



February 28, 2017

Island Regulatory and Appeals Commission
PO Box 577
134 Kent Street Suite 501
Charlottetown PE C1A 7L1

Dear Commissioners:

2016 Capital Budget Variance Report

Please find attached five copies of the Company's 2016 Capital Budget Variance Report. An electronic version copy will follow shortly.

If you have any questions, please do not hesitate to contact me at 902-629-3696.

Yours truly,

MARITIME ELECTRIC

A handwritten signature in black ink, appearing to read "Jason C. Roberts".

Jason C. Roberts
Director, Regulatory & Financial Planning

JCR13
Enclosure

MARITIME ELECTRIC COMPANY, LIMITED
2016 CAPITAL BUDGET VARIANCE REPORT

February 28, 2017

**MARITIME ELECTRIC COMPANY, LIMITED
2016 CAPITAL BUDGET VARIANCE REPORT**

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**MARITIME ELECTRIC COMPANY, LIMITED
2016 CAPITAL BUDGET VARIANCE REPORT**

INTRODUCTION

On November 3, 2015, the Island Regulatory and Appeals Commission issued Order UE15-01 approving an Application by Maritime Electric Company, Limited (“Maritime Electric” or the “Company”) in respect of its 2016 Capital Budget. This report provides a description of the variances of the actual expenditures from the approved 2016 Capital Budget.

Total capital expenditures (net of contributions in aid of construction) for 2016 were \$3,413,861, or approximately 11 per cent, under the approved budget. The Company has deferred certain 2016 capital projects, totaling \$4,364,000, to 2017 (Appendix I). The total capital expenditure variance, after consideration of projects deferred to 2017, is \$950,139 over budget (see Summary Table on Page 2-1). The over budget variance of \$950,139 was driven primarily due to higher than planned expenditures on distribution replacements due to storms, collision, fire and road alterations (\$956,000); higher than planned costs for distribution line extensions and rebuilds net of contributions (\$525,000); higher costs incurred for the Y-104 transmission project (\$382,000); and higher than budgeted Interest During Construction charges (\$206,000).

These over budget variances were partially offset by lower than planned expenditures on generation asset improvements (\$57,000); lower than planned installations of distribution transformers (\$352,000); lower than planned costs for system meters (\$169,000); lower than planned costs for services and street lighting (\$333,000); lower than planned costs for transportation (\$22,000); lower than planned costs for transmission line projects (\$139,000); lower than planned costs for transmission substation projects (\$31,000); and lower than planned capitalized general expense (\$16,000).

In 2016, the Company completed \$1,101,732 of previously approved capital project work that was in progress at the end of 2015. A schedule of these projects is provided in Appendix II. In addition, the Company has deferred certain 2015 capital projects, totaling \$1,233,000 to 2017 (Appendix I).

MARITIME ELECTRIC COMPANY, LIMITED
2016 CAPITAL BUDGET VARIANCE REPORT

SUMMARY

	Approved 2016 Budget	2016 Expenditures	Estimated Expenditures in 2017	Total Expected Expenditures	Variance From Budget	Approved 2017 Budget
Generation	\$ 1,215,000	\$ 1,157,692	\$ -	\$ 1,157,692	\$ (57,308)	\$ 1,253,000
Distribution	17,538,000	18,146,976	857,000	19,003,976	1,465,976	18,030,000
Transmission	10,399,000	7,329,918	3,282,000	10,611,918	212,918	8,641,000
Corporate	1,214,000	990,441	225,000	1,215,441	1,441	1,068,000
Capitalized General Expense	494,000	477,714	-	477,714	(16,286)	491,000
Interest During Construction	<u>200,000</u>	<u>405,915</u>	<u>-</u>	<u>405,915</u>	<u>205,915</u>	<u>316,000</u>
Sub-Total	\$31,060,000	\$ 28,508,656	\$ 4,364,000	\$ 32,872,656	\$ 1,812,656	\$ 29,799,000
Less: Contributions in Aid of Construction	<u>(400,000)</u>	<u>(1,262,517)</u>	<u>-</u>	<u>(1,262,517)</u>	<u>(862,517)</u>	<u>(400,000)</u>
Net Total	<u>\$30,660,000</u>	<u>\$ 27,246,139</u>	<u>\$ 4,364,000</u>	<u>\$31,610,139</u>	<u>\$ 950,139</u>	<u>\$ 29,399,000</u>

