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File No: SM002557-00245

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May 29, 2026

Delivered by E-mail

Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Energy Board
3rd Floor, 1601 Lower Water Street
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Halifax NS B3J 3S3

Dear Ms. Henwood:

Re: M12619 – NSPI – 2026 Annual Capital Expenditure (ACE) Plan

These closing submissions are filed on behalf of the Industrial Group.

NSPI has applied for its 2026 Annual Capital Expenditure ("**ACE**") Plan with a total capital budget of $702.1 million. This includes approval of 20 individual capital work orders as well as a capital routine program totaling approximately $207.3 million. NSPI characterizes reliability investment as the "cornerstone" of the 2026 Plan; it is now in Year 2 of the 2025–2029 Five-Year Reliability Plan, which represents an estimated total investment of $1.3 billion.[1] The 2026 ACE Plan filing also includes an updated Path to 2030 (Appendix F) and the Five-Year Reliability Plan – Update (Appendix G).

In seeking approval of the ACE Plan, and associated capital projects, the onus rests on NSPI to demonstrate that the Plan is just, reasonable, and prudent. While the Industrial Group does not take a position on any of the individual capital projects, it remains concerned with the overall trajectory of NSPI's capital spending. In particular, the consistent growth in annual capital budgets, and steadily increasing Routine Capital Expenditures, warrant careful scrutiny.

NSPI's capital budget of $702.1 million represents a marked increase in capital spending in comparison to the $502.2 million five-year average (2021–2025).[2] It is also important to note that the proposed $702.1 million in capital expenditures excludes any costs associated with the recently approved Reliability Tie project, which represents a total spend of $684.7 million,[3] as well as any investment associated with the new IESO-NS responsibilities. When considered in totality, these substantial and increasing capital commitments underscore the need for enhanced regulatory reporting, transparency, and robust Board oversight.

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1 N-17, NSPI Opening Statement.

2 Both the 2026 budget and the 2025 ACE Plan spend of $692.4 million demonstrate a sustained annual increase of approximately $200 million above historical average.

3 *Wasoqonatl Transmission Incorporated (Re),* 2025 NSEB 12.

The Industrial Group offers comments and recommendations with respect to:

1. The need for a more robust annual update of the Five-Year Reliability Plan;

2. Improvements in the proposed amendments to the Capital Expenditure Justification Criteria ("**CEJC**") with respect to “Scope” and “Scope Change” definitions;

3. The escalation in routine capital spending and the importance of establishing thresholds or triggers for further justification reporting;

4. The sustained and material increase in overall capital spending, and the corresponding need for enhanced rate transparency;

5. The treatment of consequential cybersecurity breach costs in the subsequent submittal applications; and

6. Collaboration with the IESO-NS in transition and capital planning.

The absence of submissions on any individual project or investment should not be interpreted by NSPI or the Board as support for that project or investment.

1. Five-Year Reliability Plan: Year 2 Updates

Within the last ACE Plan proceeding, the Board directed NSPI to provide annual updates on the progress of its Reliability Plan.[4] Accordingly, NSPI has filed its Reliability Plan - Update, at Appendix G. However, this “Update” provides a limited review of the progress made since the first year of the Plan was completed, and there have been no changes made to the projected spending or goals. The Update largely restates the initial Plan, with a focus on Year 2 investments, representing a $28 million increase in spending from Year 1.

NSPI confirmed there are no changes to the investment amount, criteria, scope, reliability metrics, or the 2029 targets:[5] “[T]here have not been any significant changes to the plan, nor associated investments within this timeframe." When questioned about why there were no changes in the investment amounts, NSPI stated “[n]o new information or changes have occurred throughout 2025 that would lead NS Power to make a change to the approach within the 5-Year Reliability Plan."[6]

However, the evidence is clear that NSPI did not undertake any robust or focused year-end evaluation of the Reliability Plan in any holistic fashion which would have allowed it to determine whether any such “new information or changes” existed. As confirmed on cross-examination, limited, to no, efforts were made to optimize the Plan following Year 1. NSPI acknowledged that its Year 2 Update did not alter any of the Plan’s three core program areas (vegetation management, targeted equipment replacement and upgrades, and advanced grid modernization) and that the process update was conducted through its general Asset Management Mechanism rather than through any standalone, specialized year-end or quarterly review of the Reliability

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4 *Nova Scotia Power Incorporated (Re),* 2025 NSEB 8, para 56.

5 N-5, NSPI (IG) RIR-24(b)

6 N-5, NSPI (IG) RIR-24 (c).

Plan itself.[7] The approach was to evaluate each project from the bottom up, in the same manner as the broader ACE Plan. 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.[8]

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.[9]

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

As the Chair observed during the hearing, an "envelope" approach creates the risk that the utility will simply "fill the envelope" regardless of puts and takes in individual project spending, unless changes and substitutions are clearly documented and justified.[10] The Industrial Group agrees with this observation, and submits that NSPI should be directed to implement a more formal review and improvement process.

The Actual 2025 Spend confirmed in Undertaking U-5

In 2025, the first year of the Reliability Plan, the investment level was $206 million. NSPI confirmed that it did, in fact, invest the $206 million both within the Update,[11] and within its Annual Performance Standards Report.[12] However, its response to U-5 confirms otherwise.

The response to Undertaking U-5 fundamentally contradicts two statements made by NSPI: first, that it had invested $206 million in Year 1 of the Reliability Plan; and second, that no changes to the Plan were warranted. The table shows that, in contrast to the Year 1 planned spend of "$206 million", NSPI forecasted to spend $196,595,901 for 2025, and the actual spend was $179,396,278. This represents an underspend of more than $17.2 million against its projected capital forecast,[13] and a total variance of approximately $26.6 million from the figure cited in the Plan for Year 1. While it is anticipated NSPI may have had some associated operating and maintenance costs, this has not yet been verified or reviewed.[14]

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7 N-5, NSPI (IG) RIR-24(a) and Transcript pages 195-196.

