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All the time.



November 25, 2022



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

Dear Commissioners:

***Application for Interim Approval to Defer Costs  
Associated with Hurricane Fiona***

Please find attached five copies of Maritime Electric's Application for Interim Approval to Defer Costs Associated with Hurricane Fiona.

An electronic copy will follow.

If you require further information, please do not hesitate to contact me at 902-629-3641.

Yours truly,

MARITIME ELECTRIC

A handwritten signature in blue ink that reads "Gloria Crockett".

Gloria Crockett, CPA, CA  
Manager, Regulatory & Financial Planning

GCC34  
Enclosure

**C A N A D A**

**PROVINCE OF PRINCE EDWARD ISLAND**

**BEFORE THE ISLAND REGULATORY  
AND APPEALS COMMISSION**

**IN THE MATTER** of Sections 20 and 21 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 the interim approval to  
defer costs associated with Hurricane Fiona.

**APPLICATION  
AND  
EVIDENCE OF  
MARITIME ELECTRIC COMPANY, LIMITED**

**November 25, 2022**

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1 **1.0 APPLICATION**

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3 **C A N A D A**

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5 **PROVINCE OF PRINCE EDWARD ISLAND**

6  
7 **BEFORE THE ISLAND REGULATORY**  
8 **AND APPEALS COMMISSION**

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11 **IN THE MATTER** of Sections 20 and 21 of the  
12 *Electric Power Act* (R.S.P.E.I. 1988, Cap. E-4) and  
13 **IN THE MATTER** of the Application of Maritime  
14 Electric Company, Limited for the interim approval to  
15 defer costs associated with Hurricane Fiona.  
16

17 **Introduction**

18 Maritime Electric Company, Limited (“Maritime Electric” or the “Company”) is a corporation  
19 incorporated under the laws of Canada with its head or registered office at Charlottetown and  
20 carries on a business as a public utility subject to the *Electric Power Act* engaged in the  
21 production, purchase, transmission, distribution and sale of electricity within Prince Edward Island  
22 (“PEI”).  
23

24 **Application**

25 Maritime Electric hereby applies for an order of the Island Regulatory and Appeals Commission  
26 (“IRAC” or the “Commission”) for interim approval to defer costs associated with restoring power  
27 due to the impact of Hurricane Fiona (“Fiona”).  
28

29 The proposal contained in this Application represents a just and reasonable balance of the  
30 interests of Maritime Electric and those of its customers.  
31

**SECTION 1.0 - APPLICATION**

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1 **Procedure**

2 Filed herewith is the Affidavit of Jason C. Roberts, T. Michelle Francis, Angus S. Orford and  
3 Enrique A. Riveroll which contains the evidence on which Maritime Electric relies in the  
4 Application

5

6 Dated at Charlottetown, Province of PEI, this 25<sup>th</sup> day of November, 2022.

7

8

9



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**D. Spencer Campbell, Q.C.**

11

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STEWART MCKELVEY  
65 Grafton Street, PO Box 2140  
Charlottetown PE C1A 8B9  
Telephone: 902-892-2485  
Facsimile: 902-566-5283  
Solicitors for Maritime Electric Company, Limited

1 **2.0 AFFIDAVIT**

2  
3 **C A N A D A**

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5 **PROVINCE OF PRINCE EDWARD ISLAND**

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7 **BEFORE THE ISLAND REGULATORY**  
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12 *Electric Power Act* (R.S.P.E.I. 1988, Cap. E-4) and  
13 **IN THE MATTER** of the Application of Maritime  
14 Electric Company, Limited for the interim approval to  
15 defer costs associated with Hurricane Fiona.

16  
17 **AFFIDAVIT**

18  
19 We, Jason C. Roberts of Suffolk, T. Michelle Francis of Emyvale, Angus S. Orford of  
20 Charlottetown and Enrique A. Riveroll of New Dominion, in Queens County, Province of Prince  
21 Edward Island, MAKE OATH AND SAY AS FOLLOWS:

22  
23 We are the President and Chief Executive Officer, Vice President, Finance and Chief Financial  
24 Officer, Vice President, Corporate Planning and Energy Supply and Vice President, Sustainability  
25 and Customer Operations for Maritime Electric, respectively, and as such have personal  
26 knowledge of the matters deposed to herein, except where noted, in which case we rely upon the  
27 information of others and in which case we verily believe such information to be true.

28  
29 Maritime Electric is a public utility subject to the provisions of the *Electric Power Act* engaged in  
30 the production, purchase, transmission, distribution and sale of electricity within PEI.

