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March 9, 2026

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The Island Regulatory and Appeals Commission

Ms. Cheryl Bradley
Island Regulatory & Appeals Commission
PO Box 577
Charlottetown PE C1A 7L1

Dear Ms. Bradley:

UE20746 – 2026 Capital Budget Application
Clarification Questions

Please find attached the Company's responses to clarification questions from Mr. Roger King with respect to the 2026 Capital Budget Application filed with the Commission on November 24, 2025.

Yours truly,

MARITIME ELECTRIC

Gloria Crockett

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

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MARITIME ELECTRIC
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Via email: rdking519@gmail.com

March 9, 2026

Mr. Roger King
519 Simpson Mill Rd
Hunter River PE C0A 1N0

UE20746 – 2026 Capital Budget Application
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Please find attached the Company's response to your clarification questions with respect to the 2026 Capital Budget Application filed with the Commission on November 24, 2025.

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I N T E R R O G A T O R I E S

Responses to Interrogatories of Roger King

2026 Capital Budget Clarification Questions (UE20746)

Submitted March 9, 2026

Generation: $4,924,000 and Appendix A

IR-1 Reference Appendix A:

a. What are the forecast project contents/activities for each of the expenditures in years 2027 to 2030?
b. For the four years prior 2026 this "Generation" expenditure was $4M; the subsequent four years has increased substantially to $24M - why?

Response:

a. Refer to Exhibit M-1 Appendix B for a breakdown of the planned generation expenditures in each of the years from 2027 to 2030.

b. The forecast increase in Generation expenditures for the period 2026 to 2030, relative to actual expenditures in recent prior years, is related primarily to Combustion Turbine 1 ("CT1") and Combustion Turbine 2 ("CT2") projects. These projects are intended to ensure the expected life of CT1 and CT2 is achieved, as these units continue to be relied upon as capacity resources. Refer to Exhibit M-1 Appendix B for the list of projects.

IR-2 What are the project relationships of these forecasted expenditures with the Supplemental Capital Applications currently submitted to IRAC, the pending applications dealing with the completion/Part 2 of the Accelerated Generation Application (BESS and RICE generation) and the current Government planning activities for replacement of sub-sea cables #1 and 2?

Response:

Refer to Response to IR-1(a).

None of the projects in the expenditures forecast are related to the Supplemental Capital Applications currently submitted to the Island Regulatory and Appeals Commission ("IRAC") or current Government planning activities related to the replacement of subsea cables 1 and 2.[1]

[1] Supplemental Capital Applications include the On-Island Capacity for Security of Supply application, the Utility Scale Solar application and the Cost Changes to CIS/AMI application.

Bedeque Substation: $11,370,000

IR-3 The 2016 installation of sub-sea cables #3 and 4 involved integrating a Government owned new electricity transmission system with an MECL owned and established Substation (Borden-Carlton). This proposed Bedeque Substation has different and opposite ownership and integration aspects but involves similar ownership and costs obligations, i.e. MECL attaching a new Substation to an existing connection/switching facility for sub-sea cables #1 and 2 with a Government owned transmission system. To ensure clarity, please provide a detailed descriptive comparison of both the Borden-Carlton integrated site and the proposed Bedeque integrated site for the following aspects:

a. Site land ownership and costs
b. Equipment ownership and costs
c. Maintenance and repair responsibilities and costs
d. Any other significant ownership and costs aspects

Response:

The proposed Bedeque distribution substation has the same ownership structure as all other distribution substations serving Maritime Electric Company, Limited ("Maritime Electric" or the "Company") customers, which is that it is 100 per cent owned and operated by Maritime Electric. The proposed Bedeque distribution substation is separate from the Bedeque switching station, but the two stations will be adjacent and fenced together.

