

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. U-170970

SUPPLEMENTAL TESTIMONY OF

THOMAS D. WOODS

REPRESENTING HYDRO ONE

1

I. INTRODUCTION

2

Q. Please state your name, business address and present position with

3

Hydro One Limited.

4

A. My name is Thomas D. (Tom) Woods, and my business address is 483 Bay

5

Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5. I am the Interim Chair of the

6

Board of Directors for Hydro One Limited (“Hydro One”).

7

Q. Have you filed direct and rebuttal testimony in this proceeding?

8

A. No.

9

Q. Are you sponsoring any exhibits that accompany your testimony?

10

A. Yes. Attached to my testimony is:

11

- Exh. TDW-2 - Curriculum Vitae (“CV”) of Thomas D. Woods

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Summary of Testimony

21

Q. Please summarize your testimony.

22

A. My testimony introduces Hydro One’s new board of directors (“Board”),

23

summarizes how Hydro One’s new Board was selected, and describes the timeline and

24

selection process for Hydro One’s new Chief Executive Officer (“CEO”).

1 **II. BACKGROUND**

2 **Q. When did you join Hydro One's Board?**

3 A. On August 14, 2018, Hydro One announced its new 10-member Board. As
4 described in more detail in the prefiled Supplemental Testimony of James Scarlett, Exh.
5 JDS-1T ("Scarlett Testimony"), Hydro One's Executive Vice President and Chief Legal
6 Officer, the Province of Ontario ("Province") and Hydro One agreed on July 11, 2018, that
7 Hydro One's existing Board would resign by August 15 and Hydro One's CEO would
8 retire, effective immediately. The July 11, 2018 Letter Agreement between the Province
9 and Hydro One ("July 2018 Letter Agreement," Exh. JDS-2 to Scarlett Testimony)
10 provided that the Province and Hydro One's five other largest shareholders would
11 nominate and announce by August 15, 2018, the new directors for Hydro One's Board.
12 Since July 11, 2018 the Province has nominated four of the new directors. Three of Hydro
13 One's five largest shareholders other than the Province participated in an Ad Hoc
14 Nominating Committee and have nominated the other six new directors. I was nominated
15 by the Province to join the Hydro One Board.

16 **Q. How was the Ad Hoc Nominating Committee formed after the July**
17 **2018 Letter Agreement was signed by the Province and Hydro One?**

18 A. Following execution of the July 2018 Letter Agreement, the former Chair
19 of the Hydro One Board coordinated the establishment of the Ad Hoc Nominating
20 Committee (consistent with the process set out in Section 4.7 of the Governance Agreement
21 between the Province and Hydro One (Exh. MMS-5 to former CEO Mayo Schmidt's
22 Testimony)). Section 4.7 provides that the Ad Hoc Nominating Committee is to be
23 comprised of one representative of each of the five largest beneficial owners of Hydro

1 One's common shares (other than the Province). In determining the five largest
2 shareholders, it is important to note that Canadian ownership reporting requirements only
3 obligate shareholders to report their shareholdings when they become a holder of 10
4 percent or more of any class of its voting or equity securities. In addition, the Ontario
5 *Electricity Act, 1998* and Hydro One's articles of incorporation preclude any person or
6 company (or combination of persons or companies acting jointly or in concert), other than
7 the Province, from owning, or exercising control or direction over, more than 10 percent
8 of any class or series of voting securities, including common shares of Hydro One. As
9 such, no one owns more than 10 percent of Hydro One's common shares other than the
10 Province. As a result, the former Chair needed to rely on market knowledge and due
11 diligence to identify Hydro One's five largest shareholders (other than the Province).
12 Representatives of three of the said five shareholders agreed to participate on the Ad Hoc
13 Nominating Committee.

14 **Q. How were you selected to serve as Interim Board Chair?**

15 A. I was selected following an agreement reached between the Province and
16 the Ad Hoc Nominating Committee.

17 **Q. Please describe your professional background and previous experience**
18 **servicing on corporate boards.**

19 A. My CV is attached as Exh. TDW-2. I previously had a 37-year career with
20 CIBC and Wood Gundy, the predecessor firm of CIBC World Markets. I started in
21 Investment Banking, advising companies raising financing in the equity and debt capital
22 markets as well as mergers and acquisitions, and later was Head of Canadian Corporate
23 Banking, Chief Financial Officer, Chief Risk Officer and Vice Chairman.

