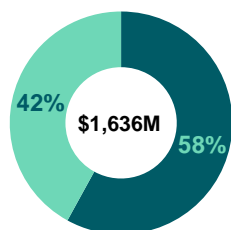
### Revenues



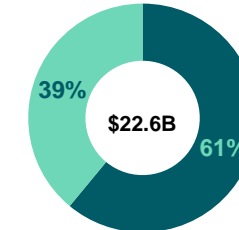
### Capital Investments



### Regulated EBIT<sup>3</sup>



### Rate Base



## WHY INVEST

### Stable Operations



Stable and growing cash flows with 99% of overall revenues fully rate-regulated



No generation or material exposure to commodity prices

### Financial Performance



Predictable self-funding organic growth profile with ~6%<sup>4</sup> expected rate base CAGR



Attractive 70% - 80% target dividend payout ratio

Annualized dividend of \$1.1184 per share



Strong balance sheet with investment grade credit ratings

1) Based on closing share price on March 31, 2022

2) Company estimates subject to change

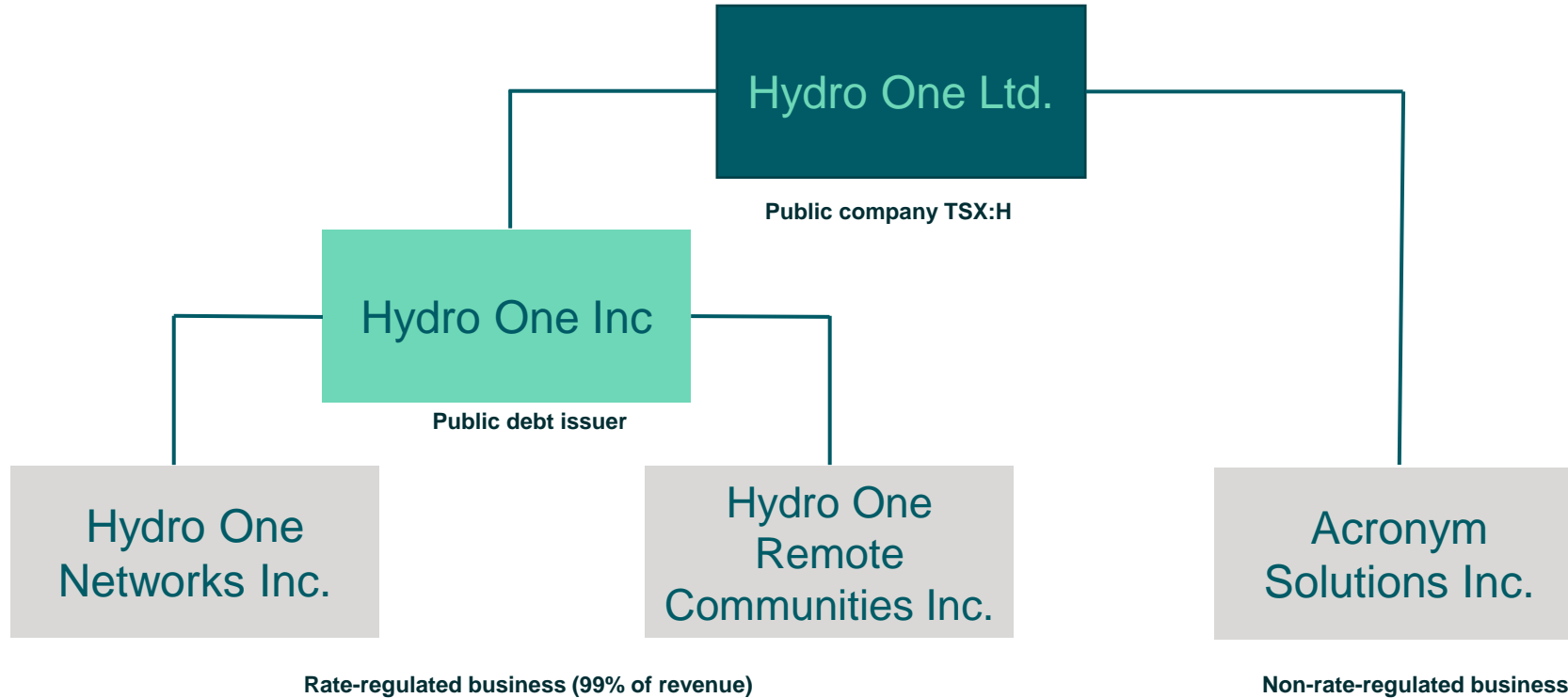
3) Income (loss) before financing charges and income tax expense

4) Subject to change upon approval of the Joint Transmission and Distribution Rate Application for 2023-2027

5) Revenues, net of purchased power is a non-GAAP financial measure. Non-GAAP financial measures do not have a standardized meaning under United States (US) generally accepted accounting principles (GAAP), which is used to prepare the Company's financial statements and accordingly, these measures might not be comparable to similar financial measures presented by other entities. Additional disclosure for these non-GAAP financial measures are incorporated by reference herein and can be found under the section titled "Non-GAAP Measures" in the Company's annual management's discussion and analysis for the year ended December 31, 2021 (Annual MD&A) available on SEDAR under the company's profile at [www.sedar.com](http://www.sedar.com)

# A look at the organization

Corporate structure



# Executive leadership team

A leadership team with strong operational experience committed to achieving efficiencies at Hydro One



**William (Bill) Sheffield**  
Interim President and CEO



**Brad Bowness**  
Chief Information Officer



**Jason Fitzsimmons**  
Chief Corporate Affairs & Customer Care Officer



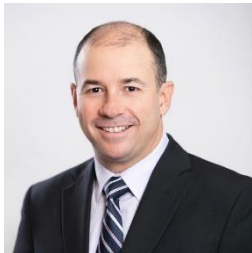
**Lyla Garzouzi**  
Chief Safety Officer



**Paul Harricks**  
Chief Legal Officer



**David Lebeter**  
Chief Operating Officer



**Chris Lopez**  
Chief Financial Officer



**Megan Telford**  
Chief Human Resources Officer

# Hydro One's strategy

Strategic priorities

<p>Plan, design, and build a grid for the future</p> 	<p>Be the safest and most efficient utility</p> 	<p>Be a trusted partner</p> 	<p>Advocate for our customers and help them make informed decisions</p> 	<p>Innovate and grow the business</p> 
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Areas of focus

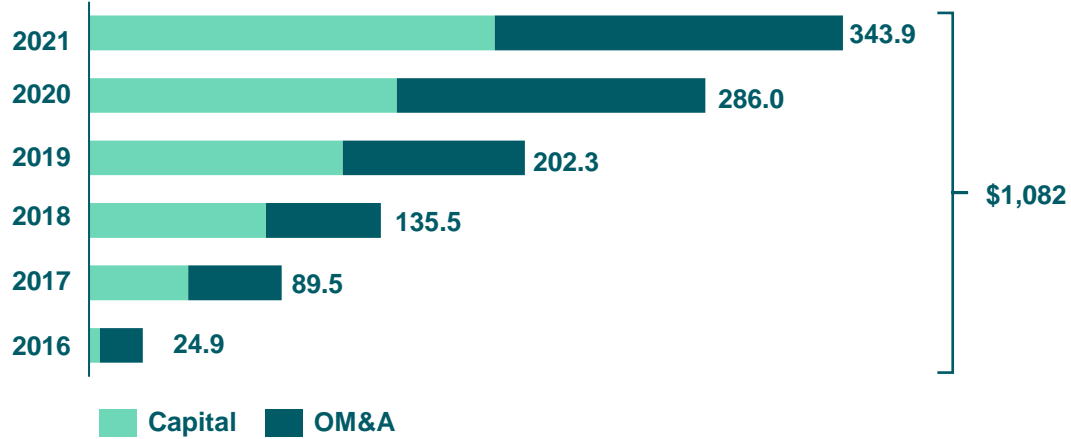
<p>We will plan, design and build a reliable grid taking into account changing technologies to prevent future outages.</p> <p>There will be increased focus on grid resilience in order to restore power after events. Climate change and sustainability factors will be taken into consideration in our planning processes to increase resilience and lower our environmental footprint.</p> <p>We will incorporate distributed energy resources to enable customer choice while delivering exceptional value to customers through best-in-class asset management practices.</p>	<p>We will transform and improve our safety culture through robust safety analytics as well as grass-roots engagement with our employees.</p> <p>Field operations will be more empowered to drive efficiency, productivity and reliability and provided with efficient corporate support.</p> <p>There will be a focus on efficient capital delivery to support an ongoing growing work program.</p>	<p>We will make concerted efforts to build and grow relationships with Indigenous peoples, government and industry partners.</p> <p>We will proactively address community concerns and establish strong partnerships with our customers through local investment and economic development for the benefit of Ontarians.</p>	<p>We will make it easier to do business with Hydro One by strengthening the customer experience through innovative customer centric practices.</p> <p>We will help our customers make informed decisions with deeper insights and leverage our position as energy experts. We will expand access to energy offerings to become the provider of choice to our customers.</p>	<p>We will continue to invest responsibly in our core transmission and distribution business.</p> <p>In addition, we will pursue incremental regulated and unregulated business opportunities through innovation and our focused presence in Ontario.</p>
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Enablers

- A people focus that inspires employees and prepares the right workforce for evolving needs
- A regulatory focus to support our strategic vision
- A technology focus to enhance workforce efficiency

# Achievements and efficiencies

## Paving New Paths in Productivity Savings (\$M)



Generated productivity savings of \$343.9 million in 2021 comprised of \$160.4 million in OM&A and \$183.5 million in capital and totaling approximately \$1.1 billion dollars since 2015



Forestry transformed work execution by streamlining overhead lines and pole inspections – eliminating the cost of the historical line patrol program



Strategic sourcing initiatives led to price reduction for materials and services as a result of consolidating spend across Hydro One and increasing competition among vendors



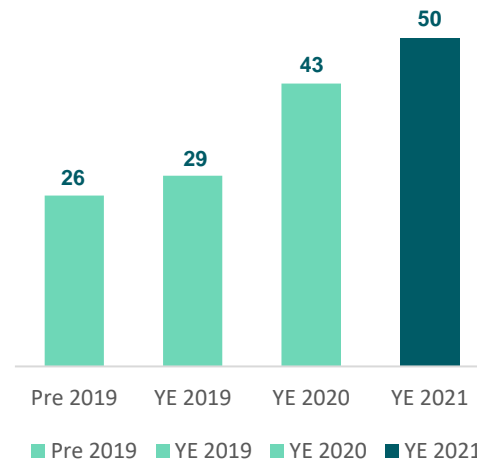
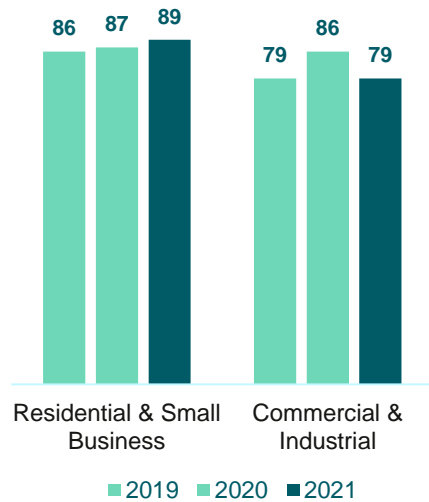
Hydro One leveraged telematics data to identify underutilized fleet equipment leading to fleet optimization



