



City of  
**Peterborough**

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**To:** Members of the Committee of the Whole

**From:** Allan Seabrooke, Chief Administrative Officer

**Meeting Date:** September 21, 2015

**Subject:** Report CAO15-020  
Ontario Public Electricity System

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## **Purpose**

A report to address a proposed motion on the public electricity system put forward by Council for consideration.

## **Recommendation**

That Council approve the recommendation outlined in Report CAO15-020, dated September 21, 2015, of the Chief Administrative Officer, as follows:

That Report CAO15-020 with correspondence from The Honourable Jeff Leal, Minister of Agriculture, Food and Rural Affairs, addressing the Ontario Public Electricity System, be received for information.

## **Budget and Financial Implications**

There are no budget and financial implications to receiving the report.

## **Background**

At the July 27, 2015 Committee of the Whole meeting, Council considered a proposed municipal resolution on the public electricity system (see Appendix A) and subsequently adopted the following resolution:

That the proposed motion on the public electricity system in Ontario be deferred to the September 21, 2015 Committee of the Whole meeting/fourth quarter, to permit staff to prepare a report on this matter for Council consideration.

The Honourable Jeff Leal, Minister of Agriculture, Food and Rural Affairs, upon hearing of the proposed municipal resolution, directed a letter to Mayor Bennett which was also copied to Councillors. The letter outlines the future path for Hydro One and effectively addresses the subject matter of the proposed municipal resolution (letter attached as Appendix B).

Hydro One will continue to be responsible for distribution and transmission of electricity in Ontario and over a period of time, the Government of Ontario will devolve 60% ownership in this asset. The Government of Ontario will retain 40% ownership. There have been significant changes to protect the interests of the residents in the proposal in terms of oversight, strengthened legislation and transparency.

Submitted by,

Allan Seabrooke  
Chief Administrative Officer

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Appendix A: Proposed Municipal Resolution, July 27, 2015 Committee of the Whole Meeting, regarding Ontario Public Electricity System

Appendix B: Correspondence from The Honourable Jeff Leal to Mayor Bennett, dated July 30, 2015, regarding Hydro One

## Municipal Resolution

WHEREAS the public electricity system in Ontario is a critical asset to the economy; and

WHEREAS the public electricity system generates significant revenue for municipal and provincial governments and gives Ontario a competitive advantage; and

WHEREAS Hydro One is a profitable and well-run provincial utility; and

WHEREAS local control and decision making is important to meet the needs of our communities and residents; and

WHEREAS local electricity distribution companies provide a source of stable and predictable revenue to our communities; and

WHEREAS some Ontario municipalities have examined possible sales or mergers of their local distribution companies, and have decided not to sell to Hydro One or the private sector; and

WHEREAS the privatization, partial or whole, of electricity has led to higher rates and less control;

THEREFORE BE IT RESOLVED that [MUNICIPALITY NAME] call on the provincial government to:

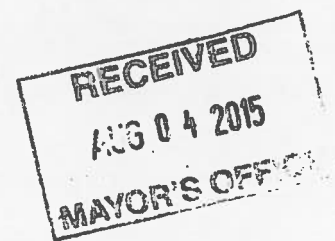
- Stop the sale of any part of Hydro One, and maintain Hydro One as a wholly public asset for the benefit of all Ontarians;
- Strengthen Hydro One by investing in the next generation of workers and upgrading aging infrastructure;
- Respect the autonomy and local decision-making powers of local distribution companies by not forcing these companies into mergers or sales; and

BE IT FURTHER RESOLVED that [MUNICIPALITY NAME] maintain ownership and control of its local distribution company; and

BE IT FURTHER RESOLVED that [MUNICIPALITY NAME] circulate this resolution to the Association of Municipalities of Ontario (AMO) and the Electricity Distributors Association, and work for its adoption.



**JEFF LEAL, MPP**  
Peterborough



July 30<sup>th</sup>, 2015

Mr. Daryl Bennett  
Mayor – City of Peterborough  
500 George St. North  
Peterborough, ON  
K9H 3R9

Dear Daryl,

On Monday July 27th 2015, you directed City of Peterborough staff to prepare a report and bring back to Peterborough City Council in September the status of Hydro One. In the late 1990's, the existing Ontario Hydro was broken into three divisions: 1) Ontario Power Generation – responsible for all generating assets – examples, Beck in Niagara Falls, and nuclear facilities in Darlington and Pickering. There is no change in the status of OPG – 100% public asset. 2) Ontario Hydro Financial – responsible for all financial transactions and the management of long term debt – no change in status. 3) Hydro One – responsible for distribution and transmission of electricity in Ontario over a period of time, the Government of Ontario will devolve 60% ownership in this asset. The Government of Ontario will retain 40% ownership. Mr. Andre Marin, the Ontario Ombudsmen has conducted two reviews on the operation of Hydro One over the past number of years.

