

**ROEÉ'S RESPONSE TO GAZ MÉTRO'S REQUEST FOR INFORMATION  
NO. 1 (B-0325) REGARDING THE GENERIC MATTER RELATING TO  
THE ALLOCATION OF COSTS AND RATE STRUCTURE OF GAZ  
MÉTRO**

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**1. Reference:** Exhibit C-ROEÉ-0111

**Preamble:**

On page 6 of its report, ROEÉ writes:

*“First, some of the proposals, much like those presented by the distributor in the preceding phases of this matter, seem to favour the customers of the largest consumers (SMIs), [...]”*

**Requests:**

**1.1.** In the ROEÉ's opinion, what are the proposals that “seem to favour the customers of the largest consumers (SMIs)”?

**Response to Request 1.1:**

**That is an introductory statement. Where Phase 3, Subject B is concerned, the ROEÉ's submission deals mainly with Gaz Métro's proposal to the Régie that a 40-year period be used to evaluate the profitability of system extensions and the danger that this might favour system extensions serving industrial customers, an unfounded assertion. What is more, much like the ROEÉ's concerns presented in Phases 1, 2 and 3A, the ROEÉ wants to help the Régie ensure that the various proposals contained in Gaz Métro's request are fair to all customers, which is moreover the reason why, as mentioned on page 6 of our submission, the ROEÉ requires the services of the expert, Mr. Paul Chernick.**

**1.2.** How do these proposals favour the “customers of the largest consumers (SMIs)”? Please elaborate and provide the analyses underlying that affirmation.

**Response to Request 1.2:**

As was supported in Phase 1 of this matter by Exhibit C-ROÉÉ-0050, pages 8 and 12 (see D-2016-1000, paras. 136 to 159), the extensions of Gaz Métro's system are generally prompted by the connection of major gas consumers, which are often SMIs. Small customers are later added on, thus favouring the system extension's profitability. Nothing ensures that they will remain on the system for as long a period of time, given the intentions of the Québec and Canadian governments in terms of energy transition, more specifically owing to the Paris Accords. For example, suppose that these major customers closed after a period of less than 40 years, say 30 years, the profitability of projects would need to be modified, and the costs would need to be borne by all existing customers. Seeing as small customers outnumber SMI customers, the customers that will end up bearing the brunt of the non-profitability costs associated with the closing of large centres will therefore be residential customers.

Obviously, a nuance can be made by specifying that some non-SMI customers could benefit from the closing of a system extension. For example, residential customers that were added to an extension that was closed by SMI customers would benefit from the fact that it would be financed by all Gaz Métro customers.

**2. Reference:** Exhibit C-ROÉÉ-0111

**Preamble:**

On page 6 of its submission, the ROÉÉ writes:

*"Since the ROÉÉ, and the Régie, would like to have an informed discussion on issues specific to establishing a rate structure and schedule during a potential Phase 4 of this case, it would seem normal to perform a verification of B&V's methodology."*

On page 7 of its submission, the ROÉÉ writes:

*"[...] Regroupement considers that the main goal of Mr. Chernick's mandate is to help develop a rigorous and adequate cost allocation methodology so that all intervenors can have a solidly-based discussion in Phase 4 of this matter."*

**Request:**

**2.1.** In these passages, the ROÉÉ establishes links between the examination of

Subject B in Phase 3 of this matter, and the examination of the distribution service rate structure that will be performed in Phase 4. Please specify how the ROEÉ believes these two phases are related.

**Response to Request 2.1:**

The ROEÉ is referring here to the conduct of phases in the sequence that the Régie established in R-3867-2013. From the ROEÉ's perspective, these various phases are steps that will lead to the transformation of Gaz Métro's rate structures in a potential Phase 4. To that end, the ROEÉ prioritizes the proper understanding of each step so as to arrive at a sound distribution service rate structure. More concretely, the ROEÉ does not believe that the methodology for evaluating the profitability of system extension projects will affect the costs incurred and the subsequent allocation and recovery thereof through the rate structure established by the Régie in Phase 4.

**3. Reference:** Exhibit C-ROEÉ-0111

**Preamble:**

On page 7 of its submission, ROEÉ writes:

*"If the system were to expand far too much based on information that is incorrect, this could promote urban sprawl and impede the transition to renewable energy. In that same vein, if incorrect information were to have the effect of making a system extension too costly, this would make it more difficult to get certain industries to stop using fuel oil."*

**Requests:**

- 3.1.** Please specify how gas system extension projects promote "urban sprawl". Where applicable, please provide concrete examples and specify the studies that the ROEÉ took into consideration to support this contention.

