May 2nd, 2017

Financial Accounting Standards Board
Technical Director
File Reference No. EITF-15F, FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116
USA

Dear Sir/Madam:

Re: Comments on the Board’s Exposure Draft Proposed Accounting Standards Update, Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)

Hydro-Québec is a major North American producer, transmission provider and distributor of electricity, operating mainly in the province of Québec, Canada. Some 60% of the company’s capital structure is based on bonded debt ($46 billion).

On behalf of Hydro-Québec, I thank you for giving us the opportunity to comment on the Board’s Exposure Draft entitled Proposed Accounting Standards Update, Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent). We applaud the efforts made by the FASB to reduce complexity in accounting standards (the Simplification Initiative).

We support the Financial Accounting Standards Board’s objective of reducing the existing complexity in the current GAAP regarding classification of debt. However, we are not directly impacted by the changes in the Exposure Draft given the current characteristics of Hydro-Québec’s debt. We agree with the proposed principle (470-10-45-22) of classifying debt on a contractual basis in keeping with the definition of a financial liability, since the existence of such a liability stems from a contractual obligation to deliver cash or another financial instrument to an entity. The current GAAP is sometimes based on probabilities rather than contractual rights. This difference can result in diversity and complexity in the classification of dissimilar types of debt, which affects the usefulness of the information provided in the financial statements. In our view, the proposed principle is clear and simplifies the classification of debt compared to current GAAP because it is uniform and applies to all types of debt arrangement.

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

Yours sincerely,

Lise Croteau, FCPA, FCA
Executive Vice President and Chief Financial Officer