



Nova Scotia Utility and Review Board

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April 26, 2011

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 Unforeseen and Unbudgeted ("U&U") Work Order Greater Than \$1 Million: CI # 40425 - Kempt Road Transformer (P-510 / Matter No. M03715)

The Board has reviewed Nova Scotia Power Inc.'s ("NSPI") letter dated and received electronically on November 24, 2010 (hard copies received on November 30, 2010), requesting Board approval for the following **confidential** U&U capital item greater than \$1 million:

CI # 40425 Kempt Road Transformer \$1,093,699

Board staff issued Information Requests ("IRs") on December 24, 2010 and February 21, 2011, to which responses were received by the Board on January 27 and March 29, 2011, respectively. The Board understands that the purchase of the fourth transformer for the Kempt Road Substation is necessary in order to increase reliability of power supply to customers in downtown Halifax.

The Board has considered NSPI's request in this matter, additional information filed by NSPI in response to the above IRs, as well as NSPI's response to IRs related to the refurbishment of the Kempt Road Substation transformer 104-T63. These IRs were issued by Board staff on February 22, 2011, and a response was received by the Board on March 8, 2011.

The Board experienced difficulties while reviewing this capital submission and responses to IRs. Project description was relatively brief, and information provided was sometimes contradictory. The Board is concerned with the fact that the latest report on spare power transformers, titled "Spare Power Transformer Requirements for the Nova Scotia Power Transmission System", had been completed in 1990. We understand that this report is to be updated and a revised copy filed with the Board this month.

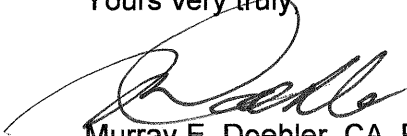
The detailed information presented to the Board was not sufficient in itself to conclude that this project is fully justified at this time. NSPI, in addition to the detailed information presented, did state that it is an urgent requirement to purchase this transformer to improve reliability. It will

help NSPI to fulfill the company adopted guidelines from Hydro One on spare transformers. Accordingly, the Board approves this capital request. The Board also reminds NSPI to file the above noted report as soon as it becomes available.

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

Accordingly, this will confirm that the Board has approved NSPI's request for the amount of \$1,093,699 with respect to this Work Order.

Yours very truly

A handwritten signature in black ink, appearing to read 'M. Doehler', written over a horizontal line.

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

cc Eric Ferguson, Director Regulatory Affairs

By e-mail