**Response to Request 3.1:**

In this passage, the ROEÉ expresses its concerns over system extensions. According to the ROEÉ, one of the causes of urban spawl is the development of large shopping centres or major projects that may be supplied in gas.

Afterwards, development projects sprout up all around these large centres. Natural gas, much like road networks, opens up access to lands that were previously unoccupied, thus contributing to urban sprawl. Moreover, if the methodology used to determine profitability authorizes system expansions that are not really profitable, the development of residential neighbourhoods along the outskirts of the city will benefit from gas service without paying the actual cost thereof.

3.2. Please explain how urban sprawl “impede[s] the transition to renewable energy”. Where applicable, please provide concrete examples and specify the studies that the ROEÉ took into consideration to support this contention.

**Response to Request 3.2:**

People who live outside major centres will drive more kilometres than people who live in large urban centres, and this has a considerable impact on GHG emissions. The transportation sector in Québec is the top GHG emitter, with 33.7 Mt CO<sub>2</sub> eq. CO<sub>2</sub> in 2014, which represents 41% of all emissions in Québec. The GHGs in this sector come from the burning of fossil fuels (gas, diesel, heavy oil, propane, natural gas, etc.). By comparison, the transportation sector's emissions for all of Canada represented only 28% of the total GHG emissions for 2014.”<sup>1</sup>

Considering that “0.13% of vehicles on the road”<sup>2</sup> in Québec are electric, we can safely say that urban sprawl favours cars that run on gas or diesel over the development of less polluting alternatives.

**According to the ROEÉ, urban sprawl plays a role in stalling the energy transition and the reduction of GHG emissions throughout the territory.**

In fact, extensive development has an adverse effect on energy use reduction, energy efficiency, and the transition to a low-carbon economy. For example, single-family homes require more heating than apartments. The transportation of suburban

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<sup>1</sup> MINISTRY OF SUSTAINABLE DEVELOPMENT, THE ENVIRONMENT AND THE FIGHT AGAINST CLIMATE CHANGE. Inventaire québécois des émissions de gaz à effet de serre en 2014 et leur évolution depuis 1990, 2016, p. 19. [Online] <http://www.mddelcc.gouv.qc.ca/changements/ges/2014/Inventaire1990-2014.pdf> (page consulted March 12, 2018) .

<sup>2</sup> Radio-Canada, La voiture électrique fait sa place, lentement mais sûrement, January 19, 2016, [online] <http://beta.radio-canada.ca/nouvelle/760446/voiture-electrique-vehicule-quebec-hausse-nombre-quebec-obsacles-cout-autonomie-bilan-portrait-borne-recharge> (page consulted March 12, 2018)

residents who commute to work morning and evening, especially by car, **is energy intensive. Similarly, building roads to the suburbs requires considerable quantities of asphalt, another major source of GHG emissions. The growing expanse of paved and built surfaces increases heat in the summer, requiring more air conditioning. According to Bobby Magill from Climate Central:**

- <http://www.climatecentral.org/news/city-tailpipe-emissions-18861>:

**“Dense cities are pretty good at keeping those tailpipe emissions low when measured on a per-person basis because many commuters often use trains and buses to get to work. Less dense cities, on the other hand, see more people driving to work from distant suburbs, usually leading to more tailpipe emissions.**

**A Boston University study published Monday in the Proceedings of the National Academy of Sciences shows that a major push in cities like Denver to build dense housing, better transit systems and more bike lanes in their urban core doesn't necessarily lead to lower per-capita CO2 emissions. That's because suburbs continue to sprawl and residents there still drive to work.<sup>3</sup>**

**This conclusion is drawn from the study that Gately, Hutyra and Wing published in the science journal *Proceeding of the National Academy of Science on the United States of America* (PNAS), which states:**

**“Most of these studies relied on cross-sectional data, which means that the temporal stability of their results remains untested. This issue is important for addressing the enduring question in urban sustainability of how trends in urban sprawl and densification affect individuals' travel behavior and related CO<sub>2</sub> emissions over time . Population density is not thought to affect travel behavior directly, but it is a proxy for less easily measured characteristics of the urban environment [e.g., public transit availability, walkability, amenity access] whose impacts on travel have long been a focus of regional and urban planning research. A classic example is the exponential decline in per capita transportation energy use with increasing population density that was observed in a large cross-section of cities worldwide . This relationship suggests that urban densification reduces per capita emissions, an idea that has gone on to**

