



**THE ISLAND REGULATORY AND
APPEALS COMMISSION**
Prince Edward Island
Île-du-Prince-Édouard
CANADA

Docket UE20937
Order UE08-01

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 Thursday, the 24th day of January, 2008.

Maurice Rodgerson, Chair
John Broderick, Commissioner
Anne Petley, Commissioner
Ernest Arsenault, Commissioner

Order

Compared and Certified a True Copy

(Sgd) *Heather Walker*

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 application filed with the Commission on the 18th day of October, 2007, Maritime Electric Company, Limited (the “Company”), applied to the Commission for approval of proposed amendments to its rates, tolls and charges and for certain approvals incidental to the proposed amendments;

AND WHEREAS, following receipt of the said application, the Commission published a Notice of Application in the local newspapers inviting comments on the Company’s application;

AND WHEREAS, in response to the public notice, the Commission received three written submissions containing comments general in nature;

AND WHEREAS, the Commission concluded due to the limited public response a hearing would not be necessary at this time;

AND WHEREAS, based on a thorough review of the application, the Commission has determined that the requested basic rate increase (1.8%) is just and reasonable as it represents the recovery of inflationary cost increases of transmission and distribution expenses and general and administrative expenses;

AND WHEREAS, the Commission has reviewed the remaining elements of the application, including;

1. the requested re-basing of the Energy Cost Adjustment Mechanism (“ECAM”) and the transition of certain costs from the ECAM to basic rates;

2. the requested 10.0 percent return on average common equity; and
3. the requested modification in the current multi-block rate energy pricing structure for residential customers.

AND WHEREAS, the Commission has reviewed the ECAM information contained in the application and agrees that the Company should file a separate application re-basing and setting out the amortization period for the accumulated ECAM balance and the future energy costs anticipated, including the Point Lepreau replacement energy;

AND WHEREAS, the Commission accepts the requested 10 percent return on average common equity as just and reasonable taking into consideration comparative rates of return by Atlantic Canada investor-owned electric utilities and Company specific risk factors;

AND WHEREAS, the Commission agrees that the multi-block reduced pricing structure should be eliminated based on the phased out schedule proposed by the Company;

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

IT IS ORDERED THAT

1. a 1.8 percent increase in basic rates is approved for effect with meter readings of the Company taken on and after April 1, 2008;
2. the Company shall file a report with the Commission by September 1, 2008 providing recommendations for re-basing the ECAM, and the transition of certain costs from inclusion in the ECAM to inclusion in basic rates;
3. the maximum allowed return on average common equity is set at 10.0 percent for 2008;

4. the Company shall modify the current multi-block energy pricing structure for residential customers by increasing the second block threshold in accordance with the following schedule; and

Rate Class	Current	April 1, 2008	April 1, 2009	April 1, 2010
Residential	1,200	1,600	2,000	-

5. the Company shall prepare for Commission review and approval a bill insert describing to customers the rate changes approved and shall include this bill insert in the first billing cycle of the revised rates.

DATED at Charlottetown, Prince Edward Island, this 24th day of January, 2008.

BY THE COMMISSION:

(Sgd) Maurice Rodgerson

Maurice Rodgerson, Chair

(Sgd) John Broderick

John Broderick, Commissioner

(Sgd) Anne Petley

Anne Petley, Commissioner

(Sgd) Ernest Arsenaault

Ernest Arsenaault, 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)