



Interrogatories of Commission Staff

TO: Maritime Electric Company, Limited
FROM: Cheryl Mosher, Senior Financial Advisor
DATE: March 10, 2023
RE: 2023 Capital Budget
DOCKET: UE20735

40. In IR-14, Commission staff asked *“In Sections 4 to Sections 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?”* In response, MECL indicated the process of determining the projects required for 2023 involved consideration of whether or not they could be deferred to a later date, and no projects were identified that could be deferred.

Please provide a response to the question issued by Commission staff in IR-14, namely, what proposed 2023 capital projects could reasonable be deferred to future years without impacting MECL’s ability to provide safe and reliable service?

41. In section 3.7(a) of the application, MECL explain the process of Standard Distribution of Costs which is used to allocate internal labour and transportation between operating and capital components for budgeting purposes. In regards to recording actual expenditures between operating and capital, and between capital projects, what manner of allocation is used? For example, does MECL use a time management approach to determine actual internal labour and transportation costs between operating and capital, and similarly between various capital projects?
42. Please provide a copy of Maritime Electrics capitalization policy.
43. Please explain why the following budget items should be capitalized, and how they meet the criteria for capitalizing rather than expensing:
- a. Section 4.1(a) ECC Facility and Equipment Upgrades - \$78,000
 - b. Section 4.2(b) CT3 Fuel Tank Coating System Upgrade - \$60,000
 - c. Section 4.2(c) CGS Combustion Turbine Improvements, Parts & Tools - \$175,000
 - d. Section 4.3(c) BGS Miscellaneous Building & Site Upgrades - \$35,000

- e. Section 4.4(a) CT1 Generator Overhaul - \$663,000
- f. Section 5.5(b) Distribution Line Refurbishment - \$815,000
- g. Section 5.7 Distribution Equipment - \$1,477,000
- h. Section 6.1(f) Substation Modernization Program - \$528,000
- i. Section 6.2(b) Transmission Line Refurbishment - \$951,000
- j. Section 7.1(a) Recurring Annual Capital Requirements - \$460,000
- k. Section 7.1(b) Comprehensive Building Condition Assessment - \$410,000
- l. Section 7.2(b) Purchased Software and Upgrades - \$634,000

Additional interrogatories may follow.



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