

Table Régie-AQCIE 1(a)

Trend in the Revenus Requis of HQT

	Base de Tarification		Amortissement et déclassement		Dépenses		Revenus Requis	
	Level	Growth Rate (%)	Level	Growth Rate (%)	Level	Growth Rate (%)	Level	Growth Rate (%)
2001	1.00		1.00		1.00		1.00	
2002	0.99	-0.58	1.07	6.86	1.00	-0.27	1.01	0.76
2003	0.99	-0.50	1.11	3.23	1.05	4.95	0.96	-5.23
2004		1.86		0.92		4.80		2.51
2005	1.03	1.86	1.13	0.92	1.15	4.80	1.01	2.51
2006	1.04	1.55	1.22	7.98	1.19	3.12	1.01	0.40
2007	1.06	1.23	1.30	6.29	1.23	3.40	1.03	2.45
2008	1.10	4.51	1.49	13.61	1.03	-17.64	1.06	2.12
2009	1.13	2.35	1.78	18.06	1.01	-2.59	1.09	3.29
2010	1.17	3.79	2.17	19.54	0.97	-3.56	1.16	6.01
2011	1.19	1.24	2.20	1.30	1.00	3.43	1.16	0.35
2012	1.19	0.12	2.27	3.33	0.92	-8.43	1.16	-0.60
2013	1.21	1.31	2.20	-3.09	1.02	10.02	1.13	-1.94
2014	1.24	2.73	2.36	6.83	1.05	2.98	1.21	6.75
2015	1.32	6.06	2.21	-6.53	1.21	14.14	1.24	2.04
2016	1.37	3.81	2.36	6.75	0.99	-19.75	1.22	-1.69
<i>Average growth rates:</i>								
2002-2014		1.65		6.60		0.39		1.49
2011-2014		1.35		2.09		2.00		1.14
<i>Standard deviations of growth rates:</i>								
2002-2014		1.50		6.82		7.15		3.15
2011-2014		1.07		4.14		7.67		3.86
Notes:	Values for 2015 and 2016 are forecasts. Due to missing data in 2004, growth rates for 2004 and 2005 are interpolated. Dépenses include all expenses except for "amortissement et déclassement" in HQT's revenue requirement.							
Sources:	Levels calculated from data in C-AQCIE-CIFQ-0025, Table 1c (pg 81).							

