

October 14, 2010

Interested Parties

## **ALBERTA UTILITIES COMMISSION RULE 026 AND ADOPTION DATE FOR INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

1. On May 19, 2009, the Alberta Utilities Commission (AUC or Commission) approved [Rule 026](#): *Rule Regarding Regulatory Accounting Procedures Pertaining to the Implementation of the International Financial Reporting Standards* (Rule 026). Section 2(2) of Rule 026 required a submission from certain of the utilities regulated by the Commission as follows:

**2(2)** Utilities shall, on or before October 1, 2009, file a letter with the AUC indicating whether or not they will be adopting IFRS, and if so, indicate what their IFRS adoption date will be.

2. The Commission received correspondence from the following parties:

- AltaGas Utilities Inc.
- AltaLink Management Ltd.
- ATCO Electric Ltd.
- ATCO Gas
- CU Water Ltd.
- ATCO Pipelines
- ENMAX Corporation
- EPCOR Distribution & Transmission Inc.
- EPCOR Energy Alberta Inc.
- FortisAlberta Inc.
- TransAlta Corporation

3. In their submissions, each of the parties indicated what their IFRS adoption date would be. FortisAlberta Inc. stated that it was electing to adopt Rule 026 on a forecast basis beginning with its 2010 year. All other parties indicated that they would be adopting IFRS effective January 1, 2011.

4. The Commission is aware that the Canadian Accounting Standards Board has recently amended the Introduction to Part 1 of the CICA Handbook as follows:

1.7 First-time adoption of this Part of the Handbook is mandatory for interim and annual financial statements relating to annual periods beginning on or after January 1, 2011, other than by:

- (c) entities that have activities subject to rate regulation as defined in GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, Section 1100 in Part V of the Handbook, as of January 1, 2011 and that, in accordance with ACCOUNTING GUIDELINE AcG-19, Disclosures by Entities Subject to Rate Regulation in Part V of the Handbook, disclosed in their financial statements for the previous annual period that they have accounted for a transaction or event differently than they would have in the absence of rate regulation.

First time adoption of this Part of the Handbook by entities specified in (a)-(c) is mandatory for interim and annual financial statements relating to annual periods beginning on or after **January 1, 2012. (emphasis added)**

5. Given this amendment, which effectively permits rate-regulated utilities to defer their IFRS adoption date to January 1, 2012, the Commission requests that each of the parties listed above file a letter with the AUC indicating what their IFRS Adoption date will now be. Parties are asked to send this letter electronically to David.Mitchell@auc.ab.ca **on or before October 29, 2010.**

6. Please contact me if you have any questions.

Yours truly,

*(sent by e-mail)*

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