Re: Hydro One Updates...

From: "Pichelli, Jason (TBS)" <"/o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=pichelli, jason (tbs)796">
To: "Teliszewsky, Andrew (ENERGY)" <andrew.teliszewsky@ontario.ca>
Date: Thu, 01 Jun 2017 10:43:47 -0400

Appreciate the heads up on this. Happy to facilitate a TB meeting if required later in the summer/fall.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Teliszewsky, Andrew (ENERGY)
Sent: Thursday, June 1, 2017 10:37 AM
To: Bevan, Andrew (OPO); McEachern, Gillian (OPO); Jancik, Mike (OPO); Ghiassi, Ali (MOF); Pichelli, Jason (TBS); Killorn, Bill (OPO)
Cc: Donelson, Philip (OPO); Whittington, Matt (ENERGY); Berry, James (ENERGY); Marangoni, Emily (OPO)
Subject: Hydro One Updates...

Good Morning:

Wanted to provide this update and some materials about the wrap up / trailing obligations from the entire Asset Council / Hydro One Inc file as we head into the summer.

A. Enclosures
  I. ENE Update Deck | Status Update
     "Top Line" below offers salient points if you want to skip this read.
  II. Windsor Chamber of Commerce Speech | Mayo Schmidt
     Find below, Media clipping of Mayo's speech in Windsor. Really worthwhile read.

B. Top Line Update
  I. Trillium Trust Math : We are at $9,6-billion ($600-million above projection; 49.9% ownership position). No further action required.
  II. Chiefs of Ontario (COO) transaction : Tracking well, they have until 31 December to get 80% of FN Communities to ratify, they don't foresee any issues. At full offering, Ontario would then hold ~47% of shares. *NTD : Contract execution on part of ENE Minister required this summer, as well as eventually loan agreement on the part of MOF Minister (same as with unions from IPO transaction, recall). No further TB/MBC / CAB approvals required since everything was done at the time of July 2016 COO=Ontario announcement of Share Purchase Agreement / Term Sheet.*
  III. CUPE Claim : Court Date = 12 June for Ontario's motion to strike
  IV. Metis Nation of Ontario (MNO) negotiations : stalled negotiations; ball currently in MNO court for counter-offer. This continues as an action item, but MNO might take a "break" as they track towards their AGM this summer. Have been slow to do turns with Tory's / IGS / ENE negotiating team, leaving impression they are not terribly fussed but could change. *NTD: IF any deal would be landed, then TB/MBC approvals trip would be required.*
  V. Brampton Transaction : Closing Conditions are set to be met later this summer. Requires calculus of final state of assets / liabilities, etc. All good, just need to grind through some paperwork this fall. No need for any further approvals.

Please let Matt or I know if you should have any further questions or concerns.

Many thanks, in advance.

Atel/

Hydro One undergoing 'intense transformation'

Windsor Star

Wed May 31 2017

Page: A10

Section: City & Region

Byline: Tamar Harris

Hydro One is embarking on a new era for its nearly 1.5 million customers and 8,000 employees, the company president and CEO said Tuesday.

In remarks to the Windsor-Essex Regional Chamber of Commerce, Mayo Schmidt said the 18 months have been ‘a time of intense transformation of an organization that has 100 years of history as a Crown corporation.’

Privatization has created a greater sense of accountability to the customer, Schmidt said.

Ontario now holds only 49.9 per cent of Hydro One’s common shares. The province plans to sell 2.5 per cent of its shares to First Nations, bringing the province’s total ownership of Hydro One to 47.4 per cent.

In opening up Hydro One ownership, but remaining the largest shareholder, the government announced $9 billion in gross proceeds, with the extra revenue to be invested into infrastructure.

Schmidt said the move to privatization has been a positive one.

‘Let’s keep in mind that the customers in the province are also shareholders,’ he said. The largest shareholder base we have is in the province of Ontario.

‘So it’s simply the structure that’s changed, but not really the ownership. It’s the citizens’. It continues to be 49 per cent owned by the province; but it gives us a commercial licence to be more effective and more commercially sensitive by reducing our costs.’

Some Ontario residents have been battered by rising electricity prices.

‘For some families, it’s gotten to the point where they must choose between keeping the lights on and keeping food in the fridge,’ Premier Kathleen Wynne said in a statement announcing cost reduction measures.

‘That’s unacceptable.’ Schmidt said that lowering costs is one of Hydro One’s main areas of focus.

‘We as an organization are responsible for 30 per cent of the cost of running this complex system across the province, with the OEB (Ontario Energy Board) responsible for setting the cost of power across the province,’ he said.

‘Since the move towards privatization, Hydro One has reduced our cost by tens of millions of dollars.’

Schmidt said ‘a number of conversations with the province’ resulted in the Fair Hydro Act.

The legislation would reduce electricity bills by 25 per cent on average for residential customers.

Matt Marchand, president and CEO of Windsor-Essex Regional Chamber of Commerce, said electricity prices are ‘a huge factor’ for businesses.

‘If we want to have a business attraction strategy, part of the attraction strategy is that we may be a little bit more expensive than other jurisdictions - you don’t necessarily have to be the cheapest, you don’t have to be the lowest - but we need to be competitive,’ Marchand said.

‘Right now we’re sort of getting into that out-of-bounds range.’

Schmidt said Hydro One is not naive about the challenges it faces.

‘We know the relationship between Hydro One and its customers has been strained in the past, and our relationships need to be rebuilt,’ he said.’That can only be achieved with meaningful action and advocacy for our customers at Hydro One.’

Andrew Teliszewsky

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