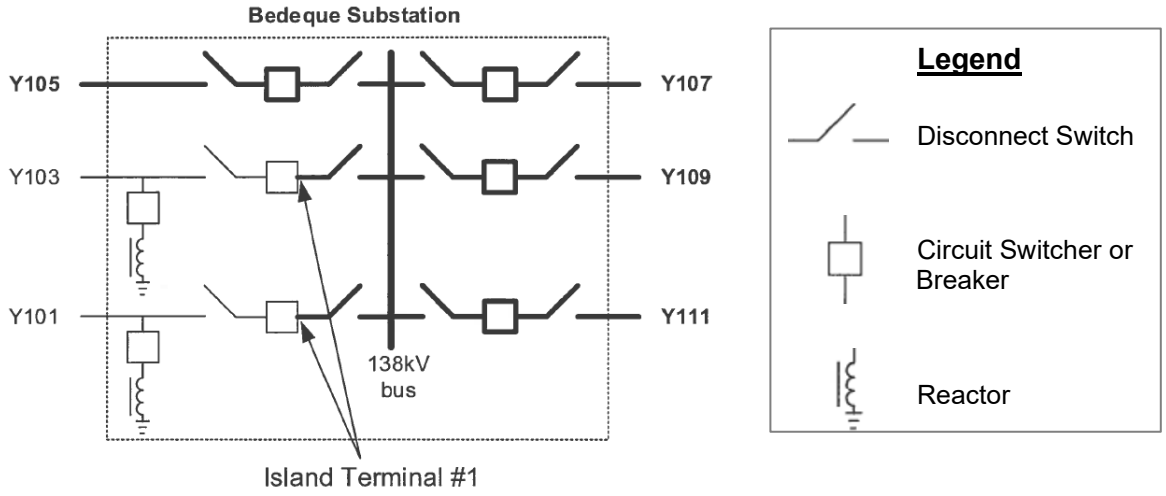
The Borden-Carleton site consists of two independent stations: the Borden-Carleton riser station (i.e., switching station) and the Borden-Carleton generating station. There is no distribution substation located at the Borden-Carleton site.

Table IR-3 summarizes the ownership and responsibilities of the Borden-Carleton and Bedeque sites. Through Maritime Electric's Interconnection Lease Agreement with the Province of Prince Edward Island and the Prince Edward Island Energy Corporation (collectively referred to as "Government of PEI"), regular operating and maintenance activities and costs for Government of PEI-owned equipment are Maritime Electric's responsibility, with costs recovered in accordance with Maritime Electric's Open Access Transmission Tarriff ("OATT"). Capital replacement costs for Government of PEI-owned equipment are made by the Government of PEI through a Cable Contingency Fund, an account that is funded in part by Maritime Electric.

For clarity, Figure IR-3(i) shows a single line diagram ("SLD") for the existing Bedeque switching station and Figure IR-3(ii) shows a SLD for the Borden-Carleton riser station. The SLDs denote Maritime Electric-owned equipment with bold lines and Government of PEI-owned equipment with thin lines.

