



Interrogatories of Commission Staff

TO: Maritime Electric Company, Limited
FROM: Cheryl Mosher, Senior Financial Advisor
DATE: November 2, 2022
RE: 2023 Capital Budget
DOCKET: UE20735

1. Section 3(a) of the *Electric Power Act* requires Maritime Electric to “*furnish at all times such reasonably safe and adequate service and facilities for services **as changing conditions require***” [emphasis added].
 - a. Does MECL consider severe weather events, such as post-tropical storm Fiona (“Fiona”), to be a changing condition under which MECL must operate?
 - b. What steps is MECL taking to harden the grid in response to intensifying weather systems?
 - c. Which of the proposed 2023 capital expenditures are related to strengthening the grid? Please quantify the reliability improvements associated with these capital expenditures.
2. What, if any, impact does Fiona have on the proposed 2023 Capital Budget? Please consider:
 - a. Whether the clean-up following Fiona has impacted the need for, or scope of, certain capital projects;
 - b. Whether certain capital projects may be deferred;
 - c. Whether Fiona caused MECL to re-prioritize all or part of its proposed capital projects and expenditures for 2023, particularly as it relates to Distribution and Transmission projects; and
 - d. Any impact or change in timelines from those set out in the 2023 Capital Budget Application.
3. In the 2023 Capital Budget, Maritime Electric continues to recommend overhead versus underground line builds and refurbishments.

- a. Would providing underground (versus overhead) service strengthen the grid against intensifying weather systems?
 - b. If yes, has Maritime Electric performed a cost savings analysis of providing underground versus overhead service? Please provide all supporting data, analysis and assumptions.
4. Please provide a forecast, as of December 31, 2022, of the unspent portion of any previously approved capital budget that MECL intends to carryover to 2023. Please include a forecast of any remaining carryovers from prior years.
5. As part of the 2022 Capital Budget, the Commission approved an On-Island Generation Capacity Study. Please provide an update on the status of this Study. If this Study is completed, please provide a copy to the Commission.
6. Please comment on the recommendations made by Synapse Energy Economics, Inc. in its report entitled "*Prince Edward Island Resource Planning and Maritime Electric Capital Expenditures*", dated April 27, 2022, as they relate to the proposed 2023 Capital Budget.
7. In Section 3.5 – System Reliability Performance and Improvement, MECL states that the Company's reliability performance under normal operating conditions is reasonable and that the programs to address aged and/or deteriorated system components have been effective. Please provide details of SAIDI under normal conditions prior to 2015.
8. In Section 3.5 – System Reliability Performance and Improvement, please provide the SAIDI and SAIFI data for 2022 to date, including outages associated with Fiona, if available. Please explain how Maritime Electric performed during Fiona as compared to the other Atlantic provinces.
9. Refer to Section 3.5(c) – Benchmarking Against Similar Utilities. MECL states that a climate change vulnerability assessment is to be completed in 2022. Please summarize the results and findings of the climate change vulnerability assessment, and provide a complete copy of the assessment to the Commission.
10. Refer to Table 7 – Feeders with Highest Outage Hours from 2012 to 2021 Under All Operating Conditions:
 - a. Why do these feeders have the highest outages?
 - b. What were the outage hours for these feeders during Fiona?
 - c. Please update Table 7 to include outages associated with Fiona.
11. Refer to Section 3.5(e) – Feeder Reliability Improvements Proposed for 2023. Has MECL re-prioritized its proposed feeder reliability improvements for 2023 due to Fiona? Please explain.

