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Corporate Speakers:
- Wassem Khalil; Hydro One Inc; Director of Investor Relations
- David Lebeter; Hydro One Inc; President, Chief Executive Officer
- Henry Taylor; Hydro One Inc; Chief Financial Officer and Regulatory Officer

Participants:
- Benjamin Pham; BMO; Analyst
- Maurice Choy; RBC Capital Markets; Analyst
- Mark Jarvi; CIBC; Analyst
- John Mould; TD Cowen; Analyst
- Patrick Kenny; National Bank Financial; Analyst
- Robert Hope; Scotiabank; Analyst

PRESENTATION

Operator^ Good morning, ladies and gentlemen. And welcome to Hydro One Limited's Second Quarter 2025 Analyst Teleconference. (Operator Instructions)

As a reminder, the call is being recorded.

I would now like to introduce your host for today's conference, Mr. Wassem Khalil, Director of Investor Relations at Hydro One.

Please go ahead.

Wassem Khalil^ Good morning. And thank you for joining us for 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 will provide an overview of our quarterly results. And then we'll answer as many questions as time permits.

Today's discussion will likely touch on estimates and other forward-looking information.

Listeners 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 turn the call over to our President and CEO, David Lebeter.

David Lebeter^ Thank you, Wassem. Good morning. And thank you for joining us for our second quarter 2025 earnings call.

This morning I will provide an update on our recent activities and accomplishments during the quarter. Then Harry will take you through the financial results.

Before we start, I'll touch on safety.

It is at the core of our business and will always be a focus for us. This focus and commitment to safety goes beyond our day-to-day activities and include contribution to public safety. Recently, Hydro One in partnership with the Advanced Coronary Treatment or Act Foundation and other partners trained more than 25,000 local area high school students in Lindsay and surrounding communities with critical CPR and AED life-saving skills that will help care for their fellow community members. To date, more than 3 million students across the province have been trained through ACT's High School CPR and AED program.

We are very proud to be part of this achievement and our partnership with the ACT Foundation, established in 2000, a long-time partnership between ACT and Hydro One has provided continued access to CPR, AED and now opioid-associated emergency training for teachers and students across Ontario.

Turning to the quarter. The damage caused by the March 2025 Ice Storm was severe and widespread with three days of ice accumulation causing uprooted trees, down power lines and more than 2,700 broken poles across the province. Hydro One crews alongside 30 Canadian utility partners and contractors worked safely day and night in freezing rain, snow and wind to restore power to our communities and those impacted by the storms. The costs associated with the storm including those incurred by third-party contractors and other local distribution companies that support the restoration efforts are approximately $225 million.

As noted in our prior call given the severity of the storm, we are planning to recover the costs through a Z factor application with the Ontario Energy Board. This application allows utilities that experience a significant unforeseen event that was beyond the utilities control to apply for cost recovery.

We expect to file the application shortly. To help with cleanup and recovery efforts, Hydro One announced 50 recipients that include indigenous communities and municipalities who will each receive up to $10,000 through the Ice Storm 2025 recovery grant. The grants are part of our commitment to support recovery efforts and initiatives in local communities that were severely impacted by the storm.

Energy demand in Ontario continues to grow across the province, with demand expected to grow by 70% by 2050. Hydro One is pleased to be part of this growth and continues to play a critical role in meeting the increased demand and supporting the province's electrification goals. Early in June, I was pleased that the Ontario government released its first Integrated Energy Plan, or IEP, titled Energy for Generations. The plan sets out a long-term plan roadmap to 2050 for living clean, affordable, secure and reliable energy.

It unifies planning across electricity, natural gas, hydrogen and emerging fuels to support economic growth, jobs and energy security to meet the growth in demand and provide Ontario's affordable, secure, reliable and clean energy.

As part of the plan, the government announced the acceleration of the development of transmission infrastructure and the modernization of the distribution grid, which will provide Hydro One with additional growth opportunities. New transmission projects included the Barrie to Sudbury Transmission Line, a new single circuit 500 kV line between Essa Transformer Station and Hanmer Transformer Station.