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GENERATION

Generation – Summary

	<u>Approved</u> <u>2016 Budget</u>	<u>2016</u> <u>Actual</u>	<u>2016</u> <u>Variance</u>	<u>Approved</u> <u>2017 Budget</u>
4.1 Charlottetown Plant Buildings and Services Projects	\$ 98,000	\$ 116,886	\$ 18,886	\$ 88,000
4.2 Charlottetown Plant Boiler Projects	283,000	133,839	(149,161)	154,000
4.3 Charlottetown Plant Turbine-Generator Projects	680,000	166,632	(513,368)	876,000
4.4 Borden Plant Projects	<u>154,000</u>	<u>740,335</u>	<u>586,335</u>	<u>135,000</u>
Total	<u>\$1,215,000</u>	<u>\$1,157,692</u>	<u>\$ (57,308)</u>	<u>\$1,253,000</u>

4.1 Charlottetown Plant Buildings and Services Projects **Variance \$18,886**

The Generation 4.1 budget category was \$18,886 or 19 per cent over budget. The \$52,000 budget for Charlottetown Plant Roof Replacements was over budget by \$14,900 due to further damage found once the project began that required additional spending. Also, a section of city fire and water piping that supplies the ECC and Plant buildings had to be replaced due to corrosion discovered in mid-2016 at a cost of \$12,400 which was not included in the 2016 budget. These increases were partially offset by lower than budgeted expenditures in safety equipment, parts storage improvements, and door and window replacements of \$8,400.

4.2 Charlottetown Plant Boiler Projects **Variance \$(149,161)**

The Generation 4.2 budget category was \$149,161 or 53 per cent under budget. The 4.2 category for 2016 consisted of miscellaneous boiler projects at the Charlottetown Plant. The budget amounts for Boiler Improvements, Large Motor Refurbishments and Tool Replacements were provisional based on past experience; however, no major issues materialized during the year resulting in lower than budgeted expenditures of

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approximately \$64,700. Additionally, the Waste Water Treatment Sand Filter Replacement project was scaled back, following internal inspections, to a replacement of the filter media within the unit instead of the complete refurbishment and replacement of the sand filter unit. This resulted in a reduction of \$78,000 compared to budget. The Boiler Insulation Replacement budget was underspent by \$6,500 due to the reduced availability of contract employees to perform this work.

4.3 Charlottetown Plant Turbine-Generator Projects Variance \$(513,368)

The Generation 4.3 budget category was \$513,368 or 75 per cent under budget.

The Turbine/Generator Overhaul on Unit No. 7 project was scaled back from a complete overhaul and refurbishment of the unit. The results of an assessment by an independent expert, ROS Consulting Inc., concluded that the overhaul could be deferred indefinitely provided temperature and vibration monitoring were installed at a substantially lower cost. This change resulted in savings of approximately \$376,000 which were reallocated, in consultation with the Commission in May 2016, to perform an emergency refurbishment on Combustion Turbine 1 (“CT1”) at the Borden Generating Station (see 4.4 budget category below).

Several projects (i.e. Steam Turbine Improvements; Combustion Turbine Improvements; and Turbine Insulation Replacements) included in this category were under budget by a total of \$137,000 due to lower than expected costs for materials and labour.

4.4 Borden Plant Projects Variance \$586,335

The Generation 4.4 budget category was \$586,335 or 381 per cent over budget. The increase was driven by unplanned emergency refurbishments related to CT1 that were identified late in 2015, after the 2016 Capital Budget had been prepared and submitted to the Commission. During a biennial borescope inspection of CT1, wear and damage to

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the nozzle guide vanes and exhaust outer cone bushings of the unit were identified and initially estimated to cost \$250,000 to refurbish.

