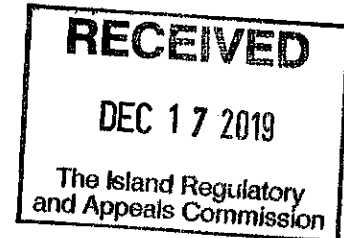


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December 17, 2019

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



*Handled
3:33 PM
MLH*

Dear Commissioners:

Further to the telephone conference call of December 13, 2019 between IRAC legal and accounting representatives and Maritime Electric staff and legal counsel, Maritime Electric is requesting regulatory approval to use 2019 excess net revenues to offset the incremental Dorian restoration operating costs. The amount of excess net revenues for 2019 will not be known until year-end. However, Management proposes that any residual restoration operating costs, not offset by 2019 excess net revenues, be deferred and recovered over the years 2020 and 2021 or in a manner to be determined by IRAC.

If December expenses and revenues result in additional net revenues for 2019 in excess of the incremental Dorian restoration operating costs, Order UE19-08, paragraph 14 directs the refund of the balance to customers within 60 days of the calendar year end. However, Management proposes that the Commission vary Order UE19-08 and order that any excess net revenues, after offsetting all of the incremental Dorian restoration operating costs in 2019, be applied to reduce any amounts recoverable from customers in the Energy Cost Adjustment Mechanism deferral account.

In summary, Maritime Electric requests an order from the Commission authorizing the deferral of any net residual post tropical storm Dorian restoration operating costs where the excess net revenues are not sufficient to fully recover these unplanned costs in 2019. Further, should the excess net revenues from 2019 exceed the post tropical storm Dorian restoration operating costs, Maritime Electric requests an order from the Commission to apply the net amount to the accumulated balance in the ECAM deferral account.

A proposed order with respect to these proposals is attached for consideration of the Commission.

Yours truly,

MARITIME ELECTRIC

J. C. Roberts
Vice President, Finance & Chief Financial Officer

JCR54
Enclosure

Docket: UE _____
Order: UE19 _____

IN THE MATTER of an application by Maritime Electric Company ("Maritime Electric"), Limited for an order of the Island Regulatory and Appeals Commission ("Commission") approving recovery of restoration costs incurred as a result of post-tropical storm Dorian and varying Order UE19-08, pursuant to sections 20 and 22 of the *Electric Power Act*, R.S.P.E.I. 1988, Cap. E-4, and for certain approvals incidental thereto.

BEFORE THE COMMISSION ON Thursday, the 19th day of December, 2019

J. Scott MacKenzie, Q.C.
M. Douglas Clow, Vice-Chair
John Broderick, Commissioner

ORDER

WHEREAS on September 7, 2019, post-tropical storm Dorian ("Dorian") made landfall on Prince Edward Island;

AND WHEREAS Dorian impacted Prince Edward Island for approximately 15 hours with peak winds exceeding 100 km/h and rainfall amounts of up to 135 mm;

AND WHEREAS Dorian caused significant damage to Maritime Electric's transmission and distribution system, resulting in approximately 65,000 customers being left without power;

AND WHEREAS most customers had power restored within 2 days and restoration efforts continued until September 15, 2019, when all power was restored;

AND WHEREAS restoration efforts included 62 line crews, 17 vegetation management crews as well as other supporting resources and was the largest response to a storm in Maritime Electric's history;

AND WHEREAS on September 26, 2019, Maritime Electric wrote to the Commission to provide information on Dorian, Maritime Electric's restoration efforts and costs incurred as a result of those restoration efforts;

AND WHEREAS in this correspondence Maritime Electric proposed that Maritime Electric's recovery of these costs be amortized over a three year period;

AND WHEREAS as a result of this correspondence and request, the Commission issued interrogatories to Maritime Electric on October 22, 2019;

AND WHEREAS Maritime Electric provided responses to these interrogatories to the Commission on November 8, 2019, as well as a review and report on Dorian and storm restoration efforts;

AND WHEREAS the Commission retained the services of Grant Thornton to provide financial advice on certain matters including Dorian costs;

AND WHEREAS Maritime Electric has had ongoing communications with Grant Thornton to update Dorian costs and to provide additional supporting information;

AND WHEREAS the Commission has reviewed and considered the material filed by Maritime Electric and the information and advice received from Grant Thornton;

AND WHEREAS Order UE19-08 directs the refund of any positive 2019 Rate of Return Adjustment ("RORA") balance to customers within 60 days of the calendar year-end;

AND WHEREAS the Commission has considered Maritime Electric's request of December 17, 2019 to vary UE19-08;

It is hereby ordered:

1. Dorian costs are confirmed to be \$3,465,790, consisting of \$388,110 in capital costs, \$74,796 in retirement costs and \$3,002,884 in operating costs.
2. To the extent that Maritime Electric's 2019 net revenue exceeds its 2019 budgeted net revenue ("excess net revenue"), Maritime Electric shall use this excess net revenue to reduce or eliminate Dorian operating costs.
3. To the extent that Maritime Electric does not have sufficient 2019 excess net revenue to fully recover its Dorian operating costs, the Dorian operating costs remaining shall be amortized and recovered by Maritime Electric over a 24 month period beginning January 1, 2020.
4. To the extent that Maritime Electric has 2019 excess net revenue that exceeds Dorian operating costs resulting in a positive 2019 RORA balance, this balance shall be applied to reduce the Energy Cost Adjustment Mechanism ("ECAM") deferral account balance owed by customers to Maritime Electric as at December 31, 2019.

DATED at Charlottetown, in the Province of Prince Edward Island, this ___ day of December, 2019.

BY THE COMMISSION:

**ISLAND REGULATORY and APPEALS
COMMISSION**

Per: _____

J. Scott MacKenzie, Q.C.,
Chair

Per: _____

M. Douglas Clow,
Vice-Chair

Per: _____

John Broderick,
Commissioner