

December 5, 2019

Island Regulatory and Appeals Commission
PO Box 577
Charlottetown PE C1A 7L1

Dear Commissioners:

**2020 Capital Budget Application – Docket UE20730
Supplemental Information – PEI Broadband Project**

Please find attached additional information to supplement the evidence that was provided on the PEI Broadband Project in Section 5.5 of the Company's 2020 Capital Budget Application filed on August 23, 2019. In addition, the Company is providing updates to the tables and figures in Section 3.2 – Overview of Evidence and Appendix A – Summary of Capital Expenditures as well as an update to the Proposed Order presented in the 2020 Capital Budget Application.

An electronic version will follow.

If you have any questions, please do not hesitate to contact me at 902-629-3641.

Yours truly,

MARITIME ELECTRIC

Gloria Crockett, CPA, CA
Manager, Regulatory & Financial Planning

GCC46
Enclosure

**All our energy.
All the time.**



**2020 Capital Budget Application
(Docket UE20730)
Supplemental Information – PEI Broadband Project**

filed November 5, 2019

1.0 PEI Broadband Project (Multi-year, Justifiable)

1.1 Introduction

On March 15, 2019, the Governments of Canada and Prince Edward Island announced an investment of approximately \$36 million in the PEI Broadband Project (“Project”) to improve the availability of high-speed Internet infrastructure across the province. Communication providers Bell Canada (“Bell”) and Xplornet Communications Inc. (“Xplornet”) have also committed to collectively investing over \$37 million in the Project.

Since the announcement and through discussions with Government, Bell and Xplornet, Maritime Electric (“Company”) has been informed that the Project will require the installation of approximately 1,150 kilometres (“km”) of fibre optic cable (“fibre”) as well as fixed wireless technologies on existing and new utility poles. Given that the more urban parts of the province are already serviced with high-speed Internet, the majority of Project activity will be in less populated rural areas where the utility pole lines are often older and require individual pole replacements or complete rebuilds in order to safely accommodate new attachments. As such the Project will result in a significant amount of pole replacement work prior to the installation of any new attachments.

On July 31, 2019, Maritime Electric provided IRAC with a submission titled “Overview of Maritime Electric’s Role in the PEI Broadband Project” and on August 23, 2019, the Company filed its 2020 Capital Budget Application with IRAC which also provided background information on the Project. In the Capital Budget Application, the Company scaled back the eastern cedar pole replacement program in recognition that significant replacements will occur through the Project.

When the above noted submissions were made, the Company did not have adequate information to provide a provisional budget estimate but since then, the Company has surveyed a portion of the Project work and used the resulting information to produce a high level cost estimate. This estimate forms the basis of the Company’s provisional capital budget request for Project work in 2020 and its forecast of the anticipated capital expenditures from 2021 to 2023. As a multi-year project, future provisional capital budget

requests along with updated spending estimates will be provided year by year through Capital Budget Application submissions.

1.2 Scope of Work

As noted in Section 1.1, the PEI Broadband Project will require the installation of approximately 1,150 km of fibre on Maritime Electric utility poles. On average, a joint use pole line will have 14 poles per kilometre. Therefore as a result of the Project, it is estimated that fibre will be installed on over 16,000 electric utility poles. The fibre will be run overhead on existing poles with the majority of the installation work in rural areas where the lines may not be built to joint use standards, or on poles that are deteriorated and require replacement.

In addition to a significant number of new attachments that will provide Maritime Electric with annual revenue from Xplornet to assist with pole related operating and maintenance costs, the Project will also involve numerous requests to upgrade existing electric utility poles and pole lines so they are able to safely host fibre and wireless equipment. As a result of the Project, poles with insufficient strength, inadequate pole height, long spans or that otherwise no longer meet current standards, will be upgraded to current CSA requirements. More detail on how the Project will benefit Maritime Electric's supply system and customers is provided in Section 1.4.

Maritime Electric does not yet have the full details of the work required by Xplornet, however Bell has provided a list of the areas where they will be installing fibre. These areas are: Souris, Tignish, Covehead, Rustico, Crapaud, Mount Stewart, Charlottetown, New Haven, Hunter River, Murray River, Wellington, Tyne Valley and Montague. Maritime Electric has surveyed the requested Souris, Tignish and Covehead areas and used the results to extrapolate a high level estimate of what will be involved with converting the existing electric utility poles in all areas to joint use. The estimate for the Bell component of the Project (600 km) is based on approximately 500 km of pole for pole replacement (individual pole replacements usually driven by pole type or condition), 50 km of rebuild work (rebuilt are most commonly required due deteriorated conductor and related safety concerns) and 50 km of attachment to existing Bell owned non-joint use poles (no Maritime Electric involvement required). For estimating purposes, the Xplornet component of the

Project (550 km) is assumed to have a similar breakdown in terms of pole for pole replacement (500 km) and rebuild work (50 km).

