



February 1, 2013

Lise Croteau  
Vice President, Accounting and Control  
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Montréal, Québec H2Z 1A4  
CANADA

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
UNITED KINGDOM

Dear Sir/Madam:

**Re: Comments on Exposure Draft *Equity Method: Share of Other Net Asset Changes***

Hydro-Québec is a major North American producer, transmission provider and distributor of electricity, operating mainly in the province of Québec, Canada. Its sole shareholder is the Québec government. In Québec, the transmission and distribution of electricity are regulated by the Régie de l'énergie, which sets rates on the basis of cost of service plus a reasonable return on the rate base.

On behalf of Hydro-Québec, I thank you for giving us the opportunity to comment on your exposure draft entitled *Equity Method: Share of Other Net Asset Changes*.

Overall, we agree with the recommendations of this document. Attached are our detailed responses to the questions in the exposure draft.

Should you wish to discuss any aspects of this comment letter in more detail, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Lise Croteau'.

Lise Croteau, FCPA, FCA  
Vice President, Accounting and Control



**Exposure Draft**  
***Equity Method: Share of Other Net Asset Changes***  
***(Proposed amendments to IAS 28)***  
Comments to be received by 22 March 2013

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**Question 1:**

The IASB proposes to amend IAS 28 so that an investor should recognise in the investor's equity its share of the changes in the net assets of the investee that are not recognised in profit or loss or OCI of the investee, and that are not distributions received. Do you agree? Why or why not?

We agree with this proposal, which provides a generalized approach that addresses all types of other net asset changes and that is consistent with the view that equity method accounting is a one-line consolidation.

**Question 2:**

The IASB also proposes that an investor shall reclassify to profit or loss the cumulative amount of equity that the investor had previously recognised when the investor discontinues the use of the equity method. Do you agree? Why or why not?

We agree with the amendments proposed. These amendments are consistent with the accounting of amounts previously recognized in OCI when an investor discontinues the use of the equity method, as stated in paragraph 22 of IAS 28. It would not make sense that the cumulative amount of equity that an investor had previously recognized in relation to the investee's other net asset changes would remain in the investor's shareholder's equity after the investor has lost its significant influence over the investee.

**Question 3:**

Do you have any other comments on the proposals?

We have no other comments on the proposals.