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- **David Lebeter** *Hydro One Limited - President & CEO*
- **Harry Taylor** *Hydro One Limited - EVP Chief Financial & Regulatory Officer*

CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Maurice Choy** *RBC Capital Markets - Analyst*
- **Mark Jarvi** *CIBC Capital Markets - Analyst*
- **Robert Hope** *Scotiabank GBM - Analyst*
- **Patrick Kenny** *National Bank Financial - Analyst*
- **Benjamin Pham** *BMO Capital Markets - Analyst*

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Hydro One Limited second quarter 2024 analyst teleconference. (Operator Instructions) As a reminder, this call is being recorded. I would now like to introduce your host for today's conference, Mr. Omar Javed, Vice President, Investor Relations at Hydro One. Please go ahead.

Omar Javed *Hydro One Limited - VP, IR*

Good morning, and thank you for joining us in Hydro One's quarterly earnings call. Joining us today are our President and CEO, David Lebeter; and our Chief Financial and Regulatory Officer, Harry Taylor. On the call today we'll provide an overview of our quarterly results, and then we will take some time answering questions as time permits.

Today's discussions will likely touch on estimates and other forward-looking information. You should review the cautionary language in today's earnings release and our MD&A, which we filed this morning regarding the various factors, assumptions and risks that could cause our actual results to differ as they all apply to this call. With that, I'll turn the call over to our President and CEO, David Lebeter.

David Lebeter *Hydro One Limited - President & CEO*

Thank you, Omar. Good morning and thank you for joining us for our second quarter 2024 earnings call. I am pleased to welcome and be joined by our new Executive Vice President and Chief Financial and Regulatory Officer, Harry Taylor.

Harry joined Hydro One in early June following an extensive external and internal search. Harry's a highly regarded strategic executive with demonstrated achievements across multiple customer focused industries. Guided by our refreshed strategy, Harry's expertise in providing stability and delivering financial results during times of growth and expansion will help us meet the needs of customers, partners, stakeholders, investors, and all Ontarians.

At Hydro One safety always comes first and a focus on safety is firmly ingrained within our culture. This focus was evident in our 2023 results where we improved our annual recordable injury rate, achieving a rate of 0.56 for 200,000 hours worked, which remained well below the industry benchmark of 1.0.

We are very proud of this achievement, but also understand that we must remain vigilant and focused on our goal of achieving a workplace free of life-altering injuries and fatalities. Nothing is more important than ensuring our colleagues return home safely.

Moving on to our update, we continued to deliver on our strategy of making investments in our transmission and distribution systems to modernize, strengthen, and expand the grid in support of economic development and increase electrification across the province.

On May 28, we filed a leave to construct application, also known as Section 92 with the Ontario Energy Board for the construction of our St. Clair Transmission Line. This line will be a new double circuit, 230 kilovolt transmission line between the Lambton Transmission Station in St. Clair township and the Chatham Switching Station in the municipality of Chatham-Kent, Southwest Ontario.

Subject to Ontario Energy Board's final ruling, we expect the line to be completed in 2028 at a cost of $472 million dollars. Once built, the project will provide an additional 450 megawatts of power to the region, supporting economic and community growth for years to come.

The St. Clair Transmission Line was part of a network of electricity infrastructure projects that will support economic growth and improve the reliability and resiliency of the electricity grid in Southwestern Ontario. As we develop and build these projects, we remain mindful of our commitment to our relationship with indigenous communities.

We understand that their ongoing participation and collaboration throughout the life of our projects is important. We are proud that the transmission line component of the St. Clair Project will be co-owned with five proximate First Nations advancing the project in true partnership.

I'm also pleased to report that our Chatham to Lakeshore electric transmission line, which commenced construction activities in spring of 2023 remains on track to be in service by the end of 2024. As previously disclosed, this time reflects the completion of the line one year ahead of schedule.

