October 1, 2010

Nancy McNeil
Clerk of the Board
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
Halifax, NS B3J 3S3

Re: DSM Cost Recovery Rider (P-884(3))

Dear Ms McNeil:

Nova Scotia Power Inc recovers the costs of DSM programming on behalf of Efficiency Nova Scotia ("ENS"). Consistent with the Board's approval of the ENS 2011 Demand Side Management (DSM) Plan and regulatory schedule, attached for approval are the proposed ENS DSM Cost Recovery Rider charges by rate class to be in effect for billing purposes from January 1 through December 31, 2011.

The ENS DSM Cost Recovery Rider charges for 2011 have been developed in accordance with the Board's August 31, Amended 2009 DSM Order, specifically:

1. The cost allocation methodology set out in the approved DSM Settlement Agreement has been used to determine the DSM costs assigned to each rate class. The allocation details are presented in Appendix A.

2. The sector share percentages for residential, commercial, and industrial sectors that are used to allocate DSM program costs to the Municipal class have been updated with the most recent data inputs for the fiscal year 2011 provided to NSPI by MEUNSC on June 23, 2010[1].

3. The energy sales forecast by rate class for 2011 reflects NSPI's most recent load forecast as used for the 2011 FAM filing purposes. This forecast is shown in column L of Table 3, Appendix A.[2]

4. The ENS DSM Cost Recovery Rider charges are designed to recover expenses in the year in which they are incurred. Any differences between the amount actually

[1] The preliminary allocation of the DSM expenditures, as accepted in the Board's order NSUARB-NSPI-P-884(3) dated July 27th, 2010, under item (4 was predicated on MEUNSC data inputs from the fiscal year 2010.
[2] The GRLF load sales as used for the DCRR purposes are gross sales before NSPI's purchases of surplus generation. This sales figure is different from the one used for the FAM purposes which is a net sales figure.

spent and that collected through the Rider charges will be corrected through the BA component of the Rider.

5. The individual DSM Cost Recovery Rider charges by class are presented for approval in Schedule A of the ENS 2011 DSM Cost Recovery Rider (Appendix B). Approved charges will be shown as a separate line item on customer bills beginning January 1, 2011, entitled “Energy Efficiency Programs”.

NSPI respectfully requests UARB approval of the proposed charges, to be effective January 1, 2011, so that Efficiency Nova Scotia can be provided the necessary funding for its 2011 DSM programs.

Sincerely,

Eric Ferguson, CMA
Director, Regulatory Affairs

Attach.

c: Rene Gallant
Bruce Outhouse, Q.C.
All Intervenors – P-884(3)

TABLE 1 Allocation of 25% of program costs associated with system benefits.

Line #	COLUMN	A	B	C	D	E	F	G	H

Program Cost Recovery by Benefits

Line #			
6	System Benefits	25.0%	$10,475,000
7	Combined Class and Participant Benefits	75.0%	$31,425,000
8	Total	100.0%	$41,900,000

Functionalization of System Benefit DSM Costs

Line #		Factors
12	Generation	100%
13	Transmission	0%
14	Distribution	0%
15	Retail	0%

Classification of System Benefit DSM Costs

Line #		Factors[1]
12	Demand-related	32.9%
13	Energy-related	67.1%
14	Total	100.0%

Line #	Rate Class	Demand-related Costs: 3 CP kW Demands[2]	Demand-related	$ Amount	Energy-related Costs: MWh Energy Requirement[3]	Energy-related	$ Amount	Total: Relative Share	Total Amount
19	Residential Total[5]	3,200,476	48.7%	$1,677,867	4,683,148	36.8%	$2,587,858	40.7%	$4,265,725
20	Small General	179,891	2.7%	$94,309	283,859	2.2%	$156,857	2.4%	$251,166
21	General Demand	1,290,681	19.6%	$676,646	2,743,968	21.6%	$1,516,288	20.9%	$2,192,934
22	Large General	177,953	2.7%	$93,293	452,098	3.6%	$249,825	3.3%	$343,117
23	Small Industrial	109,669	1.7%	$57,495	268,699	2.1%	$148,480	2.0%	$205,975
24	Medium Industrial	249,246	3.8%	$130,669	615,341	4.8%	$340,031	4.5%	$470,699
25	Large Industrial	369,028	5.6%	$193,465	1,004,336	7.9%	$554,985	7.1%	$748,450
26	ELI 2P-RTP	749,730	11.4%	$393,050	2,141,160	16.8%	$1,183,182	15.0%	$1,576,232
27	Municipal	113,817	1.7%	$59,669	208,330	1.6%	$115,121	1.7%	$174,790
28	Unmetered	86,672	1.3%	$45,438	128,418	1.0%	$70,962	1.1%	$116,401
29	Bowater Mersey (AE only)[4]	42,861	0.7%	$22,470	182,999	1.4%	$101,124	1.2%	$123,594
30	Gen. Repl./ Load Foll.	(650)	-0.01%	($341)	11,322	0.1%	$6,256	0.1%	$5,916
31	Wholesale Market Backup/Top-u	-	0.00%	$0	-	0.0%	$0	0.0%	$0
32	1P-RTP	-	0.0%	$0	-	0.0%	$0	0.0%	$0
33	**Total**	**6,569,374**	**100.0%**	**$3,444,030**	**12,723,678**	**100.0%**	**$7,030,970**	**100.0%**	**$10,475,000**
35	Classification Breakdown		**32.9%**			**67.1%**			**100.0%**

