

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**
for approval of a **Load Retention Rate**.

BEFORE:

 John A. Morash, C.A., Chair
Margaret A. M. Shears, Vice-chair
John L. Harris, Q.C., Member

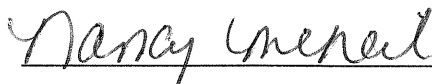
ORDER

This Application having been heard by the Board on January 12, 13, 14, 2000,
after due public notice, and the Board having issued its decision on May 24, 2000;

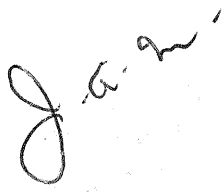
IT IS HEREBY ORDERED that the Load Retention Rate as set out in the attached
Schedule "A" is hereby approved and shall be effective on and after May 29, 2000.

IT IS FURTHER ORDERED that Nova Scotia Power Incorporated shall report
to the Board not later than March 31 each year on the total revenue received from customers on
the Load Retention Rate, and the total energy sold to customers on the Load Retention Rate, for
the previous calendar year.

DATED at Halifax, Nova Scotia, this 29th day of May, 2000.



Clerk of the Board



SCHEDULE "A"

LOAD RETENTION RATE

DEMAND CHANGE

To be determined as specified in Special Condition (1).

ENERGY CHARGE

To be determined as specified in Special Condition (1)

AVAILABILITY

- (1) This rate shall be granted only in circumstances where it can be shown that:
- The customer's option to use a supply of power and energy (alternate supply) other than NSPI's is both technically and economically feasible.
 - Retaining the customer's load, at the price offered by this rate, is better for other electric customers than losing the customer load in question.
 - The revenue from service to a customer under this rate shall be greater than the applicable incremental cost to serve such customer and shall make a significant positive contribution to fixed costs.

The procedure for establishing that this test is satisfied is outlined in Attachment A.

- (2) The rate shall be available only to customers who are considering an alternate supply of at least 2000 kVA or 1800 kW.
- (3) The customer shall apply in writing to take service under this rate.
- (4) This rate shall be available only to customers whose electricity needs, at the date of application, are being supplied by NSPI. It is not available for new load.

SPECIAL CONDITIONS

- (1) The price, terms and conditions (including any modification in special conditions associated with the rate (s) under which the customer purchased power and energy prior to taking service under this rate) shall be established jointly by NSPI and the customer, following the procedure outlined in Attachment A.
- (2) The price, terms and conditions offered under this rate shall be determined on a customer by customer basis.
- (3) The price, terms and conditions offered under this rate shall be submitted by NSPI to the UARB for approval.

ATTACHMENT “A”

This attachment outlines procedures by which the requirements of Availability Clause (1) and Special Condition (1) are to be satisfied.

- (1) The customer shall apply in writing to take service under this rate, outlining the available alternate supply option and the rationale for seeking service under the load retention rate.
- (2) Upon written application by a customer to take service under this rate, NSPI shall conduct an initial screening to determine whether the implementation of these procedures is warranted.
- (3) Subject to (2), NSPI and the customer shall proceed to implement these procedures and establish a load retention price, with appropriate terms and conditions.
- (4) Should there be disagreement between NSPI and the customer with respect to the decision to proceed, the customer may ask the UARB to adjudicate.
- (5) These procedures shall be applied on a customer by customer basis.
- (6) To protect confidential information, NSPI and customer data, none of the data or analysis used in the implementation of these procedures, nor any results thereof, including the recommended price, terms and conditions, shall be required to be publicly disclosed.
- (7) The economic feasibility of the customer's option to supply some or all of its own load shall be established where it can be shown that under reasonable assumptions the cost of electricity to the customer from that option is expected to be lower than the cost to the customer of continuing to purchase electricity from NSPI.
- (8) The cost to the customer of the alternate supply shall reflect all appropriate factors, including but not limited to:
 - Capital costs
 - Fixed and Variable Operating costs
 - Fuel costs (short and long term, contracts, etc.)
 - Ancillary Services costs (electric)
 - Steam production and steam backup costs (where appropriate)
 - Contributions-in-aid of construction (where NSPI's system must be modified to accommodate the customer's generator)
 - Expected Service Life
 - Salvage Value
 - Electric sales/purchases (where the customer's generator output does not match

- customer requirements)
 - Depreciation and/or Capital Cost Allowance
 - Taxes
 - Appropriate return
- (9) The technical feasibility of the customer's alternate supply shall reflect all appropriate factors, including but not limited to:
- Technology maturity and proven performance level
 - Site specific considerations (space requirements, availability of cooling water, fuel handling, etc.)
 - Environmental acceptability (air emissions, solid waste management, etc.)
 - Modifications to NSPI's transmission and/or distribution system to accommodate the new generation and/or supply ancillary services.
 - Metering systems
 - Where cogen is involved, compatibility of steam versus electric requirements.
- (10) The impact on NSPI's other customers of losing the customer load in question shall be determined using NSPI's forecasting and planning models (as appropriate) to compare scenarios that include the customer's move to an alternate supply with scenarios that assume the customer continues to be supplied by NSPI.
- (11) Where the impact on NSPI's other customers can be mitigated by offering the customer in question a load retention rate, NSPI and the customer shall determine an appropriate rate for the customer. This shall include the price (which may be formula-driven), and any other terms and conditions, including (where relevant) a suggested term and any appropriate renewal guidelines.