1.3 Project Timeline

At the time of the Project announcement, the stated intention of Government and the communication providers was to have all work completed by the end of 2021. This is an aggressive timeline that has since been delayed with the finalizing of the agreement between the parties.

As discussed in Section 1.2, the survey work completed to date has provided Maritime Electric with a better understanding the Project requirements (kilometres of pole for pole replacement versus kilometres of rebuild), the availability of local contractor crews (above and beyond what is needed to meet the Company's other requirements) and the Project needs that can only be met with internal Company resources (remaining survey work and detailed design of system alterations). On the basis of these considerations, Maritime Electric has advised Bell and Xplornet that the most cost effective Project completion time frame is four years. This time frame allows for the Project work to be completed with minimal overtime cost and without the need to engage off-Island contractors (with potentially higher crew rates and travel/accommodation costs). For clarity, Maritime Electric has further advised Bell and Xplornet that if they choose to accelerate the timeline, they will be responsible to pay any incremental costs (costs above and beyond regular time rates in existing contractor and collective agreements) to complete joint use conversion work and Maritime Electric plant specific work (as described in Section 1.8). It is also important to note that because Maritime Electric does not have the resources to complete all of the of survey work for the Project in advance, survey, design and construction work will have to proceed concurrently throughout the Project.

1.4 Maritime Electric System Benefits

Electric power and communication companies typically need to place equipment in the same geographic areas to deliver their services to customers. It is often most practical to share utility poles so that there are not separate power and communication lines along the same roads. In addition to the practical advantages, Maritime Electric customers benefit from the sharing of utility poles as associated capital and operating costs are partially

supported by the communication providers through joint use cost sharing and attachment fees. More specifically, cost-sharing savings and the collection of attachment fees benefit customers as the savings and the fees are applied to the following:

- Administration and management of electric utility assets;
- Survey and engineering design of poles and pole lines;
- Pole supply, installation, support, removal and disposal;
- Vegetation management of pole lines to maintain service reliability;
- Worksite protection during system upgrade projects (e.g. traffic control costs);
- Property access and legal fees associated with establishing new pole lines; and
- Damage claims and site remediation costs.

Joint use conversion projects also benefit Maritime Electric customers through the reliability improvements that result from replacing aged system components and upgrading poles and lines to current CSA standards.

The EPA specifically addresses the sharing of assets between public utilities and communication providers in Section 8(1) which states:

“Every public utility that has conduits, poles, wires or other equipment for furnishing electric energy to the public shall, for reasonable compensation, permit the use of the same by any other public utility furnishing electric energy to the public, or by an person providing a telephone a cable television service to the public, wherever public convenience and necessity requires the use, and when the use will not result in any detriment to the service already being rendered or in any danger to the safety of the public.”

1.5 Joint Use Conversion Costs

The Project work proposed in this submission involves power lines owned by Maritime Electric that in some cases will need to be upgraded to meet CSA standards for the attachment of communication equipment to utility poles. Because the Project is driven by the needs of the communication providers, the poles and related installation and removal

costs to accommodate communications equipment are subject to a Contribution from the joint use applicant, Bell or Xplornet.

Material and labour costs for joint use conversion projects are primarily related to pole costs including installation and removal. Other joint use conversion costs include the installation/removal of guys, anchors and associated hardware, tree trimming, survey and engineering, traffic control and transportation.

In addition to the work required to convert a pole or pole line to accommodate communication equipment, joint use conversion projects often also require electricity supply system upgrades (new conductor, neutral wire, insulators, etc.). This is the case when the conversion work cannot be carried out safely due to aged and deteriorated electrical system components. In these circumstances upgrades are deemed a benefit to Maritime Electric customers only and are not subject to a Contribution from the communication provider. See Sections 1.6, 1.7 and 1.8 for further information on how joint use conversion costs are allocated.

1.6 Project Work for Bell Canada

Under the Joint Use Agreement with Bell, the conversion of Maritime Electric owned poles to joint use as a result of the PEI Broadband Project will result in two cost categories for the Company. One is the cost to upgrade poles to joint use standards (“Joint Use Conversion Cost”) which is shared with Bell, and the other is the cost to upgrade components that are specific to construction safety and the safe and reliable supply of power to Maritime Electric customers (“Maritime Electric Plant Specific Cost”).

