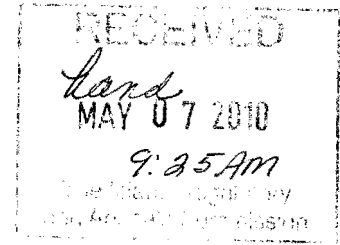


PEI SENIOR CITIZENS' FEDERATION INC.

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May 6, 2010

J. W. Geldert, Vice President,
Finance & Chief Financial Officer
Maritime Electric Company, Limited
PO Box 1328
Charlottetown, PE C1A 7N2



Sir,

Reference IRAC Notice of Hearing – UE20940

As our Federation intends to intervene in the June 14 Public Hearing, one of our sub committees is currently preparing evidence material and would appreciate additional information not contained in the Maritime Electric Co. Ltd. 2010 Rate Changes applications and supplements.

Our sub committee has tabled eleven (11) questions as in pages 2 and 3 of this letter. If you require any clarification please do not hesitate to contact our office and I will have a member of our sub committee get back to you.

Our understanding of the IRAC process is that you should be able to have the data and responses to us on or before May 21. This time scale should then enable us to fold the additional information into our material for the hearing by May 28.

We thank you in advance for your assistance,

Yours truly, *Z. Hammill for*
Eric Hammill

Eric Hammill – President

c.c. Island Regulatory & Appeals Commission – Docket UE20940

PEISCF Response to Notice of Hearing - 22nd April 2010

For UE20940 – Maritime Electric Co Ltd. – page 2

- 1) Please provide the data for comparing the monthly bills of a rural island household consuming a monthly average of 650KWh. Calculations for each of the months of January to December, for the years 2008, 2009, 2010 and 2011 and each for the three (3) following rate conditions would be appreciated:
 - i. As for past years and as proposed in the 2010 Supplemental Avadavat for 2010 and 2011
 - ii. Leaving the base and basic rates as current for 2009 but using an eight (8) month ECAM amortisation schedule for the post-2006 portion of customer debt for 2010 and 2011
 - iii. Leaving the base and basic rates as current for 2009 but using a five (5) month ECAM amortisation schedule for the post-2006 portion of customer debt for 2010 and 2011.
- 2) For each of the three (3) rate/amortisation debt conditions defined in question #1, please show the remaining post-2006 debt balance at year end for 2008 to 2011 inclusive
- 3) For each of the three (3) rate/amortisation debt conditions defined in question #1, please show the revised monthly bill profiles for a revised ROE of eight percent (8%) for the years 2010 and 2011 and the resulting impact on year-end, post-2006 customer debt for these two years
- 4) Capital Reports in the 2010 Rate Application show general allocation categories. Please provide the next level of allocation detail for the years of 2008 and 2011 inclusive using the actual spend for 2008 and 2009 and the proposed spends for 2010 and 2011.
- 5) To enable a capital spend sensitivity analysis please provide a least-impact listing of the same allocation details provided in Question #4 for an annual capital spend reduced to \$15M maximum for 2010 and 2011.
- 6) The 2010 Rate Application estimates the customer debt for Pointe Lepreau replacement energy to be \$47M up to March 2011. It is estimated that the Pointe Lepreau plant refurbishment cost will be a minimum of \$1.4B and currently estimated to exceed \$1.9B. Assuming, the MECL participation agreement will dictate payment of part of this refurbishment cost what is the total estimated debt and what is the MECL plan for customer recovery of both the energy replacement debt and the refurbishment debt?

PEISCF Response to Notice of Hearing - 22nd April 2010

For UE20940 – Maritime Electric Co Ltd. – page 3

- 7) The 2010 Rate Application estimates that the Company Use/System loss will continue at the 2009 level of about 88MWh for 2010 and 2011. This amounts to an effective sales revenue loss of \$10M each year. Please provide a breakdown of the constituent energy use/loss components separating distribution power factor loss and line loss energy from normal operations consumed energy. For normal operations consumed energy please provide a listing of the energy consumed on a site-by-site basis, e.g. head office, generation plants etc.
- 8) The 2010 Rate Application indicates the average energy purchase cost per KWh and the percentage contribution of each of the seven (7) sources of energy. Please confirm the KWh cost for each of the seven (7) sources – actual for 2008 and 2009 and the projections for 2010 and 2011 – upon which the average costs were derived.
- 9) The 2010 Rate Application indicates that the Dalhousie plant energy is projected to be the highest cost source (except the PEI generated energy). It would therefore appear beneficial to stop purchasing energy from the Dalhousie plant. What would be the financial impact for customers of relinquishing the Dalhousie participation agreement and acquiring replacement power within the current firm energy purchase agreement with NB Power?
- 10) The 2010 Rate Application includes a Profit and Loss statement with revenue and operating expenses net of ECAM. To enable financial performance comparisons with other Canadian utility companies and similar Canadian retail distribution companies, please provide a standard Profit and Loss statement for the years 2008 to 2011 inclusive,, that shows all sources of revenue, specifically including annual ECAM revenue, albeit recorded as a debt. As a minimum these P&L statements should indicate Gross Margin and Earnings-Before- Interest-and-Taxes (EBIT) for comparison purposes.
- 11) MECL communicate operating metrics to IRAC each year via an agreed set of Key Performance Indicators (KPI). Please provide a comparative summary of the past years KPI metrics for MECL as compared to other Canadian Utility companies, identifying which company performs as “best-in-class” for each of the years 2007, 2008 and 2009.