



350, rue Sparks Street
Suite/bureau 809
Ottawa, ON
K1R 7S8
www.cga.ca

Tel: 613-748-0057
Fax: 613-748-9078
Tél. : 613-748-0057
Télé. : 613-748-9078

August 25, 2013

To: International Accounting Standards Board
30 Cannon Street
London, UK
EC4M 6XH

Dear IASB Members,

The CGA supports the efforts of the IASB towards modifying IFRS similar to that currently permitted under US GAAP accounting practices so as to reflect the economic realities of North American rate regulated enterprises.

The Canadian Gas Association (CGA) and its members have been active participants in the IASB's examination of IFRS adoption, having registered our comments and suggestions on numerous occasions over the past four years. Our position on the use of IFRS for rate regulated natural gas distribution utilities (LDCs) in Canada has been explained and our concerns outlined in our numerous previous responses to the IASB on this file.

Our serious concerns with prior versions of IFRS as they applied to rate regulated enterprises were shared by many other Canadian commenters including the Canadian Electricity Association, the Canadian Energy Pipelines Association, and numerous economic regulatory Boards and Tribunals in Canada.

To summarize the prior concerns CGA expressed

- Prior versions of IFRS rules were seen as neither appropriate nor reflective of the realities of how rate regulated LDCs operate, are regulated, nor did they reflect the legal rights and structures North American LDCs have under rate regulation. The proposed treatment of regulated assets and liabilities was wholly inappropriate for Canadian rate regulated enterprises.
- Prior CGA submissions to the IASB pointed out that IFRS for rate regulated enterprises should ...
 - Allow for rate regulated assets and liabilities on the balance sheet.
 - Allow for the common practices of having deferral accounts for gas costs and costs incurred during pipeline construction.
 - Allow for the accumulation of rate revenues based upon a forecasted revenue requirement that may later be returned to customers.

CGA feels the current Exposure Draft is a very positive step forward. CGA supports the elements of the Exposure Draft and the efforts of the IASB to make IFRS similar to US GAAP accounting practices as this reflects the economic realities of North American rate regulated enterprises.

Best Regards,

Timothy M Egan,
President and Chief Executive Officer
Canadian Gas Association