2025 **M12619**

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: **The Public Utilities Act**

IN THE MATTER OF: **An Application by Nova Scotia Power Incorporated (NS Power) for approval of approximately $284.0 million of its Annual Capital Expenditure (ACE) Plan for 2026 which totals $702.1 million**

RESPONSE TO INFORMATION REQUESTS

To: **Nancy G. Rubin, K.C.**
Brianne Rudderham
Industrial Group
Stewart McKelvey
Suite 600-1741 Lower Water Street
P.O. Box 997
Halifax NS B3J 2X2
Tel: (902) 420-3200

From: **Consumer Advocate (CA)**

Copies: 1 electronic copy (PDF and Word)

Contact Person: **David Roberts**
Consumer Advocate
Pink Larkin
1463 South Park Street
Halifax, NS B3J 3S9
Tel: (902-423-7777)
Email: droberts@pinklarkin.com

Issued at Halifax, Nova Scotia, this 31th day of March 2026.

Request IR-1:
Reference: Exhibit N-10, 2025 Q4 Capital Report

Please advise whether any information contained in the filed 2025 Q4 Capital Report alters or affects Mr. Wilson's opinions as previously expressed in this proceeding.

If so, please:

(a) Identify the specific information in the Q4 Capital Report that gives rise to the change and discuss how it affects Mr. Wilson's opinions; and

(b) Any additional comments, concerns, or conclusions Mr. Wilson has in relation to NSPI's final reporting for 2025 capital spending.

Response:

In Exhibit N-10, the 2025 Q4 Capital Reports, several projects include Actual Spend values that are significantly less than the values reported in Exhibit N-1(iii). Since Exhibit N-10 was prepared after Exhibit N-1(iii), NS Power should explain how reported Actual Spend declined and the circumstances involved in that change.

Of particular note, actual spending reported for the ECC Dynamic Line Rating Implementation project (CI 47751) declined from $5,486,323 in Exhibit N-1(iii) to $1,908,420 in Exhibit N-10 (both figures from tab R2).

Also, seven projects reported in Exhibit N-1(iii) do not have actual spend reported in Exhibit N-10. The following table summarizes changes that could benefit from further explanation.

Status	Category	CI Number	Title	Actual Spend Exh N-1(iii)	Actual Spend Exh N-10
Less than $1M	General Plant	C0061285	IT - Enterprise Governance, Risk and Compliance	$256,112	Deferred
Approved	Transmission	49790	L5505 Replacements and Upgrades	$816,588	Not Reported
Approved	General Plant	C0017098	Ragged Lake Generator Replacement	$1,681,714	Not Reported
Approved	Transmission	C0041805	L7005 Replacements and Upgrades Phase 2	$2,910,451	Not Reported
Approved	General Plant	C0030984	IT - Cisco UCS Lifecycle	$2,088,998	Not Reported
Filed by WTI	Transmission	C0044391	Eastern Clean Energy Initiative (ECEI) - Transmission	$12,684,032	Not Reported
Less than $1M	Generation	C0061484	PTMT - E-Crane Refurbishment	$299,711	Not Reported
Pending Submission	Transmission	C0070327	IR 673 Network Upgrade Benjamins Mill Wind	$7,946	$(696)
Pending Submission	Transmission	C0069534	IR 669 Network Upgrade Higgins Mountain Wind	$115,697	$(1)
Pending Submission	Transmission	C0070367	IR 618 Network Upgrade Goose Harbour Lake Wind	$9,085	$(0)
Approved	Transmission	C0074130	Robie Street Underground	$1,221,314	$115,930
Awaiting Approval	General Plant	47751	ECC Dynamic Line Rating Implementation	$5,486,323	$1,908,420
Approved	Transmission	C0057682	Spare Transformer Replacement	$3,610,651	$2,041,602
Approved	Transmission	C0061743	L6038 Realignment	$1,485,549	$1,022,478
Approved	Generation	C0063803	HYD AVO 2 Access Road Stabilization	$328,456	$245,421
Approved	Generation	C0067906	POA Boiler Refurbishment 2025	$1,525,527	$1,200,000
Approved	Transmission	C0061545	L6006 Replacements and Upgrades	$6,015,794	$5,091,680
Approved	General Plant	C0061289	IT - Network Next Generation Security Design	$1,884,878	$1,647,378
Approved	Transmission	C0061551	L7009 Replacements and Upgrades	$1,317,705	$1,153,389
Approved	Generation	C0024484	HYD - Fourth Lake Switchgear Replacement	$1,560,285	$1,382,071
Approved	General Plant	C0011159	Plant Information System Upgrade	$1,081,538	$1,008,134
Approved	Transmission	C0055696	L5031 Replacement and Upgrades Robinson Corner Tap	$1,481,749	$1,382,764
Approved	Transmission	C0061403	2024 2025 Sacrificial Anode Installation Program	$2,586,372	$2,414,188
Approved	Generation	48052	HYD Annapolis HVAC Upgrade	$1,987,326	$1,862,133
Approved	Generation	C0049032	HYD - Cowie Falls Log Hoist Replacement	$1,886,112	$1,777,586

