Second Quarter 2017 Earnings Teleconference

August 8, 2017

One of North America's largest electric utilities

TSX: H

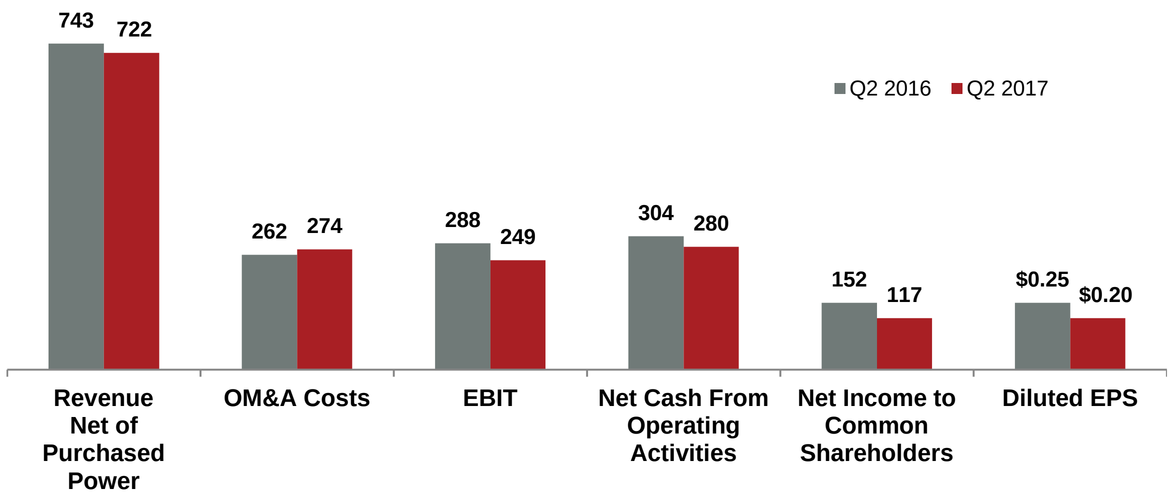
Hydro One Limited – 2Q17 Financial Summary

($ millions)	Second Quarter 2017	2016	% Change	Year to Date 2017	2016	% Change
Revenue						
Transmission	$361	$381	(5.2%)	$728	$767	(5.1%)
Distribution	*998*	*1,152*	*(13.4%)*	*2,277*	*2,438*	*(6.6%)*
Distribution (Net of Purchased Power)	349	349	-	739	739	-
Other	12	13	(7.7%)	24	27	(11.1%)
Consolidated	*1,371*	*1,546*	*(11.3%)*	*3,029*	*3,232*	*(6.3%)*
Consolidated (Net of Purchased Power)	**722**	**743**	**(2.8%)**	**1,491**	**1,533**	**(2.7%)**
OM&A Costs	**274**	**262**	**4.6%**	**545**	**518**	**5.2%**
Earnings Before Financing Charges and Income Taxes (EBIT)						
Transmission	159	195	(18.5%)	323	390	(17.2%)
Distribution	102	108	(5.6%)	255	264	(3.4%)
Other	(12)	(15)	(20.0%)	(26)	(22)	(18.2%)
Consolidated	**249**	**288**	**(13.5)%**	**552**	**632**	**(12.7%)**
Net Income[1]	**117**	**152**	**(23.0%)**	**284**	**360**	**(21.1%)**
Basic EPS	**$0.20**	**$0.26**	**(23.0%)**	**$0.48**	**$0.61**	**(21.1%)**
Diluted EPS	**$0.20**	**$0.25**	**(20.0%)**	**$0.48**	**$0.60**	**(20.0%)**
Capital Investments	**406**	**417**	**(2.6%)**	**756**	**796**	**(5.0%)**
Assets Placed In-Service						
Transmission	165	174	(5.2%)	247	225	9.8%
Distribution	164	186	(11.8%)	310	293	5.8%
Other	8	2	300.0%	8	5	60.0%
Consolidated	**337**	**362**	**(6.9%)**	**565**	**523**	**8.0%**

