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JAN 29 2016

The Island Regulatory  
and Appeals Commission

BEFORE THE ISLAND REGULATORY AND APPEALS COMMISSION

**IN THE MATTER OF:**

Section 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 of the Commission approving rates, tolls and charges for electric service for the period beginning March 1, 2016 and for certain approvals incidental to such an order.

- and -

**IN THE MATTER OF:**

Section 26 of the *Electric Power Act* (R.S.P.E.I. 1988, Cap. E-4) and Section 12 of the Island Regulatory and Appeals Commission Act (R.S.P.E.I. 1988, Cap. I-11) and **IN THE MATTER** of the Application of Maritime Electric Company, Limited for an order of the Commission with respect to input factors for the period between January 1, 2016 and February 29, 2016 and to establish rates of depreciation with respect to the Company's several classes of property for the period beginning January 1, 2016 and for certain approvals incidental to such an order.

### **MINUTES OF SETTLEMENT**

WHEREAS on October 28, 2015, the Applicant, Maritime Electric Company Limited ("MECL") filed a General Rate Application ("GRA");

AND WHEREAS on July 23, 2015 MECL filed a Depreciation Application;

AND WHEREAS on June 3, 2015 MECL filed a Demand Side Management (DSM) Application and on November 3, 2015 the Commission issued Order UE 15-02;

AND WHEREAS on December 13, 2006 MECL filed an Open Access Transmission Tariff ("OATT") Application and on March 4, 2008 the Commission issued order UE 08-03;

AND WHEREAS the GRA, Depreciation Application, DSM Application and OATT Application are collectively referred to herein as "the Applications";

AND WHEREAS the Government of Prince Edward Island, as represented by the Minister of Transportation, Infrastructure and Energy ("the Government") intervened in the Applications;

AND WHEREAS notice of the Applications was published in the local newspaper, and questions and comments were received from members of the general public, the Commission and the Government;

AND WHEREAS MECL and the Government have reached agreement on the matters in issue in the GRA and Depreciation Applications, and have made certain assumptions about DSM

expenses and OATT revenue, all of which are contained in the 2016 General Rate Agreement ("the Agreement") attached as Appendix A;

AND WHEREAS MECL and the Government agree that to the extent that the terms of the Agreement differ from the relief sought by MECL in the GRA and Depreciation Applications, the terms of the Agreement shall prevail and shall be dispositive of MECL's GRA and Depreciation Applications;

AND WHEREAS the Agreement is subject to review and approval by the Commission.

THE UNDERSIGNED respectfully request the Commission to approve the Agreement attached hereto as Appendix A, and set new electricity rates effective March 1, 2016 on the basis of this Agreement.

AGREED, and signed by legal counsel THIS 29<sup>th</sup> DAY OF JANUARY, 2016.

MARITIME ELECTRIC COMPANY,  
LIMITED

  
Per: D. Spencer Campbell, Q.C.

GOVERNMENT OF PRINCE EDWARD  
ISLAND, as represented by the Minister of  
Transportation, Infrastructure and Energy

  
Per: J. Gordon MacKay, Q.C.

**APPENDIX A**

**2016 GENERAL RATE AGREEMENT**

**THIS AGREEMENT** made this 28<sup>TH</sup> day of January 2016

**BETWEEN:**

**THE GOVERNMENT OF PRINCE EDWARD ISLAND** as represented by the Minister of Transportation, Infrastructure and Energy (hereinafter referred to as "Province")

**OF THE FIRST PART**

**AND:**

**MARITIME ELECTRIC COMPANY, LIMITED** a body corporate, duly incorporated under the laws of Canada, as represented by its President and Chief Executive Officer (hereinafter referred to as "MECL")

**OF THE SECOND PART**

**WHEREAS** in recognition of the fact that a collaborative approach by the parties in securing least cost, reliable sources of electric energy and related capacity at stable rates is in the best interests of Prince Edward Island ("Island") consumers of electricity the parties hereto entered into an Agreement known and styled as the Prince Edward Island Energy Accord ("Accord");

**AND WHEREAS** the term of the Accord is from November 12, 2010, to February 29, 2016;

**AND WHEREAS** the parties recognize that the primary goal of reducing the cost of electricity to Island consumers and ensuring price stability and rate predictability can best be achieved by continuing the collaborative approach between the parties and adding certainty to rates, tolls and charges for electric energy in the Province;

**AND WHEREAS** the Province is in the process of developing a new provincial energy strategy to assist with short and long term policies, programs and approaches to energy and sustainability;

