NOVA SCOTIA
POWER
An Emera Company

December 16, 2010

Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
PO Box 1692, Unit "M"
Halifax, NS B3J 3S3

Re: Request Board Approval for Amendments to the Accounting Policy and Procedures Manual – P-111.6 / Matter No. M03154

Dear Ms. McNeil,

In the Board's December 13, 2010 letter, NSPI was asked to provide comment on BDO's report to the Board regarding the above noted matter as well as to indicate the basis upon which it is acceptable for the Company to use United States' Generally Accepted Accounting Principles ("US GAAP") for external financial statements. NSPI submits the following responses to the Board's questions and would be pleased to provide any further information required.

> The Board has received the Final Report from BDO Canada LLP ("BDO") on the proposed changes to the Accounting Policy and Procedures Manual ("Manual"). BDO has informed the Board that a copy of this report had been sent to NSPI. Does NSPI have any comments on the Final Report?

NSPI is generally satisfied with the results of the BDO Report on changes to the Company's Accounting Policies and Procedures required for the transition to USGAAP.

BDO's recommendation concerning further review of the policy implementation to identify transitional changes is understandable however the Company respectfully reiterates its request that the Accounting Policies and Procedures be fully approved by the UARB no later than December 31, 2010. Approved policies are required for the Company to meet external auditor requirements and implement US GAAP effective January 1, 2011. The Board will continue to retain authority to revise the Accounting Policies and Procedures in future, as necessary.

> NSPI did not include the basis upon which the Company can use US Generally Accepted Accounting Principles for reporting in Canada. Could you please send the Board the basis upon which this change is deemed to be acceptable.

In a letter dated January 28, 2010, NSPI communicated its intention to implement US GAAP effective January 1, 2011; subject to meeting applicable legal and securities regulation requirements. NSPI subsequently received UARB confirmation that the change to external reporting standards did not conflict with the Company's obligations under the Public Utilities Act. Following a formal application dated March 17, 2010, NSPI also received an Order that the Company's use of US GAAP is exempt from Board Regulatory Rule 32 which requires that corporations subject to the Public Utilities Act present financial statements in accordance with the recommendations of the Canadian Institute of Chartered Accountants Handbook. The following summary outlines the basis upon which the Company can use US GAAP for reporting in Canada, as requested December 13, 2010.

Introduction – Basis for use of US GAAP

NSPI is entitled to prepare its financial statements in accordance with U.S. GAAP under applicable Canadian securities laws and under the Nova Scotia *Companies Act* (the "Companies Act") provided it is subject to reporting obligations under U.S. securities laws. The Toronto Stock Exchange accepts financial statements that comply with applicable securities laws. NSPI registered debt securities under the U.S. Securities Act of 1933, as amended, ("U.S. Securities Act") through the filing of a shelf registration statement on Form F-9 with the U.S. Securities and Exchange Commission (the "SEC") under the Multijurisdictional Disclosure System ("MJDS").

National Instrument 52-107

The Canadian Securities Administrators' securities regulation entitled National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* ("NI 52-107"), which has been adopted by the Nova Scotia Securities Commission and applies to NSPI, provides that financial statements of NSPI may be prepared in accordance with US GAAP if it is an "SEC issuer". The term "SEC issuer" is defined in NI 52-107 as an issuer that "has a class of securities registered under section 12 of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act") <u>or is required to file reports under section 15(d) of the Exchange Act"[Emphasis added]</u>. Section 15(d) of the U.S. Exchange Act requires an issuer to file annual reports with the SEC if it has filed a registration statement under the U.S. Securities Act, which NSPI did in July of this year, as more fully explained below.

Nova Scotia Companies Act

Section 122(1) of the Companies Act provides that financial statements must be prepared in accordance with Canadian GAAP. The Companies Act goes on to provide an exception in Subsection 122(1A) for companies that have registered securities under the U.S. Securities Act, namely that "the financial statements referred to in subsection (1) may be prepared in accordance with generally accepted accounting practices as established by the Financial Accounting Standards Board of the United States or its successor."

U.S. Securities Act Registration

On July 15, 2010, NSPI registered certain of its debt securities under the U.S. Securities Act, by filing a shelf registration statement on Form F-9 with the SEC under the MJDS. Form F-9 is a form which allows eligible Canadian foreign private issuers, including NSPI, to register non-convertible investment grade securities under the U.S. Securities Act by filing a Canadian prospectus under cover of Form F-9. NSPI's Form F-9 SEC filing was received and accepted by the SEC on its Electronic Data Gathering, Analysis, and Retrieval system (EDGAR), as evidenced by the PDF copy of the attached receipt from the SEC filing desk, and which filing can be viewed on the EDGAR site at the following link (please also see the attached PDF screenshot):

http://www.sec.gov/cgi-bin/browse-edgar?company=nova+scotia+power&match=&CIK=&filenum=&State=&Country=&SIC=&owner=exclude&Find=Find+Companies&action=getcompany

Conclusion

As a result of the forgoing, NSPI is now an SEC issuer with the reporting obligations associated with being a foreign private issuer in the U.S., and is thereby permitted pursuant to applicable Canadian securities regulations and Nova Scotia company law to prepare and report its financial results in accordance with US GAAP.

For more information, please do not hesitate to contact the undersigned.

Regards,

Eric Ferguson, CMA
Director, Regulatory Affairs

Encl.
Attachment 1 – SEC filing desk receipt
Attachment 2 – EDGAR Screen Shot

c: Claudette Porter, CA
J. René Gallant

THE FOLLOWING SUBMISSION HAS BEEN ACCEPTED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION.

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COMPANY:        Nova Scotia Power Inc
FORM TYPE:      F-9                    NUMBER OF DOCUMENTS: 52
RECEIVED DATE: 15-Jul-2010 16:28      ACCEPTED DATE:        15-Jul-2010 16:28
FILING DATE:   15-Jul-2010 16:28
TEST FILING:   NO                     CONFIRMING COPY:      NO
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ACCESSION NUMBER: 0001193125-10-159498

FILE NUMBER(S):
1. 333-168126

THE PASSWORD FOR LOGIN CIK 0001193125 WILL EXPIRE 01-Jun-2011 16:07.

PLEASE REFER TO THE ACCESSION NUMBER LISTED ABOVE FOR FUTURE INQUIRIES.

REGISTRANT(S):

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      1. CIK:         0001496154
      COMPANY:    Nova Scotia Power Inc
      FORM TYPE:  F-9
      FILE NUMBER(S):
                  1. 333-168126
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SIC: 4911 - ELECTRIC SERVICES
State location: A5 | State of Inc.: **A5** | Fiscal Year End: 1231
(Assistant Director Office No 2)

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P.O. BOX 910
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6-K	Documents	Report of foreign issuer [Rules 13a-16 and 15d-16] Acc-no: 0001193125-10-181624 (34 Act) Size: 564 KB	2010-08-06	333-168126 10999341
F-X	Documents	Appointment of Agent for Service of Process and Undertaking Acc-no: 0001193125-10-159520 (33 Act) Size: 22 KB	2010-07-15	333-168126 10954668
F-X	Documents	Appointment of Agent for Service of Process and Undertaking Acc-no: 0001193125-10-159518 (33 Act) Size: 21 KB	2010-07-15	333-168126 10954661
F-9	Documents	Registration of securities of certain investment grade debt of preferred securities of certain Canadian issuers. Acc-no: 0001193125-10-159498 (33 Act) Size: 3 MB	2010-07-15	333-168126 10954560

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Modified 05/21/2009

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