31  
32 We prepared or supervised the preparation of the evidence and to the best of our knowledge and  
33 the evidence is true in substance and in fact.

**SECTION 2.0 – AFFIDAVIT**

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1 Section 5.0 contains a proposed Order of the Commission based on the Company's Application.

2

3 SWORN TO SEVERALLY at

4 Charlottetown, Prince Edward Island,

5 the 25<sup>th</sup> day of November, 2022.

6



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Jason C. Roberts

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T. Michelle Francis

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Angus S. Orford

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Enrique A. Riveroll

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19



20

21 A Commissioner for taking affidavits

22 in the Supreme Court of Prince Edward Island.

1 **3.0 INTRODUCTION**

2

3 **3.1 Corporate Profile**

4 Maritime Electric owns and operates a fully integrated power system providing for the purchase,  
5 generation, transmission, distribution and sale of electricity throughout PEI. The Company’s head  
6 office is located in Charlottetown with generating facilities in Charlottetown and Borden-Carleton.

7

8 Maritime Electric is the primary provider of electricity on PEI delivering approximately 90 per cent  
9 of the electrical energy supplied to Islanders. To meet customer energy demand and supply  
10 requirements, the Company has contractual entitlement to capacity and energy from NB Power’s  
11 Point Lepreau Nuclear Generating Station and an agreement for the purchase of capacity and  
12 system energy from NB Power delivered via four submarine cables owned by the Province of PEI.  
13 Through various contracts with the PEI Energy Corporation, the Company also purchases the  
14 capacity and energy from 92.5 megawatts (“MW”) of wind generation on PEI.

15

16 Maritime Electric is a public utility subject to the PEI’s *Electric Power Act*. As a public utility, the  
17 Company is subject to regulatory oversight and approvals of the Commission. IRAC’s jurisdiction  
18 to regulate public utilities is found in the *Electric Power Act* and the *Island Regulatory and Appeals*  
19 *Commission Act*.

20

21 **3.2 Purpose**

22 On September 23, 2022, Fiona passed through Prince Edward Island bringing heavy rains and  
23 strong winds gusting over 150 km/h to parts of the Province. Fiona far surpassed both Dorian and  
24 Juan in damage to PEI, and the effects were felt Island-wide. At the height of the storm, almost  
25 all of Maritime Electric customers were without power and the sheer number of fallen trees during  
26 this storm made restoration work hazardous, complex and time consuming.

27

28 The Company is very proud of its response efforts given the enormous scale of this storm and  
29 the extensive damage that it caused Island-wide. This effort does come at a significant cost, which  
30 the Company continues to tally. To date, \$29.9 million in Fiona-related costs have been  
31 accumulated, and up to an additional \$5 million in costs are yet to be confirmed. The Company  
32 continues to solicit and receive final invoices from the various companies involved in the  
33 restoration effort.



**SECTION 3.0 – INTRODUCTION**

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1 The Company is preparing a detailed report on the restoration efforts, compiling the necessary  
2 information to finalize the actual cost of the restoration effort, how much of the cost was capital  
3 versus operating, access Federal or Provincial funding, if available, and propose a reasonable  
4 recovery period along with a quantification of customer rate impacts. This report will be provided  
5 to the Commission as soon as it is completed.

6  
7 In particular, the analysis to establish how much of the total cost was capital versus operating will  
8 help determine the recovery period and resulting customer rate impact, net of any government  
9 funding. The portion of costs determined to be capital should be recovered in accordance with  
10 the current depreciation rates, while the recovery period of the operating portion is subject to more  
11 judgment. The Company continues to research recovery periods approved in other jurisdictions  
12 for material operating costs incurred as a result of a significant weather event. Such research will  
13 assist in the Company’s assessment of a reasonable recovery period for Fiona costs.

14  
15 At this time, the Company respectfully requests that the Commission grant interim approval to  
16 defer all costs related to Fiona as a regulatory asset. Such interim approval can be granted prior  
17 to December 31, 2022, which will allow the Company to properly recognize these costs at the end  
18 of its fiscal year<sup>1</sup> and provide additional time into early 2023 for the Company to accurately  
19 determine the allocation of costs between operating and capital activities, which impacts the  
20 potential recovery period.

