

**RESPONSE OF GAZ MÉTRO LIMITED PARTNERSHIP (GAZ MÉTRO)
INFORMATION REQUESTS FROM RICHARD BAUDINO TO GAZ METRO
R-3867-2013, PHASE 3**

1. Please refer to Gaz Metro - 6, Document 2, Tables 2, 3, and 4. For each table, please provide the following:
 - (a) Supporting work papers and documentation for every number in each row and column. Please include all spreadsheets and computer models showing how the numbers were developed and calculated. Provide all of this material for both the Gaz Metro As Proposed study and the Black & Veatch Revised study.
 - (b) Referring to "Input of a new contract", explain why the CII amounts are higher than the Residential and Major Industries amounts.
 - (c) Referring to "Input of a new contract", explain why the Residential and Major Industries amounts are the same.

Response:

- (a) Gaz Métro refers you to the response to question 1.1 of the Régie's request for information no. 5, Gaz Métro-8, Document 1, which explains in detail each of the formulas used to establish the amounts in tables 2, 3 and 4, both for the columns on Gaz Métro's initial proposal and Black & Veatch's proposal. The work papers supporting these formulas pertain to the interviews of managers described in the ROEE's response to question 1.1 in the exhibit Gaz Métro-8, Document 6. In the opinion of Gaz Métro, the information adduced in these two responses is sufficient to understand and appreciate the method proposed.

Upon reading this information, you will see that the formulas and data supporting the values proposed in tables 2, 3 and 4 contain very little data that may be useful in creating simulations, scenarios or additional analyses. What is more, this underlying data bearing on the disclosure of certain individuals' salaries (computerized worksheets) can only be provided on a confidential basis.

Considering the limited usefulness of having access to this sensitive information, and in light of the information provided in the response to question 1.1 of the Régie's request for information no. 5, Gaz Métro submits that providing that information is not desirable.

- (b) The complexity of the contracts and additional validations to be made for major accounts explain the difference in the time devoted to a commercial account and a major account as opposed to the residential market.

As far as the Sales Major Industries market is concerned, the input time is less than that of the CII market owing to the fact that the validation and confirmation work with the customer is carried out beforehand by a Sales Major Industries representative during the customer prospecting period. The work of the Sales Major Industries clerk is therefore less than that of the CII market.

- (c) Despite the complexity of Sales Major Industries contracts, the clerks' input time is largely the same for residential and Sales Major Industries, seeing as the tasks are the same and essentially consist of inputting data.
- 2. Please refer to Gaz Metro - 6, Document 2, Tables 2, 3, and 4. Further refer to lines 18 through 25. For each table, please provide the following:
 - (a) Define "spin test for turbine", both less than 12 in. and greater than 12 in.
 - (b) Describe the activities and other cost characteristics within each cost category listed in Lines 20 through 25.
 - (c) For all table, explain the differences between the values calculated for Min. and Max. for all years listed.

Response:

- (a) The "Spin test" inspection is the same for all types of turbines. It must be conducted annually for turbines that are 12 inches and up, and every three years for turbines smaller than 12 inches. The procedure essentially consists of removing the turbine and verifying its condition and operation in keeping with the procedures established by Gaz Métro.
 - (b) Please refer to the response to question 1.1 of the Régie's request for information no. 5 in exhibit Gaz Métro-8, Document 1, which explains in detail each of the characteristics used to establish the amounts in tables 2, 3 and 4.
 - (c) Please refer to the response to question 2.5 of the Régie's request for information no. 5 in exhibit Gaz Métro-8, Document 1.
- 3. Provide the source materials used for Tables 6, 7, and 8.

Response:

The data is based on line extension policies for each utility listed. The information is publicly available from the utilities.

- 4. Provide the customer density data and supporting documentation used to develop the table on page 12 of Gaz Metro - 6, Document 2.

Response:

The calculations were established using the data available in December 2014 presented in the table below. Gaz Métro noted an error in the number of customers used to calculate density. As presented in Exhibit B-0254, Gaz Métro-8, Document 11, of the 2017 Rate Case (R-3987-2016), the number of clients as at September 30, 2014 was 195,617 instead of 194,455, as presented in the Black & Veatch report. The resulting density should have been 18.3 instead of 18.2, as was presented in that report. This specification having no impact on the findings, Gaz Métro points out that it did not deem it necessary to invite Black & Veatch to amend its report accordingly.

System Distribution		
Pressure		Length (meters)
Less than 400		467,486
	400	7,092,716
	700	311,273
	1000	84,711
	1200	187,133
	1900	12,788
	2400	1,371,279
	2900	310,401
Sub-total		9,837,788
Transmission System		
Pressure		Length (meters)
	4,400	75,529
	7,000	763,595
	9,900	23,688
	9,930	2,146
System Total		10,702,746

5. Please provide copies of all natural gas distribution company marginal cost of service studies in which Dr. Overcast participated over the last 10 calendar years.

