All our energy. All the time.

MARITIME ELECTRIC
A FORTIS COMPANY

December 17, 2021

Island Regulatory & Appeals Commission
PO Box 577
Charlottetown PE C1A 7L1

Dear Commissioners:

Application for an Order to Approve an ECAM Rate Adjustment

Please find enclosed five (5) copies of Maritime Electric's Application for an Order approving an ECAM Rate Adjustment of $0.00402 per kWh beginning on March 1, 2022 in accordance with Section N-0 of the Company's Rates and General Rules and Regulations.

An electronic copy will follow. If you require further information, please do not hesitate to contact me at 902-629-3701.

Yours truly,

MARITIME ELECTRIC

Michelle Francis
Vice President, Finance & Chief Financial Officer

MF63
Attachments

180 Kent Street · PO Box 1328 · Charlottetown, PE C1A 7N2
telephone 1-800-670-1012 · **fax** 902-629-3665 · **maritimeelectric.com**

C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

BEFORE THE ISLAND REGULATORY
AND APPEALS COMMISSION

IN THE MATTER of Section 10, 13(1) and 20 of the Electric Power Act (R.S.P.E.I. 1988, Cap. E-4) and **IN THE MATTER** of the Application of Maritime Electric Company, Limited for an order approving an Energy Cost Adjustment Mechanism rate adjustment to customers' bills for the period March 1, 2022 to February 28, 2023 and for certain approvals incidental to such an order.

APPLICATION
AND
EVIDENCE OF
MARITIME ELECTRIC COMPANY, LIMITED

December 17, 2021

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1.0 APPLICATION

C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

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Introduction

1. Maritime Electric Company, Limited ("Maritime Electric" or the "Company") is a public utility subject to the Electric Power Act engaged in the production, purchase, transmission, distribution and sale of electricity within Prince Edward Island.

Application

2. Maritime Electric hereby applies for an order of the Island Regulatory and Appeals Commission ("IRAC" or the "Commission") approving an Energy Cost Adjustment Mechanism rate adjustment to customers' bills for the period March 1, 2022 to February 28, 2023 and for certain approvals incidental to such an order.

Procedure

4. Filed herewith is the Affidavit of Jason C. Roberts, T. Michelle Francis, Angus S. Orford and Enrique A. Riveroll which contains the evidence on which Maritime Electric relies in this Application.

Dated at Charlottetown, Province of Prince Edward Island, this 17th day of December, 2021.

D. Spencer Campbell, Q.C.

STEWART MCKELVEY
65 Grafton Street, PO Box 2140
Charlottetown PE C1A 8B9
Telephone: 902-629-4549
Facsimile: 902-892-2485
Solicitors for Maritime Electric Company, Limited

2.0 AFFIDAVIT

C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

BEFORE THE ISLAND REGULATORY AND APPEALS COMMISSION

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AFFIDAVIT

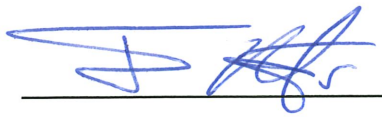
We, Jason Christopher Roberts of Suffolk, T. Michelle Francis of Emyvale, Angus Sumner Orford of Charlottetown and Enrique Alfonso Riveroll of New Dominion, in Queens County, Province of Prince Edward Island, MAKE OATH AND SAY AS FOLLOWS:

1. We are the President and Chief Executive Officer, Vice President, Finance and Chief Financial Officer, Vice President, Corporate Planning and Energy Supply and Vice President, Customer Service for Maritime Electric Company, Limited ("Maritime Electric" or the "Company"), respectively, and as such have personal knowledge of the matters deposed to herein, except where noted, in which case we rely upon the information of others and in which case we verily believe such information to be true.

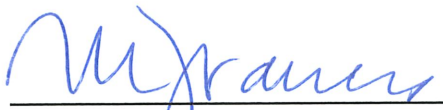
2. Maritime Electric is a public utility subject to the provisions of the Electric Power Act engaged in the production, purchase, transmission, distribution and sale of electricity within Prince Edward Island.

3. We prepared or supervised the preparation of the evidence and to the best of our knowledge and belief the evidence is true in substance and in fact.

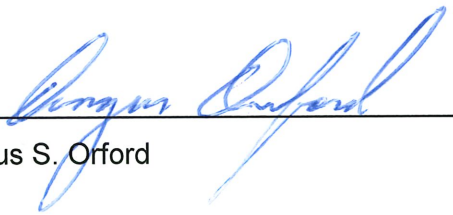
SWORN TO SEVERALLY at
Charlottetown, Prince Edward Island,
the 17th day of December, 2021.



Jason C. Roberts

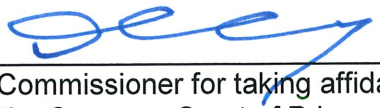


T. Michelle Francis



Angus S. Orford

Enrique A. Riveroll



A Commissioner for taking affidavits
in the Supreme Court of Prince Edward Island.

3.0 EXECUTIVE SUMMARY

3.1 Background

The Energy Cost Adjustment Mechanism ("ECAM"), as approved by the Island Regulatory and Appeals Commission, is a mechanism that ensures the timely collection of prudently incurred energy supply costs from customers and allows for the deferral of unplanned fluctuations in energy supply costs during a rate-setting period.

At the beginning of a rate-setting period, the basic energy charge included in customer rates reflects a forecast of annual energy supply costs based on the Base Rate Cost, as defined in the ECAM and approved by the Commission. As actual energy supply costs incurred by Maritime Electric differ from the Base Rate Cost, the difference is deferred in the ECAM account to be collected from or refunded to customers in a future period via an ECAM Rate Adjustment applied to customers' bills, as approved by the Commission.

In June 2020, the Company filed with the Commission a comprehensive review of the energy supply accounts included in the ECAM. In Order UE21-05, the Commission approved the continued operation of the ECAM, including the Company's proposed revisions to the accounts to be included in the ECAM. These revisions will be implemented in the Company's next General Rate Application ("GRA"). The Commission did not approve the Company's proposal for an automatic resetting of the ECAM Rate Adjustment applied to customers' bills as the Commission felt it would remove regulatory oversight, and may introduce greater rate fluctuations and less predictability in customer rates. The Company, therefore, submits this Application requesting approval of an ECAM Rate Adjustment effective March 1, 2022 and to remain in effect until February 28, 2023 or until otherwise approved by the Commission.

