

**DEMANDE DE RENSEIGNEMENTS N° 1 DE LA AQCIE-CIFQ (PEG) À
HYDRO-QUÉBEC DANS SES ACTIVITÉS DE DISTRIBUTION D'ÉLECTRICITÉ
(LE DISTRIBUTEUR)
RELATIVE À LA DEMANDE DE MODIFICATION DES TARIFS ET
CONDITIONS DES SERVICES DE DISTRIBUTION POUR L'ANNÉE 2019**

MTER

1. Références : HQD-3 document 3, revision 2018-09-28

Préambule :

Hydro-Québec Distribution ("HQD" or "the Company") has proposed to link results of an *indice global du maintien de la qualité du service* ("IMQ") which it has constructed to its *mécanisme de traitement des écarts de rendement* ("MTER"). The IMQ would summarize the variance in the Company's service quality during the plan from benchmarks using several metrics. The benchmark in each case is the average value of the metric which the Company has achieved in five recent years. The IMQ assigns equal weight to performance in five quality areas.

- *Satisfaction de la clientèle*
- *Fiabilité du service*
- *Alimentation électrique*
- *Service à la clientèle*
- *Sécurité du public et des employés*

The IMQ is designed so that its value falls to -1.0 if performance using each metric declines by the amount of its standard deviation.

The Company proposes that it keep its share of surplus earnings so long as the value of the IMQ equals or exceeds -1.0. The Company's share of surplus earnings would decline with progressively more negative IMQ values and fall to zero at a value of -2.0. There is no further financial consequence for the Company if the value of the IMQ is less than -2.0.

Demandes :

- 1.1. Please confirm that, under the Company's proposal, the penalty for a given decline in service quality varies with the earnings variance. If the earnings variance is slightly positive or negative, the penalty for poor service quality is negligible or zero.
- 1.2. Why is it desirable to link service quality only to positive earnings variances? Since negative

or slightly positive earnings variances can easily occur during a plan, doesn't this weaken the Company's incentive to maintain quality?

- 1.3. Why does the IMQ assign equal weight to the five service quality areas? Does the Company believe that customers care no more about reliability than they do about call response or connection times? Please provide studies that the Company is aware of that estimate the value of reliability. Please also provide studies that appraise the relative importance to customers of reliability and other characteristics of utility service.
- 1.4. Article 48.1 of the *Loi sur la Régie de l'Énergie* states that incentive regulation must promote, among other things, “ongoing improvement in performance and service quality.” Does the proposed mechanism encourage improved service quality? If so, how?
- 1.5. Please provide the Excel file with formulas containing all data revision and imputation calculations from the original data described in footnotes (2)-(5) of Table A-1.
- 1.6. Please provide the Excel file with formulas that created Table A-1.
- 1.7. Please provide available evidence supporting the reasonableness of each five year average as a level of quality for a large, modern utility.

2. Références : HQD-3 document 3, revision 2018-09-28

Préambule :

The Company proposes to base the customer satisfaction score on the outcomes of satisfaction surveys for *résidentiels-commerciaux-affaires* (R-C-A) and *grande puissance* customers.

The Company proposes the following three reliability metrics:

- *Indice de continuité normalisé*
- *Durée moyenne des interruptions par client - basse et moyenne tensions*
- *Nombre de pannes basse tensions*

The Company proposes two *alimentation électrique* metrics

- *Délai moyen de raccordement simple en aérien*
- *Taux de respect global des interruptions planifiées*

The Company proposes two service a la clientele metrics

- *Délai moyen de réponse téléphonique* (résidentiel et commerciaux)

The Company proposes one safety metric:

- *Taux de fréquence des accidents*

Demandes :

- 2.1 Please provide the customer satisfaction survey questions and a table with five years of survey results (to the extent available). What are the weights on the individual questions?
- 2.2 The *indice de continuité normalisé* is described as being based on the IEEE standard 1366-2003 adapted to Hydro-Québec by the C.23-01 method. Is this also true of the other proposed reliability metrics? Please provide documentation explaining the C.23-01 method and how it differs from IEEE standard 1366-2003. Why does this metric exclude *basse tension*?
- 2.3 The Company states that the *durée moyenne* metric is calculated “given the design and operation of its electricity network and the availability of its resources.” Where in the calculation is this factored in?
- 2.4 What is the Distributor’s definition of a sustained interruption for each indicator? For example, how long must an interruption be before it is sustained? Are planned interruptions included? Are outages resulting from HQT or generation included as interruptions?
- 2.5 Has the Company calculated SAIDI, SAIFI, and CAIDI, for all voltage levels, using standardized (e.g., IEEE standard 1366-2003) methods that would permit the Régie to compare the level of the Company’s reliability to that of other Canadian and/or U.S. utilities? If so, please provide these data.
- 2.6 Does the Distributor participate in any service quality (or just reliability) benchmarking such as that undertaken by the IEEE working group on distribution electric reliability, First Quartile Consulting, or the Canadian Electricity Association? If so, please provide the latest results in as much detail as the confidentiality restrictions of the study allows.
- 2.7 Can the Company provide the reliability data for different regions of the service territory? Can it provide the data for worst performing circuits?
- 2.8 The Régie has asked for metrics in the area of "*sécurité du public et des employés*". Why then has the Company not proposed a public safety metric such as the *Décès Provoqués Par Électrocution Dans La Population* metric already reported?

- 2.9 For a measure of the quality of customer service, why has the Company not proposed the *Taux de Résolution au 1er Appel*? Please explain how the *Délai Moyen de Réponse Téléphonique* includes aspects of customer service quality besides answering speed.

Clause de Sortie

3. Références : HQD-3 document 3, revision 2018-09-28

Préambule :

The Company retained Concentric Energy Advisors ("CEA") to advise it on an appropriate Clause de Sortie. CEA prepared a brief report on Canadian precedents, attached as *Annexe B*, and recommended that the clause be triggered once the Company's rate of return on equity varied from its target by 150 basis points.

Demandes :

- 3.1 Please clarify the Company's proposal as to what happens if its ROE variance equals or exceeds 150 basis points. Is it proposing the immediate return to cost of service regulation (i.e., rates reset to the Company's expected cost of service in a forward test year) pending possible development of a new MRI?
- 3.2 CEA's survey report states on p. 2 that "once an exit clause is triggered, the PBR plan is usually suspended for review or terminated."
- 3.2.1 Please explain what is meant here by "suspended for review". In what sense is the MRI suspended during the review? Please note which of the MRIs surveyed by CEA have this provision.
- 3.2.2 Please explain what happens if the offramp/reopener provisions in the four gas MRIs are triggered.
- 3.2.3 What is the typical ESM provision in 4th generation (non-custom) IRMs for power distributors in Ontario?

Etude PMF

4. Références : HQD-3 document 3, revision 2018-09-28

Préambule :

The Company was required by the Régie to disclose its plan for a study of *productivité multifactorielle* (“PMF”) in this proceeding. The Company states on p. 16 that

Le Distributeur prévoit terminer le processus de sélection de l’expert dans le courant du 1^{er} trimestre de 2019. Une fois cette étape complétée, et à la suite des recommandations de l’expert, le Distributeur pourra présenter la méthodologie retenue pour la réalisation de l’étude PMF, probablement au cours du 2^e trimestre de 2019.

Demandes :

- 4.1 Is it the Company’s view that the Régie and stakeholders should not and will not provide any guidance concerning the methods used in the PMF study prior to its commencement?