

**Energy Democracy Now! Co-operative Limited**

December 21, 2023

Cheryl Mosher, CPA, CA  
Senior Financial Advisor  
Prince Edward Island Regulatory & Appeals Commission  
P.O. Box 577  
Charlottetown, PE C1A 7L1

**RE: UE21505 – MECL Application to Collect Operating and Capital Costs Related to Hurricane Fiona – November 2, 2023**

Dear Ms. Mosher:

The organization Energy Democracy Now! Co-operative Limited (“Co-op”) wishes to apply as a Friend of the Commission Intervener in the above-mentioned Maritime Electric Company, Limited (“MECL”) application.

Some of the reasons for doing so are:

- About two months ago, MECL was granted permission by the Island Regulatory and Appeals Commission to raise rates by 0.33 cents/kWh starting October 1, 2023. This one third of a cent increase is equivalent to a 2.2% increase in the rate per kWh, which amounts to approximately \$27 a year for residential customers. An additional request to raise electricity rates at this time is excessive and unfair to ratepayers.
- The Co-op rejects the notion that because MECL is a ‘public utility’, it is always entitled to recover costs and always at a high rate of return. The Co-op believes there must be a careful balance between ‘reasonable’ rate of return in exchange for providing safe and reliable power at a ‘reasonable’ cost to all its customers. It is the Co-op’s understanding that the Island Regulatory and Appeals Commission (“IRAC”) is primarily designed to protect ratepayers from monopoly abuse, not to protect the utility and its shareholders.
- As a responsible corporate citizen, MECL surely has a reserve fund to cover unplanned or unexpected expenses, such as an emergency situation. If such a fund exists, it would seem prudent and fair for IRAC to direct MECL to cover the \$37 million using the reserve fund.
- The cost of living crisis is hitting low-income earners the hardest. Rising electricity costs are a contributing factor. Many Islanders are still living in the poorest quality of housing with low energy efficiency. Some may well be facing the choice of whether to heat or to eat. A major increase in electricity rates in the province must be avoided at this time.
- MECL is an indirect wholly-owned subsidiary of Fortis Inc., which also owns electric utilities in Newfoundland, B.C., Alberta, the U.S. and the Caribbean. As

## **Energy Democracy Now! Co-operative Limited**

reported by Canadians for Tax Fairness and published in the Guardian (PEI) in 2022, Fortis reported a pre-tax income of \$8.6 billion between 2017 and 2021. The company's audited financial statements show the utility giant paid \$66 million in taxes over the last five years. In the last three years alone, the company reported a net rebate, or benefit, of taxes of \$76 million. Given the profits of MECL's parent Company, IRAC must reject the request for the \$37 million to be dumped on the backs of PEI Maritime Electric customers.

This application is made subject to the Electric Power Act (R.S.P.E.I. 1988, Cap. E-4).

### **Friend of the Commission Intervener:**

#### **Statement**

**(a)** Public interest: Island residents are facing another electricity rate increase, at a time when many simply cannot afford it. As a social justice issue, the Co-op contends that both corporate profits and shareholder income must be part of this conversation, along with accountability on the part of Fortis and MECL for any decisions that contributed to the utility's electrical grid being so unprepared for Fiona.

The Co-op's interest in this matter arises from its commitment to protect and defend the best interests of all Island residents on matters of energy democracy and is governed by the following principles:

- Residents of PEI should have greater democratic control and participation in energy policies and decisions.
- Electric utilities should operate to serve the needs of communities, not the profits of shareholders.
- Public ownership can take the form of municipal energy utilities or locally owned and/or worker co-operatives.
- The need to accelerate the transition to renewable and local energy which is energy from the sun, wind, water, and geothermal.
- Every Island resident should be guaranteed sufficient and affordable energy while at the same time advocating for its conservation.

The Co-op seeks intervener status to introduce a community voice at the table when proceedings on matters of public interest take place. Participation could include a written submission and/or questions of clarification at appropriate points during the hearing.

There has been a long history of success when civil society perspectives are included in regulatory decisions. For instance, the recent COP28 conference is the culmination of a lengthy transition from closed-door meetings of government and industry participants to inclusion of, and participation by, a more broadly based group of representatives, including civil society.

**Energy Democracy Now! Co-operative Limited**

**(b)** The Co-op can only speculate on what the other parties will submit. The submission will focus on innovative practices that are being successfully implemented in other jurisdictions.

**(c)** Adding the Co-op as an intervener will not add to cost or complexity, requiring neither travel funding nor honoraria. Any additional cost would be minimal. Rather than adding complexity, making the participation more inclusive of public interest representation will render the proceeding more comprehensive.

**(d)** The Co-op proposes to illustrate MECL's lack of preparedness for severe weather events related to climate change, and information about the financial strength of both MECL and Fortis.

Therefore, for the above reasons, the Co-op urges the Island and Regulatory Appeals Commission to reject MECL's application submitted on November 2, 2023.

Respectfully submitted,

**Applicant:** Energy Democracy Now! Co-operative Limited  
Unit A338, 40 Enman Crescent, Charlottetown PE C1E 1E6

*Leo Broderick*

Leo Broderick, President  
Tel: 902 894-4874  
E-mail: lcb45@eastlink.ca

*Barbara Dylla*

Barbara Dylla, Vice-President  
Tel: 902 367-2428  
E-mail: b.dylla@eastlink.ca