MARITIME ELECTRIC
A FORTIS COMPANY

July 9, 2008

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

Dear Commissioners:

Enclosed are 10 copies of the Maritime Electric's 2009 Capital Budget Application.

If you require further information, please do not hesitate to contact the undersigned.

Yours truly,

MARITIME ELECTRIC

J. W. Geldert
Vice President, Finance, Administration
& Chief Financial Officer

JWG38
Encl. as noted

C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

BEFORE THE ISLAND REGULATORY
AND APPEALS COMMISSION (the "Commission")

IN THE MATTER of the Application of Maritime Electric Company, Limited for approval of a 2009 Capital Budget.

1. Maritime Electric Company, Limited ("Maritime Electric") is a corporation incorporated under the laws of Canada with its head or registered office at Charlottetown, and carries on a business as a public utility within the scope of the *Electric Power Act* engaged in the production, purchase, transmission and distribution of electricity in Prince Edward Island.

2. Maritime Electric has developed a Capital Budget for the year 2009. The budget includes capital expenditures of the usual sort.

3. Maritime Electric requests approval by the Commission of the 2009 capital expenditures described in this evidence attached as Schedule "A" and Maritime Electric hereby applies for such approval.

4. The proposed 2009 Capital Budget constitutes proposed capital expenditures to be made in 2009, for items which Maritime Electric requires in order to properly serve its customers.

5. Attached hereto as Schedule "B" is an affidavit attesting to the truth of the evidence in Schedule "A".

DATED this 9th day of July, 2008.

Maritime Electric Company, Limited

D. Spencer Campbell, Counsel for the Applicant whose address for service is:
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Schedule A

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

SECTION:

1	Introduction
2	Summary
3	Generation
4	Distribution
5	Transmission
6	Corporate
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MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

INTRODUCTION

Under Section 17 (1) of the Electric Power Act, Maritime Electric is required to submit to the Island Regulatory and Appeals Commission, for its approval, an annual Capital Budget of proposed improvements or additions to the property of the public utility. This is the evidence in support of the Company's proposed 2009 Capital Budget.

The Company continues to invest in new equipment and the upgrading of existing equipment to ensure the provision of cost effective, safe and reliable service to customers. Based on the analysis of system outage statistics for individual line segments, guidance is provided in determining where to focus the Company's efforts to maximize the value of its investments. Schedule 1-1 outlines the level of the Company's actual and proposed capital expenditures over the 2000-2009 period (with, for information purposes, a preliminary forecast of 2010 capital expenditures).

MARITIME ELECTRIC COMPANY, LIMITED

2009 CAPITAL BUDGET EVIDENCE

SUMMARY OF CAPITAL EXPENDITURES 2000 - 2010

	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Forecast	2009 Budget	2010 Forecast
Generation (1)											
Charlottetown Plant	359,035	773,130	1,268,880	688,678	1,447,289	1,125,705	3,855,935	1,454,480	2,211,226	1,072,000	2,116,000
Borden Plant	111,157	306,032	632,696	540,650	110,617	407,981	132,664	666,496	208,000	664,000	473,000
	470,192	1,079,162	1,901,576	1,229,328	1,557,906	1,533,686	3,988,599	2,120,976	2,419,226	1,736,000	2,589,000
Distribution and Transmission											
Distribution	7,337,091	8,478,502	8,937,702	8,182,087	9,874,267	10,785,945	11,291,216	15,219,403	14,364,000	13,761,000	13,981,000
Transmission	946,223	1,705,358	1,641,486	3,444,327	1,472,756	1,538,732	5,947,299	4,387,363	16,191,000	753,000	1,563,000
	8,283,314	10,183,860	10,579,188	11,626,414	11,347,023	12,324,677	17,238,515	19,606,766	30,555,000	14,514,000	15,544,000
Corporate	523,431	478,523	504,819	565,772	670,675	741,851	754,751	765,915	910,000	840,000	937,000
Sub-total	9,276,937	11,741,545	12,985,583	13,421,514	13,575,604	14,600,214	21,981,865	22,493,657	33,884,226	17,090,000	19,070,000
General Expense Capitalized	1,455,729	1,629,590	1,355,646	1,480,401	1,538,836	1,667,818	1,844,273	1,845,861	2,007,172	2,331,000	2,395,000
Interest During Construction	152,188	192,629	215,144	260,671	233,947	2,174,493	637,555	409,683	184,000	227,000	211,000
	10,884,854	13,563,764	14,556,373	15,162,586	15,348,387	18,442,525	24,463,693	24,749,201	36,075,398	19,648,000	21,676,000
Less: Contributions	(765,429)	(717,220)	(820,089)	(640,905)	(820,622)	(615,754)	(765,678)	(2,705,000)	(15,235,000)	(250,000)	(265,000)
NET CAPITAL EXPENDITURES	10,119,425	12,846,544	13,736,284	14,521,681	14,527,765	17,826,771	23,698,015	22,044,201	20,840,398	19,398,000	21,411,000

