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Corporate Speakers

- Omar Javed; Hydro One, Inc.; Vice President Investor Relations
- David Lebeter; Hydro One, Inc.; President and Chief Executive Officer
- Henry Taylor; Hydro One, Inc.; Chief Financial and Regulatory Officer

Participants

- Jamieson Ward; Jefferies LLC; Analyst
- Maurice Choy; RBC Capital Markets; Analyst
- Robert Hope; Scotiabank; Analyst
- Benjamin Pham; BMO; Analyst
- Mark Jarvi; CIBC; Analyst

PRESENTATION

Operator^ Good morning, ladies and gentlemen. Welcome to Hydro One Limited's Fourth 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^ Thank you, Shannon. Good morning. 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 will provide an overview of our quarterly and annual results, and then we'll take some time answering as many 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^ Thank you, Omar. Good morning. Thank you for joining us for our fourth quarter 2024 earnings call.

This morning, I'll provide an update on our recent activities and accomplishments this past year. Then Harry will take you through the financial results.

As we reflect on 2024 and look to the year ahead, I am proud of Hydro One's journey and the strides we have made together.

Through the year, we demonstrated an unwavering commitment to safety, a refreshed strategy and a dedication to customers, partnerships and communities.

Successful execution of these commitments continues to make us a stronger company.

I'm also proud of the hard work and dedication of our teams bringing -- our teams bring to the job every day.

It is their enthusiasm and commitment that allows us to meet the expectations and needs of our customers, partners and stakeholders. The nature of our work means safety will always be a focus for us.

I'm happy to report that in 2024, we had another strong year of safety results.

Our recordable injury rate was below our target and our high energy serious injury rate held steady at 0.023.

In 2024, Hydro One achieved a recordable injury rate of 0.55 per 200,000 hours, which remains well below the world-class benchmark of 1.0. This achievement stems from a culture where every employee feels responsible not only for their own safety but also for the safety of their colleagues.

For the third year in a row, Hydro One was a recipient of Electricity Canada's President's Award of Excellence for employee safety in the transmission segment.

This award recognizes the safest Canadian utility as measured by all injury frequency and lost time injury severity rates.

With continued focus, I'm confident we can eliminate all serious injuries and fatalities and ensure our employees come home safe at the end of each day.

In May I shared our refreshed strategy, which in large part focused on understanding and meeting our customers' evolving needs while delivering an exceptional customer experience. Even though it's been less than a year since we announced the refreshed strategy, our customers are telling us we are improving.

In 2024, our residential and small business customer satisfaction scores in our distribution business increased to 88%, continuing the positive trend observed over the past few years.

Our commercial and industrial customer satisfaction scores also remain robust, achieving a score of 85%.

Additionally, we gained high satisfaction scores from our transmission customers with an 85% rating.

While there is more work to be done, these results underscore our commitment to establishing Hydro One as a reliable energy partner.

In 2024, Hydro One met its capital investment commitments, ensuring our transmission and distribution systems continue to meet the growing demand for clean electricity. This past year, we deployed more than $3 billion of capital and in-service approximately $2.5 billion of assets.

The investments will supply the critical infrastructure needed to support electrification efforts across the province and Ontario's economic growth.

We are mindful that every dollar we invest is supported by rates. Consequently, we are committed to spending prudently and reducing capital and operating costs.

I am pleased to report that in 2024, productivity savings in capital and operating expenditures amounted to $150 million.

Our Chatham by Lakeshore transmission project was completed and energized at the end of 2024.

The line was completed one year ahead of schedule and $30 million under budget. The completion of this project represents a significant milestone as it will be the first 50-50 First Nation's equity partnership.

We expect our partners will secure their equity financing in 2025. The Chatham by Lakeshore line will provide clean electricity to support the growth in the agri food and manufacturing industries as well as the population growth in Southwestern Ontario.

In December, we commenced with the construction of the Waasigan transmission line project in Northwest Ontario.

This significant milestone represents a culmination of several years of collaboration and engagement with indigenous communities, government agencies, local organizations and community residents. Full completion of the line is expected in 2027.

Additionally, we are pleased to announce that Hydro One has been chosen to develop and construct the Wawa to Porcupine transmission line in Northeastern Ontario. The line will be a new 260-kilometer 500-kilovolt transmission line, initially energized at 230-kilovolt between Wawa transformer station and the Porcupine transformer station in Timmins. The line is expected to be in service by the end 2030.