1.6.1 Joint Use Cost Allocation

The Joint Use Cost is shared between Maritime Electric and Bell based on the Joint Ownership Ratio of 60 per cent allocated to Maritime Electric and 40 per cent allocated to Bell in accordance with the Joint Use Agreement, “Schedule A” Administration Practices, Section 5 – Principles of Joint Use Sharing.

When an existing non-joint use pole is converted to joint use, its ownership status may be changed to coincide with and/or maintain the Joint Use Ratio. The

structural value of the pole is then determined based on an estimate of its age and that is used to determine what Bell must pay to Maritime Electric (or vice versa if the pole is an existing Bell owned, non-joint use pole). For example, when an existing Maritime Electric owned pole is converted to joint use, Bell must pay Maritime Electric for the structural value of the pole according to Structural Value of Poles Table in the Joint Use Agreement. The ratio of ownership of poles is maintained at 60% allocated to Maritime Electric and 40% allocated to Bell.

Under the Joint Use Agreement, when an existing non-joint use pole is to be taken out of service and replaced due to insufficient height, deterioration or some other reason, the joint use initiator pays the owner for the remaining value (the sacrificial life) of that pole. This is to compensate the owner for any remaining value of the pole that is being removed from service due to the needs of the joint use initiator.

Pole structural value and sacrificial life payments as described above are specified in the Joint Use Agreement, "Schedule A - Administration Practices, Section 14 – Price Schedules, Exhibit A". These values are based on cost and are reviewed by a Joint Use Committee (which is comprised of two representatives from each utility) once a year, for adjustment as required in accordance with Subsection 14.02 of the aforementioned "Schedule A - Administrative Practices" document.

1.7 Project Work for Xplornet Communications Inc.

Under a Support Structure Agreement with Xplornet, the conversion of Maritime Electric owned poles to joint use will result in two cost categories and an ongoing revenue source for the Company. The first cost is associated with upgrading a pole or poles to CSA joint use standards (Joint Use Conversion Cost). This cost is fully recoverable from Xplornet. The other is the cost to upgrade components that are specific to construction safety and the reliable supply of power to Maritime Electric customers (Maritime Electric Plant Specific Cost). The revenue source is a monthly attachment fee to be paid by Xplornet on potentially over 7,500 attachments as a result of the Project.

1.7.1 Conversion Costs and Attachment Fees

With Xplornet there is no 60/40 sharing of the Joint Use Conversion Cost as it is an attachment licensee as opposed to a joint use partner with pole ownership. Therefore the total Joint Use Conversion Cost is a Maritime Electric capital expenditure which is recovered through an Xplornet Contribution equivalent to 100% of the Joint Use Conversion Cost (the Contribution covers the cost of pole replacement and any related system upgrades to accommodate communication equipment). Upon completion of the joint use conversion work, Xplornet will pay the monthly attachment fee specified in the Support Structure Agreement to cover ongoing pole maintenance and future replacement costs.

1.8 Maritime Electric Plant Specific Cost

Many of the joint use conversions that will be carried out as a result of the PEI Broadband Project will also require power line upgrades due to the spacing of poles or the condition of electrical system components that could present a safety hazard during the conversion process. The aspects of these upgrades that provide benefit only to Maritime Electric customers are not factored into the Bell and Xplornet Joint Use Conversion Cost payments. Such components include conductor, insulators, cross arms, transformers, lights, hardware and the related installation costs. These costs are identified separately as Maritime Electric Plant Specific Costs. Bell and Xplornet also have communication specific costs (e.g. the supply and installation of fibre and fixed wireless equipment) that have not been provided to Maritime Electric and therefore are not included in this submission.

1.9 Estimated Project Costs

As discussed in Section 1.2, Maritime Electric has developed a high level estimate of Project costs based on the survey work that has been completed in Tignish, Souris and Covehead areas. The surveyed communities are representative of the variation that will be encountered as the Project progresses in that the joint use conversion work identified for Tignish and Souris is pole for pole replacement while some rebuild work will be required in the Covehead area. The variation encountered to date provides a good basis for estimating the total scope of work in the absence of detailed survey information for the remaining areas of the Project. The estimated scope along with the following assumptions

have been used to calculate a timeline and high level cost estimate for the Project presented in this submission:

- All Project costs incurred by Maritime Electric will be at the regular time rates stipulated in the Company's existing contractor and collective agreements. If the Project timelines of Bell and/or Xplornet are more aggressive, resulting in additional costs to Maritime Electric (e.g. overtime rates, accommodating off-Island contractors, or other provisions), the communication provider setting the timeline will be responsible for those additional costs. For clarity, Maritime Electric costs should be the same regardless of the Project completion date set by either communication provider.
- Most of the work will be performed in rural areas with 75% on single phase lines and 25% on three phase lines.
- Varying amounts of traffic control costs will be required depending on the location and complexity of the work. Estimates are based on traffic control being required for the majority of the work.
- All vegetation management costs are the responsibility of Bell or Xplornet.

