Message

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Sent: 2017-03-27 4:55:44 PM
To: David Barrett [/O=IMO/OU=EXTernal (FYDIBOHF25SPDLT)/cn=Recipients/cn=c3f7cf9bb3e6423e9285b7f12c0f47e9]
CC: Adrian Pye [/O=IMO/OU=EXTernal (FYDIBOHF25SPDLT)/cn=Recipients/cn=023f4803980147aea04e2d12739bc32e]
Subject: Letter to OEB re change in accounting policies
Attachments: 6037_IESO_AR2016_Financials_EN_Mar 23.pdf

Hi David:

As discussed, the attached is a work-in-progress but note 3 on pages 13-15 explains the change in accounting policies. From my discussion with Susan:

- We're still on PSAB but PSAB is silent on the treatment of regulatory assets (e.g. unrecovered smart metering expenses and unrecovered PSAB transition items)
- As such, we are applying a section of US GAAP to address this component of our financials
  - These were previously treated as accumulated deficit
  - This represents a different presentation of these assets but no impact otherwise
- In addition, this change will result in our market accounts appearing on our financial statements
  - This is for greater clarity and transparency but no impact on accounting treatment

If you can prepare a letter to the OEB to notify them of this change (as required under our license), that would be great. I'd like to have Susan review before we send anything over. We'll also have to think about if/how we include this in our 2017 RRS.

Thank you,
-Tam-