



Blackburn Law Inc.

April 24, 2026

VIA EMAIL

Ms. Crystal Henwood
Clerk of the Board
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
Halifax NS B3J 3S3

Dear Ms. Henwood:

Re: M12550 - 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 ACE 2025 decision (M12012)

On November 7, 2025, Nova Scotia Power Incorporated (“NS Power”) submitted its Work Order for the 2025 ACE Plan project CI C0051715 RTU Replacement Program – Phase 6 (“RTU Phase 6”).¹ This work order project includes the replacement of 14 Remote Terminal Units (“RTU”) during 2025 through 2027 plus associated telecommunications equipment, recloser controllers, transformer meters and relays. In the 2025 ACE Plan, NS Power submitted the RTU Phase 6 project as a project for subsequent submittal with a cost estimate of \$5,959,915 after providing an original cost estimate of \$2,747,780.²

The Board expressed concern for this significant increase and the fact that NS Power had not given sufficient explanation for this increase or a “justification for a four-fold increase in estimated hours based on the evidence provided.”³ As a result, the Board did not approve this project in the 2025 ACE Plan and instead held it over to 2026 after obtaining third-party verification of NS Power’s budget estimate.⁴ On December 9, 2025, NS Power submitted a revised and slightly lower cost estimate for RTU Phase 6 of \$5,058,726, or a reduction of approximately \$900,000.⁵ The Board established this matter, M12550, to provide an opportunity for Midgard Consulting (Midgard) to review and draw conclusions regarding RTU Phase 6 costs and project management processes, which it summarized in its report (the “Report”).⁶

Midgard Findings:

Midgard found that while NS Power used a competitive process to obtain major equipment and master service agreements, it did not optimize the overall execution of the larger project (i.e., all

¹ M12550 Exhibit N-1 NS Power RTU Work Order, Redacted, November 7, 2025.

² M12550 N-1, Description, page 1 of 6, Capital Item Accounts, page 3 of 6.

³ M12012 Board Order dated August 19, 2025, paragraph 25, page 10.

⁴ M12012 Board Order dated August 19, 2025, paragraph 26, page 11.

⁵ NS Power Letter dated December 9, 2025, Attachment 1, page 1 of 1, and page 2, 2nd paragraph.

⁶ M12550 N-3 Midgard Evidence Report, February 17, 2026

phases of the RTU replacement project) but instead used a criticality metric that determined Phase 6 should proceed. Then when Phase 6 costs came in higher than expected, Midgard found that efficiency gains as complexity increased were not validated and core technical work that was assigned internally without market testing lacked evidence to demonstrate that higher internal overhead rates were offset by productivity gains.⁷

Further, Midgard found that “A 33% variance exists between NSPI’s filed estimate and an independent allocation derived from Phase 6 technical documents. This variance is driven by unresolved disputes regarding installation duration and the absence of task-level traceability. Midgard recommends a 30% reduction in labour hours to reflect reasonable productivity levels supported by technical documentation.”

NS Power Rebuttal

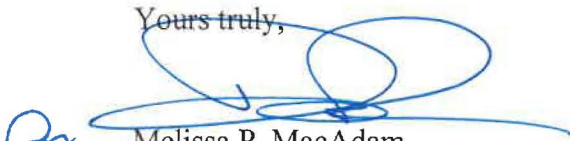
NS Power responded to Midgard’s findings and recommendations by countering that it prioritized doing these first fourteen unit replacements based on their overall risk matrix that measures condition and criticality and because these units to be replaced had reached the end of their useful life. Further, the characteristics of the local terrain for these units differed significantly from the previous replacements which contributed to the increase in cost. For this reason, NS Power rejected Midgard’s claim that the 33% variance exists due to flawed budgeting and stated that the larger amount of labour hours was necessary to meet the schedule for installing these critical units because they assist with system reliability and faster outage restoration.⁸

Submissions

The Small Business Advocate (SBA) respectfully submits that it does not object to NS Power proceeding with the RTU Phase 6 replacement based on NS Power’s evidence supporting the criticality of these units in order to ensure customers have reliable service, noting that NS Power has recently found additional ways to reduce the cost estimate. However, the SBA also respectfully requests that the Board require NS Power to report after the completion of this project on lessons learned (as highlighted by Midgard in their Report, notably the labour hours required per task) and on whether there are any revisions that should be made to the CEJC and NS Power’s Project Development Model (PDM) as a result of these findings.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 24th day of April, 2026.

Yours truly,



Melissa P. MacAdam
Small Business Advocate

⁷ M12550 N-3 Midgard Evidence Report, Section 6.1 Conclusions, Table 2, items 3.1 and 4.1.

⁸ M12550 N-7 NS Power Rebuttal Evidence, Section 3.1, April 10, 2026, p. 16 lines 11-21.