
Nova Scotia Energy Board

IN THE MATTER OF *The Public Utilities Act*, R.S.N.S. 1989, c.380, as amended

M12898

Distribution Routines CI Various- D055 – Planned Replacement of Deteriorated Equipment (ATO)

NS Power
Reply Submission

September 1, 2026

NON-CONFIDENTIAL

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1 **1.0 INTRODUCTION**

2
3 On June 11, 2026, Nova Scotia Power Incorporated (NS Power, the Company) applied to the Nova
4 Scotia Energy Board (NSEB, the Board) for approval of an Authorization to Overspend (ATO) for
5 Distribution Routine D055 – Planned Replacement of Deteriorated Equipment, in the amount of
6 \$11,359,822, reflecting 2025 actual expenditures of \$21,980,684 against a 2025 ACE Plan budget
7 of \$10,620,862.

8
9 On June 12, 2026, the Board issued its Hearing Order for this matter.¹ Notices of Intervention
10 were received from the Small Business Advocate (SBA), the Industrial Group (IG), and the
11 Consumer Advocate (CA) (collectively, the “Intervenors”).

12
13 Information requests (IRs) were received from the Board, the CA, and the SBA, to which NS
14 Power responded on July 28, 2026.

15
16 The SBA and CA filed submissions on August 11, 2026. The SBA does not oppose approval of
17 the Application, and notes positively NS Power's Powerline Technician (PLT) recruitment efforts
18 and the associated reduction in overtime, and requests that NS Power continue to provide updates
19 on recruitment and hiring. The CA raises concerns regarding the sufficiency of the evidence
20 supporting the Application, cost minimization practices, and the drivers of the D055 variance, and
21 submits that the Board may wish to consider a reduction in cost recovery and enhanced routine
22 reporting requirements. NS Power will respond to each of these submissions in turn below.

23

¹ M12898, NSEB Hearing Order, June 12, 2026.

2.0 RESPONSE TO SUBMISSIONS BY THE SMALL BUSINESS ADVOCATE

The SBA notes positively NS Power's continuing efforts to recruit PLTs. The SBA observes that the reduction in the percentage of overtime expenses suggests that the increase in PLTs should provide both reliability and financial benefits. The SBA submits that NS Power should provide continuing updates on its PLT recruitment and hiring efforts.

NS Power appreciates the SBA's recognition of the Company's ongoing PLT recruitment efforts and confirms that it will continue to report on its PLT staffing efforts through its existing annual PLT reporting processes.

3.0 RESPONSE TO SUBMISSIONS BY THE CONSUMER ADVOCATE

3.1 Sufficiency of Information Provided

The CA raises concerns regarding the sufficiency of the evidence supporting the Application. Referring to similar concerns raised in the 2024 Distribution Routines ATO proceeding, the CA submits that the absence of certain categories of data may affect NS Power's ability to accurately forecast distribution routine costs and assess whether appropriate cost minimization practices are being followed.² The CA notes that NS Power was unable to provide certain information requested through the IR process, including detailed contractor expenditure information for D055, and submits that this limits the ability to assess the reasonableness of those expenditures, particularly given the level of contracting costs included in the routine. While the CA acknowledges NS Power's efforts to improve the tracking and reporting of distribution routine spending, it remains concerned as to whether those enhancements will sufficiently address these concerns in the future.

Through the Application and the IR process, NS Power provided information regarding the causes of the D055 variance, including increased Bin Work associated with higher-priority condition-driven work identified through the feeder inspection program, increased Field Driven Work associated with deficiencies identified through regional operations and engineering activities, and increased Streetlight and Service Removal work driven by updated condition information. NS Power also provided spending by cost category, work order volumes, high-priority deficiency counts, and the forecasting methodology used for the routine. However, certain more granular information and metrics requested by the CA were not available for D055 in 2025, for the reasons discussed below.

In the ordinary course, NS Power would be able to provide contractor-level expenditure information and materials cost information. However, the 2025 cyber incident affected the availability of certain detailed financial information ordinarily accessible through PowerPlan and

² M12319, CA Final Submission, August 22, 2025.

1 related systems. While overall contracting expenditures, materials costs, and project costs were
2 accurately recorded through NS Power's business continuity processes, including temporary
3 manual processes implemented during the recovery period, the level of transaction detail ordinarily
4 available through those systems was reduced. As a result, certain information that would have been
5 available through system-generated reporting could not be readily reconciled or extracted for
6 regulatory reporting purposes in 2025. NS Power expects that it will be able to provide this
7 information for 2026 if requested.

