



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

Docket: UE20725 and UE20726

Order: UE17-03

IN THE MATTER of an application by
Maritime Electric Company, Limited for
approval of a 2018 capital budget and the
capital budget variances for 2017.

BEFORE THE COMMISSION ON

Tuesday, December 19, 2017.

J. Scott MacKenzie, Q.C., Chair

M. Douglas Clow, CPA, CA, Vice-Chair

John Broderick, Commissioner

ORDER

Compared and Certified a True
Copy

Philip J. Rafuse
Corporate Services and Appeals
Division

IN THE MATTER of an application by Maritime Electric Company, Limited for approval of a 2018 capital budget and the capital budget variances for 2017.

ORDER

WHEREAS on or about August 2, 2017, Maritime Electric Company, Limited (“Maritime Electric” or the “Company”) filed an application with the Island Regulatory and Appeals Commission (the “Commission”) pursuant to section 17(1) of the *Electric Power Act*, R.S.P.E.I. 1988, Cap. E-4 (the “Act”) seeking approval of the Company’s 2018 annual capital budget (the “Application”);

AND WHEREAS notice of the Application was published on the Commission website and in local newspapers inviting interested persons to submit written questions to Maritime Electric with respect to the Application;

AND WHEREAS interrogatories were exchanged and comments were received from interested members of the public and have been considered by the Commission;

AND WHEREAS the Company has filed a report on its actual expenditures on improvements or additions to its property for 2017 (the “2017 Capital Budget Variance Report”), as required by section 17(4) of the *Act*;

AND WHEREAS the Commission seeks to improve the capital budget process on a go forward basis to ensure that future capital budget applications include an enhanced level of detail and analysis;

NOW THEREFORE, pursuant to section 17 of the *Act*, the Commission orders as follows:

1. The Company’s 2018 annual capital budget is approved as filed with the Commission on or about August 2, 2017. A summary of the approved 2018 capital expenditures is as follows:

Summary of Approved 2018 Capital Expenditures		
Generation		\$1,771,000
Distribution		\$20,113,000
Transmission		\$6,240,000
Corporate		\$2,164,000
Capitalized Expense	General	\$527,000
Interest During Construction		\$400,000
Less: Contributions	Customer	(\$400,000)
TOTAL		\$30,815,000

2. The 2017 Capital Budget Variance Report is approved as filed with the Commission.
3. The Commission requires that the Company prepare and submit for approval by the Commission a capital expenditure justification and accounting policy of technical and financial capital expenditure criteria to be followed by the Company in its future capital budget applications. The technical and financial justification criteria are to be contained in the document to be entitled Capital Expenditure Justification Criteria ("CEJC"). The CEJC is to be filed with the Commission by April 1, 2018.
4. Beginning with the 2019 annual capital budget, all future annual capital budget applications filed with the Commission will be based on the approved CEJC and shall include the following:
 - detailed technical and economic analysis of proposed projects, including evaluations of alternative supply options;
 - cost breakdown of specific capital projects with documentation supporting the estimates;
 - historical and projected analysis of spending profiles and of reliability performance;
 - analysis of available workforce resources to undertake proposed projects within established timelines and cost estimates; and
 - explanations on how priorities have been established for the projects contained in the proposed capital budget.

5. Maritime Electric shall consult Commission staff as needed to ensure that the above requirements are satisfied for future annual capital budget applications.

DATED at Charlottetown, Prince Edward Island, Tuesday,
December 19, 2017

BY THE COMMISSION:

(sgd) J. Scott MacKenzie

J. Scott MacKenzie, Q.C., Chair

(sgd) M. Douglas Clow

M. Douglas Clow, CPA, CA, Vice-Chair

(sgd) John Broderick

John Broderick, 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), 13(2), 13(3), and 13(4) of the *Act* provide as follows:

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

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

(3) The Commission shall be deemed to be a party to the appeal.

(4) No costs shall be payable by any party to an appeal under this section unless the Court of Appeal, in its discretion, for special reasons, so orders.

NOTE: In accordance with IRAC's *Records Retention and Disposition Schedule*, the material contained in the official file regarding this matter will be retained by the Commission for a period of 5 years.