8 Transcript, pages 205-206

9 Transcript, pages 235-237.

10 Transcript, pages 218-220.

11 N-1, 2026 ACE Plan Application, Appendix G, page 6 of 71 (pdf page 714).

12 Matter M12784, N-1 Annual Performance Standard Report, page 9, lines 2-8. During cross-examination, Ms. MacMullin confirmed that $206 million was in fact spent – Transcript, page 228.

13 N-22, Responses to undertakings, U-5 Attachment 1.

14 In Matter M12012, 2025 ACE Plan proceeding, NSPI confirmed that the Reliability Plan included $98 million in operating expenditures over the five-year plan period – N-21, 2025 ACE Plan Responses to Undertakings U-2. This has not been broken down by year.

If NSPI represented to the Board that it invested $206 million but the project-level data shows only $179.4 million, then either the U-5 data is incomplete, or the $206 million figure is inaccurate. Either way, the Board cannot rely on the Year 2 Update as an accurate progress report.

NSPI has not explained where the difference lies, nor has it reconciled why the Application and its oral evidence cited $206 million when the underlying project-level data in U-5 shows $179.4 million was spent. The project-level variances within the Response to U-5 are significant and undermine the position that the Year 2 update requires "no changes." A sampling of notable individual variances from U-5 include:

- C0032382 Susie Lake Substation Addition: 2025 forecast of $5,149,415, against an actual spend of $2,897,753, which represents an underspend of $2,251,662.
- D055 Planned Replacement of Distribution Equipment: 2025 forecast of $10,620,862 against actual spend of $21,980,684, which represents an overspend of $11,359,822, more than double the budgeted amount.
- C0062123- 143H, Mount Uniacke Substation: 2025 forecast of $2,122,576 against actual spend of $6,618,512, which represents an overspend of $4,495,936, more than three times the budget.
- C0068961- 2025 PCB Substation Sampling and Replacement: 2025 forecast of $4,680,871 against actual spend of only $52,462, which represents an underspend of $4,628,409.
- C0068953- 2025 PCB Light Replacement: 2025 forecast of $3,900,672 against actual spend of $0.
- D008 Provincial Storm: 2025 forecast of $8,023,575 against actual spend of $3,579,779, which represents an underspend of $4,443,796.
- C0071528- FLISR Project: 2025 forecast of $1,578,360 against actual spend of $100,400, which represents a $1,477,960 underspend, with $3,445,667 now forecast for 2026.

The Response to U-5 does not address the further changes in total project forecasts and cost variances that were explored on cross-examination, including in relation to the New Bridgewater Substation, Susie Lake Substation Addition, and the Stellarton 138kV-25kV Substation projects, which reflect variances in millions of dollars.[15]

Interestingly, during testimony, Ms. MacMullin acknowledged there may be some variability with actual project costs from the 2025 Plan but explained that this did not imply a significant departure or change would be required into 2026.[16] It is difficult to accept that a $26.6 million variance, or a $17.2 million variance, in 2025 would not have hit the threshold for a review or revision to the Plan investments.

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 carryforward represents the sum of all listed projects, it appears that the remaining $82 million cannot be

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[15] Transcript pages 210-217.

[16] Transcript, page 207.

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.

The Industrial Group submits that U-5 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 had been directed by the Board. Rather, this appears to be an administrative roll-forward of a $234 million aggregate figure which contrasts with the significant project variances from Year 1 projects. The unexplained gap between the $152 million carryforward of Year 1 projects and the $234 million Year 2 envelope raises further questions.

A more thorough and dedicated year-end progress update is warranted for a Plan representing a total investment of $1.3 billion. Given the Board's direction that annual Reliability Plan updates be provided as part of the ACE Plan proceeding, the Industrial Group respectfully submits that those 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.

2. CEJC "Scope Change" Definition Must Allow for Meaningful Board Oversight

Background

Scope Change applications were separated from Authorization to Overspend ("**ATO"**) applications as part of the 2017 ACE Plan proceeding, Matter M08278, as a fall-out from a consensus agreement among NSPI, the CA, and the SBA. In that proceeding, the Board specifically questioned NSPI on why it was proposing a new type of capital application. NSPI provided a clear rationale for the distinction for Scope Change applications and ATO applications:

> *Scope Change capital applications are not a new type of capital application. This previously fell under Authorization to Overspend (ATO) capital applications in the CEJC. <u>In the proposed revisions to the CEJC, Scope Change capital applications were separated from ATO capital applications as scope changes can occur independent of overspend.</u> For example, Scope Change project CI 48114 - 2016 Steel Tower Life Extension, approved by the UARB on July 10, 2017, featured a significant expansion in scope with no associated overspend. <u>Separating Scope Change capital applications from ATO capital applications reflects scenarios such as this, and provides more clarity for the Board and intervenors.</u> The intent of this change is to reflect the separate nature of scope change capital work orders and ATOs.*[17]
>
> *[Emphasis added]*

A Scope Change application serves a distinct purpose from ATOs. It affords the Board early oversight of a changed capital project, previously approved under different circumstances. It is not, and should not be, impacted by whether an ATO is applied for or not.

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17 Matter M08278 2017 ACE Plan Stakeholder Engagement Report, N-2, Response from NSPI, page 2.

Scope Change applications are codified in s. 12.2 of the CEJC:

> *Scope Change applications are intended to request Board approval prior to proceeding with a change in scope, as compared to the previously Board approved scope. 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.*[18]

Section 10.0 further confirms Scope Change applications as a type of capital application submitted to the NSEB for approval:

> *These applications represent request for NSEB approval of scope changes within a previously NSEB approved capital project. This is independent of any variances in costs.*[19]

The need for the CEJC amendment to Scope Change applications has been prompted, at least in part, by the increasing number of ATO applications with significant and material cost increases which, upon review, demonstrate that the costs have been driven by a change in scope for which approval had not been sought. Despite the separation of Scope Change from ATO applications, there have been virtually no Scope Change applications since the change in 2017.

