PRINCE EDWARD ISLAND
Regulatory & Appeals Commission
Commission de réglementation et d'appels
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Interrogatories of Commission Staff

TO: Maritime Electric Company, Limited

FROM: Cheryl Bradley, Director of Finance & Regulatory Affairs

DATE: September 2, 2026

RE: 2025 Capital Budget Variance Report

DOCKET: UE20747

The Island Regulatory and Appeals Commission (the "Commission"), in assessing the reasonableness of the 2025 Capital Budget Variance Report (the "Report") submitted by Maritime Electric Company, Limited ("Maritime Electric" or "MECL"), requests responses to the following interrogatories:

General

1. For each capital project or program included in the application where the current expected total cost exceeds the approved budget by more than $100,000 and more than 10 per cent:

    a. Identify when Maritime Electric first forecast that the project or program would exceed these thresholds.

    b. Identify the quarterly Capital Expenditure Forecast report, or other correspondence to the Commission, in which the forecast overrun and reasons for the overrun were first reported. If the overrun was not reported when the thresholds were first exceeded, explain why.

    c. Explain why the additional expenditures above the approved budget were necessary and why Maritime Electric determined it was reasonable to continue with the expenditures after the overrun was identified.

    d. Identify any reasonable alternatives considered, including changes in scope, deferral of work or lower-cost alternatives, and explain why they were not selected.

    e. Describe any steps taken to manage or reduce or mitigate the cost overrun.

2. For each project or program with an expected over-budget variance greater than $250,000, and for Information Technology expenditures with an expected over-budget variance greater than $100,000, identify the cost support relied upon by Maritime Electric to determine that the incremental expenditures were reasonable, such as competitive tenders, vendor quotations, invoices, unit costs or internal labour and material estimates. Provide the supporting information where it has not previously been filed with the Commission.

3. For each material capital expenditure identified in the Application that was not included in the approved 2025 Capital Budget, or was incurred before Commission approval was received, including Communication Make-Ready Work, the additional expenditures arising from the Sherbrooke X1 autotransformer failure, and the transformer manufacturing slot reservations associated with the West Royalty and Scotchfort projects:

    a. Identify when Maritime Electric first determined the expenditure was required.

    b. Identify when and how the Commission was notified of the expenditure.

    c. Identify whether Maritime Electric sought or considered seeking Commission approval before incurring the expenditure. If not, explain why not.

    d. Confirm that none of these expenditures were recovered from customers before Commission approval. If any amount was included in rate base or otherwise reflected in customer rates before approval, identify the amount and explain the regulatory treatment.

4. Identify any material 2025 capital expenditure for which the scope, purpose or justification changed from what was approved in the 2025 Capital Budget Application. For each, briefly describe the change and identify when it was reported to the Commission.

Carryovers

5. 2026 Carryovers

    a. Identify any requested 2026 carryover for which the scope, justification or expected benefits have materially changed since the project was originally approved. For each, describe the change.

    b. Confirm that the requested 2026 carryovers do not duplicate expenditures included in the approved or proposed 2026 Capital Budget. For any carryover that relates to work also included in the 2026 Capital budget, including System Meters, identify the amounts and explain why both amounts are required.

6. For each project originally approved before 2025 for which a further carryover to 2026 is requested:

a. Identify whether any of the delay experienced during 2025 was within Maritime Electric's control and, if so, explain what steps were taken to mitigate the delay.

b. Provide the current expected completion date and identify whether Maritime Electric expects any further carryover beyond 2026.

c. Identify any change in the original need or justification for the project. If there has been no change, confirm that the original need and justification remain valid.

Project-Specific Variances

7. Section 4.1 - ECC Mechanical Upgrades and Electrical Assessment

   a. Did all the work that was originally budgeted for get completed under budget, or was some budgeted work not undertaken during the year? If the latter, explain why the budgeted work did not get completed.

8. Section 4.2 – Combustion Turbine 3 Spare and Replacement Parts

   a. Did MECL purchase all four breakers and replacement air compressor that were originally budgeted for?

