

February 14, 2024

VIA EMAIL

Island Regulatory and Appeals Commission
 c/o Nicole McKenna
 Carr, Stevenson & MacKay
 65 Queen Street
 Charlottetown, PE C1A 7L1

Attention: Nicole McKenna

Dear Ms. McKenna

Re: UE 22503-MECL- June 30, 2022
IR Submission of Federation of Agriculture
Our File Reference 29768-001Im

In relation to the above-noted matter, please find herein the list of interrogatories pertaining to the above noted matter, as submitted on behalf of the Prince Edward Island Federation of Agriculture.

IR-20 Exhibit M-11a Attachment 1 in response to PEIFOA-1

Exhibit M-11a provides an excel attachment supporting MECL's individual customer consumption calculations for those who consume more than 2,000 kWh per month in 2021.

- (a) Can you please confirm or explain otherwise that there is a calculation error for the Min, Max, and Average calculations (columns T, U, V) in tab 'All', as it appears to include the annual total, driving up average monthly consumption for customers.
 - i. Please confirm that this also impacts the 'Table' tab for the 'All Accounts' average monthly consumption column.
 - ii. Please confirm the following table corrects for this calculation error or alternatively provide the corrected version:

	ALL ACCOUNTS	
Maximum Month Consumption Range	# of Customer Accounts in Range	Average Monthly Consumption of Customer Accounts in Range
2,000-5,000	12,365	1,508
5,001 - 9,999	1,039	2,872
10,000-19,999	276	5,805
20,000-49,999	88	12,464
>49,999	18	94,410
Total	13,786	

MECL explains in response to IR-1a.ii that 'in order to add the accounts with consumption >2,000 kWh, this response is based on a completely new data set and reflects customer information changes since the original data was set was taken for the response to IRAC IR-18. For example, some accounts have added net meter installs since the data set for the response to IRAC IR-18 was obtained.

- (b) Please explain why an entirely different data set was required if both tables and data sets use actual usage per customer for the 2021 calendar year.
- (c) Please confirm or explain otherwise that the vast differences between the table provided in response to IRAC-18 and the data summarized in the 'table' tab in Attachment 1 of MECL response to PEIFOA-1 is entirely a result of the explanation provided in response to (b) above.

Tab 'Farm Study' provides as list of 87 customers that were used in the Farm Study. The following 17 accounts (or 'Premises') listed as part of the 'Farm Study' are not included within the Farm category:

type	Premise	SIC Description	Annual Usage (kWh)
dairy	18923	Private Households - Detached Single Family - Cottages	221,040
dairy	29337	Private Households - Detached Single Family - Cottages	154,080
dairy	32206	Private Households - Detached Single Family - Cottages	198,560
dairy	45396	Private Households - Detached Single Family - Cottages	80,840
dairy	46656	Private Households - Detached Single Family - Cottages	162,520
dairy	90715	Other Personal and Household Services	169,320
dairy	94407	Services Incidental to Livestock and Animal Specialties	99,360
dairy	95411	Services Incidental to Livestock and Animal Specialties	382,000
potato	5750	n/a	
potato	15062	Private Households - Detached Single Family - Cottages	90,240
potato	28808	Other Storage and Warehousing Industries	152,498
potato	45307	Other Storage and Warehousing Industries	93,200
potato	61966	n/a	
poultry	48345	On Rate 232	
hog		n/a	
hog		n/a	
hog		n/a	

- (d) Please explain why these accounts were included in the Farm Study given the SIC description provides they are private households, general service or not provided for at all in the detailed customer level data.
 - i. As these accounts are listed as residential or General Service related, will these customers have the option proposed for Farms of remaining on the residential rate or switching to Small Industrial under MECL's rate design proposal?

