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From: "Clermont, Sylvain" <Clermont.Sylvain@hydro.qc.ca>
Date: May 28, 2013, 2:17:44 PM EDT
To: <michael.walker@nerc.net>

Subject: HQT Comments on NERC 1st Draft 2014 Business Plan and Budget

Michael,

Please find attached HQT's comments on the 1st Draft 2014 Business Plan and Budget.

Should you wish to discuss further any of our comment, please feel free to contact me.

We thank you for the opportunity to provide these comments.

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1st Draft 2014 Business Plan and Budget
Comments of Hydro-Quebec TransÉnergie
May 28th, 2013

Hydro-Québec TransÉnergie (“HQT”) welcomes this opportunity to offer comments on the 1st Draft of the 2014 Business Plan and Budget.

The document is clear, concise and well linked to the Strategic Plan. We believe a great job was accomplished in this regard.

In the Major Ongoing Activities section, in the Coordination and Collaboration subsection, we suggest to add to the listed activities one that would look like: “Continue to work with the Canadian entities and authorities to improve collaboration, take into account the specificities of the various Canadian framework to ease implementation of standards and other programs.” This is in line with recent discussions at the Board level.

We like the division made in the document between Ongoing Activities and Additional Resources to Comply with Recent Regulatory Mandates. It allows for a clear explanation and projection of why and where additional resources are required.

We commend NERC for the containment of the Ongoing Activities costs and understand most of the resulting 1% increase comes from Personnel Expense which have been prudently managed and contained.

We understand budget for both Ongoing Activities and Regulatory Mandates result in a 5% increase.

We are, however, left with a dilemma with the Budget proposal: we support all Regulatory Mandates and find the costs associated with them generally acceptable, but we do not live in a world of 8.42% budget increase. It is simply not the operating and regulatory environment of HQT as a regulated entity.

In that context, choices must be made to limit this increase. The focus should remain on core activities: standard development and compliance including Standard Reform Initiative and Compliance and Enforcement Reform Initiative. The next revision should not show increase above 2-3%.

We greatly appreciate the opportunity offered to comment on the 2014 Business Plan and Budget. Should you want to discuss any of our comments further, we remain available.

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