

July 23, 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: Application by Nova Scotia Power Inc. for Approval of Capital Work Orders
CI 39323, CI 39626, CI 39627, CI 39628 Digby Wind Project**

Dear Ms. McNeil:

Please find enclosed Nova Scotia Power Inc.'s (NSPI, the Company) application and four capital work order applications for CI 39323, CI 38626, CI 39627, CI 39628 in the amount of \$82.8 million for the acquisition, construction and interconnection of the Digby Wind Farm Project (the Project).

The Project provides for the acquisition of the Project assets from NSPI's affiliate, 3240384 Nova Scotia Limited (324 NSL). As provided in the Application, once commissioned this project will generate 30 MW of renewable wind energy.

This Project is being put forward as an NSPI-owned wind project for compliance with the 2013 RES. The Company seeks to have the Project in service by the end of 2010 so that it can avail itself of the Federal ecoENERGY funding which is available for projects in-service by March 31, 2011.

Consistent with the Board's letter of November 26, 2009, in which the Board described its approach to intervenor involvement in capital work order approvals, and because this application is similar in nature to those filed by the Company for the Nuttby Wind Project and the Point Tupper Wind Project, NSPI recommends the Board convene a written hearing process for this matter. NSPI has copied this correspondence to FAM stakeholders, thereby providing them with a public copy of the Application, so that they may determine whether they wish to intervene.

In accordance with the Board Regulatory Rules (N.S.Reg 235/2005), NSPI respectfully requests the Board require potential intervenors to file a written request to intervene, meeting the conditions of Rule 11(1)(a) to (d). Requests for intervention should be required to be filed within the timeline established by the Board.

NSPI respectfully requests the Board's approval of this Application not later than December 20, 2010.

Request for Confidentiality

Pursuant to Rule 12 of the Board Regulatory Rules, NSPI hereby requests confidential treatment of certain portions of the material filed in support of this capital work order.

Information presented in the Application is non-confidential with the exception of certain information presented in 9 of the appendices. NSPI's support for its request that this information be maintained by the Board as confidential is provided herein. The details, in accordance with Rule 12(4) are as follows:

Appendix 2 – Capital Application Approval Sheets (Cost details page)

The specific cost per turbine is confidential according to an agreement with the supplier. The construction cost information is also confidential.

The protection of this information is an important element in ensuring NSPI can work with suppliers to gain the best possible terms for our customers. Original equipment suppliers are entitled to reasonable protection of their pricing terms and other intellectual property. Since NSPI customer rates are cost-based, this is to the direct benefit of customers.

A redacted version is provided herein.

Appendix 4 – Asset Purchase Agreement

Partial redaction has been made to the Asset Purchase Agreement where reference is made to a commercial term of the PPA and the Promissory Note. The information is protected from public disclosure by a contractual confidentiality agreement.

The protection of this information is an important element in ensuring NSPI can work with the best possible suppliers in future power purchase solicitations, and that NSPI will have access to the best possible terms. In addition, disclosure of the pricing details of these agreements could reduce the competitiveness of future NSPI power solicitations, increase the price of future IPP offers to NSPI, or affect the Company's ability to negotiate the terms of a future PPA. The value of the Promissory Note reveals details about the commercial transaction which could reduce NSPI's negotiating position in future opportunities, and increase the price of future IPP offers to NSPI, or affect the Company's ability to negotiate the terms of a future PPA.

Since NSPI customer rates are cost-based, the maintenance of confidentiality of these commercial terms is to the direct benefit of customers.

Appendix 5 - Power Purchase Agreement

The commercial terms of the Power Purchase Agreement (PPA) are confidential. The information is protected from public disclosure by a contractual confidentiality agreement.

The protection of this information is an important element in ensuring NSPI can work with the best possible suppliers in future power purchase solicitations, and that NSPI will have access to the best possible terms. In addition, disclosure of the pricing details of PPA agreements could reduce the competitiveness of future NSPI power solicitations, increase the price of future IPP offers to NSPI, or affect the Company's ability to negotiate the terms of a future PPA.

