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Interrogatories of Commission Staff

TO: Prince Edward Island Energy Corporation
FROM: Cheryl Mosher, Senior Financial Advisor
DATE: September 18, 2018
RE: Electricity Efficiency and Conservation Plan
Docket: UE41400

The Island Regulatory and Appeals Commission (the “Commission”), in assessing the reasonableness of the Electricity Efficiency and Conservation Plan (“EE&C Plan”) submitted by the Prince Edward Island Energy Corporation (“PEI Energy Corp.”), requests responses to the following interrogatories:

1. Is there an agreement in place with the Government of Prince Edward Island and/or the Federal Government with respect to their financial contributions to the cost of the EE&C Plan? If so, please provide a copy of these signed agreements or commitments to the Commission.
2. The application states that the PEI Energy Corp. assumes government funding will be available. What are the implications if the application is approved but the PEI Energy Corp. receives less funding from the Federal and Provincial Governments? What parties are responsible to fund this shortfall and in what proportions?
3. What methodology was used to determine the allocation of funding requirements between the Federal Government, the Government of Prince Edward Island, Maritime Electric Corporation, Limited and the City of Summerside?
4. Did the PEI Energy Corp. consider other methods of determining the allocation of funds between Maritime Electric Company, Limited and the City of Summerside? If so, please provide particulars of the other methods to the Commission.
5. Generally speaking, utilities have higher costs of borrowing than government.
 - a. How did the PEI Energy Corp. arrive at the discount rate in section 3.6 of the application?

- b. Did the PEI Energy Corp. consider other possible discount rates? If so, please provide particulars of the other discount rates.
 - c. Why is 3.2% the appropriate discount rate? Please provide the PEI Energy Corp's justification for the discount rate.
 - d. Did the PEI Energy Corp. consider the utilities' costs of borrowing when determining the appropriate discount rate?
6. Both Maritime Electric Company, Limited and the City of Summerside are contributing funding to the EE&C Plan. Do any components of the EE&C Plan benefit one utility, but not the other? If so, please provide particulars including the associated project and administrative costs.
7. Please provide the financial projection of revenues and expenses for the EE&C Plan projects and administrative costs for years one through three.
8. The PEI Energy Corp. recommends that the costs of the EE&C Plan be expensed as incurred and not amortized over multiple years. This practice could increase the risk of rate shock for Island ratepayers.
- a. Has the PEI Energy Corp. determined the rate impact that expensing costs will have on Island ratepayers? If so, please provide full particulars and analysis to the Commission.
 - b. For comparative purposes, please provide an analysis of the rate impact if the EE&C Plan is capitalized and amortized as well as the amortization period.

Additional interrogatories may follow.

Cheryl Mosher, CA, CPA
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Prince Edward Island Regulatory & Appeals Commission