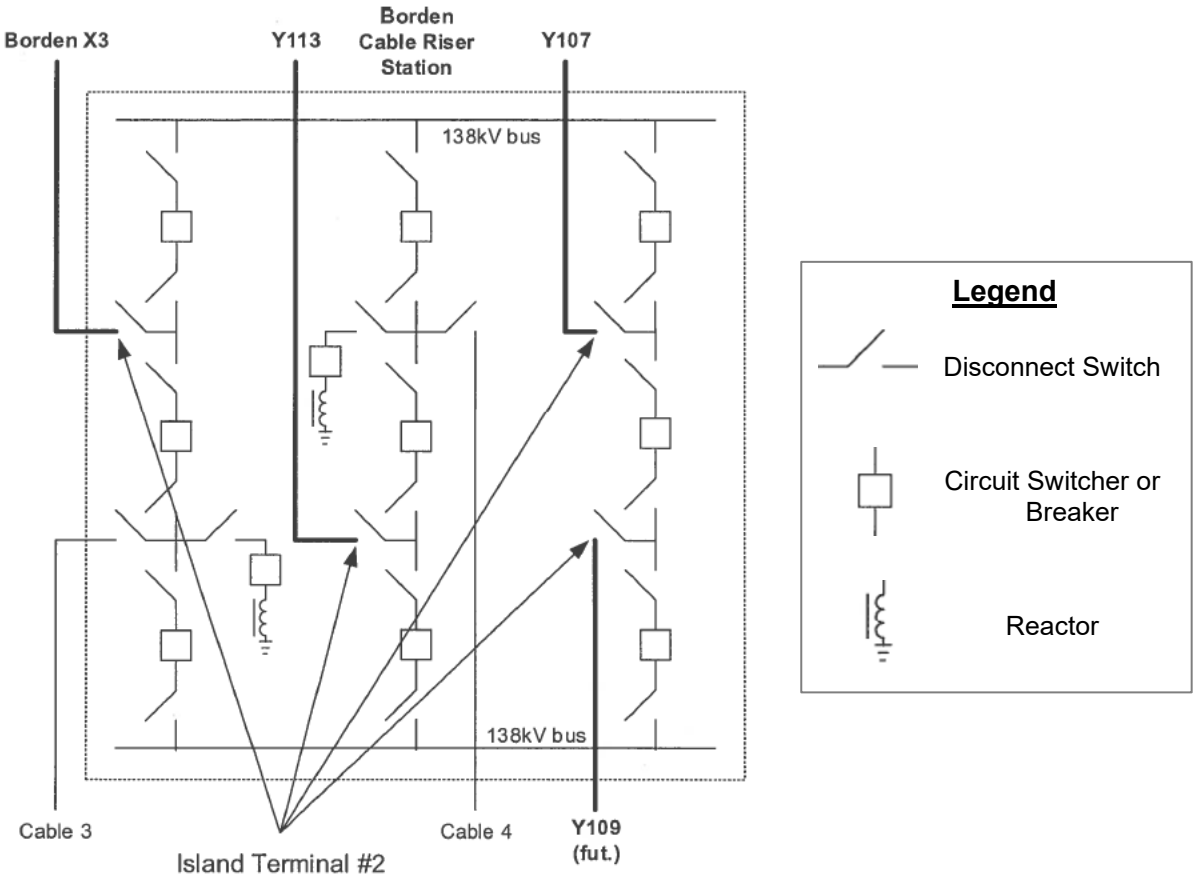
TABLE IR-3 Comparison of Borden-Carleton and Bedeque Sites Ownership and Responsibilities				
	Borden-Carleton Riser Station	**Bedeque Switching Station**	**All other Maritime Electric distribution substations**	**Proposed Bedeque Distribution Substation**
Site land ownership and costs	Maritime Electric	Maritime Electric	Maritime Electric	Maritime Electric
Equipment ownership and costs	Government of PEI	Government of PEI and Maritime Electric	Maritime Electric	Maritime Electric
Regular operating and maintenance responsibility and costs	Maritime Electric	Maritime Electric	Maritime Electric	Maritime Electric
Capital replacements cost	Government of PEI through the Cable Contingency Fund	Government of PEI through the Cable Contingency Fund (except Maritime Electric assets)	Maritime Electric	Maritime Electric

FIGURE IR-3(i)
Existing Bedeque Switching Station Single Line Diagram



Maritime Electric-owned facilities illustrated in **BOLD LINE**
Government of PEI-owned facilities illustrated in THIN LINE

FIGURE IR-3(ii)
Borden-Carleton Riser Station Single Line Diagram



Maritime Electric-owned facilities illustrated in **BOLD LINE**
Government of PEI-owned facilities illustrated in THIN LINE

IR-4 What is the reason for having to replace the transmission reactors? What will be the ratings and is this the same as previously installed?

Response:

In discussions with the Government of PEI, the reactors were identified as end of life due to their age and condition.

Both reactors are planned to be replaced with units of the same ratings as those currently installed, which are 138 kilovolt ("kV") 30 megavolt-ampere reactive ("MVAR") each.

IR-5 What is the reason for separating the costs of mounting/connecting/integrating the new reactors as an MECL/customer cost when the reactors (old or new) are owned and paid for by the Government? The reactors cannot function “out-of-the-box”.

Response:

Please refer to Response to IR-3.

Detailed design for the replacement of the reactors has not yet been completed and the installation location of the new reactors within the site remains to be determined. If the existing foundations and supporting infrastructure can accommodate the new reactors, costs associated with integrating them will be covered by the Government of PEI through the Cable Contingency Fund. However, if the existing foundations and supporting infrastructure cannot accommodate the new reactors, it is possible that the reactors will be relocated and connected to the Maritime Electric-owned 138 kV bus, in which case costs associated with the supporting infrastructure will be Maritime Electric’s responsibility.

IR-6 In previous capital budgets there were plans to upgrade/replace the Government owned interconnections from the sub-sea cables #1 and 2 to the transmission switching station; have these been completed? If not what are the current MECL recommendations for the Government owner?

