

Powering Possibility

Strategic Summary and Post-IPO Progress

November 2017



Executive Summary

The Company's transition from a corporation wholly-owned by the Province, to a publicly-traded company in November 2015, has been the catalyst for Hydro One's new management team to transform Hydro One into a leading utility. While customer service is paramount at Hydro One, these improvements also include growing the business, driving further efficiencies in the utilization of transmission and distribution assets, reducing costs and improving reliability. This focus will invariably deliver value to customers, employees, communities and shareholders alike.

Above all, advocating on behalf of our customers - within Hydro One along with government and the rest of the energy sector is paramount to continue to advance the energy landscape in Ontario.

A Powerful Purpose: Turning on the Power of Possibility

Hydro One recently developed a comprehensive five-year strategy and purpose that leverages the company's 111-year-old history and readies stakeholders for profitable growth during significant industry changes.

Hydro One's "Power of Possibility", outlined below, will allow the company to realize its vision of becoming a best-in-class, customer-centric utility with a culture of continuous improvement and excellence in execution.

Bring Innovation to the Core

We will invest in grid modernization and enabling distributed energy resources



Optimize the Core

We will continue to improve our core business through operational excellence and customer focused initiatives aimed at being a trusted brand



GROW



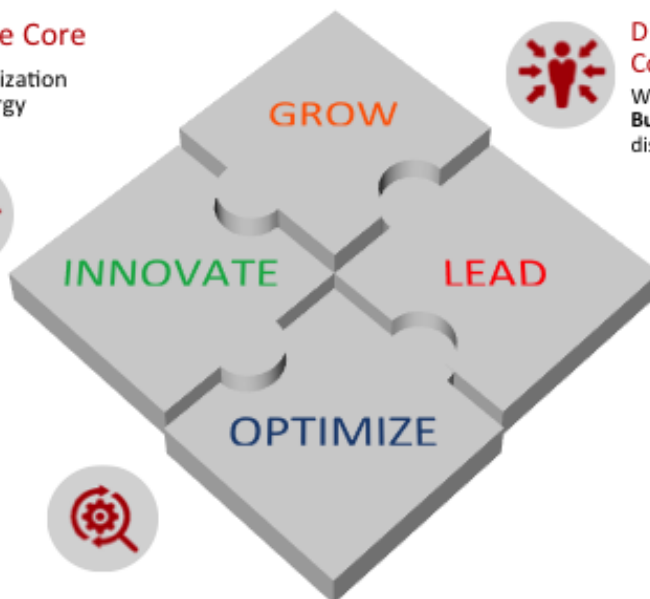
Diversify by Entering Commercial Businesses

We will offer innovative **Commercial Businesses**, capturing value from disruptive technologies



Build Scale and Diversify Through M&A

We will enter new business lines and geographies through **Mergers & Acquisitions**



Purpose-Led, Values-Driven: Hydro One's New Corporate Values

In October 2017, Hydro One launched a new set of corporate values that reflect the Company's new purpose. Being 'Purpose-Led' gives Hydro One employees a sense of meaning to the work we do every day. We are led by our Purpose to make the impossible possible for our customers and the communities we serve. Our values drive our actions and guide us to do the right things in ways that will deliver on our Purpose. With the IPO and the launch of our company's Purpose, our values have been refreshed to ensure they are aligned and we are well positioned for success as a commercial entity.

