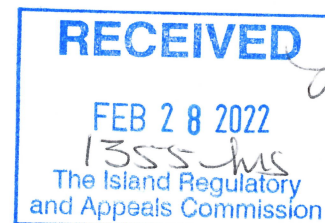


All our energy.  
All the time.



February 28, 2022



Ms. Cheryl Mosher  
Regulatory Services  
Island Regulatory and Appeals Commission  
PO Box 577  
Charlottetown PE C1A 7L1

Dear Ms. Mosher:

***2021 Capital Budget Variance Report***

Please find attached five copies of the Company's 2021 Capital Budget Variance Report.  
An electronic version will follow shortly.

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

Yours truly,

MARITIME ELECTRIC

A handwritten signature in blue ink that reads "Gloria Crockett".

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

GCC10  
Enclosure

**MARITIME ELECTRIC COMPANY, LIMITED**  
**2021 CAPITAL BUDGET VARIANCE REPORT**

**February 28, 2022**

**MARITIME ELECTRIC COMPANY, LIMITED**  
**2021 Capital Budget Variance Report**

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**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****INTRODUCTION**

On June 7, 2021, the Island Regulatory and Appeals Commission (“IRAC” or “the Commission”) issued Order UE21-01 approving an application by Maritime Electric Company, Limited (“Maritime Electric” or the “Company”) in respect of its 2021 Capital Budget. This report provides a description of the variances of the actual expenditures from the approved 2021 Capital Budget.

Total capital expenditures for 2021, net of contributions in aid of construction (“Contributions”), were \$37.1 million. Compared to the approved budget of \$41.4 million, the result was an under-budget variance of \$4.3 million. A number of projects could not be completed in 2021, requiring a carryover of \$5.4 million to 2022. The net result is that the total capital expenditures for 2021 are expected to be over budget by \$1 million, as summarized in Section B of this report.

Total expenditures in 2021 on capital budget items carried over from 2019 and 2020, net of Contributions, were \$5.1 million.<sup>1</sup> Compared to the approved budget of \$8.5 million,<sup>2</sup> the result was an under-budget variance of \$3.5 million. Four of the 2020 carryover items could not be completed in 2021, requiring a carryover of \$4.1 million to 2022. The net result is that total expenditures on items carried over from 2019 and 2020 are expected to be over budget by \$0.7 million.

The total carryover amounts, net of Contributions, for the PEI Broadband Project represents approximately 46 per cent of the \$9.5 million carryover amount required in 2022.<sup>3</sup> The remaining carryover amount is necessary to complete all other projects that were delayed due to later than expected start dates, material supply issues and/or to allow for contractor completion of outstanding tasks prior to final payment. The Company expects to complete all of the carryover project work in 2022, with the possible exception of line truck deliveries under the 5.8 Transportation Equipment category, due to longer than normal delivery lead times resulting from COVID-19 supply chain delays.

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<sup>1</sup> \$3,449,592 (Appendix II; Column D; Total) + \$1,632,217 (Appendix I; Column C; Subtotal 2020) = \$5,081,809.

<sup>2</sup> 2020 Capital Budget Variance Report; Appendix I; Column D; Total = \$8,545,000.

<sup>3</sup> 46% = (\$3,439,000 + \$3,545,000 – \$2,608,000) / \$9,495,000.

# SECTION B

## MARITIME ELECTRIC COMPANY, LIMITED

### 2021 Capital Budget Variance Report

#### SUMMARY

	Approved 2021 Budget (A)	2021 Actual Expenditures (B)	2021 Variance (C = B - A)	Carryover to 2022 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
Generation	\$ 1,330,000	\$ 1,000,538	\$ (329,462)	\$ 108,000	\$ 1,108,538	\$ (221,462)
Distribution	28,055,000	24,772,110	(3,282,890)	5,314,000	30,086,110	2,031,110
Transmission	11,528,000	9,257,010	(2,270,990)	2,458,000	11,715,010	187,010
Corporate	2,527,000	2,311,381	(215,619)	94,000	2,405,381	(121,619)
Capitalized General Expense	518,000	681,043	163,043	-	681,043	163,043
Interest During Construction	<u>565,000</u>	<u>548,015</u>	<u>(16,985)</u>	<u>-</u>	<u>548,015</u>	<u>(16,985)</u>
Sub-Total	44,523,000	38,570,097	(5,952,903)	7,974,000	46,544,097	2,021,097
Less:						
Contributions – PEI Broadband Project	(2,707,000)	(98,955)	2,608,045	(2,608,000)	(2,706,955)	45
Contributions – Other Projects	<u>(400,000)</u>	<u>(1,384,133)</u>	<u>(984,133)</u>	<u>-</u>	<u>(1,384,133)</u>	<u>(984,133)</u>
Sub-Total	<u>(3,107,000)</u>	<u>(1,483,088)</u>	<u>(1,623,912)</u>	<u>(2,608,000)</u>	<u>(4,091,088)</u>	<u>(984,088)</u>
Net Total	<u>\$ 41,416,000</u>	<u>\$ 37,087,009<sup>4</sup></u>	<u>\$ (4,328,991)</u>	<u>\$ 5,366,000</u>	<u>\$ 42,453,009</u>	<u>\$ 1,037,009</u>

<sup>4</sup> Total does not include expenditures for prior year projects carried over to 2021. Refer to Appendix II.

## MARITIME ELECTRIC COMPANY, LIMITED

## 2021 Capital Budget Variance Report

## 4.0 - GENERATION

Generation - Summary

	Capital Budget Subcategory	Approved 2021 Budget (A)	2021 Actual Expenditures (B)	2021 Variance (C = B - A)	Carryover to 2022 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
4.1	Charlottetown Plant Buildings and Services Projects	\$ 125,000	\$ 106,252	\$ (18,748)	\$ 66,000	\$ 172,252	\$ 47,252
4.2	Charlottetown Plant Turbine-Generator Projects	900,000	682,831	(217,169)	40,000	722,831	(177,169)
4.3	Borden Plant Projects	305,000	211,455	(93,545)	2,000	213,455	(91,545)
	<b>TOTAL</b>	<b>\$ 1,330,000</b>	<b>\$ 1,000,538</b>	<b>\$ (329,462)</b>	<b>\$ 108,000</b>	<b>\$ 1,108,538</b>	<b>\$ (221,462)</b>

**4.1 Charlottetown Plant Buildings and Services Projects**

The Generation 4.1 category will be \$47,252 over budget, including a carryover of \$66,000.

