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**BY EMAIL & WEB POSTING**

November 17, 2010

**All Licensed Electricity Distributors  
All Rate-Regulated Natural Gas Distributors  
All Licensed Electricity Transmitters  
Ontario Power Generation Inc.  
Stakeholders and Other Interested Parties Participating in EB-2008-0408**

**Transition to International Financial Reporting Standards (“IFRS”) – Incentive Rate Making (“IRM”) Working Group (Board File EB-2008-0408 continued)**

The Board described its multi-phase consultation on the transition to IFRS in a letter of December 23, 2008. One of the outputs of the first phase of the consultation was the Board’s policy statement contained in *Report of the Board - Transition to IFRS* dated July 28, 2009, EB-2008-0408 (“Board Report”). In that report the Board stated that it would convene a working group at an appropriate time to address the particulars of implementing IFRS in an IRM environment.

This letter is to initiate the working group process and solicit expressions of interest in participating. It will be called the IFRS IRM Working Group and will continue under Board file number EB-2008-0408. It will be led by Board staff and is expected to complete its work by April 30, 2011.

The Working Group expects to deliver recommendations for consideration by the Board on how IFRS should be adopted in an IRM environment including:

- Proposals as to whether Canadian generally accepted accounting principles (C-GAAP) or IFRS should be used to underwrite incentive rates application filings made in various years and under various combinations of circumstances.

- Proposals regarding what could be done with differences that may arise during an IRM period between regulatory accounting under C-GAAP and regulatory accounting under IFRS (referred to in the Board Report as “modified IFRS”).
- Proposals regarding any special implications arising from the transition to IFRS in an earnings sharing environment.

The Board expects that such recommendations from the IFRS IRM Working Group would assist the Board in its policy deliberations regarding the matters addressed.

The minutes of Working Group meetings will be posted on the Board’s IFRS webpage.

The Board identified parties eligible for cost awards in its Decision on Cost Eligibility dated January 28, 2009 for participants in the initial phase of the EB-2008-0408 consultation. The Board affirms that list as the list of parties with eligibility for cost awards in the new IFRS IRM Working Group.

In addition to representation from the intervenor community, the Board considers it desirable to have participation from the following utility groups that also were represented in the EB-2008-0408 consultation:

- Coalition of Large Distributors
- Cornerstone Hydro Electric Concepts Association
- Electricity Distributors’ Association
- Hydro One Networks Inc.
- Rate-regulated natural gas distributors

The Board requests expressions of interest in participation from these groups as well as any others who may wish to participate in the IFRS IRM Working Group. Any party that wishes to participate in this phase of the IFRS transition consultation should file a letter with the Board to that effect. On receipt of expressions of interest the Board will determine the composition of the Working Group.

For ease of reference the list of participants in the initial phase of consultation is provided in Schedule A, attached.

Cost awards will be available to eligible parties in relation to the following eligible activities:

Activity	Total Eligible Hours per Participant
Participation on IFRS IRM Working Group – it is expected that the working group will meet over the period until April 30, 2011 for one day up to 3 or 4 times, with cost awards being available for a maximum of 18 hours for each working group meeting day covering preparation, attendance, and reporting time.	Up to 18 hours for each working group meeting day  Up to 3 or 4 meetings
Written comment on staff's initial proposals	TBD
Written comment on staff's revised proposals (if any)	TBD

Those wishing to participate in the IFRS IRM Working Group should inform the Board Secretary of their interest by **December 1, 2010** with a brief description of the reasons for wanting to participate. They must quote file number **EB-2008-0408** in their letter and include their name, postal address, telephone number and, if available, e-mail address and fax number. Two paper copies of each letter must be provided. The Board asks that respondents make every effort to provide an electronic copy of their letter in searchable/unrestricted Adobe Acrobat (PDF) format and to submit all letters through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca).