1 I also serve on the boards of Bank of America Corporation, Alberta Investment
2 Management Corporation, Providence St. Joseph's St. Michael's Health Care (Board
3 Chair), and CIBC Children's Foundation. Previous directorships include TMX Group Inc.,
4 DBRS Limited, Jarislowsky Fraser Limited, and Covenant House (Board Chair). I have a
5 Bachelor of Applied Science in Industrial Engineering from University of Toronto, and an
6 MBA from Harvard Business School.

7 **Q. Why are you qualified to serve on Hydro One's Board?**

8 A. As required by Section 4.2 of the Governance Agreement between the
9 Province and Hydro One, all individuals on the Hydro One Board must meet certain
10 criteria. First, I am independent of Hydro One and the Province, as required by Sections
11 4.2.2 and 4.2.3 of the Governance Agreement. Second, I meet the requirements of Section
12 4.2.1 of the Governance Agreement, which provide that Hydro One directors must have:
13 (i) significant experience and expertise in business or that is applicable to business, (ii)
14 served in a senior executive or leadership position, (iii) broad exposure to and
15 understanding of the Canadian or international business community, (iv) skills for directing
16 the management of a company, and (v) motivation and availability, in each case to the
17 extent requisite for a business of the complexity, size and scale of the business of Hydro
18 One and on a basis consistent with the highest standards for directors of leading Canadian
19 publicly listed companies. Third, I meet the requirements of applicable securities and other
20 laws and the requirements of the Toronto Stock Exchange, as required by Section 4.2.4 of
21 the Governance Agreement.

22

1 **III. NEW HYDRO ONE BOARD**

2 **Q. Besides you, who are the other directors nominated by the Province?**

3 A. The following individuals also were nominated by the Province.

4 Cherie Brant: Ms. Brant is a Partner at Dickinson Wright's Toronto law office
5 where she has an Indigenous law practice with a focus on commercial real estate, energy
6 and transmission and First Nations economic development. Ms. Brant provides strategic
7 counsel to several First Nations and industry clients seeking to develop projects with First
8 Nations and to understand and address Indigenous rights and interests. As lead counsel,
9 Ms. Brant was instrumental in forming one of the largest First Nations-led limited
10 partnerships in Canada resulting in the Ontario First Nations Sovereign Wealth LP's share
11 purchase of approximately 2.4% of Hydro One.

12 Ms. Brant is both Mohawk and Ojibway from the Mohawks of the Bay of Quinte
13 and Wikwemikong Unceded Indian Territory. She also serves on the board of the
14 Anishnawbe Health Foundation and is a member of the Canadian Council for Aboriginal
15 Business, Research Advisory Board and the Aboriginal Energy Working Group of the
16 Independent Electricity System Operator. Previous directorships include Women's
17 College Hospital and Trillium Gift of Life.

18 Ms. Brant has a Bachelor of Environmental Studies, Urban and Regional Planning
19 Program from the University of Waterloo and a Juris Doctor from the University of
20 Toronto. She is a member of the Ontario Bar Association and the Law Society of Upper
21 Canada.

22 Blair Cowper-Smith: Mr. Cowper-Smith is the principal and founder of Erin Park
23 Business Solutions, a Canadian advisory and consulting firm. Previously, he was Chief

1 Corporate Affairs Officer of Ontario Municipal Employees Retirement System (OMERS)
2 and a member of the Senior Executive Team where his responsibilities included regulatory
3 affairs, law and governance. Prior to joining OMERS, he was a Senior Partner at McCarthy
4 Tetrault LLP where his practice focused on mergers and acquisitions, infrastructure,
5 governance and private equity.

6 Board experience includes numerous advisory assignments, including governance
7 advisory assignments, with boards of directors including OMERS, Stelco, Hammerson,
8 and includes existing or prior director appointments and board committee leadership roles
9 with companies like Porter Airlines, 407 ETR, the Financial Services Regulatory Authority
10 and Face the Future Foundation. He served until recently on the Public Policy Committee
11 of the Canadian Coalition for Good Governance and on the Securities Advisory Committee
12 of the Ontario Securities Commission. He co-founded The Canadian Council for Public
13 and Private Partnerships which led to a long-term interest in infrastructure policy and
14 delivery of infrastructure based services to Canadians.