I have included a backgrounder of the new directors who will sit on the Hydro One board. I note that the new board will include Ms. Francis Lankin, a senior cabinet minister in the NDP Government from 1990 – 1995, and Ms. Roberta Jamieson, former Ombudsmen for Ontario. Both of these individuals have a reputation of fighting for consumers and community needs.

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 Special 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



# JEFF LEAL, MPP

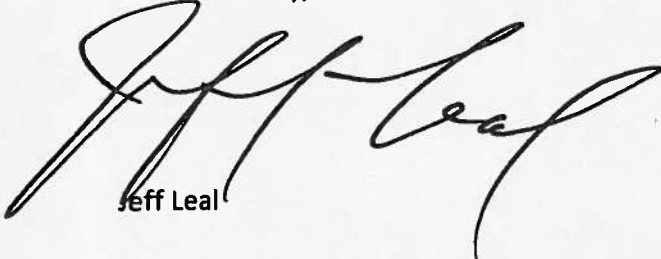
Peterborough

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.

Based on my experience, I know how busy City of Peterborough staff are in preparing reports; I hope this information will be helpful in understanding the future path for Hydro One.

Yours sincerely,



Jeff Leal

CC: Councilors Mr. Dean Pappas, Mr. Dan McWilliams, Ms. Lesley Parnell, Mr. Gary Baldwin, Mr. Keith Riel, Mr. Andrew Beamer, Mr. Dave Haacke, Ms. Diane Therrien, Mr. Henry Clarke, Mr. Don Vassiliadis

**NEWS**

Ministry of Energy

**Ontario Appoints New Hydro One Board of Directors***New Board Will Lead Transition to a Publicly Traded Company***NEWS**

July 17, 2015

Ontario has appointed a new board of directors for Hydro One Inc., drawing upon a diverse and accomplished group of proven leaders. The new Board will oversee the company as it prepares to become publicly traded, with a renewed focus on customer service excellence and improved performance and reliability.

David Denison, Chair of Hydro One Inc. (Hydro One), worked closely with the government in selecting new Board members. Board members were selected to meet strong qualifications that include independence, commercial experience, and strong expertise. The group includes some of the country's best known business leaders, electricity sector experts, corporate directors and a former provincial Ombudsman.

The new Board of Directors for Hydro One are:

- David Denison (returning Director and Chair), former President and CEO of the Canada Pension Plan Investment Board
- Ian Bourne, Chair of Ballard Power Systems Inc.
- Charles Brindamour, CEO of Intact Financial Corporation
- Marc Caira, Vice Chairman of the Board of Directors of Restaurant Brands International Inc.
- Christie Clark, former CEO and Senior Partner of PricewaterhouseCoopers LLP
- George Cooke, (returning Director), Chair of the Board of Directors of the OMERS Administration Corporation
- M. Marianne Harris, former Managing Director at Bank of America Merrill Lynch Canada
- James Hinds, former Chair of the Independent Electricity System Operator (IESO) Board
- Kathryn Jackson, Senior Vice President and Chief Technology Officer of RTI International Metals, Inc.
- Roberta Jamieson, President and CEO of Indspire, former Board Member of Ontario Power Generation, and former Ombudsman of Ontario
- Frances Lankin, a member of the Board of Directors with the Ontario Lottery and Gaming Corporation; former President and CEO of United Way Toronto; and former member of the Premier's Advisory Council on Government Assets
- Carmine Marcello, (returning Director), President and CEO of Hydro One Inc.
- Philip Orsino, former President and CEO of JELD-WEN Inc.
- Jane Peverett, former President and CEO of British Columbia Transmission Corporation
- Gale Rubenstein, (returning Director), Partner at the law firm Goodmans LLP

New legislation, now passed, enables net proceeds from Hydro One's Initial Public Offering to be held in the Trillium Trust to help finance billions of dollars in transit, transportation and other priority infrastructure projects across the province.

Maximizing the value of Hydro One Inc. is part of the government's economic plan to build Ontario up. The four-part plan includes investing in people's talents and skills, making the largest investment in public infrastructure in Ontario's history, creating a dynamic and innovative environment where business thrives, and building a secure retirement savings plan.

## QUOTES

"We have assembled a new Board of Directors of Hydro One that has tremendous talent and experience. This diverse and accomplished group will help move the company forward, enabling the investment of billions in new transit and infrastructure while renewing focus on customer service excellence, improved performance and reliability."

— Bob Chiarelli, Minister of Energy

"The new Board of Directors is uniquely well qualified to help guide Hydro One through this period of transition and towards a publicly traded, customer service centred company."

— David Denison, Chair of Hydro One Inc.

