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The Island Regulatory
and Appeals Commission

January 19, 2024

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

Dear Ms. Mosher:

**UE21505 – Application to Recover Operating and Capital Costs
Related to Hurricane Fiona
Responses 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 to Recover Operating and Capital Costs Related to Hurricane Fiona filed with the Commission on November 2, 2023.

Yours truly,

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

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

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Via email: rdking519@gmail.com

January 19, 2024

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

Dear Mr. King:

**UE21505 – Application to Recover Operating and Capital Costs
Related to Hurricane Fiona
Responses to Interrogatories**

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

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INTERROGATORIES

**Responses to Interrogatories
of
Mr. Roger King**

**2023 Application to Collect Operating and Capital Costs
Related to Hurricane Fiona
(UE21505)**

Submitted January 19, 2024

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Insurance Protection:

IR-1 Please provide an overview of the insurance coverage contracted by MECL for Offices, Buildings, Generation, Distribution infrastructures and Transmission infrastructures. Presumably for each category, the risks covered will include:

- a) Employee and public liability
- b) Vandalism, theft, intrusion, fire and water damage
- c) Abnormal events, e.g. storms, lightning, wind, etc.

Response:

The Company's insurance portfolio is procured by Fortis Inc. on behalf of its group member subsidiaries, which allows Maritime Electric to obtain sufficient insurance coverage on assets that is competitively priced. Coverages include property, casualty, liability, and special purpose coverages including cybersecurity liability.

The Company's property insurance includes coverage of office buildings, generation assets, the four submarine cables¹ and substations. However, insurance on overhead transmission and distribution line assets is limited to within 1,000 feet of the insured generation plants and substations. Overhead transmission and distribution line assets beyond 1,000 feet of the insured generation plants and substations are excluded as coverage of these assets is either unavailable or uneconomical to obtain. Since the damage sustained from Fiona was on overhead distribution and, to a lesser degree, overhead transmission line assets outside of 1,000 feet of insured generation plants and substations, it was not covered by insurance.

¹ The four submarine cables are owned by the Province of PEI and, under the terms of their lease, the Company is required to maintain and insure the cables.

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IR-2 What was the source of the \$0.7M “Third Party Revenue” entry in Table 14 of the Hurricane Fiona Post-Mortem Report?

Response:

The third-party revenue relates to recoveries for restoration work done to assets owned by the joint use communications provider. Bell Canada (“Bell”) participates in a joint use pole ownership agreement with Maritime Electric, where poles that are part of the agreement and owned by Bell are their responsibility to maintain. Maritime Electric bills Bell for work performed on any Bell owned joint use poles. Maritime Electric work billed only relates to poles and support guys, not the communication lines and connections which are done by the communications provider.

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Mitigation of Climate Related Infrastructure Damage

IR-3 What alternatives for the physical mitigation of climate related infrastructure damage have been recently considered? Is there a logical time frame and sequence for implementation?

Response:

Maritime Electric completed a Climate Change Risk Assessment in 2022 to assess climate change risks associated with the Company's electrical infrastructure. This assessment was filed with the Commission on February 10, 2023.² The assessment indicated that Fiona was a once in 50-to-150-year storm, based on historical weather records. However, looking forward, the assessment demonstrated that risks associated with extreme climate events, such as Fiona, will increase in the future. Maritime Electric is currently developing a Climate Change Adaptation Strategy that will address the risks identified in the assessment including solutions to make the grid more resilient to extreme weather events. The completed strategy will be filed with the Commission in 2024 and solutions identified will be incorporated into the Company's annual capital budgets beginning in 2025 and subject to Commission approval.