**AND WHEREAS** the parties agree to continue to work collaboratively to implement innovative and effective demand side management ("DSM") policies to improve energy efficiency and reduce energy consumption in the Province, leading to a substantive reduction in carbon emissions and reliance on fossil fuels;

**NOW THEREFORE THIS AGREEMENT WITNESSETH THAT** in consideration of the premises, the mutual covenants and agreements herein and subject to the terms and conditions in this Agreement, the aforesaid parties to this Agreement agree as follows:

**Article 1 - 2016 General Rate Agreement**

- 1.1 This Agreement shall be known and styled as the 2016 General Rate Agreement ("Agreement").
- 1.2 The purpose of the Agreement is:

- (i) To ensure continued reliable sources of electric energy and related capacity at stable, reasonable rates for Island consumers; and
  - (ii) To provide price stability and rate predictability for Island electricity consumers over the next three (3) years beginning on March 1, 2016.
- 1.3 The Term of the Agreement is for the period commencing on March 1, 2016 and ending on February 28, 2019.

## **Article 2 - General Rate Application**

- 2.1 MECL currently has before the Island Regulatory and Appeals Commission ("Commission") a General Rate Application ("GRA"), filed on October 28, 2015.
- 2.2 The parties agree that MECL shall be entitled to the relief sought in the General Rate Application subject to the exceptions set out in section 2.3.
- 2.3 The parties agree that:
- (i) A return on rate base resulting in a 9.35% return on average common equity shall be approved for MECL for each year of the Agreement;
  - (ii) MECL shall apply the rates, tolls and charges as set out in Appendix 1 attached hereto for the period March 1, 2016 to February 28, 2019, which rates, tolls and charges are based upon the forecasted values and input factors set out in Appendix 2 and such other forecasted values and input factors as may be agreed to by the parties. For greater certainty, MECL shall be entitled to collect the revenue requirement set out in Appendix 2 in order to apply the schedule of rates, tolls and charges set out in Appendix 1; and
  - (iii) Consideration of changes to the multi-block residential energy pricing structure, and the related changes in other Company rate structures, shall be deferred until following the termination of the Agreement.
- 2.4 As a result of the Agreement, the cost of electricity for a typical MECL customer for the duration of the Agreement will be limited to a maximum increase of 2.3% per year.

## **Article 3 - Return on Equity Calculations**

- 3.1 On December 2, 2015, *An Act to Amend the Electric Power Act*, S.P.E.I. 2015, c. 25, received Royal Assent in the Legislative Assembly ("Amending Act").
- 3.2 The *Amending Act*, among other things, includes the repeal of the current section 12.1 of the *Electric Power Act*, R.S.P.E.I. 1988, Cap. E-4 ("Electric Power Act"), and substitution of the following, to be effective January 1, 2017:

*12.1 Maritime Electric Company, Limited shall, as determined in accordance with generally accepted accounting principles,*

(a) maintain at all times not less than 35 per cent of its capital invested in the power system in the form of common equity; and

(b) ensure that, for the year, not more than 40 per cent of its capital is invested in the power system in the form of common equity.

3.3 The parties agree that:

- (i) the proper determination of MECL's capital invested in the power system for the purposes of applying the provisions of the *Amending Act* and in accordance with this Agreement is based upon MECL's average capital invested in the power system for the year ("Average Annual Capital Investment"); and
- (ii) MECL's Average Annual Capital Investment shall be calculated by using MECL's equity levels at the beginning and end of a given year.

3.4 The parties further agree that:

- (i) the provision of the *Amending Act* establishing MECL's maximum Average Annual Capital Investment for a given year is for the purpose of calculating MECL's maximum allowable earnings; and
- (ii) for the purpose of calculating MECL's earnings as an input factor in the years 2017 and 2018, MECL's maximum allowable earnings shall be based upon the Return on Average Equity set out in subsection 2.3(i) of this Agreement and a forecast Average Annual Capital Investment of Forty Percent (40%).

#### **Article 4 - Rate of Return Adjustment ("RORA")**

- 4.1 Where, during the term of the Agreement, the cumulative amount refunded to customers on a per kWh basis through the RORA account, as set out in Appendix 2, exceeds or is less than the balance in the RORA account on the Company's audited balance sheet at December 31, 2015, the Company shall recover or refund such net amount from or to customers over a reasonable period commencing March 1, 2019 as directed by the Commission.
- 4.2 In the event that MECL's return on average common equity exceeds the return on average common equity, as set out in Appendix 2, MECL shall return to its customers that portion of its earnings which exceed the return on average common equity set out in Appendix 2 commencing March 1, 2019 as directed by the Commission.