There is also early development work on a second 500 kV line. Bowmanville built a Greater Toronto area transmission line, a new double circuit 500 kV line from Bowmanville switching stations to an existing 500 kV station in GTA. Greenstone Transmission Line, a new 230 kV transmission line between Longlac transformer station in Geraldton to Nipigon transformer stations and connecting to the East-West Tie Transmission Line near Nipigon Bay.

And Windsor to Lakeshore Transmission Line, a new 230 kV transmission line from Lauzon Transformer station in Windsor to Lakeshore Transmission Station in Lakeshore.

The report also referred to the Orangeville to Barrie Reconductoring project, which involves reconductoring of Hydro's existing 200 kV transmission lines between the Orangeville transformer stations and the Essa transformer station both in Barrie.

Subject to required approvals and a 60-day consultation period, the Ministry of Energy and Mines intends to declare these projects as priority projects and designate new transmission lines to Hydro One.

The winds of the Lakeshore Transmission Line was previously designated to Hydro One in March of 2022.

However with the declaration of this project as a priority project, it moves from early development into delivery to meet the emerging demand of the region. Chatham by Lakeshore Transmission Line project, which was completed and energized at the end of 2024, represents a significant milestone as it was the first product to be completed through the industry-leading 50-50 First Nations Equity Partnership model.

We are happy to report the two First Nations partners have a secured the necessary of financing, enabling them to make their equity investments in the transmission line. This project represents the first time that we are advancing -- this project represents the first that we are advancing under the 50-50 partnership model and further enables First Nation investment into the electricity system to provide generational own-source revenues for indigenous communities.

We are proud of these new partnerships and our ongoing efforts to advance reconciliations.

We continue to collaborate with the remaining First Nation partners as they work to finalize their investment and financing decisions and expect to conclude this work by the end of 2025. After reaching tentative settlements with two collective agreements, the main collective agreement and the customer service and operation agreement with the power workers union earlier this year, I'm happy to report these agreements were ratified by members of the union.

The agreements cover employees in frontline and customer-facing roles across the company's operations and will be effective from October 1, 2025 to March 31, 2028. Targeting with the Society of United Professionals continues with the parties working towards reaching an agreement ahead of the September 30, 2025 expiry of the existing contracts.

As is normal during bargaining and to respect the bargaining process between the teams, we won't be providing any further comments on this process.

In May, we reduced our 2024 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 on Ontario, leading to a better and brighter future for all. The 2024 report highlights accomplishments related to our long-term targets and key initiatives including reducing our operations-driven greenhouse gas emissions, Scope 1 and Scope 2 operations-driven emissions by approximately 41% compared to baseline year 2018, converting approximately 44% of our sedans and SUVs to electric vehicles and hybrids since announcing the initiative in July of 2021.

Spending over $158 million or 5.5% of our total sourceable spend in 2024 on materials and supplies from indigenous businesses ahead of our target of 5% by 2026.

Investing approximately $3.1 billion of capital in 2024 to expand and renew Ontario's grid and creating over 60 hectares of pollinator habitat in 2024. These achievements reflect the alignment that exists between our strategy and sustainability, leading to a better and brighter future for all.

Our actions reflect our purpose and commitments, and I am pleased that our actions continue to be recognized.

For the tenth year in a row, we are part of Corporate Knight's annual list of 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.

We're also proud to be recognized by the Forbes inaugural ranking of Canada's Best Employers for Company Culture. The ranking surveyed more than 40,000 Canadian-based workers, employed at companies with at least 500 people and involve a range of company culture-related topics including fairness, inclusivity and opportunity.

Lastly, Hydro One was also recognized in TIME Magazine and Statistica's first-ever list of Canadian Best Company for 2025. The list ranks the top Canadian companies from over 2,000 eligible companies based on metrics that include employee satisfaction, sustainability transparency and continuous revenue growth for the last three years. These accolades reinforce what drives us every day and are a powerful reflection of our values, promises and the dedication we all bring to work every day.

Before I turn the call over to Harry, I want to take a moment to update you on some recent executive changes.

