



MEDIA RELEASE

Decision – NSPI Affiliate Code of Conduct Audit

Nova Scotia Utility and Review Board

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The Nova Scotia Utility and Review Board (UARB) has released a Decision on an audit of transactions between Nova Scotia Power Inc. (NSPI) and other Emera owned companies.

NSPI shares or obtains goods, services, and staff with other companies owned by Emera. Rules for those transactions are set out in an Affiliate Code of Conduct (Code).

The intent of the Code is to:

- Ensure that there is a benefit to NSPI customers in doing business with other Emera companies.
- Ensures the price paid for goods and services is reasonable and the best option.
- Prevent confidential information being shared which might give an affiliate an unfair advantage when bidding.

Audits are done to ensure NSPI is following the Code. The auditor – NorthStar Consulting Group – reviewed transactions over a 15 month period from October 1, 2015 to December 31, 2016. They also reviewed how business is generally conducted between the affiliated companies. NorthStar’s Audit Report concluded that:

- NSPI had complied with 24 of the 53 Code requirements,
- partially complied with 5, and
- had not complied with 24.

The Audit Report contained 33 recommendations. NSPI accepted 23 of those recommendations and rejected the remainder.

The UARB has made findings and given direction to NSPI regarding governance and utility management; utility financing; fair dealing with affiliates; and compliance with the Code in general. Of note:

- The management structure is not sufficient to prevent conflicts arising. However, the UARB does not have jurisdiction to order NSPI to have an independent Chair for its Board of Directors. The UARB requests NSPI voluntarily return to having an independent Chair. The UARB also directed additional safeguards to address management conflict and confidentiality issues.
- Documentation was not adequate to support a number of contracts made with other Emera companies. NSPI did not adequately check to see if the work could be done by NSPI employees.
- NSPI is required to advise the UARB if a new Power Line Technician contract is awarded or extended. The UARB reserved the right to revisit this if issues are identified in any future audit.

- NSPI and other participants are to develop a Cost Allocation Manual for UARB approval to address purchasing and accounting concerns. The UARB may direct a further review if concerns are identified in future audits.
- The UARB advised NSPI that it would consider disallowing transactions in future if there is continued failure to adequately comply with the Code.

More details are available in the Summary of Board Findings section of the Decision starting on page 72.

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