

Hydro One CEO says company undergoing 'intense transformation'



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Mayo Schmidt, president of Hydro One, told the Windsor-Essex Regional Chamber of Commerce on May 30, 2017, that bringing down electricity rates is a focus of the company. *JASON KRYK / WINDSOR STAR*

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 last year and a half has 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. The government said the extra revenue will be invested into infrastructure.

Schmidt said the move to privatization has been positive.

“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 license to be more effective and more commercially sensitive by reducing our costs.”

Some Ontario residents have been battered by rising electricity prices.

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

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