

May 4, 2011

Ms Kristen Walli <sup>08</sup> 5/5/11  
Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

EB-2008-0408

OEB BOARD SECRETARY	
File No:	Sub File: 5
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Licensing	
Other	Phil Cowan
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Dear Ms. Walli:

**EB-2010-0408: Staff Discussion Paper Transition to IFRS – Implementation in an IRM Environment**

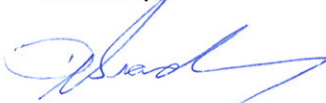
FortisOntario thanks the Board for the opportunity to comment on the Staff Discussion Paper. FortisOntario's comments will be limited to issue four, i.e., should the Board permit applications or RRR reporting using USGAAP. FortisOntario's parent company, Fortis Inc., is considering adopting USGAAP for financial reporting purposes. FortisOntario and its subsidiaries are not adopting USGAAP at this time.

FortisOntario supports the issue four staff proposal. In particular, principle five from the July 29, 2009 Report of the Board - Transition to International Financial Reporting Standards, i.e., not requiring modified IFRS filing and reporting requirements for utilities that are not otherwise required to adopt IFRS for financial reporting purposes.

On page 10 of the Staff Discussion Paper, the staff's rationale mentions the benefit of consistency amongst utilities. FortisOntario believes that consistency of accounting practices among utilities can be achieved regardless of the accounting standard adopted. For example, the practice of capitalizing overhead costs is arguably the leading inconsistent accounting practice among electric utilities. The OEB has reviewed this issue in its consultation EB-2008-0408 including a survey of the utilities regarding this practice. The results of that survey showed widely diverse practices among utilities. The OEB's February 24, 2010, letter stated its requirement for all utilities to adopt IAS 16, including the capitalization of overhead. The OEB can require all utilities to adopt consistent overhead capitalization practices regardless of the accounting standard adopted. Similarly, the OEB can require all utilities to review and updated the useful service lives of their capital assets.

FortisOntario believes that utilities should not be required to adopt IFRS and that consistent practice among utilities can be achieved regardless of the accounting standard adopted.

Sincerely,



Doug Bradbury  
Director Regulatory Affairs