15 Mr. Cowper-Smith has a Bachelor of Laws (LLB) and Master of Laws (LLM) from
16 Osgoode Hall Law School at York University. He is a member of the Law Society of
17 Upper Canada and holds the director designation through the Institute of Corporate
18 Directors and is a regular faculty presenter for the Directors College.

19 Russel Robertson: Mr. Robertson is a corporate director and former Executive Vice
20 President and Head, Anti-Money Laundering, BMO Financial Group (“BMO”). Mr.
21 Robertson has served as Chief Financial Officer, BMO Financial Group and Executive
22 Vice President, Business Integration where he oversaw the integration of Harris Bank and
23 M&I Bank forming BMO Harris Bank. Before joining BMO, he spent over 35 years as a

1 Chartered Professional Accountant holding various senior positions including the positions
2 of Vice-Chair, Deloitte & Touche LLP (Canada) and Canadian Managing Partner, Arthur
3 Andersen LLP (Canada).

4 Mr. Robertson also serves on the boards of Bausch Health Companies Inc. and
5 Turquoise Hill Resources. Previous directorships include Virtus Investment Partners, Inc.

6 Mr. Robertson has a Bachelor of Arts (Honours) in Business Administration from
7 the Ivey School of Business at the University of Western Ontario. He is a Chartered
8 Professional Accountant (FCPA, FCA) and a Fellow of the Institute of Chartered
9 Accountants (Ontario). He is also a member of the Institute of Corporate Directors.

10 **Q. Who are the six directors nominated by the Ad Hoc Nominating**
11 **Committee?**

12 A. The following six individuals were nominated by the Ad Hoc Nominating
13 Committee.

14 Anne Giardini, O.C., Q.C.: Ms. Giardini is a corporate director and Chancellor of
15 Simon Fraser University. She previously had a 20-year career with Weyerhaeuser
16 Company Limited (“Weyerhaeuser”), including as Canadian President. Before her tenure
17 as President, she was Vice President and General Counsel at Weyerhaeuser where she
18 worked on corporate, legal, policy and strategic matters. Ms. Giardini has been a
19 newspaper columnist and is the author of two novels.

20 Ms. Giardini also serves on the boards of Nevsun Resources Ltd., Canada Mortgage
21 & Housing Corporation, World Wildlife Fund (Canada), BC Achievement Foundation,
22 TransLink and the Greater Vancouver Board of Trade. Previous directorships include
23 Thompson Creek Metals Company, Inc. and Weyerhaeuser.

1 Ms. Giardini has a BA in Economics from Simon Fraser University, a Bachelor of
2 Laws from the University of British Columbia and a Master of Law from the University of
3 Cambridge (Trinity Hall). She is licensed to practice law in British Columbia (and
4 formerly in Ontario and Washington State). In 2016, Ms. Giardini was appointed an
5 Officer of the Order of Canada.

6 David Hay: Mr. Hay is a corporate director. He is former Vice-Chair and
7 Managing Director of CIBC World Markets Inc. with power, utilities and infrastructure as
8 a major focus. Formerly, he was President and CEO of New Brunswick Power
9 Corporation, Managing Director of Delgatie Incorporated and held senior investment
10 banking roles, including Senior Vice-President and Director responsible for mergers and
11 acquisitions with Merrill Lynch Canada and Managing Director of European mergers and
12 acquisitions with Merrill Lynch International. He spent the early part of his career as a
13 practicing lawyer and taught part-time at both the University of Toronto and University of
14 New Brunswick.

15 Mr. Hay also serves on the boards of EPCOR, SHAD (Chair), the Council of Clean
16 and Reliable Energy and as Chair of the Acquisition Committee of the Beaverbrook Art
17 Gallery. Prior directorships include Toronto Hydro-Electric System Limited (Vice Chair).

18 Mr. Hay has a Bachelor of Laws from Osgoode Hall Law School, York University
19 and a Bachelor of Arts from the University of Toronto (Victoria College). He also holds a
20 professional director designation from the Institute of Corporate Directors (ICD.D).

21 Timothy Hodgson: Mr. Hodgson is a Managing Partner of Alignvest Capital
22 Management. Prior to that, Mr. Hodgson was Special Advisor to Governor Mark Carney
23 at Bank of Canada. Mr. Hodgson also held various positions in New York, London, Silicon

1 Valley and Toronto with Goldman Sachs and served as Chief Executive Officer of
2 Goldman Sachs Canada. Mr. Hodgson has held roles with Salomon Brothers, Price
3 Waterhouse & Co. and Merrill Lynch Canada.

