

November 16, 2010

Ms. Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
3rd Floor, 1601 Lower Water Street
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

Re: CI 38856 – L7011 Deteriorated Replacements - P-128.10/Matter No. 03511
Responses to Information Requests (IRs)

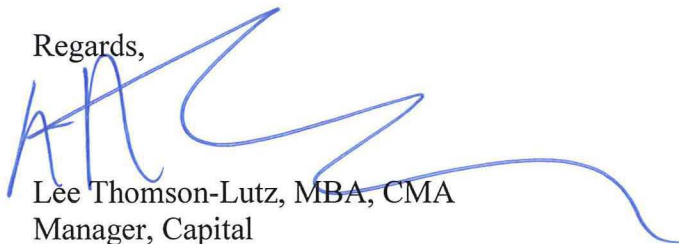
Dear Ms. McNeil:

Enclosed are IR responses pertaining to the capital item referenced above. These IRs were received on November 2, 2010.

The contract costs referenced in IR-5 are confidential. NSPI strives to keep the suppliers' pricing confidential from their other customers or potential competitors. This prevents competitors from using their information to gain a competitive advantage. This is equally true for NSPI, which desires to protect its ability to acquire capital services and equipment on the most competitive terms. Those "best" prices may not be available if there is a risk that they will be disclosed to the customers or competitors of the supplier.

Since NSPI customer rates are cost-based, the maintenance of confidentiality for this item is to the direct benefit of customers.

Regards,



Lee Thomson-Lutz, MBA, CMA
Manager, Capital

Encl.

NON-CONFIDENTIAL

Request IR-1:

According to the information submitted with the approval request, the work associated with this capital item had been completed. Please provide the actual activation and completion dates for this project.

Response IR-1:

This project was started on May 3, 2010 and completed on June 18, 2010. These dates were selected based on the line availability which is provided by the System Operator.

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Request IR-2:

Provide an invoice, a quotation and/or other cost support associated with the cost estimate for Materials in the amount of \$312,000. The information should include unit costs and quantities for all major items, such as poles, crossarms, insulators, etc.

Response IR-2:

Please refer to Attachment 1 for a detailed cost breakdown. The WMS work orders for materials associated with this project total approximately \$275 thousand. The variance of approximately \$37 thousand includes capital to replace defective components on the line.

Summary of Materials:
Volume and Unit Cost

# of Units	Unit cost	Total
7	18.22	127.54
6	18.22	109.32
1	18.22	18.22
1	18.22	18.22
2	18.22	36.44
2	18.19	36.38
230	53.42	12,286.60
30	18.32	549.60
30	31.73	951.90
228	0.49	111.72
114	4.27	486.78
60	1.11	66.60
2	1.36	2.72
30	2.08	62.40
64	2.71	173.44
200	8.39	1,678.00
30	9.93	297.90
60	10.68	640.80
30	14.08	422.40
7	18.16	127.12
6	37.65	225.90
30	80.08	2,402.40
15	98.22	1,473.30
90	7.12	640.80
120	6.49	778.80
120	10.92	1,310.40
40	1.83	73.20
20	4.83	96.60
2	8.55	17.10
4	2.74	10.96
2	0.79	1.58
30	10.58	317.40
62	0.22	13.64
184	0.36	66.24
320	0.26	83.20
4	3.47	13.88
57	107.86	6,148.02
1	30.26	30.26
1125	0.15	168.75
184	2.95	542.80
441	3.16	1,393.56
2100	15.11	31,731.00

Summary of Materials:
Volume and Unit Cost

# of Units	Unit cost	Total
257	16.23	4,171.11
60	1.57	94.20
2	-	-
2	1,185.03	2,370.06
3	1,323.49	3,970.47
7	1,568.06	10,976.42
13	1,854.61	24,109.93
2	-	-
115	119.41	13,732.15
1	-	-
42	150.84	6,335.28
1	16.28	16.28
60	2.25	135.00
360	2.80	1,008.00
64	2.90	185.60
		<u>132,848.39</u>

