

All our energy.
All the time.



March 5, 2021

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



Hand Del
3:55pm
MLH

Dear Ms. Mosher:

PEI Broadband Project Nine Month Report

Pursuant to Oder UE20-02, paragraph 3, please find attached the PEI Broadband Project Nine Month Report dated March 5, 2021. The Report contains details on the PEI Broadband Project activities since the Project construction commenced on May 11, 2020 including costs incurred, scope changes, project timeline and work performed to date on this multi-year customer driven Project.

If you have any questions or concerns, do not hesitate to contact the undersigned at 902-629-3641.

Yours truly,

MARITIME ELECTRIC

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

GCC09
Attachment

**All our energy.
All the time.**



**PEI Broadband Project
(UE20-02)**

Nine Month Report

March 5, 2021

Maritime Electric

INTRODUCTION

The PEI Broadband Project (“Project”) is a four-year customer-driven joint use pole-for-pole replacement and line rebuild project that includes the installation of approximately 1,150 kilometres (“km”) of fibre optic cable as well as fixed wireless technologies on new and existing utility poles across Prince Edward Island (“PEI”). The Project is an initiative of Bell Canada (“Bell”) and Xplornet Communications Inc. (“Xplornet”) under contract with the Government of PEI. Maritime Electric Company, Limited (“Maritime Electric” or the “Company”) is involved as it operates over 5,300 km of distribution line across the Island and has an obligation to work with communication providers when the distribution poles can be used as attachment structures for fibre optic cable and related communication equipment.

1.0 BELL COMPONENT

The Bell component of the Project involves a combination of pole-for-pole replacements (estimated at 500 km) and line rebuilds (estimated at 50 km). The pole-for-pole replacement work can include pole removals, new pole installations, re-sagging of conductor and installing additional anchors on existing poles. Maritime Electric also has its own plant specific work associated with the pole-for-pole replacements including transferring conductor, transformers, lights, and other assets to the new poles. The line rebuild work can involve installing new poles, conductor, neutral and secondary wire, and transferring customer connections, transformers, lights and other assets to the new line.

Project Timeline

Maritime Electric initiated construction on the Project for Bell on May 11, 2020. Since that time, Maritime Electric has focused its efforts on the pole-for-pole replacement work required by Bell to install fibre on existing pole lines being converted to joint use. As such, the Company has deferred starting on the plant specific work associated with the line rebuild portion until 2021. The Maritime Electric plant specific work will be completed on these rebuild sections after Bell has completed their fibre installation, which is now in progress.

Maritime Electric

Completed Work

Weekly meetings between Maritime Electric and Bell are continuing, to ensure that issues are resolved in a timely manner and that work is being performed safely and productively.

From the first of November 2020 to the end of January 2021, Maritime Electric installed 573 new poles, retired 322 poles (including 31 being eastern cedar poles), and a total of 3,678 poles have been converted to joint use. Work was primarily completed in the following Bell network areas: Covehead, Charlottetown, Hunter River, Mount Stewart, Murray River, New Haven, Wellington, Tyne Valley, Rustico and Crapaud.

To date, work completed by Maritime Electric is as follows:

- 939 new poles installed;
- 604 poles retired (including 116 eastern cedar poles¹); and
- 6,423 poles converted to joint use.

Bell continues to perform vegetation management in the communication space prior to installing fibre and Maritime Electric is performing vegetation management when necessary to complete the transfer of its conductor to the new poles.

Upcoming Work

Maritime Electric expects to complete all pole-for-pole replacement work for Bell by April 30, 2021. The Company will then focus on the plant specific work (i.e., to install conductor and related hardware on the rebuilt lines through the remainder of 2021).

2.0 XPLORNET COMPONENT

The Xplornet component of the Project is similar to the Bell component in that it also involves a combination of pole-for-pole replacements (estimated at 550 km) and line rebuilds (estimated at 50 km).

¹ The number of eastern cedar poles that have been retired is lower than was anticipated at the beginning of the project. This is consistent with the required make-ready work not being as extensive as estimated, due to fibre being installed in areas where the lines were upgraded or rebuilt in recent years (as was provided in the Six Month Report dated December 4, 2020).

Maritime Electric

Project Timeline

Xplornet plans to complete their portion of the Project over a three-year period and Maritime Electric has been advised by Xplornet that it will begin submitting make ready requests in March 2021. Xplornet has identified their priority areas for work to include Georgetown, Belfast, Canoe Cove, Borden-Carleton, Malpeque, Summerside, Tyne Valley and Wellington.

3.0 PROJECT COSTS

Up to January 31, 2021, Maritime Electric has incurred project costs of \$518,700 (Total Project Cost less Bell Total Contribution). Table 1 provides a breakdown of Project costs by component and responsibility.

Cost Component	Joint Use Cost (A)	MECL Plant Specific Cost (B)	Total Project Cost (C = A + B)	Bell Total Contribution – Bell Share Joint Use Cost & Bell Contribution for Pole Structural Value and Sacrificial Life (D)	MECL Project Costs (E = C - D)
Materials	\$ 669,300	\$ 248,400	\$ 917,700	\$ 2,266,600 ²	\$ (1,348,900)
Labour	1,677,000	861,400	2,538,400	670,800	1,867,600
Total	\$ 2,346,300	\$ 1,109,800	\$ 3,456,100	\$ 2,937,400	\$ 518,700³

A carryover of \$4,942,000 from the 2020 Capital Budget will be used to complete the Bell component of the Project in 2021 and, for this reason, there is no additional budget allocation request for the Bell component in the Company's 2021 Capital Budget Application. A capital budget allocation \$4,431,000 has been requested for the Xplornet component in the 2021 Capital Budget Application.

² The Bell share of the joint use cost is higher than anticipated because Bell is increasing its pole ownership by completing the majority of the line rebuild portion of the Project themselves. In addition, the amount of contribution collected is higher due to newer poles being purchased by Bell with the pole for pole replacement work.

³ Upon completion of the pole-for-pole replacement work for Bell, contributions due to poles being purchased by Bell will end and the Maritime Electric project costs will begin to more closely reflect the amount of work being completed within the Project.