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The Island Regulatory  
and Appeals Commission

February 28, 2023

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

Dear Ms. Mosher:

***2022 Capital Budget Variance Report***

Please find attached five copies of the Company's 2022 Capital Budget Variance Report. An electronic version will follow shortly.

If you have any questions or concerns, please do not hesitate to contact me at 902-629-3701.

Yours truly,

MARITIME ELECTRIC

A handwritten signature in blue ink, appearing to read "M. Francis".

Michelle Francis  
Vice President,  
Finance & Chief Financial Officer

MF14  
Enclosures

**MARITIME ELECTRIC COMPANY, LIMITED  
2022 CAPITAL BUDGET VARIANCE REPORT**

**February 28, 2023**

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1 **INTRODUCTION**

2  
3 On December 14, 2021, the Island Regulatory and Appeals Commission (“IRAC” or “the  
4 Commission”) issued Order UE21-16 approving an application by Maritime Electric Company,  
5 Limited (“Maritime Electric” or the “Company”) in respect of its 2022 Capital Budget. This report  
6 provides a description of the variances of the actual expenditures from the approved 2022 Capital  
7 Budget.

8  
9 **2022 Capital Projects**

10 Total expenditures for 2022 capital projects, net of contributions in aid of construction  
11 (“Contributions”), were \$39.3 million. A number of projects could not be completed in 2022,  
12 requiring a carryover of \$5.0 million to 2023, net of Contributions. Compared to the approved  
13 budget of \$40.1 million, the net result is that the total capital expenditures for 2022 are expected  
14 to be over budget by \$4.2 million, as summarized in Section B of this report. The over-budget  
15 variance is primarily due to higher-than-expected expenditures on provisional items including  
16 service work, line extensions, street light installations, storm restoration, and line alterations due  
17 to road and bridge work by Government. Other contributing factors include prepayment of long  
18 delivery items for two projects planned for 2023,<sup>1</sup> and inflationary increases to the cost of power  
19 transformers, polemount and padmount distribution transformers, line and substation materials  
20 and equipment, and civil construction materials and sitework.<sup>2</sup>

21  
22 **Prior-Year Carryovers**

23 Total expenditures in 2022 on capital budget items carried over from prior years, net of  
24 Contributions, were \$7.7 million.<sup>3</sup> Three of the prior-year carryover items could not be completed  
25 in 2022, requiring a carryover of \$2.1 million to 2023. The net result is that total expenditures on  
26 items carried over from prior years are materially in line with the approved budget amount of \$9.5  
27 million.<sup>4</sup>

---

1 Where prepayment for long delivery items occurred, the 2023 project amount will be reduced accordingly.  
2 More specific information on inflationary cost increases is provided within the report.  
3 \$7,665,720 = \$8,005,681 (Appendix II; Column D; Total 2022) + \$(339,961) (Appendix I; Column D; Subtotal 2020 and 2021).  
4 \$9,495,000 (2021 Capital Budget Variance Report; Appendix I; Column D) as approved in Order UE22-02.

1 **Carryovers to 2023**

2 Of the total \$7.1 million carryover amount required in 2023,<sup>5</sup> approximately 14 per cent relates to  
3 the PEI Broadband Project.<sup>6</sup> The remaining carryover amount is necessary to complete projects  
4 that were delayed due to long lead time on material supplies and/or to allow for completion of  
5 outstanding project tasks by vendors and contractors. The Company expects to complete all of  
6 the carryover project work in 2023, with the possible exception of line truck deliveries under the  
7 5.8 Transportation Equipment category, due to longer-than-normal delivery lead times resulting  
8 from manufacturer supply chain delays.

---

<sup>5</sup> \$7.1 million = \$5.0 million (carryover for 2022 capital projects) + \$2.1 million (carryover for prior-year projects)

<sup>6</sup> 14% =  $(\$2,506,000 + \$2,532,000 - (\$1,239,000 + \$2,788,000)) / \$7,100,000$ .

## SUMMARY

	Approved 2022 Budget (A)	2022 Actual Expenditures (B)	2022 Variance (C = B - A)	Carryover to 2023 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
<b>Generation</b>	\$ 1,245,000	\$ 1,140,364	\$ (104,636)	\$ 165,000	\$ 1,305,364	\$ 60,364
<b>Distribution</b>	28,249,000	25,693,272	(2,555,728)	6,048,000	31,741,272	3,492,272
<b>Transmission</b>	8,889,000	9,488,482	599,482	744,000	10,232,482	1,343,482
<b>Corporate</b>	4,035,000	3,061,980	(973,020)	810,000	3,871,980	(163,020)
<b>Capitalized General Expense</b>	690,000	696,617	6,617	-	696,617	6,617
<b>Interest During Construction</b>	<u>496,000</u>	<u>559,997</u>	<u>63,997</u>	<u>-</u>	<u>559,997</u>	<u>63,997</u>
<b>Sub-Total</b>	43,604,000	40,640,712	(2,963,288)	7,767,000	48,407,712	4,803,712
<b>Less:</b>						
<b>Contributions – PEI Broadband Project</b>	(2,788,000)	- <sup>7</sup>	2,788,000	(2,788,000)	(2,788,000)	-
<b>Contributions – Other Projects</b>	<u>(750,000)</u>	<u>(1,346,601)</u>	<u>(596,601)</u>	<u>-</u>	<u>(1,346,601)</u>	<u>(596,601)</u>
<b>Sub-Total</b>	<u>(3,538,000)</u>	<u>(1,346,601)</u>	<u>2,191,399</u>	<u>(2,788,000)</u>	<u>(4,134,601)</u>	<u>(596,601)</u>
<b>Net Total</b>	<u>\$ 40,066,000</u>	<u>\$ 39,294,111<sup>8</sup></u>	<u>\$ (771,889)</u>	<u>\$ 4,979,000</u>	<u>\$ 44,273,111</u>	<u>\$ 4,207,111</u>

<sup>7</sup> All PEI Broadband Project contributions by Xplornet Communications in 2022 are reported as prior-year project contributions in Appendix I.

<sup>8</sup> Total does not include expenditures for prior year projects carried over to 2022. Refer to Appendix II.

