# Nova Scotia Utility and Review Board

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September 23, 2010

**By email: rene.gallant@emera.com**

Mr. Rene Gallant
General Manager, Regulatory Affairs
Nova Scotia Power Inc.
10th Floor, Barrington Tower
P. O. Box 910, Scotia Square
Halifax, NS B3J 2W5

Dear Mr. Gallant:

**Nova Scotia Power Inc. – CI#28098 – TUC6 Waste Heat Recovery Project – Authority to Overspend (ATO) – Oral Submissions – P-128.07 / M03097**

The Board's letter of September 15, 2010 provides NSPI an opportunity, as requested, to make oral submissions on this project at 9:00 am on October 22, 2010. The Board would like NSPI to address the following matters in its oral submissions, in addition to any other relevant submissions the Company wishes to make:

1. The Board seeks additional information on the status of the fish ladder required by the Department of Fisheries and Oceans to compensate for the loss of fish habitat as it relates to the TUC6 project. The capital cost of the fish ladder and whether or not this capital cost is included in the ATO request for CI#28098 should be addressed.

   (NSPI Response to Board IR-9)

2. Please advise which of the two options set out in the Mitsubishi Power Systems Technical Correspondence Sheet NSPI chose, the costs, and its reasons for doing so.

   In addition, on page 2 of 3 of Attachment 3 to the ATO application, a cost increase of $407,882 is shown under the heading "Cooling loads for the turbine generator and other equipment were greater than expected". The Board requires further details on the cause of this increase, including identification of any impacts resulting from NSPI's choice of options from the Mitsubishi document.

   (NSPI Response to Board IR-14)

3. NSPI provided a table of results for various plan assumptions. In particular, under the title "Base Case Plan A with NPPH Biomass Project", the "Total Project NPV Benefit $M" is shown as "(1.85)". NSPI later states:

> The analysis shows that for the Biomass Project Base Case Plan A with the updated capital applied to the 2009 IRP Update assumptions, the net present value for the project with duct-firing remains positive.

The Board asks that NSPI address how this statement can be reconciled with the negative $1.85 million from the NSPI table.

NSPI also provided results for High Load Plan E with NPPH Biomass Project. NSPI should comment on the expected probability of this plan occurring (versus the Base Case Plan A) and the weight the Board should give to Plan E results in its deliberations.

(NSPI Response to Board IR-2c)

4. The Board asked what process NSPI expects to follow if there is an additional increase in capital costs beyond the ATO estimate. NSPI provides an explanation of contingencies and the present status of risk mitigation in the project, concluding that it "...does not anticipate a requirement for additional project funding."

   This does not answer the "what if?" question posed. NSPI should assume there is a further increase in the capital costs above the ATO estimate and then provide an answer to the question.

   (NSPI Response to Board IR-20e)

Yours very truly,

Nancy McNeil

Nancy McNeil
Regulatory Affairs Officer/Clerk

c.c. S. Bruce Outhouse, Q.C., Board Counsel — By email
P-128.07 (TUC6 ATO) Participants — By email