Reinforcing our position as Ontario's transmitter of choice, in December, we announced an agreement to purchase a 48% interest in the East-West Tie transmission line for $257 million. The line is of the 450 kilovolt (sic) (kilometer) 230 kV double-circuit transmission line regulated by the Ontario Energy Board, spanning from Wawa to Thunder Bay. The line, which we already maintained is a strategic asset that will be accretive to earnings and further enhances our ability to support electrification efforts in Northern Ontario. The transaction is anticipated to close in the first half of 2025, pending the fulfillment of standard closing conditions.

I want to take a moment to address the issue of tariffs.

Like many of our peers, we continue to monitor the evolving tariff situation and the uncertainty that tariffs will have on our business. Recently, as part of Team Ontario, I visited Washington, D.C. for meetings and discussions with our American counterparts and Canadians on the ground about the escalating trade tension between Canada and the U.S. There's a lot at stake.

What I heard and saw in Washington was a strong desire for many groups and organizations to find a mutually beneficial path forward.

Once again Forbes has included Hydro One in their annual list of Canada's Best Employers for 2025, marking the tenth consecutive year of recognition. The ranking is based on recommendations from employees and professionals who view Hydro One as a desirable employer. The rankings are derived from independent surveys of more than 40,000 Canadians working in companies with a minimum of 500 employees. Hydro One was also included in Forbes Honor Roll, which lists 30 companies consistently recognized for 10 years.

We are proud of what we have achieved at Hydro One, fostering an open and welcoming workplace based on trust and mutual respect, where our teams feel heard, valued and have a true sense of belonging.

Before I turn the call over to Harry, I want to take a moment to acknowledge some recent organizational changes to the executive leadership team. Andrew Spencer, who is our Executive Vice President of Capital Portfolio Delivery, left the company in December.

We have started a competitive search process and we'll look at both internal and external candidates for his replacement.

I want to reassure everyone that with the deep bench strength of talent across the organization, we have the critical skills and capabilities to successfully execute Hydro One's corporate strategy, meet or exceed our stakeholders and partners' expectations and drive the province of electrification agenda.

I thank Andrew for his long years of service to the company and wish him all the best.

I'm also pleased to announce the addition of Gillian Whitebread as our new Executive Vice President, Head of Human Resources; Gillian is a seasoned human resource executive with a track record of achieving business results through the alignment of HR practices and business strategies.

With her extensive experience, she will continue to strengthen our human capital strategy to meet the evolving needs of our business and to align with our overall business goals.

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. Thank you for joining us today.

As David highlighted, we had a very strong finish to the year, and we look forward to continuing to deliver on our commitments in the current year.

In the fourth quarter, we delivered basic earnings per share of $0.33 compared to $0.30 in the fourth quarter of 2023.

On a full year basis, earnings per share were $1.93 compared to $1.81 in 2023.

Fourth quarter net income was higher by 10.5% compared to the same period from a year ago. The key drivers of the results this quarter were similar to the full year variances and include higher revenues net of purchased power due to higher OEB-approved rates, partially offset by lower peak demand in our transmission segment and lower OM&A costs, primarily from lower work program expenditures. These drivers were partially offset by higher depreciation, amortization and asset removal costs and higher interest expense.

As a reminder, both the transmission and distribution segments had net income neutral items in revenue that include normal course regulatory adjustments such as OEB-approved recovery of historical cost deferrals. There are corresponding offsets for these items in tax expense and in OM&A, thus making them net income neutral.

On a full year basis, net income grew by 6.5% with the key drivers being higher revenues net of purchased power due to OEB-approved 2024 rates as well as higher energy consumption and lower OM&A costs, primarily resulting from lower work program expenditures. These drivers were partially offset by higher depreciation, amortization and asset removal costs higher interest expense and higher income tax expense. The comparison of our full-year, year-over-year results are impacted by the cessation of the

OEB-approved recovery of deferred tax asset amounts previously shared with ratepayers, which ended on June 30, 2023. The recovery of the DTA amounts resulted in a decrease in revenue net of purchased power in the current year that has been offset by lower income tax expense, making them net income neutral. Both our transmission and distribution segments performed well this year.

And as a result of our efforts, we were pleased to share approximately $42 million with our customers through the earnings sharing mechanism.