## QUICK FACTS

- In order to strengthen long-term performance and generate value for Ontarians, the government intends to broaden ownership of Hydro One through an Initial Public Offering (IPO).
- An IPO is a multistage process that would allow shares to be purchased by the general public.
- The province anticipates being able to close the IPO transaction in the current fiscal year.

## BACKGROUND INFORMATION

- Effective July 17, 2015 new Board of Directors for Hydro One Inc.

## LEARN MORE

[Read more about the government's plan to unlock the value of public assets.](#)

[Find out more about the final recommendations of the Advisory Council on Government Assets.](#)

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### FOR MEDIA INQUIRIES ONLY:

Dan Moulton, Minister's Office, 416-327-3551  
Lynn Wong, Communications Branch, 416-326-4542

**ontario.ca/energy**  
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**BACKGROUND**

Ministry of Energy

**New Hydro One Inc. Board of Directors**

July 17, 2015

**David F. Denison, Chair**

David Denison was appointed the Chair of Hydro One Inc. on April 16, 2015. Mr. Denison previously served as President and Chief Executive Officer of the Canada Pension Plan Investment Board from 2005 to 2012. Mr. Denison is a director of the Royal Bank of Canada, Bell Canada, Allison Transmission, and serves as Chair of the Board of Bentall Kennedy Limited Partnership. Mr. Denison earned Bachelor degrees in mathematics and education from the University of Toronto and is a Chartered Professional Accountant and a Fellow of the Institute of Chartered Accountants of Ontario. Mr. Denison is an Officer of the Order of Canada.

**Ian A. Bourne, Director**

Mr. Bourne is the Chair of Ballard Power Systems Inc. (2006-present), and a member of the Board of Directors of the Canada Pension Plan Investment Board, Canadian Oil Sands Limited, Wajax Corporation, and the Canadian Public Accountability Board. He has over 30 years of experience in senior financial and executive roles with a number of Canadian and international companies including TransAlta, GE Canada Inc., and Canada Post Corporation. Mr. Bourne holds a Bachelor of Commerce Degree from Mount Allison University.

**Charles Brindamour, Director**

Mr. Brindamour has been the Chief Executive Officer of Intact Financial Corporation since 2007. Over his 16-year tenure within the ING Group of Companies he has held a variety of executive positions including leading the Group's acquisition, strategic planning and capital management functions. Mr. Brindamour is a board member of Intact Financial Corporation, the C.D. Howe Institute, and the Insurance Bureau of Canada where he was Chair for the past four years. Mr. Brindamour holds a Bachelor of Actuarial Science from l'Université Laval.

**Marc Caira, Director**

Mr. Caira is the Vice Chairman of the Board of Directors of Restaurant Brands International Inc., a multinational quick service restaurant company formed by the merger of Tim Hortons Inc. and Burger King Worldwide Inc. Prior to his appointment as Vice Chairman in December, 2014, Mr. Caira served as the Chief Executive Officer and President of Tim Hortons Inc. Previously, Mr. Caira served as the President and Chief Executive Officer of Parmalat North America. Mr. Caira holds a Diploma in Marketing Management from Seneca College, Toronto.

**Christie J. Clark, Director**

Mr. Clark served as the Chief Executive Officer and Senior Partner of PricewaterhouseCoopers LLP, Canada from 2005 to 2011. Prior to that, Mr. Clark spent many years as a partner within the areas of valuations, corporate finance and large corporate restructuring. He is currently a member of the Board of Directors of Loblaw Companies Limited, Air Canada, and Choice Properties Real Estate Investment Trust. Mr. Clark holds a Bachelor of Commerce from Queen's University and a Master's of Business Administration from the University of Toronto.



**George L. Cooke, Director**

A Hydro One Inc. Board member since 2010, Mr. Cooke is President of Martello Associates Consulting, a business strategy-consulting firm. In 2013 he was appointed as Chair of the Board of Directors of the OMERS Administration Corporation. Prior to his appointment to the OMERS' Board, Mr. Cooke was the President and Chief Executive Officer of The Dominion of Canada General Insurance Company, a position he held from 1992 to August 2012. His previous experience also includes various positions with the Ontario Energy Board (1980-1988). Mr. Cooke obtained a Bachelor of Arts degree (Honours) in Political Studies and a Master's of Business Administration degree from Queen's University.

**M. Marianne Harris, Director**

Most recently, Ms. Harris was Managing Director of Bank of America Merrill Lynch Canada and President, Corporate and Investment Banking for Merrill Lynch Canada Inc. Ms. Harris brings extensive corporate and investment banking experience gained from over 29 years of advisory work in the U.S. and Canada. Ms. Harris is currently the Chair of the Investment Industry Regulatory Organization of Canada (IIROC), and is also a board member of Sun Life Financial Inc., Sun Life Assurance Company of Canada and Agrium Inc. She has a Master's of Business Administration from the Schulich School of Business, a J.D. from Osgoode Hall and a B.Sc. (Honours) from Queen's University.