21  
22 Further, an interim approval this year will provide sufficient time in 2023 for the Commission to  
23 fully review the Company’s pending report before granting final approval of the costs along with  
24 approval of a recovery period, as applicable.<sup>2</sup>

25

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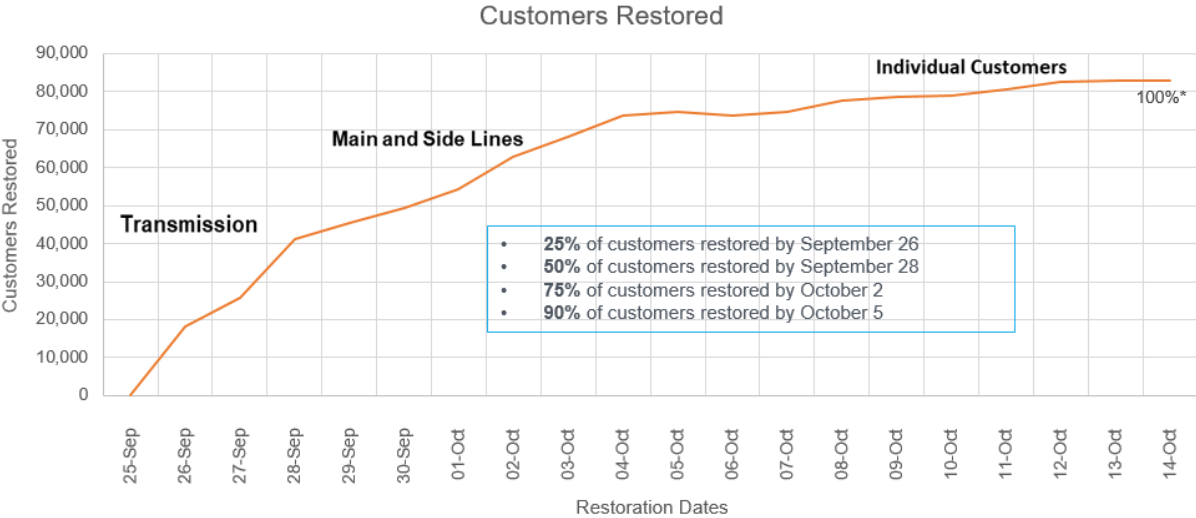
<sup>1</sup> In the absence of regulatory approval, accounting standards would require the operating portion of Fiona costs to be recorded as a period expense.  
<sup>2</sup> Securing government funding could limit or completely offset the amount to be recovered from customers.

**SECTION 4.0 – RESTORATION HIGHLIGHTS**

**4.0 RESTORATION HIGHLIGHTS**

Efforts to restore power began on September 24 as soon as weather conditions allowed and the Company systematically brought the transmission and distribution systems back into service. The Customer Contact Centre and Social Media Response Teams worked around the clock to respond to and inform our customers throughout the storm as well as during restoration efforts.

Figure 1



\* some customers had access issues or needed electrical service repairs by an electrician or additional work

As shown in Figure 1, by September 28<sup>th</sup> power had been restored to approximately 50 per cent of customers by restoring power to the transmission system and some of substation main feeds. The transmission system performed quite well during the storm. By October 5<sup>th</sup> power had been restored to approximately 90 per cent of customers by restoring power to all main and side distribution lines. It took an additional nine days to restore power to the remaining 10 per cent of customers, which is a direct reflection of the significant number of trees that needed to be cleared from the lines before power could be restored.

Table 1 highlights the significant impact that Fiona had on the electrical system compared to Hurricane Dorian.

**SECTION 4.0 – RESTORATION HIGHLIGHTS**

Table 1 System Impact of Fiona versus Dorian		
	Fiona	Dorian
Trees Removed	35,000+	5,000+
Broken Poles	1,133	97
Kilometres of Wire Replaced	140	37
Damaged Customer Masts	2,037	136
Damaged Transformers	445	93

1  
2 Since power has been restored, the Company continues to inspect the hardest hit areas, revisiting  
3 repairs that were temporary in nature<sup>3</sup>, continuing with the cleanup work necessary to limit further  
4 outages related to the storm<sup>4</sup>, and connecting seasonal customers as they are ready for their  
5 power to be restored<sup>5</sup>.

6  
7 This was the largest restoration effort in the Company’s history with 264 crews deployed at the  
8 peak of the restoration efforts.<sup>6</sup> In addition to the 220 employees at Maritime Electric, the  
9 Company engaged on-Island contractor crews from H-Line Enterprises, Atlantic Reach and GSD  
10 Utility Services along with Go With The Flow Traffic Control. Mutual aid crews from Fortis Inc.  
11 subsidiaries included Newfoundland Power, FortisBC, FortisAlberta, FortisOntario and Central  
12 Hudson. Other mutual aid was received from T & T Line Construction, Summerside Electric Utility,  
13 Saint John Energy, NB Power, Hydro One, Holland Power Services, Locke's Electrical, Ontario  
14 Line Clearing, Asplundh, Connect Atlantic Utility Services, PEI Department of Agriculture,  
15 Tourism, Natural Resources and Industry (Forestry Division), PEI Department of Transportation  
16 and Infrastructure, PEI Emergency Measures Organization, Canadian Military 4 Engineer Support  
17 Regiment, PEI Regiment, HCMS Queen Charlotte, and all emergency first responders. In  
18 addition, local businesses provided supplies for crews, accommodations and food services.

