NOVA SCOTIA ENERGY BOARD

Nova Scotia Power Incorporated - To obtain a cost reasonableness review of NS Power - CI C0051815 – $5,959,515 - RTU Replacements Program – Phase 6, as outlined in Section 2.1 of the 2025 ACE Plan Decision 13 (M12012) (NSEB M12550)

Midgard Consulting Incorporated Responses to Small Business Advocate Information Requests

NON-CONFIDENTIAL

Request IR-1:

Reference: **Refer to M12550, Exhibit N-3, Midgard Evidence Report, (the "Report"), Page 24, Section 4.1.1 Conclusions – Delivery Model Justification, where Midgard concludes that NSPI failed to demonstrate the cost-effectiveness of its use of internal resources v. external resources and that NSPI can therefore not establish whether the overhead premium for those internal resources is prudent.**

a) Does Midgard have any recommendations with respect to these conclusions, both for NSPI's past failures identified in this Report and/or with respect to future actions that NSPI should take?

Midgard Response IR-1:

a) NSPI's failure to demonstrate the cost-effectiveness of internal resources versus external resources is due to NSPI failing to provide a comparative cost analysis (as required under Section 17.1 of its Capital Expenditure Justification Criteria ("CEJC")). This failure was one of the considerations influencing Midgard's recommended actions for the project, which are detailed in Section 6.2 of its Evidence Report:

   1. *"<u>Adjustment to Labour Estimate:</u> Reduce the approved labour hours for the Project by 30% to reflect a technically supportable baseline consistent with RFW documentation.*
   2. *<u>Enhanced Reporting Requirements:</u> Direct NSPI to (i) reconcile assumed installation durations to site-specific technical documents, (ii) document the attribution methodology for Program-level project management, and (iii) provide a task-level labour basis of estimate that explicitly maps hours to discrete deliverables for future Phases."* [1]

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[1] Exhibit N-3, Section 6.2, p. 39, l. 4-9.