



Nova Scotia Utility and Review Board

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January 25, 2011

Via Email: eric.ferguson@nspower.ca

Mr. Eric Ferguson
Director, Regulatory Affairs
Nova Scotia Power Inc.
14th Floor, Barrington Tower
P. O. Box 910, Scotia Square
Halifax, NS B3J 2W5

Dear Mr. Ferguson:

**Nova Scotia Power Inc. – Accounting Policy and Procedures Manual –
P-111.6 / Matter No. M03154**

On January 11, 2011, the Board received the compliance filing from Nova Scotia Power Inc. ("NSPI") for the Accounting Policy and Procedures Manual (the "Manual"). The Board notes there are four discrepancies from the wording as originally submitted for approval.

Section 1530, regulated return and equity, has been expanded by two policies which includes a definition of equity that is subsequently used in the calculation. The Board accepts these additions.

Section 5300, depreciation amortization expense, policy 02 has the phrase "... useful live of ...". NSPI may want to consider rewording.

Section 6200, construction work in progress, the policy 02(n) has dropped the specific reference to UARB approval. As well, this section talks about a tolerance of \$250,000, whereas in the approved version, in subsection I reference is made to 5% and \$25,000 as the tolerance level. The Board accepts the new tolerance level of \$250,000, but is concerned that the percentage variance has been removed. A \$250,000 overspend on an original budget of \$400,000 is much more significant than a \$250,000 overspend on a budget item of \$2,000,000. The Board is also concerned about items that may have an original budget of less than \$250,000 but, with an overspend of \$250,000, now exceed the amount that would normally have received Board scrutiny. NSPI should reconsider rewording subsection n and submit it for approval.

Section 6235, application of administrative overhead (contracted assets) in the approved version, the policies numbers went from three to five with no number four. The compliance filing corrects this ordering. The Board approves this change.

Before issuing the Order, the Board would like to receive NSPI's comments, and any amendments that may be suggested, for section 5300 and section 6200. A response by February 4, 2011, would be appreciated.

Yours very truly,

A handwritten signature in cursive script that reads "Nancy McNeil".

Nancy McNeil
Regulatory Affairs Officer/Clerk