12. With respect to Section 3.5(e) – Feeder Reliability Improvements, what is the average number of customers per feeder in PEI? What is the average number of customers per feeder for the other Atlantic provinces?
13. In Section 4 – Generation (page 42), MECL states that on-Island generation is used to supply energy in times of curtailment from off-Island energy suppliers, during transmission line outages or during curtailments on PEI or the mainland. Please provide the number of times, duration and reason that on-Island generation was required over the previous 10 years.
14. In Sections 4 to Section 7 (inclusive), there appear to be a number of projects that are discretionary and not necessarily required to provide safe and reliable service. MECL is also expected to seek to recover significant capital and operating expenses from ratepayers associated with post-Fiona restoration efforts. With this in mind, what (if any) proposed 2023 capital projects could reasonably be deferred to future years, without impacting MECL’s ability to provide safe and reliable service?
15. Please provide further justification for each of the proposed capital projects:
 - a. In Section 4.2(a) – CT3 Fuel Forwarding Building Upgrades
 - b. In Section 4.3(b) – BGS Entrance Landscaping
 - c. In Section 5.5(c)(iii) – Backlot Feed Relocation Program
 - d. In Section 6.1(f) – Substation Modernization Program
 - e. In Section 7.1(b) – Comprehensive Building Condition Assessments
 - f. In Section 7.1(d) – Customer Services and Communication Enhancements
16. Refer to Section 4.2(c) – CGS Combustion Turbine Improvements, Parts and Tools. Post-Fiona, please provide a forecast of the actual 2022 capital expenditures compared to budget at December 31, 2022. If there are large discrepancies between forecast and actual, please explain.
17. Refer to Section 4.4(a) – CT1 Generator Overhaul. Please provide details on how often CT1 has been required as backup power in the last 5 years. Please provide Maritime Electric’s expectations for future use of CT1.
18. Refer to Section 5.1(a) – Replacements due to Storms, Fire and Collisions:
 - a. Please provide a forecast of actual 2022 expenditures as of December 31, 2022.
 - b. Please provide details on whether any Fiona-related costs are included, and whether this line item will fall over/under budget for 2022.
 - c. In light of increased severe weather events, please provide justification to maintain this provisional budget at a level that excludes significant events.
19. Refer to Section 5.1(b) – Replacements Due to Road Alterations:

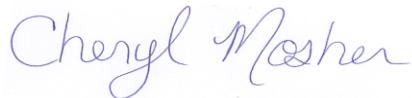
- a. Provide a forecast of actual 2022 expenditures as of December 31, 2022. Please provide an explanation if the forecast is over/under budget.
 - b. Has the Province of PEI finalized their 2023 plans for infrastructure work? If so, what (if any) impact does this have on MECL's proposed budget?
 - c. Please confirm that the Province of PEI does not provide customer contributions to offset the costs associated with replacements due to road alterations.
20. Refer to Section 5.3(a) – Overhead and Underground Services:
 - a. Please provide a forecast of actual 2022 expenditures as of December 31, 2022.
 - b. Please provide details regarding the impact (if any) of Fiona on the approved 2022 budget, and the proposed 2023 budget.
21. Refer to Section 5.3(b) – Street and Area Lighting. This is the ninth year of a ten year conversion program. Is the program on track and has it achieved its objectives? Please explain and provide support.
22. Refer to Section 5.4 – Line Extensions:
 - a. Please provide a forecast of actual 2022 expenditures as of December 31, 2022.
 - b. Please provide details regarding the impact (if any) of Fiona on the approved 2022 budget, and the proposed 2023 budget.
 - c. Refer to Table 33 (page 75). Please explain why in the 2021 summary, the “Other” category is negative \$194,174.
23. Refer to Section 5.4(a) – Customer Driven Line Extensions. The actual expenditures from 2019 to 2021 are significantly higher than the approved budget in 2022 and the proposed budget for 2023.
 - a. Provide a forecast of actual 2022 expenditures as of December 31, 2022. Please provide an explanation if the forecast is over/under budget.
 - b. Please provide justification for seeking approval of a budget that is below historical expenditures. Please provide supporting data and assumptions.
24. Refer to Section 5.4(b) – Reliability Driven Line Extensions. Please provide additional support for the budgeted contractor labour.
25. Refer to Section 5.5(a) – Single Phase and Three Phase Line Rebuilds:
 - a. What (if any) impact will Fiona have on the proposed 2023 budget for line rebuilds?
 - b. Provide a forecast of actual 2022 expenditures as of December 31, 2022. Please provide an explanation if the forecast is over/under budget.