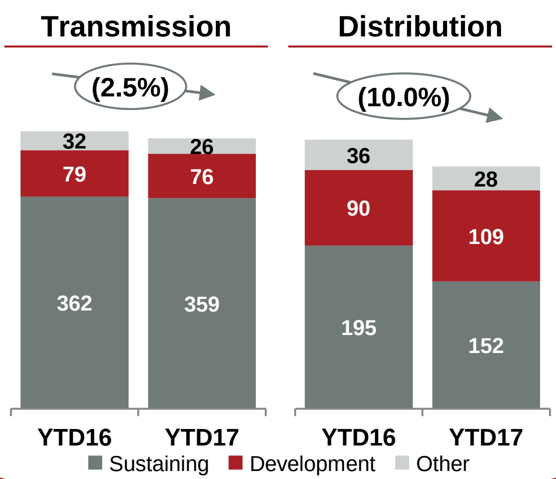
Financial Statements reported under U.S. GAAP
(1) Net Income is attributable to common shareholders and is after non-controlling interest and dividends to preferred shareholders

2017 Second Quarter Financial Changes

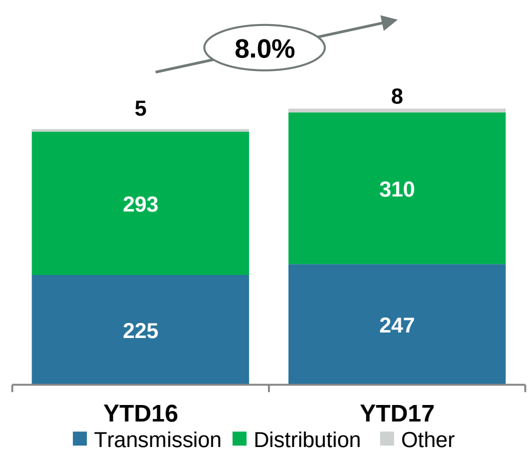
Financial Highlights ($M) – 2Q17 Year over Year Comparison



Regulated Capital Investments ($M)



Assets Placed in service ($M)



Key drivers

- Revenue, net of power costs, for 2Q17 decreased 2.8%:
- Revenue decrease reflects:
  - Pending decision on the transmission rate filing, which is now anticipated in the near term and expected to be retroactive from Jan 1, 2017; and
  - Mild weather which affected transmission revenue due to lower average monthly Ontario peak demand;
  - Changes in 2017 allowed regulated ROE from 9.19% to 8.78%.
- YoY comparability of operating costs in 2Q17 impacted by:
  - Higher storm restoration costs due to multiple storms in 2Q17; and
  - Acquisition of Hydro One Sault Ste. Marie (GLPT).
- Increased financing charges resulting from a higher weighted average long-term debt portfolio
- YTD assets placed in service of $565 million represent an increase of 8%
- While overall YoY capital Investments in 2Q17 decreased by 2.6%, the investments in the transmission segment increased by 5.9%

Revenues reflect unseasonably mild weather, pending receipt of transmission rate filing decision, and change in allowed ROE

Regulatory Update

2018 – 2022 Distribution Rate Application

- Filing made March 31, 2017 under the Custom Incentive Rate Making approach
- 2018 is considered “rebasing” year where a cost of service forward test year rate model is applied
- Revenue requirement for ensuing four years determined by i) applying an inflation adjustment, ii) offset by a productivity factor, and iii) adding a capital investment factor (provides for the added revenue requirement to recover planned capital investments)
- OM&A levels across the five year term reflect meaningful efficiency improvements and cost reductions
- 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
- Previously acquired Norfolk, Haldimand and Woodstock are to be brought into rate base in 2021
- The average annual impact on distribution rates over the five year term of the rate application is an increase of 3.5% per annum
- Productivity factor revised from 0.6% to 0.45%

2017 – 2018 Transmission Rate Application

- Filing was made May 31, 2016
- Delayed decision now expected later in the 3rd Quarter of 2017, expected retroactive to January 1, 2017

Overall Regulatory Scan

	Current Rate Methodology	Expected Rate base[1]	Effective term of next application	Comments
Transmission	Cost of Service	2017 $11.28 billion	Filed May 31, 2016 for 2017-18	Two-year cost of service filing made May 31, 2016, with decision expected 3Q17. Incentive based model to become effective in 2019.