37 (1) The classification is the weighted average of the fully classified total generation plant portion of rate base as shown under the heading "Fully Classified Rate Base" on line 6 of schedule 2b of the COSS.

38 (2) Source: Exh 9c line (14) 3 Coincident Peak (3CP) demands COS.

39 (3) Source: Exh 9a Annual column (3) Energy Requirement.

40 (4) Statistics for the AE class are predicated on the share of AE class in the total Bowater Mersey figures shown in Exh 9c line (14) and Exh 9a. The Bowater Mersey total include AE and Mersey Basic Block.

41 (5) All residential rate classes will use the same unit fixed cost estimate.

TABLE 2 Preliminary Allocation of 75% of DSM Program Costs associated with benefits realized by participating classes.

Line #												
1												
2	**COLUMN**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**	**K**
3												
4	**FORMULA**										**Σ col A to I**	**J x 75%**
5												
6		**Program costs incurred on participating rate classes.**										**Program Costs Directly Assigned to Participating rate classes (75% of the total)**
7	**Program**	Efficient Products	Existing Houses	New Houses	Low Income Households	Prescriptive Rebate	Custom	Small Business DI Lighting	Education & Outreach[1]	Development & Research	All Program Costs Combined	
8												
9	**Rate Class**											
10	Residential	$2,879,313	$6,814,130	$4,222,011	$5,194,056	$0	$0	$0	$973,926	$901,784	$20,985,220	$15,738,915
11	Small General	$334,307	$0	$0	$0	$0	$0	$1,296,241	$52,931	$49,010	$1,732,489	$1,299,367
12	General Demand	$167,154	$0	$0	$0	$3,040,744	$4,784,956	$4,734,364	$25,774	$23,864	$12,776,856	$9,582,642
13	Large General	$0	$0	$0	$0	$861,544	$1,355,738	$0	$40	$37	$2,217,359	$1,663,019
14	Small Industrial	$0	$0	$0	$0	$103,479	$162,836	$144,940	$5,109	$4,730	$421,093	$315,820
15	Medium Industrial	$0	$0	$0	$0	$517,394	$814,179	$0	$467	$433	$1,332,473	$999,355
16	Large Industrial	$0	$0	$0	$0	$569,134	$895,597	$0	$89	$83	$1,464,903	$1,098,677
17	ELI 2P-RTP	$0	$0	$0	$0	$0	$0	$0	$4	$4	$9	$6
18	Municipal	$70,049	$127,527	$79,015	$97,207	$138,954	$218,659	$195,976	$13	$12	$927,413	$695,560
19	Unmetered	$0	$0	$0	$0	$0	$0	$0	$21,895	$20,273	$42,167	$31,625
20	Bowater Mersey (AE only)	$0	$0	$0	$0	$0	$0	$0	$2	$2	$4	$3
21	GRLF	$0	$0	$0	$0	$0	$0	$0	$7	$6	$13	$10
22	Wholesale Market Backup/Top-up	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
23	1P-RTP	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
24	**Total**	**$3,450,824**	**$6,941,657**	**$4,301,026**	**$5,291,263**	**$5,231,249**	**$8,231,965**	**$6,371,521**	**$1,080,258**	**$1,000,239**	**$41,900,000**	**$31,425,000**
25												

TABLE 2 a) Estimate of DSM Program participation by rate classes before accounting for the Municipal Class