Notes:

1. The above schedule excludes the 50 MW combustion turbine project which was the subject of a separate order.

MARITIME ELECTRIC COMPANY, LIMITED

2009 CAPITAL BUDGET EVIDENCE

SUMMARY

			2009		2010
Generation					
G-1	Charlottetown Plant Buildings and Services Projects	$	534,000	$	629,000
G-2	Charlottetown Plant Boiler Projects		291,000		1,220,000
G-3	Charlottetown Plant Turbine-Generator Projects		247,000		267,000
G-4	Borden Plant Projects		664,000		473,000
		$	1,736,000	$	2,589,000
Distribution					
D-1	Replacements Storms, Road Alterations	$	623,000	$	629,000
D-2	Distribution Transformers		3,617,000		3,830,000
D-3	Services and Street Lighting		2,381,000		2,434,000
D-4	Line Extensions		954,000		979,000
D-5	Line Rebuild		2,328,000		2,451,000
D-6	System Meters		1,231,000		1,241,000
D-7	Distribution Equipment		1,145,000		1,358,000
D-8	2009 Field Audit and Assessment Project		802,000		-
D-9	Transportation Equipment		680,000		1,059,000
		$	13,761,000	$	13,981,000
Transmission					
T-1	Transmission Projects	$	132,000	$	82,000
T-2	Substation Projects		125,000		722,000
T-3	Line Projects		496,000		759,000
		$	753,000	$	1,563,000
Corporate					
C-1	Corporate General	$	137,000	$	139,000
C-2	Information Technology		703,000		798,000
		$	840,000	$	937,000
		$	17,090,000	$	19,070,000
Capitalized General Expense		$	2,331,000	$	2,395,000
Interest During Construction		$	227,000	$	211,000
Less: Customer Contributions		$	(250,000)	$	(265,000)
Total		$	19,398,000	$	21,411,000

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

GENERATION

G-1 Charlottetown Plant Buildings and Services Projects ***$ 534,000***

1. Retaining Wall Improvements *$ 73,000*

The condition of the timber crib retaining wall on the east side of the River Pumphouse has deteriorated to the extent that replacement is necessary.

2. River Pumphouse Dredging *$ 36,000*

Over the years silt and sand has accumulated at the entrance of the River Pumphouse reducing the flow of cooling water to the Charlottetown Plant. This project will allow for the removal of the silt and sand and the spreading of the material over a designated area.

3. River Pumphouse Sheet Piling Replacement and Concrete Foundation Repair *$ 322,000*

The sheet piling on the south side of the River Pumphouse (in the tidal zone) has severely corroded over the years. The sheet piling is a protective barrier for the concrete wall. The barrier will be restored by either welding studs to the sheet piling and pouring a layer of concrete over the sheet piling, scabbing steel sheets over the sheet piling or a combination of both.

MARITIME ELECTRIC COMPANY, LIMITED

2009 CAPITAL BUDGET EVIDENCE

4. Miscellaneous Building and Services *$ 103,000*

A provision has been made for a number of small projects at the Charlottetown Plant:

- Parts storage improvements
- Door and window replacement
- City water pipeline replacements
- Emergency and lighting improvements
- Safety equipment
- Vehicle gate upgrade
- Replace small lathe
- Roof egress
- ECC interior renovations
- ECC security card access system

G-2 Charlottetown Plant Boiler Projects *$ 291,000*

1. Insulation Replacement - Boilers *$ 95,000*

The Plant was constructed during a period when insulating materials often contained asbestos. This insulation degrades over time and must be replaced to prevent airborne Asbestos Containing Material (ACM) from endangering the health of workers. The Company has a policy of immediate replacement of any ACM found to be in poor condition. This is a provisional amount based upon past experience.

