P-886 ORIGINAL N-2(c)

Nova Scotia Utility and Review Board

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

- and -

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

NSPI IR RESPONSES

Avon 1 – 66

CA 1 - 39

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NOV 21 2006
Nova Scotia
Utility and Review Board

Volume 3

November 20, 2006

Redacted

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: AVON

Question IR-1: **In regard to the $68.5 million higher fuel and purchase power expenses for 2007, please break these down by individual fuel types, such as HFO, LFO, petroleum coke, domestic coal, imported low sulfur coal, imported high sulfur coal, etc. In doing so, please indicate the sources of your assumptions about prices for these individual fuels for 2007.**

Response IR-1: Please refer to UARB IR-4 Attachments 1 through 14 for the detailed calculations that support the $68.5 million higher fuel costs in 2007 versus 2006C.

Please refer to Liberty Consulting IR-43 Attachment 1 for solid fuel sourcing assumptions.

NOVA SCOTIA UTILITY AND REVIEW BOARD

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

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: AVON

Question IR-2: **In regard to the increase in HFO prices of $24.7 million (p. 7), please indicate your volume and price assumptions for 2006 and 2007.**

Response IR-2: Please refer to UARB IR-4 Attachment 1 for the detailed calculations that support the HFO price increase in 2007 versus 2006C.

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: AVON

Question IR-3: **In regard to HFO, please provide any market studies of HFO or crude oil prices that NSPI has relied upon in formulating its estimates for 2007.**

Response IR-3: NSPI does not use market studies in formulating its estimates for HFO. NSPI uses over-the-counter broker quotes that form a forward curve of the price for HFO in 2007. Refer to Liberty IR-43 Attachment 14.

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: AVON **REDACTED**

Question IR-4: **In regard to HFO, please provide all tenders, bid evaluations and delivery contracts, as well as documentation for management decisions in regard to contracts for HFO supplies. Furthermore, please furnish information about any intended bids in the balance of 2006.**

Response IR-4: Please refer to Liberty IR-14. [redacted]

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: AVON **REDACTED**

Question IR-5: **Please provide details of the current status of HFO hedging (NSPI Direct Testimony, p. 41) including volumes and prices.**

Response IR-5: As of September 30, 2006, NSPI is [redacted] its forecasted 2007 HFO and natural gas requirement.

Please refer to Liberty IR-68 for prices and volumes.

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: AVON

Question IR-6: **Please provide (NSPI Direct Testimony, p. 42) a copy of the ten-year gas supply agreement as well as any amendments or arbitration settlements during the period 2005 and 2006 to the present.**

Response IR-6: The 10 year gas supply agreement and the amending agreement are confidential documents, and are available for viewing at NSPI offices. Please refer to Liberty IR-15. These agreements reflect all changes. These confidential documents are available for viewing at NSPI Offices.

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: AVON **REDACTED**

Question IR-7: **Please provide the monthly volumes delivered to NSPI under the long-term gas supply agreement as well as any volumes delivered to other parties designated by NSPI.**

Response IR-7: Please refer to Liberty IR-54 Attachment 1 for monthly volumes delivered to NSPI under the long-term gas supply agreement. NSPI directly receives all of its natural gas under long-term contracts. [redacted]

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: AVON

Question IR-8: **Please provide all the documentation in regard to the RFP process of 2005 used to select an independent third party to manage the sale of gas under the NSPI natural gas contract.**

Response IR-8: This confidential information is available for viewing at NSPI offices. Please refer to Avon IR–8.

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: AVON

Question IR-9: **Please provide copies of all the bids in response to the November 2, 2005 RFP as well as NSPI or consultant analyses for the selection of Brant Energy.**

Response IR-9: This information is available for viewing at NSPI Offices. Please refer to Avon IR-8.

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: AVON

Question IR-10: **Please indicate what is known about Brant Energy including the experience and ownership of Brant Energy.**

Response IR-10: This confidential information is available for viewing at NSPI offices. Please refer to Avon IR-8.