Managed contract cost reduction in IT services. Hydro One leveraged negotiated rate reductions to optimize IT project delivery

## High Customer Satisfaction (%)

## Greening the Fleet





# The regulated business

## Transmission

- Transmission produces reliable cash flow with low volatility under the OEB Custom IR framework
- Hydro One filed a 5-year Custom IR application for Transmission from 2023-2027
- Growing rate base with planned annual capital investments of ~\$1,170 - ~\$1,700 million till 2027<sup>2</sup>
- Current allowed ROE of 8.52% with 40% / 60% deemed equity/debt capital structure through 2022
- Hydro One owns and operates 98% of Ontario's transmission capacity<sup>1</sup>
- Emerging industries and system requirements helping drive expansion of transmission network

**37** LDC customers

**85** Large directly connected industrial customers

**~30,000** Transmission lines (circuit km)

**306** Transmission stations in service

## Distribution

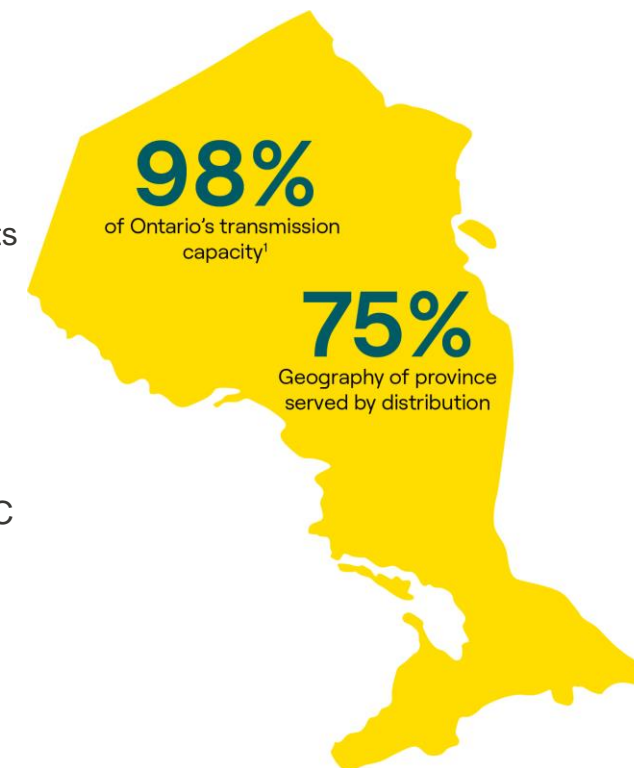
- Distribution is a stable, rate-regulated business operating under OEB's Custom IR framework
- Hydro One filed a 5-year Custom IR application for Distribution from 2023-2027
- Growing rate base with planned annual capital investments of ~\$670 - ~\$1,200 million till 2027<sup>2</sup>
- Current allowed ROE of 9.00% with 40% / 60% deemed equity/debt capital structure through 2022
- OEB decision in place transitioning residential distribution rates to fully fixed
- Orillia, Peterborough, Haldimand, Woodstock, Norfolk LDC acquisitions

over **90** LDC's consolidated since 1999

**~125,000** Distribution lines (circuit KM)

**~1.5M** Distribution end customers

**~1,000** Distribution and regulating stations



1) Based on revenue approved by the OEB  
2) Subject to change upon approval of the Joint Transmission and Distribution Rate Application for 2023-2027

# Electric Local Distribution Company (LDC) consolidation

## Consolidator of Choice

- Hydro One is the largest LDC in Ontario; 55 LDCs are Hydro One transmission or distribution customers
- Hydro One has significant scale in Ontario and serves customers through a distribution system spanning 125,000 circuit kilometers

## Historical Acquisitions

- Hydro One has acquired more than 90 LDCs in Ontario since the year 1999
- Recent acquisitions include Peterborough and Orillia (2020), Woodstock and Haldimand (2015) and Norfolk (2014)

## Synergy Potential

- Hydro One can offer Ontario's fragmented distribution sector significant synergies
- Peterborough, Orillia, Woodstock, Haldimand and Norfolk are anticipated or have realized OM&A savings over 50%

## Addressable Market

- 57 LDCs<sup>1</sup> in Ontario
- Total rate base of approximately \$12B<sup>1</sup>, of which the largest 5 LDCs account for approximately \$9B<sup>1</sup>

## Consolidation Strategy

- Hydro One is focused on engaging communities, municipalities and LDCs as partners in a number of ways
- Hydro One will likely realize greater synergies than other potential acquirers especially if a target is contiguous to Hydro One's existing service territory



## Recently completed transactions

### Orillia Power Distribution Corporation



Transaction closed on September 1, 2020, integrated in June 2021

### Peterborough Distribution Inc.



Transaction closed on August 1, 2020, integrated in June 2021

1) Excluding Hydro One Networks Inc.

# Growth opportunities for the telecom business focus on value-added services



Acronym Client Value Exchange

## Internet & Networks

Network connectivity and access in order to improve the efficiency and security of Client data communications

- Secure SD-WAN
- High Performance Network Broadband Connectivity
- Internet Transit
- Data Centre access
- Microwave Tower space leasing

## Security

Extensive portfolio of cyber-security solutions

- DDoS Shield
- Solutions for Mail, Firewall, Endpoint, Wifi, Switching and SIEM
- Managed Security Services

## Cloud

Platforms, applications and storage pools

- Backup-as-a-Service (Baas)
- Infrastructure-as-a-Service (IaaS)

## Operations

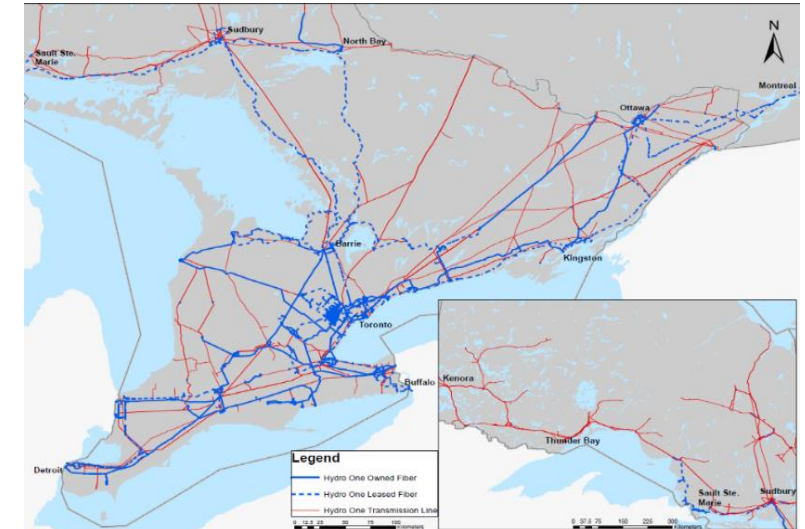
Outsourced operational services that leverage highly specific expertise, resources and manpower to simplify operations and reduce operating expenses

- Network Operations-as-a-Service (NOS)
- Field Operations-as-a-Service (FOS)
- Equipment Spares Management and Network Planning

## Voice & Collaboration

VoIP infrastructure and advanced telephony and collaboration solutions

- SIP Trunking
- Unified Communications as a Service



## The market

- Core connectivity revenues declining; a shift towards cloud connectivity, managed services & security-based services with increasing bandwidth demand
- Canadian telecom market is approx. \$53B (2020) – Enterprise and Wholesale segments represent nearly \$22B of the addressable market with Ontario 43% of the national total

# Sustainability at Hydro One

At Hydro One, we are committed to operating safely in an environmentally and socially responsible manner and to partnering with our customers, community stakeholders and Indigenous communities to build a brighter future for all.

## Approach to sustainability

As a transmission and distribution company, we are focused on three priority areas where we believe we can make the greatest impact.

### People



#### Diversity, Equity and Inclusion

**PRIORITIES**

- Set broader diversity and inclusion hiring goals
- Identify, eliminate and prevent systemic barriers in the workplace

**GOALS**

- Hydro One signed the BlackNorth Initiative Pledge and is committed to achieving 3.5% Black executives and board directors, and 5% Black student hires by 2025.
- As a signatory to the Catalyst Accord, Hydro One is committed to achieving at least 30% female executives and board members.

### Planet



#### Climate Change Mitigation and Adaptation

**PRIORITIES**

- Achieve established targets for GHG reductions
- Continue to include climate change considerations in decisions and plans to ensure grid resiliency

**GOALS**

- Hydro One is committed to achieving net-zero GHG emissions by 2050. We have established a target to achieve a 30% GHG reduction by 2030.
- We plan to convert 50% of our fleet of sedans and SUVs to electric vehicles or hybrids by 2025 and 100% by 2030.

### Community



#### Indigenous and Community Partnerships

**PRIORITIES**

- Continue to support the Ontario economy through partnerships
- Build safe communities by supporting youth initiatives that promote safety training and safe play

**GOALS**

- Hydro One is committed to increasing our Indigenous procurement spend to 5% of the company's purchases of materials and services by 2026.
- As part of our community investment program, we are committed to ensuring that 20% of our corporate donations and sponsorships support Indigenous communities.



# Sustainability at Hydro One

At Hydro One, we are committed to operating safely in an environmentally and socially responsible manner and to partnering with our customers, community stakeholders and Indigenous communities to build a brighter future for all.

