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All the time.



November 26, 2020

Island Regulatory & Appeals Commission
PO Box 577
Charlottetown PE C1A 7L1



Dear Commissioners:

**Response to PEIEC Comments on Grant Thornton Report
(Docket UE20944)**

Maritime Electric Company, Limited (the "Company") offers the following comments with respect to the November 20, 2020 letter from the PEI Energy Corporation ("PEIEC") on the Grant Thornton Report on changes to the Schedules of Rates effective March 1, 2020 and March 1, 2021 as filed by the Company on January 31, 2020 ("January Filing").

PEI Energy Accord

In paragraph 2 of the letter, the PEIEC states:

"...we do not wish to receive overcollections as they result in current ratepayers paying more than their fair share... strongly support amending our Debt Collection Agreement with Maritime Electric to require fixed monthly payments regardless of the mechanism used by Maritime Electric to collect those amounts..."

In Section 4.0 of the General Rate Application filed with the Commission on November 30, 2018, the Company proposed removing the rate rider and including the proposed fixed payment amounts as revenue requirement. In Order UE19-08, the Commission ordered these amounts continue to be collected as rate rider. However, with no approved changes to rates since March 1, 2018, the existing rate rider of \$0.00536 has remained in effect contributing to the over collections remitted to the PEIEC as noted in Section 8 of Grant Thornton's Report.

A second contributing factor to the over collections has been stronger than expected sales in previous years. It should be noted that the PEIEC's recommendation to amend the Debt Collection Agreement with the Company to reflect fixed monthly payments will not prevent over collections or under collections from occurring. To the extent that actual sales vary from the forecast used to calculate the rider, over and under collections will occur. However, the Company would not oppose maintaining a regulatory account to track the over/under collections until it can be adjusted through the rate rider in the next rate setting period if the Commission was agreeable to this approach.

In paragraph 3 of the letter, the PEIEC noted that the fixed monthly remittances for the next three years need only be approximately \$425,000 per month, after which the monthly remittances can return to approximately \$455,000. The Company would like to point out that its responses to Commission Staff IR-95 and IR-96, filed on November 24, 2020, do not reflect this new information. There are two alternatives available to deal with this new information:

1. The Commission can approve the revised rate rider as proposed in our responses to IR-95 and IR-96. The over collection as a result of the change to the funding requirement, estimated to be \$720,594 in Attachment 1, can be set aside as a payable to customers and the rate rider adjusted accordingly in the next General Rate Application.
2. The rate rider of \$0.0040 proposed in IR-95 and IR-96 could be adjusted to \$0.0036 to reflect the new funding requirement provided by the PEIEC.

Attachment 1 provides a comparison of how the two rates are calculated as well as the change in funding requirement from the previous information provided by the PEIEC in November 2018.

Electricity Efficiency and Conservation Plan

The Company has provided comments on Grant Thornton's interpretation of this issue in its letter dated November 24, 2020.

If you have any questions or concerns, do not hesitate to contact the undersigned.

Yours truly,

MARITIME ELECTRIC.



Michelle Francis
Vice President, Finance and
Chief Financial Officer

MF06
Enclosure

Costs Recoverable From Customers on Behalf of Province		
As Proposed in Responses to Commission Staff IR-95 and IR-96		
January 1, 2021 - February 28, 2022	Annual	Revised (14 Months)
A.	Funding Requirement	\$ 5,717,652
B.	Forecast Sales (kWh)	January, 2021 - February 28, 2022
C.	Collection Rate (\$/kWh) (A/B)	0.0040
		\$ 6,670,594
		1,659,431,460
		0.0040
Update to Reflect New Information Provided by PEIEC on November 20, 2020		
January 1, 2021 - February 28, 2022	Annual	Revised (14 Months)
D	Funding Requirement	\$ 5,100,000
E	Forecast Sales (kWh)	January, 2021 - February 28, 2022
F	Collection Rate (\$/kWh) (D/E)	0.0036
		\$ 5,950,000
		1,659,431,460
		0.0036
Change in Funding Requirement Based on New Information Provided by PEIEC (D-A)		\$ 720,594