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Additional Interrogatories of Commission Staff

TO: Maritime Electric Company, Limited
FROM: Cheryl Mosher, Senior Financial Advisor
DATE: April 11, 2019
RE: General Rate Application
DOCKET: UE20944

The Island Regulatory and Appeals Commission (the “Commission”), in assessing the General Rate Application submitted by Maritime Electric Company, Limited (“Maritime Electric” or “MECL”), requests responses to the following interrogatories:

The following refer to MECL’s responses to the interrogatories of Commission Staff:

61. With respect to **IR-3**:
- a. Please explain the rationale and provide justification for including the PEI Energy Corporation Dalhousie and Lepreau Debt Repayment expense as an energy supply cost beginning in 2019 (Schedule 8-4).
 - b. Please explain the rationale and provide justification for reclassifying the PEI Energy Corporation Dalhousie and Lepreau Debt Repayment expense as energy (rather than demand) beginning in 2019.
62. With respect to the response to **IR-4**, please explain why the RORA balance continues to accumulate, notwithstanding that these amounts are being refunded to ratepayers.
63. In response to **IR-6**, MECL states that the proposals in the General Rate Application “do not result in excess earnings during the period so there are no additions to the RORA account projected”:
- a. As MECL has a history of overearning, as evidenced by the RORA account balance, please explain why MECL does not anticipate excess earnings between 2019 and 2022.

- b. Please explain what steps MECL has taken to ensure that it does not over earn during the period of the proposed General Rate Application.
64. The response to **IR-7** references "*Non Recoverable Fortis Inc. Costs*". Please explain what the non-recoverable Fortis Inc. costs are and how they are calculated.
 - a. Since the date the Commission disallowed Fortis Inc. costs, please provide a detailed working paper of the total disallowed expenses per year.
65. In response to **IR-9(c)**, MECL states that it "*has identified the need for additional on-Island generation over the long-term*":
 - a. Please provide full particulars of the need identified by Maritime Electric's system planning.
 - b. Please advise how Maritime Electric intends to address the need for additional on-Island generation.
66. In response to **IR-9**, MECL indicates that the CTGS site will remain used and useful to ratepayers.
 - a. Please explain how the entire remaining property meets the criteria for used and useful.
 - b. Please provide a tentative timeline for future development projects at this site.
67. In **Section 6**, MECL identifies the CTGS estimate as a Class "B" estimate with an accuracy range of -20% to +30%. Please provide full particulars regarding MECL's plans to move forward with this project, including any plans to obtain refined estimates.
68. In response to **IR-13**, the actual energy sales for 2016 and 2017 were less than forecasted (using the regression analysis model). Although energy sales were less than forecasted, MECL still over earned in each of 2016 and 2017. Please explain why MECL over earned in 2016 and 2017, notwithstanding lower than forecasted energy sales.
69. In response to **IR-16**, MECL states that the load forecast in the General Rate Application is based, in part, on the assumption that the PEI Energy Corporation/efficiencyPEI Electricity Efficiency & Conservation Plan ("EE&C Plan") would begin in October 2018. The EE&C application is currently before the Commission and, as such, did not begin in October 2018. Please advise what impact this has on the load forecast included in the General Rate Application.
70. In response to **IR-17**, MECL states that the ECAM is intended to capture all fluctuations in the cost of purchased and produced energy from the base rate included in customer rates. Based on this interpretation, the ECAM could be seen as a disincentive to minimize energy costs as Maritime Electric is guaranteed to recover any fluctuation in cost from ratepayers. Please comment and explain what steps MECL has taken to ensure that energy costs are minimized for ratepayers.

71. In response to **IR-18(a)**, MECL states that there may be generating capacity deficiencies in the region in 2027 while the Mactaquac restorative project is ongoing. Please advise how Maritime Electric plans to address the anticipated generating capacity deficiency and what efforts are being made to secure additional capacity prior to 2027.
72. With respect to the response to **IR-19(c)**, reference is made to possible rolling blackouts and shedding load. How is this reconciled with section 3 of the *Electric Power Act*, which requires a public utility to furnish reasonably safe and adequate service as changing conditions require?
73. In response to **IR-22**, Maritime Electric states that once CTGS is decommissioned, Maritime Electric will be obtaining 60% of its generating capacity from off-Island sources through a single transmission corridor. Maritime Electric also states that additional on-Island diesel-fired combustion turbine generation would reduce the impact of a loss of the transmission corridor. In 2015, Maritime Electric submitted an application to the Commission seeking approval to purchase a 50 MW combustion turbine (Commission Docket UE20723). This application was ultimately withdrawn by MECL as it had procured access to 50 MW of firm capacity.
- a. How much of MECL's annual generating capacity from off-Island sources was obtained through the single transmission corridor in each of 2014 to present?
 - b. If on-Island diesel-fired combustion turbine generation would reduce the impact of a loss of the transmission corridor, please explain why MECL withdrew its combustion turbine application in UE20723?
 - c. Has MECL considered other alternatives to installing a new combustion turbine, such as installing utility-scale batteries at the CTGS site? If so, please provide full particulars of the alternatives considered.
 - d. What is the likelihood of losing the transmission corridor in its entirety, and how often has the transmission corridor been lost in the last 20 years?
 - e. Is the loss of the transmission corridor in its entirety considered an N-1 transmission event or an N-2 transmission event?
 - f. Does good utility practice require MECL to provide capacity support for the loss of the transmission corridor?
 - g. Do FERC, NERC or NPCC standards or guidelines require MECL to provide capacity support for the loss of the transmission corridor?
 - h. Has MECL had discussions with New Brunswick Power and/or New Brunswick Energy Marketing Corporation regarding improvements to the New Brunswick transmission system to minimize the effects of the loss of the transmission corridor? If so, please provide full particulars.
74. With respect to the response to **IR-24**, please provide specific reference to all relevant provisions of the Energy Purchase Agreement.