## A Sustainable Future for All

- 50% Board of Directors are women, 10% Indigenous, and 10% have a disability (Independent Non-Executive)
- ~\$2.1 billion in capital investments to expand electricity grid and renew and modernize existing infrastructure
- The Canadian Council for Aboriginal Business advanced Hydro One to a Silver level certification in its Progressive Aboriginal Relations program, from our Bronze level in 2017
- Hydro One transmits and distributes electricity that is approximately 94%<sup>1</sup> carbon emission-free and our GHG emissions are estimated to account for only 0.2% of Ontario's total GHG emissions
- In 2020 Hydro One avoided approximately 7,560 tCO<sub>2</sub>e of emissions as a result of renewable energy technology, conservation programs, the expansion of the Ivy network and the increase of customers choosing the e-billing option on their bill
- These avoided emissions are equivalent to a year's exhaust from approximately 2,316 passenger vehicles (2020)
- Designated as a Sustainable Electricity Company by the Canadian Electricity Association
- ~\$58 million total procurement spending with Indigenous businesses – our highest ever spend
- 89% customer satisfaction with our residential and small business customers
- In 2020, ~\$3.1 million in sponsorships and donations in communities where we live and work
- Hydro One recognized as one of the Best 50 Corporate Citizens in Canada by Corporate Knights

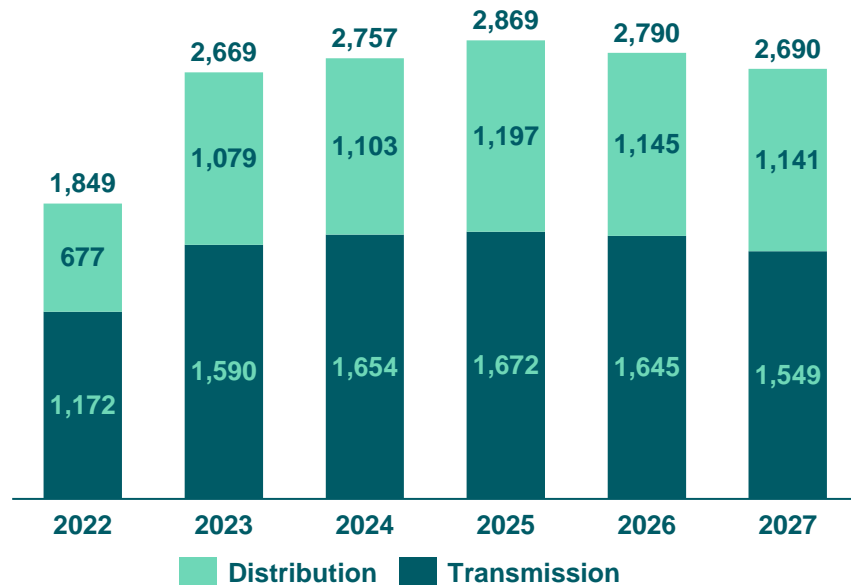
1. The Canadian Energy Regulator has historically been used as the data source for this indicator. Going forward, Hydro One will report on this metric using data provided directly from the Independent Energy System Operator for Ontario.



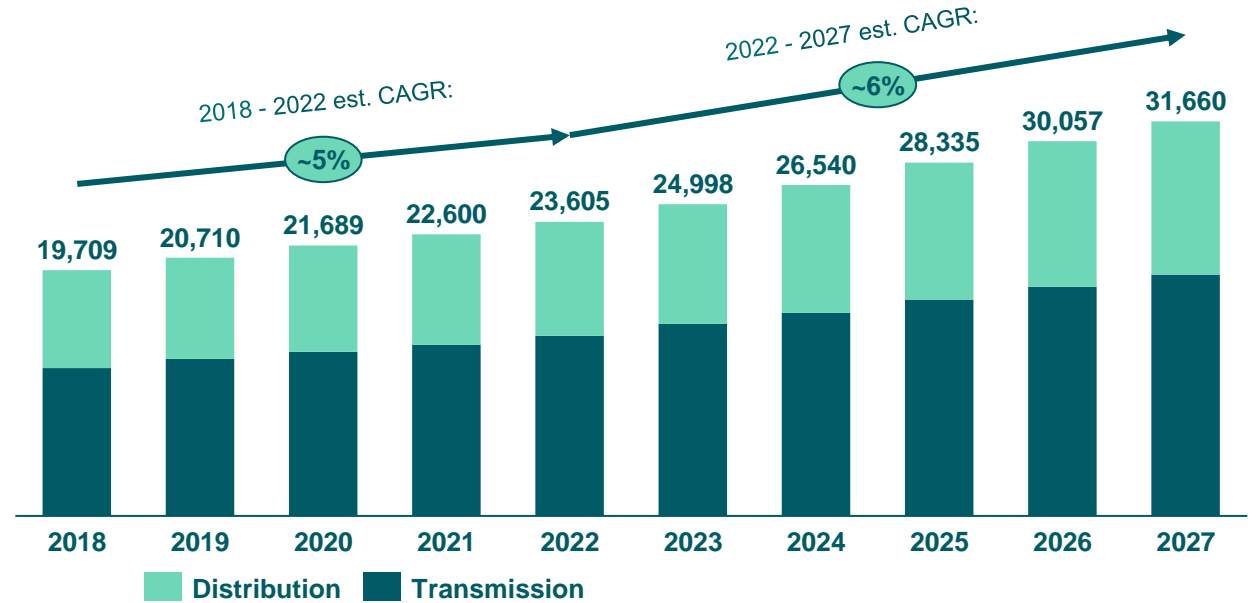
# Capital investment driving rate base growth

Consistent and predictable organic growth profile underpinned by required replacement of aging infrastructure

## Projected Regulated Capital Investments\* (\$M)



## Historical and Projected Rate Base Growth\* (\$M)



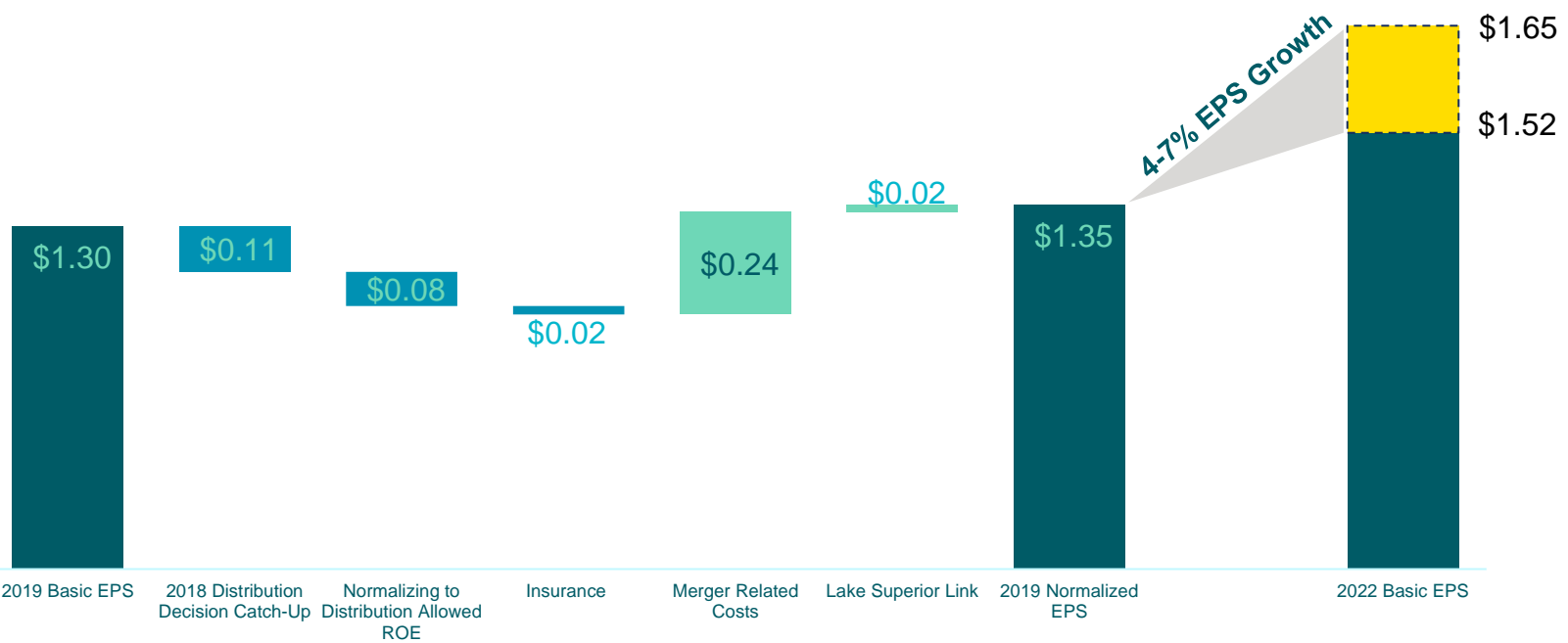
\* Subject to change upon OEB approval of Joint Rate Application for 2023 -2027.

\* Figures include investments in certain development projects of Hydro One Networks not included in the investment plan filed with the JRAP.

## Comments

- Organic growth underpinned by continued rate base expansion to both renew and modernize the grid
- Material amounts of deteriorated, end-of-service life infrastructure must be upgraded or replaced
- Customers supportive of replacing aging infrastructure that is in poor condition
- Equity issuance not anticipated for planned capital investment program which is self-funded

# Affirmed 2022 guidance



- Company estimates subject to change and include amounts from 2018-2022 Approved Distribution Rate Order, and 2020-2022 Approved Transmission Rate Order.
- The forward-looking information in this presentation is based on a variety of factors and assumptions, as described in the 2021 Year End and 2022 First Quarter financial statements and management's discussion and analysis. Actual results may differ materially from those predicted by such forward-looking information.

# Capital investment driving rate base growth

## Leamington Area Transmission Reinforcement<sup>1</sup>



Estimated Total Project Cost: \$525 million

Capital Cost To Date: \$194 million

Anticipated In-Service Date: 2026

The Leamington Area Transmission Reinforcement project consists of the construction of a new double-circuit line between Chatham and Lakeshore and associated transmission stations and connections.

## Lennox Transmission Station Circuit Breaker Replacement<sup>3</sup>



Estimated Total Project Cost: \$152 million

Capital Cost To Date: \$105 million

Anticipated In-Service Date: 2026

Lennox Transmission Station is based in Napanee, Southeastern Ontario. The circuit breaker project is a station sustainment initiative scheduled for completion in 2026.

## East-West Tie Station Expansion<sup>2</sup>



Estimated Total Project Cost: \$181 million

Capital Cost to Date: \$175 million

Anticipated In-Service Date: 2023

The East-West Tie transmission project is a 450 km double-circuit 230 kV transmission line connecting the Lakehead Transfer Station in the Municipality of Shuniah near the city of Thunder Bay to the Wawa Transfer Station located east of the Municipality of Wawa.

<sup>1</sup> The Leamington Area Transmission Reinforcement project consists of the construction of a new double-circuit line between Chatham and Lakeshore and associated transmission stations and connections. The project is in various stages of development and construction, and as such the estimated cost is subject to change. The anticipated in-service dates for the line and stations are between 2022 and 2026.

<sup>2</sup> Due to a revised timeline of project activities, the East-West Tie Station Expansion project is being placed in-service in phases, with the first phase placed in-service in 2021. Hydro One expects that a significant portion of the project will be placed in-service in 2022, with final project in-service expected in 2023.

