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To the Directors of Wasaga Distribution Inc.

We have audited the accompanying schedule of variance accounts 1588 and 1589 of Wasaga Distribution Inc. for the period from January 1, 2015 to December 31, 2016 and notes, comprising a summary of significant accounting policies and other explanatory information (together "the schedule"). The schedule has been prepared by management in accordance with Article 490 of Accounting Procedures Handbook for Electricity Distributors as published by the Ontario Energy Board effective January 1, 2012 and Guidance and Frequently Asked Questions issued by the Ontario Energy Board from time to time.

*Management's Responsibility for the Schedule*

Management is responsible for the preparation of the schedule in accordance with Article 490 of Accounting Procedures Handbook for Electricity Distributors as published by the Ontario Energy Board effective January 1, 2012 and Guidance and Frequently Asked Questions issued by the Ontario Energy Board from time to time, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on this schedule based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the schedule of variance accounts 1588 and 1589 of Wasaga Distribution Inc. for the period from January 1, 2015 to December 31, 2016 is prepared, in all material respects, in accordance with Article 490 of Accounting Procedures Handbook for Electricity Distributors as published by the Ontario Energy Board effective January 1, 2012 and Guidance and Frequently Asked Questions issued by the Ontario Energy Board from time to time.

*Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to provide information to the Entity and the Ontario Energy Board. As a result, the schedule may not be suitable for another purpose.

*Restriction on Use*

Our report is intended solely for Wasaga Distribution Inc. and the Ontario Energy Board and should not be used by parties other than Wasaga Distribution Inc. and the Ontario Energy Board.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

November 1, 2017  
Hamilton, Canada

Wasaga Distribution Inc.

Schedule of variance accounts 1588 and 1589

For the period from January 1, 2015 to December 31, 2016

	<b>2016</b>	<b>2015</b>
1588, Power	(551,637.00)	(502,177.81)
Carrying Charge	(3,948.69)	(4,558.53)
1589, Global Adjustment	(143.63)	281,675.35
Carrying Charge	(2,729.46)	5,735.45

# Wasaga Distribution Inc.

Notes to the Schedule of variance accounts 1588 and 1589

For the period from January 1, 2015 to December 31, 2016

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## 1. Summary of significant accounting policies:

The schedule has been prepared in accordance with Article 490 of the Accounting Procedures Handbook for Electricity Distributors as published by the Ontario Energy Board effective January 1, 2012 and Guidance and Frequently Asked Questions issued by the Ontario Energy Board from time to time.

### (a) Customer billings:

Customer billings are recognized in the variance accounts when earned that is as the electricity is delivered to the customers on the basis of cyclical meter readings and estimated customer usage since the last meter reading date to the end of the period.

### (b) Expenditures:

Cost of power and global adjustment costs are recorded on the basis of power used.

### (c) RPP versus Non-RPP Customers:

The global adjustment charge is split between RPP and Non-RPP customers on the basis of kilowatt hours used by the respective customers.