3.2 2021 Energy Cost Adjustment Mechanism ("ECAM") Balance

The ECAM account is forecast to reach a receivable or recoverable balance of $5.6 million by December 31, 2021, as discussed in Section 5.0 of this Application. A monthly ECAM schedule of actual energy costs deferred to November 30, 2021 and the forecast for December 2021 is provided in Appendix A.

The primary reasons for the accumulated ECAM balance are unscheduled outages at the Point Lepreau Nuclear Generating Station ("Point Lepreau") in 2021 and additional operating and maintenance costs related to Point Lepreau. There were three unscheduled outages at Point Lepreau that resulted in the Company having to secure approximately $5.0 million in replacement energy along with additional Point Lepreau operating and maintenance costs of $1.2 million, partially offset by various other cost reductions of $0.6 million, as discussed in Section 6.0 of this Application.

3.3 Proposed ECAM Rate Adjustment Applied to Customers' Bills

Based on the approved formula set out in Section N-0 of the Company's Rates and General Rules and Regulations, the Company requests approval of an ECAM Rate Adjustment to be applied to customers' bills of $0.00402 per kWh effective March 1, 2022 to February 28, 2023 or until otherwise approved by the Commission, as discussed in Section 7.0 of this Application.

3.4 Customer Impact

A schedule of existing rates for all customer classes, which were effective January 1, 2021, and the proposed rates for March 1, 2022, which include the proposed ECAM Rate Adjustment, are provided in Appendix B.

Typical Residential and General Service customers will experience annual cost increases of 2.0 per cent as a result of the proposed ECAM Rate Adjustment, as per Tables 8, 9 and 10 in this Application.[1] Industrial customers have widely varying consumption and demand profiles, which will result in varying impacts to their annual

[1] A typical Residential customer is a customer that consumes 650 kilowatt hours of energy per month. A typical General Service customer is a customer that consumes 10,000 kilowatt hours of energy and uses 50 KW of demand per month.

costs; however, a reasonable estimate would be a 2.7 per cent increase for Small Industrial customers and 3.7 to 4.3 per cent increase for Large Industrial customers. A comparison, by customer class, of existing rates to the proposed rates including the ECAM Rate Adjustment is provided in Section 8.0 of this Application.

4.0 INTRODUCTION

4.1 Corporate Profile

Maritime Electric owns and operates a fully integrated power system providing for the purchase, generation, transmission, distribution and sale of electricity throughout Prince Edward Island ("PEI.") The Company's head office is located in Charlottetown with generating facilities in Charlottetown and Borden-Carleton.

Maritime Electric is the primary provider of electricity on PEI delivering approximately 90 per cent of the energy supplied on PEI. To meet customers' energy demand and supply requirements, the Company has contractual entitlement to capacity and energy from NB Power's Point Lepreau and an agreement for the purchase of capacity and system energy from NB Power delivered via four submarine cables owned by the Province of PEI. Through various contracts with the PEI Energy Corporation, the Company purchases the capacity and energy from 92.5 megawatts ("MW") of wind generation on PEI.

Maritime Electric is a public utility subject to the provisions of the Electric Power Act. As a public utility, the Company is subject to regulatory oversight and approvals of the Commission. IRAC's jurisdiction to regulate public utilities is found in the Electric Power Act and the Island Regulatory and Appeals Commission Act.

4.2 Purpose

The purpose of this Application is to seek approval to change Maritime Electric's ECAM Rate Adjustment applied to customers' bills in order to collect the accumulated ECAM balance, which is a result of actual costs of purchased and produced electricity being higher than the Base Cost approved by the Commission in 2021.

4.3 Overview of ECAM

Maritime Electric has had a mechanism to provide for changes in energy-related costs since the 1970's.[2] The mechanism has undergone several modifications; however, the fundamental objectives have remained the same.

First, the ECAM provides a mechanism to ensure the timely collection or rebate of prudently incurred energy-related costs from customers. This timely collection or rebate addresses intergenerational equity as customers pay the related costs of the service they receive within a reasonable period, so as not to unnecessarily defer costs or benefits to future customers beyond the subsequent rate-setting period.

Secondly, by deferring unplanned fluctuations in energy-related costs during a rate-setting period, the ECAM offers a measure of customer rate predictability. The deferral of uncontrollable changes in energy-related costs enables the Company to develop rate proposals that appropriately smooth the customer impact of collecting current period costs.

Together, these have been the fundamental objectives of the ECAM, which the Company and IRAC have followed in establishing customer rates and recovering or rebating uncontrollable fluctuations in energy-related costs.

The energy supply costs incurred by Maritime Electric on behalf of its customers are passed through to customers via the ECAM by two means.

First, customers pay substantially all of the energy supply costs at the time the energy is consumed through the basic energy charge that forms part of customers' rates. The energy supply costs included in the basic energy charge is determined by the Base Rate Cost, as defined in the ECAM, which is set to recover the forecast annual energy supply costs for the year.

[2] During the price cap regulation period under the Maritime Electric Regulation Act period of 1994 to 2000 there was no mechanism in place.

Second, customers pay any deferred energy supply costs that resulted from variances in actual energy supply costs from forecast in a prior period. The customers' ECAM Rate Adjustment is designed by the Company, and approved by the Commission, to appropriately collect the deferred energy supply costs over a reasonable period, thereby providing rate stability and predictability.

The operation of the ECAM serves an important function to customers, the Company and the Commission for the following reasons:

- it provides stable and predictable rates for customers over a rate-setting period;
- it provides earnings stability for Maritime Electric, supporting the Company's financial health; and
- it provides regulatory efficiency by avoiding frequent rate change applications to address energy supply cost fluctuations.

In Order UE20-06, the Company was ordered to reduce the December 31, 2020 ECAM balance to nil by applying the balance to the Rate of Return Adjustment ("RORA") account, and the Company was ordered to not include an ECAM collection rate in customer rates effective January 1, 2021.

In Order UE21-05 issued July 28, 2021, the Commission approved the continued operation of the ECAM following a comprehensive review of the ECAM, which had been filed with the Commission on June 1, 2020.