#### **Article 5 - Depreciation Application**

- 5.1 MECL currently has before the Commission an application for the establishment of rates of depreciation with respect to MECL's several classes of property, filed on July 23, 2015 ("Depreciation Application").
- 5.2 The parties agree that

- (i) MECL shall adopt depreciation rates calculated as of January 1, 2016, as proposed in the Depreciation Application, which rates shall remain in effect until the later of February 28, 2019 or varied by the Commission;
- (ii) MECL shall be entitled to record and incorporate into depreciation rates the recommended amortization of the accumulated reserve variance associated with the Charlottetown Thermal Generating Station commencing in 2016 and as outlined in Appendix 4 of the Depreciation Application;
- (iii) MECL shall file a Decommissioning Study with respect to the Charlottetown Thermal Generating Station with the Commission no later than June 30, 2018; and
- (iv) MECL shall file an updated Depreciation Study with the Commission no later than June 30, 2018, based on financial results to December 31, 2017. The filing will include any proposed changes in depreciation rates to ensure that the accumulated reserve variance for all classes of property are addressed prudently, and over a reasonable period of time, and that the results of the Decommissioning Study are incorporated into a prudent plan to ensure an adequate future site removal provision is provided for at the Charlottetown Thermal Generating Station.

#### **Article 6 - Demand Side Management and Open Access Transmission Tariff Applications**

- 6.1 On June 3, 2015, MECL filed an application with the Commission for approval of a proposed DSM plan ("DSM Application").
- 6.2 On November 3, 2015, the Commission issued Order UE15-02 with respect to the DSM Application. In Order UE15-02, the Commission:
  - (i) Approved the public outreach and education component of the proposed DSM plan, with an annual cost of \$167,500 to be recovered through customer rates as a component of the Energy Cost Adjustment Mechanism;
  - (ii) Did not approve any of the other components of the proposed DSM plan; and
  - (iii) Indicated it would issue an order in due course requiring MECL to file a new Energy Efficiency and DSM plan, pursuant to Section 16.1 of the *Electric Power Act*.
- 6.3 December 13, 2006, MECL filed an application with the Commission for approval of a proposed Open Access Transmission Tariff ("OATT Application").
- 6.4 On March 4, 2008, the Commission issued Order UE08-03 with respect to the OATT Application. In Order UE08-03, the Commission ordered, among other things, that:
  - (i) The October 3, 2007 OATT filed by MECL was approved effective June 30, 2008 as an interim tariff rate for the transmission of electricity by MECL and the collection of which rates were, until a final rate was set,

subject to such commercial collection agreements as MECL and its OATT customers may from time to time agree upon; and

- (ii) The Commission may adjust the interim tariff or deal with the collection thereof pending consideration of evidence filed by the City of Summerside and MECL and any hearing which may result.

- 6.5 The parties agree that the DSM Application and the OATT Application are both subject to further regulatory oversight and that Appendix 2 assumes certain DSM expenditures and OATT revenue. To the extent that the assumed expenditures and revenue differ from the actual amounts, if any, ordered by the Commission, MECL shall recover or refund such net amounts from or to customers over a reasonable period as directed by the Commission.

#### **Article 7 - Interconnection Upgrade Project**

- 7.1 The parties have entered into a Memorandum of Understanding ("MOU") and a Construction Agency Agreement (CAA) with respect to the Interconnection Upgrade Project ("Project").
- 7.2 MECL is now actively engaged as the Construction Agent for the PEI Energy Corporation and is working towards having the interconnection upgrade operating in late 2016.
- 7.3 The parties agree that the Project shall continue to proceed in accordance with the MOU, CAA and related documents, and that Project costs and their recovery from MECL customers, shall be based upon the forecasted values and input factors set out in Appendix 2. For greater certainty, recovery of MECL's portion of Project costs in accordance with Appendix 2 shall be a component of the Energy Cost Adjustment Mechanism and shall survive the expiration of this Agreement.

#### **Article 8 - Implementation**

- 8.1 The parties agree to jointly seek Commission approval for the implementation of the provisions of this Agreement as being an agreed upon resolution to the matters in issue with respect to the General Rate Application and the Depreciation Application.
- 8.2 For greater certainty, none of the provisions contained in this Agreement shall be enforceable unless and until all of the provisions of the Agreement are either approved by the Commission or legislatively authorized by amendments to the *Electric Power Act*, or a combination thereof.

#### **Article 9 - Communication**

- 9.1 Official public announcements with regard to matters addressed by this Agreement will be held from time to time, as agreed by the parties. The parties agree that Province shall be primarily responsible for public announcements with respect to this Agreement and each party will use their best efforts to provide the other with advance notice of any public announcement. The parties will co-operate in organizing media conferences, announcements and official ceremonies.