- (e) Why do the three 'hog' accounts not have premise or load annual usage data?
- i. Please provide the monthly usage data for these three accounts.
- (f) For the 87 farm customers, please provide the monthly peak load data used to calculate the impacts of these customers if switched to Small industrial (for example, as calculated in Exhibit M-3K Synapse IR 26).
- i. For the Farm accounts/premises listed for the Farm Study, please indicate which ones MECL assume would transfer over to the SI class in their analysis vs. which ones would stay in Residential.
- (g) Please explain the assumptions and methodology MECL used to apply Farm Study load/customer peak results to the estimate the impacts on the broader Farm class between staying on the Residential rate or moving over to the Small Industrial.

Based on Exhibit M-11a, the tabs of 'Farms', 'All' and for the Accounts/Premises listed in 'Farm Study', the following table compares the data sets provided:

Data Set Comparison	# of Accounts (with usage provided)	# of Accounts with 12 months of Usage	Average Revenue from Service Charge	Average Revenue from First Block Energy Charge	Average Revenue from Second Block Energy Charge	Total Average Annual Revenue	Average Energy from First Block (kWh)	Average Energy from Second Block (kWh)	Average Total Annual Energy (kWh)	Total Annual Energy (Max.) kWh	Total Annual Energy (Min.>0) kWh
Farm Study	80	80	\$ 322.69	\$ 3,579.98	\$ 14,113.98	\$ 18,016.65	22,017	108,486	130,503	382,000	15,120
All Farm Accounts >2,000 kWh Monthly Usage	899	829	\$ 311.63	\$ 2,891.34	\$ 4,906.08	\$ 8,109.05	17,782	37,710	55,492	3,609,600	3,580
All Residential Accounts >2,000kWh Monthly Usage	13,786	11,704	\$ 292.87	\$ 2,582.75	\$ 881.60	\$ 3,757.21	15,884	6,776	22,660	8,000,971	240

And the following table updates MECL's Table in Exhibit M-11a to include a summarized version of the 'Farm Study' accounts:

Maximum Month Consumption Range	Residential Customers with Consumption > 2,000 in a Month in 2021									
	ALL ACCOUNTS			FARMS *			FARM STUDY			
	# of Customer Accounts in Range	Average Monthly Consumption of Customer Accounts in Range	% of Customer Accounts in Range	# of Customer Accounts in Range	Average Monthly Consumption of Customer Accounts in Range	% of Customer Accounts in Range	# of Customer Accounts in Range	Average Monthly Consumption of Customer Accounts in Range	% of Customer Accounts in Range	
2,000-5,000	12,365	1,508	89.7%	444	1,640	49.4%	2	583	2.5%	
5,001 - 9,999	1,039	2,872	7.5%	220	3,657	24.5%	13	5,123	16.3%	
10,000-19,999	276	5,805	2.0%	165	6,634	18.4%	41	9,464	51.3%	
20,000-49,999	88	12,464	0.6%	62	13,421	6.9%	23	16,779	28.8%	
>49,999	18	94,410	0.1%	8	87,259	0.9%	1	24,213	1.3%	
Total	13,786		100.0%	899		100.0%	80		100.0%	

- (h) Please explain how Farm Study accounts were chosen, given the comparative uniformity of these accounts compared to the range and distribution of all Farm accounts >2,000kWh.
- (i) Did the Farm Study lead to any conclusions by MECL that may have been different if the Study included a more representative mix of farms that use over 2,000kWh/month?
- (j) Please reconcile MECL's explanation that there were 523 Farm accounts identified in the Farm Study and the 2020 CAS from MECL's billing system

(as per response to PEIFOA IR 1a)iii) with the 455 Farm accounts with over 5,000kWh/month usage provided in the dataset in Exhibit M-11a.

- (k) For the 70 Farm accounts that did not use energy in all 12 months (only 829 used energy in all months compared to 899 total Farm accounts with data provided), and more broadly for customers who utilize energy for part of the year only, why does MECL not include these accounts in the Seasonal rate class (i.e. separate them out from the Farm account analysis)?

