



# **International Financial Reporting Standards (IFRS) Consultation – Stakeholder Conference**

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# Agenda



- Staff Proposal and the OEB Consultation Process
- Balancing Stakeholders' Interests
- Property, Plant & Equipment
- Reconciliations
- System Impacts
- Recoverability of 2008 IFRS Costs
- Conclusion – Q&A

# Balancing Stakeholders' Interests

- We support the Board's principle that the interests of Stakeholders should be balanced in determining how to accommodate IFRS changes
- We support the fact that the Board is willing to align to IFRS, consistent with sound rate making principles
- We support accommodation of individual utility circumstances

# Property, Plant & Equipment

## PP&E:

- IFRS 1 elections (Fair Value vs Restrospective Restatement)
- IFRS 1 ED (Required Historical Cost/NBV)
- Depreciation Accounting Procedures
- Componentization
- Changes to systems and processes

# Reconciliations and System Impacts

## Reconciliations:

- Dual set of books as mandated by OSC and OEB, at minimum for 2010 and 2011 (based on current board proposal – Sec 9.4)
- Need to be captured at transaction level, particularly as it relates to PP&E
- Maintenance of records
- More effort and time

## System Impacts:

- Standards will continue to change and evolve
- Additional time and effort on system design
- Decisions need to be done now
- On-going uncertainty by standard setters

# Recoverability of 2008 IFRS Costs

- THESL does not support a date of January 1, 2009 as a limit for transition cost recovery
- Public filers, such as THESL, were required by the OSC to provide a status on its IFRS Conversion in our annual and quarterly filings
- Deferral account application submitted in October 2008
- Costs were incurred in 2008
- Other utilities have incurred IFRS costs for 2008
- Recommendation: Add the following sentence
  - “Cost incurred prior to January 1, 2009, will be considered on a case-by-case basis and the Board, in determining the disposition of the account, will consider the criteria of causation, materiality and prudence”.

# Questions & Answers



Q & A

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