2021 Variances

Replace ECC Duct Heaters	\$ (12,649)	
ECC Front Door Replacement	(8,581)	
ECC and Backup Control Centre Miscellaneous Upgrades	12,651	
Standing Desks for ECC	(5,393)	
Engineering Review of ECC Hydronic Heating System	862	
New Automatic External Defibrillator for ECC	(2,867)	
Replace Vehicle Gate and Controllers	(2,771)	\$ (18,748)

2022 Carryovers (Appendix I)

Replace ECC Duct Heaters	52,000
ECC and Backup Control Centre Miscellaneous Upgrades	3,000
Standing Desks for ECC	5,000
Replace Vehicle Gate and Controllers	6,000
<b>Generation 4.1 Over-Budget Variance (including carryover)</b>	<b>\$ 47,252</b>

The Replace Energy Control Centre ("ECC") Duct Heaters project will be over budget by \$39,351 including a carryover of \$52,000. The over-budget variance is due to an unexpected requirement to replace the original duct heater control hardware, which could

**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****4.0 - GENERATION**

not be reused. The carryover is necessary to accommodate delivery and installation of the new controls hardware that could not be completed by the vendor in 2021.

ECC and Backup Control Centre Miscellaneous Upgrades will be over budget by \$15,651 including a carryover of \$3,000. The over-budget variance is due to the addition of a kitchenette on the ground floor of the ECC, to enable the physical separation of ECC System Operators from other occupants of the building. The ECC System Operator position is critical to the safe and reliable operation of the electricity supply system, and Maritime Electric's pandemic response protocols identified physical separation as a key control measure to minimize the potential impact of a COVID-19 outbreak in the workplace. The carryover is necessary to accommodate contractor completion of minor deficiencies that are tied to the final payment.

The Replace Vehicle Gate and Controllers project will be over budget by \$3,229 including a carryover of \$6,000. The over-budget variance is due to the incremental cost of purchasing wireless hardware that matched equipment already used by Maritime Electric, which provides the benefit of common operating characteristics and spare part requirements. The carryover is necessary to complete minor deficiencies associated with the electrical installation.

The ECC Front Door Replacement and the New Automatic External Defibrillator for ECC projects were both completed with minimal expenditures required, compared to budget. The ECC front door did not require replacement as flashing replacement resolved the issues with water leaking around the door. The purchase of a new defibrillator was not required as the existing defibrillator at the Steam Plant was moved to the ECC.

**4.2 Charlottetown Plant Turbine-Generator Projects**

The Generation 4.2 category will be \$177,169 under budget, including a carryover of \$40,000.

## MARITIME ELECTRIC COMPANY, LIMITED

## 2021 Capital Budget Variance Report

## 4.0 - GENERATION

2021 Variances

CT3 Electrical Generator Overhaul	\$	(15,921)	
CT3 Generator Breaker		(104,278)	
3,000 Amp Siemens Switchgear Breaker		(22,921)	
Combustion Turbine Improvements, Parts and Tools		(74,049)	\$ (217,169)

2022 Carryovers (Appendix I)

CT3 Generator Breaker			<u>40,000</u>
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**Generation 4.2 Under-Budget Variance (including carryover)** **\$ (177,169)**

The Combustion Turbine 3 ("CT3") Electrical Generator Overhaul project was under budget by \$15,921 as the tendered price to complete the project was lower than expected.

The CT3 Generator Breaker project will be under budget by \$64,278 including a carryover of \$40,000. The breaker was delivered late in the year at a tendered price \$63,855 less than budgeted. The carryover is necessary as the breaker was sent back to the vendor to repair damage that occurred during shipping, and therefore final payment could not be made in 2021.

The 3,000 Amp Siemens Switchgear Breaker project was under budget by \$22,921 as the tendered price for the breaker was lower than expected.

The budget for Combustion Turbine Improvements, Parts and Tools was provisional and not fully required, as expenditures on unforeseen equipment failures and replacements were less than expected.

**4.3 Borden Plant Projects**

The Generation 4.3 category will be \$91,545 under budget, including a carryover of \$2,000.



## MARITIME ELECTRIC COMPANY, LIMITED

## 2021 Capital Budget Variance Report

## 4.0 - GENERATION

2021 Variances

Backup Power Supply for CT1 and CT2	\$	(20,078)	
Replace CT2 Radiator Core and Oil Cooler Foundation		(2,978)	
CT1 Generator Breaker		(23,731)	
Miscellaneous Combustion Turbine, Building and Services Improvements		(46,758)	\$ (93,545)

2022 Carryovers (Appendix I)

Miscellaneous Combustion Turbine, Building and Services Improvements			2,000
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**Generation 4.3 Under-Budget Variance (including carryover) \$ (91,545)**

The Backup Power Supply for Combustion Turbine 1 ("CT1") and Combustion Turbine 2 ("CT2") project was under budget by \$20,078, the Replace CT2 Radiator Core and Oil Cooler Foundation project was under budget by \$2,978 and the CT1 Generator Breaker project was under budget by \$23,731, as the tendered price for each of the projects was lower than expected.

Miscellaneous Combustion Turbine, Building and Services Improvements will be under budget by \$44,758 including a carryover of \$2,000. The under-budget variance was due to expenditures on unforeseen equipment failures and replacements being less than expected, and the carryover is necessary to accommodate contractor completion of minor deficiencies that are tied to final payment.

## MARITIME ELECTRIC COMPANY, LIMITED

## 2021 Capital Budget Variance Report

## 5.0 - DISTRIBUTION

Distribution - Summary

	Capital Budget Subcategory	Approved 2021 Budget (A)	2021 Actual Expenditures (B)	2021 Variance (C = B - A)	Carryover to 2022 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
5.1	Replacements due to Storms, Collisions, Fire and Road Alterations	\$ 1,446,000	\$ 1,740,054	\$ 294,054	\$ -	\$ 1,740,054	\$ 294,054
5.2	Distribution Transformers	5,192,000	5,940,412	748,412	-	5,940,412	748,412
5.3	Services and Street Lighting	5,301,000	6,481,296	1,180,296	-	6,481,296	1,180,296
5.4	Line Extensions	2,232,000	2,858,476	626,476	-	2,858,476	626,476
5.5	Line Rebuilds	9,365,000	4,641,574	(4,723,426)	4,148,000	8,789,574	(575,426)
5.6	System Meters	620,000	598,843	(21,157)	33,000	631,843	11,843
5.7	Distribution Equipment	2,035,000	1,651,478	(383,522)	210,000	1,861,478	(173,522)
5.8	Transportation Equipment	1,864,000	859,977	(1,004,023)	923,000	1,782,977	(81,023)
	Sub-Total	<u>\$ 28,055,000</u>	<u>\$ 24,772,110</u>	<u>\$ (3,282,890)</u>	<u>\$ 5,314,000</u>	<u>\$ 30,086,110</u>	<u>\$ 2,031,110</u>
	Less:						
	Contributions – PEI Broadband Project	(2,707,000)	(98,955)	2,608,045	(2,608,000)	(2,706,955)	45
	Contributions – Other Projects	(400,000)	(1,384,133)	(984,133)	-	(1,384,133)	(984,133)
	Sub-Total	<u>\$ (3,107,000)</u>	<u>\$ (1,483,088)</u>	<u>\$ (1,623,912)</u>	<u>\$ (2,608,000)</u>	<u>\$ (4,091,088)</u>	<u>\$ (984,088)</u>
	TOTAL	<u>\$ 24,948,000</u>	<u>\$ 23,289,022</u>	<u>\$ (1,658,978)</u>	<u>\$ 2,706,000</u>	<u>\$ 25,995,022</u>	<u>\$ 1,047,022</u>

**5.1 Replacements due to Storms, Collisions, Fire and Road Alterations**

The Distribution 5.1 category was \$294,054 over budget.

