

RÉGIE DE L'ÉNERGIE

DOSSIER : R-4156-2021, Phase 2

**EGI – DEMANDE CONJOINTE RELATIVE À LA FIXATION DE TAUX DE RENDEMENT
ET DE STRUCTURES DE CAPITAL**

**DEMANDE DE RENSEIGNEMENTS N° 1
DE L'ASSOCIATION DES CONSOMMATEURS INDUSTRIELS DE GAZ
(« ACIG ») au DR. BROWN**

Montréal, le 25 février 2022

**INFORMATION REQUESTS N° 1
OF THE INDUSTRIAL GAS USERS ASSOCIATION (« IGUA ») TO DR. BROWN ON
SETTING RATES OF RETURN AND CAPITAL STRUCTURES**

SOURCE MATERIAL

1. Reference: (i) EGI-1, exhibit [B-0027](#), p. 7, 12, 20, 22 and 23.

Requests:

- 1.1 Please provide links and/or copies of prior expert reports/testimonies pertaining to business risks for distribution utilities and natural gas and oil pipelines in Canada and in the U.S.
- 1.2 Please provide the link and/or copies for the NEB reference at footnote 5 of the report.
- 1.3 Please provide the link and/or copies for the AUB reference at footnote 9 of the report.
- 1.4 Please provide the link and/or copies of the analysis referred to at footnote 29 of the report.
- 1.5 Please provide the source material, links and/or copies of the information set out in Table 2 “Notes [D]”.

FUNDAMENTAL PRINCIPLE

2. Reference: (i) EGI-1, exhibit [B-0027](#), p. 12.

Preamble:

- (i) **“Q14. Does an increase in business risk associated with uncertainty about capital recovery mean that investors are bearing stranding risk?”**

A14. No. A fundamental principle of the regulatory framework remains that utilities are able to recover prudent investment from customers over time, and (absent a finding of imprudence) continue to have reasonable opportunity to earn a fair return on prudently-invested capital.”

Request:

- 2.1 Please provide the source for this statement and especially the notion “absent a finding of imprudence”.

FINANCIAL INCENTIVES

3. Reference: (i) EGI-1, exhibit [B-0027](#), p. 13, footnote 12.

Preamble:

- (i) *“In some instances regulators have incorporated financial incentives, contingent on performance, into the regulatory framework which can be expressed as an amount added to or subtracted from the allowed rate of return. However, these incentive payments are not compensation for bearing risk.”*

Request:

- 3.1 Please provide specific references/sources for this statement and provide links and/or copies with respect to same.

GAS LDC SAMPLE

4. Reference: (i) EGI-1, exhibit [B-0027](#), p. 14.

Preamble:

- (i) **“Q19. What companies are in Dr. Villadsen’s gas LDC sample?**
A19. In Table 1 I list the companies in DR. Villadsen’s gas LDC sample, and I also indicate which are the main jurisdictions each company operates in. I do this by estimating the fraction of total gas distribution rate base belonging to each company that is regulated in each jurisdiction (with the exception of Chesapeake, for which I use the number of gas distribution customers in each jurisdiction).”

(Footnote omitted)

Request:

- 4.1 Please explain how you arrived at the estimated numbers for each company.

STAFF INTERVIEWS

5. Reference: (i) EGI-1, exhibit [B-0027](#), p. 16.

Preamble:

(i) *"I understand that Aviseo's report is based on interviews with staff at each of the Utilities, as well as Aviseo's own research."*

(Footnote omitted)

Requests:

5.1 Please confirm if you were provided with said interviews and if so, provide copies of said interviews.

5.1.1. If not, have you verified exactly who provided information to Aviseo (name, function or role within the utilities, experience) and on what?