

1 Q. **Reference: RFI NP-NLH-318 Loss on Disposal Costs**

2 Lines 15 to 16 in the response to NP-NLH-318 states that “*Any capital projects that*  
3 *replace, upgrade or overhaul existing assets will result in the retirement of existing*  
4 *assets*”. In the case of a partial upgrade, does Hydro still consider the total NBV to  
5 be a loss? Examples of partial upgrade would be the turbine replacement on a unit  
6 at Bay D’Espoir or a rewind to a generator at Hardwoods.

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9 A. In the case of a partial upgrade, Hydro would derecognize the carrying amount of  
10 the replaced part rather than the total asset. Under IAS 16 paragraph 70, an “entity  
11 recognizes in the carrying amount of an item of property, plant and equipment the  
12 cost of a replacement for part of the item, then it derecognizes the carrying amount  
13 of the replaced part regardless of whether the replaced part had been depreciated  
14 separately.”