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Muhammad Syfuddin Tamim
Manager, Regulatory Affairs
Nova Scotia Power Inc.
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Dear Mr. Syfuddin Tamim:

M12786 – Nova Scotia Power Incorporated – 2025 Storm Restoration Cost Report

In its decision about NS Power's 2022 General Rate Application (2023 NSUARB 12), the Board directed NS Power to file an annual report on its storm restoration costs. NS Power filed its 2025 Storm Restoration Cost Report on April 1, 2026, which was reviewed by Richard J. Melanson, LL.B., Member; Steven M. Murphy, MBA, P.Eng., Member; and Jennifer L. Nicholson, CPA, CA, Member.

Information Requests (IRs) on the Report were filed on April 30, 2026, by the Board, the Small Business Advocate (SBA), the Consumer Advocate (CA), and the Industrial Group (IG). Responses were received from NS Power on May 21, 2025. The CA, SBA, and IG filed Comments on June 11, 2026, and NS Power filed its Reply Comments on June 25, 2026.

NS Power's report outlined that in 2025, it spent $12,784,095 on storm related Operating Maintenance & General (OM&G) costs, and $3,627,485 in capital costs. Of the $12.8 million in OM&G costs, $3,222,802 related to level 3 and 4 storms, for which a storm rider may apply. The operating costs were below the $10.4 million in base rates, therefore NS Power did not apply for a storm rider related to 2025 storms.

In NS Power's most recent General Rate Application, the storm rider was amended to provide customers with a refund of underspent amounts from 2026 onwards. This provision does not, therefore, apply to the 2025 level 3 and 4 storm OM&G underspending.

In its decision about an authorization to overspend on 2022 provincial storm distribution routines, the Board ordered that NS Power "implement a comprehensive system of cost control and performance management for external contractors used for storm response and provide annual reports about this to the Board". The Board directed that this be included in NS Power's annual Storm Restoration Cost Report. In the 2024 Storm Restoration Cost Report NS Power noted it had had limited opportunities to implement the cost control measures because there had been no level 3 or 4 storms in 2024. The Board therefore

directed NS Power to provide examples of measures implemented and a description of the success or failure of the measures in its 2025 report.

In its 2025 Report, NS Power noted that it had created and staffed a position titled Manager, Contractor Oversight who is responsible for managing contractor-executed work. NS Power further noted that external contractors are held accountable for cost control and performance metrics based on the contractual terms which are reviewed against invoices. In 2025, NS Power began using per diems for meal costs which it asserts saved approximately $50 per person per day as well as administrative time in processing expense reports. NS Power also noted that it is planning to implement a software platform capital project in 2026 to further monitor and control contractor costs.

The IG recommended that within the capital application for Board Approval of the software platform capital project, a baseline should be established upon which to measure contractor crew productivity metrics against. NS Power responded that this would best be addressed within the capital application for Board approval. The Board agrees but in advance of NS Power's application, highlights the IGs recommendation for consideration of this item within that matter once submitted to the Board. The IG further recommended that, once the software tool is operational, NS Power should report on contractor crew productivity metrics for Level 3 and 4 storms within the annual Storm Restoration Cost Reports. In addition, the SBA recommended that NS Power report on how well the tool performed once it has been deployed. NS Power agreed that the performance metrics can be included in the annual Storm Restoration Cost Report where appropriate, and that it would report on deployment and performance of the tool in the annual Storm Restoration Cost Reports once deployed.

The SBA and the IG took issue with the fact that once a storm level is declared, it is not adjusted downward over time if weather conditions improve. The IG pointed out that a conservative restoration time estimate could result in a Level 3 designation, rather than a Level 2, which would mean that operating costs exceeding base rates would be recoverable through the storm rider. The IG recommended:

> For any Storm Cost Recovery Rider application involving a level 3 event affecting fewer than 50,000 customers where restoration duration was the sole determinant of the Level 3 designation, require NSPI to demonstrate specifically:
>
> - the basis for the pre-storm restoration duration forecast,
> - a comparison of forecast versus actual restoration duration and customer impact,
> - where both were materially below Level 3 thresholds, why the forecast was not unduly conservative, and
> - the incremental costs directly attributable to the Level 3 designation over a Level 2 response.

