

Opening Remarks

Docket Number: **UE20946** Name: **Maritime Electric Company, Limited** Application for approval of rates, tolls and charges for electricity for the period beginning **March 1, 2023** through to **February 28, 2026** and for certain approvals incidental thereto, pursuant to the Electric Power Act.

Date: **April 18, 2023**

Good Morning.

I welcome all who are here today.

This hearing is now in session.

My name is **Scott MacKenzie**, I am the **Chair** of the Island Regulatory and Appeals Commission. I will be chairing the panel presiding over this matter. The other members of the panel are **Douglas Clow**, **Vice-Chair** of the Commission and **Erin Mitchell**, **Commissioner**. We are assisted by the Commission's legal counsel, **Nicole McKenna**, and by the Commission's Senior Financial Advisor, **Cheryl Mosher**, and **Janine MacLean**, **Recording Secretary**.

I ask that you all please turn off any cell phone you may have with you here today.

This matter is Commission **Docket No. UE20946**, which is an application by Maritime Electric Company, Limited for approval of rates, tolls and charges for electric service for the period beginning **March 1, 2023, (amended to May 1, 2023)** and for certain approvals incidental thereto.

This application is made pursuant to Section 20 of the Electric Power Act of P.E.I. which provides that any public utility that wishes to vary any existing rates, tolls or charges or establish new rates, tolls or charges for any service shall submit for review and approval of the Commission a schedule of such proposed rates, tolls and charges together with all rules and regulations that relate thereto.

After receiving this Application, the Commission gave public notice of the Application by publishing a notice in local newspapers and on the Commission website. Interested members of the public were given the opportunity to issue questions to Maritime Electric, submit comments to the Commission, and apply for intervener status.

The Prince Edward Island Energy Corporation applied for and was granted intervener status as an Added Party Intervener. The Commission did not receive any other requests for intervener status.

In January 2023, Maritime Electric and the PEI Energy Corporation sought Commission approval to enter into settlement negotiations with respect to all matters contained in the General Rate Application. The request was made in accordance with the Commission's *Rules of Procedure for Negotiated Settlements In Matters of Utility Regulation*.

On January 12, 2023, the Commission approved the request and permitted Maritime Electric and the PEI Energy Corporation to enter into settlement negotiations, subject to certain conditions.

On April 4, 2023, a settlement between Maritime Electric and the PEI Energy Corporation was filed with the Commission. The settlement amends certain parts of the General Rate Application, and will be considered by the Commission in its review of the entire General Rate Application.

After receiving the settlement agreement, the Commission determined that a public hearing would be held. The Commission gave public notice of the settlement and of this hearing in local newspapers and on the Commission website. Interested members of the public were invited to submit comments to the Commission.

This hearing today is open to the public. There is also a live audio broadcast available via the Commission's website.

There are several expert reports filed as evidence with respect to this Application.

The expert reports include:

1. A 2020 Cost Allocation Study prepared by Chymko Consulting Ltd.;
2. A 2020 Depreciation Study prepared by Gannett Fleming; and
3. A Cost of Capital Report prepared by Concentric Energy Advisors.

4. Commission staff also retained London Economics International LLC to provide an opinion on the allowed return on average common equity for Maritime Electric.

All documents filed in this matter have been provided to the parties and all non-confidential filings – including all expert reports – have been made available to the public on the Commission website.

The parties before us today are:

1. the **Applicant, Maritime Electric Company, Limited**, represented by **D. Spencer Campbell, K.C.** and
2. the **Intervener, the Prince Edward Island Energy Corporation**, represented by **Michael Drake** and **Chera-Lee Gomez**.

At the outset, it is important to explain that although a settlement has been reached between Maritime Electric and the PEI Energy Corporation, the Commission's role is not simply to review the settlement. Instead, the Commission is required to review and evaluate the General Rate Application as a whole, and to set electric rates that are reasonable, publicly justifiable and non-discriminatory. This is the Commission's mandate under the *Electric Power Act*.

The Commission will therefore consider the settlement agreement in the context of reviewing the entire General Rate Application. This is the Commission's usual

practice in dealing with settlement agreements, and is consistent with the Commission's *Rules of Procedure for Negotiated Settlements In Matters of Utility Regulation*.

HEARING PROCESS:

The Commission tries to keep the process as informal as possible, but there are some points I would like to bring to the attention of the parties.

1. All statements should be directed to the panel and you can address the panel through the chair as Mr. Chair or panel members.
2. As it is the panel that makes the final determination in this matter, you should concentrate on presenting to the panel whatever evidence and information you believe will assist us in our responsibility to decide this matter.
3. There will be an opportunity for each of the Applicant, Maritime Electric, and the Intervener, Prince Edward Island Energy Corporation, to present their evidence and question witnesses.
4. The role, power and function of the Commission are set out in its enabling legislation and the Commission must follow that legislation as

well as the rules of natural justice and fairness in making a determination in this matter.

5. The proceedings are recorded and we ask that you speak into the microphones, both to ensure an accurate record of your statements and to assist others in hearing you – including those listening to the live broadcast.

6. As you will note, panel members and all parties will be sharing common areas including hallways and elevators. We would remind you not to initiate conversations with panel members in any of these areas regarding any aspect of this case at any recess or adjournment. The panel will recess once in mid-morning and again in mid-afternoon for a period of approximately 15 minutes at a suitable break in the proceedings. A lunch break of approximately 1 hour will occur at noon.

While the Commission appreciates that counsel may be familiar with the procedure followed by the Commission, I wish to once again review this procedure in summary fashion.

The **Applicant, Maritime Electric**, will proceed first to present any evidence, witnesses or information it believes should be brought to the attention of the Commission.

This may include an opening statement from Maritime Electric's legal counsel. Any witnesses that Maritime Electric intends to call will then be sworn or affirmed prior to giving evidence.

Once the **Applicant** has completed its presentation, the **Intervener**, the **Prince Edward Island Energy Corporation**, will have an opportunity to ask any questions it wishes of the witnesses. **Panel members and Commission staff** may then ask any questions. The **Applicant** may then ask any questions of its witnesses which go to clarifying points in issue already made.

The **Intervener, PEI Energy Corporation**, will then make its submissions. The **Applicant, Maritime Electric**, will then have an opportunity to ask questions of the **Intervener**. **Panel members and Commission staff** may also ask any questions.

There will then be an opportunity for closing submissions, first by the **Applicant, Maritime Electric**, and then by the **Intervener, Prince Edward Island Energy Corporation**.

The hearing will then conclude and the panel will retire to commence its deliberations.

The panel will produce a written decision in due course which will be provided to the parties and made publicly available on the Commission website.

At this time, I would ask if there are any preliminary matters the parties wish to bring forward before we proceed to hear the case.

We have circulated a proposed List of Exhibits and I would like the parties to confirm that the list is complete or advise of any additions that should be made.

— AFFIRM WITNESSES