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<sup>3</sup> Magill, Bobby, Urban Sprawl, Cars Hamper Cities' Best Efforts on CO2, Climate Central, April 6, 2015, [online] <http://www.climatecentral.org/news/city-tailpipe-emissions-18861>

**influence urban development and sustainability initiatives worldwide. Despite recent advances in this area, there remains a fundamental simultaneity that confounds inferences about the density-emissions relationship: Individuals' travel behavior is affected by the built environment context of their place of residence, but their choice of residential location is simultaneously influenced by their travel preferences.”<sup>4</sup>**

**The ROEE also invites Gaz Métro to consult the text of Lazlo Bart, the European Commission's director general of the environment, in which he writes:**

**“As people and goods rarely travel to an empty field in the hope that one day they will find a house, a shopping mall or a factory there, the establishment of a destination (and the road leading to it) always precedes the journeys that cause the CO2 emissions. Indeed, Southworth (2001) considers the building of new roads and buildings to be a primary reason for the growth in road transport. [p. 298 ]**

**(...)**

### **3. CONCLUSIONS**

**The statistical analysis shows that wherever sprawl occurs in the EU, it results in a strong increase of transport-related CO2 emissions. Sprawl, measured in the increase of the areas covered by buildings and roads, is a stronger cause of increased road transport emissions than other possible causes, such as the growth of per capita GDP or population growth.**

**This conclusion is very relevant for the EU's climate policy. Unlike other sources of greenhouse gas emissions, emissions from transport are growing steadily. Current EU policies aimed at transport emissions try to increase the CO2-efficiency of cars, but they are not enough to stop the growth of emissions. If sprawl is significantly correlated to increasing transport emissions, then the EU needs to adopt policies that try to**

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<sup>4</sup> Gately et coll, Cities, traffic, and CO2: A multidecadal assessment of trends, drivers, and scaling relationships, PNAS, vol. 112 no. 16, March 13, 2015, [online]  
<http://www.pnas.org/content/112/16/4999.full>

**limit sprawl.”[p. 310]<sup>5</sup>**

**4. Reference:** Exhibit C-ROÉÉ-0111

**Preamble:**

On page 9 of its submission, the ROÉÉ writes:

*“What is more, the anticipated growth over the next 50 years is significantly lower than that of the 90s.”*

**Requests:**

**4.1.** Please provide specific sources or references supporting the affirmation presented in the preamble.

**Response to Request 4.1:**

**This affirmation is based on the ROÉÉ's interpretation of the data presented in: *Update of Long-Term Economic and Fiscal Projections*,<sup>6</sup> document from which Table 1 of the ROÉÉ's submission is drawn.**

**Actually, the 50-year period is an affirmation. We could be more precise and instead say that “according to the Ministry of Finance, *the economic growth forecast between now and 2055 is significantly lower than that of the 1990s.*”**

**4.2.** Please provide data on the economic growth anticipated in Québec over the next 50 years, namely from 2017 to 2067.

**Response to Request 4.2:**

**To our knowledge, there are no documents similar to those presented in request 4.1 for Québec. However, the Conference Board believes that Québec's GDP should rise 1.5% annually between 2016 and 2040.<sup>7</sup>**

**4.2.1.** Please indicate whether the data reflect actual growth (corrected for inflation) or nominal growth.

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<sup>5</sup> Bart , Istvan Laszlo. “Urban Sprawl and Climate Change: A Statistical Exploration of Cause and Effect, with Policy Options for the EU , online

<https://pdfs.semanticscholar.org/8eb0/2e137d6156a1fb682ea7d554f6ba790ac157.pdf>

<sup>6</sup> Canada, Update of Long-Term Economic and Fiscal Projections, 2016. P. 6 [online]

<https://www.fin.gc.ca/pub/ltefp-peblt/pdf/ltefp-peblt-eng.pdf>

<sup>7</sup> Conference Board of Canada, Provincial Outlook Long-Term Economic Forecast: Quebec—2017, April 27, 2017., 146 pages

