GA Smoothing – IESO Considerations

- Issue #2: Can the IESO adopt regulatory accounting
  - Public sector accounting does not address regulated assets
  - Guidance from other accounting bodies can provide guidance
  - US Federal Accounting Standards Advisory Board (FASB), US Governmental Accounting Standards Board (GASB) do provide guidance
- Issue #2: Can the IESO recognize the GA deferral as a regulatory variance account, needs
  - Rates are established by or are subject to approval by an independent, third-party regulator
  - Rates are designed to recover the specific regulated business-type activity's costs
  - In view of demand, it is reasonable to assume that rates will be set to recover the regulated business-type and can be collected from customers.
- Issue #3: Can the IESO derecognize the variance account related to the deferral of the annual Global Adjustment account
  - The sale of the deferral account to OPG Trust must be structured as an absolute assignment of future economic benefits of the Asset with no obligations, rights or benefits remaining of IESO