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BY E-MAIL AND WEB POSTING

May 08, 2008

**To: All Licensed Electricity Transmitters and Distributors
Ontario Power Generation
All Rate-Regulated Natural Gas Distributors**

**Re: Creation of Consultation for the Transition of Regulatory Accounting to
International Financial Reporting Standards and Invitation to
Participate – Board File No.: EB-2008-0104**

Generally Accepted Accounting Principles (“GAAP”) in Canada will be transitioned to International Financial Reporting Standards (“IFRS”) effective January 1, 2011. The 2011 audited financial statements will contain comparative figures, presented under IFRS, for the 2010 fiscal year. A number of the Board’s regulatory requirements, including the Accounting Procedures Handbook and the electricity and gas Uniform System of Accounts, will need to be reviewed to consider changes that may be required as a result of the transition to IFRS.

To assist in the transition to IFRS, the Board’s Regulatory Audit group is establishing a consultation regarding the Transition of Regulatory Accounting to IFRS (the “IFRS Consultation”) to provide an opportunity for Board staff to work with interested industry participants on an informal basis with a view to identifying issues associated with this transition as well as suggestions for how those issues might be addressed. This will provide input to Board staff’s work to develop a transition plan for the Board’s regulatory accounting instruments and processes. Among the issues to be canvassed are the identification of differences under IFRS and the treatment of deferral and variance accounts.

While the IFRS Consultation will also provide an opportunity to identify the need for, and extent of, modifications that may be required to the Board’s regulatory requirements in relation to utility accounting, Board staff anticipates that any substantive modifications will only be made by the Board following the appropriate, and more broad-based, consultation process.

This IFRS Consultation will provide an opportunity for participants to engage in dialogue with other industry members regarding the transition. The IFRS Consultation may also serve as a venue for discussion of other issues associated with the transition, including potential changes to the Board's reporting requirements and the provision of performance information by utilities that are subject to an incentive rate mechanism that bridges the implementation date for IFRS.

While the IFRS Consultation will address the implications of the transition to IFRS on regulatory accounting and processes related to the regulatory compact, it will not address how IFRS will be applied by utilities in preparing their own financial statements or their requirements to assess and implement IFRS within their own organizations.

The current proposal is to convene the IFRS Consultation participants once a month via conference call, and once a quarter in person at the Board's offices, beginning in the spring of 2008. We expect to continue the consultation until plans are developed in 2008 for the work to transition the Board's regulatory requirements, and potentially longer should the need arise. Alternative scheduling proposals that participants in the IFRS Consultation wish to bring forward will also be considered.

Those interested in participating in the IFRS Consultation should indicate their interest by e-mail addressed to the Board Secretary at BoardSec@oeb.gov.on.ca by **May 23, 2008**. The e-mail should provide the name and title of the person identified by your company to participate and should reference Board File No. EB-2008-0104. Depending on the level of interest, it may be necessary to limit the number of participants in the IFRS Consultation so as to optimize its efficiency. However, we will ensure that each relevant constituency is represented.

Any questions relating to this IFRS Consultation should be directed to Bill Cowan, Chief Regulatory Auditor, at bill.cowan@oeb.gov.on.ca or by telephone at 416-440-7648. Please include "IFRS Consultation" on the subject line of your e-mail.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary