

**Réponse du Transporteur  
à l'engagement 12  
(mécanisme de réglementation incitative)**

(Demandé par la Régie de l'énergie)



**Engagement 12 – Mécanisme de réglementation incitative**

(Demandé par la présidente Lise Duquette pour la Régie, 2019-02-17, notes sténo., volume 9, page 159)

Référence : HQT-4, Document 2.1, tableau 6

Recalculer le tableau de la méthode Kahn, après avoir enlevé le montant de 45 M\$ octroyé en maintenance additionnelle pour l'année d'exploitation 2017.

**Réponse de Concentric Energy Advisors (CEA):**

	Actuals									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating expenses <sup>(2) (3)</sup>	738.9	760.2	767.1	803.3	758.9	818.0	839.7	853.4	845.0	895.0
Transmission purchases	18.3	19.0	18.7	17.9	17.4	17.7	18.9	19.2	19.4	19.0
Power purchases	7.0	14.0	14.3	13.3	12.9	14.2	14.6	14.9	14.9	15.2
Other internal revenues	(41.4)	(40.5)	(41.2)	(43.1)	(41.3)	(39.5)	(43.5)	(44.1)	(43.4)	(47.3)
Corporate fees	32.2	28.6	27.6	27.8	28.2	31.8	29.5	32.7	31.9	36.7
Interest related to government debt	(5.2)	(4.4)	(4.0)	(3.6)	(3.3)	(0.7)	(0.6)	(0.7)	(0.4)	(0.5)
External revenues	(4.9)	(3.3)	(3.4)	(3.4)	(5.4)	(10.0)	(9.6)	(10.3)	(8.3)	(8.7)
Other retirement costs										(111.5)
<b>Total</b>	<b>744.9</b>	<b>773.6</b>	<b>779.1</b>	<b>812.2</b>	<b>767.4</b>	<b>831.5</b>	<b>849.0</b>	<b>865.1</b>	<b>859.1</b>	<b>797.9</b>
<b>Less:</b>										
Factor Y - Pension costs	15.8	7.6	2.5	21.0	26.6	89.7	60.6	73.3	18.1	(52.1)
Factor Z - Specifically budgeted items	15.8	20.0	20.0	19.1	0.0	0.0	0.0	0.0	14.4	1.5
<b>Applicable costs - Formula I - X</b>	<b>713.3</b>	<b>746.0</b>	<b>756.6</b>	<b>772.1</b>	<b>740.8</b>	<b>741.8</b>	<b>788.4</b>	<b>791.8</b>	<b>826.6</b>	<b>848.5</b>
Inflation (%) <sup>(1)</sup>		2.33%	2.39%	1.63%	1.74%	2.71%	2.33%	1.31%	1.62%	1.45%
Authorized Growth (\$M)		8.9	8.1	8.6	6.1	8.3	19.1	7.2	5.7	11.6
X - Implied (%)		-1.00%	2.05%	0.71%	6.59%	3.70%	-1.38%	1.79%	-2.05%	0.20%
(1) HQT-4 Document 2										2013-2017 average 0.45%
(2) Includes capitalized costs										2009-2017 average 1.18%
(3) Includes interest related to remediation for 2012, 2013, 2014										

The above table presents the results of the Kahn method with the requested reduction of \$45 million for MGA expenditures in 2017. In doing so, it is important to recognize that MGA expenditures are not Y-factored (this request was not accepted by the Régie in Phase I), and therefore must be covered under the I-X formula. By removing the MGA expenditure in 2017 it masks the actual expenditure trend for HQT which can be expected to continue in the future. The fact that HQT has been allowed additional MGA amounts in 2018 and requested for 2019 should not reduce the historic trend incorporating the actual level of MGA expenditure. To do so would penalize the company for undertaking its asset optimization strategy with the imposition of an X factor that did not reflect this trend which was captured in the 2017 operating expenditures. The only circumstance where it would make sense to reduce 2017 for the MGA expenditure would be if the Régie determined that MGA expenditures should be Y-factored under the MRI index. This is not the case and if it was, it should be treated just as pension costs are treated, for example, and deducted as a Y-factor for every year of the historic period.

Regardless of the total MGA expense amount included in the test year indexation formula, the trend is calculated independently from rebasing adjustments. If an adjustment to a single line item is to be considered, care must be taken to include all adjustments, positive or negative. This would defeat the purpose of establishing a trend based on historical data.