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: AVON

Question IR-11: **Please provide all documentation for the Brant Energy RFP process for the sale of NSPI's natural gas for the period April 1, 2006 through March 31, 2007.**

Response IR-11: This confidential information is available for viewing at NSPI offices. Please refer to Avon IR-11.

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: AVON

Question IR-12: **Please provide a copy of the bids received in response to the Brant Energy RFP as well as the independent analysis performed by Brant Energy and communicated to NSPI (NSPI Direct Testimony, p. 42).**

Response IR-12: This confidential information is available for viewing at NSPI offices. Please refer to Avon IR-11.

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: AVON **REDACTED**

Question IR-13: **Please provide all coal contracts that are in force during 2006 and 2007 as well as the bid solicitations, internal or external evaluations, memos and internal presentations supporting the awarding of these contracts.**

Response IR-13: This confidential information is available for viewing at NSPI offices. Please refer to Liberty IR-14 and Liberty IR-15.

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: AVON **REDACTED**

Question IR-14: **Please provide information of any ongoing or planned RFPs for coal supplies since the Direct Testimony was filed or in the balance of this year.**

Response IR-14: Information regarding RFP's for coal supplies issued since the Direct Testimony was filed is available for viewing at NSPI offices in response to Liberty IR-14.

NSPI plans to value the options in the [redacted] contracts before year end. This will be though an RFP process.

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: AVON

Question IR-15: **Please provide copies of all petroleum coke contracts in force in 2006 and 2007 as well as related bid documents and internal and external evaluations, memos and internal presentations in regard to these contracts.**

Response IR-15: This confidential information is available for viewing at NSPI offices. Please refer to Liberty IR-14 and Liberty IR-15.

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: AVON **REDACTED**

Question IR-16: **Please provide actual delivered prices in 2006 and expected prices in 2007 under the** [redacted]

Response IR-16: Please refer to Attachment 1 for actual delivered prices in 2006 under the [redacted] contracts.

Expected prices for 2007 under the [redacted] contracts are as follows:

[redacted]: [redacted] Metric Tonne USD
[redacted]: [redacted] Metric Tonne USD
[redacted]: [redacted] Metric Tonne USD

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: AVON **REDACTED**

Question IR-17: **Please indicate the 2006 price of petroleum coke under the [redacted] contract and the expected price in 2007.**

Response IR-17: The 2006 price of petroleum coke [redacted] was [redacted] per metric ton.

The 2007F expected price of petroleum coke [redacted] is [redacted] per metric ton.

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: AVON **REDACTED**

Question IR-18: **Please indicate the f.o.b. and c.i.f. prices to individual power plants of the [redacted] petroleum coke contracts.**

Response IR-18: Please refer to Confidential Attachment 1.

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: AVON **REDACTED**

Question IR-19: **Please provide information in regard to the test shipments from [redacted] in regard to geographic source, delivered price, quality, and results of the test burns as well as intentions for purchasing further volumes of these coals (NSPI Direct Testimony, Figure 2.4).**

Response IR-19: Please refer to Avon IR-22 for information on the test shipments from [redacted] in regard to geographic source, delivered price, quality and results of the test burns.

NSPI has included the producers and marketers of these coals on the RFP Bidders List and will evaluate these coals when offered and will consider purchasing these coals based on evaluation.

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: AVON **REDACTED**

Question IR-20: **Please provide a copy of the [redacted] coal contract, and any documents that relate to negotiations and the renewal or extension of that agreement.**

Response IR-20: This confidential information is available for viewing at NSPI offices. Please refer to Liberty IR-14.

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: AVON

Question IR-21: **Please provide information about short-term coal contracts including copies of the contracts and any related tender documents, internal and external evaluations and internal presentations thereto (NSPI Direct Testimony, p. 47).**

Response IR-21: This confidential information is available for viewing at NSPI offices. Please refer to Liberty IR-14 and Liberty IR-15.