1 4.0 GENERATION

2

3 Generation – Summary

4

	Capital Budget Subcategory	Approved 2022 Budget (A)	2022 Actual Expenditures (B)	2022 Variance (C = B - A)	Carryover to 2023 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
4.1	Charlottetown Generating Station – Buildings and Site Services	\$ 30,000	\$ 11,973	\$ (18,027)	\$ 18,000	\$ 29,973	\$ (27)
4.2	Charlottetown Generating Station – Turbine Generator	524,000	427,182	(96,818)	108,000	535,182	11,182
4.3	Borden-Carleton Generating Station – Buildings and Site Services	283,000	303,349	20,349	-	303,349	20,349
4.4	Borden-Carleton Generating Station – Turbine Generators	<u>408,000</u>	<u>397,860</u>	<u>(10,140)</u>	<u>39,000</u>	<u>436,860</u>	<u>28,860</u>
	<b>TOTAL</b>	<b><u>\$ 1,245,000</u></b>	<b><u>\$ 1,140,364</u></b>	<b><u>\$ (104,636)</u></b>	<b><u>\$ 165,000</u></b>	<b><u>\$ 1,305,364</u></b>	<b><u>\$ 60,364</u></b>

5

6 4.1 Charlottetown Plant Buildings and Services Projects

7 The Generation 4.1 category will be \$27 under budget, including a carryover of \$18,000.

8

9 2022 Variances

10	CGS Miscellaneous Building and Site Upgrades	\$ (388)	
11	ECC Building Sidewalk Replacement	(17,639)	\$ (18,027)

12 2023 Carryovers (Appendix I)

13	ECC Building Sidewalk Replacement		<u>18,000</u>
14	<b>Generation 4.1 Over-Budget Variance (including carryover)</b>		<b><u>\$ (27)</u></b>

15

16 The Charlottetown Generating Station (“CGS”) Miscellaneous Building and Site Upgrades project was completed with an under-budget variance of \$388.

18

19 The Energy Control Centre (“ECC”) Sidewalk replacement project is expected to be completed on budget, including a carryover of \$18,000. The project was delayed to allow  
20 for the relocation of communications wiring located in a trench under the sidewalk that is  
21

1 to be replaced. This work could not be done in 2022, as the wiring must remain in service  
2 until just before the start of demolition work at the CGS site in 2023.

3  
4 **4.2 Charlottetown Generating Station – Turbine Generator**

5 The Generation 4.2 category will be \$11,182 over budget, including a carryover of  
6 \$108,000.

7  
8 2022 Variances

9 On-Island Generating Capacity Study	\$ (108,279)	
10 Electronic Level Gauges for CT3 Fuel Tanks	(459)	
11 CGS Combustion Turbine Improvements, Parts and Tools	11,920	\$ (96,818)

12 2023 Carryovers (Appendix I)

13 On-Island Generating Capacity Study	<u>108,000</u>
14 <b>Generation 4.2 Over-Budget Variance (including carryover)</b>	<b><u>\$ 11,182</u></b>

15  
16 The On-Island Generating Capacity Study project is expected to be completed on budget  
17 including a carryover of \$108,000. Under this project, a Capacity Resource Study was  
18 completed in 2022 to identify Maritime Electric’s capacity and security of supply  
19 obligations, along with the technologies that best match that requirement. The carryover  
20 is required to update the Capacity Resources Study with an addendum that considers new  
21 peak load data,<sup>9</sup> and to study where new on-Island capacity resources should be located  
22 to maximize their benefit to the electrical system, including the ability to support more on-  
23 Island renewable energy generation.

24  
25 The Electronic Level Gauges for Combustion Turbine #3 (“CT3”) Fuel Tanks project was  
26 completed with an under-budget variance of \$459.

27  
28 Combustion Turbine Improvements, Parts and Tools had an over-budget variance of  
29 \$11,920, as expenditures on unforeseen equipment failures and replacements were  
30 higher than expected.

---

<sup>9</sup> PEI experienced an average load of 393.6 megawatts (“MW”) for the period of 17:00 to 18:00 hours on February 4, 2023. This set a new Island peak load that is approximately 22 per cent higher than the previous peak of 322.9 MW, which was used in the development of the Capacity Resource Study.



4.3 Borden Generating Station – Buildings and Site Services

The Generation 4.3 category will be \$20,349 over budget.

2022 Variances

Commercial Storage Containers	\$	2,017	
BGS Miscellaneous Building and Site Upgrades		18,332	\$ 20,349
<b>Generation 4.3 Over-Budget Variance</b>			<b>\$ 20,349</b>

The Commercial Storage Containers project was completed with an over-budget variance of \$2,017.

Borden Generating Station (“BGS”) Miscellaneous Building and Site Upgrades had an over-budget variance of \$18,332 due to tender prices being higher than budget estimates.

4.4 Borden Generating Station – Turbine Generators

The Generation 4.4 category will be \$28,860 over budget, including a carryover of \$39,000.

2022 Variances

CT1 and CT2 Life Extension Engineering Assessment	\$	8,226	
CT2 Detroit Diesel Starter Overhaul		(42,852)	
CT1 and CT2 Component Upgrades		(29,222)	
Electronic Level Gauges for BGS Fuel Tanks		(2,207)	
BGS Combustion Turbine Improvements, Parts and Tools		55,915	\$ (10,140)

2023 Carryovers (Appendix I)

CT1 and CT2 Component Upgrades			39,000
<b>Generation 4.4 Over-Budget Variance (including carryover)</b>			<b>\$ 28,860</b>

The Combustion Turbine #1 (“CT1”) and Combustion Turbine #2 (“CT2”) Life Extension Engineering Assessment was completed with an over-budget variance of \$8,226 due to tender prices being higher than budget estimates.

1           The CT2 Detroit Diesel Starter Overhaul was completed with an under-budget variance of  
2           \$42,852, as the starter equipment required less refurbishment than expected.

3  
4           The CT1 and CT2 Component Upgrades project is expected to have an over-budget  
5           variance of \$9,778, including a carryover of \$39,000. The carryover is required as the  
6           selection of the stack coating system was not finalized before outdoor temperatures were  
7           too cold to complete the work in 2022. Projects to improve CT1 stack accessibility, and  
8           replace CT2 batteries and battery charger, had a combined over-budget variance of  
9           \$9,778 due to tender prices being higher than budget estimates.

10  
11          The Electronic Level Gauges for BGS Fuel Tanks project had an under-budget variance  
12          of \$2,207 due to tender prices being lower than budget estimates.

13  
14          BGS Combustion Turbine Improvements, Parts and Tools had an over-budget variance  
15          of \$55,915 due to expenditures on unforeseen equipment failures and replacements costs  
16          being higher than expected.

1 5.0 DISTRIBUTION

2

3 Distribution – Summary

4

	Capital Budget Subcategory	Approved 2022 Budget (A)	2022 Actual Expenditures (B)	2022 Variance (C = B - A)	Carryover to 2023 (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	\$ 1,631,000	\$ 2,075,876	\$ 444,876	\$ -	\$ 2,075,876	\$ 444,876
5.2	Distribution Transformers	5,337,000	4,459,495	(877,505)	1,370,000	5,829,495	492,495
5.3	Services and Street Lighting	5,573,000	6,766,490	1,193,490	-	6,766,490	1,193,490
5.4	Line Extensions	2,572,000	4,223,834	1,651,834	-	4,223,834	1,651,834
5.5	Line Rebuilds	8,876,000	5,969,854	(2,906,146)	2,532,000	8,501,854	(374,146)
5.6	System Meters	664,000	752,762	88,762	-	752,762	88,762
5.7	Distribution Equipment	1,556,000	1,154,364	(401,636)	402,000	1,556,364	364
5.8	Transportation Equipment	2,040,000	290,597	(1,749,403)	1,744,000	2,034,597	(5,403)
	<b>Sub-Total</b>	<b><u>\$28,249,000</u></b>	<b><u>\$25,693,272</u></b>	<b><u>\$ (2,555,728)</u></b>	<b><u>\$ 6,048,000</u></b>	<b><u>\$31,741,272</u></b>	<b><u>\$ 3,492,272</u></b>
	Less:						
	Contributions – PEI Broadband Project	(2,788,000)	- <sup>10</sup>	2,788,000	(2,788,000)	(2,788,000)	-
	Contributions – Other Projects	(750,000)	(1,346,601)	(596,601)	-	(1,346,601)	(596,601)
	<b>Sub-Total</b>	<b><u>\$ (3,538,000)</u></b>	<b><u>\$ (1,346,601)</u></b>	<b><u>\$ 2,191,399</u></b>	<b><u>\$ (2,788,000)</u></b>	<b><u>\$ (4,134,601)</u></b>	<b><u>\$ (596,601)</u></b>
	<b>TOTAL</b>	<b><u>\$24,711,000</u></b>	<b><u>\$24,346,671</u></b>	<b><u>\$ (364,329)</u></b>	<b><u>\$ 3,260,000</u></b>	<b><u>\$27,606,671</u></b>	<b><u>\$ 2,895,671</u></b>