If you do not have a user ID, please visit the "e-filing services" webpage on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) and fill out a user ID password request. Additionally, those submitting a letter of request for participation are asked to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the "e-filing services" webpage. If the Board's web portal is not available, electronic copies of letters of comment may be submitted by e-mail at [BoardSec@oeb.gov.on.ca](mailto:BoardSec@oeb.gov.on.ca). Those who do not have internet access should submit the electronic copy of their request letter on a CD.

Letters requesting status as a participant in the IFRS IRM Working Group must be received by the Board by 4:45 p.m. on **December 1, 2010**.

### Awards of Costs

The Board will apply the same procedure regarding cost awards as outlined in the Board's letter of December 23, 2008 and in Appendix A to that letter that established the initial phase of consultation on the Transition to IFRS under EB-2008-0408. To reiterate

for clarity, when determining the amount of a cost award, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. Groups representing the same interests or class of persons are expected to make every effort to communicate and co-ordinate their participation in this process. The Board will consider any lack of co-operation when determining the amount of a cost award. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process.

For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the December 23, 2009 letter. The Practice Direction can be found on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) on the "Rules, Codes, Guidelines and Forms" webpage.

Questions regarding the process should be directed to: Bill Cowan, Senior Manager, Special Projects, Applications and Regulatory Audit at (416) 440-7648 or [bill.cowan@oeb.gov.on.ca](mailto:bill.cowan@oeb.gov.on.ca).

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

Attach.

## **Schedule A**

### **Participants in Initial EB-2008-0408 Consultation Concerning Transition to IFRS**

1. Association of Major Power Consumers in Ontario
2. Brantford Power Inc.
3. The Building Owners and Managers Association of the Greater Toronto Area
4. Burlington Hydro Inc.
5. Cambridge and North Dumfries Hydro Inc.
6. Canadian Manufacturers & Exporters
7. Canadian Niagara Power Inc.
8. Centre Wellington Hydro Ltd.
9. Chatham-Kent Hydro Inc.
10. City of Kitchener
11. Consumers Council of Canada
12. Cornerstone Hydro Electric Concepts Association Inc.
13. Deloitte Canada
14. The Electricity Distributors Association
15. Enbridge Gas Distribution Inc.
16. Energy Probe Research Foundation
17. Enersource Hydro Mississauga Inc.
18. Enwin Utilities Ltd.
19. Erie Thames Powerlines
20. Ernst & Young LLP
21. Festival Hydro Inc.
22. Great Lakes Power Ltd.
23. Greater Sudbury Hydro Inc.
24. Guelph Hydro Electric Systems Inc.
25. Halton Hills Hydro Inc.
26. Horizon Utilities Corporation
27. Hydro One Brampton Networks Inc.
28. Hydro One Networks Inc.

29. Hydro Ottawa Limited
30. Independent Electricity System Operator
31. Industrial Gas Users Association
32. Innisfil Hydro Distribution Systems Ltd.
33. Kingston Hydro Corporation
34. Kitchener Wilmot Hydro Inc.
35. Lakefront Utilities Inc.
36. Lakeland Power Distribution Ltd.
37. London Property Management Association
38. Merritt & Associates
39. Newmarket-Tay Power Distribution Ltd.
40. Norfolk Power Distribution Inc.
41. North Bay Hydro Distribution Ltd.
42. Five Nations Associates Energy Inc. and Natural Resource Gas Ltd.
43. Ontario Power Authority
44. Ontario Power Generation Inc.
45. Orangeville Hydro Limited
46. Orillia Power Distribution Corporation
47. PowerStream Inc.
48. Power Workers' Union
49. School Energy Coalition
50. Toronto Hydro Electric System Ltd.
51. Union Gas Limited
52. Veridian Connections Inc.
53. Vulnerable Energy Consumers Coalition
54. Waterloo North Hydro Inc.
55. Welland Hydro-Electric System Corporation
56. Whitby Hydro Electric Corporation