In addition to accelerated timeline, we expect to realize an additional $16 million dollars in cost savings from optimization of our construction activities. The total project cost is now expected to be $237 million dollars, down from the original estimate of $268 million dollars, a savings of $31 million dollars.

Superior project execution is a critical aspect of why Hydro One continues to be the transmitter of choice for the development, construction, and operation of priority projects in Ontario. Hydro One continues to play a critical role in supporting long-term sustainable economic growth in Ontario. Through our investments in transmission and distribution systems, we are enabling the electrification of Ontario, delivering power to drive growth and prosperity across the province.

Moving on to LDC consolidation, following the OEB approval for the acquisition of Chapleau Hydro in early May, our teams worked diligently to ensure that all the necessary procedures and filings required to achieve closing of the transaction were completed.

I'm happy to report that we have successfully closed the transaction and will now start integration and officially join the township of Chapleau as their local electricity provider. We look forward to energizing the lives of our new customers, employees, and the community.

Our commitment to investing in these communities is already underway. In May we announced that the Chapleau Cree First Nations, was one of 35 recipients that received $25,000 dollars in funding from Hydro One's energizing life community fund.

Hydro One's commitment to energizing life in Ontario with reliable and sustainable solutions ensures a brighter future for all. For us sustainability means that we are conducting our business in a way that benefits the environment, community, and society.

Our sustainable business strategy is focused on a wide array of environmental, economic, and social factors so that our business decisions and activities leave a lasting positive impact. This includes developing resilient infrastructure and intelligent operations, optimizing our supply chain to ensure we can meet our customers' needs, working to reduce greenhouse gas emissions, and actively investing in the communities where we live and work.

Furthermore, we are committed to building and strengthening indigenous community partnerships and fostering our diversity initiatives. We understand that for our long-term performance and viability, we need to embed sustainability in all aspects of our business.

Earlier today, we released our 2023 Sustainability Report, the report provides a balanced account of our performance across a range of sustainability measures and highlights our progress towards enabling the energy transition in Ontario, leading to a better and brighter future for all.

The 2023 report highlights accomplishments related to key initiatives, including reducing our Scope 1 greenhouse gas or GHG emissions by approximately 24% compared to our 2018 baseline, investing approximately $2.5 billion of capital to expand and renew Ontario's grid, connecting the 10th remote communities to the grid, providing them with a reliable and clean source of energy, converting 34% of our sedans and SUVs to electric vehicles and hybrids, issuing approximately $2.4 billion dollars in sustainable and green bonds and our sustainable financing framework, spending 5.7% of our total sourceable spend on materials and supplies from indigenous businesses, and promoting a culture of diversity and inclusion with female representation of 45% at the Board level and 36% at the VP level and above.

These achievements are testament to our strong sustainability foundations and our employees, who are filled with purpose and are empowered to act contribute to a better world for all. This purpose is reflected in our actions, and I'm pleased that our actions are being recognized.

We are proud to once again be included in the Corporate Knights annual list of the 50 Best Corporate Citizens in Canada. This award recognizes those entities that are committed to doing business differently and are committed to sustainability and environmental stewardship. With that, I will turn the call over to Harry to discuss our financial results. Harry, over to you.

Harry Taylor *Hydro One Limited - EVP Chief Financial & Regulatory Officer*

Thank you, David. I'm excited to be here and look forward to working with everyone at Hydro One to take advantage of the significant growth opportunities we have and meet the needs of all of our stakeholders.

Turning to our second quarter financial results, we delivered basic earnings per share of $0.49 compared to $0.44 in the second quarter of 2023. The key drivers behind the year-over-year change included higher revenues, net of purchased power, partially offset by a higher income tax expense, when adjusted for net income neutral items, higher depreciation, amortization, and asset removal costs and higher financing charges.

As a reminder, both the transmission and distribution segments had net income neutral items in revenue. These include the deferred tax asset recovery that expired at the end of June 2023, as well as normal course regulatory adjustments such as OEB approved recovery of historical cost deferrals.