5.0 2021 ENERGY SUPPLY COSTS - BASE VERSUS FORECAST

Current customer rates are based on a forecast Base Rate Cost for purchased and produced electricity of $0.09244 per kilowatt hour ("kWh"). This Base Rate Cost is set out in Section N-0 of the Company's Rates and General Rules and Regulations, effective January 1, 2021, and is specifically approved by the Commission in Order UE21-03.

Actual energy costs incurred by the Company in 2021 have been higher than forecast and used to set the Base Rate Cost, and the resulting increase in purchased and produced electricity costs was appropriately deferred in the ECAM account.

The ECAM account is forecast to have a receivable or recoverable balance of approximately $5.6 million by December 31, 2021. The ECAM balance is comprised of approximately $5.4 million of excess energy costs incurred up to the end of November and an additional $0.2 million of excess energy costs forecast to be incurred in December 2021. A monthly ECAM schedule of actual energy costs deferred to November 30, 2021 and the forecast for December 2021 is provided in Appendix A, and a summary is provided in Table 1.

TABLE 1
Energy Costs Deferred to ECAM
January 1 to December 31, 2021

Total Actual/Forecast Energy Costs Applicable to ECAM	A	$ 137,898,121
Total Actual/Forecast Net Purchased and Produced Energy (kWh)	B	1,431,708,602
ECAM Base Rate per kWh	C	$ 0.09244
Total Base Energy Costs	D = B X C	$ 132,347,143
2021 Energy Costs Deferred to ECAM	**E = A - D**	**$ 5,550,978**

6.0 POINT LEPREAU IMPACT ON 2021 ENERGY SUPPLY COSTS

6.1 Introduction

As discussed in Section 5.0 of this Application, energy supply costs incurred in 2021 have been significantly higher than those originally forecast and used to set the Base Rate Cost. The excess energy supply costs were appropriately deferred to the ECAM account, which is forecast to reach a receivable balance of approximately $5.6 million by December 31, 2021. The primary reasons for this increase in energy supply costs are unscheduled outages at Point Lepreau, as outlined in Table 2, and higher than plan operating and maintenance costs for Point Lepreau.

TABLE 2
Point Lepreau - 2021 Unscheduled Outages

Outage Period	Full Outage Days	De-rated Output Days[3]	Total Days
January/February	41	3	44
April	13	1	14
November/December	19	23[4]	42[4]
TOTAL	**73**	**27**	**100**

These three unscheduled outage periods at Point Lepreau impact the energy supply costs incurred by the Company in two ways. First, the Company must secure replacement energy. Second, the Company's share of Point Lepreau's operating and maintenance costs was also higher than planned. It is important to note that the Company continues to incur its share of the ongoing operating and maintenance costs for Point Lepreau even when the facility is not producing energy.

[3] De-rated output days are days when Point Lepreau is generating electricity but is not producing at its full generating capacity.

[4] Point Lepreau is currently scheduled to return to full service generation on December 24, 2021. The actual date of return to full service may differ from the current scheduled date.

6.2 Replacement Energy Costs

The cost of replacement energy for the unscheduled Point Lepreau outages in 2021 was approximately $5.0 million as outlined in Table 3.

TABLE 3
Replacement Energy Cost

Outage Period	Total Days	Cost
January/February	44	$ 2,804,522
April	14	680,240
November/December[5]	42	1,510,888
TOTAL	**100**	**$ 4,995,650**

6.3 Unplanned Point Lepreau Operating and Maintenance Costs

Under the terms of the Point Lepreau Participation Agreement, the Company is required to pay its proportionate share of the ongoing operating and maintenance costs of the facility whether or not it is producing energy. In 2021, the Company's share of the Point Lepreau operating and maintenance costs was $1.2 million higher than budgeted. This increase was primarily due to increased maintenance and repair costs of $1.7 million, partially offset by fuel and cost of capital savings of approximately $0.5 million.

Together the Point Lepreau replacement energy and operating and maintenance costs variance results in a $6.2 million increase in actual energy costs above the originally forecast base energy costs approved in rates. Various other non-Point Lepreau energy costs were lower than forecast in the Base Rate Cost and resulted in net reductions of $0.65 million to bring the ECAM to the forecast $5.6 million balance at December 31, 2021.

[5] The replacement energy required in December 2021 is estimated based on the schedule for Point Lepreau to return to full service generation and estimated energy pricing from NB Power.

7.0 PROPOSED ECAM RATE ADJUSTMENT

7.1 Introduction

Section N-0 of the Company's Rates and General Rules and Regulations specifies the formula for collection or refund of the ECAM as follows:

> *The ECAM Rate Adjustment applied to Customers' bills shall be calculated as follows and applied to Customers' bills for not less than twelve months unless otherwise Ordered by the Commission.*
>
> *6. Determine the total of the excess (or deficiency) costs on the Balance Sheet at the end of the third month proceeding the month in which the ECAM rate will be applied.*
>
> *7. Determine the forecast total kilowatt hour sales for the twelve month period commencing with the month in which the ECAM rate will be applied.*
>
> *8. Divide the amount calculated in (6) above by the amount calculated in (7) above to determine the ECAM rate adjustment required in cents per kilowatt hour sold and which will be applied to Customers' bills. Rate adjustment shall be calculated to the nearest three decimal places (five decimal places on the dollar).*

7.2 Proposed ECAM Rate Adjustment Applied to Customers' Bills

Based on the above formula, the proposed ECAM Rate Adjustment applied to customers' bills effective March 1, 2022 and until February 28, 2023, or as otherwise ordered by the Commission, is $0.00402 per kWh, as shown in Table 4.

TABLE 4 Proposed ECAM Rate Adjustment to Customers' Bills		
Forecast ECAM Balance, December 31, 2021	A	$ 5,550,978
Forecast kWh Sales - March 1, 2022 to February 28, 2023	B	1,379,340,200
Proposed ECAM Rate Adjustment	C = A/B	**$ 0.00402**

7.3 Forecast ECAM Balance at December 31, 2021

As discussed in Sections 5.0 and 6.0 of this Application, the ECAM balance is forecast to be $5.6 million at December 31, 2021, comprised of year-to-date actuals to the end of November 2021 of $5.4 million and a forecast of $0.2 million for December 2021. The forecast for December 2021 reflects the estimated replacement energy required due to lower production from Point Lepreau from December 1, 2021 to December 24, 2021 as the facility is gradually brought back to full generating capacity.