Line #	COLUMN	A	B	C	D	E	F	G
1								
2	COLUMN	A	B	C	D	E	F	G
3								
4								
5		Relative shares of program costs incurred on participating rate classes before Municipal						
6	**Program**	Efficient Products	Existing Houses	New Houses	Low Income Households	C & I Prescriptive Rebate	C & I Custom	Small Business DI Lighting
7	**Rate Class**							
8	Residential	85.0%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%
9	Small General	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.0%
10	General Demand	5.0%	0.0%	0.0%	0.0%	60.0%	60.0%	76.7%
11	Large General	0.0%	0.0%	0.0%	0.0%	17.0%	17.0%	0.0%
12	Small Industrial	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.3%
13	Medium Industrial	0.0%	0.0%	0.0%	0.0%	10.0%	10.0%	0.0%
14	Large Industrial	0.0%	0.0%	0.0%	0.0%	11.0%	11.0%	0.0%
15	ELI 2P-RTP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16	Municipal	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Unmetered	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Bowater Mersey (AE only)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	GRLF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
20	Wholesale Market Backup/Top-up	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
21	1P-RTP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
22	**Total**	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE 2 b) Preliminary Estimate of DSM Program participation by rate class after accounting for the Municipal Class

Line #								
1								
2	COLUMN	A	B	C	D	E	F	G
3								
4		Calculation of relative class shares in DSM load reduction effects.						
5	**Program**	Efficient Products	Existing Houses	New Houses	Low Income Households	C & I Prescriptive Rebate	C & I Custom	Small Business DI Lighting
6								
7	**Rate Class**							
8	Residential	83.438%	98.163%	98.163%	98.163%	0.000%	0.000%	0.000%
9	Small General	9.688%	0.000%	0.000%	0.000%	0.000%	0.000%	20.344%
10	General Demand	4.844%	0.000%	0.000%	0.000%	58.127%	58.127%	74.305%
11	Large General	0.000%	0.000%	0.000%	0.000%	16.469%	16.469%	0.000%
12	Small Industrial	0.000%	0.000%	0.000%	0.000%	1.978%	1.978%	2.275%
13	Medium Industrial	0.000%	0.000%	0.000%	0.000%	9.890%	9.890%	0.000%
14	Large Industrial	0.000%	0.000%	0.000%	0.000%	10.880%	10.880%	0.000%
15	ELI 2P-RTP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
16	Municipal	2.030%	1.837%	1.837%	1.837%	2.656%	2.656%	3.076%
17	Unmetered	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
18	Bowater Mersey (AE only)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
19	GRLF	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
20	Wholesale Market Backup/Top-up	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
21	1P-RTP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
22	**Total**	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
23								

TABLE 3 Preliminary Allocation of Program Costs among rate classes

COLUMN	A	B	C	D	E	F	G	H	L	M
FORMULA	Table 2 Column K		Table 1 Column H		Table 2 Column L		C + E		I - K	G / L x 100
	Total Expenditure by Rate class		System Benefit Costs (25% of the total expenditure allocated to classes using COS methodology)		Participating Class benefit Costs (75% of the total expenditure directly assigned to participating classes)					DSM Program Cost Recovery (PCR)
	$ Amount	Relative Share	$ Amount	Relative Share	$ Amount	Relative Share	$ Amount	Relative Share	Sales Forecast with DSM Program	cents/kWh
Rate Class										
Residential Subtotal	$20,985,220	50.1%	$4,265,725	40.7%	$15,738,915	50.1%	$20,004,640	47.7%	4,297,308,762	0.466
Small General	$1,732,489	4.1%	$251,166	2.4%	$1,299,367	4.1%	$1,550,533	3.7%	214,968,861	0.721
General Demand	$12,776,856	30.5%	$2,192,934	20.9%	$9,582,642	30.5%	$11,775,576	28.1%	2,432,832,463	0.484
Large General	$2,217,359	5.3%	$343,117	3.3%	$1,663,019	5.3%	$2,006,137	4.8%	400,777,852	0.501
Small Industrial	$421,093	1.0%	$205,975	2.0%	$315,820	1.0%	$521,795	1.2%	244,156,909	0.214
Medium Industrial	$1,332,473	3.2%	$470,699	4.5%	$999,355	3.2%	$1,470,054	3.5%	447,714,293	0.328
Large Industrial	$1,464,903	3.5%	$748,450	7.1%	$1,098,677	3.5%	$1,847,128	4.4%	930,938,273	0.198
ELI 2P-RTP	$9	0.0%	$1,576,232	15.0%	$6	0.0%	$1,576,239	3.8%	1,946,892,480	0.081
Municipal	$927,413	2.2%	$174,790	1.7%	$695,560	2.2%	$870,350	2.1%	197,367,372	0.441
Unmetered	$42,167	0.1%	$116,401	1.1%	$31,625	0.1%	$148,026	0.4%	111,896,654	0.132
Bowater Mersey (AE only)	$4	0.0%	$123,594	1.2%	$3	0.0%	$123,597	0.3%	178,920,000	0.069
GRLF	$13	0.0%	$5,916	0.1%	$10	0.0%	$5,925	0.0%	16,976,046	0.035
Wholesale Market Backup/Top-up	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	-	-
1P-RTP	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	-	-
Total	$41,900,000	100.0%	$10,475,000	100.0%	$31,425,000	100.0%	$41,900,000	100.0%	11,420,749,965	0.367

