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Nova Scotia  
Utility and Review Board

August 23, 2010

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119 Cumberland Street  
P.O. BOX 129  
Lunenburg, Nova Scotia  
Canada B0J 2C0  
[www.explore Lunenburg.ca](http://www.explore Lunenburg.ca)

Ms. Nancy McNeil, Regulatory Affairs Officer  
Nova Scotia Utility and Review Board  
PO Box 1692, Unit "M"  
Halifax, NS  
B3J 3S3

BUILDING AND FIRE  
INSPECTION  
902 634-4410

ELECTRIC UTILITY  
902 634-8311

FIRE DEPARTMENT  
902 634-8343

PLANNING AND HERITAGE  
902 634-4410

PUBLIC WORKS  
902 634-8992

RECREATION  
902 634-4006

TOWN OFFICE  
902 634-4410

FACSIMILE  
902 634-4416

Dear Ms. McNeil:

Re: Request for adjustment to flow through formula for Nova Scotia  
Power Inc. (NSPI) Municipal Rate Class Increases

The Town of Lunenburg requests a change to the flow through formula used to calculate the NSPI Municipal Rate Class increases. The current formula uses the past two previous year's purchases and sales. We feel this formula is not adequate as it creates a rate increase for past results with no consideration for the future of the Utility.

The NSPI increase impacts the future of the Utility, thus a formula based on the current year's forecast would more adequately capture the current economic condition of the Utility.

Please see Schedule "A" that outlines the present formula and proposed formula for your consideration.

Thank you for the Board's consideration of this request.

Sincerely,

Elana Wentzell, CMA  
Finance and Accounting Director

Encl.(1)

*UNESCO World Heritage Site*

## SCHEDULE "A"

### APPROVED FORMULA:

#### "Nova Scotia Power Inc. (NSPI) Municipal Rate Class Increases"

In order to recover increased costs due to NSPI increases and upon notice by the Lunenburg Electric Utility to the Nova Scotia Utility and Review Board, (the Board), the Board may amend the Rates for Domestic service, Small General, General, Large General, Domestic Service Time-of-Day (Optional), and Street and Yard Lighting based on the following formula, without the necessity of a public hearing.

$$1) \quad \begin{aligned} A \times B &= C \\ C \div D &= F\% \end{aligned}$$

$$2) \quad \begin{aligned} G \times H &= I \\ I \div J &= K\% \end{aligned}$$

$$3) \quad \frac{F\% + K\%}{2} = L\%$$

|   |   |                                                                                                              |
|---|---|--------------------------------------------------------------------------------------------------------------|
| A | = | 2nd previous years' power purchase cost from NSPI;                                                           |
| B | = | NSPI approved increase %;                                                                                    |
| D | = | 2nd previous total sales for the above classes;                                                              |
| G | = | Previous years power purchase costs from NSPI;                                                               |
| H | = | NSPI approved increase %;                                                                                    |
| J | = | Previous years total sales for the above classes;                                                            |
| L | = | Average % change required to the Lunenburg Electric Utility rates to recover increased power purchase costs. |

### PROPOSED FORMULA:

#### "Nova Scotia Power Inc. (NSPI) Municipal Rate Class Increases"

In order to recover increased costs due to NSPI increases and upon notice by the Lunenburg Electric Utility to the Nova Scotia Utility and Review Board, (the Board), the Board may amend the Rates for Domestic service, Small General, General, Large General, Domestic Service Time-of-Day (Optional), and Street and Yard Lighting based on the following formula, without the necessity of a public hearing.

$$1) \quad A \div B = C$$

$$2) \quad C \times D = E$$

|   |   |                                                                                                                   |
|---|---|-------------------------------------------------------------------------------------------------------------------|
| A | = | Forecasted power purchase cost form NSPI for the test year;                                                       |
| B | = | Forecasted Electric Rate Revenue from the above classes for the test year;                                        |
| C | = | Percent, expressed as 00.00;                                                                                      |
| D | = | NSPI approved increase percent, expressed as 00.00;                                                               |
| E | = | Average percentage change required to the Lunenburg Electric Utility's rates to recover its power purchased cost. |