

1 Q. **Depreciation**

2 Exhibit 11, page 39 of 628. In respect of retirements, as discussed at Exhibit 11 page  
3 39 of 628, can NLH confirm that individual units of property are tracked including  
4 each generating unit within a site, and each insulator within the system. Are such  
5 individual units of property be tracked to show the precise accumulated  
6 amortization on that individual insulator, for example?

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9 A. Hydro separates significant components into individual asset numbers which are  
10 categorized into appropriate units of property in accordance with IAS 16 Property,  
11 Plant and Equipment. A unit of property represents a category where the assets  
12 have similar attributes and useful lives. Assets that belong to a particular unit of  
13 property are depreciated over the average life assigned to that particular unit of  
14 property. Hydro componentized its assets in a hierarchy, flowing from a parent  
15 asset to a child asset, where in the above example, individual tracking is done on  
16 each generating unit within a site and on each insulator within a system. Therefore,  
17 Hydro can accurately track the individual component of an item of property, plant  
18 and equipment within a unit of property and the related accumulated amortization  
19 on each component.