

1 Q. Under Hydro's regulatory accounting procedures, either current or proposed  
2 prospectively, when an asset is retired, please explain what dollars are charged to  
3 the reserve. (In other words, is the retired asset in the group treated as being fully  
4 depreciated with the full cost charged to the reserve or is only the asset's  
5 depreciated value charged to the reserve?)  
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8 A. When an asset is retired, only the amount accumulated in the reserve to date is  
9 cleared. For example, an asset with an original cost of \$1,000 that is half way  
10 through its anticipated useful life, upon retirement, the original cost would be  
11 credited by \$1,000 and the accumulated depreciation would be reduced by \$500. A  
12 loss on disposal of \$500 would be recorded. The balance in accumulated  
13 depreciation or reserve would then be \$0 for that asset.