

**RÉPONSES À LA DEMANDE DE RENSEIGNEMENTS N° 1 D'ÉNERGIR, S.E.C. (ÉNERGIR) À
L'EXPERT DE L'ACIG**

- 1. Références :** i) Pièce [C-ACIG-0048](#), page 39-40
ii) Pièce [C-ACIG-0048](#), page 40-41

i) « Q. *It is a viable option for the Régie to direct Énergir to update the forecasts to actual costs as part of the next formula adjustment, or next rate case, and account for any difference in future rates?*

A. *Yes. Given the high variability of costs that are subject to forecasts, an appropriate course of action would be to true up those costs to the actual costs once known, with any differences being collected or refunded to customers.*

Q. *Should any such adjustment be symmetrical?*

A. *Yes. Subject to an assessment of the prudence of the costs incurred under the forecasts, it would be appropriate to adjust the costs symmetrically. This approach may be appropriate to adjust if a longer formula rate plan is implemented where caps on the upward adjustment are implemented to encourage Énergir to continue to manage those costs that are forecast prudently.*

Q. *What do you recommend as it relates to forecast cost for this one-year FVC?*

A. *Considering the evolving nature of Énergir's business and the yet unknown impacts on its business of a declining customer base, at least in the rate year, I recommend that all forecast costs included in 2026/27 be true up to reflect the actual costs incurred subject to a prudence assessment by the Régie. For clarity, this recommendation only applies to those costs outside the FVC. I do not recommend any further true up of costs included in the FVC beyond the income taxes as discussed below. »*

ii) « Q. *In lieu of an updated approach to calculating income taxes under the FVC do you have any interim recommendation?*

A. *Yes. I recommend that the income taxes that are forecast be subject to true up as part of a reconciliation mechanism for 2026/27. This true up will allow for any variances in income taxes, which would be primarily timing differences, to flow through rates in a future year. It provides important protection to both Énergir and customers, as income taxes are a statutory obligation, and the payment of those amounts are outside Énergir's control. Furthermore, if the timing of deduction of a cost is altered in 2026/27 for income tax purposes, this reconciliation will ensure that Énergir's customer benefit from or pay that change in future rates. »*

Demandes :

- 1.1 Veuillez confirmer la compréhension d'Énergir à l'effet que l'utilisation du terme *forecast* dans la référence i) vise les éléments du coût de service qui seront traités à la marge.

Response : Confirmed.

- 1.2 Veuillez confirmer la compréhension d'Énergir à l'effet que les coûts qui seraient assujettis au mécanisme de *true up* sont uniquement les éléments du coût de service qui seront traités à la marge selon la présente proposition de FVC, soit les CFR, les ASF, le PGEÉ, la contribution GES, les projets majeurs en plus des impôts sur le revenu.

1.2.1 Dans la négative, veuillez fournir les éléments qui seraient inclus au mécanisme de *true up*.

Response : Confirmed.

- 1.3 À partir des références i) et ii), veuillez fournir un exemple détaillé et chiffré du mécanisme de *true up* tel que proposé par l'expert, de l'établissement d'une cause tarifaire à la constatation des écarts au rapport annuel ainsi qu'au processus de remise / récupération de ceux-ci auprès de la clientèle.

Response : The true up process would function as follows : 1) The Board approves the operating costs and related revenue requirement components of the capital costs, such as return, income taxes, and depreciation. Once actual costs are incurred, the difference between the Board approved costs and the actual costs would be determined. The difference between the approved and actual costs would then be added as a revenue adjustment in the net approved revenue requirement and collected from or refunded to customers through the typical rate setting process.

- 1.4 En lien avec la référence ii), veuillez expliquer la différence entre la proposition d'Énergir pour le traitement des impôts sur le revenu et celle de l'expert.

Response : Energir's application speaks to a neutralization of the difference between actual and forecast income taxes at page 34. However, in response to interrogatories I filed, specifically, 1.22.2 Energir appears to confirm that it is not proposing any true up of income taxes. Based on this response, it appears that the difference between my recommendation and that of Energir is that I propose that any difference in the income taxes from forecast to approved be reconciled in a future rate year.

- 1.5 Fournir un exemple détaillé et chiffré du traitement des impôts sur le revenu tel que proposé par l'expert. L'exemple devrait inclure la méthode d'établissement des impôts sur le revenu lors d'une cause tarifaire et le mécanisme de *true up*.

Response : The process would mimic the process outlined in response to 1.3.