

1 Q. **Depreciation**

2 Exhibit 11, page 12 of 628. The statement “This delineation of gross salvage and
3 cost of removal is consistent with financial disclosure requirements of IFRS”, in
4 reference to Table 1A –Life and Table 1B – Cost of Removal. Please provide a
5 detailed description of the applicable financial disclosure requirements of IFRS,
6 including excerpts from the relevant standards, and indicate how the disclosure
7 provided by these Tables is consistent with those requirements. Please also confirm
8 that IFRS prohibits recording of cost of removal outside of Asset Retirement
9 Obligations (AROs).

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12 A. This response has been provided by Concentric Advisors:

- 13 • IFRS 14 (IN1) – IFRS 14 Regulatory Deferral Accounts. This Standard
14 describes regulatory deferral account balances as amounts of expense or
15 income that would not be recognized as assets or liabilities in accordance
16 with other standards, but that qualify to be deferred in accordance with this
17 standard because the amount is included, or is expected to be included, by
18 the rate regulator in establishing the prices(s) that an entity can charge to
19 customers for rate-regulated goods or services.
- 20 • IFRS 14 (B6) – Regulatory deferral account balances usually represent timing
21 differences between the recognition of income or expenses for regulatory
22 purposes and the recognition of those items for financial disclosure
23 purposes.
- 24 • IFRS 14 (BC50) – this standard requires the disclosure of qualitative and
25 quantitative information for each type of an entity’s rate-regulated activities
26 and each class of regulatory deferral account balance, because this will

1 provide information that is more useful in assessing the impact of different
2 rate-regulatory environments.

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4 In order to meet the above requirement which indicates that the regulatory deferral
5 amounts must be specific to each deferral, Concentric Advisors specifically identify the
6 portion of the depreciation rate that is applicable to cost of removal in order that the
7 related deferral account can be tracked.