4 Mr. Hodgson also serves on the boards of Alignvest Acquisition II Corporation
5 (Chair), PSP Investments and MEG Energy Corp. Previous directorships include
6 Alignvest Acquisition Corporation, KGS-Alpha Capital Markets L.P., The Global Risk
7 Institute, The Ivey School of Business, The Next36, Bridgeport Health and CanWest Media
8 Works Inc.

9 Mr. Hodgson has a Bachelor of Commerce from the University of Manitoba and a
10 Masters of Business Administration from The Richard Ivey School of Business at Western
11 University. He is a Chartered Accountant and a member of the Institute of Corporate
12 Directors.

13 Jessica McDonald: Ms. McDonald is Interim President and CEO of Canada Post
14 Corporation. Previous roles include President and CEO of British Columbia Hydro &
15 Power Authority and Executive Vice President of HB Global Advisors Corp., as well as a
16 successful practice in mediation and negotiation on major commercial and industrial
17 projects. In addition, Ms. McDonald has held many positions with the B.C. government,
18 including the most senior public service position in the provincial government as Deputy
19 Minister to the Premier, Cabinet Secretary and Head of the BC Public Service, responsible
20 for overseeing all aspects of government operations.

21 Ms. McDonald also serves on the boards of Canada Post Corporation, Coeur
22 Mining Inc. and Trevali Mining Corporation, and is on the Member Council of Sustainable
23 Development Technology Canada. Previous directorships include Powertech Labs (Chair)

1 and Powerex Corp.

2 Ms. McDonald has a Bachelor of Arts (Political Science) from the University of
3 British Columbia. She is also a member of the Institute of Corporate Directors of Canada.

4 William Sheffield: Mr. Sheffield is a corporate director. He is the former CEO of
5 Sappi Fine Papers, headquartered in South Africa. Previously, he held senior roles with
6 Abitibi-Consolidated, Inc. and Abitibi-Price, Inc. He began his career in the steel industry
7 and held General Manager, Industrial Engineering and Cold Mill Operating roles at Stelco,
8 Inc.

9 Mr. Sheffield also serves on the boards of Houston Wire & Cable Company, Velan,
10 Inc., Burnbrae Farms Ltd., Longview Aviation Capital and Family Enterprise Xchange.
11 Previous directorships include Canada Post Corporation, Ontario Power Generation, Corby
12 Distilleries, Royal Group Technologies and SHAD.

13 Mr. Sheffield has a Bachelor of Science (Chemistry) from Carleton University and
14 an MBA from McMaster University. He holds a professional director certification from
15 the Institute of Corporate Directors and a similar designation from the National Association
16 of Corporate Directors in the U.S. He also completed the Family Enterprise Advisors
17 Program (FEA) at the University of British Columbia.

18 Melissa Sonberg: Ms. Sonberg is a corporate director and Adjunct Professor and
19 Executive-in-Residence at McGill University's Desautel Faculty of Management. She
20 spent the early part of her career in the healthcare industry before joining Air Canada,
21 where she held leadership positions in a range of customer facing, operational and
22 corporate functions. Ms. Sonberg was part of the founding executive team of Aeroplan,
23 now part of AIMIA. Ms. Sonberg held positions of Senior Vice President, Human

1 Resources & Corporate Affairs and Senior Vice President, Global Brands,
2 Communications and External Affairs at AIMIA.

3 Ms. Sonberg also serves on the boards of Exchange Income Corporation, MD
4 Financial Holdings, Inc., Canadian Professional Sales Association, Group Touchette,
5 Women in Capital Markets and Equitas International Centre for Human Rights. Previous
6 directorships include Rideau, Inc., Via Rail Canada, University of Ottawa, International
7 Advisory Board and the McGill University Health Centre.

8 Ms. Sonberg has a Bachelor of Science (Psychology) from McGill University and
9 a Masters of Health Administration from the University of Ottawa. She is a Certified
10 Human Resource Executive and holds a professional director certification from the
11 Institute of Corporate Directors.

