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James Scarlett
Executive Vice President and
Chief Legal Officer

December 3, 2018

SENT VIA EMAIL

Ms. Terri Carlock
Mr. Brandon Karpen
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

Dear Ms. Carlock and Mr. Karpen,

On the evening of Friday November 30th the Toronto Globe & Mail newspaper published an article related to Hydro One's CEO selection process. We have enclosed this article in the spirit of ensuring that the Idaho Public Utilities Commission (IPUC) is apprised of any media activity related to our merger application.

The article is based on anonymous sources who have clearly provided inaccurate information to the media. We have elected not to comment. The selection of the CEO is a highly confidential matter and our board of directors is in the final stages of our CEO appointment process and does not wish to engage in a public discussion before a candidate is selected.

Our submissions and testimony continue to reflect the fact that our board is independent and has not had any interference from the government since taking office in August of this year.

We are also including another newspaper article posted this morning by the National Post for ease of reference. We will continue to notify the IPUC of any further media developments and would be pleased to address any further questions.

Yours truly,



James Scarlett
Executive Vice President & Chief Legal Officer
Hydro One Limited

Encl.

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Tel: (416) 345 1366 2018 DEC -3 AM 11:30

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AVU-E-17-09//AVU-G-17-05

Ford, Hydro One at odds over CEO

The Globe and Mail

December 1st, 2018

Author: ANDREW WILLIS, KAREN HOWLETT

Ontario Premier Doug Ford is in a standoff with independent directors on the Hydro One board over who will be the utility's next CEO. The outcome of the fight is expected to determine the future direction of the company that transmits electricity in the province.

The six independent directors on Hydro One's 10-person board want to select the next boss from one of three former senior executives at British Columbia's electrical utilities, according to government officials, industry executives and lawyers working for Hydro One. The three candidates are all women. The strongest contender is said to be former B.C. Transmission Corp. CEO Jane Peverett.

Other hopefuls include former BC Hydro executive Janet Woodruff and former BC Hydro CEO Jessica McDonald, who is currently an independent director on the Hydro One board.

Hydro One is looking for a new leader after Mr. Ford forced out former CEO Mayo Schmidt over what the Premier claimed was an outsized \$6.2-million annual pay package during Ontario's election campaign last spring.

The entire Hydro One board, which included Ms. Peverett, resigned after Mr. Ford was elected. The new board, with four members chosen by the province and six directors named by Hydro One's institutional shareholders, was announced in August.

Mr. Ford has his own favoured candidates to lead Hydro One, including current Toronto Hydro CEO Anthony Haines, according to government and industry sources. Hydro One executives declined to comment on the CEO search. Mr. Ford is a former Toronto city councilor and worked closely with Mr. Haines in the past. Mr. Haines declined comment. He has been running Toronto Hydro for nine years - he was appointed by former Toronto mayor David Miller - and made \$1.1-million last year.

Two sources familiar with the situation said Hydro One's board rejected Mr. Haines at a recent meeting, with all six independent directors voting against and the four government-appointed directors voting in favour. Despite the vote, the Premier's chief of staff, Dean French, continued to exert pressure on the board to appoint Mr. Haines as CEO, according to the sources.

"As a private corporation, the board of Hydro One is responsible for their own hiring decisions," said Simon Jefferies, the spokesman for Mr. Ford. In an e-mail, he said: "Following years of outrageous Liberal scandals and \$6-million salaries, the government for the people has taken measures to improve accountability and transparency at Hydro One. This includes a legislative provision to approve a responsible and reasonable compensation package for the CEO the board selects, which we will be proceeding with in the near future."

Tiziana Baccega Rosa, a spokeswoman for Hydro One, said the company had no comment.

Hydro One's independent directors are looking at CEO candidates with Western Canadian experience at a time when the utility is in the midst of a \$6.7-billion takeover of Avista Corp. The U.S. company runs electrical and gas transmission networks in Idaho, Washington State, Oregon and Alaska, states that buy

and sell power with British Columbia. The Ontario government owns a 47-per-cent stake in Hydro One after the utility was partly privatized by the previous Liberal regime.

Hydro One's six independent directors have hired Bay Street lawyer Vincent Mercier at law firm Davies Ward Phillips & Vineberg LLP, to advise them on dealing with Ontario's Progressive Conservative government. Mr. Mercier declined to comment on his role. He was also the lawyer to Hydro One's former directors, all of whom stepped down in July following Mr. Ford's election.

In addition to help on the CEO search, Hydro One board members want guidance on how to deal with potential political interference, according to lawyers who work for the utility and its employees. Mr. Ford and members of the Premier's staff are attempting to appoint a CEO and set strategy despite legislation put in place by Ontario's previous Liberal government that explicitly states the province will act as an investor in Hydro One and not get involved in the company's affairs.

The Progressive Conservatives have already introduced their own legislation, known as the Hydro One Accountability Act, which gives the Premier a veto over executive pay. The act also requires the company to disclose what it plans to pay senior executives, something the new board has not done. Government and industry sources say anyone agreeing to be Hydro One's CEO at the current time would be taking the job without knowing the compensation.

The PCs are said to favour offering the next Hydro One CEO a pay package in the \$400,000-to-\$600,000 range, according to sources in the government.

