

NON-CONFIDENTIAL

1 **Request IR-25:**

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3 **With reference to the response to CA-IR-7, Attachment 1, please provide a revised version**
4 **of this response with the beginning and ending CWIP balance for each month separated**
5 **between projects to which AFUDC is applied and projects in which AFUDC is not applied.**
6 **This request is not asking for the AFUDC amount, rather it is asking for the CWIP**
7 **balances. For example, the January 2013 opening CWIP balance of \$261,775,000 should be**
8 **separated into 2 amounts – those projects which accrue CWIP and those projects that do**
9 **not accrue CWIP. Please also provide the same information for each month of 2014 with**
10 **the same level of detail.**

11

12 Response IR-25:

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14 Please refer to Attachment 1 for 2013 and Attachment 2 for 2014.

2013 CWIP Continuity (Thousands of dollars)

Not Eligible for AFUDC

	CWIP Opening Balance	2013 Forecasted Spending	2013 Forecasted Additions	2013 Forecasted Removal & Salvage	CWIP Ending Balance
January-13	20,851	5,215	(10,779)	(171)	15,117
February-13	15,117	5,564	(5,382)	(173)	15,126
March-13	15,126	6,961	(6,726)	(225)	15,135
April-13	15,135	6,487	(6,258)	(217)	15,148
May-13	15,148	6,895	(6,644)	(240)	15,159
June-13	15,159	7,275	(7,048)	(218)	15,168
July-13	15,168	6,293	(6,075)	(207)	15,179
August-13	15,179	7,025	(6,780)	(233)	15,190
September-13	15,190	7,873	(7,644)	(218)	15,202
October-13	15,202	7,017	(6,761)	(244)	15,214
November-13	15,214	9,311	(9,038)	(261)	15,226
December-13	15,226	11,663	(11,529)	(121)	15,238
		87,579	(90,664)	(2,528)	

Eligible for AFUDC

	CWIP Opening Balance	2013 Forecasted Spending	2013 Forecasted Additions	2013 Forecasted Removal & Salvage	CWIP Ending Balance
January-13	240,924	43,513	(91)	(201)	284,145
February-13	284,145	6,395	(330)	(220)	289,989
March-13	289,989	19,486	(207,678)	(348)	101,449
April-13	101,449	18,749	(1,169)	(348)	118,681
May-13	118,681	17,898	(1,893)	(348)	134,338
June-13	134,338	16,498	(29,519)	(348)	120,969
July-13	120,969	12,951	(1,161)	(348)	132,411
August-13	132,411	12,058	(1,161)	(353)	142,954
September-13	142,954	15,209	(33,198)	(348)	124,616
October-13	124,616	7,633	(4,057)	(348)	127,843
November-13	127,843	7,077	(62,359)	(348)	72,214
December-13	72,214	9,341	(30,241)	(348)	50,966
		186,809	(372,858)	(3,908)	

Total CWIP

	CWIP Opening Balance	2013 Forecasted Spending	2013 Forecasted Additions	2013 Forecasted Removal & Salvage	CWIP Ending Balance
January-13	261,775	48,728	(10,870)	(372)	299,261
February-13	299,261	11,959	(5,712)	(393)	305,115
March-13	305,115	26,447	(214,404)	(573)	116,585
April-13	116,585	25,236	(7,426)	(565)	133,829
May-13	133,829	24,793	(8,537)	(588)	149,497
June-13	149,497	23,773	(36,567)	(566)	136,137
July-13	136,137	19,244	(7,236)	(555)	147,589
August-13	147,589	19,083	(7,941)	(587)	158,144
September-13	158,144	23,082	(40,842)	(566)	139,818
October-13	139,818	14,650	(10,819)	(592)	143,057
November-13	143,057	16,388	(71,397)	(609)	87,439
December-13	87,439	21,004	(41,771)	(469)	66,204
		274,388	(463,523)	(6,436)	

2014 CWIP Continuity (Thousands of dollars)

Not Eligible for AFUDC

	CWIP Opening Balance	2014 Forecasted Spending	2014 Forecasted Additions	2014 Forecasted Removal & Salvage	CWIP Ending Balance
January-14	15,238	6,033	(5,830)	(194)	15,248
February-14	15,248	6,403	(6,198)	(196)	15,257
March-14	15,257	7,875	(7,614)	(252)	15,267
April-14	15,267	7,390	(7,133)	(244)	15,280
May-14	15,280	7,828	(7,548)	(268)	15,292
June-14	15,292	8,195	(7,943)	(244)	15,301
July-14	15,301	7,192	(6,947)	(233)	15,312
August-14	15,312	7,973	(7,699)	(261)	15,324
September-14	15,324	8,796	(8,540)	(244)	15,335
October-14	15,335	8,062	(7,777)	(273)	15,348
November-14	15,348	10,341	(10,039)	(291)	15,360
December-14	15,360	12,609	(12,448)	(147)	15,373
		98,696	(95,715)	(2,846)	

