

RÉGIE DE L'ÉNERGIE

DEMANDE DU TRANSPORTEUR RELATIVE À LA  
POLITIQUE D'AJOUTS AU RÉSEAU DE TRANSPORT

DOSSIER : R-3888-2014

RÉGISSEURS : Me LISE DUQUETTE, présidente  
M. LAURENT PILOTTO  
Mme LOUISE PELLETIER

AUDIENCE DU 9 FÉVRIER 2015

VOLUME 7

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Sténographe officielle

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Me ÉMILIE BUNDOCK  
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Me HÉLÈNE SICARD  
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LISTE DES ENGAGEMENTS

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- E-5 (NLH) : Indicate if English copies of HQT-4, Documents 2, 3, 4, 5 and 7, and also of HQT-1, Document 1, revised were received, or not, by witness prior to the filing of his report (asked for by HQT) 123
- E-6 (NLH) : Indicate if English copies of HQT's responses to the Régie's IRs No. 2, 3 and 4 were received, or not, by witness prior to the filing of his report (asked for by HQT) 124

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1 LA PRÉSIDENTE :

2 Je vous remercie. Alors, Madame de Tilly, vous êtes  
3 libérée.

4 Mme VIVIANE DE TILLY :

5 R. Merci.

6 LA PRÉSIDENTE :

7 Sur ce, on va prendre une pause. On va la prendre  
8 jusqu'à dix heures trente (10 h 30). Au retour, on  
9 va commencer avec la preuve de NLH. Merci.

10 SUSPENSION DE L'AUDIENCE

11 REPRISE DE L'AUDIENCE

12 (10 h 38)

13

14 PREUVE NLH

15

16 LA PRÉSIDENTE :

17 Bonjour, Maître Turmel.

18 Me ANDRÉ TURMEL :

19 Bonjour, Madame la Présidente. Bonjour, Monsieur  
20 Pilotto, bonjour, Madame Pelletier. Alors, André  
21 Turmel, pour NLH, cabinet Fasken Martineau. Alors  
22 je demanderais à monsieur Seabron Adamson de  
23 prendre place; alors, madame, si on veut procéder à  
24 son assermentation, s'il vous plaît?

25

1 L'an deux mille quinze (2015), ce neuvième (9e)  
2 jour du mois de février, A COMPARU :

3

4 SEABRON ADAMSON, Vice President, Charles River  
5 Associates, 200 Clarendon Street, Boston,  
6 Massachusetts 02116, U.S.A.;

7

8 LEQUEL, après avoir fait une affirmation  
9 solennelle, dépose et dit :

10

11 INTERROGÉ PAR Me ANDRÉ TURMEL :

12 Merci, Madame la greffière.

13 Q. [110] So good morning again, Mr. Adamson, welcome  
14 back in snowy Montreal.

15 A. Well, I left even snowier Boston, so I'm lucky I  
16 got out.

17 Q. [111] True. So, Mr. Adamson, this morning, we are  
18 going to, just before you do your formal  
19 presentation, we have to adopt formally some of the  
20 documents that were electronically filed in this  
21 proceeding. So, first of all, you may take your  
22 written report; in fact, there are three documents  
23 I want you to recognize this morning and to adopt,  
24 that would be your written testimony, dated  
25 December fifth (5th), two thousand fourteen (2014),

1 that is Exhibit NLH-0018, have you got that?

2 A. Yes.

3 Q. [112] Okay. Also, you also provided, through the  
4 course of that proceeding, responses to Information  
5 Request No. 1 provided by the Régie, and I  
6 understand that bears the number Exhibit NLH-0021,  
7 you have got that?

8 A. Yes.

9 Q. [113] Okay.

10 A. This doesn't have the exhibit number but it is that  
11 document.

12 Q. [114] Yes. And finally, this morning, we are just  
13 going to, I have been given, by madame la  
14 greffière, a number for the paper copy of the  
15 PowerPoint presentation, bearing the number C-NLH-  
16 0031, you have got that?

17 A. Yes.

18

19 C-NLH-0031 : Présentation PowerPoint du témoin

20 Seabron Adamson

21

22 Q. [115] Okay. So with respect to those three  
23 documents, first of all, did you personally  
24 prepare, first, your direct testimony, your direct  
25 written testimony, Mr. Adamson?



1 A. Yes, I did.

2 Q. [116] Would that be the same for the responses to  
3 Information Request No. 1 by the Régie?

4 A. Yes.

5 Q. [117] And also, I suspect, for the PowerPoint  
6 presentation?

7 A. Yes.

8 Q. [118] Okay. Does the content of this direct  
9 testimony accurately reflect your professional  
10 opinion with respect to the matters and issues they  
11 address?

12 A. Generally, yes, yes.

13 Q. [119] Okay. And would we have the same answer for  
14 the responses you provided to the Régie?

15 A. Yes.

16 Q. [120] And the same for the PowerPoint presentation,  
17 of course?

18 A. Yes.

19 Q. [121] Okay. And do you accept this, first, this  
20 direct written testimony to be part of your  
21 testimony and evidence for the purposes of these  
22 proceedings?

23 A. Yes.

24 Q. [122] Okay. Would it be the same for the responses  
25 you provided to the Régie, in writing?

- 1 A. Yes.
- 2 Q. [123] And finally, the PowerPoint presentation?
- 3 A. Yes.
- 4 Q. [124] Okay. So you adopt those documents we said...  
5 sorry?
- 6 A. Yes.
- 7 Q. [125] Okay, sorry.
- 8 A. Sorry, I'm trying to adjust the chair.
- 9 Q. [126] Okay. So I understand you also, I should have  
10 mentioned that, within, as part of your written  
11 testimony in Appendix SA-2, you have provided your  
12 Curriculum Vitae?
- 13 A. Yes.
- 14 Q. [127] Okay. And does that, of course, it is  
15 included with the document, but any major change to  
16 that C.V.?
- 17 A. No.
- 18 Q. [128] No, okay. Would you have any corrections or  
19 comments on the written testimony that you would  
20 want to address the Régie before you start?
- 21 A. I have a correction.
- 22 Q. [129] Okay.
- 23 A. Which is sort of typographical in nature but, on  
24 page 29, in line 13, which is the, three up from  
25 the bottom of the page here, scanning, it says,

1                   ... reviewing the HQD upgrade  
2                   policy...

3           that, of course, should say, "HQT".

4   Q. [130] Yes, okay.

5   A. It doesn't actually make sense as is. Wrong bit of  
6       the acronym.

7   Me ANDRÉ TURMEL :

8       Okay, thank you very much, sir. So now, Madame la  
9       Présidente, maintenant, je reviens à vous, donc le  
10       vingt-deux (22) décembre, nous avons déposé au  
11       dossier la demande formelle de reconnaissance du  
12       statut d'expert pour monsieur Adamson, avec les  
13       éléments requis par le Règlement de procédure, et  
14       dans cette lettre-là, nous demandions que monsieur  
15       Adamson soit reconnu comme, et je cite,  
16       « Transmission... », expert dans le domaine  
17       suivant : « Transmission pricing, investment and  
18       regulation. » (Fin de la citation.)

19               Évidemment, on n'a noté aucune opposition  
20       formelle à la reconnaissance de monsieur Adamson  
21       comme expert à ce titre alors je vous demanderais  
22       de le reconnaître, si c'est possible.

23   Me ÉRIC DUNBERRY :

24       Madame la Présidente, tel qu'indiqué dans notre  
25       courrier de janvier, et reconfirmé lors de la

1           rencontre d'ordre procédural en début janvier, nous  
2           n'avons pas d'objection à la qualification d'expert  
3           de monsieur Adamson, sous réserve des  
4           représentations que nous ferons en plaidoirie  
5           concernant la force probante de ces  
6           représentations.

7           (10 h 44)

8           LA PRÉSIDENTE :

9           Alors là-dessus, la Régie reconnaît l'expertise de  
10          monsieur Adamson.

11          Me ANDRÉ TURMEL :

12          Je vous remercie, Madame la Présidente.

13          LA PRÉSIDENTE :

14          Merci.

15          INTERROGÉ PAR Me ANDRÉ TURMEL :

16          Alors, sans plus tarder...

17          Q. [131] I'm turning now to you, Mr. Adamson. I would  
18          ask you to do your presentation. Go slowly, because  
19          people may want, may need the translation, and you  
20          have the floor.

21          MR. SEABRON ADAMSON:

22          A. Okay. Thank you very much. Thank you to the Régie  
23          for the opportunity to present this morning, and to  
24          the people here. Before I start, I'll just say I am  
25          an economics consultant with CRA, mainly focussing

1 on the power sector, some of the gas sector, and  
2 probably... maybe a little unusual for people, I  
3 split my time between doing more kind of regulatory  
4 work, and doing kind of commercial advisory work.  
5 I've also worked in the investment management  
6 business in the past.

7 I'm based in Boston, but my office is very  
8 close to Harvard Square, and my home is very close  
9 to Harvard Square, near the Brattle Group, kind of  
10 halfway between the Brattle Group and the office of  
11 Mr. Knecht, so I'm still part of the Cambridge  
12 Union of Experts, I guess, in this proceeding, who  
13 have all come from within about a one kilometre  
14 radius to Montreal.

15 So I'd like to begin by discussing... One  
16 of the three... One of the things I'm really gonna  
17 focus on, here, in this presentation, as this  
18 proceeding has evolved and we've learned more...  
19 I've learned more, hopefully all of us have learned  
20 more. One of the things I'm gonna talk about, with  
21 respect to the issues raised by the Régie, by HQT  
22 and others.

23 First off, on the cost allocation of  
24 network upgrades between users, a subject we've  
25 already heard some about, and I think we'll

1 probably be hearing more about, I'd like to talk  
2 about that based, kind of in theory and a bit in  
3 practice. Second, on the term assumptions for the  
4 maximum allowance, and what sort of terms of  
5 revenue recognition should be incorporated into the  
6 maximum allowance for point-to-point customers, and  
7 what should drive that. And finally the issue  
8 which, again, we've heard a lot about last week,  
9 around the transitional arrangements and eventual  
10 final arrangements for the follow-up of commitments  
11 for point-to-point customers. A subject that I  
12 will, like Mr. Knecht, I'll be the first to say I  
13 now understand a lot more now, after hearing the  
14 HQT panel, Mr. Verret and Mr. Clermont, than I did  
15 at the start of last week. So, hopefully, things  
16 are becoming clearer, and we now have a basis for  
17 analysing the HQT proposals in more detail.

18 So, I started my written testimony really  
19 focussing on what are the objectives for network  
20 upgrade policies, and I, you know, will touch on  
21 these briefly, because I don't think most of them  
22 are very controversial. I've started from an  
23 economic basis for my kind of analysis of these  
24 proposals. I'm clearly not here to opine on past  
25 Régie decisions. So I need a kind of economic base

1 for starting. And what makes sense to me is to say,  
2 okay, what are the kind of economic principles  
3 that, to me, these types of policies should  
4 represent.

5 First off, economic efficiency. We need to  
6 get the right things built, with the right prices  
7 shown to customers for building them, for  
8 transmission. Second, non-discrimination. Non-  
9 discrimination, obviously, has kind of a legal  
10 aspect, but has an economic aspect as well, which  
11 has well been recognized in the past, in the  
12 history of utility regulation, particularly where  
13 you have vertically-integrated utility companies  
14 with competitors needing to access a critical  
15 component, which is the transmission access,  
16 controlled by a vertically-integrated company. So  
17 non-discrimination, obviously, is an important  
18 economic variable, as well as kind of a general  
19 policy objective.

20 No undue cost shifting. The cost of things,  
21 of services charged, need to somewhat reflect...  
22 The prices charged need to somewhat reflect the  
23 costs. This is akin to some of the statements that  
24 have been made earlier this week, but it's just  
25 important to recognize that non-discrimination, in

1 my mind, doesn't mean that everybody pays exactly  
2 the same price for everything in all contexts. What  
3 it means is, is that there is a principle of non-  
4 discrimination that says that where there are  
5 differences in the prices charged, that that  
6 reflects the specific circumstances such as the  
7 specific costs. I mean, it does make sense that a  
8 gallon of gasoline costs more in the wilds of  
9 Alaska than it does in Houston, Texas. Because the  
10 cost of getting it there is different. Even though  
11 Alaska produces a lot of oil. So, that it's not  
12 discriminatory to have different prices for things  
13 if it reflects the underlying circumstances.

14 And finally, transparency. Obviously,  
15 transmission systems are complicated, and  
16 regulators in many places have noted that a  
17 critical feature of making regulatory regimes for  
18 transmission investment, for transmission pricing,  
19 for transmission cost allocation, is ensuring  
20 enough transparency so that people can look at the  
21 decisions that have been made, the proposals, the  
22 investment proposals that have been put on the  
23 table and say, "Yes, I understand how those costs  
24 were developed, and yes, I understand how they  
25 apply to me." All pretty straightforward stuff, so



1 I shall not take any more time on that.

2 (10 h 50)

3 So we've obviously heard a lot about the  
4 FERC 'Higher-Of' principle, and I don't want to  
5 beat that to death, and... But it's right, the FERC  
6 'Higher-Of' principle is kind of a critical  
7 thing, and this really goes back to fairly early on  
8 in this process in the United States well into the  
9 nineties (90s) and it was being talked about even  
10 before that and it makes me feel kind of old but I  
11 remember reading all this stuff when it was  
12 actually still being talked about in the nineties  
13 (90s) of how we were going to unbundle transmission  
14 access because, historically, we had in the United  
15 States vertically integrated utilities and we  
16 wanted to have, or we were now going to be allowed  
17 to have non-utility users of transmission systems  
18 and we had to unbundle rates and access. And that,  
19 obviously, creates questions of cost allocation and  
20 creates issues of potential discrimination.

21 The 'Higher-Of' policy, in effect, is a  
22 cost allocation policy which has been described  
23 elsewhere but it is one cost allocation policy but  
24 it's not been the final one, it's not been the only  
25 one. And I think it's important that we kind of

1 follow along how thinking broad terms about cost  
2 allocation has developed in the US and elsewhere  
3 with respect to some of the issues here. Clearly,  
4 we later had, in the US, we had Order 888 and 889,  
5 we had the pro forma tariff, we have the kind of  
6 reflection of, in Québec here with HQT, of the pro  
7 forma tariff as adapted. In Order 890 we had some  
8 changes to the pro forma tariff, FERC had  
9 identified some problems with the existing one,  
10 problems with other practices and said "Now, we  
11 need to act to end undue discrimination or avoid  
12 potential undue discrimination through changing  
13 these things."

14 And, finally, Order 1000 which I had  
15 mentioned in my testimony, which others have  
16 mentioned here, was kind of the next one of the  
17 kind of big landmark orders in two thousand eleven  
18 (2011) establishing new principles on transmission  
19 investment, cost allocation and some other issues  
20 for a class of transmission projects which has been  
21 pretty far-reaching, which is still really being  
22 kind of worked through, worked out, but which has  
23 been quite transformative.

24 I mention in my testimony, obviously, every  
25 time there is a big FERC decision, there's also a

1 big FERC, a big battle in the courts about whether  
2 it will be upheld and FERC was upheld pretty  
3 strongly, it seems like, this past summer on Order  
4 1000 and companies are implementing it as we speak.

5 So what economic lessons can we learn from  
6 FERC Order 1000? Because it's really about lessons.  
7 Obviously, Order 1000 doesn't apply here - this is  
8 not jurisdictional to FERC - and Order 1000 does  
9 include a bunch of things which are relevant, which  
10 are not relevant here so it's not a cut and paste  
11 job by any means, but my understanding that the  
12 spirit of the current proceeding was to kind of  
13 develop the principles which we're going to  
14 developed later into the details on transmission  
15 upgrade policy.

16 So what can we learn? Just a big picture.  
17 Well, first off, if you believe the FERC's comments  
18 that Order 890 rules and the pro forma were  
19 insufficient to achieve its goals of non-  
20 discrimination efficiency in open access.

21 Second off, transmission grids are  
22 integrated systems - I mean, we kind of all knew  
23 this but it has, it does have economic  
24 consequences. They're big integrated machines and  
25 additions in one part are important for many

1 different users of the system. They can also affect  
2 what happens in neighbouring systems so it is  
3 important to think about these as integrated  
4 networks which raises specific economic problems.

5 Third off, FERC identified some cost  
6 allocation mechanisms such as a pure requester pay  
7 type methodology as being economically inefficient,  
8 the US courts had also identified those and those  
9 should not be applied to all transmission projects.  
10 They can be applied in some, they can be applied to  
11 some and there's different categories of things but  
12 they can't be applied to everything.

13 And, finally, sound economics and US  
14 regulatory precedent requires transmission costs  
15 for these relevant big projects to be allocated  
16 quote roughly commensurate with benefits. One of  
17 the kind of stimulations of FERC's thinking and one  
18 of the thing kind of pushing it along has been a  
19 series of decisions by the US courts saying "Now,  
20 you just can't allocate things willy-nilly, things  
21 have to be allocated roughly commensurate with  
22 costs. It doesn't have to be precise but you do  
23 have to make a try." Sorry roughly commensurate  
24 with benefits, it doesn't have to be perfect, but  
25 you do have to make... you do have to try.

1 (10 h 56)

2 In response to a comment we heard, and I'm  
3 not sure quite what day it was last week, Monday or  
4 Tuesday of last week, that Order 1000 is really  
5 kind of hindered transmission investment in the US,  
6 I personally don't think that's true. Order 1000  
7 passed in two thousand eleven (2011), this is a  
8 chart from the Edison Electric Institute, it's a  
9 group of investors in utilities in the United  
10 States showing levels of actual and projected  
11 transmission investment. As you can see, it has  
12 actually been rising quite rapidly as Order 1000  
13 has been implemented. My personal observation is,  
14 certainly, my firm and I suspect other firms like  
15 it, have been... have seen a lot of calls from  
16 clients saying, "Help us evaluate new transmission  
17 projects, that are applicable under Order 1000 and  
18 applicable recently." So, there's clearly a lot of  
19 activity in the market. I don't want to make more  
20 of it than that but clearly there's a lot of... in  
21 my mind, there's a lot of transmission investment  
22 going on in the aftermath of Order 1000.

23 But let's step back to the concepts because  
24 this is really a discussion about concepts at this  
25 stage. And let's think about transmission costs and

1 their allocation. Cost allocation is a topic that  
2 economists like to talk about. And then I talk  
3 about how to do it in various ways, economic cost  
4 allocation versus other pure accounting type  
5 approaches. But when is cost allocation important?  
6 When does it matter for what we're talking about  
7 here? Well, cost allocation when everything is  
8 completely separable is pretty simple. You're doing  
9 something over there and it has no interaction with  
10 what you're doing over here, is pretty easy to  
11 allocate costs across categories. In that case, I'd  
12 say, there's no economies of scope. There's nothing  
13 gained by doing these things together. Cost  
14 allocation is pretty simple when everything... when  
15 costs are linear with the level of output, when  
16 there's no economies of scale. Because then,  
17 combining two things doesn't make anything any  
18 cheaper. If everything is linear, the world is  
19 easy. Cost allocation is pretty simple when all  
20 investments can be non-discrete, can be continuous;  
21 that when I can build exactly a transmission line  
22 or a transmission facility to exactly the quantity  
23 needed by a specific customer. It's a little less  
24 easy when things are lumpy, to get back to that  
25 word.

1                   Now, one of the things we know, the  
2 economics of integrated transmission systems  
3 typically show all three of these effects. The  
4 generally show pretty strong economies of scale,  
5 definitely show economies of scope, and that it  
6 matters that two things are being done together,  
7 that I may be able to get to a cheaper solution  
8 because they share some facilities, they share some  
9 equipment. And it certainly matters that things are  
10 lumpy. So, we're not in a linear world with what  
11 are called separable costs in which everything is  
12 simple. So, therefore, we need to think about cost  
13 allocation pretty carefully because it affects  
14 things we care about, like getting prices right,  
15 getting investment signals right. If you don't get  
16 those things right, given the presence of the  
17 economies of scale and scope, then your investment  
18 patterns may be affected or customers may not be  
19 charged the appropriate prices.

20                   So, let's go a little more specific around  
21 cost allocations questions that we've discussed  
22 here. It's my understanding, based on the HQT  
23 additional evidence, I think it was mainly in that  
24 part, that they have four categories for capital  
25 expenditure projects. This was described briefly in

1 the HQT additional evidence and I don't have a page  
2 reference for you there but it's in there, that the  
3 network upgrades covered under the network  
4 upgrades' policy being discussed in this particular  
5 thing are limited to the customer demand growth  
6 category. I note that there are these four  
7 categories customer demand growth, asset  
8 maintenance, service quality, compliance with  
9 requirements. My understanding of what we are  
10 talking about here in this specific... with these  
11 specific puzzles, has to do with the grey box on  
12 the left, to do with customer demand growth and  
13 then, the question is... I added "user 1" and "user  
14 2" with the dotted lines, to show that that's what  
15 we would potentially be allocating.

16 (11 h 02)

17 But there are these three (3) categories.  
18 However, I'd also note that, just in general matter  
19 of transmission economics, it's kind of hard to  
20 completely separate all these different, to  
21 completely separate out categories, and that there  
22 could be some interactions which are important.  
23 I've not studied those here. There's a brief  
24 description of the four (4) categories, and how  
25 that works, in the HQT evidence but, you know, for



1 the purposes of what we're, I understand we're  
2 talking about, we're in the left hand box. But if  
3 we move into a more detailed set of rules later, we  
4 may need to think about the separation of project  
5 cost into those four boxes. That's kind of common.

6 So, all of a sudden, it just became much  
7 louder. So what problems do I see from not having a  
8 cost allocation mechanism that reflects benefits in  
9 some way, just in general, still at a conceptual  
10 basis? Well, given that we have economies of scope,  
11 we know that we have multiple potential  
12 beneficiaries from potential network upgrades, from  
13 transmission investments. We also know that if all  
14 of those are allocated to a single party, that we  
15 can have a free rider problem. And this has been  
16 well identified in the past. And when we have a  
17 free rider problem, we have the potential for very  
18 inefficient investment. If A and B both benefit,  
19 let's say, equally, and if A gets allocated all the  
20 costs or a predominance of the costs, and B doesn't  
21 have to contribute, it may, it is likely that A is  
22 not going to be willing to go ahead. Classic  
23 economic stuff. The sharing of costs based on  
24 benefits helps eliminate this problem. You can  
25 define cost allocation mechanisms based on benefits

1 that get around the free rider problem that are  
2 difficult to get around, without including  
3 benefits.

