

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF: AN APPLICATION by the **LUNENBURG ELECTRIC UTILITY** for approval of the Capital Expenditure associated with the Replacement of Overhead Transformers on the Distribution System at a total estimated cost of \$600,000

2nd SET INFORMATION REQUESTS

To: **Lisa Dagley, CPA, CGA**
Finance Director
Town of Lunenburg
By email: ldagley@townoflunenburg.ca

From: **Board Staff**
Nova Scotia Energy Board

Responses Due: **Tuesday, August 4, 2026**

Copies: 1 electronic copy (PDF searchable)

Contact Person: **Chris Jiang, P.Eng.**
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Issued at Halifax, Nova Scotia, this Monday of July 13, 2026.

Crystal Henwood, Clerk of the Board

Request IR-11:

In response to IR-1, LEU stated that the project includes 60 sets of transformers, cutouts and associated hardware. However, in response to IR-4 (b), LEU stated the following:

b) approx. 88 transformers, 40 poles, if required, due to transformers being installed non-standard and too low on poles, 88 cutouts.

a) Please explain the difference between the quantities provided in IR-1 and IR-4(6) and confirm the final quantities for each equipment category included in the project scope.

i. Please provide an updated cost summary table that reflects the confirmed quantities, unit costs, and total costs for each equipment category.

ii. Please clarify whether all transformers that will be removed are being removed solely to comply with the PCB Regulations, or whether some transformers are being removed to support voltage conversion.

iii. If the project has both PCB-compliance and voltage-conversion objectives, please update the cost summary table to identify the quantities, costs, and scope items associated with each objective.

iv. Please provide any technical assessments, studies, or recommendations prepared by NS Power, LEU, or LEU's consultants that support the need to convert the feeders or replace equipment for voltage-conversion purposes.

v. If the voltage-conversion project is a separate project, please indicate LEU's plan to submit a project application to the Board, or provide the related matter number if such an application already exists.

LEU Response to IR-11

LEU would like to confirm for the Board that the distribution transformers that potentially contain PCB's have not been oil sampled or tested while in service. They have been identified as potential PCB by visual inspection and available nameplate data.

i. The 88 number includes transformers that form a bank of transformers for a three-phase service, 60 refers to specific sites but those sites may contain more than one transformer.

ii. All transformers are being removed to solely comply with the PCB regulations and they will be replaced with units that will be capable of being used on the new 12 kV/15 kV system, once the feeders are upgraded and substation built. This limits the duplication of work in the future.

- 1 iii. See response ii above.
- 2 iv. The Town of Lunenburg's 5.885 kV and 4.16 kV distribution system is
- 3 comprised of five (5) circuits: two of them are 5.885 kV and 3 of them are
- 4 4.16 kV. These voltages are an uncommon voltage in Canada, and the
- 5 5.8885 kV circuits are not in accordance with CSA Standard C235
- 6 *"Preferred Voltage Levels for AC Systems, 0 to 50,000V"*. Nova Scotia
- 7 Power generally operates two (2) distribution system voltages, 12.47kV
- 8 and 24.94kV. Operating at a voltage outside of typical nominal operating
- 9 voltages introduces issues and concerns related to sourcing of equipment
- 10 and increased equipment replacement costs.
- 11 v. Voltage-conversion will be a separate project and will be submitted to the
- 12 Board in due course.
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- 14

15 **Request IR-12:**

- 16 a) Please provide an updated project cost estimate table that includes all estimated project
- 17 costs, including contingency allowance, quantities, unit costs excluding contingency, and
- 18 total estimated costs. In the table, please indicate that the proposed \$600,000 excludes
- 19 applicable taxes.
- 20 b) Please group the estimate by major cost category, as applicable, including labor,
- 21 materials, contracts, consulting, freight, services, interest, administrative overhead,
- 22 contingency, and any other applicable categories.
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24 **LEU Response to IR-12**

25 LEU provided a breakdown in response to IR-1 in our previous IR responses and there is no

26 additional costing breakdown LEU can provide at this time. We have included the table below

27 again for reference.

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Item	Qty	Unit estimate (include 10% contingency)	Total estimate
Labor- LEU, Consultant and/or NSP	1	\$20,000	\$20,000
Material			
Poles and pole grounds	40	\$2,000	\$80,000
Transformers, cutouts and associated hardware	60	\$4,000	\$240,000
Contracts (K-Line) installation of poles, transformers and associated work	1	\$260,000	\$260,000
Total before taxes			\$600,000

b. See a) above, if applicable, categories include labor, materials, contracts, consulting, freight, services, interest, administrative overhead and contingency.

Request IR-13:

- a) Please explain how LEU intends to fund the project and provide the detailed funding structure, including the proposed sources of funds, funding conditions, and timing of recovery.
- b) Please also explain the expected impact of the project on customer rates, the utility's financial position, and operating funds.

LEU Response to IR-13

- a) LEU intends to fund this project with Debt financing. The Debt financing will be secured through a debenture with the Province of Nova Scotia Municipal Finance. The debenture is anticipated to be secured in Spring 2027 for a 10-year term.
- b) LEU will be seeking approval to recover these project costs in our next Rate Study, anticipated in first quarter of 2027.

Request IR-14:

In response to IR-5, LEU noted that no RFP was issued because LEU has a contract with NS Power for field work, and the transformers will be procured through NS Power as part of that contract.

- a) Please provide additional information regarding the contract between LEU and NS Power for services and equipment procurement, including the scope of services, pricing basis, procurement responsibilities, and how the service arrangement is governed.
- b) Please explain how the costs proposed by K-Line compare with the costs that would have applied under the original NS Power service arrangement, quantify the cost impact of the change in service provider, and identify the additional financial burden for LEU or its customers, if any.
 - i. Please provide a side-by-side comparison of the K-Line quotation and the estimated NS Power costs for the same scope of work.
 - ii. If the cost of K-Line's service is higher, please explain whether LEU considered applying to the Minister for an extension under section 17.1 of the PCB Regulations to better accommodate scheduling and procurement plan, and avoid increased financial burden. If LEU did not consider an extension, please explain why not.

LEU Response to IR-14

- a) LEU and NS Power have had a Service Agreement since June 1, 2018, to provide the Utility Services for LEU, i.e. line work, Control Authority functions, etc. All material used or provided by NSP under the Service Agreement are charged to LEU at the actual cost to NSP of procuring such materials plus agreed mark-up.
- b) Under the Service Agreement Contract NSP is able to contract with K-Line and the costs would be passed along to the LEU at direct cost, plus agreed mark-up.
 - i. Chart following compares costs:

NSP	K-Line
\$317,850	\$260,000

- ii. Contracting with K-Line directly is not higher so LEU has not considered applying to the Minister for an extension.

Request IR-15:

In the application on page 2, LEU stated that “By upgrading these existing locations, it also prepares these locations for conversion to 12 kV.” In response to IR-9, LEU also stated that it has planned a new 15 kV substation.

Please explain the relationship between the planned 15 kV substation and the proposed 12 kV system conversion.

LEU Response to IR-15

15 KV is the voltage class of the new substation on the secondary. The 12 kV is the operating voltage. So, the 12 kV equipment will operate on the 15 kV substation.