

Sustainable Planning Associates Inc. (SPA INC) Incorporated 1996

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Provision of Energy and Energy Regulatory Consulting Services since 2000.

Principal Dr. Roger Higgin PhD, MBA, BSC, P.Eng.

- Served as Ontario Energy Board Member for two periods totalling 7 years- retired in 2000 due health issues.
- 12 years' experience as consultant to various Canadian Clients on both Gas and Electric Rate and Other cases, including Incentive Regulation Mechanisms and Conservation and Demand Side Management
- Has testified as Expert on several regulatory matters in Quebec, Alberta, and Manitoba
- Recent directly relevant Consulting Assignments include Incentive Regulation Plans for Toronto Hydro, Hydro One Distribution and Hydro One Transmission. Earnings Sharing Mechanism cases for Union Gas Limited and Enbridge Gas Distribution Inc.

Expertise Relevant to Hydro Quebec R-3842-2013

There are two major related financial issues in this application that affect the annual revenue requirements for HQD and HQT:

- Change to the Allowed Return on Equity, and
- Earnings Sharing Mechanisms (“ESMs”)

An ESM is a regulatory tool that is often used in either Cost of Service or Incentive Regulation.

An ESM may provide for company and customer sharing of utility earnings that vary materially from the level of earnings corresponding to the authorized return on equity (“ROE”) during a specified period.

The ESM approach attempts to match risks and rewards to the utility and customers.

An ESM may be either negotiated or imposed by the regulator.

The balancing of interests should include consideration of appropriate mechanism(s) for weather normalization of the “excess earnings” if the utility has a significant heat sensitive load.

Dr. Higgin has direct knowledge and experience in both issues and will assist OC in its intervention.