Response:

On July 6, 2022, Maritime Electric submitted a Supplemental Capital Budget Request application to IRAC to purchase Government of PEI-owned Bedeque assets, including overhead transmission lines Y-101 and Y-103 connecting Cables 1 and 2 to the Bedeque switching station, for $1.[2] The application stated that it was "recognized by both parties [the Government of PEI and Maritime Electric] that the aged assets of the overhead 138 kV transmission owned by the Province will require replacement".[3] In February 2023, via Order UE23-02, that Application was denied.

Replacements of Y-101 and Y-103 have not been completed. Any inquiries related to capital investments for these assets should be directed to the Government of PEI.

[2] Refer to IRAC Docket UE20736, Exhibit M-1.
[3] Ibid., page 7.

IR-7 What assumptions have been made such that the projected annual customer load increase of 5.3% for the Albany, Kensington and Bedeque area will continue? Apart from Kensington, this is a sparsely populated rural area so does the assumed growth in Kensington predominate? If so why?

Response:

The 5.3 per cent projected annual load growth estimate is based on recent substation-metered coincident peak measurements and observed year-over-year load growth at the Albany and Kensington substations. While the Kensington area continues to exhibit the strongest load growth, the area directly south of the City of Summerside, supplied by the Albany substation, is also experiencing significant load growth. The recently observed annual load growth, along with the expected continued development in these areas, support the projected continued load growth.

IR-8 What is the age of the Albany transformer? When is it due for replacement and/or upgrade?

Response:

The Albany substation is equipped with two paralleled power transformers (Transformer No. 43 and Transformer No. 54) that supply the Augustine Cove, Crapaud, Borden Industrial Park and Bedeque distribution areas.

Transformer No. 43 was installed in 1977 and was identified for replacement in the 2024/2025 Capital Budget cycles due to its age. The replacement transformer was received in late 2025 and is expected to be installed in 2026.

Transformer No. 54 was installed in 1990 and is not planned for replacement at this time.

Mount Pleasant Substation: $8,473,000

IR-9 To better understand the Substation and Switching services for Prince County following the evolution of the four sites in O'Leary, Wellington, Woodstock and now Mount Pleasant, please describe the service areas, number of customers and forecasted growth in each service area. Of particular interest is the history of the Woodstock switching station and the services now provided that originally was targeted for Mount Pleasant and then re-sited to Woodstock.

Response:

The planned switching station in western PEI was re-sited from the original Mount Pleasant location to the current Woodstock switching station location in the 2022 Capital Budget Application. Moving the switching station to the Woodstock location extended the 138 kV system further west, which increases the reliability benefits for western PEI customers. The Woodstock switching station, as constructed, does not include a distribution yard. Moving the switching station to the Woodstock area does not eliminate the requirement for a new distribution substation in the Mount Pleasant area.

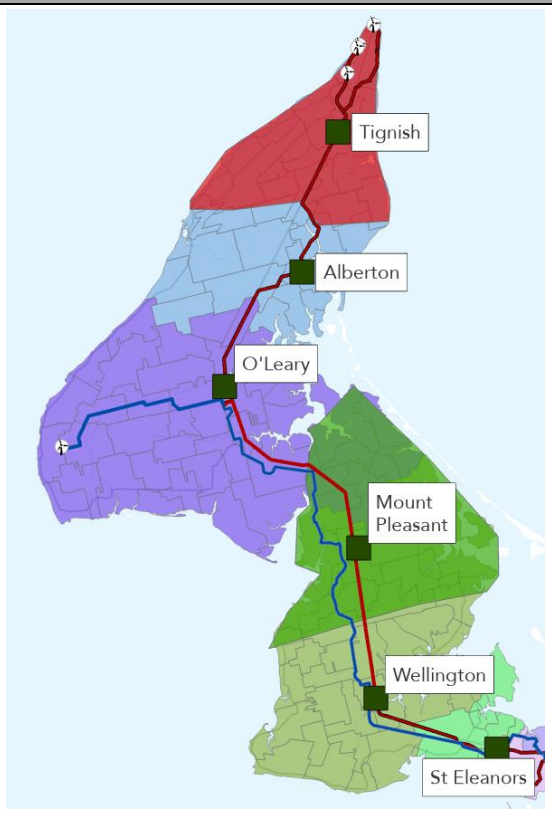
If the proposed Mount Pleasant substation is constructed, six distribution substations (St. Eleanor's, Wellington, Mount Pleasant, O'Leary, Alberton and Tignish) will supply Prince County. Recent annual peak demand growth in the area has been between 4 and 5 per cent. While regional load forecasts are not completed for each county, Maritime Electric's 2025 load forecast projects an annual peak demand growth of approximately 2.5 per cent over the next five years for the entire Maritime Electric system.