2. Miscellaneous Boiler Replacements *$ 152,000*

Each year the Plant's power boilers are inspected before being laid up for the Summer. These inspections identify tube replacements and upgrades that must be completed before the next startup. This provisional amount is contingent on inspection results.

MARITIME ELECTRIC COMPANY, LIMITED

2009 CAPITAL BUDGET EVIDENCE

3. Miscellaneous Boiler Improvements *$ 44,000*

A number of small projects have been identified:

- Miscellaneous tool replacement
- Secondary containment for turbine lube oil reservoirs
- Oxygen transmitter and probe phase-out
- Blowdown check valve

G-3 Charlottetown Plant Turbine-Generator Projects *$ 247,000*

1. Insulation Replacement - Turbines *$ 85,000*

As with the boilers, the insulation for most turbines and auxiliaries originally contained asbestos contaminated materials. This provisional amount provides for the cost of replacement insulation after the removal of the asbestos contaminated material.

2. Replace Concrete #5 Cooling Water Outfall Structure *$ 69,000*

This project involves the replacement of the existing circulating water outfall structure at the east end of the Plant near the welding shop. The concrete is badly eroded and walls are being damaged by frost heave. The top of the structure is damaged and in need of repair to make it safe. The project scope is to pour new walls and a floor with marine grade concrete and finish the area around the 36” pipe that leads to the river.

3. Miscellaneous Turbine Improvements *$ 93,000*

A provision has been made for miscellaneous small projects and for unknowns discovered throughout the year. Some of the small turbine-generator projects include:

- Auxiliary cooling water pump replacement
- Miscellaneous combustion turbine improvements for CT3

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

G-4 Borden Plant Projects — *$ 664,000*

1. Driveway and Asphalt Upgrades — *$ 58,000*

The paved areas surrounding the combustion turbines have deteriorated such that vegetation growth is becoming an issue. The asphalt also doubles as a laydown area during overhauls and routine maintenance on the combustion turbines. This amount provides for the replacement of existing asphalt.

2. CT2 Controls Upgrade — *$ 562,000*

CT2 is a versatile generator in that it can produce electricity or it can be operated as a synchronous condenser for system stability purposes. Operation of the unit is typically controlled from ECC. The existing controls of CT2 are starting to require maintenance due to their age, and spare parts, whether new or used, are no longer available. This amount provides for the complete replacement of the original controls resulting in increased functionality, reliability, reporting and diagnostic functions.

3. Miscellaneous Borden Improvements — *$ 44,000*

This account provides for several small projects at Borden, including:

- Enclosure renovations for both units
- Oil de-mister on the vent line off the main oil tank

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

DISTRIBUTION

D-1 Replacements due to Storms, Collision, Fire and Road Alterations ***$ 623,000***

This is a provisional amount for distribution asset replacements due to storms, motor vehicle accidents, fire and road alterations and is based on historical expenditures.

D-2 Distribution Transformers ***$ 3,617,000***

This provides for the purchase and installation of new transformers and related equipment. Transformer purchases are required to serve new customers, address load growth for existing customers and to replace deteriorated units. An amount for the replacement of transformers at risk of spill is also included.

Pole Mounted kVA

5 year average requirement	25,000 kVA
Spill Prevention Program	2,700 kVA
TOTAL	27,700 kVA

Cost

Purchase	27,700 kVA @	$92.04/kVA	$ 2,549,614
Related material	27,700 kVA @	$3.45/kVA	$ 95,575
Installation	27,700 kVA @	$5.79/kVA	$ 160,245
SUB-TOTAL			$ 2,805,434

Pad Mounted kVA

5 year average requirement – 17,400 kVA

Cost	17,400 kVA @	$46.64/kVA	$ 811,566	
TOTAL (Rounded)			$ 3,617,000	*$ 3,617,000*

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

D-3 Services and Street Lighting — *$ 2,381,000*

This amount provides for the construction of distribution lines to serve new customers and the provision of street and yard lighting as requested by customers. These expenditures (and those in D-4 below) are expected to be partially offset by customer contributions.

1. Service Lines

Estimate:	Single phase	$ 1,342,000	
	Three phase	$ 633,000	*$ 1,975,000*

2. Underground Service Lines

Estimate:	Single phase	$ 91,000	
	Three phase	$ 72,000	*$ 163,000*

3. Street and Yard Lighting $ 243,000 *$ 243,000*

D-4 Line Extensions — *$ 954,000*

This amount provides for the extension of main lines to serve new customers.

