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Additional Interrogatories of Commission Staff

TO: Maritime Electric Company, Limited

FROM: Michael D. Fitzpatrick, CPA, CA, Commission Financial Advisor

DATE: August 9, 2019

RE: General Rate Application

DOCKET: UE20944

The Island Regulatory and Appeals Commission (the “Commission”), in assessing the revised schedules and rates filed by Maritime Electric Company, Limited (“Maritime Electric” or “MECL”) on July 31, 2019 (Exhibit M-25), requests responses to the following interrogatories:

85. Key Schedule Changes

Given the change in estimates provided on July 31, 2019 (Exhibit M-25), can you please provide updates to the following schedules previously filed by MECL:

- a. All schedules in section 14 of the GRA (Exhibit M-1)
- b. All schedules in section 15 of the GRA (Exhibit M-1)
- c. The Rate Base and return on rate base (Exhibit M-11 – IR #39)

86. Updated Financial forecast

The Commission is looking to reconcile the financial forecasts originally filed with the Commission (Exhibit M-1) to the financial forecasts filed on July 31, 2019 (Exhibit M-25).

- a. Please provide an explanation of all changes to the estimates and projections from the original filing (Exhibit M-1) to the July 31, 2019 filing (Exhibit M-25).

87. Clarification of items requested

There are multiple factors going into the rate increases requested. Section 16 of Exhibit M-1 provides a proposed Order which summarizes the requests made. The Commission wishes to understand what impact each of these requests will have on the net earnings and the rate of return MECL will earn if

the requests are granted. To assist the Commission in understanding the impact of each of these decisions, can you please provide the following:

- a. A calculation that shows the net earnings and/or proposed rate base of MECL, based solely on the estimates of sales, expenses and capital expenditures, ignoring any other adjustments requested.
- b. For each of the subsequent adjustments requested by MECL, please provide an adjustment to either net earnings and/or proposed rate base as calculated in IR-87(a) above. Please use all relevant items included in Section 16 of Exhibit M-1.

88. Effective Date of Transition

Given that MECL has requested a rate increase as of September 1, 2019, the Commission is interested in determining how MECL has performed against the forecasted results filed with the Commission (Exhibit M-1) in 2019, and to gain an understanding of the effect on the first bill a ratepayer will receive under the new rates (assumed September bill). In order to assist in this determination, the Commission requests the following:

- a. Please provide a reconciliation of the budgeted numbers to the financial forecast submitted under the GRA (Exhibit M-1). A breakdown of your forecast on a monthly basis may be enough to satisfy this request.
- b. Please provide a calculation which will show the average/" typical" bill for the first month you are requesting the new rates to be effective.

89. Amortization

In the GRA, when addressing the amortization (Exhibit M-1, Section 11), and particularly the 2017 Depreciation Study (Exhibit M-1, Appendix 8), MECL proposes to accept only some of the recommendations made by Gannett Fleming. Can you please provide a calculation that shows the total effect of accepting all of the recommendations made by Gannett Fleming in its report? If this was previously addressed through the interrogatory process, please direct the Commission to the relevant interrogatory.

Additional interrogatories may follow.

Michael D. Fitzpatrick, CPA, CA
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Prince Edward Island Regulatory & Appeals Commission