8
9 As explained in response to CA IR-3(b), NS Power does not maintain detailed regular and labour
10 person-hour estimates for D055 work as part of its ordinary forecasting or reporting. D055
11 encompasses a broad range of activities involving project managers, engineers, PLTs, contractors,
12 and support personnel, and applying average labour rates to estimate person-hours would not
13 accurately reflect the resources involved in the execution of D055 work. NS Power likewise does
14 not currently track Field Driven Work costs at the individual work-order-type level. However, NS
15 Power recognizes the value of more granular work-order level cost information and is continuing
16 efforts to enhance its tracking and reporting capabilities. The implementation of enhanced
17 reporting is a significant undertaking, and the Company's ability to implement such reporting has
18 been further affected by the system integration limitations resulting from the cyber incident. While
19 NS Power cannot currently commit to a timeline for fully enhanced work-order level reporting, it
20 intends to provide progress updates in future ACE Plan applications on the status of this initiative.

21
22 The absence of this information does not impair NS Power's ability to forecast D055 expenditures.
23 D055 is a condition-driven routine, with investment requirements driven primarily by deficiencies
24 identified through feeder inspections, customer notifications, and regional engineering
25 assessments. As noted in response to CA IR-7, the volume and timing of deteriorated equipment
26 requiring intervention is inherently variable and difficult to predict in advance. NS Power's feeder
27 inspection program operates on a two-year cycle and, as feeders are re-inspected, previously
28 identified deficiencies may be re-prioritized based on updated condition information while

1 additional deficiencies are identified for the first time.³ This can result in work that was previously
2 anticipated for future years being advanced to the current year to address higher-priority risks,
3 while lower-priority work is deferred. Accordingly, a significant portion of the work ultimately
4 completed under D055 is not known when the ACE forecast is prepared. NS Power therefore
5 forecasts D055 based on recent work-volume trends using prior-year Q3 forecast data, while also
6 accounting for inflation and project-specific estimates.

7
8 As noted in response to NSEB IR-3(b), this forecasting methodology has proven effective in
9 improving the accuracy of other Distribution routines, and NS Power expects the same approach
10 to support continued improvements in forecast accuracy for D055 notwithstanding the variance
11 experienced in 2025. While the information requested by the CA may provide an additional level
12 of reporting detail, it is not information on which NS Power relies to forecast D055 expenditures.

13
14 Similarly, the absence of this requested information does not affect NS Power's ability to manage
15 costs prudently. Cost management for D055 is achieved through established procurement
16 processes, contractor oversight, expenditure monitoring, regular forecast updates, and variance
17 analysis conducted as part of NS Power's monthly and quarterly financial review processes.
18 Contractors supporting D055 are engaged through established procurement and contracting
19 processes, including Master Service Agreements where appropriate, and their work is subject to
20 NS Power oversight throughout execution. Accordingly, although detailed contractor-level
21 expenditure reporting was not available for 2025 due to the impacts of the cyber incident, the
22 controls used to manage contractor costs and ensure expenditures are prudently incurred remained
23 in place.

24
25 Finally, as acknowledged by the CA, NS Power is actively working on enhancing its tracking and
26 reporting of distribution routine spending. In 2026, NS Power is developing enhanced tracking
27 capabilities to capture expenditures associated with feeder-level projects identified through the
28 Five-Year Reliability Plan. As mentioned above, NS Power is also continuing efforts to enhance

³ CA RIR-9(a).

1 its work-order level cost tracking and reporting capabilities. Together, these enhancements are
2 expected to provide increased visibility into routine spending in future years.

3 4 **3.2 Cost Minimization**

5
6 The CA notes NS Power's explanation that increased PLT recruitment and expanded contractor
7 capacity contributed to a reduction in overtime costs as a percentage of total labour expenditures.
8 While the CA submits that this explanation appears plausible, it argues that NS Power has not
9 provided sufficient data to usefully exclude other potential explanations. The CA notes that NS
10 Power was unable to provide a breakdown of labour hours across project managers, engineers and
11 other support personnel used to support D055 projects and could not provide the actual amount
12 spent on contractors for PLTs for comparison to its own staff. As a result, the CA submits that it
13 is not clear whether the reduction in overtime costs represents actual cost savings.

14
15 As reported in NS Power's Annual PLT Report, year-end PLT staffing increased from 168
16 employees in 2023 to 175 employees in 2024 and 179 employees in 2025.⁴ During the same period,
17 NS Power completed substantially greater volumes of condition-driven replacement work under
18 D055, including significant increases in pole replacements. While NS Power does not suggest that
19 increased PLT staffing and contractor availability were the only factors influencing overtime
20 utilization, these outcomes suggest that increased workforce capacity contributed to the Company's
21 ability to complete more reliability work while reducing reliance on overtime. A reduction in new
22 customer work relative to prior years also contributed to that increased capacity by allowing
23 additional resources to be directed to condition-driven replacement activities.

