



Docket UE20934
Order UE05-05

IN THE MATTER of an application by
Maritime Electric Company, Limited for approval
of proposed amendments to its rates, tolls and
charges and for certain approvals incidental to
the proposed amendments.

BEFORE THE COMMISSION

on Wednesday, the 16th day of March, 2005.

Maurice Rodgerson, Chair
Weston Rose, Commissioner
James Carragher, Commissioner
Anne Petley, Commissioner

Order

Compared and Certified a True Copy

(Sgd) *Donald G. Sutherland*

Technical and
Regulatory Services Division

IN THE MATTER of an application by Maritime Electric Company, Limited for approval of proposed amendments to its rates, tolls and charges and for certain approvals incidental to the proposed amendments.

Order

WHEREAS, by Order No. UE05-01 herein dated the 6th day of January, 2005, the Commission determined that an Energy Cost Adjustment Mechanism (“ECAM”) would take effect in 2005 in respect of the energy rates charged by Maritime Electric Company, Limited (the “Company”);

AND WHEREAS Order No. UE05-01 directs that the details of the ECAM and the effective date thereof would be determined by further Order of the Commission;

AND WHEREAS the Commission has considered the submissions of the Company in this matter as well as the report entitled *Evaluation of the Maritime Electric Company, Limited proposed Energy Cost Adjustment Mechanism* prepared by independent consultant John Murphy and the report entitled *Review of Deferred Charges* prepared by the independent consulting firm of Radchuck Associates Inc.;

AND WHEREAS it appears to the Commission that it is necessary and advisable to implement an interim and transitional ECAM;

AND WHEREAS it further appears to the Commission that the interim and transitional ECAM should have effect for meter readings of the Company taken on and after April 1, 2005;

AND WHEREAS it further appears to the Commission the interim and transitional ECAM should reflect the ECAM proposed by the Company pending finalization of the Commission’s review of the reports of the independent consultants;

AND WHEREAS matters contained in the application not specifically dealt with herein or in Order UE05-01 will be subject to further review and a further Order of the Commission;

NOW THEREFORE, pursuant to the *Island Regulatory and Appeals Commission Act* and the *Electric Power Act*;

IT IS ORDERED THAT

1. the energy cost adjustment mechanism (“ECAM”) described below is approved on an interim and transitional basis for application to the existing rates of the Company effective with meter readings taken on and after April 1, 2005 and shall remain in effect until otherwise ordered by the Commission;

2. the ECAM is as follows:

The energy charge applicable under all applicable rates shall be subject to a rate adjustment when the cost of purchased and produced electricity increases or decreases from the base cost. The base cost for purchased and produced electricity is \$0.0673/kWh net produced and purchased.

The rate adjustment per kilowatt hour sold and applied in each month shall be calculated as follows:

- (1) Determine the total cost of purchasing and producing electricity in the second month preceding the billing month;
- (2) Determine the net kilowatt hours of purchased and produced energy in the second month preceding the billing month;
- (3) Multiply the quantity of energy determined in (2) above by the base cost of \$0.0673/kWh to determine the base cost of energy;
- (4) Subtract the base cost of energy determined in (3) above from the sum of the cost determined in (1) above to calculate the excess or deficiency of the cost of purchased energy;
- (5) Add the excess (or deficiency) of the cost of purchased and produced energy calculated in (4) above to the corresponding excess (deficiency) costs on the Balance Sheet and divide by eighteen to determine the average excess (deficiency) cost of purchased and produced energy to be collected in the billing month; and

- (6) Divide the amount calculated in (5) above by the total energy sold by the Company in the second month preceding the billing month to determine the rate adjustment required in cents per kilowatt hour sold and which will be applied in the billing month. The rate adjustment shall be calculated to the nearest two decimal places (four decimal places on the dollar);
3. the Company shall file with Commission staff, each month prior to the ECAM adjustment month, such information as staff may require to verify the ECAM;
 4. the Company shall prepare forthwith, for the review and approval of the Commission, a bill insert describing for the Company's customers the interim ECAM authorized herein;
 5. the approved bill insert shall be included in the first ECAM billing cycle for each customer of the Company; and
 6. Section RSP F-1 of the Company's current *General Rules and Regulations* is amended by the deletion of the last two paragraphs thereof.

DATED at Charlottetown, Prince Edward Island, this 16th day of March, 2005.

BY THE COMMISSION:

(Sgd) *Maurice Rodgerson*

Maurice Rodgerson, Chair

(Sgd) *Weston Rose*

Weston Rose, Commissioner

(Sgd) *James Carragher*

James Carragher, Commissioner

(Sgd) *Anne Petley*

Anne Petley, Commissioner

NOTICE

Section 12 of the *Island Regulatory and Appeals Commission Act* reads as follows:

12. The Commission may, in its absolute discretion, review, rescind or vary any order or decision made by it or rehear any application before deciding it.

Parties to this proceeding seeking a review of the Commission's decision or order in this matter may do so by filing with the Commission, at the earliest date, a written Request for Review, which clearly states the reasons for the review and the nature of the relief sought.

Sections 13.(1) and 13(2) of the *Act* provide as follows:

13.(1) An appeal lies from a decision or order of the Commission to the Appeal Division of the Supreme Court upon a question of law or jurisdiction.

(2) The appeal shall be made by filing a notice of appeal in the Supreme Court within twenty days after the decision or order appealed from and the Civil Procedure Rules respecting appeals apply with the necessary changes.

IRAC140B(2005/1)