

# Memorandum



To: Guy Fortin, Régie de l'énergie  
From: John Todd & Andrew Blair, Elenchus  
Date: March 4, 2020  
Re: Question from Dominique Neuman

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## QUESTION

Reference : **ELENCHUS RESEARCH ASSOCIATES INC.**, Report on Énergir's Cost Allocation and Pricing of Gas Supply, Transportation and Load Balancing Services and Supply of Interruptible Service, Docket R-3867-2013 Phase 2B of the Québec Régie de l'énergie, Exhibit A-0219, Page 71 (graph between lines 20 et 21).

Question: Given this graph in your report, please confirm that the proposed category of "Load balancing" includes only and all the following current items:

- a. Supply - Inventories (Rate Base)
- b. Transport - Inventories (Rate Base)
- c. Transport - Share of Transport O&M
- d. Load Balancing - Inventories (Rate Base).

## RESPONSE

The graph on Page 71 of the report illustrates only the changes in functionalized costs between the current and proposed methodologies. There are items that maintain the current functionalization within the supply, transport, and load balancing functions that are not listed in this graph.

In addition to the four items listed above, the following items are currently functionalized as load balancing and will continue to be functionalized as load balancing under the proposed methodology:

- Load Balancing Fixed Costs (Rate Base)
- Non-Amortized Gas-Related Costs (Rate Base)
- Amortization of Fixed Costs and Deferred Charges
- Load Balancing O&M
  - Excess Gas Supply Costs
  - Stranded Costs Not Related to Temperature
  - Operational Flexibility

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Note: Many functionalized costs in the models Elenchus relied on (B-0192 & B-0193) are aggregated. Elenchus cannot provide more detailed information and our response assumes the components of those costs are correctly functionalized. For example, a component of the load balancing rate base is labeled “Total Immobilisation” (total fixed costs), which may not be sufficiently descriptive.