

May 28, 2020

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

Dear Commissioners:

The global COVID-19 pandemic and the necessary measures taken to ensure the health of Prince Edward Islanders has had a significant economic impact on the Province of PEI and its residents. While PEI is now on the road to recovery because of the proactive measures implemented by PEI Provincial Government Health authorities, many Island residents and businesses continue to struggle as they work to recover financially.

Since the pandemic was first declared, Maritime Electric (the "Company") has taken steps to support customers by ceasing all disconnections for nonpayment, working with customers on a case-by-case basis to make suitable payment arrangements and waiving interest and penalty charges where warranted based upon need. While these measures have been supportive, the Company believes that it is now appropriate to offer further support to Residential and General Service customers directly impacted by the COVID-19 pandemic.

Pursuant to Section 13 of the Electric Power Act, Maritime Electric hereby applies to the Island Regulatory and Appeals Commission ("IRAC" or the "Commission") for an Order of the Commission approving:

1. The establishment of a COVID-19 Customer Support Program (the "Program") and
2. A regulatory account, COVID-19 Customer Support Deferral Account, to record and track amounts related to the Program.

COVID-19 Customer Support Program

The Program, as proposed, would provide a three-month bill payment deferral starting June 1, 2020 to eligible Residential and General Service customers directly impacted financially by the COVID-19 pandemic. Eligible customers who apply and qualify for the Program would be required to enter into repayment arrangements for the deferred balance over a twelve-month period commencing September 1, 2020. Customers participating in the Program would not be subject to interest, penalties or disconnection during either the deferral period or the repayment period provided the customer meets their agreed upon repayment requirements.

COVID-19 Customer Support Deferral Account

The Company is requesting approval to establish a new regulatory deferral account, called the COVID-19 Customer Support Deferral Account (the "Deferral Account"), to track and record the following:

1. Bill payment deferrals and subsequent repayments under the Program. The Deferral Account would record and track, by rate class, all bill payment deferrals provided to eligible customers under the Program along with the subsequent repayment of the deferred amounts. As a result, the balance in the account at any given point in time would reflect only the unrecovered bill deferral amounts under the Program.

2. Unrecovered amounts due to COVID-19. The Deferral Account would capture, by rate class, any unrecovered billings to eligible customers resulting from the customer being unable to pay due to the COVID-19 pandemic. An amount billed would only be considered unrecoverable after the Company has followed its normal collection protocols, including requests for payment, disconnect notices and other customer contacts to arrange payment.

To date, the impact of the COVID-19 pandemic has been significant on PEI residents and businesses. In addition, it is expected that the economic impacts of the pandemic will continue to be felt for many months to come. Given the pressing need to provide support to customers as they navigate the Renew PEI Together stages, Maritime Electric is requesting the Commission to approve the proposed support measures as soon as practicable.

A proposed Order approving the requested support measures is included in Appendix A and further background information is included in Appendix B.

Yours truly,

MARITIME ELECTRIC



Jason Roberts
Vice President, Finance & Chief Financial Officer

C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

**BEFORE THE ISLAND REGULATORY
AND APPEALS COMMISSION**

IN THE MATTER of Section 13 of the Electric Power Act (R.S.P.E.I. 1988, Cap. E-4) and **IN THE MATTER** of the Application of Maritime Electric Company, Limited for an order of the Commission approving the establishment of a COVID-19 Customer Support Program and a COVID-19 Customer Support Deferral Account and for certain approvals incidental to such an order.

UPON receiving an Application by Maritime Electric Company, Limited (the "Company") for approval of the COVID-19 Customer Support Program and a COVID-19 Customer Support Deferral Account;

AND UPON considering the Application and Evidence filed in support thereof;

NOW THEREFORE, for the reasons given in the annexed Reasons for Order and pursuant to the Electric Power Act;

IT IS ORDERED THAT

The COVID-19 Customer Support Program and the COVID-19 Customer Support Deferral Account, filed herein on May 28, 2020 are hereby approved:

DATED at Charlottetown, Prince Edward Island, this ___ day of _____, 2020.

