

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF AN APPLICATION by NOVA SCOTIA POWER INCORPORATED
for approval of its **Annual Capital Expenditure Plan for 2026**

BEFORE: Richard J. Melanson, LL.B., Panel Chair
Steven M. Murphy, MBA, P.Eng., Member
Jennifer L. Nicholson, CPA, CA, Member

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FINAL SUBMISSIONS: June 5, 2026

DECISION DATE: September 2, 2026

DECISION: The ACE Plan is approved, except for C0080111 – 2026 RTU Deployment. The Board has also provided directions to NS Power on other aspects of this application, which are summarized in paragraph [241] of this Decision.

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1.0 INTRODUCTION

[1] Each year, Nova Scotia Power Incorporated files an Annual Capital Expenditure (ACE) Plan outlining its proposed capital expenditures for the upcoming year. In accordance with ss. 35, 35A and 35AA of the *Public Utilities Act*, RSNS 1989, c 380 (*PUA*), NS Power must seek approval from the Board for capital projects exceeding \$1,000,000.

[2] NS Power's 2026 ACE Plan sought approval for individual capital projects estimated at \$76.7 million and Routine Capital Expenditures totaling approximately \$207.3 million. The forecasted total capital spending for 2026, including items that do not require Board approval, is \$284.0 million.

[3] Based on the evidence presented, and after considering the submissions of the participating parties, the Board determined that there was sufficient justification for all the proposed capital projects except for CI C0080111 - 2026 Remote Terminal Unit (RTU) Deployment. Consideration of that project has been deferred until the Board has received the final report from Synapse Energy Economics Consultants in Matter M12558 - Review of NS Power's Five-Year Reliability Plan. In the interest of time, the Board issued an Order on June 18, 2026, approving the 2026 ACE Plan, with reasons to follow, and reserved the right to issue a further Order with directives related to outstanding issues raised during the proceeding.

[4] In addition to considering the specific projects submitted for approval in the ACE Plan, the Board has taken the opportunity presented by the annual filing to address more general issues relating to capital spending and the project approval process. In this Decision, the Board has commented on the following:

- Reliability investments;

- Five-Year Reliability Plan update;
- Capital Spending Justification Criteria;
- Capital Spending Growth and Rate impacts;
- Mersey Hydro update;
- *The Path to 2030 Report Updates*;
- Completed Transmission Line Replacement and Upgrade projects;
- The impact of the Cybersecurity Breach on NS Power's capital planning; and
- The integration of the work of the Nova Scotia Independent Energy System Operator (the IESO Nova Scotia) into NS Power's capital plans and expenses.

[5] Finally, the Board directs NS Power to take the actions outlined in paragraph [241] of this Decision

2.0 ANALYSIS AND FINDINGS

2.1 Content of the 2026 ACE Plan

[6] The ACE Plan application presents NS Power's forecasted capital expenditure program for the year, detailing planned investments, project timelines and associated funding requirements. The ACE Plan includes:

- A description of capital projects for which NS Power seeks approval;
- A description of routine capital expenses for which NS Power seeks approval;
- A list of capital projects to be submitted for later approval;
- A list of capital items not requiring Board approval; and
- Responses to directives from previous ACE Plan proceedings.

[7] NS Power requested Board approval for \$76.7 million for individual capital projects. In 2026, NS Power planned to initiate 20 individual capital projects, each with a budget exceeding \$1 million, including 5 projects with budgets greater than \$5 million. NS Power anticipated spending \$49.0 million on these individual projects in 2026, with the remaining \$27.7 million scheduled in subsequent years.

2.1.1 Routine and Capital Work Order Applications

[8] For each routine and capital work order application in the ACE Plan, NS Power provided detailed project descriptions, justification for the proposed investment and supporting cost estimates. NS Power further added to the evidentiary record with comprehensive responses to Information Requests (IRs) submitted by intervenors and Board staff.

[9] Apart from CI C0080111 - 2026 RTU Deployment, which is discussed in section 2.2.4 of this Decision, the Board finds that the routines and capital projects listed in Schedule A of this Decision are necessary. Further, the Board is satisfied that the plan is prudent and that the spending has been justified in accordance with the Board-approved Capital Expenditure Justification Criteria (CEJC).

[10] The Board approves the routines and capital projects set out in Schedule A. An Order has already been issued for this approval. Further, as it relates to transmission line replacement and upgrade capital projects, in its 2027 ACE Plan application, the Board directs NS Power to include an update to Appendix I of its 2026 ACE Plan application to include any additional transmission line replacement and upgrade capital projects completed since filing of the 2026 ACE Plan application.

2.2 Discussion and Approval of Specific Projects

[11] Based on the pre-hearing evidence filed in this proceeding, the Board had concerns about several specific projects put forward for approval in the 2026 ACE Plan. These concerns were explored further during hearing questioning of NS Power's panel. Based on NS Power's responses, and subsequently filed undertakings, the Board is satisfied that its concerns about these projects have been addressed, except for the

“C0080111 – 2026 RTU Deployment” project. The Board’s concerns and related findings are discussed in the following sections.

2.2.1 C0080266 – New Distribution Right of Way (ROW) Phase 11

[12] The Board has concerns about the proposed New Distribution ROW Phase 11 project, as does John D. Wilson, Vice President, Grid Strategies LLC, an expert consultant retained by the Consumer Advocate (CA). These concerns are discussed in Section 4.0 of this Decision. This notwithstanding, the Board expects that these concerns will be addressed in the on-going independent review of NS Power’s Five-Year Reliability Plan (Matter M12558). Further, no party in the current proceeding recommended that the project not be approved. As such, the Board approves this project.

2.2.2 C0021608 – TUC Shoreline Sheet Pile Refurbishment

[13] This project involves the installation of an approximately 80-meter-long sloped rock revetment along the southwest shoreline of the Tufts Cove Generating Station (TUC). The project also includes an extension of the TUC Unit 3 seawater cooling intake to facilitate construction of the shoreline extension. The work is intended to mitigate the deteriorated condition of the existing steel sheet pile structures that retain the plant shoreline. The existing sheet pile structure is a barrier which, in its current form, is made of interlocking steel circular cells, built in a wall formation to retain infilled soil along the waterfront. The sheet pile structure is primarily used to prevent coastal erosion, retain soil, and protect the shoreline from wave action, tidal action, flooding, and storm damage. NS Power stated that the existing sheet pile structure is in critical condition, exhibiting severe corrosion with multiple cells experiencing large areas of section loss.

[14] In its application, NS Power noted that a third-party options analysis was completed to evaluate potential refurbishment options for the project. The options

evaluated included the proposed rock revetment option, as well as a new combi-wall alternative and a concrete retaining wall with partial cell encapsulation alternative. The cost estimates for the rock revetment and partial cell encapsulation options were relatively close in magnitude, while the cost estimate for the combi-wall option was significantly higher. NS Power selected the rock revetment option as the preferred choice because it had the highest total score among the design options in the chosen weighted criteria, which included design criteria, operational impacts, regulatory considerations, and probable cost. NS Power included the options analysis report as an attachment to the application.

[15] The options analysis report certainly suggests that, given the physical condition of the existing sheet pile structure, refurbishment is required. Based on its review of the evidence, the Board finds that refurbishment of the existing sheet pile structure is warranted and prudent. However, the Board was concerned that the evidence filed in advance of the hearing did not necessarily justify the rock revetment option as the preferred solution. The Board expressed these concerns during its hearing questioning, and they are described as follows:

- The scoring mechanism used to rank each option: The options analysis used four weighted criteria to quantitatively assess each option. These included: Meets Design Criteria (40% weight), Impact on Existing Operation (25% weight), Environmental/Permitting Considerations (15% weight), and Probable Cost (20% weight). Then, for each option, the scoring methodology gave each weighted criteria a score out of 3, with a score of 3 indicating that the option meets the criterion requirements, a score of 2 indicating that the option partially meets the criterion requirements, and a score of 1 indicating that the option vaguely meets the criterion requirements. The Board noted concerns about this approach as it sets the “Weighted Scores” at 1/3 intervals, whereas a simple scoring system based on points assignment to each criteria may have changed the scoring spread. The Board also expressed similar spread concerns related to scoring the options’ costs, as it was not based on pro-rating an option cost to the lowest option cost.

- The use of additional study data to assess each option: The options analysis report notes that information about the site at the time of report preparation, such as existing geotechnical conditions, seabed bathymetry, and environmental conditions, was extremely limited. As such, the report cautioned that the options presented were based on assumptions that would need to be validated during detailed design. In response to Nova Scotia Energy Board (NSEB) IR-74, NS Power stated that it had completed all this work as part of the detailed design for the rock revetment option. NS Power further noted that in general, the bathymetry scanning and boreholes influenced the overall design of the geometry of the rock revetment option. Further, in response to NSEB IR-75 and IR-78, NS Power confirmed that the results of these studies and investigations were not used to further assess the feasibility and cost estimates for the other potential project options.

[16] The additional study work influenced the resulting design of the rock revetment option. As a result, there has been a significant increase in the estimated cost of this option compared to the estimate in the options analysis report. The Board expressed concern that without re-evaluating the cost estimates for the other two options, based on the additional study and investigations findings, the rock revetment option may no longer represent the best solution from a cost perspective.

[17] NS Power's responses to Board questions during the hearing lessened these concerns. Notably, NS Power conducted its own review of the options with internal subject matter experts following completion of the additional study work. This review led to the elimination of the partial encapsulation option as it would rely on the current structural integrity of the existing cells and would not provide the required structural capacity to resist lateral loads. As it relates to the combi-wall option, NS Power noted that its review did, in fact, use the results of the geotechnical investigation to conduct a further evaluation. The evaluation found that identified geotechnical conditions for this option were less favourable than those assumed in the original options analysis report. NS Power determined that these conditions would significantly increase the complexity of drilling and anchoring requirements and introduce greater constructability challenges

relative to the original conceptual design. While NS Power did not prepare an updated detailed cost estimate for the option, it concluded that the confirmed geotechnical conditions would result in a higher cost, increased execution risk and greater uncertainty for the option. Therefore, the Company concluded that it would not be cost-effective or prudent to advance the combi-wall option.

[18] In NS Power's Closing Submissions, the Company notes that while the options analysis was an important project input, NS Power's selection of the rock revetment option reflects a broader assessment of all relevant considerations and is consistent with the best interests of ratepayers. Primarily based on clarification provided during NS Power's hearing testimony, the Board agrees. The Board, therefore, finds the project is prudent. The Board also finds that the rock revetment option is the preferred alternative and the related cost estimate is reasonable.

[19] As it relates to the options analysis scoring methodology, the Board finds that a change to the scoring system, as suggested in the Board's hearing questioning, would not have changed the selection of the preferred project option. Nevertheless, the Board still has concerns about the methodology. In particular, the Board believes the methodology involves a criteria scoring spread system at arbitrary 1/3 intervals that may not necessarily reflect a more representative spread if a more detailed points allocation methodology was used. This is especially relevant when scoring option cost estimates, which the Board believes would be more appropriately done based on a score that prorates an option cost to the lowest option cost. The Board suggests NS Power consider these concerns when evaluating future capital projects.

[20] One last point relates to the Nova Scotia Department of Energy's (DOE) submission about what the DOE believes to be excessive cost escalation in NS Power's projects over time. This issue is addressed in more detail in a subsequent section of this Decision. However, specifically as it relates to the TUC Shoreline Sheet Pile Refurbishment, DOE submitted that the project cost has increased from \$0.36 million in the 2025 ACE Plan to roughly \$5.7 million (an escalation of more than 1,490%). The DOE asserts that the magnitude of this increase strongly suggests major rebasing of project scope, including potential geotechnical remediation, environmental mitigation, or broader site stabilization work not captured in the original estimate.

[21] The DOE is correct about the magnitude of the increase in the project cost estimate between the 2025 and 2026 ACE Plans. The Board notes, however, that the project was not submitted for Board approval as part of the 2025 ACE Plan. As such, the Board has no detail related to scope of work or level of project definition included in the 2025 ACE Plan estimate. The Board does find it curious though that NS Power did not include the project cost estimate from the 2023 options analysis report in its 2025 ACE Plan estimate. This notwithstanding, the difference between the estimates included in the 2025 and 2026 ACE Plans suggests that the numbers do not represent a true "apples to apples" comparison. This may be a result of a change in project scope between 2025 and 2026 or that the 2025 ACE Plan estimate was not developed to a detailed level of maturity. Nevertheless, the Board believes that this is not atypical of a capital project's evolution.

[22] The Board believes the more relevant and important issue is whether a project's cost escalates after a detailed estimate is prepared by NS Power and has been approved by the Board. The issue has been monitored through the "cost minimization"

lens in prior ACE Plan proceedings and continues to be monitored, most notably through the Board's Authorization to Overspend (ATO) process.

2.2.3 C0080135 – Burnside #2 Combustion Turbine (CT-BGT2) Engine Replacement

[23] CT-BGT2 is a 33 MW combustion turbine located in the Burnside Industrial Park in Dartmouth. It provides black start capability, 10-minute reserve, Volt-Ampere Reactive support and additional firm energy capacity to the NS Power electrical system. The unit was originally commissioned by NS Power in 1976. In March 2025, NS Power completed its most recent annual internal borescope inspection of the unit. The inspection revealed the need for a shop-level tear down, particularly due to damage observed on the stage 9 blades, a compressor stage on which NS Power has previously experienced two unplanned failures. The proposed capital project involves the refurbishment of the turbine engine. It includes a full tear down, inspection, and refurbishment or replacement of all engine components per the Original Equipment Manufacturer (OEM) service guidelines and inspection.

[24] The Board understands the need to address the deteriorated condition of the existing engine. However, the Board was concerned that the evidence filed in advance of the hearing did not necessarily indicate that NS Power had thoroughly reviewed other project options. The Board expressed these concerns during its hearing questioning, and they are described as follows:

- The option to purchase a previously owned and refurbished engine: In its response to NSEB IR-102, NS Power indicated that it had reviewed the option of purchasing a previously owned and refurbished engine. The Company stated: "Market pricing for used FT4 units is highly variable because the asset quality depends heavily on factors such as prior duty cycles, accumulated hours, and maintenance practices. Used engines also typically require additional depot work after purchase to return them to a serviceable condition. When this additional work is taken into account,

the total cost of a used engine can approach or exceed the cost of refurbishing NS Power's existing unit. Lead times for acquiring and refurbishing a used engine can also be longer than the refurbishment timeline for the existing asset." Further, in the same IR response, NS Power suggested that the capital cost for a previously used engine would be double the cost of the refurbishment project. The Board was concerned that NS Power had not obtained price quotes to confirm these assertions.

- The option to delay the project until completion of the IESO Nova Scotia 2026 Integrated Resource Plan (IRP): In response to NSEB IR-101, NS Power stated: "NS Power also maintains the ability to source a leased engine from Wood Group Pratt & Whitney (WGPW) if the CT-BGT2 outage is unexpectedly extended or if additional unplanned CT outages occur. Through this combination of operational CT capacity, BESS assets, and established contingency arrangements, NS Power can maintain the required system response capability during the CT-BGT2 refurbishment outage." The Board was concerned that NS Power had not considered the option of delaying the refurbishment project until completion of the IESO Nova Scotia IRP, and in the interim use the leased engine. This would allow NS Power to confirm whether, in fact, the current Burnside #2 Combustion Turbine will be required moving forward. If it was found that the unit is not needed, then perhaps the proposed capital refurbishment project would not be required.

[25] NS Power's responses to Board questions during the hearing lessened these concerns. Specifically, as it relates to obtaining a quote for a previously owned and refurbished engine, NS Power confirmed that it had not obtained a quote. However, Lynne Drover, Senior Director, Power Production, stated that in recent years the Company purchased a previously refurbished engine, and that it is aware of the cost of those engines on the market. She also noted that there is typically additional work that needs to be completed after market on these engines, which adds to the cost. Further, she stated that there is additional risk of not having complete records of how a previously refurbished engine was run and not knowing the servicing and the maintenance work that was done on a unit previously. She stated that when these items are taken into consideration,

refurbishing NS Power's own engine is a comparable or a lower-cost option than buying a previously refurbished engine.

[26] With regard to the IESO Nova Scotia's 2026 IRP, NS Power indicated that there is no indication from the ongoing IRP work that the Burnside CT unit will not be required moving forward. This was re-iterated in NS Power's Closing Submissions:

This project cannot be deferred or delayed pending the outcome of the IESO-NS-led IRP. It is NS Power's understanding that the IESO-NS-led IRP is expected by or near the end of 2026. The need for existing diesel CTs will not be re-evaluated during the 2026 IRP. They are a known and essential component of the resource mix required in support of the Province's Clean Power Plan, and to achieve environmental policy targets.

[NS Power Closing Submission, p. 12]

[27] NS Power also submitted that any delay in completing the refurbishment project would put the reliable operation of the unit at risk and impact NS Power's ability to meet peak customer demand, to support the integration of the wind resources and meet environmental policy targets. Primarily based on clarification provided during NS Power's hearing testimony, the Board agrees. The Board, therefore, finds the project is prudent and the related cost estimate is reasonable.

2.2.4 C0080111 – 2026 RTU Deployment

[28] This project will install 21 new Remote Terminal Units (RTU) in substations throughout Nova Scotia over the next three to four years. The RTU and telecom will be installed at substations that currently do not have existing RTU. The resulting installations are intended to establish remote visibility of additional substations at the Energy Control Centre for improved system operation. NS Power indicated that the substations targeted for this project had been prioritized based on substation criticality, including the number of customers served in conjunction with areas of the grid benefiting from additional visibility for Control Centre operations. NS Power also stated that with RTU installed at a

substation, the System Operator will be able to remotely disconnect power within seconds in an emergency (such as a house fire or car accident) compared with response times of approximately 45 minutes or more for a field crew to be deployed and arrive on site to disconnect power. NS Power also asserted that increased visibility, remote operability, and overall improved situational awareness resulting from use of the RTU's would help to reduce the time to identify, resolve, and restore unplanned outages.

