



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

Docket: UE20730
Order: UE19-09

IN THE MATTER of an application by Maritime Electric Company, Limited for an order of the Island Regulatory and Appeals Commission approving the 2020 Annual Capital Budget, pursuant to section 17(1) of the *Electric Power Act*, R.S.P.E.I. 1988, Cap. E-4, and for certain approvals incidental thereto.

BEFORE THE COMMISSION ON Monday,
the 9th day of December, 2019.

CERTIFIED A TRUE COPY



Philip Rafuse,
Appeals Administrator
Island Regulatory & Appeals Commission

J. Scott MacKenzie, Q.C., Chair
M. Douglas Clow, Vice-Chair
John Broderick, Commissioner

Order

IN THE MATTER of an application by Maritime Electric Company, Limited for an order of the Island Regulatory and Appeals Commission approving the 2020 Annual Capital Budget, pursuant to section 17(1) of the *Electric Power Act*, R.S.P.E.I. 1988, Cap. E-4, and for certain approvals incidental thereto.

Order

WHEREAS on or about August 23, 2019, 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 2020 Annual Capital Budget (the “Application”);

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

AND WHEREAS interrogatories were exchanged and comments were received from interested members of the public in relation to the Application;

AND WHEREAS in section 5.5 of the Application, the Company seeks approval of line rebuilds associated with the PEI Broadband Project, but the Company did not include the amount of capital expenditures associated with the PEI Broadband Project as part of the Application;

AND WHEREAS on or about December 5, 2019, the Company filed a supplemental budget request with the Commission seeking approval of a provisional amount for line rebuilds associated with the PEI Broadband Project (the “Supplemental Budget Request”);

AND WHEREAS in accordance with the Supplemental Budget Request, the Company is seeking approval of an additional \$5.71 million for line rebuilds in 2020 as part of a multi-year Broadband Project initiated by the Government of Prince Edward Island;

AND WHEREAS the Commission has determined that it requires additional information with respect to the Supplemental Budget Request and the PEI Broadband Project before it approves the Supplemental Budget Request as part of the Application or this Order;

AND WHEREAS on or about February 28, 2019, the Company filed a report with the Commission detailing its actual expenditures on improvements or additions to its property for 2018 (the "2018 Capital Budget Variance Report"), as required by section 17(4) of the *Act*;

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

1. The Company's 2020 Annual Capital Budget is approved as filed with the Commission, subject to the following exceptions:
 - (a) In accordance with Commission **Order UE19-08**, the Commission does not approve the construction of a new CT3 Balance of Plant Equipment Building as set forth in section 4.1(a) of the Application. The proposed annual capital expenditure for Generation shall therefore be reduced by \$3,691,000, being the amount claimed in section 4.1(a) of the Application.
 - (b) The Supplemental Budget Request filed on December 5, 2019 is not approved as part of the Application or this Order. The Commission shall seek further information from the Company and shall then issue a further Order in relation to capital costs associated with the PEI Broadband Project.

2. A summary of the approved 2020 annual capital expenditures is therefore as follows:

Expenditure	Amount
Generation	\$767,000
Distribution	\$21,609,000
Transmission	\$9,214,000
Corporate	\$1,956,000
Capitalized General Expense	\$557,000
Interest During Construction	\$563,000
Less: Customer Contributions	(\$400,000)
Net Capital Expenditures	\$34,266,000

3. The 2018 Capital Budget Variance Report is approved as filed with the Commission.

DATED at Charlottetown, Prince Edward Island, this 9th day of December, 2019.

BY THE COMMISSION:

(sgd) J. Scott MacKenzie

J. Scott MacKenzie, Q.C., Chair

(sgd) M. Douglas Clow

M. Douglas Clow, 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.