

1 Q. **Re: IFRS**

2 Hydro is requesting that the Board approve Hydro's proposed changes to its capital
3 expenditure methodology to incorporate the requirements of IFRS. Will areas of
4 capital expenditure, other than the five areas identified in Table 1 at page 2 of the
5 "2012 Capital Projects Overview" (Volume I, Second Tab), be affected by the sought
6 after approval in future Capital Budget Applications? If yes, in what other areas will
7 the IFRS methodology result in amounts excluded from capital under the regulatory
8 capital accounting approved for previous Capital Budget Applications being included
9 in capital in future Capital Budget Applications?

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12 A. Hydro has not identified any further areas based on current available
13 documentation that will result in additional amounts included in capital other than
14 those noted in Table 1 of the "2012 Capital Projects Overview". External IFRS
15 consultants were also engaged in the IFRS implementation process and no further
16 impacts were identified. Hydro will continue to assess its capitalization policies as
17 any additional information is obtained and as changes are made to the IFRS
18 standards.