19

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<sup>3</sup> Some temporary repairs were made that were sufficiently safe; however, more work is required to meet design standards.  
<sup>4</sup> Cleanup work refers to additional vegetation management including the removal of danger trees to limit future outages. Danger trees are damaged trees likely to cause a power outage during a future weather event.  
<sup>5</sup> On October 15, approximately 190 customers were still without power as a result of damage or restricted access to their property.  
<sup>6</sup> Prior to Fiona, restoration efforts for Dorian were the largest in the Company’s history. At the peak of restoration efforts for Dorian in 2019, 80 line crews were deployed.

1 **5.0 PROPOSED ORDER**

2  
3 **C A N A D A**

4  
5 **PROVINCE OF PRINCE EDWARD ISLAND**

6  
7 **BEFORE THE ISLAND REGULATORY**  
8 **AND APPEALS COMMISSION**

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11 **IN THE MATTER** of Sections 20 and 21 of the  
12 *Electric Power Act* (R.S.P.E.I. 1988, Cap. E-4) and  
13 **IN THE MATTER** of the Application of Maritime  
14 Electric Company, Limited for the interim approval to  
15 defer costs associated with Hurricane Fiona.  
16

17 WHEREAS on September 23, 2022, Hurricane Fiona (“Fiona”) passed over Prince Edward Island  
18 causing extensive damage to the transmission and distribution system of Maritime Electric  
19 Company, Limited (“Maritime Electric” or the “Company”);

20  
21 AND WHEREAS on November 25, 2022, Maritime Electric filed an Application with the  
22 Commission advising that the Fiona restoration effort was the largest in the Company’s history;

23  
24 AND WHEREAS Maritime Electric has advised that it does not yet know the total costs related to  
25 Fiona restoration efforts;

26  
27 AND WHEREAS Maritime Electric is exploring all options to reduce its costs including the  
28 possibility of Federal, Provincial and Municipal Government assistance;

29  
30 AND WHEREAS Maritime Electric has advised that it is preparing a detailed report on the  
31 restoration efforts, which, when completed, will outline the actual net cost to Maritime Electric (if  
32 any) of Fiona restoration efforts and propose a reasonable recovery period along with a  
33 quantification of customer rate impacts;

**SECTION 5.0 – PROPOSED ORDER**

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1 AND WHEREAS Maritime Electric advises that its detailed report on Fiona restoration efforts will  
2 be provided to the Commission when completed;

3  
4 AND WHEREAS Maritime Electric requests an Interim Order from the Commission granting  
5 approval to defer all of Maritime Electric’s net costs (if any) related to Fiona as a regulatory asset  
6 until such a time as the Commission grants final approval of these costs along with approval of a  
7 recovery period;

8  
9 AND UPON considering the Company’s application filed on November 25, 2022 and the evidence  
10 in support thereof;

11  
12 NOW AND THEREFORE pursuant to the *Electric Power Act* and the *Island Regulatory and*  
13 *Appeals Commission Act*;

14  
15 IT IS ORDERED THAT

- 16
- 17 1. The Commission grants Maritime Electric Interim Approval to defer all of its costs, if any, net  
18 of Government assistance, related to Fiona as a regulatory asset.
  - 19
  - 20 2. The Commission requires Maritime Electric to provide a detailed report, within 90 days of this  
21 Order, to the Commission on Fiona restoration efforts (the “Report”). The Report shall present  
22 the total Maritime Electric costs, if any, net of Government assistance, related to Fiona and a  
23 number of reasonable options for the recovery thereof.
  - 24
  - 25 3. The Commission shall, after reviewing the Report and other necessary information, make a  
26 final order determining and approving the total Maritime Electric net costs, if any, related to  
27 Fiona and the appropriate manner of recovering those costs.

28

**SECTION 5.0 – PROPOSED ORDER**

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1 DATED at Charlottetown this \_\_\_\_\_ day of December, 2022

2

3 BY THE COMMISSION

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\_\_\_\_\_

5

Chair

6

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7

Commissioner

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9

Commissioner

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