

Evening Media Scan: Hydro Rate Reduction Plan - April 12, 2018

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Evening Media Scan: April 12, 2018

Media Scan: Hydro Rate Reduction Plan

April 12, 2018

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TV Transcripts

City TV: PC Leader Doug Ford Says He Will Fire The CEO Of Hydro One

Source: City TV

Apr 12, 2018 6:13 PM (6)

Reporter: PC Leader Doug Ford is claiming he will fire Hydro One CEO and the entire board if he's elected premier even though the province no longer controls the company.

Doug Ford, Ontario PC Leader: I can promise you one thing. Together, we will fix it. We will stop the hydro rip-off. We will clean up the hydro mess and, when we're in government, we're going to put an end to the hydro executives getting rich off the taxpayers of this great province.

Reporter: Hydro One President and CEO Mayo Schmidt's annual salary and bonuses add up to \$6.2 million which the Conservatives say is much higher than his counterparts in other provinces. But it's still unclear how the PCs will oust someone they are calling "the \$6 million man."

Todd Smith, PC Energy Critic: We don't have the ability to go out and say we are firing the CEO of Hydro One but we certainly have a tool in our pocket to get rid of the board at Hydro One, which is going to get

the message loud and clear from Doug Ford and the PCs that we want to get these executive compensation packages under control because they're absurd.

Reporter: The province has the largest stake in Hydro One but is not a majority stakeholder, and following Ford's declaration, the Liberals defended their handling of the utility giant.

Glenn Thibeault, Ontario Energy Critic: They've brought forward \$114 million in savings in the last year. They've actually, you know, eliminated the voluntary winter disconnections. They are changing the culture within the company, but at the end of the day, you know, we are going to make sure that we help the people of Ontario. The Fair Hydro Plan has done that. We're going to continue to invest to keep our system clean and green and reliable and you know Mr. Ford, the first thing he said he's going to do is fire the CEO of Hydro One. The first thing that we're going to continue to do is make sure that we have a care and opportunity plan that looks after the people of this province.

Reporter: Hydro One responded to the PCs' comments today, saying the amount customers pay to compensate the CEO's salary is the same as before privatization, two cents on each monthly bill. They say the remainder of the compensation package is paid for by shareholders.

CFTO: PC Leader Ford Vows To Fire Hydro One CEO If Elected

Source: CFTO

Apr 12, 2018 6:09 PM (6)

Anchor 1: Eight weeks from tonight we will learn who the next Premier of Ontario will be.

Anchor 2: Ontario PC Leader Doug Ford says if it's him, his first order of business will be to fire the CEO of Hydro One, but can he technically do that? CTV's John Musselman is live at Queen's Park with more. John?

Reporter: Well, Michelle, no, he can't do it. But what he can do is replace the board and then the new board can replace the CEO, but it's a very complicated process that could take months.

Reporter: With the election now just eight weeks away, Ontario PC Leader Doug Ford is putting hot-button issues. Today his target was Hydro One and its CEO Mayo Schmidt who is paid \$4.5 million a year plus bonuses. Ford calls him the Liberals' \$6 million man, a man Ford says he will fire if he's elected Premier.

Doug Ford, Ontario PC Leader: I can sit here and assure each and every person you can take this to the bank, the CEO's gone and the board is gone.

Reporter: Ford didn't provide any details on how he'd get this done. There are legal issues and executive contracts involved. He left those questions to Ontario PC Energy Critic Todd Smith. Smith admitted Ford can't really fire the CEO, but they can take on the board.

Todd Smith, Ontario PC Energy Critic: It's the board that's controlling this, we have control as the province over the board. Kathleen Wynne and the Liberals must think that a \$6.2 million man at Hydro One is acceptable to the people of Ontario because they've done nothing about it.

Reporter: But business experts say it's more complicated than just saying 'you're fired'. Greg Bonnell is with BNN.

Greg Bonnell, BNN: Conceivably they could dismiss the entire board of directors, but then they have to call the other five largest shareholders, including Scotiabank, a few other big funds, constitute a new board, and then that whole board would have to be on side with not thinking Mayo Schmidt is the right leader.

Glenn Thibeault, Ontario Energy Minister: The Fair Hydro Plan, which they had in the People's Guarantee, which they were going to keep, actually helped reduce the bills, now they have no idea or no mechanism to actually bring significant savings other than saying that they're going to fire the CEO of Hydro One, which won't do that.

