NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: **THE PUBLIC UTILITIES ACT**

- and -

IN THE MATTER OF: **AN APPLICATION** by **Nova Scotia Power Incorporated** ("NSPI") for approval of an unknown and unforeseen ("U&U") capital work order CI# 40103, Load Control Demonstration Project for a total cost of $4,293,793

To: Ms. Nicole Godbout
Regulatory Counsel
Nova Scotia Power Inc.
Email: Nicole.godbout@nspower.ca

From: Board Staff
Nova Scotia Utility and Review Board

Responses Due: November 12, 2010

Copies: 3 and an electronic copy (pdf searchable)

Contact Person:
Mr. Ross Young
Senior Advisor
Nova Scotia Utility and Review Board
3rd Floor, 1601 Lower Water Street
Halifax, NS B3J 3S3
Tel: (902) 424-4448
Fax: (902) 424-3919
Email: younghr@gov.ns.ca

Issued at Halifax, Nova Scotia, this 2nd day of November, 2010.

Nancy McNeil

Nancy McNeil, Clerk of the Board

Request IR-1:

Documentation for this project includes the executive summary, the NSPI participation agreement and the original NB Power funding application to NR Canada. There appears to have been a number of changes (e.g. in project scope and participants) as the project moved ahead.

a. Please provide a summary of the major changes that have occurred between the original NB Power application and today.

Request IR-2:

Please provide the present governance structure for the project. Include in your response a description of each of the committees (e.g. executive oversight committee, working group, project managers, etc), what their responsibilities are, and the process used to arrive at decisions, e.g. the voting structure.

Request IR-3

Please provide a list of members for each participating entity on each of the committees described in IR-2.

Request IR-4:

Why does the UARB approval sheet show a capital contribution of $5.7m, when the approval request is for $4.3m?

Request IR-5:

Why is this a capital expenditure and not research and development at shareholders' expense? What benefit is there to the ratepayers?

Request IR-6:

Reference Page 4 of 151, Project Funding Structure

a. Please provide details on the sources of the $2.4 million of NS Funding .
b. Does the total estimate of $32.1 million include any contingency? If not, please explain why not.
c. Please explain what will occur if, part way through the project, it is discovered that to do all of the proposed work, the estimated costs exceeds the $32.1 million, say by $1 Million.
d. Are there circumstances where NSPI could request an ATO for this project? If so, please provide a description of these circumstances.

e. Please confirm, or explain why it cannot confirm, that the $6.0 million shown for NS Funding (and also shown on page 142 of 151 for NSPI) is $6.0 million of value and that the NSPI cash input for this project is the amount of this capital work order ($4.3 million).

f. Note 2 of this table states that the "Capital work order is $3.6M plus a $700K contingency". However, the detailed estimate on page 3 of 4 of the work order application does not show a "contingency" amount in the total of $4.29 million. Please explain why there is no contingency amount shown in this estimate.

Request IR-7:

Reference Page 13 of 151, Table 2

a. Please provide details on the "contributions" amount of $5.7 million.

Request IR-8:

Reference Page 20 of 151, Section 3.1a

a. Please explain what happens if the Minister is not satisfied with the project.

b. Provide examples of what might cause the Minister to be unsatisfied with the project.

c. Who pays for increased cost to complete the project if the Minister is unsatisfied, i.e. assume an additional $1 Million above the $32 Million budget is required to satisfy the Minister.

Request IR-9:

Reference Articles 5 and 5 of the Participation Agreement (pages 22-24 of 151)

a. Is it necessary to ensure that the payments that are due under these Articles are secured?

b. If yes, what arrangements have been made for security?

Request IR-10:

Reference Page 24 of 151, Section 6.1

a. Please explain how profits might arise from this project.

b. How will these profits be shared among the participants, and, in particular, how would NSPI receive a share of any profits.

Request IR-11:

Reference Page 30 of 151, Section 13.1(g)

a. Under what conditions may the Minister terminate the agreement?

Request IR-12:

Reference Page 44 of 151, Paragraph 3 of Executive Summary

a. Line 4 of the above referenced paragraph mentions WEICan, Efficiency NB, CanWEA and TransAlta. Are these four entities still participating in the project?

b. If the answer to part a is yes, please explain the role of each of the four entities.

c. Will Efficiency Nova Scotia be participating in the project in any way? If yes, how? If not, why not?

Request IR- 13:

Reference Page 46 of 151. This shows a March 2009 start date.

a. Why has there been an apparent delay in making this application for approval?

b. Why is it U & U?

Request IR-14:

Reference Page 50 of 151

a. The fourth paragraph on this page begins: "Customers will be chosen..." Please provide details on the process of how customers will be chosen to participate in this project.

b. Please provide details on the present estimate of customer participation among NS, NB, PEI, and among the various rate classes.

c. Page 50 of 151 says that there will be 750 customers; at page 8 of 151 and page 131 of 151, the reference is to "up to 1500 residential customers". Which is correct, and does that impact the costs? If so, how, and if not why not?

Request IR-15:

Reference Page 52 of 151, Section Two, To Reduce GHG Emissions

a. These sections list reductions required under Canada's GHG plan, for Canada and for the electricity sector. Are these reductions backed up by legislation or are they part of a Federal plan?

b. Please provide documentation to support these required reductions, e.g. the Federal plan.

Request IR-16:

Reference Page 70 of 151, "go/no go" decision points

a. Please provide an update on the "go/no go" decision points for this project.

b. Please indicate points and/or reasons for NSPI exiting the project and indicate what percentage of this requested capital work order NSPI would have expended at that time. Include in your response whether the reasons for exiting the project would be classified as technical, economic, or legal.

Request IR-17:

Reference page 82 of 151.

This section describes the innovative nature of the project. If it is such a good idea, why has no-one else in the world done this?

Request IR-18:

Reference page 115 of 151

What if there is no appropriation of federal government funds as described in Article 27 of the Contribution Agreement?

Request IR-19:

Reference page 131 of 151.

Under Schedule C Deliverables, the maximum payable to NSPI under the "Fairness Formula" is approximately $3.2m which is less than the contribution of $3.6m - why?

Request IR-20:

Reference pages 136-138 of 151

a. Is the remuneration of the members of the Oversight Committee as outlined included in the costs?

b. Are NSPI's contributions to the costs of the Program Director and the Project Management Office included in the costs?

Request IR-21:

Reference pages 143-144 of 151

a. Please provide an explanation of the Common and Other Utility Costs in Table 2

b. Please provide an explanation of the Fairness Formula example and the rationale for it.

Request IR-22:

a. Customer load control is been investigated to supply ancillary services for wind integration. Please describe which one or ones of the generally accepted ancillary services will be supplied by this project.

b. In the absence of this project, what new facilities would be required to provide the ancillary services (as described in the response to part a) to integrate wind generation into the system?