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BY E-MAIL AND WEB POSTING

April 30, 2010

All Licensed Electricity Distributors

Re: Depreciation Study for Electricity Distributors (EB-2010-0178) – Transition to International Financial Reporting Standards (“IFRS”)

In July, 2009, the Ontario Energy Board (the “Board”) issued its *Report of the Board on Transition to International Financial Reporting Standards* (IFRS) (the “Board Report”) – Board file EB-2008-0408. The Board Report stated that the Board would undertake a depreciation study for electricity distributors and said:

“While utilities remain solely responsible for complying with financial reporting requirements, the Board notes that a generic depreciation study could assist utilities with IFRS compliance in addition to providing considerable regulatory benefits. The study should provide a good starting point for the determination of service lives for distribution assets that may be both acceptable to the Board and useful for financial reporting purposes. Distributors will remain responsible for review and updates of the service lives for their particular assets for financial reporting and regulatory requirements.”

Kinectrics Inc. (“Kinectrics”) was selected to undertake the requisite study. To assist Kinectrics in finalizing their report, the Board is circulating Kinectrics’ draft report for utility input. The draft report is available for downloading from the Board’s website at http://www.oeb.gov.on.ca/OEB/Documents/EB-2010-0178/draft_report_Asset_Amortization_20100430.pdf. The Board is providing a three week period for utilities to provide any written comments they wish Kinectrics to consider in finalizing their report.

Kinectrics has reviewed total useful lives for distributor assets in categories that are intended to provide a helpful starting point for those distributors that have not undertaken specific studies on their own. This should assist such distributors in their transition to IFRS, effective January 1, 2011. Kinectrics has identified typical total useful life as well as the minimum and maximum total useful lives for a variety of distribution assets. The draft report also identifies the most significant utilization factors found to influence the specific useful life values a distributor chooses in its own circumstances. To augment its own considerable knowledge of industry values for useful lives, Kinectrics has met with six Ontario distributors.

This opportunity to comment is intended to provide for broader distributor community input to the technical aspects covered in the draft report, as an aid to Kinectrics in finalizing their report.

On receipt of the final Kinectrics Report, the Board will consider the best way to use it in a manner consistent with the Board Report of July 2009.

Distributors are reminded that, while the Kinectrics Report is expected to provide a tool for determining total service lives (when finalized), distributors must determine the total service lives applicable in their specific circumstances as well as the *remaining* service lives, and residual or scrap values for individual assets.

Those wishing to comment should do so by May 21, 2010 and must quote file number **EB-2010-0178** in their letter and include your name, postal address, telephone number and, if available, e-mail address and fax number. Two paper copies of each letter must be provided. The Board asks that respondents make every effort to provide an electronic copy of their letter in searchable/unrestricted Adobe Acrobat (PDF) format and to submit all letters of comment through the Board's web portal at www.errr.oeb.gov.on.ca. If you do not have a user ID, please visit the "e-filing services" webpage on the Board's website at www.oeb.gov.on.ca and fill out a user ID password request. Additionally, those submitting a letter of comment are asked to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the "e-filing services" webpage. If the Board's web portal is not available, electronic copies of letters of comment may be submitted by e-mail at BoardSec@oeb.gov.on.ca. Those who do not have internet access should submit the electronic copy of their letter of comment on CD or diskette.

Letters of comment must be received by the Board by 4:45 p.m. on May 21, 2010.

All comments received will be provided to Kinectrics and will be posted on the "OEB Key Initiatives" portion of the Board's web site at www.oeb.gov.on.ca in the section devoted to the transition to IFRS.

Questions regarding the process can be directed to: Bill Cowan, Senior Manager, Special Projects, Applications and Regulatory Audit at (416) 440-7648 or bill.cowan@oeb.gov.on.ca.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

c. Yury Tsimberg, Director – Asset Management, Kinectrics Inc.