IR-21 Residential Load and Space Heating Impacts

Table 4-4 from MECL's 2023 to 2025 GRA provides an energy sales forecast by customer group on page 31:

TABLE 4-4 Energy Sales							
	2019 Actual	2020 Actual	2021 Actual	2022 ³² Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Energy Sales³³ (gigawatt hours or GWh)							
Residential							
Space heating load ³⁴	178.4	176.8	171.8	222.8	229.8	244.3	258.8
Non-space heating load ³⁴	462.6	495.1	518.5	505.1	493.7	498.5	505.1
Subtotal	641.0	671.9	690.3	727.9	723.5	742.8	763.9
General Service	392.8	370.5	381.6	401.0	400.4	397.7	395.8
Large Industrial	154.0	151.8	153.8	163.5	163.5	168.0	168.0
Small Industrial	91.7	91.6	93.4	98.1	97.9	97.3	96.9
Street Lighting/Unmetered	7.4	7.0	6.9	6.4	6.4	6.4	6.5
Total Energy Sales	1,286.9	1,292.8	1,326.0	1,396.9	1,391.7	1,412.2	1,431.1
Growth Rate (%)							
Residential							
Space heating load	9.4	(0.9)	(0.6)	29.7	3.1	6.3	5.9
Non-space heating load	2.9	7.0	4.7	(2.6)	(2.2)	1.0	1.3
Subtotal	4.6	4.8	2.7	5.4	(0.6)	2.7	2.8
General Service	(0.2)	(5.7)	3.0	5.1	(0.1)	(0.7)	(0.5)
Large Industrial	1.5	(1.5)	1.3	6.3	-	2.8	-
Small Industrial	-	(0.1)	2.0	5.0	(0.1)	(0.7)	(0.4)
Street Lighting/Unmetered	(2.6)	(5.4)	(1.8)	(7.6)	-	1.0	1.0
Overall Growth Rate	2.4	0.5	2.6	5.3	(0.4)	1.5	1.3

Exhibit M-1c at paragraph 47 states: "Notably, updated load data indicate that Residential customers' share of the coincident peak rose by about four percentage points, while shares of coincident peak for Farm, General Service, and Small Industrial each fell. The utility has noted increased use of electric heat among the Residential class, which may explain part of this increase, though the 2020 results may also be influenced by pandemic-related lockdowns. Specific to the farm group, previous studies assumed a residential-like behaviour in the absence of any other information. With load research, the farm share of coincident peak fell by 2.5 percentage points."

The Update to the 2020 CAS shown in PEIFOA IR-4(b) Table 14 to reflect the Farm Study showed a reduction in the load of Farms by 10% (From 52,322 MWh to 47,023 MWh) while Non-Coincident peak loads of farms dropped by 35% (from 16.8 MW to 10.9 MW) and Coincident Peak by 40% (from 13.6 MW to 8.2 MW).

Further increases in Non-Farm peak loads (e.g., from growing electric heating) has the potential to continue to reduce the cost allocation to farms.

In response to PEIFOA IR 14d, MECL states:

Under the current Energy Purchase Agreement (“EPA”) with NB Power, there is no monthly price volatility driven by changes in monthly customer demand because the EPA provides for fixed pricing. **There is a large variation in monthly volumes, driven largely by space heating load. The current EPA extends to the end of 2026.** *[emphasis added]*

- (a) Please provide the actual 2022 energy sales including an update on space heating load growth and an update on forecast sales and whether the anticipated space heating load growth has materialized.
 - i. Please split residential by farm and non-farm, for space heating and non-space heating load (i.e. is any space heating load associated with farm accounts).
- (b) Please explain how MECL anticipates RTC ratios to be impacted by the anticipated growth in space-heating load, especially for residential and farm customers.
 - i. Please provide any analysis MECL has undertaken on this topic, including updated RTC ratios that include the increased space heating load.
- (c) Please explain how MECL anticipates the proportional breakdown of generation, transmission, distribution and customer related costs to change as a result of servicing the expected space heating load and how this will impact RTC ratios.
 - i. Please specifically comment on any potential cost changes being contemplated as a result of the EPA expiry at the end of 2026.
 - ii. Please provide any cost of service or capital related analysis MECL has undertaken on this topic.