- 9.2 This Agreement and any information provided pursuant to this Agreement may be subject to release under the *Freedom of Information and Protection of Privacy Act* R.S.P.E.I. 1988, Cap F-15.01 (the "Act"). MECL will be consulted prior to the release of any information. The Parties recognize for purposes of the Act that the information which will be provided by MECL may be confidential and disclosure of this information could reveal trade secrets and commercial, financial, labour relations, scientific or technical information of MECL and that disclosure of this information or any part of it could significantly harm the competitive position of MECL and result in undue loss to MECL and its customers.

#### **Article 10 - Dispute Resolution**

- 10.1 Unless otherwise expressly provided for herein, any claim or controversy between the parties arising out of or relating to the execution, interpretation and performance of the Agreement (including the validity, scope and enforceability of this provision) shall be identified in writing and presented to the other party. Within twenty (20) days after delivery of such notice of dispute a representative from each of the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute in good faith. All reasonable requests for information made by one party to another shall be honoured. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.
- 10.2 If the parties are unable to resolve a dispute within thirty (30) days, then any unresolved claim or controversy between the parties arising out of or relating to the execution, interpretation and performance of this Agreement shall be settled by arbitration before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each party shall choose one arbitrator who shall sit on a three member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters. The arbitrator(s) shall provide each of the parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the *Arbitration Act*, RSPEI 1988, Cap. A-16..
- 10.3 Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the parties in writing of such decision and the reasons therefore. The decision of the arbitrator(s) shall be final and binding upon the parties.
- 10.4 Each party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:
- (i) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
  - (ii) one half the cost of the single arbitrator jointly chosen by the Parties.



In the event that it is necessary to enforce such award, all costs of enforcement shall be payable and paid by the party against whom such award is enforced.

#### Article 11 - General Provisions

- 11.1 The Parties agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Prince Edward Island and the laws of Canada applicable therein. All disputes, controversies or differences whatsoever arising under, in connection with or incident to the Agreement shall be exclusively governed by and construed and interpreted in accordance with the laws of Prince Edward Island and the laws of Canada applicable therein.
- 11.2 The parties' rights and obligations hereunder will bind and inure to the benefit of their respective successors and permitted assigns. Neither party shall assign or delegate its obligations under this Agreement either in whole or in part without the prior written consent of the other party.
- 11.3 Any notice, demand or other communication required or permitted by this Agreement to be given hereunder shall be in writing and shall be delivered by courier during normal business hours and left with a responsible employee at the relevant address set forth below or sent by facsimile transmission or other means of electronic communication that produces a written record and confirms receipt:
- (i) To: Maritime Electric Company, Limited  
180 Kent Street  
PO Box 1328  
Charlottetown, PE C1A 7N2  
  
Attention: Vice President, Corporate Planning and Energy Supply
  - (ii) To: Province of Prince Edward Island  
4th Floor, Jones Building  
11 Kent Street  
PO Box 2000  
Charlottetown, PE C1A 7N8  
  
Attention: CEO, Prince Edward Island Energy Corporation
- 11.4 Any notice, demand or other communication so given or made shall be deemed to have been given and received on the day of delivery, if so delivered, and on the day of sending, by electronic transmission, if delivered or sent during the normal business hours of the addressee on a business day and, if not, on the first business day thereafter. Any party may from time to time change its address for notice by notice to the other parties hereto given in the manner aforesaid.
- 11.5 Nothing in this Agreement nor any act of the parties hereto shall be construed, implied or deemed to create an agency, partnership, joint venture or employer and employee relationship between them. Neither this Agreement nor any of its provisions shall be construed as a commitment by any of the parties to engage any other party in any work, nor as any commitment to proceed, directly or

indirectly, with any business relationship between the parties. Any such commitment shall be contained only in any definitive agreements the parties may enter into in connection with any such relationship. This Agreement does not oblige either party to disclose any information to the other party.

- 11.6 Preparation of this Agreement has been a joint effort of the Parties and resulting documents shall not be construed more severely against one of the Parties than the other. Any rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or its appendices hereto.
- 11.7 The Parties agree that each of them shall, upon reasonable request to the other, do or cause to be done all further lawful acts, deeds and assurances whatever, for the better performance of the terms and conditions of this Agreement.
- 11.8 This Agreement may be executed in counterparts, each of which so executed shall be deemed to be an original, and together which shall be deemed to be but one and the same instrument. Delivery or acceptance of this Agreement or any portion thereof by facsimile transmission or digitally, or in any electronic fashion, shall have the same effect as if delivered personally and any such transmission signature, initial or notation, shall have the same effect as if it were an original and shall be binding upon the maker thereof.
- 11.9 The parties agree that upon application by either party the Commission may, by order, amend the rates, tolls and charges as set out herein if the Commission is satisfied that a material change in circumstances has occurred since the date of this Agreement.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto, each of whom represents that the signatory has the power to bind the party hereto.

