

EXHIBIT A

Ford, Hydro One at odds over CEO

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Ontario Premier Doug Ford is in a standoff with independent directors on the Hydro One board over who will be the utility's next CEO. The outcome of the fight is expected to determine the future direction of the company that transmits electricity in the province.

The six independent directors on Hydro One's 10-person board want to select the next boss from one of three former senior executives at British Columbia's electrical utilities, according to government officials, industry executives and lawyers working for Hydro One. The three candidates are all women. The strongest contender is said to be former B.C. Transmission Corp. CEO Jane Peverett.

Other hopefuls include former BC Hydro executive Janet Woodruff and former BC Hydro CEO Jessica McDonald, who is currently an independent director on the Hydro One board.

Hydro One is looking for a new leader after Mr. Ford forced out former CEO Mayo Schmidt over what the Premier claimed was an outsized \$6.2-million annual pay package during Ontario's election campaign last spring.

The entire Hydro One board, which included Ms. Peverett, resigned after Mr. Ford was elected. The new board, with four members chosen by the province and six directors named by Hydro One's institutional shareholders, was announced in August.

Mr. Ford has his own favoured candidates to lead Hydro One, including current Toronto Hydro CEO Anthony Haines, according to government and industry sources. Hydro One executives declined to comment on the CEO search. Mr. Ford is a former Toronto city councilor and worked closely with Mr. Haines in the past. Mr. Haines declined comment. He has been running Toronto Hydro for nine years - he was appointed by former Toronto mayor David Miller - and made \$1.1-million last year.

Two sources familiar with the situation said Hydro One's board rejected Mr. Haines at a recent meeting, with all six independent directors voting against and the four government-appointed directors voting in favour. Despite the vote, the Premier's chief of staff, Dean French, continued to exert pressure on the board to appoint Mr. Haines as CEO, according to the sources.

"As a private corporation, the board of Hydro One is responsible for their own hiring decisions," said Simon Jefferies, the spokesman for Mr. Ford. In an e-mail, he said: "Following years of outrageous Liberal scandals and \$6-million salaries, the government for the people has taken measures to improve accountability and transparency at Hydro One. This includes a legislative provision to approve a responsible and reasonable compensation package for the CEO the board selects, which we will be proceeding with in the near future."

Tiziana Baccega Rosa, a spokeswoman for Hydro One, said the company had no comment.

Hydro One's independent directors are looking at CEO candidates with Western Canadian experience at a time when the utility is in the midst of a \$6.7-billion takeover of Avista Corp. The U.S. company runs electrical and gas transmission networks in Idaho, Washington State, Oregon and Alaska, states that buy

and sell power with British Columbia. The Ontario government owns a 47-per-cent stake in Hydro One after the utility was partly privatized by the previous Liberal regime.

Hydro One's six independent directors have hired Bay Street lawyer Vincent Mercier at law firm Davies Ward Phillips & Vineberg LLP, to advise them on dealing with Ontario's Progressive Conservative government. Mr. Mercier declined to comment on his role. He was also the lawyer to Hydro One's former directors, all of whom stepped down in July following Mr. Ford's election.

In addition to help on the CEO search, Hydro One board members want guidance on how to deal with potential political interference, according to lawyers who work for the utility and its employees. Mr. Ford and members of the Premier's staff are attempting to appoint a CEO and set strategy despite legislation put in place by Ontario's previous Liberal government that explicitly states the province will act as an investor in Hydro One and not get involved in the company's affairs.

The Progressive Conservatives have already introduced their own legislation, known as the Hydro One Accountability Act, which gives the Premier a veto over executive pay. The act also requires the company to disclose what it plans to pay senior executives, something the new board has not done. Government and industry sources say anyone agreeing to be Hydro One's CEO at the current time would be taking the job without knowing the compensation.

The PCs are said to favour offering the next Hydro One CEO a pay package in the \$400,000-to-\$600,000 range, according to sources in the government.