4           Therefore, one of my conclusions was that,  
5 at least for some transmission projects, you need  
6 to be thinking about how to allocate these costs on  
7 the basis of benefits, and not just a pure  
8 mechanical rule such as the first requester pays.  
9 However, I would note that in all of these cases of  
10 benefit-cost based, benefit based transmission cost  
11 allocation - sorry, that's a bit of a mouthful,  
12 that... I feel sorry for the translator trying to  
13 get that across - you need a principle that if a  
14 user doesn't benefit from an upgrade, it doesn't  
15 get allocated in the cost. In my testimony, I kind  
16 of referred to that as a kind of a customer  
17 protection principle. So if I'm a native load  
18 customer, for example, and I don't benefit from any  
19 of these transmission upgrades, from whatever the  
20 generators are doing or someone else is doing, I  
21 shouldn't get allocated in any of the costs,  
22 because I'm not getting in in the benefits. And  
23 that's an important principle that needs to be kept  
24 in mind.

25           So requester pays, kind of pure

1           chronological waiting list, different phrases for  
2           it in other places. These systems have been around  
3           for a long time, a long, long time. So why have  
4           people said they're not necessarily, they may be  
5           appropriate in some cases, but they may not be  
6           appropriate in all cases? Why have people said why  
7           don't we just rely on this? It's a mechanism we  
8           know. Well, the answer is because that, too, has  
9           free rider problems. And as the free rider problem  
10          of if you allocate costs primarily to the first  
11          person to act, it gives the incentive for that  
12          person not to act first, in what I call the waiting  
13          game, sort of a bit of a game of chicken in  
14          reverse.

15          (11 h 07)

16                   And HQT's IR responses to the Régie kind of  
17          illustrate this effect rather nicely. And you had a  
18          question where you had scenarios where the joint  
19          technical solution to the problem cost three  
20          hundred million dollars (\$300 M). I don't have the  
21          exact numbers in front of me, but I think it even  
22          showed, in fact, that there was an economy of  
23          scope, and that if you did them independently, they  
24          actually costed more. And the cost allocation  
25          depends on who goes first, in the response to these

1 examples. If customer 1 goes first, he pays two  
2 hundred (200), and customer 2 pays one hundred  
3 (100). If customer 2 goes first, they pay equal.  
4 Well, this is a very nice illustration, I couldn't  
5 really have thought of a better example, so that is  
6 one reason I used the response to the Régie's  
7 example in its preamble, of a type of waiting game  
8 problem.

9 Customer 2 doesn't want to go first if that  
10 would force him to pay fifteen million dollars  
11 (\$15 M) more for the same thing. And remember that  
12 in these "requester pays" type, time-stamp type  
13 systems, the time differences may be rather  
14 immaterial, it's not, "Oh! this is years later", it  
15 could be a relatively short period after. And all I  
16 know is that, if Madam Chang goes first, she pays a  
17 lot more, I am happy to wait for her to, I am happy  
18 to wait out a bit.

19 It is a sort of a fundamental problem with  
20 that form of cost allocation. And that is why --  
21 and this has been, you know, recognized at FERC --  
22 that is why this kind of system of "requester pays"  
23 is one of the reasons that they have these  
24 problems.

25 A benefits-based allocation, where you

1 actually evaluate who is going to pay based on the  
2 benefits, and you do it simultaneously, helps  
3 eliminate this problem clearly. So some of it is  
4 having the benefits basting, and some of it is  
5 having a simultaneous evaluation of projects which  
6 are related in the same general planning cycle, and  
7 not trying to wait for someone else to act first,  
8 given that I know it is not changing the total  
9 social costs of doing things, it is just changing  
10 the private allocation between the parties.

11 So I would like to move on to the second  
12 topic, which is around calculation of maximum  
13 allowance. We have heard a lot about maximum  
14 allowance as well last week, much of it quite  
15 instructive, but I would like to just raise one  
16 specific issue which leads to my specific  
17 recommendation here. I don't propose a wholesale  
18 change to the maximum allowance methodology, but I  
19 do think there are some, probably some tweaks that  
20 are needed.

21 Obviously, as we have heard, HQT's current  
22 policy limits the depreciation assumption to twenty  
23 (20) years, even for longer lived assets like new  
24 transmission assets, the calculation recognizes  
25 transmission revenues for a new point-to-point

1 service for only up to twenty (20) years, even if a  
2 customer will sign a long-term contract, which  
3 actually limits the risk exposure, because now, you  
4 have a contract guaranteeing a revenue stream, say  
5 for thirty (30) years, say for forty (40) years,  
6 if, the customer will pay fixing the revenue  
7 stream.

8 This policy as is has kind of a couple of  
9 relatively obvious implications, it doesn't reflect  
10 all the contractually obligated payments, so I have  
11 costs, I have kind of a marginal cost, but I am not  
12 capturing all of the marginal revenues because I am  
13 limited to twenty (20) years. It is as if the bank  
14 said, "Well, I'm going to set your payments for  
15 your mortgage on your house, I know you've got a  
16 thirty (30)-year mortgage, but I limit it to twenty  
17 (20) years, so I'm going to set your mortgage based  
18 on the last, on the first twenty (20) years, and  
19 anything you pay in the last ten (10) years, well,  
20 that just goes in my pocket."

21 That would not be very reflective of costs.  
22 Clearly, not recognizing all these revenues in the  
23 kind of net present value calculation doesn't  
24 reflect all the revenues, marginal revenues that  
25 are created, I think it kind of discriminates

1 against those who would sign a longer term  
2 contract, who are then contractually bound to pay,  
3 therefore raises their customer contributions for  
4 long-term service.

5 And at the bottom of this slide, I just re-  
6 display two of the numbers from Madam Chang's  
7 evidence -- five ninety-eight (\$5.98), the number  
8 we have all seen many times over the last week, and  
9 a forty (40) year number, reflecting her forecast  
10 of the, her analysis of the, what the maximum  
11 allowance would be with a forty (40)-year revenue  
12 recognition of seven seventy-two (\$7.72).

13 (11 h 12)

14 Now we heard a lot about conservatism. That  
15 it's right to be conservative. And, I mean, sounds  
16 good. Conservatism sounds like a good thing. But  
17 conservatism, I would argue, has its limits. There  
18 has got to be a balance, 'cause we'd always be more  
19 conservative. We could say, well, if we're gonna be  
20 ultimately conservative, new customers don't get  
21 any maximum allowance. They just pay everything. In  
22 fact, we could be more conservative than that and  
23 say they have to pay everything, and we have to pay  
24 on top. So there is clearly limits.

25 And I would argue that the principle of

1 conservatism needs to be balanced against the  
2 actual recognition of marginal revenues and  
3 marginal costs. You're selling a product, you're...  
4 Just in pure conceptual terms, you're selling a  
5 product which requires marginal costs, requires an  
6 investment at the margin. And you therefore need to  
7 ensure that the marginal revenues are there to  
8 support it. If... And, you know, this is... The  
9 little coloured bars are clearly just an  
10 illustration of the relatively obvious, that if I'm  
11 willing to contribu... if I'm willing to guarantee  
12 revenues over a longer period, which gives to the  
13 seven seventy-two (7.72), but my contribution is at  
14 two 0 two (2.02), calculated from the twenty (20)  
15 years, then I can actually pay more than the  
16 incremental costs of my upgrade. And, you know,  
17 there is ''Higher-Of'', but this seems a bit  
18 higher, higher than the ''Higher-Of'' policy. Which  
19 isn't very efficient.

20 And I would question, how is this related  
21 to the transmission providers' costs and revenues?  
22 You have a marginal cost, you have a marginal  
23 revenue. And while you may want to have some level  
24 of conservatism, you also have other areas of  
25 conservatism built into the maximum allowance



1 calculation. For example, the difference between  
2 the first year and the levelization that was  
3 discussed by Mr. Knecht. That's a conservative...  
4 That's a conservative aspect which I'm not  
5 personally arguing which.

6 So you already have some elements of  
7 conservatism. The key for the transmission  
8 provider, for any kind of regulated utility, is am  
9 I gonna cover my costs? And the answer is yes. I  
10 have signed a contract that says I'll cover my  
11 costs. If you have specific worries about defaults  
12 on contracts, you can have credit provisions. Lots  
13 of long-term contracts have credit provisions. You  
14 can have credit obligations. You can say, well, you  
15 know, we're not going to recognize revenues from  
16 people who have no balance sheet whatsoever. Or  
17 have no assets whatsoever. Then, there is a really  
18 big credit risk for the transmission provider.

19 But if you're worried about the credit risk  
20 aspect, have a policy that specifically addresses  
21 the credit risks, which I think will end up being  
22 much less costly to new transmission customers than  
23 just saying, "Well, anything you do in the future,  
24 past twenty (20) years, we're just going... we're  
25 just not going to recognize." That, to me, seems

1 pretty unfair.

2 So, finally, let's get on to the third  
3 issue, and I'll be the first to admit that I have  
4 learned a lot about this issue last week. I think  
5 all of us did, or many of us did. And I've tried to  
6 lay out here my current understanding of the kind  
7 of three different regimes that we're talking about  
8 here. I think there was some confusion in some of  
9 the initial questions about were we talking about  
10 the transitional, or the permanent proposal, and  
11 the terminology all got rather complicated. So, in  
12 the simplest sense, I'll try to lay out my  
13 understanding of what we're now talking about as a  
14 basis for analysing this economically.

15 (11 h 18)

16 So, looking... thinking back, and I'm not  
17 gonna flip to it, but thinking back to the famous  
18 appendix 2 of the HQT evidence showing the  
19 treatment of follow-ups, we had revenues from  
20 point-to-point services, we had the exclusions for  
21 the Toulnostouc commitments. One of my objectives  
22 in this is to be able to go home and say  
23 Toulnostouc correctly - I have been corrected by  
24 Mr. Turmel about nineteen (19) times - one of my  
25 objectives is to go home and say Toulnostouc

1 correctly. So we subtract those off and then we saw  
2 the mechanism, an illustration of the mechanism of  
3 the transitional mechanism proposed by HQT.

4 So, my own current understanding of this  
5 process - and like I said, I learned a lot last  
6 week, I'm glad I was here - we had an existing  
7 mechanism, what we will call the 12A.2 i) test, we  
8 have a transitional proposal and we have a  
9 permanent proposal so A, B and C. If you look at  
10 the 12A.2 i) test as written in the OATT by my  
11 understanding, it's a one-off test: you pass it  
12 once, you check it once and you're done and which  
13 the present value of payments under quote the  
14 applicable service agreements at least equals costs  
15 incurred by the transmission provider to ensure  
16 connection of the generating station.

17 So, done at the time, when the connection  
18 agreement is executed, does the present value of  
19 payments under the applicable service agreements at  
20 least equal the costs, in this case I think it's  
21 the rolled in costs, of connection to the  
22 generating station? That's the 12A.2 i) test.  
23 There's also 12A.2 ii) which we won't really talk  
24 about, it's in appendix 2 as well.

25 Then, moving on, there's and HQT

1 transitional proposal, it's an annual test  
2 comparing transmission service agreement revenues,  
3 all of them, all of the relevant ones because,  
4 again, we still have exclusions for the Touloustouc  
5 and some other things which HQT explained the other  
6 day but we recognise the revenues for all  
7 transmission service agreements regardless of the  
8 number of megawatts or the relationship between the  
9 transmission service agreements and these new  
10 generation projections, as I understand it, against  
11 the levelized costs with surpluses being used to  
12 offset future commitments. I think Mr. Clermont  
13 gave the analogy of paying down the mortgage,  
14 offsetting a future obligation of the point-to-  
15 point customer, in this case HQP.

16 And then finally, moving into the new third  
17 round, a permanent proposal for annual final  
18 treatment of follow-ups in which, as I understand  
19 it, new agreements will explicitly tie annual  
20 revenues from customers' point-to-point service  
21 agreements to annual levelized costs and that will  
22 be made explicitly on an annual basis for new  
23 agreements but that's outside of this transition.

24 But let's talk about the 12A.2 i) test at  
25 the moment. Again, as I said, done once, once and

1 done type test. It's a test for revenue  
2 sufficiency, it must have at least revenue to meet  
3 the present value test but no value of the  
4 generator to change the test. It says "at least  
5 equals" than, say, "What happens if it's more?" And  
6 aggregate revenues, I understand it from all  
7 applicable TSA revenue can be included regardless  
8 of whether this has anything to do with the  
9 specific generator interconnection and the little  
10 red and blue charts - I'm kind of trying to add a  
11 little colour into this presentation - so that if  
12 the present value of payments under the service  
13 agreements is greater, well, under the "at least  
14 equals" tests, that doesn't go to the generator.  
15 (11 h 23)

16 So let's now move to the transitional  
17 arrangement. As we heard the other day from the HQT  
18 panel, HQT as the sole major generator, benefits  
19 from the 12A.2 i) section, it seems pretty simple.  
20 Going back to my kind of bigger principle economic  
21 question, there are marginal costs for  
22 interconnections but the problem with a test like  
23 this is it doesn't tie marginal costs to marginal  
24 revenues very well. In fact, if we look at the  
25 appendix 2, and I will flip to that now - except,

1 I've got to get to it - back to the famous appendix  
2 2, I mean, I have transmission service agreements  
3 that seem to have long predated these generation  
4 interconnection commitments in section 2.2, but  
5 those still contribute to the revenue that I  
6 recognize as meeting my present value test. So, it  
7 doesn't really guarantee any marginal revenue. It  
8 seems a bit of a strange economic test. It also  
9 seems a little strange in the context that it's  
10 sort of dissociated from revenues associated with a  
11 specific generator. And this is what I think kind  
12 of goes to this kind of pooling of all revenues and  
13 cost problems. Typically, when you have generation  
14 interconnection agreements, for example, in the US  
15 FERC world, with which I'm familiar, where there  
16 are specific tests and they're done in a quite  
17 different way, so you have to be very careful about  
18 making precise analogies, but the transmission  
19 revenue is specifically linked to transmission  
20 contracts associated with that generation. And that  
21 helps guarantee that there's actually marginal  
22 revenue from a project rather than just capturing  
23 any revenue against the marginal costs. Because if  
24 you think about it, not having marginal revenue,  
25 well, it gets kind of weird, because just

1 conceptually, say, I had a generator and it was  
2 going to cost me... it was going to cost me fifty  
3 million dollars (\$50 M) to hook up, and I said,  
4 "Well, you know, that's kind of expensive." I don't  
5 really want to pay fifty million dollars (\$50 M)  
6 and I don't have enough point-to-point revenue to  
7 support that. I can almost buy out somebody else's  
8 contract and say, "I'll take over your point-to-  
9 point contract. I'll pick up the power here and  
10 deliver it here for you just like you're doing now,  
11 just so that the revenue will be recognized as  
12 mine." It's just a substitution effect. There's no  
13 additional revenue for the transmission provider  
14 against these costs. And that's kind of a strange  
15 thing that I think we need to think about a little  
16 more.

17 Now, what's the next feature of the HQT  
18 transitional proposal, with respect to these, of  
19 course it's back to the famous complimentary  
20 repayments. And first comment is... is that this  
21 all seems a little abstruse but it seems to be  
22 quite a lot of money for being abstruse. If you sum  
23 up the complimentary repayments under... on  
24 appendix 2 in section 2.2, you get a number of  
25 about over eight hundred million dollars (\$800 M).

1 That seems like a lot of money to me. And I'd be  
2 really interested to know from a regulatory  
3 perspective about where that comes from and where  
4 does that go, and who does that belong to. So,  
5 while the issues have been maybe characterized as  
6 being a bit administrative, the dollar volumes seem  
7 pretty real.

8 So, absent the complimentary repayments,  
9 well, what would have happened to these revenues?  
10 Well, I have a lot of point-to-point revenues and  
11 what happens to point-to-point revenues? Point-to-  
12 point revenues and, let's say, you know, these are  
13 point-to-point revenues so these are fair amounts  
14 for point-to-point service. The value of point-to-  
15 point revenues is mainly that it pays for the  
16 transmission system, pays for the very large  
17 existing sunk cost of the transmission system,  
18 which are huge, have taken years and years of  
19 investment. They may even have been paid for by the  
20 native load. And when I have point-to-point  
21 service, that's kind of what I'm paying for. I'm  
22 paying to use the transmission grid that's been  
23 built. But here, I... after my subtraction of  
24 what's called an assumed annual payment, these kind  
25 of levelized costs, I'm getting to offset that



1 against other interconnection costs. So, it does  
2 not appear that those surpluses are going to meet  
3 the total revenue requirement, and hence, can't be  
4 used to lower costs for native load and tariff  
5 customers. So, they're not contributing like normal  
6 point-to-point tariff revenues due for the cost of  
7 the system.

8 (11 h 29)

9 I see a couple of problems with this. First  
10 of, this seems pretty discriminatory against other  
11 transmission users. I know it's not NLH's exact  
12 issue, but to say it anyway, it seems pretty unfair  
13 to the native load customers who have footed the  
14 bill for most of this thing. And I wonder it  
15 doesn't create some also potential kind of  
16 problems. If I have an incentive to tie up long  
17 term point-to-point service, yet really not kind of  
18 pay the full rate, because I'm using it to offset  
19 other things, may give me an incentive to actually  
20 sign out for too much long term point-to-point  
21 service, which could actually be kind of harmful to  
22 the market. I'd be worried, as a regulator, of  
23 questions of kind of market foreclosure, of the  
24 incentive to just tie up transmission capacity,  
25 potentially, around exports, and implicitly not be

1 paying the full point-to-point rate for it.

2 We heard a lot of discussion to and fro,  
3 and I suspect we'll hear more this afternoon, about  
4 incentives for signing long-term point to point  
5 agreements. And there are various incentives built  
6 into various aspects of this. There are incentives  
7 built into the maximum allowance calculation even  
8 now, because if you sign a short point-to-point  
9 agreement, you get a lower maximum allowance,  
10 although it suddenly ends at twenty (20) years. But  
11 I would argue, economically, I mean, just similarly  
12 thinking commercially, if you're a generator or an  
13 importer or something; your primary incentive for  
14 signing point-to-point, long term point-to-point  
15 contract services is to ensure that transmission's  
16 available.

17 And that, usually, is your main kind of  
18 commercial objective; it's I need to transmit power  
19 to meet my obligations, from A to B, and I want to  
20 ensure that that transmission service will be  
21 available to me, so that I can meet my obligation,  
22 because that's how I make money. So I think there's  
23 other incentives there, too, and we need not to get  
24 ourselves too tied up in knots around incentives,  
25 around this 12A.2 i) mechanism.

1                   So finally, I'd like to kind of, in with  
2                   some form of recommendations of things that should  
3                   be, in my opinion, looked at, particularly in the  
4                   second phase of the kind of current proceeding. And  
5                   I'll start with the kind of cost allocation  
6                   questions, because I think those are obviously  
7                   important.

8                   I think a starting point for any mechanism  
9                   is an open transmission planning process that  
10                  identifies projects that are, that help meet the  
11                  efficient expansion plan for the system. One aspect  
12                  of Order 1000, it says: yes, we already had an  
13                  Order 890 process, but we actually need to go more  
14                  than that. We need to say: you, mister Transmission  
15                  provider, need to identify an efficient  
16                  transmission plan, and if you're the region, you  
17                  need to identify that together with other people in  
18                  your region, because of all the interactions we  
19                  discussed. And that transmission plan needs to have  
20                  inputs from other users. It's not developed in  
21                  isolation. It has to be developed understanding the  
22                  load growth of native load, changes in other  
23                  point-to-point service, and what people think  
24                  additional point-to-point service will be required;  
25                  all those things need to go in, to identify this

1 expansion plan.

2 (11 h 34)

3 And for projects that are accepted in that  
4 plan, and that's not all the transmission that will  
5 necessarily be proposed or get built, that's only  
6 some, we need a cost allocation mechanism that  
7 allocates that on the basis of benefits. So there  
8 still are transmission service requests, that's  
9 true, and those costs are allocated to the  
10 requester. But for projects that end up in the  
11 efficient plan, what they call the regional  
12 transmission plan in "'Order 1000 speak'", those  
13 are the ones that are subject to cost allocation.  
14 That cost allocation is benefits-based; however, we  
15 don't allocate costs to people who don't get a  
16 benefit, it has to be done on a transparent basis,  
17 it's kind of got to be know what that basis is  
18 before, so that everyone can see, so that everyone  
19 can comment, and it has to be transparent.

20 And for those projects, that are the big  
21 projects, it can't be pure "requester pays" -- FERC  
22 turned that down. That is not allowed to be the  
23 sole mechanism. You can have that for some, but it  
24 can't be for everything. And I think that is a  
25 good, I think that is actually a good principle,

1 because of the free-rider type problems I mentioned  
2 earlier.

3           What goes into that regional transmission  
4 plan, who gets to propose projects. When you  
5 actually look at the kind of filings, actually, you  
6 have a broad scope of participation of who can  
7 propose projects into the transmission plan for  
8 cost allocation. That can be just transmission  
9 providers, but it can also be others. It can be  
10 point-to-point customers, if you are a point-to-  
11 point customer, you still have to make a  
12 transmission service request, because there, you  
13 are actually looking for a specific identification  
14 of a point of injection, and a point of withdrawal,  
15 and starting the whole process about having the  
16 contracts and all that kind of stuff, but if the  
17 project is accepted as a regional transmission  
18 project, it can be eligible for cost allocation.

19           Cost allocation, a project can be within a  
20 single transmission provider's zone. Usually, when  
21 you look at the tariffs, they don't say regional  
22 transmission projects are going to be everything,  
23 including very tiny little modifications to a sub-  
24 station somewhere, they usually have kind of a  
25 limit on what is going to be included. So we are

1 talking about major projects, that can be within  
2 the zone.

