BEFORE THE

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF Section 35A of the *Public Utilities Act*, RSNS 1989, c 380, as amended

-and -

IN THE MATTER OF an Application by Nova Scotia Power Incorporated (NS Power) for Approval of its **Annual Capital Expenditure Plan (ACE Plan) for 2026**

2026 Annual Capital Expenditures Application (M12619)

Closing Statement by

Department of Energy

Government of Nova Scotia

NON-CONFIDENTIAL

29 May 2026

Introduction

These are the closing submissions of the Department of Energy, Government of Nova Scotia (the "Department") regarding Nova Scotia Power Incorporated's ("NS Power", "NSP" or the "Utility") 2026 Annual Capital Expenditure (ACE) Plan Application. The Department supports capital investment required to achieve the reliability and decarbonization mandates. However, this objective must be carefully balanced with an uncompromising commitment to ratepayer affordability.

The utility regulatory framework faces an unprecedented challenge. NS Power is seeking approval for a capital investment program that drives $702.1 M for 2026 alone. A detailed analysis of the underlying data suggests a structurally growing divergence. The Utility's capital intensity continues to expand exponentially while the physical footprint, generation output, and actual system reliability have remained fundamentally stagnant. NS Power's capital deployment patterns indicate a persistent capital expansion trend. While expanding the asset base aligns with traditional utility financial models, it is vital to ensure that operational, execution, and forecasting risks are appropriately managed and not disproportionately borne by Nova Scotian households.

The Department is concerned that the proposed spending levels may not reflect the necessary cost-containment efficiencies. The Board is urged to carefully scrutinize the proposed asset expansion. Every dollar approved for rate base inclusion must possess a verified connection to incremental customer benefit and strict asset prudency. The Department respectfully requests that the Board exercise its oversight authority to ensure expenditures are grounded in comprehensive least-cost planning, optimizing ratepayer funding for maximum value and disallow expenditures that fail to meet the strict asset prudency criteria.

Standard of Review

Under Section 35A of the *Public Utilities Act*, the legal burden of proof rests with the public utility. NS Power is required to establish that its proposed expenditures are prudent, necessary, and aligned with Least-Cost Utility Planning Frameworks. This standard necessitates specific, quantifiable justifications rather than broad assertions of operational convenience.

Given the current macroeconomic climate and the affordability constraints facing Nova Scotian households, the Board must apply an elevated degree of regulatory scrutiny. To satisfy the threshold of being "used and useful", a capital project should demonstrate a verified capacity to deliver safe, reliable service without unjust cost escalation. Where engineering plans lack finality, or where project totals have experienced notable escalation against historical baselines, the Board must find the investment imprudent. Protecting ratepayers from cost overruns driven by weak contracting, inadequate scoping (scope creep), and aggressive asset-base loading remains a core function of the Board.

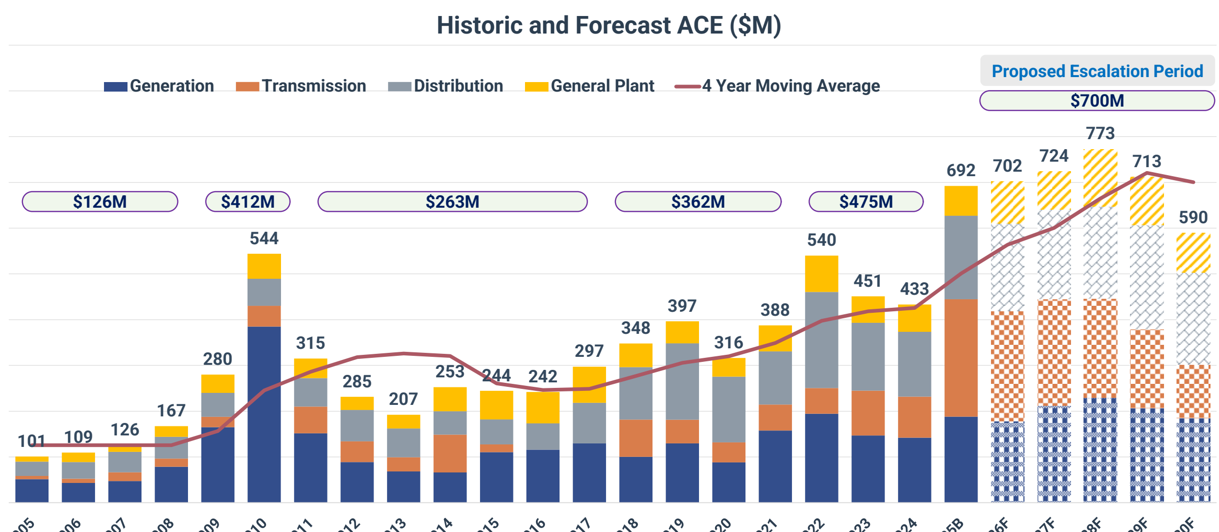
Historic Capital Investment Trend vs. Physical System Contribution

An empirical review of NS Power's historical capital spending from 2005 through the 2030 forecast illustrates a significant, compounding upward trajectory. The historical data can be systematically segmented into distinct spending eras, demonstrating how capital velocity has outpaced baseline provincial economic indicators.

A. The Acceleration of Capital Spending

Based on historical ACE Plans from 2005 to 2024[1] and forecasts up to 2030, NSPI has engaged in a sustained acceleration of capital deployment. During the 2005–2008 period, the annual average investment was a moderate $126M. What followed was a sustained, compounding escalation:

- 2009–2010: An abrupt spike to $412M per year.
- 2011–2017: A brief correction averaging $263M per year.
- 2018–2021: A renewed upward push to $362M per year.
- 2022–2024: Accelerated growth reaching $475M per year.
- 2026–2030 (Forecast): An unprecedented surge to $700M per year.



