



Energy
Corporation

Société de
l'énergie



Office of the Chief Executive Officer
PO Box 2000, Charlottetown
Prince Edward Island
Canada C1A 7N8

Bureau du président-directeur général
C.P. 2000, Charlottetown
Île-du-Prince-Édouard
Canada C1A 7N8

September 22, 2011

Mr. J.W. Geldert
Vice-President &
Chief Financial Officer
Maritime Electric Company, Limited
P.O. Box 1328
Charlottetown, PE C1A 7N2

B: 1/
Dear ~~Mr. Geldert~~,

Thank you for your responses to the interrogatories that we provided in regards to Maritime Electric's 2012 Capital Budget Application - UE 20719. Below are our requests for further information.

Response 8.

You have described the cost of owning and maintaining Maritime Electric's on-Island generating facilities as \$6,600/MW-month. This is considerably higher than \$2,100/MW-month for capacity supplied under the Energy Purchase Agreement of the PEI Energy Accord. Based on your response, the only justification for owning and maintaining on-Island generation is to provide "cable load management". With the installation of a third cable that will satisfy PEI's peak load now, and well into the future, on-Island generation could be more expensive than capacity purchased from the mainland and, possibly, redundant. Please confirm this could be the case or more fully elaborate on the need for cable load management with a third cable.

Response 9.

You provided a clear explanation of the heading "Customer Hours" that was used in the tables on pages 4-7 to 4-10, inclusive in the Application. However, the evidence in the tables does not support the reasoning for upgrading the designated distribution lines. For example, most of the designated lines have incurred no or very few outages. It would appear that there must be other criteria for indicating which lines should receive immediate upgrade. Is there other criteria for scheduling distribution line upgrades? If so, please provide this criteria.

Response 22.

It was stated that the expenditures for Information Technology were consistent with previous budgets. If these expenditures represent the annual norm, it still appears to be an excessive amount. Please provide a more detailed description of the \$956,000 allocated for "Information Technology", i.e. new software purchases, hardware purchases, software license renewals, etc.

I thank you in advance for your responses to the above.

Sincerely,



Wayne MacQuarrie