

DEMANDE DE RENSEIGNEMENTS N° 1 DU DR. BROWN AU DR. HOPKINS

1. Références : General

Demandes :

- 1.1** Please identify any testimony or other public reports authored by Dr. Hopkins concerning gas utilities in any of the following jurisdictions: Alabama, Arizona, Delaware, Florida, Indiana, Kansas, Louisiana, Mississippi, Missouri, Nevada, New Jersey, Ohio, Oklahoma, Oregon, Pennsylvania, and Texas. Please provide copies of such testimony and reports, or references to websites where copies may be obtained.

2. Références : C-ACIG-0028

Q/A 8 "I then provide an introduction to utility risk and establish that different types of risk appear over different time frames."

Demandes :

- 2.1.** Please confirm that the phrase "utility risk" in this sentence is synonymous with the term "business risk" as used elsewhere in Dr. Hopkin's evidence. If not confirmed, please explain in detail the difference between "utility risk" and "business risk".

3. Références : C-ACIG-0028

Q/A 9 "...and their demonstrated low volatility of returns compared with the U.S. gas utility sample..."

Demandes :

- 3.1.** Please specify in detail what Dr. Hopkins means by "demonstrated low volatility of returns".
- 3.2.** Please provide references to where in the filed evidence the comparison to which this portion of Q/A9 is referring is to be found.

4. Références : C-ACIG-0028

Q/A 10 “Set the returns on equity and capital structures at the level that corresponds to the business risk faced by a prudently managed utility...”.

Demandes :

- 4.1. Please explain how a regulator (such as the Régie) can determine whether or not a specific figure for the return on equity and/or capital structure “corresponds” to a particular assessment of business risk.

5. Références : C-ACIG-0028

Q/A 10 “Set the returns on equity and capital structures at the level that corresponds to the business risk faced by a prudently managed utility in the same situation as each of the utilities in this proceeding...”.

Demandes :

- 5.1. Please list the utilities that are in the same situation as each of the Utilities in this proceeding.
- 5.2. Please specify which of the utilities listed in 5.1 are prudently managed and provide de basis of this opinion.
- 5.3. Please identify examples of utilities which, in Dr. Hopkins’ opinion, are not prudently managed. Please also provide the basis of this opinion.

6. Références : C-ACIG-0028

Q/A 12 “If circumstances change in the meantime, the investors’ returns may be higher or lower than expected. These business risks are manifested in variations in the rate of return earned by utility shareholders.”.

Demandes :

- 6.1. Please specify whether “investors’ returns” and “rate of return earned by utility shareholders” refers to an accounting measure of return (such as “achieved

return” plotted in Figure 1 of Dr. Hopkins evidence) or to a market measure of return, such as dividends distributed and/or changes in share price over time.

7. Références : C-ACIG-0028

Q/A 17 “In theory, a change in the competitive environment (for example if a competing fuel became much less expensive)...”.

Demandes :

- 7.1. In Dr. Hopkins’ opinion, is there competition between gas and electricity as a fuel for use in households in the service territories of Énergir and Gazifère?
- 7.2. In Dr. Hopkins’ opinion, is there competition between gas and electricity as a fuel for use in householders in the service territories of the US utilities covered in Figure 2 of Dr. Hopkins’ evidence?
- 7.3. Please provide any information available to Dr. Hopkins about the extent to which the competition in a) and b) is similar or different.

8. Références : C-ACIG-0028

Figure 2 (p.15)

Demandes :

- 8.1. Please provide the numerical data plotted in Figure 2 in spreadsheet format.
- 8.2. Please provide a precise definition of “the achieved annual returns on equity for the nine companies in the U.S. gas utility sample”—that is, what data field was downloaded from macrotrends, and how does macrotrends define that data field?
- 8.3. Please provide the authorized equity returns indicated by the shaded area on Figure 2 in table format, specifying the year, utility and jurisdiction to which the authorized return relates. Please also provide a citation to the relevant decision or docket number authorizing the rate of return figure.

9. Références : C-ACIG-0028

Q/A 31 "...the much greater variability in the U.S. gas sample...".

Demandes :

- 9.1. Please confirm that the quoted phrase relates to the data plotted in Figure 2.
- 9.2. If not confirmed, please explain to what the quoted phrase relates.

10. Références : C-ACIG-0028

Q/A 47 "Are the utilities in the U.S. gas sample taking actions of the sort you identified to mitigate the long-term risks they face associated with U.S. federal or state climate policy?".

Demandes :

- 10.1. Please list all US natural gas LDCs that have taken planning actions similar to what Dr. Hopkins recommends.
- 10.2. In each case, please identify any public policies relevant to the design or adoption of the planning actions.

11. Références : C-ACIG-0028

Q/A 52 "The utility would be examining opportunities to develop new lines of business...".

Demandes :

- 11.1. Please give examples of specific utilities that have developed specific new lines of business.
- 11.2. For the examples in part 11.1, please distinguish whether or not the "new line of business" required new assets contributed to the utility's ratebase; the use of existing assets already in the utility's ratebase; or did not require either type of asset.

12. Références : C-ACIG-0028

Q/A 62 “I will now examine how this policy could affect Énergir’s need for storage over the next ten years. (I look over the next ten years because that is the timeframe envisioned for setting Intragaz’s return.)”.

Demandes :

- 12.1.** In Dr. Hopkins’ understanding, will Intragaz recover all of its invested capital within the next ten years?
- 12.2.** If the answer to 12.1 is no, please explain why capital recovery risks associated with the period after the next ten years are irrelevant for setting the authorized return on equity and the authorized capital structure for the next ten years.
- 12.3.** Please specify what timeframe is relevant, in Dr. Hopkins’ opinion, for the assessment of the business risk (and hence authorized return and capital structure) for Énergir and Gazifère.
- 12.4.** In Dr. Hopkins’ understanding, over what period will the Régie’s decisions on authorized rate of return and authorized capital structure apply to each of Énergir and Gazifère?