During the strip down of the CT1 engine and the removal of the parts, additional internal components were discovered that required replacement to ensure the safety and reliability of the unit. The Commission was advised of this development in July 2016. This resulted in increased costs from the original estimate of \$250,000 to the final cost of \$657,000.

This increase was partially offset by not undertaking the planned \$58,000 project to replace the roof on the Borden Service Building. It was determined that the application of a spray coating, at a cost of \$3,000, would extend the life of the roof for an estimated ten years. Other costs savings included a \$12,600 decrease in budgeted expenditures on the provisional amount for Miscellaneous Borden Projects, and savings in the 4.2 and 4.3 budget categories as discussed previously.

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DISTRIBUTION

Distribution – Summary

	<u>Approved 2016 Budget</u>	<u>2016 Actual</u>	<u>2016 Variance</u>	<u>Approved 2017 Budget</u>
5.1 Replacements due to Storms, Collision, Fire and Road Alterations	\$ 1,042,000	\$ 1,997,881	\$ 955,881	\$ 1,400,000
5.2 Distribution Transformers	3,219,000	2,866,611	(352,389)	3,388,000
5.3 Services and Street Lighting	4,623,000	4,289,762	(333,238)	4,369,000
5.4 Line Extensions	2,344,000	3,135,552	791,552	1,963,000
5.5 Line Rebuilds	3,145,000	2,915,755	(229,245)	3,862,000
5.6 System Meters	635,000	466,266	(168,734)	542,000
5-7 Distribution Equipment	1,778,000	1,744,897	(33,103)	1,571,000
5.8 Transportation Equipment	<u>752,000</u>	<u>730,252</u>	<u>(21,748)</u>	<u>935,000</u>
Sub-Total	\$17,538,000	\$18,146,976	\$ 608,976	\$18,030,000
Less: Contributions in Aid of Construction (CIAC)	<u>(400,000)</u>	<u>(1,262,517)</u>	<u>(862,517)</u>	<u>(400,000)</u>
Total	<u>\$17,138,000</u>	<u>\$16,884,459</u>	<u>\$ (253,541)</u>	<u>\$17,630,000</u>

5.1 Replacements - Storms, Collision, Fire and Road Alterations Variance \$955,881

The 5.1 budget category was \$955,881 or 92 per cent over budget. The increase over budget is primarily the result of severe and successive snow, ice and wind storms that occurred over the period November 27, 2016 to December 1, 2016. These storms resulted in significant damage to the transmission and distribution system with approximately 165 broken poles, 15 damaged transformers, 5 kilometres of conductor requiring replacement and widespread power outages in Central and Eastern PEI. The restoration lasted 6 days and involved up to 51 crews, including contracted crews from

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New Brunswick Power, City of Summerside, Allteck, Tri-wire, GSD and H-Line contractors.

5.2 Distribution Transformers **Variance \$(352,389)**

The 5.2 distribution transformer category was \$352,389 or 11 per cent under budget. This is primarily driven by lower new service activity than provided for in the budget.

5.3 Services and Street Lighting **Variance \$(333,238)**

The 5.3 budget category was \$333,238 or 7 per cent under budget. The variance is the result of lower than average new overhead and underground services completed which were 16 per cent and 6 per cent lower in 2016, respectively, than the 5 year average. The 2017 approved budget for Services and Street Lighting is 5 per cent lower than 2016 budget to account for the lower than average trend in new services.

5.4 Line Extensions **Variance \$791,552**

The 5.4 line extensions budget category was \$791,552 or 34 per cent over budget. This budget category included a \$500,000 provision to allow the construction of distribution line feeders for the New Glasgow area substation which, as discussed further below, was not completed in 2016. When this \$500,000 provision is considered, the original budget category is \$1,291,552 over budget.