It is my pleasure to announce that Megan Telford will take over as Chief Operating Officer and will lead the safety, operations and customer experience, capital portfolio delivery, strategy, growth planning at Hydro One remote Communities, Inc. Megan joined Hydro One in 2020 and previously held leadership roles that include responsible for Health and Safety and Environment, Human Resources, Indigenous Relations, Corporate Affairs and customer care teams.

Lisa Pearson will assume the role of Executive Vice President, Corporate Affairs.

Since joining Hydro One in 2024, Lisa has been responsible for building a trusted partnerships that deliver value for the customers and shareholders.

In addition to our current mandate, she will also lead the indigenous relations, sustainability and energy policy functions at Hydro One. These changes position us for the future and help us achieve our strategic objectives while driving economic growth across Ontario.

With that, I'll turn it over to Harry to discuss our financial results. Harry, over to you.

Henry Taylor^ Thank you, David. Good morning to our listeners. And thank you for joining us today.

In the second quarter, we delivered basic earnings per share of $0.54, compared to $0.49 in the second quarter of 2024. The key drivers behind the year-over-year change included higher revenues net of purchase power due to higher 2025 OEB-approved rates and higher energy consumption. These were partially offset by higher depreciation, amortization and asset removal costs resulting from storm restoration efforts and growth in our capital assets.

Higher interest expense, primarily due to an increase in long-term debt outstanding and higher income tax expense, primarily due to higher pre-tax earnings.

Our second quarter revenues net of purchased power increased year-over-year by 7%. Transmission revenues increased by 6.7% year-over-year, primarily due to changes in OEB-approved rates for 2025, coupled with contributions from our Chatham x Lakeshore Transmission Line following its in servicing in Q4 2024 and also from contributions from Hydro One's investment in the East-West Tie Limited partnership.

On the distribution side, distribution revenues net of purchased power increased by 7.9% year-over-year, primarily due to the changes in OEB-approved rates for 2025 and higher energy consumption. There were some net income-neutral items in revenue relating to third-party storm recovery costs, which had corresponding offsets in OM&A, thus making them net income neutral.

On the cost front, operating maintenance and administration expenses in the quarter were higher by 0.3%.

In the Transmission segment, costs were higher by 14.2%, mainly due to corporate support costs attributable to lower capitalized overheads, lower insurance proceeds received this year compared to 2024 and higher asset write-offs.

In the Distribution segment, costs were lower by 10.4% mainly due to lower work program expenditures including vegetation management, lower corporate support costs due to higher capitalized overheads and a lower allowance for doubtful accounts. Depreciation, amortization and asset removal expenses for the second quarter were higher year-over-year by 9.5%. This was due to higher asset removal costs resulting from storm restoration efforts and higher depreciation resulting from the growth in capital assets as the company continues to place new assets in service.

With respect to our financing activities, we saw a 7.6% increase in interest expense year-over-year. This was mainly due to a higher amount of long-term debt and higher weighted average interest rates on long-term debt. Having said that, we continue to be pleased with the strength of our balance sheet, along with our creditworthiness.

Our current annualized FFO to net debt metric of 13.6% remains well above the threshold limits, the rating agencies use in determining our credit rating.

Turning to taxes.

Our income tax expense in the quarter was $61 million, compared to $57 million in the same quarter last year. The increase was primarily due to higher pretax earnings, which were partially offset by higher deductible timing differences compared to last year. The effective tax rate this quarter was 15.6% versus an effective tax rate last year of $16.2 million. The current rate is consistent with our effective tax rate expectations of 13% to 16% for the remainder of the JRAP period.

Moving on to our capital expenditures.

In the second quarter, we invested $913 million, which was an increase of 11.6% over 2024. The increase occurred in the distribution segment as a result of a higher spend on storm-related asset replacements and investments in Ontario's broadband initiative. The overall increase in capital investment was partially offset by a lower volume of wood pole replacements and a lower spend on system capacity reinforcement projects within the Distribution segment.