Estimate:	Single phase	$ 578,000	
	Three phase	$ 376,000	*$ 954,000*

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

D-5 Line Rebuilds ***$ 2,328,000***

1. Joint Use Rebuilds *$ 245,000*

This provides for the rebuilding of joint use lines and routine work carried out during the year.

2. Pole for Pole Replacement *$ 908,000*

The Company maintains approximately 100,000 distribution poles. This amount is used to replace deteriorated individual poles. In 2009, approximately 900 poles are planned to be replaced.

3. Porcelain Cutout Replacement *$ 100,000*

The Company has identified the need for a program to replace porcelain cutouts in critical locations. The failure rate of these cutouts has created issues with respect to employee safety and system reliability.

4. Various Three Phase Rebuilds Province Wide *$ 675,000*
(15 kilometres of three phase construction)

Upgrading of lines constructed with aged poles, small deteriorated conductor, and long spans will improve reliability and voltage and allow for future load growth.

5. Various Single Phase Rebuilds Province Wide *$ 400,000*
(25 kilometres of single phase construction)

Upgrading of lines constructed with aged poles, small deteriorated conductor, and long spans will improve reliability and voltage and allow for future load growth.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

D-6 System Meters — *$ 1,231,000*

This amount provides for the purchase and installation of revenue metering and associated equipment. Details of the amount are as follows:

1. Watt-hour Meters — *$ 860,000*

The Remote Interrogation (RI) meter program has proven very successful in reducing meter reading labour costs and related transportation expenses, enhancing customer service (meters are read monthly increasing billing accuracy and eliminating estimates) and improving safety for meter readers.

New single phase meter replacements will be supplied from the RI Program.

RI meters conversion, non-magnetic suspension	9,740
Network and three phase meters	145
TOTAL	9,885

Installed Cost meters 9,885 @ $87 (rounded)	$	860,000

2. Combination Meters — *$ 205,000*

Customer Growth	114
Replacements due to aging, vandalism	50
TOTAL	164

Installed Cost: meters 164 @ $1,250 (rounded)	$	205,000

3. Miscellaneous Metering Equipment — *$ 56,000*

4. Outdoor Metering Tanks — *$ 110,000*

This provides for the purchase of new outdoor metering tanks and the upgrading of selected substations to three element metering.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

D-7 Distribution Equipment — *$ 1,145,000*

This amount provides for T&D system equipment, Meter Shop equipment and line tools.

1. T&D System Equipment — *$ 1,020,000*

This provides for the purchase and installation of new and replacement equipment used to provide voltage support, communication, protection and control of the Company's operations. The areas for 2009 are:

Voltage Regulators and Controllers	$ 152,000
Breaker and Autotransformer Upgrades	144,000
Teleprotection and Relay Replacement	110,000
RTUs and Radios	76,000
Radio Consoles at ECC and WRSC	60,000
SCADA Backup	58,000
Battery Banks	57,000
Fault Recorder and Radio Noise Detector	40,000
Antenna and Radio Tower Work	14,000
Miscellaneous Projects and Equipment	102,000
Labour and Transportation	207,000
TOTAL	$ 1,020,000

2. Meter Shop Equipment — *$ 25,000*

This provides for power quality test equipment, voltmeters, and meter test equipment.

3. Line Tools and Equipment — *$ 100,000*

This provides for the replacement of line test equipment, line safety equipment and material handling equipment.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

D-8 2009 Field Audit and Assessment Project — *$ 802,000*

Since the early 1980s the Company has invested substantially in the rebuilding and maintenance of its transmission and distribution assets. The standards and work practices that formed the basis of the work (construction standards, maintenance cycles, tree trimming cycles, etc.) were, for the most part, set in the early 1980s with some modifications since that time.

With the Company's significant investment in system technology, including a GPS mapping system, and the upgrade of the Communications System, the Company has the tools to improve its level of proactive maintenance and asset replacement activities.