In addition to the Climate Change Adaptation Strategy, Maritime Electric has implemented the following in support of mitigating climate related infrastructure damage:

- Two new recurring capital programs to widen transmission and distribution corridors, totalling \$1.2 million, were submitted to the Commission in the 2024 Capital Budget Application for approval. The Company is focusing on obtaining tree removal permissions whenever possible.
- The standard length for three phase distribution line spans has been reduced to 60 meters, which will storm harden future three phase construction and accommodate future joint use attachment requests.
- The most recent joint-use agreement between Maritime Electric and Bell Canada upgraded the standard distribution pole strength to class 3 from class 4.
- Use of overhead power line design program ("PLS-CADD") that uses finite element strength analysis of structures exposed to user defined weather criteria.
- Standardized use of post-style insulators on single pole transmission structures, improves clearance and strength requirements.
- Standardized use of steel bus work in substations.

² <https://irac.pe.ca/wp-content/uploads/MECL-Climate-Change-Risk-Assessment-filed-February-10-2023.pdf>

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IR-4 What progress has been made during 2023 on the actions and proposals listed on pages 60 to 62 of the Hurricane Fiona Post-Mortem Report?

Response:

The Company has made the following progress on the actions and proposals listed on pages 60 to 62 of the Hurricane Fiona Post-Mortem Report:

1. As approved in the 2023 General Rate Application (“GRA”), Maritime Electric will increase its annual budget until it reaches \$4 million in 2025, which is more than double the 2021 budget.
2. Two new recurring capital programs to widen transmission and distribution corridors were submitted to the Commission for approval in the 2024 Capital Budget Application. If approved, these capital programs will increase the total investment in vegetation management to approximately \$4.4 million in 2024.
3. The Company recently delivered a series of customer awareness campaigns to educate customers on tree planting. Given the extensive outages caused by trees on private property during Fiona and the amount of replacement trees planted in 2023, the campaign focused on the implications of tree planting in proximity to power lines, and included a revised Tree Planting Guide, information on tree trimming in proximity to power lines, and the Right Tree Right Place model. In addition, the campaign also targeted municipal stakeholders to ensure their beautification and tree planting initiatives are aligned with Maritime Electric’s Tree Planting Guide.
4. Most of the impacts from Fiona were due to large trees from outside of the road right-of-way. The transmission system inspection following Fiona identified over 320 danger trees on private property, which have been prioritized and continue to be addressed through the vegetation management work plan. In addition to the transmission system inspection, a significant quantity of danger trees have been identified across the distribution system, presumably due to the impacts of Fiona, and these danger trees now have an increased prioritization. In 2023, a collection form was developed for the vegetation management contractors to identify danger trees through other planned work. As a result, Maritime Electric’s vegetation management contractors have identified and removed over 250 danger trees. The Company will continue to collect information on danger trees through inspections and planning of maintenance work, as well as through the proposed corridor widening capital programs.
5. Maritime Electric is exploring the use of satellite-based technologies for evaluating vegetation condition and performing risk analysis. These technologies use high-resolution, multispectral, and synthetic aperture radar data from satellite constellations, and can also incorporate aerial imagery from drones, helicopters, fixed-wing planes, and light detection and ranging data. In conjunction with a utility’s electrical model information, the technology uses the data to inform proprietary models that analyze vegetation condition, growth, and risk. This information can then be used to predict the priority of vegetation management maintenance activities. The Company is conducting a pilot project with this technology, which will analyze approximately 275 kms of distribution line across three distribution circuits and 27 kms of transmission line. Following completion of the pilot project, a cost-

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benefit analysis will be completed to determine the viability of pursuing this technology further.

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IR-5 What alternatives for the cost mitigation of climate related infrastructure damage have been recently considered? As a minimum please provide the relative rating in terms of advantages, disadvantages and costs for the following possible alternatives:

- a) contingency funds,
- b) external insurance coverage,
- c) a storm cost deferral mechanism,
- d) an extended Weather Normalization Mechanism and Reserve (currently only HDD);

Response:

When large storms or other extreme weather events damage electrical systems, utilities launch substantial efforts to restore power as quickly as possible, and such efforts generally result in substantial costs. A regulatory environment that facilitates the timely recovery of such costs from customers supports the financial stability and risk profile of the utility. This concept is discussed in a paper prepared by the Edison Electric Institute, *After the Disaster: Utility Restoration Cost Recovery* (the “Paper”), which is provided as Appendix D to the Application. The Paper discusses a number of the alternatives proposed in this question.