There are corresponding offsets for these items in the tax expense and in OM&A, thus making them net income neutral. Our second quarter revenue net of purchased power increased year over year by 3%. The increase is mainly due to higher revenues resulting from changes in OEB approved rates for both segments, coupled with a 4.1% increase in the average monthly peak demand for the transmission segment and a 2.3% higher energy consumption in the distribution segment supported by a higher number of customers. These were partially offset by the revenue impact of the net income neutral items mentioned earlier.

On the cost front, operating maintenance and administration expenses in the quarter decreased by approximately 5.1% year over year. In the transmission segment, we received one-time insurance proceeds for a transformer replacement at the Gage transmission station and incurred lower corporate support costs, which were partially offset by higher work program expenditures for stations and line maintenance.

The variance in the distribution segment was due to lower work program expenditures, including costs associated with emergency power restoration, information technology initiatives, and vegetation management.

In addition, we also had the net income neutral items in both segments that were offset in revenue. Depreciation expense for the second quarter was higher year over year by 6.5%. This was due to the growth in fixed assets and higher asset removal costs, partially offset by lower amortization of regulatory assets.

Regarding financing, we saw a 9% increase in financing charges year over year, mainly due to a higher weighted average interest rate on our long-term debt and more long term-debt resulting from issuances in the second half of 2023 and the first quarter of 2024.

These charges were partially offset by higher capitalized interest due to a higher average balance of assets under construction and volume variance in short-term notes and short-term investments. One of our differentiating factors is the strength and stability of our balance sheet, along with our credit worthiness. This was underlined by S&P when they upgraded our long-term debt rating to A from A- on June 10th.

To further support our liquidity and to provide additional financial flexibility on June 1st of this year, our operating credit facilities were increased by $750 million dollars to $3.3 billion dollars. In addition, the maturity date of the facilities was extended from 2028 to 2029.

We very much appreciate the strong support we continue to receive from all our banking partners. These facilities are primarily used as a backstop to our commercial paper program. No amounts were drawn on the facilities as of June 30, 2024.

Finally, we updated our sustainable financing framework during the quarter to better align with best practices. The updated framework reflects the latest green bond principles and now include expenditures for direct connections to new nuclear generation.

This change aligns with the sustainable and green bond frameworks of the government of Canada, the government of Ontario, and various peers. The full updated document is available on our website.

Turning to taxes, our income tax expense in the quarter was $57 million dollars compared to $65 million dollars in the same quarter last year.

However, when adjusted for net income neutral items, the adjusted income tax expense was higher. Contributing to the increase were lower deductible timing differences compared to last year and higher adjusted pretax earnings.

The effective tax rate this quarter was 16.2% versus an effective tax rate last year of 19.6%. The effective tax rate for six months was 15.5% compared to 19% for the first six months of last year. This rate is consistent with our effective tax rate expectations of 13% to 16% for the remainder of the JRAP period.

Moving to our investing activities, in the second quarter, we placed $526 million dollars of assets in service for our customers, which was an increase of 27.4% compared to last year.

In the transmission segment, we saw an increase of 36.2% year over year, primarily attributable to the timing of assets placed in service for station refurbishments and replacements and higher volume of line refurbishments, partially offset by assets placed in service for the development work at the Lennox Transmission Station in the second quarter of last year.

In the distribution segment, in-service additions increased by 20.7% from the prior year due to a higher spend on wood pole replacements, higher volume of storm-related asset replacements, and timing of IT investments.

In terms of our capital expenditures, for the second quarter, we invested $818 million dollars, which was an increase of 26% over 2023. The increase occurred in both the transmission and distribution segments as a result of increases in refurbishments and replacements, increased customer connections as well as investments in new transmission and distribution infrastructure. These were partially offset by a lower spend on system capability reinforcement projects.

Moving on to broadband, we continue to work with the internet service providers to advance the pace of orders to ensure delivery of high-speed internet to some 700,000 rural Ontarians. While orders continue to come in, the pace has not accelerated significantly.

And as a result, we continue to expect that these orders will generate between $300 million dollars and $700 million dollars of work being completed. This work will take place in our distribution segment and will be additive to our rate base.

Looking ahead, we continue to expect 5% to 7% growth for earnings per share through 2027 using the normalized 2022 earnings per share of $1.61 as a base. This EPS guidance range does not factor in growth from broadband, LDC consolidation, nor any of the transmission lines that had been awarded to us but not completed, nor any amounts from externally driven variance accounts.

Finally, I am pleased to report that our Board of Directors declared a dividend of $0.3142 per share, payable to common shareholders of record on September 11, 2024. With that, I will turn the call over to open the phone lines for questions.

Omar Javed *Hydro One Limited - VP, IR*

Thank you, David and Harry. We ask the operator to explain how they'd like to organize the Q&A polling process. In case we can't address your questions today, my team and I are always available to respond to follow-up questions. We ask that you limit your questions to one question and one follow-up. If you have additional questions, we request you to rejoin the queue. Please go ahead.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Maurice Choy, RBC Capital Markets.

Maurice Choy *RBC Capital Markets - Analyst*

Thanks, and good morning, everyone. Just wanted to touch on the cost environment relating to transmission lines. You mentioned in your prepared remarks that the Chatham to Lakeshore line saw some savings. Can you just discuss where these savings come from and what this may mean for the other lines, including St. Clair and Waasigan lines?

David Lebeter *Hydro One Limited - President & CEO*

Good morning, Maurice. David Lebeter here, and thanks for that question. There's a number of factors that allowed us to bring that line in both a year, early and significantly under budget. First of all, our partnerships with both the indigenous communities in the area as well as municipalities in that area allowed the project to proceed in a more timely fashion. And we also were able to a change in our approach to land acquisition and land rights acquisitions, we were able to reach voluntary settlement with all of the landowners along the route, which again significantly derisked the project and allowed us to move faster.

The province of Ontario streamlined their environmental legislation and what that allowed us to do is get our environmental assessment, our permits in hand at a much faster pace. They've paralleled the process in Ontario with the federal ones rather than having to go through two processes, you now go through one process and just the experience that our teams and our contractors are achieving by having built transmission.

That transmission line is built by a contractor that brought a team together that had experienced across North America and they brought their best ideas forward. So it was a range of factors that allowed us to accomplish that, that feed of coming into a year early and $31 million under budget, looking forward to continuing on the building on that success.

Maurice Choy *RBC Capital Markets - Analyst*

Is your expectation that the St. Clair $472 million dollars might also potentially see some savings as well or reflect in terms of best practices?

David Lebeter *Hydro One Limited - President & CEO*

You know, every transmission line and every project is unique and different. Of course, you always want to repeat the last one, but everything is different and unique. So you have to take what you learned from the last one and apply to the best of your ability on the one you're working for now and we'll certainly keep our investors and yourself appraised the progress as that line moves forward.

Maurice Choy *RBC Capital Markets - Analyst*

And maybe for the other projects where Section 92 application hasn't been filed , can you discuss roughly where you are in those and more importantly and probably when do you think those will be in service?

David Lebeter *Hydro One Limited - President & CEO*

If you look at our tables, you'll see the dates that we've been asked to bring them in services to when we'll bring Section 92 forward, we'll let you know, as that comes. Of course, that's driven by our progress in engineering, route selection, and public consultation. So I'd be honest, I want to say that it would be foolish to put a prediction out now because there's a process we need to go through.

Maurice Choy *RBC Capital Markets - Analyst*

Got it. And just to finish up on all these additional lines when you think about, I guess, funding for this and also for the work for the broadband as well, I know it is pretty close to the end of the decade. But when do you reckon that you might start preparing your balance sheet for the CapEx like come through, perhaps some of this requirement is being beyond what your balance sheet can afford right now?