In the 2025 ACE Plan hearing, it became apparent there was no consistent approach being used to when a Scope Change application was triggered. On the recommendation of the Industrial Group, the Board directed NSPI to engage with stakeholders to establish a new definition of Scope Change for the CEJC. Within its decision, the Board stated:

> *…the Board agrees that more clearly defining what constitutes a Scope Change would be beneficial. 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.*[20]

In this proceeding, NSPI 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; effectively, NSPI proposes to define scope as equivalent to the overall "intent" of the project.

NSPI’s proposed definitions and revisions to the CEJC, are as follows:

> *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*

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18 N-1, Appendix D, section 12.2, page 43 of 179 (pdf page 496)

19 N-1, Appendix D, section 10.0, page 37 of 179 (pdf page 490)

20 *Nova Scotia Power Incorporated (Re),* 2025 NSEB 8, para 185.

> *changed. A change in intent would occur when the alternative defended under the Why do this Project This Way section of the application changes.*

The Industrial Group does not agree that either of these proposed definitions are accurate or appropriate in the circumstances.

Meaning of "Scope" and "Scope Change"

Quite simply, the Industrial Group states that NSPI ought to 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.

Project "scope", in its ordinary sense, encompasses several key aspects that define project boundaries, objectives, and deliverables. As noted by Board Counsel in IR 152(a), the oft cited publication of Project Management Institute's ("**PMI"**) Project Management Body of Knowledge ("**PMBOK**") defines Project Scope as: "*The work performed to produce a product, service, or result with specified features."* NSPI has accepted that the proposed new definition of scope is a "*departure from how the term scope has been used in previous capital application*", which would historically include asset quantity, and would not directly align with the PMBOK definition of scope.[21] Nonetheless, it appears that NSPI otherwise uses the PMBOK as a guide for project management.

In its 2025 ACE Plan application, NSPI referenced the PMBOK as a source used and specifically relied on it in relation to its approach to cost minimization efforts. That Application states:

> *In accordance with the Project Management Institute's (PMI) Project Management Body of Knowledge (PMBOK), "the ability to influence cost is greatest at the early stages of the project, and this is why early scope definition is critical". Cost minimization efforts are embedded into NS Power's processes at the early scope definition and design phases of projects. Consistent with the PMI's PMBOK, NS Power's ability to influence cost outcomes for its projects is greatest at these early stages of the project.*[22]

The Industrial Group submits that appropriately defining project scope directly ties into cost minimization efforts, and the CEJC definition of scope should be deliberately reflective of NSPI's other processes. Restricting the CEJC definition of scope to only the intent of a project, is inconsistent with NSPI's own approach to cost minimization and early-stage project management and may have unintended consequences.

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.

The meaning of "Scope Change" is fundamentally tied to how "scope" itself is defined. A change in scope could be to deliverables, methods, boundaries and/or objective in the project. However,

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[21] N-6 NSPI (NSEB) RIR-152(a).

[22] M12012, N-1 2025 ACE Plan Application, page 93, lines 7-12.

the trigger for when a formal application is required can, and should, be more narrowly and practically defined. While, technically, even a minor variance (such as a 1 km deviation within a Routine right-of-way program) could be interpreted as a scope change, applying such a low threshold in practice would be unreasonable and administratively burdensome. That is agreed.

To address this, materiality thresholds can be established to distinguish between minor variations and changes that meaningfully alter the nature, scale, or impact of the program. These thresholds would ensure that only substantive changes trigger a formal application process, thereby promoting efficiency while maintaining appropriate regulatory oversight.

Alternatively, as recommended by the Consumer Advocate’s consultant, John Wilson, a two-step notification process could be implemented. Under this approach, initial notice would be provided upon identifying a change to deliverables, boundaries, and/or detailed tasks that may result in a budget increase above specified thresholds. The second step would involve the Board review and direction if a formalized application were necessary. This framework offers a balanced and practical mechanism for managing scope changes (albeit appears to be tied to the ATO financial threshold).

The Proposed Definition Renders the Provision Meaningless

NSPI itself testified that changes in "intent" that would trigger a scope change application would be "quite rare"[23] and that NSPI "very, very rarely"[24] deviates from intent once a project is filed. This begs the question, then, what meaningful oversight will be provided by defining scope and scope change within the CEJC in such broad terms? The answer is effectively none.

Under the existing CEJC, NSPI has already filed very few scope-change applications, and an IR response confirmed that none has been filed since at least 2020.[25]

When discussing the rationale for separating ATOs from Scope Change applications in the 2017 ACE Plan application, NSPI cited its Steel Tower Life Extension project (filed as M08054 in 2017). In that application nine additional towers were proposed to be added to an original approved scope of 13 (approximately a 70 percent expansion in the number of towers) at no additional cost.[26] As the cost ended up being significantly less than originally forecast, rather than spending less, NSPI proposed to expand the scope and complete more coatings at the originally approved cost.

Under the newly proposed definitions, Matter M08054 would not have triggered a scope change application.[27]

NSPI has further confirmed that under the proposed new definitions there would have been no scope change application in 2024 or 2025.[28] Even more, when asked by undertaking whether,

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23 Transcript, page 276.

24 Transcript, page 279

25 N-6, NSPI (NSEB) RIR-149(a).

26 Matter M08054, N-1 Application for Scope Change.

27 Transcript, pages 273-274.

28 N-6, NSPI (NSEB) RIR-149(a)(i)

under the proposed definition, it would have filed a scope change application for any capital projects over the last several years, NSPI's response to Undertaking U-6 was no. NSPI states:

> *Through a review of capital projects submitted to the NSEB over the last several years, NS Power did not identify any instances of a project's intent or choice of alternative changing after a project was filed with the NSEB.*

NSPI provided only one example of an application that listed alternative approaches to a capital project, namely, build new or replace through various implementation options, which *hypothetically could* require a scope change application if a new alternative approach became selected. That did not happen.

