

OVERVIEW OF MECL'S ROLE IN PEI BROADBAND PROJECT

In accordance with the requirements of Section 8 of the Electric Power Act, Maritime Electric and Bell Canada ("Bell") own and operate utility poles for the purpose of providing electricity and communication services to their respective customers under a Joint Use Agreement on the basis of a 60/40 ownership split (i.e. Maritime Electric owns 60% of the joint use poles and Bell Canada owns 40% of the joint use poles). If any other communication provider hosts communication equipment on a Maritime Electric owned utility pole, there is a separate support structure agreement in place where the communication provider pays an attachment fee for use of the communication space on that pole.

Maritime Electric has been informed that the PEI Broadband Project ("the Project") is proceeding and will require the installation of 1,200 km of fibre optic cable ("fibre") on the utility's poles (600 km to be installed by Bell and 600 km by Xplornet). On average, a joint use pole line will have 15 poles per kilometer. This means that as a result of this project, fibre will be installed on approximately 18,000 electric utility poles. The fibre will be run overhead on existing electric utility poles with the majority of the installation work in rural areas where the existing lines may not be built to joint use standards or on poles that are deteriorated and require replacement. The planned installation work will result in multiple requests to convert existing electric utility poles to joint use to be able to safely host fibre (this type of work is typically referred to as a make-ready project.) Through make-ready projects, lines with inadequate remaining pole strength, inadequate pole height or built to outdated standards are upgraded to current CSA requirements.

Bell has indicated their project goal is to complete their part of the Project by end of 2020 while Xplornet is expected to have their part completed by end of 2021. For the past decade, Maritime Electric has been contracted by Bell to complete make-ready work on their behalf. Bell has requested that this project be no different. As a result, this will be a considerable amount of work for Maritime Electric over the next 2 ½ years.

Maritime Electric does not yet have the full details of the work required by Xplornet, however Bell has provided the areas they will be installing fibre. These areas include Souris, Tignish, Covehead, Rustico, Crapaud, Mount Stewart, Charlottetown, New Haven, Hunter River, Murray River, Wellington, Tyne Valley and Montague. To date, Bell has performed a high level estimate of what is required for conversion of electric utility poles to joint use standards in all of these areas and estimated that their component of the project (600 km) will require 180 km of make-ready work. We have since surveyed the Souris section of the Project (for which Bell estimated 2 km of make-ready work) and determined that 43 poles need to be replaced, which represents close to 3 km of make-ready work. This result indicates that the required make-ready work in other areas may be greater than Bell's high level estimate and highlights the importance of Maritime Electric's detailed survey process to ensure that the construction is properly carried out to CSA joint use standards. Maritime Electric does not have the resources to complete this type of survey for the planned volume of work in advance so survey and construction work will have to proceed concurrently.

To move forward and meet the desired Project timeframes, the Joint Use Agreement will be used to determine the costs associated with make-ready work on an area by area basis after a detailed survey of each area is complete. It follows that Maritime Electric would then be in a position to update the Commission with Project costs as each area is surveyed and costed in a similar fashion if this arrangement is suitable with the Commission.

Maritime Electric requests the approval of the Commission under Section 17 of the Electric Power Act to proceed with the required system upgrades resulting from the Project.