2007 NSUARB-P-886

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: The *Public Utilities Act,* R.S.N.S. 1989, c.380 as amended

IN THE MATTER OF: An Application by Nova Scotia Power Incorporated for Approval of Certain Revisions to its Rates, Charges and Regulations

RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-40: **Reference Direct Evidence, Page 79. It is stated that:**

"The internal reorganization outlined earlier in this section transferred costs associated with customer service functions (including the group's fleet fuel) from Customer Operations to Customer Service resulting in a decrease in costs in Customer Operations for 2007 of $700,000."

a. Please summarize costs transferred from Customer Operations to Customer Services individually for each function.

b. Does the above reference to fleet fuel mean that the fuel used by Customer Operation's vehicles is now part of the Customer Service's budget? If not, please explain. If yes please discuss the logic and indicate estimated fuel costs of operations vehicles versus service vehicles.

Response IR-40: a. Transfers from Customer Operations (COPS) to Customer Service

Fleet Fuel	$339,000
COPS Administration	$361,000
Total Transfers	$700,000

b. No. Each area, Customer Operations and Customer Service, budgets for the fuel required to operate their respective operations.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-41: **Reference Direct Evidence, Page 79. It is stated that:**

"Customer Operations OM&G spending will increase by $1.0 million in 2007 as a result of the union agreement and non-union increases."

a. Please provide the level of the union agreement increase and non-union increase.
b. In 2007, please indicate the number of union personnel in Customer Operations.
c. In 2007, please indicate the number of non-union personnel in Customer Operations.

Response IR-41:

a.	Union increase	$ 661,000
	Non-union increase	$ 404,000
	Total	$1,065,000
b.	Customer Operations union personnel (2007)	325
c.	Customer Operations non-union personnel (2007)	222

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-42: **Reference Direct Evidence, Page 81. It is stated that:**

"Customer Service OM&G spending will increase in 2007 as a result of the union agreement that was signed in December 2004 as well as a non-union wage increase. "

a. Please provide the 2007 cost level of the union agreement increase and non-union increase.

b. In 2007, please indicate the number of union personnel in Customer Service.

c. In 2007, please indicate the number of non-union personnel in Customer Service.

Response IR-42: a. The 2007 wage increases for Customer Service are as follows:

Union increase:	$190,000
Non-union increase:	$316,000

b. The number of personnel is stated as an annual average of full time equivalents (FTEs). Plans for 2007 are based on 109 unionized FTEs in Customer Service.

c. Plans for 2007 are based on an average of 225 non-union FTEs in Customer Service.

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TO: NSPI

FROM: UARB

Question IR-43: **Reference Page 89-90, and Appendix B, page 1 of 43**

a. Provide all studies supporting NSPI's 2006F and 200F pension expense.

b. Reconcile the values quoted on page 89, line 19 (for 2006C and 2007) with those on page 1 of Appendix B and in Figure 4.21. Include both a description of the differences and the interpretation/meaning of each of the values. For example, what is the process to move from the quoted 2007 pension expense value to the corporate adjustment number of Figure 4.21?

c. Provide a copy of the letter from NSPI's actuary supporting the appropriate discount rate.

d. Describe the accounting policy related to pension costs.

Response IR-43:

a. Please refer to page 5 of Attachment 1 for 2006F benefit cost estimate support. Please refer to Attachment 1 and Attachment 2 for 2007 benefit cost estimate support.

b. Pension expense is partially recorded in Corporate Adjustments and partially in the individual business units. The portion of expense reflected in a business unit is equal to the Company's matching contribution for the business unit's employees. The difference between the amount recorded in the business units and the total annual pension expense is recorded in Corporate Adjustments. Please see the following table for a breakdown.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Response IR-43: (cont'd)

(Figures in millions)

	2006C	2007
Pension Expense recorded in Cost Centres	$ 5.2	$ 5.2
Pension Expense recorded in Corporate Adjustments	24.6	27.8
Total Corporate Pension Expense	$29.8	$33.0

c. Please refer to Attachment 1.

d. Please refer to Attachment 1.

Actuarial Valuation for Accounting Purposes
as at December 31, 2005 of the

Post-Employment Benefits for Employees of Nova Scotia Power Incorporated

February 2006

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Executive Summary

Purpose

This report presents the results of the actuarial valuation of Nova Scotia Power Incorporated ("NSPI") post-employment benefit plans for accounting purposes as at December 31, 2005. NSPI retained the services of Morneau Sobeco to perform this actuarial valuation.

This report presents the results of our calculations, and was prepared:

- to determine the benefit cost for fiscal 2005 and the Accrued Benefit Obligation for post-employment benefits as at December 31, 2005;
- to estimate the benefit cost to be recognized for financial statement purposes for fiscal 2006; and
- to provide the information and the actuarial opinion required by NSPI's auditor under Section 3461 of the CICA Handbook.

The following post-employment plans are included as part of this report:

Pension: a) Employees' Pension Plan, b) the Acquired Companies Pension Plan, c) Supplementary, Executive and Discretionary pensions, and d) War Service, ERIP 86 and 91 pensions.

Non Pension: a) Post-Retirement Health Benefits, and b) the Long Service Award.

We are not aware of any other post-employment benefit plan sponsored by NSPI.

Summary of Results

The following table shows the Accrued Benefit Obligation, balances of unamortized amounts and the Accrued Benefit Liability as at December 31, 2005 and December 31, 2004 with respect to the plans providing post-employment benefits for employees of Nova Scotia Power Incorporated ("NSPI"). All figures in thousands.

	December 31, 2005	December 31, 2004
Discount and Inflation Rate end of year	5.25% / 2.50%	6.00% / 2.50%
Market Value of Assets	$581,172	$515,958
Accrued Benefit Obligation	812,242	671,301
Surplus (Deficit)	**($231,070)**	**($155,342)**
Aggregate Unamortized Losses (Gains)		
• Transitional	15,815	18,074
• Past Service	(559)	(603)
• Actuarial Experience	272,032	186,252
Accrued Benefit Asset prior to Accrued Valuation Allowance	**$56,219**	**$48,381**
(Accrued Valuation Allowance)	0	0
Carrying Amount of Accrued Benefit Asset net of Accrued Valuation Allowance	**$56,219**	**$48,381**

Figures may not add up exactly due to rounding.

A reconciliation of the change in the Accrued Benefit Asset is as follows:

Accrued Benefit Asset as at December 31, 2004	**$48,381**
(Benefit Cost) Income for 2005	(22,093)
Company Contributions for 2005	29,931
Accrued Benefit Asset as at December 31, 2005	**$56,219**
(Accrued Valuation Allowance)*	0
Carrying Amount of Accrued Benefit Asset as at December 31, 2005	**$56,219**

Figures may not add up exactly due to rounding.

* As at December 31, 2005, no Valuation Allowance is required

The following table shows the estimated benefit cost for 2006 as compared to the actual benefit cost for 2005. All figures in thousands.

	Estimated 2006	Actual 2005
Costs Arising in the Period		
Employer Current Service Cost	$14,641	$11,552
Interest Cost	42,239	39,892
(Actual Return on Plan Assets) [1]	(43,325)	(64,016)
Amounts Arising from Events in the Period:		
• Past Service Costs / (Gains)	0	0
• Actuarial Losses / (Gains) on ABO [1]	0	117,540
• Special Termination Benefits Paid	0	691
Future Benefit Costs Before Adjustments	**$13,555**	**$105,659**
Adjustments to Recognize Long-Term Nature of Costs		
• Transitional Obligation / (Asset)	2,259	2,259
• Current Year Return on Assets [1]	227	22,989
• Past Service Costs / (Gains)	(45)	(45)
• Actuarial Losses / (Gains) other than current year return on assets [1]	19,737	(108,769)
Total Benefit Cost / (Income) Recognized for the Period	**$35,733**	**$22,093**

Figures may not add up exactly due to rounding.

1 Although the sum of these four items will not change when the benefit cost for 2006 is finalized, the total amount will be re-distributed amongst the items based on the actual experience of the post-retirement benefit plans during 2006.

Changes since the Previous Valuation

We are not aware of any material changes to the post-retirement plans during 2005. Furthermore, we are not aware of any planned amendments for 2006.

NSPI's management reviewed the accounting methods and assumptions and has made the following revision since the previous valuation as at December 31, 2004:

- The discount rate of 5.25% per annum as at December 31, 2005 is based on the annualized yield of A rated bonds with the same duration as the obligations (14 years) at the valuation date. The prior valuation used a 6.00% discount rate.

- The mortality table has been updated to the 1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015). The prior valuation used the 1983 Group Annuity Mortality Table (GAM83).

- As a result of the 2005 Federal Budget, the assumed maximum pension permitted by the *Income Tax Act* has been changed to $2,000 in 2005, $2,111 in 2006, $2,222 in 2007, $2,333 in 2008, $2,444 in 2009 and $2,444 indexed thereafter at 3.00% per annum starting in 2010. The prior valuation assumed that the maximum pension of $2,000 in 2005 would increase at 3.00% per annum starting in 2006.

Section 1 – Balance Sheet

Statement of Financial Position

The financial position of each benefit plan providing post-employment benefits is determined by comparing the value of assets available to the actuarial liability (referred to as the Accrued Benefit Obligation or ABO) for the benefits earned up to the valuation date, assuming the benefit plan continues indefinitely. We note that, as is commonly the case in Canada, NSPI has no assets backing up any of its plans providing post-employment benefits other than those in NSPI's registered pension plans.

The following table shows the Accrued Benefit Obligation as at December 31, 2005 for active employees and retirees based on the plan provisions in effect at the date this report was prepared, as summarized in Appendix C. Appendix A provides the actuarial assumptions used and details on the methodology used to determine the Accrued Benefit Obligation for active employees and retirees.

Table 1.1 Balance Sheet as at December 31, 2005 (thousands)

	Employee Plan (DB) Pension	Acquired Plan Pension	SERP, Exec Pension	War Svc, ERIP 86 and 91 Pension	Long Service Award	Post-Ret Health	Total
Assets (MV)	$539,980	$41,192	$0	$0	$0	$0	$581,172
Accrued Benefit Obligation	683,536	46,798	32,570	14,549	17,122	17,667	812,242
Surplus	**($143,556)**	**($5,606)**	**($32,570)**	**($14,549)**	**($17,122)**	**($17,667)**	**($231,070)**
Unamortized Transitional Losses (Gains)	(5,500)	(2,866)	4,175	4,339	5,711	9,956	15,815
Unamortized Past Service	(1,267)	0	708	0	0	0	(559)
Unamortized Actuarial Losses (Gains)	242,499	19,533	8,744	2,799	2,713	(4,255)	272,032
Accrued Benefit Asset	**$92,177**	**$11,061**	**($18,943)**	**($7,411)**	**($8,699)**	**($11,966)**	**$56,219**

Figures may not add up exactly due to rounding.

There is no balance sheet asset or liability in respect of the DC component of the Employee pension plan.

There is no accrued valuation allowance as at December 31, 2005.

Appendix A summarizes the assumptions used for this valuation, determined by NSPI in accordance with CICA 3461. Detailed figures are presented in Appendix D.

Section 2 – Income Statement

Plan Benefit cost

The net benefit cost of a post-employment plan for a fiscal year is the sum of the following components:

(A) Costs Arising in the Period

- Current service cost;
- Interest cost on liabilities;
- (Actual return on the market value of Plan assets) [1];
- Past service costs / (gains) [2];
- Actuarial losses / (gains) on liabilities [3];
- Other costs such as special termination benefits

(B) Adjustments to Recognize Long-Term Nature of Costs

- Amortization of the transitional obligation (asset);
- Impact of deferred recognition on the current year return on Plan assets [1];
- Impact of deferred recognition on past service costs [2];
- Impact of deferred recognition on actuarial losses / (gains) on liabilities [3];
- Amortization of initial valuation allowance; and
- Current year change in required valuation allowance

Notes:

As a result of changes to CICA 3461 during 2004, a number of expense components shown previously must now be shown separately as two components to derive the benefit cost:

1 The sum of these components previously shown as Expected Return on Assets.

2 The sum of these components previously shown as Amortization of Past Service Costs.

3 The sum of these components previously shown as Amortization of Net Actuarial Loss (Gain).

Table 2.1 shows the reported benefit cost (in thousands) for fiscal year 2005.

Table 2.1 Benefit cost (Income) for 2005 (thousands)

	Employee Plan Pension	Acquired Plan Pension	SERP, Exec Pension	War Svc, ERIP 86 and 91 Pension	Long Service Award	Post-Ret Health	Total
Costs Arising in the Period							
Current Service Cost	$9,802 [1]	$0	$546	$0	$821	$383	$11,552
Interest Cost	33,088	2,499	1,687	779	896	943	39,892
(Actual Return on Assets)	(60,201)	(3,815)	0	0	0	0	(64,016)
Events in the Period:							
• Past Service Costs / (Gains)	0	0	0	0	0	0	0
• Actuarial Losses / (Gains) on ABO	102,621	4,893	5,328	1,466	1,834	1,398	117,540
• Special Termination Benefits Paid	0	0	691	0	0	0	691
Future Benefit Costs Before Adjustments	**$85,310**	**$3,577**	**$8,252**	**$2,245**	**$3,551**	**$2,724**	**$105,659**
Adjustments to Recognize Long-Term Nature of Costs							
• Transitional Obligation / (Asset)	(786)	(409)	596	620	816	1,422	2,259
• Current Year Return on Assets [2]	22,574	415	0	0	0	0	22,989
• Past Service Costs [3]	(134)	0	89	0	0	0	(45)
• Actuarial Losses / (Gains) on ABO [3]	(93,942)	(4,433)	(5,246)	(1,466)	(1,834)	(1,848)	(108,769)
Total Benefit Cost (Income)	**$13,022**	**($850)**	**$3,691**	**$1,399**	**$2,533**	**$2,298**	**$22,093**

Figures may not add up exactly due to rounding.

1 Employee Plan current service cost shown above includes $9,095 for DB component and $707 for DC component.

2 Actual return on plan assets, less expected return on plan assets determined on a market related basis.

3 Equal to (a) current year amortization of (gain)/loss less (b) (gain)/loss incurred in the current year.

There is no Valuation Allowance required in respect of 2005 reporting.

Table 2.2 shows the development of projected benefit cost (in thousands) for fiscal year 2006.

Table 2.2 Estimated Benefit Cost (Income) for 2006 (thousands)

	Employee Plan Pension	Acquired Plan Pension	SERP, Exec Pension	War Svc, ERIP 86 and 91 Pension	Long Service Award	Post-Ret Health	Total
Costs Arising in the Period							
Current Service Cost	$12,874 [1]	$0	$431	$0	$910	$426	$14,641
Interest Cost	35,708	2,339	1,669	728	887	908	42,239
(Actual Return on Assets) [2]	(40,353)	(2,972)	0	0	0	0	(43,325)
Events in the Period:							
• Past Service Costs / (Gains)	0	0	0	0	0	0	0
• Actuarial Losses / (Gains) on ABO [2]	0	0	0	0	0	0	0
• Special Termination Benefits Paid	0	0	0	0	0	0	0
Future Benefit Costs Before Adjustments	**$8,229**	**($633)**	**$2,100**	**$728**	**$1,797**	**$1,334**	**$13,555**
Adjustments to Recognize Long-Term Nature of Costs							
• Transitional Obligation / (Asset)	(786)	(409)	596	620	816	1,422	2,259
• Current Year Return on Assets [2]	501	(274)	0	0	0	0	227
• Past Service Costs	(134)	0	89	0	0	0	(45)
• Actuarial Losses / (Gains) on ABO [2]	18,083	1,120	549	134	100	(249)	19,737
Total Benefit Cost (Income)	**$25,893**	**($196)**	**$3,334**	**$1,482**	**$2,713**	**$2,507**	**$35,733**

Figures may not add up exactly due to rounding.

1 Employee Plan current service cost shown above includes $12,204 for DB component and $670 for DC component.

2 Although the sum of these four items will not change when the benefit cost for 2006 is finalized, the total amount will be re-distributed amongst the items based on the actual experience of the post-retirement benefit plans during 2006.

There is no valuation allowance expected in respect of 2006 reporting.

Please refer to Appendix D for additional details for projected 2006 benefit cost and the sensitivity of the ABO and current service cost to a 25 basis point discount rate change. Appendix D also contains the sensitivity of the ABO as at December 31, 2005 and combined current service and interest cost for 2006 to a 100 basis point change in the health care trend rate.

Aside from applying consistent methodology and assumptions, the calculation of benefit cost for each of NSPI's post-employment plans was determined independently from all other post-

employment plans. Detailed benefit cost calculations and details of amortization schedules are presented in Appendix D. The following is a brief explanation of accounting terms.

As a result of new CICA 3461 accounting disclosure requirements, effective July 1, 2004, the presentation of the benefit cost (previously known as benefit expense) was changed in the December 31, 2004 accounting report. The new disclosure separates some terms in the benefit cost into two items (one relating to the cost of any event arising in the period and the second the adjustment to arrive at the cost recognized during the period) where one disclosure item was used previously. The following descriptions relate to the prior disclosure and additional comments are provided, where appropriate, to indicate where this item has been split into two components under the new disclosure requirements.

Employer Current Service Cost

The employer current service cost for the year is determined as follows:

- in respect of active members who are at or past the full eligibility date, and in respect of retirees: none, and
- in respect of active members who have not reached the full eligibility date: the portion of the actuarial present value of all future benefits payable by the employer on behalf of the member and his/her dependants which is attributed to the year following the valuation date. The actuarial present value is attributed uniformly over the years from the date of hire to the full eligibility date.

Employer current service costs were computed as at December 31, 2005 using the actuarial assumptions described in Appendix A.

Interest Cost

To calculate the interest cost, interest for one year is credited on the Accrued Benefit Obligation, and interest for one-half of one year is credited on the total current service cost. Pension and claim payments are assumed to be made in the middle of the fiscal year.

Expected Return on Assets

To calculate the expected return on a Plan's assets, investment income for one year is credited based on the 5-year market related value of assets, and investment income for one-half of one year is credited on pension or claim payments, and contributions expected to be made during the fiscal year.

In the benefit cost tables shown above, the sum of the actual return on assets and the impact of deferred recognition on the current year return on assets is equal to the expected return on assets.

Amortization of Transitional Obligation

In accordance with the accounting standards, the value of the surplus less any Accrued Benefit Asset at the date of application of the standards is the transitional asset, or if negative, the transitional obligation. Under the prospective approach, this transitional obligation is normally amortized over the average remaining service period ("ARSP") of active employees. For NSPI, the ARSP as at January 1, 2000, the date of adoption of CICA 3461, was 13 years.

Amortization of Past Service Costs

Past service costs arising from plan amendments are amortized over the ARSP until full eligibility. The same ARSP was used for all benefit plans as the membership is materially the same.

In the benefit cost tables shown above, the sum of the past service costs arising in the period and the impact of deferred recognition on the past service costs is equal to the amortization of past service costs during the period.

Amortization of Net Actuarial Loss (Gain)

Under the accounting standards, actuarial gains and losses in a year may be combined with the unamortized balance of gains or losses from prior years. As discussed in CICA Section 3461.090, actuarial gains and losses on investments that are not yet reflected in the market related value of assets are not subject to amortization. The amount of unamortized gain or loss (net of the investment gain or loss not yet subject to amortization) that exceeds 10% of the greater of the plan's market related value of assets or Accrued Benefit Obligation is divided by ARSP and recognized in the current year benefit cost. The ARSP as at December 31, 2005 is 10 years.

In the benefit cost tables shown above, the sum of the actuarial loss on the ABO arising in the period and the impact of deferred recognition on the actuarial loss on the ABO is equal to the amortization of net actuarial losses during the period.

Amortization of Change in Carrying Amount of Accrued Benefit Asset on Adoption of CICA 3461 ("Initial Valuation Allowance")

In accordance with the accounting standards, the change in the limit on the carrying amount of the Accrued Benefit Asset on adoption of CICA 3461("Initial Valuation Allowance") may be amortized on the same basis as the transitional obligation.

Valuation Allowance

In accordance with CICA 3461, there may be limits on the carrying amount of an Accrued Benefit Asset. Currently, under the Employees' plan, NSPI's Accrued Benefit Asset will, upon full amortization of the Initial Valuation Allowance, be limited to half of the plan surplus.

Our understanding of CICA 3461 is that the difference between

- the Adjusted Benefit Asset (equal to surplus if there are net unamortized losses, or the Accrued Benefit Asset if there are net unamortized gains), and
- the expected future benefit

is equal to the sum of:

- the accrued Valuation Allowance, and
- the unamortized Initial Valuation Allowance.

Any change in the Valuation Allowance (other than the Initial Valuation Allowance) must be recognized immediately in income. The required Valuation Allowance for 2006 is based on figures projected to the end of 2006. Based on these projections, a Valuation Allowance will not be required; however the necessity of a Valuation Allowance should be reviewed at the time December 31, 2006 disclosure figures are prepared.

The permitted carrying amount of the Accrued Benefit Asset is equal to the Accrued Benefit Asset less the accrued Valuation Allowance.

Section 3 – Actuarial Opinion

The following opinion is with respect to the plans providing post-employment benefits for employees of Nova Scotia Power Incorporated ("NSPI").

Valuations of the Employee and Acquired Companies pension plans, supplemental and executive benefits, long service award, and post-employment health benefits were performed as at December 31, 2005. Each valuation was based on the plan provisions and data as at December 31, 2005. A valuation of ERIP 86 and 91 and War Service pensions was performed as at December 31, 2003 and extrapolated to December 31, 2005. We are not aware of any other post-employment plans sponsored by NSPI.