On the productivity front, we are happy to report that our efforts in the year have resulted in the achievement of $150 million in productivity savings. This achievement continues the trend we've delivered in prior years. The productivity savings were weighted this year more toward capital expenditures than OM&A and revenue. Through these achievements, we are delivering on our commitment to keeping costs and rates as low as possible.

We will continue to look for ways to drive productivity as these savings will eventually flow back to ratepayers in the next rate period.

Our fourth quarter revenue net of purchased power increased year-over-year by 4.7%. Transmission revenues decreased by 0.2%, primarily due to lower average monthly peak demand, the revenue impact of the net income neutral items mentioned earlier and higher earnings sharing. These were partially offset by higher revenues from OEB-approved 2024 rates. Distribution revenues net of purchased power increased by 11.5%, mainly due to lower earnings sharing in the current period compared to last year, higher revenues from OEB-approved 2024 rates and recovery of storm assistance costs, which are offset in OM&A and therefore, are net income neutral.

These were partially offset by lower revenue from Hydro One Remote, which is also net income neutral.

On the OM&A front, expenses in the quarter decreased by approximately 6% year-over-year.

In the transmission segment, costs were lower by 9.2%, mainly due to lower work program expenditures attributable to vegetation management, station and line maintenance work and information technology initiatives as well as lower corporate support costs.

In the distribution segment, costs decreased by 11.3% due to lower work program expenditures including environmental expenditures, emergency restoration costs and information technology initiatives, again as well as lower corporate support costs and regulatory adjustments.

In addition, we also had the net income neutral items in both segments that were offset in revenue.

Depreciation expense for the fourth quarter was higher year-over-year by 14.9%. This was due to growth in fixed assets, higher amortization of regulatory assets and higher asset removal costs.

Interest expense increased 7.5% year-over-year, mainly resulting from a higher weighted average interest rate on our long-term debt and more long-term debt outstanding as a result of issuances in 2024. These were partially offset by a lower average volume of short-term notes outstanding and higher capitalized interest.

During the quarter, Hydro One issued $750 million of medium-term notes.

These -- this issue consisted of $375 million, up 4.46% notes due in 2053, and $375 million of 4.25% notes due in 2035. The issuances were completed under our sustainable financing framework.

In total, Hydro One raised more than $2.75 billion in medium-term notes in 2024, all under our sustainable financing framework.

We continue to be very happy with the strength and stability of our balance sheet, along with our credit worthiness.

Our current FFO to debt is 13.4% and remains well above the threshold limits used by rating agencies to trigger credit rating reviews.

Turning to taxes.

Our income tax expense in the quarter was $17 million compared to $13 million in the same quarter last year. Contributing to this increase were higher pretax earnings adjusted for net income neutral items.

As a result, the effective tax rate this quarter was 7.8% versus the effective tax rate last year of 6.6%.

For full year 2024, the effective tax rate was 13.4% versus 14% in 2023.

This rate is within our guidance of 13% to 16%, and we reaffirm this guidance for the remainder of the JRAP period. Moving to investing activities.

In the fourth quarter, we placed $1.1 billion of assets in service for our customers, which was an increase of 12.8% compared to the prior year.

In the transmission segment, we saw an increase of 18.4% year-over-year, primarily due to the Chatham to Lakeshore transmission line being put in service and a higher volume of line refurbishments.

In the distribution segment, in-service additions increased by 4% from the prior year due to assets placed in service for the Orleans Operations Center, higher volume of storm-related asset replacements, timing of assets placed in service for system capability reinforcements and a higher volume of wood pole replacements.

These were partially offset by a lower spend on minor fixed assets and fewer customer connections.

For the full year, we placed approximately $2.5 billion of assets in service for our customers, which was an increase of 6% compared to full year 2023. The increase year-over-year was due to higher transmission in-service additions.

In terms of our capital expenditures, for the fourth quarter, we invested $799 million, which is an increase of 7.2% over the same period in 2023. The increase occurred in both the transmission and distribution segments, resulting from a higher volume of refurbishments and replacement of assets, a higher spend on storm-related related asset replacement and investments in new transmission and distribution infrastructure.

These were partially offset by a lower spend on minor fixed assets, specified equipment to support long-term projects and fewer customer connections.

For the full year, capital expenditures of approximately $3.1 billion increased by more than $500 million or 21% compared to 2023. You will also note we've updated the future capital investments profile for both segments. The primary reason was the addition of capital related to the rural broadband program as well as adjustments to the timing and pace of future capital investments.