2021 Variances

Replacements due to Storms, Fire and Collisions \$ (243,417)

Replacements due to Road Alterations 537,471

**Distribution 5.1 Over-Budget Variance \$ 294,054**

Replacements due to Storms, Fire and Collisions were under budget by \$243,417 due to lower than anticipated activity in 2021, as no significant storm event occurred.

**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****5.0 - DISTRIBUTION**

Replacements due to Road Alterations were over budget by \$537,471 due to several large government projects in 2021 that required line work to accommodate bridge, highway and/or wastewater utility alterations in Crapaud, Desable, Cornwall, New Glasgow, Montague, Morell, Dingwells Mills, Chepstow, Little Harbour, and East Royalty (including three new roundabouts). Also contributing to the variance was the cost to comply with COVID-19 protocols, as additional vehicles were required for line and traffic control crews to maintain a safe physical distance while travelling to and from work sites during times of high COVID-19 case counts in the Province.

**5.2 Distribution Transformers**

The Distribution 5.2 category was \$748,412 over budget.

2021 Variances

Distribution Transformers	<u>\$ 748,412</u>
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<b>Distribution 5.2 Over-Budget Variance</b>	<b><u>\$ 748,412</u></b>
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The over-budget variance for Distribution Transformers was due to a large order of polemount transformers expected in the first quarter of 2022 being delivered in late 2021 by the supplier. With ongoing concerns over transformer availability due to supply chain issues, it was prudent to receive the order on the supplier's schedule.

**5.3 Services and Street Lighting**

The Distribution 5.3 category was \$1,180,296 over budget.

2021 Variances

Overhead and Underground Services	\$ 1,126,095
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Street and Area Lighting	<u>54,201</u>
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<b>Distribution 5.3 Over-Budget Variance</b>	<b><u>\$ 1,180,296</u></b>
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Overhead and Underground Services were over budget by \$1,126,095. The over-budget variance was due to service requests associated with new construction continuing to

**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****5.0 - DISTRIBUTION**

remain high, as well as strong demand for service connection upgrades and modifications to accommodate customer installation of heat pumps, solar panels and electric vehicle chargers, driven by Provincial Government incentive programs. In 2021, total new service requests were 1,349 as compared to 1,178 in 2020, representing a 15 per cent increase. An increased requirement for traffic control resources at service connection work sites and a high demand for service work during summer months also increased costs in 2021, as additional traffic control and service work crews were contracted to meet legislated safety obligations and the Company's five-day service connections completion target, respectively.<sup>5</sup>

Street and Area Lighting was over budget by \$54,201 as 686 requests for LED lights were received compared to 150 budgeted.

Also contributing to the over-budget variance of the Distribution 5.3 category was the cost to comply with COVID-19 protocols, as additional vehicles were required for line and traffic control crews to maintain a safe physical distance while travelling to and from work sites during times of high COVID-19 case counts in the Province.

**5.4 Line Extensions**

The Distribution 5.4 category was \$626,476 over budget.

2021 Variances

Customer-Driven Line Extensions	\$ 609,354
Reliability-Driven Line Extensions	<u>17,122</u>
<b>Distribution 5.4 Over-Budget Variance</b>	<b><u>\$ 626,476</u></b>

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<sup>5</sup> The service connections completion target, as stipulated in Commission Order UE07-04, requires that new services be connected within five business days 80 per cent of the time, on a monthly and annual basis.

**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****5.0 - DISTRIBUTION**

Customer-Driven Line Extensions were over budget by \$609,354. The over-budget variance was primarily due to three large projects to convert existing single phase lines to three phase,<sup>6</sup> including:

- A 3.7 kilometre (“km”) section of line on the Wharf Road in Nine Mile Creek;
- A 4.8 km section of line associated with the Kinkora Road rebuild project; and
- A 4.4 km section of line on St. Mary’s Road West in Montague.

The requirement to complete these projects for customers was not known at the time the 2021 Capital Budget Application was being prepared; therefore, the associated costs were not included in the provisional budget for Customer-Driven Line Extensions.

Customer-Driven Line Extensions also includes numerous small projects to extend single and three phase main lines for customers, typically to connect new construction to the electricity supply system.

The Smallman Road reliability-driven line extension project was \$17,122 over budget due to higher than expected expenditures on materials.

Also contributing to the over-budget variance of the Distribution 5.4 category was the cost to comply with COVID-19 protocols, as additional vehicles were required for line and traffic control crews to maintain a safe physical distance while travelling to and from work sites during times of high COVID-19 case counts in the Province.

**5.5 Line Rebuilds**

The Distribution 5.5 category will be \$575,426 under budget, including a carryover of \$4,148,000.

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<sup>6</sup> Customer-Driven Line Extension expenditures are usually offset by Contributions based on the current Rates and General Rules and Regulations. In 2021, without including the PEI Broadband Project, Contributions were significantly higher than budgeted as a result of the larger customer-driven line extension projects that were required.

**MARITIME ELECTRIC COMPANY, LIMITED**  
**2021 Capital Budget Variance Report**  
**5.0 - DISTRIBUTION**

2021 Variances

Single Phase and Three Phase Rebuilds	\$	(509,670)	
PEI Broadband Project		(3,544,682)	
Distribution Line Refurbishment		(35,781)	
Porcelain Cutout Replacement Program		(30,298)	
Eastern Cedar Pole Replacement Program		(602,995)	\$(4,723,426)

2022 Carryovers (Appendix I)

PEI Broadband Project		3,545,000	
Eastern Cedar Pole Replacement Program		<u>603,000</u>	
<b>Distribution 5.5 Under-Budget Variance (including carryover)</b>			<b><u><u>\$ (575,426)</u></u></b>

Single Phase and Three Phase Rebuilds were \$509,670 under budget. The under-budget variance was primarily attributable to expenditures to complete the Kinkora Road, Lot 16, Rocky Point and Route 10 Searletown rebuild projects being less than estimated.

The Kinkora - Route 225 - Single Phase Rebuild was \$28,757 under budget including additional expenditures that converted a section of the line to three phase, required by a customer request that was recorded as a Contribution. The under-budget variance was primarily attributed to Bell Canada joint-use participation, which resulted in a payment by Bell that was directly applied to the project.

