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Building Partnerships in Energy

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Good Morning.

I would like to thank Elder Jacobs for the good words of prayer this morning and I would like to take this opportunity to acknowledge that we are meeting on the traditional territory of the Mississaugas of the New Credit.

My thanks to you for the invitation to speak today – particularly on the subject of building partnerships in the energy sector.

I have a strongly held view that partnerships are at the heart of every Company's success and that working collaboratively and finding ways to align your interests is the only way to work.

I also think that the whole notion of partnerships lends itself beautifully to the theme of the conference: Inspire -- Inform -- Ignite.

Your theme speaks to possibility and opportunity - the same way partnerships do.

Interestingly, your Summit also comes at a time when we are all so focused on a faltering economy;

When the only promise economists and governments will offer is that of a slow and painful recovery;

When so many companies are downsizing or closing their doors altogether;

YOU chose a hopeful and forward-looking approach to this conference and I commend you for that leadership.

From the perspective of an executive in the electricity industry, I am feeling hopeful too and I would like to share with you the importance of communicating hope in this environment.

Clearly, governments on both sides of the border see infrastructure renewal in the electricity sector as being critical to healing and renewing our ailing economies.

Being in this business, I strongly share that view.

We will not be in this economic situation forever and people are counting on us to ensure that infrastructure is not only maintained but ready to respond to future demands when the markets and the economy come back. And they will!

I also think National Chief Phil Fontaine addresses another important aspect of this renewal when he said:

In this era of economic turmoil, First Nations have the potential to re-invent and revitalize the North American economy, from supplying green energy to developing a new generation of entrepreneurs.

I trust my comments today will help us all to start thinking how we can give effect to the National Chief's vision.

PARTNERSHIPS

So let's talk about partnerships from Hydro One's perspective.

To do that, I should share with you a bit about Hydro One. As you will know, Hydro One's mandate is the safe, reliable and cost-effective transmission and distribution of electricity from various supply sources to Ontario electricity users.

Hydro One owns and operates Ontario's world-class, high-voltage transmission network – one of the largest grids in North America, which covers about 97% of Ontario's transmission capacity.

In addition, we own and operate a low-voltage distribution system that serves about 1.3 million customers and smaller municipal utilities in the Province, primarily in rural and remote areas.

Our subsidiary, Hydro One Remotes, operates and maintains the generation and distribution assets used to supply electricity to 19 communities across northern Ontario that are not connected to the province's electricity grid. 14 of those are First Nations Communities.

So where do we fit in against the current economic backdrop?

Well, in spite of the challenging times facing so many Companies, we have a good story to tell.

- Hydro One is in a tremendous period of growth having entered into one of the most significant development periods in more than two decades.
- We are renewing our workforce to meet the human resource challenges we face as baby boomers exit the workplace
- We are also working flat out to rethink and modernize the electricity grid

We have a big job ahead of us and have always relied on partners to help us achieve our objectives. In each of these key areas of activity, we are continuing to rely on partnerships and I think there will be more.

So how do you go about developing these partnerships?

At Hydro One, our partnership model is for the most part based on three things:

Policy

People

Projects

Having a **POLICY** ensures you have a framework for a successful partnership.

PEOPLE – well, you need people since that’s how lasting, meaningful and respectful partnerships are forged.

With the **POLICIES** and **PEOPLE** in place, then you can look at **PROJECTS** – the place where you can align your interests and develop sustainable partnerships.

POLICY

At Hydro One, we believe it’s critical to articulate the reason for partnerships.

We believe that a sound policy framework guides and informs our actions and ensures we carry out all our business activities in a consistent manner.

Our First Nations policy is our promise to First Nations and the means by which we can ensure our actions are guided by values that reflect respect and responsiveness.

Just as important, the policy has the support at the highest levels of our Company including our Board of Directors.

Hydro One's policy states that we are committed to developing and maintaining relationships with First Nations peoples that demonstrate mutual respect for one another. Allow me to quote from our policy:

Hydro One owns assets on reserve lands and within the traditional territories of Aboriginal peoples but as stewards of these important assets, we recognize that First Nations peoples and their lands are unique in Canada, with distinct legal, historical and cultural significance.

