

Top Tories got fat Hydro deals

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TORONTO -- Hydro One gave \$5.6-million in untendered contracts to four of the top Progressive Conservatives in Ontario, including some of the closest personal advisers to former premiers Mike Harris and Ernie Eves.

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But the utility is refusing to reveal details about most of the work that the individuals or their companies did for the money, saying this would divulge commercial secrets or sensitive advice given to the government.

The contracts, obtained by The Globe and Mail through the Freedom of Information Act, went to Leslie Noble, the co-chair of the Conservative election campaign; Paul Rhodes, communications director of the election campaign; Michael Gourley, a close adviser to Mr. Eves; and Tom Long, a senior Conservative strategist.

They included monthly payments of up to \$40,000 for corporate entities associated with Mr. Gourley, \$15,000 to Mr. Rhodes, and \$13,000 for Ms. Noble.

Mr. Rhodes collected \$335,237 for 18 months' work, but also included was a lump sum of \$56,000 for what the utility said was "strategic communications advice." Ms. Noble's firm, StrategyCorp. Inc., received \$250,980.

Hydro One distanced itself from the contracts, saying the work was done for executives, such as former president Eleanor Clitheroe, who are no longer with the company.

"We're struggling a bit putting this stuff together," said Les McKay, vice-president of the utility's executive office. "I don't think it would be appropriate even for us to view whether it was valuable for its purpose or not."

One of the contracts showed that Egon Zehnder International, a headhunting firm where Mr. Long is a senior official, received \$83,000 to recruit Debbie Hutton, an adviser to Mr. Harris, as the utility's vice-president of corporate relations.

Ms. Hutton and Mr. Long worked closely together for years on behalf of Mr. Harris and were in his inner circle of advisers for the 1995 election campaign.

One of the contracts attributed charges of \$30,000 a week over a month and a half to work by Mr. Long and a consultant for a second firm with which he was associated, Monitor Co. Canada.

Mr. Long said in an interview he was "only tangentially involved" in this work and referred questions to others at the energy consulting firm.

Mr. Long said for confidentiality reasons he does not comment on work done for clients.

The records also show that Mr. Gourley and PricewaterhouseCoopers helped organize a leadership training course for the utility's managers where the rate quoted for what turned out to be a one-day course was \$8,500 for each of the 400 people required to attend.

Mr. Gourley is in Florida and could not be reached for comment. Mr. Rhodes and Ms. Noble did not return calls.

All the contracts contained confidentiality clauses, preventing those receiving the work from discussing it.

The revelations are the latest in a series about spending by top Tories at both Hydro One and Ontario Power Generation, the

other government-owned utility, since the new Liberal regime opened the entities to Freedom of Information Act requests.

Other documents released previously have shown that Ms. Hutton used her position at Hydro One to take Mr. Harris out to lavish dinners.

Another senior Tory, Glen Wright, used the utility to pay for a hunting trip for party insiders.

At Ontario Power, former chairman Bill Farlinger spent ratepayer money at sporting events and on having his golf clubs cleaned and stored, among other expenses.

The Conservative government had exempted the utilities from the freedom of information law, arguing that they would face competitive disadvantages if their records became public. The Liberals overturned this policy, saying the companies would be more accountable if their records were open to scrutiny.

Energy Minister Dwight Duncan said yesterday he was disturbed by the size of the contracts given to the Conservatives, whom he accused of hypocrisy for receiving large amounts from the utility while their government was urging fiscal restraint.

How was it "that people so closely connected to the upper echelons of the government got the work?" he asked.

"This is around the time that they were preaching fiscal restraint."

Mr. Duncan said: "These seem like an awfully high figure for essentially untendered work. . . . It is the sort of thing that we have to put an end to."

The contracts and computer printouts of the payments the utility made to the individuals' companies were obtained by The Globe, but the utility refused to release the records the Conservatives produced while working.

The contracts began to be awarded shortly after the utility was established in 1999 out of the old Ontario Hydro and ran until early 2002.

Several of the contracts said the Conservatives were working on what was termed the "Market 2000 Project," the code name within the utility for the government's plan to privatize the electric-grid operator.

Hydro One has recently reviewed its executive recruitment contracts and no longer uses Egon Zehnder, according to Mr. McKay.

The records show the utility signed a \$4.4-million contract with Mr. Gourley, a senior official at PricewaterhouseCoopers, for the pricey leadership training program.

Under the contract, Hydro One agreed to have all of its managers attend a one-day leadership training seminar using computer simulated games, at a cost of \$8,500 for each of the 400 managers.

The records said only Pricewaterhouse was capable of offering executive training, which was called "transformation through leadership," and that is why the firm was a "sole source" supplier.

"The program offered by PwC is unique, and not offered by other organizations. It combines leadership development with the commercial orientation, both of which are capabilities we required."

The utility was billed \$1.4-million for the training, which took place in 2000 and 2001. Mr. McKay said the program was subjected to cost containment.

Hydro One also hired Mr. Gourley as its primary Pricewaterhouse consultant to advise on its privatization.

The contract called for a monthly retainer of \$80,000 and included seven other consultants.

On another contract given in late 2001, Jems Associates Ltd., a firm Mr. Gourley runs out of his home, received \$40,000 for the first month's worth of work for the utility. The contract then paid \$10,000 for subsequent months and netted him a total of \$105,000.

THE CONTRACTS

Gourley: \$3.7 million for two firms he is part of to provide advice on privatization

Long: \$1.3 million for two of his firms to do head hunting and consulting

Noble: \$250,000 to assess and build support for investing in Hydro One.

Rhodes: \$335,237 to develop PR and communications strategies



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