

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

April 30, 2012

**To: All Licensed Electricity Distributors
All Licensed Electricity Transmitters
All Other Interested Parties**

Re: Impact of the Decision to Defer the Mandatory Date for the Implementation of International Financial Reporting Standards to January 1, 2013 by the Canadian Accounting Standards Board

This letter provides guidance for all electricity utilities regarding the impact of the decision by the Canadian Accounting Standards Board (the "AcSB") to defer the mandatory changeover to International Financial Reporting Standards ("IFRS") to January 1, 2013.

On March 30, 2012, the AcSB issued the Accounting Standards Board - Decision Summary, March 20-21, 2012, which indicated the AcSB's decision to allow an additional one-year deferral of the mandatory adoption of IFRS to January 1, 2013 for Canadian utilities with qualifying rate-regulated activities for financial reporting purposes. The AcSB in its April 2012 FYI confirmed the extension date for the mandatory changeover to January 1, 2013 and stated such entities must now adopt IFRS by January 1, 2013.

The Board advises stakeholders that consistent with its previous approach on IFRS, the Board will not require regulatory accounting and reporting for 2012 to be in Modified IFRS ("MIFRS") if a distributor is not required to adopt IFRS for financial reporting and opts to remain on Canadian Generally Accepted Accounting Principles. Those distributors that have transitioned to IFRS or whose rates are set based on MIFRS are expected to conduct regulatory accounting and reporting for 2012 in MIFRS. The Board will still require all electricity distributors that previously used the "billed" method to adopt the accrual method no later than June 30 of 2012 for regulatory accounting and reporting, regardless of whether IFRS has been implemented for financial reporting.

The Board notes that by virtue of the existing AcSB standard the rate-regulated utilities are required to adopt IFRS by January 1, 2013. The Board therefore expects that all 2013 cost of service applications will be filed on the basis of MIFRS. A utility can address utility specific issues through its application.

The Board notes the AcSB's recognition of the evolving nature of this issue and will continue to monitor the industry progress, and will provide further guidance if required.

All inquiries regarding this letter should be directed to the Board's Market Operations hotline at market.operations@ontarioenergyboard.ca.

Sincerely,

Original Signed By

Kirsten Walli
Board Secretary