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LISTING OF ALL MATERIAL ON WORK ORDER 268110

WORK ORDER	EQP_NO....	PART_#....	WHS	DESCRIPTION.....	PLANNED	ORDERED	ISSUED	COST	TOTAL
268110	L7011	02-72-5200		NUMBERS AIRCRAFT IDENTIFICATION # 0 WOOD POLE	7			18.22	.00
	L7011	02-72-5201		NUMBERS AIRCRAFT IDENTIFICATION # 1 WOOD POLE	6			18.22	.00
	L7011	02-72-5204		NUMBERS AIRCRAFT IDENTIFICATION # 4 WOOD POLE	1			18.22	.00
	L7011	02-72-5205		NUMBERS AIRCRAFT IDENTIFICATION # 5 WOOD POLE	1			18.22	.00
	L7011	02-72-5207		NUMBERS AIRCRAFT IDENTIFICATION # 7 WOOD POLE	2			18.22	.00
	L7011	02-72-5209		NUMBERS AIRCRAFT IDENTIFICATION # 9 WOOD POLE	2			18.19	.00
	L7011	50-08-2140		BOLT EYE BALL LINK GALVANIZED 3/4" X 14" SQUARE HEAD ONLY	230			53.42	.00
	L7011	50-08-6500		BOLT EYE SHOULDER GALVANIZED 3/4" X 10" SQUARE HEAD ONLY	30			18.32	.00
	L7011	50-08-6540		BOLT EYE SHOULDER GALVANIZED 3/4" X 14" SQUARE HEAD ONLY	30			31.73	.00
	L7011	50-09-1540		BOLT LAG FETTER DRIVE & PILOT POINT GALVANIZED 1/2" X 4" AS PER CSA STDC83.101M 250 PER BOX	228			.49	.00
	L7011	50-09-3200		BOLT LAG 3/4 X 8" GALVANIZED HEX HEAD APPROVED BY J MCFADGEN	114			4.27	.00
	L7011	50-10-3120		BOLT MACHINE SQUARE HEAD GALVANIZED 5/8" X 12" CSA STD C83 ITEM B-3 50 PER PKG	60			1.11	.00
	L7011	50-10-3140		BOLT MACHINE SQUARE HEAD GALVANIZED 5/8" X 14 CSA STD.C83 ITEM B-3 50 PER PKG	2			1.36	.00
	L7011	50-10-4140		BOLT MACHINE SQUARE HEAD GALVANIZED 3/4" X 14" CSA STD. C83 ITEM B-3 25 PER BOX	30			2.08	.00
	L7011	50-10-4160		BOLT MACHINE SQUARE HEAD GALVANIZED 3/4" X 16" CSA STD. C83 ITEM B-3 HUGHES BROTHERS B716-6	64			2.71	.00
	L7011	50-10-4280		BOLT MACHINE SQUARE HEAD GALVANIZED 3/4" X 28" HUGHES BROTHERS B728-8	200			8.39	.00
	L7011	50-10-4620		BOLT MACHINE SQUARE HEAD GALVANIZED 7/8" X 22" HUGHES BROTHERS B822-6	30			9.93	.00
	L7011	50-10-4660		BOLT MACHINE SQUARE HEAD GALVANIZED 7/8" X 26" HUGHES BROTHERS B826-8	60			10.68	.00
	L7011	50-10-4700		BOLT MACHINE SQUARE HEAD GALVANIZED 7/8" X 30" HUGHES BROTHERS B830-8	30			14.08	.00
	L7011	50-28-5430		EXTENSION, ROCK ANCHOR, GALVANIZED 3/4" X 4', DOUBLE THIMBLE EYE AS PER CSA STD. C83.114M 5 PER BUNDLE	7			18.16	.00
	L7011	50-30-0200		CHOCK POLE ADJUSTABLE GALV.	6			37.65	.00
	L7011	50-30-0500		FITTING THRUST ADJUSTABLE GALV.	30			80.08	.00
	L7011	50-30-1580		FITTING CENTRE PHASE ASSEMBLY 25000 LBS. 5/8" X 9" SHACKLES & BALL EYE	15			98.22	.00
	L7011	50-30-9750		KEY COTTER C/W R.I.V.-T.V.I. SUPPRESSION CLIP	90			7.12	.00
	L7011	50-35-1050		GAIN GRID 4" X 6" WITH 15/16" HOLE POLE RANGE 5" TO 10" SLAYTER #60188	120			6.49	.00
	L7011	50-35-1120		GAIN GRID 4 5/8" X 6" WITH 15/16" HOLE POLE RANGE 6" TO 12"	120			10.92	.00

