

1 **NLH-IC-8 Does Ms. Lee believe that the conversion of the Canadian Generally**
2 **Accepted Accounting Principles to the IFRS would cause pressure on**
3 **Hydro related to its depreciation policies and practices? If yes, please**
4 **specifically identify the pressures that Ms. Lee believes are caused by the**
5 **conversion to IFRS.**

6 **RESPONSE:** Ms. Lee does not believe that implementing IFRS necessarily causes pressure
7 on Hydro related to its depreciation policies and practices, although Hydro could
8 view this otherwise. Hydro asserts that if its regulatory books are not maintained
9 on an IFRS basis, this will cause it to maintain two separate sets of books – one
10 for financial accounting purposes and one for regulatory purposes. Because
11 Hydro has not quantified the cost of maintaining two sets of books, it is unclear
12 how significant that cost would be. However, in this computerized world, Ms. Lee
13 does not believe the cost should be that significant.

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