- a. A contingency fund, or storm reserve as it is referred to in the Paper, involves collecting an annual fixed amount each year from customers through electricity rates and setting the funds aside in a reserve account. When a major storm event occurs, the costs are charged against the balance in the contingency fund or reserve account. The benefit of such a mechanism is that it allows the utility to reduce the financial impact of major storm events. The benefit to customers is that funds are collected ahead of a major storm event reducing the rate impact of major storm events when they occur.

One consideration of such a mechanism is that costs are recovered from customers with no assurance of when such costs might be incurred. This may lead to a large regulatory balance on the Company’s balance sheet over time that could impact the financial health of organization.

Conversely, if an extreme weather event such as Fiona occurs, the related operating costs associated with restoring service to customers could materially exceed the balance accumulated in the storm reserve account. In such a case, regulatory intervention and further impacts to customers may still be required to alleviate the negative balance in the contingency fund or storm reserve account.

The Company is investigating the possibility of proposing such a mechanism for regulatory approval in its next GRA.³

- b. As discussed in the Paper and in the Company’s response to IR-1, external insurance coverage of overhead transmission and distribution assets beyond 1,000 feet of the insured generation plants and substations are excluded as coverage of these assets is either unavailable or uneconomical to obtain.

³ The Company expects to file its next GRA in 2025 for rates effective March 1, 2026.

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- c. In the past, the Company has requested regulatory approval for a storm deferral account or mechanism for extreme weather events such as post tropical storm Dorian in 2019 and Hurricane Fiona in 2022. Unlike a contingency fund or storm reserve as discussed in (a), a regulatory storm deferral is recognized after an event occurs. With the approval of the regulator, the operating costs related to restoring service after an event occurs are set aside in a regulatory deferral account and recovered from customers over an extended period similar to the treatment requested in the Company's current Application for Hurricane Fiona costs.

- d. Typically, weather normalization mechanisms are used to mitigate the impact of actual temperatures variances from historical trends used to forecast customer load and sales to mitigates the risk of sales variances from forecast. The Company is not aware of weather normalization mechanisms to mitigate capital or operating expense risks associated with extreme weather events.

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Changes in Capital due to Storm Fiona:

IR-6 When damaged capital assets are removed and then replaced, please explain the financial transactions to retire the removed asset and then how the capital value and useful life of the replacements are determined. This question also seeks clarification of the page 21 statement that “capital and retirement portions of the restoration costs were \$14.8 million and \$4.5 million, respectively”.

Response:

Retirement costs refers to the costs associated with the physical removal of the existing assets, mainly labour, before their replacement with new capital assets. The Company’s depreciation rates approved by the Commission include a component to collect the future retirement costs of capital assets. In other words, when an asset is placed into service, the annual depreciation of that asset includes the depreciation of the original asset cost plus a provision for the estimated eventual cost to retire that asset at the end of its useful life. This annual depreciation is recorded as accumulated depreciation. When the asset is retired and removed from service, the cost of removal is charged against the accumulated depreciation.

With respect to the statement referred to from page 21, the Company is proposing to charge the \$4.5 million of retirement costs to accumulated depreciation as an offset to the retirement costs already recovered from customers through depreciation and the \$14.8 million of new capital costs to property, plant and equipment.

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IR-7 Considering that “Vegetation Management” is an annual operating cost that protects capital assets what is the justification for assuming that all labor required to safely access and replace the damaged assets be a capital cost especially as this labor cost amounted to 81 per cent of the total capital cost claimed.

