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All the time.



December 15, 2022

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

Dear Ms. Mosher:

**Interim Deferral of Hurricane Fiona Costs
Docket UE21505
Response to Additional Interrogatories from Commission Staff**

Please find attached the responses to additional Interrogatories from Commission Staff with respect to the Company's application for interim approval to defer operating costs associated with restoring service after Hurricane Fiona.

An electronic copy of this submission will be forwarded shortly.

Yours truly,

MARITIME ELECTRIC

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

GCC38
Enclosure



ADDITIONAL INTERROGATORIES

**Responses to Additional Interrogatories
of
Commission Staff**

**Hurricane Fiona Costs
(UE21505)**

Submitted December 15, 2022

IR-5 Please confirm that MECL does not have insurance coverage for expenses incurred in relation to Hurricane Fiona, and that MECL has not received (and does not expect to receive) insurance proceeds for any of the expenses MECL seeks to defer.

Response:

Maritime Electric does not have insurance coverage for expenses incurred in relation to Hurricane Fiona and, therefore, has not received nor does the Company expect to receive any insurance proceeds related to this event. Transmission and distribution line assets, such as those damaged during Hurricane Fiona, are not covered by the Company's insurance program as the coverage for these assets is either unavailable or uneconomical to obtain.¹

¹ See paragraph 2 on page 4 of the Company's Risk and Insurance Report 2022 provided to the Commission on November 8, 2022 as IR-28 Attachment 1 to the responses to the Commission staff interrogatories on the General Rate Application.

IR-6 Please provide details regarding the steps MECL has taken to obtain federal, provincial and/or municipal government funding for expenses related to Hurricane Fiona. What (if any) commitments has MECL received for government funding?

Response:

The Company has not received any formal commitments from any level of Government on funding for expenses related to Hurricane Fiona.

In early November, PEI Premier Dennis King indicated publicly that the Federal Government agreed to cover Maritime Electric's costs to restore power after Fiona. The Premier indicated that the funding will come through the Provincial-Federal Disaster Financial Assistance Program ("DFAA") administered by Public Safety Canada ("PS").²

Our understanding of the program is that the Provincial Government will design, develop and deliver the disaster financial assistance, deciding the amounts and types of assistance that will be provided to those that have experienced losses. The DFAA does not place any restrictions on provincial or territorial governments in this regard – the Province is free to put in place the disaster financial assistance appropriate to the particular disaster and the circumstances. The DFAA will determine what costs will be eligible for cost-sharing with the Federal Government. PS works closely with the province or territory to review provincial/territorial requests for reimbursement of eligible response and recovery costs.

Maritime Electric's role will be to provide the Provincial Government will an accurate total of the costs incurred by the Company to restore power, which can be part of the Province's application for funding under the DFAA. The Company is currently preparing the necessary information, but as noted in our response to IR-1 to this Application, the Company is still waiting for final invoices from several companies that provided mutual aid during the restoration. The Company will provide the required cost information to the Province as soon as the information is available.

The DFAA is a cost-share program with up to 90 per cent funded by PS with the remainder to be funded by the Province. It is the Company's understanding that municipal governments in the Province will be making their own submissions to the Province for recovery of costs related to Hurricane Fiona to be included in the DFAA. It would not be appropriate for the Company to include costs in its DFAA submission and then request recovery from municipal governments for those same costs.

² <https://www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/rcvr-dsstrs/dsstr-fnncl-ssstnc-rrngmnts/index-en.aspx>

IR-7 The Commission understands that MECL has utilized its short-term credit facilities to finance expenditures related to Hurricane Fiona. Please explain how MECL plans to recover the interest expense associated with Hurricane Fiona. In particular, does MECL expect to recover the interest expense from ratepayers or will it be included in MECL's request for government funding?

Response:

The Company will include short-term interest costs related to Fiona as part of its request for government funding. If the request for financing is approved under the program, then no interest expense will need to be recovered from ratepayers.³ To the extent that the cost of financing these expenditures or the expenditures themselves are not approved to be recovered from government funding, these costs will need to be recovered from ratepayers in a manner that is reviewed and approved by the Commission.

³ Any short-term interest costs related to Fiona approved for recovery from government funding will reduce interest costs in the period that the amounts are known.