

May 27, 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: Fuel Manual Revision Guide – P-200

Dear Ms. McNeil:

This letter responds to the UARB's letter of May 14, 2010 regarding the Fuel Manual Revision Guide (the Guide). The Guide was developed as an outcome of feedback from Liberty Consulting Group about the first year of operation of the Fuel Adjustment Mechanism, filed December 15, 2009 (see, in particular, Liberty's comments at page 3 of their submission). NSPI worked closely with Liberty to prepare the Guide.

The Board's letter requested responses to three items.

1. *Describe the sequence of events relative to stakeholder requests for changes to the Fuel Manual which may or may not be internally approved by NSPI.*

Stakeholder requests for changes to the Fuel Manual may be received unsolicited either verbally or by writing, through stakeholder conferences or working group sessions, and through informal discussions with NSPI. Most recently, stakeholder questions about the Fuel Manual were raised on December 15, 2009 in response to the opportunity to comment on the first year of operation of the FAM. These most recent items are being addressed in a small working group of interested confidential FAM stakeholders, including Liberty.

Stakeholder requests will be considered internally by NSPI and further discussion with stakeholders on the suggested revisions would be anticipated, the nature of which will depend upon the suggestion. For example, further discussion with the stakeholder may reveal that the revision is unnecessary because the suggestion is addressed elsewhere in the Fuel Manual. Engagement of a broader group of stakeholders may reveal that the suggestion is unsupported by stakeholders. In either of

these scenarios, the matter will not be further pursued. Alternatively, the suggested revision may require several stakeholder meetings or a small working group to fully explore the implications of the change. Board consultants will be included in this engagement.

Following this stakeholder review, proposed revisions will be recorded in the Record of Approved Fuel Manual Revisions (the Record). The Record is presented to NSPI's Director of Fuel & Energy Risk Management and the Executive VP & Chief Operating Officer for final internal approval. Following final internal approval, the Fuel Manual is revised in accordance with the Guide. The proposed revision is then filed with the Board for approval.

2. *What notification and access will stakeholders receive regarding revisions to the Fuel Manual?*

Interested FAM stakeholders receive regular FAM communications and filings, and as such are able to maintain an ongoing familiarity with the FAM and its operation. New stakeholders can request to be added to the stakeholder list, and request access to confidential information, at any time. Prior to submitting the proposed revisions to the Fuel Manual to the Board, stakeholders are engaged per the description above. When stakeholder meetings are required, notification is provided electronically to the entire FAM stakeholder list. Confidential FAM stakeholders have access to a copy of the Fuel Manual at NSPI's offices, and can discuss items with NSPI at any time.

Subsequent to the stakeholder engagement described above, proposed revisions to the Fuel Manual and the accompanying Record of Approved Fuel Manual Revisions will be submitted to the Board electronically. FAM Stakeholders will be simultaneously notified of the proposed Fuel Manual revisions and the filing with the Board. Confidential stakeholders will have access to NSPI's filing through the UARB confidential document repository.

Once the Board has approved of the revised Fuel Manual, a copy of the revised Fuel Manual (as well as previous versions) will be kept on file at NSPI's offices, along with the Record. Confidential FAM stakeholders will continue to have access to these files in the usual course.

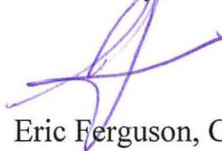
3. *NSPI has provided its Guide to the Board for information and is requesting comments from the Board. In addition, NSPI notes that the Guide now includes provision for UARB review and approval of Fuel*

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Manual revisions. Please confirm if it is NSPI's intention to seek Board approval of its internal Guide and explain the rationale.

The Guide was provided for the Board's information and in the event the Board has comments. NSPI does not request Board approval of the Guide, as it describes processes for internal administration only, leading up to and following Board approval of the Fuel Manual. NSPI will seek Board approval of future revisions to the Fuel Manual.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Eric Ferguson', with a stylized flourish extending from the end.

Eric Ferguson, CMA
Director, Regulatory Affairs (Acting)

c: FAM Intervenors