Witness



**MARITIME ELECTRIC COMPANY, LIMITED**

Per:



Name: Fred J. O'Brien

Title: President and Chief Executive Officer

**GOVERNMENT OF PRINCE EDWARD ISLAND**

As represented by the Minister of Transportation, Infrastructure and Energy



Name: Honourable Paula J. Biggar

## Appendix 1

**Maritime Electric Company, Limited**  
**Schedule of Rates**

Rate Code		March 1, 2016	March 1, 2017	March 1, 2018
<b>110 Residential Urban</b>				
	Service Charge	\$ 24.57	\$ 24.57	\$ 24.57
	Energy Charge per kWh for first 2,000 kWh	\$ 0.1356	\$ 0.1396	\$ 0.1437
	Energy Charge per kWh for balance kWh	\$ 0.1079	\$ 0.1108	\$ 0.1142
<b>130 Residential Rural</b>				
	Service Charge	\$ 26.92	\$ 26.92	\$ 26.92
	Energy Charge per kWh for first 2,000 kWh	\$ 0.1356	\$ 0.1396	\$ 0.1437
	Energy Charge per kWh for balance kWh	\$ 0.1079	\$ 0.1108	\$ 0.1142
<b>131 Residential Seasonal</b>				
	Service Charge	\$ 26.92	\$ 26.92	\$ 26.92
	Energy Charge per kWh for first 2,000 kWh	\$ 0.1356	\$ 0.1396	\$ 0.1437
	Energy Charge per kWh for balance of kWh	\$ 0.1079	\$ 0.1108	\$ 0.1142
<b>133 Residential Seasonal Option</b>				
	Service Charge	\$ 37.50	\$ 37.50	\$ 37.50
	Energy Charge per kWh for first 2,000 kWh	\$ 0.1356	\$ 0.1396	\$ 0.1437
	Energy Charge per kWh for balance of kWh	\$ 0.1079	\$ 0.1108	\$ 0.1142
<b>232 General Service I</b>				
	Service Charge	\$ 24.57	\$ 24.57	\$ 24.57
	Demand Charge - per kW for first 20 kW	\$ -	\$ -	\$ -
	Demand Charge - per kW for balance of kW	\$13.43	\$ 13.43	\$ 13.43
	Energy Charge per kWh for first 5,000 kWh	\$ 0.1664	\$ 0.1717	\$ 0.1767
	Energy Charge per kWh for balance of kWh	\$ 0.1090	\$ 0.1119	\$ 0.1154
<b>233 General Service I - Seasonal Operators Option</b>				
	Service Charge	\$ 24.57	\$ 24.57	\$ 24.57
	Demand Charge - per kW for first 20 kW	\$ -	\$ -	\$ -
	Demand Charge - per kW for balance of kW	\$ 13.43	\$ 13.43	\$ 13.43
	Energy Charge per kWh for first 5,000 kWh	\$ 0.1664	\$ 0.1717	\$ 0.1767
	Energy Charge per kWh for balance of kWh	\$ 0.1090	\$ 0.1119	\$ 0.1154
<b>320 Small Industrial</b>				
	Demand Charge - per kW	\$ 7.46	\$ 7.46	\$ 7.46
	Energy Charge per kWh for first 100 kWh per kW billing demand	\$ 0.1630	\$ 0.1682	\$ 0.1731
	Energy Charge per kWh for balance of kWh	\$ 0.0826	\$ 0.0844	\$ 0.0872
<b>310 Large Industrial</b>				
	Demand Charge per kW	\$ 14.50	\$ 14.50	\$ 14.50
	Energy Charge per kWh	\$ 0.0675	\$ 0.0694	\$ 0.0714
<b>340 Long Term Contract (Currently no customers in this rate category)</b>				
	Demand Charge per kW	\$ 15.51	\$ 15.51	\$ 15.51
	Energy Charge per kWh	\$ 0.0911	\$ 0.0933	\$ 0.0963
<b>330 Short Term Contract (Currently no customers in this rate category)</b>				
	Demand Charge - per kW	\$ 16.79	\$ 16.79	\$ 16.79
	Energy Charge per kWh for all kWh in the first block	\$ 0.0929	\$ 0.0951	\$ 0.0981
	Energy Charge per kWh for balance of kWh in the month	\$ 0.0773	\$ 0.0789	\$ 0.0814