**Response to Request 4.2.1:**

The reference associated with request 4.1 presents the growth data for the real GDP. The *Update of Long-Term Economic and Fiscal Projections of Canada*<sup>8</sup> specifies that “[w]ith inflation expected to remain around 2 percent per year, this negative impact on economic growth will translate into lower growth in nominal gross domestic product (GDP) [...]”<sup>9</sup>

**5. Reference:** Exhibit C-ROEÉ-0111

**Preamble:**

On page 10, the ROEÉ writes:

*“The situation’s transformation since the 1990s, unthinkable 20 years ago, is illustrated by the International Energy Agency’s finding that 90% of new supplies on the planet come from renewable sources [...].”*

**Requests:**

**5.1.** Please specify what the ROEÉ means by “new supplies”.

**Response to Request 5.1:**

**This refers to electricity supplies. Note, however, that the phrase should read as follows:**

*“The situation’s transformation since the 1990s, unthinkable 20 years ago, is illustrated by the International Energy Agency’s finding that 90% of new supplies used to generate electricity on the planet come from renewable resources.” (emphasis added)*

The ROEÉ further notes that when addressing the methodology used to evaluate a system expansion’s profitability prospects, Gaz Métro and the Régie should only take whatever new supplies may be necessary into consideration after having first considered energy use reductions, energy efficiency measures and demand management. According to the ROEÉ, these are realities that are decreasing the demand for natural gas and may therefore adversely affect the

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<sup>8</sup> Supra, note 6

<sup>9</sup> Ibid, p. 7



profitability of Gaz Métro's system extensions.

According to the ROEÉ, these realities follow the logic of integrated resource planning and the notion of satisfying energy needs rather than electricity or natural gas supplies, as the case may be. For examples of this, see:

- C-ROEÉ-0061, para. 20;
- *Act respecting the Régie de l'énergie*, sections 5, 49(2), 72, 74.1, 85.41;

Lina I. Brand-Correa, Julia K. Steinberger "A Framework for Decoupling Human Need Satisfaction From Energy Use", *Ecological Economics*, Volume 141, November 2017, pages 43-52, online, <https://doi.org/10.1016/j.ecolecon.2017.05.019>, <http://www.sciencedirect.com/science/article/pii/S0921800916308448>

5.2. Do these new supplies take renewable natural gas into consideration?

**Response to Request 5.2:**

Based on the ROEÉ's understanding: Yes.

However, according to the ROEÉ, the potential of newable natural gas in Québec will not justify Gaz Métro system extensions.

5.3. Please provide the exact citation (verbatim) from the IEA illustrating the finding reported by the ROEÉ.

**Response to Request 5.3:**

Here is the link from which reference 5 of the ROEÉ's submission was taken:

<https://www.iea.org/newsroom/news/2016/march/decoupling-of-global-emissions-and-economic-growth-confirmed.html>

That reference reads as follows:

"Global emissions of carbon dioxide stood at 32.1 billion tonnes in 2015, having remained essentially flat since 2013. The IEA preliminary data suggest that electricity generated by renewables played a critical role, having accounted for around 90% of new electricity generation in 2015; wind alone produced more than half of new electricity generation. In parallel, the global economy continued to grow by more than 3%, offering further evidence that the link between economic growth and emissions growth is

weakening.”

**6. Reference:** Exhibit C-ROÉÉ-0111

**Preamble:**

On page 10, the ROÉÉ writes:

*“Therefore, although integrating solar and wind energy in major industrial sectors is still complex, the growth in and dropping prices of renewable energy will make these sources extremely competitive in 20 to 30 years’ time, which will have an impact on the competitive position of natural gas.”*

**Request:**

**6.1.** Please specify the extent (expressed as a percentage) of the impact that implementing solar and wind power will have on the change in natural gas’s competitive position in 20 to 30 years’ time. Where applicable, please provide sources and references supporting this evaluation.