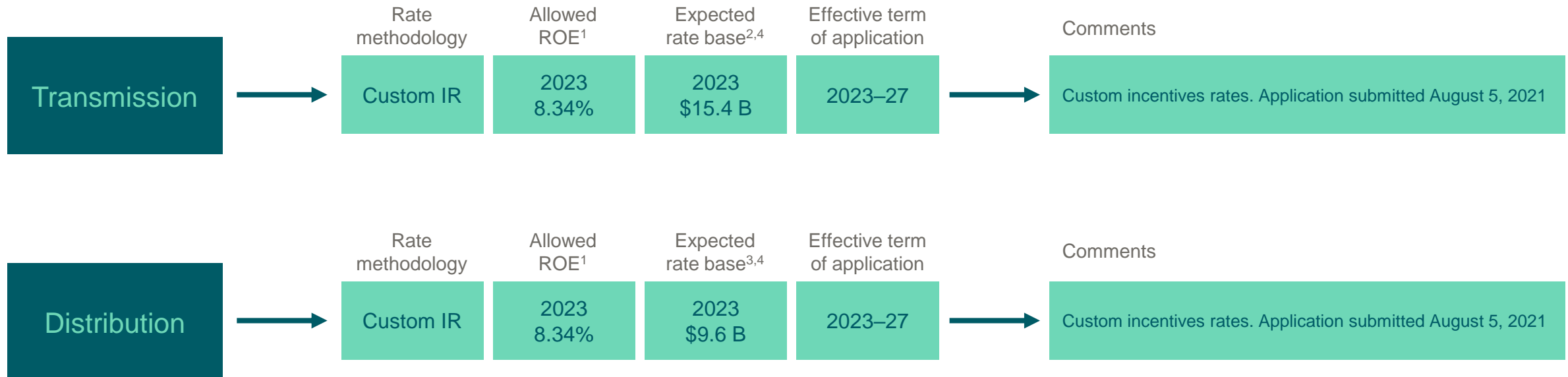
<sup>3</sup> Image below represents a generic circuit breaker, not the particular Lennox Transmission Station project.



# Constructive rate regulator (OEB)

Ontario Energy Board (OEB) is a consistent, independent regulator with a transparent rate-setting process

- Transmission and Distribution businesses rate-regulated by the OEB
- Deemed debt / equity ratio of 60% / 40% for both transmission and distribution segments
- Reduced regulatory lag through forward-looking test years, revenue decoupling and adjustment mechanisms
- Joint Rate Application (JRAP) submitted August 5, 2021 for transmission and distribution under the OEB’s Custom Incentive Rate Making model for 2023 – 2027 (5-year term)
- Evidence updated on March 31, 2022 to reflect current market conditions.



1. Allowed ROE for 2023 for Transmission and Distribution is a placeholder as submitted in the Application until Q4 of 2022 when the OEB will release the final ROE.  
 2. Transmission rate base includes 100% of B2M LP, Niagara Reinforcement Limited Partnership and Hydro One Sault Ste. Marie Limited Partnership.  
 3. Distribution Rate Base includes recent LDC acquisitions (Peterborough Distribution Inc., Orillia Power Distribution Corporation) and Hydro One Remote Communities  
 4. Reflects updated inflationary assumptions for JRAP filed with the OEB on March 31, 2022.

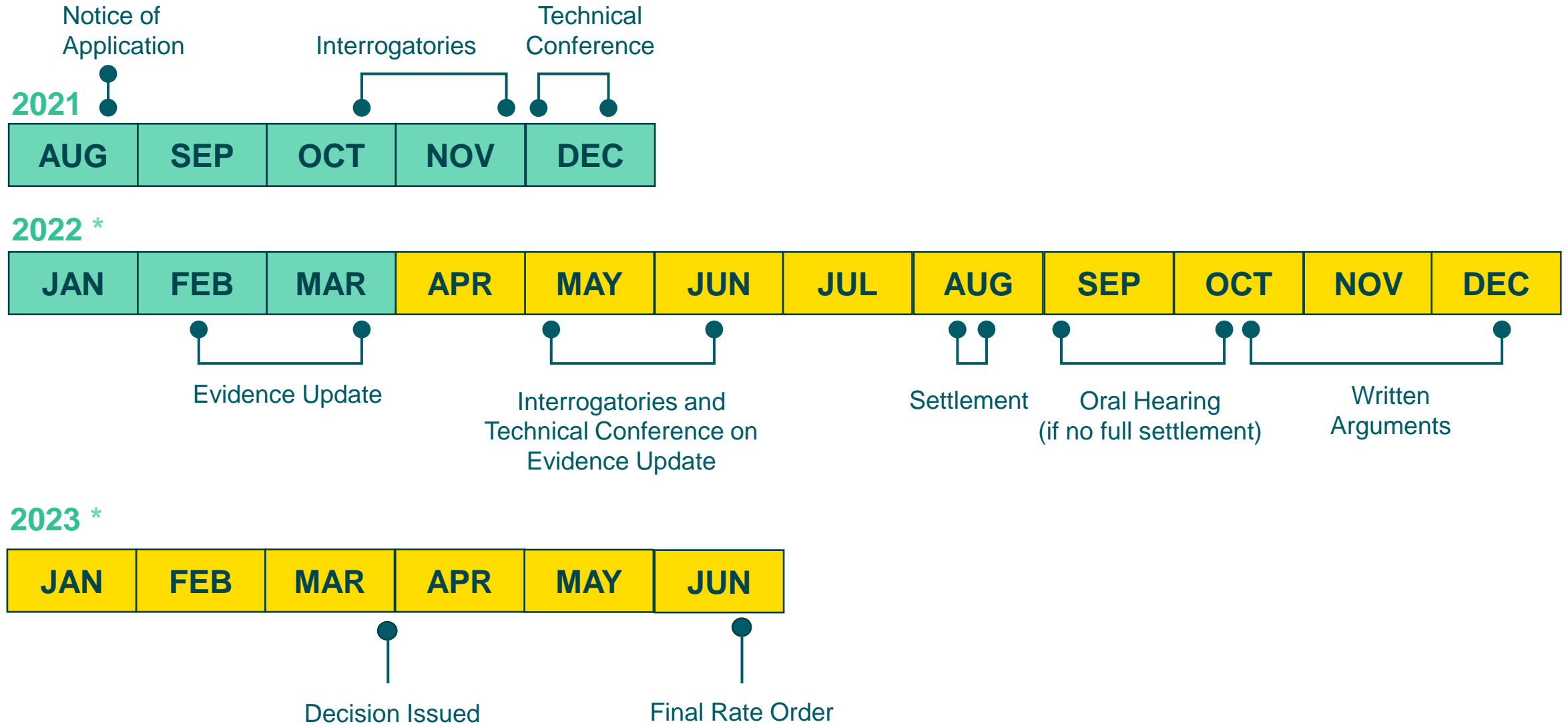
# JRAP – Segmented incentive regulatory construct

The transition from cost of service to incentive based regulatory model coincident with transformation of business will create value for both customers and shareholders

	Distribution Updated (as of March 31, 2022) <sup>1</sup> 2023-2027					Transmission Updated (as of March 31, 2022) <sup>1</sup> 2023-2027				
Rebasing Year	2023					2023				
Revenue Requirement Determined By	Custom Revenue Cap Index (RCI) by Component (%)					Custom Revenue Cap Index (RCI) by Component (%)				
	(A) Inflation Adjustment Factor					(A) Inflation Adjustment Factor				
	(B) Less: Productivity Stretch Factor Offset					(B) Less: Productivity Stretch Factor Offset				
	(C) Add: Capital Factor <sup>2</sup>					(C) Add: Capital Factor <sup>2</sup>				
	(D) Equals: Custom Revenue Cap Index Total					(D) Equals: Custom Revenue Cap Index Total				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
(A)	2023	2.20%	2.20%	2.20%	2.20%	(A)	2.00%	2.00%	2.00%	2.00%
(B)	revenue requirement of \$1,669 million	(0.30%)	(0.30%)	(0.30%)	(0.30%)	(B)	2023 revenue requirement of \$1,849 million	(0.00%)	(0.00%)	(0.00%)
(C)		3.15%	2.60%	3.70%	2.74%	(C)		4.43%	2.82%	3.79%
(D)		<b>5.05%</b>	<b>4.50%</b>	<b>5.60%</b>	<b>4.64%</b>	(D)		<b>6.43%</b>	<b>4.82%</b>	<b>5.79%</b>
Earnings Sharing Method	50% of earnings that exceed allowed ROE by more than 100 basis points in any year of the term of the filing is shared with customers									
Allowed ROE <sup>3</sup>	8.34% through test years (2023-2027)					8.34% through test years (2023-2027)				
Effective Rate Setting	January 1, 2023					January 1, 2023				

1. Source: 2023-2027 Distribution and Transmission Revenue Requirement, Custom Revenue Cap Index Parameters and ROE as updated in March 31, 2022 filing. Any figures shown here are made under the Joint Rate Application Plan filing and are subject to OEB approval.  
 2. The capital factor will be adjusted each year depending on changes to inflation to ensure that Hydro One recovers the OEB-approved capital related revenue requirement adjusted for productivity. The Capital Factor will be recalculated to reflect any changes due to inflation.  
 3. Allowed ROE for 2023 for Transmission and Distribution is a placeholder as submitted in the Application until Q4 of 2022 when the OEB will release the final ROE.

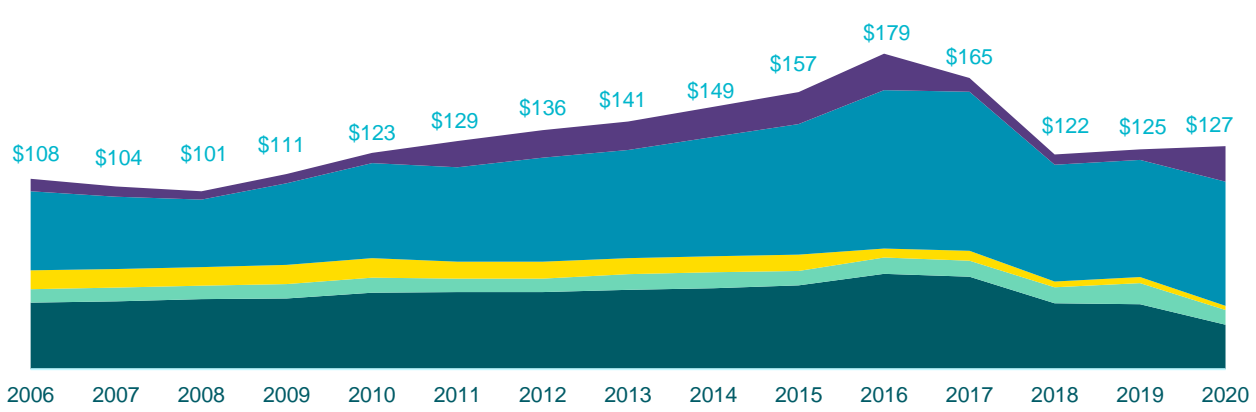
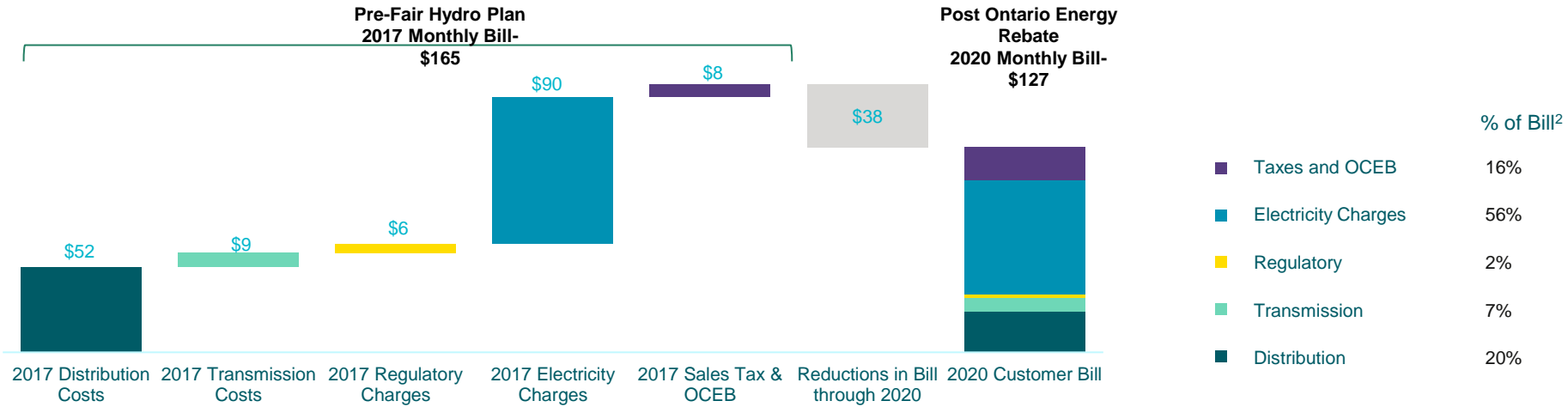
# JRAP – Expected next steps