The implications of this capital trajectory are deeply concerning for the long-term sustainability of the rate base. NS Power projects a staggering $3.5 billion in capital additions over the next five years. 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) in capital additions since 2005, vastly outpaces provincial inflation. This warrants careful review against general economic indicators, and

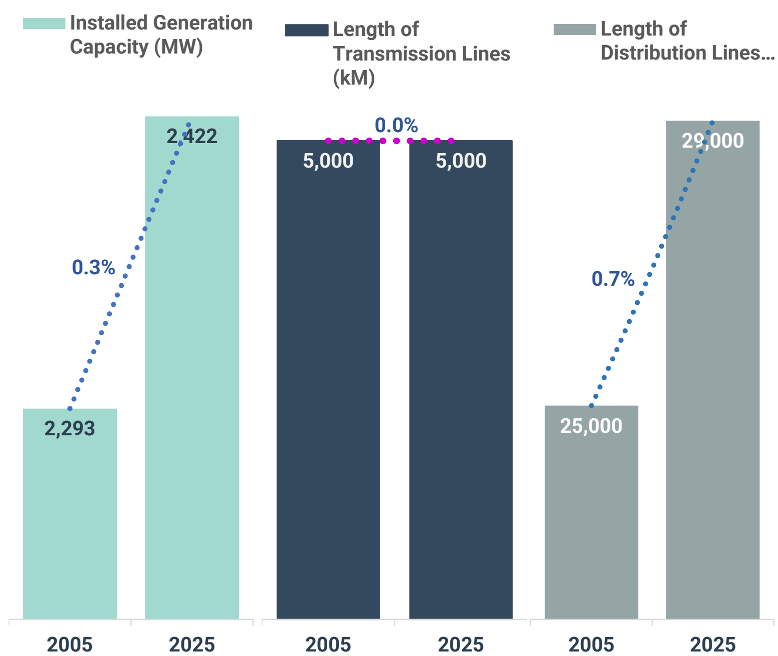
[1] NSP ACE Filings: https://nserbt.ca/nseb/mandates/electricity/capital-expenditures

raises material concerns regarding the fiscal capacity of ratepayers to absorb such aggressive asset loading without a corresponding expansion of physical system benefits.

B. Asset Growth vs. Declining Generation & Stagnant Capacity

The most significant concern regarding NS Power's long-term capital strategy is the apparent divergence between growth in the utility's asset base and the underlying evolution of the electricity system. Since 2005, several key utility indicators appear to have followed differing trajectories:

- **System Contribution:** NS Power's internal generation contribution[2] to total system requirements has substantially declined from 96% down to 64%—a reduction of nearly one-third during 2005–2025.



- **Capacity Underutilization:** The Annual Capacity Factor[3] of NS Power-owned thermal facilities has dropped from an operational peak of 85% (2008) to below 50% (2023), indicating lower utilization levels over time.
- **Sales and Revenue Drivers:** Over this exact same period, the fundamental drivers of energy sales and customer revenue have remained completely flat. Energy sales[4] actually decreased by -0.4% (loss of 932 GWh), while the customer accounts[4] base expanded at a negligible CAGR of just 0.9%.

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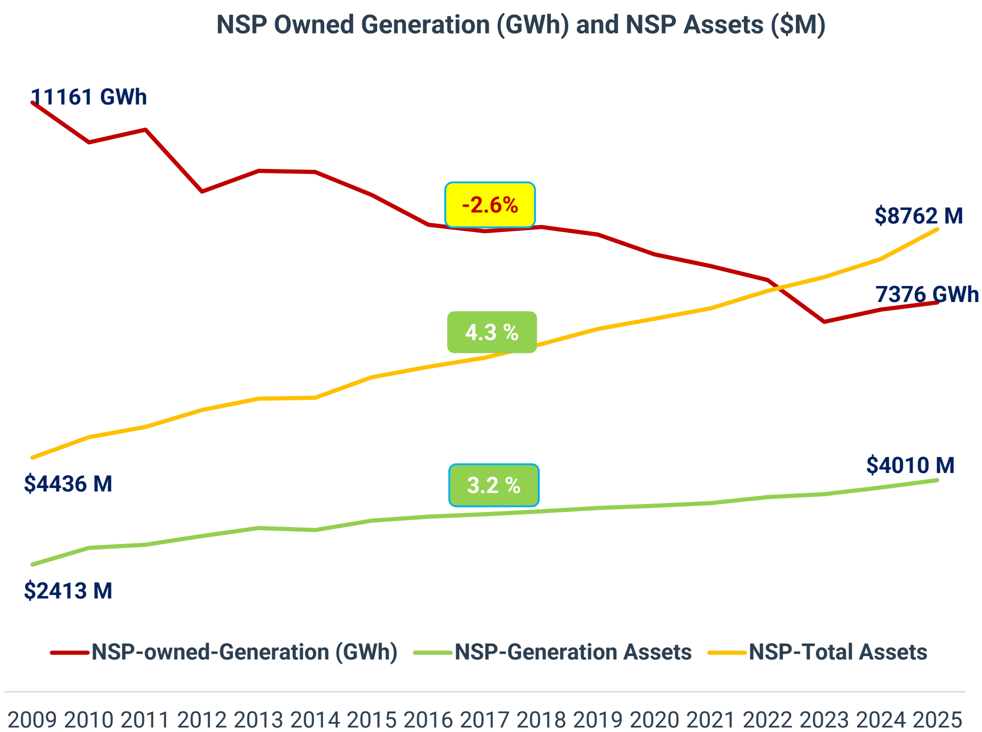
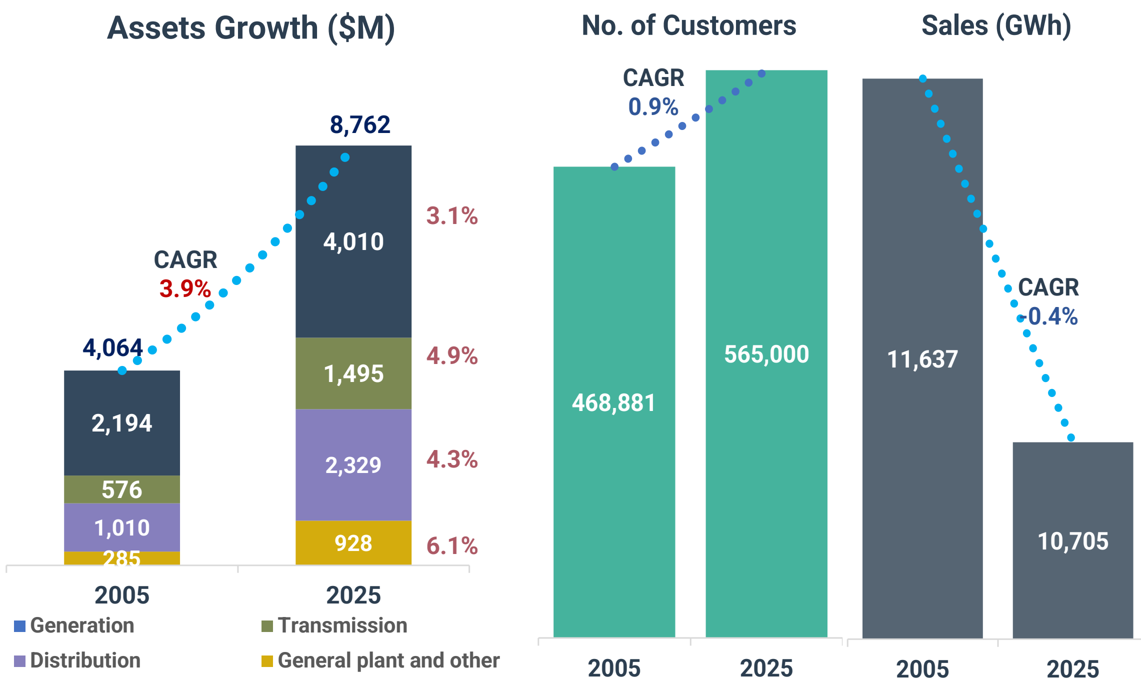
[2] NSP Annual FAM Reports – Annual FAM Reporting
[3] NSP Annual FAM Reports – Plant Performance
[4] NSP Audited Financial and MD&A Statements

