

NON-CONFIDENTIAL RESPONSE

1 **QUESTION**

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3 33. PEIEC has stated that it over-collected \$2.01 million between 2018/2019 and 2021/2022.

4 Please provide the updated amount of the over-collection as of December 31, 2022.

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6 **RESPONSE**

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8 33. For the period from April 1, 2022 and December 31, 2022 PEIEC continued to collect EE&C
9 funds from rate payers in accordance with the previously approved EE&C Plan. While actual funds
10 collected and remitted by Maritime Electric and Summerside Electric vary based on actual electricity
11 sales we have estimated the over collection based on the period requested in this question. Final
12 actual amounts can be adjusted upon the adoption of the new EE&C Plan.

Funding source	Approved annual plan amount (\$)	mths in requested period	mths per year	Estimate of prorated collected amount (\$)
Maritime Electric	1,080,000	9	12	810,000
Summerside Electric	120,000	9	12	90,000
Total	1,200,000			900,000
Less: actual EEC expenses for the period				2,203,507
Additional over-collected amounts				(1,303,507)
Allocation of over-collected amount by utility				
Maritime Electric			90%	(1,173,156)
Summerside Electric			10%	(130,351)

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QUESTION

34. Has PEIEC included interest in the calculation of the amount over-collected? If not, please calculate the interest earned on the total amount over-collected to December 31, 2022, calculated based on the Government's short-term borrowing rate.

RESPONSE

34. PEIEC has not included interest in the calculation of the amount over collected in the Proposed EE&C Plan. Interest has been calculated in the table below based on the Government short-term borrowing rate.

	2018-19	2019-20	2020-21	2021-22	<i>Note 1</i> 2022-23	Total
Amount over-collected beginning of period	-	258,104	745,603	1,477,729	2,010,101	
Additional over-collected amount	258,104	487,499	732,126	532,373	(1,303,507)	
Amount over-collected end of period	258,104	745,603	1,477,729	2,010,101	706,594	
Average amount over-collected	129,052	501,853	1,111,666	1,743,915	1,358,348	
Interest rate applied	4.57%	4.57%	4.57%	4.57%	4.57%	
Interest attributed to over-collected balance	5,898	22,935	50,803	79,697	62,076	221,409

However, PEIEC would like to note the current interest rate environment is quite a bit different than the interest rate environment that existed at the time these balances were over collected. As such, PEIEC would suggest that if the Commission should determine that interest should be applied to this balance that the appropriate interest rate applied in each year should reflect the average cost of debt for the associated period.

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3 35. PEIEC is proposing to allocate the over-collection ninety percent (90%) to Maritime Electric and
4 ten percent (10%) to Summerside Electric. What percentage of the total amount over-collected as of
5 December 31, 2022, was collected from Maritime Electric and what percentage was collected from
6 Summerside Electric? The response must include:

7 a. A calculation of total contributions received from Maritime Electric, as of December 31,
8 2022, compared to the funding requirements for Maritime Electric set forth in Order UE19-
9 03.

10 b. A calculation of total contributions received from Summerside Electric, as of December
11 31, 2022, compared to the funding requirements for Summerside Electric set forth in Order
12 UE19-03.

13 c. A detailed calculation of the over/under collection by year as of December 31, 2022.
14 Clearly distinguish between variances due to over/under collection of contributions and
15 variances due to lower than forecast expenditures.

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1 **RESPONSE**

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3 35. The over-collected amount pertains to the variance between budgeted and planned plan
4 expenditures combined with the achieved results in the plan. See below for a detailed breakdown of
5 over-collections as requested.

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		2018-19	2019-20	2020-21	2021-22	Note 1	2022-23	Total
Total EE&C Expenditures		1,709,481	2,412,505	2,339,371	3,338,137		5,805,640	15,605,134
Less: EE&C expenditures funded through provincial and federal programs		1,367,585	1,930,004	1,871,497	2,670,510		3,602,133	11,441,729
EE&C expenditures to be recovered from rate payers	20%	341,896	482,501	467,874	667,627		2,203,507	27,046,863
Allocation of EE&C expenditures:								
Maritime Electric	90%	307,707	434,251	421,087	600,865		1,983,156	3,747,065
Summerside Electric	10%	34,190	48,250	46,787	66,763		220,351	416,341
		341,896	482,501	467,874	667,627		2,203,507	4,163,406
Amount collected from:								
Maritime Electric		540,000	873,000	1,080,000	1,080,000		810,000	4,383,000
Summerside Electric		60,000	97,000	120,000	120,000		90,000	487,000
Per UE19-03		600,000	970,000	1,200,000	1,200,000		900,000	4,870,000
Over-collected amount:								
Maritime Electric		232,293	438,749	658,913	479,135		(1,173,156)	635,935
Summerside Electric		25,810	48,750	73,213	53,237		(130,351)	70,659
		258,104	487,499	732,126	532,373		(1,303,507)	706,594

Note 1 - for the period from April 1, 2022 to December 31, 2022.

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3 36. In the event Maritime Electric and Summerside Electric did not contribute to the over-

4 collection in proportions of 90% and 10%, respectively, please provide justification for allocating the

5 over-collection based on a 90/10 split.

