

1 Q. NP-HLH-3 states that dismantlement is generally expensed as incurred. Have all
2 removal costs generally been expensed as incurred? Have removal costs ever been
3 recovered through depreciation expense? In the future, dismantlement will be
4 recognized as a legal or constructive asset retirement obligation. What are the
5 revenue impacts of the new treatment? How can this be implemented on a
6 revenue neutral basis?

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9 A. Hydro has not been tracking dismantlement costs separately since it has been
10 believed to be an insignificant expense, however, Hydro plans to capture this
11 information in the future for further consideration. Removal costs have never been
12 recovered through depreciation expense. Full consideration of matters relating to
13 asset retirement obligations (ARO) has been more fully explored and is more
14 appropriately dealt with as part of the ARO proceeding.