



Nova Scotia Utility and Review Board

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November 10, 2010

By E-mail and Courier

Ms. Lee Thomson-Lutz
Manager, Capital
Nova Scotia Power Inc.
14th Floor, Barrington Tower
Halifax, NS B3J 2W5

Dear Ms. Thomson-Lutz:

**NSPI Request for Approval of 2010 ACE Plan Work Order Less Than \$1 Million:
CI # 16497 - HYD Nictaux Electrical Refurbishment (P-128.10 - Matter No. M03513)**

The Board has reviewed Nova Scotia Power Inc.'s ("NSPI") letter dated and received on September 2, 2010, requesting Board approval for the following **confidential** 2010 ACE Plan Work Order less than \$1 million:

CI # 16497 HYD Nictaux Electrical Refurbishment \$662,307

The current cost estimate for this project of \$662,307 represents a slight reduction from the amount of \$662,935, which was included in the 2010 ACE Plan.

As a part of the 2010 ACE Plan review, Board staff issued Information Requests ("IRs") related to the above project on February 5 and March 15, 2010, to which NSPI's responses were received on March 5 and 26, 2010, respectively. In its 2010 ACE Plan Order issued on May 11, 2010 the Board advised NSPI that approval for this capital item was withheld until NSPI submits a request for approval and provides the Board with the appropriate justification.

The Board has considered NSPI's request in this matter and additional information filed by NSPI in response to Board staff IRs. The Board understands that the switchgear components have reached the end of their useful life and need to be replaced.

The Board accepts, as filed, the portions of the work order that are marked confidential.

The Board accepts that this project is necessary and the corresponding cost is justified. Accordingly, this will confirm that the Board has approved NSPI's request for the amount of \$662,307 with respect to this Work Order.

The Board notes the following comments made about five hydro generating facilities in the August 12, 2009, report from Hatch:

The maintenance documentation that is available does not always use consistent or proper maintenance forms, resulting in a lack of rigour and a likelihood that important procedures and tolerances will not be adhered to. ...

When deficiencies are identified the remedial work must be prioritized so the work can be carried immediately, at the earliest possible opportunity or at the next scheduled equipment outage. It is evident from the maintenance records that this is not always the case. ...

Based on the maintenance records available for this assessment, the switchgear maintenance program for all five facilities is insufficient for safely and reliably keeping the aging oil-filled switchgear in service.

From this the Board concludes that preventative, regular maintenance is not being performed on a standard basis. The Board is concerned that this could unduly affect the reliability of the system and possibly jeopardize the safety of employees. NSPI should consider addressing preventative maintenance scheduling in future filings.

Yours very truly,

Murray E. Doehler, CA, P.Eng.
Member

cc Eric Ferguson, Director Regulatory Affairs

By e-mail