Kelly McParland: Ontario Premier Doug Ford should focus on the deficit and leave Hydro One alone

If Ford wants to prove allegations against him — that he's bully who wants his own way — he couldn't do better than to turn Hydro One into a political pawn



Ontario PC Leader Doug Ford announces his intention to fire the CEO as well as the entire board of Hydro One, in Toronto, Ont. on April 12, 2018. Stan Behal/Toronto Sun/Postmedia Network



[Kelly McParland](#)

December 3, 2018

8:39 AM EST

Ontario Premier Doug Ford has a really good chance to send his young government's reputation and credibility straight into the dumpster. Having inherited a provincial power system that was grossly mishandled by two previous Liberal governments, he seems intent on doing the same with his own, young Conservative regime.

Ford might not be premier if not for the inability of premiers Dalton McGuinty and Kathleen Wynne to keep their fingers out of the affairs of the electricity business. McGuinty saddled it with a great heaping mountain of bad environmental ideas, which continue to siphon money from the pockets over overcharged Ontarians. Wynne went further, mismanaging its affairs directly from the office of the responsible minister, then selling off majority ownership in Hydro One in a deal that sacrificed rich annual payments for a one-time sum the government could immediately spend on voter-friendly projects.

The uproar over Hydro One contributed substantially to the collapse of Wynne's public support and the annihilation of the Liberals in June, when they fell from 55 seats to seven and Ford marched into office after just a few weeks as Tory leader. Bizarrely, he seems to have interpreted the result as evidence that voters weren't opposed to the meddling, just the meddler.

A report Friday indicated that Ford and Dean French — the chief of staff whose heavy-handed tactics have [already won him an ugly reputation](#) — are [butting heads](#) with the Hydro One board over who gets to be the next chief executive. Six independent board members reportedly want one of three women who each have extensive experience in British Columbia, deemed important because Hydro One is in the midst of buying a U.S. power company with extensive activities in the U.S. west. Ford, via the four board members appointed by the province, wants someone else, possibly Anthony Haines, chief executive of Toronto Hydro.

If Ford deliberately set out to prove all the worst allegations against him by his most vociferous opponents — that he's a stubborn, impulsive bully who wants his own way no matter how ill-considered or under-informed — he couldn't do better than to turn Hydro One into a political pawn to be jerked around by a bunch of appointees linked to the premier's office.

He's already wandered a considerable distance down that path by allegedly allowing French to throw his weight around with all the subtlety of a crowbar. Alykhan Velshi, a former chief of staff to Patrick Brown, Ford's predecessor as Tory leader, was hired in September as a vice-president at Ontario Power Generation, the utility that produces the power Hydro One distributes. On his first day at work he was informed he'd been fired, and officially left the job

on Friday, [reputedly at the insistence of French](#). Though Ford denied media reports of French's involvement, no alternative explanation has been offered, or details on the hefty severance Velshi is said to be due for a few weeks' work.

"As a private corporation, the board of Hydro One is responsible for their own hiring decisions," a spokesman for Ford insisted, though the premier says he hasn't asked French about the claims.

If Velshi's main crime was his association with Brown it would surprise no one. Ford is not fond of Brown, who was forced from the leadership after allegations of sexual misconduct he denies. When Brown tried for a quick political comeback with a run for office in Peel Region, [Ford cancelled the vote](#). Instead Brown ran for mayor of Brampton, a thriving municipality west of Toronto, and [won an upset victory](#) in October. Just days after the election he publicly berated the premier for spiking a planned construction project in Brampton as part of the province's efforts to reduce spending.

If it all sounds like the plot line of a Netflix political intrigue, perhaps it's not a surprise. Ford came to office amid assertions — both from media and opponents — that he had little understanding of the office or the job, and was too used to getting his way. As a wealthy businessman in a family firm, he wasn't accustomed to being challenged, or listening to advice outside his circle of comfort. His short stint as a Toronto city councillor did little to challenge that view.

Treating Hydro One like an offshoot of caucus would go a long way to confirming the charges. Though the province owns a large minority share and has four seats on the 10-seat board, the utility is meant to operate independently, as well it should. Ford attacked it relentlessly throughout last spring's campaign, focusing his complaints on chief executive Mayo Schmidt, who he dubbed "the six million dollar man" over his healthy pay package. [Axing Schmidt](#) was one of his earliest actions as premier.

Schmidt served as proxy for Ontarians' belief that the power business had careened out of control after years of political meddling. The Liberals weren't the first to interfere with Hydro One and OPG, but they took the practice to new levels, with ambitious green energy plans that proved ill-considered and immensely costly, pushing up bills to thousands of customers. Ford is badly mistaken, though, if he thinks voters wanted to replace Liberal interference with Tory interference. What they want is a well-run, independent, professional operation that makes decisions based on the best and most effective means of providing affordable power. They don't want a premier who thinks he knows more about power generation than the people who spend their lives in the business.

Ford has his hands full trying to wrestle down the mammoth deficit he inherited. The outcry that has met his first few modest attempts demonstrates how tough it will be. He'd be better off focusing on the job he was elected for, rather than messing with utility that needs to be left to get on with the job.