CFO Report to the Audit Committee
October 25, 2016

IESO Confidential

IESO
Connecting Today.
Powering Tomorrow.

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Northwest Angle 33 First Nation	Aboriginal Community Energy Plan (ACEP) – Funds.	$89,750	Support of Aboriginal peoples.
Fort William First Nation	Aboriginal Community Energy Plan (ACEP) – Funds.	$89,750	Support of Aboriginal peoples.
Pembina Institute	Education and Capacity Building (ECB) – Funds.	$84,253	Procurement is with a public body.
Toronto Atmospheric Fund	Education and Capacity Building (ECB) – Funds.	$78,840	Procurement is with a public body.
TREC Charitable Foundation	Education and Capacity Building (ECB) – Funds.	$77,830	Procurement is with a public body.
Canadian Coalition for Green H	Education and Capacity Building (ECB) – Funds.	$75,575	Procurement is with a public body.

3. OEB CONSULTATION RE: PENSION AND OPEB ACCOUNTING

[redacted]

Unlike most entities the Board regulates, the IESO is a public sector entity which does not pay income taxes or Payments in Lieu of Taxes (PILs), and the IESO's financial statements are required to be prepared in accordance with Canadian public sector accounting standards.

The IESO does not believe it is practical or useful to apply consistent reporting methods that the Board will require from for profit enterprises with share capital to the IESO. Such reporting would result in a need for two different sets of financial statements which would cause additional costs through the extra work burden and audit work that would be required. Additionally, having two sets of financial statements could raise confusion around the business plan approval, the IESO's Revenue Requirement Submission to the Board, and the IESO's audited financial statements.

Lastly, any difference between OPEB expenses and OPEB payments in a given year are applied to the IESO's debt with any resulting decrease in interest charges benefitting Ontario's ratepayers. As a result, any requirement for the IESO to establish a separate account and pay interest on the balance for any differences between amounts collected and disbursed would not result in a benefit to Ontario ratepayers.

Given the reasons stated above, the IESO does not support having additional reporting, regulatory requirements or the establishment of variance accounts for its pension and OPEB costs, including having these costs assessed, reported on or reviewed in the same manner as for profit entities that are rate regulated. Requiring the IESO to prepare its financial statements in the same manner as for profit rate regulated entities would not take into account the IESO's legislated structure, which is different than these entities.

[redacted]

- **8% Rebate on Hydro Bills to Homes, Small Businesses and Farms**
  The Ministry of Energy will provide a rebate of 8% on the electricity bills for homes, small businesses and farms. The 8% rebate will be enacted through Bill 13, which is currently before the Legislature. We are aware that the Ministry of Energy is currently drafting a package of proposed Regulations and the IESO has been told that we will need to be ready to distribute funds on the January 2017 invoice. Implementation is likely to be very similar to the Ontario Clean Energy Benefit which stopped in December

2015. Settlements anticipants a requirement to implement an online form to allow distribution companies to request funds for the rebate from the IESO.

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