Nova Scotia Power Inc.
PO Box 910
14th Floor, 1894 Barrington Street
Halifax, NS B3J 2W5

Efficiency Nova Scotia Corporation
BMO Building, Suite 602
5151 George St
PO Box 2144 Central
Halifax, NS B3J 3B7

October 15, 2010

Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
Halifax, NS B3J 3P6

Re: <u>Demand Side Management Transition Plan – Transition to Efficiency Nova Scotia - Matter No. M03452</u>

Dear Ms. McNeil:

In the Utility and Review Board's (Board) letter of September 15, 2010, the Board granted approval to Efficiency Nova Scotia Corporation (ENSC) and Nova Scotia Power Inc. (NSPI) to proceed with implementation of the DSM Transition Plan, as filed on September 1, 2010. The Board's approval was granted subject to several directives, including the filing of executed Transition Agreements between ENSC and NSPI by October 15, 2010.

In accordance with the Board's directive, ENSC and NSPI are pleased to provide herewith the following executed Transition Agreements:

1. DSM Assignment Agreement;
2. Services and Cooperation Agreement.

The Board will note in the DSM Services Agreement that the parties have agreed to use NSPI's Weighted Average Cost of Capital (WACC) plus costs of administration as Financing Costs (clause 1.1.11). This is consistent with the Board-approved approach used by NSPI for the calculation of carrying costs associated with the Fuel Adjustment Mechanism Actual and Balance adjustments and the application of interest during construction for NSPI capital assets.

For Monthly Variation Interest, the parties have agreed to use the Bank of Nova Scotia reference rate plus 1.0% (Section 1.1.14). This different approach reflects ENSC's desire for a short term debt-based rate for the Monthly Variation Interest. NSPI's acceptance of this approach is provided without prejudice to its position that WACC is the appropriate rate used for utility carrying costs generally.

Redacted copies of the two agreements are provided with this correspondence and confidential copies have been placed on the Board's website. The confidentiality claimed is with respect to:

NSPI Employee names – Services and Cooperation Agreement, Schedule C
Customer Names – DSM Assignment Agreement, Schedule A
Vendor Names – DSM Assignment Agreement, Schedule A
Purchase Price of Physical Assets – DSM Assignment Agreement, Schedule C

Employees are entitled to privacy protection. Professional human resource practices and privacy legislation requires the protection of certain confidential personnel information and documentation from disclosure. Similarly, the names of NSPI customer participants in the DSM program are confidential. NSPI protects customer specific information, including names, in its filings with the UARB unless authorized by the customer to disclose their information to a wider audience. The individual vendor names and purchase price paid for physical assets are also confidential. It is in the interests of customers that ENSC be able to keep confidential the terms of its supply agreements, including the names of suppliers, to ensure that ENSC can obtain services at the most competitive cost. All of the assets listed have been noted to have been purchased in the last year. As such, in the interest of preserving the ability of ENSC to procure these types of assets at the most competitive cost, these figures have been redacted.

If the Board has questions about the content of these agreements, they can be directed to the parties.

Yours truly,

Stephen Pothier

Acting Director of Conservation and Energy Efficiency and
Director of Revenue Operations, Nova Scotia Power Inc.

Allan Crandlemire
Interim Chief Executive Officer, Efficiency Nova Scotia Corporation

Attach.