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March 28, 2018

Ms. Bonnie Lysyk
Auditor General of Ontario
20 Dundas Street West
Suite 1530
Toronto, ON M5G 2C2

Dear Ms. Lysyk:

Thank you for your letters of March 20, 2018 and for the accompanying draft audit report.

Please find attached our revised management responses. Included in this document is a response to the newest item on the security agreement disclosure. Additionally, minor edits have been made to some of the other responses to include more specific timelines and detailed actions we intend on taking to improve our processes.

We are committed to providing you and your staff with timely and accurate responses. All requests for meetings have been accommodated and all information relevant to the 2017 financial statements has been provided to your office.

Over the past year the IESO and KPMG have been open and cooperative in discussing with your office the accounting issues related to rate regulated accounting and market accounts. Nevertheless, we agree on the importance of these topics and welcome the opportunity for a further technical discussion with you and KPMG.

To help support this discussion, we ask that your office share any additional materials relating to rate regulated accounting and market accounts, including opinions from other auditing bodies, which have been cited by you and your staff. The IESO has provided un-redacted supporting materials and background with your office and would appreciate if the same courtesy is shared.

We look forward to receiving your final audit report and appreciate the input we have received from your office over the course of this audit. As you will note from our management responses, we have already started to implement some of the recommendations.

Regards,

K Marshall

Kim Marshall
Vice President Corporate Services and Chief Financial Officer