This evidence, by implication, suggests that the proposed definition renders the provision ineffective as a regulatory oversight tool. Where there has been only one Scope Change application under the current definition, and there would have been no applications over the last several years based on the new definition, there is little basis to expect that the proposed definition would produce any applications in the foreseeable future. In effect, the definition risks being so narrow as to functionally eliminate the mechanism it is intended to support. Rather, the evidence suggests that the proposed framework diminishes the Board's ability to exercise effective regulatory oversight at the stage where it is most impactful, thereby weakening both accountability and transparency.

Mr. Wilson raised similar concerns regarding the ability to maintain meaningful, proactive Board oversight. Mr. Wilson specifically found that:

> *NS Power's views on the scope change definition suggest that it would shift a meaningful scope of Board oversight from more proactive capital project approval proceedings to retrospective proceedings such as the ATO application where changes to the project can be reviewed "to confirm its prudency."*[29]

The Industrial Group agrees these concerns are well founded.

When asked, NSPI has itself estimated that 70–80 projects over the past five years would have been expected to require a scope change application if the definition of scope included detailed quantities, deliverables, and task-level detail.[30] However, that estimate represents an all-encompassing broad definition of scope, or scope change, i.e., *any* change in scope.[31] The Industrial Group accepts that a broad definition capturing minor variances in quantities would be administratively burdensome (both for NSPI and the Board). The answer, however, is not to narrow the definition so far that it captures virtually no changes in scope.

Instead, the more appropriate approach would be to incorporate a materiality threshold or percentage-based trigger. That is effectively what occurred in the only historical Scope Change application, M08054, where an approximately 70% increase in quantities gave rise to the application. While NSPI maintains in response to Undertaking U-5 that "any significant changes in the quantity of assets being invested in can be adequately captured within the ATO / FIN

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[29] N-9, Evidence of John Wilson, page 21.

[30] N-5, NSPI (IG) RIR -9.

[31] Transcript, pages 276-278.

financial thresholds," M08054 demonstrates otherwise. That project involved a material expansion in quantities without a corresponding overspend, which is why Scope Change provisions exist as a separate form of regulatory oversight.

Scope Change applications have a purpose to capture significant changes in a project's composition or execution, independent of whether ATO or FIN thresholds are triggered. If the only trigger is a change in the "intent or choice of alternative," and NSPI acknowledges that no such change has occurred in "the last several years" across all filed capital projects, then the provision effectively provides no regulatory oversight whatsoever. NSPI's explanation that they are "adequately captured" by ATO and FIN thresholds misses the 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.

More to the point, NSPI seeks approval to overspend only 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.

The Definition Should Be Consistent with NSPI's Established Practice

The Industrial Group submits that an artificial definition and application of "scope" and "scope change" should be avoided. The CEJC should be reflective of the overall project management approach currently employed by NSPI and be consistent with the project scope descriptions outlined in capital project applications.

For example, in the current ACE Plan and appended CI applications, NSPI includes a "Description" section that frequently provides a comprehensive "scope" description. Looking at the first CI application appended to the ACE Plan, CI# C0080206- the Point Aconi Boiler Refurbishment 2026,[32] it sets out the "scope" of the project in its ordinary sense:

> *The scope of work includes the inspection refurbishment and replacement of boiler components critical to environmental compliance and the safe, reliable, and efficient operation of the system. This includes tubing, headers, casing, ducting, insulation, cladding, tube shields, and other miscellaneous components identified as deficient.*[33]

For each project, including for CI# C0080206, NSPI includes a Project Cost Estimate Input Checklist and Maturity Matrix, that confirms NSPI prepares a "Project Scope of Work Description".[34] It is our understanding this includes more than simply the "intent" of a project.

Additionally, recent examples of inconsistent application of the existing approved "scope change" provisions include Matter M09579 - HYD - Gaspereau Dam Safety Remedial Works - Authorization to Overspend and Matters M08162 and M10197 – HYD - Tusket Main Dam

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[32] N-1, Application, CI# C0080206, pdf page 142.

[33] N-1, Application, CI# C0080206, pdf page 142.

[34] N-1, Application, CI# C0080206, pdf page 145.

Refurbishment Project and ATO. For these projects, the project scope has changed, but no Scope Change application has been advanced.

With respect to the M09579 Gaspereau Dam ATO, NSPI applied to the Board for approval to spend an additional $18,348,562, in light of changes in dam design and changes in scope of the project. In the decision letter of the Board dated December 21, 2020, the Board specifically noted there being non-compliance with the CEJC and acknowledged the interim reporting on the anticipated overspending.[35] NSPI continues to provide updates on this project, but no scope change application has been advanced.

With respect to the Tusket Main Dam Refurbishment project, NSPI had specifically confirmed within its response to Board Additional Questions in 2020 that there had been a scope change:

> *The original project scope did not include impacts to the Lake Vaughan reservoir, as the reservoir was to remain at its full supply level during construction. The additional archaeological desktop study builds upon the previously completed desktop study and is being completed to better identify the archaeologically significant areas that could be impacted by the lowering of the Lake Vaughan reservoir to its natural, pre-inundation levels, which was not a part of the approved project scope of work but in response to the water migration issues discovered after project approval.*[36]

Once again, despite this confirmed scope change, no Scope Change application was filed. Instead, in 2021, NSPI filed an ATO for that project – reflected in Matter M10197. That application confirms that both the scope and the costs had increased significantly, and at page 9, NSPI outlined that "[a]lthough the original civil scope of the Project has not changed, the water infiltration issue requires the scope be executed in a different way."[37] While there's ambiguity around the meaning of "civil scope", in practical terms, the addition of dewatering and changes to project execution point is a significant shift in scope, as acknowledged in 2020.