The variance is due to several significantly-sized customer-driven line extensions that were completed in 2016. These projects included extensions on the Murray Harbour Road (2.5 kilometres), Conway Road, Milligan's Wharf, Burleigh Road, and Foster Sharp Road (combined 12.5 kilometres) and Heatherdale Road (7 kilometres). These expenditures were substantially offset by Contributions in Aid of Construction ("CIAC") from customers (presented at the bottom of the Distribution Summary Schedule on Page 4-1) reflected in the \$862,517 positive CIAC variance.

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As noted in Appendix I (Project 5.4), a carryover to 2017 of \$825,000 is required to complete the necessary distribution line extensions, or feeders, to interconnect the new substation in the New Glasgow area that was originally scheduled for completion in 2016. The completion of this project was deferred to 2017 as the Company submitted a revised Environmental Impact Assessment (“EIA”) application to the Province to propose a change in the original substation location and associated transmission and distribution routing. The revised EIA was subsequently approved in February 2017. The approved 2016 Capital Budget for line extensions, as discussed above, had provided for a line extension budget of \$500,000 to allow construction of distribution line feeders from the original substation location; however, the new substation location (“Bagnall Road”) will require distribution line extensions budgeted at \$825,000. This \$325,000 increase in line extension is offset by a decrease of \$325,000 in the carryover for the transmission construction required to extend Transmission Line T-1 (Project 6.2 (d) in Appendix I). Overall the budgeted cost of the New Glasgow area substation in its new Bagnall Road location will be the same as in the originally proposed location and as approved in the 2016 Capital Budget Application, as summarized in the table below.

Table 1						
Option	Transmission Line	Substation	Transformer	Distribution	Fibre	Total
Originally approved 9.5 km transmission line, feeders and New Glasgow Substation	\$ 1,030,000	\$ 674,000	\$ 700,000	\$ 500,000	-	\$ 2,904,000
Revised 4.5 km transmission line, feeders and Bagnall Road Substation (with fibre)	\$ 450,000	\$ 674,000	\$ 700,000	\$ 825,000	\$ 255,000	\$ 2,904,000

5.5 Line Rebuilds

Variance \$(229,245)

The 5.5 budget category was \$229,245 or 7 per cent under budget. Capital resources in the fourth quarter were focused on the additional tree clearing to prepare for the 2017 construction of the Y-104 transmission line (see 6.3) and on the extensive storm

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DISTRIBUTION**

restoration efforts following the storms that occurred over the November 27, 2016 to December 1, 2016 period.

5.6 System Meters Variance \$(168,734)

The 5.6 system meters category was \$168,734 or 31 per cent under budget. Lower than expected new services, in-house development of distribution class metering units and the cost savings as a result of a technological change with respect to how Maritime Electric collects load data at the substation level substantially accounts for the variance.

5.7 Distribution Equipment Variance \$(33,103)

The 5.7 budget category was \$33,103 or 2 per cent below budget. One project, the SCADA Master Station upgrade, is to be completed in 2017 at a cost of \$32,000. After consideration of this deferral, this project category will be approximately \$1,000 or less than 1 per cent under budget.

5.8 Transportation Equipment Variance \$(21,748)

The Transportation 5.8 budget category was \$21,748 or 3 per cent under budget.

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TRANSMISSION

Transmission – Summary

	Approved 2016 Budget	2016 Actual	2016 Variance	Approved 2017 Budget
6.1 Substation Projects	\$ 4,941,000	\$ 2,238,389	\$(2,702,611)	\$ 2,652,000
6.2 Transmission Projects	2,574,000	1,825,142	(748,858)	3,707,000
6.3 Y-104 Multi-Year Project	<u>2,884,000</u>	<u>3,266,387</u>	<u>382,387</u>	<u>2,282,000</u>
Total	<u>\$10,399,000</u>	<u>\$ 7,329,918</u>	<u>\$(3,069,082)</u>	<u>\$ 8,641,000</u>

6.1 Substation Projects **Variance \$(2,702,611)**

The 6.1 budget category was \$2,702,611 or 55 per cent under budget. This under budget variance is the result of deferring several substation related projects, totaling \$2,672,000, to 2017 as follows (see Appendix I – Schedule of Deferred Budget Items for further details).