12 **Q. Did the Province play any role in the selection of the Ad Hoc**
13 **Nominating Committee's six nominees?**

14 A. No.

15 **Q. Do all of the Board nominees selected by the Province and the Ad Hoc**
16 **Nominating Committee meet the requirements of Sections 4.2.1, 4.2.2, 4.2.3, and 4.2.4**
17 **of the Governance Agreement previously described in your testimony?**

18 A. Yes.

19 **Q. Were there additional criteria considered by the Province and Ad Hoc**
20 **Nominating Committee in selecting their nominees besides the requirements of**
21 **Sections 4.2.1, 4.2.2, 4.2.3, and 4.2.4 of the Governance Agreement?**

22 A. Yes. Section 4.2.5 of the Governance Agreement provides that the Province
23 and Ad Hoc Nominating Committee, in selecting their nominees, should consider the

1 aspirational goals established in Hydro One’s Skills Matrix, Board Diversity Policy or any
2 other policy relating to the composition of the Board forming part of Hydro One’s
3 governance policies, procedures and practices listed in Schedule “C” to the Governance
4 Agreement.

5 Further, Section 4.2.6 of the Governance Agreement provides that the majority of
6 the Board must at all times be resident Canadians (as defined in the *Business Corporations*
7 *Act* (Ontario) (“OBCA”). Neither the Province nor the Ad Hoc Nominating Committee
8 will nominate any person for election or appointment as a Director if, as a result of that
9 nominee being elected or appointed as a Director, this requirement would not be met.

10 **Q. Does the new Board meet the requirements of Sections 4.2.5 and 4.2.6**
11 **of the Governance Agreement?**

12 A. Yes.

13 **Q. Now that the Province and Ad Hoc Nominating Committee have**
14 **selected Hydro One’s new Board, what additional steps must be taken to confirm**
15 **these nominations?**

16 A. On August 13, 2018, the Hydro One Board passed resolutions in a
17 sequential fashion appointing all 10 replacement directors. Each of the newly appointed
18 directors shall serve on the Board until the earlier of the 2019 annual meeting of
19 shareholders of Hydro One or until his or her successor is elected or appointed in
20 accordance with the Governance Agreement and OBCA. No other steps are required to
21 confirm the appointment of the new directors.

22

1 **IV. SELECTION OF NEW CEO FOR HYDRO ONE**

2 **Q. Will the new Hydro One Board select a new CEO for Hydro One?**

3 A. Yes. Pursuant to Section 3.3 of the Governance Agreement, the Hydro One
4 Board selects Hydro One's CEO.

5 **Q. How will the new Board select the new CEO for Hydro One?**

6 A. The selection of a new CEO for Hydro One will be one of the new Board's
7 highest priorities in the coming weeks and months. The Board Chair will establish a CEO
8 Selection Committee, which will in turn appoint an Executive Recruiting firm. Internal
9 and external candidates will be interviewed, and a preferred candidate will be selected.
10 Negotiations with the preferred candidate will then take place in an effort to enter into an
11 agreement to be appointed CEO.

12 **Q. Can you predict when the Hydro One Board will announce the new
13 CEO for Hydro One?**

14 A. At this time, I cannot predict when this announcement will be made. As
15 with any CEO search for a corporation the size of Hydro One, the search and negotiations
16 with the finalist may take several months.

17 **Q. Does Hydro One have an interim or acting CEO?**

18 A. Yes. Hydro One's Chief Financial Officer, Paul Dobson, was named Hydro
19 One's acting CEO on July 11. Mr. Dobson will continue to serve as acting CEO while
20 Hydro One's new Board conducts a search for Hydro One's new CEO.

21 **Q. Are the interests of Hydro One's customers, employees, or investors at
22 risk during the search for a permanent CEO?**

23 A. Absolutely not. I have the greatest respect for Mr. Dobson and believe he

1 will manage Hydro One as its acting CEO with the utmost integrity and skill during the
2 Board's CEO search process. The Hydro One Board should not rush its selection process,
3 and it has no need to do so with the continuing leadership of Mr. Dobson and the other
4 executives and managers who have continued to serve Hydro One's customers, employees,
5 and investors since July 11.

6 **Q. Are you aware of any directive from the Province that would call into**
7 **question the merger or would suggest that Hydro One would not honor the**
8 **commitments made in the merger agreement itself or in the Settlement Stipulation**
9 **and Agreement negotiated by all parties and filed with the Washington Utilities and**
10 **Transportation Commission on March 27, 2018?**

11 A. No, I am not.

12 **Q. Does this conclude your testimony?**

13 A. Yes it does.