

September 4, 2013

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

Dear Mr. Hoogervorst:

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

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

Emera is responding to the International Accounting Standards Board's (IASB) request for comments on its exposure draft – Regulatory Deferral Accounts, issued in April 2013.

Emera (EMA – TSX) is a Canadian energy and service company with over \$7.9 billion in assets. Our subsidiaries include three wholly owned regulated electric utility subsidiaries; Nova Scotia Power Inc. in Canada, Bangor Hydro Electric Company and Maine Public Service Company in Maine, United States, and majority ownership of Barbados Light & Power Company Limited and Grand Bahama Power Company Ltd. in the Caribbean. Together, these utility companies serve approximately 800,000 customers. Emera also has other significant investments in its portfolio which could be impacted by the exposure draft.

Emera believes that the recognition of the effects of rate-regulation is fundamental to ensuring that financial statements of rate-regulated entities provide economic information that is most relevant to users.

In the absence of a rate-regulated activities standard in IFRS, Emera transitioned to US GAAP in 2011. To make an informed decision about the future of our financial reporting framework, it is critical for us to first know the outcome of the comprehensive rate-

regulated accounting standard. We believe the exposure draft is a step in the right direction and should be approved by the IASB.

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?

Emera believes the scope restriction is appropriate for the interim standard. Given that the comprehensive project is ongoing, it would not be appropriate for those entities that have already transitioned to IFRS to make a significant change to their accounting policies to recognize regulatory deferral accounts until a final comprehensive standard is completed.

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**

Are the scope criteria for regulatory deferral accounts appropriate?

Emera believes the scope criteria for regulatory deferral accounts is appropriate for the interim standard.

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?

Emera agrees the adoption of the Interim Standard should be optional for entities within its scope.

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?

Emera agrees that entities that currently do not recognise regulatory deferral account balances should not be permitted to start to do so. Given that the comprehensive project is ongoing, it would not be appropriate for entities to adopt a new accounting policy for regulatory deferral accounts until a final standard is completed.

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?

As this is an interim Standard, Emera believes the approach to the general application of other Standards to the regulatory deferral account balances is appropriate.

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?

For the purposes of the interim Standard, Emera believes that the separate presentation approach is appropriate.

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.

Emera believes that the proposed disclosure requirements provide decision-useful information and are appropriate for the interim Standard.

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?

Yes, Emera believes that materiality, combined with appropriate judgement in light of the facts and circumstances, should be considered when determining regulatory deferral account disclosures.

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 this approach appropriate? Why or why not?

Emera believes this transition approach is appropriate given the detailed transition guidance in IFRS 1.

Question 10

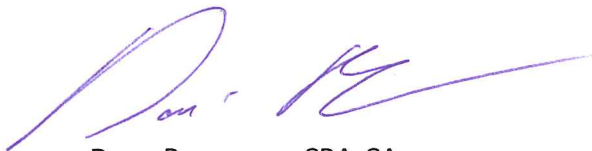
Do you have any other comments on the proposals in the Exposure Draft?

Emera has no further comments on the proposal.

Emera would like to reiterate our support for the exposure draft. We also fully support the implementation of a comprehensive rate-regulated standard into IFRS. Emera understands and supports the need for comparable accounting frameworks in the Canadian electric utility industry, and awaits the finalization of the comprehensive rate-regulated project. We believe that comparability will be achieved in Canada if the comprehensive standard results in a basis similar to ASC 980.

Emera would be happy to discuss further any of our comments. Thank you for your consideration.

Yours truly,



Dave Bezanson, CPA-CA
Corporate Controller, Emera Inc.
Email: dave.bezanson@emera.com
Phone: 902-428-6529