



PowerStream Inc.

OEB IFRS Consultation Presentation

August 22, 2008

High Level Overview of PowerStream IFRS Project

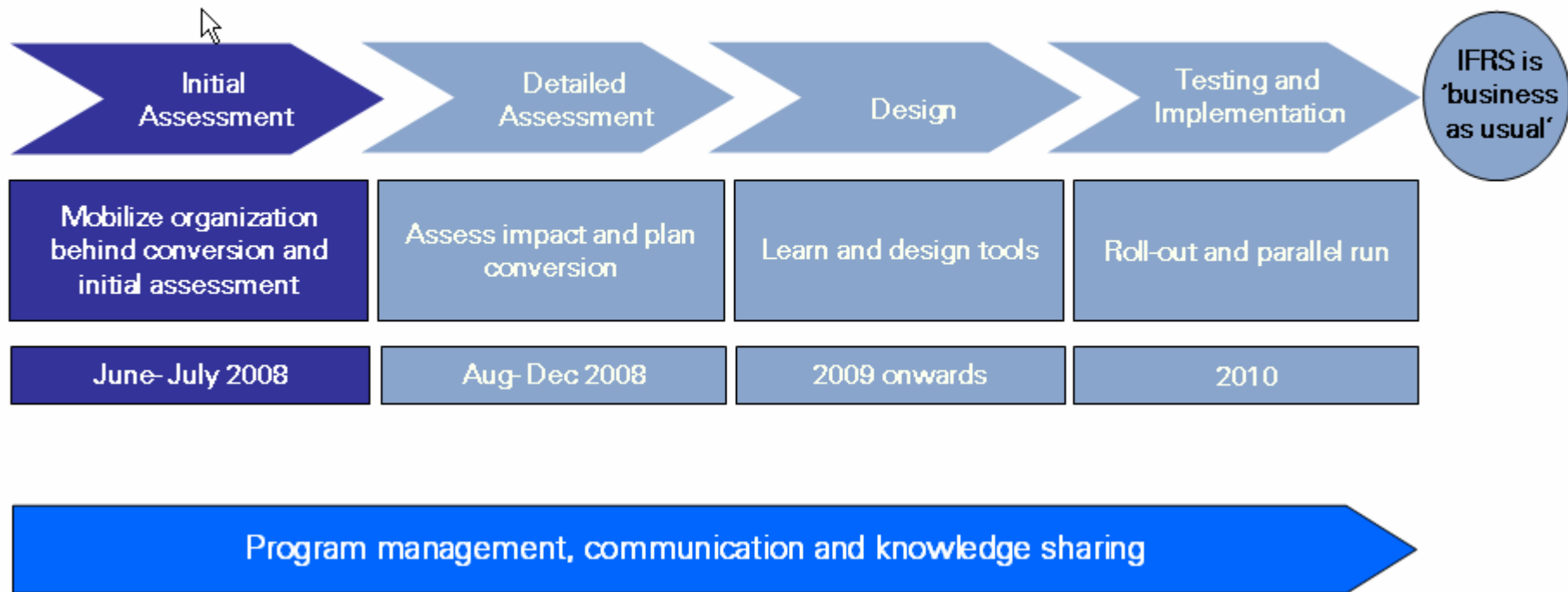
- High Level of Scope and Deliverables for Phase 1 - 4

IFRS Project Status

IFRS Regulatory Impacts

IFRS Training Requirements

High Level Overview of IFRS Project



Scope

- Develop project charter
 - Project risk assessment
 - Communication plan – internal and external
 - Issues log
 - Templates for project status reports and steering committee reports
- Host awareness training sessions to core groups
- Conduct IT initiatives assessment
- Prepare high level diagnostic
- Prepare high level impact assessment of complexity
- Develop Initial operational and milestone plans

Scope

- Impact assessments on following areas:
 - Internal control processes
 - Business impact assessment (contracts & other areas)
 - Regulatory impact assessment
 - PILs impact assessment
- Accounting strategy analysis
- Develop training strategy
- Financial impact modeling
- Update the auditors
- Revised operational and milestone plans
- Budget analysis for design and implementation

Scope

- Detailed implementation plan
- Refine training programs
- Sample financial statements
- Disclosure checklists
- Updated communication and training strategy
- Summary reporting on issues log
- Updated operational and milestone plans
- Conversion roll out matrix
- Draft of the following:
 - Accounting policies
 - Accounting manual and guidelines
 - IFRS financial statements, disclosures and MD&A
 - Internal control processes
 - Business unit reports and IFRS consolidation templates
 - Changes relating to regulatory submissions, if any
 - Changes to internal performance measures, contract and processes
- IFRS accounting technical training

IFRS Project Status at the End of July



STATUS OF WORK		<i>Status: ✓ Done / ◆ Ongoing / – To be undertaken / ✗ Canceled</i>		Legend	
1.1	Overall Phase 1 on track				Impacts project timeline
1.2	Project Mobilization				No current impact – potential impact on future
	<ul style="list-style-type: none"> Kick-off meeting for core team – May 27 Kick-off meeting for EMT – June 23 Kick-off meeting for potentially impacted PowerStream members – June 26 		<ul style="list-style-type: none"> ✓ ✓ ✓ 		On schedule
1.3	<ul style="list-style-type: none"> Project Charter – completed (July 11) for sign-off from project sponsors 		✓	Deadline	
1.4	<ul style="list-style-type: none"> Initial milestones have been agreed upon (July 16) for sign off by Steering Committee 		✓	Key Accomplishments	
1.5	<ul style="list-style-type: none"> Project risk assessment completed, included as part of Project Charter 		✓	<ul style="list-style-type: none"> Project kick-off completed Project Charter ready for sign-off by project sponsors 	
1.6	<ul style="list-style-type: none"> Awareness training completed on June 12 		✓	Critical items	
1.7	<ul style="list-style-type: none"> Complexity assessment – 2 interviews completed to date. Report to be completed 		◆	<ul style="list-style-type: none"> Shared drive to be operational 	
1.8	<ul style="list-style-type: none"> IT Initiatives assessment <ul style="list-style-type: none"> Interviews have been scheduled with JDE Fixed Assets individual Other interviews with Payroll and receivables systems underway 		◆	Next steps	
1.9	<ul style="list-style-type: none"> Shared drive to be operational 		◆	<ul style="list-style-type: none"> Commence work on Accounting disclosure matrix Undertake interviews with key individuals to determine business impacts. 	

- IFRS does not have any separate/special exemptions, standard or guidance for rate regulated operations.
- Based on the current guidance IFRS may potentially force the LDC to keep two sets of books. One for rate setting and OEB Reporting, the other for external financial reporting under IFRS.
- Significant variances under IFRS from OEB USofA may result in capital assets, depreciation and regulatory assets / liabilities reporting. This will impact rate filings and RRR reporting.
- Financial statements under IFRS will revert to general purpose financial information and not targeted for specific rate regulated users.
- External reporting under IFRS will result in:
 - Loss of deferral accounting
 - May lead to regulatory liabilities being recorded but no regulatory assets
 - Significant impact on transition equity
- As of June 30, 2008, PowerStream has regulatory liabilities all related to Retail Settlement Variances.

- IFRS will change your “accounting language” and will affect all areas of our business:
 - Accounting and Reporting
 - Systems and Processes
 - People
- Intensive IFRS training is required for the IFRS core team members
- Selected IFRS training / communication for both internal and external parties through out the IFRS conversion project
- To allow timely turnaround on IFRS decision points