In the Transmission segment, we saw a slight decrease in capital expenditures, primarily due to a lower volume of station refurbishments and equipment replacement, lower spending on major development projects, a lower volume of line refurbishments and wood pole replacement and lower spending on spare transformer purchases. These were partially offset by investments in the Waasigan Transmission Line in the quarter.

Looking at in-service additions.

In the second quarter, we placed $591 million of assets in-service for our customers, which was an increase of 12.4%, compared to the prior year.

In the Transmission segment, we saw a decrease of 49.3% year-over-year primarily due to the timing of assets placed in service for station refurbishments and replacements as well as lower volume of line refurbishments. These were partially offset by investments placed in service for our Orillia Distribution Warehouse.

In the Distribution segment, in-service additions increased by 88.4% from the prior year due to a higher volume of storm-related asset replacements, primarily related to the March ice storm and associated restoration efforts.

Also contributing to the increase were investments placed in service for the same Orillia Distribution Warehouse and investments in the advanced metering infrastructure known as AMI 2.0 System.

Looking ahead, we continue to expect earnings per share to grow between 6% and 8% annually through 2027, using the normalized 2022 EPS of $1.61 as a base.

Finally, I'm pleased to report that our Board of Directors declared a dividend of $0.3331 per share, payable to common shareholders of record on September 10, 2025.

With that, we will open the phone lines and be pleased to take your questions.

Wassem Khalil^ Thank you, David and Harry.

We will now open the call to take questions.

We ask the operator to explain the Q&A polling process.

We ask that you limit your questions to one question and one follow-up.

If you have additional questions, we request you rejoin the queue.

In case we can't address your questions today, my team and I are always available to respond to follow-up questions.

Please go ahead, Shannon.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Benjamin Pham with BMO.

Benjamin Pham^ Maybe you can update us I know last -- you've been talking about the potential regulatory application maybe into next year into the next JRAP program. Maybe just update us on the timing of that.

Is the intention still a combined application and also on a multiyear one as well?

Henry Taylor^ Sure, Ben.

It's Harry here. Thanks for the question.

We continue to feverishly work away in preparing all the analysis and customer engagement to file our next joint rate application.

We haven't changed our expectations of filing it in the fall of 2026.

So that we have sufficient time to engage in settlement discussions and get everything done in advance of the new rate period beginning early -- January 1, 2028.

Benjamin Pham^ And you mentioned also in your report, a number of power transmission projects all the way through 2032.

So it sounds like, I guess, from your perspective, you increasingly maybe getting some good visibility to maybe provide -- once you file JRAP, get it approved, you can roll forward a guidance that duration might be very similar to your current one and multiyear through 2032?

Henry Taylor^ Well the -- each of the transmission lines will be a separate partnership.

So our joint rate application for '28 to '32 will be for Hydro One Networks, Inc. Each of the transmission lines will have its own rate application once we are ready to go and energize it.

As we provide updates on our quarterly calls, our guidance will include at a Hydro One Limited level all of the related capital expenditures, OM&A expectations, earnings guidance that brings those in on a consolidated basis.

But there are separate rate applications.

We will update capital guidance and timing once we get our Section 92, once we file our so-called Section 92 lead to construct the applications, that's where we have sufficient amount of engineering and cost estimates.

So we've got a reasonable range within the capital expenditures for that base, and that's when we will update our tables and update our guidance around CapEx.

Benjamin Pham^ Maybe just to clarify the last question to think with what I'm thinking about, I guess would be -- you've been mentioned for some time as you get through post '27, you can see an acceleration of EPS growth. Would that language include the potential priority transmission projects that you've put in the earnings report?

Henry Taylor^ Yes.

Operator^ Our next question comes from the line of Maurice Choy with RBC Capital Markets.

Maurice Choy^ Just hope to touch on the Ontario integrated energy plan. You've outlined a number of projects in that plan as part of your prepared remarks. Given your success rate in securing recent transmission projects, any reason to believe that you wouldn't again have a high win ratio? And to that end, when do you see these projects being awarded?

David Lebeter^ Maurice, it's David here. Thank you for the question. A couple of things.

Some of those -- the transmission lines I spoke about will get awarded to us.

