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All the time.



June 7, 2021



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

Dear Ms. Mosher:

PEI Broadband Project Twelve Month Report

Pursuant to Order UE20-02, paragraph 3, please find attached the PEI Broadband Project Twelve Month Report dated June 7, 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

GCC18
Attachment

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All the time.**



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

Twelve Month Report

June 7, 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 in May 2020 and the Company has completed the majority of the pole-for-pole replacement work that was required for Bell to install communication fibre on existing Maritime Electric lines, which converted them to joint use. Maritime Electric has also started the plant specific work associated with the new lines constructed by Bell, with the work being performed after Bell has completed its fibre installation. Some of the plant specific work has been delayed because the vegetation clearing performed by Bell along these new lines was not completed to an acceptable joint use standard. To correct this, Bell has agreed to have additional vegetation clearing completed, which is now being scheduled. This delay is not expected to have a significant impact on the overall project timeline.

Maritime Electric

Completed Work

Regular 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 February 1, 2021 to April 30, 2021, Maritime Electric installed 71 new poles, retired 161 poles¹, and a total of 246 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, and Tyne Valley.

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

- 1,010 new poles installed;
- 765 poles retired (including 124 eastern cedar poles²); and
- 6,669 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 (on existing lines) to complete the transfer of its conductor to the new poles being installed. As previously noted, Bell is responsible for vegetation management to an acceptable joint use standard on the new Bell installed pole lines to facilitate Maritime Electric's plant specific work.

Upcoming Work

The majority of the upcoming work to be performed by Maritime Electric will involve the installation of Maritime Electric plant specific components on the lines that were rebuilt by Bell (i.e., install conductor and related hardware on the new lines). Make-ready requests for pole-for-pole replacement work are still being submitted by Bell, but this work is not expected to represent a significant amount of the remaining Project activity.

¹ The number of poles installed does not match the number of poles retired because pole retirement transactions only occur after all assets are transferred to the new pole. For this reason, many of the pole retirement transactions in this reporting period are tied to pole installations in previous reporting periods.

² 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 first reported in the Six Month Report dated December 4, 2020).

Maritime Electric

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), line rebuilds (estimated at 50 km) and Maritime Electric plant specific work.

Maritime Electric's joint use relationship with Xplornet does not involve shared ownership of joint use poles as it does with Bell. With Xplornet, Maritime Electric has a Support Structure Agreement ("SSA") in place that requires Xplornet to pay 100 per cent of the joint use make-ready conversion costs as well as annual pole attachment fees. Where the joint use conversion results in Maritime Electric plant specific work being required, Maritime Electric is responsible for those costs.

Project Timeline

Maritime Electric began receiving joint use make-ready requests from Xplornet on April 9, 2021. Xplornet plans to complete its' component of the Project over a three-year period, ending in 2023. The make-ready requests received by Maritime Electric to date are for projects in the Millview, Pownal, Ellerslie, Miscouche, and Wellington areas.

Completed Work

Regular meetings are being held between Maritime Electric and Xplornet to review make-ready requests, ensure that work is being performed safely and productively, and address any issues of concern in a timely manner.

Surveying for the make-ready jobs requested by Xplornet has been initiated and that work was still ongoing at the end of this reporting period.

Upcoming Work

Upcoming work associated with the make-ready requests will involve pole-for-pole replacements and the transferring of Maritime Electric assets from the poles being retired to the newly installed poles (i.e., Maritime Electric plant specific work). To date, there have been no areas identified as requiring complete line rebuilds.

3.0 PROJECT COSTS

Up to April 30, 2021, Maritime Electric has incurred Project costs of \$1,265,200 (Total Project Cost less Bell Total Contribution in Table 1). As the Xplornet make-ready requests were still being surveyed at the end of this reporting period, there are no Xplornet costs to report at this time.

Table 1 Breakdown of PEI Broadband Project Costs					
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	\$ 679,700	\$ 251,300	\$ 931,000	\$ 2,017,800 ³	\$ (1,086,800)
Labour	1,914,100	1,203,500	3,117,600	765,600	2,352,000
Total	\$ 2,593,800	\$ 1,454,800	\$ 4,048,600	\$ 2,783,400	\$ 1,265,200⁴

A carryover of \$4,942,000 from the 2020 Capital Budget is allocated to complete the Bell component of the Project in 2021. A capital budget amount of \$4,431,000 has been requested for the Xplornet component of the PEI Broadband Project in the 2021 Capital Budget Application.

³ 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.

⁴ 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.