To support the evidence provided in this Application, the Company proposes the engagement of Deloitte LLP to provide a special purpose audit opinion on the ECAM balance at December 31, 2021. The purpose of this audit is to provide assurance to the Commission that the costs accumulated in the ECAM account in 2021 are independently verified by a third party and the amounts deferred are in accordance with the ECAM formula approved by the Commission. This audit opinion will be provided to the Commission by January 28, 2022.

The actual ECAM balance at December 31, 2021 will vary from the forecast provided herein. To address this, the Company will provide the Commission an update on the actual ECAM balance by mid-January 2022, which will include a revision to the proposed ECAM rate adjustment if the ECAM balance is materially different from the balance forecast in this Application.[6]

[6] For the purpose of determining whether the proposed ECAM rate adjustment should be updated, a material difference in the ECAM balance at December 31, 2021 is considered to be $555,000 or 10% of the expected balance of $5.6 million.

7.4 Forecast kWh Sales from March 1, 2022 to February 28, 2023

Table 5 provides a comparison of the actual or forecast kWh sales for the current twelve months ending February 28, 2022[7] to the forecast kWh sales over the proposed ECAM rate adjustment collection period of March 1, 2022 to February 28, 2023.

Table 5
Forecast kWh Sales

Class	Consumption Period		Forecast Growth
	March 1, 2021 to February 28, 2022	March 1, 2022 to February 28, 2023	
Residential	699,401,400	710,421,600	1.6%
General Service	387,780,100	400,885,300	3.4%
Large Industrial	158,014,600	163,622,200	3.5%
Small Industrial	94,383,100	98,058,200	3.9%
Street Lighting	4,048,100	3,803,800	(6.0)%
Unmetered	2,509,200	2,549,100	1.6%
Total Sales	**1,346,136,500**	**1,379,340,200**	**2.5%**

The forecast sales for the period March 1, 2022 to February 28, 2023 is based on the Company's most recent customer load forecast updated in December 2021. This forecast is based on a methodology consistent with the forecast provided in the Company's Application for an Order approving changes to the Schedules of Rates effective March 1, 2020 and March 1, 2021. This forecast methodology was reviewed by the Commission's expert, Grant Thornton LLP. In their report dated October 14, 2020, Section 2.6, Grant Thornton concluded that *"MECL's approach to load forecasting is an acceptable methodology within the industry".*

The residential load forecast reflects the Conference Board of Canada ("CBOC") forecast population growth for PEI, which is used to estimate housing starts for each year of the forecast period. The estimate of housing starts for each year is then broken down by the various types of housing (using input from the CBOC forecast), and

[7] The forecast for the twelve months ended February 28, 2022 reflects actual sales from March 1, 2021 to November 30, 2021 and forecast sales from December 1, 2021 to February 28, 2022.

multiplied by the average annual kWh usage for space heating and non-space heating loads for each of the various types of housing. The result is the estimated increase in these loads for each year of the forecast period. The annual increase in space heating load is divided by the ten-year average for Heating Degree Days ("HDD") so as to express it as an increase in the Residential space heating load coefficient (i.e. in terms of MWh per HDD).

The estimated space heating load for a given year is the cumulative MWh per HDD coefficient multiplied by the ten-year average (2012 to 2021) for HDD. The latter is the primary driver for the forecast growth in residential sales in 2022, as shown in Table 5, as HDD in 2021 were lower than normal. This increase in residential heating load is partially offset by a forecast reduction in residential non-space heating loads as customers are expected to return to work locations in 2022. Residential non-space heating load in 2021 was higher than normal due to customers working from home.

In addition, the estimated non-space heating component of the residential load is reduced by the forecast of energy savings due to efficiencyPEI's Electricity Efficiency and Conservation Plan[8] and the estimated impact of rooftop solar photovoltaic installations.

The Company experienced lower than expected commercial loads in 2020 and 2021 due to pandemic-related restrictions causing many Island businesses to either close or operate at a reduced capacity. The forecast increases in General Service, Large Industrial and Small Industrial sales, shown in Table 5, is driven by an expected return to pre-pandemic commercial activities in 2022.

Street Lighting load has been declining since 2015 due to the conversion of traditional lighting technologies to LED lighting. LED street lighting fixtures use approximately

[8] The PEIEC Application for Approval of their next Electricity Efficiency and Conservation Plan was not filed when the Company's most recent load forecast was prepared in early December 2021. The Company's assumption on forecast energy savings due to efficiencyPEI's Electricity Efficiency and Conservation Plan assumes the Business As Usual Incentive Scenario savings presented in the Prince Edward Island Energy Efficiency Potential Study filed with the Commission on March 22, 2021.

406 55 per cent of the energy used by traditional technologies. The LED conversion
407 program is expected to be substantially completed by the end of 2022.
408
409 **7.5 Forecast ECAM Collection from Customers from March 1, 2022 to February 28,**
410 **2023**
411 The forecast monthly ECAM collection from customers from March 1, 2022 to
412 February 28, 2023 is provided in Table 6. The monthly collection of ECAM is the
413 product of the proposed ECAM rate adjustment per kWh per Table 4 and the forecast
414 kWh energy sales per Table 5.
415

Table 6
Monthly ECAM Collected from Customers

Collection Month	Forecast kWh Sales	ECAM Rate Adjustment per kWh	ECAM Collected from Customers
March 2022[9]	60,309,600	$ 0.00402	$ 242,445
April 2022	115,725,400	0.00402	465,216
May 2022	107,077,500	0.00402	430,452
June 2022	101,618,900	0.00402	408,508
July 2022	100,207,900	0.00402	402,836
August 2022	111,220,500	0.00402	447,106
September 2022	105,024,000	0.00402	422,196
October 2022	99,694,900	0.00402	400,773
November 2022	112,603,400	0.00402	452,666
December 2022	127,670,600	0.00402	513,236
January 2023	139,826,700	0.00402	562,103
February 2023	137,219,000	0.00402	551,620
March 2023[9]	61,141,800	0.00402	245,790
Total	**1,379,340,200**	**$0.00402**	**$ 5,544,948[10]**

416
417 The forecast kWh sales in Tables 5 and 6 are based on the methodology described in
418 Section 7.4 of this Application. To the extent that actual kWh sales vary from the
419 forecast, any difference between the actual amount of ECAM collected from customers

9 Assumes that the proposed ECAM Rate Adjustment will be prorated on customer bills based on consumption period as set out in the Commission's letter of direction dated January 22, 2021.

