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**Subject:** Avista / Hydro One

The Globe&Mail in Canada published another article outlining the Ontario government's interference in the operations of Hydro One. The article outlines that the government would use "legislative authority" to get its way. See below.

In addition, various media outlets are reporting that if Hydro One acquisition of Avista fails, Hydro One will be required to pay a "US\$103-million termination fee" to Avista. This amount far exceeds any of the short term commitments that Hydro One has made to Avista ratepayers. In fact, with this substantial windfall, Avista could use the proceeds to lower rates for ratepayers in all its states including Idaho and turn this entire situation into a positive for ratepayers.

Article outlining fee: <https://business.financialpost.com/opinion/terence-corcoran-ontarians-should-be-relieved-hydro-ones-bizarre-takeover-plan-is-toast>.

Respectfully,  
Mark

## Ontario government to cap Hydro One CEO compensation at \$1.5-million

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**Ontario Premier Doug Ford's government has decided to cap the total compensation for the next CEO of Hydro One at \$1.5-million, senior government sources told The Globe and Mail.**

The plan to direct a "hard cap" of \$1.5-million in total compensation for the next chief executive of Hydro One was made at this week's planning and priorities committee, a meeting with Mr. Ford and the most senior members of his cabinet, the sources said. Details of the hard cap haven't been finalized, but it could include the salary as well as stock options and benefits. But sources could not say whether the cap included growth from stock options. It's also unclear what compensation would be triggered if the person left.

The sources were granted anonymity by The Globe because the matters were confidential.

The \$1.5-million figure was viewed by Mr. Ford and his cabinet ministers as a competitive salary, but in **keeping with Mr. Ford's campaign promises to rein in**

**spending at the utility and lower hydro rates, a senior government source said.**

Former CEO Mayo Schmidt had become a lightning rod for resentment over rising electricity rates during the spring election campaign. Mr. Ford had labelled the CEO “the six-million dollar man” because of his compensation and promised to fire the executive if elected. **In July, Mr. Schmidt retired and the utility’s board resigned abruptly after reaching an agreement with the new Tory government. Mr. Ford declared that he’d made good on his pledge, but Mr. Schmidt qualified for incentives and stock options worth at least \$9-million upon retirement.**

The board chair of Hydro One has been informed of the government’s plans for a cap and is set to hold a board meeting on Friday, sources said. **A senior government source said cabinet does not want to return to a large executive pay package and would use its legislative authority to block one.**

The Globe and Mail reported last month on a standoff between Mr. Ford’s government with the independent directors on the Hydro One board over who will be the utility’s next CEO. Government and industry sources told The Globe that Mr. Ford has his own favoured candidates to lead Hydro One, including current Toronto Hydro CEO Anthony Haines.

The province owns a 47-per-cent stake in Hydro One, after the utility was partly privatized by the previous Liberal government. The 10-person board has six independent directors and the rest are appointed by government.

A senior government source told The Globe the province fully respects the board’s ability to choose its next CEO, but it needs to be within the compensation framework set by cabinet. The senior source said the committee also expressed concern about the compensation the board members were proposing for themselves.

Mr. Ford has promised to slash hydro rates by a further 12 per cent. The Tories have also passed omnibus legislation that, in part, grants the government authority to approve executive compensation at Hydro One. The bill requires the Hydro One board of directors to establish a new compensation framework for the CEO and board of directors in consultation with the province and the utility’s five largest shareholders.

The Progressive Conservatives have already passed their own legislation, known as the Hydro One Accountability Act, which gives the Premier a veto over executive pay. The new act also requires the company to disclose what it plans to pay senior executives, something the new board has not done.

Hydro One chair Tom Woods recently told a Washington state regulator the utility was considering paying its next CEO between \$2-million and \$4-million annually. At the time, the retired investment banker said the Ontario government had not approved the board’s compensation plan.