

From: Jeff Leal, MPP (Constituency Office) <jleal.mpp.co@liberal.ola.org>
Sent: Friday, June 12, 2015 1:39 PM
To: 'Chris '
Subject: Jeff Leal letter

June 12, 2015

Dear

On June 4, 2015, the Ontario Legislature passed the Budget for fiscal 2015-2016. Contained in that budget were significant changes to the operation of Hydro One—a publicly owned company responsible for transmission and distribution of electricity in much of Ontario. The changes to Hydro One are controversial. I have heard a lot of opinions and suggestions from many individuals in Peterborough Riding. I have taken these opinions and suggestions directly to the Minister of Energy, the Honourable Bob Chiarelli, and the Premier of Ontario, the Honourable Kathleen Wynne.

Since the original proposal to divest 60% of Hydro One to the private sector, I am pleased that significant changes have been made to protect the interests of the residents of Ontario. There will be legislative authority to ensure that the Province would continue to be the single largest shareholder of Hydro One, with a 40% ownership stake and that no company or individual would be able to own more than 10%, even as the publicly-traded company grows in value. As Hydro One grows, the core existing regulated electricity business is protected, and Ontario rate payers are not impacted. It is important to note that Hydro One is already a holding company and that holding is what was originally proposed. The following is a list of changes: 1) Mr. Denis Desautels, former Auditor General of Canada, has agreed to serve as Speech Advisor to the Ministry of Energy to ensure fairness and transparency throughout the Initial Public Offering (I.P.O.), 2) The Ontario Energy Board (OEB) will continue to have oversight of the company and approve its' rates. 3) Legislation has been introduced to strengthen the OEB, 4) Hydro One will continue to be regulated by the Ontario Business Corporation Act and the Ontario Security Act and will continue filing information with the Ontario Securities Commission, 5) Hydro One will disclose compensation of the CEO, the CFO and the three other highest paid executives of the corporation each year, 6) Hydro One will have a dedicated corporate Ombudsperson. Holding companies are widely used in Ontario's electricity sector—Hydro Ottawa, Oakville Hydro, PowerStream and Peterborough Utilities Services. Once created, the holding company would be subject to the same treatment and oversight as is provided by Hydro One Inc. It does not diminish any of the existing consumer protection that the Government has proposed.

I am pleased that significant changes have been made in relation to the original proposals for the future of Hydro One. 7) The Province of Ontario will remain the largest shareholder of Hydro One—it will nominate 40% of the Board of Directors, (a) A 2/3 vote of the Board will be required for major decisions and (b) Ontario will have the power to unilaterally remove the entire Board of Directors.

I hope this information is helpful to understand the path forward for Hydro One.

Yours sincerely,

Jeff Leal