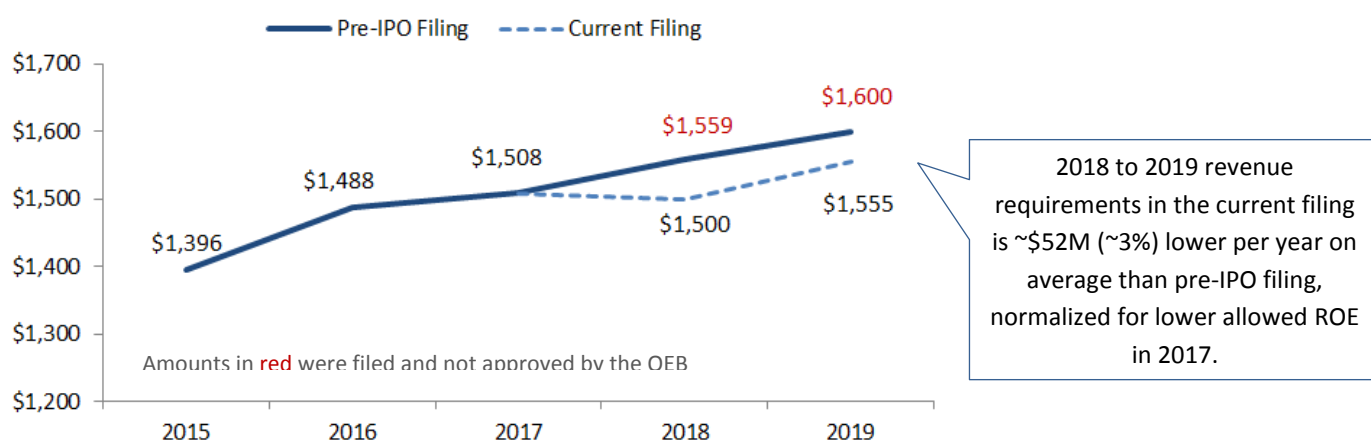


Delivering Value

A large part of the Government's rationale to privatize Hydro One was to inject "private sector thinking" to deliver full value to customers and shareholders alike. This drive towards efficiencies is apparent when comparing rate filings for the same period (2018-2019): the first filing, pre-IPO, having been denied by the Ontario Energy Board.

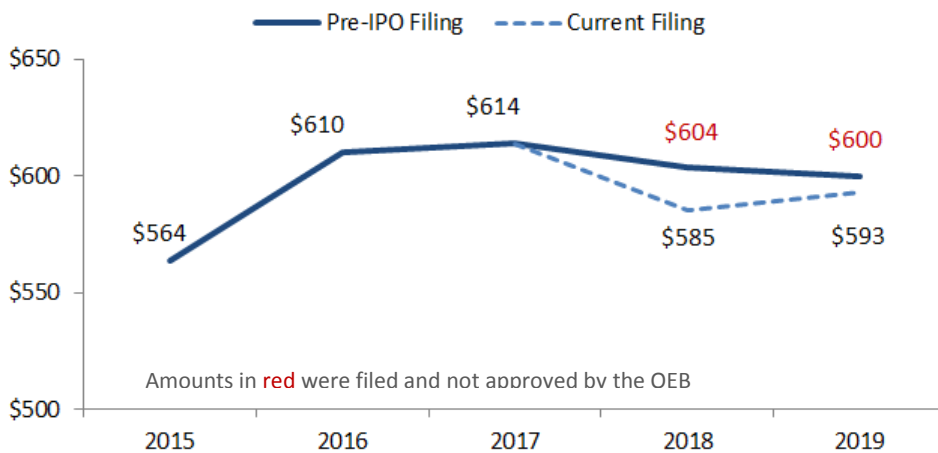
The below charts compare and contrast the effects on Hydro One's base revenue requirement under both a public and private model with the total revenue requirement being reduced by \$115.5M.

Distribution Rates – Normalized Base Revenue Requirement (2015 – 2019 Filed)



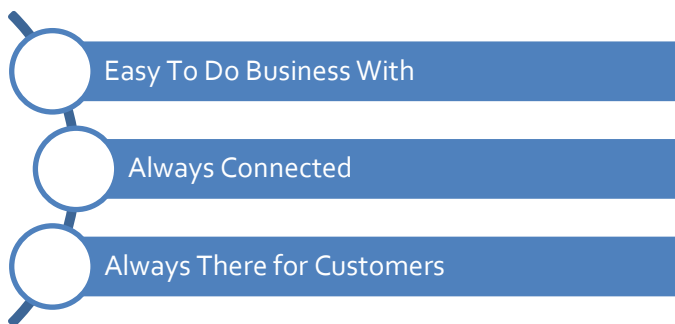
2018 Items (\$M)	OEB Filing Asks, Not Approved (Pre-IPO Filing)	OEB Filing Asks, 2018 (Post-IPO Filing)	Change
OM&A	603.9	584.8	(19.0)
Depreciation	402.9	392.6	(10.3)
Return on Debt	235.3	191.6	(43.7)
Return on Equity	308.0	269.4	(38.6)
Income Tax	65.4	61.5	(3.9)
Base Revenue Requirement	1,615.4	1,499.9	(115.5)
Allowed ROE	10.03%	8.78%	

Distribution Rates – OM&A (2015 – 2019 Filed)



Putting Customers First

Hydro One changed the way it is doing business with customers. The driving focus is to improve the relationship with customers. As such, Hydro One has been leading industry transformation by listening and responding to customer needs, advocating on their behalf, and pursuing activities that have both meaning and impact. The transformation is guided by the following pillars:



Easy To Do Business With – The Company’s objective is to complete every customer transaction in a timely, efficient and accurate fashion, while taking full accountability for the customer experience. Initiatives are underway to ensure customers take away a positive experience from each transaction.

