CI# 34582

Class 3 Light Work Vehicles

REDACTED

April 30, 2010

NOVA SCOTIA POWER
An Emera Company

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UARB APPROVAL SHEET

Project Title: **Class 3 Light Work Vehicles** CI Number: 34582

■ Capital Project Authorization

☐ ATO

☐ Final Cost

Head Office Use:

Project Number:

Date: April 30, 2010

Location:			Division:	
Expenditure Profile			**Schedule**	
YEAR	Budget Estimate	Project Estimate		
2010	1,063,981	1,063,981	Estimated Start Date	2010-10
2011	87,068		Estimated In-Service Date	2010-10
			Estimated Close Date	2010-12
Total	$1,151,049	$1,063,981		

COMMENTS

Submitted on behalf of NOVA SCOTIA POWER INCORPORATED		Approved on behalf of NOVA SCOTIA UTILITY AND REVIEW BOARD	
[signature]	April/28/2010		
Authorized Signatory Mark Savory VP Technical and Construction	DATE		DATE

CI Number : 34582 - Class 3 Light Work Vehicles

Project Number

Parent CI Number : -

Cost Centre : 800 - 800-Services - Admin.

Budget Version - 2010 04/08 Forecast

	Forecast
Start :	10/01/2010
Operational :	10/30/2010
Final Cost :	12/31/2010
2010	$1,063,981.00
Total :	$1,063,981.00
Original Cost :	$960,000.00

This project provides for costs associated with the purchase of 10 light work vehicles. Included in the cost is commissioning, accessories and the salvage value of retired vehicles.

Summary of Related CI's +/- 2 years
2008 - 28493 2007 & 2008 Class 3 Light Work Vehicle Replacement $814,580
2009 - 33643 2009 Class 3 Light Work Vehicle Replacement $521,457

CI Number : 34582 - Class 3 Light Work Vehicles

Project Number

Parent CI Number : -

Approved Date

Cost Centre : 800 - 800-Services - Admin.

Budget Version 2010 04/08 Forecast

Capital Item Accounts

Acct	Actv	Account	Activity	Forecast Amount	Amount	Variance
092		092-Vehicle T&D Reg. Labour AO		424	0	424
095		095-COPS Regular Labour AO		1,464	0	1,464
001	066	001 - T&D Regular Labour	066 - GP - Work Vehicles	1,850	0	1,850
011	066	011 - Travel Expense	066 - GP - Work Vehicles	1,029	0	1,029
012	066	012 - Materials	066 - GP - Work Vehicles	1,040,000	0	1,040,000
066	066	066 - Other Goods & Services	066 - GP - Work Vehicles	27,714	0	27,714
098	066	098 - Salvage	066 - GP - Work Vehicles	(8,500)	0	(8,500)
			Total Cost:	1,063,981	0	1,063,981
			Original Cost:	960,000		

CI Number : 34582 - Class 3 Light Work Vehicles

Parent CI Number : -

Cost Centre : 800 - 800-Services - Admin.

Project Number

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Capital Item Justification

Justification Criteria : WORK SUPPORT FACILITIES
Sub-Criteria : VEHICLES
Name of Report :
Document Location :
Person Responsible :

Why do this project?

This project is required to maintain NSPI's service level commitments.

Why do this project now?

Without these vehicles, NSPI will not have the required equipment for employees to perform their daily duties.

Why do this project this way?

The life cycle costing model concludes that it is beneficial to replace these vehicles before major maintenance is required.

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Parent CI Number : -

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Project Number

Approved Date

Reason for Variance / Over Expenditure / Final Costing

14329938

The variance between ACE 2010 and the revised submission is due to the 2011 spend being removed from the project. This was an oversight.

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General Plant Responses

Request IR-GP16:

With respect to page 255, CI# 34582, Class 3 Light Work Vehicles,

a) Please provide the average number and the average age of vehicles of this type in service for each year from 2005 to 2009.

b) Please provide the actual operating and maintenance costs for vehicles of this type, for each year from 2005 to 2009.

c) Provide the report and analysis that justifies this transportation vehicle replacement program and supports the need to carry out the 2010 program.

d) Please provide a list of vehicles that are being purchased. Include detail as follows:

i) Type of vehicle, class of vehicle and cost.

ii) Detail the additional equipment that will be mounted or added to the vehicles in i) above.

iii) List of spares and other additional information that assists and clarifies in explaining the purchase.

e) Provide a list of vehicles that will be retired and replaced by the new work vehicles in a) above. For each vehicle class or type describe the vehicle/equipment type, year purchased, present kilometer reading, and the average maintenance expenditure per vehicle for each of the past 3 years.

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Request IR-GP16: (cont'd)

f) Please describe the process used to acquire new vehicles of this type.

g) Describe the process for disposal of the vehicles being retired.