- i. New Glasgow Substation and Transformer \$1,254,000
- Project 6.1 (a) New Glasgow area substation, as discussed in more detail in Section 5.4, was deferred to 2017 due to delays in EIA process approval. The cost of the substation in its original planned location was approved in the 2016 Capital Budget Application at a cost of \$1,374,000. The budgeted cost of the substation remains unchanged in the new Bagnall Road location (see Table 1 in Section 5.4). A cost of \$120,398 was incurred for this project in 2016 as a result of a 20 per cent down payment for transformer purchasing. The result is a deferral to 2017 of the remaining \$1,254,000 to complete this project.

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TRANSMISSION

- | | | |
|------|--|-------------|
| ii. | <u>Substation Automation Project</u> | \$60,000 |
| | Project 6.1 (d) Substation Automation was deferred to 2017 as a result of the redeployment of Company engineering resources to the Submarine Cable Interconnection Project. | |
| iii. | <u>Transmission System Capacitors</u> | \$1,358,000 |
| | Project 6.1 (e) Transmission System Capacitors was deferred to 2017 as a result of the redeployment of Company engineering resources to the Submarine Cable Interconnection Project and the need to engage an external consultant to complete a System Resonance Study. This Study has been completed and provided confirmation that with the installation of capacitor banks in Charlottetown and Lorne Valley, the system will not experience resonance. | |

The approved budget for this project is \$1,661,000. A cost of \$303,491 was incurred in 2016 for this project as a result of preparation work in the Charlottetown Substation to accommodate capacitor banks including purchasing two new Siemens switchgear and the reconfiguration of the existing 13.8 kV distribution feeders. This results in a deferral to 2017 of the remaining \$1,358,000 to complete this project.

6.2 Transmission Projects **Variance \$(748,858)**

The 6.2 transmission projects category is \$748,858 or 29 per cent below budget. This budget category included a \$1,030,000 provision to allow the construction of a 9.5 kilometre transmission line for the New Glasgow area substation of which \$95,182 was spent in 2016. When the remaining \$934,818 provision is considered, the original budget category is \$185,960 over budget primarily due to additional labour, materials and off-road equipment costs to complete high priority deficiencies on transmission line Y-109 that were identified during inspection.

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As discussed in Section 5.4 and in Appendix I (Project 6.2(d)), a carryover is required to complete the T-1 transmission line to the New Glasgow area substation. The new New Glasgow area substation location approved under the EIA in February 2017 requires only a 4.5 kilometre T-1 transmission line extension (and not a 9.5 kilometre extension provided for at the original substation location). The budgeted cost of completing this 4.5 kilometre transmission extension including the installation of fibre optic cable required for communication with the substation at the new Bagnall Road location in 2017 is \$610,000 (\$450,000 for transmission line construction plus \$255,000 for fibre installation less a \$95,000 cost incurred in 2016).

6.3 Y-104 Multi-Year Project

Variance \$382,387

The 6.3 budget category is \$382,387 or 13 per cent over budget. This is primarily due to additional tree clearing that was completed in the Fall of 2016 to prepare for the planned construction of 12 kilometres of transmission line in first half of 2017. One of the stipulations of the EIA for the Y-104 project is that tree clearing is prohibited between May and September because of the bird nesting season. As this is a multi-year project, the decision was made to proceed with the tree clearing in the Fall of 2016 to expedite construction in early 2017.