Always Connected – The goal is to empower customers to choose how and when they engage with the Company and develop profiles specific to customer needs and behaviors in order to deliver value. Self-serve penetration will also improve Hydro One’s operating costs by reducing direct and indirect costs associated with expensive interactive channels.

Always There for Customers – The goal is to improve accessibility, enhance communication, outage communications and ultimately increase customer engagement across the province. Supporting customers and resolving issues in real time will contribute to the Company's vision of delivering great value as a trusted brand.

The accomplishments outlined below are a sample of proof points to demonstrate the company's success. The Company intends to measure overall success through overall customer satisfaction.

Proof Points: Customer Care

The following proof points demonstrate critical achievements along Hydro One's journey towards being an industry-leading utility.

Area of Focus	Description
 Easy to Do Business With	Flip the Switch Campaign (Q1, 2016) Launch of a customer-focused campaign across all channels (bill inserts, social media, traditional media) to provide insights into how the company is changing the way it does business while providing avenues for customers and communities to give feedback and suggestions on where improvements can be made.
	Proactive Outage Alerts (Q2, 2016) In early 2016, Hydro One was the first utility in Canada to offer customers proactive outage alerts. Customers who register for this service receive personalized email or text alerts about outages that may affect their homes, cottages, farms or small businesses, as well as information on estimated times of restoration. Since launching the program, Hydro One has sent hundreds of thousands of proactive alerts to customers. This service is an extension of Hydro One's existing suite of outage communication tools, which includes online outage maps and smartphone apps.
	Farm Rapid Response Team (Q3, 2016) Hydro One announced the launch of a Farm Rapid Response Team that assists the company's 13,000 farming customers to identify, assess and mitigate on-farm electrical issues. This streamlined process also provides farming customers a single, specialized point of contact to better assist with their specific on-farm concerns.
	Service Guarantees (Q4, 2016) Hydro One was the first utility in Ontario to offer service guarantees, providing tangible evidence that the Company stand behind their service. If the Company fails to meet any one of these Guarantees, the affected customer will receive a credit on their account. In an effort to reinforce our commitments to customers, Hydro One increased the guarantee from \$50 to \$75 at the end of 2016. This provides tangible evidence that

	the Company stands behind the service provided to customers.
	Get Local (Q1, 2017) Hydro One’s commitment to customers is to develop new field business offices and locations in order to better listen and respond to their questions and concerns. As part of that commitment, the Company is now offering face-to-face customer service across the province, where customers can drop-in and speak to a Customer Service Representative to ask a question about their bill, better understand their electricity charges, or find out more about conserving energy. To date, Hydro One has visited over 13 locations and assisted over 1,000 customers.

Area of Focus	Description
 Easy to Do Business With	Hydro One Day (Q1, 2017) As part of the newly launched Flip the Switch campaign, Hydro One hosted “Hydro One Day”, whereby 28 senior leaders from Hydro One joined the Company’s contact centre. The event gave customers the opportunity to provide direct feedback to the Company’s leaders. Senior leaders engaged with more than 800 customers with conversations centered on affordability, compensation, and billing. Almost 48,000 people engaged with the Company through online videos and social media posts. This activity helped further inform leadership on customer priorities as solutions were provided to government during the development of the Ontario Fair Hydro Plan
	Get Local First Nations (Q2, 2017) The Customer Service team visits First Nations communities around the province to meet with Chiefs and Councils, conduct monthly information sessions, and host one-on-one meetings with individual customers. The team focus on in-community, face-to-face interactions to ensure that customers understand and have access to all available programs. In 2017 alone, Hydro One met one-on-one with over 1,000 First Nation customers in eight communities primarily to discuss issues related to