5

6 5.1 Replacements due to Storms, Collisions, Fire and Road Alterations

7 The Distribution 5.1 category was \$444,876 over budget. Hurricane Fiona (“Fiona”)  
8 restoration costs are not included in the 2022 actual expenditures in accordance with the  
9 Commission’s interim approval to defer Fiona expenditures.

---

<sup>10</sup> All PEI Broadband Project contributions by Xplornet Communications in 2022 are reported as prior-year project contributions in Appendix I.

1	<u>2022 Variances</u>		
2	Replacements due to Storms, Fire and Collisions	\$	351,253
3	Replacements due to Road Alterations		93,623
4	<b>Distribution 5.1 Over-Budget Variance</b>		<b><u>\$ 444,876</u></b>

5  
6 Replacements due to Storms, Fire and Collisions was over budget by \$351,253, primarily  
7 due to several winter storms that involved multi-day restoration activity, including events  
8 on January 7, 14, 17 and 29 in the first quarter and December 23 in the fourth quarter.

9  
10 Replacements due to Road Alterations was over budget by \$93,623. The over-budget  
11 variance was primarily due to a higher-than-expected amount of line work to  
12 accommodate road and bridge alterations by the PEI Department of Transportation and  
13 Infrastructure (“Government”). At the time the 2022 Capital Budget was developed,  
14 Government projects for 2022 were not known and, therefore, a provisional amount was  
15 budgeted.

16  
17 Also contributing to the over-budget variance of the Distribution 5.1 category was the cost  
18 to comply with COVID-19 protocols during the first quarter, as additional vehicles were  
19 required for line and traffic control crews to maintain a safe distance while travelling to and  
20 from work sites.

21  
22 **5.2 Distribution Transformers**

23 The Distribution 5.2 category will be \$492,495 over budget, including a carryover of  
24 \$1,370,000.

25			
26	<u>2022 Variances</u>		
27	Distribution Transformers	\$	(877,505)
28	<u>2023 Carryovers</u> (Appendix I)		
29	Distribution Transformers		<u>1,370,000</u>
30	<b>Distribution 5.1 Over-Budget Variance</b>		<b><u>\$ 492,495</u></b>

1 The over-budget variance for Distribution Transformers was primarily due to inflationary  
 2 cost increases for transformer equipment that occurred since the 2022 Capital Budget  
 3 Application was prepared in 2021. On average, during 2022, polemount transformer costs  
 4 increased by approximately 40 per cent, and padmount transformer costs increased by  
 5 approximately 75 per cent. The carryover is required as replacements for the transformers  
 6 used during Fiona will not be received until 2023, and to complete the replacement of a  
 7 transclosure in Charlottetown that was delayed due to material supply issues.

8  
 9 **5.3 Services and Street Lighting**

10 The Distribution 5.3 category was \$1,193,490 over budget.

11  
 12 2022 Variances

13	Overhead and Underground Services	\$ 1,011,876
14	Street and Area Lighting	<u>181,614</u>
15	<b>Distribution 5.3 Over-Budget Variance</b>	<b><u>\$ 1,193,490</u></b>

16  
 17 Overhead and Underground Services was over budget by \$1,011,876. The over-budget  
 18 variance was primarily due to service requests associated with new construction  
 19 continuing to remain high, as well as strong demand for service connection upgrades and  
 20 modifications to accommodate customer installations of heat pumps, solar panels, and  
 21 electric vehicle chargers, driven by Provincial Government incentive programs.  
 22 Expenditures in this category were also impacted by inflationary cost increases of up to  
 23 15 per cent on the materials and equipment (i.e., poles, conductors, insulators, installation  
 24 hardware, etc.) required for service work.

25  
 26 Street and Area Lighting was over budget by \$181,614. The over-budget variance was  
 27 attributed to inflationary impacts on material costs and the customer-driven installation of  
 28 approximately 700 new LED lights as compared to 150 budgeted.

29  
 30 Also contributing to the over-budget variance of the Distribution 5.3 category was the cost  
 31 to comply with COVID-19 protocols in the first quarter, as additional vehicles were required

1 for line and traffic control crews to maintain a safe distance while travelling to and from  
2 work sites.

3

4 **5.4 Line Extensions**

5 The Distribution 5.4 category was \$1,651,834 over budget.

6

7 2022 Variances

8 Customer Driven Line Extensions \$ 1,340,363

9 Reliability Driven Line Extensions 311,471

10 **Distribution 5.4 Over-Budget Variance** **\$ 1,651,834**

11

12 Customer Driven Line Extensions were over budget by \$1,340,363, before  
13 Contributions.<sup>11</sup> The over-budget variance was primarily due to two large projects to  
14 convert existing single phase lines to three phase, including:

15

- 16 ▪ A 4.5 kilometre (“km”) section of line on the Donaldston Road, and
- 17 ▪ A 1.9 km section of line on the Victoria Road.

18

19 These customer projects were not known at the time the 2022 Capital Budget Application  
20 was being prepared; therefore, the associated costs of \$1,267,389 were not included in  
21 the provisional budget for Customer Driven Line Extensions.

22

23 Reliability Driven Line Extensions were over budget by \$311,471. The over-budget  
24 variance was primarily due to the selected location of the Marshfield substation requiring  
25 a 1.2 km line extension from the substation to the existing distribution system. The need  
26 for this additional work was not known when the 2022 Capital Budget Application was  
27 being prepared, because the anticipated location for the Marshfield substation was  
28 different from the selected location, due to land in the anticipated location not being  
29 available for purchase.

---

<sup>11</sup> Customer driven line extension expenditures are usually offset by Contributions. In 2022, Contributions were \$596,601 higher than budgeted (not including budgeted Contributions for the PEI Broadband Project), which includes Contributions as a result of the larger customer driven line extension projects that were required.

1 The Glenn Drive and Mount Herbert reliability driven line extension projects were  
2 completed with under-budget variances of \$42,897 and \$5,093, respectively.