Since NSPI customer rates are cost-based, the maintenance of confidentiality of the terms of the PPA is to the direct benefit of customers.

Redacted versions are provided herein.

Appendix 9– Promissory Note

The commercial terms of the Promissory Note are confidential.

The protection of this information is an important element in ensuring NSPI can work with the best possible suppliers in future solicitations, and that NSPI will have access to the best possible terms. The value of the Promissory Note reveals details about the commercial transaction which could reduce NSPI's negotiating position in future opportunities, and increase the price of future IPP offers to NSPI, or affect the Company's ability to negotiate the terms of a future PPA.

Appendix 10 – Digby Wind Farm Construction Contract

The commercial terms of the Digby Wind Farm Construction Contract are confidential.

The protection of this information is an important element in ensuring NSPI can work with the best possible suppliers in solicitations, and that NSPI will have access to the best possible terms. In addition, disclosure of the pricing details of these agreements could reduce the competitiveness of future NSPI solicitations, increase the price of future supplier offers to NSPI, or affect the Company's ability to negotiate the terms of a future agreement.

Since NSPI customer rates are cost-based, the maintenance of confidentiality of the terms of the Construction Contract is to the direct benefit of customers.

Redacted versions are provided herein.

Appendix 11 – Garrad Hassan Report – Assessment of Energy Production

This report is being filed on a confidential basis in its entirety. The Garrad Hassan consultant report was provided to NSPI “Commercial in Confidence. Not to be disclosed outside of the recipient’s organization.” The report contains confidential intellectual property and work product of the consultant, the disclosure of which could cause damage to the consultant, and make it difficult for NSPI to work with consultants of this type in the future.

Appendix 12 – Standard Generator Interconnection and Operating Agreement (GIA)

The main body of the GIA is a standard form document approved by the UARB. There are two areas in the appendices over which NSPI claims confidentiality. The first is interconnection cost estimate information in the Facilities Study. The disclosure of these cost estimates could reduce the competitiveness of future NSPI solicitations, increase the price of future supplier offers to NSPI, or affect the Company’s ability to negotiate the terms of a future agreement. The second area is Appendix D of the Facilities Study which contains non-public transmission information and is being filed on a confidential basis in the interest of protection of information related to critical infrastructure.

Appendix 16 – Discounted Cash Flow EAM Analysis

The analysis contains commercially sensitive information that requires the same confidentiality protection as described in the paragraphs above. Partial redaction of this file is impractical as the remaining information provided in the models would reveal the confidential information.

Appendix 17 – Levelized Cost Analysis

The analysis contains commercially sensitive information that requires the same confidentiality protection as described in the paragraphs above. Partial redaction of this file is impractical as the remaining information provided in the models would reveal the confidential information.

The confidential version of the Appendices can be accessed at the Board's Confidential Repository by those intervenors who execute a Confidential Undertaking for this Application. In accordance with Rule 12(11)(d), NSPI respectfully requests Board approval of the form of the Confidentiality Undertaking, a copy of which is attached. Following UARB approval of the form of undertaking, intervenors that desire access to confidential information in this Application should contact Victoria Stapleton via email or by calling 428-6950.

Summary

NSPI hereby files these capital work order applications in the total amount of \$82.8 million. The Board's approval of the enclosed application will allow a low-cost renewable generation project selected in the 2007 Renewable Request for Proposals process to proceed and will support NSPI's compliance with the Renewable Energy Standard.

NSPI hereby requests:

1. A written hearing process, with written requests for intervention in accordance with Board Rule 11;
2. UARB approval of the proposed form of Confidentiality Undertaking, and confidential treatment of certain information filed in support of the capital work order as described herein and in accordance with Board Rule 12; and
3. UARB approval of this Application for Capital Work Order Approval, in the amount of \$82.8 million, not later than December 20, 2010.
4. UARB confirmation that the affiliate transactions associated with these capital work orders comply with the Code of Conduct.

Yours truly,



Nicole Godbout
Regulatory Counsel

Encl.

c: J. René Gallant
Robin McAdam
S. Bruce Outhouse, Q.C.
FAM Intervenors