NOVA SCOTIA POWER
An Emera Company

June 9, 2010

Nancy McNeil
Clerk of the Board
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

Re: CI # 30954 – Confidential Lin 3 ESP Gas Flow Modification - P-128.10 Responses to Information Requests (IRs)

Dear Ms. McNeil:

Enclosed are IR responses pertaining to the capital item referenced above. These IRs were received on May 25, 2010.

The contract costs and budget estimates referenced in IR-2, IR-3 and IR-4 are confidential.

To protect value for customers and mitigate the risk of prospective proponents having access to this information, the forecast costs for materials are considered confidential. The more a supplier is aware of NSPI's specific requirements, the better their ability to obtain the highest price, reduce competition and ultimately increase the cost for NSPI and its customers. The cost of such transparency is not always immediately evident. Information from regulatory proceedings can provide competitive advantages over other suppliers, and that could be advantageous in bidding or negotiation. Higher prices, or avoidable contractual constraints, will result in unnecessary higher costs to customers.

Contract costs are also considered confidential. NSPI strives to keep the suppliers' pricing confidential from their other customers or potential competitors. This prevents competitors from using their information to gain a competitive advantage. This is equally true for NSPI, which desires to protect its ability to acquire capital services and equipment on the most competitive terms. Those "best" prices may not be available if there is a risk that they will be disclosed to the customers or competitors of the supplier.

Since NSPI customer rates are cost-based, the maintenance of confidentiality for this item is to the direct benefit of customers.

Regards,

Lee Thomson-Lutz, MBA, CMA
Manager, Capital

Encl.

NON-CONFIDENTIAL

Request IR-1:

Reference column 3 of the capital cost estimate.

a) The column is titled "Unit 1 budget estimate" Please confirm that this is a typo and it should say Unit 3 budget estimate.

b) The February 10, 2010 letter from Neundorfer states that this is an estimate for Lingan 1. Please confirm that this estimate is also valid for Lingan Unit 3. If not, please explain and provide the correct backup.

Response IR-1:

a) The reference to Unit #1 was an oversight by NSPI and should have read Unit #3.

b) NSPI confirms that this estimate is also valid for Lingan Unit #3.

REDACTED

Request IR-2:

Reference capital cost estimate, backup item 2a.

The capital cost table shows a value of $[redacted]. However, the backup for item 2a, Diamond Canapower quote, shows a total estimate of only $[redacted]. Please reconcile the two values.

Response IR-2:

Please refer to Confidential Attachment 1. This information was originally filed with the Board on April 30, 2010 as part of the First Quarter 2010 package. The difference in the two values is the result of a contingency added to cover the cost of potential items that may arise over the course of construction. This is based on experience gained from the Lingan Unit 2 ESP Gas Flow Modification project in 2009.

LIN3 ESP Flow Modification
Reference Notes

Budget Year	2010
Division	Power Production
Department	Lingan Generating station

Date	22-Mar
CI number	30954

Note 1	Flow distribution device	As per the estimate submitted by Neundorfer, the capital cost associated with the flow distribution device is [redacted] (exchange rate 1.04).
Note 2a.	Inlet Fall out hopper ash removal replacement materials	As per the estimate supplied by Diamond Canapower, material cost associated with the hopper ash removal replacement is [redacted] An additional [redacted] was added to the estimate as contingency to cover the cost of potential items that may arise over the course of construction.
Note 2b.	Fallout hopper outlet valve	As per Diamond Canapower the costs associated with the fallout hopper outlet valve is $5,914.
Note 3	Neundorfer site supervision	As per the estimate supplied by Neundorfer, site supervision will account for [redacted] of the total project. An additional [redacted] was added as contingency based on experience gained from identical scope recently completed on Unit 2.
Note 4	Boiler Installation contract services	The estimate of [redacted] is based on the experience gained from the Unit 2 ESP flow modification project completed in 2009.
Note 5	Fossil Power	As per the estimate created by Fossil Power systems, the cost associated with Allen Bradley hardware, engineering services, and commissioning support is [redacted]

REDACTED

Request IR-3:

Reference capital cost estimate, backup item 3.

The capital cost table shows a value of $[redacted]. However, the backup for item 3, the Neundorfer quote, shows a total estimate of only $[redacted] (plus modeling of $[redacted]?). Please reconcile the two values.

Response IR-3:

Please refer to IR-2 Attachment 1. This information was originally filed with the Board on April 30, 2010 as part of the First Quarter 2010 package. The difference in the two values is the result of a contingency added to cover the cost of potential items that may arise over the course of construction. This is based on experience gained from the Lingan Unit 2 ESP Gas Flow Modification project in 2009.

REDACTED

Request IR-4:

Reference capital cost estimate, backup item 5.

The capital cost table shows a value of $[redacted]. However, the backup for item 5, Fossils Power Systems Inc. quote, shows a total estimate of only $[redacted]. Please reconcile these two values. (Board Staff notes that the capital cost table for CI#36902 - Lingan 1 shows $[redacted]).

Response IR-4:

The difference in the two values is the result of a $[redacted] contingency added to cover the cost of potential items that may arise over the course of construction. This is based on experience gained from the Unit #2 ESP Gas Flow Modification project in 2009. The omission of this variance explanation in the original filing was an oversight by NSPI.

The cost estimate of $[redacted] for the same item included with CI #36902 LIN3 – ESP Gas Flow Modification, should also have been estimated at [redacted]. This was an oversight by NSPI. This item requires UARB final cost approval.