

EFRAG's preparer outreach on accounting by rate-regulated entities

General information

1. Please provide the following information:

Title

Name and surname *

Role / Function

2. In which sector are you?

- Utilities
- Transport
- Other

3. In which regions do you operate?

- European Economic Area and the UK
- North America
- Asia-Pacific
- Other markets (South and Central America, Middle East/Africa)

4. Please specify whether your financial reporting is in accordance with IFRS Standards:

- Yes
- No
- Apply both IFRS and other GAAP's

5. What is the amount of your total consolidated assets as per latest reporting period?

6. Please describe the type of regulatory agreement(s) you have in place (hybrid, cost of service, incentives, etc.)

7. May we contact you if we have questions about your response? *

- No
- Yes (please provide your contact details)

Scope of the model

8. Are you clear on what type of authority would be eligible to be considered as a regulator governing rate-regulated activities within the scope of the IASB project?

- Yes
- No

9. If you have answered no to the question above, please elaborate on any fact patterns that you are aware of where there may be ambiguity on who is the regulator?

10. Please give the name and type of regulator/s that govern the rate-regulated activities within your jurisdiction?

11. Can you identify any activities that are subject to rate-regulation in which the proposed requirements would result in activities within the scope of the model that you believe should not be within the scope? Or activities that are subject to rate-regulation that are not within the scope of the model that you believe should be. (Please explain your response.)

12. If you have answered yes to the above question, please elaborate on these cases.

13. Based on the nature of regulatory agreements that you have experience with, are you aware of cases where the enforceable rights (obligations) are recovered (fulfilled) by third parties including a regulator and government on behalf of customers?

- Yes
- No

14. If you have answered yes to the question above, please elaborate on these cases

15. Are you aware of cases where rate adjustments related to service concession arrangements under IFRIC 12 result in enforceable rights and obligations but do not fall within the scope of IFRIC 12 and could be within the scope of the proposed model? Or cases that are not within the scope of the proposed model but in your view should be? Specifically, in relation to:

- the financial asset model under IFRIC 12; and
- the intangible asset model under IFRIC 12.

Yes

No

16. If you have answered no to the question above, please elaborate on your answer and describe what aspects of the interaction need to be further clarified.

Likely effects on financial statements

17. What do you anticipate will be the impact of the proposed model on the 2019 balance sheet (i.e. incremental amount of regulatory assets and regulatory liabilities recognised as at 31 December 2019)?

- Significant
- Moderate
- Minimal
- None

18. Please elaborate on your selection in the question above of the anticipated impact.

19. Do you currently have information either for internal or external purposes, which recognise regulatory assets/liabilities (which are not recorded under IFRS)?

- Yes
- No

20. If your answer to the above question is yes, would you expect that the outcome of the proposed model would be materially different from the current information, and why?

21. What do you anticipate will be the impact of the proposed model on your companies 2019 profit or loss and performance (i.e. incremental impact of regulatory income and expenses on the net income (loss))?

- Significant
- Moderate
- Minimal
- None

22. Please elaborate on your selection for the question above of the anticipated impact.

23. What do you anticipate will be the impact of the proposed model on existing loan covenants or other similar contractual arrangements whose terms are based on information reported under local GAAP or other GAAP? (Please elaborate on your selection of the anticipated impact.)

- Significant
- Moderate
- Minimal
- None

24. Please elaborate on your selection for the question above of the anticipated impact.

25. Do you currently have information either for internal or external purposes, which recognised regulatory assets and regulatory liabilities (which are not recorded under IFRS)?

- Yes
- No

26. If you have answered yes to the question above, would you expect that the outcome of the forthcoming ED would be materially different from the current information, and why?

High-level assessment of possible implementation challenges, and anticipated cost-benefit

27. Do you currently have information either for internal or external purposes which provides disclosures on regulatory assets and regulatory liabilities (which are not included in the IFRS financial statements)? Please explain.

28. Do you anticipate that the disclosures required by the model will be feasible to implement?

- Yes
- No

29. If you have answered no the question above, please describe those requirements you think are not feasible and explain why.

30. Do you anticipate that there could be unintended consequences because of the exemption from the recognition and measurement principles in IFRS 3 *Business Combinations* for acquired regulatory assets and regulatory liabilities assumed in a business combination?

- Yes
- No

31. If you have answered yes to the question above, please identify these implementation challenges.

32. Are you aware of any implementation challenges and other initial application issues that may arise on transition and whether these should play a role in defining the effective date?

- Yes
- No

33. If you have answered yes to the question above, please identify these issues.

34. Are you aware of any practical implementation challenges that may arise from any other aspects of the proposed model (e.g. choice of discount rates or any other aspect not mentioned)?

Yes

No

35. If you have answered yes to the question above, please identify these implementation challenges.

36. In thinking about potential second-order economic consequences, are you aware of whether the EU sustainable action plan including measures for transitioning to a green economy or any other factors that may have an impact on rate-regulated pricing and the extent to which you will need to recognise regulatory assets and regulatory liabilities?

- Yes
- No

37. If you have answered yes to the question above, please elaborate.

38. What do you anticipate will be the level of costs (either one-off or ongoing) that you will incur to implement the proposed model for accounting for regulatory assets and regulatory liabilities?

- Significant
- Moderate
- Minimal
- Do not know

39. Please elaborate on your response to the question above and if possible highlight the specific aspects of the model that will bring the greater costs.

40. What is your initial assessment of the overall cost-benefit (i.e. incremental costs versus expected improvements in information for users of financial statements) resulting from your company's application of proposed model?

- Positive cost-benefit relationship
- Negative cost-benefit relationship
- Hard to determine

41. Please elaborate on your choice to the question above.