The Lot 16 - Route 12 - Single Phase Rebuild was \$167,673 under budget. The under-budget variance was primarily attributed to Bell Canada joint-use participation, which resulted in a payment by Bell that was directly applied to the project.

The Rocky Point (North Side) - Voltage Conversion was \$180,318 under budget. The under-budget variance was primarily attributed to lower than expected expenditures on contractor labour at overtime rates. This was achieved by reconfiguring the plan for replacing a large number of polemount transformers so that work could occur during regular work hours, with minimum disruption to customers.

**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****5.0 - DISTRIBUTION**

The Route 10 - Searletown to Seven Mile Bay Road project was \$175,770 under budget. The under-budget variance was due to a reduced requirement for contractor labour, as project work conditions were more favourable than expected.

The Cable Head East – Reconductoring Single Phase project was \$42,848 over budget. The over-budget variance was primarily due to replacement of poles that were found to be in poor condition. The pole replacements were necessary for line crews to safely replace conductor while keeping customer connections energized.

The PEI Broadband Project will be on budget, including a carryover of \$3,545,000. The carryover is required to complete work associated with the Xplornet Communications component of the project. A detailed report on the status of PEI Broadband Project is filed with the Commission every three months as required under Order UE20-02.<sup>7</sup> This quarterly report provides an update on project expenditures and a summary of work performed since the project commenced.

The Distribution Line Refurbishment Program was under budget by \$35,781. The under-budget variance was primarily due to lower than expected expenditures on component replacements resulting from the inspections.

The Porcelain Cutout Replacement Program was under budget by \$30,298. The under-budget variance was primarily due to the reduced use of contractors for completing targeted replacements, and more reliance on Maritime Electric crews to replace porcelain cutouts when they are encountered in the field.

The Eastern Cedar Pole Replacement Program will be on budget including a carryover of \$603,000. The carryover is required to complete the balance of the replacements planned for 2021, as supply chain issues related to COVID-19 reduced the availability of distribution poles and anchors.

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<sup>7</sup> The PEI Broadband Project was initially approved by the Commission on May 5, 2020 in Order UE20-02.

**MARITIME ELECTRIC COMPANY, LIMITED**  
**2021 Capital Budget Variance Report**  
**5.0 - DISTRIBUTION**

**5.6 System Meters**

The Distribution 5.6 category will be \$11,843 over budget, including a carryover of \$33,000.

2021 Variance

System Meters <sup>8</sup>	\$ (21,157)
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2022 Carryovers (Appendix I)

System Meters	33,000
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<b>Distribution 5.6 Over-Budget Variance</b>	<b><u>\$ 11,843</u></b>
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System Meters were over budget due to a higher than expected requirement for watt-hour meters related to continued strong demand for new service connections and net metering installations. The carryover is for System Meters that were ordered in 2021 but have been delayed due to COVID-19 related supply chain issues.

**5.7 Distribution Equipment**

The Distribution 5.7 category will be \$173,522 under budget, including a carryover of \$210,000.

2021 Variances

Distribution and Communication Equipment <sup>9</sup>	\$ (192,471)	
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Relay Replacement	(251)	
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Distribution Switches	2,475	
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Line Tools and Equipment	(164,525)	
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Meter Shop Equipment	(28,750)	\$ (383,522)
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2022 Carryovers (Appendix I)

Distribution and Communication Equipment	192,000
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Meter Shop Equipment	18,000
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<b>Distribution 5.7 Under-Budget Variance (including carryover)</b>	<b><u>\$ (173,522)</u></b>
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<sup>8</sup> Includes watt-hour meters, combination meters, metering tanks and miscellaneous metering equipment.

<sup>9</sup> Includes 5.7 (a) Voltage Regulators, Reclosers, Controllers, Transformer Upgrades and Miscellaneous Equipment, and 5.7 (c) Communication Equipment.



**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****5.0 - DISTRIBUTION**

Distribution and Communication Equipment will be on budget including a carryover of \$192,000. The carryover is necessary to allow for the delivery of voltage regulators that required an order lead time of approximately one year, and therefore will not be received before mid-2022.

Line Tools and Equipment was under budget by \$164,525 due primarily to the cancellation of the project to purchase equipment for cleaning salt contamination from insulators at substations. It was determined prior to ordering that the safe operation of dry ice blast cleaning equipment for the intended purpose required expertise that is typically limited to specialized contractors that use it frequently. As such, it was decided that with an irregular operating requirement for the equipment, it would not be practical for Maritime Electric staff to develop and maintain the expertise that would be necessary to ensure operator safety.

Meter Shop Equipment will be under budget by \$10,750 including a carryover of \$18,000. The under-budget variance is due to meter test equipment costs being less than expected and the carryover is required to allow for the delivery of the test equipment, which was ordered in 2021 but has been delayed due to COVID-19 related supply chain issues.

**5.8 Transportation Equipment**

The Distribution 5.8 category will be \$81,023 under budget, including a carryover of \$923,000.

2021 Variances

## Transportation Equipment (Appendix III)

- Line Trucks (Items 1 to 3 in Appendix III)	\$ (1,002,374)	
- Passenger Vehicles/Trailers (Items 4 to 12 in Appendix III)	(98,426)	
- Allowance for Unforeseen Capital Expenditures (Items 13 to 16 in Appendix III)	96,777	\$(1,004,023)

2022 Carryovers (Appendix I and Appendix III)

## Transportation Equipment

- Line Trucks	835,000
- Passenger Vehicles/Trailers	<u>88,000</u>
<b>Distribution 5.8 Under-Budget Variance (including carryover)</b>	<b><u>\$ (81,023)</u></b>

**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****5.0 - DISTRIBUTION**

Line Trucks including an aerial bucket, a digger derrick and a customer service utility person ("CSUP") vehicle will be under budget by \$167,374 including a carryover of \$835,000. The under-budget variance was due to tendered prices for the aerial bucket and digger derrick trucks being lower than expected and the carryover is necessary to accommodate the long delivery lead time for line trucks.

Passenger Vehicles/Trailers will be under budget by \$10,426, including a carryover of \$88,000. A Metering Van replacement was not available for purchase in 2021 due to COVID-19 related supply chain issues. The under-budget variance was due to lower than expected tender prices on some items, and the carryover is necessary to accommodate the purchase of a Metering Van when one becomes available.

The provisional Allowance for Unforeseen Capital Expenditures had an over-budget variance of \$96,777 due to two additional pickup trucks being required for new positions in the Transmission and Distribution Operations Department, the replacement of a meter reading vehicle as a result of an insurance adjuster's write-off (motor vehicle collision) and the replacement of a line truck boom that failed inspection and could not be repaired.

Expenditure details for each vehicle in the 2021 Capital Budget is provided in Appendix III.