Appendix 1

Maritime Electric Company, Limited  
Schedule of Rates

Rate Code	Lamp Wattage	Type		Annual	Monthly			
				kWh	kWh	March 1, 2016	March 1, 2017	March 1, 2018
619	43	LED	St Lights - Rented	176	15	\$ 11.53	\$ 11.80	\$ 12.07
* 620	200	HPS	St Lights - Rented	1033	86	\$ 33.15	\$ 33.91	\$ 34.69
625	50	LED	St Lights - Rented	205	17	\$ 11.94	\$ 12.21	\$ 12.49
* 630	70	HPS	St Lights - Rented	389	32	\$ 15.25	\$ 15.60	\$ 15.96
* 631	100	HPS	St Lights - Rented	553	46	\$ 19.40	\$ 19.85	\$ 20.31
* 632	150	HPS	St Lights - Rented	799	66	\$ 27.69	\$ 28.33	\$ 28.98
* 633	250	HPS	St Lights - Rented	1283	106	\$ 37.65	\$ 38.52	\$ 39.41
* 634	400	HPS	St Lights - Rented	1886	157	\$ 44.04	\$ 45.05	\$ 46.09
* 635	125	MV	St Lights - Rented	656	54	\$ 15.10	\$ 15.45	\$ 15.81
* 636	175	MV	St Lights - Rented	881	73	\$ 19.20	\$ 19.64	\$ 20.09
* 637	250	MV	St Lights - Rented	1210	101	\$ 26.70	\$ 27.31	\$ 27.94
* 638	400	MV	St Lights - Rented	1906	158	\$ 37.26	\$ 38.12	\$ 39.00
* 639	70	Lanterns	City Lanterns - Rented	389	32	\$ 56.06	\$ 57.35	\$ 58.67
* 640	70	HPS	St Lights - Owned	389	32	\$ 5.99	\$ 6.13	\$ 6.27
* 641	100	HPS	St Lights - Owned	553	46	\$ 7.90	\$ 8.08	\$ 8.27
* 642	150	HPS	St Lights - Owned	779	65	\$ 10.62	\$ 10.86	\$ 11.11
* 643	250	HPS	St Lights - Owned	1283	107	\$ 16.81	\$ 17.20	\$ 17.60
* 644	400	HPS	St Lights - Owned	1886	157	\$ 26.53	\$ 27.14	\$ 27.76
* 645	125	MV	St Lights - Owned	656	55	\$ 8.95	\$ 9.16	\$ 9.37
* 646	175	MV	St Lights - Owned	881	73	\$ 12.13	\$ 12.41	\$ 12.70
* 647	250	MV	St Lights - Owned	1210	101	\$ 16.75	\$ 17.14	\$ 17.53
* 648	400	MV	St Lights - Owned	1906	159	\$ 26.51	\$ 27.12	\$ 27.74
* 650	200	HPS	St Lights - Owned	1033	86	\$ 14.63	\$ 14.97	\$ 15.31
* 666	72	LED	St Lights - Rented	295	25	\$ 13.27	\$ 13.58	\$ 13.89
* 670	100	LED	St Lights - Rented	410	34	\$ 15.44	\$ 15.80	\$ 16.16
* 719	43	LED	St Lights - Owned	176	15	\$ 2.43	\$ 2.49	\$ 2.55
* 720	200	HPS	Yard Lights - Rented	1033	86	\$ 30.31	\$ 31.01	\$ 31.72
* 730	70	HPS	Yard Lights - Rented	389	32	\$ 15.25	\$ 15.60	\$ 15.96
* 731	100	HPS	Yard Lights - Rented	553	46	\$ 19.36	\$ 19.81	\$ 20.27
* 732	150	HPS	Yard Lights - Rented	799	66	\$ 27.69	\$ 28.33	\$ 28.98
* 733	250	HPS	Yard Lights - Rented	1283	106	\$ 37.65	\$ 38.52	\$ 39.41
* 734	400	HPS	Yard Lights - Rented	1886	157	\$ 44.04	\$ 45.05	\$ 46.09