Response:

The information requested is not of the nature of a request for information “[TRANSLATION] the purpose of which is to specify certain pieces of evidence adduced and to obtain certain references or sources of information presented” (D-2000-214, p. 6).

6. Please provide copies of all natural gas distribution company marginal cost of service studies in which Black and Veatch participated and/or produced over the last 10 calendar years.

Response:

Please refer to the response to question 5.

7. Please refer to Gaz Metro - 6, Document 1.

- (a) Provide all supporting documentation and work papers for the profitability calculations shown on page 3. Provide all spreadsheets with cell formulas intact. Provide any other computer

models used to calculate the profitability numbers in the table.

Response:

- (a) In order to perform the profitability calculations (the findings of which are presented in the table on page 3 cited in the question), each of the costs were weighted based on factors in order to obtain an average weighted cost per market that is representative of the 2013 sales. Please see the response to question 1.5 of the CBIF's request for information in exhibit Gaz Métro-8, Document 3, for details on the weighting factors.

The difference between these average weighted costs and the \$157 actually used was then applied to the required revenue of each market for the 2013 development plan. The profitability per market thus obtained was reproduced in the table cited in this question.

The computer model used to simulate profitability is highly complex and based on numerous files. Since the calculations were carried out using macros, the formulas cannot be used to draw a connection with the data. All of the required revenues and profitability analyses carried out in the course of the year would need to be provided in order to support the model used. Considering the limited scope that access to this information would procure and so as not to increase the procedural complexity, Gaz Métro proposes that these computer worksheets not be filed.

8. Please refer to Gaz Metro - 6, Document 1 and to Attachment A, which is the exhibit

B-0549, Gaz Metro-17, Document 4 in R-3879-2014. Please provide the following:

- (a) All supporting documentation and work papers.
- (b) All supporting spreadsheets with cell formulas intact.
- (c) The results of the industry survey referred to in Section 4. Entitled "Processes Used by Industry Comparables". Provide all documents, supporting analyses, and other materials used by Gaz Metro in the survey.
- (d) To the extent not provided previously, all analyses supporting all tables presented in the document, including spreadsheets with cell formulas intact.
- (e) An explanation and basis for the customer retention numbers in Appendix 2. In particular, explain how the \$1,197.16 number for major industries was developed and provide supporting documentation and work papers.
- (f) A detailed explanation of the basis for the cost of a cellular line - telemetry for major industries (\$186.12). Include supporting work papers and documentation.
- (g) A detailed explanation of the numbers for Input time for a new contract for all four customer categories. Include supporting work papers and documentation.

Response:

(a) Gaz Métro refers you to the response to question 1.4 of Mr. Chernick's request for information in Exhibit Gaz Métro-8, Document 7.

(b) Gaz Métro refers you to the response to question 1.4 of Mr. Chernick's request for information in Exhibit Gaz Métro-8, Document 7.

(c) Gaz Métro refers you to the response to question 7.2 of the request for information no. 1 of Options Consommateurs (OC) in Exhibit Gaz Métro-8, Document 5.

(d) Gaz Métro refers you to the response to question 1.4 of Mr. Chernick's request for information in Exhibit Gaz Métro-8, Document 7.

(e) Gaz Métro refers you to the response to question 1.1 of the Régie's request for information no. 5 in Exhibit B-0196, Gaz Métro-8, Document 1, for the method used to calculate the numbers presented.

Moreover, Gaz Métro refers you to the response to question 1.4 of Mr. Chernick's request for information in Exhibit Gaz Métro-8, Document 7, for the request relating to the work papers.

Note that the cost associated with customer retention is not retained in the method proposed by Gaz Métro in Exhibit B-0144, Gaz Métro-6, Document 1.

(f) Gaz Métro refers you to the response to question 1.1 of the Régie's request for information no. 5 in Exhibit B-0196, Gaz Métro-8, Document 1, for the method used to calculate the numbers presented.

Moreover, Gaz Métro refers you to the response to question 1.4 of Mr. Chernick's request for information in Exhibit Gaz Métro-8, Document 7, for the request relating to the work papers.

(g) Gaz Métro refers you to the response to question 1.1 of the Régie's request for information no. 5 in Exhibit B-0196, Gaz Métro-8, Document 1, for the method used to calculate the numbers presented.

Moreover, Gaz Métro refers you to the response to question 1.4 of Mr. Chernick's request for information in Exhibit Gaz Métro-8, Document 7, for the request relating to the work papers.

9. Please refer to Gaz Metro - 6, Document 2. For Table 1, page 5, please identify the source for the Operating Expenses listed in the table. Please provide all supporting documentation and source material that support the numbers for each and every expense category.

Response:

The information contained in table 1 is taken from Exhibit B-0040, Gaz Métro-2, Document 8, in phase 1 of this matter, which deals with the proposed method for allocating costs. Any documentation relating to this content can also be found in phase 1.