3 Another recommendation is, make sure that  
4 the information-sharing policies are efficient and  
5 transparent enough so that people evaluating  
6 transmission service requests and these kind of  
7 efficient pool of regional projects can know what  
8 is in there.

9 The... moving on to the kind of maximum  
10 allowance, I would actually propose a really small,  
11 a relatively small modification, which I don't  
12 think has any big rate impacts. I haven't yet come  
13 up with a scenario in which it can have a big rate  
14 impact, but where maximum allowance for point-to-  
15 point service, which is backed by a firm contract,  
16 can extend longer than twenty (20) years.

17 (11 h 39)

18 You may want to have some eventual cap on  
19 it, say forty (40) years, but it can extend, for  
20 all point-to-point users, beyond twenty (20) years  
21 if there is a firm contract backing it. That  
22 allows, as I said earlier, the transmission  
23 provider to have a, ample ability to cover its  
24 costs and that it can have various credit  
25 mechanisms you have an ample ability to cover its

1 costs and that it can have various credit  
2 mechanisms if it's worried about non-payment, as it  
3 can for all contracts.

4 Finally, moving on to the transitional  
5 mechanism, like I said, I mean, this, to me, is a  
6 very clumsy form of transition if that's what  
7 you're trying to do between one system and another.  
8 It doesn't seem to actually reflect a meaningful  
9 economic principle. It just seems to transfer,  
10 potentially transfer a very large amount of value  
11 away from other users, point-to-point users and  
12 native load users.

13 I think that certainly is worth additional  
14 analysis in the second phase of this proceeding.  
15 When I read 12A.2 i), to me, this seems like a one  
16 off test, it's been passed. If you want to have  
17 annual true ups, I'm against these things based on  
18 the desire of the Régie, I think there's lots of  
19 different ways that I can do that that don't  
20 necessarily involve this complimentary repayment  
21 mechanism.

22 And finally, with respect to all of the,  
23 with respect to the follow up policy on these  
24 point-to-point contracts, I think, as a fundamental  
25 mechanism, the idea of pulling all revenues and

1 pulling all costs against the point-to-point  
2 contracts, it doesn't necessarily really provide a  
3 meaningful economic test. It doesn't guarantee  
4 marginal revenues against marginal costs, it just,  
5 it's kind of blending everything, in a way,  
6 together which doesn't provide much of a price  
7 signal for anything in my perspective.

8 So I would reject that and say if you're  
9 going to have a mechanism such as that, it should  
10 follow a mechanism in which the marginal revenues  
11 associated with paying down transmission upgrades  
12 for a specific project need to be tied to that  
13 project. That ends my presentation. I haven't  
14 really been following the clock but I hope I didn't  
15 overrun my time.

16 Me ANDRÉ TURMEL:

17 Q. [132] Thank you Mr. Adamson. So, Madame la  
18 Présidente, monsieur Adamson est maintenant prêt à  
19 être contre-interrogé.

20 LA PRÉSIDENTE :

21 Je vous remercie beaucoup, Maître Turmel. Maître  
22 Pelletier, vous n'avez pas de questions? Maître  
23 Hamelin, avez-vous des questions?

24 CONTRE-INTERROGÉ PAR Me PAULE HAMELIN :

25 Q. [133] Paule Hamelin pour Énergie Brookfield



1 Marketing. Hi, Mr. Adamson. I just want to go back  
2 to your recommendations on page 16, we are still  
3 there, and especially the question of the maximum  
4 allowance. You indicate that "permit maximum  
5 allowance based on full terms of transmission  
6 service agreement not limited to twenty (20)  
7 years". Do you agree with me that terms of  
8 transmission service agreement may vary?

9 A. Yes.

10 Q. [134] Okay. Are you suggesting that by varying  
11 maximum allowance, well sorry, I'll rephrase that.  
12 Are you suggesting that the Régie could decide to  
13 vary the maximum allowance depending on the terms  
14 of the transmission service?

15 A. Well, you're actually varying the contribution,  
16 you're not varying the maximum allowance rate but  
17 you're varying the contribution calculation based  
18 on the recognition of maximum allowance over  
19 different periods.

20 Q. [135] But the maximum allowance would vary as well?

21 A. Well, the maximum allowance does vary as  
22 illustrated in madame Chang's testimony showing  
23 different levels for different periods.

24 Q. [136] So there would be a variation in the maximum  
25 allowance, correct?

1 A. Yes, there could be. And you have variation in  
2 maximum allowance now for the ones that are short  
3 term. If you go for five years, you don't get a  
4 maximum allowance that recognises twenty (20)  
5 years. It's my understanding so it's just extending  
6 that symmetrically.

7 Q. [137] Is it to your knowledge that the Régie in  
8 previous decisions has determined that the maximum  
9 allowance should be equal for all customers?

10 A. I think that's a reading of... What I've read would  
11 suggest that it is - and I don't have the exact  
12 text in front of me, of course - my understanding  
13 was they said it would be, I think, capped at the  
14 same level. I can't remember the exact text but I  
15 could dig it out.

16 Q. [138] I don't want to paraphrase you incorrectly  
17 but, at the end of your presentation, if I  
18 understand correctly, you indicated that you do not  
19 initially know if there would be a big rate impact  
20 of this change. Did I understand you correctly?

21 (11 h 44)

22 A. Well, I haven't done... Obviously, there's many,  
23 many different scenarios but I was just working...  
24 I just kind of worked through numbers in my head.  
25 Remember this is limited, right. You're only

1 talking about changing the maximum allowance on a  
2 very relatively potentially small number of  
3 megawatts for new point-to-point contracts that  
4 extend more than twenty (20) years. So, this is...  
5 point-to-point is already one subset, and now I  
6 have a smaller subset of those. So, first off,  
7 we're talking about a relatively small subset of  
8 total megawatts on the system, probably a very  
9 small percentage of megawatts on the system. And if  
10 you think a bit how that kind of carries through,  
11 in my mind, it's quite hard to come up with a  
12 scenario where that has a very particularly large  
13 impact on the transmission tariff rate unless,  
14 somehow or another, huge percentages of the total  
15 load were to be covered by new point-to-point long-  
16 term service contracts. But assuming that that's  
17 not true, I'd think the rate impact would actually  
18 be quite small.

19 Q. [139] But I understand that in your report, you  
20 have not done this calculation, correct?

21 A. No, I have not presented that calculation. We could  
22 run through the numbers if you want to.

23 Q. [140] That answers my question. Thank you. Je vous  
24 remercie.

25

1 LA PRÉSIDENTE :

2 Merci, Maître Hamelin. Maître Cadrin n'est pas là.

3 Et puis, Maître Sicard, avez-vous des questions?

4 Pas de questions. Alors, ça nous amène... ça va

5 être maître Dunberry, cette fois-ci.

6 Me ÉRIC DUNBERRY :

7 C'est à mon tour, Madame la Présidente. Il est midi

8 moins quart (11 h 45). Peut-être que si vous

9 êtes...

10 LA PRÉSIDENTE :

11 On peut prendre la pause maintenant. On reviendrait

12 à treize heures (13 h). Ceci dit, Maître Dunberry,

13 nous discussions à la pause de la possibilité de

14 débiter demain matin, ainsi que mercredi à huit

15 heures trente (8 h 30). Je veux juste que vous y

16 songiez parce que le calendrier ne prévoit pas pour

17 l'instant de contre-preuve. Et si vous deviez en

18 faire une, il faudrait prévoir un peu de temps.

19 Alors, juste y penser...

20 Me ÉRIC DUNBERRY :

21 Oui, tout à fait.

22 LA PRÉSIDENTE :

23 ... puis peut-être me revenir là-dessus après la

24 pause du lunch?

25

1 Me ÉRIC DUNBERRY :

2 Oui, tout à fait.

3 LA PRÉSIDENTE :

4 Alors, on va revenir à treize heures (13 h 00).

5 Me ÉRIC DUNBERRY :

6 Merci.

7 SUSPENSION DE L'AUDIENCE

8 REPRISE DE L'AUDIENCE

9 (13 h 00)

10 LA PRÉSIDENTE :

11 Alors bonjour.

12 Me ÉRIC DUNBERRY :

13 Rebonjour. Alors, Madame la Présidente, en réponse

14 à votre question, à l'heure actuelle, nous

15 n'anticipons pas de contre-preuve. Évidemment, nous

16 allons entendre monsieur Adamson...

17 LA PRÉSIDENTE :

18 O.K.

19 Me ÉRIC DUNBERRY :

20 ... et nous aurons également d'autres intervenants

21 demain mais, sur la base des présentations à ce

22 jour, en date de ce midi...

23 LA PRÉSIDENTE :

24 Oui.

25

1 Me ÉRIC DUNBERRY :

2 ... nous n'anticipons pas de contre-preuve.

3 LA PRÉSIDENTE :

4 Merci beaucoup.

5 Me ÉRIC DUNBERRY :

6 Nous avons également distribué quelques documents  
7 qui vont servir aux fins du contre-interrogatoire,  
8 Madame la Présidente, alors, nous en avons des  
9 copies suffisantes pour tous. Vous allez retrouver  
10 dans ces documents, comme je dis, à l'occasion il  
11 est bien d'entendre, mais il est préférable à  
12 l'occasion de lire. Alors, vous avez copies des  
13 ordonnances 890, 1000 et certains autres documents  
14 qui pourront être utiles. Alors, avec votre... Oui?

15 Me ANDRÉ TURMEL :

16 Si vous permettez? Je ne veux pas interrompre mon  
17 collègue, alors je le fais dès le départ, donc je  
18 ne l'interromprai pas, si vous permettez, donc, je  
19 constate qu'il veut vouloir travailler avec des  
20 documents, soit, on va voir la pertinence de ses  
21 documents. Mais comme il nous dit si souvent, ce  
22 que je comprends, c'est qu'il dépose des extraits  
23 de décisions et ce type de décisions-là, souvent,  
24 sont constituées de nombreuses pages et j'aimerais  
25 juste savoir, avant qu'il le dépose formellement,

1 si ce qu'il va travailler avec, ce qu'il entend  
2 travailler, ce sont des extraits et, le cas  
3 échéant, j'aimerais plutôt qu'il dépose la totalité  
4 parce que comment le témoin peut travailler avec  
5 des extraits s'il n'a pas tout le contexte.

6 Alors, je vois, je note qu'on nous donne  
7 ici, pour l'ordonnance 1000, il y a quelque  
8 cinquante (50), quarante (40) premières pages et  
9 ensuite, on saute à trois cent cinquante-huit  
10 (358), quatre cent neuf (409), alors ça me  
11 semble... Je pense que simplement pour avoir un  
12 portrait plus complet, peut-être qu'il le fera en  
13 fin d'après-midi, je lui demanderai qu'il la dépose  
14 au complet l'ordonnance 1000. Un, ça pourrait être  
15 utile, on l'aura au dossier, plutôt que des  
16 extraits qui seront peut-être pertinents pour lui,  
17 mais il y a peut-être d'autres portions qui sont  
18 pertinentes.

19 Alors donc, à ce moment-ci, c'est plus...  
20 Je ne sais pas comment il va l'utiliser mais, de  
21 manière générale, des décisions de mille (1000)  
22 pages, de huit cents (800) pages, quand on dépose  
23 quarante-trois (43) pages, c'est difficile  
24 d'apprécier le contexte.

25

1 LA PRÉSIDENTE :

2 Je comprends ça, Maître Turmel. Un, on va voir à  
3 l'usage.

4 Me ANDRÉ TURMEL :

5 Oui.

6 LA PRÉSIDENTE :

7 Deuxièmement, par contre, dans l'aide à  
8 l'interrogatoire, tout ce qu'on a fait jusqu'à  
9 maintenant ça a été de déposer des extraits, on a  
10 rarement déposé l'entièreté des décisions de la  
11 Régie, que ce soit D-2002-95 ou autre, alors je  
12 pense qu'on va voir à l'usage comment maître  
13 Dunberry va les utiliser.

14 Me ANDRÉ TURMEL :

15 Tout à fait et je ne voulais pas... Évidemment,  
16 parce que, donc les décisions de la Régie c'est une  
17 chose, bien sûr, une décision de la FERC, c'est  
18 autre chose, alors... Mais je prends vos  
19 commentaires puis on verra à l'usage,  
20 effectivement.

21 Me ÉRIC DUNBERRY :

22 Et la seule chose que je dirais, Madame la  
23 Présidente, au-delà de votre invitation à voir,  
24 c'est que c'est de la jurisprudence et ça peut être  
25 soulevé et invoqué en plaidoirie sans que ça ait



1           été déposé non plus alors ce sont des décisions de  
2           la FERC comme des tribunaux américains ou canadiens  
3           peuvent être cités.

4           CONTRE-INTERROGÉ PAR Me ÉRIC DUNBERRY :

5           Q. [141] Alors, avec votre permission, Madame la  
6           Présidente, nous allons débiter le contre-  
7           interrogatoire. Mr. Adamson, I will be conducting  
8           the cross-examination in English, you may need your  
9           earsets to...

10          A. Right.

11          Q. [142] You may need your earsets because I will be  
12          reading perhaps certain parts of the evidence in  
13          French, but mostly we will be conducting your  
14          examination in English. And for that purpose, I  
15          will invite you to take a copy obviously of your  
16          report, your PowerPoint presentation, a copy of  
17          your CV, which is appended to your report, as well  
18          as the documents that you've been provided with  
19          this morning and we will be referring to them this  
20          afternoon.

21                        Now, I would like to start with a couple of  
22          fairly preliminary questions dealing simply with  
23          your experience and your CV. When I read your CV, I  
24          was left with the impression that this assignment,  
25          on behalf of NLH, is a first mandate involving a

1 review of HQT's upgrade policy, is that correct?

2 A. Yes.

3 (13 h 08)

4 Q. [143]... and it's also a first mandate involving a  
5 review of HQT OATT. Correct?

6 A. Yes.

7 Q. [144] And it's also a first mandate on behalf of an  
8 active point-to-point customer of HQT. Correct?

9 A. I'm not sure I know all the active point-to-point  
10 customers of HQT. From...

11 Q. [145] Have you ever...

12 A. ... from the ones I've seen here, yes.

13 Q. [146] And it would be again a first mandate  
14 involving conclusions and recommendations  
15 concerning HQT's transmission planning process and  
16 cost allocation methodology. Correct?

17 A. Yes.

18 Q. [147] Now, have you ever testified in the US or in  
19 Canada in manner relating to the Québec regulatory  
20 environment?

21 A. No.

22 Q. [148] And have you ever testified in Canada or the  
23 United States in a manner involving the Québec  
24 wholesale or retail electricity markets?

25 A. No.

1 Q. [149] Now, perhaps I concluded wrongly from your  
2 CV, but again I was left with the impression that  
3 this is your first appearance before this Board.  
4 Correct?

5 A. It is my first appearance before this Board. Sorry,  
6 I wasn't quite sure if I had missed the "not" in  
7 your question.

8 Q. [150] Okay.

9 A. But it is my first appearance before the Régie.

10 Q. [151] And say for appearances before the Ontario  
11 Energy Board, I believe that it is as well your  
12 first appearance before a Canadian Regulatory  
13 Tribunal on electricity related matters. Correct?

14 A. Before a...

15 Q. [152] Before a Regulatory Tribunal.

16 A. Before a Regulatory Tribunal, I've appeared in  
17 front of Arbitration Tribunals in Canada.

18 Q. [153] In the context of an arbitration in Ontario  
19 for litigation issues.

20 A. In the context of an arbitration in Canada for  
21 litigation issue and in the context of a claim  
22 under the North American Free Trade Agreement.

23 Q. [154] Now, when did you appear before the Ontario  
24 Energy Board, Mr. Adamson, do you recall?

25 A. Obviously not the dates. I'm...

1 Q. [155] Let's say two thousand four (2004), could  
2 that be possible? In a distribution matter?

3 A. Two thousand four (2004)...

4 Q. [156] You don't recall?

5 A. I think it would have been before that.

6 Q. [157] So, this is your second appearance in Canada  
7 as an expert witness. Correct? Before a Regulatory  
8 Tribunal.

9 A. Well, there was actually two Ontario Energy Board  
10 cases.

11 Q. [158] So, this is your third appearance.

12 A. Yes, that would make it a third before a Regulatory  
13 Tribunal.

14 Q. [159] And one arbitration case on competition  
15 related issues. Correct?

16 A. Arbitration case on a contract issue in Ontario and  
17 an arbitration case associated with a claim under  
18 the North American Free Trade Agreement to do with  
19 the Ontario wind power sector.

20 Q. [160] Now, you're seeking qualifications as an  
21 expert in transmission pricing, investment, and  
22 regulation. Correct?

23 A. I'm not seeking...

24 Me ANDRÉ TURMEL:

25 I don't want to interrupt. He's been already...

1 Excusez-moi.

2 Me ÉRIC DUNBERRY:

3 You're right.

4 Me ANDRÉ TURMEL :

5 La question qui a été posée, c'est comme si on  
6 était en voir-dire, donc, je comprends qu'on va  
7 corriger la question.

8 Me ÉRIC DUNBERRY:

9 Q. [161] So, your qualification as a transmission  
10 pricing, investment and regulation refers to  
11 transmission pricing. Would you agree with me that  
12 there is a distinction between transmission pricing  
13 and transmission planning?

14 A. Yes, I would agree. There are transmission...  
15 transmission pricing is obviously affected by  
16 transmission planning and vice-versa, but they're  
17 not exactly the same.

18 Q. [162] And have you ever been recognized in Canada  
19 or the United States as an expert on transmission  
20 planning?

21 A. Well, transmission planning comes up in basically  
22 all sorts of... almost every transmission related  
23 case. I don't know, there's a single case that was  
24 specifically about transmission planning.

25 Q. [163] You don't recall?

1 A. Like I said, I don't know that there was... Almost  
2 all transmission related cases involve transmission  
3 planning some way or another.

4 Q. [164] Now, Mr. Adamson, you're all alone on this  
5 panel this afternoon, we all know that there is no  
6 company witness appearing alongside you on this  
7 panel. May I assume that you provided a copy of  
8 your report to your client prior to its filing?

9 A. Yes. But...

10 Q. [165] But...

11 A. ... yes, I am... I am alone, only with my black  
12 backpack as a companion.

13 Q. [166] And, to your knowledge, may I assume as well  
14 that your client is in agreement with the  
15 conclusions and recommendations contained in your  
16 report?

17 A. To my knowledge, but that's...

18 Q. [167] Do you have any reason to believe that your  
19 client may not be in agreement with any parts or  
20 your report or certain conclusions or  
21 recommendations?

22 A. Not that I know of.

23 Q. [168] May I assume that the views and conclusions  
24 expressed in your report are shared by your client,  
25 NLH?

1 A. No. I mean, I developed... I did my own analysis  
2 and developed my views and I didn't necessarily...  
3 I don't necessarily know what all of their views  
4 are to check them off against my views. They... I  
5 was given a mandate to review what I reviewed and I  
6 wrote my opinion down. So, I won't say that I have  
7 done any kind of cross-checking on a detailed basis  
8 about what have all of NLH's views are on  
9 everything.

10 Q. [169] Let me rephrase the question - do you have  
11 any reasons to believe that your clients do not  
12 share the views contained in your report?

13 A. I don't know on every small detail. They might not  
14 have argued with me.

15 Q. [170] Were you expressed any disagreements with  
16 respect to the content of your report?

17 (13 h 15)

18 Me ANDRÉ TURMEL :

19 Écoutez, là-dessus, si je reviens avec les  
20 objections que mon confrère faisait à l'égard des  
21 questions de maître Sicard, qu'elle posait à  
22 l'égard du témoin de HQ, madame Chang, là, sur les  
23 discussions et interrelations, aux échanges qui  
24 avaient pu survenir entre HQT et le témoin dit  
25 expert de HQT, il me semble que vous avez été assez

1 claire sur le fait qu'on n'irait pas là-dedans, on  
2 n'irait pas dans les questions, là, de, de...  
3 d'échanges avec le client, les avocats, toute cette  
4 question-là. Il me semble que c'est assez clair, la  
5 réponse a été faite. Je ne vois pas, là, où est-ce  
6 qu'on veut encore aller sur cette question-là.

7 Me ÉRIC DUNBERRY :

8 Madame la Présidente, la partie NLH a fait le choix  
9 de ne présenter aucun témoin, et de présenter un  
10 expert dont le rapport n'est pas endossé par son  
11 client. Sauf si nous pouvons démontrer qu'il n'y a  
12 aucune raison de croire que NLH est en désaccord  
13 avec le contenu de ce rapport. C'est parce que,  
14 essentiellement, monsieur Adamson n'est pas un  
15 intervenant. L'intervenant est NLH, et lorsque je  
16 serai appelé à plaider, ça serait utile de savoir  
17 quelle est la position de NLH sur certains  
18 éléments, parce que je passe en premier.

19 Me ANDRÉ TURMEL :

20 O.K. Il...

21 Me ÉRIC DUNBERRY :

22 Alors, j'aimerais simplement savoir s'il y a des  
23 raisons de croire que son rapport n'est pas endossé  
24 par son client, c'était la question.

25



1 Me ANDRÉ TURMEL :

2 O.K.

3 LA PRÉSIDENTE :

4 En fait...

5 Me ANDRÉ TURMEL :

6 Il est d'usage... Pardon.

7 LA PRÉSIDENTE :

8 Maître Dunberry, vous la posez à la mauvaise  
9 personne. Une fois qu'il vous a répondu qu'il ne  
10 sait pas si NLH est en agrément ou pas avec son  
11 rapport, je pense que vous avez votre réponse à ce  
12 moment-là et, effectivement, pour les mêmes motifs  
13 que vous avez donnés à l'encontre du témoin de...  
14 des questions de maître Sicard, les relations qu'il  
15 pourrait y avoir, là, je pense qu'on n'ira pas là.  
16 La seule chose que moi je vous dirai, puis on...  
17 chaque... C'est que si NLH choisit de mettre  
18 monsieur Adamson dans la boîte des témoins, ça doit  
19 être... il doit y avoir des motifs à cet égard-là.