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10 **RESPONSE**

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12 36. The original calculation of the EE&C rider for the existing plan was based on an expected 90/10

13 split of total energy sales for Maritime Electric and Summerside Electric respectively. This was

14 based on forecasted energy sales at the time the plan was prepared. During the preparation of the

15 current plan, PEIEC obtained load forecast information from both Maritime Electric and Summerside

16 Electric. This information included actual energy sales data for 2018-2020. It also included

17 forecasted energy sales for the period from 2021-2030. In each of these years the allocation of

18 energy sales reflected a 90/10 split in the load forecast provided by the utilities. As such, PEIEC has

19 no reason to believe Maritime Electric and Summerside Electric did not contribute to the over-

20 collection in proportions of 90% and 10% respectively.

21 In the event that Maritime Electric and Summerside Electric did not contribute to the over-collection

22 in proportions of 90% and 10% PEIEC believes the fluctuations would have been in isolated periods

23 only. This would not be reflective of the overall average contribution to the over-collection during the

24 multi-year period. PEIEC has proposed that over collected amounts are used to offset proposed

25 EE&C Plan expenditures. Given that the Proposed EE&C Plan contemplates allocating future

26 program costs on a 90/10 basis it is reasonable to treat the over-collection amount consistently.

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3 37. Please provide an updated calculation of the EE&C rate rider based on the following

4 assumptions:

5 a. Maritime Electric's over-contributions, up to December 31, 2022, are applied to
6 reduce Maritime Electric's funding requirements proposed in the new EE&C Plan;

7 b. Summerside Electric's over-contributions, up to December 31, 2022, are applied
8 to reduce Summerside Electric's funding requirements proposed in the new EE&C Plan;

9 c. Over-collections due to underspending, up to December 31, 2022, are allocated
10 ninety percent (90%) to Maritime Electric and ten percent (10%) to Summerside Electric;

11 d. The current EE&C Plan continues in effect from April 1, 2022 to February 28,
12 2023; and

13 e. Interest is accruing on the amount over-collected, up to December 31, 2022,
14 calculated based on the Government's short-term borrowing rate.

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4 The following is an illustrative calculation only. At the time that this calculation was prepared, the
5 impact of the continued operation of the EE&C Plan from April 1, 2022 to February 28, 2023 is
6 unconfirmed. As such, should the Commission wish to establish an updated EE&C rider amount
7 PEIEC would request the opportunity to update this calculation to reflect actual results to February
8 28, 2023 once the February 2023 month end close procedures have been performed.

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10 To determine the revised EE&C Rate Rider PEIEC converted the load forecast provided by Maritime
11 Electric and Summerside Electric from a calendar year to reflect the proposed plan periods as
12 follows:

13 Utility provided - forecasted energy sales (GWh)	2022F	2023F	2024F	2025F	2026F
14 MECL	1,375.50	1,399.75	1,422.87	1,447.49	1,472.08
SE	146.93	149.87	152.86	155.92	159.04
15 Total	1,522.42	1,549.61	1,575.73	1,603.41	1,631.12

16 Note - since this forecast was provided by the utility it excludes DSM impacts, system losses and company use

17 PEIEC converted - forecasted energy sales (GWh)	2023-24	2024-25	2025-26
18 Maritime Electric	1,405.53	1,429.03	1,453.64
Summerside Electric	150.61	153.63	156.70
19	1,556.14	1,582.65	1,610.34

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UE41401
PRINCE EDWARD ISLAND ENERGY CORPORATION
2022-2024 ELECTRICITY EFFICIENCY AND CONSERVATION PLAN
IRAC IR-37

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EE&C Program budget (\$)	Existing EE&C Continue	Proposed EE&C Starting April 1, 2023			
	Current	Year 1	Year 2	Year 3	Total Proposed Plan
	2022-23	2023-24	2024-25	2025-26	
Maritime Electric	1,080,000	1,360,203	1,321,690	1,732,045	4,413,939
Summerside Electric	120,000	151,134	146,854	192,449	490,438
Subtotal	1,200,000	1,511,337	1,468,545	1,924,495	4,904,377
Overcollection from previous plan - as of December 31, 2022					706,594
Interest on over collection from previous plan - per IR34					221,409
Total overcollection					928,003
Uncollected EE&C program budget					3,976,373
Utility collections for Proposed Plan (\$)					
Maritime Electric	90%	1,192,912	1,192,912	1,192,912	3,578,736
Summerside Electric	10%	132,546	132,546	132,546	397,637
Subtotal		1,325,458	1,325,458	1,325,458	3,976,373
Energy sales forecast					
Maritime Electric (GWh)		1,405.53	1,429.03	1,453.64	
Summerside Electric (GWh)		150.61	153.63	156.70	
Illustrative calculated rate rider (\$/GWh)					
Maritime Electric		849	835	821	
Summerside Electric		880	863	846	

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3 38. Please provide actual net energy savings (GWh) and actual net demand savings (MW) for
4 2020/2021 and 2021/2022.

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11 38. Actual details are included in the below the table:

	Actual net energy savings (Gwh)	Actual net demand savings (MW)
2020/2021	8.0	3.1
2021/2022	6.6	3.5

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3 39. In accordance with Commission Order UE21-06, the existing EE&C Plan was continued until
4 March 31, 2022.

5 a. What is the proposed implementation date of the new EE&C Plan?

6 b. Does PEIEC intend for the existing EE&C Plan to remain in effect until the new
7 EE&C Plan is implemented?

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12 **RESPONSE**

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14 39. (a) The proposed implementation date for the new EE&C Plan is March 1, 2023.

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16 (b) PEIEC intends for the existing EE&C Plan to remain in effect until the new EE&C Plan
17 is implemented.

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