In this proceeding, in response to Board IR-150, NSPI confirmed that the Tusket Main Dam Refurbishment project would not trigger a Scope Change application under the proposed new definition, because the <u>intent</u> of refurbishing the dam remained unchanged.[38] This fluid approach to the meaning of "scope" is confusing, inconsistent, and contrary to the ordinary meaning of the word.

The Industrial Group respectfully submits that NSPI's proposed definition should not be adopted. The inconsistent treatment of the word will lead to continued confusion. The CEJC provisions on scope change should remain consistent with how "scope" is used in NSPI's own capital applications, and in practice generally, i.e., encompassing the work to be performed, the assets or components involved, and the key deliverables. The way to avoid a floodgate of applications

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[35] Matter M09579, HYD - Gaspereau Dam Safety Remedial Works - Authorization to Overspend, Board Decision, December 21, 2020, page 2.

[36] Matter M08162, Tusket Dam Refurbishment, N-40, NSPI (NSUARB) RIR -3(a).

[37] Matter M10197, N-1 Tusket Main Dam ATO Application, page 9, lines 23-25.

[38] N-6 NSPI (NSEB) RIR-150.

is to set a materiality threshold, rather than changing the meaning of scope to be something it is not.

The Industrial Group does not itself have the engineering and technical expertise to recommend specific materiality triggers for all capital projects but suggests that the materiality threshold should be defined relative to the erosion of the original regulatory assumption and its technical and operational baseline. For the hydro plants, the Industrial Group suggests that the materiality trigger should be the strictest as these projects involve civil works, dam safety, and environmental considerations. Also, as history has shown, this is the area where design changes and waterway changes are having material financial impacts. Mr. Wilson's proposed approach of notice first, would allow the Board's technical staff to consider if the scope change was sufficiently material to warrant a formal application.

3. A 70% Increase in Routine Capital Spending is Inconsistent with "Routine"

Routine Expenditures

The CEJC defines Routines at s. 15.2 as including:

- *Replacement of worn out or technologically deficient stand-alone equipment.*
- *Additions/improvements to existing capital assets to raise or improve productivity levels and asset value.*
- *Additions to existing equipment base resulting from system growth.*
- *Addition of customers to the system.*[39]

The Routine Program, specifically "*provides for recurring annual allocations of funds for high volume, repetitive, like-for-like capital replacements, enhancements, or additions that are expected to continue into the foreseeable future*."[40]

Routine capital must be sustaining, not transformative. As stated by the Board, "*[r]outine capital expenditures are recurring annual expenses incurred to sustain NS Power's equipment, and to allow for both system growth and the addition of customers to the system*."[41] This has been accepted by NSPI.[42]

The Trend of Increased Spending

Against the CEJC definition of Routine Expenditures, the trend of significant increase in spending is problematic. As outlined in N-20, Routine Spending 2023-2026-IG, NSPI has increased its Program spending by approximately $90 million, representing a 70% increase in routine budgets over the last four years.

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39 N-1, Application, Appendix D, section 15.2, page 48 of 179 (pdf p 501).

40 N-1, Application, Appendix D, section 15.1, page 48 of 179 (pdf p 501).

41 *Nova Scotia Power Incorporated (Re),* 2023 NSUARB 159, para 22.

42 Transcript, page 164.

NSPI attributes the increase to several drivers, including the dramatic expansion of right-of-way widening (i.e. D010, from approximately $3 million historically to approximately $20 million in 2026), growth in new customer routines, utility-specific inflation (including transformer costs that have doubled in approximately three years), and the addition of several new routines.[43] Mr. Beaton, on behalf of NSPI explained:

> *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.*[44]

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.

While NSPI states that routine capital can fluctuate year-over-year,[45] the spending has not fluctuated up and down; it has consistently increased, year-over-year. There is no internal cap on year-over-year routine capital growth, and there is no trigger that requires NSPI to explain why routine capital has increased by a specific magnitude. As testified by Mr. Beaton, on behalf of NSPI:

> *No, we don't necessarily put a cap on it. Again, we determine the necessary mitigation methods to mitigate the risks that we see present, and in the event that additional capital mitigation measures are required in a given year, we will then analyze that, make sure that they're all required and, if that is the best path forward, then we'll proceed as such.*[46]

Whether a cap or a trigger for additional justification in relation to routine spending is warranted should be explored more thoroughly through stakeholder engagement sessions and, if appropriate, brought forward in the next ACE proceeding as a proposed amendment to the CEJC. At a time when ratepayers are experiencing unprecedented rate pressure, NSPI should be making

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43 Transcript pages 169-173.

44 Transcript page 172

45 N-6, NSPI (NSEB) RIR-30 (a).

46 Transcript page 179.

every reasonable effort to reduce costs where it can do so without compromising reliability or safety.

No Robust Routine Program-Level Review

There is no distinct "routine review process" separate from NSPI's general capital scrutiny.[47] NSPI relies on the same review process of any capital expenditure, and relies on the ACE proceeding itself, or ATO processes to scrutinize routine spending. On affordability, NSPI's position is that overarching affordability is tested through the GRA process, while asset-level decisions reflect affordability through selection of the least-cost mitigation method.

As such, there appears to be no monitoring of the Routine cost creep, nor a trigger to re-evaluate spending based on rate impacts.

Mr. Wilson also raises some concern with the cost minimization efforts, or lack thereof, with respect to the Distribution Routines. Mr. Wilson identifies that NSPI does not appear to track person-hours for Distribution Routines, except for D005 (Unplanned Replace Deteriorated Equipment), and noted that several Distribution Routines have had substantial overtime labour forecasts.[48] Mr. Wilson opines that NSPI does not properly utilize Basis of Schedule practice for its capital routine projects,[49] which NSPI has noted “build the project schedule to help ensure that timelines are met and resources are planned in advance of the work commencing."[50]

The Industrial Group’s concerns are related: there is currently limited oversight or protective mechanisms being utilized to minimize costs in relation to the Routine Capital Program.

