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Request IR-1:

The application notes that this project includes the replacement of deteriorated assets on 75 structures. The application also notes that this project is required to replace deteriorated assets that have been identified through NS Power's transmission line inspection program such as wood poles, crossarms, anchors, guying components, insulators, and associated hardware.

Based on the detailed project estimate provided on page 3 of the application, the total project cost, including Administrative Overhead and Allowance for Funds Used During Construction is \$3,455,473.

The Board recently approved CI C0041805 – L7005 Replacements and Upgrades Phase 2 (M12506) and CI C0031122 – L6539 Replacements and Upgrades (M12203).

(a) Please provide a detailed scope breakdown of this project, including replacement items such as pin insulators, crossarms, primary aerial conductors, inline disconnectors, cutouts, reclosers, wood poles, jumpers, and fuse links, along with the associated labour and material costs.

(b) Please provide a detailed scope breakdown for projects C0041805 and C0031122, consistent with the level of detail requested in item a).

(i) Please indicate if there are any cost variances associated with the replacement of comparable components across the three projects, and provide an explanation for any such variances.

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Response IR-1:

(a) As outlined on the description page of the application, the project includes the replacement of deteriorated assets on 75 structures, as follows:

- 72 Structure Replacements – this is for full structure replacement, including replacement of poles, cross arms, insulators, and conductor attachment hardware.
- 3 Other Deteriorated Asset Replacements – this is for component replacement, including conductor sleeve replacements.

The costs of these replacements range between \$5K - \$125K driven by the specific structure type, insulator type, framing type, and pole height for each replacement. Additional costs such as rock breaking or tree trimming may also apply depending on the local topography. All structure replacement work is completed using Compatible Units (CUs) negotiated through NS Power's existing line services agreement with its transmission line work contractor.

(b) As outlined in the description pages for C0041805 and C0031122, the projects included work as outlined below.

C0041805:¹ replacement of deteriorated assets on 71 structures, as follows:

- Structure Replacements: 44 Structures
- Insulator Replacements: 7 Structures
- Timber and Insulator Replacements: 15 Structures
- Bond or Guy Wire Replacements: 2 structures
- Other Deteriorated Assets: 3 Structures

¹ M12506, NS Power CI C0041805 – L7005 Replacements and Upgrades Phase 2, Final Cost Application, October 6, 2025.

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1 C0031122:² replacement of deteriorated assets on 133 structures, as follows:

- 2
- 3 • Structure Replacements: 85 Structures
- 4 • Timber and Insulator Replacements: 36 Structures
- 5 • Insulator Replacements: 7 Structures
- 6 • Bond and Guy Wire Replacements: 3 Structures
- 7 • Other Deteriorated Assets: 2 Structures
- 8

9 (i) There are cost variances between these three projects due to the variance in voltage
10 class. L5532 is 69 kV with replacement cost range of \$5K – \$125K (described
11 above in part (a)). L6539 is 138 kV with a full structure replacement cost range of
12 \$40K – \$148K and L7005 is 230 kV with a full structure replacement cost range of
13 \$75K – \$190K. Each voltage class has its own standard structure type, and the cost
14 variances with the higher voltages are due to the larger structures and heavier
15 loadings.

² M12203, NS Power CI C0031122 – L6539 Replacements and Upgrades, Authorization to Overspend Application, April 7, 2025.

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Request IR-2:

Given that the utility undertakes transmission line replacement and upgrade projects on a regular basis, why is \$7,000 allocated to overtime labour, and why can't this work be completed during regular business hours.

Response IR-2:

The overtime labour allocated to this project is primarily to account for system maintenance personnel to complete necessary switching to isolate the transmission line so work can proceed safely. System maintenance personnel often complete switching outside of regular business hours to ensure that transmission contractor crews hours are not delayed in beginning construction and are maximizing productive time during regular business hours. Each hour a transmission crew is delayed costs roughly \$1,200. This approach decreases overall project costs as utilizing substation internal overtime labour is less costly than increasing transmission contractor hours. Also, L-5532 is located in a fairly remote area of the province and overtime labour also includes a portion allocated to site supervision in order to accommodate longer days because of site travel.

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Request IR-3:

The utility has included a 15% contingency for this project. The utility undertakes transmission line replacement and upgrade projects on a routine basis. The Board understands that for a routine project, the work scope, methods, quantities, and typical issues should be more predictable. Therefore, the Board is uncertain about the justification for applying a 15% contingency to this project.

(a) Please explain why the utility applies a 15% fixed contingency to all its transmission line replacements and upgrades project, including this project.

(b) Please provide all specific risks, along with their probability of occurrence and the confidence level, that together account for the 15% contingency.

Response IR-3:

(a) NS Power considers the inclusion of contingency in a project budget as a means to address cost increases that occur while completing the intended scope of the project. Contingency is included so that project budgets are not exceeded, requiring an ATO application, in the event of a reasonable amount of unanticipated challenges / cost increases occurring during a project, which are expected to occur on construction projects of this nature, despite NS Power's best efforts during the project development stage. This contingency is determined by a combination of internal subject matter experts (professional engineers and field personnel) reviewing the aspects of the planned work and past experience with line replacements and upgrades.

(b) As outlined in the project submission, risks intended to be covered by the contingency include project risks during execution such as additional overtime work that may be required to complete the project within the available outage window, unforeseen material or contract cost increase, and unforeseen costs related to accessing structures in wet or

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1 remote locations. The risks identified for this scope of work have been consistently
2 encountered in similar past projects, and internal subject matter experts inherently
3 understand the potential of those risks occurring and resulting additional costs that could
4 be incurred. Accordingly, NS Power has not performed a probabilistic analysis to support
5 the quantification of contingency.