Reporter: Hydro One released a statement today saying it won't engage in politics. "We have heard the feedback from our customers and the regulator about executive compensation. That's why we decided earlier this year that customers will only pay for the CEO's salary as it was at the time of the IPO. Hydro One customers will pay 2 cents on their monthly bill for the CEO's compensation – this is the same as before privatization." The Ford camp also acknowledged they haven't seen Schmidt's contract or what the directors are being paid. So there would also be penalties to compensate them if they're dismissed and that could also cost a lot of money. Reporting live from Queen's Park, I'm John Musselman.

CFTO: Energy Minister Responds To Ford's Promise To Fire Hydro One CEO

Source: CFTO

Apr 12, 2018 12:57 PM (20)

Anchor: Returning to provincial politics. The Ontario Liberals are now responding to Doug Ford's announcement that he plans to fire the CEO and board of Hydro One.

Glenn Thibeault, Ontario Energy Minister: I don't know how he plans to do this and how he is saying he is going to get savings from this. You know, we know that the Fair Hydro Plan, which they had in the People's Guarantee, which they were going to keep, actually helped reduce the bills. Now they have no idea or no mechanism to actually bring significant savings other than saying they're going to fire the CEO of Hydro One which won't do that.

Anchor: The PC leader says salaries and bonuses at the cooperation are skyrocketing at the expense of you, the taxpayer. He says firing the CEO would be one of his first moves if elected.

CKCO: PC Leader Ford Vows To Fire Hydro One CEO If Elected

Source: CKCO

Apr 12, 2018 6:24 PM (14)

Anchor: Eight weeks from tonight, we will be hours away from knowing who the next premier of Ontario will be. Ontario PC Leader Doug Ford says if it's him, his first order of business will be to fire the CEO of Hydro One. But can he technically do that? CTV's John Musselman reports.

Reporter: With the election now just eight weeks away, Ontario PC Leader Doug Ford is putting hot-button issues. Today his target was Hydro One and its CEO Mayo Schmidt who is paid \$4.5 million a year plus bonuses. Ford calls him the Liberals' \$6 million man, a man Ford says he will fire if he's elected Premier.

Doug Ford, Ontario PC Leader: I can sit here and assure each and every person you can take this to the bank, the CEO's gone and the board is gone.

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CKVR: Doug Ford Has Announced He Will Fire Hydro One's CEO Should He Become Premier

Source: CKVR

Apr 12, 2018 6: 14 PM (11)

Anchor: Eight weeks from tonight we'll find out who the next Ontario premier will be. Today Ontario PC Leader Doug Ford says if it's him, his first order of business will be to fire the CEO of Hydro One. But can he technically do that? CTV's John Musselman reports.

Reporter: With the election now just eight weeks away Ontario PC leader Doug Ford is pushing hot button issues. Today his target was Hydro One and its CEO, Mayo Schmidt, who is paid \$4.5-million dollars a year plus bonuses. Ford calls him the Liberal's 6 million-dollar man, a man Ford says he will fire if he is elected premier.

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Greg Bonnell, Business News Network: They could dismiss the entire board of directors but then they have to call the other five largest shareholders including Scotiabank and a few other big funds, constitute a new board and then that whole board would have to be on side with not thinking that Mayo Schmidt is the right leader.

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MCTV : Doug Ford Has Announced He Will Fire Hydro One's CEO Should He Become Premier

Source: MCTV

Apr 12, 2018 6: 27 PM (15)

Anchor: Welcome back. Just a day after his visit to Sudbury and a rally last night with party faithful there was a bold promise from Doug Ford today. He said if he were elected he would fire the current CEO of Hydro One Ford says earned \$6-million a year with bonuses. Here's the details from CTV's John Musselman.

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Online Coverage

Toronto Star: Doug Ford says he'll fire Hydro One's CEO if he wins election

By: Rob Ferguson

Thu., April 12, 2018

<https://www.thestar.com/news/queenspark/2018/04/12/doug-ford-says-hell-fire-hydro-ones-ceo-if-he-wins-election.html>

Doug Ford's threat to "fire" the Hydro One chief executive he calls "the \$6 million man" would cost almost twice that in severance.

The Progressive Conservative leader promised Thursday to axe the board of directors and oust Mayo Schmidt, who earned \$6.2 million in total compensation last year, in his "first act" if elected premier June 7.

"You can take this to the bank. The CEO is gone and the board is gone," Ford told a campaign-style news conference at a downtown hotel.

He blamed Premier Kathleen Wynne's government for bloated executive paycheques in the public sector and high electricity bills pinching the pockets of Ontarians.

"We need to start respecting the taxpayers. We need to start putting money back into their pocket instead of the millionaires club."

Although Ford and Conservative MPP Todd Smith, the party's energy critic, could not say how much their Hydro One housecleaning would cost, the company's latest management information circular provides details.