So unless there's a strong opposition during the consultation period, there won't be a competition on those.

In the integrated energy plan, the plan does speak to do some competitive procurement of transmission lines in the province. These will be lines that have longer lead times, are not time-sensitive or not holding back economic development.

We remain really confident that if and when that occurs in the transmission line comes up just as we did two years ago, we'll be the successful proponent and able to win those.

It's our backyard.

We know the territory better than anybody else.

We have over 92% of the transmission assets already owned and operated by us.

So we're very confident we can compete successfully if and when that does occur.

Maurice Choy^ Any idea when those awarding was going to occur?

David Lebeter^ No. No idea. That's a discussion between the independent electric system operator and the Ministry of Energy and Mines.

As I said, we now have 13 transmission lines designated to us including the Chatham x Lakeshore and I'm concluding that the 60-day consultation period when it closes won't have raised any objections to those three additional lines and the one that's early development will be awarded to us.

Maurice Choy^ Understood. And my quick follow-up to that is, I suppose when you look at all of these transmission lines that you have been awarded, some of these cost estimates aren't out yet, to Harry's point, if Section 92 applications will come. Are you seeing any higher cost pressures given today's environment? And if so, do you anticipate that some of the projects will get pushed out in terms of timing or in part of these costs pressure do you reckon that the Ontario government will still want to stick to the current timing and make sure that timing doesn't slip in the name of economic growth?

David Lebeter^ Yes. I believe that the Ontario government will not want these timelines to slip. Economic growth is continuing ahead in Ontario.

It's still 40% of Canada's GDP, 40% of the country's population lives there. These are priority transmission projects, so they will stick to the timelines that we've outlined there.

In reference to your first part of your question, cost pressures.

Yes. We have seen some cost pressures coming out of the pandemic.

We're seeing a little bit of pressure given tariffs but nothing significant and nothing that we're concerned about at this point.

And the procurement team, which works in Harry's portfolio has done a fantastic job of onshoring, so increasing our Canadian purchases looking for alternatives, standardization.

So we're initiating a lot of activities and we've been working on for quite a while that are offsetting those tariff impacts.

Operator^ Our next question comes from the line of Mark Jarvi with CIBC.

Mark Jarvi^ Just following up on the IEP.

I think it's fairly evident and obvious on how the transmission business can benefit from what was laid out.

What about the distribution side? Is there anything inside of that plan or conversations you think are sort of forming the outlook on the distribution, I guess, through the JRAP next phase and then into the 2030s?

David Lebeter^ Mark, it's David. The integrated energy plan was pretty important from our perspective.

It's the first time that the ministry has acknowledged that the distribution system needs investments.

I talks about the distribution system operator.

It talks about integrated planning with natural gas.

Those are aimed directly to the distribution sector.

So we anticipate this is going to allow us to move forward with modernization of the distribution grid and recognize the importance of the distribution grid and supporting economic growth.

It's not good enough just to have the transmission system, solid backbone, but you need to have the arteries that feed it out to those businesses and industries and homes and restaurants that people rely on for their day-to-day existence.

Mark Jarvi^ So David, is there anything then from that and how the framework has been laid out that opens up some new investment opportunities for distribution? Or is it largely just confirming your views in terms of where you thought the opportunities were?

David Lebeter^ It does speak to innovation.

So there should be some opportunities there.

We're looking to see what those might be, but mostly what it does, it sets the stage very nicely for us when we go in front of the Ontario Energy Board with JRAP '28, which is our next 5-year filing.

It sets the stage nicely to say, look, the investments we are planning on making are consistent with the Integrated Energy Plan consistent with the direction the government would like us to take and consistent with economic growth -- supporting economic growth in the province.

So it is an important document, lays a foundation.

It specifically doesn't identify any new investments because, of course, we're already making our Advanced Metering Infrastructure investment and we're already upgrading our distribution automation systems.

So we had already started on this path towards being DSO.

So this provides additional evidence, as I said before we file our rate application.