David Lebeter *Hydro One Limited - President & CEO*

Yeah, Maurice, I'm going to let Harry speak to that question.

Harry Taylor *Hydro One Limited - EVP Chief Financial & Regulatory Officer*

Hi, Maurice, we believe that we do not need to issue any equity certainly before this rate period is up, absent any significant LDC acquisition. We are preparing, as you saw from our disclosures this morning, we upsized our credit facility, so we have $3.3 billion. That's on the debt side.

And our FFO to debt is still well north of the 11% to bright-line test that S&P uses. So we're monitoring it and getting ready. But it's not in the short term. We want to maintain the healthy credit metrics that we have and the strength of the balance sheet. But it is outside this rate period right now.

Operator

Mark Jarvi, CIBC.

Mark Jarvi *CIBC Capital Markets - Analyst*

Yeah, good morning everyone. Harry, just picking up on your last comments there about funding, you talked about the increased credit capacity, good shape also on your debt. As you've taken time to settle in is there anything you're thinking about in terms of tweaking the funding plan, just timing of raising debt sources of debt, anything that you're contemplating, that might be just sort of subtle evolution of how you've done it had funding in the past?

Harry Taylor *Hydro One Limited - EVP Chief Financial & Regulatory Officer*

No is the short answer as we go through. We have a great program here and we're obviously very tactical in terms of when we issue debt, we're looking to keep our weighted average rate down and maturity up in the double digits.

So the rate environment has now come back to where things are certainly more favorable to where we'd like to be in terms of issuing, but no change in the practice that we've established over the last couple of years.

Mark Jarvi *CIBC Capital Markets - Analyst*

Understood. And then just on the proceedings with the OEB around cost of capital and any updated views in terms of how that's tracking, what you're advocating for and how you see that progressing in the coming months and year ahead?

David Lebeter *Hydro One Limited - President & CEO*

Hey, Mark, thanks for that question. The proceeds from what I can tell are going well. Of course, we don't get any indication from the OEB they're asking the questions are running. Their panels are collecting their information, but we remain optimistic that as we come out of this process, Ontario will still be a favorable jurisdiction, a jurisdiction that has predictability, a jurisdiction that works well for the investors, as well as protect rate payers.

Mark Jarvi *CIBC Capital Markets - Analyst*

Is a higher equity thickness something you think you would want to advocate for something that could come to fruition through this process?

David Lebeter *Hydro One Limited - President & CEO*

Yeah, what I can tell you is that we've advocated for a higher equity thickness to compensate for this period of growth where our growth is exceed -- our capital expenditures are exceeding their in-service additions during a rapid growth period.

Some of the other LDCs in the province have been asking for a higher rate of return to a range of things that people are putting into that process. But as I said, we remain confident the deal will be the final ruling that maintains the attractiveness of this market to investors.

Mark Jarvi *CIBC Capital Markets - Analyst*

But nothing initially it got pushed back to say that's not even going to be contemplated. You're not hearing anything in terms of equity thickness to say you couldn't potentially see that come through this proceeding?

David Lebeter *Hydro One Limited - President & CEO*

I started to say at the beginning of the question. The OBE goes through a process of collecting the revenues, collecting their answers, and they don't give an indication until we bring a ruling forward.

Operator

Robert Hope, Scotiabank.

Robert Hope *Scotiabank GBM - Analyst*

Good morning, everyone. A follow-up question to Mark's on for Harry. So you've been in the seat for a couple of months now so it looks like no change to the funding plan. But as you take a look at other aspects of your role, both on the CFO as well as well as the Regulatory Officer, any changes there or anything you want to call out?