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LISTING OF ALL MATERIAL ON WORK ORDER 268110

WORK ORDER	EQP_NO....	PART_#....	WHS	DESCRIPTION.....	PLANNED	ORDERED	ISSUED	COST	TOTAL
	L7011	50-35-5300		GRIP GUY PREFORMED FOR 5/16" GUYWIRE WITH CLASS B GALV. AND CABLED LOOP **MUST HAVE STAGGERED ENDS** 50 PER BOX	40			1.83	.00
	L7011	50-35-5380		GRIP GUY PREFORMED 7/16" COLOR CODE GREEN GRIP LENGTH 38"	20			4.83	.00
	L7011	50-35-6000		LINK GUY PREFORMED 7/16" GALVANIZED 38" LONG GREEN	2			8.55	.00
	L7011	50-40-3240		HOOK GUY FOR 5/8" AND 3/4" BOLT TYPE A #1 CSA STD C83-100M 25 PER BOX FOR APPLICATIONS UP TO 138KV	4			2.74	.00
	L7011	50-40-3760		HOOK "J" ONE HOLE TYPE 11/16" BOLT HOLE GALV.	2			.79	.00
	L7011	50-40-3840		STRAP GUY 1/4" X 1 1/2" X 7" 13/16" HOLE GALVANIZED	30			10.58	.00
	L7011	50-45-4500		PALNUT LOCK NUT 5/8" GALV. 100/PKG	62			.22	.00
	L7011	50-45-4520		PALNUT LOCK NUT 3/4" GALV. 100/PKG MIN ORDER 2200	184			.36	.00
	L7011	50-45-4540		PALNUT LOCK NUT 7/8" GALV.	320			.26	.00
	L7011	50-53-3500		PLATE STRAIN GALVANIZED 4"X8" 14 GA	4			3.47	.00
	L7011	50-53-5800		PLATE POLE BEARING GALVANIZED 1/4"X 4"X 4" NSP 70	57			107.86	.00
	L7011	50-56-3390		ROD ANCHOR DOUBLE THIMBLE EYE GALV. 3/4"X 9' (MBE A-3609)	1			30.26	.00
	L7011	50-59-2000		STAPLES GROUND WIRE MOLDING 2" 100 PER BOX	1125			.15	.00
	L7011	50-63-2300		WASHER CURVED 3 7/8" X 4" X 3/8" WITH 13/16" HOLE	184			2.95	.00
	L7011	50-63-2320		WASHER CURVED 3 7/8" X 4" X 3/8" WITH 15/16" HOLE **MUST BE SHIPPED 25/BOX**	441			3.16	.00
	L7011	52-50-7840		INSULATOR SUSPENSION MUNSELL GREY 70 KN (15000 LBS.) ANSI CLASS 52-3 96 ON A PALLET	2100			15.11	.00
	L7011	52-50-7920		INSULATOR SUSPENSION PORCELAIN 25000 LB MUNSELL GREY 120 KN 96 PER PALLET	257			16.23	.00
	L7011	54-25-1760		SERVIT UNV 1/0 STR - 2/0 STR	60			1.57	.00
	L7011	63-08-0652	NI		2				.00
	L7011	63-08-6020		POLE PENTA TREATED 60' CLASS 2	2			1185.03	.00
	L7011	63-08-6520		POLE PENTA TREATED 65' CLASS 2	3			1323.49	.00
	L7011	63-08-7020		POLE PENTA TREATED 70' CLASS 2	7			1568.06	.00
	L7011	63-08-7520		POLE PENTA TREATED 75' CLASS 2	13			1854.61	.00
	L7011	63-12-7900		TIMBER SPAR 6800 MM TREATED DRILLED DRAWING # 279Z-22-19	2			.00	.00
	L7011	63-12-8000		TIMBER TREATED SPAR 9,100 MM DRILLED DRAWING 279Z-22-21	115			119.41	.00
	L7011	63-12-8009		TIMBER SPAR 10,400 MM TREATED DRILLED DRAWING # 279Z-22-22	1			.00	.00
	L7011	63-12-8010		TIMBER TREATED SPAR ARM 10,700 MM DRILLED DWG. 279Z-22-23	42			150.84	.00
	L7011	63-12-9000		LOG ANCHOR 2500 MM (8 FT.)	1			16.28	.00
	L7011	65-34-4900		WIRE GUY GALVANIZED GRADE 180 3/16" 150M / 18 KG COILS	60			2.25	.00
	L7011	65-34-5180		WIRE, 5/16" GALVANIZED GUY WIRE, GRADE 180 STEEL STRAND , MINIMUM BREAKING	360			2.80	.00