It is respectfully submitted that the Board should direct NSPI to file, with each ACE Plan, a program-by-program review of all routine capital categories showing: unit metrics (for example, kilometres of ROW managed, number of assets replaced, number of new customers served) for each routine over the last four years; explanations for any year-over-year increase in per-unit cost; and a clear explanation of what capabilities are now being sustained that were not being sustained five years prior. This will allow the Board and intervenors to assess whether routine expenditures remain "like-for-like" and whether growth is truly driven by inflation and volume rather than embedded scope expansion.

The Board should also consider directing NSPI to establish a CEJC materiality trigger (whether expressed as a percentage or a dollar threshold) above which year-over-year routine capital growth requires a more complete written justification in the ACE filing.

4. Capital Spending Is Significantly Higher with no review of Rate Impacts

The Sustained Increase

The 2026 capital budget of $702.1 million represents a sustained annual increase of $200 million over the five-year average. As the Department of Energy observed in its opening statement, capital expenditures have grown from approximately $126 million between 2005–2008 to

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47 Transcript, page 174.

48 N-9, Evidence of John Wilson, page 5.

49 N-9, Evidence of John Wilson, page 6.

50 N-3, NSPI (CA)RIR-8.

approximately $700 million, a 458% increase.[51] The DOE further asks a legitimate question about whether this trajectory is producing proportional benefits for ratepayers in terms of resiliency and capacity outcomes.

This is not a one-time increase driven by an identifiable discrete project. It is a sustained elevated baseline. The Industrial Group submits that this sustained increase warrants a holistic rate-impact analysis that has not yet been provided.

Compounding the noted $200 million increase in the capital spending envelope is the fact that the Reliability Tie, and other capital expenses expected from the IESO-NS, are tracked separately.

The Reliability Tie expenses have been removed from the 2026 ACE Plan capital budget and forecasting entirely.[52] This represents a significant decrease in the forecast. As noted by NSPI in response to Board IR 5(a), the spend profile for the Reliability Tie from 2026 to 2029 is: $177.9 million in 2026; $221.1 million in 2027; $218.9 million in 2028; and $7.2 million in 2029.[53] While $177.9 million expected for the Reliability Tie has been removed from the 2026 ACE Plan, this does not mean that customers will not be expected to pay these expenses.[54] These expenses are still expected to be recovered from ratepayers, but they have not yet been baked into rates.

The 2026 ACE Plan capital forecast further excludes any anticipated investments that may be planned or procured by the IESO-NS.[55] During cross-examination NSPI again confirmed that IESO-NS-related procurement plans and costs are also not included in NSPI's ACE capital plan, which includes only investment in NSPI assets, and that NSPI could not speak to those costs.[56] Again, the exclusion of these costs does not change the fact they will still be recovered from ratepayers. It simply means they will not be considered in the ACE Plan.

The consequence of this fragmentation of costs is not insignificant. The Board, and ratepayers, are now asked to assess the prudence of NSPI's capital program in the ACE proceeding, while major components of the total cost ratepayers will ultimately bear (through riders, or separate recovery mechanisms) are invisible in this process.

At what point can ratepayers meaningfully consider and assess the full cost of electricity infrastructure in Nova Scotia? The ACE proceeding is referred to as the venue for capital cost review, yet major items are removed or excluded. The GRA is described as the venue for affordability and rate impact assessment, yet it too considers only a portion of the total cost trajectory and does not evaluate the reasonableness of the specific capital projects or plans. This creates a regulatory gap.

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51 N-16, DOE – Opening Statement.

52 N-6, NSEB IR-5(a)

53 N-6, NSEB IR-5(a).

54 Transcript, page 243-244.

55 N-6, NSPI (NSEB) RIR-2(d)

56 Transcript, page 244.

The Board should be concerned not only with whether a single project is prudent and reasonable, but also whether the aggregated cost trajectory is reasonable, transparent, predictable and properly scrutinized.

No Rate Impact or Affordability Analysis

NSPI confirmed that when developing its capital program, "specific rate impacts are not calculated" at the program level.[57] Instead, rate impacts related to the capital program are said to be included in the GRA.[58]

During examination, NSPI was questioned about the considerations made with respect to affordability of customers generally. NSPI took the position that affordability is considered at the individual asset level through the pursuit of least-cost methods, and that the affordability question of the investment is addressed through the GRA process.[59] Mr. Beaton specifically testified that the GRA outlines two years of forecasting for capital expenditures, “which this ACE Plan stays very consistent with”.[60] Nonetheless, there is no evidence before the Board in this proceeding of any rate impact assessment to justify the continued significant investment level in the Reliability Plan, any affordability assessment for Year 2 of the Plan, or any documented cost minimization process with overall capital planning.

In relation to the Reliability Plan directly (a large driver of the increased costs), Board Counsel asked, through IR-182, whether NSPI had calculated the rate impact of the Five-Year Reliability Plan. NSPI's answer was that the increased investment for 2025, 2026, and 2027 related to the Reliability Plan is included in the General Rate Application that was before the Board at the time in Matter M12451, and that the Plan reflected the investment required to achieve Board-established performance standards by 2029.[61] That response does not quantify how the $1.3 billion Reliability Plan itself affects rates, nor does any of the Matter M12451 record address that question.

