

1 Q. [Group Accounting] - Please provide a copy of all authoritative sources that
2 demonstrates the appropriateness of employing an average group basis for the
3 development of mortality characteristics (i.e., average service life and dispersion
4 pattern), but the application of the resulting average group basis developed
5 depreciation rate on an individual asset basis within the group.

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8 A. This concept has been accepted in Canada by a number of regulatory bodies,
9 including the following:

- 10 • British Columbia Utilities Commission in all of the filings of BC Hydro;
11 • The Saskatchewan Public Utilities Board in all of the filings of SaskPower;
12 and
13 • The Nunavut Utilities Rates Review Council in a filing of Qulliq Energy
14 Corporation.

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16 In addition to the above regulatory reviews the application of the unit depreciation
17 is specifically addressed in the International Financial Reporting Standards (“IFRS”),
18 under International Accounting Standard (“IAS”) 16, where it is stated:

19 *“Each part of an item of property, plant and equipment with a cost that is*
20 *significant in relation to the total cost of the item shall be depreciated*
21 *separately” [IAS 16, paragraph 43]*

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23 *“An entity allocates the amount initially recognized in respect of an item of*
24 *property plant and equipment to its significant parts and depreciates*
25 *separately each such part.”[IAS 16, paragraph 44]*