YUKON
ENERGY

YUKON ENERGY CORPORATION
P.O. Box 5920
WHITEHORSE
YUKON Y1A 6S7
(867) 393-5300

September 3, 2013

Mr. Hans Hoogervorst, Chair
International Accounting Standards Board
30 Cannon Street
London EC4M6XH
United Kingdom

Submitted electronically through the IFRS Foundation website (www.ifrs.org)

Dear Mr. Hoogervorst:

Re: Exposure Draft ED/2013/5 Regulatory Deferral Accounts

Thank you for giving us the opportunity to respond to the International Accounting Standards Board's (the IASB's) Exposure Draft *Regulatory Deferral Accounts* ('the Exposure Draft').

We support the proposals contained in the Exposure Draft for regulatory deferral accounts. We believe that this standard will permit rate-regulated entities that adopt IFRS to be more comparable to the rest of the world. This is achieved by clearly identifying the amounts and impacts of the regulatory deferral accounts. Attached are our responses to the questions set out.

Yukon Energy Corporation (YEC) is a regulated utility in Yukon, Canada. YEC is regulated by the Yukon Utilities Board (YUB) and is subject to regulations and rulings put in place by the YUB. YEC is the main producer of power for the Yukon. YEC is also a distributor of power in some of the regions of the Yukon.

YEC currently prepares audited financial statements in accordance with Canadian Generally Accepted Accounting Principles and its financial statements are consolidated in the audited consolidated statements of its owner, Yukon Development Corporation. Yukon Development Corporation's financial statements are also prepared in compliance with Canadian Generally Accepted Accounting Principles.

If you have any questions, or require any further information, with respect to our comments, please contact me at (867) 393-5338 or by email ed.mollard@yec.yk.ca.

Yours sincerely,

Ed Mollard, CGA
Chief Financial Officer

Appendix
Responses to Invitation to Comment

Exposure Draft ED/2013/5 Regulatory Deferral Accounts

Question 1
The Exposure Draft proposes to restrict the scope to those first-time adopters of IFRS that recognised regulatory deferral account balances in their financial statements in accordance with their previous GAAP.

Is the scope restriction appropriate? Why or why not?

We agree with the scope restriction. The proposed interim Standard will enable regulated entities which are currently using Canadian GAAP to adopt IFRS without having to derecognise these regulatory deferral account balances.

Question 2
The Exposure Draft proposes two criteria that must be met for regulatory deferral accounts to be within the scope of the proposed interim Standard. These criteria require that:

(a) an authorised body (the rate regulator) restricts the price that the entity can charge its customers for the goods or services that the entity provides, and that price binds the customers; and
(b) the price established by regulation (the rate) is designed to recover the entity's allowable costs of providing the regulated goods or services (see paragraphs 7 -8 and BC33-BC34).

Are the scope criteria for regulatory deferral accounts appropriate? Why or why not?

The scope criteria for regulatory deferral accounts are appropriate as the criteria are fairly wide in scope.

Question 3
The Exposure Draft proposes that if an entity is eligible to adopt the [draft] interim Standard it is permitted, but not required, to apply it. If an eligible entity chooses to apply it, the entity must apply the requirements to all of the rate-regulated activities and resulting regulatory deferral account balances within the scope. If an eligible entity chooses not to adopt the [draft] interim Standard, it would derecognise any regulatory deferral account balances that would not be permitted to be recognised in accordance with other Standards and the Conceptual Framework (see paragraphs 6, BC11 and BC49).

Do you agree that adoption of the [draft] interim Standard should be optional for entities within its scope? If not, why not?

We agree.

Question 4
The Exposure Draft proposes to permit an entity within its scope to continue to apply its previous GAAP accounting policies for the recognition, measurement and impairment of regulatory

deferral account balances. An entity that has rate-regulated activities but does not, immediately prior to the application of this [draft] interim Standard, recognise regulatory deferral account balances shall not start to do so (see paragraphs 14–15 and BC47–BC48).

Do you agree that entities that currently do not recognise regulatory deferral account balances should not be permitted to start to do so? If not, why not?

We agree.

Question 5
The Exposure Draft proposes that, in the absence of any specific exemption or exception contained within the [draft] interim Standard, other Standards shall apply to regulatory deferral account balances in the same way as they apply to assets and liabilities that are recognised in accordance with other Standards (see paragraphs 16–17, Appendix B and paragraph BC51).

Is the approach to the general application of other Standards to the regulatory deferral account balances appropriate? Why or why not?

Yes the approach is appropriate. This is a proposed interim Standard and other Standards should not be amended until the comprehensive Rate-regulated Activities project is completed.

Question 6
The Exposure Draft proposes that an entity should apply the requirements of all other Standards before applying the requirements of this [draft] interim Standard. In addition, the Exposure Draft proposes that the incremental amounts that are recognised as regulatory deferral account balances and movements in those balances should then be isolated by presenting them separately from the assets, liabilities, income and expenses that are recognised in accordance with other Standards (see paragraphs 6,
18–21 and BC55–BC62).

Is this separate presentation approach appropriate? Why or why not?

The separate presentation approach is appropriate. This allows comparability by allowing seeing just those lines that related to regulatory items.

Question 7
The Exposure Draft proposes disclosure requirements to enable users of financial statements to understand the nature and financial effects of rate regulation on the entity's activities and to identify and explain the amounts of the regulatory deferral account balances that are recognised in the financial statements (see paragraphs 22–33 and BC65).

Do the proposed disclosure requirements provide decision-useful information? Why or why not? Please identify any disclosure requirements that you think should be removed from, or added to, the [draft] interim Standard.

The disclosure requirements provide decision-useful information.

Question 8
The Exposure Draft explicitly refers to materiality and other factors that an entity should consider when deciding how to meet the proposed disclosure requirements (see paragraphs 22–24 and BC63–BC64).

Is this approach appropriate? Why or why not?

This approach is appropriate. There are many items that need to be considered for disclosure and materiality is an appropriate item.

Question 9
The Exposure Draft does not propose any specific transition requirements because it will initially be applied at the same time as IFRS 1, which sets out the transition requirements and relief available.

Is the transition approach appropriate? Why or why not?

The transition approach is appropriate. It is appropriate that the interim Standard is applied at the same time as IFRS 1.

Question 10
Do you have any other comments on the proposals in the Exposure Draft?

We have no other comments to add.