3  
4 Also contributing to the over budget variance of the Distribution 5.4 category was the cost  
5 to comply with COVID-19 protocols in the first quarter, as additional vehicles were required  
6 for line and traffic control crews to maintain a safe distance while travelling to and from  
7 work sites.

8  
9 **5.5 Line Rebuilds**

10 The Distribution 5.5 category will be \$374,146 under budget, including a carryover of  
11 \$2,532,000.

12  
13 2022 Variances

14	Single Phase and Three Phase Rebuilds	\$	(575,651)	
15	PEI Broadband Project		(2,516,513)	
16	Distribution Line Refurbishment		(46,073)	
17	Porcelain Cutout Replacement Program		(1,935)	
18	Eastern Cedar Pole Replacement Program		234,026	\$(2,906,146)

19 2023 Carryovers (Appendix I)

20	PEI Broadband Project			<u>2,532,000</u>
----	-----------------------	--	--	------------------

21 **Distribution 5.5 Under-Budget Variance (including carryover)** **\$ (374,146)**

22  
23 Single and Three Phase Rebuilds was \$575,651 under budget. The under-budget  
24 variance was primarily attributed to the Northside Road line rebuild not requiring its  
25 \$470,000 budget allocation, as the project was completed through the Xplornet  
26 component of the PEI Broadband Project.

27  
28 The Rustico Road line rebuild and voltage conversion was \$101,320 under budget. The  
29 under-budget variance was primarily attributed to lower-than-expected contractor labour  
30 costs and a joint-use make ready contribution by Bell Canada.

1 Other line rebuild projects included the Kingston Road rebuild which was \$1,652 over  
2 budget, and the North York River Road rebuild and voltage conversion which was \$5,983  
3 under budget.

4  
5 The 2022 allocation for the PEI Broadband Project is expected to be on budget, including  
6 a carryover of \$2,532,000. The carryover is required to complete work associated with the  
7 Xplornet Communications component of the project. A detailed report on the status of the  
8 PEI Broadband Project is filed with the Commission every three months as required under  
9 Order UE20-02. This quarterly report provides an update on project expenditures and a  
10 summary of work performed since the project commenced.

11  
12 The Distribution Line Refurbishment Program was \$46,073 under budget. The under-  
13 budget variance primarily resulted from not completing a portion of the planned distribution  
14 inspections, due to Fiona restoration, which reduced the volume of inspection-driven  
15 replacement work in 2022.

16  
17 The Porcelain Cutout Replacement program was \$1,935 under budget. The program,  
18 which was in place since 2008, has significantly reduced the annual number of outages  
19 caused by cutout failure and is now complete. Any remaining porcelain cutouts will be  
20 replaced upon failure, or when they are encountered in the field as other work is being  
21 completed.

22  
23 The Eastern Cedar Pole Replacement program was over budget by \$234,026. The over-  
24 budget variance is primarily attributed to the availability of contractor resources providing  
25 an opportunity to complete extra pole replacements in 2022.

26  
27 **5.6 System Meters**

28 The Distribution 5.6 category was \$88,762 over budget.



1	<u>2022 Variance</u>	
2	System Meters <sup>12</sup>	\$ 88,762
3	<b>Distribution 5.6 Over-Budget Variance</b>	<b><u>\$ 88,762</u></b>

4

5 System Meters was over budget due to continued high demand for net-metering

6 installations as well as inflationary impacts on metering equipment.

7

8 **5.7 Distribution Equipment**

9 The Distribution 5.7 category is expected to be \$364 over budget, including a carryover of

10 \$402,000.

11		
12	<u>2022 Variances</u>	
13	Distribution and Communication Equipment	\$ (182,819)
14	Relay Replacement	(51,854)
15	Distribution Switches	(87,424)
16	Line Tools and Equipment	(56,780)
17	Meter Shop Equipment	(22,759) \$ (401,636)
18	<u>2023 Carryovers (Appendix I)</u>	
19	Distribution and Communication Equipment	183,000
20	Relay Replacement	52,000
21	Distribution Switches	87,000
22	Line Tools and Equipment	57,000
23	Meter Shop Equipment	<u>23,000</u>
24	<b>Distribution 5.7 Over-Budget Variance (including carryover)</b>	<b><u>\$ 364</u></b>

25

26 Distribution and Communication Equipment, Relay Replacement, Distribution Switches,

27 Line Tools and Equipment, and Metering Equipment are all expected to be on budget with

28 carryovers of \$183,000, \$52,000, \$87,000, \$57,000 and \$23,000, respectively. The

29 carryovers are necessary to allow for the delivery of items that were delayed due to supply

30 chain issues.

---

<sup>12</sup> Includes watt-hour meters, combination meters, metering tanks and miscellaneous metering equipment.

5.8 Transportation Equipment

The Distribution 5.8 category is expected to be \$5,403 under budget, including a carryover of \$1,744,000.

2022 Variances

Transportation Equipment (Appendix III)

- Line Trucks (Items 1 to 3 in Appendix III) \$ (1,474,931)
- Passenger Vehicles/Trailers (Items 4 to 7 in Appendix III) (226,093)
- Level 2 EV Charging Stations (Item 8 in Appendix III) (15,000)
- Allowance for Unforeseen Capital Expenditures (Item 9) (33,379) \$(1,749,403)

2023 Carryovers (Appendix I and Appendix III)

Transportation Equipment

- Line Trucks 1,403,000
- Passenger Vehicles/Trailers 326,000
- Level 2 EV Charging Stations 15,000

**Distribution 5.8 Under-Budget Variance (including carryover) \$ (5,403)**

Line Trucks including an aerial bucket with elevator, a digger derrick, and a customer service utility person (“CSUP”) vehicle are expected to be under budget by \$71,931 including a carryover of \$1,403,000. The under-budget variance is primarily due to the tender price for the aerial bucket with elevator being lower than expected, and the carryover is necessary to accommodate the long delivery lead time (24 to 36 months) for line trucks.

A total of seven passenger vehicles and one pole trailer (Items 4 to 7 in Appendix III) are expected to be over budget by a combined \$99,907, including a carryover of \$326,000. The over-budget variance is due to higher-than-expected tender prices on some items, and the carryover is necessary to accommodate the delivery of five vehicles, including a plug-in-hybrid electric vehicle, which have been ordered but have not yet been received.

1           The Electric Vehicle (“EV”) Level 2 Charging Stations project (Item 8 in Appendix III) has  
2           been deferred to 2023, requiring a carryover of \$15,000. The deferral is a result of the  
3           equipment not being required as soon as previously anticipated, due to limited availability  
4           of electric vehicles.

5  
6           The provisional Allowance for Unforeseen Capital Expenditures (Item 9 in Appendix III)  
7           had an under-budget variance of \$33,379 due to only one unforeseen capital expenditure  
8           being incurred in 2022.

9  
10          Expenditure details for each vehicle in the 2022 Capital Budget is provided in Appendix III.