## MARITIME ELECTRIC COMPANY, LIMITED

## 2021 Capital Budget Variance Report

## 6.0 - TRANSMISSION

Transmission - Summary

	Capital Budget Subcategory	Approved 2021 Budget (A)	2021 Actual Expenditures (B)	2021 Variance (C = B - A)	Carryover to 2022 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
6.1	Substation Projects	\$ 6,043,000	\$ 3,890,887	\$ (2,152,113)	\$ 2,291,000	\$ 6,181,887	\$ 138,887
6.2	Transmission Projects	<u>5,485,000</u>	<u>5,366,123</u>	<u>(118,877)</u>	<u>167,000</u>	<u>5,533,123</u>	<u>48,123</u>
	<b>TOTAL</b>	<b><u>\$ 11,528,000</u></b>	<b><u>\$ 9,257,010</u></b>	<b><u>\$ (2,270,990)</u></b>	<b><u>\$ 2,458,000</u></b>	<b><u>\$ 11,715,010</u></b>	<b><u>\$ 187,010</u></b>

**6.1 Substation Projects**

The Transmission 6.1 category will be \$138,888 over budget, including a carryover of \$2,291,000.

2021 Variances

East Royalty (Marshfield) Substation <sup>10</sup>	\$ (886,648)	
Crossroads Substation Modifications	(61,925)	
Rattenbury Transformer Upgrade	(789,687)	
Substation Oil Containment Program	(105)	
Substation Modernization Program	19,093	
138 kV Breaker Replacement Program	(101,151)	
Mobile Communications System Upgrade	(348,375)	
Fibre Communication - Sherbrooke to Bagnall Road	24,115	
Substation Communications System Upgrade	3,252	
Substation Fibre Communications Replacements due to Road Alterations	(10,682)	\$ (2,152,113)

2022 Carryovers (Appendix I)

East Royalty (Marshfield) Substation	886,000
Crossroads Substation Modifications	62,000
Rattenbury Transformer Upgrade	788,000
138 kV Breaker Replacement Program	101,000
Mobile Communications System Upgrade	348,000
Fibre Communication - Sherbrooke to Bagnall Road	95,000
Substation Fibre Communications Replacements due to Road Alterations	<u>11,000</u>

**Transmission 6.1**

**Over-Budget Variance (including carryover) \$ 138,887**

<sup>10</sup> For operational designation, the new substation to service the East Royalty area is called the Marshfield Substation.

**MARITIME ELECTRIC COMPANY, LIMITED**  
**2021 Capital Budget Variance Report**  
**6.0 - TRANSMISSION**

East Royalty (Marshfield) Substation will be on budget including a carryover of \$886,000. The carryover is required due to delays with land acquisition and a later than expected construction start date, which did not allow time for contractor completion of civil work and building construction in 2021.

Crossroads Substation Modifications will be on budget including a carryover of \$62,000. The carryover is required due to a later than expected design start date, which moved the timeline for ordering some substation equipment into 2022.

Rattenbury Transformer Upgrade will be on budget including a carryover of \$788,000. The carryover is required to allow for power transformer delivery and installation, which was delayed due to COVID-19 related supply chain issues.

The Substation Modernization Program was over budget by \$19,093. The over-budget variance was due to costs incurred to install guard railing along the driveway after the Clyde River Substation was energized, which was necessary to provide safe access to the site in winter.

The 138 kV Breaker Replacement Program will be on budget including a carryover of \$101,000. The carryover is required to allow for the delivery and installation of breaker equipment, which was ordered in 2021 but has been delayed due to COVID-19 related supply chain issues.

The Mobile Communications System Upgrade project will be on budget including a carryover of \$348,000. The carryover is required to allow for delivery and final payment of mobile communication system equipment, which was ordered in 2021 but has been delayed due to COVID-19 related supply chain issues.

Fibre Communication - Sherbrooke to Bagnall Road will be \$119,115 over budget including a carryover of \$95,000. The over-budget variance is due to additional make-ready work that was required during fibre installation, and the addition of spoilers that were

## MARITIME ELECTRIC COMPANY, LIMITED

## 2021 Capital Budget Variance Report

## 6.0 - TRANSMISSION

not budgeted but determined to be necessary to minimize wind impacts on the lines. The carryover is to allow for delivery and installation of the spoilers, which were ordered in 2021 but have been delayed due to COVID-19 related supply chain issues.

Substation Fibre Communications Replacements due to Road Alterations will be on budget including a carryover of \$11,000. The carryover is required to allow final payment of fibre optic cable that was ordered in 2021, but had delivery delayed due to COVID-19 related supply chain issues.

**6.2 Transmission Projects**

The Transmission 6.2 category will be \$48,123 over budget, including a carryover of \$167,000.

2021 Variances

69 kV and 138 kV Switch Program	\$	(76,928)	
Transmission Line Refurbishment		20,217	
Y-119 – Transmission Line		(62,166)	\$ (118,877)

2022 Carryovers (Appendix I)

69 kV and 138 kV Switch Program	77,000
Y-119 – Transmission Line	<u>90,000</u>
<b>Transmission 6.2 Over-Budget Variance (including carryover)</b>	<b><u>\$ 48,123</u></b>

The 69 kV and 138 kV Switch Program will be on budget including a carryover of \$77,000. The carryover is required to allow for the delivery of switches that were ordered in 2021 but delayed due to COVID-19 related supply chain issues.

Transmission Line Refurbishment was over budget by \$20,217. The over budget variance was primarily due to higher than expected expenditures on component replacements resulting from the inspections.

The Y-119 Transmission Line project will be over budget by \$27,834, including a carryover of \$90,000. The over-budget variance was due to slightly higher than expected

**MARITIME ELECTRIC COMPANY, LIMITED**

**2021 Capital Budget Variance Report**

**6.0 - TRANSMISSION**

expenditures on material and contractor labour, and the carryover is required to allow for the delivery of insulator saddles that were ordered in 2021 but delayed due to COVID-19 related supply chain issues.

Also, contributing to the over-budget variance of the Transmission 6.2 category was the cost to comply with COVID-19 protocols, as additional vehicles were required for line and traffic control crews to maintain a safe physical distance while travelling to and from work sites during times of high COVID-19 case counts in the Province.

## MARITIME ELECTRIC COMPANY, LIMITED

## 2021 Capital Budget Variance Report

## 7.0 - CORPORATE

Corporate - Summary

	Capital Budget Subcategory	Approved 2021 Budget (A)	2021 Actual Expenditures (B)	2021 Variance (C = B - A)	Carryover to 2022 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
7.1	Corporate Services	\$ 411,000	\$ 500,069	\$ 89,069	\$ -	\$ 500,069	\$ 89,069
7.2	Information Technology	<u>2,116,000</u>	<u>1,811,312</u>	<u>(304,688)</u>	<u>94,000</u>	<u>1,905,312</u>	<u>(210,688)</u>
	<b>TOTAL</b>	<b><u>\$ 2,527,000</u></b>	<b><u>\$ 2,311,381</u></b>	<b><u>\$ (215,619)</u></b>	<b><u>\$ 94,000</u></b>	<b><u>\$ 2,405,381</u></b>	<b><u>\$ (121,619)</u></b>

**7.1 Corporate Services**

The Corporate Services 7.1 category was \$89,069 over budget.