[29] NS Power also indicated that this project will directly support the Company's Advanced Grid Modernization program outlined in its Five-Year Reliability Plan. NS Power further stated that by deploying RTU, real-time visibility and remote operability will be enhanced, which the Company believes is foundational to reducing System Average Interruption Duration Index (SAIDI) and improving grid resilience. NS Power believes that the project will contribute to faster fault detection, improved outage response, and more strategic control actions during major events, aligning with the Five-Year Reliability Plan's goals to strengthen system performance and customer reliability.

[30] In response to NSEB IR-144 a), NS Power confirmed that the substations where the Company intends to install the RTU are equipped with other system protection devices, such as reclosers, or overcurrent protection, that automatically operate when fault conditions occur. These protections are designed to detect electrical faults, tree contacts or ground faults, and will isolate a feeder when the electrical characteristics indicate an unsafe condition. The Company noted, however, that these protection systems only operate when an electrical fault is present. In other emergency scenarios (such as a house fire, wildfire, or car accident) where conductors might remain intact and no electrical fault occurs, the protection equipment will not automatically trip, because

nothing in the electrical system indicates an abnormal condition. NS Power stated that if a substation has an RTU installed, a system operator could take appropriate action to disconnect a feeder in these situations.

[31] In response to NSEB IR-143 c), NS Power provided a list of the substations at which the proposed RTU will be installed. The list also included the peak load of each substation and the number of customers that each substation serves. While some of the substations are located in urban areas, most are in rural locations. The number of customers served by the substations varies from 87 to 2,293, with peak loads ranging from 0.57 to 9.05 MVA.

2.2.4.1 Findings

[32] As noted by NS Power, this project will add remote monitoring (i.e. visibility) and control (i.e. SCADA – Supervisory Control and Data Acquisition) for the system operator for the sites where new RTU are installed. NS Power argues that this remote operational capability closes the gap between what automatic protection can detect and the range of real-world emergencies that require de-energization for the public and worker safety, which also provides faster restoration time reducing outage duration. The Board does not dispute this but also notes the following.

[33] The Board understands that NS Power currently operates many substations without RTU, and that for primary fault clearing the substation protection system, operating independently from an RTU, serves as the critical layer. An RTU is primarily used for SCADA-facing supervision, data transfer, alarm reporting, and remote control, rather than for high-speed protection functions. A substation can remain fully protected without an RTU. Therefore, while installation of an RTU would increase substation and

system visibility, it would not enhance the immediate fault-clearing capability of the substation.

[34] The Board's analysis of the data provided in response to NSEB IR-143 c) indicates that the substations selected in the application serve a total of 20,012 customers, representing 3.6% of the total 558,060 customers reported in Matter M12775. The substations selected in this project range from serving 87 customers with a peak load of 0.56 MVA to serving 2,293 customers with a peak load of 6.94 MVA.

[35] The Board's main concern about this project relates to NS Power's lack of quantification of the proposed benefits, particularly considering: a) \$8.32 million is intended to be spent on a project that provides benefits to only 3.59% of its total customers, b) an RTU is not the primary fault-clearing system, and c) that the remote disconnection of a feeder does not eliminate all abnormal conditions. The Board understands that when a fire is not related to an electrical fault, the Utility must still coordinate with emergency responders, assess the safety of its own equipment, and ensure that the fire, or any electrical hazard, is not further spread by its equipment.

[36] The Board does not minimize the importance of the visibility afforded by the RTU. However, NS Power failed to quantify the dollar benefits associated with the risks the project intends to address, including historical cases in which the presence of an RTU would have provided benefits.

[37] The application noted that this project directly supports the Advanced Grid Modernization program outlined in NS Power's Five-Year Reliability Plan. The Board notes that this plan is currently under review by the Board in Matter M12558 — Review

of NS Power's Five-Year Reliability Plan, and that there is a pending independent review report from Synapse Energy Economics Consultants.

[38] Given the pending independent review of NS Power's Five-Year Reliability Plan and the insufficient quantification of the benefits this project is expected to provide, the Board has decided not to approve the project at this time. NS Power may refile the application once the review of the Five-Year Reliability Plan is complete, and with a quantified assessment of the benefits as outlined above.

2.3 Routine Capital Spending

2.3.1 Increase in Recent ACE Plans

[39] NS Power requested approval of approximately \$207.3 million for Routine Capital Expenditures in the 2026 ACE Plan. Reported routine capital expenditures declined from \$230 million in 2022 to \$153.3 million in 2023 (-33.4%), but this reflects unusually high storm-related spending in 2022 (\$111 million vs. average of \$6 million in other years). However, routine capital expenditures have increased materially in recent years. Routine capital spending increased from \$153.3 million in 2023 to \$176.4 million in 2024 (+15.3%). The 2025 actual spend of \$189.2 million represents a further 7.3% increase from 2024 but remains \$5.9 million (-3.0%) below the 2025 ACE Plan budget of \$195.1 million. The 2026 budget continues the growth trajectory with a 9.6% increase from the 2025 actual spend.

[40] Routine capital expenditures are heavily concentrated within the distribution function, which accounts for approximately 68% of total routine capital in 2026. Distribution capital expenditures increased from approximately \$125 million in 2025 to approximately \$140 million forecast for 2026. This increase is primarily driven by a significant rise in the category of distribution upgrades and replacement, which increased

from approximately \$38.8 million in 2025 to approximately \$51.8 million forecast for 2026, representing an increase of approximately 33%. This category alone accounts for the majority of the year-over-year increase in routine distribution capital expenditures.

[41] NS Power has acknowledged the increase in the Routine Program. At the hearing, Trevor Beaton, Senior Manager, Strategic Asset Planning, explained that the Company's approach to Routines has not changed, but that the Program had been expanded, with more work being completed and the cost of completing similar work increasing since the 2023 ACE Plan:

Q. (Ms. Rudderham) So when I'm looking at the numbers before you there -- I'm looking at the budget amount, the ACE Plan budget -- when I compare the 2023 budget with that that's being applied for in 2026, there is -- the budget has increased by \$90 million; correct?

A. (Mr. Beaton) That's correct.

Q. And I believe your evidence, Mr. Beaton, was that routines are, and I think your language was, repetitive in nature. They're like for like. So can you explain to me -- and that it's meant to be sustaining, not transformative. Can you explain to me what, in 2026, is being sustained that was not being sustained in 2023?

A. (Mr. Beaton) ...
So, we certainly haven't changed the approach of the capital routine program and everything in it still fully meets that definition that you would have read prior. It's just been expanded; more work being completed today than it was -- or than was budgeted in the 2023 ACE Plan. And the actual cost to complete similar work has been inflated since then as well.

[Transcript, April 21, 2026, pp. 168-172]

[42] NS Power identified inflation, increased material and vehicle costs, reliability investments, greater customer driven work and supply chain conditions as significant drivers of the growth in expenditures. NS Power also added three new Routines in 2026 that were previously advanced as stand-alone projects: T020 Transmission Switch and Breaker Replacement, T030 Transmission Tower Refurbishment/Life Extension, and D020 Padmount Replacement Program, adding approximately \$7 million to the Routine Program. NS Power stated that these investments

recur annually with no planned end date and that Routine treatment improves regulatory efficiency.

[43] In its Closing Submissions the Industrial Group (IG) noted that the magnitude and persistence of this growth raises a more fundamental question about whether all activities within the Program continue to exhibit the characteristics contemplated by the Routine provisions of the CEJC. It argued that the increase cannot be explained solely by inflation, particularly where growth is also associated with enhanced standards, increased work volumes and new work categories.

2.3.1.1 Findings

[44] The Board accepts that an increase in expenditure does not, in itself, mean that an activity ceases to qualify as routine. Required expenditures may reasonably vary with asset conditions, customer growth, system requirements, work volumes and input costs. The Board also accepts that recurring work does not require a constant annual expenditure level.

[45] However, the Board considers the scale and persistence of the increase in routine expenditures over the years significant. The majority of the routine programs are forecasted using historical spending adjusted for inflation, meaning that successive increases become incorporated into subsequent forecasts.

[46] This distinction is important where an increase results from circumstances that may be temporary or transitional, including supply chain backlogs, unusual overtime requirements, temporarily elevated material prices or deferred work from prior years. Such conditions may reasonably increase expenditures for a period. They do not necessarily establish that the resulting level of expenditures should become the continuing baseline for future years.

[47] The Board is concerned that, without a clear explanation of these cost drivers, temporary increases may become embedded in the historical cost base used to support future forecasts. Historical expenditure may then become a principal justification for future expenditure, even where the circumstances that originally produced the increase have moderated or ceased.

[48] In future ACE Plans, NS Power should provide clarity on the factors driving increases in routine expenditures distinguishing between structural drivers, which are reasonably expected to result in continuing higher expenditure requirements, from temporary or transitional drivers, which should be expected to moderate or disappear. Where temporary factors previously contributed to material increases, NS Power should explain in a subsequent ACE Plan whether that driver remains present and, if it no longer exists, whether the forecast has been adjusted.

2.3.2 Enhanced Tracking and Cost Minimization

[49] The CA raised concerns regarding NS Power's ability to demonstrate cost minimization within the Distribution Routines. In his evidence, Mr. Wilson observed that regular and overtime person-hours were not routinely tracked for many Distribution programs and noted that several Routines contain significant overtime labour forecasts.

[50] In the hearing, NS Power clarified that the Utility's accounting software does track labour both by the hour and costs and that information is available on a go forward basis, noting that some of the data may have been impacted by NS Power's cyber incident. NS Power also noted that while the labour hours and costs can be tracked this information is not necessarily considered when forecasting:

Q. (Mr. Murphy) So on the topic of Distribution Routines and work asset management, I understand that except for Distribution Routine D005, which concerns

unplanned replacement of curated equipment, Nova Scotia Power does not track actual person hours for the other Distribution Routines. Is that accurate?

A. (Mr. Beaton) So it would vary. It's just not used necessarily for forecasting purposes in all cases.

Q. (Mr. Murphy) Okay. If I can pull up Exhibit N-3, IR-7, which I believe is PDF page 9.

So just to clarify, so question (a) asks:

Please provide actual (or forecast, for 2026) person-hours by regular and overtime for each distribution routine, for the years 2022-2026.

And the response says:

D005 is the only routine that uses person-hours. Below are the 2022-2026 Person Hours by Regular and Overtime Labour.

And then below that it provides the 2026 forecast.

So I'm just -- can you clarify? I heard your answer to say that you do collect person hours, you just don't use them for forecasting in the other Distribution Routines.

A. (Mr. Beaton) Apologies. In the first one, I think I took -- I interpreted your first question as just tracking labour costs as opposed to person hours.

In this case, we certainly wouldn't have had all that information, some of it due to the cyber event that we had last year. We did lose certain information. But our accounting software does track labour, by both hour and costs, so generally we would have access to that information.

Q. And how is that tracking done?

And sorry, just to confirm; so for all the Distribution Routines, you would have some data on actual person hours by the different routines?

A. (Mr. Beaton) Yes. So as people charge for hours, it goes into power planning, is there a software record for our capital program. In order for labour to get charged to capital projects, you are required to, obviously, enter your time, which is tracked by hours.

There might be some instances where there's some adjustments between projects that might make some tracking difficult, but we would be able to, in a normal situation where we didn't lose some data, as we did last year, be able to provide that on a go-forward.

[Transcript, April 21, 2026, pp.64-66]

[51] Mr. Wilson noted that improved tracking could identify excessive overtime and opportunities to schedule staff or contractors differently where work can be planned in advance. He accepted that substantial overtime may be inherent in reactive programs

such as D005 (Unplanned Replacements of Deteriorated Equipment) but considered that overtime should nevertheless be tracked and that different considerations apply to work that can be planned in advance:

For example, the forecast overtime labour for new customer distribution routines D061 and D062 is about 30% of the forecast regular & term labour budget. Similarly, for regulatory replacements (D006), the overtime labour budget is 49%. Given that new customer and regulatory replacements work can be planned at some level, where work is required to be performed outside of scheduled hours at this scale, it may be feasible to schedule alternative shifts for some of this work. This could be revealed by tracking this work and identifying whether staff or contractor labour could justify incurring the costs of maintaining staffing on these schedules (potentially on a seasonal basis).

[Exhibit N-9, p. 5]

[52] The testimony demonstrated that NS Power has more granular information available through its existing systems than is presently included in the ACE Plan filing. NS Power confirmed that Maximo/Salesforce tracks transactions per labour hour as a measure of efficiency. The transactions consist of standardized “compatible units” containing labour and material requirements, which are associated with work orders and capital programs or expense accounts. NS Power confirmed that future ACE Plans can produce information showing the number of transactions associated with individual capital programs and expense accounts.

[53] In response to NSEB IR-30, NS Power reported measurable benefits from its Work Management and Scheduling and Dispatch implementation. NS Power advised that efficiencies are pursued within Routine work and identified initiatives such as depot splitting and service days, a scheduling improvement initiative intended to reduce travel time and therefore travel costs associated with appointment booked work including renovations which are included in D004.

[54] However, contractor activities present a continuing information gap. During the hearing, NS Power acknowledged increases in contractor costs but did not have a

breakdown comparing actual contractor labour and machine-rate changes with changes in the amount of work completed. NS Power stated that it works with contractors to ensure work is completed efficiently, but the CA submitted that the record did not demonstrate how that efficiency is being measured:

The Consumer Advocate appreciates that NS Power already makes efforts to leverage Maximo/Salesforce capabilities. In the circumstances, it would therefore seem appropriate for NS Power to report on those efforts, and particularly to give specific consideration to how the software could be leveraged to improve efficiencies in areas where it is not currently scoped for use, as Mr. Wilson recommends. For example, NS Power stated at the hearing that projects that are heavily contractor-based, such as vegetation management, would not get the same level of benefits from the WAM software. During cross-examination on another topic, NS Power acknowledged significant increases in contractor costs but confirmed it does not have a “breakdown” “comparing actual contract labour rates and machine rates versus additional work being completed.” NS Power states that it is working “closely with contractors to ensure that they’re completing this work as efficiently and productively as possible while still doing it in a very safe manner.” However, NS Power did not provide any explanation of how the company is measuring efficiency and productivity. To the extent that the Maximo/Salesforce software could help with that (and other areas), it would seem prudent for NS Power to investigate and report on its findings.

[CA Closing Submissions, p. 3]

2.3.2.1.1 Findings

[55] The Board considers that NS Power's existing Work Management systems provide an opportunity to improve the assessment of Routine expenditures without creating an entirely new reporting system. The objective is not additional reporting for its own sake. Rather, where appropriate, the Board should be able to assess whether the cost of completing substantially similar recurring work is increasing or decreasing over time.

[56] The Board considers this particularly important for routine capital spending because of its materiality and the significant use of labour and contractors. Routine reporting should, where reasonably available, permit the Board to understand changes in expenditures attributable to work volumes, labour mix, contractor rates, material costs

and productivity. Later in this Decision, the Board has provided a series of directives to address issues arising from Routines, including this one.

2.3.3 Routines D005 and D055

[57] The interplay between D005 and D055 is particularly important. The annual expenditure for D005, representing reactive or unplanned replacement, remains elevated. At the same time, D055, intended to capture planned, proactive replacement increases sharply in 2026 from the 2025 ACE Plan budget of \$10.6 million to \$15.0 million, a nearly 42% increase. Notably, the actual 2025 spend for D055 is approximately 100% over budget at \$21.9 million.

[58] The Board finds that a simultaneous expansion of both reactive and proactive replacement categories raises a fundamental question: whether the Utility has demonstrated a coherent replacement strategy or is instead expanding both channels without clearly articulating the tradeoffs between them.

[59] NS Power acknowledged during the hearing that, over the longer term, successful planned replacement should result in a cost reduction in the unplanned replacement program.

2.3.3.1 Findings

[60] The Board considers this an important measure of program effectiveness. The Board accepts that increased D055 expenditure may not immediately result in a cost reduction in D005. However, over time, NS Power should be able to demonstrate a relationship between increased proactive investment and reduced asset failure rates, reactive replacement volumes, overtime requirements or other relevant indicators. The Board therefore considers that D005 and D055 should be reported on a comparable basis and assessed together over time.

2.3.4 Basis of Schedule or Equivalent Process

[61] Mr. Wilson recommended that NS Power adopt a Basis of Schedule, or an equivalent practice, for routine activities that can be planned in advance. Such a process is intended to identify labour, equipment, procurement and scheduling requirements in advance and may reduce avoidable overtime and delay related costs. He accepted that this approach would not be appropriate for inherently reactive activities such as D005 or D008.

[62] NS Power did not agree that the formal Basis of Schedule process is appropriate for Routine work. The Utility explained that the process is designed for complex capital projects involving multiple work groups and scheduling dependencies. Routine work is generally smaller, repetitive, performed by smaller teams and, in some cases, reactive:

Q. (Mr. Murphy) Okay. But his evidence says an equivalent. And he does acknowledge in his evidence that some aspects of the Basis of Schedule approach may be too complex. So it's really more of an exercise in coming up with a process that might be suitable in this context?

A. (Mr. Beaton) So even in that context, the Basis of Schedule is really intended to allow for complex projects where multiple individuals and multiple groups are involved to fully understand all the necessary scheduling components of the capital project.

The routine programs, even the non-reactive ones, are all typically very repetitive in nature., they're smaller in nature, and they're managed by a smaller group of people on each individual initiative.

That really doesn't necessitate the need for broad documentation to ensure that all people have a good understanding of the same schedule requirements. The work, where it is so repetitive in nature in all those situations, the requirements, the steps, and the necessary inputs needed before the work's really well understood by all those -- by all involved. So because of that, we don't necessarily think that additional paperwork is going to provide any additional value to the people completing that work.

[Transcript, April 21, 2026, pp. 68-69]

[63] The CA clarified in its Closing Submissions that the recommendation was not to apply the complete Basis of Schedule process to every routine. Rather, an

equivalent and proportionate practice could be used for work capable of being planned in advance, particularly where significant overtime, contractor services, specialized equipment or procurement requirements are involved:

Finally, with respect to the use of an equivalent Basis of Schedule approach, NS Power took the position in its Rebuttal that such an approach would not be appropriate as a blanket requirement for non-reactive routine work, given the purpose of the Basis of Schedule does not readily conform to work completed under the routine program. The Rebuttal appears to have glossed over the fact that Mr. Wilson was not recommending wholesale adoption of the Basis of Schedule approach for non-reactive routine projects, but had instead recommended development of an “equivalent” practice, i.e. something that may closely resemble the Basis of Schedule, but need not be identical and accordingly could be adjusted as needed.