\* Procedural steps set out by OEB in Procedural Order No. 5 dated April 14, 2022

# Reducing our customer bills

Since 2017, typical Hydro One residential customer bills have decreased on average from \$165 to \$127 per month



Category	Pre-Fair Hydro Plan CAGR <sup>1</sup> 2006-2017	Post Ontario Energy Rebate CAGR <sup>1</sup> 2006-2020
Taxes and OCEB	1.0%	10.1%
Energy Charges	6.6%	3.0%
Regulatory	(5.4%)	(10.4%)
Transmission	1.4%	0.1%
Distribution	3.0%	(3.3%)
		Electricity & other charges
		Hydro One's Portion

Year	Annual changes to customer bill
2006	
2007	(4.0%)
2008	(2.5%)
2009	9.6%
2010	10.8%
2011	5.5%
2012	4.8%
2013	3.6%
2014	5.9%
2015	5.6%
2016	13.9%
2017	(7.7%)
2018	(26.3%)
2019	2.4%
2020	1.5%

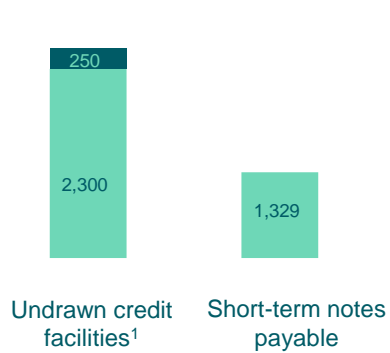
Note: The charts represent the breakdown of a typical bill for a Hydro One medium-density residential local distribution end customer using 750 kWh a month. Subject to update upon effective rate setting.  
 1) OCEB is an abbreviation for the Ontario Clean Energy Benefit  
 2) Bill composition total to more than 100% due to rounding  
 3) Compounded Annual Growth Rate

# Strong balance sheet and liquidity

(as at March 31, 2022)

Investment grade balance sheet with one of lowest debt costs in utility sector

## Significant available liquidity (\$M)



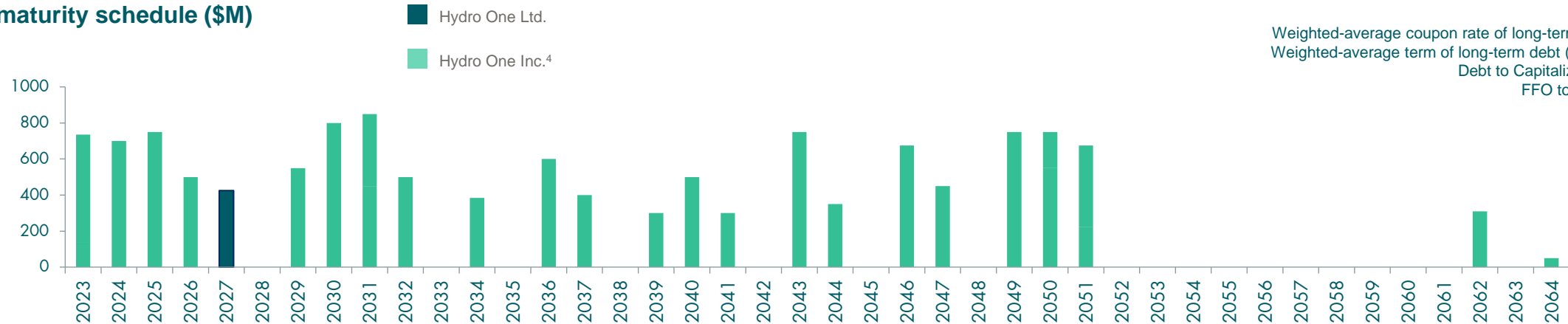
## Strong investment grade debt ratings (long-term/short-term/outlook)

	Hydro One Ltd. (HOL)	Hydro One Inc. (HOI)
<b>S&amp;P</b>	BBB+ / n/a / stable	A- / A-1 (low) / stable
<b>DBRS</b>	A / n/a / stable	A (high) / R-1 (low) / stable
<b>Moody's</b>	n/a	A3 / Prime-2 / stable

## Shelf registrations

<b>HOL</b> Universal shelf <sup>2</sup> \$2.0B
<b>HOI</b> Medium term note shelf <sup>3</sup> \$4.0B

## Debt maturity schedule (\$M)

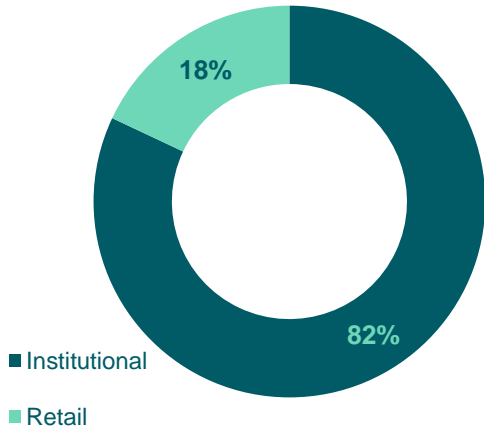


Weighted-average coupon rate of long-term debt: 3.8%  
 Weighted-average term of long-term debt (years): 15.2  
 Debt to Capitalization<sup>5</sup>: 56.4%  
 FFO to Debt<sup>6</sup>: 14.7%

1. In January 2022, Hydro One successfully amended its Operating Credit Facilities to add Sustainability Linked Pricing to incorporate environmental, social and governance (ESG) targets.  
 2. In August 2020, HOL filed the Universal Base Shelf Prospectus with securities regulatory authorities in Canada, which allows it to offer, from time to time in one or more public offerings, up to \$2.0 billion of debt, equity or other securities, or any combination thereof, and expires in September 2022. At March 31, 2022, \$1.575 billion remained available for issuance under the Universal Base Shelf Prospectus.  
 3. In April 2020, Hydro One Inc. (HOI) filed a Medium Term Note (MTN) Program prospectus, which has a maximum authorized principal amount of notes issuable of \$4.0 billion, expiring in May 2022. At March 31, 2022, \$1.9 billion remained available for issuance under the MTN Program prospectus. A new MTN Program prospectus is expected to be filed in the first half of 2022.  
 4. Includes long-term debt of Hydro One Sault Ste. Marie LP, a subsidiary of Hydro One Inc., in the principal amount of \$136 million due in 2023.  
 5. Debt to capitalization is a non-GAAP ratio. Non-GAAP ratios do not have a standardized meaning under GAAP used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities. See the section titled "Non-GAAP Measures" in the MD&A for a discussion of this non-GAAP ratio and its component elements. Debt to capitalization ratio has been calculated as total debt (including total long-term debt and short-term borrowings, net of cash and cash equivalents) divided by total debt plus total shareholders' equity, but excluding any amounts related to noncontrolling interest. Management believes that the debt to capitalization ratio is helpful as a measure of the proportion of debt in the Company's capital structure.  
 6. FFO to Debt is a non-GAAP ratio. Non-GAAP ratios do not have a standardized meaning under US GAAP used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities. FFO to Debt has been calculated as: FFO for the last twelve months ending March 31, 2022 divided by total debt (including total long-term debt, and short-term borrowings, net of cash and cash equivalents). Management believes this is a helpful ratio because Management believes that FFO is helpful as a supplemental measure of the Company's operating cash flows as it excludes timing-related fluctuations in non-cash operating working capital and cash flows not attributable to common shareholders. As such, management believes that FFO provides a consistent measure of the cash generating performance of the Company's assets. See the section titled "Non-GAAP Measures" in the MD&A for a discussion of the component elements.