- c. Maritime Electric noted there are numerous eastern cedar poles that are approximately 50 years old. What is the average pole age for the distribution system? What is the life expectancy of poles?
 - d. Please provide additional support for the budget figures in Table 37 (page 81).
 - e. In Table 37, please explain why in the 2021 year there is a negative balance of \$212,582 in the "Other" category.
- 26. Refer to Section 5.5(b) – Distribution Line Refurbishment. Please explain how this program has improved the distribution system and reliability. If possible, please quantify the improvements.
- 27. Refer to Section 5.5(c)(i) – Eastern Cedar Pole Replacement Program:
 - a. How many eastern cedar poles were repaired or replaced due to Fiona?
 - b. Does Maritime Electric anticipate any changes to the 2023 budget for eastern cedar pole replacements due to the repair and replacement efforts post-Fiona? Please explain.
- 28. Refer to Section 5.5(c)(ii) – Deteriorated Conductor Replacement Program:
 - a. What is the life expectancy of conductors replaced under this program?
 - b. Have the previous conductors met or surpassed their life expectancy?
 - c. The application indicates both safety and reliability as the justification for this project. Please provide further information regarding the reliability improvements that will be achieved with this program over the 10 year period.
- 29. Refer to Section 5.6(a) – Watt-Hour Meters. Maritime Electric states there is an increased need for meters in part due to the strong demand for net metering installations.
 - a. Please provide a breakdown of the capital costs incurred for a new net-metering customer.
 - b. How much (if any) of this capital cost is recovered from net-metering customers through customer contributions?
 - c. If the capital cost is not recovered from an individual net-metering customer, why not? Who pays for this capital cost?
- 30. Refer to Section 5.8 – Transportation Equipment, Table 56 (page 102). Please provide justification for replacing vehicles #1, #2 and #3 when the annual repairs are minimal.
- 31. Refer to Section 6 – Transmission:

- a. Which of these capital expenses does MECL intend to recover from transmission customers as part of the next OATT schedule update?
 - b. What is the resulting rate impact for transmission customers? Assume all proposed capital expenditures are approved and recoverable under the OATT as proposed by MECL.
32. Refer to Section 6.1(a) – Crossroads Substation Rebuild. Provide a forecast of actual 2022 expenditures as of December 31, 2022. Please provide an explanation if the forecast is over/under budget.
33. Refer to Section 6.1(b) – West Royalty X5 Autotransformer Upgrade:
 - a. Provide a forecast of actual 2022 expenditures as of December 31, 2022. Please provide an explanation if the forecast is over/under budget.
 - b. Maritime Electric indicated there are additional modifications included in the 2023 budget. Please provide further justification to support the modifications. What is the affect of not approving the modifications to the project?
 - c. Refer to Table 60 (page 108). Please provide a breakdown of the reason for the increased 2023 costs (i.e. how much is attributable to inflation, increase costs, project modifications, etc.).
34. Refer to Section 6.1(c) – Woodstock Switching Station:
 - a. Maritime Electric states that, on average, western PEI has experienced high customer outage hours per year. Please provide data to support this statement, including the average customer outage hours per year for other regions of PEI.
 - b. Please provide the operating and maintenance costs that will become Maritime Electric’s responsibility once the transmission loop is established. Include whether these increased O&M costs are included in the current GRA before the Commission, and the rate impact (if any) for MECL’s transmission and distribution customers.
35. Refer to Section 6.2(b) – Transmission Line Refurbishment:
 - a. What (if any) impact does Fiona have on the proposed transmission line refurbishments?
 - b. Have any of these projects been completed (in whole or in part) post-Fiona?
 - c. Did Fiona cause MECL to re-prioritize any transmission line refurbishments? Please explain.
36. Refer to Section 7.1(a) – Recurring Annual Capital Requirements. The historical trend shows this budget item growing significantly over the last 5 years. Please provide further details regarding the anticipated 2023 expenditures for this line item, including support for the increased capital expenses over the previous 5 years.

37. Refer to Section 7.2(c) – Cybersecurity Enhancements. In 2021, 2022 and 2023, there are increased expenditures on Cybersecurity Enhancements. Please distinguish between the Cybersecurity Enhancements undertaken in 2021 and 2022 versus those proposed for 2023.
38. Refer to Section 7.2(d) – Customer Service and Communication Enhancements. In 2022 and 2023 there are increased expenditures on Customer Service and Communication Enhancements. Please distinguish between the Customer Service and Communication Enhancements undertaken in 2022 versus those proposed for 2023.
39. Refer to Section 7.2(d) – Customer Services and Communication Enhancements. Did Maritime Electric perform a cost savings analysis for the proposed interactive voice response self service automation for customers? If so, please provide details.

Additional interrogatories may follow.



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