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LISTING OF ALL MATERIAL ON WORK ORDER 268110

WORK ORDER	EQP_NO....	PART_#....	WHS	DECRPTION.....	PLANNED	ORDERED	ISSUED		COST		TOTAL
				STRENGTH 11150 LBS OUTSIDE DIA. OF COIL							
				26" , 5" WIDE 30 KG COILS							
	L7011	65-34-7180		WIRE GUY GALVANIZED GRD.180 7/16 50KG	64				2.90		.00
				COILS							

***											.00
***											.00

1 Rows Processed

Summary of Materials:
Volume and Unit Cost

# of Units	Unit cost	Total
15	18.22	273.30
11	18.22	200.42
1	18.22	18.22
2	18.22	36.44
3	18.22	54.66
3	18.22	54.66
1	18.22	18.22
6	18.22	109.32
1	18.25	18.25
1	18.19	18.19
1	18.27	18.27
2	19.95	39.90
1	18.80	18.80
1	17.03	17.03
2	15.02	30.04
4	15.35	61.40
234	53.42	12,500.28
40	31.73	1,269.20
248	0.49	121.52
124	4.27	529.48
80	1.11	88.80
40	1.68	67.20
40	2.08	83.20
80	2.71	216.80
194	8.39	1,627.66
40	9.93	397.20
80	10.68	854.40
40	26.46	1,058.40
40	7.27	290.80
8	37.65	301.20
40	80.08	3,203.20
20	98.22	1,964.40
154	7.12	1,096.48
160	6.49	1,038.40
160	10.92	1,747.20
80	1.83	146.40
80	4.83	386.40
10	2.74	27.40
10	10.58	105.80
80	0.22	17.60
280	0.36	100.80
354	0.26	92.04

Summary of Materials:
Volume and Unit Cost

# of Units	Unit cost	Total
44	107.86	4,745.84
320	2.95	944.00
514	3.16	1,624.24
2619	15.11	39,573.09
206	16.23	3,343.38
80	1.57	125.60
1	1,185.03	1,185.03
1	1,323.49	1,323.49
6	1,568.06	9,408.36
14	1,854.61	25,964.54
2	-	-
132	119.41	15,762.12
2	-	-
41	150.84	6,184.44
60	2.25	135.00
480	2.80	1,344.00
100	2.90	290.00
		<u>142,272.51</u>

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LISTING OF ALL MATERIAL ON WORK ORDER 268114

