

**DEMANDE DE RENSEIGNEMENTS N°4 DE L'AQCIE-CIFQ (PEG) À
HYDRO-QUÉBEC DANS SES ACTIVITÉS DE TRANSPORT D'ÉLECTRICITÉ (LE TRANSPORTEUR)
RELATIVE À LA DEMANDE DE MODIFICATION DES TARIFS ET
CONDITIONS DES SERVICES DE TRANSPORT POUR L'ANNÉE 2019, PHASE 2
ÉTUDES DE PMF ET STATISTIQUES COMPARATIVES**

- 1. Références :** **Demande R-4058-2018 – Phase 2**
HQT OATT Appendix J
(B-0264) HQT-16, Document 1, response 3.1
(B-0268) HQT-16, Document 2, response 2.1
(B-0271) HQT-16, Document 3, response 1

Préambule :

PEG has asked several questions to better understand the nature and accounting treatment of HQT's *remboursements* to *producteurs privés* for certain costs of interconnections. HQT has most recently stated in response to question 1 that

Les postes de départ des producteurs privés (définis comme remboursements des postes de départ des producteurs privés), sont comptabilisés à titre de contrats de location-financement aux immobilisations corporelles à la rubrique « Autres actifs de réseau » de la base de tarification.

PEG would like to remove these costs from those that will be benchmarked to make the residual costs more comparable to those in the States. Removing these costs will improve HQT's score.

Demande :

- 1.1 Please accordingly provide the data needed to remove costs of *contrats de location-financement* from HQT's reported *mises en exploitation*. If readily available, please also provide the net value of all such reimbursements at the end of 2001.

- 2. Références :** **Demande R-4058-2018 – Phase 2**
(B-0271) HQT-16, Document 3, response 5 a)
FERC Order 668, Docket No. RM04-12-0000, December 2005,
pp. 30-33

Préambule :

HQT states in response to question 5 a) that

***Les activités de la DER ne sont pas liées à un Independent system operator 1
(« ISO ») ou un Regional transmission operator (« RTO »).***

PEG has in previous questions to HQT indicated a desire to have the option to remove from the company's cost *all* costs that might count as dispatching expenses on FERC Form 1. Their motivations for doing so include the following.

- US electric utilities were not required to itemize expenses they incurred to compensate ISOs for their operations until 2006, when they were directed to do so by FERC Order 668.
- As discussed in FERC Order 668, ISOs and RTOs in the United States charge member utilities for reliability, planning, and standards development and market facilitation, monitoring, and compliance services as well as for scheduling, control, and dispatch services.
- US electric utilities reported ISO/RTO expenses inconsistently before and after FERC Order 668.

Demande :

- 2.1 PEG therefore reiterates its request for HQT to report any additional expenses, from 2015 to 2019, which would chiefly be classified as dispatching expenses on FERC Form 1 if these are readily available. Removing such expenses from HQT's cost will improve its benchmarking score.

3. Références : Demande R-4058-2018 – Phase 2

(B-0264) HQT-16, Document 1, responses 1.12 and 1.18

Préambule :

PEG would like to better understand HQT's policy for capitalizing *charges d'exploitation*, because they have to make some adjustments to the Company's reported *charges* for their benchmarking study. In particular, they would like to remove costs of *avantages sociaux* from the study.

Demande :

- 3.1 When capitalizing *CNE* in a year like 2019, roughly what shares of *masse salariale*, *autre charges directes*, and *charges de services partagés* are capitalized? If more convenient, just provide the approximate share of expenses for *avantages sociaux* that is capitalized.

4. Références : Demande R-4058-2018 – Phase 2

HQT Annual Reports

Préambule :

Costs of transmission by others are sizable for many U.S. power transmitters, since many are members of ISOs and/or own generating facilities that are not on their own transmission systems. PEG wishes to remove costs of this nature from its productivity and benchmarking studies.

Demandes :

- 4.1 Please confirm that all or nearly all expenses that HQT incurs to use transmission systems outside of Québec are reported as *achats de services de transport* (and/or as *achats d'électricité*).
- 4.2 If material costs of this character are somehow included in HQT's reported CNE rather than in the two *achats* categories, please provide any readily available information that would help us to remove them. Removing any such expenses would improve HQT's score.

5. Références : HQT-2, Document 2 page 3 of HQT's *Rapport annuel du 31 décembre 2001*

(B-0264)HQT-16, document 1, responses 5.2 and 5.5

Préambule :

HQT stated in response to question 5.2 that

Concernant la valeur des actifs, celle-ci est détaillée à chacune des années depuis l'année 2001 à la pièce portant sur la base de tarification du Rapport Annuel à la Régie du Transporteur.

HQT stated in response to question 5.5 that

Le Transporteur a modifié le libellé de la rubrique « Frais reportés » (présentée aux années antérieures à 2013) par « Contributions internes et autres » à compter de 2013.

PEG plans to begin calculation of HQT's capital cost in 2001. In that year, the capital quantity is calculated by applying an inflation adjustment to the *valeur nette* of HQT's tangible transmission assets on 31 December 2001 as reported on HQT-2, Document 2 page 3 of HQT's *Rapport annuel du 31 décembre 2001*.

PEG wishes to remove all contributions in aid of construction from HQT's *mises en services* in order to make them consistent with the U.S. data. Neither *contributions internes et autres* nor *frais reportés* are reported on this table.

Demande :

- 5.1 Please provide the accumulated net value of any *frais reportés* at year end 2001 if there were any and these data are readily available.

**6. Références : HQT Annual Reports
(B-0271) HQT-16 Document 3, responses 6 c) and d)**

Préambule :

On FERC Form 1, customer contributions are subtracted from reported gross plant additions. To maintain comparability, we should use *mises en service* that also remove these contributions.

PEG finds the responses 6 c) and d) confusing in this regard since they refer to *contributions internes* whereas the questions pertained to *contributions inscrites*, which according to Demande R-4058-2018 HQT-7 Document 1 page 8 are provided "*par des tiers*".

Demandes :

- 6.1 Are contributions by other parties such as the contributions *inscrites a la base de tarification* included in *contributions internes et autres* or subtracted by HQT in the calculation of the *mises en service* of *immobilisations corporelles en exploitation*?
- 6.2 If not please report the annual contributions back to 2002, along with the net value of these contributions at the end of 2001, if these are readily available and there is no other sensible remedy for this problem.