6.0 TRANSMISSION

Transmission – Summary

	Capital Budget Subcategory	Approved 2022 Budget (A)	2022 Actual Expenditures (B)	2022 Variance (C = B - A)	Carryover to 2023 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
6.1	Substation Projects	\$ 6,122,000	\$ 6,940,434	\$ 818,434	\$ 533,000	\$ 7,473,434	\$ 1,351,434
6.2	Transmission Projects	2,767,000	2,548,048	(218,952)	211,000	2,759,048	(7,952)
	<b>TOTAL</b>	<b>\$ 8,889,000</b>	<b>\$ 9,488,482</b>	<b>\$ 599,482</b>	<b>\$ 744,000</b>	<b>\$ 10,232,482</b>	<b>\$ 1,343,482</b>

6.1 Substation Projects

The Transmission 6.1 category will be \$1,351,434 over budget, including a carryover of \$533,000.

2022 Variances

East Royalty Substation	\$ 453,314	
Crossroads Substation Rebuild	729,505	
West Royalty X5 Autotransformer Upgrade	138,707	
Substation Oil Containment Program	(87,342)	
Substation Modernization Program	(148,296)	
138 kV Breaker Replacement Program	(98,459)	
Mobile Communications System Upgrade	(36,241)	
Cavendish Feeder Automation	(233,000)	
Rattenbury Small Scale Solar and Battery Storage Pilot	100	
SCADA Master System Refresh	(933)	
Fibre Modifications due to Road Alterations	101,079	\$ 818,434

2023 Carryovers (Appendix I)

East Royalty Substation	160,000
Substation Oil Containment Program	88,000
Substation Modernization Program	148,000
138 kV Breaker Replacement Program	100,000
Mobile Communications System Upgrade	37,000

Transmission 6.1

Over-Budget Variance (including carryover) \$ 1,351,434

1 East Royalty (Marshfield) Substation is expected to be over budget by \$613,314, including  
2 a carryover of \$160,000. The over-budget variance is primarily due to an approximately  
3 \$400,000 increase for civil works due to contractor labour and materials cost increases,  
4 and modifications to the driveway design required for the transmission right of way. The  
5 balance of the over-budget variance was due to an approximately \$150,000 increase in  
6 the cost of structural steel and \$60,000 for materials and equipment such as switches,  
7 breaker and hardware being higher than budget estimates. The carryover is required due  
8 to long delivery lead times for substation breaker and cybersecurity equipment.

9  
10 Crossroads Substation Rebuild was \$729,505 over budget primarily due to an increase of  
11 approximately \$370,000 for switches, breaker, hardware and the power transformer. The  
12 balance of the over-budget variance was due to an approximately \$140,000 increase for  
13 the supply and installation of structural steel, and a \$220,000 prepayment of structural  
14 steel that was ordered early to avoid delaying the completion of the project in 2023.  
15 Regarding the prepayment of structural steel, the project budget for 2023 will be reduced  
16 accordingly.

17  
18 The West Royalty X5 Autotransformer Upgrade was \$138,707 over budget, as the cost of  
19 the autotransformer was higher than the budget estimate.

20  
21 The Substation Oil Containment Program and the Substation Modernization Program are  
22 expected to be on budget including carryovers of \$88,000 and \$148,000, respectively. The  
23 carryovers are required as construction and installation work at the O’Leary substation  
24 was delayed due to Fiona, and the projects could not be completed in 2022 due to wet,  
25 late-fall site conditions.

26  
27 The 138 kV Breaker Replacement Program is expected to be completed on budget,  
28 including a carryover of \$100,000. The carryover is required due to long delivery lead  
29 times for breaker equipment, which has delayed installation until 2023.

1 The Mobile Communications System Upgrade project is expected to be on budget,  
2 including a carryover of \$37,000. The carryover is required to complete radio installations  
3 and final commissioning, which were delayed due to Fiona.

4  
5 The Cavendish Feeder Automation project has been cancelled, as it is expected that this  
6 and future distribution automation projects will use the same communications system as  
7 is planned for the Advanced Metering for Sustainable Electrification Project, pending  
8 Commission approval. Once the Company’s advanced metering infrastructure system is  
9 operational, priorities for distribution automation will be included in future capital budget  
10 applications.

11  
12 The Rattenbury Small Scale Solar Battery Pilot project was completed on budget. The  
13 project location was changed from Rattenbury substation to Marshfield substation to  
14 facilitate system operation and evaluation at a newly-built substation.

15  
16 The SCADA Master System Refresh project was completed approximately on budget, with  
17 no carryover requirement.

18  
19 Fibre Modifications due to Road Alterations was \$101,079 over budget due to the early  
20 delivery of fibre optic cable that was ordered for the 2023 Alberton to Tignish  
21 communications fibre project. The fibre optic cable, which typically requires a long  
22 manufacturing lead time, was charged to Fibre Modifications due to Road Alterations as it  
23 is the most reasonable budget item for allocation of the expenditure in 2022. The budget  
24 allocation for the 2023 Alberton to Tignish communication fibre project will be reduced  
25 accordingly.

26  
27 **6.2 Transmission Projects**

28 The Transmission 6.2 category will be \$7,952 under budget, including carryovers of  
29 \$211,000.

1	<u>2022 Variances</u>		
2	69 kV and 138 kV Switch Program	\$ (95,977)	
3	Transmission Line Refurbishment	28	
4	Transmission Lines	(123,003)	\$ (218,952)
5	<u>2023 Carryovers</u> (Appendix I)		
6	69 kV and 138 kV Switch Program		96,000
7	Transmission Lines		<u>115,000</u>
8	<b>Transmission 6.2 Under-Budget Variance (including carryover)</b>		<b><u>\$ (7,952)</u></b>

9

10 The 69 kV and 138 kV Switch Program is expected to be on budget, including a carryover

11 of \$96,000. The carryover is required to allow for the delivery of switches ordered in 2022

12 but will not be received until 2023.

13

14 Transmission Line Refurbishment was on budget at \$932,028.

15

16 The T-11 Rebuild project is expected to be on budget, including a carryover of \$67,000.

17 The carryover is required to complete a small number of pole replacements that will require

18 an outage and must be coordinated with the City of Summerside. The outage and related

19 work is scheduled for the second quarter of 2023.

20

21 The Transmission Tap to East Royalty (Marshfield) Substation project was completed with

22 an under-budget variance of \$11,124, and the Crossroads Substation Transmission

23 Modifications project was completed with an over-budget variance \$3,108.

24

25 The West Royalty Substation Transmission Modifications project was deferred to 2023 so

26 that the work could be coordinated with the installation of X5 autotransformer that is on

27 order for this substation. To complete the project in 2023, a carryover of \$48,000 will be

28 required.

7.0 CORPORATE

Corporate – Summary

	Capital Budget Subcategory	Approved 2022 Budget (A)	2022 Actual Expenditures (B)	2022 Variance (C = B - A)	Carryover to 2023 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
7.1	Corporate Services	\$ 656,000	\$ 403,332	\$ (252,668)	\$ 225,000	\$ 628,332	\$ (27,668)
7.2	Information Technology	<u>3,379,000</u>	<u>2,658,648</u>	<u>(720,352)</u>	<u>585,000</u>	<u>3,243,648</u>	<u>(135,352)</u>
	<b>TOTAL</b>	<b><u>\$ 4,035,000</u></b>	<b><u>\$ 3,061,980</u></b>	<b><u>\$ (973,020)</u></b>	<b><u>\$ 810,000</u></b>	<b><u>\$ 3,871,980</u></b>	<b><u>\$ (163,020)</u></b>

7.1 Corporate Services

The Corporate Services 7.1 category will be \$27,668 under budget, including a carryover of \$225,000.