WORK ORDER	EQP_NO....	PART_#....	WHS	DESCRIPTION.....	PLANNED	ORDERED	ISSUED	COST	TOTAL
268114	L7011	02-72-5200		NUMBERS AIRCRAFT IDENTIFICATION # 0 WOOD POLE	15			18.22	.00
	L7011	02-72-5201		NUMBERS AIRCRAFT IDENTIFICATION # 1 WOOD POLE	11			18.22	.00
	L7011	02-72-5202		NUMBERS AIRCRAFT IDENTIFICATION # 2 WOOD POLE	1			18.22	.00
	L7011	02-72-5203		NUMBERS AIRCRAFT IDENTIFICATION # 3 WOOD POLE	2			18.22	.00
	L7011	02-72-5204		NUMBERS AIRCRAFT IDENTIFICATION # 4 WOOD POLE	3			18.22	.00
	L7011	02-72-5205		NUMBERS AIRCRAFT IDENTIFICATION # 5 WOOD POLE	3			18.22	.00
	L7011	02-72-5206		NUMBERS AIRCRAFT IDENTIFICATION # 6 WOOD POLE	1			18.22	.00
	L7011	02-72-5207		NUMBERS AIRCRAFT IDENTIFICATION # 7 WOOD POLE	6			18.22	.00
	L7011	02-72-5208		NUMBERS AIRCRAFT IDENTIFICATION # 8 WOOD POLE	1			18.25	.00
	L7011	02-72-5209		NUMBERS AIRCRAFT IDENTIFICATION # 9 WOOD POLE	1			18.19	.00
	L7011	02-72-5300		NUMBERS AIRCRAFT IDENTIFICATION # 0 STEEL TOWER	1			18.27	.00
	L7011	02-72-5301		NUMBERS AIRCRAFT IDENTIFICATION # 1 STEEL TOWER	2			19.95	.00
	L7011	02-72-5305		NUMBERS AIRCRAFT IDENTIFICATION # 5 STEEL TOWER	1			18.80	.00
	L7011	02-72-5306		NUMBERS AIRCRAFT IDENTIFICATION # 6 STEEL TOWER	1			17.03	.00
	L7011	02-72-5307		NUMBERS AIRCRAFT IDENTIFICATION # 7 STEEL TOWER	2			15.02	.00
	L7011	02-72-6400		SIGN DANGER HIGH VOLTAGE 10"X14" METAL	4			15.35	.00
	L7011	50-08-2140		BOLT EYE BALL LINK GALVANIZED 3/4" X 14" SQUARE HEAD ONLY	234			53.42	.00
	L7011	50-08-6540		BOLT EYE SHOULDER GALVANIZED 3/4" X 14" SQUARE HEAD ONLY	40			31.73	.00
	L7011	50-09-1540		BOLT LAG FETTER DRIVE & PILOT POINT GALVANIZED 1/2" X 4" AS PER CSA STDC83.101M 250 PER BOX	248			.49	.00
	L7011	50-09-3200		BOLT LAG 3/4 X 8" GALVANIZED HEX HEAD APPROVED BY J MCFADGEN	124			4.27	.00
	L7011	50-10-3120		BOLT MACHINE SQUARE HEAD GALVANIZED 5/8" X 12" CSA STD C83 ITEM B-3 50 PER PKG	80			1.11	.00
	L7011	50-10-4100		BOLT MACHINE SQUARE HEAD GALVANIZED 3/4" X 10" CSA STD. C83 ITEM B-3 HUGHES BROTHERS B710-6 60 PER BOX	40			1.68	.00
	L7011	50-10-4140		BOLT MACHINE SQUARE HEAD GALVANIZED 3/4" X 14" CSA STD. C83 ITEM B-3 25 PER BOX	40			2.08	.00
	L7011	50-10-4160		BOLT MACHINE SQUARE HEAD GALVANIZED 3/4" X 16" CSA STD. C83 ITEM B-3 HUGHES BROTHERS B716-6	80			2.71	.00
	L7011	50-10-4280		BOLT MACHINE SQUARE HEAD GALVANIZED 3/4" X 28" HUGHES BROTHERS B728-8	194			8.39	.00
	L7011	50-10-4620		BOLT MACHINE SQUARE HEAD GALVANIZED 7/8"	40			9.93	.00