10 The difference between the forecast December 31, 2021 ECAM balance of $5,550,978 and the total ECAM collected from customers of $5,544,948 is due to rounding of the collection rate to five decimal places as per Section N-0 of the Company's Rates and General Rules and Regulations.

and the amounts forecast in Table 6 will be deferred in the ECAM account to be collected or refunded to customers in a future period. This approach is consistent with the operation of the ECAM in previous years.

8.0 CUSTOMER IMPACT

8.1 Proposed Customer Rates

Appendix B provides a schedule of existing customer rates, by customer class, effective January 1, 2021 and the proposed customer rates for March 1, 2022 based on this Application. A summary comparison of the existing (i.e., 2021) and proposed (i.e., 2022) per kWh charge by customer class is provided in Table 7.

TABLE 7

Energy Charge per kWh - Revenue Requirement (A)			
Customer Class	**2021**	**2022**	**% Change**
Residential - First Block	$ 0.1450	$ 0.1450	0.0%
Residential - Second Block	$ 0.1146	$ 0.1146	0.0%
General Service - First Block	$ 0.1789	$ 0.1789	0.0%
General Service - Second Block	$ 0.1159	$ 0.1159	0.0%
Small Industrial - First Block	$ 0.1752	$ 0.1752	0.0%
Small Industrial - Second Block	$ 0.0868	$ 0.0868	0.0%
Large Industrial	$ 0.0698	$ 0.0698	0.0%
Energy Charge per kWh - Other Amounts (B)			
Description	**2021**	**2022**	**% Change**
ECAM Charge per kWh	$ -	$ 0.0040	100.0%
Provincial Costs Recoverable per kWh	$ 0.0036	$ 0.0036	0.0%
Provincial Energy Efficiency Program per kWh	$ 0.0013	$ 0.0013	0.0%
RORA per kWh	$ (0.0007)	$ (0.0007)	0.0%
Total Energy Charge per kWh – Other Amounts	$ 0.0042	$ 0.0082	95.2%
Total Energy Charge per kWh (A+B)			
Customer Class	**2021**	**2022**	**% Change**
Residential - First Block	$ 0.1492	$ 0.1532	2.7%
Residential - Second Block	$ 0.1188	$ 0.1228	3.4%
General Service - First Block	$ 0.1831	$ 0.1871	2.2%
General Service - Second Block	$ 0.1201	$ 0.1241	3.3%
Small Industrial - First Block	$ 0.1794	$ 0.1834	2.2%
Small Industrial - Second Block	$ 0.0910	$ 0.0950	4.4%
Large Industrial	$ 0.0740	$ 0.0780	5.4%

8.2 Impact on Annual Customer Costs

The proposed ECAM Rate Adjustment will increase the monthly energy charge per kWh as shown in Table 7 and Appendix B. Other customer charges, namely the monthly service charges and demand charges, will remain unchanged. As a result, the percentage change in the total annual customer costs will be less than the percentages shown in Table 7.

Table 8 illustrates estimated annual cost, by component, for a typical rural residential customer using 650 kWh per month, or 7,800 kWh per year.

TABLE 8
Annual Cost for Rural Residential Customer
(650 kWh per Month/7,800 kWh per Year)

	Mar. 1, 2020 to Feb. 28, 2021 Actual	Mar. 1, 2021 to Feb. 28, 2022 Actual	Mar. 1, 2022 to Feb. 28, 2023 Forecast
Service Charge	$ 323.04	$ 323.04	$ 323.04
Basic Energy Charge	1,103.02	1,131.00	1,131.00
ECAM Charge	3.92	-	30.08
Provincial Costs Recoverable	40.08	27.97	27.97
Provincial Energy Efficiency Program	1.75	10.52	10.52
Cable Contingency Fund	1.41	-	-
RORA	(24.23)	(5.71)	(5.71)
Sub-total	**1,448.99**	**$ 1,486.82**	**$ 1,516.90**
HST	217.35	223.02	227.54
Provincial Clean Energy Rebate[11]	(112.60)	(116.38)	(119.39)
Total Annual Cost	**$ 1,553.74**	**$ 1,593.46**	**$ 1,625.05**
Percentage Annual Increase (%)			
Before Tax		**2.6%**	**2.0%**
After Tax		**2.6%**	**2.0%**

[11] The Provincial Clean Energy Rebate is a provincial Government rebate on the first block energy up to 2,000 kWh per month for eligible Residential year-round customers.

Table 9 illustrates the estimated annual cost, by component, for a typical urban residential customer using 650 kWh per month, or 7,800 kWh per year.

TABLE 9
Annual Cost for Urban Residential Customer
(650 kWh per Month/7,800 kWh per Year)

	Mar. 1, 2020 to Feb. 28, 2021 Actual	Mar. 1, 2021 to Feb. 28, 2022 Actual	Mar. 1, 2022 to Feb. 28, 2023 Forecast
Service Charge	$ 294.84	$ 294.84	$ 294.84
Basic Energy Charge	1,103.02	1,131.00	1,131.00
ECAM Charge	3.92	-	30.08
Provincial Costs Recoverable	40.08	27.97	27.97
Provincial Energy Efficiency Program	1.75	10.52	10.52
Cable Contingency Fund	1.41	-	-
RORA	(24.23)	(5.71)	(5.71)
Sub-total	**1,420.80**	**1,458.62**	**1,488.70**
HST	213.12	218.79	223.31
Provincial Clean Energy Rebate[12]	(112.61)	(116.38)	(119.39)
Total Annual Cost	**$ 1,521.31**	**$ 1,561.04**	**$ 1,592.62**
Percentage Annual Increase (%)			
Before Tax		**2.7%**	**2.1%**
After Tax		**2.6%**	**2.0%**

[12] The Provincial Clean Energy Rebate is a provincial Government rebate on the first block energy up to 2,000 kWh per month for eligible Residential year-round customers.

Table 10 illustrates the estimated annual cost, by component, for a general service customer using 10,000 kWh per month, or 600,000 kWh per year, and demand of 50 KW per month, or 600 KW per year.