[CA Closing Submissions, p. 3]

2.3.4.1 Findings

[64] The Board accepts that the formal Basis of Schedule process should not be imposed on all routine activities. However, the Board agrees with the underlying objective of the CA's recommendation. For planned routines involving significant overtime, contractors, specialized equipment or procurement requirements, NS Power should be able to demonstrate that resources have been appropriately planned and that avoidable costs are being minimized.

[65] The Board considers that NS Power's existing Work Management and Scheduling systems may provide an appropriate mechanism to achieve this objective without imposing unnecessary administrative requirements.

2.3.5 New Customer Routines

[66] New customer routine capital expenditures represent the largest individual distribution routine subcategory with a budget of approximately \$67.8 million in 2026. The 2026 budgets for D004 – New Customer Upgrades, D061 – New Customers Residential and D062 – New Customers Commercial, were developed using the applicable 2025 Q3 forecast plus inflation. NS Power advised that the forecast is principally expenditure-

based and that other factors, such as customer demand, economic or population growth, electrification or technology adoption do not directly determine the forecast.

[67] Mr. Wilson noted that NS Power had previously committed to continue assessing whether more detailed data respecting customer-driven work could be obtained. The proposed information included new customers by residential and commercial categories, increased load capacity at existing sites, unmetered services and external cost drivers such as supply-chain pressures and changes in regular and overtime labour mix. He considered that such data could assist not only routine budgeting, but also long-term load forecasting, distribution planning, cost allocation and rate design. He further recommended that NS Power revise its internal work orders to capture this information.

[68] In NS Power's Rebuttal Submission, it submitted that further customer-type granularity would not materially improve its current forecasting methodology and noted that the approach used in 2025 performed well, as no ATO was required for the new Customer Routines for the first time in several years.

2.3.5.1 Findings

[69] The Board does not consider that the demonstrated accuracy of the forecasting methodology resolves the information issue raised by the CA. Forecast accuracy and forecast justification are distinct considerations. A forecast may approximate actual aggregate expenditures while providing limited information concerning the underlying drivers.

[70] This is particularly relevant where the forecast begins with the current expenditure level and applies inflation. A methodology of this nature may reasonably predict near-term expenditures, but it also carries a risk that the existing expenditure level

becomes the starting point for the subsequent forecast without an independent assessment of whether the activity volume or cost pressures underlying that level continue to exist.

[71] The Board therefore considers activity information essential. Changes in residential and commercial connection volumes, customer mix, load increases at existing premises and unmetered-service work can provide an independent basis against which the resulting expenditure forecast can be assessed.

[72] The Board further considers NS Power's existing monitoring of external cost factors appropriate, but this does not eliminate the need to demonstrate the significance of those factors when they are relied upon to explain material cost escalation. Where increased expenditure is attributed to supply-chain constraints, equipment lead times, labour availability, overtime pressures or similar factors, NS Power is expected to provide supporting information and identify the measures taken to minimize the resulting cost.

[73] The Board recognizes that some information may be more useful retrospectively than as a current period predictor. That does not make it irrelevant. Retrospective analysis can demonstrate whether expenditure changes were in fact correlated with customer volumes, mix or identified cost pressures and can inform whether the resulting expenditure level should continue to be reflected in future forecasts.

2.3.6 Spare Inventory Pooling

[74] Mr. Wilson examined whether spare inventory pooling could provide a more cost-effective alternative to NS Power independently maintaining certain high-value, long-lead-time spare equipment. He recommended that the Board obtain information respecting NS Power's existing spare inventory, including equipment type, quantities held or on order, acquisition and book cost, annual storage and maintenance costs, and

estimated installation costs. He proposed focusing the review on equipment normally held for at least two years and suggested that the Board could consider a materiality threshold such as a current market value of at least \$250,000 or a procurement lead time of at least one year.

[75] NS Power advised that it has previously investigated spare inventory pooling and concluded that available arrangements were not more cost effective or operationally reliable than its existing risk-based sparing strategy. NS Power identified concerns with respect to availability, compatibility, transportation, cross-border delays and the timely release of pooled equipment.

2.3.6.1 Findings

[76] The Board accepts NS Power's position. The evidence does not establish that its existing spare equipment strategy is unreasonable, ineffective or that participation in an existing pooling arrangement would produce lower costs without adversely affecting reliability.

2.3.7 Routine Program Evolution and Capital Envelopes

[77] The IG raised concerns with respect to what it characterized as "capital envelope filling." It relied on evidence that when an initially contemplated project cannot proceed, NS Power may advance the next-highest-priority work while seeking to maintain sustaining capital expenditures broadly consistent with forecast levels:

As outlined in N-10, the 2025 Q4 Capital Reports, NSPI again significantly underspent on the 2025 ACE Plan: by approximately \$74.3 million. Nonetheless, the Q4 report reflects that NSPI spent an additional \$93.3 million outside the ACE Plan in relation to preliminary spending, pre-2025 projects, and U&Us/P&As. This is an illustrative example of "envelope filling".

[IG Closing Submissions, p. 17]

[78] The DOE raised a related concern that:

Capital Envelope Expansion: Certain recurring “routine” or programmatic Distribution projects now represent very large capital envelopes, warranting enhanced scrutiny regarding project segmentation, prioritization, and benefit realization.

[DOE Closing Submissions, p. 10]

[79] NS Power rejected that characterization. The Utility stated that its capital plan is developed using a bottom-up risk-based process, based on asset condition and criticality and that no expenditure constraint is imposed during development of the plan. It submitted that reallocating available resources to another high-priority risk mitigation project when the originally planned work is delayed is prudent asset management. NS Power also emphasized that the CEJC expressly contemplates a dynamic and flexible capital program and noted that actual expenditures have both exceeded and fallen below forecasts, demonstrating that the Utility is not operating to a predetermined minimum spending target.

2.3.7.1 Findings

[80] The Board accepts that a fixed capital ceiling is not an appropriate substitute for risk-based asset management, as a ceiling may not adequately address identified risks. The Board also accepts that sometimes it may be prudent to redirect available resources to another high-priority investment where originally contemplated work cannot proceed.

[81] However, the Board considers capital reallocation and “capital envelope” justification to be distinct issues.

[82] The existence of another worthwhile project does not, by itself, demonstrate that the previously forecast aggregate level of spending should be maintained. A utility with a large and aging asset base may reasonably have a substantial inventory of beneficial work that could be undertaken. The regulatory question is not only whether the

substitute work has value, but whether advancing that investment in a particular year is necessary, prudent and reasonable for customers.

[83] The Board is also concerned about the potential for baseline ratcheting within the Routine Program. Once a Routine experiences a material increase, the higher expenditure level may become part of the historical experience used to support future forecasts. Where subsequent forecasts rely upon historical expenditure or the current-year forecast plus inflation, temporary expenditure pressures may persist in the forecast base unless they are expressly identified and normalized.

[84] The Board does not find that NS Power deliberately manages its Routine Program to maintain an artificial expenditure target. The evidence does not support such a conclusion. However, in future, the Board would like more information to determine whether the sustained increase in Routine expenditures represents, in all cases, a permanently higher underlying investment requirement, or whether some portion reflects the cumulative incorporation of temporary or transitional cost pressures into successive forecast baselines.

[85] In the Board's view, this is particularly relevant where historical increases have been attributed to circumstances such as delayed vehicle deliveries, supply chain disruption, unusual material price escalation, backlog, population growth, or temporary changes in labour utilization. If such conditions subsequently normalize, the Board would expect the associated cost pressure either to decline or for NS Power to explain why other structural factors have replaced it, and how past cost pressures have been mitigated.

2.4 Interested Party Review of the CEJC

[86] The IG recommended interested party review of the Routine Expenditure provisions of the CEJC, including consideration of a materiality threshold requiring

enhanced justification where a Routine experiences significant year-over-year growth. NS Power opposed a separate process, stating that the annual ACE Plan, reporting requirements and ATO processes already provide adequate transparency and scrutiny.

2.4.1.1 Findings

[87] Given the growth and evolution of the Routine Program, the Board considers that interested party review of the CEJC Routine provisions is warranted. Among other matters, that review should consider whether enhanced justification should be required where an individual Routine experiences a material increase in expenditure, incorporates materially new work, adopts enhanced standards that significantly change cost or capability, or otherwise evolves materially from the program previously reviewed by the Board.

2.4.2 Directives

[88] The Board finds that the sustained growth and evolving composition of the Routine Program require requires enhanced prospective transparency. The additional information is intended to preserve the regulatory efficiency of Routine treatment while allowing the Board to assess whether expenditures remain supported by underlying work volumes, whether costs are being minimized, and whether existing Routines continue to exhibit the characteristics contemplated by the CEJC.

[89] Accordingly, the Board directs NS Power as follows:

1. Beginning with the next ACE Plan, NS Power must provide as an excel attachment - a rolling five-year comparison for each Routine showing the approved budget, actual expenditure or latest forecast, number of work orders completed or processed, appropriate physical work volume measures, appropriate unit cost measures, and must also include a program level breakdown of costs by major category, including labour, contracts, materials, travel, and other relevant cost categories. For Routines using internal labour the information should also include a breakdown of labour costs (regular and overtime labour, budgeted costs and hours, actual costs and hours).

2. NS Power must provide sufficient cost component information to explain material year-over-year changes, including labour, overtime, materials, contractor costs, vehicles or equipment and relevant overheads. NS Power must identify whether changes arise principally from volume, prices or rates, productivity, inflation, changing standards, or new or expanded work.
3. D005 and D055: NS Power must provide comparable annual information for D005 and D055 sufficient to monitor the relationship between planned and reactive replacement activity, including available failure or replacement volumes, labour and overtime information, unit-cost measures and relevant asset-performance indicators. NS Power must explain whether trends indicate that increased planned replacement is reducing unplanned replacement requirements and associated reactive costs.
4. NS Power must assess how existing Maximo/Salesforce, compatible-unit and Work Management information can be used to provide Routine level productivity measures and report on opportunities to extend comparable cost and productivity monitoring to contractor-intensive activities.
5. For New Customer Routine programs NS Power must report external factors relied upon to explain or support changes in expenditure.
6. NS Power must include the Routine Expenditure provisions of the CEJC in the interested party review for the 2028 ACE Plan. The review must consider whether a materiality or other reporting trigger should require enhanced justification where a Routine experiences significant year-over-year expenditure growth or materially evolves in its work categories, standards, objectives or system capability.

3.0 CHANGES TO THE CAPITAL EXPENDITURE JUSTIFICATION CRITERIA

[90] NS Power held an engagement session on October 29, 2025, in advance of filing the 2026 ACE Plan. The session reviewed NS Power's proposed changes to the CEJC. Changes were made to clarify when an ATO is required for a sub-routine and its associated expenditure threshold. Revisions were also made to the CEJC's Appendix A with respect to Transmission Routines and to Distribution Routines, to include additional and clarifying language. These changes were supported by the CA; other intervenors did not oppose them. The Board approves the changes to the CEJC summary document.

3.1.1 Interest Party Review of the Routine Expenditure Provisions of the CEJC

3.1.1.1 Sustaining Versus Transformative Investment

[91] Section 15.1 of the CEJC provides that NS Power's Routine Program consists of recurring annual allocations for high-volume, repetitive, like-for-like capital replacements, enhancements or additions expected to continue into the foreseeable future. Section 15.2 includes allowances for expenditures related to replacement of worn out or technologically deficient equipment; additions or improvements to existing capital assets that improve productivity or asset value; system-growth additions; and customer additions. The CEJC further provides that Routines are subject to the same criteria and financial policies as capital projects.

[92] In its Closing Submissions, the IG noted that routine capital expenditures should remain principally sustaining rather than transformative and questioned whether a Program that has increased in cost by approximately 70% over four years continues to reflect the type of recurring activity contemplated by the CEJC. It emphasized that the increase has been explained not only by inflation and higher work volumes, but also by enhanced standards, new work categories and new Routines.

The Industrial Group does not dispute that some inflation and new program additions play a role in the increased spending, however, the concern is more fundamental. When a program categorized as "routine" grows by 70% in four years and the growth is explained by reference to new work categories, enhanced standards, higher volumes, and new routines, it is no longer clear that "routine" is accurately describing what is being approved.

Even setting aside the three new routines proposed in 2026 (T020, T030, and D020, totalling approximately \$7 million), routine capital spending has still increased by approximately \$80 million since 2023. In 2023, the budget was set at \$121.7 million (with an actual spend of \$153.3 million), and in 2026, NSPI is applying for approval of a Routine Capital budget of \$207.3 million.

A 70% increase in four years does not reflect a "like-for-like" program, as required by the CEJC. This instead suggests a material scope expansion embedded within a category that receives less granular Board scrutiny than individual capital project applications.

[IG Closing Submissions, p, 13]

[93] NS Power disagreed:

Respectfully, "like-for-like" is in reference to replacing assets with similar (like) assets that are in need of replacement or refurbishment, and does not indicate that the annual level of investment must remain substantially unchanged from year to year.

[NS Power Reply Submission, p. 12]

[94] NS Power also submitted that the CEJC expressly contemplates enhancements and additions. It stated that performing more recurring work does not transform the activity into non-Routine work.

3.1.1.1.1 Findings

[95] The Board agrees that the CEJC is broader than strict physical like-for-like replacement. In particular, the express references to "improvements" and "enhancements" mean that some change in capability may properly occur within a Routine. Replacement of deteriorated equipment using an appropriate current engineering standard does not necessarily make the expenditure transformative.

[96] The Board nevertheless considers there to be a meaningful regulatory distinction between ordinary evolution of a Routine and a material transformation of the underlying program. A Routine may evolve as technology, safety requirements, construction practices and engineering standards change. However, if successive changes materially expand the objectives, work categories, system capability or nature of the investment, the fact that the activity continues annually should not, by itself, determine the appropriate regulatory treatment.

[97] Exhibit N-1, Figure 36 illustrates the increasingly mixed composition of the Routine Program. Total 2026 Routine spending is approximately \$207.3 million. NS Power identifies approximately \$116.4 million as like-for-like, and approximately \$93.2 million, or 45% of total Routine spending, as not like-for-like. New Customers, System Growth and Performance and Other expenditures are excluded from the like-for-like calculation.

[98] The Board does not consider this to mean that the remaining expenditures are improperly classified. Rather, the evidence demonstrates that the Routine Program includes a substantial amount of growth, performance improvement and other recurring capital in addition to strict replacement activity.

3.2 CEJC Scope Change Amendments and Recommendations

[99] Capital project Scope Change applications are currently addressed in Section 12.2 of NS Power's Capital Expenditure Justification Criteria. These are intended to address changes in a project's scope as compared to the previously Board-approved scope. As noted in Section 12.2 of the CEJC, Scope Change applications may experience cost variances from the original application, but they are to be submitted prior to proceeding with a change in scope regardless of whether the thresholds for ATO and FIN applications have been exceeded. Section 12.2 also specifies the documentation that is to be filed with a Scope Change application.

[100] During the 2025 ACE Plan proceeding, the IG raised concerns about the lack of any definition of Scope Change and uncertainty about what qualifies as a Scope Change in the CEJC. The IG, therefore, asked for a Board directive that a consultative process be initiated by NS Power to amend the CEJC to address the Scope Change provisions. In its *2025 ACE Plan* Decision, the Board agreed with the IG and stated that

“...more clearly defining what constitutes Scope Change would be beneficial for all parties. If circumstances reveal that a project cannot or should not proceed as originally approved by the Board, this seems materially different than an unexpected increase in costs to complete the original project. The Board would only warn that even with a Scope Change, sufficient cost certainty would be most beneficial before proceeding with an application.” As such, the Board’s *2025 ACE Plan* Decision directed NS Power to consult with interested parties about incorporating a definition of Scope Change into the CEJC with the goal of providing proposed amendments in the 2026 ACE Plan.

[101] NS Power undertook this consultative engagement in October and November of 2025. As a result of this process NS Power proposed the following “definition” additions to the CEJC:

- *Scope*: A project’s stated goals (overall objectives the project aims to achieve), deliverables (end result that will be produced for the asset), and boundaries (what the project will and will not achieve).
- *Scope Change*: A project is considered to have had a Scope Change when the stated intent from the original capital application of the project description has been changed.

NS Power also proposed changing Section 12.2 of its CEJC to read (additions underlined):

- Scope Change applications may experience cost variances from the original application, but are submitted regardless of whether the thresholds for ATO and FIN applications have been exceeded when the overarching intent of the project description has been changed.

[102] Based on discussions with the IG subsequent to the broader engagement efforts, NS Power indicated that it is open to adding further language that would also

consider a Scope Change to have taken place when there are multiple alternatives detailed in the project under “Why do the Project This Way,” and the alternative chosen changes to one of the other alternatives discussed. This updated language was not included in the proposed CEJC updates as it was not canvassed with all intervenors prior to the filing of the 2026 ACE Plan application. As noted in the Company’s response to CA IR-1, inclusion of this additional language would result in the definition of Scope Change being:

- *Scope Change*: A project is considered to have had a Scope Change when the stated intent from the original capital application of the project description has been changed. A change in intent would occur when the alternative defended under the Why do this Project This Way section of the application changes.

NS Power believes that this update will provide additional clarity and remove subjectivity that existed prior to the update.

[103] In response to NSEB IR-152, NS Power acknowledged that the proposed definition for project scope in the CEJC does not directly align with the Project Management Book of Knowledge published by the *Project Management Institute*. NS Power also agreed that the proposed definition is a departure from how project scope has been detailed in NS Power’s project descriptions in the past. However, the Company believes that the purpose of this proposed definition is to find the proper balance in what should require an updated project application to the NSEB when changes occur to a project, and to avoid filing a significant number of Scope Change applications when a project is still being completed as intended, but experiences potentially minor variances in what was originally included in the application. NS Power also noted that the proposed definition recognizes that there are other regulatory mechanisms in place, such as the ATO and FIN processes, that would capture other type of variances that occur in projects.