DEMAND SIDE MANAGEMENT COST RECOVERY RIDER

APPLICABILITY:

This schedule applies to all electric rate classes with the exception of the Wholesale Market Non-Dispatchable Supplier Spill Tariff and the Mersey System Tariff (i.e., Mersey Basic Block).

RESPONSIBILITIES OF INDEPENDENT DSM ADMINISTRATOR

It shall be the responsibility of the independent Demand Side Management Administrator (Administrator) to apply to the Nova Scotia Utility and Review Board (UARB) to seek approval of all demand side management and energy efficiency programs and to itemize and seek approval for all related costs.

On or before June 1 of the year preceding the implementation of the approved programs and program costs, the Administrator shall advise Nova Scotia Power Inc. of:

a. the program amount approved by the UARB to be recovered by this Rider,
b. the energy savings (reduction in kWh sales by program) anticipated by the approved programs,
c. the costs incurred and energy savings achieved by the prior year’s programs.

RESPONSIBILITIES OF NOVA SCOTIA POWER INC.

On or before October 1 in the year preceding the implementation of the approved programs, Nova Scotia Power Inc. shall apply to the UARB to seek approval of the Demand Side Management (DSM) Cost Recovery Rider amounts. NSPI shall pay to the Administrator the amount approved by the UARB to fund the program costs, on a monthly basis.

DEMAND SIDE MANAGEMENT COST RECOVERY:

The monthly amount computed under each of the rate schedules to which this DSM Cost Recovery Rider (DCRR) is applicable shall be increased or decreased by the DCRR at a class-specific rate per kilowatt hour of monthly consumption in accordance with the following formula:

DCRR = PCR + BA

Where:

PCR = PROGRAM COST RECOVERY

The PCR includes all estimated costs for each upcoming twelve month period for demand side management and energy efficiency programs that have been requested by the Administrator and approved by the Board (“approved programs”). Such program costs shall include the cost of planning, developing, implementing, monitoring, and evaluating DSM programs, including but not limited to costs for consultants, employees and administrative expenses. For the calendar years 2010, 2011 and 2012, the PCR shall be computed for each rate schedule using the cost allocation methodology set out in Schedule B to this tariff. The cost allocation approach may be modified for use after 2012 as approved by the UARB.

BA = BALANCE ADJUSTMENT

The BA will be calculated for each rate class separately on a calendar year basis and is used to reconcile the difference between the amount of revenues actually billed through the PCR and the revenues which should have been billed, as follows:

(1) For the PCR, the balance adjustment amount will be the difference between the amount billed in a twelve month period from the application of the PCR unit charges and the actual cost of the approved programs during the same twelve month period.

Each change in the DCRR shall be placed into effect with bills rendered on and after the effective date of such change.

SCHEDULE A: DSM COST RECOVERY RIDER CHARGES

In addition to standard energy charges, the following Demand Side Management Cost Recovery Rider (DCRR) charges shall apply for the period January 1, 2011 to December 31, 2011.

DSM Rider Code	Applicable Tariff	DCRR (cents per kWh)
DSM-DOM	Domestic Service	0.466
DSM-DOM TOD	Domestic Service Time-of-Day	0.466
DSM-SM GEN	Small General	0.721
DSM-GEN	General	0.484
DSM-LG GEN	Large General	0.501
DSM-SM IND	Small Industrial	0.214
DSM-MED IND	Medium Industrial	0.328
DSM-LG IND	Large Industrial incl. Interruptible Rider	0.198
DSM-MUNI	Municipal	0.441
DSM-GR&LF	Gen. Replacement & Load Following	0.035
DSM-LOAD RET	Load Retention	NA
DSM-EHV RTP	Extra High Voltage Real Time Price	NA
DSM-HV RTP	High Voltage Real Time Price	NA
DSM-DIST RTP	Distribution Voltage Real Time Price	NA
DSM-WM BU/TU	Wholesale Mkt. Backup/Top-Up	NA
DSM-ELI 2P-RTP	Extra Lg. Ind. Two-Part RTP	0.081
DSM-AE	Mersey System Additional Energy	0.069
DSM-UNMET	Unmetered Services	0.132