

1 Q. Re: Reimbursements: Please identify how the Company treats reimbursed  
2 retirements. Reimbursed retirements represent situations where an outside entity  
3 damages or causes relocation of the Company's investment, and where the entity is  
4 requested to provide funds associated with the retirement or replacement of the  
5 asset. To the extent the Company books any portion of such amount received as a  
6 contribution in aid of construction in association with the replacement of the  
7 damaged or relocated investment, provide all underlying support and justification  
8 for such treatment, along with identification of the portion of the amount received  
9 from the outside entity that is assigned as a contribution in aid of construction, by  
10 year, by account for the past 10 years. Further, provide the level of related  
11 retirements, by year, by account for the past 10 years.

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14 A. Reimbursements for damage to, or relocations of, the Company's investment or  
15 where an entity is requested by Hydro to provide funds associated with the  
16 retirement or replacement of an asset have been accounted for by Hydro as  
17 contributions in aid of construction (CIACs), reducing the capital cost of the  
18 replacement. Under Canadian generally accepted accounting principles, CIACs are  
19 treated as reductions to property, plant and equipment and the net property, plant  
20 and equipment is amortized over the estimated useful lives of the assets. This  
21 policy has allowed Hydro to reflect, in its accounting records, the actual cost it has  
22 incurred for the asset replacement. This policy has been in use since the inception  
23 of the Company. This treatment has been applied by Hydro for contributions from  
24 third parties that have damaged Hydro's property or requested the relocation of an  
25 asset.

1 In its IFRS application, effective January 1, 2012, Hydro is proposing to record CIACs  
2 as deferred revenue and amortize them to income over the period in which the  
3 related service is provided (i.e. the remaining useful life of the underlying asset).  
4 The justification and support for this accounting treatment has been provided in the  
5 response to CA-NLH-36. It should be noted that this change is a presentation  
6 change only and will not have an impact on the revenue requirement.  
7 Furthermore, Hydro, in its calculation of rate base, will offset the deferred liability  
8 against the net book value of the replacement asset to which the CIAC specifically  
9 relates, resulting in no impact on the calculated rate base. Depreciation expense  
10 will likewise be offset in Hydro's Cost of Service studies.

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12 For compensation received related to the impairment or damage of an asset IAS 16,  
13 Paragraph 66 (c) states:

14  
15 *"Impairments or losses of items of property, plant and equipment, related*  
16 *claims for or payments of compensation from third parties and any*  
17 *subsequent purchase or construction of replacement assets are separate*  
18 *economic events and are accounted for separately as follows: ...*

19  
20 *c) compensation from third parties for items of property, plant and*  
21 *equipment that were impaired, lost or given up is included in determining*  
22 *profit or loss when it becomes receivable"*

23  
24 Please refer to CA-NLH 42 Attachment 1 for a listing of damage claims recorded as  
25 contributions in aid of construction over the past ten years. Please refer to CA-NLH-  
26 38 Attachment 1 for a detailed listing of funding received from government related  
27 to relocations of assets. Hydro does not retain data specifically linking the

- 1 retirement of assets to the new replacement assets, net of the contributions in aid
- 2 of construction.

## Amounts Received from an Outside Entity due to Damage Claims - 2000 - 2009

## Depreciation Methodology

Year	Description	Amount \$	Explanation/Remark
2001	Central, Dist. Upgrade/01	(1,320)	Street light damaged by vehicle
2001	Central, Dist. Upgrade/01	(2,073)	Damaged pole with Loader
2001	Labrador Dist. Upgrade/01	(5,603)	Replace Poles
2001	Labrador Dist. Upgrade/01	(17,899)	Replaces Poles and Transformer
2002	Northern Dist. Upgrade/02	(818)	Pole, anchor and down guy was dug out near cement plant
2002	Northern Dist. Upgrade/02	(2,647)	Dump truck tore down pole and guy wire
2002	Labrador Dist. Upgrade/02	(2,562)	Snow plough hit and cracked pole in Wabush Industrial Park
2002	Central, Dist. Upgrade/02	(2,530)	Done damage to pole in Joe Batt's Arm
2002	Labrador Dist. Upgrade/02	(2,098)	Truck ran into pole in Wabush
2003	Labrador Dist. Upgrade/03	(5,009)	Pole broken by truck in Wabush
2004	Northern Dist. Upgrade/04	(3,667)	Pole broken by dump truck in Hawkes Bay
2004	Northern Dist. Upgrade/04	(2,021)	Pole broken in River of Ponds
2004	Labrador Service Ext./04	(3,279)	Pole broken across from Wajax in Industrial Park, Wabush
2007	Cntrl Interconnect, Ser. Ext	(6,094)	Pole broken off by excavator in Middle Arm
2007	Cntrl Interconnect, Ser. Ext	(6,094)	Pole broken off by excavator in Middle Arm
2007	Cntrl Interconnect, Ser. Ext	(2,739)	Boat came in contact with neutral wire causing it to break in Harbour Breton
2007	Cntrl Interconnect, DistU/G	(607)	Dump truck hooked drop wire breaking the neutral wire in South Brook
2007	Cntrl Interconnect, DistU/G	(642)	Hit pole with truck causing drop wire to be torn off in Bottom Waters
2007	Cntrl Interconnect, DistU/G	(642)	Backed into pole in Smith's Harbour
2007	Cntrl Interconnect, DistU/G	(2,072)	Broke pole off in King's Point
2007	Cntrl Interconnect, DistU/G	(2,072)	Broke pole off in King's Point
2007	Lab. Interconnected, Ser. Ext	(1,761)	Excavator stuck and broke pole in Labrador City
2008	Cntrl Interconnect, Ser. Ext	(174)	Replace Meter that was broke when struck by transport truck in Brent's Cove
2008	Cntrl Interconnect, Ser. Ext	(446)	To cover the cost of damages to a pole in Farewell Head
2008	Cntrl Interconnect, Ser. Ext	(4,199)	To cover the cost of damages to a pole in Farewell Head
2008	Cntrl Interconnect, Ser. Ext	(6,338)	Pole Relocation in Middle Arm
2008	Lab. Interconnected, DistU/G	(500)	Property damage crew in Happy Valley
2009	Cntrl Interconnect, Ser. Ext	(1,367)	Investigate as per Distribution Report June 5, 2008 in Coachman's Cove
2009	Cntrl Interconnect, Ser. Ext	(352)	Third party damage claim to Line 1 in Pools Cove
2009	Cntrl Interconnect, Ser. Ext	(363)	Damaged Hydro wires in St. Brendan's
2009	Cntrl Interconnect, DistU/G	(142)	A raised dump hooked and tore down drop wire in South Brook
2009	Lab. Interconnected, Ser. Ext	(3,377)	Tractor trailer hooked lines and damaged pole in Happy Valley
2009	Northern L'au Loup, Dist U/G	(3,203)	Broke pole and tore down wires while towing boat in L'anse Aux Loup
2009	North Interconnect, Ser. Ext	(7,575)	Vehicle ran into pole in Plum Point - pole had to be replaced

Primarily relates to Poles (P07), Transformers (T07), Street Lights (S14) & Pole Hardware (P04).