Firing the board, using powers the provincial government retained after partially privatizing the former Crown utility, would constitute a "change of control" in Hydro One and entitle Schmidt to walk away with \$10.7 million under a "double trigger" provision for a firing without cause.

Should the existing board dismiss Schmidt without cause, his payout would be \$5.04 million.

Schmidt's total pay packet is about eight times higher than the previous chief executive officer before the privatization.

Ford suggested a more appropriate annual salary would be in the range of \$400,000 to \$500,000, similar to what provincial hydro generating and transmission company CEOs earn in Quebec, Manitoba, Saskatchewan and British Columbia.

The PC leader deferred queries on how the Hydro One firings would take place to Smith and abruptly left the news conference after taking four questions.

It was unclear whether the province has the power to terminate the Hydro One CEO outright given that the former Crown corporation has been partially privatized.

But in defending the sale of shares to raise \$9 billion for infrastructure projects and paying down electricity debt, Wynne said in 2015 "with 40 per cent ownership of the board, that would require that the people of Ontario have a say. We retain control of the removal of the board, the removal of the CEO."

Smith had a slightly different answer.

"We don't have the ability to go out and say we are firing the CEO at Hydro One but we certainly have the tool in our pocket to get rid of the board at Hydro One," he told reporters.

"We'll make it clear to the board that we're not going to accept these kinds of salaries any longer," he added. "It's going to send ripples throughout the public sector."

In a statement, Hydro One said "we will not engage in politics" and stated customers pay two cents on each monthly bill for Schmidt's compensation, the same as before privatization.

Energy Minister Glenn Thibeault, whose government cut hydro rates 25 per cent amid public pressure last year, acknowledged the CEO's pay packet is "a large sum" but said Ford's promise "is only a slogan, it is not policy that will actually do anything to help anybody in the province when it comes to rates."

"The only plan that we've heard from Doug Ford so far is firing people and laying off people," Thibeault added, suggesting the PC leader's vow to cut government spending by 4 per cent will lead to job cuts.

Ford said voters can expect to hear more from his party on that front in the coming weeks.

Thibeault compared the PC leader to U.S. President Donald Trump's penchant for terminations.

"The only plan that we've heard from Doug Ford so far is firing people and laying off people," he said, insisting Ford's promise to cut government spending by four per cent will lead to job cuts.

New Democrat MPP Peter Tabuns (Toronto Danforth) said his party's long-standing policy is that heads of public agencies earn no more than twice the premier's salary of about \$209,000.

"At \$6 million, Mayo Schmidt is making an awful lot of money and I don't think it can be justified."

The NDP has promised to buy back the province's shares in Hydro One, but has not provided a time line on how long that would take.

National Post : Doug Ford's decision to fire Hydro One CEO would cost at least \$10.7 million

Financial Post

Thu Apr 12 2018

Section: PMN Business

Byline: The Canadian Press

TORONTO - If elected premier of Ontario in the spring election, Doug Ford says his first act will be to fire the CEO of Hydro One and its board of directors, whom he blames for the rising electricity costs in the province.

The decision, however, would not come cheap.

Hydro One CEO Mayo Schmidt, who earned a \$6.2-million salary last year, would be entitled to at least \$10.7 million in severance if he were to be removed from his job by the board of directors, according to the

company's annual shareholders report released on March 29.

The severance amount is an estimate based on the assumption Schmidt's departure occurred on Dec. 31, 2017, which means if the CEO left after that date, the figure would likely be higher.

Ford, a former Toronto city councillor who became leader of Ontario's opposition Progressive Conservatives last month, vowed Thursday to get rid of the Hydro One leadership as soon as he becomes premier.

"You can take this to the bank, the CEO's gone and this board is gone," he told a news conference in Toronto. "When we're in government, we're going to put an end to the hydro executives getting rich off the taxpayers of this great province."

The populist politician's anti-elitist message resonates with many voters, especially in rural Ontario, who are angry at the Liberal government about the skyrocketing price of hydro.

"We need to start respecting the taxpayers," Ford said. "We need to start putting money back into their pocket."

Shortly after Ford's remarks, Tory energy critic Todd Smith acknowledged that the Ontario government does not have the direct ability to dismiss the Hydro One CEO.

The government has put a process in place that allows it to control or replace the company's board of directors, and only the board can fire the CEO.

Hydro One was partially privatized in November 2015, with the province saying it planned to use the sale of shares to fund transit and infrastructure projects. By December 2017, the province had sold off 53 per cent of its stake in the company.