**Response to Request 6.1:**

**Several studies and analyses mention the increasing drop in renewable energy costs and their effects on the generation of such energy, especially solar and wind power, which exceeds the forecasts of the *International Energy Agency*. For a summary of these analyses, go to <https://www.vox.com/2015/10/12/9510879/iea-underestimate-renewables>.**

**According to Bloomberg, renewable energy should account for close to three quarters of new investments worldwide by 2040.<sup>10</sup> The ROÉÉ does not have any information on the exact effect these investments will have in Québec, more specifically on Gaz Métro’s competitive position. The ROÉÉ supposes nonetheless that they will indeed have an impact on Gaz Métro’s customers, who may over time reduce their natural gas consumption (a considerable portion of which is shale gas).<sup>11</sup> When developing the methodology used to determine the profitability of**

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<sup>10</sup> Bloomberg energy finances, New Energy outlook 2017 : overview, online, <https://about.bnef.com/new-energy-outlook/?src=short>

<sup>11</sup> Shields, Alexandre, Le gaz naturel ne serait pas une énergie de transition viable. Le Devoir, September 6, 2017, online, <http://www.ledevoir.com/environnement/actualites-sur-l-environnement/507324/le-recours-accru-au-gaz-naturel-nuit-a-la-lutte-contre-les-changements-climatiques-affirme-un-expert-du-giec>

**extending Gaz Métro's system, the Régie must, according to the ROEÉ, take this long-term trend into account.**

**7. Reference:** Exhibit C-ROEÉ-0111

**Preamble:**

On page 10, the ROEÉ writes:

*"In the opinion of the ROEÉ, Gaz Métro's competitive position in relation to Hydro-Québec 25 years from now will be far different from what it is today."<sup>8</sup>*

In support of its affirmation, the ROEÉ refers in footnote 8 to Gaz Métro's response to request 7.2 of the FCEI's request for information no. 2 (B-0257, Gaz Métro-9, Document 3).

**Request:**

**7.1.** Please specify which portion of Gaz Métro's response to request 7.2 of the FCEI's request for information no. 2 serves to maintain the affirmation that *"Gaz Métro's competitive position in relation to Hydro-Québec 25 years from now will be far different from what it is today."*

**Response to Request 7.1:**

**In the FCEI's request 7.2, Gaz Métro states that "it is currently difficult to reach any conclusion as to what the competitive position will be in relation to electricity 25 years from now, especially for one market specifically";<sup>12</sup> the ROEÉ only refers to this affirmation to highlight its belief that (contrary to Gaz Métro, which is uncertain what its position will be relative to Hydro-Québec in that 25-year period), faced with the growing urgency of global warming and the Paris Accord, Gaz Métro's situation 25 years from now will be different owing to, among other things, the types of energy these two distributors distribute.**

**8. Reference:** Exhibit C-ROEÉ-0111

**Preamble:**

On page 16 of its submission, the ROEÉ writes:

*"Some distributors like Enbridge use a 20-year period for high-volume*

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<sup>12</sup> B-0257, request 7.2

customers [...].”

**Request:**

**8.1.** In the excerpt “[s]ome distributors like Enbridge” reproduced in the reference above, the ROEÉ uses the plural. Besides Enbridge, what other distributor uses a “20-year period for high-volume customers”?

**Response to Request 8.1:**

**The word “some” refers to the sample presented in table 3 in B&V’s Document B-0278. They implied that other distributors use periods of less than 40 years to calculate the profitability of system extensions.**

**However, after further research, we have found that B&V’s sample can be increased. For example, the policy that was implemented in 2015 for extending the *New Mexico Gas Company’s* system provides for a 10-year profitability period. That period can be prolonged, provided that the customer funds the feasibility studies.<sup>13</sup> Moreover, the *Study of Natural Gas Expansion to Unserved Areas* prepared by the Senate Bill 32 Work Group that was tabled before the Legislative Assembly Public Utility Commission of Oregon on September 15, 2016,<sup>14</sup> reveals that there are many ways to consider a system extension’s profitability.**

**The document presents the ways that the profitability of system extensions are calculated in various jurisdictions. For example, the Oregon Public Utility Commission (OPUC) has determined that the profitability period for the Coos Bay extension is 20 years.<sup>15</sup> What is more, the document reveals that that State of Indiana allows distributors to create natural gas extensions, without a deposit, to a rural area if doing so will be profitable over a period of 20 years.<sup>16</sup> While the ROEÉ cannot examine all jurisdictions in North America, it does believe that B&V’s sample and those cited above tend to demonstrate that there are various**

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<sup>13</sup> New Mexico Gas Company, First Revised Rule no. 16 canceling original Rule no. 16 : Line Extension Policy, 2015, p.6, online, <http://www.nmprc.state.nm.us/consumer-relations/company-directory/gas/new-mexico-gas-company/rules/rule16.pdf>