2022 Variances

Corporate Services \$ (252,668)

2023 Carryovers (Appendix I)

Corporate Services 225,000

**Corporate Services 7.1 – Under-Budget Variance \$ (27,668)**

The budget to replace the roof at 180 Kent Street was based on the Tremco inspection report included in the 2022 Capital Budget Application. During the replacement process, the contractor was able to modify the work plan and reuse some materials, which resulted in the project being completed with an under-budget variance of \$118,130.

The carryover is required to accommodate the delayed delivery of office components necessary to reconfigure existing space on the first floor of 180 Kent Street, and an electric forklift for the West Royalty Service Centre. The modifications planned for 180 Kent Street will help to accommodate additional staff at that location, and avoid the rental of office space at an off-site location. Delivery of the office components and the forklift is expected in 2023.



1 7.2 Information Technology

	Capital Budget Subcategory	Approved 2022 Budget (A)	2022 Actual Expenditures (B)	2022 Variance (C = B - A)	Carryover to 2023 (D)	Total Expected Expenditures (E = B + D)	Expected Variance From Budget (F = E - A)
7.2a	Hardware Acquisitions	\$ 996,000	\$ 959,109	\$ (36,891)	\$ -	\$ 959,109	\$ (36,891)
7.2b	Purchased Software and Upgrades	546,000	546,731	731	-	546,731	731
7.2c-i	Other IT Services/Projects	1,837,000	1,152,808	(684,192)	585,000	1,737,808	(99,192)
	<b>TOTAL</b>	<b>\$ 3,379,000</b>	<b>\$ 2,658,648</b>	<b>\$ (720,352)</b>	<b>\$ 585,000</b>	<b>\$ 3,243,648</b>	<b>\$ (135,352)</b>

2  
3 The Information Technology 7.2 category is expected to be \$135,352 under budget,  
4 including a carryover of \$585,000.

6 2022 Variances

7	Hardware Acquisitions	\$ (36,891)	
8	Purchased Software and Upgrades	731	
9	Cybersecurity Enhancements	(111,093)	
10	Customer Service and Communication Enhancements	(75,722)	
11	Load Flow Software	(66,318)	
12	Website Hosting	(12,144)	
13	Survey Diagram Software	(46,414)	
14	Health, Safety and Environment Information Application	(50,595)	
15	Substation Communications System Upgrade	(321,906)	\$ (720,352)

16 2023 Carryovers (Appendix I)

17	Cybersecurity Enhancements		71,000
18	Customer Service and Communication Enhancements		76,000
19	Load Flow Software		35,000
20	Survey Diagram Software		30,000
21	Health, Safety and Environment Information Application		51,000
22	Substation Communications System Upgrade		322,000
23	<b>Corporate Services 7.2 Under-Budget Variance (including carryover)</b>		<b>\$ (135,352)</b>

1 Expenditures for Hardware Acquisitions was under budget by \$36,891, due to  
2 expenditures on storage area network and server farm replacement being lower than  
3 budget estimates.

4  
5 Purchased Software and Upgrades was over budget by \$731.

6  
7 Cybersecurity Enhancements is expected to be under budget by \$40,093, including a  
8 carryover of \$71,000. The under-budget variance is due to lower-than-anticipated software  
9 costs and the carryover is necessary to allow for delivery of hardware components that  
10 will arrive in 2023.

11  
12 Customer Service and Communication Enhancements is expected to be on budget,  
13 including a carryover of \$76,000. The carryover is required due to the vendor for the  
14 interactive voice response system not being available to complete software installation  
15 until 2023.

16  
17 Load Flow software is expected to be under budget by \$31,318, including a carryover of  
18 \$35,000. The under-budget variance is due to lower-than-anticipated vendor consulting  
19 costs, and the carryover is required due to the vendor not being available to complete  
20 software installation until 2023.

21  
22 Website Hosting was under budget by \$12,144. The under-budget variance was due to  
23 lower-than-anticipated internal labor requirements.

24  
25 The Survey Diagram Software project is expected to be under budget by \$16,414,  
26 including a carryover of \$30,000. The under-budget variance is due to lower-than-  
27 anticipated vendor consulting costs and the carryover is required as Maritime Electric  
28 information technology (“IT”) staff did not have time to complete the software installation  
29 in 2022 due to Fiona.

30  
31 The Health, Safety and Environment Information Application project is expected to be on  
32 budget, including a carryover of \$51,000. The carryover is required due to changes in

1 software capability requirements that delayed software selection, procurement and  
2 installation into 2023.

3  
4 The Substation Communication System Upgrade project is expected to be on budget,  
5 including a carryover of \$322,000. The carryover is necessary due to delayed delivery of  
6 backordered switches to the first quarter of 2023.

1 **8.0 CAPITALIZED GENERAL EXPENSE**

2

3 **Capitalized General Expense – Summary**

4

	<b>Capital Budget Category</b>	<b>Approved 2022 Budget (A)</b>	<b>2022 Actual Expenditures (B)</b>	<b>2022 Variance (C = B - A)</b>
8.0	<b>Capitalized General Expense</b>	\$ 690,000	\$ 696,617	\$ 6,617

5

6 The capitalized general expense (“CGE”) amount includes administrative costs that are properly  
7 recognized as part of the Company’s overall capital expenditure program. These expenditures  
8 represent an allocation of administrative costs, not specific to any one capital project, but rather  
9 as part of the overall development, implementation and management of the Company’s approved  
10 annual Capital Budget.

11

12 The CGE category was \$6,617 over budget. The over-budget variance was attributed to  
13 inflationary increases on various general expenditures.

1 **9.0 INTEREST DURING CONSTRUCTION**

2

3 **Interest During Construction – Summary**

4

	Capital Budget Category	Approved 2022 Budget (A)	2022 Actual Expenditures (B)	2022 Variance (C = B - A)
9.0	Interest During Construction	\$ 496,000	\$ 559,997	\$ 63,997

5

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

12

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

17

18 The IDC category was \$63,997 over budget, as a result of a higher construction work in progress  
19 balance throughout 2022.



# APPENDIX I

## Schedule of Capital Budget Carryover Items

### SCHEDULE OF CAPITAL BUDGET CARRYOVER ITEMS

The following schedule outlines the capital projects (approved in Orders UE20-02, UE21-01 and UE21-16) carried over to 2023.  
Amounts carried over to 2023 represent estimated expenditures to complete the projects in 2023.

