



Project **Rate-regulated activities**

Topic **Cover note**

Background

1. In December 2008, the Board decided to add to its agenda a project on rate-regulated activities (see Board paper 12 from the December 2008 meeting). The issue was whether entities with such activities could or should recognise an asset or a liability as a result of rate regulation imposed by regulatory bodies or governments.
2. In February 2009, the Board discussed the scope of the project (see Board paper 9 from the February 2009 meeting) and decided that two criteria should define the rate-regulated activities that are in the scope of this project:
 - (a) an authorised body is empowered to establish rates that bind customers; and
 - (b) the rate regulation takes the form of a cost-of-service regulation.
3. In April 2009, the Board discussed recognition and measurement, presentation and disclosure, and additional scope issues (see Board papers 9A, 9B and 9C, respectively, from the April 2009 meeting). The Board reached tentative decisions on the main issues with respect to recognition and measurement, and decided to provide additional application guidance on scope. The Board requested additional analysis on a few remaining matters with respect to measurement and more background to continue its discussion of presentation and disclosure.

Objectives of this meeting

4. The objectives of this meeting are to:

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Decisions made by the Board are reported in IASB *Update*.

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IASB Staff paper

- (a) reach decisions on the remaining issues with respect to measurement and presentation and disclosure;
 - (b) obtain approval for the staff to begin drafting a pre-ballot document;
 - (c) determine if at this time any Board members intend to express alternative views on this exposure draft; and
 - (d) review the planned timing for the project.
5. The staff will present the following papers:
- 9** Cover note (this paper, inclusive of Appendix A, project timetable)
 - 9A** Measurement and expected cash flows
 - 9B** Presentation and disclosure requirements
6. The staff notes that a few issues will not be discussed in May (for example, transition requirements) as they depend on other decisions the Board is being asked to make at this meeting. The staff plans to include proposals on these issues in the pre-ballot draft to be distributed to the Board in May and will highlight them in the cover note to that draft. They will be presented as sweep issues for the Board to discuss in June along with any other issues that are identified in the Board's review of the pre-ballot draft. The staff proposes this approach as the most effective way to meet the objective of issuing the exposure draft in July.

Question 1 – Approval for drafting

Does the Board give its approval for the staff to begin drafting an exposure draft of the proposed standard?

Question 2 – Intent to Dissent

Based on the decisions the Board has made to date in this project, do any Board members intend to express alternative views on the exposure draft? If yes, the staff will liaise with the Board member to obtain a draft of those views for inclusion in the pre-ballot draft.

Project timetable

7. See Appendix A for the proposed timetable.

Project timetable

Does the Board agree with the project timetable proposed by the staff in Appendix A?

Appendix A – Project Timetable

A1. The staff proposes the following project timetable:

Date	Project Milestone
May 2009	Remaining measurement and presentation and disclosure decisions finalised
	Board directs staff to draft Exposure Draft
Late May 2009	Pre-ballot draft provided to Board members
June 2009	Remaining technical issues and any other sweep issues discussed at the Board meeting
Late July 2009	Publication of exposure draft with 120-day comment period
Late November/ early December 2009	Comment letter due date
January/ February 2010	Begin redeliberation based on comment letter analysis
April 2010	Complete redeliberations and consider effective date
June 2010	Publication of final standard