John Bozzo

From: John Bozzo
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Subject: Fwd: HON1 Earning Call transcript

FYI.

HON1 has released their earnings report. Some highlights from the earnings news release includes changes to their security deposit procedures, a reference to a revamp of their bill to enhance clarity, and commentary on the Avista acquisition.

Selected Operating Highlights

As part of Hydro One's ongoing commitment to its customers, the Company extended its winter relief program by an additional month. This program, which has transitioned certain customers in difficult financial positions to payment plans they can afford, has both increased customer satisfaction and created savings for the Company by reducing call center and collections costs. In addition, under Hydro One's new security deposit policy effective in April 2017, it has returned 5,600 security deposits totaling $12 million back to consumer and small business customers across Ontario with consistent credit payment histories and has effectively minimized the collection and return of unnecessary security deposits while enhancing customer perceptions of Hydro One. These initiatives are creating incremental improvements in customer satisfaction, and have had positive impacts on accounts receivable levels.

Hydro One also fully implemented Ontario's Fair Hydro Plan on schedule, meeting the aggressive deadlines set by the Province. As a result of this successful and timely implementation, starting July 1, 2017, Hydro One was able to start bringing savings to its distribution customers, with an average savings of 31% for rural residential customers.

The Company's enhanced paperless eBilling service has continued to attract increasing numbers of residential and small business customers, with approximately 60,000 customers enrolled in the enhanced electronic billing service to-date. It is anticipated that over 150,000 customers will enroll by year end, thereby further improving customer satisfaction and resulting in postage and other savings for the Company. At the same time, customer billing accuracy has been maintained at record levels, remaining above 99% throughout the second quarter.

Hydro One expanded its "Get Local" effort, opening three new regional offices for customers to speak in person with Hydro One customer care specialists. The three offices are located across the province, and the same services are now also provided in the traveling Electricity Discovery Centre. Hydro One has also continued its outreach into First Nation Communities, with Company representatives recently visiting 11 different communities and assisting approximately 1,000 customers.

Hydro One's effort to enhance the design of its customer bill took a significant step forward with an agreement reached between Hydro One and Ontario's Ministry of Energy, allowing the Company the flexibility to materially enhance the design, readability, and clarity of its monthly customer bill, resulting in a more customer-friendly bill. The new customer bill design is expected to be launched across Hydro One's service territory by the end of 2017.

During the second quarter, Hydro One and the members of the Canadian Union of Skilled Workers (CUSW) successfully ratified a productive new five-year labor contract which became effective on May 1, 2017. The success of these negotiations demonstrates Hydro One's commitment to maintaining strong and productive relationships with its labour force.

Mergers and Acquisitions Update

Avista

Subsequent to the end of the quarter on July 19, 2017, Hydro one announced the $6.7 billion enterprise value acquisition of Avista Corporation, a market-leading integrated electric and gas regulated utility in the Pacific Northwestern U.S. with remarkably similar cultures and values. Hydro One and Avista combined will create a growing regulated utility leader with $31.2 billion in enterprise value and one of the top 20 largest utilities in North America focused on regulated transmission as well as electricity and natural gas local distribution. The transaction, which is expected to be accretive to Hydro One's earnings by at least the mid-single digits in the first full year after completion, expands Hydro One into complementary and diversified regulated assets, inclusive of natural gas local distribution, as well as into five growing markets across the Pacific Northwest where it will safely and reliably serve more than two million consumer, small business and industrial customers on a combined basis. The transaction enables Hydro One's expansion into new jurisdictions outside of Ontario, including Washington, Oregon, Montana, Idaho and Alaska, allowing higher returns on equity and experiencing customer growth. The combination of the two highly similar and complementary companies with more than 230 years of collective operational experience also provides numerous opportunities for efficiencies through enhanced scale, innovation sharing, rationalization of IT systems and increased purchasing power, resulting in cost savings and service improvements for the benefit of customers and shareholders.

Read more at http://www.stockhouse.com/news/press-releases/2017/08/08/hydro-one-reports-second-quarter-results#bvxIxwHkMDFfbPrD.99

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