We have confirmed with NSPI that since the valuation date, there are neither plan modifications nor any extraordinary changes to the membership that would materially affect the results of the actuarial valuations.

We hereby certify that, in our opinion, as at December 31, 2005:

a) The post-employment benefits for employees of NSPI are defined benefits for purposes of Section 3461 of the *CICA Handbook*.

b) Our valuation and extrapolation thereof has been made in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from our valuation and extrapolation thereof have been determined in accordance with our understanding of Section 3461 of the *CICA Handbook*.

c) Our valuation thereof was performed using best-estimate assumptions developed by NSPI as at December 31, 2005. These assumptions are described in our valuation report and are summarized in Appendix A.

d) The total Accrued Benefit Obligation is $812.242 million and the total market value of assets is $581.172 million for a deficit of $231.070 million. The unamortized loss, past service cost and transitional obligations, net of unamortized gains and transitional assets is $287.288 million. The accrued Valuation Allowance is $0. The Carrying Amount of the Accrued Benefit Asset is $56.219 million. (Figures are rounded and may not add up exactly due to rounding.)

e) The average remaining service period for active members is 10 years. This is also a reasonable proxy of the average expected life expectancy in benefits plans that are comprised primarily of retirees. After application of the 10% corridor, actuarial gains and losses for each benefit plans is amortized over 10 years.

f) We have confirmed with NSPI that the plan provisions are up to date as at the date of this report. We are not aware of any events that could have a significant effect on our valuation or on NSPI's financial statements.

g) Fiscal 2005 benefit cost is $22.093 million.

h) Fiscal 2006 benefit cost is estimated to be $35.733 million.

i) We are aware that NSPI's auditors may rely on this report for the preparation of NSPI's financial statements.

Furthermore, we hereby declare that in our opinion:

- The data upon which this valuation is based are sufficient and reliable for the purposes of the valuation; and
- NSPI management have selected the assumptions and they are in accordance with accepted actuarial practice; and
- This report has been prepared, and our opinion given, in accordance with generally accepted actuarial practice.

Emerging experience, differing from assumptions will result in gains and losses, which will be revealed in future valuations.

We are available, at your convenience, to provide you with any additional information that you may require.

Respectfully submitted,

Paul Chang, F.S.A., F.C.I.A. Michael Delaney, A.S.A.

This report has been peer reviewed by _____

Jeff Clark, F.S.A., F.C.I.A.

MORNEAU SOBECO
February 2006

Appendix A – Actuarial Assumptions and Methods

Actuarial Cost Method

For all active employees, the Accrued Benefit Obligation and the current service cost were calculated using the "projected benefit method pro-rated on service".

According to this method, the Accrued Benefit Obligation is equal to the actuarial present value of all future benefits (net of any employee cost sharing for OPEBs), taking into account the assumptions described below, multiplied by the ratio of an employee's service at the valuation date to total service at the retirement date. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in that period.

To determine the actuarial present value of post-retirement health benefits, the expected true costs were projected into the future in respect of each member applying both age-related utilization rates and the assumed trend (i.e., health care inflation) rates. In addition, each member's expected contributions (i.e., premium) was projected into the future based on health care inflation. The actuarial present value of NSPI's portion of the cost of the post-employment health plan is the difference between the actuarial present value of the total cost and the actuarial present value of the member's contributions.

Assets

Employee and Acquired pension plan assets are taken at market value from the draft audited financial statements. There are no assets in respect of the other plans.

To determine the expected return on assets, we used a 5 year market-related value of assets and assumed that all cash flows would occur at mid-year.

Actuarial Assumptions

The actuarial assumptions used for the valuation are summarized in the following table. All rates and percentages are annualized unless otherwise noted. All assumptions used are management's best estimates. The discount rate was based on the annualized yield of A rated bonds at the valuation date with the same duration as the obligations (14 years).

Table A.1 Actuarial Assumptions – Economic Factors

	December 31, 2005 Disclosure and 2006 Benefit Cost	December 31, 2004 Disclosure and 2005 Benefit Cost
Discount Rate	5.25%	6.00%
General Inflation	2.50%	2.50%
YMPE	3.00%	3.00%
Salary Increases*	Under 30: 5.50% 30 to 34: 5.00% 35 to 39: 4.50% 40 to 44: 4.00% 45 to 49: 3.50% 50 and above: 3.00%	Under 30: 5.50% 30 to 34: 5.00% 35 to 39: 4.50% 40 to 44: 4.00% 45 to 49: 3.50% 50 and above: 3.00%
Increase in maximum Pension in registered plan per year of service	$2,111 for 2006, $2,222 for 2007, $2,333 for 2008, $2,444 for 2009 and $2,444 indexed starting in 2010 at 3.00% per annum	$2,000 for 2005, and $2,000 indexed starting 2006 at 3.00% per annum
Return on Employee Plan Assets	7.50%	7.50%
Return on Acquired Plan Assets	7.50%	7.50%
Extended Health Care Inflation	9.00% for next year (premium increase effective Jan 2007), decreasing in years 2 through 6 by 1% per year with a long-term ultimate rate of 4.00%	10.00% for next year (premium increase effective Jan 2006), decreasing in years 2 through 7 by 1% per year with a long-term ultimate rate of 4.00%
Dental Inflation	4.00%	4.00%

* During 2004, union plan members received retroactive earnings in respect of 2003 service. This retroactive payment represented, on average, 2.4% of 2004 pensionable earnings. This 2.4% represents a one-time retroactive payment and will not be repeated in future years. In projecting the earnings for unionized members (which are based on 2004 actual earnings), we adjusted the result by a multiple of 0.976 to "back out" this one time retroactive payment included in the 2004 earnings.

Table A.2 Actuarial Assumptions – Demographic Factors

	December 31, 2005 Disclosure and 2006 Benefit cost	**December 31, 2004 Disclosure and 2005 Benefit cost**
Mortality	1994 Uninsured Pensioners Mortality Table projected to 2015 using Projection Scale AA (UP94@2015). Sex Distinct. Post-retirement only	Group Annuity 1983 Table (GAM83) Sex Distinct Post-retirement only
Termination	5% per annum up to age 50	5% per annum up to age 50
Disability Rates	None assumed	None assumed
Retirement Rates	Age 59*, Deferred assumed to retire at age 60, Disabled assumed to retire at age 65 or 35 years of service. It was assumed that all members retiring at age 59 would be eligible for the long service award. *Age 58 was used for the valuation of the new post-retirement health plan. [3]	Age 59*, Deferred assumed to retire at age 60, Disabled assumed to retire at age 65 or 35 years of service. It was assumed that all members retiring at age 59 would be eligible for the long service award. *Age 58 was used for the valuation of the new post-retirement health plan. [3]
Spouse Age Difference	Women 3 years younger.	Women 3 years younger.
Health Care Relative Utilization [1]	Please see table A.3 below	Please see table A.3 below
Percentage Married	85% at retirement	85% at retirement
Members Electing Coverage at Retirement	For members who currently have coverage: 100% for members with 35 or more years of service, 85% for all other members [2]	For members who currently have coverage: 100% for members with 35 or more years of service, 85% for all other members [2]
Coverage Elected at Retirement	Old Plan: 85% Family, 15% Single New Plan: 35% Family, 50% Couple, 15% Single	Old Plan: 85% Family, 15% Single New Plan: 35% Family, 50% Couple, 15% Single

1 Used to estimate average medical and drug costs at different ages (drug coverage ceases at age 65).

2 The data used for the post-employment health care valuation includes only those active members who currently have health coverage – such members represent 90% of all active employees at NSPI – the assumed likelihood that an active employee who currently has coverage and who retires from NSPI takes post-retirement coverage is 85% resulting in an overall take up rate for all employees (with or without current coverage) of 75% (approximately equal to 0.85 x 0.9).

3 It is advantageous to move to the new health plan only if an employee intends to retire early; therefore we assume such members will retire, on average, at an earlier age.

Table A.3 Health Care Relative Utilization Factors

Age	Hospital & EHB	Drug Coverage	Dental Coverage
40	46%	42%	90%
45	53%	56%	88%
50	61%	74%	86%
55	78%	86%	83%
60	100%	100%	81%
64	122%	113%	80%
65	128%	N/A	N/A
70	163%	N/A	N/A
75	239%	N/A	N/A
80	352%	N/A	N/A
85	517%	N/A	N/A

Example: The cost for Hospital and EHB for a 64 year old is 122% of the cost for a 60 year old.

Calculation of Medical Cost

Development of Utilization Factors

Manulife Financial provided claims amounts for hospital & EHB, and drugs for the period from August 1, 2001 to July 31, 2002 by quinquennial age bands. Using the number of members within each age band, we determined the amount of claims per member for each age band. From this we found the relative age based utilization factors for each quinquennial age band. We then extrapolated integer age based utilization factors from the quinquennuial results. As there were insufficient post-1991 retirees over age 75 to establish a reliable utilization scale over such age, the utilization scales beyond age 75 were estimated based on industry statistics. We did not have details of the dental claims amount and have used utilization factors which are based on industry statistics.

Existing Post-Retirement Health Plan - NSPI members

Effective 2003, the annualized premiums for retirees are experience rated amongst retirees only. Previously the actives and retiree premiums were experience rated as a single group, and the same premium was paid by both retirees and actives. The member's portion (50% of total cost) of the annualized premiums charged as at January 1, 2006 (including the 4.4% increase as at January 1, 2006) for the NSPI Health plan is $581 for single coverage and $1,456 for family coverage. The experience report also shows that approximately 85% of claims are related to drugs, with the remaining 15% for hospital and extended health care.

Based on the assumed age-related utilization scale described in Table A.3, we estimated the true employer cost (total expected claims at each age less member's paid premium) for 2006 at each age:

Age	Single	Family
50	$605	$1,511
55	$805	$2,010
60	$1,040	$2,597
65	($389)	($974)
70	($336)	($841)
75	($220)	($553)
80	($51)	($130)
85	$198	$493

Based on the premiums provided by Manulife, we updated the estimated employer cost (as compared to our prior valuation). Based on the ratio of the family to the single premium being charged by Manulife, and a fully experienced retiree only group, we continue to assume that the total cost for family coverage is approximately 2.5 times the single cost. A negative amount means that the retiree's premium exceeds the estimated average claims at that particular age.

New Post-Retirement Health Plan - NSPI members

Effective January 1, 2004, a new health benefit plan for retirees was introduced. Please refer to Appendix C for details of the new retiree health plan. We understand that this plan will be rated separately from the existing plan and retirees and actives will be rated as one group within the new plan. As there are currently an insufficient number of retirees under the new plan, we have used the same drug and hospital utilization factors as for the old plan and used industry based utilization factors for the dental benefits.

NSPI provided us with the total annualized premiums charged as at January 1, 2006 for the new NSPI Health plan as $641 for single coverage and $1,966 for family coverage, and new Dental plan as $381 for single coverage and $845 for family coverage. Based on the premiums provided, and the assumed age-related utilization scale described in Table A.3, we estimated the true employer cost (total cost less member's premium) for 2006 at each age for an employee who will pay 50% of the benefit plan premium in retirement:

Age	Health Single	Health Family*	Dental Single	Dental Family*
50	$425	$1,254	$183	$400
55	$555	$1,645	$174	$379
60	$709	$2,107	$165	$359
64	$853	$2,537	$158	$344
65**	$0	$0	$0	$0

* In addition to family coverage, there is "couple coverage", employer health and dental costs for couple coverage is approximately 2 times the single health cost shown.

** No coverage after age 65.

Note that under the new post-retirement benefit plan, the actual percentage of the costs paid by the employer varies by the member's years of service at retirement. The costs shown above would need to be adjusted accordingly for members who do not receive 50% cost sharing. (Please contact us if you require such figures).

Pre-1992 Retirees

Since NSPI's liability in respect of former NSPI employees who retired under the PSSP is based on the amount of premium assessed by the Province, we have determined the accrued benefit obligation in respect of these members by determining the present value of premiums. Such premiums are assumed to increase at the health inflation rates, but no age utilization factor is applied. Annualized employer (65% of total) premiums as at January 1, 2006 are as follows:

	Policy 5138	Policy 6000	Policy 6500
Single	$192	$643	$342
Family	$489	$1,427	$685

The premiums as at January 1, 2006 are the same as those as at January 1, 2005.

We assumed that the above premiums for pre-1992 retirees would follow the extended health care inflation assumption set out in table A.1 for future years.

Valuation Allowance

For purposes of estimating the Valuation Allowance required for fiscal 2006, we estimated the December 31, 2006 ABO for the Employee's Pension Plan (DB component only) to be $712.46 million. This was based on the December 31, 2005 ABO figure of $683.54 million projected forward with estimated current service cost, interest, less benefit payments. The Employee's Pension Plan assets (DB component only), on a market value basis, projected to December 31, 2006 is estimated to be $576.45 million.

As a result, the Plan's ABO exceeds the assets as at December 31, 2006 (i.e., the Plan's "adjusted benefit asset" is less than 0 and there is no "expected future benefit" – as those terms are defined in CICA subsections 3461.101) and no Valuation Allowance is projected to be required. A determination based on actual December 31, 2006 ABO and assets will be required to finalize the amount of Valuation Allowance for 2006.

Appendix B – Membership Data

Description of Pension Plan Membership Data

Our valuation of the pension plans as at December 31, 2005 was based on valuation data as at December 31, 2005, with the exception of the War Service and ERIP valuation which was based on valuation data as at December 31, 2003.

We have performed tests to verify reasonableness and internal consistency and are satisfied that the data is sufficient and reliable for the purposes of this valuation. Basic statistics on the Employee and Acquired plan data are shown in the table below:

Table B.1

	Employee Plan (DB)	Acquired Companies	Exec, Discretionary	War Svc, ERIP 1986, ERIP 1991*
Actives (including LTD)				
Number	1,501**	9	24	N/A
Average age	46.3	56.6	47.3	N/A
Average credited service	17.2	3.3	13.6	N/A
Average 2005 earnings	$55,917	$63,540	<>	N/A
Pensioners (including survivors)				
Number	836	735	325	360
Average age	61.0	75.3	65.4	75.6
Average annual lifetime pension	$19,258	$6,133	$4,802	$3,836
Average annual bridge (averaged over all pensioners)	$4,423	$6	$883	$0

* Data as at December 31, 2003.

** Includes 43 LTD members accruing credited service under the Employee Pension Plan and 51 members with accrued benefits to July 1, 2001 who switched to DC.

Some service and earning figures not shown to protect confidentiality.

Pension figures include the January 1, 2006 cost of living adjustment with the exception of the War Service and ERIP pension figures which include cost of living adjustments to January 1, 2004.

Data for the War Service, Executive Plan, Discretionary Plan, and ERIP 1986 and 1991 were provided by NSPI. Please refer to the actuarial reports for funding purposes as at December 31, 2005 for additional data information for the Employees' Pension Plan and the Acquired Companies Pension Plan.

The following tables summarize the key data used in our valuation.

Table B.2 Employee Plan Active Members

Nearest Age	Credited Service	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 plus	Total
20 to 24	Count	10							**10**
	Avg Credited	< >							< >
	Avg 2005 Earnings	< >							< >
25 to 29	Count	50	7						**57**
	Avg Credited	2.8	5.6						**3.1**
	Avg 2005 Earnings	37,389	38,761						**37,558**
30 to 34	Count	68	36	2					**106**
	Avg Credited	2.4	6.1	< >					< >
	Avg 2005 Earnings	49,071	48,426	< >					< >
35 to 39	Count	49	44	17	52	2			**164**
	Avg Credited	2.7	6.8	13.1	16.4	< >			< >
	Avg 2005 Earnings	50,759	52,536	51,497	57,089	< >			< >
40 to 44	Count	47	49	12	105	52			**265**
	Avg Credited	2.8	6.8	13.0	17.5	22.3			**13.7**
	Avg 2005 Earnings	54,623	54,300	53,878	62,073	56,985			**57,945**
45 to 49	Count	38	40	12	67	57	89	12	**315**
	Avg Credited	3.0	6.9	13.3	17.7	22.7	27.4	30.4	**18.5**
	Avg 2005 Earnings	56,491	55,861	51,763	59,287	61,710	63,626	59,831	**59,913**
50 to 54	Count	22	21	13	31	57	107	137	**388**
	Avg Credited	3.2	7.0	13.3	17.6	22.7	28.0	31.9	**24.7**
	Avg 2005 Earnings	66,731	45,821	48,520	50,823	56,053	64,738	57,998	**58,516**
55 to 59	Count	8	6	4	23	22	57	42	**162**
	Avg Credited	3.2	6.5	13.9	17.7	23.2	27.8	32.5	**24.6**
	Avg 2005 Earnings	46,027	69,270	49,223	52,092	52,995	54,069	61,851	**55,706**
60 plus	Count	4	6		6	5	7	6	**34**
	Avg Credited	3.3	6.5		17.1	22.3	27.3	32.7	**19.2**
	Avg 2005 Earnings	32,170	57,434		39,098	38,441	47,507	57,902	**46,472**
Total	**Count**	**296**	**209**	**60**	**284**	**195**	**260**	**197**	**1,501**
	Avg Credited	**2.7**	**6.7**	**< >**	**17.4**	**< >**	**27.7**	**32.0**	**17.2**
	Avg 2005 Earnings	**49,660**	**52,363**	**< >**	**57,981**	**< >**	**61,555**	**58,928**	**55,917**

Notes:

Some earnings figures hidden to protect confidentiality.

Age is rounded down to the nearest birthday.

Avg. Credited is the number of years credited for pension plan purposes (rounded down to the nearest integer).

The salary used is the annualized pensionable salary for the year ending December 31, 2005.

Age/Service distribution includes 43 members on LTD and 51 members who switched to the DC component of the Plan in respect of service after July 1, 2001.

Table B.3 Employees' Plan Pensioners

Nearest Age	Count	Average Annual Pension	Average Annual Bridge	Average Annual Benefit	Total Benefit Payable
Under 25	22	1,886	0	1,886	41,500
25 to 49	13	10,966	553	11,519	149,746
50	3	6,041	2,283	8,324	24,971
51	1	< >	< >	< >	< >
52	4	11,457	1,168	12,625	50,501
53	3	11,575	3,415	14,990	44,969
54	14	23,060	7,385	30,444	426,222
55	19	23,000	7,181	30,182	573,452
56	40	22,085	7,586	29,670	1,186,816
57	61	22,326	7,060	29,386	1,792,546
58	70	21,069	7,238	28,306	1,981,446
59	69	21,485	7,510	28,996	2,000,695
60	54	22,497	6,841	29,338	1,584,236
61	56	18,645	6,724	25,369	1,420,662
62	42	20,198	6,467	26,665	1,119,920
63	41	20,040	6,346	26,386	1,081,820
64	45	18,946	6,072	25,018	1,125,808
65	39	19,155	2,701	21,856	852,387
66	47	17,358	89*	17,447	820,022
67	47	19,003	105*	19,108	898,061
68	35	22,046	0	22,046	771,627
69	31	18,309	0	18,309	567,585
70	23	13,522	0	13,522	311,003
71	10	19,507	0	19,507	195,073
72	13	20,445	0	20,445	265,782
73	12	12,242	0	12,242	146,904
74	3	12,786	0	12,786	38,359
75	5	15,755	0	15,755	78,776
76	3	19,772	0	19,772	59,317
77	6	17,923	0	17,923	107,537
78	4	14,177	0	14,177	56,706
79	1	< >	< >	< >	< >
Average		**$19,258**	**$4,423**	**$23,680**	
Total	**836**				**$19,796,717**

Figures above include January 1, 2006 cost of living adjustment.

* Bridge payable to surviving spouse

Table B.4 Acquired Plan Pensioners

	PART 1					PART II		
	Count	Average Annual Pension	Average Annual Bridge	Average Annual Benefit	Total Benefit Payable	Count	Average Annual Benefit	Total Benefit Payable
50 to 54	3	761		761	2,283	0	0	0
55 to 59	47	920		920	43,224	13	1,284	16,692
60	13	2,023		2,023	26,296	5	1,883	9,417
61	16	2,124		2,124	33,976	2	< >	< >
62	12	2,942		2,942	35,308	4	2,151	8,603
63	10	2,896		2,896	28,963	3	5,412	16,235
64	7	3,913		3,913	27,394	1	< >	< >
65	9	3,121	507	3,628	28,089	1	< >	< >
66	8	4,095		4,095	32,762	4	4,205	16,820
67	14	3,774		3,774	52,834	11	4,913	54,040
68	10	3,868		3,868	38,684	5	5,986	29,930
69	13	5,265		5,265	68,448	8	2,997	23,978
70	15	5,910		5,910	88,651	8	3,954	31,635
71	12	4,242		4,242	50,903	5	5,541	27,703
72	21	7,974		7,974	167,448	5	6,975	34,876
73	10	9,290		9,290	92,899	5	5,015	25,075
74	20	8,034		8,034	160,688	8	5,069	40,550
75	21	8,955		8,955	188,053	8	8,364	66,909
76	18	6,200		6,200	111,604	11	4,859	53,444
77	17	9,565		9,565	162,602	11	6,340	69,742
78	24	11,863		11,863	284,712	6	4,476	26,856
79	17	7,833		7,833	133,158	3	8,277	24,831
80	23	8,121		8,121	186,784	10	8,198	81,982
81	13	11,079		11,079	144,021	10	6,083	60,830
82	17	11,014		11,014	187,238	8	6,545	52,359
83	19	11,988		11,988	227,779	5	4,657	23,287
84	10	6,337		6,337	63,374	7	6,145	43,017
85	11	8,337		8,337	91,710	7	6,085	42,592
86	11	7,777		7,777	85,550	9	6,495	58,458
87	14	7,733		7,733	108,259	4	7,349	29,394
88	12	8,351		8,351	100,211	5	4,268	21,338
89	14	7,395		7,395	103,537	1	< >	< >
90 to 94	26	6,716		6,716	174,620	13	4,110	53,429
95 and over	14	5,577		5,577	78,074	8	4,268	34,148
AVERAGE		**$6,545**	**$9**	**$6,545**			**$5,131**	
TOTAL	**521**				**$3,410,135**	**214**		**$1,097,954**

Figures above include January 1, 2006 cost of living adjustment.

