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The Island Regulatory  
and Appeals Commission

February 6, 2026

Ms. Cheryl Bradley  
Island Regulatory & Appeals Commission  
PO Box 577  
Charlottetown PE C1A 7L1

Dear Ms. Bradley:

**UE20606 – ECAM Rate Adjustment Application  
Response to Interrogatories from Mr. Roger King**

Please find attached the Company's responses to interrogatories from Mr. Roger King with respect to the Company's Application for an Order to Approve an ECAM Rate Adjustment effective March 1, 2026 filed with the Commission on December 11, 2025.

Yours truly,

MARITIME ELECTRIC

A handwritten signature in blue ink that reads "Gloria Crockett".

Gloria Crockett, CPA, CA  
Director, Regulatory & Financial Planning

GCC07  
Enclosure

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Via email: [rdking519@gmail.com](mailto:rdking519@gmail.com)

February 6, 2026

Mr. Roger King  
519 Simpson Mill Rd  
Hunter River PE C0A 1N0

Dear Mr. King:

**UE20606 – ECAM Rate Adjustment Application  
Response to Interrogatories**

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Gloria Crockett, CPA, CA  
Director, Regulatory & Financial Planning

GCC06  
Enclosure



# **INTERROGATORIES**

**Responses to Interrogatories  
of  
Roger King**

**ECAM Rate Adjustment Application  
(UE20606)**

**Submitted February 6, 2026**

**Maritime Electric**

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**IR-1 Table 5: Point Lepreau Replacement Energy Additional Costs**

A three (3) year total of \$29.6M is shown. What NB Power Insurance coverage entitlement has/will MECL receive?

***Response:***

NB Power has confirmed that it is pursuing an insurance claim related to the unplanned portion of the extended outage as well as the generator rewind costs during the 2025 outage, caused by the generator issue discovered after the 2024 outage. According to NB Power, pursuing the insurance claim is in its early stages and specific details (e.g., claim amount, insurer responses) are not available at this time.

NB Power has said the unplanned outage portion cost approximately \$200 million and that they are seeking to recover some costs through corporate insurance policies, but detailed updates on the insurance process (such as claims filed, denials, settlements, or awards) have not been posted in NB Power's public communications or regulatory filings available to the public as of now.

As a participant in Point Lepreau Nuclear Generating Station ("Point Lepreau"), Maritime Electric could benefit from an insurance settlement in one of two ways (or potentially both) depending on the terms of the settlement:

- Proceeds that reduce the net capital investment in Point Lepreau could result in lower monthly operating charges for future output from the unit; and/or
- Recoveries of incremental energy costs incurred because of additional outages or extended delays in returning the unit to service could be received.

In either case, any such future operating cost savings or recoveries of incremental energy costs already incurred would be applied to the ECAM balance when received and reduce future ECAM rate adjustments required from customers.

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**IR-2 Table 5: Point Lepreau Operating and Maintenance Additional Costs**

A three (3) year total of \$5.8M is shown. What NB Power Insurance coverage entitlement has/will MECL receive?

***Response:***

See response to IR-1.

**IR-3 Table 5: Wind Energy Additional Costs**

A three (3) year total of \$6.4M is shown. What actions has MECL taken to recover this amount from the PEI Energy Corporation? If not, why not?

***Response:***

The Prince Edward Island Energy Corporation (“PEIEC”) represented the interests of Province of PEI during the negotiated extension of the Energy Purchase Agreement (“EPA”) between Maritime Electric and New Brunswick Energy Marketing (“NBEM”) in 2020. The EPA extension was negotiated based on assumptions including the forecast growth in energy sales to customers, generation from existing wind farms, the expected in-service date of new proposed wind farms, and the addition of the Slemon Park solar farm. The energy production from the existing wind farms and the expected in-service dates for the two new proposed wind farms and the Slemon Park solar farm were provided by the PEIEC.

Delays in the expected in-service dates for new proposed wind farms began to negatively impact the Company’s energy costs in March, 2022 as a result of actual energy purchases for the previous year exceeding the negotiated forecast purchases. The delayed in-service date of the 30 megawatt (“MW”) wind farm, originally forecast to be in-service by January 1, 2021 in the EPA, was the primary reason why actual energy purchases from March 2021 to February 2022 were 10 per cent higher than forecast and triggered a ratchet pricing clause adding a premium to the base price per megawatt hour (“MWh”) under the EPA beginning on March 1, 2022.<sup>1</sup> When the ratchet is triggered, the premium is applied to the total energy purchased under the EPA for the related period. For this reason, the energy purchase assumptions in the Company’s General Rate Application (“GRA”) included the ratchet mechanism to varying degrees and the variances in the actual ratchet costs incurred are shown separately in Table 5 of the ECAM Application.