[104] Mr. Wilson asserted that NS Power's proposed definition of Scope Change would merely shift ambiguity from a change in "stated intent" to a change in the "alternative defended." He believes that NS Power's Scope Change definition suggests that it would shift a meaningful scope of Board oversight from more proactive capital project approval proceedings to retrospective proceedings such as an ATO application. On the other hand, he also recognized the validity of NS Power's concern regarding a requirement to file an updated Scope Change application every time deliverables, boundaries, and/or detailed tasks are changed.

[105] Mr. Wilson therefore recommended that the Board accept NS Power's clarification to the definition of "Scope Change" in the CEJC, but further direct that the CEJC be revised to include a requirement for NS Power to file information when it identifies a change to deliverables, boundaries, and/or detailed tasks that it believes may result in a budget increase above a Board-specified threshold, followed by a Board decision as to whether NS Power should file a revised application or ATO.

[106] In its Closing Submissions, the IG argued that NS Power has proposed to revise the CEJC's definition of "Scope" and "Scope Change" in a manner that limits the concept of scope to a project's stated goals, overall objectives, and broad result. The IG asserted that by doing this, NS Power effectively proposes to define scope as equivalent to the overall "intent" of the project. The IG believes that such definitions, and related limitations are inappropriate. The IG, therefore, submitted that NS Power's proposed definitions should not be adopted.

[107] Instead, the IG submitted that NS Power's Scope Change application process should be guided by the project scope definition or scope statement created at

the beginning of a project, to determine when or if a Scope Change application is warranted. The IG believes that appropriately defining project scope directly ties into cost minimization efforts, and the CEJC definition of scope should be deliberately reflective of NS Power's other processes. The IG argued that restricting the CEJC definition of scope to only the intent of a project is inconsistent with NS Power's own approach to cost minimization and early-stage project management and may have unintended consequences. The IG also submitted:

While the overarching goal or "intent" is one aspect of scope, it does not end there. "Scope" also includes the work required to complete the project and the deliverables to be produced, including in the lowest cost manner. Defining the scope of work provides stakeholders and the Board with sufficient detail about project parameters and not simply the ultimate outcome of a project.

[IG Closing Submissions, p. 7]

[108] However, the IG also acknowledged that applying a low trigger or threshold for which Scope Change applications would be required would be unreasonable and administratively burdensome. As such, the IG submitted that materiality thresholds can be established to distinguish between minor variations and changes that meaningfully alter the nature, scale, or impact of a project, such that only substantive changes would trigger a Scope Change application. Alternatively, the IG submitted that Mr. Wilson's two-step Scope Change process could be implemented. The IG believes Mr. Wilson's proposed framework offers a balanced and practical mechanism for managing Scope Changes (albeit appears to be tied to the ATO financial threshold).

[109] In its Reply to Closing Submissions, NS Power maintained its position and continued to seek approval of its proposed version of the CEJC changes as amended in its response to the CA's IR-1. The Company argued that its proposed approach is one that balances regulatory oversight with regulatory efficiency.

3.2.1 Findings

[110] NS Power believes that its proposed definition for Scope Change provides an appropriate regulatory balance, recognizing that the ATO and FIN processes would capture project Scope Changes beyond those that would be included in Scope Change applications. However, the IG argues that NS Power's explanation about Scope Changes being "adequately captured" by ATO and FIN thresholds misses a fundamental point: Scope Changes exist to allow the Board to consider material changes in the nature and composition of a project before those changes are embedded in costs that trigger an ATO, if that were to occur at all. The IG specifically stated:

More to the point, NSPI seeks approval to overspend after the funds are committed and the size of the overrun is known. A Scope Change application is prospective so the Board has some oversight in advance. To say that an ATO will catch overruns is not an answer to the need for advance notification of scope changes. Rather, it is confirmation that the proposed definition relegates all scope oversight to after-the-fact financial review.

[IG Closing Submissions, p. 10]

[111] In its Reply to Closing Submissions, NS Power noted that many of its ATO applications are filed after work has been committed or completed. The Company then argued that the existence of a separate Scope Change application process would not alter this practical reality. NS Power stated:

... Many scope changes arise during project execution because of unforeseen site conditions, technical requirements, or other circumstances that could not reasonably have been anticipated at the time the project was initially approved. When such situations arise, NS Power determines whether the work should proceed immediately to mitigate reliability, safety, operational, or cost risks, or whether the circumstances permit delay pending a Board review process. In many cases, postponing the work until completion of an application and review process would create additional project costs and could pose operational risks. That same decision would apply to scope change applications and likely would lead to many applications being an "after the fact" review.

[NS Power Reply to Closing Submissions, p. 8]

[112] In this context, NS Power submitted that many Scope Change applications would likely be filed after the relevant decision has been made. In effect, such applications

would still be “after the fact” rather than prospective. While the Scope Change and ATO provisions of the CEJC contemplate prospective applications, the Board does not necessarily disagree with NS Power that in practice, because of the timing when detailed scoping or new cost estimates are available, this has often not been the case. The Board notes, however, that there could be situations where a significant change in project scope arises before the related work is committed to or advanced. One example might be where unforeseen site conditions lead to a halt in project work until alternatives in project scope are assessed to address these conditions. As NS Power rightly noted, in many cases such as this, postponing related significant Scope Change work until completion of an application and review process could create additional project costs and could pose operational risks. However, the Board believes that there could be other situations where additional project costs and/or operational risks would not arise with a delay in work. In these cases, a Scope Change application would be prospective, providing the Board with regulatory oversight in advance.

[113] NS Power also stated that it endeavours to file all ATO applications as early as practicable, once sufficient certainty exists regarding the appropriate path forward and associated costs. The Company correctly noted that any projects that are in an ATO position that are not filed within six months of exceeding the NSEB-approved amount will have the costs in excess of the original Board-approved amount removed from rate base each quarter until regulatory approval is obtained, thereby limiting cost recovery for the period of delay. NS Power submitted that this regulatory framework creates clear incentives for timely filing and provides a safeguard for customers by ensuring that only approved overspend is reflected in rates.

[114] Although not entirely clear, it appears to the Board that NS Power is suggesting that since the Company is incented to file ATO applications as early as possible, the need to file Scope Change applications is limited. If this is, in fact the case, the Board does not agree. As NS Power noted, any projects that are in an ATO position that are not filed within six months of exceeding the NSEB-approved amount will have the costs in excess of the original Board-approved amount removed from rate base each quarter until regulatory approval is obtained. While this is true, the Board notes that there could potentially be situations where well before project spending exceeds the Board-approved amount, NS Power is in a position where it fully expects a project Scope Change will exceed the ATO threshold amount. In these cases, a Scope Change application would be prospective, as contemplated by the CEJC, providing the Board with regulatory oversight in advance of the ATO application.

[115] Further, in response to hearing questioning from the IG, NS Power indicated that under the proposed CEJC definition of Scope Change, it would be very rare for the need to file a Scope Change application as the Company rarely deviates from the “intent” of its original capital application. In this context, the Board agrees with the IG that NS Power’s proposed definition of Scope Change would effectively give the Board no meaningful oversight of significant capital project Scope Changes, beyond those that may be included in an ATO application. This raises the question: what would be the point of having a Scope Change application process?

[116] Given the above, the Board considers that regulatory oversight would benefit from NS Power filing Scope Change applications. But under NS Power’s proposed definition of a Scope Change, the Board finds that such applications would be infrequent

and not provide the type of oversight for which they are intended. Instead, the Board agrees with the IG that a “materiality threshold” needs to be established for which Scope Change applications would be filed.

[117] The IG has suggested that the materiality threshold should be defined relative to “the erosion of the original regulatory assumption and its technical and operational baseline.” However, given the variety of work scopes involved in NS Power’s capital projects, the Board believes it would be a difficult task to set a consistent materiality threshold based on the IG’s proposed standard. Instead, the Board accepts Mr. Wilson’s recommendation as a preferred approach, with a materiality threshold of twice the project ATO threshold. Therefore, the Board accepts NS Power’s proposed definition for a project Scope Change, but also directs as set out below.

[118] Upon identifying a change to project deliverables, boundaries, and/or detailed tasks that NS Power believes may result in a budget increase above twice the project ATO threshold, NS Power shall file a brief notification letter to the Board in the proceeding in which the project was approved 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 originally Board-approved budget, which may be expressed in percentage terms as an order of magnitude without detailed support.
3. Whether 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.

After receipt of the notification letter, the Board, on its own or in response to any intervenor, will respond indicating whether a formal Scope Change application is required.

[119] Notwithstanding this direction, the Board is mindful of NS Power's concerns expressed in its Rebuttal Evidence about such an approach. Specifically, NS Power suggested that following such a process based on the possibility of a project budget increase would create unnecessary regulatory churn without a clear corresponding benefit. The Board will, therefore, monitor this process over time to assess both its benefits and regulatory burden. Based on this assessment, the Board could direct that the process be adjusted. The Board is further concerned that to achieve administrative efficiency, the prospective wording of ss. 12.1 and 12.2 of the CEJC does not match what is happening on the ground. Just as with any capital project situation where NS Power proceeds without a required Board approval, and unapproved spending is at shareholder risk. For original approvals this is usually the exception and not the rule. The Board will look at this issue more closely in the 2027 ACE Plan.

4.0 FIVE-YEAR RELIABILITY PLAN

[120] In response to ongoing concerns and Board directives in the *2024 ACE Plan* Decision, NS Power submitted a Five-Year Reliability Plan as Exhibit N-3 in the *2025 ACE Plan*. In this Plan, the Company outlined how it proposed to invest approximately \$1.3 billion from 2025-2029 to improve customer reliability. NS Power targeted a reduction in the SAIDI of 20% from the current 5-year average of 5.10 by the end of 2029. It also intended to achieve the Performance Standards' System Average Interruption Frequency Index (SAIFI) target of 2.05 by the end of this period. This Plan is intended to continue to strengthen grid resilience to address climate change and achieve the Performance Standards for restoring service to customers within 48 hours after a Major Event.

[121] In the *2025 ACE Plan* Decision, *Nova Scotia Power Incorporated (Re)*, 2025 NSEB 8 (M12012), the Board directed NS Power to provide annual updates on its progress with the Five-Year Reliability Plan. The Board also directed the Company to provide an update on potential new reliability and resiliency metrics in the *2026 ACE Plan*. Also, the Board directed NS Power to work with a Board appointed expert and interested parties to determine the scope of a third-party review of the Reliability Plan and provide draft Terms of Reference.

[122] NS Power re-iterated that the Plan is focused on investments in the transmission and distribution system through three core programs.

Vegetation Management and Tree Trimming

[123] The Plan has a focus on expanding tree-trimming programs along power lines to reduce outages and clearing transmission and distribution corridors to enhance reliability.

Storm Hardening with Targeted Equipment Replacements and Upgrades

[124] This involves replacing aging equipment, rebuilding lines, modernizing substations, strengthening transmission infrastructure and installing advanced protective devices such as reclosers.

Advanced Grid Modernization Programs

[125] The final area of focus involves deploying advanced monitoring and control systems for faster outage detection and restoration, implementing automated service restoration to improve response time and expanding telecommunications for better grid management.

[126] NS Power forecasted the following spending over the five-year period in its original plan. This was again provided in the Company's 2026 update.

Figure 1: Forecast Investment by Reliability Program 2025-2029 (\$ million)

Reliability Program	2025	2026	2027	2028	2029	Total Plan
Storm Hardening - Targeted Equipment Replacement and Upgrades	152.4	181.1	198.7	192.4	191.8	916.4
Storm Hardening - Vegetation Management	45.0	45.0	45.0	65.0	65.0	265.0
Advanced Grid Modernization	9.2	7.9	7.9	15.3	37.6	77.9
Total	206.6	234.0	251.6	272.7	294.4	1,259.3

[Exhibit N-1, Appendix G, p. 7]

[127] NS Power provided an update to the Plan as Appendix G of Exhibit N-1. In this update, NS Power stated that year one of the Plan was substantially on track with forecasted spending to come in at roughly \$206 million as outlined in the original Plan. The Company cautioned that it is early in the Plan and that the full benefits cannot be determined until the end of the five years.

[128] NS Power provided the following list of completed targeted reliability upgrades on its distribution system:

- Application of robust coastal framing standards in areas of concern to better withstand extreme winds and severe ice loading conditions.
- Over 2500 legacy porcelain insulators have been upgraded to new, polymer devices.
- 73.7 kilometers of primary distribution conductor has been replaced, reducing the likelihood of conductor failure and enabling the system to deliver on growing load.
- 64 padmount transformers have been replaced to address identified deterioration and improve the reliability of the underground distribution system.
- 8.8 kilometers of distribution circuit has been built to roadside, further reducing the percentage of the system with offroad construction.
- Trees have been cleared from approximately 617 kilometers of distribution line ROW and approximately 105 kilometers of transmission line ROW.
- 118 hazard tree locations in addition to the 617 kilometers of corridor widening have been proactively identified and addressed from beyond cleared rights-of-way. This work involves coordination with customers and landowners to remove each individual tree. Some of these locations include the removal of multiple trees.

- Addition of six RTUs improving substation communication and control, supporting quicker response and restoration of service in the event of an outage.
- Completed replacement of two substation transformers in 2025 with three additional substation transformer replacements in progress. These replacements are improving substation condition and contributing to increased reliability and reduced outage frequency.
- Construction and energization of a new substation in Mount Uniacke by year-end, enhancing winter peak capacity and supporting continued growth in the community.
- Worked on approximately 500 transmission structures from January – October through replacement and upgrade projects.
- Upgraded 33.7 kilometers of transmission line through reconductoring to enhance system reliability and improve grid resilience.

[Exhibit N-1, Appendix G, pp. 14-15]

[129] The Company provided updated SAIDI and SAIFI numbers for 2025 up to the end of October, as that was all that was available at the time of its ACE Plan filing. Updated charts reflecting Customer Interruptions and Customer Hours of Interruption caused by tree contacts (with major and extreme weather events removed) for all of 2025 were provided in response to SBA IR-18. The charts show an improvement in these metrics from 2024 to 2025. They also show a slightly improving trend in customer interruptions from 2016 to 2025, but a worsening trend in customer hours of interruptions over this period. NS Power has indicated that the bulk of its weather-related outages are the result of tree contacts on power lines. Based on the information filed in this proceeding, it is not clear to the Board at this point if the significant spending on vegetation management and storm hardening made to date is making a measurable improvement in NS Power's reliability performance. This issue is being examined in more detail in the 2025 Annual Performance Standards Report (M12784) and in the Five-Year Reliability Plan Review (M12558).

[130] All intervenors agreed that NS Power needs to improve the reliability and resiliency of its system. Their shared concern is that after Year 1 of the Five-Year Reliability Plan there hasn't been sufficient analysis performed by NS Power to determine if it is spending the right amount on the right initiatives, over the right time period to see measurable results without causing an unacceptable increase in customer rates. Intervenors are looking for better data and evidence to support this significant investment.

[131] The CA raised a major concern about NS Power's reliability-related spending: the cost effectiveness of the vegetation management/right-of-way widening programs.

[132] On vegetation management, the CA's expert witness, Mr. Wilson, questioned whether NS Power's expanded distribution right-of-way initiatives are delivering sufficient value. Since 2016, several reliability metrics related to tree contacts have remained relatively flat or declined, which could suggest the program is not yet producing measurable improvements. He acknowledged, however, that it may be too early to judge because NS Power has changed its vegetation management practices over the past two years. He recommends that the issue be examined through the third-party review of the Five-Year Reliability Plan and that NS Power make changes to its tree contact reliability metrics.

[133] Mr. Wilson recommends removing estimated tree contacts attributed to adverse weather from the tree-contact metrics. NS Power assumes that up to 40% of outages coded as "Adverse Weather" can be attributed to tree contacts, based originally on subject-matter-expert estimates from 2019. Mr. Wilson's concern is that NS Power does not collect specific additional data to substantiate that attribution. Where there is

clear evidence that a tree caused an outage, the event is already coded as a “Tree Contact.”

[134] Mr. Wilson does not argue that trees do not contribute to adverse-weather outages. Rather, he says the 40% estimate is too imprecise for trend analysis or for determining which circuits should be prioritized for vegetation management. He says the adverse-weather information could continue to be reported elsewhere, but it should not be incorporated into the tree-contact reliability metrics.

[135] Second, NS Power should verify that its published trendlines exclude year-to-date data in the final year so that the trendlines are correctly presented.

[136] The Small Business Advocate states in its Closing Submissions that all of NS Power’s expenditures must be assessed to ensure that the benefits promised are realized and that cost savings are obtained through careful and appropriate management by NS Power of its investments and operations. It does not question whether vegetation management and other measures are necessary. It questions whether there is clear evidence that the money being spent is actually improving system performance and delivering value to ratepayers.

[137] The DOE argues there is a historical “Reliability Gap.” It states that significant spending on grid modernization, vegetation management and distribution infrastructure has not consistently translated into improved SAIDI and SAIFI performance. NS Power has failed to achieve Board-mandated reliability targets in many of the years reviewed.

[138] The DOE acknowledges that weather and changing operating conditions affect reliability but argues that sustained capital investment should eventually produce

measurable improvements in baseline resilience. The DOE therefore recommends stronger performance monitoring, benchmarking and outcome-based evaluation, linking reliability expenditures directly to multi-year reliability results.

[139] The IG argued in its Closing Submissions that the Five-Year Reliability Plan needs much stronger oversight and that it must be actively managed and reassessed to ensure it doesn't just become a fixed spending envelope. It stated that NS Power's year two update was essentially a restatement of the plan rather than a meaningful assessment of performance:

...NSPI also confirmed it has no defined threshold, whether expressed as a dollar amount, a percentage, or a performance trigger, that would prompt it to revisit or adjust the annual investment envelope of the Reliability Plan.

Additionally, NSPI did not conduct any focused assessment of whether the prior year's reliability investments delivered the expected benefits, nor did it undertake any cost-benefit analysis of the Five-Year Reliability Plan, either at its inception or as part of the Year 2 Update. Mr. Beaton, on behalf of NSPI confirmed there had been no analysis of any cost savings arising from the Plan.

In the absence of a formal year-end process comparing planned reliability benefits versus realized outcomes, the Reliability Plan remains static and unvalidated.