Response:

To clarify, vegetation management performed on existing lines as maintenance is an operating expenditure. Vegetation management performed in support of new line construction, asset replacements, or line rebuilds is a capital expenditure.

As a correction, Section 5.1, lines 8-10 are referring to all labour and not just vegetation management labour. As per footnote 24, the combination of the third-party contractor labour and the internal Maritime Electric labour that was allocated to capital accounts for 81 per cent of the total capital cost. As per section 5.1, lines 12-16, the cost allocated to capital represents 42.7 per cent of the total restoration cost.

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Operating Costs Amortization over 5 years

IR-8 As this application has selected an operating cost amortization period for customers of five (5) years:

- a) For each of the five (5) years please provide a table showing the constituents of the annual Revenue Requirement for each of: a) the \$17.7M operating cost, b) the \$19.3M capital/carrying costs and c) the carrying cost for the requested additional \$14M shareholder investment. Where applicable the minimum cost constituents assumed would be the Return on Debt, the Return on Equity, Debt repayment, Depreciation cost and Income Taxes.
- b) For each of the five (5) years please show the planned depreciated value of the original \$19.3M capital and the declining balance of the \$17.7M operating debt as of March for each year.
- c) As the Application specifies new composite rates for just the first two (2) years, starting March 2024 please show the forecasted remaining balance of the \$17.7M operating debt for March 2025 and March 2026 after these new rates have been collected.

Response:

- a. Note that question (a) refers to debt repayment as part of revenue requirement. However, principal repayments and dividends do not form part of revenue requirement recovered from customers through customer rates and, therefore, are not included in this response.

Table 1 provides a breakdown of the annual revenue requirement associated with the balance of the \$17.7 million regulatory deferral proposed in the Application for the next five years. The balance in the regulatory deferral includes the \$15.3 million in operating costs from Fiona restoration and forecast carrying costs incurred up to February 28, 2024 of \$2.4 million.

TABLE 1 Annual Revenue Requirement for Regulatory Deferral for Operating Costs and Carrying Charges (\$000) March 1, 2024 to February 28, 2029					
	2025	2026	2027	2028	2029
Return on Average Debt	409	358	256	154	51
Return on Average Equity	536	469	335	201	67
Subtotal - Return on Average Rate Base	945	818	591	355	118
Amortization of Operating Costs and Carrying Costs	3,533	3,533	3,532	3,532	3,532
Income Taxes	241	211	150	90	30
TOTAL	4,719	4,571	4,273	3,977	3,680

Table 2 provides a breakdown of the annual revenue requirement for the next five years associated with the \$19.3 million of capital and retirement costs associated with the Fiona Restoration. In accordance with Generally Accepted Accounting Principles, carrying costs

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or interest can only be capitalized while assets are under construction. Once capital assets are fully constructed and placed in service, interest costs can no longer be capitalized. For this reason, the total forecast carrying costs incurred up to February 28, 2024 are included in the regulatory deferral in Table 1 and no carrying costs are included in the capital costs in Table 2.

TABLE 2					
Annual Revenue Requirement for Capital and Retirement Costs (\$000)					
March 1, 2024 to February 28, 2029					
	2025	2026	2027	2028	2029
Return on Average Debt	\$ 456	\$ 447	\$ 428	\$ 411	\$ 394
Return on Average Equity	597	585	561	538	515
Subtotal - Return on Average Rate Base	1,053	1,022	989	949	909
Depreciation of Capital Assets	507	507	507	507	507
Income Taxes	268	263	252	242	232
TOTAL	\$1,828	\$1,801	\$1,748	\$1,697	\$1,648

Table 3 provides a breakdown of the total annual revenue requirement for the next five years.