	affordability and accessing available support programs.
	Open Saturdays (Q2, 2017) The Company's Customer Contact Centre is now open on Saturdays, the first electricity service provider in Ontario to open on Saturdays. The decision was in response to customer requests to provide another convenient opportunity to reach the company at a time that fits their schedule and lifestyle.
	First Nations Delivery Credit (Q3, 2017) Through Hydro One's broad outreach with First Nations Communities across Hydro One's service territory, it became clear that a special delivery credit was of the utmost importance to our First Nations Customers. This feedback was provided to the Government as a part of Hydro One's advocacy ahead of the Fair Hydro Plan. We are proud that this policy of effectively eliminating the delivery charges for First Nations communities made its way into the final Ontario Fair Hydro Plan.
	Redesigned Bill (Q4, 2017) Customers will see a new, easy-to-read redesigned bill that goes further to explain what customers are paying for. The company listened to customer feedback and redesigned the bill to make it simple and straightforward, including: an easy-to-understand format, larger font size, and more visuals to better understand usage.

Area of Focus	Description
 Always Connected	New Website (Q3, 2017) Hydro One launched a new, mobile friendly website that offers streamlined self-serve features to meet the evolving needs of our customers. The new website utilizes an enhanced platform along with a suite of enhancements, making it easier for customers to interact with the Company. Customers are overall pleased with the new website and self-service features. Initial results are positive, with increased usage of the website and self-service portal.
	High Usage Alerts (Q4, 2016) In addition to free power outage alerts, the Company introduced High Usage Alerts to proactively alert customers if their bill is trending higher than a pre-determined threshold. Customers can receive personalized information on electricity consumption and advice on managing usage, which helps them manage the size of their bill.
	Paperless Billing (Q4, 2016) Hydro One introduced a new paperless billing solution, whereby customers can view their bill and make payments at their convenience. Customers can also sign up for notifications when their bill is ready and when their payment due date is approaching. Over \$15M of productivity savings are anticipated over the next five-years as a result of reduced printing and postage costs.

Area of Focus	Description
 Always There for Customers	Winter Relief (Q4, 2016) Building on the company's annual winter moratorium, Hydro One announced a new Winter Relief Program in December 2016 to help customers in hardship get their electricity service reconnected for the winter and get back on track. The company contacted 1,400 customers and reconnected over 400 customers, which generated positive media attention. In addition, these customers were provided with workable payment arrangements to help them stay on track.
	Conservation and Demand Management Results (Q4, 2016) Since Q3 of 2015, Hydro One's Conservation and Demand Management programs continue to be an industry leader, having saved almost 400 Gigawatt hours of electricity; enough to power 35,000 homes – or a city of 100,000 – for a year.
	Revised Customer-Facing Practices (Q2, 2017) Hydro One increased the number of touch points with customers prior to disconnection, from 3 to 7, including new outbound calls and collections notices, exceeding the OEB's requirement. Specially-trained agents are also now empowered to offer fair, flexible, and achievable arrangements to help customers get back on track. These revised customer-facing policies have resulted in several customer benefits: the number of customers overdue greater than 90 days declined 15% and disconnection volumes declined 68%. Call centre escalations, meanwhile, are down by over 40%.
	Eliminating Security Deposits (Q2, 2017) The company put value back into the hands of customers by eliminating all residential security deposits and returning over \$12 million in security deposits back to customers – a Canadian industry first.
	Fair Hydro Plan (Q3, 2017) In March 2017, the government moved forward with their Fair Hydro Plan, which reflects many of the ideas Hydro One put forward to bring immediate relief to consumers in Ontario, especially those living in rural and Northern Ontario. The Fair Hydro Plan introduced five initiatives to lower electricity costs for consumers and address affordability.

	Under the “Fair Hydro Plan”, the majority of Hydro One customers will see an average reduction of 31% on their monthly bills, meaning an annual savings of about \$600, effective July 2017.
	Affordability Fund (Q4, 2017) The Fair Hydro Plan also includes a \$200 million Affordability Fund to help customers make their home more energy efficient if they cannot afford to make energy efficiency improvements or do not qualify for the Save on Energy Home Assistance Program. Hydro One has been named the interim Administrative Service Agent and is serving as a member of the Advisory Committee. As such, Hydro One is ready to receive applications from customers as soon as possible; a dedicated website has been created for customer inquiries and a team of dedicated agents has been established within call centre.

