



April 9, 2009

VIA e-mail delivery to: rule-comments@sec.gov

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
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Dear Ms. Murphy:

TransCanada Corporation (TransCanada) appreciates the opportunity to provide its views on *File Number S7-27-08, Roadmap for the Potential use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers*, (“the Roadmap”).

TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure, including natural gas pipelines, power generation, gas storage facilities and projects related to oil pipelines and power facilities.

The Canadian Accounting Standards Board has announced that Canadian publicly accountable enterprises are required to adopt International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), effective January 1, 2011. The Canadian Securities Administrators have proposed that Canadian public companies that are SEC registrants, such as TransCanada, retain the option to prepare their financial statements under U.S. GAAP instead of IFRS. TransCanada is currently considering the impact a conversion to IFRS or U.S. GAAP would have on its accounting systems and financial statements.

TransCanada supports the goal of a single set of high-quality accounting standards that are accepted and applied globally. We strongly support the SEC’s decision to issue a Roadmap on the potential use of IFRS by U.S. issuers. However, as further outlined in our responses to follow, we believe that the SEC needs to consider the following when determining whether to mandate or permit IFRS by U.S. domestic issuers;

- 1) The timeframe between the planned SEC announcement in 2011 on whether to mandate IFRS, and the effective date of 2014, should be re-examined. Entities which may be required to begin filing under IFRS in 2014 will need to start preparations for IFRS prior to 2011 in order to facilitate the two years of comparative information required. The current timeline of 2011 for an official decision on IFRS does not allow adequate time to prepare for conversion.
- 2) The limited use of IFRS by early adopters should be reconsidered as a milestone to be evaluated in the SEC’s decision making process. We expect

few issuers will find this option attractive prior to 2011 given the extent of uncertainty with respect to whether the SEC will mandate or permit the use of IFRS. As a result this milestone is unlikely to provide the SEC with the information it seeks in making its decisions with respect to IFRS.

- 3) The SEC needs to closely monitor the IASB's project on rate-regulated accounting in order to ensure the project is progressing on schedule and to ensure that the expected outcome of the project is acceptable to U.S. regulated entities and users of their financial statements.
- 4) Further clarification is needed with respect to how foreign private issuers utilizing U.S. GAAP as their basis of reporting would be impacted by the IFRS conversion timelines outlined in the Roadmap.

The Roadmap has been successful in raising the awareness of IFRS amongst many domestic issuers. However, given the occurrence of uncertain economic times, a change in presidential leadership in the U.S. and a change in leadership at the SEC, it appears that continued uncertainty exists with respect to whether IFRS will be adopted in the U.S. We believe that further direction from the SEC and FASB as to the U.S. approach to IFRS is needed.

Our responses to selected questions raised in the Roadmap are set out below:

Question 1: Do commenters agree that U.S. investors, U.S. issuers and U.S. markets would benefit from the development and use of a single set of globally accepted accounting standards? Why or why not? What are commenters' views on the potential for IFRS as issued by the IASB as the single set of globally accepted accounting standards?

We strongly support the SEC's decision to issue a Roadmap on the potential use of IFRS by U.S. domestic issuers. We believe the use of a single, widely accepted set of high-quality accounting standards may benefit both the global capital markets and U.S. investors by providing a common basis to evaluate investment opportunities in different jurisdictions. We consider IFRS the appropriate means for achieving this goal. We also believe there was a need for the SEC to address what had become a long period of speculation with regards to whether the U.S. would transition to IFRS. The Roadmap addressed this need by providing financial statement preparers and users with some direction as to the SEC's proposed IFRS strategy.

Question 2: Do commenters agree that the milestones and considerations described in Section III.A of this release ("Milestones to be Achieved Leading to the Use of IFRS by U.S. Issuers") comprise a framework through which the Commission can effectively evaluate whether IFRS financial statements should be used by U.S. issuers in their filings with the Commission? Are any of the proposed milestones not relevant to the Commission's evaluation? Are there any other milestones that the Commission should consider?

One of the milestones identified in the Roadmap relates to the limited early use of IFRS where this would enhance comparability for U.S. investors. The Roadmap permits U.S. issuers who meet certain eligibility and filing requirements to adopt IFRS as early as year ends ending on or after December 15, 2009. Permitting certain U.S. issuers the ability to early adopt IFRS could provide the SEC with valuable information when making the decision on whether to mandate IFRS. Early adoption may also foster comparability between certain SEC issuers and their significant global industry competitors.

Given uncertainty with respect to whether the SEC will mandate or permit IFRS we are concerned that many U.S. issuers who meet eligibility requirements for early adoption may not exercise this option. The SEC has not provided eligible registrants with direction as to what the requirements will be for early adopters if in fact the SEC does not mandate or permit IFRS. As such, we are concerned that the SEC may find that few eligible issuers select the early adoption option and as such this milestone may not provide the SEC with the information it seeks in making its decision on whether to mandate IFRS. We believe that early adoption may be more favourable if it was permitted subsequent to a formal decision by the SEC on whether to mandate IFRS and was therefore not a milestone used to evaluate whether to require mandatory adoption of IFRS.

Question 3: Do commenters agree with the timing presented by the milestones? Why or why not? In particular, do commenters agree that the Commission should make a determination in 2011 whether to require use of IFRS by U.S. issuers? Should the Commission make a determination earlier or later than 2011? Are there any other timing considerations that the Commission should take into account?