This is precisely the same concern raised by the Industrial Group during the 2025 ACE Plan proceeding and, unfortunately, the same response has been given. NSPI has still not provided meaningful insight into how the proposed Reliability Plan and level of investment are expected to affect rates. As stated during the previous ACE proceeding, NSPI indicated it was unable to do so "due to the amount of work involved."[62] Now, NSPI appears to direct the Board to the GRA proceeding for consideration of the increased investment in 2025, 2026, and 2027 related to the Reliability Plan, while offering only the general assertion that: "[t]he Five-Year Reliability Plan is the investment amount required for NS Power to achieve Board-established performance standards by 2029."[63]

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57 N-5, NSPI (NSEB) RIR- 5(b) and (c). See also : N-6, NSEB IR-2(c).

58 N-5, NSPI (NSEB) RIR- 5(b) and (c); Transcript page 248.

59 Transcript, pages 176, 245, and 248.

60 Transcript, page 176.

61 N-6, NSPI (NSEB) RIR-182.

62 Matter M12012, 2025 ACE Plan, N-8, NSPI (IG) RIR 1(c).

63 N-6, NSPI (NSEB) RIR 182

While the reasoning has changed, only marginally, for why NSPI has not provided any insight into the rate impacts of the Reliability Plan, the outcome is the same: there remains no quantitative rate impact analysis of the Reliability Plan before this Board. The concern applies even more broadly with the sustained increase in overall capital spending, which appears to be largely tied to the Reliability Plan. Without genuine consideration of the overall impact on costs for ratepayers, it cannot be said that affordability has been properly evaluated and considered.

There is a structural disconnect between the two proceedings: the GRA sets rates based on forecasted capital spending *before* the ACE proceeding approves the individual projects, while the ACE proceeding reviews individual projects without assessing their aggregate rate impact. There is no single proceeding that evaluates both the reasonableness of the capital project *and* their combined impact on rates.

This results in an accountability gap. The GRA bakes the capital costs into rates and NSPI will manage its entire capital program — substituting projects in and out — to arrive at a total that matches the GRA forecast. As confirmed by Mr. MacIntosh in response to questions from Board Member Murphy during the GRA proceeding, Matter M12451, NSPI will manage the capital expenditure program to match the GRA forecast.[64]

Arising from that questioning, NSPI responded to an undertaking to provide the actual level of capital investment with the forecasted investment from 2023-2024.[65] NSPI confirmed that in 2023 it underspent on the capital spending recovered through rates by $132 million, and in 2024, it overspent by $53 million. These variances are significant.

As outlined in N-10, the 2025 Q4 Capital Reports, NSPI again significantly underspent on the 2025 ACE Plan: by approximately $74.3 million.[66] 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".

The total level of spending is not independently scrutinized, in either the ACE or GRA proceedings, against a specific question of whether it is affordable or necessary. NSPI's witness confirmed in the GRA that the company would fill its capital envelope from higher-priority items to the next priority item, when an initial project is not able to be completed, and explained that "sustaining capital levels would remain aligned with the forecast."[67]

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.

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[64] M12451, Transcript Day 3, page 807.

[65] M12451, N-72, Response to U-21.

[66] N-10, Q4 Capital Report.

[67] M12451, Transcript Day 3, pages 806-807.

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.

5. Cybersecurity Incident: Subsequent Submittals Must Account for Full Cost Impact

The April 2025 cybersecurity incident and NSPI's response to it are the subject of ongoing monthly reporting to the Board, and two concurrent regulatory proceedings: Matters M12273 and M12600.

The Industrial Group accepts that the cybersecurity incident was an extraordinary event and makes no submission on the reasonableness of NSPI's incident response. For the purposes of this proceeding, and the capital projects specifically impacted by the event, the record raises questions about the adequacy of the information provided in connection with IT project costs. Those questions should be addressed in subsequent project-specific submittals.

The Identity and Access Management Project Illustrates the Problem

NSPI confirmed that the Identity and Access Management ("**IAM**") project was delayed following the cyber incident.[68] The 2025 ACE Plan estimated this project at approximately $1.2 million. The 2026 ACE Plan showed a total project cost approximately $3 million higher than the 2025 ACE estimate. Then, on March 13, 2026 (one month after NSPI's IR response of February 13, 2026) NSPI filed a capital project application showing the total project cost had increased by a further $2.4 million, bringing the total to $6.7 million – Matter M12743. The current forecasted cost of $6.7 million is approximately 5.5 times higher than the original $1.2 million estimate from the 2025 ACE Plan.

Within the “Reason for variance” NSPI provides a reason for the variance from the 2026 ACE Plan estimate, but no explanation for why the total varies so significantly from the original 2025 ACE estimate. While NSPI takes the position that none of the deferred or delayed 2025 projects that later experienced cost increases were impacted by the cybersecurity incident,[69] transparency on how this determination was made is important.

The Industrial Group submits that this position is not adequately supported on the record. The cyber incident caused the IAM project to be delayed. The project then experienced a more than five-fold increase in its total estimated cost compared to its original projection. NSPI's position

[68] Transcript, pages 259-260.

[69] N-5, NSPI (IG) RIR-12

that the incident contributed nothing to this increase may ultimately prove correct, but it needs to be demonstrated not simply asserted.

Recommended Direction

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).

The NSPI panel testified that no costs related to restoration from the cyber incident were captured in any capital project, and that a "robust review process" was performed monthly to ensure costs not intended for rate base were removed.[70] The proposed increase in information contained in the subsequent submittals will allow the Board to discharge its oversight function with respect to prudency of these project costs, and would give ratepayers confidence that costs attributable to the incident are not being recovered through capital project applications.

