

September 3, 2013

International Accounting Standards Board  
30 Cannon Street  
London, EC4M 6XH  
United Kingdom

Via upload to: [www.ifrs.org](http://www.ifrs.org).

**Re: IASB Exposure Draft – Regulatory Deferral Accounts (ED/2013/5)**

Dear Sir/Madam:

Standard & Poor's Ratings Services appreciates the opportunity to provide the International Accounting Standards Board (the IASB, or the Board) comments on its Exposure Draft, *Regulatory Deferral Accounts (ED/2013/5)* (the Exposure Draft).

The views expressed in this letter represent those of Standard & Poor's Ratings Services and do not address, nor do we intend them to address, the views of any other affiliate or division of Standard & Poor's Financial Services, LLC. We intend our comments to address the analytical needs and expectations of our credit analysts.<sup>1</sup>

Standard & Poor's Ratings Services supports the IASB's proposed interim standard allowing entities that adopt International Financial Reporting Standards (IFRS) for the first time, and that currently recognize regulatory deferral accounts in accordance with their previous GAAP used before adopting IFRS, to continue to do so. We also favor requiring those entities to present regulatory deferral account balances on the statement of financial position and changes in account balances in the statement of profit and loss and other comprehensive income. Further, we support the proposed disclosures, particularly those providing the components of regulatory assets and liabilities reported on the balance sheet, and the periods over which the company expects to recover or amortize the regulatory assets and liabilities (and related effects on cash flows).

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<sup>1</sup> The opinions stated herein are intended to represent Standard & Poor's Ratings Services' views. Our current ratings criteria are not affected by our comments on the Exposure Draft.

The Board has reactivated a comprehensive project on rate-regulated activities, which we also support. We believe the proposed interim standard will pragmatically allow continued regulatory accounting for first-time adopters of IFRS until the IASB reaches decisions about whether to allow regulatory accounting for all rate-regulated entities. We do not believe it is appropriate to extend the application of the Exposure Draft beyond companies that will adopt IFRS for the first time.

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We thank you for the opportunity to provide our comments, and we would be pleased to discuss our views with members of the IASB or your staff. If you have any questions or require additional information, please contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sherman A. Myers". The signature is fluid and cursive, with the first name "Sherman" being more prominent.

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A handwritten signature in black ink, appearing to read "Joyce Joseph". The signature is fluid and cursive, with the first name "Joyce" being more prominent.

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