



PRINCE EDWARD ISLAND

Regulatory & Appeals Commission

Commission de réglementation et d'appels

ÎLE-DU-PRINCE-ÉDOUARD

Docket: UE20731

Order: UE21-02

IN THE MATTER of an application by Maritime Electric Company, Limited for an order of the Island Regulatory and Appeals Commission approving the 2021 Annual Capital Budget, pursuant to section 17(1) of the *Electric Power Act*, R.S.P.E.I. 1988, Cap. E-4;

AND IN THE MATTER of an application by Maritime Electric Company, Limited for an order of the Island Regulatory and Appeals Commission approving the 2019 Capital Budget Variance Report, pursuant to section 17(4) of the *Electric Power Act*, *supra*.

BEFORE THE COMMISSION ON Monday,
the 7th day of June, 2021.

J. Scott MacKenzie, Q.C., Chair
M. Douglas Clow, Vice-Chair
Erin T. Mitchell, Commissioner

CERTIFIED A TRUE COPY

Cheryl Mosher,
Senior Financial Advisor
Island Regulatory & Appeals Commission

Order

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1. On February 28, 2020, Maritime Electric Company, Limited ("MECL" or the "Company") filed a report with the Island Regulatory and Appeals Commission (the "Commission") detailing its actual expenditures on improvements or additions to its property for 2019 (the "2019 Capital Budget Variance Report"), as required by section 17(4) of the *Electric Power Act*, R.S.P.E.I. 1988, Cap. E-4 (the "Act").
2. On August 6, 2020, MECL filed an application with the Commission, pursuant to section 17(1) of the *Act*, seeking approval of the Company's 2021 Annual Capital Budget (the "Application").
3. On September 8, 2020, the Commission advised MECL that the Application as filed did not contain the information required by Commission Order UE17-03 and the Capital Expenditure Justification Criteria. MECL was directed by the Commission to re-file the Application to include the requisite information.
4. On November 5, 2020 MECL advised the Commission it would re-file the Application by mid-November, 2020.
5. MECL did not re-file the Application until February 1, 2021, approximately five months after receiving direction to do so from the Commission.
6. Following receipt of the re-filed Application, notice of the Application was published on the Commission website and in local newspapers. Interested persons were invited to submit written comments and questions to MECL with respect to the Application.
7. One interested member of the public issued written questions to MECL and filed written comments with the Commission. The Commission has reviewed all questions, responses and comments as filed.
8. The Commission issued interrogatories to MECL on March 30, 2021, requesting further explanation and information that would allow the Commission to make an informed decision with respect to the Application.

9. MECL filed responses to the Commission's interrogatories on April 22, 2021.
10. While the Commission's review of the Application was ongoing, MECL requested interim approval of certain 2021 capital projects, pending the Commission's final decision with respect to the entirety of the Application.
11. On May 12, 2021, the Commission issued Order UE21-01, approving four (4) capital projects on an interim basis, pending the Commission's final decision with respect to the entirety of the Application.
12. The Commission must be provided with the information needed to allow the Commission to make an informed decision with respect to the Company's annual capital budget, including, but not limited to, information relating to the reliability of MECL's transmission and distribution systems and the prioritization of capital projects.
13. Utility tribunals across Canada are dealing with the issue of the need to have electrical utilities file clear and fulsome information to allow those tribunals to make an informed decision on capital budget requests.
14. The Commission has consulted with other utility tribunals and has the benefit of reviewing information that they have obtained from experts in the area of electrical utility capital budgeting. With this information, the Commission has developed criteria for capital budgeting. The Commission will provide direction to the Company and also work with the Company to develop filing requirements for the Company's 2022 capital budget application.

NOW THEREFORE, pursuant to section 17 of the *Act*, the Commission Orders as follows:

1. The 2019 Capital Budget Variance Report is approved as filed with the Commission on February 28, 2020.
2. The Company's 2021 Annual Capital Budget is approved as filed with the Commission on February 1, 2021.

3. A summary of the approved 2021 annual capital expenditures is as follows:

Expenditure	Amount
Generation	\$1,330,000
Distribution	\$28,055,000
Transmission	\$11,528,000
Corporate	\$2,527,000
Capitalized General Expense	\$518,000
Interest During Construction	\$565,000
Less: Customer Contributions	<u>(\$3,107,000)</u>
Net Capital Expenditures	<u>\$41,416,000</u>

4. MECL shall file, as part of its 2022 Capital Budget Application and each subsequent annual capital budget application thereafter, the unspent portion of any previously approved capital budget that MECL intends to carryover, together with a thorough explanation as to why the funds were not spent in the year for which they were approved. Any amount that the Company intends to carryover is subject to Commission approval as part of the annual capital budget for the year in which the Company intends to spend the carryover amount.
5. The Commission shall issue a letter of direction to MECL detailing further filing requirements that will apply to the 2022 Capital Budget Application and each subsequent annual capital budget application thereafter.

DATED at Charlottetown, Prince Edward Island, this 7th day of June, 2021.

BY THE COMMISSION:

(sgd) J. Scott MacKenzie

J. Scott MacKenzie, Q.C., Chair

(sgd) M. Douglas Clow

M. Douglas Clow, Vice-Chair

(sgd) Erin T. Mitchell

Erin T. Mitchell, Commissioner

NOTICE

Section 12 of the ***Island Regulatory and Appeals Commission Act*** reads as follows:

12. The Commission may, in its absolute discretion, review, rescind or vary any order or decision made by it, or rehear any application before deciding it.

Parties to this proceeding seeking a review of the Commission's decision or order in this matter may do so by filing with the Commission, at the earliest date, a written Request for Review, which clearly states the reasons for the review and the nature of the relief sought.

Sections 13(1), 13(2), 13(3), and 13(4) of the ***Act*** provide as follows:

13(1) An appeal lies from a decision or order of the Commission to the Court of Appeal upon a question of law or jurisdiction.

(2) The appeal shall be made by filing a notice of appeal in the Court of Appeal within twenty days after the decision or order appealed from and the rules of court respecting appeals apply with the necessary changes.

(3) The Commission shall be deemed to be a party to the appeal.

(4) No costs shall be payable by any party to an appeal under this section unless the Court of Appeal, in its discretion, for special reasons, so orders.

NOTE: In accordance with IRAC's *Records Retention and Disposition Schedule*, the material contained in the official file regarding this matter will be retained by the Commission for a period of 5 years.