In 2024, NBEM informed the Company that the replacement energy associated with delays of the in-service dates of the two proposed wind farms and the Slemon Park solar farm as well as the permanent loss of production of one unit at an existing wind farm would no longer be supplied under EPA pricing and the Company would need to secure replacement energy at a premium above the EPA cost. This remained the same in 2025.

The Company has been advising the PEIEC of the impact of the delays in renewable in-service dates and lower production at existing facilities on the energy costs and customer electricity rates since the ratchet was first triggered. It has been the PEIEC’s position that these costs should be deferred to ECAM and recovered from customers as directed by the Commission.

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<sup>1</sup> The original in-service date of the 30 MW wind farm was September 1, 2020 under an amendment to the agreement dated November 14, 2019 and further extended in the amendment negotiated in 2020.

**IR-4 Table 5: Net Metering Additional Costs**

1. A three (3) year additional-to-forecast cost total of \$5.2M is shown but the total subsidy provided by the majority of customers to the minority of installed-solar-customers over the three (3) years 2023 to 2025 is \$11.1M! Perhaps even more important is the increasing annual trend of this subsidy from \$2.8M in 2023 to \$5.5M in 2025. What actions has MECL taken to recover compensation amounts from the PEI Government's Net Zero Office? If not, why not?
2. The 2017 PEI Energy Strategy (page 33) quantifies the negative economics of Net Metering and customer inequity for the majority of customers unable to afford or adopt solar installations. In particular the Government's Strategy suggested that an installed base of around 18MW should be the maximum before considering reverting back to the normal "Avoided Cost" payback of customers' excess solar energy. Noting that the installed base of customers' solar systems was 44MW at the end of 2024 – over double the recommended maximum - has MECL requested a change to the Renewable Energy Act? If not why not?
3. In support of a change to the Renewable Energy Act to adopt a normal Utility policy of "Avoided Cost" payback of customers' excess solar energy, please confirm that the Energy Purchase Agreements (EPA) with the PEI Energy Corporation – for Slemon Park 10MW solar energy, the Jean Canfield Building in Charlottetown, the Aspin & Kemp manufacturing plant in Pools Corner and the Wind Energy Institute (WeiCan) in North Cape - each at a maximum 100KW solar energy – included an energy price agreement of less than or equal to the MECL avoided energy cost at the time when the EPAs were set. If EPAs are not in place for the three (3) 100KW sites as referenced, please explain the energy purchase arrangements for each site.

**Response:**

1. As discussed in Section 5.4 of the ECAM Application, uptake of customer-owned solar generation has grown at a faster pace than expected in the GRA due to federal and provincial subsidies available to install these systems.

Under Section 12 of the *Renewable Energy Act*, Maritime Electric is required to purchase the excess energy produced and supplied to the electrical system at the full retail rate. This is significantly higher than the avoided cost of purchasing this energy under the Company's EPA with NBEM and has contributed to the variance deferred to ECAM, which was identified as net metering costs in Table 5 of the Application.

Since both the requirement to purchase the customer's excess energy and the purchase price are legislated, there is no contractual arrangement between Maritime Electric and the PEI Government's NetZero Office and hence, no contractual ability to recovery this amount from the same.

2. The Company continues to advise the PEI Government, related governmental institutions such as the PEIEC and the Island Regulatory and Appeals Commission ("IRAC") that customers with behind-the-meter distributed generation are being cross subsidized by non-net metering customers and that this cross-subsidization will increase as participation in these programs increase if legislative or regulatory changes are not made.

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3. Maritime Electric purchases WEICan-generated wind and solar energy through a power purchase agreement (“PPA”) with the PEIEC. As WEICan is a large capacity renewable energy generator under the *Renewable Energy Act*, the *Renewable Energy Act* Minimum Purchase Price Regulations dictate what Maritime Electric must pay for the WEICan produced energy.