Mark Jarvi^ Got it. And then just a follow-up for Harry. Just in your comments around the timing of the joint rate application next fall, you'll provide sort of a CapEx plan around that. Just curious to, at that point, would you be sharing a little bit more in terms of financing needs, timing of equity? Or is there something you think you could provide between now and then in terms of just updated views on equity needs?

Or do we wait until the fall 2026?

Henry Taylor^ Mark, I'm afraid you will have to wait until the fall of 2026.

Once we file the rate application, there's a lot of communication that we will do. There is no question we see CapEx accelerate.

We'll be proposing an acceleration in CapEx and assets placed in service, which will drive incremental funding needs. And it's no secret that in the next rate period, we will need to issue equity in addition to continue issuing debt.

And we're already thinking through and working on that right now but I can't give any specifics at this point, and that will come together.

We do want to be careful.

We don't want to prejudge the outcome or prejudice the discussions.

So we have to be as fulsome as we can in our communication without creating any challenges for us in the settlement discussions as we go.

So we're going to kind of thread a needle here in terms of expectations for the '28 through '32 period.

Operator^ Our next question comes from the line of John Mould with TD Cowen.

John Mould^ Maybe just one more on the Integrated Resource Plan. You flagged the specific transmission initiatives that have been identified that are relevant -- excuse me, relevant for Hydro One and touched on some of the competitive transmission procurement elements and sort of broader distribution implications.

I guess, I'm just wondering if there are any other takeaways or broader strategic implications that you saw for the company coming out of that plan?

David Lebeter^ John, and thanks for joining us on the call today. The one that I forgot to mention in my earlier response was the plan does acknowledge LDC consolidation and that there would be advantages to the consumer in terms of lower rates.

It would allow modernization of the group to move forward at a faster pace.

So we're watching and waiting for an opportunity to participate in that process in terms of shaping how that might be brought about.

But that's the one additional area that I didn't mention.

John Mould^ Okay. Got it. And then last quarter, you flagged the challenge of securing manufacturing slots for equipment. Just curious how that dynamics evolved over the last three months? And if you could also touch on your efforts to continue to diversify, excuse me, your suppliers?

Henry Taylor^ John, I'll cover that off.

Our procurement team has been working hard with not only our vendor base, but also other Canadian utilities as we look to shift in some cases, sources of supply and reduce exposure to U.S. dollars, certainly reduce exposure to U.S. suppliers where we can and there's credible alternatives.

We have not had issues in terms of securing manufacturing slots for long lead time items, particularly transformers.

And we are very happy with the early benefits from finding Canadian sources, particularly for things like wood poles, which is kind of a natural, if you will. And we are seeing some real benefits from shifting some sources of supply there.

It's early days.

As David mentioned, we haven't seen any significant cost increases.

We've been working through inventory and being proactive.

So we don't have any concerns, but it is something the team is working on pretty aggressively with other partner utilities around the country to ensure that we've got a diversified supply base.

Operator^ (Operator Instructions) Our next question comes from the line of Patrick Kenny with National Bank Financial.

Patrick Kenny^ Just curious if we can get a quick update on the Ring of Fire development opportunity in the province. Maybe what key milestones we should be looking out for, whether it be on the policy front or industry activity related? And then perhaps you could just refresh us on what the critical minerals opportunity for the province in general could mean for your growth outlook?

David Lebeter^ Good morning, Pat, and thanks for getting up early to join us on the call this morning. Ring of Fire is really interesting.

Our approach towards the Ring of Fire has been to meet with the indigenous nations that are going to be impacted by this -- that project or the development of that area, understand their needs and get to build a relationship with them, and that's been very successful for us.

So far, I'm quite pleased with the progress we've made there. Unfortunately, the passing of Bill five in Ontario and Bill C5 federally, have created a bit of a wrinkle in that the nations -- some of the nations feel that their rights and their ability to be adequately consulted and have influence and participate in these projects might be impacted by those bills.

So I remain confident and optimistic that both the federal government, provincial government with the nations can work through those challenges, but that will take some time.

So I would expect things to move forward a little bit more slowly than perhaps some people might have liked earlier on.

It is a very rich mineral area.

There's lots of critical minerals up there.