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CORPORATE

Corporate – Summary

	<u>Approved</u> <u>2016 Budget</u>	<u>2016</u> <u>Actual</u>	<u>2016</u> <u>Variance</u>	<u>Approved</u> <u>2017 Budget</u>
7.1 Corporate General	\$ 300,000	\$ 114,862	\$ (185,138)	\$ 300,000
7.2 Information Technology	<u>914,000</u>	<u>875,579</u>	<u>(38,421)</u>	<u>768,000</u>
Total	<u>\$ 1,214,000</u>	<u>\$ 990,441</u>	<u>\$ (223,559)</u>	<u>\$ 1,068,000</u>

7.1 Corporate General **Variance \$(185,138)**

The 7.1 budget category was under budget by \$185,138 or 61 per cent and is the result of deferring two projects until 2017.

- i. Substation Entrance Resurfacing – West Royalty \$55,000
 Project 7.1 (a) - Substation Entrance Resurfacing – West Royalty, budgeted at \$55,000, is being deferred to 2017. The Company did not receive any responses from the four suppliers who were sent requests for proposals due to supplier workloads.

- ii. Service Centre Improvement Plan - West Royalty Service Centre \$130,000
 Project 7.1 (b) - Service Centre Improvement Plan – West Royalty Service Centre (“WRSC”) was under budget by approximately \$130,000 as planned work for 2016 was not completed and is being deferred to 2017. BGHJ Architects, who conducted the original design work on the WRSC property in 1989, were engaged in 2016 to conduct a review of the property and develop a Long-Term Master Planning Report and Recommendations for the reorganization of space and services to facilitate improved efficiency at this location. The report was not complete at year end. Depending on the final recommendation of the Report, the Company may revise its long-term plans for the facility.

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CORPORATE

7.2 Information Technology **Variance \$(38,421)**

	<u>Approved 2016 Budget</u>	<u>2016 Actual</u>	<u>2016 Variance</u>	<u>Approved 2017 Budget</u>
7.2 (a) Hardware Acquisitions	\$ 450,000	\$ 435,333	\$ (14,667)	\$ 198,000
7.2 (b) Purchased Software and Upgrades	251,000	266,566	15,566	280,000
7.2 (c) Other IT Services/Projects	<u>213,000</u>	<u>173,680</u>	<u>(39,320)</u>	<u>290,000</u>
Total	<u>\$ 914,000</u>	<u>\$ 875,579</u>	<u>\$ (38,421)</u>	<u>\$ 768,000</u>

7.2 (a) Hardware Acquisitions **Variance \$(14,667)**

The 7.2 (a) category was under budget by \$14,667 or 3 per cent. This is substantially attributable to labour savings achieved during an equipment upgrade project within the corporate data center.

7.2 (b) Purchased Software and Upgrades **Variance \$15,566**

The 7.2 (b) category was over budget by \$15,566 or 6 per cent. This is substantially attributable to an unplanned \$12,000 increase in software licensing fees from ESRI Canada, supplier of geographical information software.

7.2 (c) Other IT Services/Projects **Variance \$(39,320)**

The 7.2 (c) category was under budget by \$39,320 or 18 per cent. This is primarily due to the deferral of a remote metering project in the amount of \$40,000. After consideration of this deferral, this budget category will be over budget by approximately \$1,000 or less than 1 per cent.

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CAPITALIZED GENERAL EXPENSE

This amount includes a portion of 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.

Capitalized General Expense

	<u>Approved 2016 Budget</u>	<u>2016 Actual</u>	<u>2016 Variance</u>	<u>Approved 2017 Budget</u>
Capitalized General Expense	<u>\$ 494,000</u>	<u>\$ 477,714</u>	<u>\$ (16,286)</u>	<u>\$ 491,000</u>

MARITIME ELECTRIC COMPANY, LIMITED
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INTEREST DURING CONSTRUCTION (IDC)

This amount represents an allowance for funds used during the construction of certain assets. It is reflected in the Company's financial results as an offset to financing costs, ultimately charged to fixed assets and recovered through amortization over the life of the assets. The budgetary provision for 2017 for the IDC category was increased to \$316,000 to better reflect costs actually incurred for IDC.