- **Electricity System:** Physical system growth remained limited, with net generation capacity[4] increasing by approximately 0.3%, transmission circuit length[4] remaining largely unchanged, and distribution line[4] additions averaging growth of approximately 0.7%.



During this period, total assets[5] grew at a steady CAGR of 3.9%, including expansions in General Plant (6.1% CAGR), Transmission (4.9% CAGR), and Distribution (4.3% CAGR). This indicates that capital additions are increasingly utilized to sustain or replace existing infrastructure rather than expand physical output or capacity.



When such a multi-billion-dollar rate base expansion coincides with a flat customer base and declining energy sales, it raises important structural questions regarding whether ratepayers are receiving sufficient incremental value for these investments. This divergence suggests that the current framework may inadvertently be carrying the book value of retired or underutilized equipment that is no longer fully productive. While the Department fully acknowledges the Utility's requirement for capital, that financial necessity must look to balance asset recovery with fundamental fiscal transparency and the strict legal mandates of utility regulation.

Audit of the Fixed Asset Register

Pursuant to the Board's mandate under the *Public Utilities Act* to exercise general supervision over public utilities, and its responsibility to ensure that the approved rate base reflects assets that are "used and useful" in providing service to customers, the Department submits that consideration should be given to an independent third-party audit of NSPI's Fixed Asset Register. The observed divergence between the Utility's capital investment growth and certain physical system indicators suggests that a detailed reconciliation of financial and physical assets may be warranted.

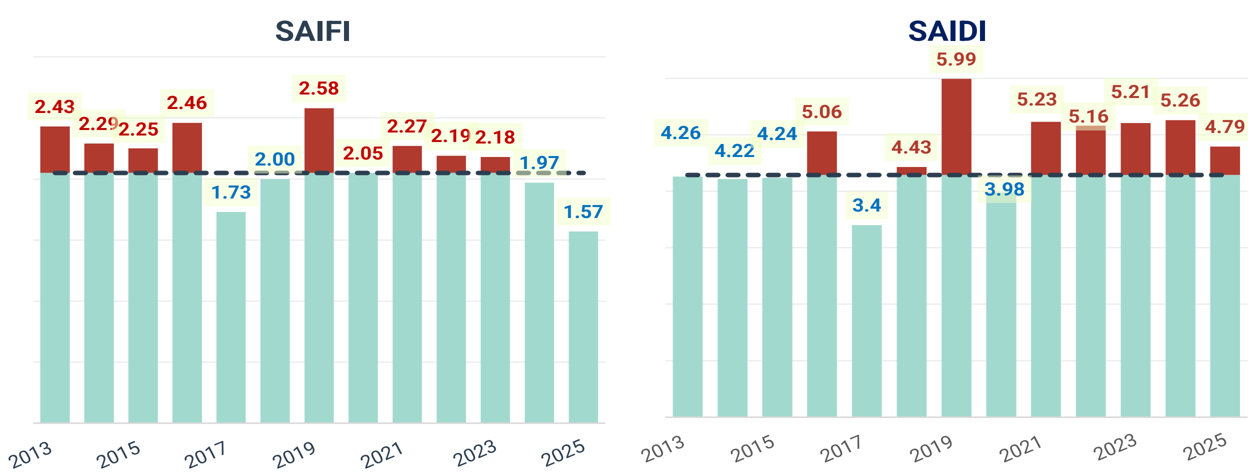
[5] NSP Audited Financial and MD&A Statements

Under the *Public Utilities Act*, the Utility bears the responsibility of demonstrating that investments included in rate base are prudent and continue to provide value and service to ratepayers. In this context, the Department submits that the Board may consider exercising its authority under the *Public Utilities Act* to direct a comprehensive reconciliation audit prior to approval of significant future capital expenditures.