Table B.5 Exec and Discretionary Pensions

Executives and Discretionary					
Nearest Age	Count	Avg. Annual Pension	Avg. Bridge Pension	Avg. Benefit Payable	Total Benefit Payable
< 55	2	< >	< >	< >	< >
55	1	< >	< >	< >	< >
56	2	< >	< >	< >	< >
57	18	3,779	1,290	5,069	91,239
58	27	3,708	1,380	5,088	137,370
59	39	4,058	1,393	5,451	212,594
60	29	6,022	1,325	7,347	213,063
61	33	3,397	1,301	4,698	155,035
62	24	3,953	1,300	5,253	126,062
63	20	4,366	1,323	5,688	113,764
64	15	4,008	1,265	5,273	79,096
65	11	8,226	784	9,011	99,118
66	12	< >	< >	< >	< >
67	9	3,047	95	3,142	28,282
68	5	3,599	0	3,599	17,993
69	6	2,790	0	2,790	16,742
70	3	2,314	0	2,314	6,942
71	3	3,167	0	3,167	9,502
72	2	< >	< >	< >	< >
73	2	< >	< >	< >	< >
74	4	1,571	0	1,571	6,283
75	0	0	0	0	0
76	4	4,701	0	4,701	18,804
77	7	3,684	0	3,684	25,790
78	5	3,711	0	3,711	18,553
79	4	983	0	983	3,933
80	2	< >	< >	< >	< >
81	5	1,780	0	1,780	8,901
82	6	2,365	0	2,365	14,189
83	7	3,333	0	3,333	23,328
84	3	580	0	580	1,740
85	5	3,592	0	3,592	17,962
> 85	10	3,604	0	3,604	36,036
AVERAGE		**$4,802**	**$883**	**$5,685**	
TOTAL	**325**				**$1,847,500**

Figures above include January 1, 2006 cost of living adjustment.

Table B.6 War Service and ERIP 1986 and 1991 as at December 31, 2003

War Service				ERIP 1986 and 1991			
Nearest Age	Count	Avg. Annual Pension	Total Benefit Payable	Nearest Age	Count	Avg. Annual Pension	Total Benefit Payable
70	1	< >	< >	61	1	< >	< >
71	0	0	0	62	1	< >	< >
72	7	1,612	11,283	63	1	< >	< >
73	1	< >	< >	64	0	0	0
74	2	< >	< >	65	2	< >	< >
75	1	< >	< >	66	0	0	0
76	1	< >	< >	67	9	3,829	34,459
77	1	< >	< >	68	21	4,062	85,308
78	8	2,974	23,792	69	14	4,359	61,022
79	6	1,668	10,009	70	18	4,961	89,295
80	12	2,711	32,531	71	17	4,245	72,169
81	5	2,370	11,851	72	28	4,321	120,987
82	7	2,808	19,658	73	36	3,741	134,680
83	10	3,701	37,011	74	20	3,886	77,714
84	9	5,385	48,464	75	22	3,204	70,491
85	7	3,738	26,167	76	23	3,793	87,239
86	11	3,781	41,588	77	11	4,262	46,884
87	3	9,129	27,386	78	13	4,821	62,677
88	4	4,278	17,112	79	11	3,822	42,047
89	2	< >	< >	80	9	2,275	20,471
90	1	< >	< >	81	3	1,741	5,222
91	1	< >	< >	82	2	< >	< >
92	1	< >	< >	83	1	< >	< >
93	0	0	0				
94	2	< >	< >				
95	0	0	0				
96	1	< >	< >				
Average		**$3,377**		**Average**		**$3,915**	
Total	**104**		**$351,203**	**Total**	**263**		**$1,029,677**

Figures above include indexing as at January 1, 2004. Indexing as at January 1, 2005 and January 1, 2006 is not included in figures shown.

There are no bridge benefits.

Description of Health Plan Membership Data

Employee data for health benefits was provided by NSPI as at December 31, 2005. We have taken the following steps to review the data to ensure sufficiency and reliability:

The data for actives and post 1991 pensioners was compared to the pension valuation data as at December 31, 2005 for reasonableness. Approximately 90% of pension plan active members are enrolled in the health program, and 75% of pension plan retirees are enrolled in the health coverage. This is reasonable since there is an employee cost share component for the coverage.

The data for selected active members and post 1991 pensioners were cross-referenced with the pension plan data and found to be consistent.

We reviewed the data counts and age distributions in respect of pre-1992 retirees for whom NSPI reimburses the Province of Nova Scotia for health benefits, against actual data as at December 31, 2004 and they are consistent.

Table B.7 NSPI Active Members Enrolled in Old Health Program

Age Band	Number with Single Coverage	Number with Family Coverage	Average Age Within Age Band
Less than 30	13	6	28.1
30 – 34	15	17	32.9
35 – 39	11	45	37.8
40 – 44	15	79	42.8
45 – 49	14	96	47.6
50 – 54	13	98	52.3
55 – 59	12	51	57.3
60 – 64	3	17	61.9
Total	**96**	**409**	**46.8**

Table B.8 NSPI (Post – 91) Pensioners Enrolled in Old Health Program

Age Band	Number with Single Coverage	Number with Family Coverage	Average Age Within Age Band
< 50	2	4	46.9
50 – 54	9	14	53.4
55 – 59	33	145	58.0
60 – 64	45	137	62.3
65 – 69	31	95	67.2
70 – 74	10	18	72.0
75 – 79	3	4	76.7
> 80	1	0	86.0
Total	**134**	**417**	**62.2**

Table B.9 NSPI Active Members Enrolled in New Health Program

Age Band	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age Within Age Band
Less than 30	14	14	10	27.0
30 – 34	15	15	41	32.9
35 – 39	28	15	63	37.8
40 – 44	23	18	94	42.9
45 – 49	21	39	99	47.8
50 – 54	28	99	112	52.4
55 – 59	8	58	27	57.1
60 – 64	4	2	2	61.2
Total	**141**	**260**	**448**	**46.0**

Table B.10 NSPI Active Members Enrolled in New Dental Program

Age Band	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age Within Age Band
Less than 30	13	14	11	27.1
30 – 34	15	21	35	32.8
35 – 39	28	15	65	37.8
40 – 44	21	20	94	42.9
45 – 49	19	39	102	47.7
50 – 54	29	95	111	52.4
55 – 59	10	55	24	57.1
60 – 64	4	2	2	61.2
Total	**139**	**261**	**444**	**45.9**

Table B.11 NSPI (Post – 91) Pensioners Enrolled in New Program

	Number with Single Coverage	Number with Couple Coverage	Number with Family Coverage	Average Age
Total Health	**2**	**21**	**11**	**57.1**
Total Dental	**2**	**22**	**10**	**57.1**

Pre-92 Pensioners – Premium Reimbursement to Province of NS

We were provided with the counts of members with single and family coverage enrolled in policies 5138, 6000, and 6500 under Province of NS post retirement health plan for whom NSPI reimburses the Province of NS for a portion of the premiums. We gathered data provided by the Province of Nova Scotia as at December 31, 2004 for all of the retirees under policies 5138, 6000 and 6500 with single or family coverage who were still enrolled as at that date. We determined the present value of the future premiums as at December 31, 2005 assuming there

was no change in the membership during 2005. We then pro-rated the total present value for each group and coverage type based on the membership counts provided by NSPI as at December 31, 2005.

The following table presents the age distribution based on the membership as at December 31, 2004 and also provides the membership counts as at December 31, 2005:

Table B.12 Distribution of Pre – 92 Pensioners based on December 31, 2004 Membership Totals

Age Band	5138 Single	5138 Family	6000 and 6500 Single	6000 and 6500 Family
50 – 54	0	0	0	0
55 – 59	2	2	0	4
60 – 64	1	0	6	2
65 – 69	2	0	12	10
70 – 74	2	0	66	95
75 – 79	1	0	90	115
80 – 84	11	4	71	71
85 – 89	14	6	70	35
90 – 94	9	1	21	4
95 – 99	2	0	5	4
Total	**44**	**13**	**341**	**340**
Number as at Dec. 31, 2005 (provided by NSPI)	**45**	**11**	**351**	**319**

Dental

In addition to the employee data for health benefits under the old post-retirement health plan, NSPI provided data for retiree dental benefits. Retiree dental benefits are provided in special circumstances under the old post-retirement health plan, and do not form part of the standard benefits package. (Under the new post retirement benefit plan, dental coverage is provided). There are approximately 24 retirees as at December 31, 2005 who are entitled to dental benefits on a 50/50 cost share under the old post-retirement health plan until they reach age 65. The average age of the 24 retirees is 60.9.

Appendix C – Summary of Plan Provisions

Employees' Pension Plan

Please refer to the actuarial report for funding purposes as at December 31, 2005 for a summary of plan terms. Effective July 1, 2001, a defined contribution option was offered under the Employee's pension plan. Members who elected to participate in the defined contribution portion of the plan ceased to accrue service under the defined benefit portion of the plan, but retain a defined benefit pension based on final average earnings at termination or retirement in respect of credited service to July 1, 2001.

Acquired Companies Pension Plan

Please refer to the actuarial report for funding purposes as at December 31, 2005 for a summary of plan terms. Included in the liability is the value of cost of living adjustment and survivor benefits in respect of member's paid up Government of Canada pensions. We note that this is a closed plan and there are no members accruing service.

Executive Supplements, and Discretionary Benefits

NSPI introduced a Supplementary Executive Retirement Plan ("SERP") as at January 1, 2001 to top-up benefits for all members who are capped under the Employees' Pension Plan by the maximum pension limits set out in the *Income Tax Act*. Previously, only certain executives were covered by the SERP. Generally speaking, the SERP has the same terms as the registered Employees' Pension Plan and pays a pension equal to (a) minus (b):

(a) the pension determined under the Employees' Pension Plan without reference to the *Income Tax Act* limits,

(b) the pension payable under the Employees' Pension Plan.

The SERP benefits cover both defined benefit and defined contribution amounts that would otherwise exceed *Income Tax Act* limits. For the DC SERP, the word "contribution" would replace the word "pension" in the formula above. In addition, the annual rate of return on the DC SERP balances are deemed to be equal to the annual rate of return on the member's actual Employees' Pension Plan DC account balance.

Certain members in the SERP have a different definition of pensionable earnings than that defined in the Employees' Pension Plan. For such members, this would be used to determine (a) above. There is no pre-funding of SERP benefits. Please refer to the SERP plan document for additional information.

In addition to the SERP, any discretionary benefits granted by NSPI are included in this component. Such benefits are not pre-funded.

War Service, ERIPs of 1986 and 1991

War Service liability is in respect of service granted under the Nova Scotia Public Service Superannuation Plan ("PSSP") to members of Nova Scotia Power Corporation (the predecessor to Nova Scotia Power Incorporated). PSSP is responsible for paying the total pension benefit to such members. NSPI is responsible for reimbursing PSSP the portion of such benefits attributable to war service on a pay as you go basis.

The ERIP 1986 and 1991 liability is in respect of certain additional benefits provided to members who retired under the early retirement incentive program (ERIP) offered in 1986 and 1991. The PSSP is responsible for paying the total pension benefit to such members. NSPI is responsible for reimbursing PSSP the portion of such benefits attributable to additional service granted under the ERIP on a pay as you go basis.

Long Service Award

Employees who retire from active service on an unreduced pension are eligible for a Long Service Award benefit. This benefit is also paid in the event of death in service. No benefit is payable to employees who terminate prior to retirement, or to those who retire early with a reduced pension. A member's benefit is based on his rate of pay on his retirement date. The benefit amount is 1 week's salary for each year of service, up to a maximum of 26 years of service.

Post-Retirement Health Care Benefits

Existing ("Old") Post-Retirement Health Care Plan

All NSPI employees who retired between privatization and December 31, 2003 receive benefits under the Old post retirement health care plan. Members who were active as at January 1, 2004 may receive benefits based on either the Old or New Plan depending on a one-time coverage election.

The Old Plan provides retired employees and their spouses (and eligible dependent children, if any) with 100% coverage for all prescription drugs up to age 65, 100% of eligible hospital benefit costs, and 80% of extended health benefits. To be entitled to this post-retirement health benefit, employees must retire from active service and be eligible for an unreduced pension from the NSPI Employee's Pension Plan. Benefits are not provided to those who terminate prior to retirement. It is noted that the Prior Plan documents suggest that spouses and dependents are not eligible for coverage after the death of the member; however, we understand that the practice is to continue to provide coverage, and charge the applicable premium, in any such instance. We have therefore included the cost of lifetime benefits for surviving spouses, in accordance with Company practice.

The cost of the Old Plan is shared on a 50-50 basis between the retired employees (and eligible spouses) and the Company. The premium charged is set by the insurance company considering total expected claims in respect of retired members only. The premium does not reduce at age

65, although drug coverage ceases at that time. Premiums differ between employees only in respect of coverage type, i.e., single or family coverage.

New Post-Retirement Health Care Plan

This Plan applies to all employees hired on or after January 1, 2004. However, all active employees as at January 1, 2004 had a one time option to convert to the New Plan.

Compared to the Old Plan, the New Plan adds orthodontic coverage, and caps drug dispensing fees at $7 per prescription and drug costs to the generic brand cost. Members who enroll in the New Plan are entitled to continue with both health and dental coverage after retirement up to age 65 if they meet eligibility requirements:

- The member must have at least 10 years of continuous service with the Company to be eligible for the post-retirement benefit.
- Benefits are not provided to those who terminate prior to retirement.

The cost of the New Plan is shared between the employee and the Company, based on the retired member's continuous service at their date of retirement:

Years of Continuous Service at Retirement	Employer Paid Portion
1 – 9	Not eligible to enroll in the Plan
10 – 14	0% paid for by the Employer
15 – 29	50% paid for by the Employer
30 – 34	75% paid for by the Employer
35 +	100% paid for by the Employer

In addition to single and family coverage, the New Plan offers "couple" coverage, whereby any two family members may obtain health and dental coverage. Under the New Plan, no coverage is provided after the former employee attains age 65 (even if the spouse is still under age 65).

Post-Retirement Health Benefits for pre-privatization retirees

The cost to NSPI of benefits payable in respect of retired NSPC (the predecessor to Nova Scotia Power Incorporated) members who receive a pension from the PSSA is based on the premium assessed by the Province of Nova Scotia.

Appendix D – Detailed Calculation Sheets Fiscal 2005 & Projected Fiscal 2006

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2006 to December 31, 2006 - Projection for 2006
All figures in thousands. C:\Documents and Settings\af274\Local Settings\Temporary Internet Files\OLK5\[NSPI 2006 Accounting Report Appendix D (FINAL) (2).xls]20

"VA" means Valuation Allowance

Sensitivity to 25 basis points decrease - ABO at beg of period	N/A	4.1%	2.0%	3.3%	2.0%	1.9%	2.5%	
Sensitivity to 25 basis points decrease - CSC (ER Portion)	N/A	7.6%	N/A	5.3%	N/A	2.4%	3.4%	
Sensitivity to 100 basis points change in health trend rates:								
Impact on total of service and interest cost	N/A	N/A	N/A	N/A	N/A	N/A	11.4%	
Impact on ABO at end of period	N/A	N/A	N/A	N/A	N/A	N/A	10.0%	
Adjustment for change in discount rate		0.0%	0	0.0%	0	0.0%	0.0%	

1. EXPENSE	**Pension Plan for Employees (DC only)**	**Pension Plan for Employees (DB only)**	**Pension Plan for Certain Acquired Companies**	**SERP Exec Supp Discretionary**	**War Service ERIP 1986 and ERIP 1991**	**Long Service Award**	**Post Retirement Employees (ER Only)**	**Total**
ASSUMED RETURN ON ASSETS	***N/A***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	
ASSUMED DISCOUNT RATE AT BEGINNING OF PERIOD	***N/A***	***5.25%***	***5.25%***	***5.25%***	***5.25%***	***5.25%***	***5.25%***	
ASSUMED DISCOUNT RATE AT END OF PERIOD	***N/A***	***5.25%***	***5.25%***	***5.25%***	***5.25%***	***5.25%***	***5.25%***	
CURRENT SERVICE COST	$670	$12,204	$0	$431	$0	$910	$426	$14,641
INTEREST ON ACCRUED BENEFITS	0	35,708	2,339	1,669	728	887	908	42,239
EXPECTED RETURN ON ASSETS	0	(39,852)	(3,246)	0	0	0	0	(43,098)
STRAIGHT LINE AMORTIZATION OF:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Past Service Costs	0	(134)	0	89	0	0	0	(45)
- Actuarial Losses / (Gains)	0	18,083	1,120	549	134	100	(249)	19,737
- Change in VA on adopting CICA 3461	0	837	0	0	0	0	0	837
CHANGE IN VALUATION ALLOWANCE	0	(837)	0	0	0	0	0	(837)
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
SPECIAL TERMINATION								0
EXPENSE (INCOME)	**$670**	**$25,223**	**($196)**	**$3,334**	**$1,482**	**$2,713**	**$2,507**	**$35,733**

2. ACCRUED BENEFIT (ASSET) LIABILITY

OPENNING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$0**	**($92,177)**	**($11,061)**	**$18,943**	**$7,411**	**$8,699**	**$11,966**	**($56,219)**
LESS: ACCRUED VALUATION ALLOWANCE (BOY)	-	-	-	-	-	-	-	-
OPENING BALANCE (not adjusted for VA)	**$0**	**($92,177)**	**($11,061)**	**$18,943**	**$7,411**	**$8,699**	**$11,966**	**($56,219)**
EXPENSE (INCOME) (including current year VA)	670	25,223	(196)	3,334	1,482	2,713	2,507	35,733
LESS CURRENT YEAR VA (to get unadjusted closing balance)	0	0	0	0	0	0	0	0
COMPANY CONTRIBUTIONS	(670)	(15,100)	(1,379)	(1,977)	(1,370)	(1,373)	(1,162)	(23,031)
CLOSING BALANCE (not adjusted for VA)	**$0**	**($82,054)**	**($12,636)**	**$20,300**	**$7,523**	**$10,039**	**$13,311**	**($43,517)**
ACCRUED VALUATION ALLOWANCE (EOY)	-	-	-	-	-	-	-	$0
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$0**	**($82,054)**	**($12,636)**	**$20,300**	**$7,523**	**$10,039**	**$13,311**	**($43,517)**

3. RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO ACCRUED BENEFIT ASSET (LIABILITY)

RECONCILIATION AT END OF PERIOD

ACTUAL MARKET VALUE OF ASSETS - EOY	N/A	$576,445	$41,035	$0	$0	$0	$0	$617,480
LESS ACTUAL ACCRUED BENEFIT OBLIGATION - EOY	N/A	712,460	44,629	32,693	13,907	17,546	17,839	839,074
SURPLUS (DEFICIT) AT END OF PERIOD - MARKET VALUE	**N/A**	**($136,015)**	**($3,594)**	**($32,693)**	**($13,907)**	**($17,546)**	**($17,839)**	**($221,594)**
LESS CLOSING UNAMORTIZED AMOUNTS								
- Unamortized Transitional Obligation (Asset)	N/A	(4,714)	(2,457)	3,579	3,719	4,895	8,534	13,556
- Unamortized Past Service	N/A	(1,133)	0	619	0	0	0	(514)
- Unamortized Actuarial Losses (Gains)	N/A	223,915	18,687	8,195	2,665	2,613	(4,006)	252,069
TOTAL CLOSING UNAMORTIZED AMOUNTS	N/A	$218,068	$16,230	$12,393	$6,384	$7,508	$4,528	$265,111
CLOSING BALANCE (not adjusted for VA)	**$0**	**$82,053**	**$12,636**	**($20,300)**	**($7,523)**	**($10,038)**	**($13,311)**	**$43,517**
ACCRUED VALUATION ALLOWANCE - EOY	0	0	0	0	0	0	0	0
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT ASSET (LIABILITY) NET OF VA	**$0**	**$82,053**	**$12,636**	**($20,300)**	**($7,523)**	**($10,038)**	**($13,311)**	**$43,517**

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
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All figures in thousands.