Response IR-GP16:

a-b) The average age, number, and operating/maintenance costs are as follows:

Light Work Vehicles Replacements			
Year	**Average #**	**Average Age**	**Actuals - Maint. & Operating ($)**
2005	16	1998	77,946
2006	16	2002	149,923
2007	17	2002	168,293
2008	18	2004	185,842
2009	18	2005	140,293

c) Please refer to Attachment 1.

d) Table 1 – 2010 Light Work Vehicles to be Purchased

Old Veh #	Type	Cost ($)
2330	F550 - 19,000 GVWR	[redacted]
3302	F550 - 19,000 GVWR	[redacted]
5600	4400 IHC - 35000 GVWR	[redacted]
5644	4400 IHC - 35000 GVWR	[redacted]
8616	IHC 4300 / F750 Ford	[redacted]
Add	E350	[redacted]
8304	F250 Diesel Reg Cab	[redacted]
3455	F550 with with bucket	[redacted]
5446	F550 with with bucket	[redacted]
8611	4400 IHC - 35000 GVWR	[redacted]
	Subtotal	**1,040,000**
	Salvage	**(8,500)**
	Expenses	**32,481**
	Total	**1,063,981**

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Response IR-GP16: (cont'd)

The 2010 contract cost to purchase these light work vehicles is confidential. Suppliers seek to keep the terms and conditions of their supply arrangements confidential from their other customers or potential customers and from their competitors so that their information cannot be used by others for a competitive advantage. This is equally true for NSPI, which desires to protect its ability to acquire capital equipment on the most competitive terms. Those "best" terms may not be available if there is a risk that they will be disclosed to the customers or competitors of the supplier.

Release to the public domain of supplier contracts which contain information on term, price and other conditions would therefore be detrimental to NSPI's suppliers, to NSPI and to its customers. This specific and direct harm will in most cases outweigh the public interest in disclosure.

Beacons and racks are included in the purchase price and NSPI installs radios. There are no spares.

e) Table 2 – 2010 Light Work Vehicle Retirements

Veh	**Equip Type**	**Year Purchased**	**Kms**	**Maint 2007 ($)**	**Maint 2008 ($)**	**Maint 2009 ($)**	**Total ($)**
2330	Cube Van	2001	168203	8,369	6,411	7,450	22,231
3302	Cube Van	1995		1,399	1,624	60	3,083
5600	Oil Filter	1995	13585	3,319	3,548	6,852	13,719
5644	Oil Filter	1996	164450	3,250	3,300	7,558	14,108
8616	Dump Body	1994	93799	2,630	9,378	3,615	15,623
8304	4x4 c/w plow	1997	131378	13,340	6,115	5,612	25,067
3455	Small Bucket	2000	179325	1,328	4,061	4,881	10,270
5446	Small Bucket	2000	62130	403.87	6302.73	7127.53	
8611	Platform body	1993	256500	5241.74			
			Totals	**41,039**	**40,739**	**43,157**	**$104,101**

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Response IR-GP16: (cont'd)

f) This equipment is purchased through NSPI's alliance partners Ford and Altes Industries. If NSPI requires specialized equipment such as box vans or small cranes, NSPI goes to market.

g) Vehicles are retired through ADESA auctions or ALTEC Industries.

Corporate Tax Rate %	38.12%
Interest Discount Rate %	7.00%
CCA Rate %	30.00%
Acquisition cost $$	$115,000
Truck Type	AT37-G

No of years we keep the equipment(k)=	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Resale value after k years since acquisition time (Sk)	85,000	71,000	60,000	54,900	47,700	36,000	29,600	23,200	14,700	9,100	7,000	5,000	3,000	1,500	1,000
Total maintenance cost for one year when the equipment is k years old	9,673	14,251	22,213	14,397	17,276	25,000	16,000	27,500	20,000	20,000	20,000	20,000	20,000	20,000	20,000
PV of Tax saving on acquisition =	34,382	34,382	34,382	34,382	34,382	34,382	34,382	34,382	34,382	34,382	34,382	34,382	34,382	34,382	34,382
PV maintenance cost taking into account tax effect=	5,594	13,297	24,517	31,313	38,935	49,244	55,410	65,314	72,045	78,337	84,216	89,711	94,847	99,647	104,132
PV of tax saving lost due to resale of asset =	24,553	19,167	15,138	12,945	10,512	7,414	5,697	4,173	2,471	1,430	1,028	686	385	180	112
PV of proceeds of reselling the equipment	79,439	62,014	48,978	41,883	34,009	23,988	18,433	13,503	7,996	4,626	3,326	2,220	1,245	582	362
NPV of the total cash flow if the equipment replaced after k years NPV(k)=	31,326	51,068	71,295	82,994	95,056	113,288	123,292	136,603	147,139	155,759	162,537	168,796	174,605	179,863	184,500
Equivalent Annual Cost if the equipment replaced after k years EAC(k)=	33,519	28,245	27,167	24,502	23,427	23,767	22,877	22,877	22,584	22,177	21,675	21,252	20,892	20,566	20,257

NSPI Life Cycle

Light Duty Vehicle
Numeric View

Replacement Policy (Years)	EAC	Changes in EAC
1	$33,519	
2	$28,245	(5,274)
3	$27,167	(1,078)
4	$24,502	(2,665)
5	$23,427	(1,075)
6	$23,767	340
7	$22,877	(890)
8	$22,877	(1)
9	$22,584	(293)
10	$22,177	(407)
11	$21,675	(501)
12	$21,252	(424)
13	$20,892	(360)
14	$20,566	(325)
15	$20,257	(309)