

October 17, 2008

Interested Parties

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ESTABLISHMENT OF WORKING GROUP

The internal IFRS team established by the Alberta Utilities Commission (AUC or Commission) issued a letter on September 25, 2008 which touched on two topics.

The first topic was in regard to the fact that the utilities need decisions from the AUC on the possible impact on future regulatory applications and reporting in connection with IFRS. The team advised that it was bringing this matter forward to the Commission's executive as well as the Commission itself. The team is pleased to report that both the executive and the Commission approved the formation of a working group consisting of representatives from the utilities, customer groups as well as AUC staff. It is hoped that through their discussions and analysis of the different areas that could possibly be affected by IFRS, the members of this working group will be able to bring forward recommendations to the Commission with regard to regulatory treatment for these areas.

The second topic of the September 25, 2008 letter was a request for the utilities to submit information which included identifying a list of IFRS areas that they regarded as priorities for the Commission to deal with. The team would like to thank the utilities for their helpful submissions on this matter. The submissions are available on the Commission's website and can be accessed using the following link:

http://www.auc.ab.ca/portal/server.pt/gateway/PTARGS_0_0_292_278_0_43/http%3B/auContent/publishedcontent/publish/au_home/media_room/current_projects/ifrs.aspx

The priority items identified by the utilities will be the source of the discussions and analysis that the working group will undertake.

The first meeting of the working group will be held on Thursday, October 30, 2008 in the hearing room on the 12th floor of the Commission's office in Edmonton (HSBC Building, 10055-106 Street). The meeting will start at 1:30 p.m. and is scheduled to end at 4:30 p.m.

The team requests that for planning purposes parties inform me either by telephone at 780-422-2073 or by e-mail at David.Mitchell@auc.ab.ca if they will be sending representatives and if so, how many will be attending the meeting on October 30. I would appreciate receiving this information by the end of Monday, October 27, 2008.

Parties who participate shall not be entitled to submit cost claims to the Commission and no funding will be awarded by the Commission to participants. **Each party shall be responsible for its own costs.**

An agenda for the meeting is attached. As mentioned, the discussion topics reflect the submissions received from the utilities on the priority items.

One of the items on the agenda is the review of costs for maintaining dual sets of records. The team considers that a reliable estimate of these costs from the utilities will be beneficial for all parties to review and discuss. The team also plans on making the Commission aware of these cost estimates as well. Consequently, the team requests that the utilities compile this information and bring it to the meeting on October 30. Please include in your cost estimates all related costs for this area, such as any capital and operating costs for system work, ongoing labour costs for reporting and reconciliation purposes, etc.

Please contact me if you have any questions.

Yours truly,

(sent by e-mail)

David Mitchell, CA
Regulatory Specialist
Utilities Division – Edmonton

Attachment

INTERNATIONAL FINANCIAL REPORTING STANDARDS
WORKING GROUP MEETING

THURSDAY, OCTOBER 30, 2008
1:30 P.M. TO 4:30 P.M.

AGENDA

1. Introductions
2. Overview of the Purpose of the Working Group and Timeframe for Actions
3. Presentation, Review and Discussion of the Costs of Maintaining Dual Sets of Records
4. Discussion Regarding Recommended Courses of Action for the Commission
5. Priority Items to Review, Analyze and Discuss
 - Property, Plant and Equipment:
 - Capitalization of Costs
 - General and Administrative
 - Borrowing Costs / Equity AFUDC
 - Revaluation Option
 - Componentization
 - Tracking
 - Depreciation
 - Asset Retirement Obligations
 - Treatment of Gains and Losses Upon Retirement of Assets
6. Planning for Next Meeting