This budget provisions allows for a pole to pole collection of field data for outside distribution plant assets (all poles will be physically tagged with an identification number during the process). The data to be collected includes the GPS location of key assets (including poles, transformers, voltage regulators, reclosers and switches). This data will be entered into the Company's GPS mapping system. Specific information related to these key assets will be gathered (e.g. a poles age, class, height, type, and treatment type). The field assessment would also collect data on the condition of key assets (including poles, transformers and conductor), verify the number of third party cable attachments, note the relevant phase orientation of assets and assess the status of vegetation management.

The future benefits, as a result of this comprehensive field audit and assessment project, are substantial and include:

- An accurate assessment of the condition of field assets (combined with a review of construction and maintenance standards) will form the basis of the Company's capital and maintenance operating plans for the next decade.

MARITIME ELECTRIC COMPANY, LIMITED

2009 CAPITAL BUDGET EVIDENCE

- The availability of an inventory of field assets accessible through the Company's GPS mapping system will provide a key reference tool for the Company's Engineering Department in the modeling of the T&D system and in planning and upgrading the system.

- The availability of accurate cable attachment data will ensure accurate third party cable attachment billings and provide the Engineering Department with key information in calculating pole loading data.

- Access to a GPS mapping system for key assets, combined with an inventory of physical pole tagging, will enhance customer service through more efficient service order and restoration dispatch.

- A detailed assessment of vegetation management will help ensure the Company's vegetation management system is effectively addressing reliability and safety.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

D-8 Transportation Equipment — *$ 680,000*

The following schedule outlines the vehicles proposed for replacement or re-chassis in 2009.

	Vehicle #	Type	Description	Age (Yrs)	Replacement Cost
1.	New	Off Road Digger	Track Vehicle	New	$ 324,000
2.	040409	Small SUV	Meter Reader	7	$ 32,000
4.	040412	Small SUV	Meter Reader	7	$ 32,000
5.	051013	Trouble Truck	Central CSUP	4	$ 165,000
6.	040423	Small SUV	Meter Reader	10	$ 32,000
7.	040668	½ Ton Ex-Cab	Central T&D	6	$ 35,000
8.	Unforeseen Capital/Replacement				$ 40,000
10.	Labour charges				$ 20,000
TOTAL					$ 680,000

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

TRANSMISSION

T-1 Transmission Projects ***$ 132,000***

1. 138 kV Ground Switch Refurbishment *$ 60,000*

Miscellaneous 138 kV ground switches will be refurbished.

2. 138 kV Switch Replacement *$ 72,000*

Miscellaneous 138 kV switches will be replaced.

T-2 Substation Projects ***$ 125,000***

1. Substation Automation and Integration Pilot Project *$ 68,000*

This pilot project will build on the new communication infrastructure to collect strategic data from substation equipment to improve system control and operation.

2. Miscellaneous Substation Projects *$ 57,000*

Miscellaneous substation projects including fence maintenance and a battery bank addition at Lorne Valley Substation.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

T-3 Line Projects ***$ 496,000***

1. Rebuild Transmission Line T- 8 *$ 265,000*

Transmission line T- 8 was built in 1963. A 5.0 kilometer section from Primrose to Albion Road in eastern PEI is now scheduled to be rebuilt. This project has been deferred from the 2008 capital budget due to a re-prioritization of capital projects as a result of the January 2008 ice storm. This project will improve the reliability and reduce losses in the areas served by the Dingwells Mill and Souris Substations.

2. Continuation of Life Extension Work on Y-109 and Y-111 *$ 231,000*

This provision is for the refurbishment of the 138 kV transmission lines Y-109 and Y-111. These lines were inspected with some repairs completed in 2008. The inspection revealed that additional work replacing insulators and other structure assets will be required in 2009.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

CORPORATE

C-1 Corporate General ***$ 137,000***

1. 180 Kent Street Renovations

The Company proposes the following for 180 Kent Street.

Exterior Renovations *$ 35,000*

The replacement of the exterior siding was budgeted for both 2007 and 2008 but deferred due to changing priorities. The siding has deteriorated to a point where completion in 2009 is a priority.

Miscellaneous Capital *$ 22,000*

The amount provides for unforeseen capital expenditures.

2. Charlottetown Service Centre

The Company proposes the following for the Charlottetown Service Centre.

