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May 8, 2026

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

Re: M12550 – CI C0051815 – RTU Replacement Program – Phase 6 Review – Reply to Intervenor Submissions

Dear Ms. Henwood:

As part of its 2025 Annual Capital Expenditure (ACE) Plan, Nova Scotia Power Inc. (NS Power, Company), sought approval of capital project CI C0051815 – Remote Terminal Units (RTU) Replacements Program – Phase 6, estimated at that time for $5,959,915, and subsequently amended to $5,058,726 in the Company's letter dated December 9, 2025.

In the Nova Scotia Energy Board's (NSEB, Board) decision pertaining to the 2025 ACE Plan, the Board, as outlined in Section 2.1 of the decision, stated that it intended to engage an expert to review the scope of the aforementioned project and provide an opinion on the reasonableness of the estimated project costs. The Board initiated its review via letter on November 19, 2025.

In accordance with the amended timeline for this process, the Consumer Advocate (CA) and the Small Business Advocate (SBA) filed submissions on April 24, 2026.

The CA supports Midgard's recommendation to reduce labour hours while acknowledging NS Power's explanation of the gaps in Midgard's analysis, and takes no position on Midgard's recommendation for enhanced reporting, agreeing with NS Power that the level of reporting detail proposed by Midgard far exceeds what has historically been required or found to be sufficient. The SBA does not object to the project, and recommends reporting following project completion.

The Company provides the following as its Reply to written submissions.

RESPONSE TO SUBMISSIONS BY THE CONSUMER ADVOCATE

Labour Hour Reduction

The CA agrees with and supports Midgard's recommendation to reduce labour hours for the project. However, the CA also acknowledges NS Power's position that Midgard's analysis underestimates certain key labour drivers. The CA takes issue with NS Power's characterization of the potential impacts of an artificially low labour budget.

NS Power submits that the labour hour estimate filed in its December 9, 2025 update reflects the hours required to complete the work safely, reliably, and in accordance with good utility practices. NS Power's position is that Midgard's 30% reduction is based on an incomplete analysis that does not account for the actual scope and complexity of the work.

The Company will always remain committed to providing safe and reliable service. NS Power's Rebuttal Evidence describing the potential impacts of a reduced budget was not intended to suggest that such outcomes would be accepted by the Company; rather, it was intended to explain that, if the estimated budget were reduced and the work nonetheless had to be completed to avoid the identified risks, the likely outcome would be the need for an ATO.

The regulatory framework includes the ATO process for situations where approved budgets prove insufficient due to unforeseen circumstances. If Phase 6 execution proceeds more efficiently than estimated, ratepayers will benefit through lower actual costs. If additional costs are required, NS Power would be required to justify them through the ATO process, subject to full Board scrutiny. The ATO process exists precisely because capital project estimation involves inherent uncertainty, and estimated budgets do not always align perfectly with actual costs. NS Power maintains that the proper focus is whether the original estimate was reasonable based on the information available at the time. In this case, NS Power's estimate reflects costs that are reasonably known to be required at this time; a subsequent ATO process to describe and consider these same circumstances would be duplicative and result in regulatory inefficiency.

As detailed in NS Power's Rebuttal Evidence, Midgard's analysis underestimates the installation duration, does not account for site specific complexity factors, misallocates travel time, and underestimates engineering and project management requirements. The work itself requires the estimated hours in order to be performed properly.

The CA states that it:

> …acknowledges NS Power's assertion that Midgard's assessment appears not to have taken into account certain activities which NS Power says "drive significant labour hours," including various SM Electrician and Engineering tasks. NS Power does not, however, quantify this work, and nor does it suggest that this work alone could account for the 33% variance assessed by Midgard. In any event, the Consumer Advocate would maintain that some reasonable reduction in the range suggested by Midgard is supportable.[1]

NS Power identified multiple factors that are driving the labour hour increase relative to earlier phases. To further quantify the activities that were missing from Midgard's analysis and included in NS Power's response to IR-6(b) and Rebuttal Evidence, please refer to the table below:

SM Electrician	
• Install RTU hardware and power up RTU	28
• Install wiring for RTU and field devices	43
Subtotal SM Electrician	*71*
Engineering	
• Prepare SCADA drawings	85
• Update existing substation drawings	169
• Prepare and issue RFW (Request for Work)	20
Subtotal Engineering	*274*
Total Hours	**345**

NS Power acknowledges that this does not account for the full 33% variance as described by Midgard; however, it represents a significant portion (approximately 18% of the 1,939 total estimated labour hours per RTU as shown in IR-6(b)) of the identified variance. NS Power focused its efforts on identifying and quantifying the most significant tasks missing from Midgard's analysis, compared to a full investigation of all variances.

Additionally, the current phase of RTU replacements has a broader technical scope involving significantly more I/O (Input/Output) points and IED (Intelligent Electronic Device) integration. There are site-specific terrain and access constraints that are materially different from earlier phases. In addition, evolving industry standards and lessons learned from prior phases result in enhanced commissioning and testing

[1] CA Submission, April 24, 2026, pages 6-7.

protocols. These factors do not reflect inefficiency, they reflect the actual nature and requirements of the work.

