



Nova Scotia Utility and Review Board

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July 27, 2010

Ms. Nicole Godbout
Regulatory Counsel
Nova Scotia Power Inc.
PO Box 910, Scotia Square
Halifax, NS B3J 2W5

Dear Ms. Godbout:

Nova Scotia Power Inc. – Digby Wind Project – Request for Approval of Four Capital Expenditures in the amount of \$82.8 Million – Affiliate Transaction – P-128.10

This letter will acknowledge NSPI's correspondence dated July 23, 2010, which requested Board approval of the above noted capital expenditures relating to the Digby Wind Project. This request for approval is further to NSPI's correspondence dated April 16, 2010, which stated that:

NSPI seeks to confirm that the UARB has no objection to NSPI continuing with project construction, pending the Capital Work Order review and approval process and before receiving a Board decision on the Capital Work Order Application. NSPI customers will not become responsible for these costs unless and until the UARB approves the Capital Work Order Application and the inclusion of the costs in rate base.

Given that NSPI will take over the Digby project from an affiliate, the Affiliate Code of Conduct will apply to the transaction. NSPI anticipates that the capital work order process will provide an appropriate opportunity for the Board to confirm compliance with the Code of Conduct and approve the affiliate transaction.

[NSPI letter to Board, April 16, 2010, p. 3]

In the Board's April 23, 2010 response, it determined that:

... since the Digby Wind Project involves a transaction with 3240384 Nova Scotia Limited, an affiliate of NSPI, both the work order expenditure request and the circumstances involving the corresponding affiliate transaction will be the subject of a rigorous review by the Board and interested parties.

[NSUARB letter to NSPI, April 23, 2010, p. 2]

As the Board understands it, NSPI's proposed process for Board consideration of this matter is as follows:

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.

[NSPI letter to Board, July 23, 2010, p. 5]

The Board has reviewed NSPI's request for approval and has determined that in view of the total cost of \$82.8 Million of the capital expenditures proposed for this project and the fact that it involves an affiliate transaction, the public interest is best served by holding a public hearing on this application.

The Board's hearing schedule for the fall is heavily booked and, as a result, it is most unlikely that a hearing date(s) could be set down before December of 2010. Accordingly, NSPI's request for a Board decision by December 20, 2010, cannot be accommodated. It may be useful for NSPI to consult with Board Counsel, S. Bruce Outhouse, Q.C., with respect to an appropriate timeline for consideration of this request.

Correspondence with regard to NSPI's proposed Confidentiality Undertaking, as well as confidentiality of certain information filed by NSPI will follow in due course.

Yours very truly,



Nancy McNeil
Regulatory Affairs Officer/Clerk

cc. S. Bruce Outhouse, Q.C., Board Counsel
Stakeholders
J. Rene Gallant, General Manager, Regulatory Affairs
Robin McAdam, Executive Vice-President, Sustainability

By email
By email
By email
By email