

- 1 **Q. On pg. 30, lines 8-11 Mr. Pous recommends that the Board should order Hydro to**
2 **continue to apply the approved group depreciation rate to the plant balance as long**
3 **as that plant remains in service. In Mr. Pous' opinion is this recommendation**
4 **compliant with IFRS?**
5
- 6 A. Mr. Pous is not an expert on IFRS. However, Mr. Pous has dealt with accounting
7 requirements for utilities in the rate setting process for decades. It has always been the
8 situation that accounting requirements cannot dictate appropriate ratemaking determination.
9 It is often desired that accounting practices and ratemaking determination operate in a
10 parallel manner, but that is not always the situation. In this particular instance, even if IFRS
11 were in conflict with the application of group depreciation rates consistent with group
12 accounting, then the correct solution would be to do item depreciation and item accounting
13 so as not to further distort the capital recovery process.