TABLE 3					
Total Annual Revenue Requirement for Fiona Recovery (\$000)					
March 1, 2024 to February 28, 2029					
	2025	2026	2027	2028	2029
Return on Average Debt	\$ 865	\$ 805	\$ 684	\$ 564	\$ 445
Return on Average Equity	1,133	1,054	896	739	582
Subtotal - Return on Average Rate Base	1,998	1,859	1,580	1,303	1,027
Depreciation of Capital Assets	507	507	507	507	507
Amortization of Operating Costs and Carrying Costs	3,533	3,533	3,532	3,532	3,532
Income Taxes	509	473	402	332	262
TOTAL	\$6,547	\$6,372	\$6,021	\$5,674	\$5,328

The return on investment in Fiona Restoration Costs is the Return on Average Equity shown in Table 3. The Company is requesting an initial equity injection of \$14.0 million to restore its capital structure to traditional levels of between 39 and 40 per cent as discussed in Section 4.5 of the Application. Over time, the Company's investment in Fiona Restoration costs will be reduced as shown in the response to (b) as these costs are recovered from customers resulting in the lower Return on Average Equity in Table 3 over time.

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b. The March 1, 2024 opening net book value is calculated in Table 4.

TABLE 4 Net Book Value of Capital Assets Opening balance on March 1, 2024 (\$000)	
Capital Additions for Fiona	\$ 14,756
Less: Retired Assets from Fiona	(1,281)
Net additions to Property, Plant & Equipment (A)	13,475
Less: Accumulated Depreciation (“AD”) on March 1, 2024	
Retirement Expense Adjustment to AD	4,523
Depreciation for January and February 2024 ⁴	(85)
Net Adjustments to Accumulated Depreciation (B)	4,438
Net Book Value, March 1, 2024 (A + B)	17,913

In Table 4, the capital costs of \$14.8 million have been adjusted to reflect the assets that were retired from service during Fiona. As discussed in the response to IR-6, retirement costs are charged directly to accumulated depreciation and adjusted for January and February depreciation expense to arrive at a netbook value of \$17.9 million on March 1, 2024.

Table 5 provides the annual net book value of the capital investment required as part of the Fiona restoration for the next five years.

TABLE 5 Annual Net Book Value of Capital Investment (\$000) as of February 28					
	2025	2026	2027	2028	2029
Opening Balance, March 1	\$ 17,913	\$ 17,406	\$ 16,899	\$ 16,392	\$ 15,885
Depreciation, March 1 – February 28	(507)	(507)	(507)	(507)	(507)
Closing Balance, February 28	\$ 7,406	\$ 16,899	\$ 16,392	\$ 15,885	\$ 15,378

Table 6 provides the annual net book value of the \$17.7 million in operating costs and carrying costs related to the Fiona restoration for the next five years.

⁴ Depreciation is calculated on an annual basis on the balances of fixed assets as of December 31 so a full year of depreciation will be charged in 2024 on the Fiona capital costs hence a depreciation adjustment is required for January and February 2024 to arrive at the March 1, 2024 net book value.

TABLE 6					
Annual Net Book Value of Regulatory Deferral (\$000)					
as of February 28					
	2025	2026	2027	2028	2029
Opening Balance, March 1	\$ 17,662	\$ 14,129	\$ 10,596	\$ 7,064	\$ 3,532
Amortization, March 1 – February 28	(3,533)	(3,533)	(3,532)	(3,532)	(3,532)
Closing Balance, February 28	\$ 14,129	\$ 10,596	\$ 7,064	\$ 3,532	\$ -

c. See Table 6 to answer (b).

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Inclusion in Rate Base – Section 4.4

IR-9 Reference IRAC Order UE22-08 please explain how the directed deferral of Fiona related costs (as an “accounts receivable”/ non-regulatory asset) has caused the decline in MECL’s equity component down to 36.6% and why Shareholder dividends were suspended in 2023.