1.9.1 Bell Canada

Bell estimates approximately 600 km of fibre will be installed on utility poles as part of the Project. The following assumptions have been made to compile the high level estimate provided in this submission:

- The majority of the work involves pole for pole replacement, adding poles and support to existing lines (estimated at 500 km). The Company is responsible for the Maritime Electric Plant Specific Cost when poles are added or replaced. The Company is also responsible for the cost associated with transferring energized conductor to the new poles in this scenario. As Bell attaches to existing poles that are owned by the Company, the joint use pole count increases thereby requiring Bell to purchase poles to maintain the agreed upon 60:40 Joint Use Ratio. The Company will receive a Contribution for the sale of capital assets (poles)

based on structural value as per the Joint Use Agreement which will be applied to reduce the Company's capital cost.

- Some of the areas being converted to joint use will require a complete rebuild (estimated at 50 km) due to deteriorated conductor that is unsafe to handle. The Company will contribute 60% of the Joint Use Cost and 100% of the Maritime Electric Plant Specific Cost. The Company will receive a Contribution from Bell for 40% of the Joint Use Cost and for sacrificial life of any pole assets removed as per the Joint Use Agreement.
- A small part of this project (estimated at 50 km) will involve attachment to existing Bell owned non-joint use poles. There are no Maritime Electric costs associated with this work.
- Bell Contributions will be applied to Maritime Electric capital and retirement accounts as appropriate.

The cost estimate breakdown for the PEI Broadband Project for Bell Canada is provided in Table 1 as follows:

TABLE 1								
2020 – 2023 Annual & Cumulative Provisional Budget Estimate*								
Bell Canada Joint Use (Joint Use Agreement)								
Cost Component	Joint Use Cost (A)	MECL Plant Specific Cost (B)	Total Project Cost (C = A + B)	MECL Share Joint Use Cost (D = A X 60%)	Bell Share Joint Use Cost (E = A X 40%)	Bell Contribution for Pole Structural Value and Sacrificial Life (F)	Bell Total Contribution (G = E + F)	Additional Provisional Budget Request (H = B + D – F)
Material - 2020	\$ 590,000	\$ 230,000	\$ 820,000	\$ 354,000	\$ 236,000	\$ 78,000	\$ 314,000	\$ 506,000
Labour - 2020	1,500,000	1,030,000	2,530,000	900,000	600,000	n/a	600,000	1,930,000
SUBTOTAL - 2020	\$ 2,090,000	\$ 1,260,000	\$ 3,350,000	\$ 1,254,000	\$ 836,000	\$ 78,000	\$ 914,000	\$ 2,436,000
Material - 2021	607,000	237,000	844,000	364,000	243,000	80,000	323,000	521,000
Labour - 2021	1,543,000	1,061,000	2,604,000	926,000	617,000	n/a	617,000	1,987,000
SUBTOTAL - 2021	\$ 2,150,000	\$ 1,298,000	\$ 3,448,000	\$ 1,290,000	\$ 860,000	\$ 80,000	\$ 940,000	\$ 2,508,000
Material - 2022	625,000	245,000	870,000	375,000	250,000	83,000	333,000	537,000
Labour - 2022	1,592,000	1,093,000	2,685,000	955,000	637,000	n/a	637,000	2,048,000
SUBTOTAL - 2022	\$ 2,217,000	\$ 1,338,000	\$ 3,555,000	\$ 1,330,000	\$ 887,000	\$ 83,000	\$ 970,000	\$ 2,585,000
Material - 2023	644,000	252,000	896,000	386,000	258,000	85,000	343,000	553,000
Labour - 2023	1,640,000	1,125,000	2,765,000	984,000	656,000	n/a	656,000	2,109,000
SUBTOTAL - 2023	\$ 2,284,000	\$ 1,377,000	\$ 3,661,000	\$ 1,370,000	\$ 914,000	\$ 85,000	\$ 999,000	\$ 2,662,000
MULTI-YEAR PROJECT TOTAL	\$ 8,741,000	\$ 5,273,000	\$ 14,014,000	\$ 5,244,000	\$ 3,497,000	\$ 326,000	\$ 3,823,000	\$ 10,191,000

* For maximum cost-efficiency, annual Project costs are distributed evenly over four years with an annual adjustment for inflation of 3%.

