



June 13, 2008

Mr. David Mitchell, CA
Alberta Utilities Commission
Regulatory Specialist-Utilities Division
10055 - 106 St., 10th Floor
Edmonton, AB
T5J 2Y2

Dear Sir:

Re: International Financial Reporting Standards (“IFRS”)

EPCOR is pleased to provide feedback in response to the Alberta Utilities Commission’s (“AUC”) letter dated May 23, 2008 discussing the formation of an internal AUC team to examine the implications of the transition to IFRS on regulatory accounting and processes and working in a collaborative process with Utilities that the Commission regulates. The above noted letter also requested a review of accounts that may be affected by the adoption of IFRS.

EPCOR has responded to the first request in respect of working in a collaborative process in a letter dated June 4, 2008 to the AUC stating that EPCOR would like to participate in any collaborative process that the AUC is initiating to address the implications of transitioning to IFRS.

EPCOR has reviewed the following list of accounts that were identified in the AUC’s letter dated May 23, 2008 which may be affected by IFRS:

- Deferral accounts of any kind (including placeholders of any type associated with these)
- True ups of any kind (e.g. true ups for interim vs. final rates) approved for repayment/collection in a subsequent year(s)
- Rider applications and rider amounts approved for repayment/collection in a subsequent year(s)
- Income taxes
- Pension assets/liabilities
- Hearing cost reserve
- Self insurance reserve
- Any items associated with performance or formula based methodologies that involve repayment/collection in a subsequent year(s)

- Capital assets (including componentization; capitalized general and administration costs; allowance for funds used during construction; recognition of gains/losses on sales; impairment of long lived assets; revaluation; asset retirement obligations)

In addition to the above mentioned accounts, EPCOR suggests that the depreciation expense account be added to the list of accounts identified.

As evidenced by the long list of accounts potentially impacted by IFRS, significant effort will be required by most companies to integrate their systems and processes to account for these changes. As many of these system and process changes require long lead times, and will likely have to be built into next years budgets, it is important that a decision as to the general direction of the AUC with respect to adopting or not adopting IFRS be made as quickly as possible this year. If an early indication can be provided from the AUC working group on whether the AUC will consider mandatory regulatory reporting using IFRS or if additional reporting is necessary to reconcile to IFRS statements, then companies can determine appropriate timelines and how IFRS will be incorporated into their regulatory framework. EPCOR proposes that initial discussions should commence immediately. This will assist companies to adequately prepare for the transition with sufficient time to adapt their expertise, systems and procedures.

EPCOR appreciates the opportunity to be involved in this process and looks forward to working with the AUC on this matter.

If you have any questions, please contact me at (780) 412-4281 or via email at pladeroute@epcor.ca.

Regards,

<Original Signed By>

Priti Laderoute
Manager, Regulatory Affairs
EPCOR Utilities Inc.