**James D. Hinds, Director**

Mr. Hinds is a retired investment banker, having specialized in public equity markets underwriting and advice for media, industrial, mining and real estate companies. Mr. Hinds previously served as Managing Director of TD Securities Inc. and has also held positions with CIBC Wood Gundy Inc. and Newcrest Capital Inc. He has previously served as Chair of both the Independent Electricity System Operator (IESO) and the Ontario Power Authority (OPA) Boards of Directors. Mr. Hinds received a Bachelor of Arts from Victoria University at the University of Toronto, a Master's of Business Administration from the Wharton School of Business at the University of Pennsylvania, and a law degree from the University of Toronto.

**Dr. Kathryn Jackson, Director**

Dr. Jackson is Senior Vice President and Chief Technology Officer of RTI International Metals Inc. She also serves on the Board of Directors of Portland General Electric and previously served as Chair of the Independent System Operator of New England. Dr. Jackson received Doctorate and Master's degrees in Engineering and Public Policy from Carnegie Mellon University. She holds a Master's degree in Industrial Engineering Management from the University of Pittsburgh and a Bachelor's degree in Physics from Grove City College.

**Roberta Jamieson, Director**

Ms. Jamieson is from Six Nations of the Grand River Territory in Ontario. In 2004, she was appointed President and CEO of Indspire, Canada's premiere Indigenous-led charity. She was the first non-parliamentarian appointed an ex-officio member of a House of Commons Committee and the first woman Ombudsman of Ontario (1989-1999). Ms. Jamieson currently serves on the Elections Canada Advisory Board and was formerly on the board of directors for Ontario Power Generation. Ms. Jamieson was appointed a Member of the Order of Canada in 1994.

**Frances Lankin, Director**

The Honourable Frances Lankin is Chair of the Ontario Press Council, a member of the Board of Directors of the Ontario Lottery and Gaming Corporation and Chair of its Social Responsibility Committee. She is a former member of the Premier's Advisory Council on Government Assets and a former President and CEO of United Way Toronto. Ms. Lankin was a Member of Provincial Parliament in Ontario, holding positions including Minister of Government Services, Chair of Management Board, Minister of Health, and Minister of Economic Development and Trade. In 2012, she was named a Member of the Order of Canada.

**Carmine Marcello, President and Chief Executive Officer**

Mr. Marcello has been President and CEO and a Director of Hydro One Inc. since January 2013. Mr. Marcello has extensive experience in the electric utility industry including a variety of senior management positions within both Ontario Hydro and Hydro One Inc. Mr. Marcello is a fellow of the Canadian Academy of Engineering and holds a Master's of Business Administration from York University, a Bachelor of Applied Science in Electrical Engineering from the University of Toronto and holds an ICD.D designation from the Institute of Corporate Directors.

**Philip Orsino, Director**

Mr. Orsino is the former President and CEO of Jeld-Wen Inc., Masonite International Corporation, Premdor Inc. and Century Wood Door Limited. He is a Director of The Bank of Montreal and chairs its Audit and Conduct Review Committee. Mr. Orsino holds a Bachelor of Arts degree from Victoria College at the University of Toronto and is a Fellow of the Institute of Chartered Accountants of Ontario. He was appointed an Officer of the Order of Canada in 2004.

**Jane Peverett, Director**

Ms. Peverett served as President and Chief Executive Officer of British Columbia Transmission Corporation from 2005 to 2009 and was the company's Chief Financial Officer from 2003 to 2005. Prior to that, she served as President and Chief Executive Officer of Union Gas Limited. Ms. Peverett is a director of the Canadian Imperial Bank of Commerce and Chair of its Audit Committee, and a director of Encana Corporation where she is also Chair of the Audit Committee. She is also a director of AEGIS Insurance Services Inc., Postmedia Network Canada Corporation, and Northwest Natural Gas Company. Ms. Peverett holds a Bachelor of Commerce from McMaster University, a Master's of Business Administration from Queen's University, a designation as a Certified Management Accountant, and is a Fellow of the Society of Management Accountants.

**Gale Rubenstein, Director**

A Board member of Hydro One Inc. since 2007, Ms. Rubenstein is a partner and a member of the Executive Committee of the law firm Goodmans LLP. She practices law primarily in the areas of commercial insolvency and restructuring with emphasis on financial institutions, both domestic and international, and on pension restructurings. Ms. Rubenstein has been counsel to the Superintendent of Financial Institutions (Canada) and the Superintendent of Financial Services (Ontario). Ms. Rubenstein is a current Director of the Insolvency Institute of Canada. She obtained her Bachelor of Law degree from Osgoode Hall Law School.

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