Docket UE20946

New electric rates effective March 1, 2023

Written question to Maritime Electric submitted by John te Raa.

Please provide a response via email by Thursday August 18, 2022.

IR-1) Regarding capacity and energy requirements at the end of the time period of this rate application on February 28, 2026.

1.1) What is the forecasted system demand including the required system reserves?

1.2) What is the contractual capacity obtained from Point Lepreau?

1.3) What is the accredited capacity of wind energy purchases made from the PEI Energy Corporation?

1.4) What is the accredited capacity owned by Maritime Electric?

1.5) In the Introduction subsection 3.1.1 line 14 and 15 it states "an agreement for the purchase of capacity and system energy from NB Power". How many Megawatts are specified in this agreement?

1.6) Regarding NB Power capacity purchases. An agreement is not a contract. An existing contract purchasing system capacity and system energy terminates February 29, 2024.

Beyond February 29, 2024 how secure are the availability and pricing for purchased capacity used in this application?

1.7) Subsection 3.1.1 makes no reference to NBEM as a supplier of capacity and/or energy.

Please explain the ownership and governance structure of NBEM.

Does NBEM operate at arm's length from NB Power?

IR-2) Regarding residential energy charge increases. Referring to Section 3 subsection 3.2.2 Table 3.1 Proposed customer rates.

	2022	2023	2024	2025
Residential - First Block	0.1532	0.1592	0.1652	0.1715
Residential - Second Block	0.1228	0.1265	0.1313	0.1362
Spread	0.030	0.033	0.034	0.035

Maritime Electric proposes to increase the spread between first block energy and second block energy from 3 cents to 3.5 cents. This is contrary to efforts being made to reduce the spread between second block and first block energy.

In UE08-01 it was agreed to eliminate the second block.
In UE10-03 this agreement was suspended due to intervention from the Government.
Docket 20940 UE10-03 was issued July 12, 2010. Section 4.2 second Block Tariff and Rate Design, lays out the issues.

2.1) In light of the above, please explain Maritime Electric's justification to increase the spread in favor of the second block residential customers to 3.5 cents from 3.0 cents per kWh?

2.2) In the below table please provide, accurate to four significant figures, the further breakdown between first and second block energy sales in GWh for the years 2023, 2024 and 2025.

	2022	2023	2024	2025
Revenue Requirement($000)		$ 130,251	$ 138,666	$ 147,044
Total Energy Sales GWh		723.5	742.8	763.9
Space Heating GWh		229.8	244.3	258.8
Residential - First Block				
Residential - Second Block				
Non-space heating GWh		493.7	498.5	505.1
Residential - First Block				
Residential - Second Block				
$/kWh		$ 0.180	$ 0.187	$ 0.192

IR-3) Regarding the proposed General Service energy charges increases. Referring to Section 3 subsection 3.2.2 Table 3.1 Proposed customers rates.

	2022	2023	2024	2025	
Residential - First Block	0.1532	0.1592	0.1652	0.1715	0.018
Residential - Second Block	0.1228	0.1265	0.1313	0.1362	0.013
increase					0.032
General Service - First Block	0.1871	0.1956	0.203	0.2107	0.024
General Service - Second Block	0.1241	0.1279	0.1328	0.1377	0.014
increase					0.037

Maritime Electric proposes to increase the General Service unit energy cost by 3.7 cents per kWh while the residential unit energy is increased by 3.2 cents per kWh. This is an extra 0.5 cents over the proposed residential rate increase. This is contrary to any and all instructions/ concerns/ recommendations/ orders issued by IRAC.

I refer Maritime Electric to Docket UE20944 Order UE19-08, the following sections.

360. The residential second block is not, however, the only aspect of MECL's rate structure that is contrary to the principles behind the *Electric Power Act*. General Service customers are currently paying 22 percent more than the cost to serve them. This is not reasonable, publicly justifiable, or non-discriminatory. This is also not a new development, and is consistent with the results of the 2014 Cost Allocation Study.

361. Despite General Service customers already paying significantly more than their cost of service, MECL is proposing a rate increase for General Service customers as part of the present Application. At the hearing, MECL was asked to justify the proposed rate increase for the General Service rate class in light of the already high RTC ratio. MECL was unable to do so.

366. Despite MECL's failure to file the rate design study and proposed rate structure, this Commission is not prepared to allow the inequities to continue during the rate setting period.