Harry Taylor *Hydro One Limited - EVP Chief Financial & Regulatory Officer*

Rob, again, no, I believe that fundamentally the business has such great fundamentals in terms of growth and opportunities. And the team here has done a terrific job of managing both the balance sheet, creating a great operation in terms of delivering for our residential and commercial and industrial customers and successfully securing long-term transmission line projects that I mean, the future is extremely bright.

We're trading at a great multiple from a stock point of view. The balance sheet is strong. So it's more continue this. I've commented to a number of investors that I took the Hippocratic Oath, which was first do no harm continue this great track record of success, and that is my intent.

Robert Hope *Scotiabank GBM - Analyst*

Thank you for that. And then just moving back over to the broadband. You mentioned $300 million to $700 million of work in the distribution business. Can you speak to how that has changed through the months and quarters and kind of what the cadence of spend moving forward we should look for?

Harry Taylor *Hydro One Limited - EVP Chief Financial & Regulatory Officer*

Well, I think we are all dressed up and ready to go. So we're now at the mercy for lack of a better term of the Internet service providers to ramp their orders up. We're seeing orders come in, but not at the pace that we were expecting.

We're working very closely with them and our partners in government to deliver against this important policy objective they have. But unless and until we see an increase in orders, we will not see an acceleration. That's one of the reasons we took the guidance down, I think was last quarter when we took it down and just because of the pace of orders.

Operator

(Operator Instructions) Patrick Kenny, National Bank Financial.

Patrick Kenny *National Bank Financial - Analyst*

Good morning, everybody. I'm wanting to get your thoughts here on your labor unions. We've seen some heightened tensions across other industries in Canada this summer with strikes and whatnot. I believe your agreement with the Power Workers Union is still in place for another year or so. But just how you're thinking about getting ahead of some of these dynamics that are affecting other industries?

David Lebeter *Hydro One Limited - President & CEO*

Morning, Patrick, nice to hear from you today. Labor is really important to any organization to be successful, and that's no different with Hydro One. We pay close attention to what's happening in the country as well as pay close attention to what's going on in our unions.

And I'm happy to report we have very good relationships with all our unions, Power Worker's is just being one of them, but also the Society of Professionals as well as EPSCA and a couple of other unions. And you are right, our Power Workers' union contract as well as the Society does not expire for another year. It's actually in October of 2025, and we don't anticipate any issues and -- certainly, we're not looking at a strike.

We don't anticipate one, I believe that we have a very constructive relationship. We've always treated them fairly, and they've always been reasonable in their requests, so I don't anticipate a labor dispute that you've seen elsewhere in the country and we're in constant discussion with the teams.

So you may think that the only time we actually work with teams is during collective bargaining, but it's far from true we actually work with our unions throughout the period between bargaining. And during bargaining, the work you do between bargaining periods is actually more important because that sets the stage for bargaining. So I'm going to go on a limb here and say those that find themselves in trouble sometimes as a result of not doing that work during the period from the last contract to the current one.

Patrick Kenny *National Bank Financial - Analyst*

Okay. Thanks for that, David. And then maybe just on the LDC consolidation front here, coming back to the upgrade on the credit rating as well as just general interest rates coming down. Just curious if you see this lower financing cost environment helping to push forward some deal flow, perhaps even some larger ticket opportunities that may not have been there, say 6 to 12 months ago?

David Lebeter *Hydro One Limited - President & CEO*

Yeah, we are seeing increased interest from LDCs and wanting to discuss selling their assets but I don't believe it's being driven by the lower interest. It really is being driven by they have other financing needs or they're not able to finance the needs of their LDC to accomplish what they want to accomplish.

So the lower finance rates certainly helps out, but it's actually other factors that drive it forward. And we have seen, as I said, more interest, more people reaching out and asking questions for the past six months. So we continue to remain optimistic that we'll deliver on our plan over the rate period.

Operator

Benjamin Pham, BMO.

Benjamin Pham *BMO Capital Markets - Analyst*

Thanks, good morning. I was wondering, can you comment on the pace of electrification in Ontario and some of the trends you're seeing on the power demand side, maybe by region? And has there been any change in the data center connections at all?

