

June 28, 2018

Island Regulatory and Appeals Commission
PO Box 577
Charlottetown PE C1A 7L1



Dear Commissioners:

Charlottetown Thermal Generating Station Decommissioning Study

Under Order UE16-04, Maritime Electric Company, Limited was directed by the Island Regulatory and Appeals Commission to file a Decommissioning Study with respect to the Charlottetown Thermal Generating Station ("CTGS") by June 30, 2018. Please find attached a copy of the CTGS Decommissioning Study.

Maritime Electric retained the services of GHD Limited to provide engineering and regulatory support services including preparation of a Class B cost estimate for decommissioning of the CTGS. GHD is one of the world's leading professional companies in this area, with the recent experience of demolishing and decommissioning power plants in New Brunswick (Chatham, Grand Lake and Dalhousie).

This Decommissioning Study submission is comprised of the following documents:

1. CTGS Decommissioning Study,
2. Updated Phase II Environmental Site Assessment ("ESA"), and
3. Preliminary Options Analysis for Demolition of the CTGS

The updated Phase II ESA document was prepared by GHD Limited to supplement previous investigations completed at the CTGS, aid in the development of the Decommissioning Study and assist in determining the costs to decommission the CTGS. A Phase I ESA was completed at the CTGS in 1995 by Jacques Whitford Environment Limited. The Phase I ESA was carried out to identify the existence of any actual or potential areas of environmental concerns at the CTGS. A subsequent Phase II ESA was completed in 2002 by Fundy Engineering & Consulting Ltd.

The Preliminary Options Analysis for Demolition of the CTGS document indicates that it would be cost effective for Maritime Electric to relocate the equipment associated with Combustion Turbine 3 ("CT3") currently located in the CTGS into a new building on-site. The cost to keep this equipment in the existing location and not demolish that section of the CTGS building is estimated to be \$621,000 higher over the life of CT3 versus construction of a new building to house this equipment. The capital investment required for the new building to house the CT3 equipment will be filed with the Commission in a future Capital Budget application. With this equipment relocated to a new building, the Decommissioning Study proposes that the infrastructure associated with the CTGS building be totally demolished and the site remediated to result in open space.

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Prior to the decommissioning, various engineering activities, stakeholder consultations and Provincial environmental approvals will be required. The net decommissioning cost (including Owner's costs and net of salvage materials) is estimated to be approximately \$10.43 million. This estimate is a Class B estimate as defined by the Association for the Advancement of Costing Engineering International with an accuracy range of -20% to +30% and is adequate considering the CTGS decommissioning and demolition is scheduled to begin in 3½ years after the necessary approvals and permitting have been received. The Company plans to use internal labour and project supervision resources to prepare for and manage the decommissioning activities. These costs are included in the Owner's cost. Market conditions will dictate contractor pricing and the salvage value of recyclable materials. The table below summarizes the Class B estimate of the decommissioning activities.

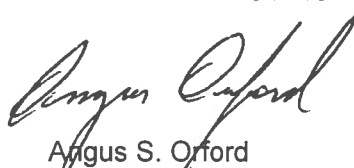
Class B Cost Estimate for Decommissioning of the CTGS (\$ million)	
Site Decommissioning Cost	\$6.47
Allowances	\$1.94
Project Management, Engineering and Implementation (including Owner's cost)	\$2.46
Post Decommissioning and Other Miscellaneous Cost	\$0.69
Potential Resalable and Salvage Values	(\$1.13)
Net Decommissioning Cost (including Owner's costs and net of salvage materials)	\$10.43

The Company's proposal with respect to the CTGS site and the decommissioning of the facilities will be outlined in its General Rate Application to be filed later this year. These recommendations will incorporate the results of the 2017 Depreciation Study which includes the Class B cost estimate for decommissioning as well as the remaining timeline for the decommissioning of the facilities.

If you have any questions or would like an overview of the Study in the form of a presentation, please do not hesitate to contact me at 902-629-3668.

Yours truly,

MARITIME ELECTRIC



Angus S. Orford
Vice President, Corporate Planning
& Energy Supply

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Enclosure