



September 22, 2011

Ms. Kirsten Walli  
Board Secretary  
P.O. Box 2319  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: Hydro One Networks Inc. 2011-2012 Tx Revenue - Adjustment to US GAAP  
AMPCO Interrogatories  
Board File No. EB-2011-0268**

In accordance with Procedural Order No. 1 dated August 25, 2011, attached please find AMPCO's interrogatories in the above proceeding.

Please do not hesitate to contact me if you have any questions or require any further information.

Sincerely yours,

*(ORIGINAL SIGNED BY)*

Adam White  
President  
Association of Major Power Consumers in Ontario

Copy to: Hydro One Networks Inc.

**Association of Major Power Consumers in Ontario**

[www.ampco.org](http://www.ampco.org)

372 Bay Street, Suite 1702  
Toronto, Ontario M5H 2W9

P. 416-260-0280  
F. 416-260-0442

EB-2011-0268  
Hydro One Networks Inc. (HONI)  
Adjustment to HONI's Approved 2012 Electricity Transmission Revenue Requirement  
to Reflect Adoption of US GAAP  
AMPCO Interrogatories

Interrogatory # 1

**Reference:** Exhibit A, Tab 3, Schedule 1, Page 1

HONI's evidence indicates that in May 2011 it became known that there was an option for rate regulated entities to apply to its securities regulator for an exemption to permit use of United States Generally Accepted Accounting Principles (US GAAP) for the preparation of financial statements. On May 31, 2011, HONI wrote to the Board to advise the Board that it was evaluating the option of adopting US GAAP in lieu of Modified International Financial Reporting Standards (MIFRS) in 2012.

Please discuss the process by which HONI evaluated the option of adopting US GAAP and determined that a change in strategy to use an alternate financial reporting standard would be beneficial.

Interrogatory # 2

**Reference:** Exhibit C, Tab 1, Schedule 1, Page 1

In the Addendum to the Report of the Board: Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment, dated June 11, 2011, the Board stated that if a utility was filing a cost of service application following adoption of US GAAP, it would need to include the following information:

- a) the eligibility of the utility under applicable securities legislation to report financial information using US GAAP;
- b) the authorization by the appropriate Canadian Securities regulator authorizing the utility to use US GAAP for financial reporting purposes;
- c) an explanation of the benefits and potential disadvantages of adoption of US GAAP rather than Modified International Financial Reporting Standards ("MIFRS")."

HONI's evidence at Exhibit C, Tab 1, Schedule 1 outlines how HONI meets the Board's above requirements and an explanation of the benefits is provided.

Please provide a detailed explanation of the potential disadvantages and consequences of adoption of US GAAP rather than MIFRS.

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Interrogatory # 3

**Reference:** Exhibit B, Tab 1, Schedule 1

On July 21, 2011, HONI received approval from the Ontario Securities Commission to utilize US GAAP as the basis for preparing its financial statements for public securities filings beginning on or after January 1, 2012 but before January 1, 2015.

- a) Please discuss the significance of January 1, 2015.
- b) Please discuss HONI's plans in 2015 and beyond regarding the use of financial reporting standards.
- c) Please comment on the potential confusion in the marketplace should HONI change its financial reporting standard in 2012 and 2015.

Interrogatory # 4

**Reference:** General

Has HONI undertaken any analysis or is HONI aware of any modelling/analysis undertaken by others regarding the long term rate impacts of IFRS vs GAAP? If yes, please provide the results.

Interrogatory # 4

**Reference:** General

Please provide a projection of revenue requirement impacts over the next 5 years for USGAAP vs IFRS, complete with a statement of assumptions.