Such a review would support greater transparency and regulatory assurance by confirming the alignment between recorded assets, operational system requirements, and reliability outcomes. Pending completion of this reconciliation process, the Board may consider applying enhanced scrutiny to expenditures where the connection to current system needs and customer benefit has not been clearly demonstrated, consistent with the objective of maintaining rates that are just and reasonable for Nova Scotians.

Reliability Investment vs. Performance Achievements

NSPI has consistently identified system reliability as a key driver supporting significant capital investment requirements, including forecast expenditures of approximately $1.3 billion over the 2025–2029 period. However, a review of historical investments between 2013 and 2025 reveals a “Reliability Gap” that performance outcomes have not always improved proportionately with the scale of capital deployment.



Despite hundreds of millions of dollars historically poured into grid modernization, vegetation management, and distribution infrastructure renewal, NSPI has consistently failed to achieve its Board-mandated SAIDI and SAIFI performance targets[6] for most of the reviewed years. The Evidence plainly shows there is no direct, verifiable correlation between the significant levels of ratepayer-funded capital investment and corresponding improvements in system performance.

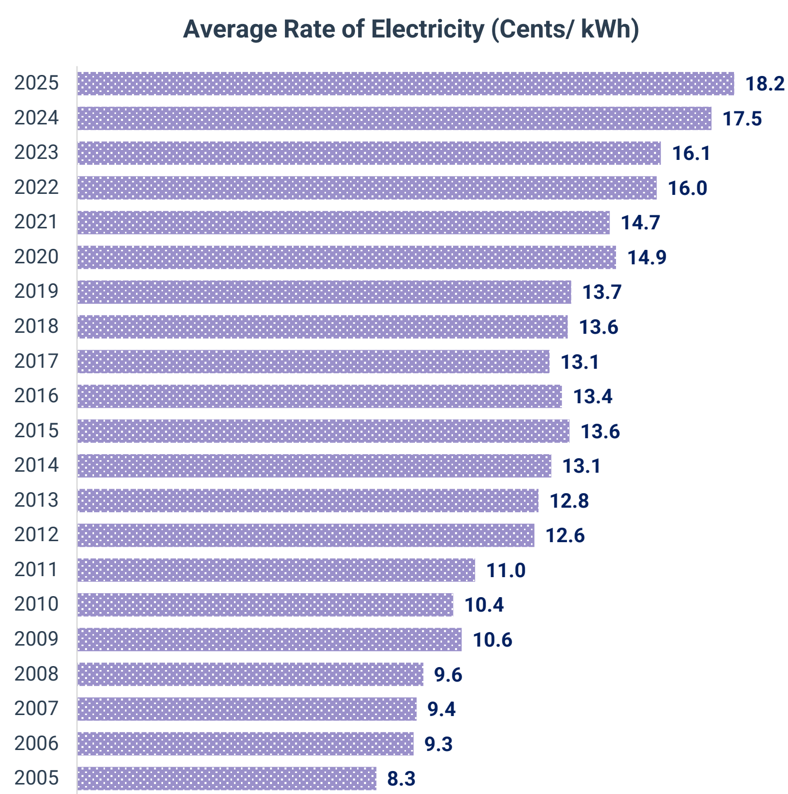
[6] NSP – Annual Performance Standards Reports

While the Department recognizes that extreme weather events and changing operating conditions can materially affect reliability outcomes, sustained levels of capital investment should reasonably contribute toward improving baseline system resilience and operational performance over time. In this context, the Board may wish to consider strengthening performance-monitoring frameworks to ensure that future reliability-related capital expenditures are evaluated against clear, measurable, and multi-year reliability outcomes.

The Department submits that enhanced reporting, benchmarking, and outcome-based evaluation mechanisms could improve transparency regarding the effectiveness of grid modernization and reliability investments, while helping ensure that ratepayer-funded expenditures deliver demonstrable customer and system benefits.

Cumulative Ratepayer Impact

A key consideration in assessing long-term regulatory prudence is the cumulative impact of utility investment decisions on customer affordability. Over the past two decades, NSPI's capital investment program has contributed to significant growth in rate base and corresponding upward pressure on electricity rates, despite relatively limited expansion in certain underlying system metrics, including transmission infrastructure, generation capacity, and overall energy sales.



Between 2005 and 2025, average customer electricity rates[7] increased from approximately 8.3¢/kWh to 18.0¢/kWh, representing an average annual growth rate of roughly 4% over the period. During the same timeframe, transmission line growth remained largely unchanged, generation capacity growth was modest, and overall energy sales declined slightly.

The Department submits that it is appropriate for the Board to carefully assess the extent to which sustained capital expenditures have translated into measurable improvements in system capability, reliability, and customer value.

The Department further submits that future capital planning should continue to be evaluated through the lens of affordability, operational necessity, and demonstrable customer benefit, to balance reliability objectives with the requirement to maintain just and reasonable rates for Nova Scotians.

In addition to the broader macro-level trends identified above, the Department also reviewed project-level data within the 2026 ACE Plan to assess whether individual capital expenditures demonstrate patterns of material scope growth and cost escalation relative to historical baselines.

Review of High-Escalation Capital Projects

The Department has reviewed all ACE 2026 projects with escalation levels of 50% or greater compared to historical ACE project costs (see **Appendix A**) for the analysis in the following sections.

Capital Escalation Trends Across the Portfolio

The evidence demonstrates that material project escalation is not limited to isolated projects or unique operational circumstances but instead reflects a broader and recurring pattern across the utility's capital portfolio. Independent analysis of the project list indicates significant cost increases across Generation, Transmission, Distribution, Hydro, and General Plant categories.

Importantly, many of these increases substantially exceed what would reasonably be attributable to normal inflationary pressures, commodity cost fluctuations, or supply-chain impacts. Rather, the escalation profile suggests a repeated expansion of project scope, evolving project definitions after initial approval, an increasing inclusion of indirect and programmatic costs, and insufficient estimate maturity at the time projects were originally advanced.

The pattern observed is particularly concerning because it is systemic in nature. The escalation is not confined to one asset class, one geographic region, or one type of infrastructure activity. Instead, it spans core customer-facing distribution investments, transmission corridor programs, generation refurbishment initiatives, hydro infrastructure, and enterprise technology modernization projects.

