

1 Q. Please refer to the response to CA-NLH-151, Attachment 1. Some assets show net
2 depreciable cost, others show accumulated depreciation. What is the difference
3 between asset addition and additional cost added? A footnote states that prior to
4 2005, Hydro maintained two sets of books – one for operations and one for
5 financial information. In 2005 the financial information was transferred resulting in
6 one set of books. What information was maintained on the set of books for
7 operations? What information was maintained on the set of books for financial
8 information? For items noted as Asset Transfer there is net depreciable cost but no
9 reserve transferred. Why not? Hydro needs to explain further what the “Asset
10 Split” was. Page 2 of 4, Attachment 1, shows negative net depreciable cost. Hydro
11 should explain this – what does this mean and what was the cause?
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14 A. All assets listed have a net depreciable cost. All assets listed have an applicable
15 depreciation expense however it may be summarized in accumulated depreciation
16 by year instead of by individual asset. The depreciation expense on some
17 transactions, such as Asset Transfers, is difficult to reproduce due to the timing of
18 the transfer as well as the fact that these assets are sinking fund assets which
19 makes it difficult and time consuming to recalculate. Therefore the depreciation
20 expense for these transactions is included in the total depreciation expense
21 provided at the end of each year.
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23 An asset addition occurs when a capital job is closed out and cost is added to a
24 specific asset record in Hydro’s database. Additional cost refers to instances where
25 a capital job has already been closed and additional costs are assigned to specific
26 assets. An example would be where a project is 90 percent complete with minimal

work to be completed in the following year. These additional costs get added to the original assets that were set up as a result of the initial job cost closeout.

In 2005, in an effort to eliminate the two sets of records, Hydro merged the cost recorded in the financial records with the data maintained by operations which included information such as maintenance cost by asset, pole attachment information and further detailed classifications.

The reserve on Asset Transfers were transferred but not displayed on the listing for CA-NLH-151 Attachment 1 as outlined above.

An Asset Split is carried out to partially retire or to further componentize an asset. The split is generally based on the percentage of cost or number of units.

Any negative net depreciable cost shown in an Asset Split is due to the costs being split from a single asset to multiple assets. If a one to one asset transfer occurred, it would be an Asset Transfer.