2021 Variances

Corporate Services \$ 89,069

**Corporate Services 7.1 Over-Budget Variance \$ 89,069**

Larger facility upgrade projects in 2021 included office space modifications at 180 Kent Street, relocation of the Backup Control Centre ("BCC") at West Royalty Service Centre ("WRSC"), replacement of WRSC truck bay drains, paving of Sherbrooke Service Centre parking lot, and replacement of the transformer stand at the Roseneath Service Centre.

The over-budget variance was a result of higher than planned construction and material costs associated with the relocation of BCC at WRSC. Initially, it was estimated that \$150,000 of the provisional budget for Corporate Services projects would be required to relocate BCC; however, contractor costs to complete the project totalled \$247,000, \$97,000 higher than planned. The relocation was necessary to better isolate BCC System Operators from other WRSC staff when COVID-19 and future emergency response protocols require BCC to be operated on a continuous basis for an extended period. Also, by moving BCC out of a busy field operations work area, BCC System Operators are better able to concentrate on their work and additional office space for field operations staff was made available.

## MARITIME ELECTRIC COMPANY, LIMITED

## 2021 Capital Budget Variance Report

## 7.0 - CORPORATE

## 7.2 Information Technology

	Capital Budget Subcategory	Approved 2021 Budget (A)	2021 Actual Expenditures (B)	2021 Variance (C = B - A)	Carryover to 2022 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
7.2	Hardware Acquisitions	\$ 295,000	\$ 175,591	\$ (119,409)	\$ 94,000	\$ 269,591	\$ (25,409)
7.2	Purchased Software and Upgrades	485,000	480,300	(4,700)	-	480,300	(4,700)
7.2	Other IT Services/Projects	<u>1,336,000</u>	<u>1,155,421</u>	<u>(180,579)</u>	<u>-</u>	<u>1,155,421</u>	<u>(180,579)</u>
	<b>TOTAL</b>	<b><u>\$ 2,116,000</u></b>	<b><u>\$ 1,811,312</u></b>	<b><u>\$ (304,688)</u></b>	<b><u>\$ 94,000</u></b>	<b><u>\$ 1,905,312</u></b>	<b><u>\$ (210,688)</u></b>

The Information Technology 7.2 category was \$210,688 under budget, including a carryover of \$94,000.

2021 Variances

Hardware Acquisitions	\$ (119,409)	
Purchased Software and Upgrades	(4,700)	
Customer Information System/Billing	37,746	
Business Network Security Review	2,710	
Cybersecurity Enhancements	(504)	
Operations Network Data Centre Infrastructure	(8,364)	
Financial System Upgrade	(2,117)	
Work Management System	(75,000)	
Transmission Line Inspection System	950	
On-Line Services	(136,000)	\$ (304,688)

2022 Carryovers (Appendix I)

Hardware Acquisitions	<u>94,000</u>
<b>Corporate Services 7.2 Under-Budget Variance (including carryover)</b>	<b><u>\$ (210,688)</u></b>

Expenditures for Hardware Acquisitions will be \$25,409 under budget, including a carryover of \$94,000. The under-budget variance was due to lower than anticipated expenditures on ruggedized laptops for field operations, and the carryover is for laptop computers and monitors that were expected to arrive in 2021 but delivery has been delayed to early 2022.



**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****7.0 - CORPORATE**

Purchased Software and Upgrades was under budget by \$4,700 due to lower than expected costs under the Company's license agreement for backup software.

The Customer Information System/Billing ("CIS") project had an over-budget variance of \$37,746 due to higher than anticipated consulting services costs. The project was budgeted based on a proposal from Util-Assist as the service provider; however, subsequent scope changes to more thoroughly assess CIS requirements and develop the business case, led to TMG Consulting also being engaged to provide subject matter expertise and lead the development of a CIS Digital Solution Roadmap and the Request for Proposals that will be used for CIS procurement.

The remaining under-budget variance was primarily a result of expenditures on the Work Management System and On-Line Services not being incurred. Work under both projects was cancelled as the planned replacement of the legacy CIS will include integrated ancillary software applications for work management and customer self-service.

**MARITIME ELECTRIC COMPANY, LIMITED**  
**2021 Capital Budget Variance Report**  
**8.0 - CAPITALIZED GENERAL EXPENSE**

**Capitalized General Expense - Summary**

	Capital Budget Category	Approved 2021 Budget (A)	2021 Actual Expenditures (B)	2021 Variance (C = B - A)
<b>8.0</b>	<b>Capitalized General Expense</b>	\$ 518,000	\$ 681,043	\$ 163,043

The capitalized general expense ("CGE") amount includes administrative costs that are properly recognized as part of the Company's overall capital expenditure program. These 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 approved annual Capital Budget.

The CGE category was \$163,043 over budget. The over-budget variance was primarily attributed to the allocation of additional resources to capital planning and reporting.

**MARITIME ELECTRIC COMPANY, LIMITED****2021 Capital Budget Variance Report****9.0 – INTEREST DURING CONSTRUCTION****Interest During Construction - Summary**

	Capital Budget Category	Approved 2021 Budget (A)	2021 Actual Expenditures (B)	2021 Variance (C = B - A)
9.0	Interest During Construction	\$ 565,000	\$ 548,015	\$ (16,985)

The Company provides for the financing of construction work in progress by including an interest during construction (“IDC”) allowance as an addition to the cost of property constructed, using a return on average rate base with the assumption that all applicable project costs are financed over an average 90-day cycle. The IDC allowance is deducted from the Company’s financing expenses and subsequently charged to operations through amortization over the service life of the related assets.

IDC is calculated on all capital additions except land, distribution service lines (overhead and underground), distribution street lights (overhead and underground), communications equipment, engineering and survey equipment, distribution survey and stores equipment, SCADA equipment, office equipment, fleet, computer hardware and computer software.

The IDC category was \$16,985 under budget, as a result of a lower construction work in progress balance throughout 2021.



# APPENDIX I

## Schedule of Capital Budget Carryover Items

MARITIME ELECTRIC COMPANY, LIMITED  
2021 Capital Budget Variance Report  
SCHEDULE OF CAPITAL BUDGET CARRYOVER ITEMS

The following schedule outlines the capital projects (approved in Orders UE20-02, UE20-05 and UE21-01) carried over to 2022.  
Amounts carried over to 2022 represent estimated expenditures to complete the projects in 2022.