Hydro One is committed to working with First Nations peoples in a spirit of cooperation and shared responsibility.

Forging relationships with First Nations communities based upon trust, confidence, and accountability is vital to achieving our corporate objectives.

This statement of policy does not stand alone.

It is an overarching policy that applies to everything we do and enhances and complements other corporate policies.

Let me give you an example.

Hydro One considers environmental protection to be one of the keys to our success and it is an important element of our Strategic Plan.

We also recognize and respect First Nations peoples' unique knowledge of the natural environment and their historical attachment to the land.

This is why we seek to minimize and mitigate environmental impacts of Hydro One operations and projects on First Nations people, communities and lands by working on decreasing our carbon footprint.

Certainly this is how we are approaching the Bruce to Milton project and it is this very thinking that is deeply embedded in our discussions as we work through the Environmental Assessment process for the project.

PEOPLE

I would like now to turn to the *people* aspect of meaningful partnerships.

It goes without saying that you can't have a partnership without people, but the question is *how* do you make sure your people have the right skills to establish a meaningful partnership?

From Hydro One's perspective, as a starting point, we think it is important to provide training to our employees to help them to understand the unique legal, historical and cultural significance of First Nations.

To this end, we have a First Nations speaker's series which has featured the National Chief, Phil Fontaine, and Grand Council Chief John Beaucage.

Their remarks left a lasting impression with our employees – we were very fortunate to have them speak to us and you are fortunate to have such strong and passionate advocates.

I believe these types of events help our employees approach relationships with a renewed appreciation and sensitivity plus it helps guide and support them in their interactions with communities.

We commit to negotiating in good faith and in a timely manner, to find solutions that are of benefit to both the community and to Hydro One, and that will build the foundation for successful future relationships.

We also believe that it is important when approaching a new project that we contact the affected First Nations early and regularly.

Community

But long before you sit down at the negotiation table, you need to be able to demonstrate your commitment to people and their communities.

Put another way, you need to have established a relationship with people where they live.

Hydro One supports community initiatives and cultural activities through its corporate citizenship programs because we believe it is important to give back to the people in the communities where we live and work.

As an example, Hydro One has provided grants, through our PowerPlay Program, to the Whitefish River First Nation, to help build a new outdoor play area for the community's children, to the Oneida of the Thames to build new stands at their local track and to the Sagamok Anishnawbek First Nation to fund the construction of the Sagamok Community Rink, to name just a few.

We have also supported Team Ontario to attend the North American Indigenous Games and we support various Assemblies around Ontario and events such as this.

Employment and Education:

The people part of our partnership model also extends to employment and education – which in my mind one of the most important areas we can and must work in partnership.

Hydro One is faced with one of its biggest human resource challenges in decades.

We are seeing the baby boom generation leave the workforce at a time when we are facing an intense workload associated with building infrastructure.

In our Strategic Plan, developing critical skills and knowledge retention in the face of this demographic change remains an important imperative for us. And as part of this imperative, we explicitly recognize the importance of working with First Nations to secure the future employee base in the electricity industry.

We know that First Nations are under-represented in our workforce and we are trying to change that.

However, aboriginal people currently represent about 3% of our employees; a number that is consistent with the percentage of aboriginal people in Ontario.

In the last couple of years, we began a pilot partnership with the Sioux Lookout Aboriginal Management Board and the Power Workers' Union to attract new aboriginal employees and to develop initiatives that support aboriginal people, particularly youth, in gaining the knowledge and skills that will prepare them for employment with Hydro One.

We are also taking a leadership role in a project with the Canadian Electricity Sector Council to increase the participation of Aboriginal peoples in the electricity workforce addressing access barriers, developing strategies to address them and identifying potential partnerships.

And finally, we also have several scholarships/bursaries available to First Nation citizens, including the National Aboriginal Achievement Foundation, Scholarship Program – a relationship we have enjoyed for a number of years, and a scholarship for a Masters student studying Aboriginal Governance at Ryerson University. We will be announcing shortly additional support at Ryerson to expand their Aboriginal Governance programs.