Interest During Construction

	Approved <u>2016 Budget</u>	2016 <u>Actual</u>	2016 <u>Variance</u>	Approved <u>2017 Budget</u>
Interest During Construction	<u>\$ 200,000</u>	<u>\$ 405,915</u>	<u>\$ 205,915</u>	<u>\$ 316,000</u>

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2016 CAPITAL BUDGET VARIANCE REPORT

SCHEDULE OF DEFERRED CAPITAL BUDGET ITEMS

The following schedule outlines the projects (approved in Order UE15-01, and in the case of G-3-1 and D-8, approved in Order UE14-04) deferred from 2016. Certain expenditures associated with these projects were incurred in 2015 and 2016 as noted. Outlined are expenditures to complete the projects in 2017.

Original Project ID	Description	Budget	Costs Incurred in		Deferred to 2017	Comments
			2015	2016		
G-3-1	Installation of Snow Hood on CT3	\$ 443,000	\$ -	\$ 83,420	\$ 360,000	Original equipment manufacturer unable to complete the design and fabrication of components in 2016 (Note 1).
D-8	Transportation Equipment 2015	963,000	128,822	-	873,000	Delivery delayed until February 2017 (Note 1).
5.4	New Glasgow Substation Feeders	500,000	-	-	825,000	See Section 5.4
5.7(a)	SCADA Master Station Upgrade	140,000	-	78,478	32,000	See Section 5.7
6.1(a)	New Glasgow Substation	1,374,000	-	120,398	1,254,000	See Section 6.1
6.1(d)	Substation Automation	61,000	-	1,504	60,000	See Section 6.1
6.1(e)	Transmission System Capacitors	1,661,000	-	303,491	1,358,000	See Section 6.1
6.2(d)	T-1 Line Extension to New Glasgow Substation	1,030,000	-	95,182	610,000	See Section 6.2
7.1(a)	Substation Entrance Resurfacing	55,000	-	-	55,000	See Section 7.1
7.1(b)	West Royalty Service Centre Improvement Plan	200,000	-	70,000	130,000	See Section 7.1
7.2(f)	Remote Metering	40,000	-	-	40,000	See Section 7.2
	TOTAL	\$ 6,467,000	\$ 128,822	\$ 752,473	\$ 5,597,000*	

Note 1: These are 2015 Capital projects originally approved in Order UE14-04.

* Amounts deferred to 2017 include two deferrals (G-3-1- and D-8) from 2015 totaling \$1,233,000 plus deferrals from 2016 totaling \$4,364,000 for a total of \$5,597,000.

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SCHEDULE OF CAPITAL BUDGET EXPENDITURES FROM PRIOR YEARS COMPLETED IN 2016

Original Project ID	Description	Budget	Cost Incurred			Total	Variance
			2014	2015	2016		
D-8	Transportation Equipment 2014 (Note 1)	\$ 795,000	\$ 382,823	\$ 359,775	\$ 99,330	\$ 841,928	\$ 46,928
T-1-1	Charlottetown Airport Substation (Note 2)	706,000	-	98,420	629,755	728,175	22,175
T-2-3	T-15 Line Extension to Charlottetown Airport Substation (Note 2)	600,000	-	85,244	323,578	408,822	(191,178)*
C-2-4	Joint Use Management System (Note 2)	56,000	-	34,874	16,936	51,810	(4,190)
C-2-7	Finance System Integration (Note 2)	35,000	-	3,440	32,133	35,573	573
	TOTAL	<u>\$ 2,192,000</u>	<u>\$ 382,823</u>	<u>\$ 581,753</u>	<u>\$1,101,732</u>	<u>\$ 2,066,308</u>	<u>\$ (125,692)</u>

Note 1: This 2014 Capital Project was approved in Order UE13-04.

Note 2: This 2015 Capital Project was approved in Order UE14-04.

* The original budget contemplated a longer route with a distribution under build to extend the T-15 transmission line. A new, and shorter, route without the requirement of a distribution under build was identified and completed resulting in the budget savings.