Stakeholder Relations

Area of Focus	Description
 Indigenous Relations	Hydro One was very proud to host its first province-wide First Nations and Métis Engagement Sessions to learn first-hand how issues such as high electricity bills, reliability issues, and customer service concerns have disproportionate impacts to remote communities. Representatives from 71 First Nation communities attended the session. The Métis Nation of Ontario has 29 Councils throughout Ontario and 28 Councils were represented at the engagement session. More recently, Hydro One was named the presenting partner of the Toronto 2017 North American Indigenous Games.
 Community Consultations	Public input and feedback is an important part of the planning process. Hydro One now provides notification of proposed projects to government agencies, municipal officials, First Nations and Métis communities, adjacent and nearby property owners and other local stakeholders. Recent projects in Toronto and Ottawa have begun to demonstrate how capital infrastructure and maintenance, and forestry programs can be done differently with enhanced up-front consultation and a focus on corporate citizenry.



Community Investment

Hydro One proudly supports community events throughout Ontario and funds charitable organizations delivering innovative community programs. Hydro One has committed millions of dollars to communities it serves across Ontario. This will increase substantially in 2018 and beyond.

In support of Hurricane Irma, Hydro One mobilized 175 employees and over 80 vehicles to travel down to Florida to help with Hurricane Irma relief efforts, leading the charge of Canadian assistance to disaster-stricken states.



Mergers & Acquisitions

On October 31, 2016, following receipt of regulatory approval of the transaction by the OEB, Hydro One completed the acquisition of Great Lakes Power, an Ontario regulated electricity transmission business.

In August 2016, the Company reached an agreement to acquire Orillia Power Distribution Corporation (Orillia Power), an electricity distribution company, for approximately \$41 million, including the assumption of approximately \$15 million in outstanding indebtedness and regulatory liabilities, subject to closing adjustments.

On July 19, 2017, Hydro One and Avista jointly announced a definitive merger agreement, establishing one of North America's largest regulated utilities with over C\$32.2 Billion in assets. Hydro One and Avista will share their customer service successes to ensure that one of the net benefits of this transaction is that Avista's customers receive better customer service in the years to come.

These recent acquisitions translate into greater shareholder value and allow Hydro One to proudly serve more communities by effectively growing both its asset and customer bases.

Operational Efficiency

Hydro One is maximizing net earnings and increasing shareholder value without compromising work program delivery through a shared commitment to reduce costs and complete work more efficiently. The company is successfully implementing initiatives across the organization which will improve productivity and generate significant cost savings. Significant capital investments will also improve reliability across the province.

Area of Focus	Description
 Productivity	Hydro One is committed to continuous improvement and achieving system outcomes that are valued by customers, including cost efficiency. Hydro One has undertaken a number of initiatives to reduce costs while maintaining service quality and work outputs. Furthermore, over \$380 million in efficiency savings have been found and included in the most recent distribution rate filing, including Move to Mobile savings in the field, procurement savings, and telematics. These savings demonstrate Hydro One's commitment to identifying and implementing efficiencies and minimizing expense before passing on costs to customers.
 Operational Efficiencies	Hydro One's revised collection practices not only yielded significant customer benefits, but also generated positive financial results. Overdue Accounts Receivable declined over \$100M, from a peak of \$194M in March 2015 down to \$86M in September 2017.
 Customer Rates	Prior to the IPO, Hydro One applied to the OEB for 2015 to 2019 Distribution rates using its pre-IPO business plan – the OEB ultimately approved rates for 2015 to 2017 but not 2018 to 2019. Hydro One's 2018 to 2022 distribution rate application has lower revenue requirements than the pre-IPO application, even when normalized for allowed return on investment that are now lower (as depicted in the figures below). OM&A expenses in the current filing for 2018 to 2019 are also lower than the pre-IPO filing.

Conclusion

As Hydro One continues to evolve, it will remain focused on delivering value against its core purpose – “Turning on the Power of Possibility.” The energy landscape is rapidly changing and Hydro One must focus on staying abreast of and participating in the launch of innovative solutions that are of value to its customers. At the same time, the Company will continue to focus on strengthening its core business and seek opportunities for growth and diversification of both its asset and revenue bases all for the benefit of its shareholders, customers communities and its people.

Being a leader in customer service, operational excellence, and innovation will ensure Hydro One is recognized as a leading North American energy company, which will facilitate growth through mergers, acquisitions, and new businesses.