# Equity market cap overview

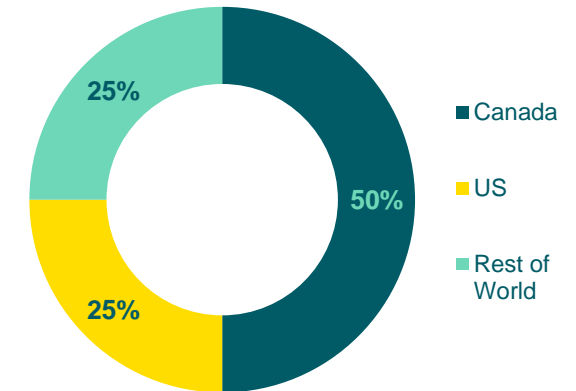
## Approximate Ownership of Public Float<sup>2</sup>



## Equity Index Inclusions

S&P/TSX Composite Index	S&P/TSX Composite Dividend Index	FTSE All-World (Canada)
S&P/TSX 60 Index	S&P/TSX Composite High Dividend Index	MSCI World (Canada)
S&P/TSX Utilities Index	S&P/TSX Composite Low Volatility Index	Dow Jones Canada Select Utilities

## Approximate Geographic Dispersion of Public Float



### Comments

- ~598.3 million common shares outstanding, listed on Toronto Stock Exchange (TSX: H)
- Equity market capitalization of ~\$20.2 billion and public float of ~\$10.6 billion
- Equity market capitalization amongst the top 50 of all listed Canadian companies

(1) Based on closing share price on March 31, 2022

(2) Provincial Government ownership as at March 31, 2022 was 47.2%

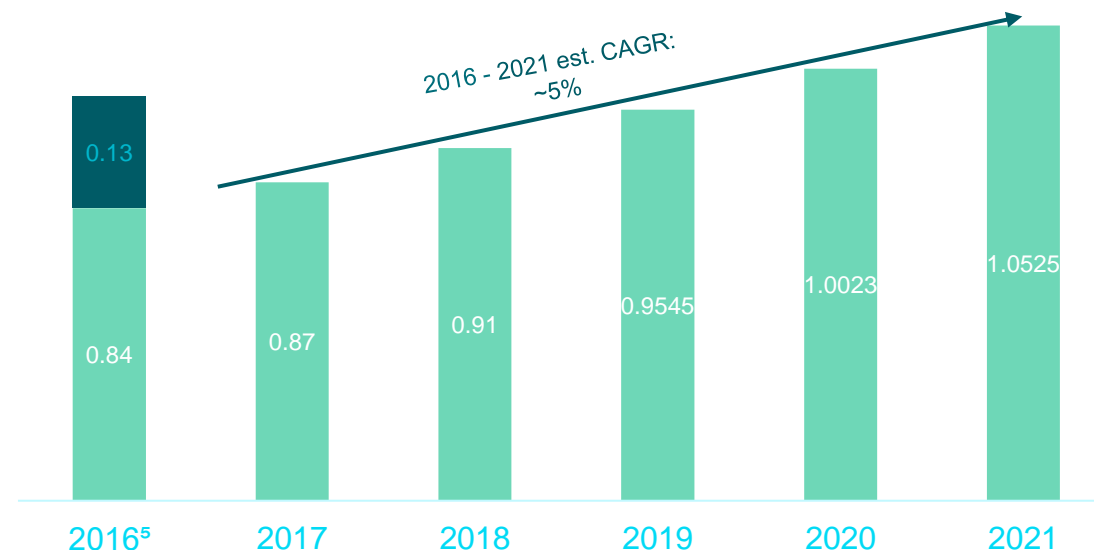
# Common share dividends

## Key Points

- Quarterly dividend declared at \$0.2796 per common share (\$1.1184 annualized)
- Targeted dividend payout ratio remains at 70% - 80% of net income
- Attractive and growing dividend supported by stable, regulated cash flows and planned rate base growth
- No equity issuance anticipated to fund planned capital investment program
- Non-dilutive dividend reinvestment plan (DRIP) was implemented post IPO (shares purchased on open market, not issued from treasury)

Dividend Statistics	
Yield <sup>1</sup>	3.3%
Annualized Dividend <sup>2 3</sup>	\$1.1184 / share

## A Growing and Sustainable Dividend<sup>4</sup>



### Expected Quarterly Dividend Dates<sup>3</sup>

Declaration date	Record date	Payment date
May 4, 2022	June 8, 2022	June 30, 2022
August 8, 2022	September 14, 2022	September 29, 2022
November 10, 2022	December 14, 2022	December 31, 2022

1. Based on closing share price on March 31, 2022. Yield is based on annualized dividend.  
 2. Unless indicated otherwise, all common share dividends are designated as "eligible" dividends for the purpose of the Income Tax Act (Canada)  
 3. All dividend declarations and related dates are subject to Board approval.  
 4. Denotes annual cash dividends paid  
 5. The first common share dividend declared by Hydro One Ltd. following the November 5, 2015 initial public offering of its common stock included 13 cents for the post IPO fourth quarter period of November 5 through December 31 2015.

# Appendix





# JRAP - Investments: Transmission

## Maintaining the System

- Reinvesting in existing infrastructure to maintain the health of the system, sustain performance and address safety and environmental risk.



~\$3.6B<sup>1</sup> to address **station assets**, including those which link major generation resources to major load centers and those that serve electric Local Distribution Companies (LDCs) and large industrial facilities



~\$2.0B<sup>1</sup> to address **lines assets**, which serve smaller towns, First Nations communities and businesses, pipeline compressor stations, and large load facilities such as mines and paper mills



1. Reflects updated inflationary assumptions (Exhibit O-1-2) filed with the OEB on March 31, 2022. The original values were ~\$3.5B and ~\$1.9B respectively based on evidence filed in the JRAP Transmission System Plan (dated Aug 5, 2021).

# JRAP - Investments: Distribution

## New Infrastructure:



**Modernize infrastructure** to detect, repair & restore power quicker (**improving reliability by ~25%** by 2027).



Significant investments to **accommodate increase in regional load demand** (e.g. **\$170 million in the Leamington area** to support the growth of the greenhouse sector, in addition to over \$200 million invested through 2022).

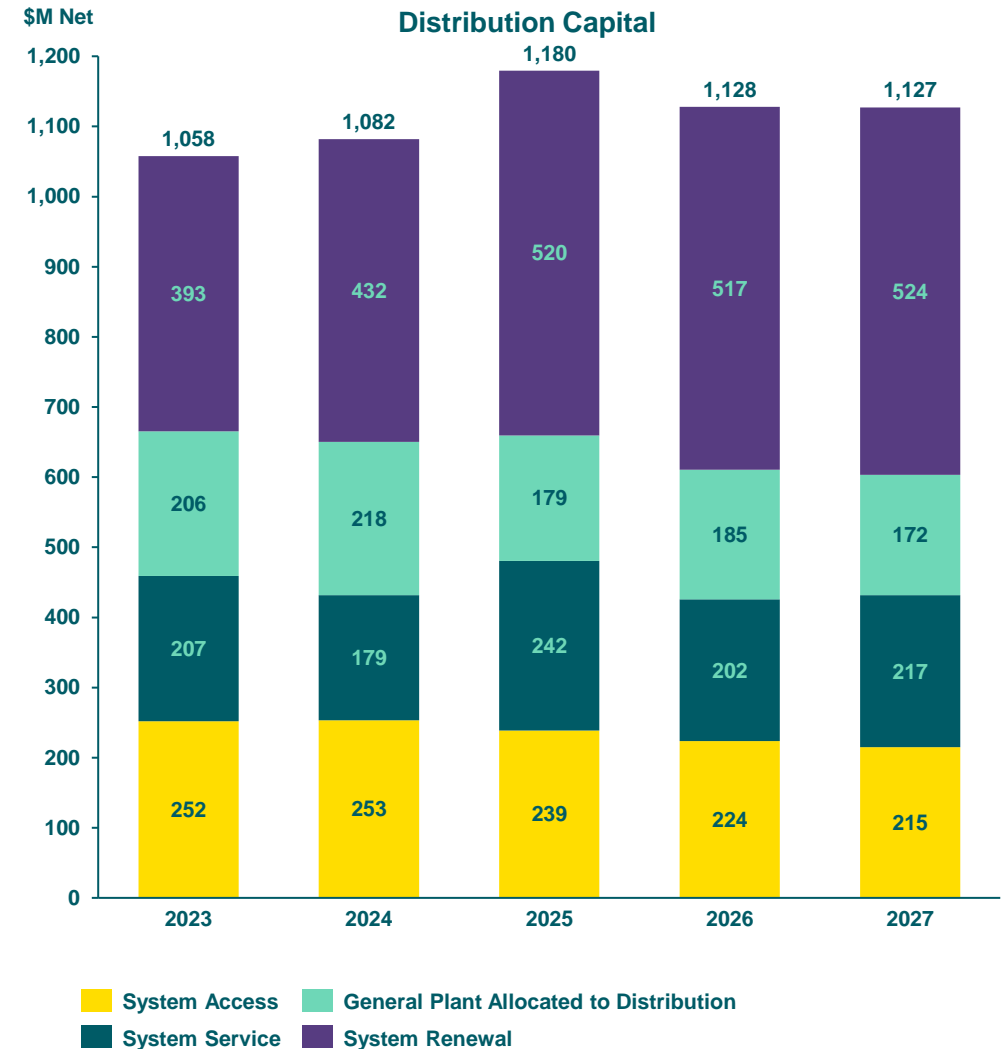
## Maintaining the System:



**Over \$590 million to address poor condition wood poles** to **maintain overall health** of system, reduce likelihood of extended outages and **enable broadband**.



**Mass meter and network replacement** is planned over a **5-year period** beginning in 2023



Note: Reflects updated inflationary assumptions filed with the OEB on March 31, 2022.

# JRAP - Cost of plan<sup>1</sup>

Hydro One's plan will see the typical customer's bill increase by

**less than expected inflation.**

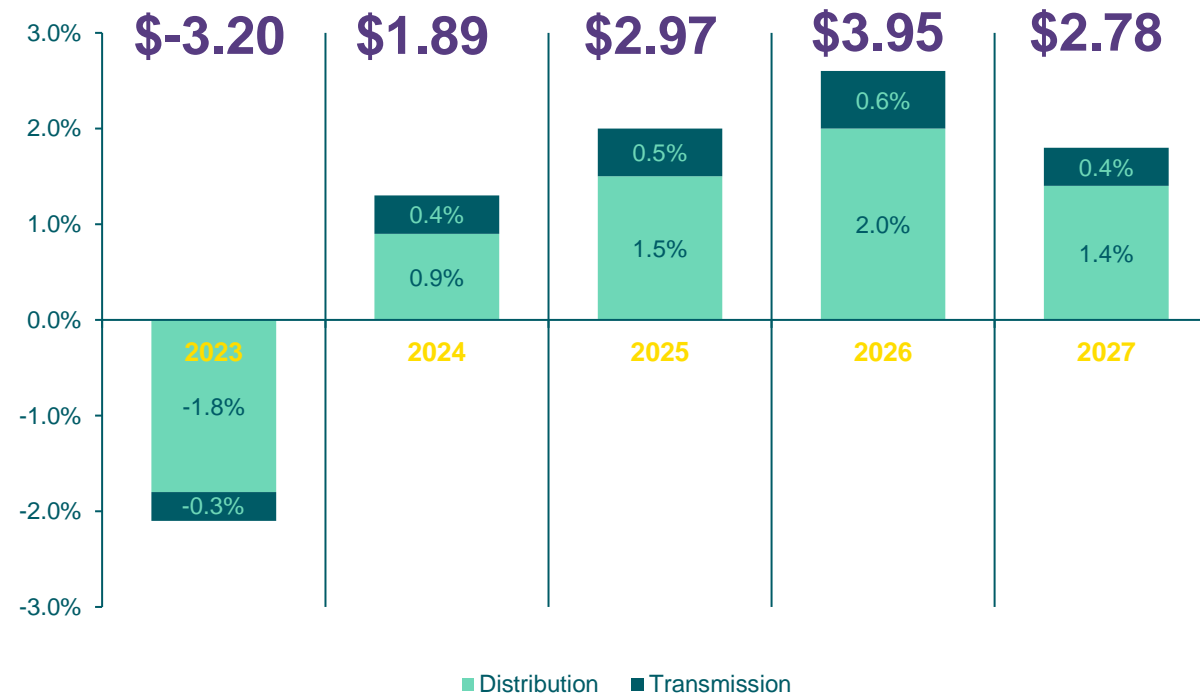
A typical residential customer's monthly bill will increase by an average of

**\$1.68**

each year over the five-year period.