Response:

The Company’s capital structure is made up of two components: debt and equity. In Order UE22-08, the Commission did approve the deferral of Fiona related costs on an interim basis. However, the Order specifically denied including the deferral in rate base or earning a rate of return on all or part of the deferral and essentially denied financing any portion of these costs on an interim basis through equity. As a result, the significant cash outlay required to pay the Fiona restoration costs have been financed entirely by debt thus far. This significant increase in debt, without a corresponding equity investment, has resulted in a deterioration of the equity component of the Company’s capital structure to 36.6 per cent at the end of fiscal 2022.

By the end of 2023, the equity component of the Company’s capital structure has further deteriorated to 36.3 per cent.⁵ Under Section 12.1(a) of the *Electric Power Act* (“EPA”), the Company is required to “*maintain at all times not less than 35 per cent of its capital invested in the form of common equity*”. The Company suspended dividend payments in 2023 to ensure that the capital structure was not further deteriorated to a point that would risk violating this legislation.

⁵ This figure is still unaudited at the time of the release of these responses as the Company’s 2023 audit is still in progress and the Company’s 2023 financial statements have not been approved by the Board of Directors.

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IR-10 Please provide all the calculations that arrive at a shareholder injection requirement of \$14M.

Response:

Under Section 12.1(b) of the *Electric Power Act* (“EPA”), the Company is required to “ensure that, for the year, not more than 40 per cent of its capital invested in the form of common equity”. The \$14 million represents 40 per cent of the estimated average carrying balance of Fiona Restoration Costs for fiscal 2024 of \$34.6 million rounded to the nearest million.

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Request for Legislation for Private Property Access to Enable Vegetation Control

IR-11 Approximately what proportion of the 81% labor content of the \$19.3M Capital cost was spent on work on private property?

Response:

The Company does not track whether restoration work is performed on public or private property. However, as outlined in the Hurricane Fiona Post Mortem Report, system impacts from trees located outside of rights-of-way caused most of the damage. Please refer to Section 8.2 of the report.

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IR-12 Approximately what proportion of the \$17.7M Restoration cost could have been avoided if access to private property for Vegetation Control had been in effect before Storm Fiona?

Response:

As previously noted, the Company does not track whether restoration work is performed on public property or private property.

Unlike asset-based reliability programs, estimating the reliability implications of vegetation management is difficult, if not impractical. This is due primarily to the biological nature of vegetation lifecycles, the variability of clearances achieved from vegetation management, and the high degree of external factors involved in tree contact outages, including weather events. Quantifying the vast number of trees present in proximity to power lines would be impractical, and would need to be done continually, given the birth, growth and death of trees is continual. Similarly, predicting when a branch of tree may fail, either naturally or from external forces, is not possible.

In addition, unlike most asset replacements or upgrades, performing vegetation management does not eliminate the risk of tree contacts. After vegetation management is performed, the risk of tree contacts remains due to the limitations of permissions that dictate the extent of the vegetation management that can be performed. Even where utilities are granted authority to perform vegetation management on private property, that authority extends only to achieve standard line clearances, which does not permit the removal of all vegetation that could contact power lines. For example, Maritime Electric's standard line clearance for distribution lines is three metres, which is a common utility clearance distance. Any remaining vegetation in proximity to the power line can naturally fail, with either broken branches or the full tree falling into the power line causing an outage. Similarly, larger trees located on the edge or well outside of the right-of-way that cannot be targeted for vegetation management can also cause outages.

Furthermore, the primary objective of vegetation management, from a reliability perspective, is to minimize the impact of tree contacts due to tree growth into electrical lines. Regular vegetation management, to the extent that permissions or authority allows, primarily maintains reliability under normal conditions. Achieving full clearances, either through permission or authority, allows for increased separation between trees and power lines, which extends the period until the next treatment is required. However, the significant impacts of large tree fall-ins from the edge or off right-of-way during storms and extreme weather events, like Dorian and Fiona, are not mitigated through vegetation management.

Furthermore, it is not possible to quantify with any degree of accuracy the impact Fiona would have had if the Company had been permitted to cut trees on private property.