IR-22 Exhibit M-11, Response to PEIFOA IR 14 & pdf page 4 of 84 (MECL second cover letter)

The response to PEIFOA IR-14 provides information regarding the 2020 Cost Allocation study, indicating material changes from the 2017 Cost Allocation study on which the original application and proposal to phase out the Residential 2nd block rate was based.

- (a) Please confirm the 2020 Cost Allocation Study was the most recent study completed by MECL. If not, please provide a copy of any newer cost allocation study. In addition, please update IR-14(f) for the new study, and please respond to the remaining components of this question so as to include updated information from the newer cost allocation studies, if available.

- (b) Please provide a description of the specific error identified in the December 12, 2023 cover letter (pdf page 4 of Exhibit M-11) and the source and reason for the error. Please also provide a full Excel CAS study reflecting the correction.
- (c) Please confirm, per IR-14(b) that the 2020 study now includes 523 average monthly bills as the farms included in the Residential Farms portion of the subclass, compared to the previous 2017 study which used 2094 average farm bills.
- i. Further to (b) above, please confirm that the 523 average farm accounts in the 2020 study are “larger farms” and are active farms such that the approximately 1500 accounts that had previously been considered residential farms (in the 2017 study) which are now no longer included in residential farms are primarily smaller and/or customer who are no longer farming.
 - ii. Please confirm that limiting the analysis to the 523 larger and active farms raised the measured RTC ratio from 82 to 87, indicating the larger and active farms are in fact paying a larger share of their costs than the 1500 now excluded accounts which had brought down the RTC ratio when included in the farm accounts. If not confirmed, please explain your answer in detail.
 - iii. Further to (ii), please explain the reference to 87 RTC, when the 2020 cost allocation study indicated farms are at 92 RTC, per page 26 of the Chymko report.
- (d) Please confirm, per IR-4(c) that growth in demand-related costs relative to energy-related costs is one of the reasons driving the revision in cost allocation to farms.
- i. Please confirm that part of the reason growth in demand related costs are not affecting farms to the same degree as other residences is that farms are not as “peaky” as previously assumed in 2017, per Chymko page 23. If not, please describe why growth in demand-related costs helps increase the farm customer RTC.
 - ii. With ongoing disproportionate increases in demand-related costs, as is occurring in the 2023 General Rate Application, is it reasonable to assume that the farm RTC will further increase relative to the remainder of the residential class, as has been seen between 2017 and 2020? If no, why not.
- (e) Please confirm that the Rate Design application RTC ratios are based on rates from 2021 (approved in UE20-04 per Synapse response IR-22 Attachment 1). Also please confirm that the 2023 General Rate Application adopts material rate increases for residential customers entirely derived from the energy portion of the bill (with no increases to the fixed or customer portion). If confirmed, would not ongoing rate increases of this type lead to improvements in the RTC for larger customers (i.e., farms) relative to smaller customers (i.e., residential non-farms)? If not, please explain in detail.
- (f) Please explain Table IR-14(f)-4 in respect of the revenues of Farm customer moving from Residential to Small Industrial. Per Charts IR-14(g)-1 and 14(g)-2, for example, customers who move from Residential to Small Industrial will face bill increases of up to 20%. Yet Table IR-14(f)-4 appears to indicate that their revenues (\$3.962 million) are simply

removed from residential and added to small industrial without any increase to the revenue to be derived from these customers. Please revise Table 14(f)-4 to include the added revenue from the revision.