* 735	125	MV	Yard Lights - Rented	656	54	\$ 15.10	\$ 15.45	\$ 15.81
* 736	175	MV	Yard Lights - Rented	881	73	\$ 19.20	\$ 19.64	\$ 20.09
* 737	250	MV	Yard Lights - Rented	1210	100	\$ 26.71	\$ 27.32	\$ 27.95
* 738	400	MV	Yard Lights - Rented	1906	158	\$ 34.12	\$ 34.90	\$ 35.70
* 740	70	HPS	Yard Lights - Owned	389	32	\$ 5.99	\$ 6.13	\$ 6.27
* 741	100	HPS	Yard Lights - Owned	553	46	\$ 7.90	\$ 8.08	\$ 8.27
* 742	150	HPS	Yard Lights - Owned	779	65	\$ 10.62	\$ 10.86	\$ 11.11
* 743	250	HPS	Yard Lights - Owned	1283	107	\$ 16.81	\$ 17.20	\$ 17.60
* 744	400	HPS	Yard Lights - Owned	1886	157	\$ 26.53	\$ 27.14	\$ 27.76
* 745	125	MV	Yard Lights - Owned	656	55	\$ 8.95	\$ 9.16	\$ 9.37
* 746	175	MV	Yard Lights - Owned	881	73	\$ 12.13	\$ 12.41	\$ 12.70
* 747	250	MV	Yard Lights - Owned	1210	101	\$ 16.75	\$ 17.14	\$ 17.53
* 748	400	MV	Yard Lights - Owned	1906	159	\$ 26.51	\$ 27.12	\$ 27.74
* 749	180	LPS	Yard Lights - Owned	869	72	\$ 12.38	\$ 12.66	\$ 12.95
* 750	200	HPS	Yard Lights - Owned	1033	86	\$ 14.63	\$ 14.97	\$ 15.31
* 751	135	LPS	Yard Lights - Owned	730	61	\$ 9.85	\$ 10.08	\$ 10.31
* 752	90	LPS	Yard Lights - Owned	521	43	\$ 6.91	\$ 7.07	\$ 7.23
* 753	250	Flood	Yard Lights - Rented	1283	107	\$ 35.92	\$ 36.75	\$ 37.60
* 754	400	Flood	Yard Lights - Rented	1886	157	\$ 44.73	\$ 45.76	\$ 46.81
* 755	250	Halide	Yard Lights - Rented	1148	95	\$ 37.84	\$ 38.71	\$ 39.60
* 756	400	Halide	Yard Lights - Rented	1878	156	\$ 46.57	\$ 47.64	\$ 48.74
* 757	1000	Halide	Yard Lights - Rented	4346	362	\$ 79.93	\$ 81.77	\$ 83.65
* 758	70	Halide	St Lights - Owned	390	32	\$ 5.40	\$ 5.52	\$ 5.65
* 759	100	Halide	St Lights - Owned	533	44	\$ 7.39	\$ 7.56	\$ 7.73
* 760	175	Halide	St Lights - Owned	894	74	\$ 12.40	\$ 12.69	\$ 12.98
* 761	250	Halide	St Lights - Owned	1148	95	\$ 15.91	\$ 16.28	\$ 16.65
* 762	400	Halide	St Lights - Owned	1878	156	\$ 26.01	\$ 26.61	\$ 27.22
* 763	1000	Halide	St Lights - Owned	4346	362	\$ 60.20	\$ 61.58	\$ 63.00
* 764	100	LED	St Lights - Owned	410	34	\$ 5.68	\$ 5.81	\$ 5.94
* 765	150	Halide	St Lights - Owned	759	63	\$ 10.51	\$ 10.75	\$ 11.00
* 766	72	LED	St Lights - Owned	295	25	\$ 4.08	\$ 4.17	\$ 4.27
* 775	107	LED	St Lights - Owned	438	37	\$ 6.07	\$ 6.21	\$ 6.35
* 780	143	LED	St Lights - Owned	586	49	\$ 8.12	\$ 8.31	\$ 8.50
* 785	175	LED	St Lights - Owned	718	60	\$ 9.93	\$ 10.16	\$ 10.39