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LISTING OF ALL MATERIAL ON WORK ORDER 268114

WORK ORDER	EQP_NO....	PART_#....	WHS	DESCRIPTION.....	PLANNED	ORDERED	ISSUED	COST	TOTAL
				X 22" HUGHES BROTHERS B822-6					
	L7011	50-10-4660		BOLT MACHINE SQUARE HEAD GALVANIZED 7/8"	80			10.68	.00
				X 26" HUGHES BROTHERS B826-8					
	L7011	50-10-4740		BOLT MACHINE SQUARE HEAD GALVANIZED 7/8"	40			26.46	.00
				X 34" HUGHES BROTHERS B834-8					
	L7011	50-23-3000		CLEVIS DEADEND THIMBLE 5/8" COTTER BOLT	40			7.27	.00
				24000 LBS (106.8 KN)					
	L7011	50-30-0200		CHOCK POLE ADJUSTABLE GALV.	8			37.65	.00
	L7011	50-30-0500		FITTING THRUST ADJUSTABLE GALV.	40			80.08	.00
	L7011	50-30-1580		FITTING CENTRE PHASE ASSEMBLY 25000 LBS.	20			98.22	.00
				5/8" X 9" SHACKLES & BALL EYE					
	L7011	50-30-9750		KEY COTTER C/W R.I.V.-T.V.I. SUPPRESSION	154			7.12	.00
				CLIP					
	L7011	50-35-1050		GAIN GRID 4" X 6" WITH 15/16" HOLE POLE	160			6.49	.00
				RANGE 5" TO 10" SLAYTER #60188					
	L7011	50-35-1120		GAIN GRID 4 5/8" X 6" WITH 15/16" HOLE	160			10.92	.00
				POLE RANGE 6" TO 12"					
	L7011	50-35-5300		GRIP GUY PREFORMED FOR 5/16" GUYWIREF WITH	80			1.83	.00
				CLASS B GALV. AND CABLED LOOP **MUST HAVE					
				STAGGERED ENDS** 50 PER BOX					
	L7011	50-35-5380		GRIP GUY PREFORMED 7/16" COLOR CODE	80			4.83	.00
				GREEN GRIP LENGTH 38"					
	L7011	50-40-3240		HOOK GUY FOR 5/8" AND 3/4" BOLT TYPEA #1	10			2.74	.00
				CSA STD C83-100M 25 PER BOX FOR					
				APPLICATIONS UP TO 138KV					
	L7011	50-40-3840		STRAP GUY 1/4" X 1 1/2" X 7" 13/16" HOLE	10			10.58	.00
				GALVANIZED					
	L7011	50-45-4500		PALNUT LOCK NUT 5/8" GALV. 100/PKG	80			.22	.00
	L7011	50-45-4520		PALNUT LOCK NUT 3/4" GALV. 100/PKG MIN	280			.36	.00
				ORDER 2200					
	L7011	50-45-4540		PALNUT LOCK NUT 7/8" GALV.	354			.26	.00
	L7011	50-53-5800		PLATE POLE BEARING GALVANIZED 1/4" X 4" X	44			107.86	.00
				4" NSP 70					
	L7011	50-63-2300		WASHER CURVED 3 7/8" X 4" X 3/8" WITH	320			2.95	.00
				13/16" HOLE					
	L7011	50-63-2320		WASHER CURVED 3 7/8" X 4" X 3/8" WITH	514			3.16	.00
				15/16" HOLE **MUST BE SHIPPED 25/BOX**					
	L7011	52-50-7840		INSULATOR SUSPENSION MUNSELL GREY 70 KN	2619			15.11	.00
				(15000 LBS.) ANSI CLASS 52-3 96 ON A					
				PALLET					
	L7011	52-50-7920		INSULATOR SUSPENSION PORCELAIN 25000 LB	206			16.23	.00
				MUNSELL GREY 120 KN 96 PER PALLET					
	L7011	54-25-1760		SERVIT UNV 1/0 STR - 2/0 STR	80			1.57	.00
	L7011	63-08-6020		POLE PENTA TREATED 60' CLASS 2	1✓			1185.03	.00
	L7011	63-08-6520		POLE PENTA TREATED 65' CLASS 2	1✓			1323.49	.00
	L7011	63-08-7020		POLE PENTA TREATED 70' CLASS 2	6✓			1568.06	.00
	L7011	63-08-7520		POLE PENTA TREATED 75' CLASS 2	14✓			1854.61	.00
	L7011	63-12-7900		TIMBER SPAR 6800 MM TREATED DRILLED	2			.00	.00
				DRAWING # 2792-22-19					
	L7011	63-12-8000		TIMBER TREATED SPAR 9,100 MM DRILLED	132✓			119.41	.00
				DRAWING 2792-22-21					
	L7011	63-12-8009		TIMBER SPAR 10,400 MM TREATED DRILLED	2			.00	.00
				DRAWING # 2792-22-22					