Given that the SEC proposes to require that domestic companies who adopt IFRS include three years of audited annual periods in the first year of IFRS reporting, we believe the timeline of 2011 to make a final decision on whether to require mandatory reporting under IFRS in 2014 is too late. Companies converting to IFRS with a December 31, 2014 year end would need to select and apply their IFRS 1 – *First-time Adoption of IFRS* policy choices effective January 1, 2012 in addition to beginning to capture results under IFRS effective as at that date. Preparation for these tasks at January 1, 2012 would require detailed planning, systems and process conversions during the two years leading up to that date. As a result, companies would need to start preparing for a 2014 changeover prior to 2011.

Delaying a final decision on IFRS until 2011 may result in many large accelerated filers incurring excessive costs associated with preparing for the IFRS conversion during 2010 and 2011. If the SEC decides to delay or no longer pursue mandatory conversion many of these costs may have been unnecessary. In order to address this issue we suggest the SEC consider;

- a) announcing its final decision on IFRS prior to 2011,
- b) moving back the timetable for mandatory IFRS reporting one year (to 2015), or
- c) permitting domestic issuers, similar to foreign private issuers, to provide two rather than three years of IFRS comparatives in their first year of IFRS reporting.

Question 9: What are commenters' views on the IASB's and FASB's joint work plan? Does the work plan serve to promote a single set of high-quality globally accepted accounting standards? Why or why not?

We encourage the SEC and FASB to continue their joint projects with the IASB to attempt to reduce certain of the differences between IFRS and U.S. GAAP. Should the SEC choose to adopt IFRS, reduction of differences between the two sets of accounting standards prior to transition will ease the cost and efforts associated with changeover. Should the SEC select not to adopt IFRS, continuation of the joint work plan will ultimately lead to U.S. GAAP and IFRS becoming substantially converged over the medium term. Such convergence could still lead to high-quality globally accepted accounting standards.

Question 14: Are there any other significant issues the Commission should evaluate in assessing whether IFRS is sufficiently comprehensive?

IFRS does not currently contain direct guidance addressing accounting by rate regulated entities. U.S. GAAP provides direct guidance for accounting by such entities through SFAS 71 – *Accounting for the Effects of Certain Types of Regulation* (“SFAS 71”). SFAS 71 is utilized by many regulated pipelines and other regulated industries in the U.S. As such, IFRS guidance is needed for regulated U.S. industries as they contemplate conversion to IFRS. The IASB has recently agreed to undertake a project on rate-regulated activities, the results of which are expected to lead to an exposure draft on a new IFRS standard on rate-regulated activities to be issued in June 2009. We strongly encourage the SEC to monitor progress by the IASB on this project and others like it should they arise.

Without direct guidance on accounting for rate-regulated activities, application of IFRS by regulated entities in countries already reporting under IFRS has resulted in accounting which is significantly different than that currently applied by regulated entities in the U.S. applying SFAS 71. We believe that the accounting treatment resulting under current IFRS would not reflect the economics of regulated operations if applied in the U.S. by regulated entities and as such will not be meaningful to users of financial statements prepared by U.S. issuers. It is critical that the SEC evaluate the progress towards and expected outcome of such projects when contemplating its decision in 2011 on mandatory adoption.

Question 15: Where a standard is absent under IFRS and management must develop and apply an accounting policy (such as described in IAS 8, for example) should the Commission require issuers to provide supplemental disclosures of the accounting policies they have elected and applied, to the extent such disclosures have not been included in the financial statements?

We expect in most, if not all, cases IFRS disclosure requirements would require disclosure of such accounting policies. We believe the SEC should not require additional disclosures in financial statements of information not already required under IFRS. True adoption of a global accounting standard would require that exceptions to that standard not be made for select countries. Additionally, by permitting deviation from

IFRS requirements in one area, even if that deviation related only to disclosure, we believe the SEC opens itself up for future challenges to permit further deviations from IFRS.

We would suggest the SEC consider requiring additional disclosures if necessary of items not already addressed in IFRS reporting requirements in the 10-K or other regulatory forms, rather than amending IFRS to require financial statements that are in accordance with IFRS except that they have specified exemptions or modifications to these requirements.

Question 47: Is there any ambiguity in the proposed amendments regarding the reasons for the distinction between "IFRS issuer" and foreign private issuer, and the application of the rules to each? If so, what is the nature of the ambiguity and what would be necessary to provide clarity?

It would be helpful if the SEC could further clarify in the Roadmap how foreign private issuers who are currently reporting under or choose to convert in the near term to U.S. GAAP as their basis of reporting would be impacted by the IFRS conversion timelines outlined in the Roadmap. For example, would those entities be required to follow mandatory IFRS conversion based on whether they are defined as a large accelerated filer or accelerated filer, or would there be a separate timeline for foreign private issuers reporting under U.S. GAAP?

Question 66: Are there other considerations in addition to those discussed in this release that the Commission should consider as part of the proposed amendments to permit the limited use of IFRS or its future decision regarding the use of IFRS by U.S. issuers?

When determining whether to mandate or permit IFRS by U.S. domestic issuers the SEC should also consider the impact of IFRS on issuers' other financial reporting requirements which use US GAAP as their basis. For example, many regulated industries follow Federal Energy Regulatory Commission ("FERC") accounting for the purposes of reporting to regulators and the Internal Revenue Service utilizes US GAAP as the starting point in determining taxes payable by companies. Early collaboration in the decision making process between the SEC and other regulators who rely on financial reporting may facilitate the identification of other conversion factors requiring resolution by either the SEC or other regulators prior to the IFRS transition.

We thank the SEC for the opportunity to provide our comments and would be pleased to discuss them in further detail with the SEC or its staff.

Yours very truly,

A handwritten signature in black ink, appearing to read 'G. Menuz', written in a cursive style.

G. Glenn Menuz, C.A.
TransCanada Corporation
Vice-President and Controller