



Additional Interrogatories of Commission Staff

TO: Maritime Electric Company, Limited

FROM: Cheryl Mosher, Senior Financial Advisor

DATE: April 5, 2023

RE: 2023-2025 General Rate Application

DOCKET: UE20946

TECHNICAL CONFERENCE (September 9, 2022)

45. In the course of the Technical Conference, MECL advised that net-metering customers are not paying their cost of service. In addition, the *Renewable Energy Act* (PEI) requires Maritime Electric to purchase energy generated by net-metering customers at the retail rate, notwithstanding that MECL could purchase energy from New Brunswick Power for approximately half the retail cost. As a result of the growing number of net-metering customers, MECL is forecasting a one percent (1%) increase in the cost of electricity for all Residential customers due to under-recovery from net-metering customers.
- a) Please confirm the above statement is correct.
 - b) MECL advised that the 1% increase may come sooner than expected due to the higher than anticipated number of net-metering customers. Please advise when the 1% increase is anticipated to occur based on current forecasts.
 - c) What is the anticipated rate increase due to net-metering customers over the course of the rate-setting period (2023 to 2025)? Please provide all supporting forecasts, calculations and assumptions.
46. The average Heating Degree Day (“HDD”) and MWh per HDD coefficient used by MECL to calculate the residential space heating load differs from the average HDD and coefficient approved for use in the Weather Normalization Mechanism and Reserve Account (“WNA”) (see Order UE21-15). Please explain.
47. Please refer to slide 11 of the presentation used at the Technical Conference. Please explain the relationship (if any) between the WNA and variability in HDD.

EXECUTIVE COMPENSATION

48. Please provide, on a confidential basis, complete copies of the Korn Ferry Hay Group survey data and reports for the years 2019 to present.
49. Please provide, on a confidential basis, the personal and corporate targets for each person eligible to participate in the incentive plan, from 2019 to present, including 2023 and 2024 targets if available.

AMENDMENTS TO THE GENERAL RATE APPLICATION (April 4, 2023)

50. On April 4, 2023, MECL filed proposed amendments to the General Rate Application, including a Proposed Order. There are numerous references to sections of the Proposed Order throughout the correspondence from MECL; however, the section references do not align with the Proposed Order as filed. Please update the section references so that they correspond to the Proposed Order as filed.
51. In the amendments to the General Rate Application, MECL and PEIEC agreed to an ROE. MECL states that *“the agreed ROE is aligned with and contingent on the continued approval of all existing regulatory deferrals.”* Assume the Commission does not approve the continuation of the Weather Normalization Mechanism and Reserve on a permanent or an interim basis.
 - a) What (if any) impact would this have on the settlement and the proposed amendments to the General Rate Application?
 - b) What are the resulting rates and rate impact if the Weather Normalization Mechanism and Reserve is not allowed to continue on a permanent or interim basis? Ensure the response includes how MECL intends to address the Weather Normalization receivable balance.
52. MECL states that *“the agreed ROE is aligned with and contingent on the continued approval of all existing regulatory deferrals.”* Do the “regulatory deferrals” include the interim deferral of costs associated with Post-Tropical Storm Fiona? If so, what (if any) impact will government funding (or the lack thereof) have on the agreed upon ROE?

ENERGY SUPPLY COSTS

53. In the General Rate Application as filed, MECL indicated that the Provincial debt repayment balance is forecast to be under-collected as of February 28, 2023 by approximately \$286,000. Considering the implementation of new rates has been delayed by two months, please provide an updated over/under collection of the Provincial debt repayment and explain how this will affect the amortization of the debt collection.
54. In the amendments to the General Rate Application filed on April 4, 2023, MECL advised that after filing the GRA in June 2022, PEIEC provided a revised repayment schedule with respect to the repayment of the Provincial debt.
 - a) Please provide a copy of the revised repayment schedule and explain why the repayment schedule was revised.

b) Has the period for the collection of the debt been extended or otherwise varied?

ECAM DEFERRAL

55. Refer to Table 5 in the amendments to the General Rate Application. Please provide detailed calculations and assumptions used to calculate the delay in implementation of Order UE21-05.
56. In the amendments to the General Rate Application, MECL included Table 10 – Proposed ECAM Rate Adjustment to Customers’ Bills Effective March 1. The ECAM rate adjustment has been updated since the original GRA filing to reflect a two month delay in implementing new electric rates. However, MECL has continued to use the forecast ECAM balance of \$6.791 million instead of the actual ECAM balance as of December 31, 2022 (\$11.655 million).
- a) Please explain why MECL has not updated the ECAM rate adjustment to include the actual ECAM balance as of December 31, 2022.
- b) Why it is appropriate to defer the difference of \$4.864 million to a future rate setting period?
- c) Please provide an updated version of Table 10 using actual figures as of December 31, 2022.
- d) Assume the ECAM balance as of December 31, 2022 is collected over the rate setting period. What is the resulting ECAM rate rider and the resulting impact on rates?


ENERGY EFFICIENCY & CONSERVATION RATE RIDER

57. Please provide a summary of the amount collected from the EE&C rate rider and the amount remitted to PEIEC since May 1, 2019. Please include an annual summary from March 1 to February 28 of each year.
58. Refer to the NEG Settlement Agreement Excel file, under the “Other Riders” tab. The EE&C Collections table, at line 15A, references collections from May 1, 2022 to April 30, 2023. Please confirm whether this date range is correct.
59. Assume the annual EE&C plan funding requirement in 2025/2026 is \$868,282. Please provide the updated EE&C plan rate rider and the rate impact to customers.

Please ensure to include the follow revised schedules:

- EE&C Plan Collections,
- EE&C Rate Rider,
- Impact on Annual Cost schedules, and
- Total Energy Charge per kWh schedules.

Additional interrogatories may follow.

A handwritten signature in blue ink that reads "Cheryl Mosher". The signature is written in a cursive style with a large initial 'C' and 'M'.

Cheryl Mosher, CA, CPA
Senior Financial Advisor
Prince Edward Island Regulatory & Appeals Commission