9. Section 5.3a – Overhead and Underground Services

   a. Break out the forecast and actual costs for a) material; b) traffic control; and c) completing customer-requested work associated with the Heat Pump Assistance and Oil to Heat Pump Affordability programs.

10. Section 5.4 – Line Extensions

    a. Identify the main driver for each of the projects listed on Page 9, Lines 13-22.

    b. How did these four projects come to Maritime Electric’s attention?

    c. Were these projects undertaken by contract crews or Maritime Electric personnel?

    d. Were the three projects in Lines 13-19 complete rebuilds or modifications to existing infrastructure?

    e. Was the remaining balance overbudget variance of $358,775 due to volume of work or increased unit costs of material and labour?

11. Section 5.5 – Line Rebuilds

a. Communication Make-Ready Work – Why is this not given a provisional amount in an annual Capital Budget application, given the amount of work undertaken over the past several years?

b. Eastern Cedar Pole Replacement Program – The 2025 Capital Budget (UE20741, Page 88, Lines 9-10) estimates 7,000 poles remained in service at the end of 2024. The 2026 Capital Budget (UE20746, Page 90 Line 32, and Page 91 Lines 1-2) estimates 6,100 poles in service at the end of 2025, meaning approximately 900 poles were completed in 2025. Did Maritime Electric meet its target replacements in 2025, and is the program is still on track for substantial completion in 2029? Explain.

c. Satellite-Based Vegetation Imaging Program – Compare budgeted and actual cost of software and vendor labour.

12. Section 5.7 – Substation, Line and Communication Equipment

a. What changed in the system from 2024 to 2025 that drove this unbudgeted spend in 2025?

b. Compare the forecast and actual numbers and costs of capacitor banks and reclosers that were purchased and/or installed?

13. Section 5.8 – Transportation Equipment

a. 2025 Line Trucks – The two Aerial Bucket trucks had an initial forecast 2025 cost of $414,000 (2024 Capital Budget, Table 55). This increased to $457,500 (2025 Capital Budget, Table 61). This Application indicates the 2025 cost is now roughly $625,000 (2025 Capital Budget Variance, Appendix III). Explain the increased costs associated with these vehicles.

14. Section 6.1 – Substation Projects

a. Sherbrooke X1 Autotransformer Replacement – Provide a breakdown of costs associated with expenditures required to ‘bridge the gap’, per Page 17, Lines 30-32. Will the West Royalty autotransformer be removed once the new autotransformer is commissioned at Sherbrooke? If so, what are the expected costs associated with removal of the West Royalty substation autotransformer, and have these been included in the 2026 Capital Budget?

b. Substation Modernization Program – Provide a brief description of work completed, including both in 2025 and projected carryover work.

15. Section 6.2 – Transmission Projects

a. 69 kV and 138 kV Switch Program – Did or will (through carryovers) Maritime Electric complete the projected purchases and installs per the 2025 Capital Budget application, Pages 146 (Lines 23-24) and 147 (Lines 1-2)?

b. Transmission Corridor Widening – Including the carryover, will Maritime Electric complete the all the work that was planned for 2025 when preparing the 2025 Capital Budget?

16. Section 7.1 – Corporate Services

a. Recurring Annual Capital Requirements – Provide a breakdown of the budgeted and actual/forecast costs associated with the bathroom renovations, heat pump replacements and modular office system replacements that contributed to the $185,027 over-budget variance.

b. Explain when Maritime Electric first became aware that the bathroom renovations and heat pump replacements were expected to exceed the approved budget. If Maritime Electric proceeded with the work after becoming aware of the expected over-budget variance, explain why it determined it was reasonable to do so.

c. The Application states that the $108,000 carryover relates to modular office system replacements purchased in 2025 but not received before year end. Confirm whether any amounts associated with these replacements were paid or recorded as capital expenditures in 2025 and explain what costs remain to be incurred in 2026.

Additional interrogatories may follow. Please provide responses to the Commission by October 9, 2026.

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Cheryl Bradley

Cheryl Bradley, CA, CPA
Director of Finance & Regulatory Affairs
Prince Edward Island Regulatory & Appeals Commission