24 25 **3.3 Planning Practices – Cost Drivers**

26
27 The CA submits that D055 has exceeded budget in prior years, but that the magnitude of the 2025
28 overspend is significantly greater than in previous years, driven primarily by the increase in Bin

⁴ M12775, N-1, 2025 Annual Powerline Technician (PLT) Report, March 31, 2026, pg. 6.

1 Work expenditures. The CA argues that it remains unclear what is driving the cost increase or how
2 NS Power plans for these activities.

3
4 The CA refers to NS Power's evidence that the volume of high-priority deficiencies identified
5 through feeder inspection programs increased and required intervention under D055 in 2025. The
6 CA notes that this statement is the only evidence provided regarding the items identified through
7 the feeder inspection program and submits that there is no information regarding what those items
8 might be. The CA also references NS Power's evidence regarding changes in work-order practices
9 and questions the extent to which changes in work-order practices explain the increase in Bin Work
10 costs, given NS Power's evidence that Bin Work generally involves straightforward like-for-like
11 replacements.

12
13 The CA further questions NS Power's evidence regarding the role of reprioritization and increased
14 deficiency volumes in driving the variance. In particular, the CA notes NS Power's evidence that
15 higher-priority condition-driven work was advanced in 2025 while lower-priority work was
16 deferred, while also explaining that deferring planned replacements under D055 increases the risk
17 of equipment failure and more costly reactive replacements. The CA also notes NS Power's
18 evidence that increased deficiency volumes contributed to increased spending, while stating that
19 deficiency volumes are not directly correlated to all D055 investment in 2025. The CA submits
20 that it is unclear when and how the increase in work developed and the extent to which increased
21 deficiencies, increased work volumes, reprioritization decisions, or other factors contributed to the
22 2025 variance.

23
24 Finally, the CA notes that NS Power advised that Bin Work and Field Driven Work costs are not
25 tracked at the level of detail requested, while also identifying approximately \$4 million in D055
26 work in the Glace Bay area. The CA submits that it is unclear how that amount was determined.

3.3.1 Increased Investment under D055

NS Power disagrees that the causes of the D055 variance are unclear. The Application and IR responses explain that the variance was driven by increased volumes of condition-driven replacement work identified through NS Power's feeder inspection and asset management programs. As described in the Application, Bin Work expenditures increased by approximately \$10.2 million due to the advancement of higher-priority condition-driven work identified through the feeder inspection program, including work in the Glace Bay area. Field Driven Work expenditures increased by approximately \$1.7 million due to deficiencies identified through regional operations and engineering activities. Streetlight and Service Removal expenditures increased by approximately \$925K due to updated condition data indicating that higher volumes of work were required. These increases were partially offset by reduced spending on individual D055 projects as resources were reprioritized to address more immediate, condition-driven replacement needs.

As discussed above, D055 work is planned based on asset condition information obtained through feeder inspections (which operate on a two-year cycle), customer notifications, and regional engineering and operations assessments. Consistent with NS Power's asset management framework, condition and criticality scores are used to determine the risk level associated with an asset and to identify and prioritize areas requiring mitigation. Replacement activities under D055 are then prioritized based on those risk assessments and further informed by execution constraints, resource availability, and subject matter expert judgment.⁵ As conditions change and new information becomes available, work may be re-prioritized to ensure resources are directed to the highest-priority risks.

⁵ NSEB RIR-7.

3.3.2 Feeder Inspection Findings and Bin Work Costs

The primary assets requiring intervention in 2025 were deteriorated poles and transformers identified through feeder inspection activities. The volume of pole replacements completed under D055 increased by approximately 2.5 times relative to 2024.⁶ Similar increases were observed for transformers. These assets were identified through the feeder inspection process as requiring near-term intervention based on their condition and associated reliability risk. The increased volume of high-priority deficiencies identified through inspection activity was a significant contributor to the increased investment under D055.

The increase in Bin Work expenditures reflects a significant increase in work volumes rather than a change in the nature of the work being performed. As shown in response to NSEB RIR-2(b), Bin Work orders increased from 751 in 2023 to 1,555 in 2025, while total Bin Work expenditures increased from approximately \$2.95 million to \$12.05 million.⁷ The work remained predominantly like-for-like replacement activity, however, substantially more replacement work was completed in 2025, particularly for poles and transformers identified through feeder inspections. In prior years, completion of this work was constrained by available workforce capacity. As workforce capacity increased, NS Power was able to complete a greater volume of condition-driven replacement work.