We are pleased to announce that our outlook for earnings per share for 2027 is now $2.15 to $2.37, up from the previous range of $2.05 to $2.26.

This new range represents an annualized growth rate of 6% to 8% from our previous annualized growth rate guidance of 5% to 7% through 2027.

That, of course is comparing with normalized 2022 earnings per share of $1.61.

We've increased these earnings expectations due to the following reasons: first, our two segments are generating earnings growth at the upper end of our previous guidance range; we have also included in earnings guidance, the earnings related to $300 million in rate base growth for rural broadband; and we've also included earnings from the acquisition of a 48% interest in the East-West Tie transmission line.

I'm also pleased to report that our Board of Directors declared a dividend of $0.3142 per share payable to common shareholders of record on March 12, 2025.

Finally, as many of you know Omar is leaving us at the end of the month to begin a new chapter in his professional career.

Omar has been with us for almost a decade, spearheading our IPO, building an award-winning Investor Relations team and building great working relationships with many of you.

I'd like to thank Omar for his many accomplishments here and ask you to join me in wishing him well.

With Omar's departure, Wassem Khalil will take over leading our Investor Relations team. Many of you know Wassem seem already, and I hope you join me in wishing him well in leading our Investor Relations team.

With that, we'll open the phone lines and be happy to take your questions.

Omar Javed^ Thank you, David. Thank you, Harry, for the kind words.

It truly has been an honor to serve the many investors of this incredible organization.

I would like to thank the Board of Directors and the leadership team for their strong support over the years and for giving me an opportunity to tell a great story. Most of all, I would like to thank my teammates who really are the best in the business.

I will truly miss all of you.

With that, we ask the operator to explain how they would like to run 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, Shannon.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Julien Dumoulin-Smith with Jefferies LLC.

Jamieson Ward^ You've got James Ward on for Julien. Good.

It's busy Manic Thursday. You think it would be Manic Monday but it's one of those triple overlap type ones.

I insisted, I guess Omar and I go back, well you said he was at 10 years, it sounds about right. So I figured I had to be on for his last call.

I know we spoke last week, but congratulations again Omar.

I'm sure you will be quite missed by the investment community around Hydro One.

Yes. You guys all did great things together. That was terrific.

Well, it leads in quite well to the EPS CAGR hike that you guys put forward.

I had a couple of questions around that. Obviously, that was great to see. Now naturally, it does go into 2027.

Then you, of course, are going to have the next JRAP taking effect and you're going to be giving back a bunch of the OM&A benefits that you've accumulated, and we'll see what happens with weather forecasts and so on that may be helping from the transmission perspective.

But I guess all told, you also have those nine projects that you're building, how should we think about the interplay of the increase for the reasons that you cited, the broadband and the 48% stake in the JV there and then the outperformance of the businesses to date?

But then especially focusing on those businesses once you give back the OM&A and then you start to add on that higher rate base growth, what are the nuances there?

I think that's really where a lot of investors are very much focused, and we understand that most of it is falling outside of the five-year plan right now but it soon won't.

I'll leave it there. It's too long about a question as is, but the first half was just congrats, Omar.

Henry Taylor^ Well, James, listen, I'll try to answer. The reset that occurs with our new joint -- our next joint rate application, it happens every time we reset.

We have a lot of momentum coming out of this rate period into the next rate period. And as you identified, we have nine transmission lines that will be coming on stream through the next rate period.

So notwithstanding that our productivity savings get reset and our earnings sharing and everything else, our regulatory accounts get cleaned out, we have enough momentum and enough upside, if you will, from the future investments that we are not concerned about earnings growth declining.

Now the proof will be in the pudding.

We have to file the rate application, hopefully settle it and get it all approved.

But we see -- we believe we will be moving into the next rate period with tailwinds, not headwinds.

Jamieson Ward^ That's terrific. That's very helpful to know.

Should we still be thinking that the next guidance roll forward would be the second half of 2026 once you've got the next JRAP filed?

Or has that timing changed at all for any reason?

Henry Taylor^ Yes. We will -- when we file our rate -- our joint rate application, that becomes public.

So you'll see what we're proposing and how we're thinking about it.

But until it's approved, we will not be issuing any updated guidance because we don't want to front run the process or get sideways with the regulator.

So you'll have an indication of what we think.

But until it is finalized and approved, we can't give any firm guidance.

Jamieson Ward^ Totally, totally fair.

What's the -- and the last question for me, and I'll hop back in the queue.