[7] Revenue and Sales – NSP Audited Financial and MD&A Statements

From a regulatory perspective, this raises broader prudence concerns regarding:

- The adequacy of project scoping and cost estimation;
- Governance and stage-gate controls over evolving project scope;
- An increasing reliance on broad programmatic capital envelopes;
- The distinction between sustainment, modernization, and strategic enhancement work;
- The treatment of contingency and indirect costs; and
- The degree to which incremental spending is producing measurable reliability, resiliency, operational, or customer affordability outcomes.

Portfolio-Wide Findings

A review covering indicative projects with escalation levels of 50% or greater relative to prior approved or historical project values reveals several recurring themes:

- **Systemic Escalation:** Cost growth is systemic rather than isolated, fundamentally affecting Distribution, Generation, Transmission, Hydro, and General Plant portfolios.
- **Divergence from Baseline Drivers:** Several projects exhibit escalation materially above inflationary or commodity-driven cost pressures, indicating significant changes in scope, execution strategy, or underlying project definition.
- **Programmatic Evolution:** A number of projects appear to have evolved from targeted asset replacement initiatives into broader resiliency, modernization, optimization, or technology transformation programs.
- **Software and Technology Portfolio Sprawl:** Information technology and operational optimization initiatives within the General Plant category demonstrate some of the highest relative escalation levels, despite having a less direct, quantifiable linkage to immediate customer reliability outcomes.
- **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.
- **Corridor and Grid Adjustments:** Transmission and Generation projects demonstrate evidence of increasing scope tied to system access, right-of-way expansion, operational resiliency, and aging infrastructure remediation.

Select Project Analysis by Functional Category

Distribution

The Distribution portfolio demonstrates some of the most significant cumulative escalation levels within the reviewed sample. Of particular concern is the extent to which routine and recurring programs have expanded into very large annual capital envelopes without clear evidence that underlying customer growth, load expansion, or reliability outcomes have increased at a comparable pace.

- **Provincial Distribution ROW (D010):** Increased from approximately $0.58M to more than $13M—an escalation exceeding 2,100%. While grid resilience is important, this represents a fundamental evolution from localized right-of-way maintenance into a massive, province-wide clearance program. The Board may wish to examine whether this drastically expanded scope is more appropriately characterized and bid as ongoing operating maintenance (O&M) rather than capital investment generating a long-term return.
- **New Customers Residential Routine (D061):** Increased from approximately $10.6M to more than $36M (a 240% escalation). The magnitude of this increase materially exceeds normal housing growth or inflationary trends. The Board may wish to examine the prudence of forecast assumptions, customer contribution methodologies, and the degree to which the escalation reflects long-term system expansion versus routine service obligations.
- **New Customers Commercial Routine (D062):** Increased from approximately $6.5M to over $12M (a 90% escalation). The escalation level suggests a need for closer examination of forecasting assumptions, customer contribution treatments, and the allocation of system reinforcement costs.
- **Unplanned Replace Deteriorated (D005):** Increased to approximately $22.4M (a 54% escalation). While aging infrastructure may justify increased replacement activity, the size of the program raises questions regarding asset-management prioritization and whether the utility is increasingly relying on broad sustainment envelopes in lieu of more discrete project justification.
- **New Customer Upgrades Routine (D004):** Increased from approximately $7.3M to over $19M (a 165% escalation). The scale of this increase warrants examination of load forecast assumptions and the extent to which broader distribution modernization work may be embedded within customer-related capital programs.
- **Planned Routine Upgrade (D055):** Increased from approximately $7.4M to approximately $15M (a 102% escalation). The doubling of program costs suggests either significant increases in unit costs or the expansion of project scope, warranting further scrutiny regarding replacement standards and the segmentation of sustainment versus enhancement work.
- **Provincial Storm (D008):** Increased from approximately $3.3M to nearly $7M (a 109% escalation). The scale of this increase raises important questions regarding the distinction between storm restoration, resiliency enhancements, and ongoing operational readiness activities.

Generation Projects

The Generation portfolio demonstrates repeated instances where projects originally scoped as component replacement or targeted refurbishment initiatives evolved into materially larger capital programs.

- **TUC Shoreline Sheetpile Refurbishment:** Increased from $0.36M to roughly $5.7M (an escalation of more than 1490%). 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.
- **TUC1 IP LP Last Stage Blade Replacement:** Increased from approximately $0.5M to over $5.2M (a 939% escalation). The Utility justifies this by pointing to cracks discovered during a 2025 inspection. However, an escalation of this magnitude indicates that the project transitioned from a planned component replacement into a reactive, major turbine intervention, raising concerns regarding the adequacy of predictive maintenance practices and the accuracy of initial outage forecasting.
- **HYD Marshall Falls Dam Refurbishment:** Increased from approximately $6.5M to nearly $13.9M (a 114% escalation). The Board may wish to review the engineering basis, regulatory compliance requirements, and incremental resiliency benefits supporting this expanded investment.
- **HYD ANN Sluice Gates and Check Refurbishment:** Increased from approximately $2.0M to approximately $5.7M (a 190% escalation). The scale of increase suggests substantial expansion of refurbishment scope or the incorporation of broader hydro asset modernization activities.

Transmission Projects

The Transmission portfolio reflects a pattern of increasing project scope tied to substation modernization, system reinforcement, and right-of-way expansion.

- **138KV-25KV Substation Stellarton:** Increased from approximately $4.0M to nearly $13M (a 220% escalation). The increase suggests significant expansion in station scope, protection and control complexity, or associated network reinforcement work.
- **142H Susie Lake Substation:** Increased from approximately $2.7M to over $8.2M (a 201% escalation). The scale of increase suggests a major rebasing of project assumptions and scope.
- **L6539 2021 Replacements and Upgrades:** Increased from approximately $1.8M to approximately $5.5M (a 198% escalation), suggesting broader corridor remediation or system reinforcement requirements than originally contemplated.
- **Transmission Right of Way Widening:** Increased from approximately $0.6M to more than $3.3M (a 467% escalation). The increase suggests that the project may have transitioned from selective corridor remediation toward a broader transmission resiliency program. Further

examination of project segmentation and risk-based planning assumptions would be appropriate.

