

1 Q. Further to response to Request for Information NP-NLH-140:

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3 Please explain how amortizing the Holyrood Generating Station assets over the  
4 average remaining service life of Hydro's entire asset base would affect Hydro's  
5 2018 and 2019 revenue requirements.

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8 A. Amortizing the Holyrood Thermal Generating Station's (Holyrood) assets over the  
9 remaining service life of Hydro's entire asset base would reduce Hydro's 2018 and  
10 2019 revenue requirements. However, amortizing the Holyrood assets until the end  
11 of their useful life was approved in Hydro's last depreciation filing and is consistent  
12 with IFRS. In addition, it is the most widely recognized method to provide a  
13 reasonable and fair assurance of the recovery of the invested capital of an asset  
14 that is coming out of service.<sup>1</sup> Amortizing the assets over Hydro's entire asset base  
15 is not consistent with the regulatory principle of intergenerational equity as it  
16 would result in future ratepayers, who will not benefit from the use of Holyrood, to  
17 pay for the assets.

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<sup>1</sup> Please refer to NP-NLH-213 for further information.