

1 Q. Hydro is proposing to include the capital costs of the EV charging stations in the ECDM Deferral
2 Account. How will the capital cost of the chargers be recorded for financial reporting purposes?
3 Will Hydro require approval from the Board of an IFRS deviation under IFRS 14?

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6 A. For International Financial Reporting Standards (“IFRS”) purposes, Newfoundland and Labrador
7 Hydro (“Hydro”) will be required to treat the capital costs of the electric vehicle charging
8 stations as property, plant and equipment.

9 It is confirmed that approval to treat the capital costs as a regulatory deferral would also result
10 in a corresponding IFRS deviation under IFRS 14 to offset Hydro’s property, plant and
11 equipment. It is Hydro’s position that by virtue of approving the treatment as a regulatory asset
12 rather than property, plant and equipment, that the Board would effectively approve, by
13 extension, the IFRS deviation to eliminate the property, plant and equipment for regulatory
14 purposes.

15 The treatment of a regulatory liability to offset property, plant and equipment would be
16 consistent with Hydro’s treatment of insurance proceeds to offset property, plant and
17 equipment which was approved in the Board of Commissioners of Public Utilities Order No.
18 P.U. 13(2012). This offset to property, plant and equipment would ensure that the asset,
19 depreciation and return would not be double counted in Hydro’s financial statements or
20 revenue requirement.