20 Alors je pense que vous avez eu votre  
21 réponse, à moins que vous vouliez poser d'autres  
22 questions, je...

23 Me ÉRIC DUNBERRY:

24 Q. [171] Mr. Adamson, I'd like you to take now your  
25 report on page 3.

1 A. I'm sorry. Could you... Could you start...

2 Q. [172] Yes. Please take a copy of your report on  
3 page 3, and from lines 9 to 15. And you indicate  
4 the following, that in preparing this document you  
5 have relied upon the descriptions of the proposals  
6 provided by HQT in its submissions to the Régie,  
7 and there is a footnote 1, and you are referring,  
8 in the footnote, to two documents: HQT-1, Document  
9 1, and HQT-3, Document 1. And then you continue, on  
10 line 10:

11 I have also reviewed and comment here  
12 on the testimony of Judy Chang of the  
13 Brattle Group which discusses the HQT  
14 proposals. Finally, I have reviewed  
15 the HQT responses to various  
16 information requests posed by NLH, the  
17 Régie and other interveners as well as  
18 other public documents available from  
19 Québec and other jurisdictions. A full  
20 list of references is provided in  
21 Exhibit SA-1.

22 I assume that the document you have reviewed, HQT  
23 Document 1, HQT-1 Document 1, was a translation,  
24 Mr. Adamson? May I get that confirmation?

25 A. Yes. I had... I reviewed the translated version.

1 Q. [173] Now, may I also assume that you have not  
2 reviewed the revised HQT Document 1 that was filed  
3 on October tenth (10th), two thousand fourteen  
4 (2014), there was a revision to the evidence filed  
5 by Hydro-Québec. May I assume that it was not  
6 reviewed?

7 A. October tenth (10th).

8 Q. [174] That is a month and a half prior to the  
9 filing of your report.

10 A. I can't remember that one, but there may have been  
11 a translated version provided. I don't remember  
12 that one.

13 Q. [175] But it's not on your full list of documents,  
14 in schedule SA-1. You will confirm that?

15 A. Yes, but if it had the same title, I might not have  
16 included it. But...

17 Q. [176] Okay. So you may, but you don't recall.

18 A. I don't... I don't recall that.

19 Q. [177] Now, do you recall receiving responses from  
20 HQT to other interveners, from other interveners?  
21 If you look at your full list of documents on page  
22 30, you refer to document HQT-4, Document 1, and  
23 HQT-4, Document 6, which are responses provided by  
24 TransÉnergie to NLH and to the Board, but there is  
25 no reference to responses provided by HQT to other

1 interveners' information requests, and those would  
2 be HQT-4, Documents 2, 3, 4, 5 and 7. May I  
3 conclude that you were not provided with  
4 translations of these responses by Hydro-Québec to  
5 these other interveners?

6 Me ANDRÉ TURMEL :

7 Peut-être que je peux intervenir juste ici. Pour ne  
8 pas que ça... I don't want the question to be  
9 misleading. Peut-être que ça serait bien de donner  
10 les dates des traductions, parce qu'il y a des  
11 traductions qui ont été faites, bien sûr, certaines  
12 avant le mois de décembre, et d'autres après le  
13 mois... Qui ont été déposées, évidemment, qui  
14 datent de l'automne, et qui ont été déposées sur le  
15 tard. J'en ai pour preuve les traductions faites  
16 par, je pense que c'est le traducteur de l'AQCIE,  
17 ou le traducteur embauché par l'AQCIE, et certaines  
18 traductions faites par NLH.

19 Alors peut-être, pour aider, si on peut au  
20 moins donner les dates, là, des traductions qu'a  
21 fait référence maître Dunberry, ça pourrait nous  
22 aider, parce qu'en donnant une série de pièces  
23 comme ça, sans contexte quant à la date, c'est plus  
24 compliqué.

25 (13 h 21)

1 Me ÉRIC DUNBERRY :

2 Q. [178] Mr. Adamson, were you provided, prior to the  
3 filing of your report, with translations of these  
4 responses to IRs, the exhibits numbers were just  
5 given, prior to December the fifth (5th), two  
6 thousand fourteen (2014)?

7 A. I would have to go back and check, I know that a  
8 whole bunch of them were forwarded to me in French,  
9 and then later, we would get translations of  
10 various documents, but I haven't, I can't say that  
11 I can match against No. 5 or something...

12 Q. [179] You can't... you don't recall?

13 A. Yes, I can't say that I can match the exact  
14 numbers, they all came, all the English versions  
15 came usually later, so I wouldn't be able to match  
16 them up.

17 Q. [180] Do you recall receiving, prior to the filing  
18 of your report, copies of this Board's decisions  
19 dealing with HQT's upgrade policy in two thousand  
20 nine (2009), two thousand and eleven (2011) and two  
21 thousand two (2002) (sic), decisions of the Board,  
22 do you recall receiving those prior to the filing  
23 of your report on December the fifth (5th)? They  
24 are not listed on your full list of exhibits...

25 A. No, I don't remember those.

1 Q. [181] So I take this that no, you did not receive  
2 those?

3 A. Not that I remember, no.

4 Q. [182] Were you provided with copies of decisions  
5 dismissing complaints filed by your client NLH by  
6 this Board in relation to various applications and  
7 interpretations of HQT's OATT relating to wheeling-  
8 through requests?

9 A. I don't remember that one, no.

10 Q. [183] Okay. I would ask you to, by way of  
11 undertaking, confirm whether you did or not receive  
12 copies of documents HQT-4, Documents 2, 3, 4, 5,  
13 and 7...

14 A. I'm sorry, Mr. Dunberry, can you just...

15 Q. [184] Yes, confirming whether you have received,  
16 prior to preparing your report, copies of documents  
17 HQT-4, Documents 2, 3, 4, 5 and 7, as well as a  
18 copy of HQT's Revised Transmission Provider's  
19 Policy of October tenth (10th), two thousand  
20 fourteen (2014), and I am referring to translations  
21 of that evidence, prior to the filing of your  
22 report.

23 A. Sorry, can you give me the twenty fourteen (2014)  
24 date again?

25 Q. [185] Yes, it is October ten (10), two thousand

1           fourteen (2014), and that would be HQT-1, Document  
2           1, revised.

3           A. HQT-1, revised... translations... thank you. Sorry.

4           Q. [186] Now since the filing of your report, Mr.  
5           Adamson, were you provided with...

6           Me ANDRÉ TURMEL :

7           Excusez, je ne veux pas vous interrompre, donc  
8           c'est un engagement, peut-être l'engagement, je ne  
9           sais pas on est rendus à combien, là... numéro 5,  
10          qu'on l'ait comme il faut, là.

11

12          E-5 (NLH) : Indicate if English copies of HQT-4,  
13                            Documents 2, 3, 4, 5 and 7, and also  
14                            of HQT-1, Document 1, revised were  
15                            received, or not, by witness prior to  
16                            the filing of his report (asked for by  
17                            HQT)

18

19          Me ÉRIC DUNBERRY :

20          Q. [187] Mr. Adamson, following the filing of your  
21                            report, did you receive translations of HQT's  
22                            response to this Board's questions, IRs No. 2, 3,  
23                            4... and 4?

24          A. I received translations of HQT's responses to  
25                            various IRs from the Régie; again, I am not sure of

1           which ones or the numbers, we might have to... we  
2           might have to look at those, I can't remember which  
3           number, which set of responses is in which number.

4           Me ÉRIC DUNBERRY :

5           Alright, so by way of undertaking, I would again  
6           ask you to confirm whether you have received  
7           copies, translated copies of HQT's responses to the  
8           Régie's second, third and fourth Information  
9           Requests. Thank you.

10

11           E-6 (NLH) : Indicate if English copies of HQT's  
12    responses to the Régie's IRs No. 2, 3  
13    and 4 were received, or not, by  
14    witness prior to the filing of his  
15    report (asked for by HQT)

16

17           Q. [188] Now these were all preliminary questions, I  
18           would like now to turn perhaps to a second issue,  
19           dealing with the nature of this hearing. Prior to  
20           filing your report, Mr. Adamson, were you informed  
21           that this Board had identified a list of very  
22           specific issues that it intended to address in the  
23           context of this Phase 1 of this hearing?

24           A. As I remember, there was a list somewhere, yes.

25           Q. [189] Were you provided with a copy of the Board's



1 procedural decision identifying the issues that it  
2 wanted to be addressed?

3 A. Yes, I believe I was.

4 Q. [190] Did you review it?

5 A. Yes, I think so. That was some time ago.

6 Q. [191] So what is the, what is your understanding of  
7 the scope of this hearing?

8 A. Well, I don't have that list in front of me, but it  
9 was to, in aggregate, to review the HQT upgrade  
10 policy and the proposals made for changing it -- in  
11 simplified terms.

12 Q. [192] Speaking of the upgrade policy, you  
13 understand that it only applies to load growth  
14 projects, correct?

15 A. Yes.

16 Q. [193] And you understand that this, that the  
17 application of this policy is always triggered by a  
18 customer request, correct?

19 A. Yes, of the current policy, yes.

20 Q. [194] It could be a point-to-point customer, it  
21 could be the distribution, HQD, Distributer, on  
22 behalf of the native load, correct?

23 A. That is my understanding, yes.

24 (13 h 26)

25 Q. [195] And you understand that the cost to be

1 allocated in accordance with HQT's policies are  
2 costs associated with an upgrade triggered by one  
3 of these customers. Correct?

4 A. That's my understanding of the current policy, yes.

5 Q. [196] And you're also informed that the Board has  
6 recognized three other categories of investments,  
7 not covered by this policy. Correct?

8 A. Yes. I think there's... I think we're referring to  
9 the same thing; those are the ones that were in my  
10 little box... boxes, chart, up here, earlier.

11 Q. [197] And you understand that for these other types  
12 of categories, investments are rolled in the rate  
13 base of the transmission provider, HQT in this  
14 case. Correct?

15 A. That's what I understand, yes.

16 Q. [198] Okay. Now, did you review in detail or in any  
17 detail the regularly treatment of these other three  
18 categories of investments, or was your mandate  
19 specific to these load growth projects?

20 A. Well, I obviously focused on the load growth  
21 projects, because that's what the proposal you  
22 before covered, and you said it didn't. I believe  
23 that HQT, what I call the HQT additional evidence  
24 document, actually provided, and provided a bit  
25 more fulsome discussion of the other categories,

1 but that really wasn't the focus.

2 Q. [199] It was not the focus.

3 A. That was not the main focus, no.

4 Q. [200] Now, in your report, do we find any analysis  
5 of the regular treatment of these other categories?

6 A. I think it may mention them, but it doesn't, it  
7 doesn't really go into them, because there was not,  
8 that wasn't really the main focus, as I said.

9 Q. [201] May I assume that, as an expert today, you  
10 would not be in a position to provide an informed  
11 opinion on the regularly treatment of these other  
12 categories, in other words, that not having focused  
13 on these other categories, you would not, as an  
14 expert, offer an opinion to this Board, without  
15 having conducted an analysis of these other  
16 categories in advance of your evidence? Correct?

17 A. Like I said, I've not provided, I have not done an  
18 in depth analysis. There was a very brief  
19 description provided of that process on... That  
20 wasn't the focus of what I took as HQT's objective  
21 in filing its own proposals.

22 Q. [202] So not having conducted this type of  
23 analysis, as a professional and a witness, you  
24 would not be comfortable offering opinions on the  
25 regularly treatment of these other categories, not

1 having performed an analysis of those?

2 A. Only in... Maybe in the very broadest of terms. You  
3 could make some conclusion about are there  
4 relationships between categories in general; in  
5 general, just understanding the economics of  
6 transmission systems, but I have not reviewed in  
7 detail the rules for the categorization across the  
8 four categories, for example.

9 Q. [203] Page 30 of your report, there is a quote  
10 there, that I'd like to explore with you, Mr.  
11 Adamson, it's lines 3 to 8, and then you indicate  
12 the following. It starts at...

13 A. Hold on one second please.

14 Q. [204] Yes. Sorry. Sorry. Page 30.

15 A. Yes. Yes. Okay. I'm getting there.

16 Q. [205] It starts on line 3.

17 My primary criticism...

18 And I quote you here :

19 My primary criticism of the HQT policies -  
20 even with the modifications - is that they  
21 continue to rely upon the old FERC  
22 structure with respect to transmission  
23 upgrades and cost allocation, even where  
24 these have been shown to be economically  
25 inefficient and prone to discrimination.

1 Ms. Chang places great emphasis on the  
2 consistency of the HQT policies with FERC  
3 policies, but she compares them only to a  
4 previous generation of FERC policy. U.S.  
5 policy has moved on.

6 I understand that your reference to an old FERC  
7 structure is a reference to the structure put in  
8 place by Order 888. Correct?

9 A. Well, it wasn't only in Order 888, I think it would  
10 be a totality, it wasn't entirely Order 888. There  
11 was lots of different orders that led to what I  
12 would... I think we can both agree it's the  
13 structure of that type of tariff.

14 Q. [206] At the centre of which was Order 888, in  
15 terms of origin.

16 A. Yes. I think Order 888 was probably the central  
17 component, but there is a lot, there were lots of  
18 other things.

19 Q. [207] Now, you implied reference here to, I assume,  
20 a new structure. And that new structure would have  
21 been created, if I read this, as a result of the  
22 issuance of Order 1000. Again, there might be some  
23 accessory structures or there might be some other  
24 decisions out there; I don't want to be too  
25 limitative in my comment, but we understand that

1           there is the old structure referring to 888 and  
2           other accessories, and now, there's this new  
3           structure that you want the Board to consider, and  
4           that new structure would be associated with the  
5           issuance of Order 1000. Correct?

6           (13 h 32)

7           A. Well, first off, it would be related some concepts  
8           of Order 1000. It's not necessarily directly the  
9           text of Order 1000, which could be jurisdictional  
10          here. I think there's some other, I think there's  
11          some other aspects, though, of development of FERC  
12          policies that even predate Order which can be  
13          illustrative of these principles, there's also, so  
14          not entirely only Order 1000.

15          Q. [208] Not entirely one under Order 1000 but that,  
16          you suggest, this decision is a landmark decision,  
17          that's the word you use in your report.

18          A. It is, I believe, a landmark decision.

19          Q. [209] And in your report, you only refer to FERC  
20          Order 1000 when you refer to this new structure.  
21          You don't refer to other orders of FERC, correct?  
22          Your report is essentially focussed on this 1000  
23          Order, correct?

24          A. Order 1000 and, I mean, you know, but broadly how  
25          it's been implemented, yes.

1 Q. [210] Now, this old structure is to be dismissed  
2 according to you because it was, let me find your  
3 words, it led to "economic inefficiencies and... "  
4 let me just use your exact words, they have shown  
5 to be, these other structures, this old structure  
6 has shown to be "economically inefficient and prone  
7 to discrimination". That is your main critique of  
8 that older structure, correct?

9 A. Yes, that's probably the primary critique, yes.

10 Q. [211] And these critiques were, and these findings  
11 by FERC were made after a review of certain  
12 situations and deficiencies observed in the US,  
13 correct?

14 A. No, I don't think that's correct. I think they were  
15 observations of certain circumstances in the US but  
16 they were also observations of the commission  
17 around basic conceptual problems which were not  
18 specific to any absolute pattern of fact in any  
19 particular location but were recognisable economic  
20 failures and structure.

21 Q. [212] Is FERC in the business of regulating  
22 problems outside the United States, Mr. Adamson?

23 A. Not that I know of.

24 Q. [213] So probably a FERC decision was to deal with  
25 certain issues, deficiencies or problems in the

1 United States, correct?

2 A. Well, obviously, FERC is a US regulator so it  
3 focusses on the US - I think that's sort of plain  
4 for everyone. My observation was that it was not,  
5 the issuance of Order 1000 was triggered not just  
6 by very specific facts related to specific US  
7 locations but to do with conceptual failures that  
8 the commission had identified, that the US courts  
9 had identified, that led to FERC's determination  
10 that it needed to go down a new path. So it wasn't  
11 only about a specific set of facts, it was about a  
12 specific, a broader set of conceptual problems.

13 Now, clearly, FERC's interest as a US  
14 regulator whose, where the staff and the  
15 commissioner are paid by the US federal government,  
16 is to focus on the US.

17 Q. [214] Now... Agreed. We'll come back to the order  
18 and we'll go and dig down..

19 A. Uh, huh.

20 Q. [215] ... into the decision, don't worry about  
21 that. I'd like now to refer you to page 11 where  
22 you make comments concerning Ms. Chang's report,  
23 it's on page 11, lines 3 to 10. Now, this is what  
24 you say about Ms. Chang,

25 Ms. Chang, in her testimony, examines



1                   whether HQT's proposed Network Upgrade  
2                   is consistent with traditional FERC  
3                   higher of transmission policy. She  
4                   concludes that it is consistent. FERC  
5                   policy on transmission upgrades and  
6                   cost allocation however has not been  
7                   static, and has moved on considerably  
8                   from the Order 888 and 890-era  
9                   policies described by Ms. Chang.  
10                  Recent major FERC Orders and U.S.  
11                  Court decisions have greatly shaped  
12                  the economic and regulatory debate on  
13                  these issues in the United States, but  
14                  the HQT Transmission Provider Policy  
15                  and the Chang Testimony are silent on  
16                  these more recent developments.

17                  So, I read this and I understand that you are  
18                  criticising Ms. Chang's report or approach for  
19                  being silent on FERC Order 1000. Let me ask you a  
20                  few preliminary questions. Did you find any  
21                  reference in Mr. Knecht's report with respect to  
22                  FERC Order 1000? Did you read his report?

23                  A. Yes, I did. Yes, I did.

24                  Q. [216] So...

25                  A. I...

1 Q. [217] ... did you find any reference to FERC order  
2 in Mr. Knecht's report?

3 A. No, but he didn't really talk about cost allocation  
4 very much.

5 Q. [218] Oh well, you should share that with him. You  
6 don't think he's talking about cost allocation?

7 A. Well, it wasn't the kind of cost allocation  
8 question. The issues I'm raising here didn't seem  
9 to be a primary focus for him to the same way.

10 Q. [219] Now, thank you for that comment, we'll share  
11 it. Now...

12 A. You're welcome.

13 Q. [220] ... Ms. Chang is being criticised because she  
14 compared HQT's proposed upgrade policy to the  
15 FERC's higher-of policy. Would you agree with me,  
16 Mr. Adamson, that transmission owners in the United  
17 States are still using and complying with the  
18 higher of policy for point-to-point service  
19 request?

20 (13 h 58)

21 A. Yes. As I mentioned in my presentation, we have a  
22 point-to-point service request. You still have a  
23 transmission service request process and that is  
24 subject to the machinery of those... of treatment  
25 of point-to-point. My commentary in colour here is

1 not that that is gone, it's just that it's not the  
2 only thing anymore. It's not the only game in town.  
3 And it seemed to me slightly unusual that there  
4 wasn't a discussion about whole other areas shaping  
5 transmission investment policy, which are really  
6 important, including for point-to-point customers,  
7 and that it was silent on that.

8 Q. [221] Well, Mr. Knecht was silent on it, Ms. Chang  
9 was silent on it, until in presentation she  
10 explained why. Could it be that both experts were  
11 silent on it because it's irrelevant to this  
12 hearing?

13 A. Well, Mr. Knecht said also that he wasn't very  
14 familiar with FERC process, if I remember. So,  
15 maybe he's not really aware of it. I noticed that  
16 the witness, Madam Tilly, I believe her name was  
17 earlier, from the Union... the Consumers' Union,  
18 did speak about it. So, you know, the fact that Mr.  
19 Knecht didn't speak about it may mean that he just  
20 didn't know much about it.

21 Q. [222] Well, we'll see what FERC's chairman thinks  
22 about this, Mr. Adamson. Could you please take a  
23 copy of the acting chairman of FERC, Ms. Cheryl  
24 LaFleur. You know Ms. LaFleur?

25 A. I may have met her at a conference or something

- 1 but...
- 2 Q. [223] You know she's the chairman of FERC.
- 3 A. I do know she's chairman of FERC.
- 4 Q. [224] Okay, let's see what she thinks because it's  
5 quite a coincidence. She has an opinion exactly on  
6 that very specific point. So, there's a document  
7 there, Mr. Adamson, dated June the fourth (4th),  
8 two thousand fourteen (2014). That is quite recent  
9 for FERC.
- 10 A. Hmm, hmm.
- 11 Q. [225] And, Madame la Présidente, vous en avez reçu  
12 une copie. C'est un document qui est une lettre.  
13 So, by way of context, Mr. Adamson, that is a  
14 letter that was drafted by the acting chairman  
15 then, Madam Cheryl LaFleur, of FERC to... a  
16 committee on the energy and natural resources in  
17 Washington. And she was asked questions and she was  
18 actually questioned on that very specific point,  
19 which is quite amazing. It's question 22. And she  
20 provided the following answer...
- 21 A. Hold on a second. Can I...
- 22 Q. [226] Yes.
- 23 A. ... can I just...
- 24 Q. [227] It's on page 12...
- 25 A. Page 12.

1 Q. [228] ... question 22.

2 LA PRÉSIDENTE :

3 Je m'excuse; juste pendant que monsieur Adamson  
4 prend connaissance du document, est-ce qu'on  
5 pourrait le coter?

6 Me ÉRIC DUNBERRY :

7 Oui, tout à fait, Madame la Présidente. Alors, ce  
8 sera un document intitulé, en fait, que je décrirai  
9 comme une lettre de madame Cheryl LaFleur, C-H-E-R-  
10 Y-L, LaFleur, L-A-F-L-E-U-R, adressée au comité on  
11 « Energy and Natural Resources » en date du quatre  
12 (4) juin deux mille quatorze (2014), à laquelle est  
13 jointe une série de questions et réponses. And, Mr.  
14 Adamson, I would refer you again to page 12.

