



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

Docket: UE21223

Order: UE19-11

IN THE MATTER of a request by Maritime Electric Company, Limited for an Order of the Island Regulatory and Appeals Commission approving recovery of restoration costs incurred as a result of post-tropical storm Dorian, pursuant to sections 20 and 22 of the *Electric Power Act*, R.S.P.E.I. 1988, Cap. E-4;

AND IN THE MATTER of a request by Maritime Electric Company, Limited to vary Commission Order UE19-08 as it relates to the refund of any positive Rate of Return Adjustment account balance for the 2019 fiscal year, pursuant to section 12 of the *Island Regulatory and Appeals Commission Act*, R.S.P.E.I. 1988, Cap. I-11.

BEFORE THE COMMISSION ON Monday, December 23, 2019

J. Scott MacKenzie, Q.C., Chair

M. Douglas Clow, Vice-Chair

John Broderick, Commissioner

CERTIFIED A TRUE COPY

Jonah Clements,
General Counsel
Island Regulatory & Appeals Commission

ORDER

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AND IN THE MATTER of a request by Maritime Electric Company, Limited to vary Commission Order UE19-08 as it relates to the refund of any positive Rate of Return Adjustment account balance for the 2019 fiscal year, pursuant to section 12 of the *Island Regulatory and Appeals Commission Act*, R.S.P.E.I. 1988, Cap. I-11.

ORDER

WHEREAS on September 7, 2019, post-tropical storm Dorian ("Dorian") passed over Prince Edward Island causing extensive damage to Maritime Electric Company, Limited's ("MECL" or the "Company") transmission and distribution systems in the Province;

AND WHEREAS on September 26, 2019, MECL filed a written request with the Commission seeking to defer and amortize the operating costs related to Dorian over a three-year period, and to recover the amortization from customers as a rate rider on customers' monthly bills;

AND WHEREAS on October 22, 2019, the Commission issued interrogatories to MECL in relation to Dorian;

AND WHEREAS on November 8, 2019, MECL filed responses to the interrogatories of the Commission, together with a Storm Post-Mortem Report, which report detailed the restoration efforts and costs associated with Dorian;

AND WHEREAS on December 17, 2019, MECL filed a further written request with the Commission seeking approval to use 2019 excess net revenues to offset the incremental Dorian restoration operating costs, and to defer the recovery of any Dorian costs not

offset by the 2019 excess net revenues to be recovered over the years 2020 and 2021 in a manner as determined by the Commission;

AND WHEREAS Commission Order UE19-08 requires that any 2019 Rate of Return Adjustment account ("RORA") balance be refunded to ratepayers on a per kWh basis within 60 days of the calendar year-end;

AND WHEREAS MECL seeks approval to vary Commission Order UE19-08, so that any 2019 excess net revenues shall be used to offset the Dorian costs, and any 2019 excess net revenues remaining after offsetting the Dorian costs shall be applied to reduce the amount recoverable from customers in the Energy Cost Adjustment Mechanism ("ECAM") deferral account;

AND WHEREAS MECL has advised that it does not yet know the balance of the 2019 RORA or the 2019 excess net revenues, and will not be in a position to determine the balance until year-end;

AND WHEREAS MECL has advised that it incurred storm restoration costs totalling \$3,465,790 as a result of Dorian;

AND WHEREAS MECL proposes to allocate the storm restoration costs as between capital costs (\$388,110), retirement costs (\$74,796) and operating costs (\$3,002,884);

AND WHEREAS the Commission has retained the services of Grant Thornton to provide financial advice to the Commission on certain matters, including the recovery and amortization of Dorian costs, and the updated financial information to be filed by MECL on or before January 31, 2020, as required by Commission Order UE19-08;

AND WHEREAS MECL has provided further additional information to Grant Thornton;

AND WHEREAS the Commission has reviewed and considered the information provided by MECL and the advice and recommendations of Grant Thornton;

NOW THEREFORE, pursuant to the *Electric Power Act* and the *Island Regulatory and Appeals Commission Act*, the Commission orders as follows:

IT IS ORDERED THAT:

1. The Commission accepts that MECL incurred storm restoration costs as a result of post-tropical storm Dorian in the total amount of \$3,465,790.
2. The Commission accepts the allocation of the storm restoration costs as being \$388,110 in capital costs, \$74,796 in retirement costs, and \$3,002,884 in operating costs.
3. The Commission approves the deferral of the operating costs incurred of \$3,002,884 in relation to post-tropical storm Dorian for future recovery from ratepayers. ("Dorian operating costs")
4. The Commission shall determine the appropriate manner of recovering the Dorian operating costs as part of the electric rates, tolls and charges to be set effective March 1, 2020.
5. The Commission does not approve the use or application of any 2019 excess net revenues and/or the balance of the 2019 RORA account to offset either the Dorian operating costs or the balance of the ECAM account at this time. The use and application of any 2019 excess net revenues and the balance of the 2019 RORA account shall be considered as part of the updated financial information to be filed by MECL on or before January 31, 2020, and shall take into consideration the ultimate impact on rates, tolls and charges for electric service.
6. Commission Order UE19-08 is hereby varied such that MECL is not required to refund the balance of the 2019 RORA account within 60 days of the calendar year-end, and instead, the use and potential refund of the 2019 RORA balance shall be deferred and considered as part of the updated financial information to be filed by MECL on or before January 31, 2020, taking into consideration the ultimate impact on rates, tolls and charges for electric service.
7. The Commission requires MECL to present, as part of its January 31, 2020 updated financial information, a number of options for recovery of the Dorian operating costs, the use and application of 2019 excess net revenues, and the use and application of the

balances of the RORA, ECAM, and Weather Normalization deferral accounts. The options shall clearly demonstrate the ultimate impact on rates, tolls and charges for electric service.

DATED at Charlottetown, Prince Edward Island, Monday,
December 23, 2019.

BY THE COMMISSION:

(sgd) J. Scott MacKenzie

J. Scott MacKenzie, Q.C., Chair

(sgd) 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.