TABLE 10
Annual Cost for General Service Customer
(10,000 kWh/50 KW per Month/120,000 kWh/600 KW per Year)

	Mar. 1, 2020 to Feb. 28, 2021 Actual	Mar. 1, 2021 to Feb. 28, 2022 Actual	Mar. 1, 2022 to Feb. 28, 2023 Forecast
Service Charge	$ 294.84	$ 294.84	$ 294.84
Demand Charge	4,834.80	4,834.80	4,834.80
Basic Energy Charge	17,252.25	17,688.00	17,688.00
ECAM Charge	60.38	-	462.80
Provincial Costs Recoverable	616.58	430.27	430.27
Provincial Energy Efficiency Program	21.59	161.89	161.89
Cable Contingency Fund	27.00	-	-
RORA	(372.72)	(87.85)	(87.85)
Sub-total	**22,734.72**	**23,321.95**	**23,784.75**
HST	3,410.21	3,498.29	3,567.71
Total Annual Cost	**$ 26,144.93**	**$ 26,820.24**	**$ 27,352.46**
Percentage Annual Increase (%)			
Before Tax		**2.6%**	**2.0%**
After Tax		**2.6%**	**2.0%**

Typical customers in the Small and Large Industrial classes will experience slightly larger increases in annual electricity costs than those presented for Residential and General Service Customers. This is due to the lower per kWh charge for the Large Industrial class and lower second block charge for the Small Industrial class, as the proposed ECAM Rate Adjustment represents a larger percentage increase on these lower rates. The impact for each individual customer will vary depending upon each customers' demand and consumption profile. However, a reasonable estimate of the expected rate increase for the Small Industrial customers is 2.7 per cent. The average expected rate increase for the Large Industrial class, which consists of a small number of customers with demand and consumption profiles that are wide in range, is between 3.7 and 4.3 per cent.

9.0 CONCLUSION

Three unplanned outages at Point Lepreau have resulted in either reduced or no generation at the facility for approximately 100 days in 2021. When these unplanned outages occur, the Company must secure replacement energy from another source. At the same time, the Company continues to be responsible for the ongoing operating and maintenance costs of Point Lepreau even when the facility is not producing energy. These operating and maintenance costs were higher than planned. Since these outages were unscheduled, the costs associated with the replacement energy and additional operating and maintenance costs were not contemplated in the Company's forecast Base Rate Cost for purchased and produced electricity of $0.09244 per kWh, which is included in 2021 rates and was approved by the Commission in Orders UE20-06 and UE21-03.

Together, the replacement energy and additional operating and maintenance costs have been the primary drivers of the ECAM account reaching a receivable balance of approximately $5.6 million from January 1, 2021 to December 31, 2021. In this Application, the Company proposes the addition of an ECAM Rate Adjustment of $0.00402 per kWh to customer bills beginning March 1, 2022 for all customer classes. This adjustment will allow the Company to collect the 2021 ECAM balance from customers over the period March 1, 2022 to February 28, 2023 in accordance with Section N-0 of the Company's Rates and General Rules and Regulations.

In Order UE19-08, the Commission expressed concern about significant ECAM balances and the potential for intergenerational inequity created if these balances remain uncollected over long periods of time. The Commission also expressed concern that deferring large balances of energy supply costs does not send appropriate price signals to customers. These concerns support the Company's proposal to begin collecting the ECAM balance on March 1, 2022 rather than continuing to defer the balance until the next GRA.

The proposed collection of the ECAM account balance will reduce the magnitude of customer rate adjustments that would otherwise occur in the next GRA.

The proposed collection of the ECAM account balance also reduces the overall financing costs for customers, as the Company will be financing a lower ECAM balance compared to carrying the full amount on its balance sheet until the next GRA rate adjustment.

10.0 PROPOSED ORDER

C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

BEFORE THE ISLAND REGULATORY AND APPEALS COMMISSION

IN THE MATTER of Section 10, 13(1) and 20 of the *Electric Power Act* (R.S.P.E.I. 1988, Cap. E-4) and **IN THE MATTER** of the Application of Maritime Electric Company, Limited for an order approving an Energy Cost Adjustment Mechanism rate adjustment to customers' bills for the period March 1, 2022 to February 28, 2023 and for certain approvals incidental to such an order.

WHEREAS on or about September 27, 2019 the Commission issued Order UE19-08;

AND WHEREAS pursuant to Order UE19-08, Maritime Electric filed a comprehensive review of the ECAM, on or about June 1, 2020;

AND WHEREAS on or about July 28, 2021 the Commission issued Order UE21-05 approving the continued operation of the ECAM with revisions effective the next rate setting period but not approving the automatic resetting the ECAM Rate Adjustment applied to customers' bills;

AND WHEREAS three unscheduled outages at Point Lepreau in 2021 required the Company to incur replacement energy costs and higher operating and maintenance costs which have resulted in actual energy costs in 2021 to be in excess of the base energy costs of $0.09244 per kWh forecast in 2021 rates and approved by the Commission in Order UE21-03;

AND WHEREAS the Company forecasts an ECAM balance of $5.6 million on December 31, 2021 primarily as a result of these outages;

NOW AND THEREFORE pursuant to the Electric Power Act and the Island Regulatory and Appeals Commission Act, the Commission orders as follows:

IT IS ORDERED THAT:

1. Maritime Electric shall collect an ECAM Rate Adjustment beginning on March 1, 2022 at the rate of $0.00402 per kWh in accordance with Section N-0 of the Company's Rates and General Rules and Regulations.