"VA" means Valuation Allowance

4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
A. FINANCIAL POSITION OF THE PLAN AT BEGINNING OF PERIOD								
Assets (Market Value)	N/A	$539,980	$41,192	$0	$0	$0	$0	$581,172
Accrued Benefit Obligations	N/A	683,536	46,798	32,570	14,549	17,122	17,667	812,242
Surplus (Deficit)	**$0**	**($143,556)**	**($5,606)**	**($32,570)**	**($14,549)**	**($17,122)**	**($17,667)**	**($231,070)**
B. PLAN COSTS FOR BENEFITS ACCRUING DURING THE PERIOD								
Employee Contributions	N/A	$4,809	$0	$0	$0	$0	$0	$4,809
Company Normal Cost	670	12,204	0	431	0	910	426	14,641
Cost of Benefits Accruing	**$670**	**$17,013**	**$0**	**$431**	**$0**	**$910**	**$426**	**$19,450**
C. MARKET-RELATED VALUE OF ASSETS (5 years)								
Annual Adjustment in respect of 2001	$0	($8,261)	($947)	$0	$0	$0	$0	
Annual Adjustment in respect of 2002	0	(12,771)	(1,166)	0	0	0	0	
Annual Adjustment in respect of 2003	0	5,799	210	0	0	0	0	
Annual Adjustment in respect of 2004	0	128	(356)	0	0	0	0	
Annual Adjustment in respect of 2005	0	4,515	83	0	0	0	0	

DATE FILED: November 20, 2006

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4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
D. PROJECTIONS TO END OF PERIOD - Market Related Value								
ASSETS - MRV								
Opening Value	N/A	$533,299	$44,848	$0	$0	$0	$0	$578,147
Member Contributions	N/A	4,809	0	0	0	0	0	4,809
Company Contributions	N/A	15,100	1,379	1,977	1,370	1,373	1,162	22,361
Interest	N/A	39,852	3,246	0	0	0	0	43,098
Benefit Payouts	N/A	(23,797)	(4,508)	(1,977)	(1,370)	(1,373)	(1,162)	(34,187)
MRV Adjustment for previous asset gain/(losses) (end of year)	N/A	(10,589)	(2,176)	0	0	0	0	(12,765)
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - MRV	**N/A**	**$558,674**	**$42,790**	**$0**	**$0**	**$0**	**$0**	**$601,464**
ACCRUED BENEFIT OBLIGATION								
Opening Value	N/A	$683,536	$46,798	$32,570	$14,549	$17,122	$17,667	$812,242
Benefit Improvements	N/A	0	0	0	0	0	0	0
Total Normal Cost	N/A	17,013	0	431	0	910	426	18,780
Interest	N/A	35,708	2,339	1,669	728	887	908	42,239
Benefit Payouts	N/A	(23,797)	(4,508)	(1,977)	(1,370)	(1,373)	(1,162)	(34,187)
Curtailments	N/A	0	0	0	0	0	0	0
Experience Loss due to Curtailment	N/A	0	0	0	0	0	0	0
Liabilities Settled	N/A	0	0	0	0	0	0	0
Projected Closing Accrued Benefit Obligation	**N/A**	**$712,460**	**$44,629**	**$32,693**	**$13,907**	**$17,546**	**$17,839**	**$839,074**
Gain (Loss) on Accrued Benefit Obligation arising at end of period	N/A	0	0	0	0	0	0	0
Actual Accrued Benefit Obligation at end of period	**N/A**	**$712,460**	**$44,629**	**$32,693**	**$13,907**	**$17,546**	**$17,839**	**$839,074**
PROJECTED SURPLUS END OF PERIOD (MRV)	**$0**	**($153,786)**	**($1,839)**	**($32,693)**	**($13,907)**	**($17,546)**	**($17,839)**	**($237,610)**
ACTUAL SURPLUS END OF PERIOD (MRV)	**$0**	**($153,786)**	**($1,839)**	**($32,693)**	**($13,907)**	**($17,546)**	**($17,839)**	**($237,610)**
E. PROJECTIONS TO END OF PERIOD - Market Value								
ASSETS - Market Value								
Opening Value	N/A	$539,980	$41,192	$0	$0	$0	$0	$581,172
Member Contributions	N/A	4,809	0	0	0	0	0	4,809
Company Contributions	N/A	15,100	1,379	1,977	1,370	1,373	1,162	22,361
Expected Interest	N/A	40,353	2,972	0	0	0	0	43,325
Benefit Payouts	N/A	(23,797)	(4,508)	(1,977)	(1,370)	(1,373)	(1,162)	(34,187)
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - Market Value	**N/A**	**$576,445**	**$41,035**	**$0**	**$0**	**$0**	**$0**	**$617,480**
Gain (Loss) on Market Value of Asset return during period	N/A	0	0	0	0	0	0	0
Actual Market Value of Assets at end of period	**N/A**	**$576,445**	**$41,035**	**$0**	**$0**	**$0**	**$0**	**$617,480**
PROJECTED SURPLUS END OF PERIOD (Market Value)	**$0**	**($136,015)**	**($3,594)**	**($32,693)**	**($13,907)**	**($17,546)**	**($17,839)**	**($221,594)**
ACTUAL SURPLUS END OF PERIOD (Market Value)	**$0**	**($136,015)**	**($3,594)**	**($32,693)**	**($13,907)**	**($17,546)**	**($17,839)**	**($221,594)**
ASSETS - Gain/Loss Current Year								
Expected Return (based on MRV)	$0	$39,852	$3,246	$0	$0	$0	$0	$43,098
Actual Return (MV)	$0	$40,353	$2,972	$0	$0	$0	$0	$43,325
Gain (Loss)	**$0**	**$501**	**($274)**	**$0**	**$0**	**$0**	**$0**	**$227**

F. RECONCILE VALUATION ALLOWANCE AND UNAMORTIZED (projected to end of period)								
Accrued Benefit (Asset)	$0	($82,054)	($12,636)	$20,300	$7,523	$10,039	$13,311	($43,517)
(a) Expected Future Benefit	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(b) Adjusted Benefit Asset (Accrued Asset less aggregate losses)	N/A	(130,994)	N/A	N/A	N/A	N/A	N/A	(130,994)
(c) Valuation Allowance Required EOY (b) - (a)	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(d) Unamortized Valuation Allowance	N/A	837	N/A	N/A	N/A	N/A	N/A	837
(e) Accrued VA EOY	N/A	0	N/A	N/A	N/A	N/A	N/A	0
Addition to VA (c) - (d) - (e)	**N/A**	**0**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0**

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5. AMORTIZATION SCHEDULE	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
AMORTIZATIONS ESTABLISHED AS AT JANUARY 1, 2000								
ARSP as at January 1, 2000	0.00	13.00	13.00	13.00	13.00	13.00	13.00	
TRANSITIONAL OBLIGATION / (ASSET) (Jan 1, 2000)	$0	($10,216)	($5,320)	$8,616	$7,198	$10,607	$18,488	$29,373
Opening Balance	0	(5,500)	(2,866)	4,175	4,339	5,711	9,956	15,815
Annual Component	0	(786)	(409)	596	620	816	1,422	2,259
Closing Balance	0	(4,714)	(2,457)	3,579	3,719	4,895	8,534	13,556
Remaining Duration as at EOY (years)	0.00	6.00	6.00	6.00	6.00	6.00	6.00	
CHANGE in VA on ADOPTING CICA 3461 (Jan 1, 2000)	N/A	$10,880	N/A	N/A	N/A	N/A	N/A	$10,880
Opening Balance	N/A	5,858	N/A	N/A	N/A	N/A	N/A	5,858
Annual Component	N/A	837	N/A	N/A	N/A	N/A	N/A	837
Closing Balance	N/A	5,021	N/A	N/A	N/A	N/A	N/A	5,021
Remaining Duration as at EOY (years)	N/A	6.00	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2000								
ARSP as at December 31, 2000	0.00	12.00	12.00	12.00	12.00	12.00	12.00	
PAST SERVICE COST / (ASSET) (Dec 31, 2000)	N/A	$869	N/A	$503	N/A	N/A	N/A	$1,372
Opening Balance	N/A	0	N/A	293	N/A	N/A	N/A	293
Annual Component	N/A	0	N/A	42	N/A	N/A	N/A	42
Closing Balance	N/A	0	N/A	251	N/A	N/A	N/A	251
Remaining Duration as at EOY (years)	N/A	0.00	N/A	6.00	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT OCTOBER 31, 2003								
ARSP as at October 31, 2003	N/A	11.00	N/A	11.00	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (October 1, 2003)	N/A	$5,580	N/A	$521	N/A	N/A	N/A	$6,101
Opening Balance	N/A	0	N/A	415	N/A	N/A	N/A	415
Annual Component	N/A	0	N/A	47	N/A	N/A	N/A	47
Closing Balance	N/A	0	N/A	368	N/A	N/A	N/A	368
Remaining Duration as at EOY (years)	N/A	0.00	N/A	7.75	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT JULY 1, 2004								
ARSP as at July 1, 2004	N/A	11.00	N/A	N/A	N/A	N/A	N/A	
PAST SERVICE COST / (ASSET) (July 1, 2004)	N/A	($7,283)	N/A	N/A	N/A	N/A	N/A	($7,283)
Opening Balance	N/A	(1,267)	N/A	N/A	N/A	N/A	N/A	(1,267)
Annual Component (half-year starting July 1)	N/A	(134)	N/A	N/A	N/A	N/A	N/A	(134)
Closing Balance	N/A	(1,133)	N/A	N/A	N/A	N/A	N/A	(1,133)
Remaining Duration as at EOY (years)	N/A	8.50	N/A	N/A	N/A	N/A	N/A	
AMORTIZATIONS ESTABLISHED AS AT DECEMBER 31, 2005								
Updated ARSP as at December 31, 2005	0.00	10.00	10.00	10.00	10.00	10.00	10.00	
AGGREGATE NET ACTUARIAL LOSS / (GAIN) (Dec 31, 2005)	$0	$242,499	$19,533	$8,744	$2,799	$2,713	($4,255)	$272,033
Actuarial loss (gain) not yet included in MRV	0	(6,681)	3,656	0	0	0	0	(3,025)
Amount subject to amortization	0	249,180	15,877	8,744	2,799	2,713	(4,255)	275,058
10% Corridor	0	68,354	4,680	3,257	1,455	1,712	(1,767)	77,691
Opening Balance to Amortize	0	180,826	11,197	5,487	1,344	1,001	(2,488)	197,367
Annual Component	0	18,083	1,120	549	134	100	(249)	19,737
Remaining amount to be amortized	0	224,416	18,413	8,195	2,665	2,613	(4,006)	252,296
Actuarial loss (gain) at end of period on								
- Asset Return	0	(501)	274	0	0	0	0	(227)
- Accrued Benefit Obligation	0	0	0	0	0	0	0	0
Total actuarial loss (gain) not amortized	**$0**	**$223,915**	**$18,687**	**$8,195**	**$2,665**	**$2,613**	**($4,006)**	**$252,069**
Total Closing Unamortized Losses (Gains) (excluding VA)	**$0**	**$218,068**	**$16,230**	**$12,393**	**$6,384**	**$7,508**	**$4,528**	**$265,111**

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2006 to December 31, 2006 - Projection for 2006
All figures in thousands.
"VA" means Valuation Allowance

6. BENEFIT COST - NEW DISCLOSURE	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
COSTS ARISING IN PERIOD								
CURRENT SERVICE COST	$670	$12,204	$0	$431	$0	$910	$426	$14,641
INTEREST ON ACCRUED BENEFITS	0	35,708	2,339	1,669	728	887	908	42,239
ACTUAL RETURN ON ASSETS	0	(40,353)	(2,972)	0	0	0	0	(43,325)
AMOUNTS ARISING FROM EVENTS IN THE PERIOD:								
- Past Service Costs (Gains)	0	0	0	0	0	0	0	0
- Actuarial Losses / (Gains) on Accrued Benefit Obligation	0	0	0	0	0	0	0	0
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0
FUTURE BENEFIT COSTS BEFORE ADJUSTMENTS	**$670**	**$7,559**	**($633)**	**$2,100**	**$728**	**$1,797**	**$1,334**	**$13,555**
ADJUSTMENTS TO RECOGNIZE LONG-TERM NATURE OF COSTS								
IMPACT OF DEFERRED RECOGNITION ON:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Current Year Return on Plan Assets**	0	501	(274)	0	0	0	0	227
- Past Service Costs*	0	(134)	0	89	0	0	0	(45)
- Actuarial Loss (Gain) other than the current year return on assets*	0	18,083	1,120	549	134	100	(249)	19,737
VALUATION ALLOWANCE	0	0	0	0	0	0	0	0
BENEFIT COST (INCOME) RECOGNIZED FOR THE PERIOD	**$670**	**$25,223**	**($196)**	**$3,334**	**$1,482**	**$2,713**	**$2,507**	**$35,733**

* Equal to (1) current year amortization of (gain)/loss subtract (2) (gain)/ loss incurred in the current year
** Actual return on plan assets, less expected return on plan assets determined on a market related basis

NOVA SCO[illegible]OWER INCORPORATED - CICA 3461 with AVA5
January 1, 20[illegible] December 31, 2005 - FINAL 2005
All figures in thousands. C:\Documents and Settings\af274\Local Settings\Temporary Internet Files\OLK5\[NSPI 2006 Accounting Report Appendix D (FINAL) (2).xls]20(

"VA" means Valuation Allowance

Sensitivity to 25 basis points decrease - ABO at beg of period	N/A	3.8%	1.9%	2.0%	2.0%	2.0%	2.4%
Sensitivity to 25 basis points decrease - CSC (ER Portion)	N/A	7.7%	N/A	3.5%	N/A	2.5%	3.3%
Sensitivity to 100 basis points change in health trend rates:							
Impact on total of service and interest cost	N/A	N/A	N/A	N/A	N/A	N/A	10.8%
Impact on ABO at end of period	N/A	N/A	N/A	N/A	N/A	N/A	10.0%

1. EXPENSE	**Pension Plan for Employees (DC only)**	**Pension Plan for Employees (DB only)**	**Pension Plan for Certain Acquired Companies**	**SERP Exec Supp Discretionary**	**War Service ERIP 1986 and ERIP 1991**	**Long Service Award**	**Post Retirement Employees (ER Only)**	**Total**
ASSUMED RETURN ON ASSETS	***N/A***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	***7.50%***	
ASSUMED DISCOUNT RATE AT BEGINNING OF PERIOD	***N/A***	***6.00%***	***6.00%***	***6.00%***	***6.00%***	***6.00%***	***6.00%***	
ASSUMED DISCOUNT RATE AT END OF PERIOD	***N/A***	***5.25%***	***5.25%***	***5.25%***	***5.25%***	***5.25%***	***5.25%***	
CURRENT SERVICE COST	$707	$9,095	$0	$546	$0	$821	$383	$11,552
INTEREST ON ACCRUED BENEFITS	0	33,088	2,499	1,687	779	896	943	39,892
EXPECTED RETURN ON ASSETS	0	(37,627)	(3,400)	0	0	0	0	(41,027)
STRAIGHT LINE AMORTIZATION OF:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Past Service Costs	0	(134)	0	89	0	0	0	(45)
- Actuarial Losses / (Gains)	0	8,679	460	82	0	0	(450)	8,771
- Change in VA on adopting CICA 3461	0	837	0	0	0	0	0	837
CHANGE IN VALUATION ALLOWANCE	0	(837)	0	0	0	0	0	(837)
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
SPECIAL TERMINATION BENEFITS	0	0	0	691	0	0	0	691
EXPENSE (INCOME)	**$707**	**$12,315**	**($850)**	**$3,691**	**$1,399**	**$2,533**	**$2,298**	**$22,093**

2. ACCRUED BENEFIT (ASSET) LIABILITY

OPENNING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$0**	**($82,533)**	**($9,230)**	**$17,685**	**$7,386**	**$7,493**	**$10,818**	**($48,381)**
LESS: ACCRUED VALUATION ALLOWANCE (BOY)	-	-	-	-	-	-	-	-
OPENING BALANCE (not adjusted for VA)	**$0**	**($82,533)**	**($9,230)**	**$17,685**	**$7,386**	**$7,493**	**$10,818**	**($48,381)**
EXPENSE (INCOME) (including current year VA)	707	12,315	(850)	3,691	1,399	2,533	2,298	22,093
LESS CURRENT YEAR VA (to get unadjusted closing balance)	0	0	0	0	0	0	0	0
COMPANY CONTRIBUTIONS	(707)	(21,959)	(981)	(2,433)	(1,374)	(1,327)	(1,150)	(29,931)
CLOSING BALANCE (not adjusted for VA)	**$0**	**($92,177)**	**($11,061)**	**$18,943**	**$7,411**	**$8,699**	**$11,966**	**($56,219)**
ACCRUED VALUATION ALLOWANCE (EOY)	-	-	-	-	-	-	-	$0
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT (ASSET) LIABILITY NET OF VA	**$0**	**($92,177)**	**($11,061)**	**$18,943**	**$7,411**	**$8,699**	**$11,966**	**($56,219)**

3. RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO ACCRUED BENEFIT ASSET (LIABILITY)

RECONCILIATION AT END OF PERIOD

ACTUAL MARKET VALUE OF ASSETS - EOY	N/A	$539,980	$41,192	$0	$0	$0	$0	$581,172
LESS ACTUAL ACCRUED BENEFIT OBLIGATION - EOY	N/A	683,536	46,798	32,570	14,549	17,122	17,667	812,242
SURPLUS (DEFICIT) AT END OF PERIOD - MARKET VALUE	**N/A**	**($143,556)**	**($5,606)**	**($32,570)**	**($14,549)**	**($17,122)**	**($17,667)**	**($231,070)**
LESS CLOSING UNAMORTIZED AMOUNTS								
- Unamortized Transitional Obligation (Asset)	N/A	(5,500)	(2,866)	4,175	4,339	5,711	9,956	15,815
- Unamortized Past Service	N/A	(1,267)	0	708	0	0	0	(559)
- Unamortized Actuarial Losses (Gains)	N/A	242,499	19,533	8,744	2,799	2,713	(4,255)	272,032
TOTAL CLOSING UNAMORTIZED AMOUNTS	N/A	$235,732	$16,667	$13,627	$7,138	$8,424	$5,701	$287,288
CLOSING BALANCE (not adjusted for VA)	**$0**	**$92,176**	**$11,061**	**($18,943)**	**($7,411)**	**($8,698)**	**($11,966)**	**$56,218**
ACCRUED VALUATION ALLOWANCE - EOY	0	0	0	0	0	0	0	0
CLOSING BALANCE OF CARRYING AMOUNT OF ACCRUED BENEFIT ASSET (LIABILITY) NET OF VA	**$0**	**$92,176**	**$11,061**	**($18,943)**	**($7,411)**	**($8,698)**	**($11,966)**	**$56,218**

DATE FILED: November 20, 2006

NOVA SCOTIA POWER INCORPORATED - CICA 3461 with AVA5
January 1, 2005 to December 31, 2005 - FINAL 2005
All figures in thousands.
"VA" means Valuation Allowance

4. WORKSHEETS	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
D. PROJECTIONS TO END OF PERIOD - Market Related Value								
ASSETS - MRV								
Opening Value	N/A	$503,817	$47,094	$0	$0	$0	$0	$550,911
Member Contributions	N/A	4,698	0	0	0	0	0	4,698
Company Contributions	N/A	21,959	981	2,433	1,374	1,327	1,150	
Interest	N/A	37,627	3,400	0	0	0	0	41,027
Benefit Payouts	N/A	(21,950)	(4,490)	(2,433)	(1,374)	(1,327)	(1,150)	(32,724)
MRV Adjustment for previous asset gain/(losses) (end of year)	N/A	(12,852)	(2,137)	0	0	0	0	(14,989)
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - MRV	N/A	$533,299	$44,848	$0	$0	$0	$0	$578,147
ACCRUED BENEFIT OBLIGATION								
Opening Value	N/A	$555,984	$43,896	$26,751	$13,678	$14,898	$16,093	$671,300
Benefit Improvements	N/A	0	0	0	0	0	0	0
Total Normal Cost	N/A	13,793	0	546	0	821	383	15,543
Interest	N/A	33,088	2,499	1,687	779	896	943	39,892
Benefit Payouts	N/A	(21,950)	(4,490)	(2,433)	(1,374)	(1,327)	(1,150)	(32,724)
Curtailments	N/A	0	0	0	0	0	0	0
Experience Loss due to Curtailment	N/A	0	0	0	0	0	0	0
Liabilities Settled/Special Termination Benefits	N/A	0	0	691	0	0	0	691
Projected Closing Accrued Benefit Obligation	N/A	$580,915	$41,905	$27,242	$13,083	$15,288	$16,269	$694,702
Gain (Loss) on Accrued Benefit Obligation arising at end of period	N/A	(102,621)	(4,893)	(5,328)	(1,466)	(1,834)	(1,398)	(117,540)
Actual Accrued Benefit Obligation at end of period	N/A	$683,536	$46,798	$32,570	$14,549	$17,122	$17,667	$812,242
PROJECTED SURPLUS END OF PERIOD (MRV)	$0	($47,616)	$2,943	($27,242)	($13,083)	($15,288)	($16,269)	($116,554)
ACTUAL SURPLUS END OF PERIOD (MRV)	$0	($150,237)	($1,950)	($32,570)	($14,549)	($17,122)	($17,667)	($234,095)
E. PROJECTIONS TO END OF PERIOD - Market Value								
ASSETS - Market Value								
Opening Value	N/A	$475,072	$40,886	$0	$0	$0	$0	$515,958
Member Contributions	N/A	4,698	0	0	0	0	0	4,698
Company Contributions	N/A	21,959	981	2,433	1,374	1,327	1,150	29,224
Expected Interest	N/A	35,807	2,935	0	0	0	0	38,742
Benefit Payouts	N/A	(21,950)	(4,490)	(2,433)	(1,374)	(1,327)	(1,150)	(32,724)
Settlement Payout	N/A	0	0	0	0	0	0	0
Projected Closing Asset Value - Market Value	N/A	$515,586	$40,312	$0	$0	$0	$0	$555,898
Gain (Loss) on Market Value of Asset return during period	N/A	24,394	880	0	0	0	0	25,274
Actual Market Value of Assets at end of period	N/A	$539,980	$41,192	$0	$0	$0	$0	$581,172
PROJECTED SURPLUS END OF PERIOD (Market Value)	$0	($65,329)	($1,593)	($27,242)	($13,083)	($15,288)	($16,269)	($138,804)
ACTUAL SURPLUS END OF PERIOD (Market Value)	$0	($143,556)	($5,606)	($32,570)	($14,549)	($17,122)	($17,667)	($231,070)
ASSETS - Gain/Loss Current Year								
Expected Return (based on MRV)	$0	$37,627	$3,400	$0	$0	$0	$0	$41,027
Actual Return (MV)	$0	$60,201	$3,815	$0	$0	$0	$0	$64,016
Gain (Loss)	$0	$22,574	$415	$0	$0	$0	$0	$22,989