The decision has come under a lot of criticism, including from the province's fiscal watchdog, who said earlier this year that taxpayers would have saved \$1.8 billion if the government had taken on traditional debt to fund infrastructure projects instead of partially privatizing Hydro One, which has over \$25 billion in assets and annual revenues of nearly \$6 billion.

Hydro One, which is Ontario's largest electricity transmission and distribution provider, said Thursday that it will not engage in politics. However, it said its customers "deserve" to know the facts.

"We have heard the feedback from our customers and the regulator about executive compensation," the company said in a statement. "That's why we decided earlier this year that customers will only pay for the CEO's salary as it was at the time of the IPO."

Hydro One customers pay only two cents on their monthly bill for the CEO's compensation, the company said, adding that nearly 80 per cent of the total executive compensation package is paid for by shareholders.

Energy Minister Glenn Thibeault said Ford's plan will do nothing to address the actual issue of keeping hydro rates low, comparing his statement Thursday to the rhetoric and actions of U.S. President Donald Trump.

"The only plan we've heard from Doug Ford so far is firing people and laying off people," Thibeault said. "What I'm seeing a very strong prevalence to is the person running the White House. He's been doing a lot of firing as well and that's not been working out so well for them."

Ontario's election is set for June 7.

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Ottawa Citizen: Reeverly: Doug Ford's simple plan to not fix hydro but feel good about canning a guy

ottawacitizen.com

Thu Apr 12 2018

Section: Local News

The first thing Doug Ford would do as premier of Ontario is get rid of the chief executive of Hydro One, he said Thursday, a simple, dumb move that wouldn't lower the price of electricity.

Mayo Schmidt, who's had the job two-and-a-half years, was paid \$6.2 million last year, making him the best-compensated public-sector worker in Ontario by a lot. Maybe that's all you need to know.

"Nobody, but nobody should get rich off of ripping off the taxpayers," Ford said, in a short news conference called for the purpose. "It is morally indefensible, at a time when seniors are fearful of heating their own homes, when businesses are closing down and good jobs are moving out of our province, and when taxpayers are facing financial hardships, all due to skyrocketing hydro bills, that this board and this CEO are laughing themselves to the bank."

Schmidt has to go, Ford said. Technically, as a minority owner of Hydro One now, the provincial government can't fire him. But it did retain the power to fire the utility company's board when it sold off a majority share, so if the board won't fire Schmidt, Ford will fire the board and replace its members with people who will. Or maybe he'll fire the board regardless. To be honest, he left it a little unclear.

"You can take this to the bank. The CEO's gone and the board's gone. We need to start respecting the taxpayers," Ford said, sounding plain enough. "The \$6-million man is gone. The party's over, it's done. The party's over with the taxpayers' money."

He turned over specifics to Tory energy critic Todd Smith, who talked about giving the Hydro One board an ultimatum and maybe keeping them on if they complied.

Honestly, Hydro One serves a public function and selling it was short-sighted. It freed up a bunch of cash but Hydro One makes money and selling half of it to the private sector meant selling half its profits forever.

Mayo Schmidt in 2012, when he was chief executive of Viterro.

But here's the thing: Mayo Schmidt is not the problem here. The province hired him to lead Hydro One after the privatization was already underway. He was already rich: his previous big job was leading Viterro, a grain-handling company descended from the iconic Saskatchewan Wheat Pool, out of profound financial decrepitude(www.theglobeandmail.com»)) and into a \$6-billion acquisition by commodities multinational Glencore. Canadian Business magazine called him Canada's best CEO in 2009. In his last year in that gig, before the sellout, Schmidt was paid \$5.1 million(www.producer.com»)).

Transforming Hydro One from a ramshackle public utility everyone loves to hate into an effective private corporation is an almost identical sort of job. Schmidt has a proven history of being good at it, and \$6 million is what he costs (a big chunk of that was bonus pay, after share prices rose, which is the chief executive's job).

Public records show him as a donor to no political party or candidate. He's not even an Ontario guy - he's from Kansas and spent most of his career in Saskatchewan. They didn't find him napping on a couch at Liberal HQ.

So how will firing Schmidt lower hydro bills?

"I'm gonna tell you, we're going to achieve that," Ford said. "Over the period of the next 55, 56 days (until the June election), we're going to roll out how we're gonna start putting money in the taxpayer's pocket instead of the government's pocket."

Translation: it won't. If what you want is to see a rich guy get punched in the face over the price of hydro, Ford's fist is clenched for you. You'll get the same bill next month and corporate Canada will think the Ontario government has lost its mind, but maybe it'll feel good for a little bit.