Status	Category	CI Number	Title	Actual Spend Exh N-1(iii)	Actual Spend Exh N-10
Awaiting Approval	General Plant	C0053699	Renewable to Retail Implementation	$4,635,351	$4,394,232
Approved	Transmission	C0069232	L6021 Replacements and Upgrades Phase 1	$1,614,847	$1,536,155
Pending Submission	General Plant	C0068718	IT - DERMS Solution Project	$121,257	$117,704
Pending Submission	Transmission	51098	L-6014 Shannon Park Transmission Towers	$1,476,385	$1,433,681
Pending Submission	General Plant	C0021835	IT - CIS Replacement	$3,517,009	$3,418,028
Approved	Transmission	C0041791	L6551 Replacements and Upgrades	$1,090,712	$1,060,032
Approved	Transmission	C0061550	L5031 Replacements and Upgrades - Hubbards to East Chester	$4,001,201	$3,904,538
Approved	Generation	C0058942	WRC D11-2 Foundation Stabilization	$1,451,471	$1,416,578
Approved	Transmission	C0041837	2022/2023 Substation Polychlorinated Biphenyl (PCB) Equipment Removal	$4,100,264	$4,013,356
Pending Submission	Generation	47649	HYD Salmontail Gate Pedestal and Main Dam Refurbishment	$705,758	$692,839
Approved	Generation	C0038126	HYD Cowie Falls Unit 12 Overhaul	$1,288,270	$1,271,880
Approved	Transmission	C0010956	78W-Martin’s Brook Substation Relocation	$4,690,775	$4,640,479
Approved	General Plant	C0011378	Route Network Upgrades	$6,008,798	$5,946,763

Request IR-2:
Reference: Exhibit N-9, Evidence of John D. Wilson, page 11-12

Preamble: Mr. Wilson observes that NSPI frequently applies a 15% contingency amount to transmission line and transformer project budgets where no risk matrix is prepared and infers that this reflects a *de facto* company policy. He recommends that the Board direct NSPI to cap the contingency amount for projects at 10% where no risk matrix is filed.

(a) Please explain, to the extent possible, the impact that adopting a 10% contingency cap would have on the amount sought by NSPI for approval of its 2026 ACE Plan.

(b) Does Mr. Wilson believe that the 10% contingency cap should only apply to transmission projects with no risk matrix filed? Please elaborate.

(c) Based on Mr. Wilson's experience, do other jurisdictions impose caps on contingency amounts for transmission projects (or other types of capital projects)? If so, please identify the jurisdiction, the applicable cap, and whether the cap applies generally or only in the absence of a risk matrix.

Response:

(a) See table below.

		Proposed (15% Contingency)		**Recommended (10% Contingency)**	
CI	**Project**	**Contingency**	**Budget**	**Contingency**	**Budget**
C0080110	L7012 Replacements and Upgrades Phase 1	639,635	5,370,318	426,423	5,157,106
C0070909	70W-T52 Transformer Addition	474,238	3,957,128	316,159	3,799,049
C0080109	L-7001 Replacements and Upgrades Phase 1	359,222	3,063,280	239,481	2,943,539
C0053214	76W-T1 Transformer Replacement	108,771	2,818,855	72,514	2,782,598
C0053234	96H-T1 Transformer Replacement	246,599	2,056,752	164,399	1,974,552
Total		1,828,465	17,266,333	1,218,977	16,656,845
Net Change		**(609,488)**	**(609,488)**		

(b) Mr. Wilson is unaware of any other category of projects where material risks have been identified by NS Power (e.g., in ATO filings) and yet NS Power has a policy of not filing a risk matrix. If other such categories exist, Mr. Wilson would agree with the proposition that the Board should direct NS Power to use a standard contingency amount for such projects, but whether that should be 10% could depend on the context.

(c) Mr. Wilson is unaware of any other jurisdiction that requires utilities to make a similar pre-construction budget filing like the ACE Plan, although a number of jurisdictions require utilities to file applications for a Certificate of Public Convenience and Necessity (CPCN) or some similar pre-approval for certain capital projects. For CPCNs in jurisdictions where Mr. Wilson has filed testimony or advised clients on matters related to CPCNs, he is unaware of any that have policies regarding contingency budgets. Thus, Mr. Wilson is unaware of any instance of a “cap” applied to contingency amounts on projects without risk matrices because he is unaware of any other jurisdictionally-established policies of any type on contingency amounts. Mr. Wilson considers the overall capital project planning approach used by the NSEB to be a model that he recommends other jurisdictions adopt.

