Nova Scotia Utility and Review Board

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June 4, 2012

By email: acrandlemire@efficiencyns.ca

Efficiency Nova Scotia Corporation
c/o Allan Crandlemire
Chief Executive Officer
1791 Barrington Street, Suite 800
Halifax, NS B3J 3K9

Dear Mr. Crandlemire:

Efficiency Nova Scotia Corporation –
Application for Approval of its Electricity Demand Side Management Plan for 2013 - 2015
E-ENSC-R-12 / Matter No. M04819

The Board, during the hearing, requested clarification for the definition of Prepaids as noted in the Audited Financial Statements for December 31, 2011, which reads as follows:

> The Corporation's prepaids policy is to capitalize any prepaid expense that is over $10,000.

In its response to Undertaking U-1, ENSC stated that:

> a) Prepaid expenses under $10,000 are not recorded (capitalized) on Efficiency Nova Scotia's Statement of Financial Position. The term "capitalized" in the notes to the 2011 Financial Statements refers to whether something is recorded on the Statement of Financial Position or expensed in the year it is incurred. Consistent with the cost versus benefit principle in financial statement presentation, it is common practice for companies to not record prepaid expenses on their Statement of Financial Position for amounts under a predetermined threshold.

The Hearing Panel agrees with the clarification provided and suggests that this be incorporated in next year's audited financial statements.

Yours truly,

Doreen Friis

Doreen Friis
Regulatory Affairs Officer/Clerk

c S. Bruce Outhouse, Q.C., Board Counsel
ENSC-R-12 Participants
Sean Foreman, Wickwire Holm

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