

1     **Q.     2013 Forward Average Rate Base**

2             Finance Schedule I page 5 of 11 shows accumulated depreciation of \$707,241 in  
3             2011 and \$88,865 in 2012. Please provide an explanation for the significant change  
4             in value.

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7     **A.**     The significant change in the value of accumulated depreciation from \$707,241 in  
8             2011 to \$88,865 in 2012 was the result of Board Order No. P.U. 13(2012). Order  
9             No. P.U. 13(2012) approved Hydro's application to adopt new accounting standards  
10            for regulatory purposes and to use the net book value of its assets as the deemed  
11            cost. Accordingly, accumulated depreciation at January 1, 2011 was adjusted to  
12            \$Nil with no impact to net book value.