Independent Electricity System Operator
Statement of Financial Position

DRAFT

As at (in thousands of Canadian dollars)	December 31, 2017	December 31, 2016
	$	$
FINANCIAL ASSETS		
Cash and cash equivalents	58,305	33,005
Accounts receivable	47,747	31,103
Regulated assets (Note 3)	39,529	65,064
Long-term investments (Note 4)	45,276	40,355
Market accounts - assets (Note 5)	1,912,057	1,674,074
TOTAL FINANCIAL ASSETS	**2,102,914**	**1,843,601**
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	36,786	38,963
Accrued interest on debt	-	315
Rebates due to market participants (Note 7)	2,307	12,551
Debt (Note 8)	120,000	90,000
Accrued pension liability (Note 9)	29,229	34,620
Accrued liability for employee future benefits other than pension (Note 9)	96,216	90,251
Market accounts - liabilities (Note 5)	1,912,057	1,674,074
TOTAL LIABILITIES	**2,196,595**	**1,940,774**
NET DEBT	**(93,681)**	**(97,173)**
NON-FINANCIAL ASSETS		
Net tangible capital assets (Note 10)	100,795	105,047
Prepaid expenses	6,809	6,614
TOTAL NON-FINANCIAL ASSETS	**107,604**	**111,661**
ACCUMULATED SURPLUS		
Accumulated surplus from operations (Note 7)	3,438	6,582
Accumulated remeasurement gains	10,485	7,906
ACCUMULATED SURPLUS	**13,923**	**14,488**

On behalf of the Board:

Tim O'Neill
Chair
Toronto, Canada

Carole Workman
Director
Toronto, Canada

Independent Electricity System Operator
Statement of Operations and Accumulated Surplus

DRAFT

For the twelve months ended December 31 (in thousands of Canadian dollars)	2017 Budget	2017 Actual	2016 Actual
IESO CORE OPERATIONS	$	$	$
System fees	190,790	180,102	185,531
Other revenue (Note 11)	574	4,145	2,531
Interest and investment income	2,100	2,312	2,157
Core operation revenues	**193,464**	**186,559**	**190,219**
Core operation expenses (Note 12)	(193,464)	(184,252)	(177,668)
Core operations surplus/(deficit) before rebates	-	**2,307**	**12,551**
Rebates due to market participants	-	(6,307)	(12,551)
Core operations surplus/(deficit)	-	**(4,000)**	-
GOVERNMENT TRANSFERS			
Government transfer	-	1,826	-
Government transfer expenses (Note12)	-	(1,826)	-
Government transfer surplus/(deficit)	-	-	-
SMART METERING ENTITY			
Smart metering charge	31,536	25,656	27,426
Smart metering expenses (Note 12)	(31,536)	(24,716)	(27,426)
Smart metering entity surplus/(deficit)	-	**940**	-
MARKET SANCTIONS AND PAYMENT ADJUSTMENTS			
Market sanctions and payment adjustments	4,219	3,177	3,889
Customer education and market enforcement expenses (Note 12)	(4,513)	(3,261)	(3,655)
Market sanctions and payment adjustments deficit	**(294)**	**(84)**	**234**
SURPLUS/(DEFICIT)	**(294)**	**(3,144)**	**234**
ACCUMULATED SURPLUS FROM OPERATIONS, BEGINNING OF PERIOD	6,582	6,582	6,348
ACCUMULATED SURPLUS FROM OPERATIONS, END OF PERIOD	**6,288**	**3,438**	**6,582**

Independent Electricity System Operator
Statement of Remeasurement Gains and Losses

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For the twelve months ended December 31 (in thousands of Canadian dollars)	2017 Actual	2016 Actual
	$	$
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF PERIOD	7,906	7,658
UNREALIZED GAINS ATTRIBUTABLE TO:		
Foreign exchange - other	457	477
Portfolio investments (Note 5)	2,599	286
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Foreign exchange - other	(477)	(515)
NET REMEASUREMENT GAINS FOR THE PERIOD	2,579	248
ACCUMULATED REMEASUREMENT GAINS, END OF PERIOD	10,485	7,906

