

ORDER

NSUARB-NSPI-P-128.09
2009 NSUARB 54

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT

- and -

**IN THE MATTER OF A REVIEW OF THE 2009 ANNUAL CAPITAL EXPENDITURE PLAN
PROPOSED BY NOVA SCOTIA POWER INCORPORATED**

BEFORE:

Kulvinder S. Dhillon, P.Eng., Panel Chair
Murray E. Doehler, C.A., P.Eng., Member

ORDER

WHEREAS the Nova Scotia Utility and Review Board (the "Board") convened a hearing on April 3, 2009, to hear a presentation by Nova Scotia Power Incorporated ("NSPI") respecting its proposed Annual Capital Expenditure Plan ("ACE Plan") for 2009 in the amount of \$246,608,635, which, pursuant to s. 36 of the *Public Utilities Act* ("Act"), does not include Point Aconi expenditures of \$1,811,788;

AND WHEREAS the Board wishes to continue to review separately the capital justification of all capital items ("CIs"), each of which has a total estimated cost exceeding \$1 million;

AND WHEREAS the Board reserves the right to retroactively review the capital cost justification for CIs under \$1 million on a selected basis;

AND WHEREAS by Order dated July 24, 2008, the Board approved the 2008 ACE Plan in the amount of \$162,986,240, (exclusive of any Point Aconi expenditures), with the following exceptions:

- CI # 14366 SHH-DIB Pipeline Replacement
- CI # 28702 Replace Bridgewater Transformer 89W-T1
- CI # 28727 Great Barren Dam Safety
- CI # 29010 Install 138-25 kV Transformer at 22C Cleveland Substation
- CI # 28413 Work Management System Replacement
- CI # 29009 Right-of-Way Purchase Northern NS
- CI # 29012 Upgrade L-6537
- CI # 28621 2008 L-5027 Insulator Replacement
- CI # 28678 Renewable In-Stream Tidal Generation Demo Project
- CI # 29008 Construct 139H Dartmouth Crossing Substation
- CI # 29013 82V Elmsdale Transformer Addition

AND WHEREAS the following CIs have now been approved by the Board:

- CI # 14366 SHH-DIB Pipeline Replacement
- CI # 28702 Replace Bridgewater Transformer 89W-T1
- CI # 28727 Great Barren Dam Safety
- CI # 29010 Install 138-25 kV Transformer at 22C Cleveland Substation
- CI # 28413 Work Management System Replacement
- CI # 29012 Upgrade L-6537
- CI # 28621 2008 L-5027 Insulator Replacement
- CI # 28678 Renewable In-Stream Tidal Generation Demo Project
- CI # 29008 Construct 139H Dartmouth Crossing Substation
- CI # 29013 82V Elmsdale Transformer Addition

AND WHEREAS CI # 29009, Right-of-Way Purchase Northern NS, was deferred and is now proposed in the 2009 ACE Plan;

AND WHEREAS the Board withheld the approval of the following 2008 ACE Plan items under \$1.0 million until NSPI submitted a request for approval of the capital expenditures and provided the Board with appropriate capital justification information:

CI # 29017 PCB Equipment Inventory
CI # 29063 Three Mile Plains Feeder
CI # 28752 CT's - Implement GE SB 220 FOR #4 & 5 Spline Gears
CI # 28363 55V- Waterville: Add 7.5/10/12.5 MVA, 69-12.47kV
Transformer
CI # 28753 CT's - Tusket Fuel Storage Remote Monitoring
CI # 28898 LIN - Replace West Boiler House Intake Louvers
CI # 28748 TUC - Replace Chemical Additives Systems

AND WHEREAS the following CIs have now been approved by the Board:

CI # 29017 PCB Equipment Inventory
CI # 29063 Three Mile Plains Feeder
CI # 28363 55V- Waterville: Add 7.5/10/12.5 MVA, 69-12.47kV
Transformer
CI # 28753 CT's - Tusket Fuel Storage Remote Monitoring
CI # 28898 LIN - Replace West Boiler House Intake Louvers
CI # 28748 TUC - Replace Chemical Additives Systems

AND WHEREAS CI # 28752 - Implement GE SB 220 for #4 & 5 Spline Gears, has been deferred to 2010;

AND WHEREAS the Board directed that NSPI and Board staff work together to provide an updated draft of the Capital Expenditure Justification Criteria (CEJC) to the Board for approval, with the intent that the revised CEJC would apply to NSPI's 2009 ACE Plan submission; and this directive remains outstanding;

AND WHEREAS the Board also directed that the revised CEJC include a methodology to establish an appropriate level at which separate Board approval for over spending or final cost variance should be required; and this directive remains outstanding;

AND WHEREAS the Board Ordered that effective July 31, 2008, the capital justification information filed with the Board in support of CIs request for approval should include the identification of all related capital expenditures in the current year, and which

have occurred in the two years preceding the date of the approval request, as well as expenditures which are expected to occur in the following two years; and this Order was only partly fulfilled;