[IG Closing Submissions, p. 3]

[140] The IG also expressed concern about 2025 spending discrepancies. NS Power stated its actual spending for the first year of the Plan would be in line with the original Plan amount of \$206 million. The IG stated that project level information showed that actual spending was forecast to come in much lower for the year at \$179.4 million. The IG states that this difference was not reconciled.

[141] The IG was also concerned that the 2026 carry-forward forecast for projects originally identified in Year 1 of the Five-Year Reliability Plan don't reconcile to the forecast amount.

Most strikingly, the 2026 carry-forward forecast for projects originally identified in Year 1 of the Five-Year Reliability Plan is \$152,056,417, which contrasts with the total Year 2

investment envelope of \$234 million. This implies that approximately \$82 million in Year 2 investments are attributable to entirely new projects that were not included in the original Year 1 plan. Where U-5 was intended to capture all projects within the Reliability Plan, and the \$152 million carry forward represents the sum of all listed projects, it appears that the remaining \$82 million cannot be accounted for within the original plan. Yet, none of these new projects are identified or explained in the Appendix G update, nor the Response to U-5, despite the fact it was meant to capture the “total spend for 2026 as well”. The inconsistencies raise questions about the transparency and accuracy of the reported Plan.

[IG Closing Submissions, pp. 4-5]

[142] The IG submits that NS Power’s response to Undertaking U-5, which asked for an update to the actual amount spent compared to budget on completed 2025 projects, and all 2025 projects, what is carrying forward to 2026, and the total projected spend for 2026, establishes that the Five-Year Reliability Plan, as presented in the Year 2 Update, is not a genuine update on the “progress” of the Plan as was directed by the Board. Rather, it is a roll-forward of a \$234 million aggregate figure which contrasts with the significant project variances from the Year 1 projects. The IG states that the unexplained gap between the \$152 million carry forward of the Year 1 projects and the \$234 million of the Year 2 envelope raise further questions.

[143] It requests that the 2027 ACE Plan includes a more thorough and dedicated year-end progress update. The IG submits that updates should include a more comprehensive review of project spending, the effectiveness of the investments made, and any necessary revisions to the Plan’s spending envelope and objectives.

[144] In response to the IG’s concern, NS Power says that the \$179.4 million figure shown in Undertaking U-5 represents investment on capital projects that were originally included in the Year One forecast included in the 2025 ACE Plan. In every forecast, a certain amount of change should be expected to occur throughout the year. In this instance, nine projects that were expected to be completed in 2025 were not completed and carried over into 2026, and unplanned work that arose in 2025 makes up

the variance between the \$179.4 million in Undertaking U-5 and the actual 2025 investment of \$206 million.

[145] NS Power states that differences between planned and actual spending are a normal and necessary part of effective utility asset management. The Company said that actual 2025 Reliability Plan investment was approximately \$209 million. It said differences from originally planned project expenditures arose because some work was deferred into 2026 while other, higher-priority reliability work emerged during the year.

[146] NS Power explains that capital plans are forecasts and therefore must remain flexible as asset conditions change, project schedules shift, regulatory requirements evolve and new reliability risks emerge. Management should be able to redirect available resources toward the highest-priority work.

[147] NS Power does not agree that a lack in change in the spending forecast, criteria, scope and performance metrics indicates a deficiency in its review process.

[148] NS Power states that the purpose of the Five-Year Reliability Plan is to establish a stable, long-term investment strategy to address known reliability needs over a defined planning horizon. The fact that core elements of the Plan have not materially changed at this early stage is consistent with that objective, rather than evidence of insufficient oversight. NS Power reviews its efforts to execute on the Plan on an ongoing basis and has determined that no material revisions are warranted at this time, given that the Plan is currently in year two of a five-year horizon and the foundational investment programs remain appropriate.

[149] NS Power also notes that reliability investments do not typically produce direct cost savings which would drive yearly changes in investment levels. Rather, their

benefits are realized through improved system performance, including reduced outage frequency and duration, improved service quality, and reduced risk of equipment failure.

4.1 Findings

[150] The Board agrees that vegetation management, system hardening and grid modernization are recognized tools for reliability improvements. It is on this basis, and an assessment of the individual merits of each project submitted for approval in this matter, that the Board has substantially approved the Five-Year Reliability Plan projects in the 2026 ACE Plan. However, the Board shares the concern expressed by all intervenors about whether these measures are actually leading to an improvement in reliability and resilience of the system, and whether the related costs are providing ratepayers with an appropriate bang for their buck. NS Power admits that SAIDI and SAIFI scores are strongly correlated with the number of Major and Extreme events that occur in a year. The Board expects that these concerns will be addressed in the ongoing independent review of NS Power's Five-Year Reliability Plan. That independent review should provide a basis for determining the focus and extent of capital expenditures in the remaining years of the Five-Year Reliability Plan. The Board would only caution that NS Power should not assume that the project approvals this year will lead to similar approvals in years to come.

[151] For clarity, these are the Board's main concerns at this time:

- Value for ratepayers from significant vegetation-management spending. The Board is concerned about whether customers are receiving demonstrated reliability benefits from NS Power's substantial investment in vegetation management and New ROW programs. Approximately \$57 million was spent from 2022–2024, yet it is not clear how this spending has translated into improved reliability under normal weather conditions.
- Reliability performance has not materially improved despite significant investment. SAIDI, excluding Major Event Days and Extreme Event Days, has failed to meet the 4.29 performance target in seven recent years and in each

year from 2021–2025. Results have remained relatively consistent despite substantial vegetation management expenditures. The Board is concerned about the apparent disconnect between increased spending and measurable improvements in customer reliability.

- The Five-Year Reliability Plan appears to deliver a modest improvement.
- NS Power forecasts achieving SAIDI of 4.08 by 2029, representing a 20% improvement from the 2019–2023 average of 5.10, but only a 12.6-minute improvement over the existing 4.29 target established in 2017. The Board is concerned that ratepayers will effectively wait 8 years from 2021 for this relatively modest improvement, while continuing to fund significant vegetation management and New ROW expenditures.
- There is unclear evidence that vegetation management spending is optimized and effective.

[152] The Board is concerned that the evidence does not clearly demonstrate how NS Power determines the optimal level and allocation of vegetation management spending to achieve reliability and risk objectives. This concern is heightened by the revised Figure 68 of the Application, where the Customer Hours of Interruption trendline now increases from 2016–2025, despite approximately \$126 million in D010 and New ROW spending between 2018 and 2025. The Board requires a clearer connection between spending on vegetation-management activity and improved reliability outcomes, including evidence that the proposed level of spending represents the best value for ratepayers.

[153] The central issue is not simply whether vegetation management is necessary, but whether NS Power has demonstrated that the amount, timing and allocation of its vegetation management expenditures are cost-effective and are producing measurable reliability improvements for customers.

4.2 Third-Party Review

[154] As directed in the *2025 ACE Plan* Decision, the Board engaged Synapse Energy Economics to provide an expert review of the Five-Year Reliability Plan. The Board opened a separate Matter to deal with this issue (M12558). Synapse sent its draft Terms of Reference to participants on January 20, 2026, and filed its final Terms of Reference on March 13, 2026, after a technical conference and feedback from participants. Synapse submitted its draft report to the Board on July 21, 2026. A technical conference was held August 11, 2026, to provide an overview of the report and collect input from interested parties. Synapse intends to finalize the report by October 14, 2026, with consideration of feedback received. The Board will review the final report and release its findings in due course.

4.2.1 New Reliability Metrics

[155] As directed in paragraph 208 of the *2025 ACE Plan* Decision, the Board asked NS Power to provide an update on its evaluation of potential new reliability and resiliency metrics in the 2026 ACE Plan. NS Power addressed this directive in the ACE Plan. NS Power provided an update on its work with the Centre for Energy Advancement Through Technological Innovation (CEATI), work to improve the durability of poles, and its analysis of the Value of Lost Load (VoLL). It also outlined several other potential metrics that have been evaluated.

[156] The Board directed NS Power to provide an update on the CEATI Grid Resiliency working group in the 2026 ACE Plan. In response to NSEB IR-46, NS Power said it has continued progressing towards its 2026 deliverables. Its most significant milestone was a Grid Resiliency Workshop held at the CEATI Transmission and Distribution Conference in November 2025. The conference addressed the emerging

need for functionality-based resilience metrics and system-level planning approaches for high-impact, low-probability events. At the conference, CEATI also provided updates on the Resiliency Index Framework, Resiliency Journey Roadmap, and Key Resiliency Indicators, reflecting progress of the working group. CEATI has not yet finalized the Terms of Reference for the Grid Resiliency Working Group. CEATI continues to incorporate member utility input collected following the November workshop. Key activities since filing include the review of the framework, discussion and facilitation of member feedback, and advancement of the working group's roadmap.

[157] In the *2025 ACE Plan* Decision, the Board directed NS Power to monitor the installation of upgraded class poles across the Utility's four operating regions, and to provide a post-storm evaluation to determine pole status, survival rate, impact on customer outages, and whether the upgraded class improved the resilience of the wooden poles. Based on this directive, NS Power has developed a table, that was provided in the ACE Plan application that identifies the region, feeder, location, and the number of poles scheduled for upgrade to the new class standard. These assets will be monitored on an ongoing basis following storm events. The Board directs that NS Power provide an update on the monitoring of upgraded wooden poles like what was requested in the *2025 ACE Plan* Decision.

[158] Another metric that was discussed in the *2025 ACE Plan* is the VoLL which is the Value of Lost Load. This represents the monetary value that electricity customers place on the reliability of their electricity supply, essentially how much they would be willing to pay to avoid an outage. VoLL could serve as a metric to evaluate the economic impact of power outages and for making decisions about investments in grid reliability.

[159] A VoLL survey was sent to residential customers in late 2025 and a version of the VoLL survey for commercial and industrial customers was expected to be distributed to customers in Q1 2026. NS Power plans to provide a summary report of the findings from both surveys once completed and finalized and currently anticipates this information to be available to provide an update as part of the 2027 ACE Plan application. NS Power responded that it had evaluated several potential new reliability and resiliency performance metrics, primarily through its participation in CEATI's Grid Resiliency Working Group and Electricity Canada reliability programs. It stated that its objective is to identify quantitative metrics that are straightforward, meaningful, widely used, and easy to communicate.

[160] Some of the metrics evaluated include:

- Momentary Average Interruption Frequency Index. This measures the average frequency of momentary interruptions experienced by customers. This measure is currently limited to telemetered protection devices, historical data is considered inadequate, and coverage is not system wide.
- Average Service Availability Index. This measures the percentage of time electricity service is available to customers. NS Power said this is simple and easy to communicate but concluded that it is directly related to SAIDI at the system level and Circuit Average Interruption Duration Index at the circuit level and therefore provides little additional insight.
- Reliability Performance in Marginalized Communities which applies existing measures such as SAIDI, SAIFI and Circuit Average Interruption Duration Index to historically underserved populations. This measure could identify disparities in reliability and systemic service issues. Challenges include defining the relevant communities, potentially collecting sensitive customer data, and mapping communities to circuits. NS Power notes that circuits do not necessarily align with individual communities.
- Customers Experiencing Long Interruption Duration (CELID-8). This looks at customers experiencing more than eight cumulative hours of interruption. This measure is not widely used by Electricity Canada utilities, making meaningful industry benchmarking difficult.

- Customers Experiencing Multiple Interruptions (CEMI-4/CEMI-5). This looks at customers experiencing four or five interruptions. This measure also has limited industry adoption, so NS Power believes there is insufficient information to establish appropriate benchmarks.

[161] Based on this analysis, NS Power has not identified a new metric that it considers sufficiently superior to its existing reliability measures to warrant adoption at this point:

Over the course of the last year, NS Power has continued its work to identify and evaluate potential alternative reliability metrics. The reliability metrics included in NS Power's Performance Standards reporting, including SAIDI, SAIFI, CKAIDI, and CKAIFI, measure reliability effectively and were developed through robust stakeholder engagement. NS Power's position is that these metrics are comprehensive and are standard in the industry. They provide straightforward, quantitative measures of reliability that are easy to communicate to regulators, stakeholders, and customers. These metrics remain foundational for evaluating NS Power's reliability. NS Power will continue to evaluate newer measures that address emerging issues that could be used in conjunction with these foundational metrics in the future.

As NS Power has worked to identify a metric (or suite of metrics) that can provide a clear evaluation as to whether a reliability-based project has met its intended benefit, it has become evident that such a metric is not presently in use in the utility sector.

[Exhibit N-1, p. 99]

[162] The Board has opened a new Matter (M12376) - Review of NS Power Performance Standards to review existing performance standards and determine if changes should be made. This may result in the addition of new performance metrics. For the 2027 ACE Plan, the Board directs NS Power to provide an update on the CEATI Grid Resiliency working group.

5.0 CAPITAL SPENDING GROWTH

[163] All parties in this proceeding have concerns about NS Power's increase in capital spending over the last several years. Much of this concern was focused on the Five-Year Reliability Plan discussed earlier in this Decision. NS Power provided a detailed response, and the Board will address the major issues raised by the DOE.

[164] One theme addressed by the DOE is about the escalation in capital costs since 2005 and the substantial increases in capital costs anticipated over the next five years. This position is well summarized in the following passage:

... Operating at more than double its historical velocity, the Utility intends to **deploy over half of the total investments made during the last 21 years combined, in just the next 60 months**. The sustained 10% Compound Annual Growth Rate (CAGR) ⁹ in capital additions since 2005, vastly outpaces provincial inflation. This warrants careful review against general economic indicators, and raises material concerns regarding the fiscal capacity of ratepayers to absorb such aggressive asset loading without a corresponding expansion of physical system benefits.

[DOE Closing Submissions, pp. 3-4]

[165] The Board is also concerned about the impact the increase in capital investments will have on ratepayers. That said, as NS Power pointed out, the growth in capital spending has coincided with a time frame of major challenges in responding to climate change and decarbonization. The decarbonization goals were initiated under regulations made under the *Electricity Act* in 2010 and have been a laudable and consistent government policy directive since. The initial mandated targets for renewable low-impact electricity were relatively modest, being set at 5% for 2011-2012 and 10% for 2013 and 2014. This target was increased to 25% for the period from 2015 to 2020 and 40% for 2021 to 2025. The mandated 2030 target is 80% of electricity generated from renewable low-impact electricity. To convert from a primarily coal-based generation fleet in less than twenty years, with almost no ability to increase large-scale hydro power, has been and will continue to be an expensive undertaking. Aside from initial high costs when the wind industry was maturing, and the major capital projects needed to integrate high levels of renewable energy, NS Power has consistently advised how the integration of higher wind generation has resulted in the coal plants being run in ways they were not necessarily designed to do. This has caused additional stress on these assets. Battery

storage was mandated by legislation and might help to alleviate the latter situation, but this option is also very expensive from a capital cost perspective.

[166] The cost of climate change itself has been a constant topic in ACE Plan proceedings. Aside from catastrophic events like Hurricane Fiona and Hurricane Dorian, NS Power argued that the increasing frequency of wind gusting over 80 km per hour has placed considerable stress on the Utility's physical assets. The combination of hurricanes and climate change wind impacts appears to have led to major increases in certain routine expenditures. The performance standards mandated by legislation and set by the Board are another source of pressure on the capital program. A failure to meet these performance objectives, in no small part, led to interested parties demanding, and the Board ordering the Five-Year Reliability Plan. The amount of the overall expenditures associated with this plan, and where the best bang for the buck is found, continues to be debated. That said, there is no evidence that any of the intervenors before the Board are interested in lowering performance standards. Achieving these standards will likely come at a cost.

[167] There are additional capital costs contemplated to meet the decarbonization objectives, such as fast-acting generation, more renewable procurement, and potentially additional battery storage and synchronous condensers. If all these costs are incurred by the IESO Nova Scotia, they will not add to NS Power's rate base. The costs will still flow through to NS Power's ratepayers. One would expect any private non-utility proponents who contract with the IESO Nova Scotia for energy generation, or ancillary services, to have a rate of return factored into their pricing.

[168] None of the foregoing examples has anything to do with general economic indicators or inflation. The Board is not entirely sure what is meant by a "...corresponding expansion of physical system benefits." If it relates to performance standards there is no doubt that, to date, some of the results have been disappointing. However, that is what led to a Five-Year Reliability Plan being ordered. If it relates to the energy transition, NS Power has integrated a significant amount of renewable energy.

[169] The DOE is concerned about what it sees as a disconnect between the expanding capital program and there being no corresponding growth in the electrical system. In essence, it appears the critique here is that while NS Power's assets base has grown, its generating and distribution capacity and reliability has not. The DOE also appears to be suggesting that because customer growth and demand have not increased at the same pace as the asset base, it reflects negatively on NS Power's asset management capabilities.

[170] There is not necessarily a correlation between asset base growth and customer demand growth, although there has been some impact on certain routine expenditures because of the growth in residential demand. A prime example of this would be water utilities regulated by the Board. More stringent water safety regulations following the Walkerton e-coli disaster placed tremendous capital cost stresses on municipal water utilities, many of whose customer base was not expanding. Similarly, the concept of replacing aging electrical infrastructure by increasing capital spending, in the face of climate change challenges and legislated decarbonization targets, is not directly related to load growth or system expansion. It is related to hardening, replacing or refurbishing capital assets to fulfill a utility's obligation to provide a reasonably adequate and safe

electricity service whether the system or the customer base is expanding. Unlike an unregulated business, a regulated utility generally cannot cut costs by abandoning customers because that segment of their customer base is less profitable than others or operating at a loss.

[171] The DOE was concerned about the amount of expenditures related to coal plants, given their reduced capacity factors and that they are being phased out. The concern about capital spending on coal plants is not unique to the DOE. Many other interested parties have raised concerns about this issue, and the Board has required NS Power to provide specific notice to interested parties about any planned coal plant capital projects approval. Capital spending on the coal plants is required to the extent it is needed to provide this service until they can be safely retired. The Board agrees the analysis cannot be based simply on lower capacity factors. As NS Power points out, the role of coal plants has changed, and their utility is not limited to the amount of energy they generate. The coal plants are currently essential for the safe integration of variable wind energy. They will likely remain essential, according to *The Path to 2030* and other forward-planning filings, until significant fast acting generation, and other grid stability assets, are in place. Amongst other things, the coal plants must provide the required firm capacity, any energy shortage not provided by renewable energy, and grid stability services. This probably explains why, as NS Power points out, their unit operating hours, and number of starts, have not decreased to the same degree as the capacity factors.