Original Project Year - ID	Description	Budget (A)	Costs Incurred In 2020 (B)	Costs Incurred In 2021 (C)	Carryover to 2022 (D)	Total (E = B + C + D)	Variance (F = E - A)	Comments
2020-5.5 SBR	PEI Broadband Project	\$ 5,710,000	\$ 767,933	\$ 1,502,793	\$ 3,439,000	\$ 5,709,726	\$ (274)	Delay due to change in scope and timelines by Bell Canada.
2020-6.1 (c)	O'Leary Interconnection	170,000	-	-	170,000	170,000	-	Delay in project siting and related land purchase.
2020-5.8 SBR	EV Charging Stations - Contributions	(419,671)	(62,500)	(187,250)	(170,000)	(419,750)	(79)	Delay associated with extended timeframes of Government for processing project funding claims.
2020-5.8	Transportation Equipment	1,788,000	780,507	316,674	690,000	1,787,181	(819)	Delay in delivery from vendor.
Subtotal 2020		\$ 7,248,329	\$ 1,485,940	\$ 1,632,217	\$ 4,129,000	\$ 7,247,157	\$ (1,172)	
2021-4.1 (a) (i)	Replace ECC Duct Heaters	29,500	-	16,851	52,000	68,851	39,351	Delay in delivery from vendor.
2021-4.1 (a) (iii)	ECC and Backup Control Centre Miscellaneous Upgrades	9,000	-	21,651	3,000	24,651	15,651	Delay to accommodate contractor correction of minor deficiencies.
2021-4.1 (a) (iv)	Standing Desks for ECC	6,500	-	1,107	5,000	6,107	(393)	Delay in delivery from vendor.
2021-4.1 (b)	Replace Vehicle Gate and Controllers	63,000	-	60,229	6,000	66,229	3,229	Delay to accommodate contractor correction of minor deficiencies.
2021-4.2 (b)	CT3 Generator Breaker	160,000	-	55,722	40,000	95,722	(64,278)	Delay to accommodate vendor repair of damage that occurred during shipping.
2021-4.3 (d)	Miscellaneous Combustion Turbine, Building and Services Improvements	113,000	-	66,242	2,000	68,242	(44,758)	Delay to accommodate contractor correction of minor deficiencies.
2021-5.5 (b)	PEI Broadband Project	4,431,000	-	886,318	3,545,000	4,431,318	318	Delay due to change in scope and timelines by Xplornet Communications ("Xplornet").
2021-5.5 (d) (ii)	Eastern Cedar Pole Replacement Program	1,180,000	-	577,005	603,000	1,180,005	5	Delay due to limited availability of poles and anchors.
2021-5.6	System Meters	620,000	-	598,843	33,000	631,843	11,843	Delay in delivery from vendor.
2021-5.7(a) and (c)	Distribution and Communication Equipment	1,195,000	-	1,002,529	192,000	1,194,529	(471)	Delay in delivery from vendor.
2021-5.7 (f)	Meter Shop Equipment	31,000	-	2,250	18,000	20,250	(10,750)	Delay in delivery from vendor.
2021-5.8	Transportation Equipment	1,864,000	-	859,977	923,000	1,782,977	(81,023)	Delays in vehicle availability and delivery from vendor.
2021-6.1 (a)	East Royalty Substation	2,890,000	-	2,003,352	886,000	2,889,352	(648)	Delay due to late start impacting contractor ability to complete civil work and building construction.
2021-6.1 (b)	Crossroads Substation Modifications	208,000	-	146,075	62,000	208,075	75	Delay due to late start impacting completion of engineering design work and equipment procurement.
2021-6.1 (c)	Rattenbury Transformer Upgrade	946,000	-	156,313	788,000	944,313	(1,687)	Delay in delivery from vendor.
2021-6.1 (f)	138 kV Breaker Replacement Program	137,000	-	35,849	101,000	136,849	(151)	Delay in delivery from vendor.
2021-6.1 (g)	Mobile Communications System Upgrade	445,000	-	96,625	348,000	444,625	(375)	Delay in delivery from vendor.

MARITIME ELECTRIC COMPANY, LIMITED  
2021 Capital Budget Variance Report  
SCHEDULE OF CAPITAL BUDGET CARRYOVER ITEMS

Original Project Year - ID	Description	Budget (A)	Costs Incurred In 2020 (B)	Costs Incurred In 2021 (C)	Carryover to 2022 (D)	Total (E = B + C + D)	Variance (F = E - A)	Comments
2021-6.1 (h)	Fibre Communication – Sherbrooke to Bagnall Road	584,000	-	608,115	95,000	703,115	119,115	Delay in delivery from vendor.
2021-6.1 (j)	Substation Fibre Communications Replacements due to Road Alterations	36,000	-	25,318	11,000	36,318	318	Delay in delivery from vendor.
2021-6.2 (a)	69 kV and 138 kV Switch Program	575,000	-	498,072	77,000	575,072	72	Delay in delivery from vendor.
2021-6.2 (c)	Y-119 – Tap to Clyde River Substation	4,000,000	-	3,937,834	90,000	4,027,834	27,834	Delay in delivery from vendor.
2021-7.2 (a)	Hardware Acquisitions	295,000	-	175,591	94,000	269,591	(25,409)	Delay in delivery from vendor.
2021	Contributions – PEI Broadband Project	(2,707,000)	-	(98,955)	(2,608,000)	(2,706,955)	45	Delay due to change in scope and timelines of PEI Broadband Project by Xplornet.
Subtotal 2021		\$ 17,111,000	\$ -	\$ 11,732,913	\$ 5,366,000	\$ 17,098,913	\$ (12,087)	
TOTAL		<u>\$ 24,359,329</u>	<u>\$ 1,485,940</u>	<u>\$ 13,365,130</u>	<u>\$ 9,495,000</u>	<u>\$ 24,346,070</u>	<u>\$ (13,259)</u>	