	Current Rate Methodology	Expected Rate base[2]	Effective term of next application	Comments
Distribution	Cost of Service	2017 $7.39 billion	Filed on March 31, 2017 for 2018-22	Five-year incentive based rate filing made March 31, 2017. Decision for phased transition to fixed residential rates (decoupling) already in place.

(1)Transmission Rate Base includes 100% of B2M JV rate base and Great Lakes Power. (2) Distribution rate base includes recent acquisitions and Hydro One Remote Communities.

Pending Avista Acquisition

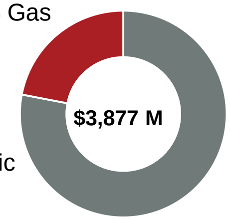
(C$ in mm)[3]

Avista Business Overview

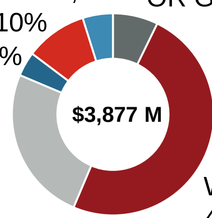
AVISTA Corp.

	2016A
Revenue	$1,824
EBITDA	$570
Net Income	$174

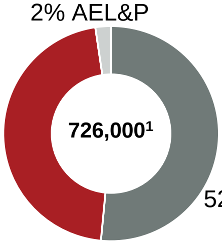
2016 Rate Base



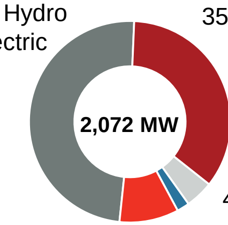
2016 Rate Base by State



2016 Customers

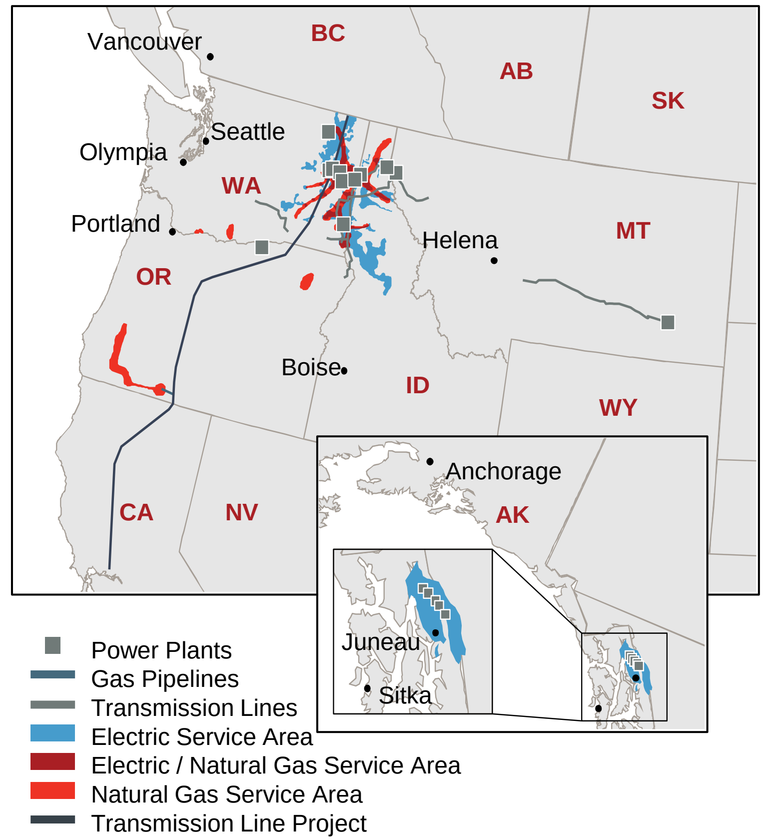


2016 Electric Generation[2]



Service Area

Service territories across WA, OR, ID, AK, and MT



Growing regulated business with a geographically diverse customer base, supported by one of the lowest electricity rates in the US

1. Includes combined electric and gas customers
2. Based on maximum capacity and excludes Alaska generation
3. Based on an exchange rate of C$/US$ 1.264