[172] To address concerns about capital cost escalations, the DOE recommended the Board undertake an audit of the Utility's Fixed Asset Register. This appears to be related to a concern that because of the points raised above, there may be

assets that are no longer used and useful in rate base. The assets included in rate base form part of NS Power's annual regulated financial statement filings. For simplicity, while there are numerous accounting rules about rate base, the undepreciated original capital cost, or net book value of assets is included in rate base. The actual market value of the assets is not relevant to the rate base analysis. The Board discussed this in detail in its most recent NS Power GRA Decision. Many assets are classified in pools where there are continuous additions and removals. There will be circumstances where assets are fully depreciated, no longer in rate base, but still used and useful. The regulated financial statements with the Fixed Asset Register are reviewed each year. It is readily easy to determine if the major assets classes are still used and useful. Whenever a capital application is filed, the Board can determine if the asset is still used and useful. In any event, the Board just went through an exercise reviewing NS Power's accounting practices about capital in 2023-2024 in Matter M11067. The Board is of the view that the requested audit, and the cost it would entail, are not required at this time.

[173] Another point of contention raised by the DOE relates to the escalation in costs between ACE Plan items for subsequent submittal and those included in approval filings. The Board and interested parties have asked questions when there are material variances between initial estimates and those cost projections included in an application. The Board agrees with the DOE that these variances should attract scrutiny. However, as a general principle, the Board understands that the ACE Plan estimates provided for items for subsequent submittal are not developed to the same level of accuracy as those contained in an approval application. That is one of the reasons they are not included for approval in the ACE Plan. Every project presented to the Board is scrutinized based on

the same basic criteria: is the project needed to provide safe and reasonably adequate service, is it needed now, and has the least cost option been chosen. The DOE suggested the Board should consider structural capping of the ACE Plan envelope. While an interesting concept, it is potentially a dangerous one. If the chosen cap does not allow projects needed to provide safe and reliable service to proceed, there could be very negative ramifications. It could also simply defer needed expenditures to a later time. As has been experienced with small water utilities, deferred capital expenditures can give rise to significantly higher rate increases later. The Board is of the opinion that a detailed review of each capital project in the ACE Plan is the better alternative. It is more in line with public utility principles. However, depending on the reasons provided, the number of deferrals and cancellations that appear in annual ACE Plans, or a continued lack of quantifiable benefits over time related to the Five-Year Reliability Plan, for example, could cause the Board to reevaluate this position.

[174] The foregoing discussion does not detract from the overriding theme found in most of the submissions. Escalating capital expenditures are causing increasing rate pressures. The Board notes that the revenue requirement in the 2026 GRA included a significant portion of these capital costs when looking at the depreciation expense, debt costs and return on equity. For those costs, capital approvals in this ACE Plan will not have a direct impact on rates during the test period, as the related costs are already included in 2026 and 2027 rates. However, that fact does not lessen the attention and review that is required in the face of major capital costs that are being incurred or are projected to be incurred. There is a limit to how large a rate increase can be tolerated. There is a limit to how many deferral accounts should be approved, and how much can

be included in these accounts, before a utility's financial flexibility is compromised and before the deferral accounts become seriously unfair to future generations of ratepayers.

6.0 CONSIDERATION OF RATE IMPACTS

6.1 Past Experience with Rate Impact Analysis

[175] In its Closing Submissions, the IG made the following request of the Board:

The Industrial Group submits that the Board should direct NSPI to provide, with the Year 3 update to the Reliability Plan, a quantitative assessment of the impact of the Reliability Plan on rates.

Additionally, there should be consideration given to the overall impact of the annual capital expenditure plan on ratepayer classes, whether by an overall bill impact or affordability analysis.

A Direction for Comprehensive Reporting Is Warranted

The Industrial Group submits that the Board should direct NSPI to file, alongside each future ACE Plan, a ratepayer cost exposure reporting that includes:

- NSPI's ACE capital program (as currently filed);
- The Reliability Intertie costs including forecasted annual spending, the proposed or anticipated recovery mechanism, and the expected timing of recovery from ratepayers;
- Known, publicly available, or reasonably anticipated IESO-NS capital or procurement related costs that may ultimately be recovered from Nova Scotia ratepayers to the extent ascertainable through consultation with IESO-NS; and
- A plain-language summary of the aggregate impact on a class specific bill impacts.

[IG Closing Submissions, pp. 17-18]

[176] NS Power says it cannot produce such an analysis at that level of granularity that would produce a reliable result. NS Power points to the numerous inputs, all of which form part of GRA applications, needed to estimate rates such as "...load forecasts, timing of in-service additions, depreciation, financing assumptions, and cost of service allocation methodologies... ."

[177] NS Power submits that, in previous ACE Plans, it had provided revenue requirement estimates associated with the capital spending in ACE Plans, although not broken down by class specific rates or bill impacts. NS Power highlighted the Board's previous comments on this issue. In the *2022 ACE Plan* Decision, 2022 NSUARB 93, the Board said:

3.6.1.1 Findings

[148] While several years ago the Board directed the impact of proposed capital spending on revenue requirement be included in the ACE Plan applications, the Board now questions whether the information proves useful. As NS Power has acknowledged, it is an estimate only. In the Board's view, given the uncertainties surrounding estimates in the calculation, and the lack of consensus on the inputs, the information does not appear to be useful. The Board will not require this information to be included in the 2023 ACE Plan but reserves the right to seek information on the revenue requirement in a future proceeding. The Board observes that the GRA proceeding later this year may shed more light on this subject. Further, the Board agrees with NS Power that it should not accept Mr. Athas' suggestion to make approval of the 2022 ACE Plan contingent on the achievement of projected customer growth.

[178] The IG submits the goal of a rate impact analysis is to assist in assessing the affordability of overall capital expenditures and that the ACE Plan is the appropriate forum. The Board will now reconsider this issue based on more recent developments in capital planning and its assessment of the impact of the *Energy and Regulatory Boards Act*.

6.2 Regulatory Compact

[179] Any analysis of what affordability means in the public utility context starts with the regulatory compact enshrined in the *Public Utilities Act*. In essence, in return for fulfilling an obligation to provide reasonably safe, adequate and reliable electricity service to all customers within its franchise territory, without cherry-picking the most profitable areas, a public utility is entitled to recover its prudently incurred and necessary costs, together with a reasonable rate of return on its equity investments. Also, where there are

legislated or Board-directed requirements that establish what service must be provided, or how it is provided, it follows that these requirements must be met.

[180] In this context, this means that if a capital project is required to provide reasonable service, in accordance with legislative or Board requirements, affordability has been focused on whether the least cost option has been chosen to achieve that end. This has been the framework established under cost of service and rate of return based public utility schemes for decades. This is also the scheme of the CEJC which focuses on why a project needs to be done now, why it must be done in a certain manner and, where there is more than one option, whether the least costly one has been chosen. It has, therefore, been the way in which all capital applications, including ACE Plans, have been considered and processed.

6.3 Affordability as a consideration under the *Energy and Regulatory Boards Act*

[181] Affordability wording was introduced into the *PUA* by 2014 amendments about demand side management. The Board had to consider affordability when assessing whether to approve a demand side management plan. Demand side management is an important aspect in ongoing utility operations but affordability considerations in that context may be different than when considering whether capital projects meet the criteria for approval under the *PUA* and the Board-approved CEJC. In any event, this requirement has now been repealed by recent amendments. When considering this provision, the Board had not found that it fundamentally changed the approach it had always taken to affordability, except to perhaps consider more closely the short-term consequences of DSM plans, which have a defined time frame.

[182] Section 6(2) of the *Energy and Regulatory Boards Act* states “... the Board shall give appropriate consideration to the extent to which such... capital applications... (c) ensure the provision of safe, secure, reliable and economical energy...”. This general language appears to reiterate the Board’s approach to considering whether capital projects need to be done now, using the least cost alternative approach, to ensure a safe, reliable and adequate electricity supply. Also, in addition to general concepts about providing safe, adequate and reliable power, including the “economical energy” concept in legislation without fundamentally altering the legislative scheme, does not relieve NS Power from, for example, meeting environmental controls, legislated decarbonization targets, providing legislated voltage sag protections, or meeting performance standards set by the Board and derived from legislation.

6.4 NS Power’s Position About Rate Affordability and Capital Projects

[183] The concept of affordability has been raised in different ways, when addressing concerns about the significant costs of the Five-Year Reliability Plan, and the 2026 ACE Plan as a whole, including the capital cost associated with decarbonization.

[184] NS Power submits that a GRA is the appropriate forum to look at affordability, when a more precise rate impact analysis can be generated. The Utility provides a succinct position in its Reply to Closing Submissions:

Overall, the IG submission effectively seeks a second affordability review of investments that were already incorporated into the Board's recent consideration of NS Power's revenue requirement and customer impacts through the GRA. In NS Power's submission, the relevant question is not whether investments can be avoided in the interest of affordability, but whether the proposed investments are prudent, necessary, and in all respects, just and reasonable.

[NS Power Reply to Closing Submissions, pp. 16-36]

[185] This is a response to the IG’s position that there is a disconnect between the ACE Plans and the GRA and that there is currently no adequate forum where a full

analysis of how approval of the capital programs impact on rates can be assessed. It also sets out NS Power's position on what the real question is when deciding whether to approve capital expenditures. This is consistent with the Utility's position, for example, that performance standards are mandated by the Board, and therefore capital expenditures that are needed to achieve the performance targets are recoverable through rates, provided they are consistent with the least cost principle.

[186] While as a matter of general principle, NS Power's position is essentially correct in law, there is considerable nuance as to timing and amount and whether projects can, in fact, be deferred. The Board notes that in each ACE Plan there is usually a list of ACE Plan projects that have been deferred or cancelled. The Board understands the concept of prioritizing capital expenditures based on changing or unexpected developments. However, the point is there may be some flexibility in the capital program. The Board is also mindful that deferred maintenance or purposely keeping rates low at the expense of appropriate capital replacements can create many rate impact risks, as several recent water utility matters have demonstrated.

6.5 Need to Consider Rate Impacts and A Potential Framework

[187] The Board still has some concerns about the utility of a rate impact analysis, where the full set of studies and data available in a GRA are not readily reproduced on an annual basis. However, in the context of increasing capital expenditures to meet legislated decarbonization targets and reliability standards, aggravated by climate change, a rate impact analysis could provide some useful context when considering the Five-Year Reliability Plan, and the annual ACE Plans in general. The two are closely linked for the next few years. The Board notes a rate impact analysis is done in conjunction with the EfficiencyOne DSM plan applications and NS Power should be able

to do one as well. The Board understands there are inherent issues with the accuracy of the analysis, but notes that, even with a GRA, the projections will also not reflect actual costs over the course of a test period.

[188] Therefore, regardless of concerns about the utility of the revenue requirement analysis advanced in past ACE Plans, the Board will direct NS Power to provide a rate impact analysis in the 2027 ACE Plan. As rates are already established for 2027, the rate impact analysis should relate to the projected impact on rates the capital plan will have for a defined period; namely, 2028, 2029 and 2030. The Board is interested in the impact capital approvals will have on rates, relative to the 2026-2027 rates, if all other assumptions remain constant. The Board understands this does not produce an accurate rate forecast as is required in a GRA. There will obviously be changing assumptions between the 2027 test year forecast and future test years. However, it will provide some order of magnitude of the potential rate impacts of a significant capital expenditure program. The Board appreciates that the IG wants all the projected Five-Year Reliability Plan projects and decarbonization projects in The Path to 2030 included in the analysis. As the costing of coal plant conversions, and many of the IESO Nova Scotia projects outlined in The Path to 2030, are in an initial phase, the Board thinks this is premature for the 2027 ACE Plan. In this initial year, the rate impact analysis is to be done by rate class but need only address the proposed ACE Plan capital expenditures, which presumably will include Five-Year Reliability Plan projects, with one exception. The Board notes that at this stage the NB Intertie project is already approved but is only projected to be in service by the end of 2028. It has an approved cost. The impact on rates should be incorporated into the analysis.

[189] While the Board wants the basic framework outlined above to be part of the rate impact analysis, NS Power can provide supplemental analysis as it sees fit. Once interested parties and the Board have had the opportunity to review the rate impact analysis in the 2027 ACE Plan, fine-tuning may well be required. Expanding the analysis can be considered in conjunction with a review of the 2027 ACE Plan filing. In particular, the issue may be the availability of detailed capital cost projections for other *The Path to 2030* capital projects.

7.0 THE PATH TO 2030 UPDATE – THE IESO NOVA SCOTIA - NS POWER TRANSITION

7.1 Progress on *The Path to 2030*

[190] There are several decarbonization goals being advanced by the provincial and federal governments. Two specific targets that must be met by 2030 are enshrined in the following enactments: the provincial *Environmental Goals and Climate Change Reduction Act*; the provincial *Renewable Electricity Regulations* and the federal *Reduction of Carbon Dioxide Emissions from Coal-fired Generation of Electricity Regulations*. The legislation requires NS Power to achieve 80% of electricity sales from renewable resources and to phase out coal generation by 2030.

[191] The Board's 2023 ACE Plan Decision, 2023 NSUARB 159, included a directive requiring NS Power to file a detailed plan outlining how the Utility would meet legislated decarbonization goals by 2030. On January 2, 2024, NS Power filed a plan called *The Path to 2030*, which was reviewed as part of the 2024 ACE Plan proceeding. NS Power has provided *The Path to 2030 Updates* in the 2025 ACE Plan and as Appendix F in this proceeding.

[192] Figure 1 of Appendix F shows the various energy generation and storage resources NS Power anticipates will be required to meet the legislated decarbonization goals, the projected times when they will be available, and any changes from the previous updates, in the commercial operation dates (COD) by year:

Figure 1 - 2030 Clean Power Plan Resources

	Nameplate Capacity (MW)	Initial Anticipated COD (Year)	Updated Anticipated COD (Year)
Wind & Solar Resources			
Rate Base Procurement	306	2025	2025-2026
Port Hawkesbury Paper Wind	168	2025	2026
Renewable to Retail Wind	149	2024	2026-2029 ¹
Green Choice Program	262	2028	2028
Future Procurement	350		2029
Community Solar	100	2025-2029	2025-2029
Commercial Net Metering	50	2024-2029	2024-2029
Energy Storage Resources			
NS Power BESS Project	150	2025-2026	2025-2026
IESO-NS Procurement	50-250 ²	2026	2027 ³
Fast Acting Generation Resources			
Stage 1	300	2027	2027 ⁴
Stage 2	300	2029-2030	2029-2030 ⁴

	Nameplate Capacity (MW)	Initial Anticipated COD (Year)	Updated Anticipated COD (Year)
Fuel Conversions at Existing Units			
Gas Conversion – Point Tupper 2	150	2028	2028
HFO Operation – Lingan 1/3/4	459	2029	2029
Total New Wind & Solar	1,139		
Total New Energy Storage	200 – 400 ²		
Total New Fast Acting Generation	600		
Total Fuel Conversions	609		
Load Management Initiatives	150	2025-2029	2025-2029
Total Coal Phase Out	1,229		

¹Timing has been updated to reflect that this wind project will come online in phases. Please refer to Section 6.1.3.3 for further details.

²Stated range is as per 2023 Clean Power Plan, actual size of additional battery capacity to be determined by IESO-NS.

³Stated COD is as per 10 Year System Outlook, actual timing of battery capacity additions will be determined by the IESO-NS.

⁴Stated COD is as per 10 Year System Outlook, actual timing will be updated following the IESO-NS led RFP.

[Exhibit N-1, Appendix F, Figure 1, pp 6-7 of 55]

[193] *The Path to 2030 Update* shows the anticipated generation in the Total New Wind & Solar category has increased from a nameplate capacity of 1,139 MW in last year's update to 1,385 MW. The Green Choice Program shows a reduction of 154 MW available through this initiative by 2028 because 4 of the 6 anticipated Green Choice Program wind farm projects are not proceeding. However, Figure 1 indicates there will be a Future Procurement of 350 MW, which is a new category. NS Power indicated, in response to NSEB IR-166 b), that this anticipated renewable energy Future Procurement related to a new Green Choice Procurement announced by the Province of Nova Scotia in September 2025. There has also been a reduction in the amount of the Community Solar program nameplate capacity from 100 MW to 50 MW.

[194] There have been no changes to the anticipated CODs for most of the resources listed in Figure 1. There are, however, two changes in the anticipated CODs of the renewable energy resources from last year's update. The anticipated COD of 149 MW of Renewable to Retail Wind was listed as 2026 in last year's update. The timing has been updated to span from 2026 to 2029 to reflect the fact that the wind project will come online in phases. However, two of the three proposed wind farm phases appear to be well advanced, with completed system impact and facilities studies and executed generator interconnection agreements. The COD for Mersey Wind 1, with a nameplate capacity of

36 MW, is anticipated to be September 30, 2026, and the anticipated COD for the first 54 MW of Mersey Wind 2 is March 31, 2027.

[195] The 350 MW Future Procurement related to the Green Choice Program shows an anticipated COD of 2029. In last year's update, the anticipated COD for the entire procurement under this program was shown as 2028. NS Power did not have any additional information on this procurement, other than the September 2025 public announcement that there would be a new solicitation.

[196] The New Wind and Solar generation resources included in *The Path to 2030* are primarily being pursued through provincial programs under the *Electricity Act*, where NS Power's main role to date has been to assist with the requirements for the interconnection process. The IESO Nova Scotia will be responsible for procurement of new fast acting generation resources and any new battery energy storage systems (BESS). The renewable energy resources set out in Figure 1, where NS Power remains responsible for the ownership and build, are three BESS projects, and fuel conversions to existing coal-fired units. Conversion of Point Tupper Unit 2 to natural gas is anticipated to take place by the end of 2028 and conversion of Lingan Units 1, 2 and 3 to heavy fuel oil is currently scheduled for the end of 2029.

