

DEMANDE DE RENSEIGNEMENTS N° 1 DE SOCIÉTÉ EN COMMANDITE GAZ MÉTRO (GAZ MÉTRO)
À PAUL CHERNICK, EXPERT DU REGROUPEMENT DES ORGANISMES ENVIRONNEMENTAUX EN
ÉNERGIE (ROEE)

-
- 1. References:**
- i) Exhibit C-ROEE-0112, page 10
 - ii) Exhibit C-FCEI-0181, Gaz Metro's response to the Information Request no. 2 of Option consommateurs (OC), Gaz Métro-9, Document 12, response to question 8.1, page 13
 - iii) Exhibit C-FCEI-0185, Gaz Metro's response to the Information Request no. 3 of the Canadian Federation of Independent Business – Quebec Division (CFIB), Gaz Métro-9, Document 11, response to question 2.10, page 9

Preamble:

- i) *“Gaz Métro estimates that these costs amount to a 27.1% adder on top of the projected cost of the projects, so for every \$100,000 of contractor direct costs that Gaz Métro plans for the development year, Gaz Métro obligates itself to pay the contractor an average of \$27,100 in fixed overhead fees (B-0278, p. 26; B-0293, response to question 8.1).”*
- ii) *“In the methodology currently used by Gaz Métro to evaluate a development project's profitability, Gaz Métro allocates 27.1% to general contractor costs in the calculation of a project's cost. This specific allocation is used for the a priori evaluation of a development project's profitability in order to determine whether it will be approved or not.*

Once the project is approved and carried out, there are no general contractor costs allocated to each of the development projects in Gaz Métro's accounts. The general contractor costs paid by Gaz Métro represent a fixed amount per contractor initially established in the general agreement and are entirely capitalized regardless of the number of projects carried out.”

- iii) *“The general contractor expenses are fixed in the General Contract between Gaz Métro and the contractors based on the contractors' fixed costs, and pertain to their fixed operating expenses and wages. They are established in the context of the call for tenders for the General Contract and are part of the price schedule for which contractors are required to bid prices.”*

Question:

- 1.1** Based on preamble ii) and iii), please confirm that, contrary to the statement in preamble i), fixed costs payable to contractors are not related to project investments?

2. Reference: Exhibit C-ROEE-0112, page 15

Preamble:

“Second, Gaz Métro reports a posteriori results as a percentage increase in internal rate of return, or IRR, from the a priori to the a posteriori analyses; it is not clear how a change in IRR changes the profitability ratio.”

Question:

- 2.1. Please explain what you mean by “it is not clear how a change in IRR changes the profitability ratio”?

3. Reference: Exhibit C-ROEE-0112, page 20

Preamble:

“Based on the experience that Gaz Métro reports for the last three years, 30% to 35% of large customers would have left the system by then; if there are financial crises or economic downturns in the next 25 years, the business failure rate may be higher.”

Question:

- 3.1. Please provide the evidences, references and calculations that support your statement in preamble i): “30% to 35% of large customers would have left the system by then; if there are financial crises or economic downturns in the next 25 years, the business failure rate may be higher”.