Eligible for AFUDC

	CWIP Opening Balance	2014 Forecasted Spending	2014 Forecasted Additions	2014 Forecasted Removal & Salvage	CWIP Ending Balance
January-14	50,966	30,520	-	(43)	81,443
February-14	81,443	15,178	-	(43)	96,577
March-14	96,577	19,714	(4,354)	(140)	111,797
April-14	111,797	15,979	(1,048)	(163)	126,565
May-14	126,565	17,907	(1,048)	(163)	143,260
June-14	143,260	19,265	(33,924)	(163)	128,438
July-14	128,438	13,291	(1,341)	(163)	140,225
August-14	140,225	12,178	(1,270)	(163)	150,970
September-14	150,970	16,932	(28,886)	(163)	138,853
October-14	138,853	9,896	(7,367)	(163)	141,218
November-14	141,218	14,414	(38,014)	(164)	117,455
December-14	117,455	8,516	(27,074)	(163)	98,735
		193,790	(144,327)	(1,695)	

Total CWIP

	CWIP Opening Balance	2014 Forecasted Spending	2014 Forecasted Additions	2014 Forecasted Removal & Salvage	CWIP Ending Balance
January-14	66,204	36,554	(5,830)	(237)	96,691
February-14	96,691	21,580	(6,198)	(239)	111,835
March-14	111,835	27,589	(11,968)	(391)	127,064
April-14	127,064	23,369	(8,181)	(407)	141,845
May-14	141,845	25,735	(8,597)	(431)	158,552
June-14	158,552	27,460	(41,867)	(407)	143,739
July-14	143,739	20,483	(8,288)	(396)	155,537
August-14	155,537	20,151	(8,970)	(424)	166,294
September-14	166,294	25,727	(37,425)	(407)	154,189
October-14	154,189	17,958	(15,144)	(436)	156,566
November-14	156,566	24,756	(48,052)	(454)	132,815
December-14	132,815	21,125	(39,522)	(311)	114,108
		292,487	(240,042)	(4,541)	

REDACTED

1 **Request IR-26:**

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3 **With reference to the redacted response to Larkin-IR-9(a-b), please respond to the**
4 **following as it pertains to the Workforce Reduction Costs:**

- 5 a) **Please identify the total number of employees, by employee type (i.e., executive,**
6 **management, union, etc.) who left and/or plan to leave under the workforce**
7 **reduction for which the costs are included in the confidential amount.**
- 8 b) **Please provide a copy of any correspondence provide to employees describing the**
9 **workforce reduction and the severance package being offered as part of the**
10 **reduction program.**
- 11 c) **Please provide detailed workpapers showing how the workforce reduction costs**
12 **were determined for each of the years presented in the figure. These amounts**
13 **should be presented by employee and clearly demonstrate how the total cost was**
14 **derived. Include all assumptions and calculations used in deriving the amounts.**
- 15 d) **Please provide the amount of savings incorporated in the 2013 and 2014 years in the**
16 **Company’s filing associated with the workforce reduction program. Also, please**
17 **provide the savings that are projected for 2015.**
- 18 e) **Please provide a citation to any NSUARB orders which approved the deferral and**
19 **amortization of past severance costs in rates.**

20
21 **Response IR-26:**

- 22
23 (a) **Please refer to the figure below.**

24

Number of Employees by Category	
Non-management non-union	
Management non-union	
Union	
Total	

25

2013 General Rate Application (NSUARB P-893)
NSPI Responses to Larkin Information Requests

REDACTED

- 1 (b) Employees who are terminated of regular employment without just cause are provided
2 with severance and payment in lieu of notice in accordance with the Nova Scotia Labour
3 Standards statutes. This includes benefit offerings beyond the termination date which
4 include health benefits, career counselling and access to the employee assistance
5 program. Please refer to Confidential Attachment 1.
6
- 7 (c) Please refer to Confidential Attachment 2.
8
- 9 (d) For the regular employees included in response (a), the estimated cost savings based on
10 annual salary and related benefit costs is \$4,993,075 in 2013, \$5,132,881 in 2014 and
11 \$5,276,602 in 2015.
12
- 13 (e) Deferral of severance costs is prescribed in NS Power's approved Accounting Policy
14 6930.¹ Please refer to Larkin IR-9 Attachment 1 for the Accounting Policy.

¹ NSPI Approval of Changes to Accounting Policy and Procedures Manual, UARB Order, NSUARB-NSPI-P-111.6, February 16, 2011.