<sup>14</sup> Senate Bill 32 Work Group , Study of Natural Gas Expansion to Unserved Areas, Legislative Assembly Public Utility Commission of Oregon, September 15, 2016, 172 pp., online, <http://www.puc.state.or.us/commission/09-15-2016%20SB32%20Report.pdf>

<sup>15</sup> Ibid, Schedule D, p. 5 (PDF, p. 74)

<sup>16</sup> Ibid, Schedule D, p. 78 (PDF, p. 147)

**methods for calculating an extension's profitability, and that the 40-year period must not be perceived as a universal standard.**

**9. Reference:** Exhibit C-ROEÉ-0111

**Preamble:**

On page 16, the ROEÉ writes:

*"[...] others, such as Unitil, use an average evaluation period of 20 years as well as a specific 10-year period for extensions carrying a lower volume [...]."*

**Request:**

**9.1.** In the excerpt reproduced in the reference, the ROEÉ uses the plural in the phrase "*others, such as Unitil*". Besides Unitil Corporation, what other distributor uses an average evaluation period of 20 years and a specific 10-year period for lower-volume extensions?

**Response to Request 9.1:**

**See response 8.1**

**10. References:**

- i) Exhibit C-ROEÉ-0111, page 9.
- ii) B-0302, Gaz Métro-9, Document 3, Gaz Métro's response to question 7.1, pages 25 and 26.
- iii) B-0308, Gaz Métro-9, Document 6, Gaz Métro's response to question 7.1, page 14.

**Preamble:**

On page 9, the ROEÉ writes:

- i) *"So there are two main reasons justifying the recommendation to use a 40-year period as an input for calculating profitability, namely: The Régie de l'énergie's decision D-90-60 in R-3173-89-E, as well as the use of a sample of distributors using an evaluation period of close to 40 years.*

*The ROEÉ considers that the validity of these two justifications must be*

*questioned based on the transforming knowledge of the energy and environmental situation in 1990, when decision D-90-60 was made.”*

- ii) *Gaz Métro believes a 40-year economic lifespan is still adequate. Gaz Métro points out that the method for calculating the required revenue to analyze a project's profitability was presented in R-3173-89 and approved by the Régie du gaz naturel in its decision D-90-60. The analysis method presented in the file, which provides for a 40-year lifespan, is still in use at Gaz Métro. This period should represent the average useful life of building connections and mains, which make up a project's chief investments. As demonstrated in the response to request 2.4 of the Régie's request for information no. 9 (Gaz Métro-9, Document 1), the useful life of installed connections varies between 35 and 50 years, depending on the type of connection, whereas the mains' useful life is 45 years. [September 29, 2017] In addition, even if some customers decided, for whatever reason, to abandon natural gas in favour of another power source for their heating needs after a lifecycle of approximately 20 years, most of the connections to natural gas will remain in use for periods that go beyond 40 years. The competitive position natural gas currently enjoys as opposed to electricity and fuel oil (which is an important factor when choosing an energy source), combined with the assumed evolution of this competitive position on all markets in the upcoming years, all point to natural gas gaining the advantage.*

*Finally, neither climate change nor the government's commitment to reducing greenhouse gases (“GHGs”) cast any doubt on the 40-year horizon that is customarily used for economic analyses. It is important to note that natural gas can contribute to sustainable economic development. To achieve the provincial and federal GHG emission reduction targets and develop sustainable energy solutions, both government levels have implemented measures that point to considerable use of natural gas. On the matter, Gaz Métro refers to the response to request 7.10 of the ROEÉ Expert (Gaz Métro-9, Document 6).*

- iii) *Please see the response to request 7.1 of the FCEI's request for information no. 2 (Gaz Métro-9, Document 3).*

**Request:**

**10.1.** The ROEÉ cites two reasons justifying the use of a 40-year evaluation period. Did the ROEÉ take the information presented in preamble (ii) and (iii) into consideration in its analyses?

**Response to Request 10.1:**

**The ROEÉ did examine the information in preamble (ii) and (iii). It still believes that the profitability period used by Gaz Métro is first and foremost based on decision D-90-60. In that regard, the ROEÉ remains convinced that the justification of the amortization period or lifespan is not representative of the future environmental and economic context. The ROEÉ understands that from Gaz Métro's perspective, in the context of system extension evaluations, the situation is similar to that of the 1990s, both environmentally and economically, seeing as it is preserving the same profitability period for its system extensions. The ROEÉ disagrees.**