General Plant Projects

The General Plant portfolio demonstrates significant escalation within enterprise technology, operational systems, cybersecurity, and fleet-related investments. Several projects suggest a transition from discrete system upgrades toward broader enterprise transformation initiatives.

- **Work Vehicle Replacement (P062) & Class 3 Work Vehicles:** The primary work vehicle program increased from approximately $9.8M to $15.5M (a 58% escalation), and the Class 3 program increased to approximately $740,000 (147% escalation). In its application, the Utility requests 27 new work vehicles at an average unit price of $587,140, without sufficient narrative justification for the volume or premium unit cost. The scale of these increases warrants strict examination of fleet replacement assumptions, procurement strategy, and fleet-sizing methodology.
- **PROV Tools & Equipment (System Maintenance):** This recurring program increased from approximately $430,000 to approximately $900,000 (a 109% escalation), reflecting a systematic upward rebasing of recurring equipment replacement assumptions.
- **ECC Optimization Tools & ECC Wind Integration:** The Optimization Tools project escalated 736% (to approximately $7.5M), and the Wind Integration project escalated to roughly $4.4M. These increases materially exceed normal software implementation growth and raise significant governance and prudence concerns regarding project scoping, integration complexity, and enterprise-wide expansion.
- **IT Oracle MDM Upgrade:** Increased to $7.9M (164%)**.** The Utility indicates this upgrade is necessary to maintain vendor support and apply cybersecurity patches. This significant escalation highlights the need to govern software sprawl and ensure the Utility is not utilizing baseline IT upgrades to rate-base unjustified enterprise platform expansions.
- **IT-OT Cyber Security Control Implementation (Phase 1):** Increased from approximately $2.0M to approximately $6.8M (a 235% escalation). The Utility's Application explicitly notes that certain IT projects were delayed "due to the cyber event", requiring resources to be reprioritized. The magnitude of this escalation suggests that ratepayers may be funding the reactive remediation of internal security breaches, underscoring the need to strictly ring-fence these compliance costs away from the rate base.
- **IT SharePoint Technical Migration:** Escalated to over $3.1M. This increase indicates that the project likely evolved beyond straightforward migration exercises into broader enterprise platform modernization initiatives.
- **IT Cloud Integration Platform:** Increased from approximately $0.47M to $2.0M (329% increase). The Board may wish to ensure that project justification remains sufficiently tied to measurable operational outcomes rather than broad strategic modernization objectives.

- **SCADA Mobile Application:** Increased from approximately $101,000 to $456,000 (a 351% escalation), suggesting expansion from a limited operational application into a broader enterprise mobility platform.

Cyber Security Incident related costs

The 2026 ACE Plan includes significant capital requests for enterprise systems, Customer Information System (CIS) replacement and the IT-OT Cyber Security Control implementation. As established during this proceeding, the 2025 ransomware incident exposed profound vulnerabilities within the Utility's legacy CIS architecture, resulting in severe, prolonged billing inaccuracies and the compromise of customer data. From a regulatory perspective, ratepayers continuously fund the maintenance, modernization, and security of utility systems through existing rates. When foundational systems fail to provide the security and functionality already paid for by customers, the financial burden of replacing or remediating those compromised systems must not be treated as a standard, recoverable capital addition.

NS Power has appropriately acknowledged responsibility for the impacts of the breach, committing that the associated recovery costs will not be borne by customers. However, approving these capital replacements within the ACE Plan risks a structural double recovery. The Department submits that the capital required to remediate and replace systems fundamentally compromised by the cyber event must be sourced exclusively from corporate insurance policies or absorbed by utility shareholders. Authorizing ratepayer recovery for the CIS replacement and associated cybersecurity controls would effectively force Nova Scotians to pay a second time for baseline system security that the Utility was already obligated and funded to maintain. Consequently, these specific capital requests should be strictly ring-fenced and disallowed from the rate base.

Request to the Board

The review of projects contained in **Appendix A**— representing projects with escalation levels of 50% or greater — indicates significant increases across Generation, Transmission, Distribution, Hydro, and General Plant categories. Given the breadth and magnitude of the escalation identified across the reviewed portfolio, it is respectfully submitted that the Board should undertake enhanced scrutiny of projects demonstrating material cost growth relative to prior approved or historical estimates.

The evidence suggests that the escalation trend is not merely reflective of external market pressures but is indicative of a broader pattern of expanding capital scope and the systematic rebasing of project costs across the portfolio. In the context of ongoing customer affordability pressures, these trends warrant careful regulatory examination. To ensure proper project governance and ratepayer protection, the Department recommends that the Board integrate the following procedural reviews when evaluating escalated submissions:

- **Project-by-Project Drivers:** Review the underlying escalation drivers on a project-by-project basis to isolate structural overruns from justified cost changes.
- **Scope Expansion Identification:** Assess whether material scope expansion occurred after initial capital approval, identifying where project boundaries were unilaterally altered.
- **Contingency and Overhead Governance:** Examine the appropriateness of contingency, overhead, and indirect cost allocations to ensure capital accounts are not absorbing unreasonable administrative layers.
- **Operating Expense Classifications:** Evaluate whether portions of certain projects are more appropriately classified as ongoing operating maintenance expenditures rather than being rolled into the long-term capital rate base.
- **Framework Consistency:** Assess the consistency and rigor of the Utility's benefit-realization and risk-prioritization frameworks to confirm that capital is allocated based on objective grid needs.
- **Outcome-Based Linkages:** Require a clearer, data-driven linkage between incremental capital spending and measurable customer outcomes before authorizing approval.
- **Variance Tracking Requirements:** Consider imposing enhanced reporting and rigid variance-tracking requirements for all materially escalated projects to improve ongoing transparency.