DATED at Charlottetown this ____ day of _____, 2022

BY THE COMMISSION

_____,
Chair

_____,
Commissioner

_____,
Commissioner

APPENDIX A

2021 Monthly ECAM Schedule

	ACTUAL											FORECAST	
Energy Cost Adjustment Mechanism	**Jan-21**	**Feb-21**	**Mar-21**	**Apr-21**	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**	**Oct-21**	**Nov-21**	**Dec-21**	**Total**
Purchased Energy Costs	8,613,841	8,506,173	7,865,818	6,740,999	5,709,410	5,635,988	6,272,466	7,224,809	5,735,968	6,304,154	8,114,252	8,070,994	84,794,872
Lepreau Energy Costs	2,011,774	2,219,174	2,280,932	2,240,082	2,226,970	2,014,794	2,099,500	2,142,807	2,032,218	2,101,172	2,074,684	2,373,807	25,817,914
Generation Fuel Costs-PEI Plants	124,856	108,467	108,180	31,618	19,729	21,199	14,916	32,335	2,376	224,283	51,098	96,033	835,090
PEI Plant Operating Costs	255,378	244,126	298,914	260,981	253,000	244,887	270,352	234,519	229,514	258,919	230,072	316,159	3,096,820
Less: Insurance, Property Tax & Training	(85,685)	(80,893)	(96,328)	(82,353)	(75,966)	(83,453)	(91,637)	(70,702)	(88,097)	(88,377)	(88,097)	(87,314)	(1,018,900)
Amortization - Pt Lepreau Deferred Charge & DSM	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	17,327	17,327	17,327	17,127	242,707
Renewable Energy Costs	2,280,204	2,101,112	2,684,808	2,112,851	1,926,173	1,763,677	1,346,166	1,178,717	1,740,055	1,508,202	2,506,798	2,980,853	24,129,618
	13,222,068	13,119,859	13,164,025	11,325,878	10,081,017	9,618,793	9,933,462	10,764,185	9,669,362	10,325,681	12,906,134	13,767,658	137,898,121
Net Purchased & Produced Energy - kWh (NPP)	142,214,117	127,386,376	131,603,409	112,317,560	106,816,491	102,278,443	107,412,177	117,356,765	104,175,388	110,428,006	122,185,026	147,534,844	1,431,708,602
Base Rate/kWh	0.09244	0.09244	0.09244	0.09244	0.09244	0.09244	0.09244	0.09244	0.09244	0.09244	0.09244	0.09244	0.09244
Base Energy Costs	13,146,273	11,775,597	12,165,419	10,382,635	9,874,116	9,454,619	9,929,182	10,848,459	9,629,973	10,207,965	11,294,784	13,638,121	132,347,143
Difference Between Actual & Base Energy Costs	75,795	1,344,262	998,605	943,242	206,901	164,173	4,281	(84,274)	39,389	117,716	1,611,350	129,537	5,550,978
Opening Balance - Regular ECAM	-	75,795	1,420,057	2,418,662	3,361,905	3,568,805	3,732,979	3,737,260	3,652,986	3,692,375	3,810,091	5,421,441	-
Additions/(Reductions)	75,795	1,344,262	998,605	943,242	206,901	164,173	4,281	(84,274)	39,389	117,716	1,611,350	129,537	5,550,978
Rebated/(Collected) From Ratepayer	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance - Regular ECAM	75,795	1,420,057	2,418,662	3,361,905	3,568,805	3,732,979	3,737,260	3,652,986	3,692,375	3,810,091	5,421,441	5,550,978	5,550,978
General Ledger Closing Balance	75,795	1,420,057	2,418,662	3,361,905	3,568,805	3,732,979	3,737,260	3,652,986	3,692,375	3,810,091	5,421,441	5,550,978	5,550,978

Maritime Electric Company, Limited
Schedule of Rates

Rate Code		January 1, 2021	March 1, 2022
110	**Residential**		
	Service Charge	$ 24.57	$ 24.57
	Energy Charge per kWh for first 2,000 kWh	$ 0.1492	$ 0.1532
	Energy Charge per kWh for balance kWh	$ 0.1188	$ 0.1228
130	**Residential Rural**		
	Service Charge	$ 26.92	$ 26.92
	Energy Charge per kWh for first 2,000 kWh	$ 0.1492	$ 0.1532
	Energy Charge per kWh for balance kWh	$ 0.1188	$ 0.1228
131	**Residential Seasonal**		
	Service Charge	$ 26.92	$ 26.92
	Energy Charge per kWh for first 2,000 kWh	$ 0.1492	$ 0.1532
	Energy Charge per kWh for balance of kWh	$ 0.1188	$ 0.1228
133	**Residential Seasonal Option**		
	Service Charge	$ 37.50	$ 37.50
	Energy Charge per kWh for first 2,000 kWh	$ 0.1492	$ 0.1532
	Energy Charge per kWh for balance of kWh	$ 0.1188	$ 0.1228
232	**General Service**		
	Service Charge	$ 24.57	$ 24.57
	Demand Charge - per kW for first 20 kW	$ -	$ -
	Demand Charge - per kW for balance of kW	$ 13.43	$ 13.43
	Energy Charge per kWh for first 5,000 kWh	$ 0.1831	$ 0.1871
	Energy Charge per kWh for balance of kWh	$ 0.1201	$ 0.1241
233	**General Service - Seasonal Operators Option**		
	Service Charge	$ 24.57	$ 24.57
	Demand Charge - per kW for first 20 kW	$ -	$ -
	Demand Charge - per kW for balance of kW	$ 13.43	$ 13.43
	Energy Charge per kWh for first 5,000 kWh	$ 0.1831	$ 0.1871
	Energy Charge per kWh for balance of kWh	$ 0.1201	$ 0.1241
320	**Small Industrial**		
	Demand Charge - per kW	$ 7.46	$ 7.46
	Energy Charge per kWh for first 100 kWh per kW billing demand	$ 0.1794	$ 0.1834
	Energy Charge per kWh for balance of kWh	$ 0.0910	$ 0.0950
310	**Large Industrial**		
	Demand Charge per kW	$ 14.50	$ 14.50
	Energy Charge per kWh	$ 0.0740	$ 0.0780
340	**Long Term Contract** (Currently no customers in this rate category)		
	Demand Charge per kW	$ 15.51	$ 15.51
	Energy Charge per kWh	$ 0.1004	$ 0.1044
330	**Short Term Contract** (Currently no customers in this rate category)		
	Demand Charge - per kW	$ 16.79	$ 16.79
	Energy Charge per kWh for all kWh in the first block	$ 0.0995	$ 0.1036
	Energy Charge per kWh for balance of kWh in the month	$ 0.0828	$ 0.0869