[197] The Board approved NS Power's three BESS projects on June 13, 2024, which were prescribed projects, pursuant to regulations made under the *Electricity Act*, supporting renewable intermittent generation integration. Since the last update, the BESS projects have met anticipated construction and implementation deadlines. The Bridgewater and Spider Lake BESS sites are now in service, and the anticipated COD date for the White Rock BESS was July 2026 when this application was filed. The Board

also understands the White Rock BESS is now in service. Each BESS provides 50 MW of storage capacity with the ability to deliver power to assist in meeting peak demand, especially when wind generation is low. A cold-weather event in January 2026 is a good example of this. The BESS projects also allow flexibility in energy dispatch with the capacity to store low- cost or off-peak energy and use it during higher-cost on-peak periods.

[198] Another component of *The Path to 2030* is the NS-NB Reliability Intertie project. This project involves building a second 345 kV transmission line between Onslow, Nova Scotia and Salisbury, New Brunswick. The *Prescribed Project Regulations* made under the *PUA* allowed an ownership arrangement whereby Wasoqonatl Transmission Incorporated is the project proponent, with equity investment from NS Power, the Canadian Infrastructure Bank and Wskijnu’k Mtmot’aqnuow Agency Limited. Since the last *The Path to 2030 Update*, the Board-approved the NS-NB Intertie project on November 20, 2025. Pursuant to a Board directive, NS Power has been filing reports from an independent project engineer. The project has been sanctioned by Wasoqonatl Transmission Incorporated’s board of directors allowing construction activities to be undertaken and, according to the independent project engineer’s reports, there have been no material changes to projected timelines that would impact the anticipated Q4 2028 in-service date.

[199] *The Path to 2030 Update* provided the anticipated timeline for the retirement and conversion of NS Power’s coal-fired plants. These timelines are derived from NS Power’s 2025 10-Year System Outlook Report. These timelines are consistent with the information in Figure 1. NS Power also provided updates on various issues potentially

impacting *The Path to 2030*, such as anticipated demand side management initiatives, along with an early-stage discussion about potential green hydrogen and offshore wind projects.

[200] As has been discussed in all three ACE Plan proceedings where *The Path to 2030* has been addressed, the time to achieve the legislated decarbonization goals is short, the capital cost is very high, and the risk that there will be delays with major projects is real. That said, the NS Power BESS projects, which are major and expensive prescribed projects, have been completed on time. Based on the available information, another major and expensive project required to support *The Path to 2030*, the NS-NB Reliability Intertie, is proceeding on schedule. The remaining major projects in *The Path to 2030* that NS Power must complete are the coal plant fuel conversions. While NS Power remains confident that it can meet the legislated deadlines, the window to achieve this is narrow and there are many possible contingencies that could create delays. This is compounded by the fact that the elements of *The Path to 2030* that are being shepherded by the IESO Nova Scotia or the Province need to be in place before coal conversions can reliably take place. While NS Power said safe and reliable power can be supplied by extending the coal plant conversion and retirement dates, if there are delays associated with other elements of the plan, this would require legislative changes at both the provincial and federal levels. Finally, while coal plant conversions have continually been in the mix over the past number of years, the discussion on this topic could potentially be impacted by the IESO Nova Scotia IRP process which is currently under way. This is why coordination between the IESO Nova Scotia and NS Power becomes so

important, not only for planning purposes, but so that interested parties can gain greater ongoing insight into the status of *The Path to 2030*.

7.1.1 Coordination with the IESO Nova Scotia

[201] In a letter dated October 9, 2024, the Minister of Energy directed NS Power “...to provide the equipment and systems necessary to maintain the stability, reliability, and power quality of the transmission system for interconnection by wind energy conversion systems.” *The Path to 2030 Update* discussed some grid stability and renewable energy integration resources required to allow for integration of inverter-based resources such as wind, solar and battery storage. One of these planned resources was the introduction of synchronous condensers. These provide reactive power and are generally used to manage voltage and stabilize frequency where there is high intermittent renewable energy penetration. The Board received correspondence dated April 15, 2026, from the Office of the Minister of Energy, signed by the Premier, who was also the Minister of Energy, sharing the Minister of Energy’s position that “...the IESO must lead competitive procurement for new transmission and electricity system resources in Nova Scotia.” This view was based on s. 9(m) of the *More Access to Energy Act* which says that “The objects of the IESO are to... (m) conduct procurements for energy resources, including (i) electricity supply, (ii) electricity capacity, (iii) energy storage, (iv) ancillary services, and (v) hybrid peaking resources;”.

[202] The letter was titled “Interim Guidance on Transmission Procurement and Utility Participation.” It further said:

...

Effective April 1, 2025, Section 9 of the *More Access to Energy Act* states that the objective of IESO is to ensure bulk system adequacy and reliability, facilitate a competitive electricity market, coordinate system planning, and, section (m) **conduct procurements for electricity supply, capacity, storage ancillary services and hybrid resources.**

The Minister's position is that all new system needs, supply resources, ancillary services, storage and hybrid resources, and including synchronous condensers, must be planned and competitively procured by the IESO.

Where reasonable, system needs should be evaluated on a technology-neutral basis. Solutions such as synchronous condensers or battery energy storage systems may address transmission or distribution needs, and current analysis indicates that battery storage can often deliver equal or better grid services at lower cost. Competitive procurement is therefore essential to securing best value for ratepayers.

In summary, the Minister asks the Board to uphold competitive procurements as default for any new energy or capacity resources, as well as transmission ancillary services.

The Board should consider this interim guidance when assessing any utility capital expenditure requests to build, own or operate system resources, ensuring consistency with the IESO's statutory procurement responsibilities, competitive principles, and protection of ratepayers.

We appreciate the Board's attention and look forward to continued collaboration to support a transparent, efficient, and fair transition to an IESO-administered electricity system. [Emphasis in original]

[Letter from the Office of the Minister of Energy, April 15, 2026]

[203] The Board notes there were no projects before it in the 2026 ACE Plan seeking approval for synchronous condensers or battery storage. NS Power's Synchronous Condenser project was listed as an item for subsequent submittal for approval later in 2026. The high-level projected cost for the project was approximately \$365 million. This was an increase of approximately \$220 million from the original project estimate in the 2024 ACE Plan. Erin Peachey, a Nova Scotia Power System Planning Specialist, indicated there had been a Scope Change since the original estimates were made and that the project now contemplates nine synchronous condensers instead of four. This change was the result of additional planned wind farms beyond the four in the Rate Based Procurement. The correspondence from the Minister of Energy's Office generated a discussion highlighting the need for coordination between the IESO Nova Scotia, NS Power and provincial policy directives.

[204] Dave Pickles, NS Power's Chief Operating Officer, explained during the hearing that NS Power had been active on this project and that it had been anticipated it would be ready for submittal to the Board in Q4 of 2026. Six months of work had resulted in the issuance and review of a competitive RFP process. NS Power had received several synchronous condenser proposals pursuant to a competitive RFP and the company "...was in active negotiations with four parties as we speak." Just under \$1,000,000 had been spent on this project at the time of the hearing. There had been no major future financial commitments made because of the RFP. Mr. Pickles had little time to review the ramifications of the Office of the Minister of Energy's position about the synchronous condenser procurement set out in the letter dated April 15, 2026. He was understandably uncertain if, or how, the transfer of the RFP process to the IESO Nova Scotia might take place and appeared skeptical that the IESO Nova Scotia could just step into NS Power's shoes under the existing RFP process. This is particularly understandable since the April 15, 2026, letter indicates that the Office of the Minister of Energy is of the view that current analysis indicates that additional battery storage could provide the same or better services as the Synchronous Condenser Project. In the end, Mr. Pickles indicated there had been no specific discussion about how a transfer of responsibility might take place. He said NS Power would continue its discussions with the four RFP proponents, which involved minimal costs, until more detail was known about the impact of the subject correspondence.

[205] There is no Synchronous Condenser Project before the Board. The Board will not comment on whether an "objects" provision in the *More Access to Energy Act* gives the IESO Nova Scotia the exclusive right to pursue the types of projects listed in s.

9(m) and whether synchronous condensers are covered by those listed items. It is apparent NS Power did not understand this to be the case, having spent close to \$1 million dollars developing this option to the point where it was likely going to be submitted this year to the Board for approval. The Board will obviously not make any comments on whether battery storage can achieve the same, or better results, than synchronous condensers. These issues would likely have been vetted if an application was brought before the Board. The reason the Board is discussing this issue is to highlight how imperative it is that NS Power, the IESO Nova Scotia, and the Province of Nova Scotia, work together as closely as possible so there is no duplication of effort or delay caused by misunderstandings, given the new framework created by the *More Access to Energy Act* and the transitioning of responsibilities. NS Power has provided assurances that, through coordination between the Utility and the IESO Nova Scotia, there have been no identified duplication of costs within NS Power's capital program. That may well be true for the 2026 ACE Plan, but at a more general level, the assurance is somewhat difficult to reconcile with what occurred in relation to the Synchronous Condenser Project.

[206] If NS Power no longer pursues the Synchronous Condenser Project, the only major projects left for Nova Scotia Power to complete in *The Path to 2030* (assuming the plan does not change) are the two coal plant fuel conversion projects. Responding to a question from the Board about asking the IESO Nova Scotia to participate in a joint panel on *The Path to 2030*, Mr. Pickles said it was a novel idea and that "the outcomes of the Integrated Resource Plan which they are actively working on, I think will help... paint a picture of the future" and help decide if a joint panel might be useful. As counsel for the IG points out, the first phase of the IESO Nova Scotia transition under the *More*

Access to Energy Act involved the transfer of NS Power employees on December 1, 2025. This transfer included the majority of NS Power's System Planning group. These are the same employees who supported the development of *The Path to 2030*. The IESO Nova Scotia is undertaking an IRP which may, or may not, alter *The Path to 2030*. The Terms of Reference for the IRP were filed with the Board in Matter M12854 and currently a final report is anticipated by December 10, 2026. Because of the timing of the annual ACE Plan application, it may be difficult to incorporate the IESO Nova Scotia IRP in the *Path to 2030 Update* to be filed with the 2027 ACE Plan.

[207] The Board acknowledges that in addition to the IRP process, it gets insights into the IESO Nova Scotia's activities in other matters, such as the 10-Year System Outlook Report (M12916), the annual Revenue Requirement and Fees application (M12663) and associated Quarterly Reports(M12859). However, the concept behind *The Path to 2030*, which was ordered before the *More Access to Energy Act* became law, was that there be annual updates specifically focused on how the plan to decarbonize within the legislated timelines was progressing. It would be very beneficial for interested parties and the Board to have a clear indication of exactly how the IESO Nova Scotia is informing *The Path to 2030*.

[208] At this stage, the Board will simply direct NS Power to approach the IESO Nova Scotia and discuss whether they would participate in a joint panel to address *The Path to 2030 Update* filed with the 2027 ACE Plan. Also, as suggested by the IG, the Board directs NS Power, to the extent feasible and possible, to engage and coordinate with the IESO Nova Scotia and report on that coordination in future ACE Plan filings.

8.0 CYBERSECURITY

8.1 Impacts on Capital Planning

[209] On April 25, 2025, NS Power discovered a cybersecurity breach which impacted certain parts of its information technology network resulting in an inability to access certain systems and data. The Board is doing a comprehensive review of this incident in two proceedings: M12273, which will deal with the more technical aspects, and M12600 which focusses on certain operational, billing, privacy and governance issues. While not wanting to duplicate review processes, in this matter, the Board agreed with the IG that an item would be added to the Final Issues List about the impact of the cybersecurity incident on NS Power's capital planning to the extent it was not already being considered in the other two review processes.

[210] The inability to access information, or the need to deploy more resources to address the cybersecurity incident, has resulted in delays in filing certain capital projects. In addition, because of some data loss, NS Power needs to rely on its GIS database in the capital planning process to try and fill gaps caused by the loss of data (for example, information about which transmission lines will require vegetation management going forward).

8.2 Cost Implications in 2026 ACE Plan

[211] While a detailed review was undertaken through the IR process and in questioning at the oral hearing, no additional capital costs were identified in the 2026 ACE Plan that specifically related to restoration required to address the cybersecurity incident. No projects were identified in the 2026 ACE Plan capital projects where any delay caused by the cybersecurity incident increased costs. Also, NS Power explained that a coding system was used to record and exclude any restoration capital costs associated with the

cybersecurity incident from rate base for capital work undertaken in 2025. Mr. Beaton described a monthly rate base review that addresses all rate base rules and involved the IT team "...to make sure that all potential costs that could be considered restoration were not captured within the Capital Program." This included any work required to return any of its applications to service. Mr. Beaton said cyber restoration costs were paid by NS Power's insurers or its shareholder. With respect to deferred projects, there could potentially be inflationary pressures and Mr. Beaton indicated that could either be addressed internally (for projects under \$1 million) or when delayed projects are submitted for Board approval.

8.3 Considerations for Subsequent Submittal Items

[212] There was discussion about IT or cybersecurity-related projects listed as subsequent submittal items in the 2026 ACE Plan. Two projects, in particular, raised several concerns. The Identity and Access Management project was delayed following the cyber incident. The 2025 ACE Plan had an estimated cost for this project of \$1.3 million. The 2026 ACE Plan, filed in November 2025, estimated the project costs at approximately \$4.3 million. When the project was filed with the Board on March 13, 2026, one month after responding to IRs in this proceeding about this estimate, the estimated cost of the project was \$6.7 million. The Customer Information System (CIS) Replacement project has an estimated cost of \$84.5 million. This project was included in the capital budget in NS Power's 2022 GRA (M10431). At the time, the estimated filing date was the last quarter of 2023, with anticipated capital spending of approximately \$19.6 million in the 2022, 2023 and 2024 test years. It was identified in the 2025 ACE Plan as an item for subsequent submittal with an estimated cost of \$77.9 million. The concerns raised by the IG and the DOE related to why project estimates increased so

much and whether any of the cost increases associated with the restoration and delay issues were occasioned by the cybersecurity incident. As well, the DOE requested certain IT projects, including the CIS Replacement project be ring-fenced to avoid “double recovery”. Relevant issues will be addressed as IT projects are filed. The Identity and Access Management project is being considered in Matter M12743, and IR responses were filed after the submissions made by the IG and the DOE in this proceeding. In any event, issues about delay costs or restoration costs associated with that project will be considered in that matter. The CIS Replacement project has yet to be filed but issues about cost escalation and if any cyber-related restoration and delay costs are included in the application estimates can be addressed at that time. That said, in order to provide transparency and proper verification, the IG made a more general recommendation about what should be included in future subsequent submittal items for IT or cybersecurity-related projects:

The Industrial Group submits that the Board should direct NSPI to include, in every subsequent submittal for IT or cybersecurity-related projects that were deferred or delayed as a result of the 2025 cyber incident: the original project cost estimate from the 2025 ACE Plan (or the earliest available estimate); the current estimated total project cost; and a full explanation of the variance between the original estimate and the current estimate, with specific reference to whether any portion of that variance was caused or contributed to by the cyber incident (including through delayed timelines, increased vendor costs, lost data, additional complexity, or otherwise).

[IG Closing Submissions, p. 19]

[213] NS Power takes the position that more standardized requirements are not needed because the current process for capital submissions already includes information about cost estimates, scope descriptions and variance explanations where they are material. While that may be true, specific references to whether any portion of the variance was caused or contributed to by the cyber incident, as detailed above, would be helpful to the process. It would allow the issue to be explored with more focus in IRs and

submissions. The Board therefore directs that in every capital application for IT or cyber-related projects in 2026, 2027 and 2028, including future ACE Plans, there be a “specific reference to whether any portion of that variance was caused or contributed to by the cyber incident (including through delayed timelines, increased vendor costs, lost data, additional complexity, or otherwise.)”

9.0 CONTINGENCY ON PROJECTS WITHOUT RISK REGISTERS

[214] Mr. Wilson noted that NS Power appears to routinely include a 15% contingency in transmission line and transformer project budgets where no risk matrix is prepared. He also noted that it appears that NS Power may have a de facto policy of not utilizing a risk matrix or detailed schedule for transmission projects unless it wishes to apply a contingency higher than 15%. Mr. Wilson stated that, given these projects are well understood and so consistent, a much smaller contingency amount should be used. If, on the other hand, it is common for these projects to go well over budget, then a risk matrix should be prepared to manage the risks that cause overspending.

[215] Mr. Wilson also referenced several projects where, due to insufficient planning or preliminary engineering, NS Power had filed ATO applications. He noted that certain budget risks could have been identified in advance, and that proper planning would have ensured procurement and resource scheduling occurred only after those risks were mitigated.

[216] Mr. Wilson recommended that the Board reduce the contingency amount for transmission projects filed in this plan to 10% if they do not have a risk matrix filed in the application. Going forward, he recommended that the Board should direct NS Power to file a risk matrix with any project that has a contingency amount of more than 10%.

Further, he suggested that the Board should only allow NS Power to exceed a 10% contingency without a risk matrix in cases where NS Power identifies a narrowly defined risk that is unique to the project (e.g., a specific inspection or study that is incomplete) and does not otherwise necessitate a risk matrix being prepared.

[217] In its Rebuttal Evidence, NS Power stated that it disagrees with the recommendation. It expressed that the absence of a risk register on a project should not be taken as an indication that there is a lower risk of that project experiencing additional costs. It simply means that the risks that are present in that project are well understood by the project team and are consistently present in similar projects.

[218] In its Closing Submissions, the CA supported Mr. Wilson's recommendation for the Board to reduce the contingency amount for projects filed in the ACE Plan to 10% if they do not have a risk matrix filed, and also to require NS Power to file a risk matrix with any project that has a contingency amount of more than 10%.

9.1 Findings

[219] The Board recognizes the broader concern raised by the CA: whether projects are being properly scoped and whether the associated risks used to estimate contingency are understood before a budget is submitted, in accordance with the applicable project class classification established by the American Association of Cost Engineers and currently used by the Utility. NS Power is responsible for providing sufficient evidence that the proposed project costs are reasonable, including how project contingency is estimated.