15 LA PRÉSIDENTE :

16 Juste...

17 Me ÉRIC DUNBERRY :

18 Ah, la cote!

19 LA GREFFIÈRE :

20 Maître Dunberry...

21 Me ÉRIC DUNBERRY :

22 ... B-0060.

23

24 B-0060 : Lettre de madame Cheryl LaFleur au  
25 comité on « Energy and Natural

1                                   Resources » en date 4 juin 2014

2

3           LA PRÉSIDENTE :

4           Merci.

5           Me ANDRÉ TURMEL :

6           Je ne veux pas interrompre mon collègue. Je ne sais  
7           pas s'il avait terminé sa mise en contexte. Je  
8           pense qu'il s'apprêtait à lire la question mais on  
9           n'a aucune idée dans quel contexte d'un comité  
10          américain, de quoi que ce soit, qui... sur quoi  
11          on... quel est le témoignage, quel est... qui a  
12          témoigné là. Il me semble que son contexte était  
13          assez court. J'aimerais peut-être qu'il nous donne  
14          un petit peu de... parce que c'est bien de sortir  
15          un texte comme ça d'un chapeau, mais il faut au  
16          moins expliquer que c'est dans... à l'égard... de  
17          quoi on parle. Je note que c'est, si je comprends  
18          bien, c'est le... comment vous appelez ça? C'est le  
19          « Committee on Energy and Natural Resources ».  
20          Alors, peut-être expliquer ce qu'est ce comité et  
21          dans quel contexte il intervient. Est-ce qu'on est  
22          en train de légiférer? Ou on est en « policy  
23          making »? Il me semble que pour nous aider tous,  
24          sauf que de... aller rapidement à la question qu'il  
25          donne au témoin un petit contexte additionnel.

1 Me ÉRIC DUNBERRY :

2 Madame la Présidente, le procureur de NLH ne veut

3 pas m'interrompre mais il s'est levé déjà cinq fois

4 avant même que je n'aie posé une question. Ce

5 document-là parle par lui-même. C'est une lettre

6 communiquée par madame Cheryl LaFleur à un comité

7 fédéral en matière d'énergie. C'est un document

8 public au terme duquel il y a des auditions, pour

9 lequel il peut y avoir des auditions avec des gens

10 présents et ce sont des questions et réponses qui

11 ont été données formellement dans le cadre de cette

12 présentation par la présidente de FERC. Et il n'y a

13 strictement aucune base juridique valable pour

14 s'objecter à la déclaration formelle de FERC sur

15 une question hautement pertinente qui est

16 adoptée... qui est traitée spécifiquement par un

17 témoin dans son rapport, c'est-à-dire l'application

18 de la politique américaine du higher of. Alors, je

19 pense que je peux utiliser ce document en contre-

20 interrogatoire, Madame la Présidente.

21 LA PRÉSIDENTE :

22 Je ne pense pas qu'il y avait d'objection à la

23 question. C'était que vous...

24 (13 h 45)

25

1 Me ANDRÉ TURMEL :  
2 Bien, elle semblait peut-être... si vous permettez,  
3 c'est parce que, écoutez, il y a... c'est un  
4 document... Écoutez, on lance au témoin de manière  
5 imagée, bien sûr, un document de trente-deux (32)  
6 pages dans lequel il y a près de quarante (40) ou  
7 cinquante (50) questions. Je ne les ai pas  
8 comptées. Et je... écoutez, on va laisser la  
9 question aller et le témoin répondre, mais il faut  
10 dire que c'est un peu... Je ne sais pas si... J'ai  
11 vu les boîtes de mon confrère, là, arriver. Il y a  
12 sans doute bien des documents comme ça, pour peut-  
13 être tenter de faire lire les documents. Peut-être  
14 que, dans un premier temps, on peut prendre cinq  
15 minutes (5 min) puis il pourra lire le document. Au  
16 moins... Je dirais cinq minutes (5 min), hein? Je  
17 ne vous demande pas une heure (1 h) ni une demi-  
18 heure (1/2 h). Cinq minutes (5 min) pour prendre le  
19 silence un peu. Il va le lire, et là peut-être que  
20 le... Ça sera peut-être plus utile à la Régie  
21 d'avoir une réponse, plutôt que de lancer  
22 immédiatement, sans autre contexte.

23 Alors je demande... Ce n'est pas une  
24 objection, je demande simplement que le témoin  
25 puisse avoir un peu de temps, comme on le fait de



1 manière... de temps à autre, quand on donne un  
2 document volumineux.

3 Me ÉRIC DUNBERRY :

4 Alors...

5 Me ANDRÉ TURMEL :

6 Ce n'est pas une page qu'on donne au client, là.

7 C'est un document de vingt-deux (22) pages.

8 Me ÉRIC DUNBERRY :

9 Tantôt, Madame la Présidente, on nous a blâmés  
10 d'avoir donné des extraits. On aurait dû déposer  
11 mille (1 000) pages de l'Ordonnance 1000. Là on  
12 nous blâme parce qu'on donne un document qui  
13 contient l'entièreté des commentaires. Si je peux  
14 me permettre, je vais poser la question et le  
15 témoin pourra prendre quelques minutes pour y  
16 répondre.

17 LA PRÉSIDENTE :

18 Alors, c'est ce que j'allais suggérer. Qu'on pose  
19 la question. Si monsieur Adamson a besoin de temps  
20 pour pouvoir lire, pour pouvoir répondre à la  
21 question, bien, à ce moment-là il prendra le temps.  
22 Il nous le dira, s'il a besoin du temps nécessaire  
23 pour lire le contexte qui est alentour de la  
24 question, ou voir la question précédente ou  
25 suivante. D'accord?

1 Me ÉRIC DUNBERRY :

2 Merci, Madame la Présidente.

3 Q. [229] So, Mr. Adamson, let me ask you the question.  
4 And, to ask the question, I'd like to refer you to  
5 question 22 of that document. It's on page 12, and  
6 there is a question, there is an answer, and then I  
7 will have a question for you. So the question is as  
8 follows:

9 Do you agree that the basic principle  
10 that the cost causer should pay for  
11 transmission upgrades, that is that  
12 when transmission upgrades are needed,  
13 the entities that made them necessary  
14 should pay?

15 Answer:

16 I agree with the cost causation  
17 principle, as it has been established  
18 by the Courts and applied by the  
19 Commission, is a central tenet of fair  
20 cost allocation. It is important to  
21 know that needed transmission upgrades  
22 may be identified in a number of ways.  
23 For example, transmission upgrades may  
24 be needed to reliability  
25 interconnected individual new

1 generation resources, or to create a  
2 capacity to satisfy individual  
3 requests for transmission service. In  
4 these situations, long-standing  
5 commission policy allows a  
6 transmission provider to charge the  
7 customer a rate equal to the higher of  
8 either 1) the incremental cost of the  
9 required upgrade, or 2) the embedded  
10 cost of the transmission provider.  
11 This policy ensures that individual  
12 interconnecting generators and  
13 transmission service customers pay the  
14 full cost of the upgrade they require  
15 or cause, and that existing customers  
16 do not subsidize any cost caused by  
17 these new customers.  
18 More recently, in Order number 890 and  
19 1000, the Commission adopted cost  
20 allocation requirements for  
21 transmission facilities that are  
22 identified in a regional transmission  
23 planning process, as needed to meet  
24 the reliability requirements, provide  
25 economic benefits or address

1 transmission needs driven by public  
2 policy enacted by federal, State or  
3 local government authorities.  
4 Notably, these types of transmission  
5 facilities are not driven by a  
6 specific service request. To address  
7 these types of transmission  
8 facilities, I supported adopting the  
9 cost allocation principles in Order  
10 1000 to guide the allocation of the  
11 cost regionally-planned project, while  
12 giving each region the flexibility to  
13 design its own cost allocation  
14 approach to meet its own need,  
15 consistent with these principles.

16 The first question, which should not be too  
17 problematic, is you will agree that FERC Order 1000  
18 was released in July two thousand one (2001), and  
19 that this Board's comment, made by the chairman of  
20 FERC, was more made in June two thousand fourteen  
21 (2014), which is three years after FERC Order was  
22 released. Correct?

23 A. I think you meant it was released in twenty eleven  
24 (2011).

25 Q. [230] I said twenty eleven (2011), no? Ah! Twenty

1 eleven (2011).

2 A. Twenty eleven (2011).

3 Q. [231] So, three years before the actual declaration  
4 made by Mrs. Lafleur.

5 A. Yes. Twenty (20) years is three years before twenty  
6 fourteen (2014).

7 Q. [232] Yes. And three years after that declaration,  
8 three years after that Order 1000 was released, the  
9 chairman of FERC appears before a commission, a  
10 federal commission in Washington, and says that the  
11 long-standing higher of policy is quite applicable  
12 to upgrade requests triggered by a customer.

13 Correct?

14 A. Yes. Which is exactly what I presented earlier,  
15 before lunch.

16 Q. [233] So, relying on FERC Order... Sorry. Relying  
17 on FERC's higher of policy to design an upgrade  
18 policy in two thousand fifteen (2015) is not  
19 outdated. It is still an applicable and long-  
20 standing policy decision by FERC which is quite  
21 relevant in the eyes of FERC's chairman. Correct?

22 A. Well, I think, as I mentioned before, it's still  
23 part of the picture. It's just not the entire  
24 picture. I never said it wasn't part of the  
25 picture. What I'm saying is it's about... it's part

1 of the picture. And you're saying I never want to  
2 see anything over here. It's part of the picture,  
3 but it's not the complete picture. I think it's as  
4 simple as that.

5 (13 h 50)

6 Me ÉRIC DUNBERRY :

7 Q. [234] Thank you. I would like now to move, and this  
8 document, Madame la Présidente, est coté B-0060; We  
9 will come back to it later because I have another  
10 question. Now, Mr. Adamson, I would like to refer  
11 you to your report, back page 13. So just before we  
12 move on, you agree with what madame Lafleur has  
13 said here, what I read to you, you agree with that,  
14 that is a fair statement of the status of the law  
15 in the United States, correct?

16 A. Well, I think the law in FERC policy is a lot more  
17 detailed than this, I mean, this is a summary for  
18 what I take, this is an answer to a question of  
19 what I take to be a response to the Senate Energy  
20 and Natural Resources Committee on, for her  
21 nomination to the FERC. So my understanding -- and  
22 this is based on, you know, what one sees on TV and  
23 reads in the New York Times -- when you are  
24 nominated, you have to respond to questions put  
25 forth by the Senate, because you have to be

1 approved by the Senate, and, you know, you respond  
2 to questions.

3 She is providing, she obviously provides an  
4 answer here, I mean, the actual policies and how  
5 they are implemented obviously move in more detail  
6 than this, and also include things like, at the  
7 bottom of page 12, talking about the cost causation  
8 principle, and she quotes the US Court of Appeals  
9 for the Seventh Circuit had stated -- to the extent  
10 that a utility benefits from the costs of a new  
11 facilities, it may have, be said to have caused a  
12 part of these costs to be incurred. So, obviously,  
13 there is a big picture thing of here, she has  
14 provided a summary answer to a Senate committee.

15 Q. [235] Now you said earlier that this is exactly  
16 what you were saying, so just to wrap this up, did  
17 you find any misrepresentations made by madame  
18 Lafleur in the quote I read, do you disagree with  
19 anything she said or wrote, do you disagree with  
20 the accuracy of those statements made in what I  
21 read to you?

22 A. No, no...

23 Q. [236] Thank you.

24 A. ... obviously, it's written by her staff very well.

25 Q. [237] Yes, we should share that with madame

1 Lafleur, she would be delighted to hear you say  
2 that. Now...

3 A. I'll be happy to.

4 Q. [238] ... let's move back to your report. Let's  
5 move back to your report, Mr. Adamson, page 13,  
6 lines 12 to 15... maybe the wrong page, let me  
7 verify... yes, we are in your comment on the  
8 requester pay model, I believe, and you refer to  
9 the following, and I quote you, page 13, lines 12  
10 to 15,

11 As a corollary to the principle of  
12 allocating costs to benefitting users,  
13 FERC specifically excluded  
14 transmission utilities from solely  
15 requiring "participant funding" for  
16 regional transmission facilities --  
17 that is, the requirement that the  
18 requester of transmission service  
19 across a regional facility pay all of  
20 the costs. This prohibited requirement  
21 appears to be a key aspect of the HQT  
22 Transmission Provider Policy.

23 And then, there is a footnote, no. 10, and  
24 referring to FERC Order, at paragraph 725, correct?

25 A. Yes.



1 Q. [239] Now, you know that FERC revises its  
2 decisions, or clarifies its decisions on occasion  
3 by issuing, you know, subsequent orders like FERC  
4 1000A, you are aware of that?

5 A. Yes, there is A, B, and C even.

6 Q. [240] Now, there is no reference here to 1000-A,  
7 but I think I have provided you with a copy of  
8 1000-A, and if not, we will; but if I did, you will  
9 find a little document with a package that refers  
10 to a new order that is quoted as 1000-A, that was  
11 issued in May two thousand twelve (2012), and it's  
12 an order that follows a rehearing and a  
13 clarification. Now, if we go to Paragraph 728,  
14 again I just want to clarify your position on this.  
15 However, as Order 1000 may clear, and I'm at page  
16 535, Mister Adamson.

17 (13 h 55)

18 A. Yes. I'm with you.

19 Q. [241] Okay. So:

20 However, as Order No. 1000 made clear,  
21 we are not finding that participant  
22 funding leads to improper results in  
23 all cases. For example, a transmission  
24 developer may propose a project to be  
25 selected in the regional transmission

1 plan for purposes of regional cost  
2 allocation but fail to satisfy the  
3 transmission planning region's  
4 criteria for a transmission project  
5 selected in the regional transmission  
6 plan for purposes of cost allocation.  
7 Under such circumstances, the  
8 developer could either withdraw its  
9 transmission project or proceed to  
10 "participant fund" the transmission  
11 project on its own or jointly with  
12 others.

13 And you can read the rest. But there's also 729.  
14 You can read all of this if you want, but 729 just  
15 completes the questions.

16 The Commission nowhere intended to  
17 suggest that participant funding has  
18 no place in the development of  
19 transmission infrastructure. As noted  
20 by Southern Companies, participant  
21 funding can result in timely  
22 construction of transmission  
23 facilities in many circumstances.  
24 Transmission developers who see  
25 particular advantages in participant

1 funding remain free to use it on their  
2 own or jointly with others. This  
3 simply means that they would not be  
4 pursuing regional or interregional  
5 cost allocation.

6 So my understanding of this, Mr. Adamson, is the  
7 following: that this so-called prohibition  
8 against... By the way, participant funding,  
9 essentially, is other words for requester pays. Is  
10 that a fair...

11 A. Yes. I think they're broadly synonymous.

12 Q. [242] All right. So if we keep in our minds that  
13 when you refer to participant funding, you're  
14 referring to requester pay model, would you agree  
15 that this prohibition against, because you're  
16 referring in your report to a prohibition, that  
17 this prohibition against requester pay, applies to  
18 cost allocation methods for regional and  
19 interregional projects? That was the intention of  
20 FERC.

21 A. I think the... No, I think you're slightly  
22 crossways. The way it was actually worded, and if  
23 you turn back to page 13 of my report, says:  
24 specifically excluded transmission  
25 utilities from solely requiring

1                   "participant funding" for regional  
2                   transmission facilities.

3           This says, I'm for all these exceptions in your  
4           728. 729 says: can they do something else? Yes. For  
5           example, I could decide this is pretty much,  
6           totally to my benefit, and I just want a funding;  
7           I'll pay. And they say go ahead. Go and do that.  
8           Right? So it doesn't categorically exclude. What  
9           Order 1000, though, did say was for the projects in  
10          your regional transmission plan, the ones that are  
11          in this efficiency expansion plan, that meet these  
12          criteria, participant funding can't be the only  
13          method. It can be a secondary method, or it can be  
14          an alternative method, but it can't be the only  
15          method.

16    Q. [243] Okay. So you will agree that when - and I'm  
17          back at 729 - when the Commission said, and I  
18          quote:

19                   The Commission nowhere intended to  
20                   suggest that participant funding  
21          which is requester pay  
22                   has no place in the development of  
23                   transmission infrastructure  
24          means, in fact, that, and I quote again:

25                   The Commission nowhere intended to

1 suggest that participant funding has  
2 no place in the development of  
3 transmission infrastructure.

4 Do you agree that these words mean exactly what  
5 they mean, and that FERC never intended to suggest  
6 that requester pay model had no place in the  
7 development of infrastructure. Correct?

8 A. Well, that's not... A, that's true. B, that's not  
9 what my line in my report says.

10 Q. [244] Okay. Now, we're making progress here. Would  
11 you agree as well that this prohibition that you  
12 referred to in your report, does not apply to a  
13 project that has not been selected in a regional  
14 transmission plan?

15 A. Right. Because you have to be selected in the  
16 efficient regional transmission plan to be cost  
17 allocated. You could propose a project and say: I  
18 want to build a line from A to B. I think that's a  
19 great idea. And it goes, well, you know, it's not  
20 proved to be part of the efficient plan, it's not  
21 needed for the system, you know, it doesn't meet  
22 the... or somehow, it doesn't meet the criteria; it  
23 could be size criteria, I mean, it could be a small  
24 project, for example. And you could say: I want a  
25 line... there should be a line from A to B, and

1           it's not eligible for cost allocation, but I want  
2           to do it anyway. And the response here, which also  
3           is summarized in your 1000-A excerpt says: okay,  
4           that's fine.

5           (14 h)

6           Q. [245] Alright, so you agree that the Board is not  
7           saying anywhere that it is inappropriate, in and of  
8           itself, to proceed with participant funding?

9           A. In some circumstances, no, that is what you are  
10          left with. What it did say is, it can't be the sole  
11          method for ones in the regional transmission plan.

12          Q. [246] So it is one of many methods with respect to  
13          regional transmission planning, correct?

14          A. It is one of, it is one of the methods available.  
15          It cannot be the only method available under Order  
16          1000 for ones in the regional transmission plan.  
17          There was lots of discussion on that, and that was  
18          what was rejected.

19          Q. [247] So when you write, on line 15,

20                               This prohibited requirement appears to  
21                               be a key aspect of the HQT  
22                               Transmission Provider Policy.

23          you are clearly not suggesting that FERC would have  
24          prohibited HQT, had HQT been under FERC's  
25          jurisdiction, to proceed with a requester pays

1 model for purposes of allocating costs between  
2 itself and between its customers?

3 A. Back to the hypothetical, which is, if this was  
4 under FERC jurisdiction, and we were talking about  
5 the regional...

6 Q. [248] Not the regional, I am referring to cost  
7 allocation between HQT and its customers -- and its  
8 customers.

9 A. For ones not in the regional plan, so you are  
10 talking about something not in the regional plan,  
11 if I am understanding you correctly, okay?

12 Q. [249] That is the question.

13 A. Yes, you could have that for things that are not in  
14 a regional plan. You can have requester pays for  
15 that.

16 Q. [250] Thank you. I would now like to... ah!  
17 something else disappeared... je l'ai dans les  
18 mains... So coming back to what madame Lafleur  
19 wrote, Mr. Adamson...

20 A. Okay, sorry, let me... let me...

21 Q. [251] Yes.

22 A. ... let me pick that back up, because I had put it  
23 down... okay.

24 Q. [252] So madame Lafleur is writing the following,  
25 and I read that part already,

1 More recently...  
2 we read that together,  
3 ... the Commission adopted...  
4 she is referring to Orders 890 and 1000,  
5 ... the Commission adopted cost  
6 allocation requirements for  
7 transmission facilities that are in a  
8 regional transmission planning  
9 process.

10 So this just confirms what you and I agreed, in  
11 other words, that this FERC Order 1000 and the cost  
12 allocations adopted under FERC 1000 Order is in  
13 fact referring to projects, or facilities  
14 identified in a regional transmission planning  
15 process, and ultimately in a transmission regional  
16 plan, correct?

17 A. Well, your question was really long. Can you... can  
18 you restate that?

19 Q. [253] That the cost allocation requirements that  
20 are referred to in FERC Order 1000 are actually  
21 applicable to regional transmission planning  
22 projects, or processes. That is what is written  
23 here, first paragraph of that, first line of that  
24 paragraph, correct?

25 A. The projects to be cost allocated are the projects



1 that are eligible for cost allocation, which are  
2 part of the regional plan.

3 Q. [254] Thank you.

4 A. That is...

5 Q. [255] And then, madame Lafleur says,

6 These types...

7 and this is the fifth line,

8 These types of transmission facilities

9 are not driven by a specific service

10 request.

11 I assume you agree with that as well?

12 A. Yes, and I think that is what I stated before  
13 lunch.

14 Q. [256] Thank you. Now, in your report, on page 20,  
15 you wrote the following statement,

16 As I discussed in Section II.b...

17 this is line 19; page 20, line 19,

18 As I discussed in Section II.b of my

19 testimony above, a requester pays

20 approach, as used and advocated by

21 HQT, can lead to inefficient levels

22 and patterns of transmission

23 expansion, and the potential for

24 discriminatory treatment.

25 Now, as a first question, are you aware of any

1 decision of this Board, rendered over the last many  
2 many years, to the effect that a requester pays  
3 model, which has been in effect in this  
4 jurisdiction for many many years, has lead to  
5 inefficient levels or patterns of transmission  
6 expansion?

7 A. No, I am not aware of a decision. Obviously, the  
8 Régie has raised questions about cost allocation,  
9 but I am not aware of a decision.

10 Q. [257] And are you aware of any decision to the  
11 effect that a requester pays model in this  
12 jurisdiction has lead to any discriminatory  
13 treatment?

14 A. Am I aware of a decision -- is that, was that your  
15 question?

16 Q. [258] Yes.

17 A. No, I am not aware of a decision.

18 (14 h 07)

19 Q. [259] And reading in your report, I take it that  
20 you were not asked, as part of your analysis and  
21 mandate, to examine on a factual basis the impact  
22 of a requester pay model in the development and  
23 expansion of HQT's transmission network over the  
24 years. It was not an analysis that you were asked  
25 to conduct?

1 A. No, I started with an economic analysis based on  
2 the principles. I guess one could try to think  
3 about how to do an empirical analysis like that, I  
4 suspect it would take many, many months and many,  
5 many hundreds of thousands of dollars, but I've  
6 certainly not tried that.

7 Q. [260] Now, there is also a reference to free riding  
8 on page 21 of your report, it's line 20, you refer  
9 to this issue of free riding problem. Again, are  
10 you aware of the existence of any decision of this  
11 board to the effect that a requester pay model in  
12 this jurisdiction has led to free riding by HQT's  
13 point to point customers?

14 A. Again, it's a question of whether I, am I aware of  
15 a decision?

16 Q. [261] Yes.

17 A. I am not aware of a decision.

18 Q. [262] Now did you, or was it part of your mandate  
19 to investigate or to conduct an analysis to see  
20 whether in fact clients of HQT were free riding on  
21 HQT's network?

22 A. No. I'm not quite sure how I would do that, but no.

23 Q. [263] Do you know how many clients HQT has? Point-  
24 to-point clients?

25 A. HQT has?

- 1 Q. [264] Yes.
- 2 A. Or did you say HQT or HQD...
- 3 Q. [265] T.
- 4 A. ... because I think HQT. Okay.
- 5 Q. [266] Yes. How many point-to-point clients HQT has  
6 in this jurisdiction?
- 7 A. I think we've seen a few here.
- 8 Q. [267] Do you know how many altogether?
- 9 A. I think it's a small number.
- 10 Q. [268] Okay. You've seen NLH in this room and you've  
11 seen Brookfield, I assume?
- 12 A. Yes.
- 13 (14 h 09)
- 14 Q. [269] Okay.
- 15 A. And I believe HQP is a point-to-point client... HQP  
16 is a point-to-point client?
- 17 Q. [270] Did you ask your client whether he was  
18 playing a free riding or a waiting game?
- 19 A. Did I ask...
- 20 Q. [271] Your client whether NLH was free riding the  
21 system? Is this a problem? Did you discuss that  
22 with NLH? Is NLH a free rider on the system?
- 23 Me ANDRÉ TURMEL :
- 24 Je vais m'objecter sur l'échange entre le client...
- 25 On comprend que sur la description de ce qu'est un

1 « free rider » d'accord mais sur les échanges avec  
2 le client, encore là, je reviens au principe du  
3 départ, so I would object to that kind of question  
4 about what was exchanged between the client NLH and  
5 Mr. Adamson.

6 Me ÉRIC DUNBERRY:

7 Q. [272] So, as a matter of fact, I take it from your  
8 answers that you do not know if, as a matter of  
9 fact, there is a free riding problem in this  
10 jurisdiction?

11 A. No, I provided a conceptual analysis of the  
12 problem, I have not provided an empirical analysis  
13 of the problem.

14 Q. [273] Could you take please take a copy of an  
15 exhibit that has been filed. It's HQT-4, Document  
16 1, it is an answer to an information request.

17 LA PRÉSIDENTE :

18 Juste pour mon bénéfice, ça serait B?

19 Me ÉRIC DUNBERRY :

20 Ça serait B... HQT-4, Document 1.

21 LA PRÉSIDENTE :

22 Juste me dire c'est quoi. C'est la DDR à qui?

23 Me ÉRIC DUNBERRY :

24 C'est une DDR 1.

25

1 LA PRÉSIDENTE :  
2 1, merci.  
3 Me ÉRIC DUNBERRY :  
4 La première, Madame la Présidente. C'est la  
5 question 16.2 à la page 43 de 48.  
6 A. I'm sorry, Mr. Dunberry. You said HQT-4, Document  
7 1?  
8 Q. [274] Page 43 of 48.  
9 A. Okay. Hold on, hold on a second.  
10 Me ANDRÉ TURMEL:  
11 The page numbering may vary because you have an  
12 english translation so it's question-answer  
13 number... Comment? 16...  
14 Me ÉRIC DUNBERRY:  
15 16.2.  
16 Me ANDRÉ TURMEL:  
17 16.2.  
18 LA PRÉSIDENTE :  
19 B-0015.  
20 Me ANDRÉ TURMEL:  
21 Let us know when you are... Je vais juste aller  
22 donner un coup de main.  
23 A. 16.2. Okay. I think that's here.  
24 Me ÉRIC DUNBERRY:  
25 Q. [275] Yes.

1 A. This is the one that's associated with, it says  
2 "Table R16.2"?

3 Q. [276] Yes.

4 A. Okay. I think we're on.

5 Q. [277] This is a list of the point-to-point service  
6 agreements, long term.

7 A. Uh, huh.

8 Q. [278] You see three clients: HQP, EBM and NLH,  
9 correct?

10 A. Yes.

11 Q. [279] Do you know whether NLH and EBM have ever  
12 triggered the construction of an upgrade?

13 A. I don't know.

14 Q. [280] So let me give you an hypothetical question.  
15 Assuming that, you see NLH, NLH delivers at mass,  
16 you see this, the last four contracts?

17 A. Yes.

18 Q. [281] And HQP as well delivers at mass, that's the  
19 second line?

20 A. Yes.

21 Q. [282] And assuming that NLH did not, they trigger  
22 under the requester pay model the construction of  
23 an upgrade to actually deliver that power to mass  
24 for export purposes, it would be logical to  
25 conclude that NLH, under a requester pay model, is

1 free riding the system based on your definition?

2 Me ANDRÉ TURMEL :

3 Il me semble que c'est une série d'hypothèses sur  
4 hypothèses sur hypothèses.

5 Me ÉRIC DUNBERRY :

6 C'est un expert, Madame la Présidente.

7 Me ANDRÉ TURMEL :

8 Oui.

9 Me ÉRIC DUNBERRY :

10 C'est des interventions simplement pour couper le  
11 rythme du contre-interrogatoire. J'ai vu ça cent  
12 (100) fois mais il me semble, pas ici, mais j'ai vu  
13 ça.

14 Me ANDRÉ TURMEL :

15 O.K.

16 LA PRÉSIDENTE :

17 Vous l'avez peut-être déjà fait vous-même, on ne le  
18 sait pas mais... Ailleurs, bien sûr, mais c'est  
19 juste...

20 Me ANDRÉ TURMEL :

21 Mais ce que je veux dire c'est que, oui, bien sûr,  
22 c'est un expert mais quand même, on donne en trente  
23 (30) secondes trois variables de l'hypothèse. La  
24 réponse de la question qui est venue auparavant  
25 c'est : sait-il si NLH a déjà demandé du, comment



1 dire, aurait requis une expansion du réseau? Il a  
2 dit non. Alors, là, il le fait dans une hypothèse  
3 qu'il n'a jamais regardée. En tout cas, moi, ça...

4 LA PRÉSIDENTE :

5 Oui, mais votre client...

6 Me ANDRÉ TURMEL :

7 Je ne suis pas sûr que c'est utile.

8 LA PRÉSIDENTE :

9 Votre témoin, pas votre client, mais votre témoin  
10 il est capable de dire non s'il n'est pas au  
11 courant et puis il est capable de demander aussi du  
12 temps s'il en a besoin. Alors, il n'y a pas de  
13 problème à ce niveau-là.

14 (14 h 15)

15 Me ÉRIC DUNBERRY:

16 Q. [283] So my question was to you, Mr. Adamson,  
17 whether under your definition of free riding, NLH  
18 is free riding the system because it did not  
19 trigger any upgrade and is delivering power at mass  
20 at no cost, no cost for the upgrade, I refer to?

21 Mr. SEABRON ADAMSON :

22 A. But I'd say I think there is probably costs  
23 associated with the point-to-point...

24 Q. [284] So I just want to know if that is your  
25 definition of "free-riding", that, in the

1           circumstances right now, NLH is a free-rider  
2           because it did not contribute to the costs of an  
3           upgrade to ensure the ability to deliver at mass.  
4        A. Well, let's be a little clearer, a free-rider  
5           concept is a concept of market failure as a  
6           concept. The... I take it from your question, you  
7           say that HQP built upgrades to mass, and NLH was  
8           not required to fund upgrades?  
9        Q. [285] That's right.  
10       A. Is that part of your hypothetical...  
11       Q. [286] That's part...  
12       A. ... I'm sorry, I missed that part of your  
13           hypothetical...  
14       Q. [287] ... yes, that was part of my assumptions.  
15       A. I mean, a free-riding problem is kind of a  
16           conceptual problem of market failure. I mean,  
17           clearly, assuming your assertions are right, which  
18           I am sure they are, it looks like one had to pay  
19           for a very large transmission service request, the  
20           other didn't, and didn't have to make upgrades,  
21           which, I assume under your rules are fine, or you  
22           wouldn't have allowed it at the time, under the  
23           rules at the time. The question is, is whether  
24           these rules are appropriate and give the right  
25           economic signal. And here, I would argue in all

1 cases they don't.

2 Q. [288] So, under your definition of "free-riding",  
3 that you are suggesting should be resolved and  
4 cured as a problem, NLH, under that definition, is  
5 currently free-riding the system?

6 A. I didn't make a definition of "free-riding" in the  
7 context of a specific set of transmission upgrades,  
8 but it looks like, I am gathering your hypothetical  
9 is that the two thousand nine (2009), July one (1),  
10 two thousand nine (2009) commencement by HQP  
11 required a bunch of transmission upgrades, is that  
12 correct, that's part...

13 Q. [289] You can continue...

14 A. ... that's part of your hypothetical?

15 Q. [290] Yes.

16 A. Well, I am just, I'm looking for...

17 Q. [291] Yes.

18 A. ... I'm looking for a yes from you to make sure I  
19 am understanding properly. And that a twenty  
20 fourteen (2014), April one (1), for a much smaller  
21 amount by fifty megawatts (50MW), did not. So we  
22 are setting the stage, okay?

23 Q. [292] Yes.

24 A. And that is your question?

25 Q. [293] Yes.

1 A. Or that is the basis of your hypothetical?

2 Q. [294] Yes.

3 A. If I am understanding it. And then, your question  
4 is -- is NLH free-riding on the fact, on the  
5 previous twelve hundred megawatt (1200MW)  
6 transmission service request, or twelve sixty-seven  
7 (1267) with losses in the second line -- that is  
8 the last part of your question, as I understand it?

9 Q. [295] Yes.

10 A. Okay. Well, I mean, it is hard to know for sure,  
11 because five years, almost five years later, lots  
12 of things can happen in the transmission system  
13 that may have allowed that additional fifty  
14 megawatts (50MW) to happen, I mean, these are not  
15 exactly directly close in time, right?

16 I mean, in broad brush, you do illustrate  
17 though the classic problem of a free-rider problem,  
18 in the big picture sense, which I think what is  
19 really important here, which is, you have lumpy  
20 investments in many cases, you allocate a lot of  
21 those if the customer does not use the, if the  
22 first point-to-point customer doesn't use  
23 absolutely all of the capacity available, you have  
24 extra capacity; and then, the second person doesn't  
25 have to end up making as large of an investment.

1           I mean, I think it illustrates the big  
2 picture concept of what I am talking about. I would  
3 however caution that with four, five years in  
4 between, all kinds of other things could have been  
5 happening that I wouldn't know about from this  
6 statement.

7   Q. [296] Thank you, Mr. Adamson. I would like now to  
8 move to a different topic, and it is asking you to  
9 take a copy of Order 1000 of FERC, and asking  
10 perhaps a few preliminary questions on that. A  
11 first question would be to confirm for us that  
12 Order 1000 actually builds on the regional  
13 transmission planning principles that were adopted  
14 by FERC in Order 890, correct?

15   A. Generally, yes.

16   Q. [297] And Order 1000 was issued to remedy a number  
17 of deficiencies in the existing requirements of  
18 FERC Order 890, correct?

19   A. Oh! I am not sure it is only that, but that was  
20 certainly one of the drivers.

21   Q. [298] And it was also issued to address a number of  
22 challenges that US public utility transmission  
23 providers were currently, were facing, and possibly  
24 are still facing, back in two thousand eleven  
25 (2011), and that was the purpose of that order,

1 correct?

2 (14 h 20)

3 A. Well, to say, there were specific facts in some  
4 cases and there were identified economic conceptual  
5 weaknesses which were a very big driver.

6 Q. [299] Now, some of these deficiencies and problems  
7 that are still in existence today or... today, we  
8 should say in two thousand eleven (2011) when FERC  
9 issued its Order 1000 were not entirely or  
10 sufficiently remedied by FERC Order 890, and those  
11 included... and I think one them was an  
12 insufficient level of investment in transmission  
13 facilities. Correct?

14 A. That was discussed as a need in some locations.  
15 Obviously, regions or areas, and even within  
16 regions, some areas you have lots of transmission  
17 and some areas, you may have less.

18 Q. [300] Would you agree that, actually, at the time  
19 of the release of Order 890, this level of  
20 investment was a critical problem that had to be  
21 solved by FERC? That is one of his main drivers in  
22 Order 890 was this insufficient level of investment  
23 in the US, in transmission facilities.

24 A. I certainly think that was an issue; it wasn't the  
25 one issue driving Order 890, which also had non-

1 discrimination objectives, transparency objectives.

2 I mean, a lot of these orders have multiple  
3 objectives. So...

4 Q. [301] Order...

5 A. ... I would just caution against over  
6 simplification.

7 Q. [302] Okay. Another issue - and you're right, there  
8 were many - another issue was congestion.

9 Congestion and constraints on the system was also  
10 identified, I believe, as a significant issue to be  
11 resolved by the Order 890.

12 A. Yes, that was an identified issue.

13 Q. [303] And one other issue identified was existing  
14 problems of reliability and, I believe, if I  
15 remember correctly, some were actually connected  
16 back to the famous blackout of two thousand three  
17 (2003), that paralysed the North East US for a  
18 while. So, reliability was a third consideration  
19 for FERC Order 890. Would you agree?

20 A. It was certainly an issue. I don't remember a  
21 specific reference to the two thousand three (2003)  
22 blackout. It may have been in there. I don't  
23 remember the text and that level of detail.  
24 Certainly, reliability, driving reliability is  
25 usually an issue in... a quoted objective in many

1 FERC orders.

2 Q. [304] Would you take a copy of Order 890 for us, on  
3 page 237? So, you have a copy. It's in your  
4 package, Mr. Adamson. It's Order 890 and I'd like  
5 to refer you to page 237, paragraph 421. And FERC  
6 said the following on page 37... 237, and I read :

7 As the Commission stated in the NOPR,  
8 the Nation has witnessed a decline in  
9 transmission investment relative to  
10 low growth in the ten years since  
11 Order No. 888 was issued. Transmission  
12 capacity per MW of peak demand has  
13 declined in every NERC region.

14 Transmission constraints

15 which I translate by "congestion",

16 Transmission constraints plague most  
17 regions of the country, as reflected  
18 in the limited amounts of ATC posted  
19 in many regions, increased frequency  
20 of denied transmission requests,  
21 increasingly common transmission  
22 service interruptions or curtailments  
23 and rising congestion costs in  
24 organized markets.

25 The word "plague" is a strong word for anybody



1 who's been reading seventeenth (17th), eighteenth  
2 (18th) century literature. Would you agree with me,  
3 Mr. Adamson, that there were many factors in Order  
4 890, but certainly, the insufficient level of  
5 investment and the chronic congestion across all  
6 NERC regions were certainly two of the very serious  
7 and important considerations that FERC felt was at  
8 the origin of 890?

9 A. Well, I think you've got to be a little careful  
10 about completely interchanging the word  
11 "constraints" and "congestion". You're...

12 Q. [305] Well no, FERC used "congestion".

13 A. FERC used congestion too but they used...

14 Q. [306] Yes, they used...

15 A. ... constraints before plague. I would suggest to  
16 some of the FERC staffers who are probably having a  
17 good... having a bit of a laugh on what must be a  
18 pretty boring job writing this stuff...

19 Q. [307] I'm sure FERC staff are serious people and  
20 seriously write stuff, as you say. Would you agree  
21 that, again, aside from my personal translation of  
22 "constrain" and "congestion", leaving that aside,  
23 would you simply agree with what everybody I think  
24 has recognized, and I can show you other  
25 paragraphs, if you want, that insufficient level of

1 investments and congestion were very serious  
2 factors impacting across all regions in the United  
3 States. And that's why FERC 890... decided to  
4 release Order 890.

5 A. Well, I think that is one of... I think that is a  
6 reason that they quote. This is in kind of... as  
7 part of a bigger thing. If you go back to the start  
8 of... If you turn to page 22 of your excerpt, it  
9 talks about the need for reform for Order 888.  
10 (14 h 26)

11 Q. [308] You're referring to transmission planning,  
12 Mr. Adamson. Obviously, the topic here is  
13 transmission planning.

14 A. Well, now, I thought you were talking about the  
15 need for Order 890.

16 Q. [309] I was...

17 A. And Order 890...

18 Q. [310] Yes.

19 A. ... was driven by lots of needs which they kind  
20 of... Section 3, need for reform of Order 888,  
21 discusses opportunities for undue discrimination  
22 continue to exist, lack of transparency undermines  
23 confidence and open access, and includes, at c), if  
24 you look at paragraph 52, includes, c) congestion  
25 and inadequate infrastructure develop, impede

1 customer's use of the grid. So I'm just pointing  
2 out that there is a couple of identified... FERC  
3 identified reasons for Order 890.

4 Q. [311] Okay. And in terms of transmission planning,  
5 would you agree that with respect to FERC's, the  
6 content of FERC Order 890 and its remedies for  
7 transmission planning related issues, investments  
8 and congestions were two drivers for that order. On  
9 the component dealing with transmission planning.

10 A. They were two of the drivers. I'm not... I don't  
11 think they're the only drivers.

12 Q. [312] Okay. I now would like to spend a moment with  
13 you on Order 1000 and what it does, really. And  
14 that would be asking you to go back to Order 1000,  
15 and take a copy of, on page... Actually, go to page  
16 11, if I might ask you. Paragraph 6. Okay? So, FERC  
17 says the following:

18 Turning to the specific discrete  
19 reforms we adopt today, we first  
20 require public utility transmission  
21 providers to participate in a regional  
22 transmission planning process that  
23 evaluates transmission alternatives at  
24 the regional level that may resolve  
25 the transmission planning region's

1                   need for more efficiency and cost  
2                   effectively than alternatives  
3                   identified by individual public  
4                   utility transmission providers in  
5                   their local transmission planning  
6                   process.

7           And then you may continue to read, but then, third  
8           line from the bottom, they continue by saying...  
9           Well, let me continue to read. Go back, please, to  
10          the... There is a section here that is quite  
11          relevant.

12                   This requirement builds on the  
13                   transmission planning principles  
14                   adopted by the Commission in Order  
15                   890, and the regional transmission  
16                   planning process developed in response  
17                   in this final rule must satisfy those  
18                   principles. These processes may result  
19                   in the development of a regional  
20                   transmission plan.

21          Okay? And then if you go down, three lines from the  
22          bottom:

23                   We conclude that requiring each local  
24                   and regional transmission planning  
25                   process to provide this opportunity is

1                   necessary to ensure that transmission  
2                   planning processes identify and  
3                   evaluate transmission needs driven by  
4                   relevant public policy requirements  
5                   and support more efficient and cost-  
6                   effective achievement of those  
7                   requirements.

8                   Now, keep that in mind and go, please, to paragraph  
9                   9. And you can read paragraph 8, it deals with  
10                  right of first refusal under federal legislation,  
11                  which is not quite relevant to us, I would believe.  
12                  And then, in paragraph 9, FERC says the following:

13                   Finally, we require public utility  
14                   transmission providers to have in  
15                   place a method, or a set of methods  
16                   for allocating the costs of new  
17                   transmission facilities selected in a  
18                   regional transmission plant for  
19                   purposes of cost allocation. We also  
20                   require public utility transmission  
21                   providers in each transmission  
22                   planning region to have, together with  
23                   the public utility transmission  
24                   providers and neighbouring  
25                   transmission planning regions, a

1 common method or set of methods for  
2 allocating the cost of a new  
3 interregional transmission facility  
4 that is jointly evaluated by the two  
5 or more transmission planning regions  
6 in their interregional transmission  
7 coordination procedure.

8 So, if we go back to paragraph 6, you will agree  
9 with me that as a start, what FERC requires a  
10 public utility transmission to do is to participate  
11 in regional planning processes. Correct?

12 A. Yes, although they don't define what a region is  
13 very much.

14 Q. [313] And that process, Mr. Adamson, must result in  
15 the development of a regional transmission planning  
16 plan. Correct?

17 A. Yes, under... If you're following what's in Order  
18 1000 specific rules, yes.

19 Q. [314] Okay. And that plan and these methods are  
20 driven by a number of public policy requirements  
21 that you see at the bottom of page 11, with capital  
22 P, P and R, and these are public policies that have  
23 been adopted in the U.S. by FERC and applied by  
24 FERC in this context.

25 (13 h 55)

1 A. Well, it's... Let's be a little... Let's be a  
2 little clear, here. There are these public policy  
3 requirements. But they're not the only driver of  
4 this. It says as part of our reform, we also  
5 require that the regional transmission planning  
6 process, as well as the underlying local  
7 transmission planning process of public utility  
8 transmission providers, provide an opportunity to  
9 consider transmission needs driven by public policy  
10 requirements. So the public policy requirements  
11 aren't the only driver; they were an added driver,  
12 kind of specifically called out in this.

13 Q. [315] Okay.

14 A. But they're not the only driver.

15 Q. [316] Okay.

16 A. Just to be clear.

17 Q. [317] Okay. Now, this regional and interregional  
18 planning process, and the cost allocation  
19 methodologies that are introduced by FERC are or  
20 must comply with these public policy requirements.  
21 Correct?

22 A. They added those to the mix.

23 Q. [318] But they're there now.

24 A. So if understand your question, I think the answer  
25 is: yes, they were added to the mix.

1 Q. [319] Okay. And these public policies are American  
2 public policies, Mr. Adamson, obviously.

3 A. Yes. Well, actually, they were, they're relatively  
4 broadly stated what they could be. I mean, they had  
5 talked about integration of wind for example, but  
6 I'm not sure that it absolutely restricted it,  
7 integration of renewable energy.

8 Q. [320] But let's say they're intended to apply in  
9 the United States.

10 A. Well, Order 1000 was intended to apply in the  
11 United States. So...

12 Q. [321] I would agree with that.

13 A. ... I think that's so, you know, that's clear.

14 Q. [322] Now, FERC makes a distinction between local  
15 and regional. Are you familiar with the distinction  
16 to be made between local transmission planning and  
17 regional transmission planning?

18 A. In the context of Order 1000?

19 Q. [323] In the context of what we just read; cost  
20 allocation methodologies for regional and  
21 interregional planning processes. We just read  
22 paragraph 6 underlined; there are references to  
23 regional planning processes, regional transmission  
24 plans, and cost allocation methodologies for  
25 regional and interregional planning processes.



- 1 A. And local...
- 2 Q. [324] And there's a lot of regional, and there's  
3 references to local as well. Do you know what the  
4 distinction is between regional and local, in terms  
5 of planning processes?
- 6 A. In the context of Order 1000, yes.
- 7 Q. [325] Yes.
- 8 A. There's local and there's regional; then, there's  
9 interregional.
- 10 Q. [326] All right. Now, what is your understanding of  
11 the distinction between local and regional?
- 12 A. Well, regional ones come out of a regional process,  
13 with inputs from regional stakeholders. Local ones  
14 may be from a local process, and a lot of the OATTs  
15 actually define what a local process is, and what a  
16 regional process is, with inputs from local  
17 stakeholders. So, there's kind of different tiers  
18 of the wedding cake, kind of...
- 19 Q. [327] Okay.
- 20 A. ... building up.
- 21 Q. [328] Well, maybe I can assist with that cake, by  
22 referring you to paragraph 68 of the order. As you  
23 can imagine, FERC has an issue, not an issue, but a  
24 definition for us, on page 55 or Order 1000. So  
25 fourth (4th) line from the top, page 55:

1                   By local transmission planning  
2                   process, we mean the transmission  
3                   planning process that a public utility  
4                   transmission provider performs for its  
5                   individual retail distribution service  
6                   territory or footprint, pursuant to  
7                   the requirement of order 890.

8                   Can we agree with that definition for purposes of  
9                   our conversation this afternoon?

10                  A. Yes. Yes, that's the definition for what we're  
11                   talking about here, in this document.

12                  Q. [329] And you will agree that a sole transmission  
13                   utility cannot constitute a region in and of  
14                   itself? It's a local entity, at that point.

15                  A. That's kind of a good question, which actually,  
16                   FERC tried to discourage single ones, because it  
17                   wanted regional cooperation. I'm not sure they ever  
18                   explicitly said that a local region and a region  
19                   region could not be coterminous. Some of the  
20                   original Order 1000 compliant OATTs were virtually  
21                   single transmission provider OATTs, which would, in  
22                   effect, made them kind of locals. So, the question  
23                   is, I mean, this kind of gets to a specific  
24                   legalistic question, which I don't think is  
25                   actually particularly interesting here, around

1 whether one transmission provider can be a region.

2 (14 h 32)

3 Q. [330] Okay. Well, FERC has the answer for us. Let's  
4 refer to Order 1000-A again. As you say, these  
5 staffers are quite good. So page 205, Mr. Adamson,  
6 Order 1000-A, second line, paragraph 272, and I  
7 quote:

8 We also affirm Order No. 1000's  
9 determination that the Commission will  
10 not prescribe the size or scope of a  
11 transmission planning region in a  
12 generic proceeding, except to provide  
13 that a single public utility  
14 transmission provider by itself may  
15 not be a transmission planning region,  
16 consistent with Order 890.

17 Again for purposes of our conversation, Mr.  
18 Adamson, can we agree with that statement?

19 Me ÉRIC DUNBERRY :

20 Madame la Présidente, j'y allais peut-être  
21 rapidement, on m'indique que vous n'aviez pas cette  
22 référence devant vous lorsque je la lisais, c'est à  
23 la page 205. Désolé.

24 Q. [331] Alors, Mr. Adamson, can you and I agree that  
25 FERC wrote what it thought, and what it thinks is

1           that a single public utility transmission provider  
2           by itself may not be a transmission planning  
3           region?

4       A. Yes, they clearly were trying to discourage the,  
5           some of the, particularly, I believe, some of the  
6           large South-Eastern utilities who wanted to just go  
7           ahead and say, "Well, we are by ourselves a  
8           region." Most of them, well, first off, none of  
9           them were almost truly absolutely single by  
10          themselves, because most of them had, one way or  
11          another, had some smaller transmission owning  
12          utilities inside their service territories, or  
13          affiliated with them, so they were never almost  
14          completely independent, single, anyway.

15                   FERC clearly was trying to, as part of its  
16                   regional concept, push them to look bigger outside  
17                   their borders. So they kind of indicated that they  
18                   were not going to approve, and this, I will just  
19                   file from my footprint to be a region, and then my  
20                   region is myself.

21       Q. [332] Okay. So let's continue with this, and  
22           perhaps wrapping up with your statement on page 23,  
23           on that issue. So there is a statement there, on  
24           lines 18 to 22, and I quote what you are saying  
25           there on page 23, Mr. Adamson...

1 A. I'm sorry, could you... 23, could you give me the  
2 line?

3 Q. [333] Line 18.

4 A. Line 18. I'm sorry, I just didn't hear you.

5 Q. [334]

6 With respect to HQT's first issue --  
7 that it is unaware of cost sharing  
8 being common practice in other  
9 jurisdictions -- it need look only  
10 south of the border. In the U.S. such  
11 cost allocation based on benefits...  
12 you were referring here to the benefit-based cost  
13 allocation, so,

14 ... it need look only south of the  
15 border. In the U.S. such cost  
16 allocation based on benefits is now  
17 the law, and the thousands of pages of  
18 transmission provider compliance  
19 filings to Order 1000 (and the large  
20 volumes of modified OATTs filed with  
21 the FERC) provide documentation of the  
22 evolving changes.

23 When you state that this benefit based cost  
24 allocation is now the law, you are referring to the  
25 regional and inter-regional cost allocation

1 methodologies referred to by FERC in its Order

2 1000, correct?

3 A. Yes, it refers to the cost allocation methodologies  
4 identified in Order 1000, which are for regional  
5 transmission identified transmission projects that  
6 are thus eligible for cost allocation. But the  
7 remark really kind of speaks to something I think a  
8 little broader than what you are getting at, which  
9 says you are not, which said it wasn't aware of,  
10 the response to the IR, or sorry, the response in  
11 the additional evidence that I read said that, HQT  
12 was unaware of cost sharing among beneficiaries of  
13 the transmission projects common practice in other  
14 jurisdictions.

15 Well, conceptually, I think Order 1000  
16 identified a practice, I don't think Order 1000 is  
17 going to get kind of parachuted here and just  
18 stamped on everything, that would be completely  
19 illogical, and I wouldn't suggest that. But  
20 conceptually, it did identify a cost allocation  
21 approach, and I think that is one that I was  
22 suggesting as a concept that Québec might examine.

23 (14 h 38)

24 Q. [335] Now, these cost allocation methodologies, so  
25 we are clear, are cost allocation methodologies for

1 regional and interregional planning processes,  
2 correct?

3 A. They are, the FERC process talks about regions  
4 because that's, it's kind of a unit of measure.

5 Q. [336] Okay.

6 A. The projects which are subject to regional cost  
7 allocation may in fact be within a single  
8 transmission provider's service territory if  
9 they've been through the filter of this process.  
10 But they have to have been through the filter of  
11 that process and that's what it calls them.

12 Q. [337] And therefore these cost allocation  
13 methodologies apply only to new transmission  
14 facilities selected in a regional plan, correct?

15 A. Yes, that's what they call the identification  
16 process of projects that are eligible for cost  
17 allocation.

18 Q. [338] And these cost allocation methodologies do  
19 not apply to cost allocation between customers of a  
20 single utility, correct?

21 A. No, I'm not sure I agree with that. Can you say  
22 that again?

23 Q. [339] These regional and interregional cost  
24 allocation methodologies do not apply to cost  
25 allocation between customers of a single

1 transmission provider?

2 A. The cost allocation mechanism can apply, I'm not  
3 sure I understand the construction of your question  
4 particularly well but the cost, the regional cost  
5 allocation mechanism - like a beneficiary pays  
6 mechanism as a concept - can apply to a project  
7 within a single transmission provider's footprint.

8 Q. [340] I'll ask the question again, Mr. Adamson.  
9 FERC has released Order 1000 and required that  
10 regional and interregional cost allocation  
11 methodologies be applied to transmission facilities  
12 selected in a plan, a regional transmission plan.  
13 FERC has not, through Order 1000, required that  
14 these regional and interregional cost allocation  
15 methodologies be applied to cost allocation  
16 between, let's say Hydro-Quebec TransÉnergie and  
17 Brookfield, for a specific upgrade that is cost  
18 allocation between customers of a single  
19 transmission provider.

20 A. Not in all cases, no.

21 Q. [341] Does it apply at all?

22 A. Well, they can do because transmi...

23 Q. [342] To whom does it apply? Is it a requirement  
24 under FERC that these cost allocation methodologies  
25 be applied to allocate cost between customers of a



1 single utility as opposed to allocating cost  
2 between multiple utilities across multiple regions?

3 A. Again, your question structure's a little  
4 complicated. It's an option to apply within a  
5 single region. The second part of your question,  
6 you would have to restate, I'm sorry, I lost that  
7 one.

8 Q. [343] Would you agree that these cost methodologies  
9 do not apply to new facilities that are not the  
10 object of a regional or interregional transmission  
11 planning process?

12 A. They cannot get applied, well, they could be  
13 applied, they have to be applied if they're part of  
14 the regional plan so they've gone through this  
15 filter, they're big enough, they meet the criteria  
16 and they're deemed efficient, then they have to  
17 apply. There can be other ones that don't apply  
18 because of their nature or because of the fact that  
19 they were not deemed efficient - I used the example  
20 of the "I really want to build A to B although  
21 everybody else thinks it's a bad idea." It  
22 definitely would not apply there.

23 Q. [344] You refer to compliance filings in this  
24 extract I read. We actually went through these  
25 compliance filings ourselves and would you agree

1 that none of them actually discuss how upgrade cost  
2 associated with a point-to-point service request is  
3 to be allocated between customers of a single  
4 utility?

5 A. Well, I mean, there... Well, I've got to be a  
6 little careful there because some of these  
7 compliance filings have the entire OATTs of some of  
8 these companies so, and the OATTs have everything  
9 in them one way or the other so I'm not quite sure  
10 that's accurate. For specific transmission service  
11 requests, the traditional transmission service  
12 request process continues. What also is added is  
13 the idea that if projects meet the criteria for  
14 cost allocation, that they can be allocated.

15 Those two things are not, those two spheres  
16 are not completely mutually exclusive. We're  
17 talking about a single transmission system here,  
18 right? So there's different mechanisms, I agree,  
19 but we are talking about a set of investments in a  
20 plan which may overlap with sets of investments  
21 needed for transmission service requests because  
22 it's an integrated transmission system.

23 (14 h 43)

24 Q. [345] Integrated with what?

25 A. Well, with itself. I mean, the various elements,

1 even within a single transmission provider's  
2 transmission system, are tied together. Or else  
3 it's not much of a transmission system.

4 Q. [346] Okay. I'd like to ask you whether you would  
5 agree with the fact that this Board should design  
6 an upgrade policy that is adapted to the Québec  
7 legal and regulatory environment.

8 A. Obviously, the Board will decide what is  
9 appropriate for Québec. I provided an economic  
10 analysis that starts with kind of economic  
11 principles, and I guess, as an economist, I'd like  
12 to think that the Board might also want to start  
13 with sound economic principles. Obviously, it will  
14 temper all of its implementations and decisions  
15 based on the local context, but it can start with  
16 economics as well.

17 Q. [347] Were you informed that this Board ruled, in  
18 two thousand twelve (2012), that investments in  
19 Québec were... that the level of investment in  
20 Québec was adequate, and there were no investment  
21 problems in Québec? That was a decision that was  
22 rendered in two thousand twelve (2012).

23 Me ANDRÉ TURMEL:

24 Maybe, would you refer to at least the file, or...

25 A. Yes. Can you... can you give even a reference?

1 Sorry.

2 Me ÉRIC DUNBERRY:

3 Q. [348] It's decision 2012-10, a decision that dealt  
4 with Order 890. Were you aware that decision dealt  
5 with Order 890, and whether it would be appropriate  
6 for Québec to adopt a U.S.-style Attachment K? Were  
7 you informed of that?

8 A. I know that there was a... I don't know that  
9 it's... I don't know that I know what decision that  
10 was in. I know there was a discussion around... I  
11 know there was a decision around an Attachment K,  
12 but I don't know that... the decision numbers.

13 Q. [349] Did you read that decision?

14 A. I'm trying to remember which ones I actually  
15 referred to.

16 Q. [350] Do you recall reading a decision that dealt  
17 with the applicability of Order 890 in Québec,  
18 Mr. Adamson?

19 A. I read one that referred to... We'll give... We'll  
20 have a shortcut.

21 Q. [351] Actually, it's on your list.

22 A. Yes. Yes.

23 Q. [352] So I assume you read that. Did you?

24 A. Yes, that... that is the one I'm thinking about, I  
25 think.

1 Q. [353] Okay. What was the Régie's conclusion in that  
2 decision?

3 A. I don't have it in front of me, so I wouldn't want  
4 to quote it from memory.

5 Q. [354] Do you recall whether the Board endorsed the  
6 nine U.S.-style Attachment K principles that were  
7 presented to it at the time? Do you recall?

8 A. Not that I remember.

9 Q. [355] I'll give you a copy of that decision right  
10 now. I thought you had read that. So we'll...  
11 Madame la Présidente? So you may want to use your  
12 earset.

13 A. Yes. That's why I got it out.

14 Q. [356] I will be reviewing that decision with you,  
15 just so we can get some clarifications. If you look  
16 at the first page of that decision, Mr...

17 A. Sorry.

18 Q. [357] Yes.

19 A. My gizmo here... Sorry. It went from being at a  
20 nice moderate tone before, to being extremely loud.

21 Q. [358] Yes. Okay. If you look at that first page,  
22 it's a decision that was rendered not that long  
23 ago. It was rendered a year, almost a year after  
24 FERC Order 890... Sorry. 1000. So it's a decision  
25 that... And the purpose of that hearing is well-

1 defined in the bottom of the first page, and I'll  
2 read that in French:

3 Décision relative aux modifications du  
4 texte des Tarifs et conditions en lien  
5 avec les ordonnances 890, 890-A, B, C,  
6 D de la FERC.

7 Do you see this, on the first page? And if you go  
8 to page 54, paragraph 246 says the following, in  
9 French:

10 Le Transporteur propose de ne pas  
11 inclure un processus de planification  
12 du réseau de transport sous la forme  
13 d'un nouvel appendice K dans les  
14 Tarifs et conditions, contrairement à  
15 ce que prévoit la FERC dans son tarif  
16 pro forma découlant de l'ordonnance  
17 890.

18 (14 h 48)

19 Et au paragraphe 247 :

20 Le Transporteur explique que  
21 l'ordonnance 890 impose aux  
22 transporteurs, ainsi qu'aux  
23 organisations de transport régionales  
24 et aux gestionnaires indépendants de  
25 réseaux, l'obligation de participer à

1 un processus de planification  
2 coordonné et transparent,  
3 satisfaisant, aux neuf principes  
4 relatifs à ce processus. L'ordonnance  
5 890 requiert également des  
6 transporteurs qui décrivent ce  
7 processus dans leur OATT sous la forme  
8 d'un appendice K.

9 And at the bottom of paragraph 248, Mr. Adamson,  
10 you see the nine principles of FERC, translated in  
11 French but I won't read all this. You're very  
12 familiar with these nine principles, I assume, Mr.  
13 Adamson?

14 A. I'm generally familiar with them and I assume that  
15 Judah Rose quoted them correctly.

16 Q. [359] You know that these nine principles are  
17 fairly core to the Attachment K adopted by FERC.  
18 Correct? Actually, it's the structure itself that  
19 is based on these nine principles. Correct?

20 A. Yes, in general terms. Yes, I think that's...

21 Q. [360] Well, not in general terms; these are exactly  
22 the nine principles that FERC has actually  
23 enforced. Correct?

24 A. Those are the nine principles of Order 890...

25 Q. [361] Yes.

1 A. ... if that's what you're...

2 Q. [362] And in Order 1000, Mr. Adamson, these nine  
3 principles are referred to. Correct? They're still  
4 very valid principles in the United States.  
5 Correct?

6 A. Yes.

7 Q. [363] Okay. Now, the Board heard a lot of  
8 witnesses, including many American witnesses and  
9 Canadian experts, and Canadian witnesses. And at  
10 the end of all this... and NLH was an intervener,  
11 and at the end of all this, the Board said the  
12 following... Do you know what the Board said? Do  
13 you know what was the result of that hearing?

14 A. Well, there is an Attachment K in the HQT OATT.

15 Q. [364] Yes.

16 A. And if I remember, the translated parts of this I  
17 read said that they had to add some stuff. And...  
18 they had to form a... an Attachment K.

19 Q. [365] Sorry, they had a?

20 A. They had to form an Attachment K.

21 Q. [366] Yes. Do you know if that Attachment K was at  
22 all comparable to the U.S.-style nine  
23 principles-based Attachment K?

24 A. Well, I've obviously read the Attachment K in the  
25 current HQT OATT...





1 Québec, caractérisés par un nombre  
2 limité de participants, les  
3 spécificités du réseau du Transporteur  
4 ainsi que la capacité de ce dernier à  
5 répondre aux demandes de service  
6 conformes aux Tarifs et conditions, la  
7 Régie conclut qu'il n'est pas requis  
8 de prévoir et de codifier dans le  
9 texte des Tarifs et conditions,  
10 l'ensemble des éléments constituant le  
11 processus de planification du  
12 Transporteur et les divers principes y  
13 afférent.

14 So, were you aware of the fact when you wrote your  
15 report, Mr. Adamson, that less than three years  
16 ago, the Board decided that it was not appropriate  
17 for Québec to adopt the Order 890, U.S.-style  
18 Attachment K?

19 A. Generally, yes.

20 Q. [372] Okay. So, you understand that this Board  
21 decided that it was not necessary for Québec to  
22 have a regional transmission participation process.  
23 Correct? Principle 1 of FERC.

24 A. I won't refer to the numbers because I don't know  
25 what number or order they came in; that's my

1 understanding.

2 Q. [373] Okay. And you are also aware of the fact that  
3 the Board decided that it was not necessary to  
4 Québec to adopt a U.S.-style cost allocation  
5 methodology for new projects. This is principle  
6 number 9. In French; we can go back to...

7 A. Hmm, hmm.

8 Q. [374] ... the first page. On page 54, if you look  
9 at the ninth principle, it's called in French "La  
10 répartition des coûts"

11 vise à élaborer une méthode de  
12 répartition de coûts associée au  
13 nouveau projet de transport afin de  
14 favoriser la construction de nouvelles  
15 infrastructures,

16 which is the ninth paragraph of FERC. So, I'm  
17 asking you again, whether you were aware that this  
18 Board felt that it was not necessary in Québec, for  
19 all sorts of reasons, to adopt the U.S.-style  
20 Attachment K cost allocation methodologies for new  
21 projects.

22 A. Yes, but I also don't think that was the objective  
23 in what I wrote in my testimony.

24 (14 h 55)

25 Q. [375] And were you aware that this Board did not,

1 in fact, adopt any of the other principles, except  
2 one, that is being discussed in our own Attachment  
3 K?

4 A. I didn't go back and match...

5 Q. [376] Okay.

6 A. ... the order against exactly what's in the  
7 Attachment K, but I'll take your representation of  
8 it.

9 Q. [377] Okay. Do you know what the Board recognized,  
10 in its current Attachment K? Yes or no?

11 A. I have looked at Attachment K, but I don't have it  
12 in front of me.

13 Q. [378] Okay. I will give you a copy of that. You  
14 don't recall whether it deals with coordination,  
15 with planning, with dispute resolution, you don't  
16 recall at all what it deals with?

17 A. No. I think I do, but I don't want to...

18 Q. [379] Okay. What does it deal with?

19 A. I think it dealt with kind of more of a kind of  
20 what I would call a kind of informational exchange  
21 type...

22 Q. [380] Let's go there.

23 A. ... process.

24 Me ÉRIC DUNBERRY :

25 Madame la Présidente, avec votre permission, nous

1           pourrions finir cette ligne de questions dans moins  
2           de quinze minutes (15 min), ce qui nous permettrait  
3           de couper.

4           LA PRÉSIDENTE :

5           Oui, oui, il n'y a pas de problème. Juste peut-être  
6           les coter.

7           Me ÉRIC DUNBERRY :

8           Oui.

9           LA PRÉSIDENTE :

10          Peut-être à la fin où là, mais parce qu'on commence  
11          à avoir beaucoup de pièces sans numéro.

12          Me ÉRIC DUNBERRY :

13          Alors, Madame la Présidente, nous ne coterons pas  
14          la décision D2012-010 à laquelle nous référons, si  
15          ça convient. L'attachement, l'Appendice K, non  
16          plus. Sauf erreur, nous l'avons tous dans nos  
17          Tarifs et conditions. J'ai par ailleurs référé aux  
18          ordonnances 1000, 1000-A et 890. Je pourrai les  
19          coter si je ne l'ai pas déjà fait.