BY THE COMMISSION:

Chair

Commissioner

Commissioner

Q1. What are the eligibility criteria for the Program? Are the criteria the same for Residential and General Service customers? If not, explain.

A1. The eligibility criteria are meant to be relatively simple and supportive of customers during this difficult time. As such, there are two eligibility criteria:

1. The customer has experienced a loss of income (Residential) or revenue (General Service) due to the COVID-19 pandemic which has impacted their ability to pay their Maritime Electric bill; and
2. The customer, on applying for the Program, agrees to enter into a repayment plan for the total balance to be repaid over a 12-month period commencing September 1, 2020.

Residential customers may experience a loss of income due to COVID-19 because of a reduction in hours worked, a loss of job entirely or if they are unable to work because they are required to care for a family member. Similarly, General Service customers may experience a loss of revenue due to COVID-19 as a result of having to comply with public health orders. Such compliance may have required or resulted in closure of the business or reduced operating hours as well as required changes in the mode of operations or method of service delivery.

Q2. How will Maritime Electric determine or confirm a customer's eligibility?

A2. Eligibility for the Program will be assessed through an application process. If required, further follow up with the customer prior to acceptance in the Program may be necessary. However, Maritime Electric does not intend to audit customer applications for participation in the Program but instead will rely upon the honesty and integrity of the customers who choose to apply.

Customers are ultimately responsible to pay all amounts owing for the services provided. The intent of the Program is to be flexible and supportive by providing customers with additional time to pay their bills and assist them in managing the financial impacts of the COVID-19 pandemic as they navigate the Renew PEI Together stages.

Q3. How do eligible customers apply for the Program?

A3. Eligible customers may apply by completing an online application through the Company's website or by calling the Customer Contact Centre to complete the application by phone.

Q4. What information does the customer need to provide? What does the online application form look like?

A4. The Company is currently developing the application form for both online and phone use. At a minimum the following information will be required to complete the application:

- Customer/account name and address,
- Account number,
- Contact number and email,
- Service type (Residential or General Service)
- Certification that they have been impacted by COVID-19
- Confirmation that they agree to enter into a 12-month repayment plan for the total deferred balance commencing September 1, 2020.

- Q5. Are amounts owing for energy consumed prior to May 1, 2020 eligible for deferral?
- A5. Yes. The Program is meant to be as flexible and supportive as possible to eligible customers impacted by the COVID-19 pandemic who are struggling to pay their electric bills.
- Q6. What are the operational impacts on Maritime Electric?
- A6. Upon approval and implementation of the Program, the Company anticipates an initial increase in customer contacts over the first two weeks either through the online application form on the website or via direct call from the customer to the Customer Contact Centre. In addition, Finance and IT staff will be involved in developing internal controls and necessary billing systems changes to record and track deferred bill amounts and provide this information to customers through the deferral and repayment period. Maritime Electric believes that it can manage the administration of the Program with its existing workforce.
- Q7. What are the financial impacts on Maritime Electric and its customers?
- A7. The financial impacts are difficult to know with certainty at this time because they are dependent upon customer participation levels in the Program as well as the number of customers that comply with the repayment provisions of the Program.

However, generally speaking, the Company would expect to experience reduced cash flows during the initial three month deferral period as customers join the Program followed by improved cash flows in the subsequent twelve month period as customers begin to repay their deferred balances.

For example, based upon the Company's most recent General Rate Application update filing, if between 10% - 30% of Residential and General Service customers participated in the Program, the Company would experience an approximate \$4.4 million to \$13.2 million decrease in cash flow due to deferred bill payments in the first three months. This balance would then be collected through the repayment process over the subsequent twelve-month period resulting in increased cash flow of approximately \$367,000 to \$1.1 million per month.

The Company intends to finance the Program through its available short-term debt credit facility only which currently provides short-term borrowing at rates between 2.25 per cent and 2.65 per cent. Financing costs associated with this balance over the 15-month deferral and collection period are estimated to range between \$80,000 to \$240,000, representing a customer rate impact of 0.04% to 0.1%.

Also, recognizing that the COVID-19 pandemic will affect some customers more significantly than others, the Company also expects that there will be unrecoverable balances for some customers at the end of the repayment period.