[220] The Board finds that a fixed contingency does not necessarily address the need for clearly defined project scopes or risk-based contingency estimates. NS Power should define each project's scope and base its contingency estimates on identified risks

and their potential impact on the overall project plan. Accordingly, the Board encourages NS Power to ensure that project scoping aligns with the budget-estimation class under which each project is submitted.

10.0 MERSEY UPDATE

[221] NS Power owns and operates the Mersey Hydro System (MHS), a series of six hydroelectric stations and a lake storage diversion along a 21 km reach of the Mersey River. The Mersey Hydro System Redevelopment Project (Mersey Redevelopment Project) is a long-term project aimed at redevelopment of NS Power's complete MHS. In the 2025 ACE Plan, the Project was described as follows:

The MHS water retaining structures and powerhouses require capital investment to replace existing structures. At present, the optimal path to maintaining long-term operation of the MHS is through a series of redevelopment projects, which would allow the existing structures to be decommissioned and replaced with new, modern water retaining structures and powerhouses, currently expected to take place over a period of 20-30 years from the start of construction. Approaching the redevelopment in this way allows for continued generation through the construction period.

[Matter M12012, Exhibit N-1, Appendix G, p. 2]

[222] Phase 1 of the Mersey Redevelopment Project was included in every NS Power ACE Plan application between 2017 and 2022 as a subsequent submittal item. As such, NS Power's intent was to submit the project for Board approval following the related ACE Plan application but prior to the subsequent ACE Plan application. In its 2023 ACE Plan application, NS Power indicated that the project had been deferred until 2031. At that time, the Company stated that the deferral will allow it to continue evaluating the fundamental project alternatives with consideration for key items, including how the project fits into the overall plan to achieve 80% renewable energy by 2030 while managing asset risk, evolving fisheries permitting requirements and affordability.

[223] The Board's 2025 ACE Plan Order provided the following directives to NS Power related to the Mersey Redevelopment Project:

- The Board directs NS Power to provide a comprehensive update on the Mersey Redevelopment Project in the 2026 ACE Plan. The Board also expects the Net Present Value (NPV) analysis referenced in NS Power's Rebuttal Evidence to be included as part of this update.
- In addition to filing an NPV analysis comparing the Mersey decommissioning option to the redevelopment option per the Board's 2024 ACE Plan direction, the Board directs NS Power to file an NPV analysis comparing the partial decommissioning option to the redevelopment option, complete with a description of all assumptions used in the analysis. The analysis is to be filed in the ACE Plan application that follows NS Power's filing of its next depreciation study. If NS Power does not file its next depreciation study with the Board prior to filing the 2026 ACE Plan, the Board expects the Company to provide an update on the activities it conducted since the filing of the 2025 ACE Plan related to evaluating and costing the Mersey Hydro System decommissioning and partial decommissioning options.
- The Board directs NS Power to include cost estimates for further preliminary engineering work, Mi'kmaq and interested parties engagement and environmental studies, detailed engineering design costs, and procurement costs, in its Mersey system update in the 2026 ACE Plan. These cost estimates are also to be included in NS Power's filing of its NPV analysis comparing the Mersey Redevelopment Project to the decommissioning and partial decommissioning options.

NS Power complied with these directives in Appendix E of its 2026 ACE Plan application.

[224] The total cost of the Mersey Redevelopment Project was estimated to be \$1.13 billion in NS Power's 2023 ACE Plan, and approximately \$1.2 billion in the 2024 and 2025 ACE Plans. In the current 2026 ACE Plan, the total cost of the project is once again estimated to be roughly \$1.2 billion.

[225] In the 2025 ACE Plan, the Mersey Redevelopment Project continued to be deferred until 2031. Construction remains deferred to 2031 in the 2026 ACE Plan. In response to NSEB IR-157, NS Power noted that active project work on the Mersey Redevelopment Project remains paused as NS Power awaits the outcome of the ongoing

IESO Nova Scotia IRP process. The IRP will inform the long-term role of the MHS within the overall provincial resource portfolio and is expected to assess the costs associated with the potential future options for the MHS and determine the appropriate long-term pathway for the system.

[226] While active project work on the Mersey Redevelopment Project remains paused, NS Power continues to build an understanding of requirements resulting from the recent shifts in the environmental regulatory landscape, as well as Mi'kmaq interest and concerns with respect to environment, fish passage, and archaeology. In particular, the Company stated that it must have a clear understanding of the conditions associated with modernized *Fisheries Act* compliance and requirements for related permit approval in order to move forward with the Mersey Redevelopment Project. As such, NS Power is continuing conversations with Department of Fisheries and Oceans in order to understand requirements associated with fish passage that may not have been in place previously.

[227] Mersey Redevelopment Project capital expenditures for related preliminary engineering work, Mi'kmaq and interested party engagement and environmental studies, detailed engineering design, and procurement are planned to start in 2028. The cost of this work is estimated to be \$8.5 million. In response to NSEB IR-157, NS Power indicated that it is not conducting this work at this time because these activities would presuppose a redevelopment option and require significant expenditure ahead of strategic direction from the IRP. The Company believes that advancing these activities prematurely would risk misalignment with the resource pathway ultimately selected and could result in unnecessary or inefficient costs for customers. NS Power intends to resume detailed

planning for the Project once the IRP provides clarity on the preferred long-term approach for the Mersey Hydro System.

[228] With the continued deferral, NS Power indicated it has implemented a program involving a series of incremental sustaining investments to ensure the continued safe operation of the MHS in the interim. These investments were first incorporated into the Company's Hydro Investment Plan (HIP) in 2023 and have been updated annually through to NS Power's most recent 2026 HIP. The HIP is a dynamic planning tool that reflects evolving asset conditions, regulatory requirements, and interested party input. As such, sustaining costs across the 40-year planning horizon may vary year-to-year. These investments are designed to maintain safe and reliable operation of the MHS while NS Power continues planning and engagement activities required to support the future Mersey Redevelopment Project scope of work.

[229] In its 2026 ACE Plan, NS Power stated that further updates and prioritization of sustaining capital for the Mersey Hydro System have been incorporated into its most recent HIP for the years 2026 to 2065. The total capital required for sustaining investment over this period has increased from \$160.7 million in the 2025 ACE Plan to \$172.4 million in the 2026 ACE Plan. The increase in total investment is attributed to ongoing reviews of historical project costs to bring cost estimates for future projects in line with actual costs incurred on more recent similar projects. The NPV for sustaining investment has increased from \$68.1 million in the 2025 ACE Plan to the current forecast of \$79.2 million. NS Power indicated that it continues to revise the profile of the investment in accordance with its asset management principles to ensure projects are scheduled at appropriate intervals.

[230] For the years 2026 to 2030, the current HIP includes total sustaining investment of \$45.1 million for the MHS. This is relatively consistent with the estimated \$40.6 million over the same time period included in the 2025 ACE Plan. The sustaining investment over this period is to allow for continued safe and reliable operation of the system until the Mersey Redevelopment Project begins.

[231] The results of NS Power's NPV analysis comparing the estimated capital expenditure profile of the Mersey Redevelopment Project to the full and partial decommissioning options are summarized as follows:

Scenario	NPV	Class of Estimate
Full Decommissioning	(\$196M)	Unclassed
Partial Decommissioning	(\$346M)	Class 4
Redevelopment	(\$164M)	Class 4

[Exhibit N-1, Appendix E, p. 10]

The NPV figures presented in this update reflect capital costs only (including estimated capital sustaining costs) and, therefore, do not represent a full economic analysis of the Mersey Redevelopment Project. The analysis does include simplified assumptions for the costs of replacement energy and avoided capacity. However, these do not represent a comprehensive system level evaluation. A complete review combining decommissioning and redevelopment capital estimates with detailed system modeling of replacement fixed and variable costs and on-going operations and maintenance costs is required to fully understand the economic impact of each option. NS Power indicated that this broader analysis will be undertaken as part of the upcoming IRP process to ensure decisions are based on accurate and integrated cost comparisons. No final decisions on decommissioning or redevelopment of the MHS will be made until direction is received from the updated IRP.

[232] The 2026 ACE Plan capital cost estimate for the partial decommissioning option is approximately \$624.4 million. This option includes removal of the MHS powerhouses and associated electrical and mechanical equipment. In addition, similar to the Mersey Redevelopment Project option, the partial decommissioning option requires the dams, spillways, gates and associated water control infrastructure to remain in service to safely manage the Mersey River. As such, the partial decommissioning option cost estimate also includes the rebuild and refurbishment of concrete water control structures and dams, complete with new fishways. The estimate also includes costs associated with preparatory activities ahead of construction. These activities are estimated at approximately \$6.5 million. The primary difference from the Mersey Redevelopment Project, is that the partial decommissioning option excludes the construction of a new powerhouses and generation equipment.

[233] In response to NSEB IR-162 c), NS Power indicated that it has not yet developed a sustaining capital expenditure profile for the partial decommissioning scenario. The related capital sustaining costs have, therefore, not been included in the NPV analysis for the partial decommissioning option. However, NS Power noted that following the major rebuild of the concrete water-retaining and control structures under a partial decommissioning scenario, the level of sustaining capital required in subsequent decades would be minimal, as these civil assets are long-lived and are typically planned on 40-year or longer reinvestment cycles. NS Power stated that it will undertake additional work to develop and incorporate an appropriate sustaining capital profile for the partial decommissioning option as part of the future MHS application, once the long-term operating configuration for the system is confirmed.

[234] The full decommissioning option involves re-naturalizing of the MHS, which includes removal of all infrastructure on the MHS and restoring the Mersey River to its pre-development condition. The 2026 ACE Plan capital costs estimate for the full decommissioning option is approximately \$512.3 million. The estimate includes updated cost estimates of \$352.2 million for archaeological work and \$155.6 million for decommissioning, including infrastructure removal, environment mitigation and sediment management. The estimate also includes \$4.5 million in costs associated with preparatory activities ahead of construction.

[235] The full decommissioning estimate does not include NS Power internal costs, including internal labour and associated Administrative Overhead/Allowance for Funds Used During Construction. Nor does it consider the socioeconomic impacts and cost of full decommissioning, which have not yet been quantified and could be significant. Additionally, NS Power indicated that recent experience has revealed the complexities and sensitivities with drawing down reservoirs. As such, consideration of impacts to communities and exposure of Mi'kmaw archaeological resources are hard to quantify in a full decommissioning scenario. The full decommissioning estimates are, therefore, not classified due to these complexities and would present a much higher contingency requirement.

[236] In response to NSEB IR-162 b), NS Power noted that the partial decommissioning and full decommissioning cost estimates were developed using different approaches and different levels of detail, so a direct comparison between them is not practical. The estimate for the partial decommissioning scenario is at a Class 4 level. The full decommissioning estimate is based on high level metrics and assumptions

applied broadly across the Mersey Hydro System. Further, the accuracy bound for the full decommissioning estimate is significantly higher than that for the partial decommissioning estimate.

10.1 Findings

[237] The Board accepts NS Power's Mersey Hydro System Update as filed with the 2026 ACE Plan application.

[238] The Board directs NS Power to provide another comprehensive update on the Mersey Redevelopment Project in the 2027 ACE Plan. The update is to include similar information as the 2026 ACE Plan update, including updated capital sustaining costs estimates, and an NPV analysis comparing the Mersey Redevelopment Project to the full and partial decommissioning options. NS Power shall also include an update related to the Mersey Hydro System modelling undertaken as part of the ISEO Nova Scotia's 2026 IRP.

11.0 CONCLUSION

[239] The Board has approved NS Power's 2026 ACE Plan, except for C0080111 – 2026 RTU Deployment. The approved projects are listed in the attached Schedule "A".

[240] The Board has provided comments on specific capital projects, the routine capital expenditure program, CEJC amendments, NS Power's plan to meet legislated decarbonization targets and encouraged coordination with the IESO Nova Scotia for future updates, NS Power's Five-Year Reliability Plan, the growth in capital spending and associated rate impacts, and the status of the Mersey Hydro System refurbishment project.

[241] The Board has the following directives in this matter:

1. In its 2027 ACE Plan application, the Board directs NS Power to include an update to Appendix I of its 2026 ACE Plan application to include any additional transmission line replacement and upgrade capital projects completed since filing of the 2026 ACE Plan application.
2. Beginning with the next ACE Plan, NS Power must provide as an Excel attachment - a rolling five-year comparison for each Routine showing the approved budget, actual expenditure or latest forecast, number of work orders completed or processed, appropriate physical work volume measures, appropriate unit cost measures, and must also include a program level breakdown of costs by major category, including labour, contracts, materials, travel, and other relevant cost categories. For Routines using internal labour the information should also include a breakdown of labour costs (regular and overtime labour, budgeted costs and hours, actual costs and hours).
3. NS Power must provide sufficient cost component information to explain material year-over-year changes, including labour, overtime, materials, contractor costs, vehicles or equipment and relevant overheads. NS Power must identify whether changes arise principally from volume, prices or rates, productivity, inflation, changing standards, or new or expanded work.
4. D005 and D055: NS Power must provide comparable annual information for D005 and D055 sufficient to monitor the relationship between planned and reactive replacement activity, including available failure or replacement volumes, labour and overtime information, unit-cost measures and relevant asset-performance indicators. NS Power must explain whether trends indicate that increased planned replacement is reducing unplanned replacement requirements and associated reactive costs.
5. NS Power must assess how existing Maximo/Salesforce, compatible-unit and Work Management information can be used to provide Routine level productivity measures and report on opportunities to extend comparable cost and productivity monitoring to contractor-intensive activities.
6. For New Customer Routine programs NS Power must report external factors relied upon to explain or support changes in expenditure.
7. NS Power must include the Routine Expenditure provisions of the CEJC in the stakeholder review for the 2028 ACE Plan. The review must consider whether a materiality or other reporting trigger should require enhanced justification where a Routine experiences significant year-over-year expenditure growth or materially evolves in its work categories, standards, objectives or system capability.
8. Upon identifying a change to project deliverables, boundaries, and/or detailed tasks that NS Power believes may result in a budget increase above twice the

project ATO threshold, NS Power shall file a brief notification letter with the Board in the proceeding in which the project was approved 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 originally Board-approved budget, which may be expressed in percentage terms as an order of magnitude without detailed support.
 3. Whether 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. After receipt of the notification letter, the Board, on its own or in response to any intervenor, will respond by indicating whether a formal Scope Change application is required.
-
9. NS Power is to approach the IESO Nova Scotia and discuss whether they would participate in a joint panel to address *The Path to 2030 Update* filed with the 2027 ACE Plan.
 10. The Board directs NS Power, to the extent feasible and possible, to engage and coordinate with the IESO Nova Scotia and report on that coordination in future ACE Plan filings.
 11. The Board directs NS Power to provide another comprehensive update on the Mersey Redevelopment Project in the 2027 ACE Plan. The update is to include similar information as the 2026 ACE Plan update, including updated capital sustaining costs estimates, and an NPV analysis comparing the Mersey Redevelopment Project to the full and partial decommissioning options. NS Power shall also include an update related to the Mersey Hydro System modelling undertaken as part of the ISEO Nova Scotia's 2026 IRP.
 12. The Board directs that NS Power provide an update on the monitoring of upgraded wooden poles like what was requested in the *2025 ACE Plan Decision*.
 13. For the 2027 ACE Plan, the Board directs NS Power to provide an update on the CEATI Grid Resiliency working group.
 14. The Board directs NS Power to provide a rate impact analysis as outlined in para [188] of this Decision.
 15. The Board directs that in every capital application for IT or cyber-related projects in 2026, 2027 and 2028, including future ACE Plans, there be a "specific reference to whether any portion of that variance was caused or contributed to by the cyber incident (including through delayed timelines, increased vendor costs, lost data, additional complexity, or otherwise.)"

[242] An Order will issue accordingly.

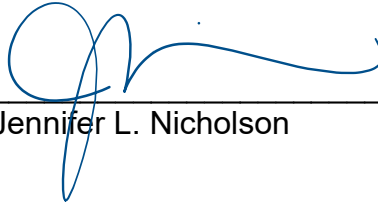
DATED at Halifax, Nova Scotia, this 2nd day of September 2026.



Richard J. Melanson



Steven M. Murphy



Jennifer L. Nicholson

SCHEDULE "A" 2026 ACE Plan Approved Projects			
CI Number	Title	2026 Budget	Project Total
Generation			
C0080206	POA Boiler Refurbishment 2026	\$1,195,706	\$1,304,600
C0080205	POA Boiler Refractory Replacement 2026	\$936,645	\$1,024,385
C0021608	TUC Shoreline Sheetpile Refurbishment	\$4,727,595	\$5,691,466
C0068898	TUC1 IP LP Last Stage Blade Replacement	\$2,756,011	\$5,215,861
C0080134	TUC2 Stack Coating and Structural Refurbishment	\$3,593,719	\$4,256,511
C0080133	TUC3 IP Turbine Refurbishment	\$13,621	\$2,588,734
C0068888	TUC3 Continuous Ash Hauling System	\$1,192,814	\$1,359,984
C0080135	CT – BGT2 Engine Refurbishment	\$2,147,663	\$2,462,664
Transmission			
C0080110	L7012 Replacements and Upgrades Phase 1	\$2,195,905	\$5,370,318
C0070909	70W-T52 Transformer Addition	\$3,474,286	\$3,957,128
C0080109	L7001 Replacements and Upgrades Phase 1	\$1,019,910	\$3,063,280
C0053214	76W-T1 Transformer Replacement	\$614,732	\$2,818,855
C0070586	L6536 Switch Replacements	\$1,626,611	\$2,074,494
C0053234	96H-T1 Transformer Replacement	\$1,794,354	\$2,056,752
C0068969	2026 Pennsylvania Breaker Replacements	\$398,876	\$1,620,028
Distribution			
C0080266	New Distribution Right of Way Phase 11	\$18,551,713	\$20,889,694
C0080104	36V-303 Baxter's Harbour Rd Reconductor Phase 1	\$979,830	\$1,062,416
C0080612	57C-426 Melrose Reconductor and Line Extension Phase 1	\$629,268	\$1,288,474
General Plant			
C0080252	Intelligent Asset Data Capture & Integration Platform	\$251,719	\$267,941
TOTAL APPROVED AMOUNT		\$48,100,978	\$68,373,585