Independent Electricity System Operator
Statement of Change in Net Debt

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For the twelve months ended December 31 (in thousands of Canadian dollars)	2017 Budget	2017 Actual	2016 Actual
	$	$	$
SURPLUS/(DEFICIT)	**(294)**	**(3,144)**	**234**
CHANGE IN NON-FINANCIAL ASSETS			
Acquisition of tangible capital assets	(27,500)	(16,705)	(24,769)
Amortization of tangible capital assets	23,126	20,957	23,438
Change in prepaid expenses	-	(195)	(417)
TOTAL CHANGE IN NON-FINANCIAL ASSETS	**(4,374)**	**4,057**	**(1,748)**
NET REMEASUREMENT GAINS FOR THE PERIOD	-	2,579	248
CHANGE IN NET DEBT	**(4,668)**	**3,492**	**(1,266)**
NET DEBT, BEGINNING OF PERIOD	(97,173)	(97,173)	(95,907)
NET DEBT, END OF PERIOD	**(101,841)**	**(93,681)**	**(97,173)**

Independent Electricity System Operator
Statement of Cash Flows

DRAFT

For the twelve months ended December 31 (in thousands of Canadian dollars)	2017	2016
	$	$
OPERATING TRANSACTIONS		
Change in accumulated surplus/(deficit)		
Surplus/(Deficit)	(3,144)	234
	(3,144)	234
Changes in non-cash items		
Amortization	20,957	23,438
Pension expense	8,111	11,610
Other employee future benefits expense	8,601	8,127
	37,669	43,175
Changes in non-cash balances related to operations:		
Change in accounts payable and accrued liabilities	(675)	(7,495)
Change in accounts receivable	(16,644)	2,096
Change in rebates due to market participants	(10,244)	2,956
Change in regulated assets	25,535	23,138
Change in prepaid expenses	(195)	(417)
	(2,223)	20,278
Other:		
Contribution to pension fund	(13,502)	(13,052)
Payment of employee future benefits	(2,636)	(2,377)
	(16,138)	(15,429)
Cash provided by operating transactions	**16,164**	**48,258**
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(16,705)	(24,769)
Change in accounts payable and accrued liabilities	(1,816)	(2,410)
Cash applied to capital transactions	**(18,521)**	**(27,179)**
INVESTING TRANSACTIONS		
Purchase of long-term investments	(2,323)	(2,751)
Cash applied to investing transactions	**(2,323)**	**(2,751)**
FINANCING TRANSACTIONS		
Issue debt	30,000	-
Cash applied to financing transactions	**30,000**	**-**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**25,320**	**18,328**
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	33,005	14,715
Unrealized foreign exchange (losses) for the period	(20)	(38)
CASH AND CASH EQUIVALENTS - END OF PERIOD	**58,305**	**33,005**

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5) MARKET ACCOUNTS

As of January 1, 2016 the IESO changed its accounting policy regarding the recognition of market accounts assets and liabilities on the statement of financial position. The IESO-administered markets is a balancing system and includes amounts due from market participants (e.g. LDCs) and amounts due to market participants (e.g. generators). The net position of market accounts will settle to a $nil balance.

Components of the market accounts are as follows:	As at December 31, 2017	As at December 31, 2016
Cash, restricted for market accounts	543,391	244,755
Amounts due from market participants	1,186,326	1,391,260
Interest receivable	217	186
Regulatory assets/liabilities	182,123	37,873
Market Debt	(13,252)	(150,501)
HST receivable	110,162	25,531
Amounts due to market participants	(1,867,757)	(1,387,971)
Other net liabilities	(141,210)	(161,133)
Closing balance	-	-

Regulatory assets/liabilities consist of the following:	As at December 31, 2017	As at December 31, 2016
Deferred Global Adjustment Variance	195,855	-
Regulated Price Plan Variance	-	134,988
Ontario Electricity Support Program Variance	(26,352)	(92,443)
Rural or Remote Rate Protection Variance	12,620	(4,672)
Closing balance	**182,123**	**37,873**