April 25, 2016

Financial Accounting Standards Board  
Technical Director  
File Reference No. 2016-210  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116  
United States

Dear Sir/Madam:


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 the Board’s Exposure Draft entitled Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans.

We support the Financial Accounting Standards Board’s objective to improve the effectiveness of disclosures in the notes to financial statements. 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,

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

Encl.
Proposed Accounting Standards Update
Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20)
Changes to the Disclosure Requirements for Defined Benefit Plans

Question 1: Would the proposed amendments result in more effective, decision-useful information about defined benefit pension and other postretirement plans? If not, please explain why. Would the proposed amendments result in the elimination of decision-useful information about defined benefit pension and other postretirement plans? If yes, please explain why.

Overall, we agree with the proposed amendments. However, we do not believe that disclosures about the reasons for significant gains and losses will help predict future cash flows given that such gains and losses occurred at a specific time. Furthermore, they are often due to changes in the assumptions already disclosed like the discount rate.

Question 2: Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues and why?

Overall, we think that they are operable and auditable. However, a narrative description for significant gains and losses will be more questioned by the auditor. We think that they will ask for more disclosure that is assumed at this time in the project. We think that the Board should give an example of a short description.

Question 3: Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

We do not think that the proposed disclosures will impose significant incremental costs.

Question 4: Are there any other disclosures that should be required by Subtopic 715-20 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

No.

Question 5: Are there any other disclosure requirements retained following the review of Subtopic 715-20 that should be removed on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

Yes, we believe that the disclosures about the benefits expected to be paid in the next ten years do not provide predictive information for capitalized plans. These benefits will be paid from the assets already constituted.

Question 6: How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by nonpublic entities be different from the amount of time needed by public entities? Should early adoption be permitted? If yes to either question, please explain why.

These proposed amendments will not take much time to be implemented.