

NERC Reliability Standards and NPCC Regional Reliability Criteria (NSUARB NERC-R-10)
NSPI Responses to UARB Information Requests

NON-CONFIDENTIAL

Request IR-1:

To the extent possible, please comment on any cost impact associated with adoption of the NERC reliability standards and NPCC regional reliability criteria.

Response IR-1:

In its filing dated December 17, 2010, NSPI identified two 2010 capital projects and two 2011 capital projects justified on the basis of NERC or NPCC compliance. The projects with their estimated costs are provided below:

Project	Cost (\$)
1. CI 38266 - 2010 Protection Upgrades	313,331
2. CI 38182 - 2010 Backup Control Centre	3,222,066
3. CI 40231 - 2011 Protection Upgrades at Lakeside	1,609,905
4. CI 40233 - 2011 Protection Upgrades at Tufts Cove	3,928,932

At this time, NSPI is aware of draft standards which if approved could result in additional upgrades for reliability of the bulk electric system. Two emerging issues were raised in NSPI's filing dated December 17, 2010, as examples; the Bulk Electric System Definition and CIP Standard Expansion. Specific projects have not yet been identified as these standards are still under development. NSPI remains an active participant at NPCC to ensure its concerns are expressed regarding cost implications and potential other implications of new standards.

Going forward as projects are identified which are justified, in whole or in part, by the requirements of the Standards/Criteria, this will be identified to the Board in NSPI's capital submissions. NSPI expects these applications will follow the normal process for Board review and approval of capital.

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1 Response IR-1: (cont'd)

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3 With respect to operating costs, changes to the North American reliability framework, including
4 the increase in compliance requirements each year, have placed upward pressure on costs in each
5 of the past few years, specifically, the increased cost of membership in these organizations
6 resulting from increased NERC and NPCC staffing and programs to develop and enforce
7 reliability requirements. The increased cost of participation in the standard/criteria development
8 processes and the increased internal cost of managing compliance activities include assignment
9 of resources to ensure NSPI's concerns are represented as well as increased staffing to manage
10 the compliance programs.