Figure Régie-AQCIE 1(a)
Trend in the Revenus Requis of HQT

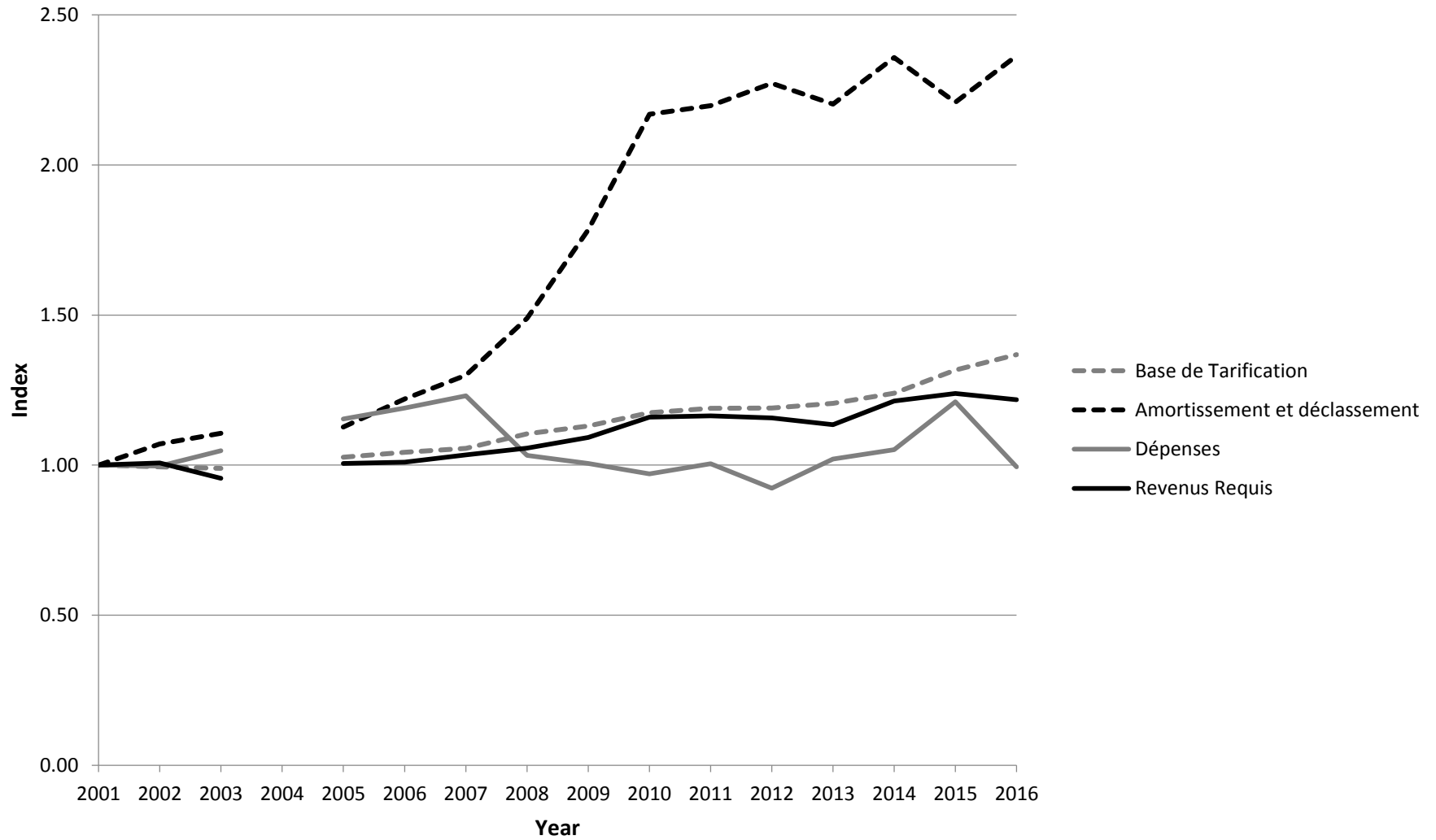


Table Régie-AQCIE 1(b)

How a Hypothetical Revenue Cap Index Tracks the Revenu Requis of HQT

	Simulated Revenue Cap					Revenu Requis		Differences	
	Inflation (%) [A]	Implicit X Factor (%) [B]	Scale Index (%) [C]	Revenue Cap Index (%) [D = A - B + C]	Indexed Revenue Requirement (\$M) [E]	Level (\$M) [F]	Growth Rate (%) [G]	Level (\$M) [H = E - F]	Growth Rate (%) [I = D - G]
2005					2,600	2,600			
2006	2.10	0.63	1.98	3.45	2,691	2,611	0.40	81	3.06
2007	1.90	0.63	0.95	2.21	2,752	2,675	2.45	76	-0.24
2008	2.00	0.63	0.89	2.26	2,814	2,733	2.12	82	0.13
2009	1.00	0.63	0.91	1.28	2,851	2,824	3.29	27	-2.01
2010	1.40	0.63	0.67	1.43	2,892	2,999	6.01	-107	-4.58
2011	2.60	0.63	0.89	2.86	2,976	3,009	0.35	-34	2.51
2012	1.50	0.63	0.09	0.96	3,004	2,992	-0.60	13	1.56
2013	1.70	0.63	0.96	2.02	3,066	2,934	-1.94	132	3.97
2014	1.80	0.63	1.19	2.35	3,139	3,139	6.75	0	-4.39
<u>2006-2014 averages:</u>									
Growth rates:	1.78	0.63	0.95	2.09	NA	NA	2.09	NA	0.00
Levels:	NA	NA	NA	NA	2,909	2,879	NA	30	NA
Notes:	This is labeled "Indice implicite des prix du produit intérieur brut" by HQT. It appears to be the "final consumption expenditure" implicit price index (Statistics Canada Table 380-0102).	The implicit X factor was calculated using the Kahn method.	The scale index was constructed from the growth rates of three measures of HQT's operating scale: retail customers, transmission line km, and generation capacity.		These values are escalated from the reported 2005 Revenu Requis value using the revenue cap index.				
Sources:	R-3934-2015 (<i>Planification du réseau de transport</i> , HQT-9, Doc. 1, pg 31)	Table Régie-AQCIE 1	Table Régie-AQCIE 1	[calculated]	[calculated]	C-AQCIE-CIFQ-0025, Table 1c (pg 81)		[calculated]	

Figure Régie-AQCIE 1(b)
How a Hypothetical Revenue Cap Index Tracks the
Revenus Requis of HQT