6. The IESO-NS Transition Should include Coordination on Capital Planning

The Current Gap in Coordination

IESO-NS is in the process of taking over key planning and procurement responsibilities from NSPI pursuant to the *More Access to Energy Act*. Phase 1 of the IESO-NS transition involved employees transferring on December 1, 2025, including the majority of NSPI's System Planning group having already been transferred. These are the same individuals who supported the development of the Updated Path to 2030.[71]

NSPI has confirmed, in response to IG IR 1(e), that IESO-NS was not involved in the preparation of the 2026 ACE Plan or capital forecast, with the roles primarily responsible for developing the 2026 ACE Plan and the Five-Year Reliability Plan Update remaining with NSPI.[72] The 2026 ACE Plan capital forecast at Figure 2 of the ACE Plan Application, then, does not incorporate any investments that may ultimately be planned or procured by IESO-NS. It is not reflective of any changes which may (or may not) be implemented by IESO-NS based on the new Integrated Resource Plan ("**IRP**").

While NSPI has assured the Board and ratepayers that, through coordination between NSPI and IESO-NS, there has been no identified duplication of costs within the context of NSPI's capital planning process,[73] there has been no evidence adduced beyond that assurance. NSPI was not able to confirm there are currently any mechanisms in place, or specific written assurances that the IESO-NS will simply adopt the work from where NSPI leaves off.[74] Instead, NSPI relies on the

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70 Transcript, pages 254-256.

71 N-5, NSPI (IG) RIR-1(e)

72 N-5, NSPI (IG) RIR-1(e).

73 N-5, NSPI (IG) (IG) RIR-2(e)

74 Transcript, pages 284-287.

provisions of the *More Access to Energy Act* that confirms the recovery of the net book value of the transitions projects, but much is “still yet to be determined”.[75]

The Risk of Duplication and Misalignment

If IESO-NS is now leading, or expected to lead, system planning through the IRP process, capital planning decisions should logically depend on those system planning outcomes. Without consultation or alignment with IESO-NS, it is unclear how NSPI has satisfied itself that its capital projects included in the 2026 ACE Plan, and the forecasting therein, will not later duplicate, conflict with, or be rendered unnecessary by IESO-NS planning decisions.

There is not yet any insight into the changes that may come out of the new IRP. In IG IR-1(a), NSPI states its decarbonization initiatives are "cost effective" because they are "in alignment with the outcomes of the Evergreen IRP," which reflects the lowest system cost option.[76] However, where the IRP responsibility is now with the IESO-NS, and if IESO-NS produces an updated IRP that shows different outcomes, the basis for this cost-effectiveness claim would need to be revisited. To the extent possible, mechanisms or processes should be put into place to ensure no duplication or stranded efforts.

Relating to the synchronous condensers project specifically, NSPI's understanding is that once the IESO-NS transition is complete and IESO-NS has the capacity to assume responsibility for this type of investment, the project would transfer to IESO-NS.[77] However, currently NSPI has no information as to when that transfer of responsibilities will occur. In the interim, the project continues to be advanced by NSPI pursuant to its ongoing long-term system planning mandate.

To be clear, the Industrial Group does not object to NSPI continuing to diligently advance its plans until the transition takes place. However, in circumstances where project development may ultimately be transferred to IESO-NS, there remains a clear risk of duplication of costs, particularly in connection with transition and onboarding activities. This risk underscores the importance of establishing appropriate mechanisms at an early stage to mitigate inefficiencies and ensure that ratepayers are not exposed to unnecessary or duplicative expenditures.

The Industrial Group submits that the IESO-NS transition is not simply an administrative matter internal to NSPI and IESO-NS. It directly affects ratepayers, who will bear the costs of both organizations’ activities, regardless of whether the Act dictates that NSPI will receive its net book value. The Board should therefore direct the NSPI and IESO-NS to collaborate with respect to the next ACE Plan proceeding, on matters that overlap including presenting an integrated picture of planned capital and other investments anticipated to be transferred to the IESO-NS (i.e. Synchronous Condensers project).

The Chair further made the constructive suggestion of a joint panel with IESO-NS to discuss the Path to 2030, given that many of the projects involved are not NSPI projects, to which NSPI acknowledged would be a novel idea but that the IRP outcomes would help "paint a picture of the

[75] Transcript, pages 287-288.
[76] N-5, NSPI (IG) RIR-1 (a).
[77] Transcript, page 187-189.

future" and inform whether a joint panel is warranted.[78] The Industrial Group would support this approach.

CONCLUSION

The Industrial Group respectfully requests that the Board:

1. Direct NSPI to provide a more complete Year 3 update to the Five-Year Reliability Plan, including a reconciliation of planned versus actual spending, an explanation of material project-level variances and substitutions, an assessment of whether the Plan's spending envelope and objectives remain justified, and a quantified analysis of the Plan's impact on customer rates.

2. Decline to approve NSPI's proposed Scope Change definition as currently drafted, and instead direct a revised definition that reflects the ordinary and project-management meaning of "scope", with a meaningful materiality threshold, notice and trigger for Board review, as part of the compliance filing.

3. Direct NSPI to provide, with its next ACE Plan, a program-by-program review of routine capital spending, including historical unit metrics, per-unit cost comparisons, and identification of any new or expanded work embedded within existing routine categories;

4. Initiate a stakeholder engagement process to review the "Routine Expenditure" section of the CEJC, and determine whether a materiality threshold requiring enhanced justification for significant year-over-year increases in routine spending is warranted.

5. Direct NSPI to file, alongside each future ACE Plan, a consolidated ratepayer cost exposure report setting out the utility's ACE capital program, Reliability Tie costs, known or reasonably anticipated IESO-NS costs recoverable from ratepayers, and the aggregate bill impact of those amounts in a clear and consistent format.

6. Direct NSPI to include enhanced cost-variance disclosure in future subsequent submittals for IT or cybersecurity-related projects affected by the 2025 cybersecurity incident.

7. Direct NSPI to engage and coordinate with IESO-NS in connection with future ACE filings, and to report on that coordination so that the Board and ratepayers have a more integrated picture of planned capital and procurement costs that may ultimately be borne by Nova Scotia customers.

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[78] Transcript, pages 539-540.

Thank you for the opportunity to provide these submissions.

Yours truly,

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BER/NGR/cj

cc Participants in M12619