Maritime Electric purchases Slemon Park Microgrid’s solar energy from the PEIEC, for which a PPA has been provided to the PEIEC, but this PPA has not yet been executed. As the Slemon Park solar facility is a large capacity renewable energy generator under the *Renewable Energy Act*, the *Renewable Energy Act* Minimum Purchase Price Regulations dictate what Maritime Electric must pay for the energy.

Regardless of whether PPAs are executed with the PEIEC, Maritime Electric must purchase all energy produced by facilities owned or leased by the PEIEC when directed to do so by the PEI Government. Section 3(b) of the *Electric Power Act* states that, as a Public Utility, Maritime Electric must “purchase electric energy generated from facilities and equipment owned or leased by the Corporation, if required to do so by the Government of Prince Edward Island, as part of its obligation to provide service ...”.

Maritime Electric does not have PPAs associated with the other mentioned solar facilities. Sharing any further information with respect to these facilities is restricted under the *Privacy of Information Act*.

**IR-5 Table 4: The Progressive Worsening of Annual ECAM Balance for four (4) years from 2022 to 2025**

1. For the four (4) years 2022 to 2025 this table shows a forecasted reducing ECAM balance of \$6.8M, \$4.1M, \$2.1M and \$0.1M respectively, effectively committing to IRAC and to customers that the ECAM balance would be eliminated by 2025. However, this table shows a progressive annual worsening/increasing of the actual ECAM balance of \$11.7M in December 2022 to \$32M in December 2025, showing, as early as December 2022, that the ECAM balance required monitoring. In which obligatory monthly financial reports spanning the three (3) years of 2023 to 2025 did MECL alert IRAC to consider a rate increase to halt the worsening ECAM balance?
2. For each of the years 2022 to 2025 please provide the forecasted annual ROE that was included in the General Rate Application(s) attributable to the original forecasted annual ECAM balances.
3. For each of the years 2022 to 2025 please provide the actual annual ROE that was earned each year attributable to the actual annual ECAM balances.
4. In view of the increased ROE collected as a result of the successively increasing annual ECAM balances, does MECL have any plans to apply this increased shareholder earnings to offset some of the \$31.9M debt currently owed by customers?

***Response:***

1. The Company provides detailed financial statements to the Commission monthly which includes reporting on all regulatory deferral balances including ECAM. In addition, the Company files its annual audited financial statements with the Commission as required under Sections 15 and Section 47(2) of the *Electric Power Act* which includes details of regulatory assets and liabilities in the Notes to the Financial Statements as required under Canadian accounting standards for private enterprises ("ASPE"). Finally, by February 28 of each year, the Company files externally audited schedules of rate base, return on average rate base, average common equity and return on average common equity for the previous year ended December 31 with the Commission as directed by the Commission in a communication dated January 20, 2021. The audited schedule of rate base includes the balance of ECAM on December 31 of each year.

As directed by the Commission in Order UE23-04, on July 26, 2023, the Company filed an application to recover the difference between the December 31, 2022 ECAM forecast in the GRA of \$6.8 million and the actual ECAM balance of \$11.7 million on December 31, 2022. In Order UE23-09, the Commission approved an additional \$0.0033 per kWh ECAM rate adjustment in addition to the ECAM rate adjustments approved in the GRA Order UE23-04. This rate adjustment was approved to remain in effect until February 28, 2026. As ordered by the Commission, all amounts collected were used to offset the ECAM balance.

Paragraph 4 of Order UE-23-09 states that the "*balance of the ECAM account to be collected from, or refunded to, ratepayers shall be dealt with as part of MECL's next General Rate Application or as otherwise ordered by the Commission*". The Company's

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current GRA expires on February 28, 2026 and the earliest opportunity to reset rates is March 1, 2026.

In the Comprehensive Review of the ECAM filed with the Commission on June 1, 2020, the Company recognized that multi-year rate setting periods are a cost effective, beneficial means of providing predictable customer rate adjustments. However, the lag associated with recovery or refund of amounts deferred in the ECAM may result in significant amounts deferred over the period until the next rate setting period is established. To address this lag and improve the regulatory efficiency of the ECAM, the Company recommended that the customer rate rider be automatically reset annually on March 1, based upon the actual ECAM balance at December 31 of the prior year rather than the current practice of using the forecast used at the beginning of the GRA rate setting period. The Company suggested that sufficient regulatory review could be conducted through existing reporting mechanisms as noted above that this would also reduce the risk of intergenerational inequity. In Order UE21-05, the Commission did not approve this recommendation.

