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**BY E-MAIL AND WEB POSTING**

July 28, 2009

**To: All Licensed Electricity Distributors  
All Rate-Regulated Natural Gas Distributors  
All Participants in Consultation Process EB-2008-0408  
All Other Interested Parties**

**Re: Consultation on Transition to International Financial Reporting Standards  
Report of the Board: Transition to International Financial Reporting  
Standards - Board File No.: EB-2008-0408**

The Board is releasing today its "Report of the Board: Transition to International Financial Reporting Standards" (the "Report"). The Report is available on the IFRS webpage of the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) (from the Board's homepage, select 'OEB Key Initiatives' from the 'Industry Relations' drop down menu tab).

## **Background**

On December 23, 2008, the Board initiated a consultation process to examine issues associated with the transition to International Financial Reporting Standards ("IFRS"). As required by the Canadian Accounting Standards Board, Canadian Generally Accepted Accounting Principles will transition to IFRS, effective January 1, 2011 with comparative information required to be reported for 2010. As the standards currently stand, it is expected that most utilities regulated by the Board will be required to adopt IFRS.

Issuance of the Report follows on, and has been informed by, several months of consultations with stakeholders. It establishes the Board's policy regarding the transition to IFRS in relation to regulatory accounting, reporting of financial results and rate application filing requirements applicable to electricity distributors and rate-regulated natural gas distributors. The Report recognizes that accounting standards may change in future.

**Next Steps**

As indicated in the Board's December 23, 2008 letter and in the Report, this consultation process will have a second phase, the purpose of which will be to amend relevant regulatory instruments in order to give effect to the Board's policy as set out in the Report. The regulatory instruments that are likely to require amendment are identified in the Introduction section of the Report. Further details regarding this second phase will be communicated to participants in the near term.

Yours truly,

*Original Signed By*

John Pickernell  
Assistant Board Secretary