

**Réponse de l'AQCIE / CIFQ  
(Robert D. Knecht)  
à l'engagement #4**

**(demandé par le Transporteur)**

## **Hydro Québec Transmission ("HQT") Contribution Policy**

**Docket No. R-3888-2014**

Robert D. Knecht Undertaking No. 1:

E-4 (AQCIE-CIFQ) Vérifier les données contenues au tableau B-0058 et de nous faire part de l'existence d'erreurs dans les données contenues au tableau (demandé par HQT).

### **Response:**

Mr. Knecht confirms that the numbers in table B-0058 correctly apply HQT's methodology to the example presented by Mr. Knecht in response to Régie information request 3.1, and further confirms that the application of HQT's methodology would result in a net contribution by the new native load customer to the costs of the existing system in that example.

By way of clarification, Mr. Knecht notes that his response to the referenced Régie data request contained two examples, one based on applying the maximum investment test to native load and one based on applying the levelized cost test to PTP load. In preparing the examples, Mr. Knecht used consistent economic parameters for the two tests, as explicitly stated in the response. (See last sentence in first full paragraph on page 6 of the document.) That approach was taken not to present a selective example that proved a point, but to focus the examples on the effect of the carryforward (or aggregation) of credits in the two methodologies, which was the subject of the data request. It was not Mr. Knecht's intent with these examples to further demonstrate the differences between the maximum investment test and the levelized cost test resulting from the use of different parameters.

By applying HQT's proposed method for the maximum investment test, the example presented in table B-0058 labeled HQT demonstrates two results. First, it shows that the carryforward of maximum investment credits for native load under HQT's maximum investment proposal reduces but does not eliminate new native customer contributions to the costs of the existing system. Second, it shows that the HQT maximum investment test as applied to native load results in a required contribution by new native load to the cost of the existing system. This result is in contrast to the other example presented by Mr. Knecht in the response which indicates that the levelized cost test as applied to new PTP customers does not result in a contribution to the existing system.