



UE20942

IN THE MATTER of an application by Maritime Electric Company, Limited (“MECL” or the “Company”) for an Order of the Commission approving rates, tolls and charges for electric service for the period beginning March 1, 2016 and for certain approvals incidental to such an Order.

Interrogatories of Commission Staff

February 10, 2016

Commission staff hereby requests responses to the following written questions:

1. Attached find reports issued by Concentric Energy Advisors and Ontario Energy Board (“OEB”) staff relating to Cost of Capital and Equity Returns. Please provide commentary rationalizing the agreed upon ROE of 9.35% in the Agreement with the analysis of these reports. Please advise on the Company’s estimates of risk premiums which should be paid to MECL as a result of its size, location or other unique factors.
2. Do you have any information indicating the Schedule of Inputs is now inaccurate, or will within the term of the Agreement, be different than the projections therein in any material respect?
3. The cost of service study discussed in Section 13 of the Application demonstrates that that Residential Customers have not been paying the full costs of providing service to them, but that General Service customers have been paying more than the cost of their service. Is this correct?
 - a. The amended application proposes delaying changes to the second block discount rates until a further detailed study is completed. Is this correct?
 - b. Is it correct (based on page 9 of the original application) to say that maintaining the current second block rate system is estimated by Maritime Electric to be a subsidy of \$773,000, over term of the Agreement, to that portion of the residential customer class consuming over 2000 kwh/month?
4. Why should the Commission delay implementation of the second block rate changes proposed by MECL in the original application? Are you aware of any other jurisdiction in North America which has a discounted pricing structure for higher energy consumption by residential customers?

Responses to these interrogatories must be received by the Commission by Thursday February 18, 2016 at 4:00pm. Additional interrogatories may follow.

DATED at Charlottetown, Prince Edward Island, this 10th day of February, 2016.

A handwritten signature in blue ink, appearing to read "J. Mark Lanigan".

J. Mark Lanigan CA, CPA
Director, Corporate and Appeals Division,
Island Regulatory & Appeals Commission

Attachments – Concentric Report
OEB Report