## Investment Cost

Average Residential Monthly Bill



1. As filed in the Joint Rate Application. In its March 31, 2022 update, Hydro One proposed to defer recovery of the incremental revenue requirement associated with updated inflation assumptions and the incremental revenue requirement equal to the revenue deficiency arising from the update to Hydro One's load forecasts. As a result of the proposed revenue deferral, the rate impacts for customers are not expected to materially change relative to what was filed in the JRAP.

# Current Rate Periods - Constructive rate regulator (OEB)

Consistent, independent regulator with a transparent rate-setting process

- Transmission and Distribution businesses rate-regulated by the OEB
- Deemed debt / equity ratio of 60% / 40% for both transmission and distribution segments
- Reduced regulatory lag through forward-looking test years, revenue decoupling and adjustment mechanisms
- Received a decision for distribution rates under the OEB’s Custom Incentive Rate Making model on March 7, 2019 for 2018 – 2022 (5-year term)
- Received a decision on transmission revenue requirement under the OEB’s Custom Incentive Rate Making model on April 23, 2020, for 2020 – 2022 (3-year term)

	Current rate methodology	Allowed ROE	Expected rate base <sup>1</sup>	Effective term of application	Comments
<b>Transmission</b>	Custom IR	2022 8.52%	2022 \$14.5 B	2020–22	Custom incentives rates. Decision for 2020-2022 transmission revenue requirement received. 2021 annual update approved in Q4 of 2020 to reflect the latest inflation assumptions.
<b>Distribution</b>	Custom IR	2022 9.00%	2022 \$9.2 B	2018–22	Custom incentive rates. Decision for 2018-2022 distribution rates received. 2021 annual update approved in Q4 of 2020 to reflect the latest inflation assumptions.

1. Transmission rate base includes 100% of B2M LP, Niagara Reinforcement Limited Partnership and Hydro One Sault Ste. Marie Limited Partnership.  
 2. Distribution rate base includes recent LDC acquisitions (Peterborough Distribution Inc., Orillia Power Distribution Corporation) and Hydro One Remote Communities

# Current - Segmented incentive regulatory construct

The transition from cost of service to incentive based regulatory model coincident with transformation of business will create value for both customers and shareholders

	Distribution OEB Approved 2018-2022					Transmission OEB Approved 2020-2022				
Rebasing Year	2018					2020				
Revenue Requirement Determined By <sup>1,2,3,4,5,6,7:</sup>	Custom Revenue Cap Index (RCI) by Component (%)					Custom Revenue Cap Index (RCI) by Component (%)				
		(A) Inflation Adjustment Factor <sup>8</sup>					(A) Inflation Adjustment Factor <sup>8</sup>			
		(B) Less: Productivity Stretch Factor Offset					(B) Less: Productivity Stretch Factor Offset			
		(C) Add: Capital Factor					(C) Add: Capital Factor			
		(D) Equals: Custom Revenue Cap Index Total					(D) Equals: Custom Revenue Cap Index Total			
		2018	2019	2020	2021	2022	2020	2021	2022	
	(A)	1.50%	2.00%	2.20%	3.30%	(A)	2.00%	2.50%		
	(B)	2018 revenue requirement of \$1,459 million	(0.45%)	(0.45%)	(0.45%)	(0.45%)	(B)	2020 revenue requirement of \$1,630 million	(0.30%)	(0.30%)
	(C)		1.65%	1.21%	1.95%	1.85%	(C)		2.88%	2.70%
	(D)		<b>2.70%</b>	<b>2.76%</b>	<b>3.70%</b>	<b>4.70%</b>	(D)		<b>4.58%</b>	<b>4.90%</b>
Earnings Sharing Method	50% of earnings that exceed allowed ROE by more than 100 basis points in any year of the term of the filing shared with customers									
Allowed ROE	9.00% through test years (2018-2022)					8.52% through test years (2020-2022)				
Effective Rate Setting	May 1, 2018					January 1, 2020				

1. Source: Distribution RCI as filed in Hydro One's Draft Rate Order dated April 2019, as updated in the 2020 Annual Update dated August 2019.  
2. Source: Transmission RCI as filed in Hydro One's Draft Rate Order dated May 28, 2020.  
3. Source: Distribution RCI for 2020 based on annual update dated November 2019.  
4. Source: Distribution RCI for 2021 based on annual update dated November 2020.  
5. Source: Transmission RCI for 2021 based on annual update dated November 2020.  
6. Source: Distribution RCI for 2022 based on annual update dated December 2021.  
7. Source: Transmission RCI for 2022 based on annual update dated December 2021.  
8. Inflation Adjustment Factor is updated annually for Transmission and Distribution.

# 1Q22 Financial summary

First Quarter

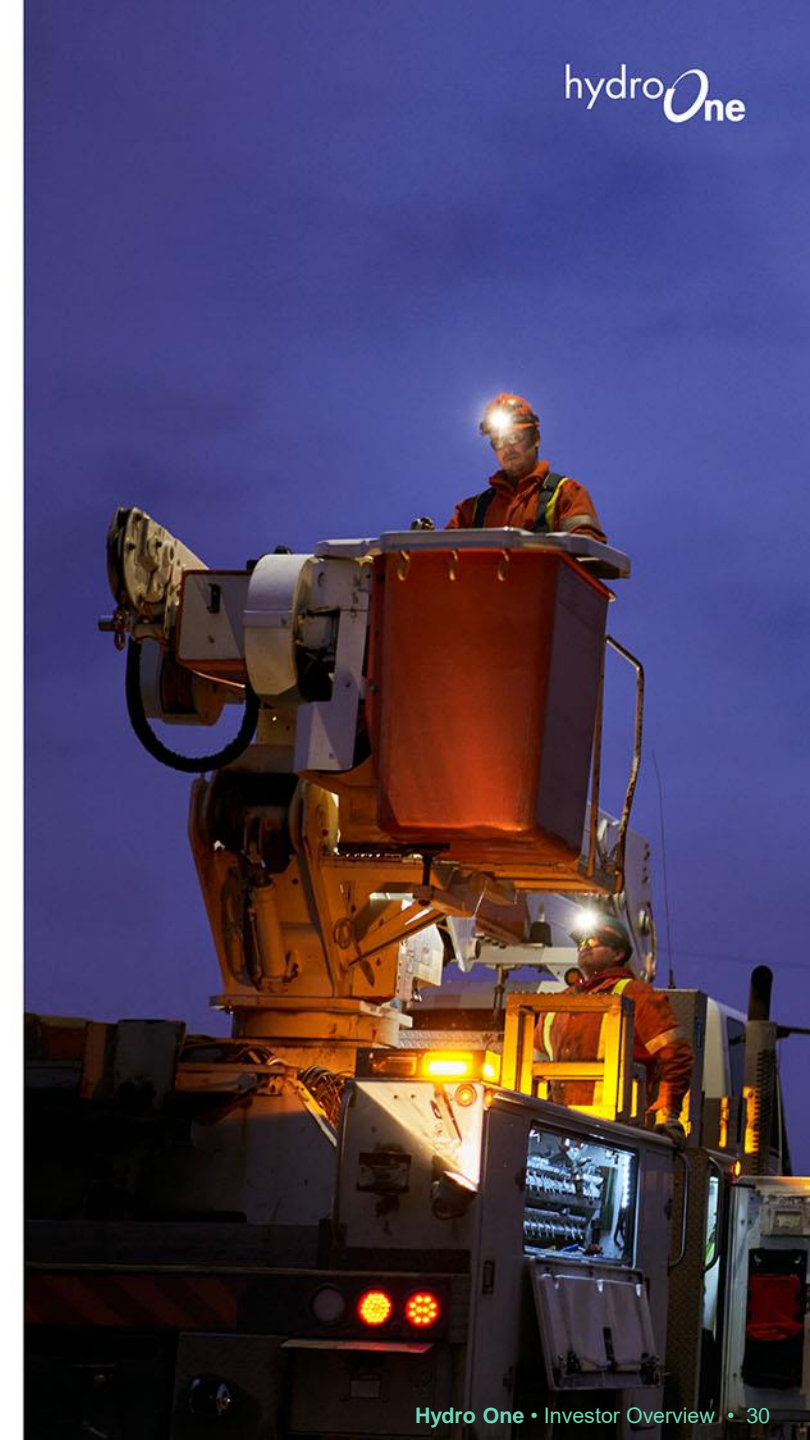
Year End

(millions of dollars, except EPS)	2022	2021	% Change	2021	2020	% Change
<b>Revenue</b>						
Transmission	519	448	15.8%	1,824	1,740	4.8%
Distribution	1,517	1,354	12.0%	5,359	5,507	(2.7)%
Distribution Revenues(Net of Purchased Power) <sup>2</sup>	503	460	9.3%	1,780	1,653	7.7%
Other	11	9	22.2%	42	43	(2.3)%
Consolidated	2,047	1,811	13.0%	7,225	7,290	(0.9)%
Consolidated (Net of Purchased Power)	1,033	917	12.6%	3,646	3,436	6.1%
OM&A Costs	288	282	2.1%	1,112	1,070	3.9%
<b>Earnings before financing charges and income taxes (EBIT)</b>						
Transmission	295	229	28.8%	942	890	5.8%
Distribution	222	193	15.0%	694	617	12.5%
Other	(9)	(10)	10.0%	(24)	(25)	4.0%
Consolidated	508	412	23.3%	1,612	1,482	8.8%
Net income <sup>1</sup>	310	268	15.7%	965	1770	(45.5)%
Adjusted net income <sup>1,2</sup>	310	268	15.7%	965	903	6.9%
Basic EPS	\$0.52	\$0.45	15.6%	\$1.61	\$2.96	(45.6)%
Basic Adjusted EPS <sup>1,2</sup>	\$0.52	\$0.45	15.6%	\$1.61	\$1.51	6.6%
Capital investments	449	527	(14.8)%	2,125	1,878	13.2%
<b>Assets placed in-service</b>						
Transmission	120	48	150.0%	1,008	948	6.3%
Distribution	105	106	(0.9)%	738	684	7.9%
Other	4	3	33.3%	11	7	57.1%
<b>Total assets placed in-service</b>	<b>229</b>	<b>157</b>	<b>45.9%</b>	<b>1,757</b>	<b>1,639</b>	<b>7.2%</b>

Financial Statements reported under U.S. GAAP

1. Net income is attributable to common shareholders and is after non-controlling interest, and dividends to preferred shareholders

