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**Commission de l'énergie
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November 14, 2017

Mr. Joe Barile
General Manager
Essex Powerlines Corporation
2730 Highway #3
Oldcastle, ON N0R 1L0

Dear Mr. Barile:

Re: Follow-up Audit of Regulatory Accounting Procedures, Controls, and Oversight of Deferral and Variance Accounts

As set out in a letter dated July 31, 2017, the Ontario Energy Board (OEB) authorized a follow-up audit of Essex Powerlines Corporation's (Essex Powerlines) regulatory accounting procedures, controls, and oversight by the OEB's Audit and Investigations department (Staff).

Staff notes that the timelines for management action plans from the original audit completed on April 22, 2016 were extended due to the ongoing Staff audit of Essex Powerlines' deferral and variance account balances. As a result, at the time of this follow-up audit, almost all of Essex Powerlines' action plans have yet to be finalized.

For the action plans that have been implemented to date, Staff concludes that nothing has come to its attention that causes Staff to believe that Essex Powerlines has not followed the requirements set out in the Accounting Procedures Handbook and related guidelines with respect to the deferral and variance accounts within the audit scope.

Staff notes that Essex Powerlines has committed to additional long-term action plans to address the original audit findings. To ensure that these action plans have been implemented, Staff may conduct a second follow-up audit at a later date.

We thank you for the assistance and support provided to Staff during the follow-up audit.

Yours truly,

A handwritten signature in cursive script that reads "Barbara Robertson".

Barbara Robertson
Acting Manager, Audit & Investigations
Phone: (416) 440-7718
Email address: Barbara.Robertson@oeb.ca

cc: Mr. Ken Antaya, Chair, Board of Directors, Essex Powerlines Corporation
Mr. Joe Graziano, Chair, Audit Committee, Essex Powerlines Corporation