AND WHEREAS the Board Ordered that future ACE Plan filings shall include a section identifying previously approved capital expenditure items which were not activated and were either delayed or not re-submitted for approval in the subsequent ACE Plan filing; and this Order was only partly fulfilled;

AND WHEREAS at the hearing NSPI was asked to provide responses to Undertakings U-1 and U-2, by April 9, 2009, later extended to April 15, 2009 and responses were filed on April 15, 2009;

AND WHEREAS the following 2009 CIs now have Board Approval at a total cost of \$20,612,502:

CI # 34203	LIN Unit #3 Mercury Abatement
CI # 34182	LIN Unit #1 Mercury Abatement
CI # 34202	LIN Unit #2 Mercury Abatement
CI # 34222	LIN Unit #4 Mercury Abatement
CI # 34224	TRE Unit #5 Mercury Abatement
CI # 34223	POT Mercury Abatement
CI # 34242	TRE Unit #6 Mercury Abatement

AND WHEREAS the CI # 32304, AMR Hardware & Software Installation, is a part of the separate approval process under Integrated Resource Plan Update ("IRP");

IT IS ORDERED that the 2009 ACE Plan forecasted expenditures in the amount of \$246,608,635 (exclusive of any Point Aconi expenditures) be approved, subject to the exceptions set out below;

IT IS FURTHER ORDERED that approval of the following budget items, each of which exceeds \$1.0 million and for which expenditures are anticipated in 2009 is withheld until NSPI submits a request for approval of each capital expenditure and provides the Board with appropriate capital expenditure justification information:

Generation

CI # 31203	HYD Toms Lake Dam Safety Remedial Works	\$3.5M
CI # 31244	HYD Paradise Wood Stave Pipeline Replacement	\$9.2M
CI # 28726	HYD Carlton Lake Dams Refurbishment	\$2.3M
CI # 32442	HYD Ridge Spillway Refurbishment	\$2.1M
CI # 34062	TRE5 Condenser Retubing	\$2.0M
CI # 28529	TRE5 Secondary Super Heater Outlet	\$1.5M
CI # 25416	LIN 2009 Ash Site Sealing and Capping	\$1.0M

Transmission

CI # 33542	Upgrade L-8002	\$1.6M
CI # 33504	Upgrade 69KV Circuit to Pleasant Street	\$1.4M
CI # 33624	Spare Generator Transformer	\$4.8M

General Property

CI # 33642	2009 Transportation Vehicle Replacement	\$1.7M
CI # 29009	Right of Way Purchase Northern NS	\$4.7M

IT IS FURTHER ORDERED that approval of the following budget items, each of which is less than \$1.0 million is withheld until NSPI submits a request for approval of each capital expenditure and provides the Board with appropriate capital expenditure justification information:

CI # 30802	POT Marine Terminal - Dust Mitigation	\$950,598
CI # 30283	POT Marine Coal Terminal Vessel Access	\$294,742
CI # 33772	2009 PCB Equipment Removal / Destruction	\$292,591
CI # 30828	TRE Common Water Pipe Replacement	\$100,809
CI # 32922	PeopleSoft Time and Labour Module Implementation	\$609,650
CI # 32722	Business Continuity Planning Methodology	\$181,749

CI # 32163	Treasury Management System Upgrade	\$670,368
CI # 33502	FAC Environmental Site Assessment	\$528,907
CI # 33602	CIP Standards Implementation	\$421,701
CI # 28800	FAC Environmental Property Remediation Routine	\$208,740
CI # 30102	POT DCS Replacement Phase 1	\$921,996
CI # 33582	Canaan Road to Tremont R.O.W.	\$901,067

IT IS FURTHER ORDERED that the CI # 32304, AMR Hardware & Software Installation, is not approved and will be considered as a part of IRP Update;

IT IS FURTHER ORDERED THAT:

- a) A distinct section titled, DEFERRED or CANCELLED ITEMS, be added to future ACE Plan filings and shall list all capital items for the previous ACE Plans which have been deferred or cancelled and an explanation provided for each deferral or cancellation. This information is to be updated in the fourth quarter Capital Report to be filed with the Board by February 15th each year;
- b) NSPI's ACE Plan CI descriptions and CI requests for approval, be enhanced by clearly listing all related capital items and project expenditures for the current year, the preceding two years, and the following two years;
- c) An updated draft of the Capital Expenditure Justification Criteria (CEJC) will be filed by April 30, 2009, as noted by NSPI during the hearing, for Board Staff review. The Board orders that a final version of CEJC shall be submitted by NSPI and Board staff by July 3, 2009 for Board approval, with the intent that the revised CEJC would apply to NSPI's 2010 ACE Plan submission.

DATED at Halifax, Nova Scotia this 28th day of April, 2009.

Clerk of the Board