Request IR-3:
Reference: Exhibit N-9, Evidence of John D. Wilson, pages 21 – 24.

Preamble: Mr. Wilson reviewed NSPI’s proposed "scope change", finding that significant ambiguity remains, and expressing concern that the proposed definition could shift oversight from proactive approval to retrospective ATO review. Mr. Wilson proposes a two-step process whereby NSPI would be required to file a threshold-triggered letter to the Board, with the two-step process described below:

First, upon identifying a change to deliverables, boundaries, and/or detailed tasks that NS Power believes may result in a budget increase above a Board-specified threshold (e.g., double any applicable ATO threshold), NS Power should file a brief letter in the proceeding in which the project was approved (which may be reopened if necessary) with the following information:

1. **The identified change to deliverables, boundaries, and/or detailed tasks.**

2. **NS Power’s current estimate of the potential budget increase relative to the previously-approved budget, which may be expressed in percentage terms as an order of magnitude without detailed support.**

3. **Whether or not NS Power has identified any new alternatives to the proposed project as a result of the information which led to the identified change; and, if so, a brief description of the alternative and a general statement as to the reason the alternative was not selected.**

4. **Whether or not NS Power intends to file a revised capital project application or ATO application prior to proceeding with project construction or implementation (as applicable).**

Second, the Board, on its own or in response to any regulatory intervenor, may respond to the letter by identifying a reason that NS Power should more formally evaluate some other alternative. The evaluation would then be

included in a revised capital project application or ATO application as directed.

(a) Please provide Mr. Wilson's proposed language to be included within the revised CEJC, for the definition of "scope change" and the two-step process (ideally, redlined to the current CEJC).

(b) In Mr. Wilson's proposed two-step process:

(i) Does Mr. Wilson specifically recommend a threshold of double any applicable ATO threshold? If so, please discuss the rationale for the suggested trigger threshold, including how it is intended to interact with existing ATO thresholds and CEJC provisions. If not, what factors should the Board consider in setting a trigger threshold?

(ii) In stating it "may" result in a budget increase, what degree of certainty is required to trigger the report? e.g. some risk beyond minimal; 50/50 chance, more likely than not, etc.

(iii) Are there circumstances in the absence of the risk of a budget increase which would or should trigger a scope change report? Please explain.

(c) Please confirm whether Mr. Wilson's proposed two step notification process is intended to apply uniformly to all capital projects, regardless of project type.

Response:

(a) Mr. Wilson does not recommend any further change to NS Power's proposed definition of scope change. Instead, Mr. Wilson recommends that the Board direct NS Power to revise the CEJC to include the two-step process quoted above. Mr. Wilson anticipates that NS Power could have some reasonable edits to the language quoted above regarding the two-step process if directed to adapt the language into the CEJC. Subject to the comments below, Mr. Wilson's view is that his recommendation is specific enough to give the Board and NS Power a process to resolve the remaining ambiguity in the proposed definition of scope change in cases where the change to the project is sufficiently large enough to suggest that there could be benefit in revisiting the alternatives analysis. Where the possibility exists, Mr. Wilson's view is that the Board should determine when to exercise its authority to initiate such a review rather than leaving that determination up to NS Power.

(b) (i-ii) No, Mr. Wilson does not specifically recommend a threshold of double any applicable ATO threshold. In selecting a threshold, the Board should consider what scale of change to the project is sufficiently large enough to suggest that there could be benefit in revisiting the alternatives analysis. Mr. Wilson's recommendation is that the level of analysis required of NS Power to initiate the first step should be relatively low, where the Company believes that changes to deliverables, boundaries, and/or detailed tasks has reached a point where the budget may increase above a Board-specified threshold.

Mr. Wilson views a 50/50 chance as the appropriate view that NS Power should take when analyzing the potential budget impacts of changes to deliverables, boundaries, and/or detailed tasks.

As an example, consider a hypothetical project for which the applicable threshold is $1 million, and NS Power reasonably believes that changes are anticipated to increase the project budget by $750,000. Even if actual costs ultimately exceed the approved budget by $1.1 million, the question of whether NS Power adequately evaluated alternatives might not be a significant issue in the ATO proceeding. At some larger actual cost (e.g., $1.5 million) the question as to whether NS Power reasonably assessed the cost of changes to deliverables, boundaries, and/or detailed tasks would likely become a significant issue in the ATO proceeding, raising the question of whether NS Power's change management was effective.

(iii) Yes. Mr. Wilson's view is that the primary trigger for a scope change should be direct and reasonable application of the scope change definition, as refined by NS Power (see p. 20 of Mr. Wilson's evidence). When such a change occurs, the two-step process is not required, so no budget threshold is applied. In such instances, NS Power should file an updated project application (as the Company proposes), not a "scope change report."

(c) Confirmed.