1.9.2 Xplornet Communications Inc.

Xplornet estimates approximately 550 kms of fibre will be installed as part of this project. Xplornet also plans to install small cell technology as part of this project but the majority of their activity will involve wireline connections. Both the small cell and the wireline attachments will be administered through the Support Structure Agreement. The following assumptions have been made to compile the high level estimate provided in this submission:

- The majority of the work involves pole for pole replacement, adding poles and support to existing lines (estimated at 500 km). The Company is responsible for the Maritime Electric Plant Specific Cost when poles are added or replaced. The Company is also responsible for the cost associated with transferring energized conductor to the new poles in this scenario. As Xplornet attaches to existing poles that are owned by the Company, the ownership remains the same but the number of attachments (and associated attachment fee revenue) increases.
- Some of the areas being converted to joint use will require a complete rebuild (estimated at 50 km) due to deteriorated conductor that is unsafe to handle. The Company is responsible for 100% of the Maritime Electric Plant Specific Cost. The Company will receive a Contribution from Xplornet to cover 100% of the Joint Use Conversion Cost.
- Any portion of the Contribution related to the cost of removal will be collected separately from the capital contribution and applied directly to the retirement cost.

The cost estimate breakdown for the PEI Broadband Project for Xplornet is provided in Table 2 below:

TABLE 2				
2020 – 2023 Annual and Cumulative Provisional Budget Estimate*				
Xplornet Joint Use (Support Structure Agreement)				
Cost Components	Joint Use Conversion Costs and Xplornet CIAC** (A)	Maritime Electric Plant Specific Cost*** (B)	Additional Provisional Budget Request for Line Rebuilds**** (C = A + B)	Additional Provisional Budget Request for Contributions (D = A)
Material - 2020	\$ 500,000	\$ 209,000	\$ 709,000	\$ 500,000
Labour - 2020	1,500,000	1,065,000	2,565,000	1,500,000
SUBTOTAL - 2020	\$ 2,000,000	\$ 1,274,000	\$ 3,274,000	\$ 2,000,000
Material - 2021	514,000	216,000	730,000	514,000
Labour - 2021	1,546,000	1,097,000	2,643,000	1,546,000
SUBTOTAL - 2021	\$ 2,060,000	\$ 1,313,000	\$ 3,373,000	\$ 2,060,000
Material - 2022	530,000	222,000	752,000	530,000
Labour - 2022	1,591,000	1,129,000	2,720,000	1,591,000
SUBTOTAL - 2022	\$ 2,121,000	\$ 1,351,000	\$ 3,472,000	\$ 2,121,000
Material - 2023	546,000	229,000	775,000	546,000
Labour - 2023	1,639,000	1,163,000	2,802,000	1,639,000
SUBTOTAL - 2023	\$ 2,185,000	\$ 1,392,000	\$ 3,577,000	\$ 2,185,000
MULTI-YEAR PROJECT TOTAL	\$ 8,366,000	\$ 5,330,000	\$ 13,696,000	\$ 8,366,000

* For maximum cost-efficiency, annual Project costs are distributed evenly over four years with an annual adjustment for inflation of 3%.

** Xplornet provides a Contribution equivalent to 100% of the Joint Use Conversion Cost of \$2.0 million per year adjusted annually for inflation resulting in a total of \$8.4 million over the four year term of the Project.

*** Maritime Electric Plant Specific Cost is specific to the supply of electricity and therefore are not included in the Contribution from Xplornet.

**** The total Project budget request for Line Rebuilds includes both the Joint Use Conversion Cost and Maritime Electric Plant Specific Cost as ownership of the line remains 100% with Maritime Electric.

1.10 Proposed 2020 Capital Budget Revision and Multi-year Project Provisions

The proposed capital budget revisions for 2020 are provided in Table 3 below:

TABLE 3		
2020 Revised Capital Budget Requests		
Description	Line Rebuilds	Contributions
PEI Broadband Project - Bell Canada	\$ 2,436,000	-
PEI Broadband Project - Xplornet	3,274,000	2,000,000
Sub-total	\$ 5,710,000	\$ 2,000,000
Original Capital Budget Submissions	3,587,000	400,000
Revised 2020 Capital Budget	\$ 9,297,000	\$ 2,400,000

Table 4 below shows the total annual budget provisions for the PEI Broadband Project as well as the cumulative total for this multi-year project:

