

RÉPONSE DE GAZ MÉTRO À UNE DEMANDE DE RENSEIGNEMENTS

Origine : Demande de renseignements n° 1 en date du 7 juin 2007

Demandeur : Association des consommateurs industriels de gaz

Référence : Dr. Paul Carpenter's Evidence, page 8

Préambule :

With reference to Dr. Carpenter's table of common equity ratios.

Questions :

- 1.1. a) Please indicate which increases in common equity ratios were the result of "black box" settlement agreements where there is no indication of what was "traded off" by the utility to achieve the increased common equity thickness.
- b) Please indicate which increases in common equity ratios were associated with "determinations by regulators" that business risk had increased and reference the specific risks that were regarded as having increased.
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Réponses :

1.1.a) et b)

	Utility	Date	Settlement or Determination By Regulator	Risks Regarded as Having Increased
1	Pacific Northern Gas (West Division)	Aug-06	Determination By Regulator	See p. 27 of Order No. G-99-06 for the discussion of PNG (West Division)'s capital structure. There is no apparent discussion of changes in risk associated with this change.

	Utility	Date	Settlement or Determination By Regulator	Risks Regarded as Having Increased
2	Terasen Gas	Mar-06	Determination By Regulator	See generally pp. 25-26 and 36-37 of Order No. G-14-06, and specifically the statement: “Today, TGI’s competitive advantage has been significantly attenuated; its supply outlook has been altered by shippers moving B.C. gas east; and its capture rates in the new residential market have declined. The Commission Panel can say with certainty that TGI’s business risk has not declined in the period 1994-2005. It cannot say by how much its business risk increased, but it can say that although the probability of TGI not earning a return of its capital has increased, it continues to be very low.” (p. 26)
3	Terasen Gas (Vancouver Island)	Mar-06	Determination By Regulator	See generally pp. 30 and 28 of Order No. G-14-06. The Commission Panel “attributes the same determinations to the change in the similar components ascribed to TGVI’s business risk.” The Commission Panel also recognized uncertainty surrounding a contract with BC Hydro beyond 2007, the uncertainty regarding the cessation of royalty payments from the Provincial Government, and the need to repay the interest free loans from senior levels of government. (p. 30)
4	ATCO Gas	Jul-04	Determination By Regulator	See generally pp. 49 and 53 of EUB Decision 2004-0052. The EUB determined that ATCO Gas’ risks had not changed materially since last evaluated in Decision 2003-072, but increased its equity thickness by 1%, which it judged to be an appropriate equity thickness for a gas distribution utility.
5	ATCO Pipelines	Jul-04	[Decrease]	
6	NGTL	Jul-04	Determination By Regulator	See generally pp. 36-39 and 46 of EUB Decision 2004-0052, and specifically the statement: “The Board agrees with the general view of the experts that the business risks of NGTL have increased since 1995, principally due to a potentially higher supply risk and a higher competition risk.” (p. 38)
7	Union Gas	Jun-06	Settlement	

	Utility	Date	Settlement or Determination By Regulator	Risks Regarded as Having Increased
8	Foothills	Dec-05	Settlement	
9	TransCanada BC System	Feb-06	Settlement	
10	TransCanada Mainline	Mar-07	Settlement	
11	TransCanada Mainline	Apr-05	Determination By Regulator	See generally pp. 41-47 and 79-80 of RH-2-2004, and specifically the statement: “The Board finds that, overall, the business risk to which the Mainline is exposed has increased since RH-4-2001, as a result of increases in supply risk and competitive risk.” (p. 47)
12	TransCanada Mainline	Jun-02	Determination By Regulator	See generally pp. 24-28 and 58-59 of RH-4-2001, and specifically the statements: “the Board is of the view that there has been an increase in pipe-on-pipe competition since 1994, which acts to increase the Mainline’s prospective business risk.” (p. 26) “there has been a modest increase in the degree of gas supply risk to which the Mainline is exposed.” (p. 27)
13	Westcoast	Aug-06	Settlement	
14	Westcoast	Aug-04	Settlement	
15	Westcoast	Aug-97	[Decrease]	