In addition to the increase in the number of work orders, individual work orders generally encompassed a greater volume of replacement work than in prior years, resulting in a higher average cost per work order. This reflected increased work volumes, not a change in the nature or complexity of the work.

⁶ CA RIR-4(a).

⁷ As noted in NSEB RIR-2(b), work-order counts do not provide a complete picture of work volume, as the scope and complexity of work captured within an individual work order can vary considerably. They are, however, indicative of the significant increase in work completed under D055 in 2025.

3.3.3 Reprioritization and Deficiency Volumes

The CA suggests that NS Power's evidence regarding reprioritization is difficult to reconcile. Respectfully, these explanations address different aspects of the same asset management process. As explained in response to CA IR-9(a), the increase in Bin Work reflected both: (i) work identified through earlier inspection cycles that was advanced into 2025 based on updated condition and criticality assessments; and (ii) new high-priority deficiencies identified through the 2025 feeder inspection program. This is consistent with NS Power's response to NSEB IR-1, which explains that work under D055 is prioritized based on asset condition and criticality. Reprioritizing work as asset conditions change is a fundamental component of NS Power's asset management framework, as it enables resources to be directed to the areas of greatest customer and reliability benefit.

This is also consistent with NS Power's statement that deferring replacement work can increase reliability risk and result in more costly reactive replacements. That statement relates to assets that have already been identified as requiring near-term intervention, where further delay may increase the risk of failure and the need for more costly corrective action. Ordinary reprioritization, by contrast, reflects the ongoing assessment of asset condition and criticality, and the resulting risk, as new information becomes available. Assets that do not meet the applicable risk threshold for investment in a given year may be deferred and reassessed in subsequent years. These are complementary, not contradictory, aspects of the same asset management process.

In addition, there is no inconsistency between NS Power's statement that increased deficiency volumes contributed to the variance and its statement that deficiency volumes are not directly correlated to all D055 investment. Increased deficiency volumes were a significant contributor to increased spending because a greater number of deteriorated assets required intervention in 2025. However, the cost of addressing any particular deficiency varies depending on the asset involved and the scope of the required work. For example, replacement costs can differ significantly depending on factors such as equipment type, loading requirements, accessibility, engineering

1 requirements, and associated system upgrades. Thus, deficiency counts are an indicator of
2 investment needs, but they do not directly translate into spending levels.

3 4 **3.3.4 Glace Bay Investment**

5
6 The approximately \$4 million invested in the Glace Bay area was identified based on the known
7 scope of work undertaken in that region and associated project planning and budget tracking. As
8 described in response to NSEB IR-4, this work included the replacement of more than 160 poles
9 across seven feeders, together with transformer, insulator, and conductor-related work. The
10 concentration of condition-driven replacement activity in Glace Bay illustrates the type of high-
11 priority work that contributed to the increase in D055 expenditures in 2025.

12 13 **3.4 Recommendations**

14
15 The CA submits that, in light of the overspend and its concerns regarding the information available
16 to assess the expenditures incurred under D055 and NS Power's cost minimization practices, the
17 Board may wish to consider a reduction in cost recovery. The CA further submits that the Board
18 may wish to direct NS Power to revise its quarterly capital projects reporting to include routine-
19 level information in Schedule R8 in order to provide earlier visibility into significant variances in
20 distribution routine spending.

21
22 NS Power submits that a reduction in cost recovery is not warranted. As described in the
23 Application, IR responses, and above, the increased expenditures under D055 were driven by a
24 significant increase in condition-driven replacement work, including higher volumes of high-
25 priority deficiencies identified through feeder inspection activities, increased Field Driven Work
26 associated with deficiencies identified by regional operations and engineering, and increased
27 Streetlight and Service Removal work driven by updated condition information. The work was
28 prioritized and executed in accordance with NS Power's asset management framework and
29 managed using established forecasting and cost-management practices. Accordingly, there is no

1 basis to conclude that the expenditures incurred under D055 were imprudent or that a reduction in
2 cost recovery is warranted.

3
4 With respect to the CA's reporting recommendation, NS Power notes that routine-level spending
5 information is already reported to the Board through the ACE Plan process and through Q4 capital
6 reports. If the Board determines that more frequent reporting of this information would be useful,
7 NS Power would not object to revising Schedule R8 to include routine-level expenditure and
8 variance information within its quarterly capital reporting.

4.0 CONCLUSION

NS Power thanks Intervenors for their submissions and the Board for the opportunity to provide these Reply Submissions. NS Power respectfully requests that the Distribution Routines CI Various - D055 – Planned Replacement of Deteriorated Equipment ATO be approved in full.