Original Project Year - ID	Description	Budget (A)	Costs Incurred In 2020 (B)	Costs Incurred In 2021 (C)	Costs Incurred In 2022 (D)	Carryover to 2023 (E)	Total (F = B + C + D + E)	Variance (G = F - A)	Comments
2020-5.5 SBR	PEI Broadband Project	\$ 5,710,000	\$ 767,933	\$ 1,502,793	\$ 933,478	\$ 2,506,000	\$ 5,710,204	\$ 204	Delay due to change in scope and timelines by Bell Canada.
2021-5.8	Transportation Equipment	1,864,000	-	859,977	68,522	854,000	1,782,499	(81,501)	Delays in vehicle availability and delivery from vendor.
2021	Contributions – PEI Broadband Project	(2,707,000)	-	(98,955)	(1,341,961)	(1,239,000)	(2,679,916)	27,084	Delay due to change in scope and timelines by Xplornet Communications.
<b>Subtotal 2020 and 2021</b>		<b>\$ 4,867,000</b>	<b>\$ 767,933</b>	<b>\$ 2,263,815</b>	<b>\$ (339,961)</b>	<b>\$ 2,121,000</b>	<b>\$ 4,812,787</b>	<b>\$ (54,213)</b>	
2022-4.1 (a)	ECC building sidewalk replacement project	21,000	-	-	3,361	18,000	21,361	361	To allow for relocation of communication wiring under existing sidewalk.
2022-4.2 (a)	On-Island Generating Capacity Study	320,000	-	-	211,721	108,000	319,721	(279)	To allow for the addition of an addendum that considers new peak load data and to initiate a generating capacity location study.
2022-4.4 (c)	CT1 and CT2 Component Upgrades	131,000	-	-	101,778	39,000	140,778	9,778	Delay in selection and application of CT2 stack coating system.
2022-5.2	Distribution Transformers	5,337,000	-	-	4,459,495	1,370,000	5,829,495	492,495	Replacements for transformers used during Fiona will not be received until 2023, and a transclosure replacement could not be completed in 2022 due to material supply delays.
2022-5.5 (b)	PEI Broadband Project	4,564,000	-	-	2,047,487	2,532,000	4,579,487	15,487	Delay due to change in scope and timelines by Xplornet Communications.
2022-5.7 (a)	Substation, Line and Communication Equipment	1,032,000	-	-	849,181	183,000	1,032,181	181	To allow for the delivery of items that were delayed due to supply chain issues.
2022-5.7 (b)	Teleprotection & Relay Replacement	158,000	-	-	106,146	52,000	158,146	146	To allow for the delivery of items that were delayed due to supply chain issues.
2022-5.7 (c)	Distribution Switches	113,000	-	-	25,576	87,000	112,576	(424)	To allow for the delivery of items that were delayed due to supply chain issues.
2022-5.7 (d)	Line Tools and Equipment	222,000	-	-	165,220	57,000	222,220	220	To allow for the delivery of items that were delayed due to supply chain issues.
2022-5.7 (e)	Meter Shop Equipment	31,000	-	-	8,241	23,000	31,241	241	To allow for the delivery of items that were delayed due to supply chain issues.
2022-5.8	Transportation Equipment	2,040,000	-	-	290,597	1,744,000	2,034,597	(5,403)	Delays in vehicle availability and delivery from vendor.
2022-6.1 (a)	East Royalty Substation	1,226,000	-	-	1,679,314	160,000	1,839,314	613,314	To allow for long delivery lead times for substation breaker and cybersecurity equipment.
2022-6.1 (d)	Substation Oil Containment Program	147,000	-	-	59,658	88,000	147,658	658	Delay due to Fiona and subsequent wet, late-fall site conditions.
2022-6.1 (e)	Substation Modernization Program	588,000	-	-	439,704	148,000	587,704	(296)	Delay due to Fiona and subsequent wet, late-fall site conditions.
2022-6.1 (f)	138 kV Breaker Replacement Program	146,000	-	-	47,541	100,000	147,541	1,541	To allow for long delivery lead times for substation breaker equipment.

## SCHEDULE OF CAPITAL BUDGET CARRYOVER ITEMS

Original Project Year - ID	Description	Budget (A)	Costs Incurred In 2020 (B)	Costs Incurred In 2021 (C)	Costs Incurred In 2022 (D)	Carryover to 2023 (E)	Total (F = B + C + D+ E)	Variance (G = F- A)	Comments
2022-6.1 (g)	Mobile Communications System Upgrade Project	467,000	-	-	430,759	37,000	467,759	759	Fiona delayed completion of radio installations and final commissioning.
2022-6.2 (a)	69 kV and 138 kV Switch Program	590,000	-	-	494,023	96,000	590,023	23	To allow for the delivery of switches that were delayed due to supply chain issues.
2022-6.2 (c)	Transmission Lines	1,245,000	-	-	1,121,997	115,000	1,236,997	(8,003)	Completion of T-11 Rebuild was delayed to allow for pole replacements and an outage on T-11 that must be coordinated with Summerside Electric. The West Royalty Substation Transmission Modifications project was deferred to 2023, to coordinate the work with the installation of the X5 autotransformer.
2022-7.1 (a)	Corporate Services	441,000	-	-	306,462	225,000	531,462	90,462	To allow for the delivery of office components and an electric forklift that was delayed due to supply chain issues.
2022-7.2 (c)	Cybersecurity Enhancements	547,000	-	-	435,907	71,000	506,907	(40,093)	To allow for the delivery of hardware components that were delayed due to supply chain issues.
2022-7.2 (d)	Customer Services and Communication Enhancements	134,000	-	-	58,278	76,000	134,278	278	Software installation was delayed due to limited availability in vendor's schedule.
2022-7.2 (e)	Load Flow Software	134,000	-	-	67,682	35,000	102,682	(31,318)	Software installation was delayed due to limited availability in vendor's schedule.
2022-7.2 (g)	Survey Diagram Software	98,000	-	-	51,586	30,000	81,586	(16,414)	Software installation by Maritime Electric IT staff was delayed due to Fiona.
2022-7.2 (h)	Health, Safety, and Environment Information Application	58,000	-	-	7,405	51,000	58,405	405	Delayed due to changes in software capability requirements that impacted product selection and procurement.
2022-7.2 (i)	Substation Communications System Upgrade	768,000	-	-	446,094	322,000	768,094	94	To allow for the delivery of switches that were delayed due to supply chain issues.
2022	Contributions – PEI Broadband Project	(2,788,000)	-	-	-	(2,788,000)	(2,788,000)	-	Delay due to change in scope and timelines by Xplornet Communications.
<b>Subtotal 2022</b>		<b>\$ 17,770,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,915,213</b>	<b>\$ 4,979,000</b>	<b>\$ 18,894,213</b>	<b>\$ 1,124,213</b>	
<b>TOTAL</b>		<b>\$ 22,637,000</b>	<b>\$ 767,933</b>	<b>\$ 2,263,815</b>	<b>\$ 13,575,252</b>	<b>\$ 7,100,000</b>	<b>\$ 23,707,000</b>	<b>\$ 1,070,000</b>	





