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All the time.



September 23, 2022

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PM
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Island Regulatory & Appeals Commission
PO Box 577
Charlottetown PE C1A 7L1

Dear Commissioners:

**Response to Roger Kings Comments of September 2022 on
Maritime Electric's General Rate Application**

Upon review of comments provided to the Island Regulatory and Appeals Commission (the "Commission") by Roger King, dated September 2, 2022, regarding the General Rate Application (the "Application") filed by Maritime Electric Company, Limited ("Maritime Electric" or the "Company"), the Company would like to address certain comments included in Mr. King's submission.

Energy Cost Adjustment Mechanism

Mr. King expressed concern that the Energy Cost Adjustment Mechanism ("ECAM") balance would be \$21 million by the end of 2025. This is not correct. As detailed in Appendix H to the Application, the ECAM balance is forecast to be \$0.5 million at the end of 2025.

Mr. King also expressed concern that the ECAM is used to "preempt customer price increases" and this is not correct. The Application proposes to return the ECAM balance to zero as quick as reasonably possible. As discussed on page 79 of the Application, the Company's proposals seek to balance two regulatory principles in the recovery of the ECAM balance: intergenerational equity and rate stability. Recovering the ECAM balance over the three-year rate-setting period, versus recovering the balance in a single year, avoids rate shock for customers and provides stable and predictable rate increases that will allow customers time to respond to the increasing cost of electricity and make changes to manage their consumption where possible.

Single-Year General Rate Applications

Mr. King proposed to "temporarily return to a single-year rate application process". The Company does not agree with this proposal. The effort and cost involved in developing and filing a rate application along with the entire regulatory process necessary for the Commission to reach a decision is quite extensive. It is not reasonable to expect this process to be repeated annually, even on a temporary basis. Furthermore, setting customer rates for a single year is contrary to the regulatory principle of rate stability, disregarding customers' need for stable and predictable electricity rates.

Yours truly,

MARITIME ELECTRIC

Michelle Francis
Vice President, Finance and
Chief Financial Officer

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