- (g) Please reconcile the statement in IR-14(b) that “The farms included in the Farm Study made up the 523 average monthly bills for potato, dairy, hog and poultry farms that formed the Farm subset of the Residential Rate class in the 2020 CCAS” with the fact that only 87 farms were included in the Farm Study. Is this statement saying that the 87 farms in the farm study are among the 523 average monthly bills? If not, please explain the difference.
- (h) Please explain why Table 14(f)-3 shows a total 2020 Allocated cost of \$118.386 million for year-round residential classes, while Table IR-14(f)-4 shows \$117.665 million. Please explain and show the calculations in support of the difference.
- (i) Table IR-14(f)-3 reports the Farms >5000 kWh who remain in Residential RTC (after elimination of the second block) at 104.7. This appears to be an error affecting Rows 4, 5 and 6 in this table. Please check calculations and re-file a corrected table.
- (j) Table IR-14(f)-3 appears to indicate that the residential class, following the elimination of the second block remains at 91% RTC overall, implying further disproportionate rate increases would be required for this class. However, the large farm customer subset who remain residential (i.e., they would pay even more if they switched to Small Industrial) would already be covering their own costs (with the range of 95-105%), unlike the large customers who are non-farm who are much lower RTC (75.2% and 77.7%). Please confirm that this finding reflects the load shape of the farm customers, and their relatively less “peaky” usage than other customer types.
- (k) Please confirm that on the basis of Table IR-14(f)-3, if larger farms (>5000 kWh) were made their own class, the total revenue from the class would not need to rise farther than elimination of the second block and would not require further increases due to the shortfall otherwise measured for the remainder of the residential class.
- (l) On the basis of the response to (k) above shown in Table IR-14(f)-3, please indicate if MECL has considered keeping larger farms as their own class. Please indicate why or why not.
- (m) Based on the updated analysis provided in response to PEIFOA IR 14(f) (and potentially corrected as a result of questions asked above) please update Exhibit M3K-Synapse IR 26, i.e. that includes separate calculations for removal of the second block energy rate and the increase specifically from the adjustment to the RTC ratio.
 - a. Please include an additional step in this analysis that adds the compounding impact of the general rate increases approved in the 2023 – 2025 GRA for all customers as well as any other rate rider changes over this time – for example the ECAM rate adjustment.

IR-23 Exhibit 11, Response to PEIFOA IR 4b

In response to PEIFOA IR 4b, MECL provided an update for 2020 CAS results to tables originally provided in the Farm Study based on the 2017 CAS results. Specifically for Table 10 from the Farm Study, which provides unit costs for all distribution level customers to allocate estimated costs to serve those loads (i.e. residential, farms, general service):

TABLE 10 Unit Costs (from 2017 Cost Allocation Study)		
Customer related	295	\$/yr
CP demand related	184.46	\$/kWh
NCP demand related	53.80	\$/kWh
Energy related	83.00	\$/MWh

Was updated as follows:

Table IR-4(b)-2 Update of Farm Study Table 10 to 2020 CAS		
Customer related	311.00	\$/year
1CP Demand related	225.05	\$/kW
NCP Demand related	72.40	\$/kW
Energy related	82.14	\$/MWh

Further, Exhibit M-3b response to Synapse IR-2, which is the 2020 CAS model, provides a breakdown of full revenue requirement provides unit costs for Farms in Tab 1.2 (Unit Cost by Function) summarized for Farm accounts as follows:

Table from Tab 1.2 Unit Cost by Function for Farms From 2020 CAS (Exhibit M-3b)		
Full Revenue Requirement	13.29	¢/kWh
Energy Related Revenue Requirement (Generation, Purchased Power)	7.35	¢/kWh
Site Related Revenue Requirement	26.19	\$/bill

- (a) Please explain at a high level what is driving the substantial increases from 2017 to 2020, specifically with customer related, CP and NCP unit costs.
- (b) Comparatively, energy related unit costs have not changed much at all over the three-year period. Please explain what is happening (on both the demand and supply side) driving this result.
- (c) Does MECL forecast continued increases in customer, transmission and distribution related costs and stable energy costs relative to load moving forward? Please explain.
- (d) Please reconcile the Table IR-4(b)-2 with the Table from Tab 1.2 above.
 - a. If these tables need updating as a result of the 2020 CAS error noted in the second cover letter for the responses to PEIFOA IRs (Exhibit M-11, pdf page 4 of 84), please provide and explain the differences.
- (e) For the Table provided from 'Tab 1.2', can this be correctly read that site specific costs can be covered by a monthly charge of \$26.19/bill and remaining energy related revenue requirement is covered by a rate on all energy of 7.35¢/kWh?