TABLE 4		
2020 – 2023 Annual Budget Provisions & Multi-year Total for PEI Broadband Project		
Description	Line Rebuilds	Contributions
Bell Canada - 2020	\$ 2,436,000	\$ -
Xplornet – 2020	3,274,000	2,000,000
2020 Budget Provision	\$ 5,710,000	\$ 2,000,000
Bell Canada - 2021	2,508,000	-
Xplornet – 2021	3,373,000	2,060,000
2021 Budget Provision	\$ 5,881,000	\$ 2,060,000
Bell Canada - 2022	2,585,000	-
Xplornet – 2022	3,472,000	2,121,000
2022 Budget Provision	\$ 6,057,000	\$ 2,121,000
Bell Canada - 2023	2,662,000	-
Xplornet – 2023	3,577,000	2,185,000
2023 Budget Provision	\$ 6,239,000	\$ 2,185,000
Multi-year Project Total	\$ 22,887,000	\$ 8,366,000

2.0 REVISED SCHEDULES AND PROPOSED ORDER

With the proposed provisional budget amounts for the PEI Broadband Project, certain tables and figures from the original evidence filed on August 23, 2019 have been revised along with Appendix A – Summary of Capital Expenditures and the proposed order for consideration of the Commission.

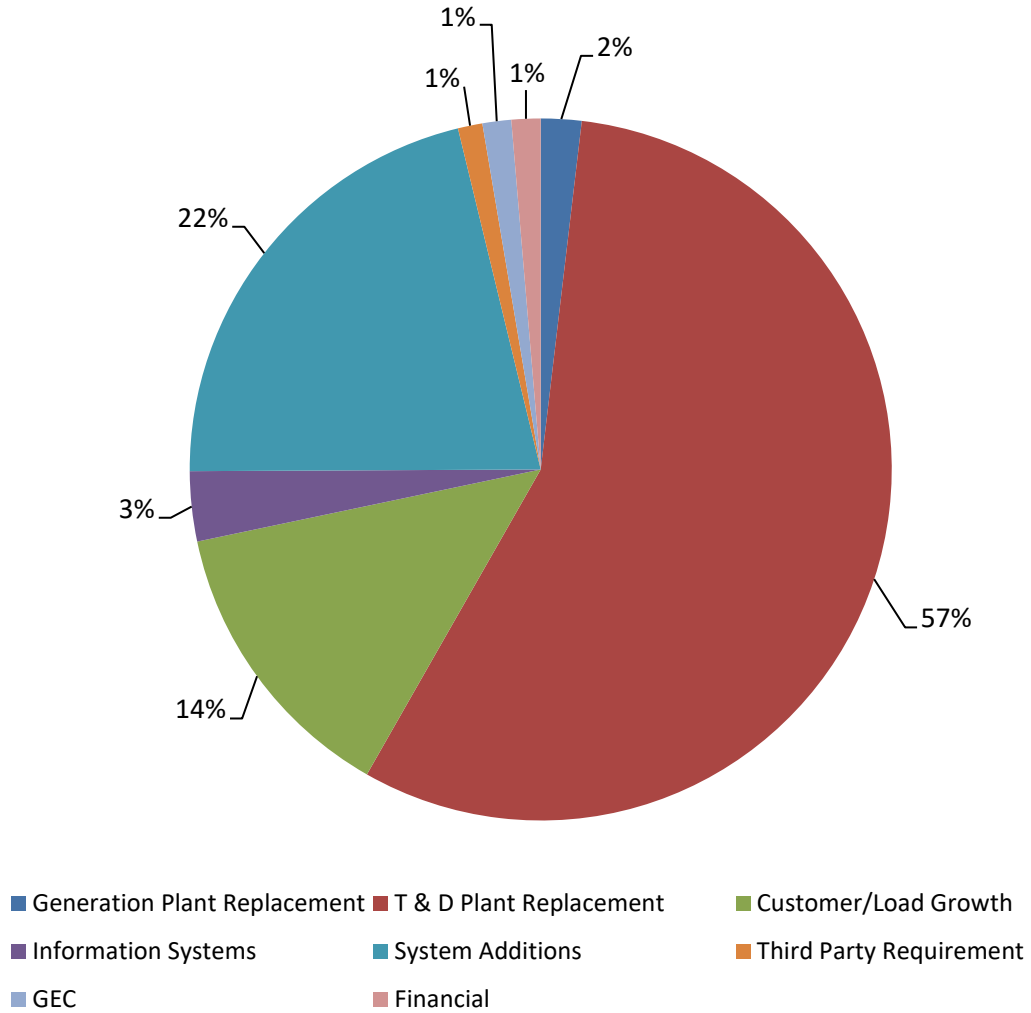
2.1 Section 3.2 - Overview of Evidence - Tables and Figures

A revised Table 1 below outlines the proposed capital expenditures for 2020.