NS Power replied that its approach is consistent with Liberty Consulting's recommendation in M06321. It also noted that maintaining the storm classification "supports stable resource coordination, decision-making, and system restoration, while ensuring continued focus on restoring service to all affected customers, particularly those experiencing longer-duration outages". It further noted that reducing the storm classification level mid-storm could result in resources being prematurely returned to normal operations potentially impacting the effectiveness of NS Power's Emergency Operations Centre. It further noted:

> While storm level classifications are not revised mid-event, resource deployment is actively managed as conditions evolve. NS Power leverages operational flexibility

> and established contractor arrangements to scale its response, balancing restoration timelines and costs…

The Board recognizes that there is a delicate balance between trying to avoid excessive costs and the level of estimated preparation in anticipation of forecast storm impacts, directly impacting restoration timelines. While Liberty did recommend maintaining the storm level through the duration of a storm, there are cost considerations that result from the Storm Rider, which did not exist at the time of Liberty's recommendation. The Board finds that the reporting recommendations set out by the IG are a reasonable expectation of NS Power given the cost consideration of storms that fall close to the borderline of Level 2 and Level 3. The Board, therefore, directs NS Power to include the IG's recommended reporting for all Level 3 storms affecting less than 50,000 customers in all future Storm Restoration Cost Reports.

The CA recommended that NS Power study if there are ways to improve its damage prediction for smaller impact storms. The IG stated that because NS Power does not do any cross-event analysis of its Damage Prediction Model, NS Power and the Board are unable to assess whether the model has a systemic directional bias or whether the annual calibration process is producing measurable improvements in accuracy over time. The IG recommended that the Board direct NS Power to file a multi-year assessment of its Damage Prediction Model forecast accuracy, including predicted versus actual customer impacts for all Level 3 and Level 4 events over the reporting period, along with analysis and commentary on whether errors suggest any directional bias, and the results of the annual calibration process.

NS Power asserts that this is not warranted and would result in duplicative reporting to that already provided in individual storm reports, the annual Performance Standards Report, and the annual Storm Restoration Cost Report without adding value. It notes that "variability in outcomes remains an inherent feature of storm forecasting, and differences between forecast and actual impacts reflect that uncertainty rather than any deficiency in the Company's processes". NS Power also notes that it is developing a project to implement an AI-driven storm prediction platform. Given this, the Board finds it is not necessary to direct NS Power to study its current Damage Prediction Model in depth at this time.

Both the CA and the IG recommended that NS Power adopt formal definitions for "storm readying" and "storm response". NS Power agreed with this recommendation and committed to formalizing definitions for use in all future Storm Restoration Cost Reports and the company's Emergency Storm Response Plan framework. The Board directs NS Power to do so.

The IG further recommended that NS Power be required to report on incremental costs related to pre-impact deployment of internal crews or confirm that there are none. NS Power stated that it "confirms that no incremental costs arise for these resources prior to storm impact" because "unlike external PLT contractors, who may be mobilized from other locations, these resources operate from their established depots and do not deploy outside those areas prior to storm impact".

The IG also recommended that NS Power's identified 'lessons learned' included in future annual reports be tied to specific, measurable outcomes with target dates, and include all material findings. NS Power responded that the lessons learned are documented in the individual storm reports rather than in the Storm Restoration Cost Report. While that may be the case, the Board sees no reason why NS Power could not provide this

information in its storm reports for all lessons learned where this information is applicable. The Board directs NS Power to do so.

Lastly, NS Power noted that it infers the Board expects it to file both capital and operating costs in its Storm Restoration Cost Reports. The Board confirms NS Power's inference.

The Report is accepted as filed.

Yours very truly,

Richard J. Melanson, LL.B.
Panel Chair

Steven M. Murphy, MBA, P.Eng.
Member

Jennifer L. Nicholson, CPA, CA
Member