Independent Electricity System Operator
Statements of Financial Position
Unaudited

As at (in thousands of Canadian dollars)	December 31, 2015	December 31, 2014
	$	
FINANCIAL ASSETS		
Cash and cash equivalents	14,715	31,340
Accounts receivable	33,199	23,054
Long-term investments (Note 3)	37,318	33,979
TOTAL FINANCIAL ASSETS	**85,232**	**88,373**
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	48,868	51,163
Accrued interest on debt	315	364
Rebates due to market participants (Note 5)	9,595	-
Debt (Note 6)	90,000	129,000
Accrued pension liability (Note 7)	36,062	36,943
Accrued liability for employee future benefits other than pension (Note 7)	84,501	79,914
TOTAL LIABILITIES	**269,341**	**297,384**
NET DEBT	**(184,109)**	**(209,011)**
NON-FINANCIAL ASSETS		
Net tangible capital assets (Note 8)	103,716	99,549
Prepaid expenses	6,197	6,170
TOTAL NON-FINANCIAL ASSETS	**109,913**	**105,719**
ACCUMULATED SURPLUS / (DEFICIT)		
Accumulated deficit from operations (Note 5)	(81,854)	(109,654)
Accumulated remeasurement gains	7,658	6,362
ACCUMULATED DEFICIT	**(74,196)**	**(103,292)**

On behalf of the Board:

Tim O'Neill
Chair
Toronto, Canada

Ron Jamieson
Director
Toronto, Canada

Independent Electricity System Operator
Statement of Operations and Accumulated Deficit
Unaudited

For the year ended December 31 (in thousands of Canadian dollars)	2015 Budget $	2015 Actual $	2014 Actual $
IESO CORE OPERATIONS			
System fees	181,200	180,504	160,968
Other revenue (Note 9)	3,000	5,377	6,272
Interest and investment income	1,000	1,430	2,798
Core operation revenues	**185,200**	**187,311**	**170,038**
Compensation and benefits	(105,212)	(104,994)	(115,225)
Professional and consulting	(22,117)	(21,555)	(19,101)
Operating and administration	(33,661)	(34,911)	(34,352)
Core operating expenses	**(160,990)**	**(161,460)**	**(168,678)**
Amortization	(18,700)	(17,933)	(16,583)
Net interest	(1,388)	(1,610)	(832)
Core expenses	**(181,078)**	**(181,003)**	**(186,093)**
IESO-OPA amalgamation expenses	-	-	(10,883)
Core operations annual surplus	**4,122**	**6,308**	**(26,938)**
MARKET SANCTIONS AND PAYMENT ADJUSTMENTS			
Market sanctions and payment adjustments	**-**	**6,021**	**2,687**
Compensation and benefits	(2,984)	(3,094)	(2,554)
Professional and consulting	(1,515)	(1,351)	(1,677)
Operating and administration	(73)	(114)	(132)
Customer education and market enforcement expenses	(4,572)	(4,559)	(4,363)
Market sanctions and payment adjustments annual surplus/(deficit)	**(4,572)**	**1,462**	**(1,676)**
SMART METERING ENTITY			
Smart metering charge	**45,207**	**46,215**	**45,735**
Compensation and benefits	(3,463)	(2,607)	(2,882)
Professional and consulting	(19,242)	(14,902)	(16,169)
Operating and administration	(2,386)	(4,200)	(2,958)
Smart metering operating expenses	**(25,091)**	**(21,709)**	**(22,009)**
Amortization	(3,716)	(3,524)	(4,543)
Net interest	(3,048)	(952)	(1,317)
Smart metering expenses	(31,855)	(26,185)	(27,869)
Smart metering entity annual surplus	**13,352**	**20,030**	**17,866**
ANNUAL SURPLUS	**12,902**	**27,800**	**(10,748)**
ACCUMULATED DEFICIT FROM OPERATIONS, BEGINNING OF PERIOD	(109,654)	(109,654)	(98,906)
ACCUMULATED DEFICIT FROM OPERATIONS, END OF PERIOD	**(96,752)**	**(81,854)**	**(109,654)**

Independent Electricity System Operator
Statement of Remeasurement Gains and Losses
Unaudited

For the year ended December 31 (in thousands of Canadian dollars)	2015 Actual $	2014 Actual $
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF PERIOD	**6,362**	**4,144**
UNREALIZED GAINS ATTRIBUTABLE TO:		
Foreign exchange - other	515	591
Portfolio investments (Note 3)	1,372	2,622
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Foreign exchange - other	(591)	(178)
Portfolio investments	-	(817)
NET REMEASUREMENT GAINS FOR THE PERIOD	**1,296**	**2,218**
ACCUMULATED REMEASUREMENT GAINS, END OF PERIOD	**7,658**	**6,362**

Independent Electricity System Operator
Statements of Change in Net Debt
Unaudited

For the year ended December 31 (in thousands of Canadian dollars)	2015 Budget $	2015 Actual $	2014 Actual $
ANNUAL SURPLUS / (DEFICIT)	**12,902**	**27,800**	**(10,748)**
CHANGE IN NON-FINANCIAL ASSETS			
Acquisition of tangible capital assets	(29,395)	(25,624)	(24,575)
Amortization of tangible capital assets	21,457	21,457	21,125
Change in prepaid expenses	-	(27)	(1,356)
TOTAL CHANGE IN NON-FINANCIAL ASSETS	**(7,938)**	**(4,194)**	**(4,806)**
NET REMEASUREMENT GAINS FOR THE PERIOD	1,023	1,296	2,218
CHANGE IN NET DEBT	**5,987**	**24,902**	**(13,336)**
NET DEBT, BEGINNING OF PERIOD	(209,011)	(209,011)	(195,675)
NET DEBT, END OF PERIOD	**(203,024)**	**(184,109)**	**(209,011)**

Independent Electricity System Operator
Statements of Cash Flows
Unaudited

For the year ended December 31 (in thousands of Canadian dollars)	2015	2014
	$	$
OPERATING TRANSACTIONS		
Change in accumulated deficit		
Annual surplus / (deficit)	27,800	(10,748)
	27,800	(10,748)
Changes in non-cash items		
Amortization	21,457	21,125
Pension expense	11,970	13,777
Other employee future benefits expense	6,901	8,166
Change in fair value of long-term investments	-	(1,100)
	40,328	41,968
Changes in non-cash balances related to operations:		
Change in accounts payable and accrued liabilities	(775)	(3,124)
Change in accounts receivable	(10,145)	1,870
Change in rebates due to market participants	9,595	(25,755)
Change in prepaid expenses	(27)	(1,356)
	(1,352)	(28,365)
Other:		
Contribution to pension fund	(12,851)	(11,973)
Payment of employee future benefits	(2,314)	(2,321)
	(15,165)	(14,294)
Cash provided by operating transactions	**51,611**	**(11,439)**
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(25,624)	(24,575)
Change in accounts payable & accrued liabilities	(1,569)	(152)
Cash applied to capital transactions	**(27,193)**	**(24,727)**
INVESTING TRANSACTIONS		
Sale / (purchase) of long-term investments	(1,967)	727
Cash provided by (applied to) investing transactions	**(1,967)**	**727**
FINANCING TRANSACTIONS		
Issue / (retire) debt	(39,000)	4,800
Cash provided by (applied to) financing transactions	**(39,000)**	**4,800**
INCREASE IN CASH AND CASH EQUIVALENTS	(16,549)	(30,639)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	31,340	61,566
Unrealized foreign exchange gains / (losses) for the period	(76)	413
CASH AND CASH EQUIVALENTS - END OF PERIOD	**14,715**	**31,340**