



Nova Scotia Utility and Review Board

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September 23, 2010

By email: eric.ferguson@nspower.ca

Mr. Eric Ferguson
Director, Regulatory Affairs
Nova Scotia Power Inc.
10th Floor, Barrington Tower
1894 Barrington Street
P. O. Box 910
Halifax, NS B3J 2W5

Dear Mr. Ferguson:

**Nova Scotia Power Inc. - 2010 Annual Capital Expenditure Plan (2010-2014) - (ACE Plan)
Directives – P-128.10 / Matter No. M03339**

The Board has reviewed Nova Scotia Power Inc.'s ("NSPI") letter dated June 30, 2010, providing response to the Board's directives contained in the 2010 Annual Capital Expenditure ("ACE") Plan Order dated May 11, 2010.

In general, the letter outlines the information which NSPI intends to provide with respect to each request for capital expenditure approval by the Board. The detail of information to be provided by NSPI varies, depending upon the total project cost. For projects costing between \$250,000 and \$1 million, the same information as presented now is proposed. The other two categories are project cost between \$1 million and \$5 million, and over \$5 million. The Board notes that for projects over \$5 million much more detailed information is listed as compared to the other two categories.

NSPI's letter notes that in future its quarterly ACE Plan report will include the unknown and unforeseen projects which originate within the period, including filing dates and status of each project. A 2010 filing schedule for individual projects was provided in your letter.

NSPI also advised that information regarding the 2011 ACE Plan filing and future capital planning process will be provided to the Board at a later date. This filing is to include the Board's directive regarding 2011 capital expenditure filings and raising the limit of expenditures not requiring Board approval from \$25,000 to \$250,000 as per recent changes to the *Public Utilities Act*. The Board has not yet received this filing.

As noted during the 2010 ACE Plan presentation, the Board intends to have the 2011 ACE Plan presentation in a public forum. It is critical that NSPI provide its 2011 ACE Plan filing with as much detail as it can to facilitate the public's understanding of its application and to enable them to ask appropriate questions. The Board has familiarity with the ACE Plan filing, but for the

public it will be a first time and they will need more detailed and clearer information to understand the projects and the associated costs. The Board expects NSPI to consider this in the preparation and filing of its 2011 ACE Plan.

The Board has reviewed NSPI's proposal and the amount of detail proposed for each capital project submission to the Board for approval and has concerns with the categorization of projects solely based on cost. The information for each project should be sufficient for the Board to review, understand and make a decision irrespective of the cost of each project. For instance a routine replacement project may not need as much information as those for major or new projects of the same cost. The Board is of the opinion that all information noted in the three categories should be considered for each project and provided, where it is necessary and/or available. This will reduce the number of information requests from Board Staff and also expedite the approval process.

The Board also notes that in recent years, the amount of routine expenditures currently noted in the ACE Plan have increased substantially and there is a need to provide more details than just a line item description. This information currently is provided to the Board after the ACE Plan approval, but starting now it should be included in the annual filing.

NSPI is aware that the Board has moved to an electronic filing and hearing process. NSPI is requested to consider this in its preparation, presentation and filing of its capital expenditure plan and individual capital project submissions to the Board.

Yours very truly,



Nancy McNeil
Regulatory Affairs Officer/Clerk

CC: Rene Gallant
Alan Richardson
Mark Savory

By email
By email
By email