Pending Avista Acquisition

Strategic Rationale & Transaction Details

Diversification

- Increases geographic, economic, regulatory and asset class diversification
- Adds complementary and growing gas distribution
- Provides exposure to regulated and predominantly clean generation

Building quality regulated asset scale

- Earnings and cash flow accretion in the first full year following close, excluding transaction costs
- On a pro forma basis increases Hydro One's total assets from approximately $25.4 billion to approximately $34.9 billion
- Hydro One expected to continue growing dividend and to maintain 70-80% dividend payout ratio
- Planned pro forma rate base growth of approximately 6%, starting from a combined 2017 base of C$22.6 billion.

Innovation and knowledge transfer

- Avista is a leader in utility innovation with a track record of investments in advanced technologies, including energy management solutions
- Opportunity to reduce operating costs and gain strategic benefits by leveraging and sharing innovation and best practices

Allowed Equity Returns		Allowed ROE	Equity Capitalization
	ON	8.78%	40.00%
	WA	9.50%	48.50%
	ID	9.50%	50.00%
	OR	9.40%	50.00%
	AK	12.88%	53.80%

Access to new regulatory jurisdictions with higher ROEs and attractive allowed capital structures

Transaction Details

- Offer price of US$53.00 per Avista common share in cash, a 24% premium to Avista's closing price on 18 July, 2017 of US$42.74
- Equity purchase price of US$3.4 billion (C$4.4 billion)
- Total enterprise value for Avista of US$5.3 billion (C$6.7 billion), including Avista debt assumed
- Planned financing is a combination of 5-year, 10-year and 30-year US$ denominated notes together with the fully executed convertible debenture offering

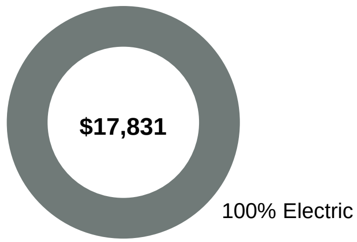
Hydro One will become a Top 20 North American investor owned utility with an attractive growth profile

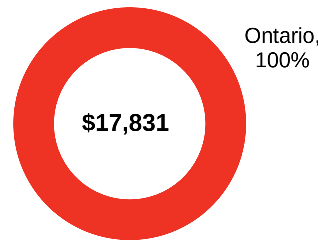
Pending Avista Acquisition

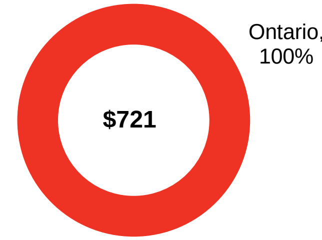
(C$ in mm)

