

June 30, 2011

Kirsten Walli  
Board Secretary  
Ontario Energy Board,  
2300 Yonge St.  
Suite 2700, P.O. Box 2319  
Toronto, Ontario  
M4P 1E4  
Canada

Dear Ms. Walli:

**Re: OEB File No. EB-2011-0123  
Guelph Hydro Electric Systems Inc. (Guelph Hydro) Cost of Service  
Electricity Distribution Rate Application**

Please find accompanying this letter, two copies of Guelph Hydro's Application for Electricity and Distribution Rates and Charges effective January 1, 2011 together with an electronic version of the Application and Excel versions of Guelph Hydro's models used in this Application (e.g. updated Cost Allocation Informational Filing, and Weather Normalized Load Forecast).

In accordance with the OEB's *Practice Direction on Confidential Filings* (the "Practice Direction"), Guelph Hydro is filing two documents in confidence with the Board that were prepared on behalf of Guelph Hydro by third party consultants relating to the company's transition to IFRS. Public disclosure of these reports is not permitted under the terms of confidentiality agreements as they contain proprietary information and methodologies that would be commercially damaging to the consulting firms if released.

The confidentiality request relates to the entire documents.

Guelph Hydro attached to this cover letter a non-confidential description that could be served on all parties to the proceeding and placed on the public record.

Guelph Hydro is prepared to provide copies of the two documents to all accepted participants to the proceedings provided that they have executed the OEB's form of Declaration and Undertaking with respect to confidentiality and that they comply with the Practice Direction, subject to Guelph Hydro's right to object to the OEB's acceptance of a Declaration and Undertaking from any person.

Should there be any questions, please contact me at the number below.

Respectfully Submitted,



Cristina Birceanu

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**Non- confidential description of the documents requested to be kept in confidentiality:**

**1. IFRS Conversion Impact Assessment, September 15, 2009 – KPMG**

This report represents the final deliverable of an engagement to assist Guelph Hydro identify changes to accounting policies, processes, and training issues as a result of the requirement to transition from CGAAP to IFRS.

In December 2008, KPMG was engaged to assist management with this conversion project. Working in conjunction with key management, KPMG completed a detailed systematic gap analysis of the accounting and reporting differences between CGAAP and IFRS, and has considered the potential high level impact of the differences on Guelph Hydro's IT systems and business processes, and its personnel. Key findings are presented in this report. Also included as an Appendix, is an Accounting and Disclosure matrix that sets out the detailed requirements of IFRS along with a comparison to the current applications of CGAAP.

In preparing this report KPMG completed the following:

- Held a kick off session held with key management personnel to raise awareness of key project issues.
- Completed awareness training in IFRS requirements.
- Completed an initial draft of the Accounting and Disclosure Matrix based on notes to Guelph Hydro's financial statements, audit files, and an understanding of the business, operations and processes.
- Conducted various interviews with key finance and business personnel to gather information and assess Guelph Hydro's current application for CGAAP against the IFRS requirements.
- Conducted a review with GHI management focused on key business processes that would be impacted by IFRS.
- Met with the representatives from Information Technology ("IT") to assess the high level impact of accounting and reporting differences on IT systems and business processes.

- Substantially completed a final draft of the Accounting and Disclosure Matrix and documented Guelph Hydro's current application of CGAAP.

## **2. Guelph Hydro IFRS System Impact Discovery Analysis, March 26, 2010 – IBM**

IBM was engaged to perform a high level system impact assessment based on Guelph Hydro's IFRS requirements and policy decisions, including IFRS1 exemptions and elections.

System assessment workshops were held over a two week period to discuss and determine impact of Guelph Hydro's IFRS policies and their potential effect on the current system and processes. Workshop topics and schedule were based on Guelph Hydro's accounting gap analysis delivered by KPMG.

The system impacts are based on the Guelph Hydro decisions made during the assessment workshops.

The report summarizes several options with respect to required system modifications to support the implementation of IFRS.

A high level project plan is also documented setting out a timeline and resource requirements for testing and implementing new system modules as well as changes to procedures.

The key system recommendations that emerged from this process were to:

1. Activate and implement an existing module in Guelph Hydro's ERP system to enable more granular accounting of fixed assets; and
2. Purchase and implement a financial reporting tool to enable dual reporting under IFRS and MIFRS.