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Susan Frank  
Vice President and Chief Regulatory Officer  
Regulatory Affairs



November 24, 2010

BY COURIER

Ms. Kirsten Walli  
Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2700,  
Toronto, ON.  
M4P 1E4

Dear Ms. Walli:

**EB-2008-0408 – OEB Consultation on Transition to International Financial Reporting Standards – Hydro One Networks Notice of Participation in Working Group**

In response to the Ontario Energy Board's ("the Board's") November 17, 2010 letter to licensed electricity distributors, natural gas distributors, and other interested parties; requesting Hydro One Networks to participate in the *International Financial Reporting Standards ("IFRS") – Incentive Rate Making ("IRM") Working Group*. While Hydro One's distribution and transmission businesses are not currently operating under IRM regimes, we welcome the opportunity and confirm that we will be participating in the IFRS IRM Working Group. We intend to be fully engaged throughout the consultation process.

Hydro One would also like the board to consider expanding the issues list to include; the treatment of impacts resulting from the ongoing application of modified IFRS subsequent to IRM rebasing. For example, IFRS requires an annual review of depreciation rates. It would be useful to have some guidance on how a change in depreciation rates impacting revenue requirement should be handled when it occurs while in an IRM environment. This same issue can also effect a utility that is operating under a cost of service regimen, particularly when cost of service rates are set for two-year periods, as has been the recent practice for Hydro One.

Hydro One is not eligible for, and does not intend to seek an award of costs, as per the Board's Cost Award Guidelines.

Finally, Hydro One requests that documents filed with the Board in this proceeding be served on Hydro One as follows –

Ms. Anne-Marie Reilly  
Senior Regulatory Coordinator – Regulatory Research and Administration

Regulatory Affairs

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Sincerely,

Susan Frank