\* These charges are applicable to existing fixtures only.

## Appendix 1

**Maritime Electric Company, Limited**  
**Schedule of Rates**

	March 1, 2016	March 1, 2017	March 1, 2018
610 Pole Rental -Wood	\$ 4.38	\$ 4.38	\$ 4.38
611 Pole Rental -Concrete	\$ 7.96	\$ 7.96	\$ 7.96
Unmetered Rates (based on 100 watt fixture)			
810 8 Hour Lighting per kWh	\$ 0.1661	\$ 0.1699	\$ 0.1738
Minimum Charge	\$ 11.67	\$ 11.67	\$ 11.67
820 12 Hour Lighting per kWh	\$ 0.1661	\$ 0.1699	\$ 0.1738
Minimum Charge	\$ 11.67	\$ 11.67	\$ 11.67
830 24 Hour Lighting per kWh	\$ 0.1661	\$ 0.1699	\$ 0.1738
Minimum Charge	\$ 11.67	\$ 11.67	\$ 11.67
840 Air Raid & Fire Sirens	Currently no customers in this rate category		
850 Outdoor Christmas Lighting - 5.77¢ per watt of connected load per week	Currently no customers in this rate category		
234 Customer Owned Outdoor Recreational Lighting			
Service Charge	\$ 24.57	\$ 24.57	\$ 24.57
Energy Charge per kWh for first 5,000 kWh	\$ 0.1661	\$ 0.1699	\$ 0.1738
Energy Charge per kWh for balance of kWh	\$ 0.1020	\$ 0.1043	\$ 0.1067
Short Term Unmetered Rates			
Currently no customers in this rate category			
Energy Charge:			
per kWh of estimated consumption	\$ 0.1661	\$ 0.1699	\$ 0.1738
Connection Charge:		Three-Phase	
A. Connecting to existing secondary voltage		\$99.08	
B. Where transformer installations are required, the following connection charges will apply:			
		Three-Phase	
(1) Up to and including 10 kVA		\$209.17	
(2) 11 kVA to 15 kVA		\$301.01	
(3) 16 kVA to 25 kVA		\$336.64	
(4) 26 kVA to 37 kVA		\$336.64	
(5) 38 kVA to 50 kVA		\$336.64	
(6) 51 kVA to 75 kVA		\$523.96	
(7) 76 kVA to 125 kVA		\$555.59	
(8) Above 125 kVA		\$594.94	

## Appendix 2

Maritime Electric Company, Limited Schedule of Inputs	2016	2017	2018
<b>Summary of Forecast NPP and Sales</b>			
<b>Net Purchased &amp; Produced (kWh)</b>	1,287,845,600	1,314,420,900	1,340,478,000
<b>Sales (kWh)</b>			
Residential	563,660,000	580,352,000	596,667,000
General Service	391,720,000	394,887,000	397,870,000
Large Industrial	131,336,000	131,704,000	132,086,000
Small Industrial	98,933,000	103,731,000	108,397,000
Street Lighting	5,670,000	5,390,000	5,109,000
Unmetered	2,460,000	2,478,000	2,491,000
	<u>1,193,779,000</u>	<u>1,218,542,000</u>	<u>1,242,620,000</u>
ECAM Base Rate per kWh (Effective March 1)	0.08605	0.08988	0.09161
RORA Rebate per kWh (Effective March 1)	0.00410	0.00473	0.00345
<b>Capital Structure (Average)</b>			
Debt	59.10%	60.00%	60.00%
Equity	40.90%	40.00%	40.00%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Return on Average Common Equity	9.35%	9.35%	9.35%
Rate Base (Average)	340,818,000	359,398,000	374,717,000
Return on Average Rate Base	7.43%	7.17%	7.05%
Average Short Term Financing Rate	2.9%	3.3%	3.5%
Annual Capital Expenditures	30,660,000	29,399,000	30,815,000
<b>Summary of Revenues and Expenses</b>			
<b>Basic Rate Revenue</b>			
Residential	92,947,000	97,759,000	102,449,000
General Service	60,012,000	62,138,000	64,033,000
Large Industrial	10,854,000	11,208,000	11,448,000
Small Industrial	12,603,000	13,494,000	14,331,000
Street Lighting	2,137,000	2,101,000	2,022,000
Unmetered	397,000	414,000	422,000
	<u>178,950,000</u>	<u>187,114,000</u>	<u>194,705,000</u>
Transmission Revenue	8,110,000	12,380,000	13,963,000
Miscellaneous Revenue	1,627,000	2,025,000	1,953,000
<b>Total Revenue</b>	<u>188,687,000</u>	<u>201,519,000</u>	<u>210,621,000</u>
<b>Operating Expenses</b>			
Energy Costs	111,986,000	117,726,000	122,657,000
Distribution	8,176,000	8,727,000	8,968,000
Transmission - OATT (Cable)	-	4,133,000	5,590,000
Transmission - OATT (Other)	6,665,000	6,813,000	6,937,000
Corporate	10,094,000	10,484,000	10,783,000
Amortization - Fixed Assets & Other	21,139,000	22,397,000	23,650,000
Financing Expenses	12,388,000	12,433,000	12,645,000
Income Taxes	5,768,000	5,943,000	6,123,000
<b>Net Earnings</b>	<u>12,471,000</u>	<u>12,863,000</u>	<u>13,268,000</u>