Maritime Electric Co.Ltd. (MECL) 2023 Capital Budget Application (UE20735)-

Comments to the Island Regulatory and Appeals Commission

Substation Projects: 6.1.g- 138 kV Breaker Replacement Program (Justifiable) $ 153,000.

The current separate UE20736 file – MECL 2022 Supplemental Capital Budget Application which is still under Commission consideration - indicates that this 6.1.g project is actually the first of a series of future capital replacements that relate to the Government owned transmission lines supplying the Bedeque substation. This 6.1.g replacement would normally be financed from the Province owned assets “Contingency Fund” and therefore inclusion in this UE20735 Application is invalid. To include this project, MECL has prematurely presumed Commission approval of UE20736 and has incorrectly classified it as an MECL “Substation Project” without multi-year extensions? **This project should not be approved.**

Commentary on Peak Load Growth and Affordable Capital Expansion:

Over the last nine (9) years MECL annual capital budgets have been driven by the forecasted growth in peak load. The approach taken by MECL continues to be that the latest peak load forecasts must be preempted by expanding the delivery infrastructure at whatever the cost. The omission in this budget application of any reference to the new Metering/Customer Information System that is apparently required to control peak loads indicates MECL’s reluctance to seize the peak load control opportunity and prioritize affordable customer rates.

Question 1: When will the Commission direct MECL to invoke a program for reducing and eventually controlling future peak load demand? The Electric Power Act permits the Commission to request Demand Side Management (DSM) programs from both the PEI Energy Corporation and MECL. MECL has the customer data and the system expertise to immediately and selectively engage customers to control their demand load via a true DSM program.

Question 2: From past $20M to $25M budgets, to this year’s $53M, how can annual capital budget forecasts of $65M and$68M for 2024 and 2025 respectively be contemplated and immediate/practical capital expenditure corrective actions be ignored?

Question 3: Despite numerous attempts by the Commission to have MECL adopt a phased priority capital expenditure approach, why is there no evidence or reference to an expenditure/affordability process?

Question 4: Is an annual capital budget that represented 16% of annual revenue in 2020 and is forecasted to be even higher at 25% of annual revenue in 2025, both affordable and comparable with other low growth Canadian Electric Utilities? Limited public information from other Utilities suggests **10% of revenue is the accepted Key Performance Indicator (KPI).**