Insulation Replacement *$ 80,000*

In order to reduce heat loss and improve energy efficiency, it is proposed to replace, over a two year period, all ceiling and upper wall batt insulation at the Service Centre with 1" P2000 sheet insulation. The existing insulation provides a performance rating of approximately R-5 while the Performance rating for 1" P2000 Insulation is R-27.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

C-2 Information Technology — *$ 703,000*

The Company proposes to invest a total of $703,000 in the following Information Technology initiatives:

1. Hardware Acquisitions — *$ 165,000*

Servers	$	40,000
Communications Equipment		30,000
Personal Computers		40,000
Security Cameras		10,000
GPS Handheld Units		15,000
Printers		15,000
Installation Costs		15,000
TOTAL	$	165,000

2. Purchased Software and Upgrades — *$ 173,000*

Microsoft Agreements	$	80,000
EPICOR Financials		25,000
ESRI Mapping System		18,000
Maximo Maintenance		7,000
Anti Virus, Firewall Software		6,000
Form Printing Software		3,000
GPS Unit Software		4,000
Development Tools		10,000
Installation Costs		20,000
TOTAL	$	173,000

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

3. **Human Resources Information System** *$ 70,000*

The purchase and implementation of Human Resource Information System software will improve the management of Human Resource records. The current process is manual and labour intensive and the new system will improve efficiency.

4. **Field Audit and Assessment Project** *$ 60,000*

This covers software development costs to manage and store the pole information that will be collected in the field in 2009 (see project D-8). It covers the cost of designing the collection software and changes to the GIS and CIS systems to incorporate and maintain the new data. It also includes the cost of 3 GPS units to collect the data.

5. **Web site Re-design** *$ 75,000*

This project covers the complete re-design of the Company's website to improve information and create customer efficiencies.

6. **Network Security Review** *$ 75,000*

This project covers the cost of an independent review of network security. It includes the cost of the review and any equipment or software that may need to be upgraded as a result of the review.

7. **Service Order System Upgrades** *$ 25,000*

This project covers improvements (new options and features) to the Service Order System as required by operations staff. It will also include the development of interfaces required by the line crews.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

8. **Billing System Upgrades** *$ 20,000*

This provision covers the costs of added features and components required by changing requirements during the year.

9. **SCADA Interface System** *$ 40,000*

This will cover the design of various interfaces and reports to allow engineering staff to analyze and better utilize the data being collected by the SCADA system.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

CAPITALIZED GENERAL EXPENSE — *$ 2,331,000*

This amount includes a portion of administrative costs (i.e. labour, transportation, etc.) that are properly recognized as part of the Company's overall capital expenditure program. These recurring expenditures represent an allocation of administrative costs, not specific to any one capital project, but rather as part of the overall development, implementation and management of the Company's capital budget program. The amount is based upon Management's best estimates of time spent on this process and is consistent with amounts invested in previous years.

MARITIME ELECTRIC COMPANY, LIMITED
2009 CAPITAL BUDGET EVIDENCE

INTEREST DURING CONSTRUCTION ***$ 227,000***

This represents an allowance for funds used during the construction of certain assets. It is reflected in the accounts as an offset to financing costs and is based on the Company's weighted average cost of capital. This amount is allocated to fixed assets and recovered through amortization over the life of the assets.

SCHEDULE "B"

C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

BEFORE THE ISLAND REGULATORY
AND APPEALS COMMISSION (the "Commission")

IN THE MATTER of the Application of Maritime Electric Company, Limited for approval of a 2009 Capital Budget.

We, Fred J. O'Brien, J. William Geldert, John D. Gaudet and Steven D. Loggie, of Charlottetown, in Queens County, Province of Prince Edward Island, MAKE OATH AND SAY AS FOLLOWS:

1. THAT we are respectively the President and Chief Executive Officer, Vice-President, Finance and Administration, Vice-President, Corporate Planning and Energy Supply and Vice-President, Customer Service of Maritime Electric Company, Limited and, as such, have a personal knowledge of the matters hereto deposed to except where otherwise indicated.
2. THAT we prepared or supervised the preparation of the evidence which is, with this affidavit, attached as Schedule "A" of the application to which this affidavit is attached.
3. THAT the information included in the evidence is true and correct.

SEVERALLY SWORN to at the city of Charlottetown, County of Queens Province of Prince Edward Island by Fred J. O'Brien, J. William Geldert, John D. Gaudet and Steven D. Loggie on the 8th day of July, 2008.

A Commissioner for Taking Affidavits in the Supreme Court.

Fred J. O'Brien

J. William Geldert

John D. Gaudet

Steven D. Loggie