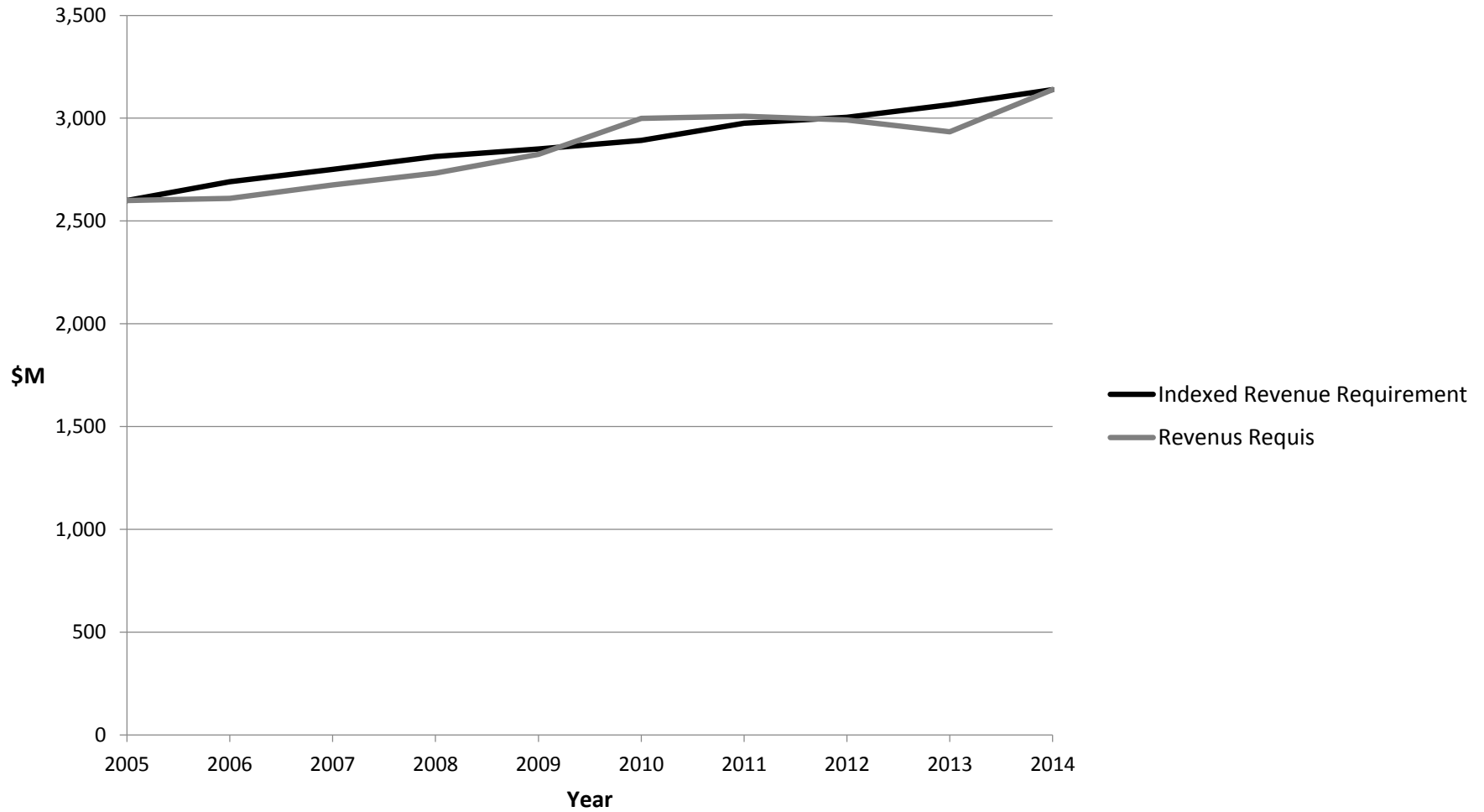


Table Régie-AQCIE 1(c)
Calculating Kahn X Factors for HQT

	Revenue Requis (%) [A]	Inflation (%) [B]	Operating Scale							Implicit X Factor [J = (B + I) - A]
			Retail Customers (%) [C]	Weight [D]	Tx Line Km (%) [E]	Weight [F]	Generation Capacity (%) [G]	Weight [H]	Scale Index (%) [I = (C*D) + (E*F) + (G*H)]	
2002	0.76	2.40	1.10	0.33	0.13	0.50	0.02	0.18	0.43	2.06
2003	-5.23	2.10	1.32	0.33	0.69	0.50	2.87	0.18	1.28	8.62
2004	2.51	1.60	1.55	0.33	-0.16	0.50	0.85	0.18	0.58	-0.34
2005	2.51	2.10	1.37	0.33	0.18	0.50	2.26	0.18	0.94	0.52
2006	0.40	2.10	1.65	0.33	0.86	0.50	5.75	0.18	1.98	3.69
2007	2.45	1.90	1.40	0.33	0.55	0.50	1.21	0.18	0.95	0.39
2008	2.12	2.00	1.14	0.33	0.15	0.50	2.50	0.18	0.89	0.77
2009	3.29	1.00	1.19	0.33	0.56	0.50	1.37	0.18	0.91	-1.38
2010	6.01	1.40	1.31	0.33	0.63	0.50	-0.41	0.18	0.67	-3.94
2011	0.35	2.60	1.21	0.33	0.53	0.50	1.34	0.18	0.89	3.15
2012	-0.60	1.50	1.17	0.33	0.03	0.50	-1.71	0.18	0.09	2.19
2013	-1.94	1.70	1.11	0.33	-0.08	0.50	3.58	0.18	0.96	4.60
2014	6.75	1.80	0.91	0.33	0.89	0.50	2.53	0.18	1.19	-3.76
Average annual growth rates:										
2002-2014	1.49	1.86	1.26		0.38		1.70		0.90	1.27
2006-2014	2.09	1.78	1.23		0.46		1.79		0.95	0.63
Notes:	Due to missing data in 2004, the 2003-2004 and 2004-2005 growth rates are interpolated.	This is labeled "Indice implicite des prix du produit intérieur brut" by HQT. It appears to be the "final consumption expenditure" implicit price index (Statistics Canada Table 380-0102).			These are the km of transmission line operated by HQT.		This is the estimated combined capacity of HQ's facilities and the facilities of IPPs in Québec. Churchill Falls is not included.			
							To estimate the generation capacity of IPPs, values for wind, small hydro, biomass and other IPPs were obtained from HQ's annual reports. To estimate HQ's generating capacity, two overlapping data series were combined. This was done by taking the values from the more recent series (spanning 2006-2014), and then using the growth rate of the older series to carry these values back to 2001. The growth rate above is based on the sum total of IPP and HQ capacity.			
Sources:	C-AQCIE-CIFQ-0025, Table 1c (pg 81)	R-3934-2015 (Planification du réseau de transport, HQT-9, Doc. 1, pg 31)	2002-2009: Growth rates based on data from Rapport annuel 2003 (Ventes et revenus par catégories de tarifs et de clientèles, HQD-2, Doc. 3, pg 7), & Rapport annuel 2011 (Historique des ventes, des abonnements et de la consommation, HQD-10, Doc. 2, pg 6)	Weight based on PEG econometric research	Growth rates based on data from R-3777-2011 (Charges nettes d'exploitation, HQT-6, Doc. 2, pg 32), & R-3934-2015 (Charges nettes d'exploitation, HQT-6, Doc. 2, pg 29)	Weight based on PEG econometric research	IPP generation: 2001: HQ Rapport Annuel 2001 (pg 108); 2002: HQ Rapport Annuel 2002 (pg 114); 2003: HQ Rapport Annuel 2003 (pg 122); 2004: HQ Rapport Annuel 2004 (pg 124); 2005: HQ Rapport Annuel 2005 (pg 106); 2006: HQ Rapport Annuel 2006 (pg 108); 2007: HQ Rapport Annuel 2007 (pg 122); 2008: HQ Annual Report 2008 (pg 124); 2009: HQ Annual Report 2009 (pg 114); 2010: HQ Annual Report 2010 (pg 116); 2011: HQ Annual Report 2011 (pg 114); 2012: HQ Annual Report 2012 (pg 120); 2013: HQ Annual Report 2013 (pg 118); 2014: HQ Annual Report 2014 (pg 116)	Weight based on PEG econometric research	[calculated]	[calculated]
			2010-2014: Growth rates based on data from Rapport annuel 2014 (Historique des ventes, des abonnements et de la consommation, HQD-10, Doc. 2, pg 6)				HQ generation 2002-2006: HQ Rapport Annuel 2004 (pg 110), & HQ Rapport Annuel 2006 (pg 3)			
							HQ generation 2006-2014: HQ Annual Report 2010 (pg 3), & HQ Annual Report 2014 (pg 2)			