I'm not a miner, so I'm not going to try to say how rich and how important it is.

But from everything I read and when I talk to the mining companies that are interested in there.

It is a world-class mineral -- the world-class mineral reserves up there and everybody wants to get in there.

I will say people recognize this has to be done in the right way.

It has to be done in partnership with the communities and the people that live in that area, and it has to be done in a way that respects the environment.

So it will be perhaps different than development we've seen in the past.

As I said, I remain optimistic we'll move forward, but there is some work that has to be done to build those bridges as a result of Bill C5 and Bill five in Ontario.

Patrick Kenny^ Understood. That's helpful. And then I guess when it comes to potential opportunities that might come up outside the province, not sure if anything has changed just in terms of how you're thinking about bolt-on acquisitions within, say, adjacent jurisdictions that might have a net positive impact on customer affordability for Ontarians or perhaps other strategic benefits for your platform. Just curious if you had an update on the current market dynamic outside the province?

Henry Taylor^ Pat, it's Harry here.

I'll start. David can clean up if I have any omissions or errors. The good news is our domestic, for lack of a better term, or Ontario growth opportunities are pretty significant. And so that's our primary focus.

But we are open to other opportunities for us that will give us new and diversified avenues of growth as long as it doesn't be tracked from what we are doing in Ontario.

So we have to serve Ontarians interest, which it could, to your point about helping with affordability in terms of spreading costs over a bigger bases, et cetera.

With the both federal and -- well the First Minister's priority about nation-building projects, we're certainly interested to see what can come from that, where we can add some value and create some value for our shareholders and for our customers, if you will without detracting from the agenda that we have in front of us.

So as long as it's an adder, and we can do it and feel we have the capabilities where we can add some value, we're certainly open to it, and we'll look and evaluate the opportunities.

David Lebeter^ Patt, just to build on Harry's answer there.

Our largest shareholder, the province of Ontario, is supportive of us going outside Ontario, providing and these are big providing.

We don't damage any of the work we're doing within the province, which is critical as Harry just outlined, and providing that allows us to repatriate some additional profit back into the province of Ontario.

So we have support from our largest shareholder and the opportunities might exist out there.

But we're not going to do anything to compromise the great growth rate that we see in Ontario and the responsibility has been placed on us to develop those -- develop and deliver those priority projects to sustain economic growth in Ontario.

Operator^ Our last question comes from the line of Robert Hope with Scotiabank.

Robert Hope^ Congrats, Megan and Lisa on the new roles. Maybe to start with the kind of longer-term Ontario transmission outlook and regulatory framework. Regarding your prior comments on achieving most of the transmission assets, even if they come up for a competitive bid, could we see in a scenario where increased competitions could potentially weigh on some returns on those projects on a longer-term basis?

Wassem Khalil^ Rob, I don't -- we were happy to compete if and when the IESO or the province wants to put something out for competition.

We think we can measure up well and compete well.

I don't know that competitive process would result in lower returns. The competitive process is designed to ensure the lowest cost is achieved for the customers, and then the returns will be based on the formula and the metrics supporting the ROE formula in place at the time the application is brought.

So I think -- for us, it's about making sure we put our best foot forward if and when there is a competitive process and bring all the expertise and capabilities that we have to it to ensure that we're bringing the most value to the province and the customers.

Robert Hope^ Appreciate that. And then maybe just a cleanup question. The MD&A notes that work programs were a little lower in Q2. How does that (inaudible) especially given the fact that it's been a very warm start to the summer as well as kind of some vegetation costs maybe tied up with prior work.

Wassem Khalil^ Well I think the biggest reason for the delta in Q2 was so much storm restoration work, which detracted from normal course.

It replaced some work, but it was in a concentrated area relative to across the province.

We'll return to more normal levels, and now that the storm restoration work has been completed and go from there.

Operator^ And that does conclude our Q&A session for today.

I'd like to turn the call back over to Wassem Khalil for any further remarks.

Wassem Khalil^ Thanks, Shannon. The team -- the management team at Hydro One thanks everyone for their time with us this morning.

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.