Conclusion & Requested Board Actions

At a time when affordability pressures facing Nova Scotian households remain significant, the Board’s oversight role becomes increasingly important. The Department therefore respectfully submits that enhanced scrutiny, strengthened variance oversight, and rigorous prudence review are both appropriate and necessary to ensure that future capital investments remain aligned with the statutory requirement to maintain rates that are just, reasonable, and in the public interest.

To that end, the Department requests that the Board implement the following targeted structural measures when assessing the final approvals for the 2026 ACE Plan:

- **Structural Capping of the Overall ACE Envelope:** Pursuant to the regulatory authority granted under Section 35A of the *Public Utilities Act*, the Board maintains the explicit jurisdiction to restrict annual capital expenditure approvals. The Department urges the Board to consider reducing the total approved 2026 ACE envelope restricting it by up to **50%** based on the clear determination that —

  (a) annual capital spending has accelerated significantly above historical trends;

  (b) expanded capital deployment has decoupled from service and reliability improvements; and

  (c) ratepayer affordability constraints have reached a critical baseline.

Such restriction appropriately places the burden of project prioritization onto NS Power management, to select its most critical safety and compliance assets for execution within a defined cap, while requiring any deferred non-priority items to be advanced through standalone individual capital work-order applications.

- **Independent, third-party audit of the Fixed Asset Register:** Direct an independent, third-party audit of the Fixed Asset Register to reconcile the observed divergence between financial asset growth and physical system stagnation, ensuring the rate base accurately reflects only properties that are currently "used and useful."
- **Reliability Performance Accountability:** Establish a direct, enforceable linkage between reliability-focused capital expenditures and measurable performance outcomes, holding the Utility financially accountable to Board-mandated SAIDI and SAIFI targets through performance-benchmarking mechanisms.
- **Prudence and Cost-Containment Enforcements:** Apply strict prudence reviews and cost-containment measures to the materially escalated projects identified in Appendix A, requiring the Utility to definitively prove that evolving scopes and cost-rebasing practices represent the absolute least-cost alternative for ratepayers.
- **Ring-fencing Cyber Security and CIS Replacements:** Strictly disallow ratepayer recovery for the CIS replacement and the associated IT-OT Cyber Security control implementation. Because ratepayers already continuously fund baseline system security infrastructure through existing base rates, any capital expenditures aimed at remediating internal vulnerabilities or replacing compromised platforms following a security breach must be absorbed entirely by corporate insurance or utility shareholders.

The Department respectfully requests that the Board carefully consider these concerns and recommendations when assessing the prudence and approval of NS Power's 2026 Annual Capital Expenditure Plan.

All of which is most respectfully submitted on this 29th day of May 2026.

Thomas Kayter
Counsel for the Minister of Energy

Appendix A: 2026 ACE Projects with escalation 50% or greater and Project Total >=1 Million

CI#	Project #	Project Long Title	ACE Category	2026 ACE	Project Total	ACE Year	Past Project Total	% Escalation
39766	D061	New Customers Residential Routine	Distribution	36,063,099	36,063,099	2021	10,591,919	240%
23158	D005	Unplanned Replace Deteriorated	Distribution	22,418,590	22,418,590	2021	14,603,935	54%
26716	D004	New Customer Upgrades Routine	Distribution	19,283,936	19,283,936	2021	7,267,545	165%
39305	P062	Work Vehicle Replacement	General Plant	15,452,790	15,452,790	2024	9,781,782	58%
23137	D055	Planned Routine Upgrade	Distribution	15,000,016	15,000,016	2021	7,411,523	102%
49756	H791	HYD Marshall Falls Dam Refurbishment	Generation	641,240	13,850,456	2024	6,467,147	114%
23127	D010	D010 Provincial Distribution ROW	Distribution	13,223,181	13,223,181	2021	584,280	2163%
C0021140		138KV-25KV Substation Stellarton	Transmission	5,084,736	12,960,396	2022	4,047,925	220%
39770	D062	New Customers Commercial Routine	Distribution	12,328,071	12,328,071	2021	6,501,387	90%
C0032382		142H - Susie Lake Substation	Transmission	624,824	8,256,386	2024	2,740,945	201%
C0008638		D- Cogswell HRM Redevelopment Program	Distribution	537,430	8,001,748	2021	2,904,326	176%
C0047278		IT - Oracle MDM Upgrade	General Plant	4,684,089	7,949,409	2025	3,010,689	164%
C0032664		ECC Optimization Tools	General Plant	890,093	7,486,068	2025	895,115	736%
C0047301		IT - Cloud Integration Platform	General Plant	1,775,710	2,004,962	2024	466,831	329%
23361	D008	Provincial Storm	Distribution	6,927,211	6,927,211	2021	3,314,661	109%
C0061284		IT - OT Cyber Security Control Implementation Phase 1	General Plant	1,917,601	6,780,461	2024	2,025,848	235%
C0047973		HYD ANN Sluice Gates and Check Refurbishment	Generation	950,246	5,673,491	2023	1,957,501	190%
C0021608		TUC Shoreline Sheetpile Refurbishment	Generation	4,727,595	5,691,466	2025	357,211	1493%
C0052514		HYD MacDonald Dam Access Improvements	Generation	963,078	1,547,398	2023	224,712	589%
C0057361		HYD ANN Facility Isolation	Generation	685,354	4,083,925	2024	2,715,379	50%
C0053699		Renewable to Retail Implementation	General Plant	1,229,332	5,644,467	2023	2,833,093	99%
C0031122		L6539 2021 Replacements and Upgrades	Transmission	2,780,796	5,500,124	2022	1,847,464	198%
C0068898		TUC1 IP LP Last Stage Blade Replacement	Generation	2,756,011	5,215,861	2025	501,860	939%
11744	P001	FAC - Property Improvements	General Plant	4,797,200	4,797,200	2023	1,840,504	161%
C0053696		ECC Wind Integration	General Plant	3,527,529	4,428,335	2025	757,358	485%
C0061552		L-6043 Replacements and Upgrades	Transmission	1,626,537	2,457,629	2025	1,346,809	82%