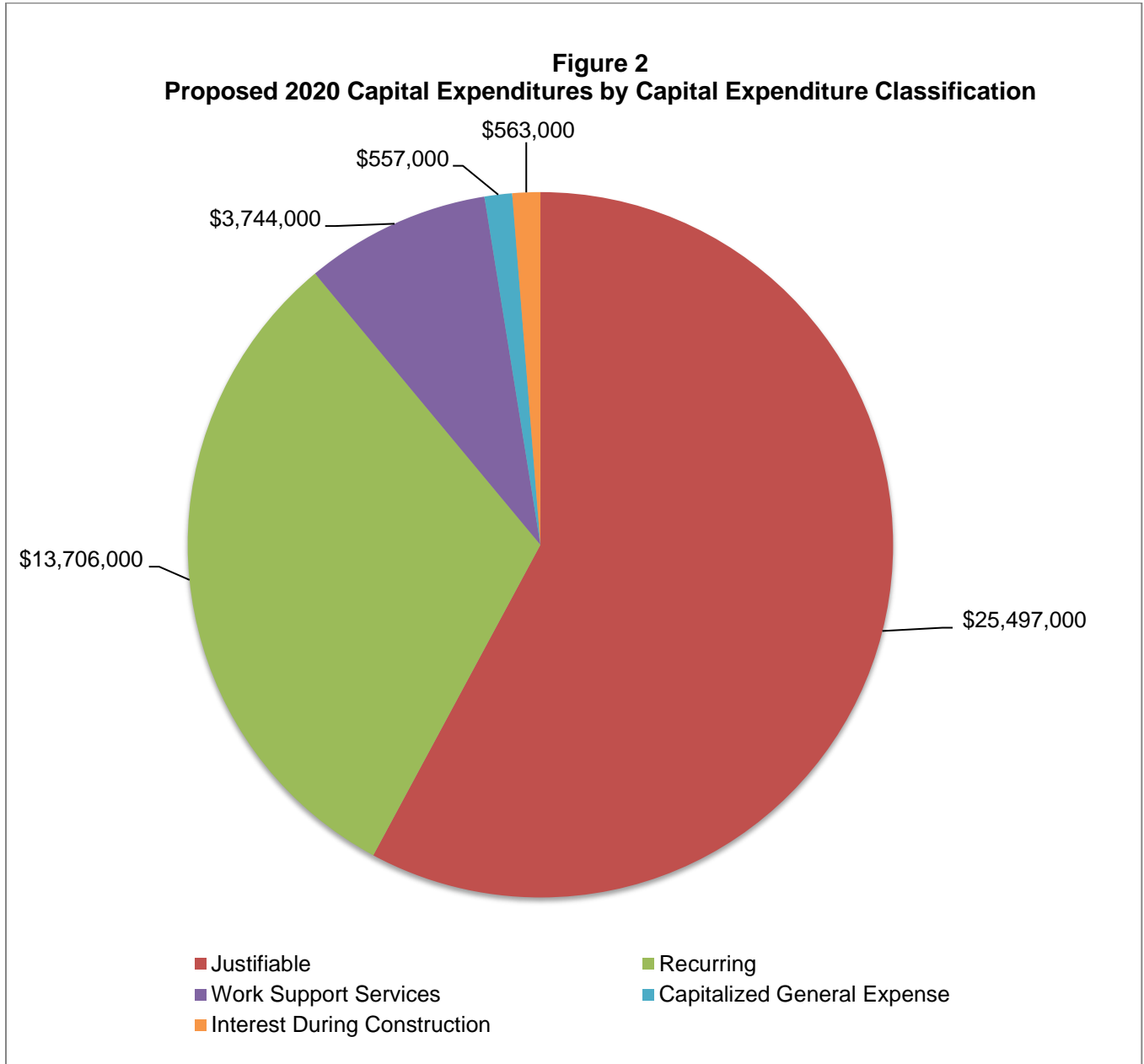
Table 1		
Proposed 2020 Capital Expenditures		
4.0	Generation	
4.1	Charlottetown Plant Buildings and Services Projects	\$ 4,017,000
4.2	Charlottetown Plant Turbine-Generator Projects	211,000
4.3	Borden Plant Projects	<u>230,000</u>
		<u>4,458,000</u>
5.0	Distribution	
5.1	Replacements due to Storms, Collisions, Fire and Road Alterations	1,457,000
5.2	Distribution Transformers	3,926,000
5.3	Services and Street Lighting	4,996,000
5.4	Line Extensions	3,340,000
5.5	Line Rebuilds	9,297,000
5.6	System Meters	905,000
5.7	Distribution Equipment	1,610,000
5.8	Transportation Equipment	<u>1,788,000</u>
		<u>27,319,000</u>
6.0	Transmission	
6.1	Substation Projects	6,257,000
6.2	Transmission Projects	<u>2,957,000</u>
		<u>9,214,000</u>
7.0	Corporate	
7.1	Corporate Services	602,000
7.2	Information Technology	<u>1,354,000</u>
		<u>1,956,000</u>
Sub-total		42,947,000
8.0	Capitalized General Expense	557,000
9.0	Interest During Construction	563,000
	Less: Customer Contributions	<u>(2,400,000)</u>
TOTAL		<u>\$ 41,667,000</u>

