

Réf. 1: 3897, HQTD-0081, p. 6

“Regulatory agency “judgment” is the primary factor in establishing the X-factor, which may be informed by productivity studies and/or benchmarking studies, by recent X-factors derived in other jurisdictions, or by company-specific evidence – we refer to this as informed judgment.

...

- The reliance on informed judgment is particularly necessary to both:
 - Address these shortcomings of TFP studies, and
 - Reflect prior HQD efficiency gains and other relevant HQD-specific circumstances that determine HQD’s ability to achieve efficiency gains over the term of the MRI plan.’

Réf. 2 : D-2017-043

[162] La Régie partage ainsi l’avis de CEA selon lequel elle doit utiliser son jugement dans la détermination du Facteur X :

« *The reliance on informed judgment is particularly necessary to both:*

- *Address these shortcomings of TFP studies, and*
 - *Reflect prior HQD efficiency gains and other relevant HQD-specific circumstances that determine HQD’s ability to achieve efficiency gains over the term of the MRI plan »*91.
- [nous soulignons]

Réf. 3 : B-0198, HQD-21, document 1.2, p.4

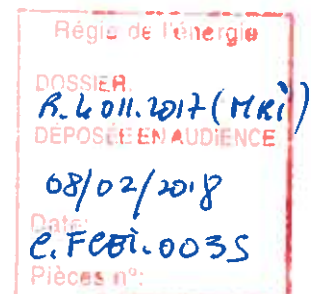
FCEI: X factor of 0.8% 7 FCEI’s recommendation is based on computations including the average 8 productivity FCEI estimates for HQD over the 2001-2015 period of 1.06%, and 9 additional cost impacts from the “LAD” project and “actions de gestion 10 courante”. FCEI concludes that the Distributor’s efficiency will be 2.4% over 11 three years and 0.8% annually. 12

FCEI’s reliance on historic performance of HQD is not an appropriate basis for setting the X factor on a going forward basis. The method that FCEI has used relies on outdated and project-specific results that are not an accurate portrayal of HQD’s historic productivity. The objective should be to establish an industry productivity trend as the target.

Réf.4: 3897, hqdt-0045, p. 12

‘Concentric believes that this record of productivity studies in conjunction with an examination of HQD’s historic productivity trends would sufficiently inform the Régie to make a reasonable decision on the key parameters of a multi-year rate plan.’

Réf. 5 : HQD-21, document 4, p. 3



« Veuillez justifier la pertinence de facteurs X découlant d'études de productivité utilisant des variables de volumes de ventes et puissance aux fins de l'établissement d'un mécanisme incitatif de type « revenu cap ».

Réponse de Concentric :

1 Concentric addresses this issue in response to the following questions : 2.c, 5.b, 7.b, 10.a, 10.c and 12.b at HQD-21, Document 3. 3

Concentric also notes, confirming the findings in the 2016 AUC Decision, that 4 the choice of output measure remains subject to considerable debate. The 5 Massachusetts Department of Public Utilities (MDPU or Department) wrestled 6 with this issue in its Eversource Decision, and found:

..."

Réf. 6 : 3897 C-HQDT-0046 : AUC Decision 2012-237

392. The Commission agrees with the experts in this proceeding that each possible output measure (for example, energy sales, number of customers, line miles, peak usage, etc.) or combination thereof has its own merits and disadvantages.⁴⁴⁸ However, the Commission agrees with NERA's and PEG's view that when selecting a particular output measure, it must be matched to the type (price cap or revenue-per-customer cap) of a PBR plan.⁴⁴⁹

...

394. The experts in this proceeding explained that by focusing on revenue per customer as opposed to prices per unit of gas delivered, the revenue-per-customer cap plan effectively shields the revenue of gas companies from variations in energy use per customer.⁴⁵⁰ In these circumstances, Dr. Schoech⁴⁵¹ on behalf of AltaGas and Dr. Cicchetti⁴⁵² on behalf of EPCOR acknowledged that the number of customers, not the volumes sold, becomes the driver of a company's revenues.⁴⁵³ The Commission agrees with Dr. Lowry and his colleagues at PEG that for revenue-per-customer cap plans, the number of customers, rather than a volumetric output measure, is the correct output measure for a TFP study.

395. Using similar logic, the Commission agrees with Dr. Lowry that output measures that place a heavy weight on volumetric and other usage measures should be used for TFP studies that are part of a price cap PBR plan.⁴⁵⁴ Therefore, the Commission considers that kWh sold output measure used by NERA in its TFP study remains an acceptable output measure to use for the purpose of the price cap PBR plans approved for ATCO Electric, Fortis and EPCOR.

Réf. 7 présentation Concentric p. 4

Réf. 8 HQD-21 doc. 4, B-0194, p. 4

As 7 Eversource recognizes, while the number of customers is a driver 8 of the costs needed to operate gas or electric distribution systems, 9 it does not capture all of the reasons for changes in costs 10 associated with providing distribution services (Exh. ES-PBRM-1, 11 at 49; Tr. 3, at 495). D.P.U. 07-50-A at 48-49. For example, a 12 distribution company may make capital expenditures to replace 13 existing assets and the magnitude of capital replacement required 14 has little or no correlation with levels of customer growth (Exh. ES15 PBRM-1, at 49; Tr. 3, at 494-495, 633-634). D.P.U. 07-50-A at 48-49. 16 Instead, these capital expenditures are influenced by factors such 17 as the age of the assets, changes in technology, past patterns of 18 customer growth and increases in the load to serve (Exh. ES19 PBRM-1, at 49; D.P.U. 07-50-A at 48-49).