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IR-13 Please summarize the MECL salient requirements of new “private property access” legislation.

Response:

Most of the damage and service interruptions experienced during Hurricane Fiona was because of trees located outside of the public right-of-way on private land falling onto power lines. Maritime Electric does not currently have the statutory authority permitting the utility to enter private property to trim or cut trees. Section 43 of the *Electric Power Act*, which deals with the utility’s right to enter private land for the purposes of surveying, could be expanded to allow the right to manage all trees, and such a change is required in order to maintain the safety and reliability of the transmission and distribution system. This legislative authority exists in other provinces such as British Columbia, Manitoba, New Brunswick, Ontario, and Saskatchewan. The current permission-based approach to vegetation management results in approximately 20 per cent of customers providing permission to fully remove vegetation, which leaves a significant portion of the system at risk of power outages. For additional information, please refer to Section 6.7 of the Vegetation Management Plan Report, filed with the Commission on December 8, 2023.

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IR-14 Please identify the chronology of MECL's activities and the content of specific requests made to PEI Legislators so far for this new legislation.

Response:

The Company's first step was to conduct a jurisdictional scan of Canadian provinces to determine which provinces permit entry on private property to cut or trim trees in comparison to the PEI *Electric Power Act*. That jurisdictional scan identified five provinces (New Brunswick, British Columbia, Ontario, Manitoba, and Saskatchewan) that have granted legislated authority to utilities to cut or trim trees on private property. As the Company works with the Provincial Government through the PEI Energy Corporation, this information was communicated to the PEI Energy Corporation in a letter dated December 7, 2023, to begin a discussion on changing the *Electric Power Act* to grant such authority to Maritime Electric.

The process of effecting any legislative change requires the majority support from impacted stakeholders, which can be a lengthy and time-consuming process. The Company continues to develop its strategy for obtaining sufficient stakeholder support to facilitate the required legislative change to the *Electric Power Act*.

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IR-15 What is MECL's assessment/understanding of the PEI Government's current status on this subject and how does MECL plan to collaborate with Government to introduce legislation?

Response:

Maritime Electric has not had any further discussions since providing the results of jurisdictional scan discussed in IR-14. However, the Company prepared to collaborate with the government to find a solution to improve the effectiveness of the vegetation management program whether through legislative authority or some other means.

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Government Engagement for Assistance is Defraying Costs

Appendix B provides copies of the two letters sent to Premier King (February and May 2023) and includes footnotes in the Application as to third party reported progress and responses.

IR-16 Please provide a summary of all outreach and response communications between MECL and our Provincial Government in pursuit of financial assistance during 2023.

Response:

It should be noted that it is not normal practice for federal or provincial governments to provide funding to investor-owned utilities such as Maritime Electric. Maritime Electric solicited funding for Fiona-related costs because Premier King indicated in November 2022 that government funding would be available to offset the restoration costs incurred by the Company.

Chronologically, the Company sent the first of two letters to the Premier's Office on February 6, 2023. The Company works with the Provincial Government through the PEI Energy Corporation. As such, the Company sought updates on the Government's planned response to its first letter during regularly scheduled meetings with the PEI Energy Corporation on March 9, 2023, April 19, 2023 and July 23, 2023. On August 21, 2023, the Company received a phone call from the Premier's Office requesting information on the potential rate impact of Fiona-related costs in advance of the Premier's meeting with Prime Minister Trudeau. On August 22, 2023, the media reported that Maritime Electric did not qualify for funding under the Disaster Financial Assistance Program. In response to this information, the Company sent the second of two letters to the Premier's Office on August 22, 2023.

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IR-17 Please also provide a summary of all outreach and response communications between MECL and the Federal Government either directly or with the aid of the Provincial Government.

Response:

Since it is not normal practice for the Federal Government to provide funding to investor-owned utilities such as Maritime Electric, the Company did not approach the Federal Government directly for funding to offset its Fiona-related costs.