CI#	Project #	Project Long Title	ACE Category	2026 ACE	Project Total	ACE Year	Past Project Total	% Escalation
23135	D006	Regulatory Replacements	Distribution	4,118,292	4,118,292	2021	1,965,202	110%
C0062043		IT - SharePoint Technical Migration	General Plant	1,990,219	3,134,674	2024	523,789	498%
26496	D009	Meter Routine	Distribution	3,870,540	3,870,540	2021	1,997,121	94%
23136	D007	Contractual Replacements - Joint Use	Distribution	3,723,004	3,723,004	2021	1,383,607	169%
C0070486		HYD Lower Great Brook Stoplog Replacement	Generation	465,806	3,593,884	2025	1,288,404	179%
C0067863		IT - Managed Detect & Respond	General Plant	2,349,927	2,585,071	2025	1,126,413	129%
C0068714		IT - Identity & Access Management	General Plant	2,561,279	4,324,589	2025	1,275,524	239%
23115	T001	Provincial Transmission Line Replacements	Transmission	3,322,385	3,322,385	2021	1,773,646	87%
43827	T010	Transmission Right of Way Widening	Transmission	3,314,050	3,314,050	2021	584,280	467%
C0056461		IT - Contact Centre Cloud Migration	General Plant	356,538	2,828,956	2024	929,372	204%
C0053295		L5004 Kearney Lake Structure Replacement	Transmission	1,090,202	2,506,771	2024	1,464,209	71%
C0052299		2023/2024 Steel Tower Life Extension	Transmission	469,206	2,177,919	2024	1,396,058	56%
C0059783		HYD Upper Lake Falls 2 Overhaul	Generation	1,297,570	1,582,057	2024	951,920	66%
C0068888		TUC3 Continuous Ash Hauling System	Generation	1,192,814	1,359,984	2025	899,704	51%
29038	D051	System Performance Improvement Routine	Distribution	1,099,867	1,099,867	2021	529,948	108%

Appendix A: 2026 ACE Projects with escalation 50% or greater and Project Total <1 Million

CI#	Project #	Project Long Title	ACE Category	2026 ACE	Project Total	ACE Year	Past Project Total	% Escalation
C0019025		HYD - Sloane Dam Refurbishment	Generation	575,601	978,672	2021	267,832	265%
C0055155		TUC2 Stack 1 Platform Replacement	Generation	849,149	958,623	2024	515,115	86%
C0060598		TUC6 HRSG Boiler Refurbishment	Generation	650,668	935,668	2024	361,571	159%
C0060574		TUC1 Lube Oil Cooler Replacement	Generation	925,518	925,518	2024	407,010	127%
25260	P002	PROV - TOOLS & EQP - SYS MAINTENANCE REPLACEMENTS	General Plant	900,000	900,000	2025	430,000	109%
C0042526		HYD - ULF2 Generator Refurbishment	Generation	671,377	864,835	2025	254,301	240%
C0047296		IT - Microsoft SQL Consolidation	General Plant	508,318	824,064	2024	477,959	72%
39304	P063	Class 3 Work Vehicle Replacements	General Plant	740,000	740,000	2025	300,000	147%
42050		TUS Air System Upgrade	Generation	699,893	699,893	2024	112,611	522%
C0010758		HYD WIN South Lake WRC Turbine Decommissioning	Generation	389,650	617,035	2021	101,301	509%
C0019038		Hydro Water Management	Generation	45,316	554,533	2021	251,480	121%
26757	P002	PROVINCIAL LINE TOOLS & EQUIPMENT REPLACEMENTS	General Plant	550,000	550,000	2025	300,221	83%
C0053594		TUC2 Replace BAS	Generation	500,495	500,495	2024	40,173	1146%
C0070850		TRE Shaker House Hoist Replacement	Generation	468,971	468,971	2025	91,354	413%
C0021133		SCADA Mobile Application	General Plant	428,330	456,330	2022	101,090	351%
C0060578		TUC2 Air Foil Replacement	Generation	399,945	449,945	2024	102,896	337%
C0030943		ICP Pumphouse Refurbishment	Generation	391,280	391,280	2022	89,955	335%
C0052113		ICP Main Storage Area Water Mgmt	Generation	107,270	381,012	2025	185,889	105%
C0050892		TUC No1 Elevator Upgrade	Generation	376,576	376,576	2024	45,735	723%
38897	P816	FAC Environment Property Remediation Routine	General Plant	325,000	325,000	2021	214,000	52%
38896	P815	FAC Environment Site Assessment Routine	General Plant	325,000	325,000	2023	214,000	52%
C0020883		Gulch Enhanced Monitoring	Generation	41,508	291,777	2021	140,842	107%
C0068251		HYD WRC D11 Valve and Housing Replacement	Generation	232,209	284,634	2025	154,501	84%
C0060560		TUC Cooling Water Reduction	Generation	250,442	250,442	2024	47,674	425%
C0027882		WRC Fire Line Replacement	Generation	225,178	250,412	2024	102,299	145%

CI#	Project #	Project Long Title	ACE Category	2026 ACE	Project Total	ACE Year	Past Project Total	% Escalation
27867	H004	HYD-Roofing Routine	Generation	241,392	241,392	2021	98,898	144%
43646	S001	PHB - Routine Equipment Replacement	Generation	230,940	230,940	2022	98,365	135%
C0068228		LIN3 Air Preheater Seal Refurbishment 2026	Generation	182,648	182,648	2025	110,788	65%
33871	S005	TUC Heat Rate Routine	Generation	87,489	87,489	2021	50,104	75%
C0050648		LM6000 Air Compressor Replacement	Generation	62,545	68,795	2023	15,340	348%
25647	P040	P040 POA DCMS Routine	General Plant	49,785	49,785	2023	29,767	67%
43648	P016	PHB - Tools and Equipment Routine	General Plant	45,000	45,000	2023	30,000	50%