From:	Petsche, Nadine (TBS)
To:	Natalie Schaus
Cc:	Picard, Michel (mpicard@kpmg.ca)
Subject:	RE: Your assistance please
Date:	June 17, 2017 9:48:00 AM
Attachments:	OEB-Report_OPEB_20170518.pdf

Hi Natalie.

Wondering if we can touch base on the request below. I can't seem to find the response which helps to elaborate on the extract below. I'm also attaching a recent report from the OEB which refers to the IESO being rate regulated (see page 9 footnote4).

If you could send/resend the completed documentation, it would be much appreciated.

Thanks.

Nadine

From: Natalie Schaus [mailto:Natalie.Schaus@ieso.ca]
Sent: May-15-17 1:09 PM
To: Petsche, Nadine (TBS)
Subject: RE: Your assistance please

Hi Nadine, sorry I haven't been able to reach you.

This is a link to our 2016 annual reports there is a lot of information in the Notes.

I am happy to help you, my telephone number is 905-855-6348.

I have a few meetings this afternoon, but please send leave me a voice mail or send reply to this message.

Regards, Natalie

http://www.ieso.ca/corporate-ieso/corporate-accountability/financial-reporting

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From: Petsche, Nadine (TBS) [mailto:Nadine.Petsche@ontario.ca]
Sent: May 15, 2017 10:10 AM
To: Natalie Schaus
Subject: RE: Your assistance please

Hi Natalie.

Can you please give me a call. My number is 415 325 8027.

Talk soon,

Nadine

From: Natalie Schaus [mailto:Natalie.Schaus@ieso.ca]
Sent: May 15, 2017 9:49 AM
To: Petsche, Nadine (TBS)
Subject: FW: Your assistance please

Hi Nadine, your information request has been forwarded to me in Susan Nicholson's absence.

Can you please further clarify the information you need?

Thank you, Natalie

From: "Petsche, Nadine (TBS)" <Nadine.Petsche@ontario.ca>
To: "Kim Marshall" <Kim.Marshall@ieso.ca>
Subject: Your assistance please

Hi Kim.
I'm currently working on a paper on the Province's CFS reporting for the FHP. It would be helpful if you could help to complete/expand on the extract below as it relates to various activities of the IESO.
Thanks in advance. Have a wonderful weekend.
Nadine
p.s. I know how much you like to read on the weekend, so I thought I'd attach a copy of a CICA research study undertaken some years back. Although IESO isn't a GBE (i.e. not profit oriented), the fact that is does not receive transfers from the government (so is self-sustaining) and has reasonable expectations that it will recover its costs through future rates, might from a user's perspective lend itself to a reasonable conclusion that it should follow the same accounting treatment that the task force recommended for GBEs. Just my own opinion.

Details of IESO's Rate Regulated Activities:

1. IESO is rate regulated by the OEB in accordance with the *Electricity Act, 1998* and the *Ontario Energy Board ("OEB") Act, 1998* but currently does not recognize the economic impacts of rate regulation in its general purpose financial statements.
2. Various aspects of the IESO's business subject to rate regulation include:
    1. In accordance with XXX, the OEB's function in IESO's operations is to approve a rate to meet IESO's projected revenue requirement to recover its operational costs incurred in association with their responsibility to maintain the reliability of the IESO-controlled grid and to provide settlement services for balances due/from generators, transmitters, and market participants.
    2. Smart Meter database – per XXX, the IESO is able to recover costs for maintaining the reliability of the IESO-controlled grid and providing settlement services for balances due/from generators, transmitters, and market participants. (confirm that the OEB approves the deferral of the recovery of these expenses. i.e. confirm that the OEB rate order regarding Smart Meter Charges (effective from May 1, 2013 to Oct. 31, 2018) constitutes support for reporting a rate regulated asset under ASC 980.
    3. Pensions - XXX
    4. GA cost - in accordance with the *Electricity Act, 1998* and the *OEB Act, 1998*, the IESO has approved variance accounts to record all amounts payable or receivable by it in connection with the amounts paid to generators, the Financial Corporation, distributors and to entities with whom the IESO has a procurement contract. (i.e. costs incurred in the past will be fully recovered through future rates).

    Note that the Market Accounts track the point in time balances of due to/due from generators, transmitters and market participants for market transactions. They are not rate regulated balances for the IESO, but are rather reported as they represent activities of the entity with 3rd parties to which the IESO is a counterparty and should therefore be reported on the entity's books to support transparency and accountability in reporting.