- Table 1 provides the forecasted annual return on equity (“ROE”) that was included in the GRA attributable to the original forecasted annual ECAM balances for each of the years 2022 to 2025.

<b>TABLE 1</b>					
<b>GRA Forecast Earnings Associated with ECAM Balance (\$000 except %)</b>					
		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
ECAM Balance, Beginning of Year	A	\$ 5,431	\$ 6,791	\$ 4,068	\$ 2,080
ECAM Balance, End of Year	B	6,791	4,068	2,080	112
Average ECAM Balance	$C=(A+B)/2$	\$ 6,111	\$ 5,430	\$ 3,074	\$ 1,096
Average Equity Component of Capital Structure	D	39.6%	40.0%	40.0%	40.0%
ROE Approved in Rates	E	9.35%	9.35%	9.35%	9.35%
Earnings Associated with ECAM Balance	$F=C*D*E$	\$ 226	\$ 203	\$ 115	\$ 41

- Table 2 provides the actual annual ROE that was earned each year attributable to the actual annual ECAM balances for each of the years 2022 to 2025.

<b>TABLE 2</b>					
<b>Actual Earnings Associated with ECAM Balance (\$000 except %)</b>					
		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
ECAM Balance, Beginning of Year	A	\$ 5,431	\$ 11,655	\$ 11,686	\$ 20,551
ECAM Balance, End of Year	B	11,655	11,686	20,551	31,710
Average ECAM Balance	$C=(A+B)/2$	\$ 8,543	\$ 11,671	\$ 16,119	\$ 26,131
Average Equity Component of Capital Structure	D	37.80%	36.52%	36.47%	37.12%
Regulated ROE	E	9.35%	9.49%	9.17%	9.69%
Earnings Associated with ECAM Balance	$F=C*D*E$	\$ 302	\$ 404	\$ 539	\$ 940

In accordance with Commission Order UE23-04, Maritime Electric’s ROE used in the calculation of revenue requirement, which is used to set customer rates, has remained

**Maritime Electric**

unchanged at 9.35 per cent on an average common equity of 40 per cent for 2023, 2024 and 2025 whereas Maritime Electric's maximum allowed ROE used in the calculation of earnings is 9.70 per cent for 2023, 2024 and 2025, or until otherwise varied by the Commission.

4. Regulator approved energy supply variance deferral accounts, that capture both energy price and volume variances, are commonly used in Canada and the United States to provide predictable rate adjustments for customers and to prevent volatility in both the Utility's earnings and customer rates in between rate setting periods. Maritime Electric's ECAM serves to manage this potential volatility in a manner similar to those mechanisms employed in other jurisdictions and, as a result, is viewed by credit rating agencies and lenders as being supportive from a credit risk perspective.

In support of the Comprehensive Review of the ECAM filed on June 20, 2020, the Company engaged a third-party expert, JT Browne Consulting, to provide a review of the ECAM as proposed and an opinion on whether it was consistent with established regulatory principles and practices.<sup>2</sup> In the opinion section of the report, JT Browne concluded that:

*“Based on the discussion in the previous sections, the ECAM proposed in the Maritime Electric Report, including the criteria for including accounts in the ECAM, is consistent with established regulatory principles and practice.”*

The foundation of establishing customer electricity rates for a particular year in a GRA starts with a determination of the various components of the Company's revenue requirement which includes the expected or forecast energy generation or supply purchase costs for the year. Since the utility has an obligation to supply energy to its customers, it must also in turn be provided the opportunity to recover those prudently incurred energy supply costs from customers within a reasonable time period. When those costs change from that included in revenue requirement due to factors largely outside the Company's control, inclusion in the ECAM is appropriate. These incremental energy supply costs are a cost of providing electricity service to customers and properly financed based on the Company's weighted average cost of capital. Further, to the extent those costs are financed through equity, it is appropriate for the Shareholder to be permitted and provided a reasonable opportunity to earn the regulator approved return until such a time as the Company has an opportunity to recover (or refund) of those incremental costs.

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<sup>2</sup> [https://irac.pe.ca/wp-content/uploads/Electric-UE20603-MECL-JT\\_Browne\\_Consulting-ECAM-063020.pdf](https://irac.pe.ca/wp-content/uploads/Electric-UE20603-MECL-JT_Browne_Consulting-ECAM-063020.pdf)