F. RECONCILE VALUATION ALLOWANCE AND UNAMORTIZED (projected to end of period)								
Accrued Benefit (Asset)	$0	($92,177)	($11,061)	$18,943	$7,411	$8,699	$11,966	($56,219)
(a) Expected Future Benefit	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(b) Adjusted Benefit Asset (Accrued Asset less aggregate losses)	N/A	(59,471)	N/A	N/A	N/A	N/A	N/A	(59,471)
(c) Valuation Allowance Required EOY (b) - (a)	N/A	0	N/A	N/A	N/A	N/A	N/A	0
(d) Unamortized Valuation Allowance	N/A	837	N/A	N/A	N/A	N/A	N/A	837
(e) Accrued VA EOY	N/A	0	N/A	N/A	N/A	N/A	N/A	0
Addition to VA (c) - (d) - (e)	N/A	0	N/A	N/A	N/A	N/A	N/A	0

NOVA SCO[illegible]OWER INCORPORATED - CICA 3461 with AVA5
January 1, 2[illegible] December 31, 2005 - FINAL 2005
All figures in thousands.
"VA" means Valuation Allowance

6. EXPENSE - *NEW DISCLOSURE REQUIREMENTS*	Pension Plan for Employees (DC only)	Pension Plan for Employees (DB only)	Pension Plan for Certain Acquired Companies	SERP Exec Supp Discretionary	War Service ERIP 1986 and ERIP 1991	Long Service Award	Post Retirement Employees (ER Only)	Total
COSTS ARISING IN PERIOD								
CURRENT SERVICE COST	$707	$9,095	$0	$546	$0	$821	$383	$11,552
INTEREST ON ACCRUED BENEFITS	0	33,088	2,499	1,687	779	896	943	39,892
ACTUAL RETURN ON ASSETS	0	(60,201)	(3,815)	0	0	0	0	(64,016)
AMOUNTS ARISING FROM EVENTS IN THE PERIOD:								
- Past Service Costs (Gains)	0	0	0	0	0	0	0	0
- Actuarial Losses / (Gains) on Accrued Benefit Obligation	0	102,621	4,893	5,328	1,466	1,834	1,398	117,540
SETTLEMENTS & CURTAILMENTS	0	0	0	0	0	0	0	0
OTHER	0	0	0	691	0	0	0	691
FUTURE BENEFIT COSTS BEFORE ADJUSTMENTS	**$707**	**$84,603**	**$3,577**	**$8,252**	**$2,245**	**$3,551**	**$2,724**	**$105,659**
ADJUSTMENTS TO RECOGNIZE LONG-TERM NATURE OF COSTS								
IMPACT OF DEFERRED RECOGNITION ON:								
- Transitional Obligation (Asset)	0	(786)	(409)	596	620	816	1,422	2,259
- Current Year Return on Plan Assets**	0	22,574	415	0	0	0	0	22,989
- Past Service Costs*	0	(134)	0	89	0	0	0	(45)
- Actuarial Loss (Gain) other than the current year return on assets*	0	(93,942)	(4,433)	(5,246)	(1,466)	(1,834)	(1,848)	(108,769)
VALUATION ALLOWANCE	0	0	0	0	0	0	0	0
BENEFIT COST (INCOME) RECOGNIZED FOR THE PERIOD	**$707**	**$12,315**	**($850)**	**$3,691**	**$1,399**	**$2,533**	**$2,298**	**$22,093**

* Equal to (1) current year amortization of (gain)/loss subtract (2) (gain)/ loss incurred in the current year
** Actual return on plan assets, less expected return on plan assets determined on a market related basis

DATE FILED: November 20, 2006

Text of e-mail sent by Paul Chang of Morneau Sobeco to Evelyn McKinnon of NSPI on August 31, 2006 at 2.04 pm.

2007	$33,041
2008	$31,487
2009	$28,004
2010	$25,879
2011	$23,898

Here is projected expense for 2007 to 2011 assuming no plan changes, 7.25% asset return (actual and assumed for expense calculation purposes) and 5.5% discount rate (in $000s). Formal disclosure will be provided in letter.

Paul Chang
Morneau Sobeco, Halifax Office
Direct Line (902) 474 3239
General Line 902 429 8013

The document you are attempting to access has been filed in confidence.
Some exhibits, noted as confidential, contain information which if released might cause financial or other harm to the party filing it, or which is protected by privacy law. Rules governing filing of confidential information can be found in the various Board Rules. Where possible public (redacted) versions of the exhibits have been made available. Access to confidential information may be granted to parties filing a Confidentiality Agreement. If you require access to this document please contact the Clerk of the Board.

Contact information for the Nova Scotia Utility and Review Board:
Phone: 902-424-4448
Fax: 902-424-3919
Email: uarb.board@gov.ns.ca

IR-43c Attachment 1

GENERAL ACCOUNTING

EMPLOYEE FUTURE BENEFITS - 2400

NOVA SCOTIA POWER

GENERAL

01 The Company maintains contributory defined-benefit and defined-contribution pension plans that cover substantially all employees, and plans providing non-pension benefits for its retirees.

02 The defined-benefit pension plans are based on the years of service and average salary at the time the employee terminates employment and provide annual post-retirement indexing equal to the change in the Consumer Price Index up to a maximum increase of 6% per year.

03 Other retirement benefit plans include: unfunded pension arrangements, unfunded long service award and contributory health care plan.

04 The measurement date for the assets and obligations of each benefit plan is December 31.

POLICIES

05 Pension obligations and obligations associated with non-pension post-retirement benefits such as health benefits to retirees and retirement awards, are actuarially determined using the projected benefit method prorated on service and management's best assumptions. The accrued benefit obligation is valued based on market interest rates at the valuation date.

06 Adjustments to the accrued benefit obligation arising from plan amendments are amortized on a straight-line basis over the expected average remaining service period (ARSP) of active employees.

07 Pension fund asset values are calculated using market values at year-end. The expected return on pension assets is determined based on market-related values. The market-related values are determined in a rational and systematic manner so as to recognize asset gains and losses over a five-year period.

08 For any given year, when NSPI's net actuarial gain (loss), less the actuarial gain (loss) not yet included in the market-related value of plan assets, exceeds 10% of the greater of the accrued benefit obligation and the market-related value of the plan assets, an amount equal to the excess divided by the ARSP is amortized on a straight-line basis.

09 On January 1, 2000, NSPI adopted the new accounting standard on employee future benefits using the prospective application method. The transitional obligation (asset) resulting from the initial application is amortized linearly over 13 years, which was the expected ARSP of active employees at the transition date.

10 The difference between pension expense and pension funding is recorded as a deferred asset on the balance sheet.

PROCEDURES

11 Actuarial valuations are performed annually for all three plans.

12 Pension expense, as determined in the annual actuarial valuation, is charged to both operating departments and corporate adjustments.

13 Pension funding is paid as determined in an annual actuarial valuation,

14 Pension plan assets are invested by fund managers. Monthly statements are provided by the trustee showing asset market values, investment income, pension benefits, refunds of contributions and plan expenses.

15 A Statement of Net Assets and a Statement of Changes in Net Assets for all pension plans are prepared quarterly. These statements show pension asset market values, contributions receivable, accounts payable, investment income, changes in market values, contributions received, pension benefits paid, refunds of contributions and plan expenses.

16 Employee contributions for current service are matched by NSPI through the payroll system and remitted to the trustee for investment by fund managers.

17 For the defined contribution pension plan, employee and employer contributions are remitted to a pension plan administrator and invested according to instructions provided by the employee.

18 Administrative expenses are paid by NSPI and reimbursed from the pension fund through requests to the trustee.

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: The *Public Utilities Act,* R.S.N.S. 1989, c.380 as amended

IN THE MATTER OF: An Application by Nova Scotia Power Incorporated for Approval of Certain Revisions to its Rates, Charges and Regulations

RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-44: **Page 91, lines 21-24 and Appendix C**

a. Clarify whether or not the 2008 OM&G projection shown in Appendix C includes increased funding to cover the referenced initiatives.

b. Provide details on the initiatives foregone in 2007 and anticipated in 2008, including any funding requirements in 2008 and subsequent years.

c. If not provided in the response to b, provide details on annual forecast DSM spending in the period covered in Appendix C.

d. If not included in the response to b, provide details on the 2008 increases in Secretary and General Counsel (15.0%), Regulatory Affairs (26.3%), Generation Development (19.6%), Head Office (29.2%), and T&D Asset (30.8%).

e. Provide details of why (with supporting calculations) the large pension increase from 2005 to 2007.

f. Explain the basis for the decrease in pension costs over the period 2008-2011.

Response IR-44:

a) Yes, the 2008 Operating, Maintenance and General (OM&G) projection shown in Appendix C includes increased funding to cover the referenced initiatives.

b) Multi year forecasts of OM&G costs are not relevant to establishing the 2007 test year revenue requirement and are inherently uncertain. These estimates may vary significantly in the future. Please see table below.

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Response IR-44: (cont'd)

Initiative	Estimated 2008 Cost (in millions)
Vegetation management	$ 3.6
Succession planning	$ 1.7
HVCA upgrade (Third Party Call Overflow)	$ 2.0
Electric Reliability Compliance (NERC, FERC, NPCC)	$ 0.3
Relay Testing	$ 0.3
Workforce management	$ 0.2
Market Rules Administration	$ 0.1
Increased Regulatory Affairs costs concerning new directives and reporting requirements	$ 1.2
Increased Outage Communication Process Costs	$ 0.5
Increased Insurance costs	$ 0.7
Total	$ 10.6

In subsequent years, the above costs would be included with escalation cost factors as discussed on page 92 of the Direct Evidence with the exception of succession planning, which decreases starting in 2009.

c. Incremental spending for NSPI's Revised Demand Side Management (DSM) Plan has not been included in the Five-Year Forecast for OM&G Expenses outlined in Appendix C.

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Response IR-44: (cont'd)

d. The increase in Generation Development is due to costs for items such as the Integrated Resource Plan (IRP) process, environmental projects and increased investment associated with planned air emissions technology. For the remainder of increase explanations please refer to response b) above as well as the escalation cost factors discussed on page 92 of the Direct Evidence.

e. The increase can be attributed primarily to three factors:

   a. the discount rate used to determine expense has decreased from 6 percent per annum to 5.5 percent per annum;
   b. the mortality table was updated from "GAM-83" to "UP-94 projected to the year 2015 (Projection Scale AA)";
   c. the return on assets assumption was updated from 7.5 percent per annum to 7.25 percent per annum.

   The following table reconciles the pension benefit cost figures shown in Appendix C of the application from 2005A to 2007F.

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Response IR-44: (cont'd)

Reconciliation of Benefit Cost (all figures in millions $)

2005 Benefit Cost allocated to Corporate Adjustments	**$16.4**
2005 Benefit Cost allocated to Cost Centres	**$ 5.4**
2005 Actual Benefit Cost NSPI	**$21.9**
Change in discount rate (6% to 5.25%) based on "A" corporate bonds	$ 9.8
Change in mortality table	$ 4.5
All other factors	$(0.5)
2006 Projected Benefit Cost NSPI (per Accounting Report)[1]	**$35.7**
Change in discount rate (5.25% to 5.5%) based on "A" corporate bonds	$(3.4)
Change in return on assets assumption (7.5% to 7.25%)	$ 1.5
All other factors	$(0.8)
2007 Projected Benefit Cost NSPI	**$33.0**
2007 Projected Benefit Costs allocated to Cost Centres	**$(5.2)**
2007 Projected Benefit Cost allocated to Corporate Adjustment	**$27.8**

Figures presented reflect whole numbers which may cause $0.1 million in rounding differences on some line items.

[1] The 2006F pension benefit cost shown in Appendix C of $30.5 million is only the portion allocated to Corporate Adjustments, the remaining $5.2 million is allocated to the cost centers.

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Response IR-44: (cont'd)

f. The primary factor is the projected decrease in the amount of actuarial losses recognized in the benefit cost for the years 2008 to 2011.

Under the accounting standards, actuarial gains and losses in a year may be combined with the unamortized balance of gains or losses from prior years. The amount of unamortized gain or loss (net of the investment gain or loss not yet subject to amortization) that exceeds 10 percent of the greater of the plan's market related value of assets or Accrued Benefit Obligation (the "10 percent corridor") is divided by the average remaining service period (ARSP) of active employees and recognized in the current year benefit cost. As discussed in CICA Section 3461.090, actuarial gains and losses on investments that are not yet reflected in the market related value of assets are not subject to amortization. The ARSP is assumed to be stable for the period covered by the projection.

As no new actuarial gains or losses are assumed in the projection of the benefit cost, the unamortized actuarial loss that exists as of January 1 of each projected future year will gradually decrease, as a portion of the existing unamortized loss is recognized in the pension cost every year. In addition, the 10 percent corridor will continue to increase over the projection period thus reducing the amount of unamortized losses subject to amortization. Therefore, for projection purposes, there is a decrease in the amount of actuarial losses recognized in the benefit cost for the years 2008 to 2011. The details are as follows:

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Response IR-44: (cont'd)

	2006	2007	2008	2009	2010	2011
Current Service Cost	$14,641	$14,231	$14,750	$15,284	$15,834	$16,400
Interest on Accrued Benefits	42,239	43,938	45,317	46,668	47,983	49,247
Expected Return on Assets	(43,098)	(43,299)	(45,249)	(47,834)	(49,892)	(51,928)
Amortization of:						
- Transitional Obligation (Asset)	2,259	2,259	2,259	2,259	2,259	2,259
- Past Service Costs	(45)	(45)	(45)	(45)	(45)	(45)
- Actuarial Losses / (Gains)	19,737	15,957	14,455	11,672	9,740	7,965
Expense (Income)	**$35,733**	**$33,041**	**$31,487**	**$28,004**	**$25,879**	**$23,898**

Note: All figures are displayed in thousands of dollars.

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TO: NSPI

FROM: UARB

Question IR-45: **Reference Page 139, lines 4-5**

Provide details of the computation of the $77 million ARO amount.

Response IR-45: The following table details the computation of the $77 million ARO amount.

(millions)

Asset Class	**December 31, 2006**	**Average Additions**	**2007 Average**
Steam	$66.2	$1.8	$68.0
Combustion Turbine	2.6	0.1	2.7
Hydro	6.4	0.2	6.6
Total	**$75.2**	**$2.1**	**$77.3**

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TO: NSPI

FROM: UARB

Question IR-46: **Reference Page 141.**

Please explain how the Company converts "billed" into "accrued" sales. Please illustrate the process through a calculation showing the conversion for 2005 and for 2007. Identify and explain any assumptions made in the process of conversion.

Response IR-46: This procedure was outlined in the Company's response to Information Requests in the 2006 Rate Case.

For the year 2005, actual billed and accrued sales were used. Accrued sales are calculated monthly as part of the regular accounting and month-end financial reporting. The accrual process recognizes billed sales, unbilled sales trends, net generation, losses, seasonality, weather and any anomalies such as severe storms that cause outages or affect meter reading schedules.

The following table shows the 2005 annual billed and accrued sales for the customer classes which have monthly accruals.

Class	2005 Billed GWh	2005 Accrued GWh
Residential	3966	3927
Residential TOD	73	73
Small General	232	236
General	2381	2356
Small Industrial	241	240
Medium Industrial	557	555
Unmetered	108	109
Total :	7559	7495

Note: The figures presented have been rounded.

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Response IR-46: (cont'd)

The difference between billed sales and the energy actually consumed is referred to as "unbilled sales".

The unbilled sales level varies due to growth rates, weather and other factors. The increase in unbilled sales for 2007 were forecast to be 9.7 GWh. The 9.7 GWh was apportioned across the seven accrued classes based on the relative size of the billed sales as a percentage of the total. The following table shows the calculation for the accrued classes.

Class	2007 Billed GWh	Increase in Sales Accrued but Unbilled GWh	2007 Accrued GWh
Residential	4135	6.0	4141
Residential TOD	116	0.1	116
Small General	242	0.2	242
General	2476	2.4	2479
Small Industrial	253	0.3	253
Medium Industrial	585	0.6	585
Unmetered	112	0.1	112
Total :	7919	9.7	7929

Note: The figures presented have been rounded.

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Question IR-47: **Reference Pages 153-156.**

Please explain in a bit more detail how one moves from Total Requirements to System Peak. As part of this explanation, please address the following points:

a. the separation of annual sales as forecast into rate class sales
b. the development of monthly sales by rate class and coincident load factors
c. the computation of System Peak
d. the development of non-firm and firm coincident peak.

Illustrate the discussion through a detailed calculation for 2005 and 2007. Identify clearly any assumptions made in the process.

Response IR-47: This procedure was outlined in the Company's response to Information Requests in the 2006 Rate Case.

a. The year 2005 sales data used in the forecast are the actual year-end sales, including by rate class. For the forecast, the separation into rate class sales from sector sales begins with the municipal class which represents under 2 percent of the total in-province sales. NSPI's sector sales models represent all loads within the province including the loads within the municipal utilities. The municipal class is composed of an estimated 38.5 percent residential, 47.5 percent commercial and 16 percent industrial sales with 6 percent as distribution losses. Since sales in all six of the municipal customers do not grow uniformly, the sales to each of these customers is forecast based on recent individual trends. The

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Response IR-47: (cont'd)

industrial sector growth rate is not used since it tends to fluctuate more than is observed within the municipalities.

	NS Sector GWh Totals:			Sector Growth Rates:			
Year	Domestic	Commercial	Industrial	Domestic	Commercial	Dom + Com	Industrial
2005	4,114.3	3,223.2	4,215.1	0.0%	1.1%	0.5%	0.1%
2006F	4,203.6	3,275.4	3,362.4	2.2%	1.6%	1.9%	-20.2%
2007	4,326.9	3,344.6	4,388.4	2.9%	2.1%	2.6%	30.5%

	Municipal GWh Sales Distribution:				
Year	Total	Residential	Commercial	Industrial	Losses
2005	190.9	73.5	90.7	15.3	11.5
2006F	191.7	73.8	91.0	15.3	11.5
2007	196.3	75.6	93.2	15.7	11.8

The Residential Time-Of-Use (ETS) class sales, due to the relatively small number of customers and the similarity in their load characteristics, is currently forecast based on a customer forecast and the average use per customer.

Year	Residental-TOU Customers Forecast	Average Use kWh	Annual Sales GWh
2005	2,765	26,227	72.5
2006F	3,422	27,220	93.1
2007	4,269	27,220	116.2

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Response IR-47: (cont'd)

Regular Residential class sales are then calculated by subtracting the ETS sales and the residential component of the Municipal class sales from the sector sales forecast.

Year	Residential Sector GWh	Municipal Res. Component GWh	Residential Time-of-Use GWh	Regular Residential GWh
2005	4,114.3	73.5	72.5	3,968.3
2006F	4,203.6	73.8	93.1	4,036.6
2007	4,326.9	75.6	116.2	4,135.1

Small General class sales are calculated from the last year of actuals and increased at a forecast annual growth rate, currently estimated at 2 percent. This is in addition to the recent class load growth due to customer migration related to the change in threshold between the Small General and General rate classes.

Year	Small General GWh	Growth Rate
2005	232.2	41.0%
2006F	236.8	2.0%
2007	241.6	2.0%

Large General class sales are based on the results of individual customer surveys and Unmetered class sales are based on the last year of actuals and increased at the growth rate of the overall commercial sector sales.

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Response IR-47: (cont'd)

Year	Large General GWh	Unmetered GWh	Unmetered Growth Rate
2005	412.8	108.2	3.0%
2006F	413.3	109.9	1.6%
2007	421.4	112.3	2.1%

General sales are then calculated as the Commercial sector sales minus the Small General sales, Large General sales, Unmetered sales and the commercial component of Municipal sales.

Year	Commercial Sector GWh	Municipal Com. Component GWh	Small General GWh	Large General GWh	Unmetered GWh	General GWh
2005	3,223.2	90.7	232.2	412.8	108.2	2381.3
2006F	3,275.4	91.0	236.8	413.3	109.9	2424.4
2007	3,344.6	93.2	241.6	421.4	112.3	2476.1

The various large industrial class sales are based on surveys or other related customer information. Small Industrial and Medium Industrial classes are combined and forecast using an econometric model. The resulting annual growth rates are used to calculate Small Industrial and Medium Industrial class sales based on the last year of actuals.

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Response IR-47: (cont'd)

Year	Small & Medium Industrial Growth Rate	Small Industrial GWh	Medium Industrial GWh
2005	-1.0%	241.1	557.1
2006F	2.4%	247.0	570.7
2007	2.4%	253.0	584.6

The Industrial sector load is equal to the sum of the Industrial rate classes plus the industrial component of municipal.