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LISTING OF ALL MATERIAL ON WORK ORDER 268114

WORK ORDER	EQP_NO....	PART_#....	WHS DESCRIPTION.....	PLANNED	ORDERED	ISSUED	COST	TOTAL
	L7011	63-12-8010	TIMBER TREATED SPAR ARM 10,700 MM DRILLED DWG. 279Z-22-23	41✓			150.84	.00
	L7011	65-34-4900	WIRE GUY GALVANIZED GRADE 180 3/16" 150M / 18 KG COILS	60			2.25	.00
	L7011	65-34-5180	WIRE, 5/16" GALVANIZED GUY WIRE, GRADE 180 STEEL STRAND , MINIMUM BREAKING STRENGTH 11150 LBS OUTSIDE DIA. OF COIL 26" , 5" WIDE 30 KG COILS	480			2.80	.00
	L7011	65-34-7180	WIRE GUY GALVANIZED GRD.180 7/16 50KG COILS	100			2.90	.00

.00

.00

1 Rows Processed

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Request IR-3:

On page 5 of the approval request NSPI states:

This capital item increased by \$451,333 from ACE 2010 due mainly to increased contract costs and associated administrative overhead. The change in contracts is due to a refinement of the original estimate. There has been no change in project scope.

Could you please elaborate on "a refinement of the original estimate"?

Response IR-3:

At the time the budget item was assembled, detailed scoping was not complete. Prior to the item being submitted for approval, additional scoping was carried out for the project and it was determined that additional work was required to complete the scope of work, resulting in an increased estimate. The additional work included more poles, crossarms, and insulators.

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Request IR-4:

In its application request (page 4) NSPI states that "this work is being completed by an affiliate":

(a) Please explain the decision to outsource this work.

(b) Please explain the decision to award the contract to the affiliate.

(c) Does the decision to award this contract to the affiliate comply with all the requirements of the Code of Conduct? Please elaborate.

Response IR-4:

The following information was include in ACE 2010 IR-T11 filed with the Board on March 5, 2010. Excerpts have been removed from this response to align with these specific IRs.

(a) "NSPI's contractor management model takes the following into consideration:

- The nature of the work to be undertaken (e.g. transmission versus distribution, live line versus deadline, customer requested versus new construction);
- The availability of NSPI's PLT workforce;
- The scope of the project (i.e. Is the project better matched with NSPI crew availability/size or a contractor crew);
- Project location, duration, resource requirements.