I have no doubt, that through these educational partnerships we will contribute to a robust electricity sector, a healthier economy and offer (or shall I say ignite!) career opportunities in our sector.

PROJECTS

The final “P” in our partnership model is about **projects**.

In Ontario, our electricity assets are aging and in some cases, are approaching end of life, having served us well for many decades.

To address this issue, Hydro One has recently embarked on the largest program of infrastructure renewal in more than two decades.

A number of major system improvements have been undertaken, including projects to enhance the performance of existing infrastructure and deliver clean and renewable generation into our system.

As an example, last fall we obtained approval from the Ontario Energy Board to build a 180-kilometre transmission line from the Bruce area on the shores of Lake Huron to the Milton area – one of the largest transmission projects in North America.

We offered to meet and are consulting regularly with the communities potentially impacted by the line and are now nearing the end of the Environmental Assessment phase of the project.

In fact, we have signed landmark protocol agreements with potentially affected communities.

This has been a very positive experience from our perspective and we look forward to maintaining the lasting relationships we have established with these groups.

This is not the only project on our schedule – there are too many to mention, but the point is we recognize the need to consult and we will do so in a manner that is respectful and transparent.

We also know it is incumbent upon us to work with regulators, and governments in a coordinated fashion to consult early and at every critical stage of a project. We will not be trying to sit down with you when the construction equipment is idling outside the door and we won't disappear once the work is done.

Renewable Generation

In terms of projects, I think it is also important to mention another project-related issue that is very much on our minds right now: connecting renewable generation.

Renewable or distributed generation allows individual consumers or communities to generate power onsite or locally, using whatever generation method they deem appropriate, be it solar, wind, methane or water.

This is an important area for First Nations to look at in terms of relationships with us and others.

Recently in Ontario, our Minister, the Honourable George Smitherman, tabled the Green Energy Act.

When the Act is passed, it would expedite the growth of clean, renewable sources of energy, like wind, solar, hydro, biomass and biogas, helping Ontario become North America's leader in renewable energy.

As our Minister says, the intention is to build a stronger, greener economy with lasting, well-paying jobs for Ontarians and to help local communities and First Nations to build, own and operate their own renewable energy projects.

Hydro One supports the Act and will work closely with the Ministry of Energy and Infrastructure as well as our industry partners to renew our electricity system in a way that will enable clean and renewable sources of energy.

We see this as not only important from an environmental perspective, but also another window of opportunity to establish new partnerships.

Community Economic Development and Capacity Building:

And finally, as it relates to projects, I see another window of opportunity for partnerships with First Nations.

Hydro One supports procurement opportunities for qualified Aboriginal businesses we also encourage the development and viability of Aboriginal contractors who can provide goods and services to the Company through identifying contracting opportunities, conducting workshops and the promotion of business networking.

In fact, I'm told that in 2009 we will be contracting with First Nations in the neighbourhood of \$1 million with First Nations or First Nations businesses on vegetation management work, as one example.

Closing

I will end my comments there. If I could summarize, I would say that when you have the all the elements of your partnership model working in harmony, you will find yourself in positive relationships.

Whatever your model, we strongly believe in committing to a framework, giving your people the tools to do the job and finding areas of opportunity and cooperation.

Most importantly, don't wait. The time to build relationships and partnerships is never tomorrow, it is today. And successful partnerships are never short-term relationships.

At Hydro One, we have been taking a long-term approach to our relationships with First Nations.

We have developed a solid history of working cooperatively and productively with aboriginal communities across Ontario and we are now focussed on bringing these relationships to a new level.

We believe that we have the opportunity to establish partnership models not only for our Company and our sector, but show leadership to other sectors.

While we may be facing difficult times, I am more inspired by our approach than overwhelmed, I believe we can work together as allies and align our interests to meet the Province's electricity needs. We can be PARTNERS in a strong future for our communities and our children.

I wish you all the best with your endeavours and do appreciate being invited to represent the electricity sector. Thank you.