Year	Industrial Sector GWh	Municipal Industrial Component	Small Industrial GWh	Medium Industrial GWh	Large Industrial GWh	GRLF GWh	Mersey System GWh	ELIIR GWh	RTP GWh
2005	4,215.1	15.3	241.1	557.1	996.7	190.1	190.0	1791.2	233.7
2006F	3,362.4	15.3	247.0	570.7	1058.7	11.8	367.9	930.1	160.9
2007	4,388.4	15.7	253.0	584.6	1079.3	11.8	367.9	2076.1	0.0

b) As described in the response to UARB-IR-46, accrued sales are calculated from rate class billed sales. For the accrued classes, monthly rate class sales are calculated based on the 5-year historical average of the each month's sales as a percentage of the annual total. The monthly percentage of the annual sales for each accrued rate class is shown in the table below.

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Response IR-47: (cont'd)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Domestic	11.5%	10.3%	10.1%	8.4%	7.4%	6.5%	6.3%	6.3%	6.4%	7.5%	8.7%	10.6%
Domestic, TOU	13.7%	11.9%	11.4%	9.1%	6.7%	4.5%	3.9%	3.7%	4.2%	5.8%	9.6%	15.3%
Small General	10.3%	9.5%	9.1%	8.0%	7.1%	6.8%	7.2%	7.4%	6.9%	7.8%	9.2%	10.8%
General	9.6%	8.8%	9.1%	8.1%	7.6%	7.6%	8.1%	8.2%	7.6%	7.9%	8.2%	9.2%
Small Industrial	8.8%	8.1%	8.4%	8.1%	8.1%	8.1%	8.6%	8.4%	8.2%	7.7%	8.4%	9.3%
Medium Industrial	8.3%	7.6%	8.1%	8.2%	8.2%	8.4%	8.6%	8.6%	8.5%	8.3%	8.5%	8.7%
Unmetered	9.8%	8.6%	8.6%	7.6%	7.3%	6.8%	7.0%	7.6%	8.2%	8.7%	9.5%	10.3%

The resulting 2007 monthly accrued class sales (GWh) are shown in the table below.

Accrued Sales (GWh)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Domestic	476.9	424.7	416.8	348.7	307.8	268.4	259.7	262.1	264.4	311.6	361.3	438.8
Domestic, TOU	15.9	13.9	13.3	10.6	7.8	5.3	4.6	4.3	4.9	6.8	11.2	17.8
Small General	25.0	22.9	22.0	19.3	17.1	16.4	17.3	17.8	16.7	19.0	22.2	26.1
General	238.0	218.3	226.3	199.9	188.8	189.4	200.9	202.6	189.3	194.7	203.5	227.0
Small Industrial	22.4	20.4	21.2	20.4	20.4	20.6	21.7	21.2	20.9	19.4	21.2	23.5
Medium Industrial	48.7	44.4	47.5	47.7	48.1	49.0	50.0	50.5	49.7	48.6	49.8	51.1
Unmetered	11.0	9.7	9.7	8.5	8.3	7.6	7.8	8.5	9.2	9.8	10.6	11.6

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Response IR-47: (cont'd)

For the large customer classes, the monthly sales are based on recent load profiles and results of customer surveys which may indicate any planned outages, expansions or changes to typical monthly loads. The 2007 forecast monthly class sales (GWh) are shown in the table below.

Class Sales (GWh)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lg. General	36.7	33.0	35.6	32.9	33.0	33.1	37.2	38.9	35.3	35.5	34.6	35.6
Lg. Ind. Firm	11.7	10.8	11.3	11.2	11.6	11.3	11.9	12.0	11.5	11.5	11.2	11.5
Lg. Ind. Interrupt.	18.5	17.0	18.9	18.1	18.9	18.0	18.9	18.9	16.9	18.9	17.8	17.2
Mersey	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
GRLF	1.0	0.8	1.0	0.9	1.2	0.9	1.0	1.1	1.0	1.0	0.9	1.0
ELI 2P-RTP	158.3	142.9	158.8	153.2	158.3	153.2	158.3	158.3	150.8	158.3	152.9	155.4
Municipal	21.1	18.7	18.9	16.0	14.0	13.1	14.0	14.6	14.1	15.3	17.0	19.4

The monthly coincident load factors are developed from actual rate class load profiles and calculated using the rate class load at the hour of the monthly peak. The monthly load factor is computed as the monthly energy divided by the monthly peak, times the number of hours in the month. For the ELIIR peak, the assumption was made that the coincident load would total 264.4 MW, the anticipated daytime load for those customers, based on the average monthly coincident demand observed in 2005. The following table lists the coincident load factors by rate class.

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Response IR-47: (cont'd)

Coincident Load Factors	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	72%	72%	77%	70%	73%	84%	89%	89%	76%	65%	73%	72%
ETS	128%	137%	154%	120%	165%	128%	115%	172%	99%	117%	155%	162%
Small General	59%	69%	84%	59%	103%	58%	49%	59%	63%	86%	65%	85%
General Demand	78%	84%	70%	85%	85%	86%	74%	69%	90%	99%	80%	79%
Lg General	88%	92%	76%	94%	82%	70%	73%	75%	91%	103%	88%	82%
Unmetered	87%	64%	548%	51%	435%	404%	420%	466%	58%	60%	72%	66%
Small Industrial	100%	102%	73%	87%	72%	64%	69%	70%	92%	98%	93%	87%
Medium Industrial	90%	100%	77%	97%	82%	84%	78%	83%	87%	92%	93%	78%
Lg. Ind. Firm	94%	100%	84%	100%	87%	85%	84%	89%	100%	99%	86%	112%
Lg. Ind. Interrupt.	93%	103%	93%	96%	88%	90%	87%	97%	90%	90%	94%	79%
Mersey	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
GRLF	120%	108%	86%	100%	103%	76%	105%	75%	122%	89%	98%	175%
Municipal	72%	72%	70%	75%	74%	73%	75%	74%	79%	77%	75%	74%

c) In addition to the hourly sales, an estimate of losses is also required in order to compute the System Peak generation requirement. The losses estimate is based on an analysis of the difference between hourly generation and the total hourly sales and the typical service voltage of the customer classes. The table below shows the estimated losses (GWh) by rate class.

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Response IR-47: (cont'd)

Coincident Losses (MW)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	156.7	130.9	92.0	75.1	71.8	42.0	45.0	37.7	55.1	77.4	102.4	165.3
ETS	3.1	2.5	1.6	1.5	0.8	0.6	0.6	0.3	0.8	0.9	1.6	2.9
Small General	8.5	6.9	4.3	4.9	2.3	3.5	4.7	3.5	3.6	3.3	6.5	7.1
General Demand	35.1	31.4	35.0	24.3	24.9	23.1	28.3	33.4	21.3	22.2	29.6	35.9
Lg. General	4.0	3.9	4.6	3.4	3.7	4.6	4.4	5.2	3.3	3.4	3.8	4.2
Unmetered	3.2	3.8	0.3	2.8	0.3	0.3	0.3	0.2	2.6	2.7	3.2	4.7
Small Industrial	2.3	2.2	3.0	2.5	2.6	3.1	2.8	3.0	2.1	2.1	2.6	2.9
Medium Industrial	5.4	4.8	6.0	4.9	5.4	5.6	6.0	6.1	5.1	5.5	5.7	6.9
Lg. Ind. Firm	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.4
Lg. Ind. Interrupt.	3.2	3.3	3.5	3.2	3.8	3.7	3.4	4.1	3.8	4.0	3.9	3.8
Mersey	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
GRLF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Municipal	2.1	2.1	1.9	1.6	1.3	1.3	1.3	1.4	1.2	1.4	1.7	1.9
ELIIR	5.7	5.5	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7

The monthly system peak is then calculated as the sum of peak coincident class sales, calculated from the monthly sales and coincident load factor, plus the coincident hourly losses.

For January, 2007, the system peak (2256 MW) calculation is shown below.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Response IR-47: (cont'd)

Class (MW)	Sales	Losses	Generation
Residential	895.1	156.7	1051.8
ETS	16.8	3.1	19.9
Small General	56.4	8.5	64.9
General Demand	411.3	35.1	446.4
Lg. General	56.3	4.0	60.3
Unmetered	17.0	3.2	20.2
Small Industrial	30.1	2.3	32.4
Medium Industrial	72.6	5.4	78
Lg. Ind. Firm	16.9	0.5	17.4
Lg. Ind. Interrupt.	106.6	3.2	109.8
Mersey	42.0	0.6	42.6
GRLF	1.1	0.0	1.1
Municipal	39.3	2.1	41.4
ELI 2P-RTP	264.4	5.7	270.1
Total:	2025.8	230.5	2256.3

d) The non-firm coincident peak is the sum of the coincident sales and losses for the classes which are considered interruptible. For 2007, these non-firm classes are Large Industrial-Interruptible Rider, GRLF and ELI 2P-RTP. For January 2007, the calculation is shown in the table below.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Response IR-47: (cont'd)

January 2007 Non-firm Classes (MW)	Sales	Losses	Generation
Lg. Industrial Interruptible Rider	106.6	3.2	109.8
GRLF	1.1	0.0	1.1
ELI 2P-RTP	264.4	5.7	270.1
Total Non-firm:	372.1	8.9	381.0

Similarly, the firm coincident peak is calculated as the sum of the other classes which are considered firm load.

In the case of actual data for 2005, monthly system peak is determined from the SCADA data. Hourly load data is collected for large customers (greater than 2 MVA), which includes all customers on non-firm rates. The non-firm coincident peak is then calculated as the sum of customer load on non-firm rates at the hour of the monthly system peak, plus an estimate of associated losses. The firm coincident peak is then calculated as system peak minus the non-firm coincident peak. The following table shows the non-firm peak calculations for January 2005, which saw a system peak of 2143 MW.

January 2005 Non-firm Classes	Load
Lg. Industrial Interruptible Rider	92
GRLF	0
ELIIR	290
Losses	10
Total Non-firm :	392

Note: The figures presented have been rounded.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-48: **Reference Page 159, lines 11-12**

Will there be any revisions and if so, when will they be filed?

Response IR-48: At the time of filing NSPI's Direct Evidence the UARB had not finalized the replacement for the Extra Large Industrial Interruptible Rate (ELIIR) and the customers had not chosen their rate. NSPI confirms that the Board's ELIIR-2 Order will result in revisions to the 2007 Revenue Requirement. The revisions will reflect the effect on the fuel forecast of the customers' choice of the Extra Large Industrial Two Part Real Time Pricing Rate (2P-RTP), and the associated required use of a flat line Customer Baseline Loadshape (CBL) for these customers. NSPI has not yet calculated the revision.

In brief, a revision to the revenue requirement is necessary because the Application does not reflect the fuel cost necessary to serve the flat line CBL. Rather, it reflects the fuel cost necessary to serve a different historical loadshape.

The UARB's decision on the replacement for the ELIIR was released on September 28, 2006. At the time of filing the current Rate Application (October 10, 2006) NSPI estimated the effect of the replacement rate based upon its preliminary understanding of the Decision. In particular, NSPI:

- used the same Cost of Service Study as used for other customers,
- incorporated a credit for priority supply interruptibility, and
- set the rate level using a 95% Revenue to Cost ratio.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Response IR-48: (cont'd)

The two customers were given the choice of two rates – an Extra Large Industrial Two Part Real Time Pricing rate (ELI 2P-RTP), and ELIIR as revised by Dr. Stutz (ELIIR-2). The rates were to be developed by October 16, with comments by Intervenors no later than October 23 and an election of the customers' rate within 30 days of the Board's final order approving the rates. The two rates were approved by the Board on October 27, and both customers have subsequently chosen the ELI 2P-RTP. This rate requires a flat CBL to be agreed upon between the customer and NSPI. The CBL levels for 2007 have not yet been established for both customers.

The fuel forecast used in the current Rate Application and Direct Evidence was calculated based upon the historical loadshape for the Extra-Large Industrial Customers. This was not a flat load shape, but rather a load shape that is more off-peak than on. Using a flat load shape, which reflects the Board ordered and customer chosen ELI 2P-RTP rate, will affect the fuel forecast because NSPI is required by the rate structure to serve the base load for the customers. Once the CBLs have been established for both customers, NSPI's fuel expense must reflect the obligation to serve the loads, each with a flat CBL.

The premise of the ELI 2P-RTP rate is that the customer's load shifting from an established CBL will reduce the system's fuel costs and that this benefit will be provided to the customer. This load shifting delivers credits from the initially established fuel requirement to serve at the CBL levels. Assuming the customers operate in 2007 as they have previously any benefit due to deviation from the CBL would be paid directly to these customers in 2P-RTP credits and the net revenue received by NSPI

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TO: NSPI

FROM: UARB

Response IR-48: (cont'd)

would reflect the cost of the fuel required to serve the resulting system load shape. If the customers maintain their established flat load shape (CBL), NSPI will incur and the customer will pay the full cost of fuel that is necessary to serve the CBL load.

This revision is necessary because the ELI 2P-RTP tariff (with its flat CBL feature) was selected by both customers. There would have been no change required if both customers had selected ELIIR-2.

The 2007 CBL for each customer, once both are established, will be used in calculating the revisions.

In summary, the revision to the revenue requirement is necessary because the current version of the Evidence does not reflect the fuel cost necessary to serve the flat CBLs. Rather, it reflects the fuel cost necessary to serve the historical load shape.

NSPI is seeking a true-up mechanism to ensure that 2P-RTP load shifting debits and credits match NSPI's incremental and decremental fuel costs as specifically intended by the UARB. The true-up does not require a revision to the Rate Application.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB **REDACTED**

Question IR-49: **Reference Page 165, lines 21-29**

Provide the following for the 2007 Load Following Rate:

a) **Strategist runs for the base case and the 25 MW decremental case. Provide the same reports and use the same format as in the response to UARB IR14a of the P-882 rate hearing.**

b) **A table showing for each month of 2006 the forecast fuel prices in $/MMBtu as input to Stategist for each fuel for each generating unit.**

c) **Provide the Power Production unit maintenance schedule used in Strategist (as a Gant chart and with start and end dates).**

d) **Provide a table showing monthly system costs for both cases, Load Following GW.h, delta costs and monthly cost per MW.h. Provide annual values to show the final proposed 2007 rate.**

e) **The proposed 2007 load following rate is 51.1% above the 2006 rate (10.82/7.16 ¢/kW.h) Does NSPI consider this "rate shock"? If not, why not?**

Response IR-49:

a) Please refer to confidential Attachment 1 and confidential Attachment 2, showing Strategist runs for the base case and the 25 MW decrement case.

b) It is assumed that the question refers to 2007 and not 2006 as stated. Please refer to confidential Attachment 3.

c) Please refer to UARB IR-3.

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RESPONSE TO INFORMATION REQUEST

TO: **NSPI**

FROM: **UARB** **REDACTED**

Response IR-49: (cont'd)

d) Please see confidential table below.

[redacted]

Note: The system cost figures shown include fixed and variable O&M, and exclude the costs of exports and proceeds from the sale of natural gas.

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TO: NSPI

FROM: UARB **REDACTED**

Response IR-49: (cont'd)

e) No. The Company has proposed this rate according to the annual adjustment methodology approved by the Board and based on NSPI's forecast average incremental cost of generation.

The Generation Replacement and Load Following (GRLF) rate is optional. Customers can make their decision before the rate year begins.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-50: **Reference Pages 168-173.**

Please prepare a modified version of Figure 9.4 assuming that the R/C ratio for General Demand is held to 106.95 percent and all other ATL rates receive equal percentage increases.

Response IR-50: See the modified Figure 9.4 attached. The Unmetered class is not adjusted in the same manner as other Above the Line (ATL) classes for reasons discussed in the Revenue Section 9.0 on pages 168 and 169 of NSPI's Application.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Response IR-50: (cont'd)

Figure 9.4 Modified

	R/C Ratio	% Revenue Increase	Proposed Revenue
ABOVE-THE-LINE CLASSES			
Residential	**98.6%**	**8.4%**	**$522.3**
Commercial	-		
Small General	101.8%	8.4%	$30.5
General Demand	107.0%	5.4%	$257.5
Large General	98.7%	8.4%	$35.6
Total Commercial	**105.5%**	**6.0%**	**$323.6**
Industrial	-		
Small Industrial	102.4%	8.4%	$24.9
Medium Industrial	101.3%	8.4%	$50.7
Large Industrial	99.4%	8.4%	$74.8
ELIIR-2	92.7%	8.4%	$121.9
Total Industrial	**96.9%**	**8.4%**	**$272.3**
Other	-		
Municipal	97.4%	8.4%	$16.3
Unmetered	99.9%	-0.9%	$24.2
Total Other	**98.9%**	**2.7%**	**$40.4**
Total Above-the-line classes	**100.0%**	**7.5%**	**$1,158.7**
Below-the-line	-	**4.4%**	**$19.5**
Exports	-	**0.0%**	**$8.5**
Miscellaneous	-	**3.5%**	**$10.8**
Total Revenue	-	**7.4%**	**$1,197.6**
Revenue Requirement	-	**0.0%**	**$1,197.6**
Revenue Shortfall	-		**$0.0**

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-51: **Reference: Page 182, line 9 through to Page 183, line 10.**

a. Provide the amounts included in 2007 forecast revenue requirements that are the result of Board directives in P-881 and P-882. Identify the amount forecast for each Directive.

b. For each of the Directives identified in part (a), what is the forecast spending in each year 2008 to 2010?

c. In past rate applications, NSPI has put forward its best estimate of all costs for the test year rather than assume some changes would be made as part of the compliance filing. Please explain why NSPI has made this change.

d. Provide NSPI's best estimate of what additional costs should be included in 2007 revenue requirements to cover each of the items listed on pages 182-183.

Response IR-51: a. Please see the table below for the P-881 and P-882 directives that are included in the 2007 revenue requirement.

Directive	**2007 F (pre-tax) (millions)**
Amortization of Section 21 taxes should commence in 2007	$14.5
NSPI to retain Demand Side Management (DSM) outside consultant. NSPI to complete design and development of the DSM Plan. See UARB IR 39 (b)	$0.6
Second year phase-in of the four year increase of depreciation rates in the 2006 test year	$6.0

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FROM: UARB

Response IR-51: (cont'd)

b. Please refer to Figure 3.2, page 68 of the evidence for Section 21 amortization for 2008 to 2010. Year Four of the phase-in of depreciation rates will be implemented in 2008. This will result in an increase of $6.0 million over Year Three rates in 2007F. This increase will remain in costs through to 2010. The 2008 to 2010 forecasts have not been prepared considering individual directives. Please refer to UARB IR-44 for 2008 forecasted initiative costs.

c. There are several regulatory proceedings underway that may affect NSPI's 2007 forecasted spending. The amount and timing of new spending associated with these proceedings will be determined by the UARB and cannot be estimated in advance by NSPI. To the extent that the UARB directs NSPI to undertake new incremental spending in 2007, the increased costs must be reflected in rates, consistent with cost of service principles.

d. Please see the table below for NSPI's best estimate of what additional costs should be included in 2007 revenue requirements to cover each of the items listed on pages 182-183.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Response IR-51: (cont'd)

Item	2007 estimated cost (pre-tax) (millions)
Changes to NSPI's proposed rates	(Note 1)
Demand Side Management	(Note 2)
Vegetation Management	$3.6
Third Party Call Overflow	(Note 3) $2.0
Relay Testing program	$0.3

(Note 1) Any change in rates would be rebalanced over other rates and have no effect on the overall revenue requirement.

(Note 2) In keeping with the UARB's direction of September 28, 2006, the DSM process became part of NSPI's Integrated Resource Planning (IRP) process. Subsequent to the filing of NSPI's October 10, 2006 Rate Application, the UARB approved an extension of the IRP timeline to mid 2007.

(Note 3) NSPI has not completed its evaluation of Third Party Call Overflow options. NSPI expects to complete this work and provide a recommendation to the UARB later this year. The UARB's decision will then determine if NSPI's recommendation is implemented and whether any costs would apply to 2007.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-52: **Reference Appendix A**

In previous rate applications, e.g. P-882, NSPI provided un-redacted forecast data for the current year, e.g. 2005 in P-882. Appendix A of this application (and other parts of the application) have all 2006 forecast information redacted. Why the change from previous practice?

Response IR-52: The information is considered "insider information" and has not been provided to the financial markets. NSPI does not provide detailed year-end forecasts to the financial markets and therefore provides this information in the confidential version of the evidence. All intervenors who have signed the confidentiality agreement have access to the information.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-53: **Reference Appendix A, Page 2 of 17**

a. Line 30 provided corporate income tax for five different scenarios. Provide the income tax calculation in the same format as provided in PWC IR-30a from the P-882 rate case.

b. Lines 13 and 29 provide provincial and federal large corporate taxes for five different scenarios. Provide the calculation of these taxes in the same format as provided in PWC IR-30b from the P-882 rate case.

Response IR-53:

a. Please refer to Attachment 1 for NSPI's income tax calculations for the years requested.

b. Please refer to Attachment 2 for the calculation of both the federal large corporations tax and the provincial capital tax for the years requested.

