

March 21, 2019

VIA Email

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

Re: Independent Electricity System Operator EI-2013-0066
Accounting Policy Change

Section 14.1 of the Independent Electricity System Operator's ("IESO") electricity licence EI-2013-0066 states as follows:

14.1 The Licensee shall maintain proper books of account and adhere to generally accepted accounting practices, and shall maintain such financial records or accounts as the Board may require from time to time. The Licensee shall notify the Board of any material change to its accounting procedures.

In accordance with section 14.1, the IESO is writing to notify the Ontario Energy Board ("OEB") that it has changed certain accounting policies. Specifically, the IESO is changing its accounting policies regarding the discount rate utilized for the two unfunded employees benefit plan, namely supplemental employee retirement and other post-employment benefit plans.

The discount rate used to value the IESO's supplemental employee retirement and other post-employment benefit plans' liabilities was based previously on the expected rate of return on plan assets. As of January 1, 2018 the discount rate utilized to value these unfunded liabilities is based on the IESO's estimated cost of borrowing. And in accordance with accounting rules, the IESO has restated its financial position impact back to 2010.

The IESO's independent auditor, the Office of the Auditor General of Ontario completed its financial statement audit and provided a clean audit opinion that noted the changes in accounting policies adheres to Canadian public sector accounting standards.

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Please let me know you have any questions about the IESO's new process by contacting me directly at 905-855-6340 or Devon.Huber@ieso.ca.

Sincerely,



Devon Huber
Senior Manager, Regulatory Affairs

cc: Mr. Brian Hewson, Vice President, Consumer Protection & Industry Performance, OEB
Mr. Sagar Kancharla, Manager Licensing & Performance Reporting, OEB