## **A P P E N D I X   I I**

### **Schedule of Capital Budget Expenditures\ from Prior Years Completed in 2022**

## SCHEDULE OF CAPITAL BUDGET EXPENDITURES FROM PRIOR YEARS COMPLETED IN 2022

Original Project Year - ID	Description	Budget (A)	Total			Total (E = B + C + D)	Variance (F = E - A)
			2020 (B)	2021 (C)	2022 (D)		
2020-6.1 (c)	O'Leary Interconnection	170,000	-	-	300,830	300,830	130,830 <sup>1</sup>
2020-5.8 SBR	EV Charging Stations - Contributions	(419,671)	(62,500)	(187,250)	(163,157)	(412,907)	6,764
2020-5.8	Transportation Equipment	1,788,000	780,507	316,674	704,789	1,801,970	13,970
<b>Subtotal 2020</b>		<b>\$1,538,329</b>	<b>\$ 718,007</b>	<b>\$ 129,424</b>	<b>\$ 842,462</b>	<b>\$1,689,893</b>	<b>\$ 151,564</b>
2021-4.1 (a) (i)	Replace ECC Duct Heaters	29,500	-	16,851	53,773	70,624	41,124
2021-4.1 (a) (iii)	ECC and Backup Control Centre Miscellaneous Upgrades	9,000	-	21,651	3,197	24,848	15,848
2021-4.1 (a) (iv)	Standing Desks for ECC	6,500	-	1,107	2,978	4,085	(2,415)
2021-4.1 (b)	Replace Vehicle Gate and Controllers	63,000	-	60,229	4,718	64,947	1,947
2021-4.2 (b)	CT3 Generator Breaker	160,000	-	55,722	40,423	96,145	(63,855)
2021-4.3 (d)	Miscellaneous Combustion Turbine, Building and Services Improvements	113,000	-	66,242	1,777	68,019	(44,981)
2021-5.5 (b)	PEI Broadband Project	4,431,000	-	886,318	3,542,379	4,428,697	(2,303)
2021-5.5 (d) (ii)	Eastern Cedar Pole Replacement Program	1,180,000	-	577,005	603,052	1,180,057	57
2021-5.6	System Meters	620,000	-	598,843	31,696	630,539	10,539
2021-5.7(a) and (c)	Distribution and Communication Equipment	1,195,000	-	1,002,529	192,077	1,194,606	(394)
2021-5.7 (f)	Meter Shop Equipment	31,000	-	2,250	18,279	20,529	(10,471)
2021-6.1 (a)	East Royalty Substation	2,890,000	-	2,003,352	885,731	2,889,083	(917)
2021-6.1 (b)	Crossroads Substation Modifications	208,000	-	146,075	62,084	208,159	159
2021-6.1 (c)	Rattenbury Transformer Upgrade	946,000	-	156,313	787,926	944,239	(1,761)
2021-6.1 (f)	138 kV Breaker Replacement Program	137,000	-	35,849	100,942	136,791	(209)
2021-6.1 (g)	Mobile Communications System Upgrade	445,000	-	96,625	350,768	447,393	2,393
2021-6.1 (h)	Fibre Communication – Sherbrooke to Bagnall Road	584,000	-	608,115	94,885	703,000	119,000 <sup>2</sup>

<sup>1</sup> Variance was due to higher than expected cost to purchase land for the O'Leary Interconnection (renamed Woodstock switching station).

<sup>2</sup> Variance was primarily due to additional make-ready work that was required during fibre installation and the addition of spoilers that were not budgeted, but determined to be necessary to minimize wind impacts on lines.

**SCHEDULE OF CAPITAL BUDGET EXPENDITURES FROM PRIOR YEARS COMPLETED IN 2022**

Original Project Year - ID	Description	Budget (A)	Total			Total (E = B + C + D)	Variance (F = E - A)
			2020 (B)	2021 (C)	2022 (D)		
2021-6.1 (j)	Substation Fibre Communications Replacements due to Road Alterations	36,000	-	25,318	11,000	36,318	318
2021-6.2 (a)	69 kV and 138 kV Switch Program	575,000	-	498,072	77,014	575,086	86
2021-6.2 (c)	Y-119 – Tap to Clyde River Substation	4,000,000	-	3,937,834	202,986	4,140,820	140,820 <sup>3</sup>
2021-7.2 (a)	Hardware Acquisitions	295,000	-	175,591	95,534	271,125	(23,875)
<b>Subtotal 2021</b>		<b>\$17,954,000</b>	<b>\$ -</b>	<b>\$10,971,891</b>	<b>\$7,163,219</b>	<b>\$18,135,110</b>	<b>\$ 181,110</b>
	<b>TOTAL</b>	<b><u>\$19,492,329</u></b>	<b><u>\$ 718,007</u></b>	<b><u>\$11,101,315</u></b>	<b><u>\$8,005,681</u></b>	<b><u>\$19,825,003</u></b>	<b><u>\$ 332,674</u></b>

<sup>3</sup> Variance was primarily due to the addition of an air switch that was not budgeted, which had to be installed to provide an isolation point between Bannockburn Road and Borden-Carleton.



## **A P P E N D I X   I I I**

### **Transportation Equipment Expenditures**

TRANSPORTATION EQUIPMENT EXPENDITURES

Budget Item #	Vehicle Being Replaced		New Vehicle			Internal Labour (C)	Total (D = B + C)	Carryover to 2023 (E)	Total with Carryover (F = D + E)
	Vehicle Being Replaced	Budget (A)	Type	Maritime Electric Department	Invoice <sup>1</sup> (B)				
1	Aerial Bucket w/ Elevator	\$ 685,000	Posi-Plus Model 500-55/68	Central Line Department	\$ 1,708	\$ 6,631	\$ 8,339	\$ 602,000	\$ 610,339
2	Tandem Digger – Cab and Chassis	540,000	Terex C-4050-PG Digger Derrick Tandem Axle	Eastern Line Department	1,708	6,631	8,339	537,000	545,339
3	CSUP	275,000	Versalift VST-40-I International CV515 4x4 Chassis	Central Line Department	1,760	6,631	8,391	264,000	272,391
4	Tech Services Van	94,000	Ford F-150	Tech Services Department	67,341	6,631	73,972	-	73,972
5	Trucks - 5 units	275,000	Various	Various	64,136	33,155	97,291	271,000	368,291
6	Plug-In Hybrid EV Meter Reading	50,000	2023 Mitsubishi Outlander AWD	Meter Department	-	6,631	6,631	55,000	61,631
7	Pole Trailer	31,000	N/A	Central Line Department	39,382	6,631	46,013	-	46,013
8	Four Level 2 EV Charging Stations	15,000	N/A	Central Line Department	-	-	-	15,000	15,000
9	Allowance for unforeseen capital expenditures	75,000	Replace HIAB Hoist	Mechanical Maintenance Department	34,990	6,631	41,621	-	41,621
	<b>Total</b>	<b>\$ 2,040,000</b>		<b>Totals</b>	<b>\$ 211,025</b>	<b>\$ 79,572</b>	<b>\$ 290,597</b>	<b>\$ 1,744,000</b>	<b>\$ 2,034,597</b>
							<b>5.8 – Transportation Equipment Variance (G = F - A)</b>		<b>\$(5,403)</b>

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