We used to radically underpay for electricity and that left us with a mess that higher prices have paid to fix. If we really, really want cheaper electricity, we can go back to starving the system and start the cycle again. We could plan to stop using nuclear power, which is reliable but the stations are expensive to build and maintain. Or we could go to war with power-sector unions, whose members are collectively paid a whole lot more than Mayo Schmidt. No party proposes any of these risky, difficult ideas.

Ontario Premier Kathleen Wynne announces cuts to hydro rates during a press conference in Toronto, Ont. on Thursday March 2, 2017.

Instead, the Liberals have already lowered prices by 25 per cent by just borrowing money to cut them, knowing it'll mean higher bills later(ottawacitizen.com»)). Wynne appeals to "generational fairness," spreading out the costs of fixing up our formerly dirtier and much shakier electricity system over more years, but it still comes down to putting more on credit to pay off in the future.

After years of harassing the Liberals for their ineptitude on hydro, Patrick Brown's "People's Guarantee" took that one step further. He'd have kept the Liberal plan and moved more hydro-related expenses into the government budget. Hydro bills would be lower, taxes would be higher. Whoop-de-do.

And the New Democrats want to buy back control of Hydro One at massive expense, see if they can talk the feds into taking sales tax off electricity, and then convene a panel to study the problem(nationalpost.com»)).

All of these ideas are cosmetic. Fiddling around the edges at best. They'd still be harder than firing Schmidt or the Hydro One board or both, and would do more good.

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CBC News : PC Leader Doug Ford vows to fire Hydro One CEO, board if elected

April 12, 2018

<https://ca.news.yahoo.com/doug-ford-vows-fire-hydro-151513463.html>

Ontario PC Leader Doug Ford is vowing to fire the head of Hydro One, and its entire board if he's elected premier in June.

Ford made the announcement Thursday morning, calling President and CEO Mayo Schmidt, Premier "Kathleen Wynne's \$6-Million dollar man," referring to his yearly salary and bonuses, which now add up to

\$6.2 million.

"This board and this CEO are laughing themselves to the bank," Ford said.

However, it's unclear how Ford would do that since the province does not control the company anymore.

"We don't have the ability to go out and say we are firing the CEO at Hydro One," PC energy critic Todd Smith said while speaking to reporters after Ford's remarks.

However, he said "we do have tools at our disposal in the tool box. The unfortunate thing is that Kathleen Wynne and the Liberals have just let those tools sit there for the last couple of years and [have] not taken action on things like this."

Smith declined to provide details about what those tools are, but suggested Ford would have the right to fire Hydro's board.

He said that would send a message "that we're not going to accept these salaries."

We will not engage in politics,' Hydro One says

A Hydro One spokesperson said the amount customers pay to compensate the CEO's salary is the same as before privatization — two cents on each monthly bill.

"We will not engage in politics, however our customers deserve the facts," said the email statement to CBC Toronto.

"Nearly 80 per cent of the total executive compensation package is paid for by shareholders."

NDP, Liberals rip Ford's plan — for different reasons

Peter Tabuns, the NDP's energy critic, said his government would aim to retake public control of Hydro One to control the CEO's "outrageous salary."

But while he shares Ford's goal of cutting Schmidt's pay, Tabuns blasted what he believes would be the PC leader's approach.

"Doug Ford has no idea how to reign [sic] in the soaring hydro bills that Ontario families are facing — in fact, if his threats of further privatization include hydro, he'll drive bills and executive salaries ever higher," he said in an email statement.

Tabuns says his party would aim to cut hydro bills by 30 per cent.

Meanwhile, Liberal Energy Minister Glenn Thibeault said Ford's plan will do nothing to address the actual issue of keeping hydro rates low, comparing his statement Thursday to the rhetoric and actions of U.S. President Donald Trump.

"The only plan we've heard from Doug Ford so far is firing people and laying off people," Thibeault said.

"What I'm seeing a very strong prevalence to is the person running the White House. He's been doing a lot of firing as well and that's not been working out so well for them."

Wynne government has taken steps to cut hydro bills

Hydro prices have shot up in recent years prompting criticism from across Ontario. Wynne made the controversial move of privatizing part of the utility beginning in 2015.

By Oct. 2017, the Ontario Liberal government's "Fair Hydro Plan" had brought down the average household electricity bill by 25 per cent from the peak it hit in the summer of 2016. The Wynne government has also committed to keep rate increases below inflation for the next four years, but admits bills will rise significantly in the decade that follows.

Ford blasted the government's moves during a Toronto news conference.

"The party's over with the tax payer's money, we're going to start respecting the tax payers," Ford said, repeatedly saying the money spent on Hydro One salaries is "morally indefensible."

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- Ontario hydro bills to rise over next 10 years in government's energy plan

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