

Maritime Electric Co. Ltd. (MECL) Rate Increases from 2023 to 2026

Application – UE20946.

Clarification Questions for MECL – July 25 2022

Context of Questions:

Application UE20946 has been submitted prior to pending regulatory decisions for a 2020 new rate structure - UE22503, a 2021 new OATT tariff – UE20945 and a 2021 new efficiency PEI EE&C plan - UE41401 all of which potentially affect customer electricity rates starting March 2023. Another rate variable is the annual Capital Application for 2023 that will be typically submitted for regulatory approval in August 2022.

Clarification Questions:

- 1) Please compile a summary data table for the years 2019 to 2025 showing the comparisons of each year for :
 - a. Revenue Requirement (RR)
 - b. The cost allocation of the RR (in both dollar (\$) and percentage (%) form) to each of the three (3) allocated cost categories of Energy, Demand and Service. Here it assumed that the Chymco allocated costs calculations are available for past years (2019 and 2020) but may not be available for the later years; in any event the MECL best estimates will suffice.
 - c. Capital amounts for past years and estimated Capital \$ for the future years.
 - d. Depreciation amounts for past years and estimated Depreciation \$ for the future years.
 - e. Operating Expenses for past years and estimated Operating Expense \$ for the future years.
 - f. The OATT revenue for past years and estimated OATT \$ for the future years
 - g. The cost of Pointe Lepreau energy for past years and estimated Pointe Lepreau \$ for the future years
 - h. Return on Equity (\$ ROE) for past years and estimated ROE \$ for the future years.
 - i. The MECL annual energy delivered – actual and estimated (GWh)
 - j. The MECL peak loads - actual and estimated (MW)
 - k. The PEI peak loads - actual and estimated (MW)
- 2) Data from the 2022 ECAM application (UE20604) showed that since 2013, the MECL cost contribution to the Pointe Lepreau annual operating and maintenance costs ranged between \$98/MWh to \$130/MWh, with an average \$107/MWh. What has been the total cost of Pointe Lepreau energy - \$/MWh so far for 2021 and 2022?
- 3) To solve a long-standing customer inequity and lost revenue issue, a pending regulatory application proposes a priority change in the classification of Industrial Farm customers from

“Residential” to “Small Industrial”. Residential consumers have been cost-subsidizing these high energy use/high demand customers for many years. This simple classification correction can be made within the current rate structure, with no dependency upon any new rate structure and will reset the future revenue expectations. In which year is it planned to solve this long overdue revenue and customer inequity issue?

- 4) As this Rate Application appears to be submitted in isolation of any outcome of the pending Rate Structure Application what is the current MECL plan for the potential overlay of rate structure changes during the period March 2023 and March 2026?
- 5) Noting that the planned expansion of new wind energy (30MW) appears to be perpetually stalled from 2019 what specific actions has MECL undertaken to support and expedite new PEI based wind energy?
- 6) Noting the current inflationary financial environment and future impacts upon customers what specific actions has MECL undertaken to reduce future Operating Expenses? How do these actions reflect/appear in the Rate Application?
- 7) Noting that the four principle credit metrics used by MECL are set directly or indirectly by the annual increases in debt, what specific debt related actions has MECL taken to minimize the need for an unprecedented high regulated Rate of Return?