369. Any rate structure proposed by the Company shall ensure that all customer classes have a RTC ratio within a range of 90 percent to 110 percent. According to Multeese, this is an appropriate short to medium term goal. However, the Company shall be required to move RTC ratios within a range of 95 to 105 over the longer term. The Commission deems a RTC ratio of 95 to 105 to be the appropriate target range for all rate classes and must be used by MECL for all rate classes commencing March 1, 2022.

3.1) Please justify the current proposed rate increase for the General Service rate relative to the proposed Residential Service rate increase as being just and reasonable.

3.2) The table below is a first approximation to calculate the relative rate impacts on the Residential and General Service Rates when the 2024 and 2025 General Service rate increase is limited to 1%. At year 2025 the required Residential Rate is increased by 0.4 cents per kWh. The General Service rate drops by 0.8 cents per kWh. As a first approximation this appears to be realistic and achievable in the current rate application.

Please provide a revised Table 3-1 based on the proposed 2023 General Service rate followed by annual 1% increases for the year 2024 and 2025. While holding the combined Residential and General Service Revenue Requirements at the same dollar values as shown.

	2022	2023	2024	2025
Energy Sales GWh				
Residential		723.5	742.8	763.9
General Service		400.4	397.7	395.8
Revenue Requirement($000)				
Residential		$ 130,251	$ 138,666	$ 147,044
General Service		$ 69,702	$ 72,018	$ 74,172
Total		$ 199,953	$ 210,684	$ 221,216
$/kWh		$ 0.180	$ 0.187	$ 0.192
$/kWh		$ 0.174	$ 0.181	$ 0.187
Residential		$ 130,251	$ 140,285	$ 150,113
General Service (1% increase)		$ 69,702	$ 70,399	$ 71,103
Total		$ 199,953	$ 210,684	$ 221,216
$/kWh		$ 0.180	$ 0.189	$ 0.197
$/kWh		$ 0.174	$ 0.177	$ 0.180
variance		$ -	$ 0.002	$ 0.004
Variance		$ -	-$ 0.004	-$ 0.008

3.3) What will be the RTC ratio at year 2025 based on the MECL proposed rate structure and what will be the RTC ratio based on the revised 1% increased rate structure?

IR-4) Point Lepreau Energy Supply Costs

Docket UE20604 ECAM Rate increase Dec. 17 2021 Maritime Electric requested a rate increase to cover costs of three unplanned outages in 2021. Table C-2 Point Lepreau Energy Supply Costs shows for 2021 a variance of $1,146,000 (5%). The reason for this variance is explained in Appendix C section C.1.1 Point Lepreau of this application.

4.1) Replacement energy costs of $4,995,650 were incurred during this outage as per Table 3 Section 6.2 Docket UE20604.

Where in Table C-1 Energy Supply Costs by Source is this expenditure located and identified?

4.2) For the years 2019 thru 2025 in the table following please provide the missing data as defined.

Point Lepreau	2019	2020	2021	2022	2023	2024	2025
Actual cost	$24,442,271	$23,984,800	$ 25,758,455				
Forecast cost	$23,986,000	$24,356,000	$ 24,612,000	$ 24,529,250	$25,480,902	$24,660,636	$25,647,122
Outage days			100	60		50	
Maint.& Repair Difference			$ 1,618,141				
Variance	$ 456,000	$ (371,000)	$ 1,146,455				
Fuel & Cost Capital (Savings)			$ (471,686)				
Replacement Energy Cost			$ 4,995,650				
MWh received		218,053	204,193				
MWh Energy delivered	221,219	211,087	197,670				
Replacement energy MWh			54,510				
As defined below.							
Maint.& Repair Difference	IR - 4 John te Raa Docket UE20604						
Variance	Appendix C Table C-2 this application Docket UE20946						
Fuel & Cost Capital (Savings)	by difference						
Replacement Energy Cost	Table 3 section 6.2 of the application Docket UE20604						
MWh received	IR-2 John te Raa Docket UE20604						
MWh Energy delivered	IR-4 Roger King Docket UE20604						
Replacement energy MWh	IR-1 Roger King Docket UE20604						

IR-5) Company use and system losses Table 5-1

5.1) Please provide a breakdown between use and system losses.

5.2) What is the annual electricity use at 180 Kent St.?

5.3) How many buildings does Maritime Electric have that require electricity? Does Maritime Electric meter and record its monthly electricity use at these buildings?