Could you just remind us of what your expectations are of -- so when in the second half of '26 that you would file it and we get to take a look there.

Then ultimately, when it would be approved because obviously it's going to be an effect in 2028, right, through 2030.

So to be ahead of that --

Henry Taylor^ We're planning on filing in the fall of 2026 to give us enough time to go through our settlement discussions with the intervenors and ensure we're not running right up against the end of 2027 because it is effective January 1, 2028.

Jamieson Ward^ Got it. Terrific. I'll hop back in and looking forward to seeing you guys in New York in a few weeks.

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

Maurice Choy^ Maybe I could start with the cost of capital review. Obviously, recognizing that the election is ongoing. So maybe any outcome is quite delayed.

But just your view as to whether or not you think the base ROE and the equity ratio might be increased?

And what do you think supports those increases?

David Lebeter^ Maurice, it's David Lebeter. Thanks for joining us.

I know you're up early this morning. The cost of capital review, we're not anticipating that to get released at the end of Q1, possibly early Q2.

I don't think that had anything to do with the elections that are going on in Ontario.

It was just more of the interveners taking the time to give this a really thorough evaluation and make sure they understand all the issues.

At this point, I haven't received any indication that we're going to get a negative outcome.

I also haven't received any indication we're going to have a positive outcome.

So my best guess would be it's going to be similar or the same as what we have right now.

But I do believe there will be an opening for us when we file our next rate application.

If we want to do something different given the growth that we're experiencing, which is very different than the other distribution companies in Ontario, we would have an opportunity to put different things into that filing.

Maurice Choy^ Just to be clear, when you say your best guess is for things to be similar right now you mean that for both the ROE and the equity ratio?

David Lebeter^ I do. Yes. That is -- honestly, Maurice, I have had no indication who was going up or down.

So that's why I think it's probably going to be the same.

Maurice Choy^ Understood. Then just to finish off with a question on the East-West Tie line.

I understand that this is, obviously, accretive to the 2025 EPS. Just curious, beyond the financial benefit, were there any other strategic reasons to make this deal?

And maybe with that, given the equity needs that you have in the next regulatory period, is it fair to assume that it's unlikely that you use asset sales as a funding source?

David Lebeter^ Yes. That's a fair statement at this point in time that we don't need to use asset sales.

It's certainly one of the tools in the toolkit.

We don't see having to pull that one out and use it. The strategic other drivers for our acquisition of a portion of the East-West Tie, as you know we already own over 92% of the transmission lines in Ontario.

We already maintain that transmission line. It had an indigenous partnership model, not the same as ours, but it had an indigenous partnership model.

So it fits very well into what we were doing. It connected a bit of a gap in our transmission system.

So very strategic from the growth out of the transmission system, very strategic from a view of partnerships with indigenous communities and just strengthening our position in our base, which is Ontario.

Maurice Choy^ And my thanks to Omar for his service over the years, and congrats to Wassem as well.

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

Robert Hope^ Congrats, Omar and Wassem.

I guess the first question is on the broadband outlook. So you now have $300 million in the plan right now.

Can you maybe walk us through kind of what's changed over the months to give you confidence to put in the plan and kind of what are the key drivers that could put you above or below this?

Henry Taylor^ Rob, it's Harry here. The reason that we put it in, when the provincial government announced incremental funding back at the end of October, that broke the log jam that we had seen.

We were disappointed with the rate of applications that we received from the ISPs to do the work to set it up.

This opened the door, and we've seen an increase in the number of applications -- a pretty steady increase in the number of applications.

So we're much more confident now that we're going to see the -- some good results from this.

And that's why we've now included it in guidance.

We previously established $300 million to $700 million as the impact, which is a wide range on rate base.

We're at the low end of that right now because while we've seen the increase, it hasn't been a wild increase in the number of applications.

So we put in what we're confident will deliver based on the trend that we're seeing. To the extent that it accelerates, we'll update accordingly but not until we see that acceleration in -- further acceleration in applications from the ISPs.

Robert Hope^ All right. I appreciate that.

Then maybe just going over to productivity gains, no, I do like the chart in the presentation showing the incremental gains in '25 -- or '24. When you look forward, how do you think productivity gains will move just given continuing inflation, potential for tariffs on the capital side?

Anything to say that you won't be able to continue to wring out some gains in the system.

Henry Taylor^ No. It is -- productivity is an evergreen initiative here. So we focus on it every year.