’16 Rate Base | **’16 Rate Base by Geography** | **’16 Net Income**

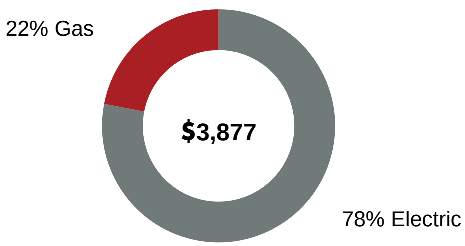
Hydro One

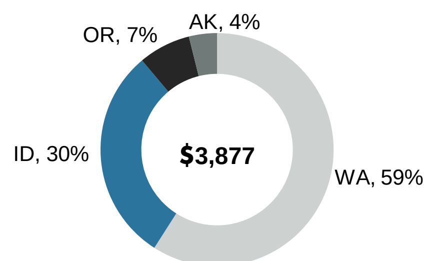


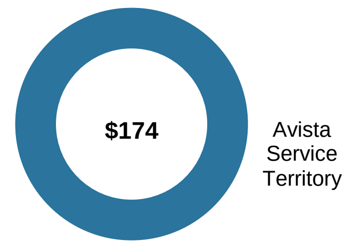




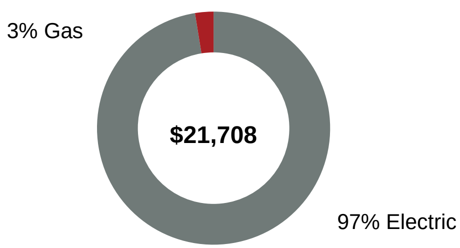
Avista

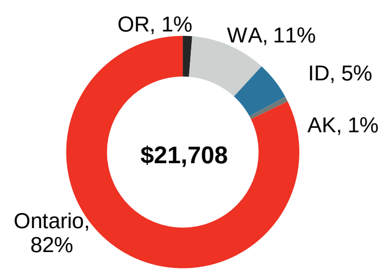


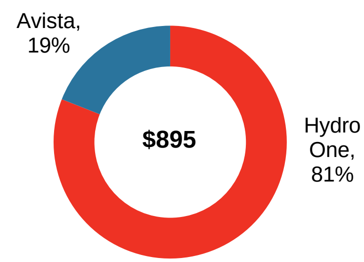




Pro-Forma Hydro One





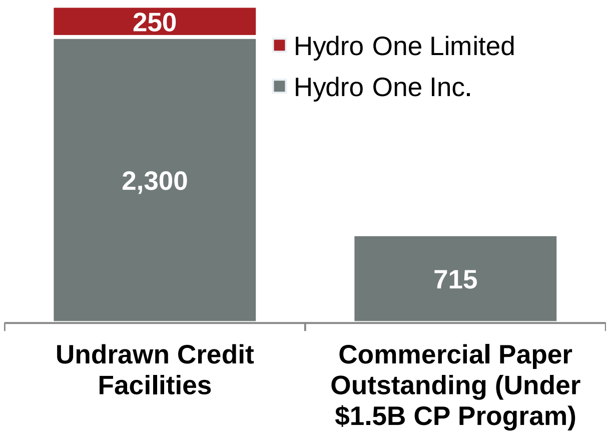


Diversification across multiple geographies, economies, regulatory jurisdictions and utility businesses enhances stability and strategic positioning

Note: Combination of Avista and Hydro One numbers as reported using an exchange rate of C$ / US$ 1.264
Note: Pro forma net income does not include any potential adjustments required as a result of the merger including funding costs o other expenses.

Strong Balance Sheet and Liquidity

Significant Available Liquidity ($M)



Strong Investment Grade Credit Ratings (LT/ST/Outlook)

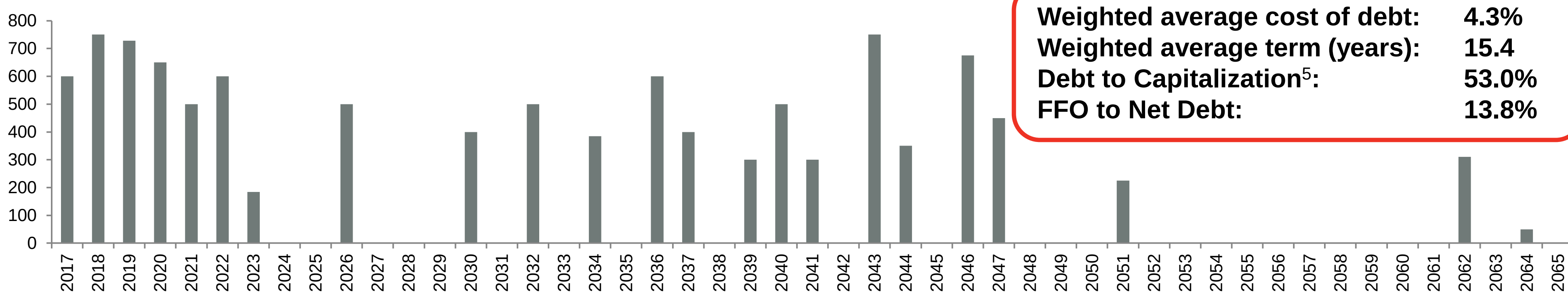
Hydro One Inc. (HOI)	
S&P	A / A-1/ negative[1]
DBRS	A (high) / R-1 (low) / stable
Moody's	A3 / Prime-2 / negative[2]

Shelf Registrations

HOL: Universal Shelf[3] $8B

HOI: Medium Term Note Shelf [4] $3.5B

Debt Maturity Schedule ($M)



Weighted average cost of debt:	**4.3%**
Weighted average term (years):	**15.4**
Debt to Capitalization[5]:	**53.0%**
FFO to Net Debt:	**13.8%**

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

(1) On July 19, 2017, S&P revised its outlook on Hydro One Limited and Hydro One Inc. to negative from stable while affirming the existing ratings. S&P indicated that the negative outlook on Hydro One Limited reflects its view that the Merger signals a shift in Hydro One Limited's business strategy, which will align the company with its global peers removing the historical rationale for a one-notch rating uplift, and the execution and financing risk inherent in any large acquisition.

