
INTERROGATORIES

TO: MARITIME ELECTRIC COMPANY, LIMITED

FROM: SYNAPSE ENERGY ECONOMICS, INC.

DATE: JANUARY 2, 2019

RE: CHARLOTTETOWN THERMAL GENERATING STATION DECOMMISSIONING STUDY UE23001

IR-1

In its response to IR-7 (part C), MECL provided a copy of the proposal for decommissioning Turbine 6 at CTGS, which was dated October 6, 2016 and submitted to IRAC.

- a) Why was turbine 6 decommissioned in advance of turbines 7-10?
- b) Was the cost of decommissioning covered entirely by depreciation expenses already recovered? If so, please explain why Turbine 6 was not under-depreciated while the remaining assets at CTGS are under-depreciated. If not, what is the mechanism for recovering the accumulated reserve variance associated with this turbine?
- c) Please summarize the essence of what was done when decommissioning Turbine 6, and also provide the final decommissioning plan for Turbine 6 and any additional written communication between IRAC and MECL related to this decommissioning.

IR-2

In the Preliminary Options Analysis that was provided with the Decommissioning Study, the cost to construct a new CT3 balance of plant is estimated at \$1,904,500, with estimated additional engineering costs of \$190,450. This is reported to be \$621,050 less expensive than retaining the CT3 balance of plant. In the July 2018 estimate completed by Chandler Architecture Inc., MCA Consultants, and Strum Engineering, the projected cost to construct this new building was revised upward to approximately \$3 million.

- a) Does Maritime Electric still believe that it is more cost effective to construct a new balance of plant building for CT3 than to retain a portion of the existing CTGS structure? If yes, please explain why, given that the revised cost projection for this new structure appears to exceed the estimated cost of retaining some or all of the existing structure. If no, please indicate any changes that will be made to the decommissioning plan, including any subsequent study that must be undertaken, and please provide an estimate of the impact of retaining the balance of plant on the total cost of the decommissioning, if any.
- b) Please state if the proposed costs and scale for a new BOP building are dependent on a potential additional CT at some point in the future.
- c) Please explain how the costs associated with a new BOP building could be minimized if it was only being constructed to allow operation of the current CT3 only.

- d) Please re-state the minimum, core building elements required of a new BOP building if it was only servicing the operation of CT3 and provide a rough estimate of the costs of such a minimal-requirements building.
- e) In its General Rate Application filed on November 30, 2018, Maritime Electric indicates that the budget for the proposed new balance of plant building will also include provision of \$355,000 for “retirement costs related to the removal of BOP assets that are determined to be unusable.” Please explain how this value was determined. Additionally, please explain why separate provision for these retirement costs beyond what will be provisioned for the overall decommissioning of CTGS is required.
- f) Please explain why the estimated cost for constructing a new balance of plant structure has increased between the decommissioning study and the July 2018 report by Chandler Architecture Inc., et al. If possible, please describe how specific elements of the project have driven this increase in costs.
- g) In its response to IR-6 in the first set of interrogatories, Maritime Electric indicates about the July 2018 estimate that, “the final Class 4 cost for a new CT3 BOP building is largely unchanged from the original estimate.” Please confirm that this statement was made in acknowledgement of the estimated cost increase in excess of \$1 million, noted above.
- h) Given that it is expected to cost Maritime Electric in excess of \$3 million to construct a new structure to house the CT3 BOP, and the Repurposing Study indicates that the CTGS building may be retained as an empty shell at an estimated cost of \$1.36 million, please explain why it would not be most cost effective to retain the CTGS building, with needed repairs, to continue in its current capacity housing balance of plant equipment for CT3. Please cite the Repurposing and Decommissioning Studies as necessary.

IR-3

In the 2018 Decommissioning Study budget, \$1.94 million is included for Allowances, consisting of \$647,268 for Contingency Allowance, and \$1,294,537 for Health and Safety, Mobilization-Demobilization, Bonds.

- a) Please explain the difference in purpose between the allowance for Contingency, and the allowance for Health and Safety, Mobilization-Demobilization, Bonds, and provide examples of costs that are representative of each category.
- b) How was the total value for allowances determined? How were the portions allocated for Contingency and Health and Safety, Mobilization-Demobilization, Bonds determined?
- c) If the total amount budgeted for allowances is not depleted, will this residual balance be returned to ratepayers? If so, please explain the mechanism for this reconciliation.

IR-4

In the 2018 Decommissioning Study budget, \$439,000 is included for Other Miscellaneous Costs (Part D).

- a) Please explain what sorts of costs are included in this category, and provide two or more representative examples. Please be sure to clarify why costs in this category do not overlap with those in the Allowance category.



IR-5

In the 2014 Gannett Fleming Depreciation Study, the total accumulated reserve variance associated with CTGS was calculated to be \$14,559,871. Though new depreciation rates were approved in order UE16-04R, incorporating the amortization of the accumulated reserve variance, the 2017 Gannett Fleming Depreciation Study reported total accumulated reserve variance for CTGS of \$18,006,977.

- a) Is this increase in the value of reserve variance from the 2014 to 2017 Depreciation Studies fully accounted for by the decrease in net salvage value for CTGS from -10% to -19%? If so, please explain, with annotated calculations, how this decrease in net salvage value has resulted in the new accumulated reserve variance balance. If not, please account for the increase in the accumulated reserve variance value.

IR-6

In the Decommissioning Study, a four-step process for the Decommissioning Options Analysis is described as beginning with a “review of decommissioning assumptions pre-determined by MECL.” These assumptions are “primarily related to post-closure ownership, general decommissioning approaches, and MECL liability and management requirements during decommissioning.” While table 5.1 provides a summary of this Options Analysis, it is not clear that it includes all of MECL’s assumptions that were evaluated.

- a) Please provide all assumptions pre-determined by MECL that were evaluated by GHD.
- b) Please explain how these assumptions were evaluated.
- c) Please explain how changes in assumption values would alter decommissioning study results.

IR-7

Regarding the updated Phase II ESA completed by GHD in 2018, and tables 5.1 and 9.1 of the Decommissioning Study:

- a) Please list all subsequent testing and/or investigation that has been conducted at the CTGS site and in the surrounding area, that is related to the matters discussed in the ESA and in tables 5.1 and 9.1 of the Decommissioning Study, since the Phase II ESA and Decommissioning Study were completed.
- b) Have the results of any such testing and/or investigation impacted the plan for decommissioning and/or the estimate of total decommissioning costs? If so, please detail all such impacts.
- c) Please list all planned future testing and/or investigation related to the matters discussed in the ESA and in tables 5.1 and 9.1 of the Decommissioning Study that will be conducted at the CTGS site and in the surrounding area.
- d) Please list any past or planned future engagements with government entities, including PEICLE, or other stakeholders, that have not been specifically documented in the ESA or



Decommissioning Study and are related to the matters covered in the ESA and in tables 5.1 and 9.1 of the Decommissioning Study.