A revised Figure 1 below shows the proposed 2020 capital expenditures by origin.

Proposed 2020 Capital Expenditures by Origin



A revised Figure 2 below shows the proposed capital expenditures by classification.



2.2 Revised Appendix A - Summary of Capital Expenditures

Maritime Electric Company, Limited											
Summary of Capital Expenditures (2011-2020)											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019	2020
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Budget
Generation											
Charlottetown Plant and CT3	1,195,221	844,766	669,275	592,872	451,154	500,777	983,658	814,902	1,603,000	1,603,000	4,228,000
Borden Plant	600,300	59,333	881,322	1,468,960	234,642	740,335	81,062	185,765	143,000	143,000	230,000
	1,795,521	904,099	1,550,597	2,061,832	685,796	1,241,112	1,064,720	1,000,667	1,746,000	1,746,000	4,458,000
Distribution and Transmission											
Distribution	18,334,780	17,371,849	15,707,728	16,974,255	16,132,068	18,246,306	19,834,463	21,445,487	21,464,000	24,735,000	27,319,000
Transmission	2,476,363	3,305,468	4,106,795	6,462,871	8,092,839	8,283,251	10,832,373	6,989,530	7,327,000	8,023,000	9,214,000
	20,811,143	20,677,317	19,814,523	23,437,126	24,224,907	26,529,557	30,666,836	28,435,017	28,791,000	32,758,000	36,533,000
Corporate	979,447	997,025	757,930	979,141	897,585	1,039,510	841,786	2,143,044	1,784,000	1,784,000	1,956,000
Sub-total	23,586,111	22,578,441	22,123,050	26,478,099	25,808,288	28,810,179	32,573,342	31,578,728	32,321,000	36,288,000	42,947,000
Capitalized General Expense	371,689	263,704	350,331	388,730	458,433	477,714	502,450	475,368	527,000	527,000	557,000
Interest During Construction	333,182	295,027	298,913	368,486	376,452	405,915	449,760	432,111	429,000	429,000	563,000
	24,290,982	23,137,172	22,772,294	27,235,315	26,643,173	29,693,808	33,525,552	32,486,207	33,277,000	37,244,000	44,067,000
Less: Customer Contributions	(1,106,139)	(760,444)	(643,920)	(525,236)	(382,693)	(1,262,517)	(746,454)	(677,905)	(400,000)	(1,040,000)	(2,400,000)
Net Capital Expenditures	23,184,843	22,376,728	22,128,374	26,710,079	26,260,480	28,431,291	32,779,098	31,808,302	32,877,000	36,204,000	41,667,000

Note: Actual amounts above, where applicable, include amounts expended for approved carryovers from the previous year.

2.3 PROPOSED ORDER

C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

BEFORE THE ISLAND REGULATORY AND APPEALS COMMISSION

IN THE MATTER of Section 17(1) 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 the 2020 Annual Capital Budget and for certain approvals incidental to such an order.

UPON receiving an Application by Maritime Electric Company, Limited (the “Company”) for approval of the Company’s capital budget for year 2020;

AND UPON receiving additional evidence from the Company in support of provisional budget estimates for the multi-year PEI Broadband Project;

AND UPON considering the Application and Evidence filed in support thereof;

NOW THEREFORE, for the reasons given in the annexed Reasons for Order and pursuant to the Electric Power Act;

IT IS ORDERED THAT

The 2020 Capital Budget Application of the Company, filed herein on August 23, 2019 and summarized below is approved:

2020 Capital Budget Summary	
Generation	\$ 4,458,000
Distribution	27,319,000
Transmission	9,214,000
Corporate	1,956,000
General Expense Capitalized	557,000
Interest During Construction	563,000
Total	\$ 44,067,000
Less: Contributions	(2,400,000)
TOTAL (Net)	\$ 41,667,000

DATED at Charlottetown, Prince Edward Island, this ___ day of _____, 2019.

BY THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner