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All the time.



June 22, 2022



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1:58 pm  
MLA*

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

Dear Ms. Mosher:

**UE20945 - Application for an Order to Approve  
Open Access Transmission Tariff ("OATT") Changes**

Please find attached the Company's responses to the Interrogatories filed by Key Murray Law on behalf of the City of Summerside with respect to the Company's Application for an Order to Approve OATT Changes. An electronic copy will follow.

Yours truly,

MARITIME ELECTRIC

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

GCC18  
Enclosure

All our energy.  
All the time.



June 22, 2022

Mr. Ryan P. MacDonald  
Key Murray Law  
200-80 Grafton St  
Charlottetown PE C1A 1K7

Dear Mr. MacDonald:

**UE20945 - Application for an Order to Approve  
Open Access Transmission Tariff ("OATT") Changes**

Please find attached the Company's responses to the Interrogatories filed by Key Murray Law on behalf of the City of Summerside with respect to the Company's Application for an Order to Approve OATT Changes.

Yours truly,

MARITIME ELECTRIC

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

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

GCC19  
Enclosure



# **INTERROGATORIES**

**Responses to Interrogatories  
of  
Key Murray Law on behalf of  
City of Summerside**

**UE20945  
Application for an Order to Approve  
Open Access Transmission Tariff (“OATT”) Changes**

**Submitted June 22, 2022**

**MARITIME ELECTRIC**

In relation to the above-noted matter, please find herein the list of follow up interrogatories pertaining to Maritime Electric's Open Access Transmission Tariff Schedule Updates, as submitted on behalf of the City of Summerside.

**IR-17** In response to City of Summerside ("Summerside") IR-2 Maritime Electric notes that only 25 per cent of the energy control centre costs are deemed to be applicable to the transmission system. Please provide the rationale for how the 25 per cent allocation was determined and the support for the calculation of the 25 per cent.

***Response:***

Allocation of the Energy Control Centre costs between the operation of the transmission and distribution systems continues to be based on management's professional judgement.

As part of the analysis completed for each OATT application, Maritime Electric's management, through discussions with the Energy Control Centre operators, considered the 25/75 per cent allocation for reasonableness and the resulting conclusion was that this allocation continues to be reasonable.

MARITIME ELECTRIC

**IR-18** In response to Summerside IR-2 Maritime Electric notes that since 2014 the determination of the portion of substation assets used for transmission purposes has changed. Maritime Electric has indicated that the portion of substation assets used for transmission purposes is now based on the proxy value of transmission. (a) Please elaborate on how the proxy value was determined and the resulting calculation to support the 53 per cent allocation to transmission. (b) Furthermore, can Maritime Electric please confirm that this new approach to asset allocation for substation assets allocation is expected to be used on a go forward basis and that a return to the prior methodology is not expected.

**Response:**

- a. The attached spreadsheet "*IR 18 - Attachment 1 - Transmission vs Distribution Substations 2020 CAS*" shows the detailed calculation of the 53 per cent.
- b. Yes, it is Maritime Electric's intention to use this new approach on a go forward basis or until such time that a better allocation methodology is determined.

**IR-19** In response to Commission Staff IR-3 Maritime Electric provided table 2 with references to the applicable orders. We have been able to tie the reported "budget" and "current year projects" amounts into the underlying support provided. However, during our review of the referenced variance reports and referenced Board Orders we were unable to reconcile the amounts listed in the "prior years carryovers" column.

For example, for budget year 2015:

- We are able to tie the \$7.70 million budget to UE14-04 and the 2015 Capital Budget filed with the Commission on July 3, 2014.
- We are able to tie the \$7.10 million current year projects to the 2015 variance report filed with the Commission on February 29, 2016.
- However, we have been unable to tie the \$1.0 million amount noted as "prior years carryovers" to the 2015 variance report filed with the Commission on February 29, 2016.

For the column noted as "prior years carryovers" please identify how this column ties to subsequent Commission Orders.

**Response:**

A reconciliation of the annual capital expenditures on transmission carryover projects is provided as IR-19 - Attachment 1 to this response. The reconciliation includes the reference to the supporting document evidence in the annual capital variance reports and the Commission orders approving the annual capital variance reports.

Please note that in Table 2 of our response to Commission IR-3, the carryover amount was originally reported as \$1.63 million should be \$1.46 million as shown in IR-19 - Attachment 1 to this response and the total expenditures on transmission prior year carryovers is \$7.46 million from 2015 to 2020 as shown in the revised Table 2 below.

<b>Commission IR-3 Table 2 Revised</b>						
<b>Transmission Capital Budget and Annual Variance Report Approvals (\$ million)</b>						
<b>Budget Year</b>	<b>Annual Approved Transmission Budget</b>		<b>Actual Transmission per Approved Annual Variance Report</b>			
	<b>Order</b>	<b>Budget</b>	<b>Current Year Projects</b>	<b>Prior Year Carryovers</b>	<b>Total</b>	<b>Order</b>
2015	UE14-04	7.70	7.10	1.00	8.10	UE16-08
2016	UE15-01	10.40	7.33	0.95	8.28	UE17-03
2017	UE16-08	8.60	7.84	2.89	10.73	UE18-09
2018	UE17-03	6.20	5.53	4.631.46	7.466.99	UE19-09
2019	UE18-09	7.30	7.72	0.95	8.67	UE21-02
2020	UE19-09	9.20	7.66	0.20	7.86	UE21-16
<b>Total</b>		<b>49.40</b>	<b>43.17</b>	<b>7.637.46</b>	<b>50.8050.63</b>	

This change does not impact the overall total of investments in OATT assets of \$32.2 million as reported in Appendix A. It simply means that the 2015 – 2020 Net Transmission additions to non-transmission assets reported in Table 3 of our response to Commission IR-2 is adjusted accordingly as shown below.

<b>Commission IR-2 Table 3 Revised</b> <b>2015 – 2020 Net Transmission Additions to/from Non-transmission Assets and Projects</b> <b>(\$ million)</b>	
Transmission Project Additions to Non-transmission Assets	<del>(0.6)</del> (0.5)
Additions to Transmission Assets from Other Project Categories	1.1
<b>Net Transmission Additions from Non-transmission Assets and Projects</b>	<b>0.50.6</b>

**IR-20** In response to Summerside IR-2 Maritime Electric noted that the \$2.8 million cost of the Church Road substation were changed to an OATT facility in 2017.

- a. Can you clarify if this statement means that the net book value of the Church Road asset was reallocated or was it the original cost? Given that this asset was in service from 2014 to 2017 when the assets were connected to line Y-104 we would have expected the remaining net book value of the asset to have transferred rather than the full original cost of the asset.
- b. We also noted in the 2017 capital budget variance report references to the Church Road assets included in the Y-104 project discussion found in table 1. Can you please provide a summary of the total Church Road assets that are considered transmission in nature? I.e. the substation but also a break down of the portions of the Y-104 project cost that pertains to the Church Road substation.

**Response:**

- a. The \$2.8 million cost of Church Road substation referred to in our response to Summerside IR-2 and slide 30 of our presentation on February 18, 2022 does refer to the original cost of the substation as we are reconciling to Average Gross Plant in Service of Appendix A of the OATT Application. The adjustment for the accumulated depreciation on the Church Road substation since being placed in service in 2013 has been appropriately adjusted to the Average Accumulated Amortization column in Appendix A of the OATT Application. As such, it is the net book value that is reflected in the Average Net Plant in Service in Appendix A.
- b. Table 1 of the 2017 capital budget variance report contains the 2012 budgets and actual costs of infrastructure upgrades associated with line Y-104, which was built in the 2014-2017 time period.

Church Road originally existed as a 69 kV station connecting the Maritime Electric system to the Eastern Kings area wind generation. It was expanded and upgraded from 2012 to 2014 to include 138 kV at a cost of \$2.686 million, as shown in the 2017 capital budget variance report, Table 1. When General Expense Capital (“GEC”) and Interest During Construction (“IDC”) are added for the 2012 to 2014 construction period, Church Road substation has a total cost of \$2.78 million.

The Church Road substation also contains voltage conditioning equipment (the “Statcom”) that was installed in 2014. The Statcom, and associated infrastructure including civil works and substation expansion, was fully funded by a third party. The asset breakdown is as follows:

Transmission – OATT:

- 138 kV bus;
- 75 MVA 138/69 kV transformer;
- 138 kV breakers;
- the 69 kV bus, except that portion included below as Other – non-OATT;



- two 69 kV breakers – one on transformer and one on line T-8; and
- substation control building and associated protection and controls systems.

Other – non-OATT – all facilities associated with Statcom, which includes:

- portion of 69 kV bus required for Statcom infrastructure;
- 69 kV breaker dedicated to Statcom and associated switches;
- all 12.5 kV buswork, breakers, switches; and
- two 2.0 MVar Statcom modules, complete with padmount transformers.

**IR-21** In response to Commission Staff IR-3 Maritime Electric includes a footnote #2 which notes that *"approximately \$0.9 million related to adjustments to retirements from 2011 to 2014 that were charged to transmission assets but should have been charged to distribution assets."* Please elaborate on this adjustment including a break down of the amounts, the nature of the individual adjustments and how it was determined the adjustments were required.

**Response:**

The following is a breakdown of the annual amounts adjusted from transmission retirements to distribution retirements in 2015 by year:

Year	Retirement Adjustment (millions)
2011	\$ 0.2
2012	0.2
2013	0.3
2014	0.2
<b>TOTAL</b>	<b>\$ 0.9</b>

The retirement adjustments were identified through the preparation of the Company's 2014 Depreciation Study (the "Study").<sup>1</sup> During the Study, it became apparent that certain poles and fixtures retired in the Company's Work Management System as transmission poles and fixtures were actually distribution poles and fixtures. The Work Management System is an internally developed software application used to manage staff scheduling for several types of work including retirement of transmission and distribution assets from service. Once identified, the software was updated to correct the issue and asset retirements have been appropriately categorized as transmission or distribution since 2015. Depreciation Studies have been conducted in both 2017 and 2020 and no further issues were identified.

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<sup>1</sup> The 2014 Depreciation Study was filed with the Commission on July 23, 2015, Docket #21603.



# INTERROGATORIES

**IR-18 – Attachment 1**

**Transmission vs Distribution Substations 2020 CAS**

**Major Transformation Equipment on System  
June 30, 2021**

Used to develop proxy figures for account 1841 split between transmission and substation costs

Use ONAF rating as Company transformers are operated based on ONAF ratings, which includes fan cooling.

Generation transformers are included in list for information purposes, but costs are not included in account 1841 and generation assets are not included in OATT, so generation MVA totals not used to determine allocation between T&D.

<b>Substation</b>	<b>Company transformer number</b>	<b>Year of manufacture</b>	<b>ONAF rating ( MVA )</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Generation</b>
Alberton	32	1972	5.3		5.3	
Alberton	46	1979	10		10	
O'Leary	57	1995	10		10	
O'leary Howlan Rd	65	2006	10		10	
Wellington	80	2017	10		10	
St Eleanor's	37	1975	6.7		6.7	
Albany	43	1977	10		10	
Albany	54	1990	10		10	
Borden CT1	27	1971	10			10
Borden CT2	33	1973	20			20
Kensington	39	1977	6.7		6.7	
Kensington	72	2012	10		10	
Rattenbury	36	1975	6.7		6.7	
Bagnall Road	78	2016	10		10	
HunterRiver	58	1998	10		10	
West Royalty 25 kV	56	1994	20		20	
West Royalty 25 kV	62	2002	20		20	
West Royalty 13.8 kV	31	1972	20		20	
West Royalty 13.8 kV	42	1976	20		20	
Airport	82	2019	20		20	
UPEI 13.8 kV	74	2014	20		20	
Ch'town 13.8 kV ( CT3 )	63	2005	75			75
Mt. Albion	81	2018	10		10	
Scotchfort	70	2011	10		10	
West St Peter's	75	2015	10		10	
Crossroads	64	2005	10		10	
Crossroads	66	2007	10		10	
Victoria Cross	52	1981	10		10	
Victoria Cross	68	2010	10		10	
Dover	25	1967	6.7		6.7	
Georgetown	60	2000	10		10	
Dingwells Mills	35	1973	6.7		6.7	
Souris	23	1967	6		6	
Souris	28	1971	4		4	
Sherbrooke	41	1976	50	50		
Sherbrooke	55	1991	50	50		
Borden	40	1976	50	50		
West Royalty	51	1980	50	50		
West Royalty	53	1986	50	50		
West Royalty	61	2001	50	50		
Church Road	71	2013	75	75		
<b>Subtotal</b>			<b>818.8</b>	<b>375.0</b>	<b>338.8</b>	<b>105.0</b>
<b>% Allocated to Transmission and Distribution</b>				<b>53%</b>	<b>47%</b>	



# INTERROGATORIES

**IR-19 – Attachment 1**

**Reconciliation of the Annual Capital Expenditures  
on Transmission Carryover Projects**

Reconciliation of Annual Carryover Capital Expenditures						
Variance Reporting Year	Approval Order	Capital Variance Reference	Project ID	Project Description	Project Expenditure \$	Annual Total \$
2015	UE16-08	Appendix II	T-2-1	69 kV and 138 kV Switch Installation Work	82,138	
			T-3-2	West St. Peter's Substation	816,256	
			T-3-3	West Royalty 138 kV Breaker	98,099	
			T-2-1	UPEI Substation	2,915	<b>999,408</b>
2016	UE17-03	Appendix II	T-1-1	Charlottetown Airport Substation	629,755	
			T-2-3	T-15 Line Extension to Charlottetown Airport Substation	323,578	<b>953,333</b>
2017	UE18-09	Appendix I	2016-6.1 (c)	Transmission System Capacitors	737,792	
		Appendix II	6.1 (a)	New Glasgow Substation	1,275,249	
			6.2 (d)	T-1 Line Extension to New Glasgow Substation	877,009	<b>2,890,050</b>
2018	UE19-09	Appendix II	2016-6.1 (c)	Transmission System Capacitors	609,840	
			2017-6.1 (a)	Wellington Substation	655,582	
			2017-6.1 (b)	Wellington Transformer	107,719	
			2017-6.1 (d)	Mount Albion/Mount Mellick Substation *	87,438	<b>1,460,579</b>
2019	UE21-02	Appendix II	2016-6.1(d)	Substation Automation	64,112	
			2018-6.1(a)	Mount Albion Substation	109,672	
			2018-6.1(b)	Mount Albion Transformer	477,608	
			2018-6.1(e)	Crossroads Control Building	115,818	
			2018-6.2(c)	T-2 Line Extension to Mount Albion Substation	185,744	<b>952,954</b>
2020	UE21-09	Appendix II	2019-6.1 (c)	Clyde River and O'Leary Engineering and Environmental Assessment	199,812	<b>199,812</b>
<b>TOTAL</b>						<b>7,456,136</b>