(2) On July 19, 2017, Moody's affirmed the ratings of Hydro One Inc. and changed the outlook to negative from stable. Moody's indicated that the negative outlook on Hydro One Inc. reflects its view that the Merger will reduce the probability of extraordinary support from the Province.

(3) $2,790 million was drawn from the Universal Shelf during May 2017 with respect to a secondary share offering by the Province, leaving $3,240 million remaining available until April 2018.

(4) $950 million was drawn from the Medium Term Note Shelf on November 18, 2016, leaving $1,200 million remaining available until January 2018.

(5) Debt to capitalization ratio has been calculated as net debt divided by net debt plus total shareholder's equity, including preferred shares but excluding any amounts related to non-controlling interest.

Common Share Dividend Increased May 4th, 2017

hydroOne

Dividend Statistics	
Yield[1]	3.8%
Annualized Dividend[2,3]	$0.88 / share

(1) Based on closing share price on June 30, 2017
(2) Unless indicated otherwise, all common share dividends are designated as "eligible" dividends for the purpose of the Income Tax Act (Canada)

Expected Upcoming Quarterly Dividend Dates[3]

Declaration Date	Record Date	Payment Date
August 8, 2017	September 12, 2017	September 29, 2017
November 9, 2017	December 12, 2017	December 29, 2017

(3) All dividend declarations and related dates are subject to Board approval.

Key Points

- Quarterly dividend increased 5% to $0.22 per share ($0.88 annualized); announced May 4, 2017
- Targeted dividend payout ratio remains at 70% - 80% of net income
- Dividend growth supported by continued rate base expansion driven by planned capital investments
- No equity issuance anticipated to fund planned five year capital investment program
- Non-dilutive dividend reinvestment plan (DRIP) was implemented post IPO (shares purchased on open market, not issued from treasury)

Attractive and growing dividend supported by stable, regulated cash flows and planned rate base growth

Disclaimers

DISCLAIMERS

In this presentation, all amounts are in Canadian dollars, unless otherwise indicated. Any graphs, tables or other information in this presentation demonstrating the historical performance of the Company or any other entity contained in this presentation are intended only to illustrate past performance of such entitles and are not necessarily indicative of future performance of Hydro One. In this presentation, “Hydro One” refers to Hydro One Limited and its subsidiaries and other investments, taken together as a whole.

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Words such as “aim”, “could”, “would”, “expect”, “anticipate”, “intend”, “attempt”, “may”, “plan”, “will”, “believe”, “seek”, “estimate”, “goal”, “target”, and variations of such words and similar expressions 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. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking information. Hydro One does not intend, and it disclaims any obligation to update any forward-looking information, except as required by law.

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Hydro One prepares and presents its financial statements in accordance with U.S. GAAP. “Funds from Operations” or “FFO” and “Adjusted Earnings Per Share” are not recognized measures under U.S. GAAP and do not have standardized meanings prescribed by U.S. GAAP. These are therefore unlikely to be comparable to similar measures presented by other companies. Funds from Operations should not be considered in isolation nor as a substitute for analysis of Hydro One’s financial information reported under U.S. GAAP. “Funds from Operations” or “FFO” is defined as net cash from operating activities, adjusted for the following: (i) changes in non-cash balances related to operations, (ii) dividends paid on preferred shares, and (iii) non-controlling interest distributions. Management believes that these measures will be helpful as a supplemental measure of the Company’s operating cash flows and earnings. For more information, see “Non-GAAP Measures” in Hydro One’s 2016 full year MD&A.