The approximate number of customers supplied by each western PEI substation, after the addition of the proposed Mount Pleasant substation, is provided in Table IR-9. The proposed service territory for each substation is shown in Figure IR-9. The Woodstock switching station is not a distribution substation, therefore it does not supply customers directly and is not included in Table IR-9 and Figure IR-9.

TABLE IR-9
Western PEI Customer Count by Substation
(after the addition of the Mount Pleasant substation)

Substation	Approximate Number of Customers
St. Eleanors	2,000
Wellington	2,300
Mount Pleasant (proposed)	2,000
O'Leary	3,300
Alberton	1,600
Tignish	3,200

FIGURE IR-9
Western PEI Substation Service Territories



IR-10 One justification for adding a substation in this area is the increase in the number of area DERs which presumably is also occurring in other areas. Please provide a comparative description of this evolving voltage support/power factor correction challenge for all three PEI Counties currently and the forecasted future evolution.

Response:

The addition of a significant number of distributed energy resources ("DER"), such as behind the meter solar, can present voltage control challenges.

The number of DERs installed across the three PEI counties is approximately the same relative to the number of customers served. However, voltage support challenges on the distribution system can vary within each county. Voltage challenges are typically attributable to the characteristics of specific distribution feeders, including the length of the feeder and the total demand on the feeder. Voltage challenges can also be impacted by the location of the load and DERs on the feeder. For example, customer load and DERs located at the extremities of a feeder can present more voltage challenges than those located near the substation. The proposed Mount Pleasant substation will shorten the length of distribution feeders in the surrounding areas, which will improve power quality.

IR-11 As this growth in DERs is expected to continue, what is the estimated added support cost metric that should be expected as $/MW/DER. Perhaps the most recent actual cost example might be the integration of the Slemon Park 10 MW solar for the St Eleanor's substation – what was the total integration cost and who paid?

Response:

Maritime Electric has not completed an analysis on the "added support cost metric that should be expected as $/MW/DER".

Under Section 3(c) of the *Electric Power Act*, Maritime Electric is required to purchase electric energy generated from equipment owned by the Prince Edward Island Energy Corporation ("PEIEC").

Any inquiries regarding the integration costs of the 10 MW Slemon Park Solar Farm should be directed to the project owner, the PEIEC.

IR-12 It is reported that Lennox Island is considering two solar projects – one on Lennox Island, the other (perhaps 32MW) close to the Woodstock switching station. What substation and transmission switching support challenges will arise and will the proposed Mount Pleasant substation now become the support for both projects – a change from the Wellington substation as originally listed?

Response:

Large-scale solar projects wishing to connect to Maritime Electric's system must be studied. As part of the studies, support challenges are identified and addressed as needed. Having a new substation in the Mount Pleasant area may help address support challenges. Any costs to address these challenges will be allocated to the solar project or Maritime Electric, depending on the specific nature of the challenge.

IR-13 What is the proposed size of the Mount Pleasant substation transformer and what are the likely additional transformers required for future service?

Response:

The proposed size of the Mount Pleasant substation transformer is 20 megavolt-amperes ("MVA"). An additional 20 MVA transformer will likely be required if the utility scale solar project in the area proceeds, with the costs to be allocated to the solar project.

PEI Electricity Infrastructure and Electricity Supply Planning – reference Appendix A

It is clear from the MECL recent public announcements that the required assertiveness from both our PEI Government and MECL has been missing for an expanded PEI/New Brunswick Supply infrastructure dictated by the Government's aggressive electrification policies. As the de facto PEI Electricity System Operator, please provide responses to:

IR-14 When will the 2025 update to the MECL 2020 Integrated System Plan be available to enable a complete review of this Application and any subsequent Capital requests?