- a. If this is applied does it fully recover Farm allocated revenue requirement in the Cost of Service?
- b. If not, please explain and provide the appropriate energy rate that fully recovers energy related revenue requirement and monthly rate that recovers all remaining Farm allocated costs (such as transmission, substation, etc.).

IR-24 Exhibit 11, Response to PEIFOA IR 15b & c

The table provided in response to IR 15c gives the historic estimated annual coincident peak load split by customer class:

TABLE IR-15(c)			
Breakdown of MECL Annual Peak Load (at system input)			
Year	2014	2017	2020
Date	December 30	December 27	December 16
Hour ending	18:00	18:00	18:00
Coincident Peak load (MW)			
Residential year round	119.2	142.6	154.0
Residential Seasonal	0.7	1.6	1.8
Residential Farm	10.9	14.8	8.8
General Service	63.6	58.1	61.8
General Service Seasonal	-	-	-
Small Industrial	15.8	14.6	13.2
Large Industrial	17.2	16.3	14.2
Street Lighting	1.6	1.4	1.2
Unmetered	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
	229.4	249.8	255.4

MECL explains in response to 15b that the coincident peak is the 1CP (i.e., the highest single hourly load for the year). For each rate class the coincident peak allocator is the contribution of that rate class to the 1CP. In 15c MECL states it estimates the coincident peak values for all rate classes (except Large Industrial) as part of the CAS.

- (a) Please detail how MECL estimates CP values for each customer class as part of the CAS.
- (b) Please explain when the last time the demand allocation methodology (currently 1CP) was reviewed and approved by IRAC?
 - a. Please provide relevant documentation from this review.
- (c) Please explain why MECL settled on 1CP when it clearly results in extreme allocator swings year-over-year.
- (d) Has MECL contemplated demand allocation methodology that smooths the result in any way to ensure demand cost allocation isn't changing so substantially between CAS studies?
- (e) Please provide a jurisdictional comparison of other utilities that use the 1 CP method without any averaging done (i.e. use of multiple year coincident peaks).

IR-25 Farm Specific Rates & Response to Exhibit M-11, PEIFOA IR-3

In response to PEIFOA IR3-a MECL states the potential Farm Rate is based on the 2020 CAC and therefore MECL declined to update it in the request. The Farm rate as proposed in IRAC 15 (Exhibit M-10) is as follows:

Demand Charge	Per kW of billing demand	\$ 8.80
First Block Energy Charge	Per kWh for first 200 kWh per kW of billing demand per month	\$ 0.1246
Second Block Energy Charge	Per kWh for balance of kWh per month	\$ 0.0825

And is based off collecting 100% of revenue requirement from the Farm Class, or \$8.537 million. However, the 2020 CAS has allocated costs at \$6.248 million, or \$6.631 million after an error that's been corrected (per pdf page 4 of Exhibit M-11).

- (a) Please provide an updated proposed Farm rate that recovers only the allocated cost as assigned in the 2020 CAS.
- (b) Please explain where the \$8.537 million cost figure came from in the 2020 CAS that MECL used in response to IRAC-15. Is this related to the additional seven customers shown in footnote 38 of Exhibit M-10? If no, please explain the source of the difference. If yes,
 - i. please provide the same response to (a) above excluding these 7 customers.
 - ii. Please provide the billing determinants, CP, NCP and energy values for these 7 customers.
- (c) Please provide the same response as per (b) reflecting the class comprising only farms >5000 kWh (as this is displayed in Table IR-14e from Exhibit M-11) reflecting a revenue requirement of \$5.934 million, that utilizes the 2020 CAS total allocated costs and brings the class to the 95% RTC ratio, and comment on range of potential rate impacts for the customers within this proposed class. Please provide an example, in excel, of annual revenue calculations for a sample Farm customer (from the Farm Study) utilizing this rate.
- (d) Why did MECL use a 200 kWh threshold for the first and second block design?
- (e) Please explain how MECL can reasonably assume this rate structure is revenue neutral given it does not have peak load data for the vast majority of Farm accounts over 5,000kWh/month.
- (f) Does MECL's rate design include all Farm customers that use 5,000 kWh+ in one or more months, or only those who use 5,000 kWh minimum each month? Please explain.
 - a. If the former, please comment on how customers who do not consistently use at least 5,000 kWh/month would be impacted by a rate based on kW of billing demand.