20          LA PRÉSIDENTE :

21          Non. Et la seule qui a reçu une cote, c'est la  
22          lettre de madame LaFleur.

23          Me ÉRIC DUNBERRY :

24          Alors l'ordonnance 890 recevra la cote 0061 Madame  
25          la Greffière?

1 LA GREFFIÈRE :

2 Oui.

3

4 B-0061 : Extrait de l'Ordonnance 890

5

6 Me ÉRIC DUNBERRY :

7 L'ordonnance 1000 la cote 0062, B-0062.

8

9 B-0062 : Extrait de l'Ordonnance 1000

10

11 Me ÉRIC DUNBERRY :

12 Et l'ordonnance 1000-A, B-0063.

13

14 B-0063 : Extrait de l'Ordonnance 1000-A

15

16 Me ANDRÉ TURMEL :

17 Peut-être juste mentionner que ce sont des extraits  
18 et non pas l'ordonnance.

19 LA PRÉSIDENTE :

20 Merci.

21 Me ÉRIC DUNBERRY :

22 Oui. Tout à fait. Il s'agit d'extraits.

23 Q. [381] All right. So in your report, Mr. Adamson, on  
24 page 30, your first item in your recommendations,  
25 item 1, you're asking this Board to create:

1 a more open transparent planning  
2 process that will use clear and  
3 specific criteria to identify needed  
4 new transmission projects (within  
5 Québec and for projects connecting to  
6 neighboring systems) and for  
7 allocating the costs of these  
8 projects.

9 That's your first recommendation. And then, we have  
10 number 5:

11 Issuance of detailed...

12 On page 31.

13 Issuance of detailed information  
14 release and exchange policies that  
15 will allow transmission customers  
16 et caetera, et caetera. I won't read all of this.  
17 You're quite familiar with that. Now, you're now  
18 aware, because you have it in front of you, that  
19 this Board has, in two thousand two (2002), adopted  
20 a new Information and discussion process on  
21 transmission planning, that's the exact title, I  
22 believe, that is designed and adapted to Québec.  
23 Correct? Is that your understanding?

24 A. My understanding: this is the current Attachment K.

25

1 Me ANDRÉ TURMEL :

2 Vous avez dit deux mille deux (2002).

3 Me ÉRIC DUNBERRY :

4 Deux mille douze (2012). Deux mille douze (2012).

5 Q. [382] That is the current Attachment K, and it's  
6 the Attachment K that was ordered following that  
7 decision I showed you, D2012-010. Were you aware of  
8 that fact, Mr. Adamson?

9 A. I think the link with it... two thousand ten  
10 (2010), I think that's right, I won't... I think  
11 this is the current Attachment K, and I know there  
12 was an Order about it.

13 Q. [383] Okay.

14 A. But like I said, I'm, I won't swear that I have all  
15 the decision numbers down memorized.

16 Q. [384] Okay. Now, on page 25 of your report, if you  
17 go back to page 25 of your report, you wrote the  
18 following, line 18:

19 I have not reviewed all of HQT's  
20 publicly available transmission data  
21 and I have not participated in  
22 previous stakeholder meetings, and so  
23 I cannot comment on the sufficiency of  
24 these against Order 1000-type  
25 requirements.



1 As a first question, I hear you say that it was not  
2 part of your mandate to review the implementation  
3 of this new Attachment K, that was adopted in two  
4 thousand twelve (2012), for information and  
5 discussion process on transmission planning.

6 Correct?

7 A. No.

8 Q. [385] Okay. So you've not conducted any analysis of  
9 the situation prevailing in Quebec, with respect to  
10 the implementation of this new Attachment K?

11 A. No. I have seen what's in Attachment K.

12 Q. [386] Okay. But you're not in a position to give us  
13 an informed factual opinion on the implementation  
14 of that new Attachment K, I assume?

15 A. No.

16 Q. [387] Okay. Now, when you turn the page, actually,  
17 at the bottom of page 25, you continue by saying:

18 Given however that this proceeding is  
19 still in a policy stage, and is not  
20 yet at the stage of reviewing specific  
21 OATT language, I believe that this  
22 would be an appropriate time for the  
23 Régie to require a strong commitment  
24 by HQT for detailed transmission  
25 information exchange and transparency.

1 Now, it was not part of your mandate to conduct  
2 analysis of the implementation of that Attachment K  
3 and in fact, you have no opinion on it, but yet,  
4 you strongly recommend or you recommend that there  
5 would be a requirement for a:

6 strong commitment by HQT for detailed  
7 transmission information exchange and  
8 transparency.

9 correct?

10 A. Yes. Just because I think economically, that is a  
11 very good practice, in general.

12 Q. [388] Now, you understand, were you aware of your  
13 client being very much involved in that proceeding  
14 in two thousand twelve (2012), were you aware of  
15 that fact?

16 A. I think I... they may have said they were a  
17 participant in it, but I wasn't a participant in  
18 it.

19 Q. [389] Do you know what their position was, could  
20 you tell...

21 A. No, I haven't, I don't know...

22 Q. [390] Do you know if they were supporting or not  
23 supporting an Attachment K style, U.S.-style?

24 A. I don't know specifically exactly what they were  
25 supporting.

1 Q. [391] Now, did you notice that, aside from your  
2 report, there is absolutely no evidence, coming  
3 from any other participants, concerning the need  
4 for an improved information and exchange process,  
5 were you aware that this was not one of the issues  
6 to be addressed in this hearing, that we are  
7 dealing with...

8 A. Well...

9 Q. [392] ... you are aware we are dealing with  
10 Schedule, or Attachment J, we are not actually  
11 involved in the hearing with Attachment K, were you  
12 aware of that, that Attachment K is not the object  
13 of...

14 A. I know that Attachment K was not the object, but it  
15 is about transmission addition policy, and  
16 transmission addition policy, in my mind at least,  
17 that process somewhat hinges on efficient flows of  
18 information and transparency. That is why I  
19 commented on it.

20 Q. [393] So are you asking the Board to actually  
21 review itself and introduce, "create", I think that  
22 is the word you used,

23 ... creating a more open transmission  
24 planning process and issuing a new  
25 detailed information release and

1 exchange policy...

2 This Board has adopted one policy three years ago,  
3 you have not conducted any analysis with respect to  
4 its implementation, but you are asking the Board to  
5 review its previous decisions and come up with a  
6 different policy on something which is actually not  
7 the object of this hearing. Could you explain all  
8 of that to us?

9 A. Well, you have, again, you have a very long multi-  
10 part question. I will answer parts, and if I miss a  
11 part, you can tell me. I think this process seems,  
12 this Attachment K process seems pretty small.

13 Q. [394] Small for someone coming from the United  
14 States, you find it small, you don't like it, so  
15 you... what do you mean by "small", the Board felt  
16 that...

17 A. Brief.

18 Q. [395] Brief. So you are asking the Board to review  
19 itself, you are asking the Board to conclude that  
20 this Attachment K is inappropriate, and therefore,  
21 it must review itself, although you have not  
22 conducted any analysis and adopted, on behalf of  
23 NLH, something new and better, something improved?

24 A. I think, in general, that this seems a very brief  
25 description that does not, to me, support the level

1 of efficiency required, the level of information  
2 release and exchange required for efficient  
3 planning of transmission projects by customers, and  
4 understanding the cost calculated, the cost  
5 allocation, this seems a very terse document, my  
6 recommendation is for that to be looked at.

7 Q. [396] I understand that, but it is not the object  
8 of this hearing, you are the only one who is  
9 actually introducing evidence on this, let me ask  
10 you the question -- do you know why the Board felt  
11 that this Attachment K was appropriate, it referred  
12 to a number of regulatory tools and  
13 particularities, do you know why the Board felt  
14 that this was appropriate, before critiquing that  
15 decision of the Board, do you know why they made  
16 that decision?

17 A. Only the translation of the document that we looked  
18 at before.

19 Q. [397] Okay, they referred to regulatory tools,  
20 alright?

21 A. Uh-huh.

22 Q. [398] You find it small, but the Board, when it  
23 decided that it was appropriate, referred to the  
24 existence of certain regulatory tools in Québec,  
25 could you tell us what are these regulatory tools

1 that would not be sufficient in your mind to  
2 justify that small document?

3 A. Sorry, can you give me a specific reference?

4 Q. [399] Yes, the one we read, page... paragraph 312.

5 You find this inappropriate, you find it small. The  
6 Board said, "considering the regulatory tools",  
7 could you tell me what are these regulatory tools,  
8 to your knowledge?

9 Me ANDRÉ TURMEL :

10 O.K., je vais m'objecter à cette question. Depuis  
11 le départ, la Régie a dit, et c'est à la demande  
12 même du Transporteur, je vais le dire en anglais  
13 pour que ça soit plus facile...

14 Me ÉRIC DUNBERRY :

15 Non, allons-y en français, Madame la Présidente,  
16 parce que je pense que le témoin...

17 LA PRÉSIDENTE :

18 Bien, je pense qu'on va choisir la langue de son  
19 choix, chacun va choisir la langue de son choix,  
20 par exemple, là.

21 Me ANDRÉ TURMEL :

22 In this hearing, Madame la Présidente, Madam Chair  
23 Person, HQT themselves, they decided to have a  
24 Phase 1, Phase 2 approach, in which Phase 1, that  
25 would be only policy discussions and no proposal on

1 text, on the text. So that is why I will object to  
2 Mr. Counsel for HQT trying to have a discussion for  
3 what should be the better text for Appendix K, or  
4 Appendix J.

5 He may, for sure, discuss about what  
6 happened in the decision following Order 890 in  
7 Québec in twenty twelve (2012), he may discuss the  
8 broad concept, but going into what could be or  
9 should be the text, they themselves excluded this,  
10 and you opined on that, that it should be in Phase  
11 2. So that is why I think that, conceptually, no  
12 problem, he could discuss whatever he wants, but  
13 talking about the text itself, it is, I would  
14 object because it is out of the bound of Phase 1.

15 LA PRÉSIDENTE :

16 Monsieur... Maître Turmel, je, à moins que je n'aie  
17 pas très bien compris la question mais il me semble  
18 que la question était "why"; "why", ce n'est pas  
19 sur le texte, c'est pourquoi il suggérait une telle  
20 recommandation. Alors, à ce moment-là, je pense que  
21 le témoin peut répondre s'il le...

22 Me ANDRÉ TURMEL :

23 C'est parce que j'avais compris "which text should  
24 be"...

25

1 LA PRÉSIDENTE :

2 O.K.

3 Me ANDRÉ TURMEL :

4 ... peut-être que c'est moi qui ai mal entendu.

5 O.K.

6 Me ÉRIC DUNBERRY :

7 Q. [400] So, Mr. Adamson, please, could you answer the  
8 question?

9 A. I'm sorry, you are going to have to...

10 (15 h 08)

11 Q. [401] The question is why... the question is why  
12 you, what is your understanding of the reasons why  
13 the Board felt that a U.S.-style Attachment K was  
14 not required or necessary, do you know why, and  
15 there is a reference to regulatory tools, and I ask  
16 as well whether you knew what these tools are.

17 A. Not in detail, no.

18 Q. [402] Do you know any of them?

19 A. Well, I assumed that the Board, in general, has  
20 abilities to request information from regulated  
21 entities, that might be a regulatory tool.

22 Regulatory tool is kind of a...

23 Q. [403] Now, the Board referred here to certain tools  
24 that it felt militated against an Attachment K. I'm  
25 not asking you to speculate on what you don't know;



1 I'm asking you what you know. Do you know what the  
2 tools the Board felt relevant to dismiss an  
3 Attachment K-style were?

4 A. No, I don't know what the tools...

5 Q. [404] Okay.

6 A. ... you're referring too.

7 Q. [405] Okay. It also refers to certain specificities  
8 of Québec. Do you know what are the specificities  
9 of Québec?

10 A. It'd be...

11 Q. [406] That the Board... yes, that the Board felt  
12 were relevant to dismiss an Attachment K.

13 A. The limited number of participants, the specific  
14 characteristics of the nature of the network. There  
15 may be others. I can't remember exactly what was in  
16 the text.

17 Q. [407] Do you think any of these specificities have  
18 changed since two thousand twelve (2012)? Do you  
19 think our market is different today than it was  
20 three years ago in terms of these so called  
21 specificities or particularities? Do you know or  
22 you don't?

23 A. There may be... there may be many things that are  
24 changed. I think the real question is... is whether  
25 a... whether a new informational policy is... could

1 be viewed as valuable by the Board, whether are not  
2 there had actually been a change.

3 Q. [408] Did you try to understand why the Board made  
4 that decision before coming again today and asking  
5 the Board to review itself? Did you take the time  
6 to try to understand why the Board dismissed less  
7 than three years ago the application of Order 890,  
8 before coming in here?

9 A. I mean, I read this. I mean, my observation and my  
10 recommendation was based on a... what to me is a  
11 general statement for the need for clarity and  
12 transparency around information which actually goes  
13 beyond the specifics of very detailed requirements.  
14 It's a general principle. It's not a very specific  
15 one. So, it's not an audit.

16 Q. [409] Now, in order to implement your  
17 recommendation, you understand that would require  
18 an amendment to Attachment K. Correct?

19 A. I think that's a legal question. But I would say  
20 that... I would say that Attachment K...

21 Q. [410] Do you know where we find these nine  
22 principles in the United States? We have like nine  
23 principles, information exchange is one. Do you  
24 know where it's found in the United States? Is it  
25 in Attachment K? Or is it elsewhere?

- 1 A. The statement of the nine principles?
- 2 Q. [411] Yes. No, the state... the information...
- 3 A. You're talking about the Order 890 principles.
- 4 Q. [412] Yes.
- 5 A. Well, I think they started with Order 890.
- 6 Q. [413] Do you know where they're located in
- 7 Attachment K? Do you know... the information on
- 8 exchange principle, is one of the nine principles.
- 9 Correct?
- 10 A. Yes.
- 11 Q. [414] Okay. Do you find in the United States that
- 12 information in the Attachment K? The dealings with
- 13 the information and exchange process?
- 14 A. It could be Attachment K. Be careful, some of the
- 15 utilities don't only use the same labels for
- 16 everything. Attachment K, I think, is the shorthand
- 17 way of referring to some of those parts of the
- 18 OATTs but it's not all... all of the OATTs don't
- 19 use the same labels; Attachment K, Attachment L,
- 20 Attachment whatever for the same sections.
- 21 Q. [415] Now, coming back to my earlier question, you
- 22 now understand that this Board has rejected the
- 23 notion of a regional transmission planning process
- 24 for the reasons this Board has discussed in
- 25 paragraph 312 of that decision. You are aware of

1 that now?

2 A. I mean, I was aware of what was in this section  
3 before.

4 Q. [416] Okay. So, you're aware that this Board has  
5 dismissed, has rejected, the requirement of a  
6 regional planning transmission process. Yes or no?

7 A. Yes.

8 Me ANDRÉ TURMEL :

9 Je m'objecte... attendez une seconde...

10 Me ÉRIC DUNBERRY:

11 Q. [417] Yes? Okay.

12 Me ANDRÉ TURMEL :

13 Je vais m'objecter à cette question.

14 Me ÉRIC DUNBERRY :

15 Bien, il a déjà répondu.

16 A. Okay, no... it's a yes.

17 Me ANDRÉ TURMEL :

18 Mais... mais...

19 Me ÉRIC DUNBERRY :

20 Q. [418] It's a yes, alright.

21 Me ANDRÉ TURMEL :

22 Non, non, attendez un instant. Parce que là-dessus,  
23 notre ami, le procureur d'HQT fait son  
24 interprétation de ce que contient ou pas  
25 l'appendice K. Et si on lit les transcripts, c'est

1       comme... bien, parce que, à ma compréhension,  
2       l'appendice K, il y a des joueurs régionaux...

3       LA PRÉSIDENTE :

4       Hum, hum.

5       Me ANDRÉ TURMEL :

6       ... qui y participent. Alors, la façon dont c'était  
7       amené, c'est... donc, il plaide finalement en  
8       posant la question. Alors, moi, je vous demanderais  
9       de faire attention avec ce type de question-là, où  
10      on va un peu plus loin que ce qui serait prévu dans  
11      la normalité des questions. Moi, quand j'entends  
12      maître Dunberry dire ce qu'il pense, sa lecture  
13      très étroite de l'appendice K, le témoin a dit  
14      qu'il n'a pas participé à ça. Je trouve que c'est  
15      un peu une pente dangereuse, alors... Bien sûr, il  
16      a répondu, mais je ne sais s'il a beaucoup de  
17      questions comme ça, mais si elles s'en viennent  
18      comme ça, on va s'objecter peut-être en temps  
19      utile. Il a été plus vite que moi sur la gâchette.

20      (15 h 21)

21      Me ÉRIC DUNBERRY:

22      Q. [419] Mr. Adamson, are you aware of any facts since  
23      February two thousand twelve (2012), that would  
24      justify this Board to change its prior ruling on  
25      Order 890, are you aware of any facts, in the last

1 three years, that would make the findings of the  
2 Board, concerning Order 890, invalid, or to be  
3 dismissed?

4 A. Well, even if they were facts, I think you'd  
5 probably have to have a weighting of the facts. I  
6 mean, that's... that's something...

7 Q. [420] But are you aware of any facts, or change in  
8 circumstances? Because your report does not refer  
9 to any change in circumstances that would require  
10 the Board to reverse itself on regional  
11 transmission planning process or Order 890 more  
12 generally. So are you, yes or no, aware of any  
13 change in circumstances that would justify this  
14 Board to reverse itself on these issues?

15 A. The Board can obviously choose whatever it wants. I  
16 made a recommendation that I thought would improve  
17 transparency. They can decide to improve  
18 transparency, which might mean changing their  
19 previous decision, or they might not, which they  
20 don't.

21 Q. [421] But are you aware of any facts, Mr. Adamson,  
22 that would justify a reverse in position on these  
23 planning issues, transmission planning issues?

24 A. Well, I'm not exactly sure, frankly, what those  
25 facts would be. The question is, is whether, given

1 the desire to implement a network upgrade policy,  
2 and to also review more broadly the principles,  
3 whether the Board thinks that the level of  
4 transparency is sufficient.

5 Q. [422] Now, we heard that Order 890 was related to  
6 curing certain problems like congestion and  
7 insufficient levels of investments. Are you aware  
8 whether there are, in Québec, now, issues of  
9 congestion and investment levels that need to be  
10 cured?

11 A. First, I find your question... I'll get to your  
12 question. But Order 890, as I pointed out, had  
13 multiple drivers, one of which was discrimina...  
14 improving non-discrimination. So there is multiple  
15 drivers. There is not just congestion.

16 Q. [423] Mr. Adamson, do you know whether there is or  
17 not a congestion problem in Québec, as a matter of  
18 fact? Is this a problem that has been raised and  
19 discussed before this Board? Do you know, yes or  
20 no, whether there is a congestion problem in  
21 Québec, in HQT's...

22 A. I do not know that there is a congestion problem in  
23 Québec.

24 Q. [424] Okay. Do you know whether there is an  
25 insufficient level of investment, in Quebec, to be





1                   au manque d'investissements dans les  
2                   infrastructures des réseaux de  
3                   transport, telle qu'observée aux  
4                   États-Unis, ne trouve pas son  
5                   équivalent au Québec. Le Transporteur  
6                   a été en mesure de réaliser les  
7                   investissements nécessaires pour  
8                   répondre aux besoins en pérennité et  
9                   en croissance de la demande, tant pour  
10                  les clients du service de point à  
11                  point que pour l'alimentation de la  
12                  charge locale, dans la mesure où les  
13                  demandes s'avéraient conformes aux  
14                  exigences du texte des Tarifs et  
15                  conditions.

16                Do you have any reason to believe that this  
17                statement is not accurate, and that there is no  
18                investment problems in Quebec as of two thousand  
19                twelve (2012)?

20                A. Wait, wait. Sorry. I'm... The translation cut out,  
21                and then, all of a sudden, you're asking a  
22                question. Can you start with the English question  
23                again?

24                Q. [429] Yes. Do you have any reason to doubt the  
25                Board's decision, or finding of fact, to the effect

1           that there is no investment-related problems in  
2           Québec, as I read?

3           A. As of twenty twelve (2012)?

4           Q. [430] Yes?

5           A. No.

6           Q. [431] And do you know whether there is a problem  
7           today?

8           A. No. Like I said, I identified an economic problem.

9           Q. [432] Okay.

10          A. And, which follows on from questions of the Régie  
11          itself asked.

12          Q. [433] Alors Madame la Présidente, nous terminerons  
13          ici et compléterons demain. Est-ce que nous nous  
14          revoyons à huit heures trente (8 h 30) ou à neuf  
15          heures (9 h 00)?

16          LA PRÉSIDENTE :

17          Bien, on est... On est exactement dans les temps,  
18          et comme il n'y a pas de contre-preuve annoncée,  
19          alors on commencera à neuf heures (9 h 00), sous  
20          réserve peut-être de mercredi, dépendamment comment  
21          demain va aller. Ma préoccupation, bien sûr, est  
22          que tout le monde puisse avoir la chance de faire  
23          leur plaidoirie orale selon l'horaire. Parce que  
24          j'ai juste une heure de jeu, hein, dans le  
25          calendrier, là, selon ce que les gens m'ont donné.

1 Me ÉRIC DUNBERRY :

2 Nous serons... Nous serons aussi efficaces que  
3 possible, Madame la Présidente. Promis.

4 LA PRÉSIDENTE :

5 Je vous remercie beaucoup. Alors, Maître Turmel?

6 Me ANDRÉ TURMEL :

7 Permettez. Je ne sais pas si monsieur... I don't  
8 think Mr. Adamson got... It is at nine (9:00)  
9 tomorrow morning?

10 THE PRESIDENT:

11 Q. [434] Nine (9:00) tomorrow morning.

12 A. Yes, yes. I heard. Sorry.

13 Me ANDRÉ TURMEL:

14 Q. [435] Yes. And we... You come here directly. Okay?

15 A. Yes.

16 Q. [436] Okay.

17 LA PRÉSIDENTE :

18 Alors je vous remercie, et puis on se voit demain à  
19 neuf heures (9 h 00).

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7 Je, soussignée, ROSA FANIZZI, sténographe  
8 officielle, certifiée sous mon serment d'office que  
9 les pages qui précèdent sont et contiennent la  
10 transcription fidèle et exacte des notes prises  
11 dans cette cause au moyen de la sténotypie.

12

13 Le tout, conformément à la loi.

14 Et j'ai signé,

15

16

17

ROSA FANIZZI, s.o.