Estimates – Energy: Friendly Questions

Topic: IESO Accounting of Fair Hydro Plan - IESO

Q1. In the first session we asked if you could you talk about how the IESO's accounting policy compares to its peers. You said you were looking for trends, and you did some work in terms of how others are defining their rate-regulated assets. Can you elaborate further on this? Did you discuss this method with the other companies who are using it to determine what the overall advantages are?

Q2. In the first session you stated that "Public Sector Accounting Standards (PSAS) are silent in terms of rate-regulated accounting," which is ultimately what led the IESO in conjunction with KPMG, to look beyond PSAS to US Generally Accepted Accounting Principles (GAAP) in terms of activities of rate regulated activities. How did the IESO come to the conclusion that it was acceptable to use GAAP instead of PSAS for rate regulated activities? Is there a clause or section of PSAS that permits the use of GAAP in a given scenario?

Q3. Obviously determining a structure like this requires a lot of comprehensive insight and analysis to ensure that the best interests of Ontario ratepayers are being protected. Who was involved in the decision making process? What experts and outside companies were involved, and is the IESO certain that they left no stone unturned in ensuring the proper accounting process and standards were chosen?