

1 Q. [Account R13 - Roads] - In CA-NLH-118, the Company states that capital upgrades
2 under IFRS will be recorded in association with partial retirements in the future. At
3 this time, please provide any analyses indicating timing and relationship to age
4 associated with historic or future projected partial capital upgrades as referenced
5 and how such events will impact life estimation as it applies to Account R13 - Roads.
6 Further, provide all documentation in support of the response.

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9 A. Please see CA-NLH-198 Attachment 1 for a list of future capital projects pertaining
10 to Account R13 - Roads. These upgrades will result in partial retirements of
11 investment in Account R13 – Roads upon the completion of the upgrades. If Hydro
12 is unable to determine the percentage of the original asset to be retired due to the
13 upgrade, then the upgrade cost will be discounted back to the installation year and
14 that dollar amount would be retired from the original asset. There were no
15 retirements pertaining to historic partial capital upgrades. The impact on the life
16 estimation due to these retirements would be determined through a future
17 depreciation study and the weighting placed on this retirement activity. This
18 approach is supported in IAS 16, Paragraph 70.

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20 *"If, under the recognition principle in paragraph 7, an entity recognises in the*
21 *carrying amount of an item of property, plant and equipment the cost of a*
22 *replacement for part of the item, then it derecognises the carrying amount*
23 *of the replaced part regardless of whether the replaced part had been*
24 *depreciated separately. If it is not practicable for an entity to determine the*
25 *carrying amount of the replaced part, it may use the cost of the replacement*
26 *as an indication of what the cost of the replaced part was at the time it was*
27 *acquired or constructed."*

Planned Capital Projects Resulting in Retirements for Account R13 - Roads

Project Description	Project	Install Year of Original Asset	In-Service Year
	Cost (\$000)		
Upgrade Burnt Dam Access Road	1,095	1966	2011
Upgrade Access Road - Cat Arm	455	1,984	2012
Upgrade Access Roads - Bay d'Espoir	1,252	1966	2014
Upgrade Access Road (Topping and Culverts and Bin Wall) - Cat Arm	1,506	1984	2015
Upgrade Road Between Powerhouse and North Salmon Spillway - Upper Salmon	557	1983	2017
Replace Road Culverts - Granite Canal	220	2003	2017
Upgrade Plant Access Road - Holyrood	808	1971	2017