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Interrogatories of Commission Staff

TO: Maritime Electric Company, Limited

DATE: February 11, 2020

RE: 2020 Capital Budget Supplemental Information – PEI Broadband Project

DOCKET: UE20730

The Island Regulatory and Appeals Commission (the “Commission”) in review of the 2020 Capital Budget Supplemental Information – PEI Broadband Project submitted by Maritime Electric Company Limited (“MECL” or “Maritime Electric”) on December 5, 2019, requests that Maritime Electric respond to the following interrogatories:

- 1) Please provide a copy of the Joint Use Agreement between Maritime Electric and Bell Canada.
- 2) Please provide a copy of the Support Structure Agreement between Maritime Electric and Xplornet Communications Inc. (“Xplornet”).
- 3) Please provide a copy of all the government funding agreements (federal, provincial, other) with respect to the PEI Broadband Project.
- 4) In the originally filed 2020 Capital Budget, filed on August 23, 2019, the capital expenditures for line rebuilds totalled \$3,587,000 (see section 5.5). In the narrative of section 5.5 of the 2020 Capital Budget, MECL states that “*Maritime Electric has not included any amounts related to the PEI Boardband (sic) Project in this Application*”. Now that MECL has a better understanding of the scope of the PEI Broadband Project, would it not decrease the need for some of the line rebuilds in the 2020 Capital Budget as originally filed?

- 5) In the 2020 Capital Budget, the discussion regarding line rebuilds indicates that there were 15 poles per kilometer. In this supplemental information filing, that number has been reduced to 14 poles per kilometer.
 - a) Please explain why the number of poles per kilometer was reduced.
 - b) How many poles per kilometer does MECL typically use when estimating the cost of line rebuilds?
- 6) In each year of the PEI Broadband Project, please provide the estimate for how many kilometers of line MECL expects to rebuild.
- 7) In **Table 4** there appears to be some inconsistency in the way that MECL shows the costs associated with the Bell Canada and Xplornet projects. Bell Canada's amount appears to be shown net of their contribution, while the Xplornet amount is shown as gross with the contribution shown separately. Please explain the reason for this difference.
- 8) In the discussion of the "Project Work for Bell Canada" (see section 1.6), MECL indicates that there is a Joint Use Committee that meets annually. Please provide the following with respect to the Joint Use Committee:
 - a) Who specifically sits on the Joint Use Committee?
 - b) When was the last Joint Use Committee meeting?
 - c) Are the agendas or minutes kept of the Joint Use Committee meetings? If so, please provide the agenda and minutes from the last meeting.
 - d) Can you please summarize the adjustments, if any, that came out of the last Joint Use Committee meeting?
- 9) Section 8(1) of the *Electric Power Act* (EPA) states that Maritime Electric shall permit the joint use of its poles, wires and other equipment "*for reasonable compensation*".
 - a) According to **Table 1**, the total project costs associated with Bell Canada's joint use of MECL's equipment is \$14,014,000. Bell Canada will contribute only \$3,823,000 to the total project costs. Please explain how this is "reasonable compensation", as required by section 8 of the EPA.
 - b) According to **Table 1**, MECL will incur estimated capital expenditures totalling \$10,191,000 associated with Bell Canada's joint use of MECL's equipment. Please explain how this in the interest of MECL's ratepayers.
 - c) According to **Table 2**, the total project costs associated with Xplornet's joint use of MECL's equipment is \$13,696,000. Xplornet will contribute only \$8,366,000 to the total project costs. Please explain how this is "reasonable compensation", as required by section 8 of the EPA.

- d) According to **Table 2**, MECL will incur estimated capital expenditures totalling \$5,330,000 associated with Xplornet's joint use of MECL's equipment. Please explain how this is in the interest of MECL's ratepayers.
- 10) Please provide full details of any government funding (federal, provincial, other) received by, or available to, Bell Canada or Xplornet to assist with their respective joint use costs.
- 11) Please provide full details of any government funding (federal, provincial, other) received by, or available to, MECL to assist with the joint use costs and/or improvements and upgrades to MECL's system required as a result of the PEI Broadband Project.
- 12) Please provide full details of any requests or applications made by MECL for government funding (federal, provincial, other) to assist with the joint use costs and/or improvements and upgrades to MECL's system required as a result of the PEI Broadband Project.
- 13) According to **Table 4**, MECL has provisionally estimated that the PEI Broadband Project will result in capital expenditures for line rebuilds totaling \$22,887,000 between 2020 and 2023.
- a. What, if any, impact will these capital expenditures have on MECL's rate base?
 - b. Please provide an estimate of the increase in MECL's rate base that will result from the PEI Broadband Project capital expenditures in each of 2020, 2021, 2022 and 2023.
 - c. What, if any, impact will the capital expenditures have on the rates, tolls and charges for electric service?
 - d. Please provide an estimate of the annual increase in rates, tolls and charges for electric service for the typical customer in each of MECL's rate classes that will result from the PEI Broadband Project capital expenditures.

Further interrogatories may follow.