Based on the per customer data provided in Exhibit M-11a Attachment 1, many Farms may use 5,000 kWh in a given month but fall well under that amount in later months. On the basis of

receiving this customer level data, PEIFOA seeks to understand how a range of Farm customers could be impacted and alternative options to MECL's proposal:

- (f) Please develop a Farm rate that seeks to collect revenue requirement at 95% RTC that does not have a demand charge but instead consists of a customer charge and flat energy charge for all Farms using 5,000 kWh/month or more.
- (g) Please provide the same as (f) above for all farm customers using 2,000 kWh/month or more (i.e. the dataset provided in Exhibit M-11a Attachment 1, 'Farms' tab). Please comment on the range of potential customer rate impact as a result of implementing this rate.

In Order UE20-06, IRAC states that:

201. Instead, the rate structure proposed by Maritime Electric must ensure that the RTC ratios are within the 95 to 105 within a reasonable period of time. The gradual phasing in of the new rate structure is intended to minimize any potential rate shock, and is supported by the expert evidence given by Multeese Consulting and Robert Boutilier.

202. The Commission emphasizes that the new rate structure to be proposed by Maritime Electric must be comprehensive. It should not focus solely on the elimination of the Residential second block, the treatment of farm customers, or correcting inequities in the revenue-to-cost ("RTC") ratios.

203. Although these issues must be addressed, the Commission fully expects that Maritime Electric will use this opportunity to present an innovative rate structure that is reflective of the unique mix of customers and classes of customers that the Company serves. The Commission expects that the new rate structure will not only allow the Company to collect revenue in an equitable manner, but will also consider new and innovative rate structures that may provide tangible benefits to its customers.

PEI's 2040 Net Zero Framework includes many initiatives that depend on affordable electricity prices for consumer uptake, including electric vehicle adoption and home heating from non-fossil fuel sources.¹

Synapse concluded in its Report (Exhibit C-4, page 20) that Farms with greater than 5,000 kWh usage be separated into their own class as they have different load profiles from residential, general service and industrial classes.

Now that PEIFOA has a better understanding of customer level data for Farm customers from Exhibit M-11a and MECL's response to PEIFOA IR-14, as well as individual load profiles it seeks to better understand the "innovative rate structures" and options that MECL considered to ensure proper treatment of Farm customers and avoidance of rate shock.

- (h) Does MECL agree with the Synapse finding that Farm customers have different load profiles than other rate classes? Please explain why or why not?
- (i) Please explain whether MECL agrees a farm class >5000 kWh would be an appropriate addition to the class structure.

¹ As explained on pages 14 and 21 of PEI's 2040 Net Zero Framework, available online: https://www.princeedwardisland.ca/sites/default/files/publications/2040_net_zero_framework_for_feb_23_2022.pdf

(j) Please explain how MECL considered policy objectives such as electrification pursuits, innovative rate structures and tangible customer benefits in its rate proposal.

a. Please separately address this question specifically for Farm customers

i. between the usage levels of 2,000kWh – 5,000 kWh/month on average.

ii. above 5,000 kWh/month.

b. Did MECL consider any potential load usage pattern shifts that may further distinguish Farm customers from other customer classes or benefit from a Farm specific rate, such as carbon reduction initiatives, voluntary rates such as Time Of Use and/or energy efficiency programs/priorities?

Yours truly,

KEY MURRAY LAW



Ryan P. MacDonald
RM/jlg