Maritime Electric Company, Limited
Schedule of Rates

	Residential	Type		Annual kWh	Monthly kWh	Approved January 1, 2021	Proposed March 1, 2022
	619	LED	70 W HPS Equivalent St Lights - Rented		15	$ 12.43	$ 12.49
	625	LED	100 W HPS Equivalent St Lights - Rented		17	$ 12.86	$ 12.93
*	630	HPS	St Lights - Rented	389	32	$ 16.44	$ 16.57
*	631	HPS	St Lights - Rented	553	46	$ 20.88	$ 21.06
*	632	HPS	St Lights - Rented	799	66	$ 29.85	$ 30.12
	633	HPS	St Lights - Rented	1283	106	$ 40.59	$ 41.02
	634	HPS	St Lights - Rented	1886	157	$ 47.47	$ 48.10
*	635	MV	St Lights - Rented	656	54	$ 16.28	$ 16.50
	639	Lanterns	City Lanterns - Rented	389	32	$ 60.43	$ 60.56
*	640	HPS	St Lights - Owned	389	32	$ 6.46	$ 6.59
*	641	HPS	St Lights - Owned	553	46	$ 8.52	$ 8.70
*	642	HPS	St Lights - Owned	779	65	$ 11.44	$ 11.70
	643	HPS	St Lights - Owned	1283	107	$ 18.13	$ 18.56
	644	HPS	St Lights - Owned	1886	157	$ 28.59	$ 29.22
	651	LED	St Lights - Owned	78	7	$ 1.16	$ 1.19
	652	LED	St Lights - Owned	246	21	$ 3.67	$ 3.75
	653	LED	St Lights - Owned	205	17	$ 3.06	$ 3.13
	666	LED	175 W MV Equivalent St Lights - Rented		25	$ 14.31	$ 14.41
	670	LED	St Lights - Rented	410	34	$ 16.64	$ 16.78
	675	LED	150 W/200 W HPS Equivalent St Lights - Rented		37	$ 15.46	$ 15.61
	719	LED	St Lights - Owned	176	15	$ 2.63	$ 2.69
*	730	HPS	Yard Lights - Rented	389	32	$ 16.44	$ 16.57
*	731	HPS	Yard Lights - Rented	553	46	$ 20.88	$ 21.06
*	732	HPS	Yard Lights - Rented	799	66	$ 29.85	$ 30.12
	733	HPS	Yard Lights - Rented	1283	106	$ 40.59	$ 41.02
	734	HPS	Yard Lights - Rented	1886	157	$ 47.47	$ 48.10
*	735	MV	Yard Lights - Rented	656	54	$ 16.28	$ 16.50
*	737	MV	Yard Lights - Rented	1210	100	$ 28.79	$ 29.19
*	740	HPS	Yard Lights - Owned	389	32	$ 6.46	$ 6.59
*	741	HPS	Yard Lights - Owned	553	46	$ 8.52	$ 8.70
	742	HPS	Yard Lights - Owned	779	65	$ 11.44	$ 11.70
	743	HPS	Yard Lights - Owned	1283	107	$ 18.13	$ 18.56
	744	HPS	Yard Lights - Owned	1886	157	$ 28.59	$ 29.22
	749	LPS	Yard Lights - Owned	869	72	$ 13.34	$ 13.63
	753	Flood	Yard Lights - Rented	1283	107	$ 38.73	$ 39.16
	754	Flood	Yard Lights - Rented	1886	157	$ 48.21	$ 48.84
	755	Halide	Yard Lights - Rented	1148	95	$ 40.79	$ 41.17
	756	Halide	Yard Lights - Rented	1878	156	$ 50.20	$ 50.83
	757	Halide	Yard Lights - Rented	4346	362	$ 86.16	$ 87.62
	759	Halide	St Lights - Owned	533	44	$ 7.96	$ 8.14
	760	Halide	St Lights - Owned	894	74	$ 13.37	$ 13.67
	761	Halide	St Lights - Owned	1148	95	$ 17.15	$ 17.53
	762	Halide	St Lights - Owned	1878	156	$ 28.04	$ 28.67
	764	LED	St Lights - Owned	410	34	$ 6.12	$ 6.26
	765	Halide	St Lights - Owned	759	63	$ 11.33	$ 11.58
	766	LED	St Lights - Owned	295	25	$ 4.40	$ 4.50
	775	LED	St Lights - Owned	438	37	$ 6.54	$ 6.69
	780	LED	St Lights - Owned	586	49	$ 8.75	$ 8.95
	785	LED	St Lights - Owned	718	60	$ 10.70	$ 10.94

* These charges are applicable to existing fixtures only.

Maritime Electric Company, Limited
Schedule of Rates

		January 1, 2021	March 1, 2022
610	Pole Rental -Wood	$ 4.38	$ 4.38
	Residential		
	Unmetered Rates (based on 100 watt fixture)		
810	8 Hour Lighting per kWh	$ 0.1790	$ 0.1830
	Minimum Charge	$ 11.67	$ 11.67
820	12 Hour Lighting per kWh	$ 0.1790	$ 0.1830
	Minimum Charge	$ 11.67	$ 11.67
830	24 Hour Lighting per kWh	$ 0.1790	$ 0.1830
	Minimum Charge	$ 11.67	$ 11.67
840	Air Raid & Fire Sirens		
850	Outdoor Christmas Lighting - 5.77¢ per watt of connected load per week		
234	Customer Owned Outdoor Recreational Lighting		
	Service Charge	$ 24.57	$ 24.57
	Energy Charge per kWh for first 5,000 kWh	$ 0.1790	$ 0.1830
	Energy Charge per kWh for balance of kWh	$ 0.1099	$ 0.1139
	Short Term Unmetered Rates		
	Energy Charge:		
	per kWh of estimated consumption	$ 0.1790	$ 0.1830

Connection Charge:	Single-Phase	Three-Phase
A. Connecting to existing secondary voltage	$99.08	$99.08

B. Where transformer installations are required, the following connection charges will apply:

	Single-Phase	Three-Phase
(1) Up to and including 10 kVA	$148.87	$209.17
(2) 11 kVA to 15 kVA	$240.79	$301.01
(3) 16 kVA to 25 kVA	$269.20	$336.64
(4) 26 kVA to 37 kVA	$301.01	$336.64
(5) 38 kVA to 50 kVA	$336.64	$336.64
(6) 51 kVA to 75 kVA	$369.58	$523.96
(7) 76 kVA to 125 kVA	$431.07	$555.59
(8) Above 125 kVA	0	$594.94