2. Revenues, Net of Purchased Power, Adjusted Net Income and Basic Adjusted EPS are non-GAAP financial measures. Non-GAAP financial measures do not have a standardized meaning under US GAAP, which is used to prepare the Company's financial statements and accordingly, these measures might not be comparable to similar financial measures presented by other entities. Additional disclosure for these non-GAAP financial measures are incorporated by reference herein and can be found under the section titled "Non-GAAP Measures" in the Annual MD&A of Hydro One Limited for the year ended December 31, 2021 available on SEDAR under the company's profile at www.sedar.com



# Regulatory stakeholders



**Who:** Provincial Government, Ministry of Energy  
**What:** Policy, legislation, regulations



**Who:** Ontario Energy Board (OEB)  
**What:** Independent electric utility price and service quality regulation



**Who:** Independent Electricity System Operator  
**What:** Wholesale power market rules, intermediary, North American reliability standards



**Who:** Canadian Energy Regulator  
**What:** Federal regulator, international power lines and substations



**Who:** North American Electric Reliability Corporation  
**What:** Continent-wide bulk power reliability standards, certification, monitoring



**Who:** Northeast Power Coordinating Council  
**What:** Northeastern North American grid reliability, standards, compliance



# Independent board of directors

## **Timothy Hodgson, MBA, FCPA, ICD.D**

Corporate Director, Chair of Hydro One Limited, Director Public Sector Pension Investment Board (PSP Investments) and Dialogue Health Technologies. Former Director Alignvest Acquisition Corporation, Alignvest Acquisition II Corporation, Sagicor Financial Corporation, Sagicor Group Jamaica, MEG Energy, The Global Risk Institute, KGS-Alpha Capital Markets, Next Canada, the Ivey School of Business and Bridgepoint Health. Retired Managing Partner Alignvest Management Corporation, Former Special Advisor to Bank of Canada Governor Mark Carney, Former CEO Goldman Sachs Canada

## **Cherie Brant, BES, J.D..**

Partner, Borden Ladner Gervais LLP, Director Toronto-Dominion Bank, Anishnawbe Health Foundation, Canadian Club of Toronto, Canadian Council for Aboriginal Business and Member of Aboriginal Education Council for Centennial College. Former Director Women's College Hospital, Former Director Trillium Gift of Life

## **Blair Cowper-Smith, LLB, LLM, ICD.D**

Principal and founder Erin Park Business Solutions, Former Chief Corporate Affairs Officer OMERS, Former Senior Partner at McCarthy Tetrault LLP. Director Porter Airlines, Financial Services Regulatory Authority of Ontario and Face the Future Foundation. Faculty, Directors College McMaster University, DeGroote School of Business. Former Public Policy Committee Member of the Canadian Coalition for Good Governance and Former Member of Securities Advisory Committee of the Ontario Securities Commission

## **David Hay, LLB, ICD.D**

Managing Director Delgatie Incorporated, Former President and CEO New Brunswick Power Corporation, Former Vice-Chair and Managing Director of CIBC World Markets Inc., Director EPCOR Utilities Inc., Council Member of the Council for Clean and Reliable Energy. Former Director Toronto Hydro-Electric System Limited and Former Director Associated Electric & Gas Insurance Services Limited (AEGIS). Former Chair Beaverbrook Art Gallery, Former Chair SHAD Canada

## **Stacey Mowbray, MBA, ICD.D**

Corporate Director, Former President North America WW International (formerly Weight Watchers), Former President and CEO at The Second Cup Ltd. Director Currency Exchange International/ Exchange Bank of Canada, Sleep Country Canada Holdings Inc., Bonne O Holdings and dentalcorp Holdings Ltd. Former Director Trillium Health Partners, Second Cup Coffee, Liquor Control Board of Ontario and Niagara Ventures Corporation and Former Chair of the Coffee Association of Canada

## **Mark Podlasly, MPA**

Director of Economic Policy and Initiatives at the First Nations Major Projects Coalition, member of the Indigenous Advisory Council at CN Rail, a member of the External Expert Panel of the Manitoba Government (Crown Services), Chair of the First Nations Limited Partnership (Gas Pipeline), Trustee of the Nlaka'pamux Nation Legacy Trust and a member of the Climate Strategy Advisory Board at the Institute of Corporate Directors, and an Adjunct Professor at the University of British Columbia Sauder School of Business.

## **Russel Robertson, FCPA, FCA, ICD**

Corporate Director, Director Bausch Health Companies Inc. and Turquoise Hill Resources Ltd. Former Director Virtus Investment Partners Inc., Former CFO, BMO Financial Group, Former Vice-Chair, Deloitte & Touche LLP (Canada), Former Canadian Managing Partner, Arthur Andersen LLP (Canada)

## **William Sheffield<sup>1</sup>, BSC, MBA, ICD.D**

Corporate Director, Director Velan Inc., Former CEO Sappi Fine Papers. Former Director Houston Wire & Cable Company, Canada Post Corporation, Ontario Power Generation, Corby Distilleries, Royal Group Technologies, Family Enterprise Canada and SHAD

## **Melissa Sonberg, BSC, MHA, ICD.D**

Professor of Practice, McGill University, Desautels Faculty of Management. Director Exchange Income Corporation, Athennian and Montreal Children's Hospital Foundation. Former Director Group Touchette, Via Rail Canada, MD Financial Holdings, Inc., Rideau, Inc., Former Senior Vice President, Human Resources & Corporate Affairs and Senior Vice President, Global Brands, Communications and External Affairs at AIMIA

## **Susan Wolburgh Jenah J.D., ICD.D**

Corporate Director, Former President & CEO of the Investment Industry Regulatory Organization of Canada. Director Laurentian Bank of Canada and Aecon Group Inc., Vice-Chair Humber River Hospital. Member of the Independent Review Committee of Vanguard Investments Canada. Former Public Governor of the U.S. Financial Industry Regulatory Authority (FINRA), Former Chair of the NEO Exchange, Former Director of The Global Risk Institute. Former Vice-Chair, Acting Chair, General Counsel and Head of International Affairs at the Ontario Securities Commission. Member of the C.D. Howe National Advisory Council and Former Mentor to the Catalyst Women on Board Program

(1) William Sheffield is the Interim President and CEO and an Executive Board Member





## Forward Looking Information

This presentation contains “forward-looking information” within the meaning of applicable Canadian securities laws that is based on current expectations, estimates, forecasts and projections about Hydro One’s business and the industry in which Hydro One operates and includes beliefs of and assumptions made by management of Hydro One. Such information includes, but is not limited to: statements related to Hydro One’s transmission and distribution regulatory applications, related decisions, and expected impacts and timing; expectations regarding regulatory recovery; expectations related to regulatory models; Hydro One’s projected rate base, cash flows and EPS; statements regarding Hydro One’s organic growth profile and expected rate base CAGR; expectations regarding future equity issuances; expectations to replace end-of-service infrastructure; statements regarding Hydro One’s projected capital investments, and related plans, funding and expectations; statements related to Hydro One’s ongoing and planned projects, including estimated cost and anticipated in-service dates of capital projects; statements related to the expected transition from a cost of service to an incentive based regulatory model including expectations regarding the cost of Hydro One’s plans; statements relating to Hydro One’s strategy, expectations regarding growth opportunities for the telecom business; statements about Hydro One’s approach to sustainability including the development of Hydro One’s pilot project for heavy-duty electric charging stations; Hydro One’s commitment to achieving 30% female executives and female board members by 2022; Hydro One’s commitment to achieving 3.5% Black executives and board directors and 5% Black student hires by 2025; Hydro One’s commitment to achieving a target of 30% reduction of GHG emissions by 2030 and net-zero GHG emissions by 2050; Hydro One’s commitment to increasing Indigenous procurement spend to 5% of total procurement spend by 2026; plans to transform 50% of Hydro One’s fleet of sedans and SUVs to plug-in electric or hybrid EVs by 2025 and 100% by 2030; expectations regarding Hydro One’s maturing debt and standby credit facilities; statements related to dividends, dividend growth, Hydro One Limited’s targeted payout ratio of 70-80%; statements and guidance relating to EPS growth over 2019 to 2022; and statements related to credit ratings.

Words such as “aim”, “could”, “would”, “expect”, “anticipate”, “intend”, “attempt”, “may”, “plan”, “will”, “believe”, “seek”, “seek”, “estimate”, “goal”, “target” and variations of such words and similar expression are intended to identify such forward-looking information. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. In particular, the forward-looking information contained in this presentation is based on a variety of factors and assumptions including, but not limited to: the scope of the COVID-19 pandemic and duration thereof as well as the effect and severity of corporate and other mitigation measures on Hydro One’s operations, supply chain or employees; no unforeseen changes in the legislative and operating framework for Ontario’s electricity market or for Hydro One specifically; favourable decisions from the Ontario Energy Board and other regulatory bodies concerning outstanding and future rate and other applications; no unexpected delays in obtaining required approvals; no unforeseen changes in rate orders or rate setting methodologies for Hydro One’s distribution and transmission businesses; the continued use and availability of U.S. GAAP; no unfavourable changes in environmental regulation; a stable regulatory environment; no significant changes to Hydro One’s current credit ratings; no unforeseen impacts of new accounting pronouncements; no changes to expectations regarding electricity consumption; no unforeseen changes to economic and market conditions; recoverability of costs and expenses related to the COVID-19 pandemic, including the costs of customer defaults resulting from the pandemic; completion of operating and capital projects that have been deferred; and no significant event occurring outside the ordinary course of business. These assumptions are based on information currently available to Hydro One including information obtained by Hydro One from third-party sources. Actual results may differ materially from those predicted by such forward-looking information. While Hydro One does not know what impact any of these differences may have, Hydro One’s business, results of operations, financial condition and credit stability may be materially adversely affected if any such differences occur. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information are discussed in more detail in the sections entitled “Forward-Looking Information” and “Risk Factors” in Hydro One Limited’s most recent annual information form, the sections entitled “Risk Management and Risk Factors” and “Forward-Looking Statements and Information” in Hydro One Limited’s most recent annual management’s discussion and analysis of the financial condition and results of operations and the section entitled “Forward-Looking Statements and Information” in Hydro One Limited’s most recent interim management’s discussion and analysis of financial condition and results of operations. Hydro One does not intend, and it disclaims any obligation to update any forward-looking information, except as required by law.

In this presentation, Hydro One presents information about future rate base growth and potential future capital investments and guidance in respect of 2022 basic earnings per share. The purpose of providing information about future rate base growth, potential future capital investments and financial guidance is to give context to the nature of some of Hydro One’s future plans and may not be appropriate for other purposes. Information about future rate base growth, potential future capital investments and financial guidance, including the various assumptions underlying it, should be read in conjunction with “Forward-Looking Information” above and as may be found in Hydro One’s filings with the securities regulatory authorities in Canada, which are available under its profile on SEDAR at [www.sedar.com](http://www.sedar.com). Hydro One does not intend to update the information about future rate base growth or future capital investments or guidance about 2022 EPS except as required by applicable securities laws.

# Contact

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