Nova Scotia Power Inc.
Income Tax Calculation
2005 to 2007
Millions of Dollars

INCOME TAX CALCULATION	Actual 2005		Forecast 2006		Compliance Rates Test Year Forecast 2006		Present Rates Test Year Forecast 2007		Proposed Rates Test Year Forecast 2007	
Net Income Before Tax	**143.9**		**202.2**		**191.3**		**112.0**		**194.6**	
Add:										
Depreciation	118.4		126.2		128.8		136.1		136.1	
Accounting amortization of financing costs	14.9		14.4		14.4		14.4		14.4	
Pension expense and severance amortization	23.8		35.8		31.8		33.0		33.0	
Regulatory Amortization	6.2		13.5		6.2		16.2		16.2	
Other	0.7		(0.1)		0.8		0.8		0.8	
Total Additions	164.0		189.9		182.0		200.5		200.4	
Subtotal	307.9		392.1		373.3		312.4		395.1	
Less:										
Interest capitalized for accounting	2.1		2.8		2.7		2.3		2.3	
Deduction for Tax - Capitalized/Deferred for Accounting	4.6	**Note 1**	-		-		-		-	
Financing cost deductions	16.7		14.7		14.6		13.5		13.5	
Regular Pension Funding/Severance Paid	28.9		21.7		19.5		22.4		22.4	
Total deductions before CCA	52.3		39.2		36.8		38.2		38.2	
Net income for tax purposes before CCA	255.5		352.9		336.5		274.2		356.8	
CCA	138.7		137.4		140.6		142.3		142.3	
Net Income for Tax Purposes	116.8		215.5		195.9		131.9		214.5	
Part VI.1 Deduction	16.9		16.9		16.9		16.9		16.9	
Taxable Income	99.9		198.6		179.0		115.0		197.6	
Part VI.1 Deduction	16.9		16.9		16.9		16.9		16.9	
Loss carry forwards	-		-		-		-		-	
Income for tax expense calculation	116.8		215.5		195.9		131.9		214.5	
Federal Income Tax	25.8	22%	47.7	22%	43.3	22%	29.2	22%	47.4	22%
Provincial Tax	18.7	16%	34.5	16%	31.3	16%	21.1	16%	34.3	16%
Part VI.1	(0.8)	-1%	(0.8)	0%	(0.8)	-0.4%	(0.8)	-0.6%	(0.8)	-0.4%
Total Income Tax before Adjustments	43.7	37%	81.3	38%	73.9	38%	49.5	38%	81.0	38%
Less: Q1 2005 tax deferral	(12.2)		-		-		-		-	
Less: adjustment for 2004 Tax return	(0.3)		-		-		-		-	
Total Income Tax Expense	**31.2**		**81.3**		**73.9**		**49.5**		**81.0**	

Note 1: This includes $4.5 M for Grants in Lieu deferral per UARB Order

Nova Scotia Power Inc.
Federal & Provincial Capital Tax Calculation
2005-2007
Millions of Dollars

Capital:	**Actual 2005**	**Forecast 2006**	**Compliance Rates Test Year Forecast 2006**	**Present Rates Test Year Forecast 2007**	**Proposed Rates Test Year Forecast 2007**	
Common Shares	830.6	830.6	830.6	830.6	830.6	
Preferred Shares	260.0	260.0	260.0	260.0	260.0	
Retained Earnings	224.6	194.3	193.9	144.0	143.5	
Short Term Notes Payable	187.4	157.4	211.7	94.6	93.7	
Holdbacks	0.2	0.2	0.2	0.2	0.2	
Long Term Debt	1,345.0	1,350.0	1,295.0	1,349.0	1,349.0	
Dividends Payable	3.2	3.2	3.2	3.2	3.2	
Unamortized Bond Premium (Discount)	5.6	5.6	4.2	5.6	5.6	
Site Restoration Accrual plus ARO	71.4	79.2	65.6	82.7	82.7	
Customer Deposits	6.5	6.5	5.0	6.5	6.5	
Total	2,934.5	2,887.0	2,869.4	2,776.4	2,775.0	
Investment Allowance:						
Long Term Receivable	49.4	-	84.5	-	-	
Taxable Capital	2,885.1	2,887.0	2,784.9	2,776.4	2,775.0	
Federal Capital Deduction	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	
Net Federal Taxable Capital	2,835.1	2,837.0	2,734.9	2,726.4	2,725.0	
Federal Large Corporations Tax Rate	0.175%	0.125%	0.125%	n/a	n/a	
Gross Federal Large Corporations Tax	4.9	3.5	3.4	n/a	n/a	
Surtax	(1.0)	(2.0)	(1.9)	-	-	
Net Federal Large Corporations Tax	**3.9**	**1.5**	**1.5**	**n/a**	**n/a**	**Note 1**
Provincial Taxable Capital Calculation:						
Net Federal Taxable Capital	2,835.1	2,837.0	2,734.9	2,776.4	2,775.0	
Add Back: Federal Capital Deduction	50.0	50.0	50.0	50.0	50.0	
Provincial Taxable Capital	2,885.1	2,887.0	2,784.9	2,826.4	2,825.0	
Provincial Capital tax Rate	0.288%	0.263%	0.250%	0.238%	0.238%	
Provincial Capital Tax	**8.3**	**7.6**	**7.0**	**6.6**	**6.6**	

Note 1: Federal Large Corporations tax was eliminated effective January 1, 2006.
At the time of preparation of the rate application the effective date of the elimination was not confirmed therefore the Federal Large Corporations tax was included in the 2006F.

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: The *Public Utilities Act,* R.S.N.S. 1989, c.380 as amended

IN THE MATTER OF: An Application by Nova Scotia Power Incorporated for Approval of Certain Revisions to its Rates, Charges and Regulations

RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-54: **Reference Appendix A**

Please provide a "proof of revenues", similar to that provided in Appendix 6 of the Company's Compliance Filing dated April 29, 2005, to support the revenues shown in columns (3), (4), and (5) of Table 6.

Response IR-54: Please refer to Attachment 1.

Proof of Revenue (Column 3, Table 6, Appendix A)

Above-the-line Classes	First KWh Block Energy in GWh	First KWh Block Per KWh Charge	First KWh Block Revenue	Second KWh Block Energy in GWh	Second KWh Block Per KWh Charge	Second KWh Block Revenue	Third KWh Block Energy in GWh	Third KWh Block Per KWh Charge	Third KWh Block Revenue	Total KWHs GWHS	Total KWHs Revenue	Demand GWS or GVAS	Demand Charge per KW or KVA	Demand Revenue	Base Charge Billmonths (in millions)	Base Charge Base Charge	Base Charge Revenue	PROPOSED RATES FORECAST 2006
Residential Sector																		
Domestic Service	4,124.5	$ 0.1013	$ 417.7							4,124.5	$ 417.7				4.9	$ 10.83	$ 52.74	$ 470.4
Domestic Service Time of Day	4.0	$ 0.1456	$ 0.6	16.9	$ 0.1013	$ 1.7	54.0	0.0507	$ 2.7	75.0	$ 5.0				0.04	$ 18.82	$ 0.7	$ 5.7
Total	**4,128.6**		**$ 418.3**	**16.9**		**$ 1.72**	**54.0**		**$ 2.74**	**4,199.5**	**$ 422.7**				**4.9**		**$ 53.41**	**$ 476.1**
Commercial Sector																		
Small General	62.7	$ 0.1121	$ 7.0	183.4	$ 0.0986	$ 18.1				246.1	$ 25.1				0.24	$ 12.65	$ 3.1	$ 28.2
General	1,395.2	$ 0.0860	$ 120.0	$ 1,077.0	$ 0.0608	$ 65.5				2,472.1	$ 185.5	7.2	$ 8.10	$ 58.2				$ 243.7
Large General																		
Without Trans. Own.	241.1	$ 0.0571	$ 13.8							241.1	$ 13.8	0.6	$ 9.61	$ 5.4				$ 19.1
With Trans. Own.	184.5	$ 0.0571	$ 10.5							184.5	$ 10.5	0.4	$ 9.29	$ 3.5				$ 14.1
Sub-total	425.6		$ 24.3							425.6	$ 24.3	0.9		$ 8.9				$ 33.2
Total	**1,883.4**		**$ 151.3**	**1,260.4**		**$ 83.6**				**3,143.8**	**$ 234.9**	**8.1**		**$ 67.1**	**0.2**		**$ 3.1**	**$ 305.1**
Industrial Sector																		
Small Industrial	170.0	$ 0.0733	$ 12.5	77.4	$ 0.0559	$ 4.3				247.4	$ 16.8	1.0	$ 5.63	$ 5.7				$ 22.5
Medium Industrial	586.9	$ 0.0521	$ 30.6							586.9	$ 30.6	1.8	$ 9.05	$ 16.4				$ 47.0
Large Industrial Firm																		
Without Trans. Own.	87.6	$ 0.0525	$ 4.6							87.6	$ 4.6	0.169	$ 8.7356	$ 1.5				$ 6.09
With Trans. Own.	277.9	$ 0.0525	$ 14.6							277.9	$ 14.6	0.085	$ 8.4156	$ 0.7				$ 15.32
Sub-total	365.5		$ 19.2							365.5	$ 19.2	0.25		$ 2.2				$ 21.41
Large Industrial Interruptible																		
Without Trans. Own.	235.7	$ 0.0525	$ 12.4							235.7	$ 12.4	0.7	$ 5.31	$ 3.6				$ 16.0
With Trans. Own.	452.2	$ 0.0525	$ 23.8							452.2	$ 23.8	1.2	$ 4.99	$ 6.0				$ 29.7
Sub-total	687.9		$ 36.1							687.9	$ 36.1	1.9		$ 9.6				$ 45.7
Total Large Industrial	**1,053.4**		**$ 55.4**							**1,053.4**	**$ 55.4**	**2.14**		**$ 11.8**				**$ 67.2**
Total Industrial	**1,810.3**		**$ 98.4**	**77.38**		**$ 4.3**				**1,887.7**	**$ 102.8**	**4.95**		**$ 33.8**				**$ 136.6**
Other																		
Municipal																		
Without Trans. Own.	119.6	$ 0.0538	$ 6.4							119.6	$ 6.4	0.3	$ 8.96	$ 3.0				$ 9.5
With Trans. Own.	74.1	$ 0.0538	$ 4.0							74.1	$ 4.0	0.2	$ 8.64	$ 1.6				$ 5.6
Sub-total	193.7		$ 10.4							193.7	$ 10.4	0.5		$ 4.6				$ 15.0
Unmetered	109.7	$ 0.2168	$ 23.8							109.7	$ 23.8							$ 23.8
Total	**303.4**		**$ 34.2**							**303.4**	**$ 34.2**	**0.5**		**$ 4.6**				**$ 38.8**
Total Above-the-line	**8,125.7**		**$ 702.2**	**1,354.69**		**$ 89.6**	**54.01**		**$ 2.7**	**9,534.5**	**$ 794.6**	**13.60**		**$ 105.5**	**5.15**		**$ 56.5**	**$ 956.6**
Below-the-line Classes																		
RTP	217.7	$ 0.0539	$ 11.7							217.7	$ 11.7							$ 11.7
ELIIR	1,858.4	$ 0.0539	$ 100.2							1,858.4	$ 100.2				0.000024	$ 20,700	$ 0.50	$ 100.7
GRLF and Mersey Contract	385.0	$ 0.0496	$ 19.1							385.0	$ 19.1							$ 19.1
Total	**2,461.1**		**$ 131.0**							**2,461.1**	**$ 131.0**							**$ 131.5**
Total In-Province	**10,586.8**		**$ 833.2**	**1,354.7**		**$ 89.6**	**54.0**		**$ 2.7**	**11,995.5**	**$ 925.6**	**13.6**		**$ 105.5**	**5.1**		**$ 56.5**	**$ 1,088.1**
Exports	**95.1**	**$ 0.0874**	**$ 8.3**							**95.1**	**$ 8.3**							**$ 8.3**
Total Electric Revenue	**10,681.9**		**$ 841.5**	**1,354.7**		**$ 89.6**	**54.0**		**$ 2.7**	**12,090.6**	**$ 933.9**	**13.6**		**$ 105.5**	**5.1**		**$ 56.5**	**$ 1,096.4**

Note: All calculations for above-the-line classes are done using electric tariffs before rounding.

Proof of Revenue (Column 4, Table 6, Appendix A)

Above-the-line Classes	First KWh Block Energy in GWh	Per KWh Charge	Revenue	Second KWh Block Energy in GWh	Per KWh Charge	Revenue	Third KWh Block Energy in GWh	Per KWh Charge	Revenue	Total Energy GWHS	Revenue	Demand GWS or GVAS	Charge per KW or KVA	Revenue	Base Charge Billmonths (in millions)	Base Charge	Revenue	PRESENT RATES FORECAST 2007
Residential Sector																		
Non-ETS	4,141.1	$ 0.1013	$ 419.5		$ -	$ -	-	$ -	$ -	4,141.1	$ 419.5	-	$ -	$ -	4.925	$ 10.83	$ 53.34	$ 472.8
ETS	9.0	$ 0.1456	$ 1.3	22.1	$ 0.1013	$ 2.2	85.3	0.05065	$ 4.3	116.3	$ 7.9	-	$ -	$ -	0.05	$ 18.82	$ 0.9	$ 8.7
Total	**4,150.1**		**$ 420.8**	**22.1**		**$ 2.23**	**85.3**		**$ 4.32**	**4,257.5**	**$ 427.4**	**-**		**$ -**	**5.0**		**$ 54.21**	**$ 481.6**
Commercial Sector																		
Small General	54.1	$ 0.1121	$ 6.1	187.7	$ 0.0986	$ 18.5	-		$ -	241.8	$ 24.6	-	$ -	$ -	0.2790	$ 12.65	$ 3.5	$ 28.1
General Demand	1,399.8	$ 0.0860	$ 120.4	$ 1,078.7	$ 0.0608	$ 65.6	-		$ -	2,478.6	$ 186.0	7.2	$ 8.10	$ 58.4	-	$ -	$ -	$ 244.3
Large General																		
Without Trans. Own.	237.4	$ 0.0571	$ 13.6							237.4	$ 13.6	0.5	$ 9.61	$ 5.0				$ 18.6
With Trans. Own.	184.0	$ 0.0571	$ 10.5							184.0	$ 10.5	0.4	$ 9.29	$ 3.7				$ 14.3
Sub-total	421.4		$ 24.1							421.4	$ 24.1	0.9		$ 8.8				$ 32.9
Total	**1,875.3**		**$ 150.5**	**1,266.5**		**$ 84.1**				**3,141.7**	**$ 234.6**	**8.1**		**$ 67.2**	**0.3**		**$ 3.5**	**$ 305.3**
Industrial Sector																		
Small Industrial	172.8	$ 0.0733	$ 12.7	80.5	$ 0.0559	$ 4.5				253.3	$ 17.2	1.0	$ 5.63	$ 5.8				$ 23.0
Medium Industrial	585.2	$ 0.0521	$ 30.5							585.2	$ 30.5	1.8	$ 9.05	$ 16.3				$ 46.8
Large Industrial Firm																		
Without Trans. Own.	99.9	$ 0.0525	$ 5.2							99.9	$ 5.2	0.18	$ 8.74	$ 1.6				$ 6.8
With Trans. Own.	281.7	$ 0.0525	$ 14.8							281.7	$ 14.8	0.09	$ 8.42	$ 0.7				$ 15.5
Sub-total	381.6		$ 20.0							381.6	$ 20.0	0.26		$ 2.3				$ 22.3
Large Industrial Interr.																		
Without Trans. Own.	251.7	$ 0.0525	$ 13.2							251.7	$ 13.2	0.7	$ 5.31	$ 3.7				$ 16.9
With Trans. Own.	446.0	$ 0.0525	$ 23.4							446.0	$ 23.4	1.3	$ 4.99	$ 6.3				$ 29.7
Sub-total	697.7		$ 36.6							697.7	$ 36.6	2.0		$ 10.0				$ 46.6
Total Large Industrial	**1,079.3**		**$ 56.7**						[1]	**1,079.3**	**$ 56.7**	**2.22**		**$ 12.3**				**$ 68.9**
Total Industrial	**1,837.2**		**$ 99.8**	**80.48**		**$ 4.5**				**1,917.7**	**$ 104.3**	**5.06**		**$ 34.4**				**$ 138.7**
Other																		
Municipal																		
Without Trans. Own.	121.3	$ 0.0538	$ 6.5							121.3	$ 6.5	0.3	$ 8.96	$ 2.9				$ 9.4
With Trans. Own.	75.0	$ 0.0538	$ 4.0							75.0	$ 4.0	0.2	$ 8.64	$ 1.6				$ 5.6
Sub-total	196.3		$ 10.6							196.3	$ 10.6	0.5		$ 4.5				$ 15.0
Unmetered	112.4	$ 0.2168	$ 24.4							112.4	$ 24.4							$ 24.4
Total	**308.7**		**$ 34.9**							**308.7**	**$ 34.9**	**0.5**		**$ 4.5**				**$ 39.4**
Total Above-the-line	**8,171.3**		**$ 706.1**	**1,369.01**		**$ 90.8**	**85.26**		**$ 4.3**	**9,625.6**	**$ 801.2**	**13.70**		**$ 106.0**	**5.25**		**$ 57.7**	**$ 965.0**
Below-the-line Classes																		
RTP	217.7	$ 0.0539	$ 11.7							217.7	$ 11.7							$ 11.7
ELIIR	1,858.4	$ 0.0539	$ 100.2							1,858.4	$ 100.2				0.000024	$ 20,700	$ 0.50	$ 100.7
GRLF and Mersey Contract	379.7	$ 0.0493	$ 18.7							379.7	$ 18.7							$ 18.7
Total	**2,455.8**		**$ 130.6**							**2,455.8**	**$ 130.6**							**$ 131.1**
Total In-Province	**10,627.1**		**$ 836.7**	**1,369.0**		**$ 90.8**	**85.3**		**$ 4.3**	**12,081.4**	**$ 931.8**	**13.7**		**$ 106.0**	**5.3**		**$ 57.7**	**$ 1,096.1**
Exports	**83.6**	$ 0.1023	**$ 8.5**							**83.6**	**$ 8.5**							**$ 8.5**
Total Electric Revenue	**10,710.7**		**$ 845.2**	**1,369.0**		**$ 90.8**	**85.3**		**$ 4.3**	**12,164.9**	**$ 940.4**	**13.7**		**$ 106.0**	**5.3**		**$ 57.7**	**$ 1,104.6**

Proof of Revenue (Column 5, Table 6, Appendix A)

Above-the-line Classes	First KWh Block Energy in GWh	First KWh Block Per KWh Charge	First KWh Block Revenue	Second KWh Block Energy in GWh	Second KWh Block Per KWh Charge	Second KWh Block Revenue	Third KWh Block Energy in GWh	Third KWh Block Per KWh Charge	Third KWh Block Revenue	Total KWHs GWHS	Total KWHs Revenue	Demand GWS or GVAS	Demand Charge per KW or KVA	Demand Revenue	Base Charge Billmonths (in millions)	Base Charge Base Charge	Base Charge Revenue	PROPOSED RATES FORECAST 2007
Residential Sector																		
Domestic Service	4,141.1	$ 0.1116	$ 462.0							4,141.1	$ 462.0				4.9	$ 10.83	$ 53.34	$ 515.3
Domestic Service Time of Day	9.0	$ 0.1601	$ 1.4	22.1	$ 0.1114	$ 2.5	85.3	0.0557	$ 4.7	116.3	$ 8.6				0.05	$ 18.82	$ 0.9	$ 9.5
Total	**4,150.1**		**$ 463.4**	**22.1**		**$ 2.46**	**85.3**		**$ 4.75**	**4,257.5**	**$ 470.6**				**5.0**		**$ 54.21**	**$ 524.8**
Commercial Sector																		
Small General	54.1	$ 0.1215	$ 6.6	187.7	$ 0.1069	$ 20.1				241.8	$ 26.6				0.28	$ 12.65	$ 3.5	$ 30.2
General	1,399.8	$ 0.0890	$ 124.6	$ 1,078.7	$ 0.0629	$ 67.9				2,478.6	$ 192.4	7.2	$ 8.38	$ 60.4				$ 252.8
Large General																		
Without Trans. Own.	237.4	$ 0.0621	$ 14.8							237.4	$ 14.8	0.5	$ 10.46	$ 5.5				$ 20.2
With Trans. Own.	184.0	$ 0.0621	$ 11.4							184.0	$ 11.4	0.4	$ 10.14	$ 4.1				$ 15.5
Sub-total	421.4		$ 26.2							421.4	$ 26.2	0.9		$ 9.6				$ 35.8
Total	**1,875.3**		**$ 157.3**	**1,266.5**		**$ 87.9**				**3,141.7**	**$ 245.3**	**8.1**		**$ 70.0**	**0.3**		**$ 3.5**	**$ 318.8**
Industrial Sector																		
Small Industrial	172.8	$ 0.0787	$ 13.6	80.5	$ 0.0600	$ 4.8				253.3	$ 18.4	1.0	$ 6.04	$ 6.3				$ 24.7
Medium Industrial	585.2	$ 0.0559	$ 32.7							585.2	$ 32.7	1.8	$ 9.71	$ 17.5				$ 50.2
Large Industrial Firm																		
Without Trans. Own.	99.9	$ 0.0564	$ 5.6							99.9	$ 5.6	0.177	$ 9.3826	$ 1.7				$ 7.29
With Trans. Own.	281.7	$ 0.0564	$ 15.9							281.7	$ 15.9	0.086	$ 9.0626	$ 0.8				$ 16.66
Sub-total	381.6		$ 21.5							381.6	$ 21.5	0.26		$ 2.4				$ 23.95
Large Industrial Interruptible																		
Without Trans. Own.	251.7	$ 0.0564	$ 14.2							251.7	$ 14.2	0.7	$ 5.95	$ 4.1				$ 18.3
With Trans. Own.	446.0	$ 0.0564	$ 25.1							446.0	$ 25.1	1.3	$ 5.63	$ 7.1				$ 32.3
Sub-total	697.7		$ 39.3							697.7	$ 39.3	2.0		$ 11.3				$ 50.6
Total Large Industrial	**1,079.3**		**$ 60.8**							**1,079.3**	**$ 60.8**	**2.22**		**$ 13.7**				**$ 74.5**
ELI 2P-RTP	**2,076.1**	**$ 0.05993**	**$ 124.4**							**2,076.1**	**$ 124.4**				**0.000024**	**$ 20,700**	**$ 0.497**	**$ 124.9**
Total Industrial	**3,913.3**		**$ 212.5**	**80.48**		**$ 4.8**				**3,993.8**	**$ 217.3**	**8.87**		**$ 56.6**	**0.000**		**$0.466**	**$ 274.3**
Other																		
Municipal																		
Without Trans. Own.	121.3	$ 0.0594	$ 7.2							121.3	$ 7.2	0.3	$ 9.89	$ 3.1				$ 10.3
With Trans. Own.	75.0	$ 0.0594	$ 4.4							75.0	$ 4.4	0.2	$ 9.57	$ 1.8				$ 6.2
Sub-total	196.3		$ 11.7							196.3	$ 11.7	0.5		$ 4.9				$ 16.6
Unmetered	112.4	$ 0.2150	$ 24.2							112.4	$ 24.2							$ 24.2
Total	**308.7**		**$ 35.8**							**308.7**	**$ 35.8**	**0.5**		**$ 4.9**				**$ 40.7**
Total Above-the-line	**10,247.4**		**$ 869.0**	**1,369.01**		**$ 95.2**	**85.26**		**$ 4.7**	**11,701.7**	**$ 969.0**	**17.50**		**$ 131.5**	**5.25**		**$ 58.2**	**$ 1,158.7**
Below-the-line Classes																		
GRLF and Mersey Contract	379.7	$ 0.0514	$ 19.5							379.7	$ 19.5							$ 19.5
Total	**379.7**		**$ 19.5**							**379.7**	**$ 19.5**							**$ 19.5**
Total In-Province	**10,627.1**		**$ 888.5**	**1,369.0**		**$ 95.2**	**85.3**		**$ 4.7**	**12,081.4**	**$ 988.5**	**17.5**		**$ 131.5**	**5.3**		**$ 58.2**	**$ 1,178.2**
Exports	**83.6**	**$ 0.1023**	**$ 8.5**							**83.6**	**$ 8.5**							**$ 8.5**
Total Electric Revenue	**10,710.7**		**$ 897.1**	**1,369.0**		**$ 95.2**	**85.3**		**$ 4.7**	**12,164.9**	**$ 997.1**	**17.5**		**$ 131.5**	**5.3**		**$ 58.2**	**$ 1,186.8**

Note: All calculations for above-the-line classes are done using electric tariffs before rounding.

