

**DEMANDE DE RENSEIGNEMENTS N° 1 DE LA AQCIE-CIFQ (PEG) À
HYDRO-QUÉBEC DANS SES ACTIVITÉS DE TRANSPORT D'ÉLECTRICITÉ (LE TRANSPORTEUR)
RELATIVE À LA DEMANDE DU TRANSPORTEUR DE MODIFICATION DES TARIFS ET
CONDITIONS DES SERVICES DE TRANSPORT POUR LES ANNÉES 2021 ET 2022**

ECONOMETRIC RESEARCH

- 1. Références :**
- (i) Pièce B-0012, p. III-26;
 - (ii) Pièce B-0012, p. VII-63

Préambule :

- (i) « In 2018, Hydro One Sault Ste. Marie filed an application with the Ontario Energy Board to escalate transmission rates through an IRM. Hydro One proposed a revenue cap formulation and through its consultants Power System Engineering, Inc. (“PSE”), conducted a TFP study and an econometric benchmarking study that determined the S-factor. PEG also submitted a TFP study and an econometric benchmarking study ».
- (ii) « Our econometric cost comparison analysis utilizes the results from the estimated total cost model to predict costs for each company ».

R-squared is a widely-used statistic that indicates the explanatory power of econometric models.

Demandes:

- 1.1** Please compare the R-squared values reported for the featured total cost benchmarking models of PSE in its study for Hydro One and of Brattle and PEG in this proceeding. How much lower is the R-squared in the Brattle model?
- 1.2** Please provide commentary on any reasons why the R-squared value in the Brattle study is lower.