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Response IR-4: (cont'd)

Reasons for engaging contractors versus undertaking work with the Company's workforce include the following:

- The work requirement is intermittent. The contractor is able to sustain its workforce and the skills of its employees by doing similar work for other parties. The intermittent nature of the work would not warrant NSPI increasing its full-time workforce to perform the work.
- Contractor costs are lower than the cost of NSPI undertaking the work directly.
- Work location and/or content vary significantly over time. The flexibility provided by the contractor cannot be economically achieved by NSPI. Moreover aspects of the work may not require the full skill set held by NSPI employees.
- The work is highly specialized. Some work requires a unique skill-set not possessed by NSPI personnel.

The primary functions for this group of employees are:

- Distribution System repair, maintenance and construction
- Transmission System repair, maintenance and construction
- Customer outage restoration
- Customer connection/disconnection

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1 Response IR-4: (cont'd)

2
3 The level of variability supports NSPI's engagement of a contractor workforce. The
4 contractor allows NSPI to meet its customers' needs during peak operating and capital
5 work volumes without making a long-term commitment to a significantly increased
6 internal workforce where this requirement may not be sustained in the long-term.

7
8 The contractor workforce provides a high level of flexibility to deploy PLT resources
9 across the Province and across functions that is difficult to achieve with an internal
10 workforce. As well, the contractor engagement allows NSPI to manage a larger work
11 load, while ensuring jobs undertaken by its own highly skilled PLT workforce are most
12 appropriate for that group and for our customers."

13
14 (b) "The Board's June 2008 Decision in respect of the review of affiliate transactions, NSPI
15 was directed not to make any modifications or extensions to existing contractual
16 arrangements in respect of PLT services. The Board anticipated that concerns about PLT
17 contract services would be addressed by the revisions to the Code of Conduct, which
18 have subsequently become effective on June 1, 2009.

19
20 The terms of the contract provide:

- 21
- 22 • The contract extends for the period 2008 to 2010.
 - 23
 - 24 • EUS to provide Standard Work Hours (SWH) of distribution and transmission
25 work per year to NSPI.
 - 26
 - 27 • Rates vary according to work volumes and whether or not the work is completed
28 under energized conditions.
 - 29

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1 Response IR-4: (cont'd)

- 2
- 3 • Work includes scoping, planning and scheduling and maintenance and
4 construction activities.
- 5

6 NSPI has not made any changes to its master agreement with EUS, nor has that master
7 agreement been extended. It will expire on December 31, 2010. At that time, if a new
8 master agreement is executed with an affiliate, the new terms of the Code of Conduct will
9 apply to that contractual relationship.”

10

- 11 (c) “The Board changed the Code of Conduct after the PLT contract was executed (following
12 a competitive solicitation) and the Board had directed NSPI not to change existing
13 contracts.
- 14

15 In previous correspondence with the Board NSPI has provided information regarding its
16 contract with Emera Utility Services (EUS) for the supply of contractor linework
17 services. The parties operate according to the terms of a three-year contract which was
18 awarded to EUS following a competitive solicitation process conducted by NSPI in
19 2007.”

REDACTED

Request IR-5:

Based on Attachment 1 of NSPI's response to IR-T1, filed in support of the 2010 ACE Plan approval request on March 5, 2010, it appears that the estimated cost for affiliate work of \$1,005,048 implies an hourly rate of [REDACTED]. In the same response NSPI states that the estimated cost "is based on the line services agreement (2008-2010)". Page 7 of the approval request states that the "Contract estimate of \$1,354,194 is based on a rate of [REDACTED]/hour:

(a) Please explain the difference in hourly rates.

(b) What is the estimated number of hours for this project?

Response IR-5:

(a) The hourly rate indicated on Page 7 of the approval request is incorrect. The contract estimate of \$1,354,194 is based on a rate of [REDACTED]/hour.

The amount of [REDACTED] per Standard Work Unit Hour is applicable to distribution work and would not relate to this item as this is a transmission project.

(b) It was estimated that approximately 7,965 Standard Work Unit Hours would be required to complete this project.