

August 4, 2026

ldagley@townoflunenburg.ca

Lisa Dagley
Finance Director
Town of Lunenburg
119 Cumberland Street
Lunenburg, NS, BOJ 2C0

Dear Ms. Dagley:

M12874 - Town of Lunenburg Electric Utility - Approval Request for Capital Expenditure for 2026 Transformer Project - \$600,000

On May 25, 2026, Lunenburg Electric Utility (LEU) filed an application with the Nova Scotia Energy Board (Board) seeking approval of a capital expenditure for the 2026 Transformer Project. The estimated project cost is \$600,000.

In its application, LEU stated the project is intended to replace transformers that may contain Polychlorinated Biphenyls (PCBs). Under subsection 16 (2) of the federal PCB Regulations, all pole-top electrical transformers containing PCBs in a concentration of 50 mg/kg or more may be used only until December 31, 2026. LEU further stated that the new equipment will be suitable for future system voltage upgrades, as LEU is planning to upgrade the primary voltage of its existing distribution systems to 12 kV.

Board staff sent Information Requests (IRs) to LEU on June 9, 2026, and LEU provided its responses on June 30, 2026. Board staff issued a second set of IRs on July 13, 2026, and LEU provided its responses on July 23, 2026.

In response to IRs, LEU stated that the estimated project budget of \$600,000 includes a 10% contingency allowance but excludes HST.

LEU stated that the project is planned solely to meet the PCB transformer replacement deadline in the regulations. LEU performed visual inspection and reviewed available nameplate data to identify potential PCB transformers. LEU also stated that five feeders in its system are currently served by 5.88 kV and 4.61 kV phase-to-phase primary voltages that are no longer standard distribution voltages for utilities. To avoid duplicative work, the replacement transformers will be dual primary voltage transformers suitable for a future system voltage upgrade. The proposed equipment replacement includes pole-top transformers, insulators, switches, and poles where existing poles do not meet height standards associated with the voltage increase. LEU clarified that there are 60 service sites with a total of 88 transformers, including cutouts and associated hardware.

LEU explained that no request for proposals process was undertaken for the project. LEU has an existing service agreement with Nova Scotia Power (NS Power) to carry out the work, or if it is not able to do so, to use another company, K-Line. The cost of having K-Line do the work is slightly less than the cost of having NS Power do the work. K-Line was therefore selected as the contractor.

LEU noted that the project will be financed through debt by way of a debenture with the Province of Nova Scotia Municipal Finance. LEU stated that it will seek recovery of the project costs in its next rate application, which is expected to be filed with the Board in the first quarter of 2027.

Based on the evidence filed in this proceeding, the Board finds that the proposed 2026 Transformer Project is reasonable and necessary. The Board approves the total project cost of \$600,000 excluding HST.

Yours very truly,



Marc L. Dunning, P.Eng., LL.B.
Member