David Lebeter *Hydro One Limited - President & CEO*

Thanks for that question, Ben. The rate of electrification, it moves up and down. So I mean, we all read the news we've seen as the rate of EV purchases have slowed down, it hasn't stopped. It's just slowed down. That's probably -- that's part of the economic cycle, we'll go through those things we continue to see a lot of interest from companies both wanted to locate new businesses in Ontario as well as electrify the businesses that you currently have within the province of Ontario. So I'm not concerned about it. It's moving forward on a very nice pace.

I think you had a second part of your question, my apologies, I did forget if you just ask that again -- oh, data centers, sorry. Data centers, we continue to see increased interest in the province of Ontario, Canada lags behind the US for data center penetration. And we see the large data centers wanted to remedy that.

I think when we talked last quarter, we had about 4,000 megawatts of data centers we were aware of in the queue, I think that number's up to closer to 6,000 now. So we are seeing the penetration. There is work going on, on a couple of data centers and I know that the province is certainly interested in being open for business. They would like to say yes, to all the data centers that we locate here, and that's part of what I think the new minister's mandate would be is how do we attract the business, but also make sure they have sufficient energy and a timely connection that they find Ontario is an attractive place to come to?

Benjamin Pham *BMO Capital Markets - Analyst*

That's great. In the First Nations side of things and the partnerships that you're announcing there, could you remind me, is there a cap in terms of the participation of First Nations that are driven by the guarantees and how is it on a different wavelength?

David Lebeter *Hydro One Limited - President & CEO*

You're thinking of helping them to set the cap in terms of equity percentage or cap in terms of who can participate?

Benjamin Pham *BMO Capital Markets - Analyst*

Just the total amount of participation and absolute dollars.

David Lebeter *Hydro One Limited - President & CEO*

No, we don't have a cap. The approach has been its 50% equity ownership on the transmission line components, of course, on the Waasigan Transmission Line, which is a total capitalization of $1.2 billion, the number will be bigger than on the St. Clair Transmission Line, which is $472 million.

We've stuck with the 50% because that reflects -- if you go back and look at the treaties that reflects the language in the treaties, which talked about a partnership, talked about sharing, and it talks about equal. So that's what I can comment on the 50-50.

Benjamin Pham *BMO Capital Markets - Analyst*

And just to clarify that second more, let's say loan guarantee a couple billion dollars. Has that influence at all in terms of how much First Nations can invest in your projects?

Harry Taylor *Hydro One Limited - EVP Chief Financial & Regulatory Officer*

Ben, let me just clarify. We do not guarantee the financing for the First Nations. We support them. And so Arthur Kacprzak, and our treasury team do a lot to enable them to access low-cost funding, but there is no guarantee from us to the First Nations or the partnership with the First Nations for their debt.

Benjamin Pham *BMO Capital Markets - Analyst*

But I guess the First Nations is like when they invest there to some extent, getting a loan guarantee from the government, right?

David Lebeter *Hydro One Limited - President & CEO*

There are programs that will provide that. So far they haven't received federal loan guarantees. We believe they'll get some provincial. We're certainly lobbying on behalf with them -- not on behalf, but with them, we think they should qualify for the indigenous loan guarantee program, the federal government announced in the last budget. But these projects the way they are structured, we've significantly de-risked them from, and that's why it's attractive for investors.

Operator

Thank you. And that does conclude our Q&A session for today.

I'd like to turn the call back over to Omar Javed for any further remarks.

Omar Javed *Hydro One Limited - VP, IR*

Thank you, Shannon. The management team at Hydro One thanks everyone, for their time with us this morning during what is a busy period. We appreciate your interest and your continued support. If you have any questions that weren't addressed on the call, please feel free to reach out and we'll get them answered for you. Thank you again and enjoy the rest of your day.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program, and you may all disconnect. Have a great day.

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