75. In response to **IR-24**, MECL states that CTGS is subject to a 90 day return to service requirement under the Energy Purchase Agreement. However, in response to **IR-32**, MECL states that under the terms of the Energy Purchase Agreement, CTGS is scheduled for closure by January 1, 2022, with planned decommissioning in 2022 and 2023. Please explain how CTGS will be available for 90 day return to service if it is scheduled to be closed and decommissioned during the period of the Energy Purchase Agreement.
76. In the response to **IR-26**, reference is made to **IR-26 – Attachment 1**. This attachment has not been filed with the Commission. Please provide a copy of **IR-26 – Attachment 1**.
77. In response to **IR-28**, MECL states that the recovery of DSM expenditures through ECAM is based upon past Orders UE08-02 and UE15-02. Notwithstanding previous Orders, please provide justification for the continued recovery of DSM expenditures through ECAM during the period of the proposed General Rate Application.
78. In response to **IR-37**, MECL states that *“The other recommendations in the Gannett Fleming Study will be reviewed as part of future depreciation study updates and addressed in further applications to the Commission”*:
- a. Please advise what the *“other recommendations”* are.
 - b. Please explain why the other recommendations are not included as part of the current General Rate Application, and provide justification for same.
 - c. Please provide a table of rates showing the rates for each class of customers if all recommendations in the Gannett Fleming Study are implemented as part of the current General Rate Application.
79. In response to **IR-37**, MECL states that the required increase in the revenue requirement to amortize the deferred variance related to the distribution plant *“would result in a one-time annual increase in the Company’s revenue requirement and resulting customer electricity costs of approximately .06%.”*
- a. However, by not addressing this variance when identified, does it not cause a larger increase for ratepayers in future years?
 - b. Please provide an explanation as to why deferring this variance to future years and future ratepayers is the appropriate treatment of the variance.
80. In response to **IR-38**, is it correct to conclude that MECL has no additional net tax burden resulting from the transfer to MECL of Part VI.1 tax payable by Fortis Inc., and that the ratepayers of MECL pay no additional amounts as a result of the Part VI.1 tax transfer?
81. The proposals contained in the General Rate Application are based on the assumption that the proposed rates would be implemented effective March 1, 2019. Please provide a schedule showing the impact on the proposed rates assuming new rates are implemented effective July 1, 2019, August 1, 2019, September 1, 2019, and October 1, 2019.

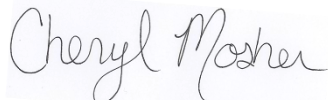
The following refer to MECL's responses to the interrogatories of Synapse Energy Economics, Inc.:

82. In response to **IR-1 filed by Synapse Energy Economics, Inc.**, MECL states that a Life Extension Program was undertaken with respect to the CTGS in the early 1990s. At the time of the Life Extension Program in the 1990s, what was the estimated life of the CTGS plant?
83. In response to **IR-1 filed by Synapse Energy Economics, Inc.**, MECL states that it is standard utility generation practice to complete a major overhaul of turbine-generator sets every ten years.
- a. What major overhauls have been done at the CTGS plant since the 1990s?
 - b. What changes have been made in the depreciation rates for CTGS since the completion of the Life Extension Program in the 1990s?
 - c. Explain the rationale for any changes, or lack of changes, in depreciation rates between 1990 and present.

The following refer to MECL's responses to the interrogatories of Multeese Consulting Inc.:

84. In response to **IR-55 filed by Multeese Consulting Inc.**, MECL states that NB-NS/PEI interface firm transfer capability is currently limited to 300 MW due to "limiting elements" located on the New Brunswick transmission system. MECL also states that the Island's peak load is forecast to surpass 300 MW by 2023.
- a. What are the "limiting elements" on the New Brunswick transmission system?
 - b. Please provide full details of any and all discussions with NBP and/or NBEM to address these limiting elements.
 - c. Please provide full particulars of MECL's plan to address the limits at the NB-NS/PEI interface prior to 2023.
 - d. In the event NBP and/or NBEM is not prepared to address the limiting elements, how does MECL plan to deal with the anticipated capacity shortfall?

Additional interrogatories may follow.



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Prince Edward Island Regulatory & Appeals Commission