## **A P P E N D I X   I I**

### **Schedule of Capital Budget Expenditures from Prior Years Completed in 2021**

## MARITIME ELECTRIC COMPANY, LIMITED

## 2021 Capital Budget Variance Report

## SCHEDULE OF CAPITAL BUDGET EXPENDITURES FROM PRIOR YEARS COMPLETED IN 2021

Original Project Year - ID	Description	Budget (A)	Total			Total (E = B + C + D)	Variance (F = E - A)
			2019 (B)	2020 (C)	2021 (D)		
2019-5.4(b)	Bonshaw (West River Bridge) Circuit Extension	\$1,040,000	\$ 333,913	\$ 787,349	\$ 75,102	\$1,196,364	\$ 156,364 <sup>1</sup>
<b>Subtotal 2019</b>		<b>\$1,040,000</b>	<b>\$ 333,913</b>	<b>\$ 787,349</b>	<b>\$ 75,102</b>	<b>\$1,196,364</b>	<b>\$ 156,364</b>
2020-4.1 (a) (i)	ECC Sprinkler Upgrades	92,000	-	79,778	10,652	90,430	(1,570)
2020-4.1 (a) (ii)	ECC Renovations	50,000	-	66,663	15,886	82,549	32,549
2020-4.2 (a)	Mobile Diesel Fuel Degradation Conditioning System	111,000	-	90,601	10,067	100,668	(10,332)
2020-5.2	Distribution Transformers	3,926,000	-	3,809,592	110,927	3,920,519	(5,481)
2020-5.4 (b) (iii)	Clyde River Feeder Line Extension	400,000	-	221,906	303,354	525,260	125,260 <sup>2</sup>
2020-5.7 (i) (iii)	Distribution Equipment	947,000	-	912,148	28,001	940,149	(6,851)
2020-5.7 (vi)	Line Tools and Equipment	207,000	-	174,474	-	174,474	(32,526) <sup>3</sup>
2020-5.8 SBR	Electric Vehicle ("EV") Charging Stations	566,493	-	3,217	552,139	555,356	(11,137)
2020-6.1 (a)	Clyde River Substation	3,712,000	-	2,650,141	1,020,101	3,670,242	(41,758)
2020-6.1 (b)	Substation Communication System Upgrade	932,000	-	912,691	18,599	931,290	(710)
2020-6.1 (g)	ECC Communication Fibre	400,000	-	222,157	294,717	516,874	116,874 <sup>4</sup>
2020-6.2 (c)	Tap to Clyde River Substation	1,060,000	-	861,660	831,976	1,693,636	633,636 <sup>5</sup>
2020-6.2 (d)	Rebuild Bannockburn Road-Steel Towers	442,000	-	354,572	178,071	532,643	90,643 <sup>6</sup>
<b>Subtotal 2020</b>		<b>\$12,845,493</b>	<b>\$ -</b>	<b>\$10,359,600</b>	<b>\$3,374,490</b>	<b>\$13,734,090</b>	<b>\$ 888,597</b>
<b>TOTAL</b>		<b>\$13,885,493</b>	<b>\$ 333,913</b>	<b>\$11,146,949</b>	<b>\$3,449,592</b>	<b>\$14,930,454</b>	<b>\$1,044,961</b>

<sup>1</sup> Variance was primarily due to extra costs associated with a 275 metre section of the line being changed from overhead to underground (to comply with Commission Order UE93-14).

<sup>2</sup> Variance was primarily due to the reconfiguration of one of the feeders to accommodate PEI Department of Transportation and Infrastructure.

<sup>3</sup> Some carryover items were inadvertently charged to the 2021 Line Tools and Equipment account, resulting in no recorded carryover expenditures.

<sup>4</sup> Variance was due to installing fibre in conduits under the Hillsborough Bridge rather than overhead on existing steel poles, as the poles are not structurally able to carry the extra load.

<sup>5</sup> Variance was due to more complicated construction associated with transferring distribution and communication lines to new transmission structures along the distribution underbuild section, rework required on vertical corner structures and off-road equipment requirements for construction along the off-ramp section of the Bypass Highway.

<sup>6</sup> Variance was primarily due to project timing and execution, as wet off-road field conditions reduced productivity.





## APPENDIX III

### Transportation Equipment Expenditures

MARITIME ELECTRIC COMPANY, LIMITED  
2021 Capital Budget Variance Report  
TRANSPORTATION EQUIPMENT EXPENDITURES

Budget Item #	Vehicle Being Replaced		Vehicle Number	New Vehicle			Internal Labour (C)	Total (D = B + C)	Carryover to 2022 (E)	Total with Carryover (F = D + E)
	Vehicle Being Replaced	Budget (A)		Type	Maritime Electric Department	Invoice <sup>1</sup> (B)				
1	Aerial Bucket	\$ 485,000	Current #11-12-55 New # 22-12-XX	Posi-Plus Model 400-46	Central Line Dept.	\$ 123,450	\$ 4,588	\$ 128,038	\$ 311,000	\$ 439,038
2	Digger Derrick	588,000	Current #12-12-54 New # 22-12-XX	Posi-Plus Digger Derrick Tandem Axle	Eastern Line Dept.	116,950	4,588	121,538	346,000	467,538
3	CSUP	240,000	Current #16-10-77 New # 22-10-XX	Altec AT41M – Inter CV515 4x4 Chassis	Eastern Line Dept.	56,462	4,588	61,050	178,000	239,050
4	GMC Van	90,000	Current #12-07-47 New # 22-07-XX	Not Purchased Yet	Meter Department	-	4,588	4,588	88,000	92,588
5	1/2 Ton Truck	51,000	10-06-37	2021 Ford F-150 4X4 Supercab	Survey Dept.	47,198	3,568	50,766	-	50,766
6	Ford F-150 4x4	51,000	13-06-11	2021 Toyota Tacoma 4x4	Central Line Dept.	44,654	3,568	48,222	-	48,222
7	1/2 Ton Truck	51,000	21-06-10	2021 GMC Assistant Super (Plant)	Eastern Line Dept.	45,430	3,568	48,998	-	48,998
8	1/2 Ton Truck	51,000	21-06-50	2021 Ford F-150 Supercab	Central Line Dept.	48,996	3,568	52,564	-	52,564
9	1/2 Ton Truck	51,000	21-06-88	Dodge Ram	Central Line Dept.	42,281	3,568	45,849	-	45,849
10	1/2 Ton Truck	51,000	21-06-89	2021 Toyota Tacoma 4x4	Central Line Dept.	46,176	3,568	49,744	-	49,744
11	CRV	43,000	21-04-04	Toyota Rav4 Prime	Meter Department	39,430	3,568	42,998	-	42,998
12	1-Pole Trailer	37,000	21-51-23	PTB 141-15KE-Extendable Pole Trailer	Central Line Dept.	30,277	3,568	33,845	-	33,845
13	Allowance for unforeseen capital expenditures	75,000	21-006-91	2021 Dodge Ram	Work Methods	48,958	3,568	171,777	-	171,777
14			21-06-90	2021 Dodge Ram	Island Area Rep.	42,292				
15			21-04-06	Replace Meter Reading Vehicle (MVA Write-Off)	Meter Department	39,090				
16			14-12-64	Fiberglass Boom Replacement	Central Line Dept.	37,869				
	Total	\$1,864,000			Totals	\$ 809,513	\$ 50,464	\$ 859,977	\$ 923,000	\$ 1,782,977
								5.8 – Transportation Equipment Variance (G = F - A)		\$ (81,023)

<sup>1</sup> Invoice amount consists mainly of the item's base price, freight, pre-delivery inspection costs and post-delivery customization costs.