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: The *Public Utilities Act,* R.S.N.S. 1989, c.380 as amended

IN THE MATTER OF: An Application by Nova Scotia Power Incorporated for Approval of Certain Revisions to its Rates, Charges and Regulations

RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-55: **Reference Appendix A, Table 8 L24**

Please provide a detailed explanation of the calculation of the cost and profit figures for export sales. In particular, please explain how the profit level was estimated.

Response IR-55: Please refer to UARB IR-26.

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: The *Public Utilities Act,* R.S.N.S. 1989, c.380 as amended

IN THE MATTER OF: An Application by Nova Scotia Power Incorporated for Approval of Certain Revisions to its Rates, Charges and Regulations

RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-56: **Reference Appendix A, Table 9**

Please provide a table showing Operations, Maintenance and General (OM&G) expenses, in real and nominal dollars, in total as well as per customer and per MWH, for the years 2000 to 2007. Provide the customer and electricity data used to make the requested calculations. To the extent possible, please provide the same data for each of the components of OM&G expenses shown in Table 9.

Response IR-56: Please refer to Attachment 1.

OM&G by Cost Centre

($ millions) Current Dollars	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006F**	**2007F**
Corporate Groups	$36.8	$41.0	$39.1	$37.1	$38.9	$37.0	$35.6	$35.1
Power Production	68.0	68.5	66.5	69.5	64.7	68.7	73.4	75.8
Customer Operations	65.0	67.8	64.5	72.1	67.7	74.0	75.9	77.3
Pension Expense	2.6	(6.2)	7.2	9.8	16.4	16.4	30.5	27.8
Corporate Adjustments	(18.0)	(17.7)	(6.6)	(8.0)	(14.2)	(11.2)	(14.2)	(15.1)
Total	$154.4	$153.4	$170.8	$180.4	$173.5	$185.0	$201.3	$200.9

($ millions) Constant Dollars	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006F**	**2007F**
Corporate Groups	$36.8	$40.2	$37.2	$34.2	$35.2	$32.6	$30.8	$29.7
Power Production	68.0	67.2	63.4	64.0	58.6	60.6	63.4	64.2
Customer Operations	65.0	66.6	61.5	66.4	61.3	65.2	65.6	65.5
Pension Expense	2.6	(6.1)	6.9	9.0	14.9	14.5	26.3	23.6
Corporate Adjustments	(18.0)	(17.4)	(6.3)	(7.4)	(12.8)	(9.9)	(12.3)	(12.8)
	$154.4	$150.6	$162.8	$166.3	$157.1	$162.9	$173.9	$170.1

OM&G/GWh

($ thousands) Current Dollars	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006F**	**2007F**
Corporate Groups	$3.2	$3.5	$3.3	$3.0	$3.1	$3.0	$3.0	$2.7
Power Production	5.9	5.9	5.5	5.6	5.2	5.5	6.2	5.8
Customer Operations	5.7	5.8	5.4	5.8	5.4	5.9	6.4	5.9
Pension Expense	0.2	(0.5)	0.6	0.8	1.3	1.3	2.6	2.1
Corporate Adjustments	(1.6)	(1.5)	(0.5)	(0.6)	(1.1)	(0.9)	(1.2)	(1.2)
Total	$13.5	$13.2	$14.2	$14.6	$13.8	$14.8	$17.1	$15.4

($ thousands) Constant Dollars	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006F**	**2007F**
Corporate Groups	$3.2	$3.5	$3.1	$2.8	$2.8	$2.6	$2.6	$2.3
Power Production	5.9	5.8	5.3	5.2	4.7	4.9	5.4	4.9
Customer Operations	5.7	5.7	5.1	5.4	4.9	5.2	5.6	5.0
Pension Expense	0.2	(0.5)	0.6	0.7	1.2	1.2	2.2	1.8
Corporate Adjustments	(1.6)	(1.5)	(0.5)	(0.6)	(1.0)	(0.8)	(1.0)	(1.0)
	$13.5	$12.9	$13.6	$13.5	$12.5	$13.1	$14.8	$13.0

OM&G/Customer

Current Dollars	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006F**	**2007F**
Corporate Groups	$83.2	$92.0	$85.9	$80.8	$83.8	$79.5	$75.6	$73.5
Power Production	153.8	153.8	146.4	151.4	139.6	147.5	155.8	158.7
Customer Operations	147.0	152.2	142.0	157.1	145.9	158.7	161.0	161.9
Pension Expense	5.9	(14.0)	15.8	21.3	35.4	35.3	64.7	58.3
Corporate Adjustments	(40.7)	(39.7)	(14.4)	(17.4)	(30.6)	(24.1)	(30.1)	(31.7)
Total	$349.2	$344.3	$375.7	$393.2	$374.1	$396.9	$426.9	$420.8

Constant Dollars	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006F**	**2007F**
Corporate Groups	$83.2	$90.3	$81.9	$74.5	$75.9	$70.0	$65.3	$62.3
Power Production	153.8	150.9	139.6	139.5	126.4	129.9	134.5	134.4
Customer Operations	147.0	149.4	135.4	144.8	132.2	139.8	139.1	137.1
Pension Expense	5.9	(13.7)	15.1	19.6	32.0	31.1	55.9	49.4
Corporate Adjustments	(40.7)	(38.9)	(13.8)	(16.1)	(27.7)	(21.2)	(26.0)	(26.8)
	$349.2	$338.0	$358.1	$362.4	$338.7	$349.6	$368.8	$356.4
Number of GWh	11,431.7	11,646.2	12,008.2	12,328.8	12,564.9	12,482.8	11,766.9	13,059.2
Average Number of Customers	442,106	445,504	454,509	458,819	463,782	466,034	471,437	477,358

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-57: **Reference: Depreciation Expense.**

Provide a schedule of depreciation rates by asset class for the years 2005A to 2007F.

Response IR-57: Please refer to Attachment 1.

Deprecation Rate approved by the UARB

	2005A	2006C	2007F
Generation			
Steam	2.38%	2.44%	2.50%
Gas Turbines	2.18%	2.32%	2.47%
LM6000	3.33%	3.33%	3.33%
Wind Turbines	5.00%	5.00%	5.00%
Hydro	1.26%	1.39%	1.51%
Transmission	2.68%	2.65%	2.63%
Distribution	3.96%	4.04%	4.11%
General Property	6.21%	7.12%	8.04%

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB **REDACTED**

Question IR-58: **Reference: Rate Base**

Provide a continuity schedule of net plant in service including additions, asset retirements, and amortization by major asset class for the years 2005A through 2007F.

Response IR-58: Please refer to Confidential Attachment 1.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-59: **Appendix A, Table 1**

a. Line 9, Provide details on what is included in the $147.7 million for 2007F.

b. Line 14, Provided details on what is included in the $3.5 million for 2007F.

c. Line 15, Explain the large decrease in this value from 2006C to 2007F.

d. Line 32, is "other revenue" the amounts shown on line 5 of Table 2?

e. Please provide details of all items included in "other revenue" in Table 2.

f. Please explain how "securitization fees" are accounted for in the financial tables, i.e. it appears to be part of the cost of capital and is then netted out of Table 1 (line 32) and included in "other revenue". Include in your explanation why NSPI does it this way.

Response IR-59:

a. Included in the $147.7 million for December 31, 2007F is the Section 21 tax deferral balance of $132.6 million and the Q1-05 tax deferral balance of $15.1 million.

b. Included in the $(3.5) million for December 31, 2007F deferred credits is:

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TO: NSPI

FROM: UARB

Response IR-59: (cont'd)

Railway Land	$ 1.62 million
Pier Land	$ 0.63 million
Rail Maintenance Centre	$ 0.53 million
In vehicle Radio Deposits	$ 0.02 million
Repurchase Liability (railway Centre)	$ 0.50 million
Other	$ 0.01 million
Wind Projects	$ 0.14 million
Total 2007 F	$ 3.45 million

c. NSPI expects the payment of the current outstanding amount in November 2007. Therefore the amount forecasted for December 31, 2007 represents the amount NSPI expects to receive for November and December 2007, which will be reimbursed in November 2010.

d. Yes.

e. Details of all items included in 2007 "other revenue" in Table 2 are as follows:

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TO: NSPI

FROM: UARB

Response IR-59: (cont'd)

Retail Sales	$1.5 million
Rental Revenue	$2.3 million
Connection Charges	$2.2 million
Late Payment Charges	$3.7 million
NSF Cheque Charges	$0.1 million
Miscellaneous Revenue & Recoveries	$1.4 million
Accounts Receivable Securitization Fees	($2.9) million
Wiring Inspection Revenue	$2.5 million
Total	$10.8 million

f. By selling a portion of the receivables and using the proceeds to reduce short-term debt on the balance sheet, NSPI's taxable capital base is reduced, thereby reducing the amount of Large Corporation Tax included in the income tax line of the various financial tables in Appendix A. As part of this program, NSPI incurs fees comparable to a short-term interest cost. The forecasted fees are identified in Appendix A, Table 10, Line 9. For accounting purposes, the securitization charges are reported as deductions to Other Revenues. For purposes of calculating the 2006 Revenue requirement, amounts are reflected as part of financing costs and included in the calculation of the weighted average cost of capital.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-60: **Appendix A, Table 3**

a. Line 39, explain the increase for 2007F over actuals.
b. Line 41, why is there no "income taxes payable" for 2007F?

Response IR-60:

a. NSPI calculated its average rate base in Appendix A, Table 1 as directed by the UARB. The financing of the rate base is then calculated in Table 13. Each line in Table 3 is forecasted individually and based on year-end forecasts. To the extent that the amounts in Table 3 do not equal those in Table 1 (for items such as cash working capital), an adjustment is made to short-term debt and accounts payable. For 2007, accounts payable has been increased by $37.3 million and short term debt reduced, reflecting the fact that actual working capital is expected to exceed cash working capital (as determined by the lead-lag study).

b. 2007F income tax installments are expected to equal the tax provision for the year. In 2006 the Company had the option to remit installments based on 2005 income taxes paid, which were lower than the expected 2006 payments, therefore creating a year-end payable.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB **REDACTED**

Question IR-61: **Appendix A, Table 6**

a. Provide a modified version of Table 6 in which the revenues for each of the BTL rates shown in column (4) are based on rates for 2006, not the proposed rates for 2007. Include details for each BTL rate, e.g. energy sales, energy rate, total revenue.

b. Provide the same level of detail for the BTL rates in column 5.

Response IR-61: a. Please refer to Confidential Attachments 1 and 2.

b. Please refer to Confidential Attachment 3.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-62: **Reference Appendix B, Page 33. It is stated that:**

"Labour decrease due to reductions in paid time off, safety and general business meetings, the transfer of apprentice program costs, and transfers to the Control Centre partially offset by union and non-union labour practices and an increase in line maintenance reactive work."

a. Please provide a discussion and 2007 cost levels relating to the reductions in paid time off, safety and general business meetings.

b. Please provide a discussion and 2007 cost levels relating to the transfer of apprentice program costs including a description of the nature of the apprentices and where they were transferred to.

c. Please provide a discussion and 2007 cost levels relating to the transfers to the Control Centre.

d. Please provide a discussion and 2007 cost levels relating to the increase in line maintenance reactive work.

Response IR-62:

a) The reductions in paid time off, safety and general business meetings reflect savings from the flexible work force model. Paid time off is reduced $40,000. Safety and General Business Meeting is reduced $270,000.

b) The funding for apprentices was transferred from the Regional Operations cost centre to the Customer Operations Administration cost centre for central administration and tracking purposes. This apprentice program is for Powerline Technicians (PLTs) and the amount of funds transferred was $300,000.

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TO: NSPI

FROM: UARB

Response IR-62: (cont'd)

c) The amount of funds transferred to the Control Centre was $65,000, associated with the transfer of a Regional Engineer to the Control Centre to be mentored and trained as future Bulk Power System Security Engineer.

d) Reactive maintenance work increased by $146,000 due mainly to trouble calls related to storms.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-63: **Reference Appendix B, Page 33. It is stated that:**

"Materials increase due to additional streetlight and service repairs, and aligning forecast with actual trending for system maintenance."

a. Please provide 2007 costs associated with streetlight repairs.
b. Please provide 2007 costs associated with service repairs.
c. Please discuss NSPI's level of responsibility for service repairs.
d. Please explain and provide 2007 cost for aligning forecast with actual trending for system maintenance.

Response IR-63:

a. The material cost associated with the streetlight repairs are increasing by $30,000 for a total cost of $307,000.

b. The material cost associated with service repairs is increasing by $1,000 for a total cost of $38,000.

c. NSPI is responsible for all repairs to the top of the customer's service mast (weather head).

d. NSPI's 2007 cost to align forecast with actual trending in system maintenance repairs increased materials by $199,000. System maintenance reactive work depends on the amount of corrective repairs identified during preventive maintenance work. The 2007 forecast is aligned with the 2005 and 2006 actual trends and projected 2007 work plan volumes.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-64: **Reference Appendix B, Page 33. It is stated that:**

"Contracts increase due to aligning forecast with actual trending for system maintenance."

a. Please explain what the statement means and indicate who the contractor is or contractors are.

b. Please describe the bidding process used to select the contractors.

Response IR-64:

a. The statement indicates that contract costs increased due to spending requirements for the system maintenance group, which employs multiple contractors to perform and assist in specialty work functions. These contractors include crane and boom truck companies, excavation companies, transporters, environmental cleaning services, communication tower services, and construction contractors.

b. The system maintenance group follows the standard NSPI Procurement Policies & Guidelines for the bidding process.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-65: **Reference Appendix B, Page 33. It is stated that:**

"Miscellaneous Revenues and Recoveries decrease due to aligning 2007 forecast profiles to actual trends and adjusting for known non-recurring Accounts Receivable Miscellaneous (ARM) non-electric billings."

a. Please explain the statement and in particular discuss forecast profiles.
b. Please indicate cost for 2007.
c. Please provide examples of non-electric billing.

Response IR-65:

a. Forecast profiles are determined using historical trends. In 2007F, Miscellaneous Revenue is forecast to decrease due to actual results trending lower than average.

b. There are no costs for this account. This is a revenue account only.

c. Examples of non-electric billings include:

- Work on customer-owned equipment, for example, providing system maintenance resources and expertise to customers.
- Installation of Line Cover-up, for example, PLT's covering up energized conductors for customers completing work on their premises.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-66: **Reference Appendix B, Page 37. It is stated that:**

"Contract increase due to enhanced investment in vegetation management on transmission and distribution systems and account distribution differences between actual and forecast for customer driven work."

a. Please indicate the 2007 level of investment in vegetation management and separate the investments paid to contractors.

b. Please indicate the 2007 level of investment and provide an explanation of account distribution differences between actual and forecast for customer driven work, and separate levels of investment for each of NSPI, and contractors.

Response IR-66:

a. NSPI is investing $6.8 million in OM&G-related Vegetation Management work. The work is conducted by external contractors. This investment will include $3.2 million in transmission class work and $3.6 million in distribution class work. The additional spending in distribution class work is pending Board approval but has been recommended by the Board Consultant.

b. Several factors account for the differences between actual and forecasted spending in customer requested work. The Board approved an increase of $1.6 million dollars in transmission -class Vegetation Management spending. Also, smaller differences are anticipated as a result of increased customer demand. These additional funds will be spent on increased Vegetation Management.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Question IR-67: **Reference Appendix B, Page 39. It is stated that:**

"Labour increase due to union and non-union labour increases, increased storm response labour, transfer of Apprenticeship program funding from Regional Operations, offset by labour transfers to Customer Services and Emera."

a. Please provide forecasted 2007 level for each of the referenced items including union and non-union labour costs, storm response labour costs, Apprenticeship program funding costs, labour cost transfers to Customer Services and labour cost transfers to Emera.

b. Please provide expected number of personnel in 2007 for each of the categories shown in the preceding question a).

c. Please discuss the labour transfers to Customer Services.

d. Please discuss the labour transfers to Emera.

Response IR-67: a.

Union labour increase	$93,000
Non-union labour increase	$15,000
Storm Response labour increase	$171,000
Apprenticeship Funding (Union)	$300,000
Transfer to customer services	($361,000)
Labour transfer to Emera	($125,000)

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB

Response IR-67: (cont'd)

b. No. of personnel:

Union labour	325
Non-union labour	4

Storm Response labour will include :

portions of all union & non-union employees	547
Apprenticeship Funding	36
Labour transfer to customer services	5
Labour transfer to Emera	1

c. This labour was moved to Customer Services as part of business realignment.

d. The former General Manager of Customer Operations accepted a position with Emera, resulting in a one FTE reduction.

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB **REDACTED**

Question IR-68: **Reference Appendix B, Page 41. It is stated that:**

"Write offs decrease due to a one time large customer write-off in 2005."

Please provide a descriptive identifying the nature of the write-off, the customer being written off and the level of cost written off.

Response IR-68: In 2005, the Company recorded an allowance for doubtful accounts of $1.0 million, with respect to an amount that had been billed and was in dispute with [redacted]

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: UARB **REDACTED**

Question IR-69: **Reference Appendix B, Page 41. It is stated that:**

"Rental and maintenance of equipment and software increase due to telephone technology improvements including expanded call recording capacity, IVR (interactive voice response) enhancements, and outbound outage calling technology. Plus transfer of current contract from the Corporate IT Department to the Call Centre for IVR."

a. Please provide forecasted 2007 level of costs for each of the referenced items including expanded call recording capacity, IVR enhancements, and outbound outage calling technology.
b. Please discuss the purpose of call recording capacity and reasons for it being expanded.
c. Please describe the envisaged IVR enhancements.
d. Please describe the envisaged outbound outage calling technology.
e. Please discuss the current contract for IVR.

Response IR-69: a.

Item	2007 Forecast (Thousands)
IVR contract (transfer from IT)	[redacted]
Increased operating costs (ongoing) for expanded call recording capacity	
Increased ongoing operating costs for IVR enhancements and outbound calling	[redacted]

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TO: NSPI

FROM: UARB **REDACTED**

Response IR-69: (cont'd)

b. The purpose of call recording capacity is to store recorded conversations between NSPI Customer Service Representatives and customers, which allows performance feedback to improve quality. It was expanded to create enough capacity to store all calls to the Call Centre.

c. There are no further IVR enhancements planned for 2007. These costs relate to ongoing operating costs for enhancements implemented in 2006.

The enhancements implemented in 2006 include:

- Providing approximate wait times for customers waiting to speak with a Customer Service Representative.
- Enabling customers to self-report an outage with their phone number, rather than their account number.
- Using text-to-speech technology, to enable the self reporting of outages for customers with multiple service locations, or blocked or unavailable caller ID.

d. The outbound calling technology was enhanced in 2006 to enable the automated delivery of pre-scripted outage messages to customers. This feature is used to notify customers of planned power outages. Enhancements for the outbound calling technology for 2007, and associated costs, will be defined following a decision on Third Party Call Overflow by the UARB.

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TO: NSPI

FROM: UARB **REDACTED**

Response IR-69: (cont'd)

e. Currently, the IVR system is leased from [redacted] with an expiration date of 2009. The contract includes the lease of the IVR hardware and required support to deliver and maintain the applications.