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1 **Request IR-27:**

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3 **With reference to the response to Larkin-IR-10 as it pertains to the cancelled project at a**
4 **Lingan unit:**

- 5 a) **Please provide a description of the cancelled project and identify the cancellation**
6 **date;**
- 7 b) **Please provide a detailed discussion of the factors causing the project to be**
8 **cancelled;**
- 9 c) **Please provide an itemization of all costs incurred on the project prior to**
10 **cancellation and show how the costs have been accounted for on NSPI's books both**
11 **before and after project cancellation (i.e., amount in CWIP, amount written-off,**
12 **amount transferred to other projects, amount in inventory, etc.).**
- 13 d) **Please provide a detailed listing of the inventory related to the cancelled project that**
14 **is "being temporarily held in inventory..." This should include a description of and**
15 **the cost of each item.**
- 16 e) **Please provide the current best estimate of when the items being temporarily held in**
17 **inventory will be used at another facility.**
- 18 f) **Did the company write-off any costs on its books associated with the cancellation of**
19 **the project? If so, please provide the journal entry used to write-off the cancelled**
20 **project costs and identify when the entry was made if not apparent from the journal**
21 **entry.**
- 22 g) **If the cancelled project was written-off on NSPI's books, please provide all impacts**
23 **on the 2012, 2013 and 2014 period associated with such write-offs.**

24
25 **Response IR-27:**

- 26
27 (a) The Lingan Unit 2 Last Pass Blades (L-0) were exhibiting trailing edge erosion and are
28 considered reaching end of life. Replacement during the next planned major outage was
29 recommended. The L-0 blades are original to the turbine and are susceptible to wear due

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1 to the placement in the turbine. The project scope is to remove existing blades and install
2 new blades supplied by the original equipment manufacturer (OEM). The project was
3 cancelled in Q3, 2011.

4
5 (b) The project was cancelled due to the new government regulation relating to retirement of
6 units after 45 years of service. NS Power has identified Lingan Unit 2 as the most
7 economic choice for retirement to achieve prescribed greenhouse gas reductions in order
8 to meet the 45 year requirement. NS Power has also decided to operate Lingan Unit 2 as
9 a seasonal unit (six months annually) for 2012, 2013 and 2014. The blades will be
10 routinely inspected to ensure integrity for the remaining life of the turbine. Investing in a
11 new blade set is not economically justified at this time.

12
13 (c) Please refer to the figures below. Capital Project Costs to end of December 2011:
14

Project Item	Cost (\$)
Labour	1,314
Travel	9,044*
Material	1,536,600
Contracts	1,906
Meals	268
Interest	56,348
Overhead	411

15 *site visit to validate blade progress

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1 Capital Project Costs January 2012 to June 2012:

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Project Item	Cost (\$)
Material	(1,536,600)*
Interest	10,988

3

*materials moved to inventory

4

5 Inventory January 2012 to June 2012: \$1,614,434 – final materials cost on-site including
6 freight.

7

8 (d) The inventory includes one set of 30” electron beam, satellite shielded last stage blades,
9 with associated hardware and tooling such as lug shrouds, shroud covers and blade pins.

10

11 (e) The held item is planned for use on Lingan Unit 3 forecasted in April 2013.

12

13 (f) No.

14

15 (g) Not applicable.

NON-CONFIDENTIAL

1 **Request IR-28:**

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3 **With reference to the Partially Confidential Response to Larkin-IR-16, with regards to**
4 **each of the May 2012 year to date variances discussed in the confidential portion of the**
5 **response, please provide the following information:**

6 a) **Please provide the impact of the identified expenditure variances on the rate base**
7 **and net operating income incorporated in the Company's filing for 2013 and 2014.**
8 **Please break down the impact by item (i.e., plant in service, accumulated**
9 **depreciation, net plant, income taxes, depreciation expense, etc.) If no impact,**
10 **explain, in detail, why not.**

11 b) **Please indicate the currently projected status of each of these variances by 2012 year**
12 **end (i.e., on target at year end, variance of X by year end, etc.).**

13

14 Response IR-28:

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16 (a-b) Variances are largely due to timing and spending profiles. NS Power anticipates
17 relatively minor variances from the capital plan included in the Application. It has been
18 NS Power's experience where projects are not advanced as outlined in the Plan, it is
19 likely these will be replaced by projects not anticipated (that is, Unplanned and
20 Unforeseen projects) at the time of filing and the overall effect on the capital plan will be
21 minimal.

CONFIDENTIAL (Attachment Only)

1 **Request IR-29:**

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3 **With reference to the response to Larkin-IR-15, Partially confidential Attachment 2, for**
4 **each of the projects shown as being placed into service in 2012 that are now complete,**
5 **please provide the actual amount placed into service for the project. If any of the actual**
6 **amounts vary from the projected amounts shown on the Partially Confidential attachment**
7 **by more than the larger of 10% or \$200,000, please explain what factors caused the**
8 **variance.**

9

10 Response IR-29:

11

12 Please refer to Confidential Attachment 1 for a list of projects from Larkin IR-15 Attachment 2
13 that have been placed into service, year to date for 2012. Please note that some of these projects
14 are not ready to be final costed and therefore the final amounts could change. Attachment 1 also
15 includes routine projects which are placed in service as the costs are incurred. However, the
16 routine budgets are for the full year and variances exist.