It's part of what we're required is what's approved in our rate application is a productivity factor that we have to deliver.

Our aspiration is to exceed that through the year so that we can offset other impacts and ensure that our customers get the benefits of that.

So it's -- we're never done. We launched different initiatives over time.

We have a new one we launched in June to renew and deliver new and different productivity, both in the capital side, but also on the operating expense side so that we can mitigate any and all inflationary impacts that come from a variety of different events.

But we will never say we're done. There is no finish line for productivity for us.

We just have to dig deeper, get more creative and find different ways to deliver, utilizing everything from process improvement, technology applications, thinking and rethinking of what we do and how we do it.

So we continue to be optimistic. The trend that we have delivered over the last five years will continue.

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

Benjamin Pham^ Just given your CapEx increase through 2027 and just the direction on the EPS CAGR, as you think about through late decade or even beyond, do you think there could be some upside bias to that 6% rate base CAGR?

Henry Taylor^ Well, I don't want to give you any guidance beyond the current rate period, Ben.

But as I said, we'll have more tailwinds than headwinds.

So our expectation is acceleration.

Benjamin Pham^ Okay. I know just -- may just related to that then, I know you're -- the broadband situation, you've been tempering that over time but over the long term perspective, do you see that more as an opportunity that could persist beyond 2027 that overall number could continue in the years ahead?

Henry Taylor^ Broadband, probably not so much because it's once the 770,000 rural Ontarians are connected, it's in our rate base, but there's probably a small level of growth, nothing significant. The growth drivers for us are the continued population growth in the province, continued economic growth in the commercial and industrial side. This is on the distribution business segment.

Then in the transmission segment, all of these new lines that come on stream between now and 2032 will drive incremental growth.

So that's why we do see rate base and earnings accelerating from the current rate in the current rate period.

Benjamin Pham^ Is there anything on the nuke side with announcements on the Bruce Power to your '30 plan Pickering?

Is there anything there to get excited about just looking at your lines and the potential CapEx opportunity?

David Lebeter^ Ben, good morning, it's David speaking to you.

As you're well aware, we're already working on the transmission connection for the small modular reactors that are going in to OPG's facility. The Pickering refurbishment is great news for the employees.

It's great news for the clean electricity grid in Ontario. We already have our transmission connections there.

So there won't be anything out of the ordinary there. There might -- it might trigger some upgrades on our transmission system, but no significant new rebuild. Certainly, Bruce C and Wesleyville are interesting because if those nuclear plants go forward, there'll be significant investment in our transmission infrastructure to support them.

That would be -- I would see those investments probably in the 2035 to 2040 range.

It's going to take a while for them to make their final investment decision.

We've already started conversations that while they're looking at making their final investment decision and additional nuclear capacity, we need to get thinking about the transmission because a lot of private land and these are long transmission lines that will be multi-circuit. They won't be single circuit.

Ideally, they'll follow a different path.

So we have redundancy, which is strong for important to NERC.

So we would like to get started on those conversations and engineering early as well.

But I will update you as soon as we have anything firm.

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

Mark Jarvi^ Just with the higher spend in 2025 and 2026, does that -- maybe I missed this, but does it translate into actually higher rate base and earnings potential alongside that incremental capital that can be spent in the next couple of years?

Henry Taylor^ Yes. In a word, Mark.

Mark Jarvi^ Yes. Okay. Then I guess the other question would be, if you think about -- you're riding at the low end of the expectations for the broadband spend close to $300 million.

If that ratcheted up and goes to the high end and maybe do consolidation, is there a path to exceeding the new top end of the range of the 8% during this period?

Or is that something that you feel like would be a real hard stretch to try to exceed at this point?

Henry Taylor^ That's a pretty high bar, Mark. We'd love to, but I don't see it, honestly.

Mark Jarvi^ Okay. Then last one, just through the election here in Ontario, anything from the platforms or communications that have peaked your interest as potential positive drivers?

Anything around economic activity stimulus that you think creates an opportunity for Hydro One?

David Lebeter^ Mark, David speaking. I think the election has been focused on issues other than energy.

So I don't think it changes any of our drivers and all the parties seem committed to driving economic growth to make it a clean, brighter, better future for all and addressing the needs of the public.

So I actually see this as neutral to positive. I don't see anything negative so far.

Operator^ 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^ Thanks, Shannon. The management team at Hydro One thanks everyone for their time with us, what is definitely 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.

You may all disconnect.

Have a great day.