Response:

The 2025 Integrated System Plan is expected to be completed by the end of September 2026.

IR-15 When will the MECL Ten Year Transmission Outlook document be similarly updated?

Response:

The Ten-Year Transmission Outlook document will be presented at the Transmission Users Group meeting, which is expected to occur in the third quarter of 2026. The document will be posted on the Maritime Electric OATT website after the meeting, likely by the end of 2026.

IR-16 What is the detailed status of each of the four (4) 2026 projects listed on the MECL "Interconnection Request Queue"?

Response:

The Interconnection Request Queue, as of March 6, 2026, is provided in Figure IR-16. Interconnection requests 1 through 5 are currently in the "System Impact Study" stage. All other interconnection requests are waiting to be studied.

FIGURE IR-16
Maritime Electric Interconnection Request Queue

Queue Order	County	MW Summer	MW Winter	Interconnection point requested	Type	In Service Date
1	Prince	96	96	Woodstock Switching Station	Wind	01-Dec-26
2	Prince	18	18	Y109/Y111	Wind	01-Jan-26
3	Prince	100	100	Bedeque Switching Station	Photovoltaic	01-Jan-26
4	Prince	40	40	Bedeque Switching Station	Photovoltaic	01-Jan-26
5	Prince	32	32	Wellington Substation	Photovoltaic	31-Jan-2028
6	Queens	32	32	Airport Substation	Photovoltaic	31-Jan-2028
7	Queens	10	10	T1	BESS	31-Sep-2028
8	Queens	100	100	Charlottetown Substation	Thermal	31-Sep-2029
9	Kings	90	90	Lorne Valley Substation	Thermal	31-Sep-2030
10	Prince	21	21	Bedeque Switching Station	Wind	01-Jun-28
11	Prince	42	42	Bedeque Switching Station	Wind	01-Jun-28
12	Kings	42	42	T8 – Lorne Valley – Dingwells Mills	Wind	June 2029

IR-17 Apart from the current IRAC Generation Application for a 2028 installation, what are the MECL recommendations and actions intended to immediately recover adequate electricity supply, from now and beyond 2028, to avoid the current Supply restriction.

Response:

Apart from Maritime Electric's Supplemental Capital Budget Request for the On-Island Capacity for Security of Supply Project, there are limited immediate options to avoid supply shortages.[4]

In past years, New Brunswick Power Corporation ("NB Power") has had excess capacity available on a short-term basis; however, NB Power is now also capacity constrained. Maritime Electric will continue to request short-term capacity from NB Power, but its availability is not guaranteed and cannot be reserved.

If there is a risk of a supply shortage, Maritime Electric will first ask customers to conserve electricity. In the event of a supply shortage, interruptible customer loads will be interrupted first. However, if there is still insufficient supply to meet the demand, Maritime Electric will be required to initiate its Rotating Outage Plan.[5]

[4] Refer to IRAC Docket UE20742.
[5] Refer to IRAC Docket UE21506, Exhibit M-1.

IR-18 In particular, what are the MECL recommendations and actions to increase the 300MW PEI/Nova Scotia/New Brunswick intertie transmission limit as a priority and which projects in either this capital budget request or those estimated in Appendix A apply?

Response:

Please refer to Docket UE20742, Exhibit M-21, Response to Interrogatories from PEIEC, Maritime Electric Response to IR-3.

A request for conditional firm transmission capacity associated with NB Power's proposed Renewable Integration and Grid Security ("RIGS") project was submitted to NB Power in July 2025, by New Brunswick Energy Marketing Corporation (a subsidiary of NB Power) on behalf of Maritime Electric. The specific request is to increase the import limit from 300 MW to 350 MW, which will be contingent on the RIGS facility generating electricity or operating in synchronous condensing mode.

While no projects in Appendix A directly apply to increasing the intertie limit, projects such as the new 138 kV line from the Bedeque switching station to the Scotchfort substation and the addition of synchronous condensers associated with Maritime Electric's proposed On-Island Capacity for Security of Supply Project would help support additional imports from New Brunswick.[6]

[6] The On-Island Capacity for Security of Supply Project is not included in Appendix A but is mentioned due to its importance towards grid stability.