

From: Trudy White
Sent: Friday, September 22, 2023 4:21 PM
To: Francis, Michelle
Subject: Questions re: Capital Budget Application

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Questions for Maritime Electric Company, Limited with regards to its 2024 Capital Budget Application

To: Michelle Francis, CPA, CA Vice-President,
Finance & Chief Financial Officer Maritime Electric Company, Limited
P.O. Box 1328 Charlottetown, PE C1A 7N2

Dear Ms. Francis,

As I read quickly through Maritime Electric's 2024 Capital Budget Application, I had several questions. Most of them I found answers for in the Appendices. Thank you for providing clear, detailed tables, explanations and justifications for the 2024 CB expenditures.

However, I still have a few questions, which I have attempted to organize below.

Thank you in advance for your time and patience. I look forward to learning more about MEC and our Island energy system.

Sincerely,

Trudy White

Under Generation:

Comment: Generation does not represent a large percentage of the overall budget for 2024 (\$1,430,000.) and includes upgrades to security and safety, a new storage building, a turbine overhaul and routine maintenance. It appears to be well justified in the explanations.

In Appendix A for 2026, 2027, and 2028 there is a budget for New Generation. Elsewhere in the budget this is called "Thermal Addition".

Questions:

1. What is this? - new generator(s)? - addition(s) to existing combustion turbines? - green??? Is there somewhere I can get more information about "Thermal Addition" generation?
2. What fuel(s) will be used? renewable?
3. With a three year projected cost of just under \$150,000,000. is there a plan yet for how it will be funded?

Under Distribution:

Comment: Replacements due to Storms, Collisions, Fire. The budget for 2024 (\$1,040,000.) is calculated as the average of budgeted and actual expenditures from 2019-2023. However, I note that the very high costs related to Fiona are not included in the 2022 or 2023 actual.

Questions:

4. Is this because it is considered extraordinary and /or it still isn't known how or who will pay for this?

5. What about trees? Will some (or all?) of the 2024 Replacements... budget be used for dealing with trees still under power lines and leaning trees still causing problems whenever the wind blows? Or is there another budget line (Transmission corridor widening? (\$370,000.) or is there another plan to proactively make our existing power lines less vulnerable to trees in high winds?

Replacements due to Road Alterations (\$971,000)

6. Does Maritime Electric pay the full cost of these replacements or is this cost shared with the province and/or municipalities in some cases?

Services and Street Lighting (\$7,165,000.)

Congratulations to MEC for completing in 2024 its replacement of old bulbs with new energy efficient LED bulbs.

7. Does Maritime Electric provide the energy used for street lighting on PEI for free or through its recurring costs or is this an expense that is shared or passed on to the province and/ or municipalities?

Distribution Transformers (\$13,932,000)

These are expensive items and it is important that they be safe for workers and public. Supply chain problems were noted.

8. Since these transformers are mainly used for new builds, are developers paying some of the costs for transformers? Or is this just part of expansion of the grid?

9. What are Communication Make-Ready Projects (Distribution 2027)?

Under Transmission:

Premier King has mandated expanding three phase power in at least one of his Ministerial Mandate letters (Bloyce Thompson's). In the 2024 CB, three reliability driven line extension projects are identified and well justified. As well as several projects in need of refurbishment due to age and deterioration.

10. How are new three phase power line installations prioritized (including where single phase will be switched to three phase)? Currently what is government's role in the decision process?

Customer Contributions:

In Appendix A, customer contributions are predicted to jump from (\$2,250,000.) in 2023 to (\$10,679,000.) in 2024.

11. What is the explanation for that large increase? My apologies if the explanation is there and I just failed to see it.

Thank you , again, and I look forward to your responses.

Trudy White