The CA further states:

> While the Consumer Advocate appreciates that the scope of the Board's review concerned the fourfold increase in labour hours, we would submit that further information concerning the other phases could have been instructive, particularly in the absence of any data concerning Phase 1. Such information could have been provided by NS Power to Midgard to assist in its review. Alternatively, NS Power could have provided the data in support of its own position that the significant increase in labour hours is justified. As noted in Midgard's response to CA IR-3(e), access to historical documentation (including complete technical, labour, and execution data from Phase 1 and other prior phases) "would improve the factual record of the report and enable direct empirical comparison with Phase 1 data." As this information was not provided, there would appear to be somewhat of an evidentiary gap on this point.

NS Power has provided all available data. The absence of data is not a lack of cooperation. Rather, data was lost as part of the 2025 cyber incident, and the unavailability of detailed task-level project data for a capital program spanning more than 15 years is not unreasonable. Characterizing this data gap as a basis for a significant budget reduction is unreasonable and inconsistent with regulatory prudence.

Project planning

The CA acknowledges the importance of the Capital Expenditure Justification Criteria (CEJC) and states:

> As noted above, the Midgard Report is also critical of NS Power's project planning, and suggests that NS Power has given little, if any, attention in project planning to cost minimization driven by compounding learning, geographic proximity, and other factors. NS Power's response appears to confirm this to be the case, by noting that capital investment decisions are grounded in the Capital Expenditure Justification Criteria (CEJC), which prioritizes projects based on factors such as asset condition, criticality, and risk mitigation.
>
> While the CA acknowledges the importance of the CEJC, NS Power should consider adopting an approach that balances the need to comply with the CEJC framework with the need to maximize cost

> minimization. In that regard, the CA suggests that an appropriate balance can be struck by prioritizing projects that score high in the CEJC framework but otherwise considering the factors suggested by Midgard in its sequencing in the interest of cost minimization.

NS Power submits that the suggestion that cost savings could be achieved through geographic proximity is largely based on theoretical scheduling efficiencies and does not reflect operational reality. Asset condition is the primary driver of replacement timing, as RTU's that are more than 10 years past their end-of-service life cannot be safely deferred for sequencing optimization. RTU replacements also require coordination with planned outages, transmission schedules, and generation availability, all of which vary by facility and materially influence the schedule. The Company relies on specialized internal technical resources with deep knowledge of NS Power's systems, standards, and delivery practices. Those resources must therefore be deployed based on priority, not geographic proximity.

With respect to prioritizing projects that rate highly under the CEJC framework, all 14 Phase 6 RTUs meet this criterion. As stated above, they are more than 10 years past their end-of-service life and are located at critical facilities. There is no subset of "less critical" units that could be safely deferred to optimize sequencing. Deferring any of these replacements to achieve geographical clustering or complexity progression would increase the probability of RTU failure, lead to higher emergency replacement costs and increase the risk for extended outages. Utilizing the CEJC framework with the Company's Asset Management Mechanism prioritizes interventions based on risk, rather than simply doing the "easy" work that may not realize as much benefit, to the benefit of customers.

Enhanced Reporting

The CA takes no position on Midgard's recommendation for enhanced reporting and agrees with NS Power that the recommended level of detail is much higher than current practice, or what has otherwise been found to be sufficient. NS Power's position is that, to the extent additional reconciliation or task-level detail is useful, NS Power will continue to consider such information within its internal PDM processes. However, the Company does not consider Midgard's proposed reporting requirements to be necessary components of the standard capital project documentation submitted for approval.

RESPONSE TO SUBMISSIONS BY THE SMALL BUSINESS ADVOCATE

The SBA does not object to the project and recommends reporting following project completion.

Enhanced Reporting

The SBA states:

> ...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.

As stated in NS Power's Rebuttal Evidence and reiterated above, NS Power's position is that Midgard's recommendations should be understood as potential enhancements to future internal governance and reporting practices, rather than as additional reporting requirements to be imposed as part of future project phases.

To the extent this project concludes in an ATO or Final Cost (FIN) filing, the Company would be required to submit the appropriate application, subject to Board scrutiny. No revisions to the CEJC or NS Power's PDM are required as a result of this project. Rather, the lessons learned from this project will be documented in accordance with existing PDM requirements, and future phases of the project will be initiated in accordance with the justifications outlined in the CEJC.

Accordingly, NS Power submits that the SBA's request for additional reporting following the conclusion of this project is not warranted.

CONCLUSION

NS Power thanks intervenors for their submissions and the Board for the opportunity to provide these Reply Submissions. NS Power respectfully requests that CI C0051815 RTU Replacements Program – Phase 6 be approved as amended in its December 9, 2025 submission.

Yours truly,

LMyatt

Lana Myatt
Manager, Regulatory Capital