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

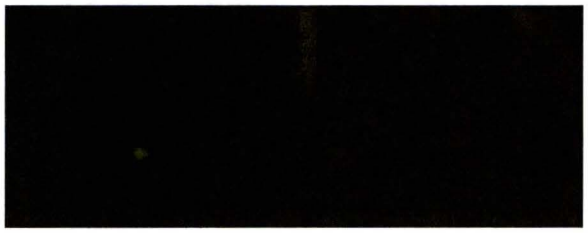
RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: AVON **REDACTED**

Question IR-22: **In regard to the test burn program, please provide a summary of test burn results, including delivered costs, coal qualities and decisions on the suitability of the tested coals for future use at NSPI stations (NSPI Direct Testimony, pp. 47-48).**

Response IR-22: This confidential information is available for viewing at NSPI offices except for the delivered costs which are (in CDN $/MMBtu):



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: AVON

Question IR-23: **Please provide all ocean freight contracts valid in 2006 and 2007 as well as any internal and external analysis of bids and management presentations relating thereto (NSPI Direct Testimony, pp. 48-49).**

Response IR-23: This confidential information is available for viewing at NSPI offices. Please refer to Liberty IR-14 and Liberty IR-15.

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

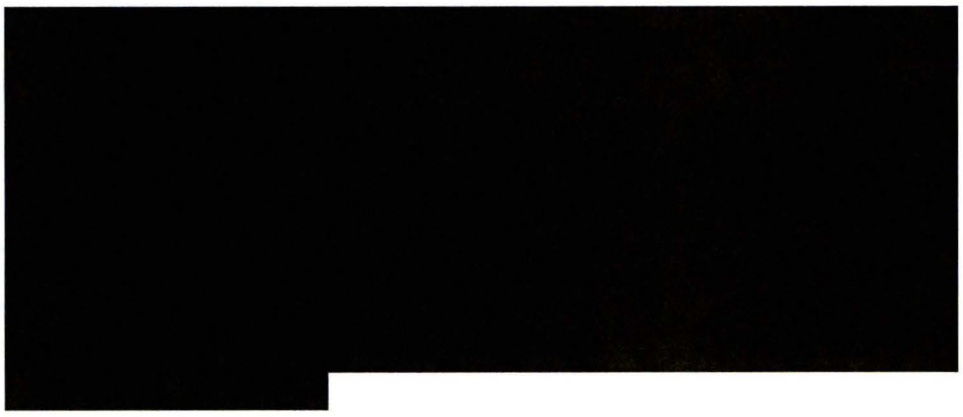
TO: NSPI

FROM: AVON **REDACTED**

Question IR-24: **Direct Testimony, p. 50 refers to "reduced freight rates and demurrage charges on belted self-unloaders" due to the operation of the Point Tupper Marine Terminal. Please document such savings since the opening of the terminal to the present time.**

Response IR-24: The Point Tupper Marine Terminal (PTMT) has provided savings of approximately [redacted] as a result of reduced freight rates and reduced demurrage charges on belted self-unloader vessels.

Prior to the construction of PTMT, NSPI discharged solid fuel at the Martin Marietta facility in Auld's Cove, Nova Scotia. Due to the configuration of the facility's shore receiving equipment, vessels discharging at Martin Marietta were required to be belted self-unloading (BSUs) vessels. The Martin Marietta facility was restricted both in terms of the [redacted]



This answer only refers to reduced freight rates and demurrage charges. There are other savings associated with PTMT.

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: AVON **REDACTED**

Response IR-24: (cont'd)

With the construction of the Point Tupper Marine Terminal, NSPI is now able to source both geared and gearless freight from the global market rather than relying on BSUs exclusively. The draft restriction was decreased to 52' and the discharge rate was increased to 3000 mtph for BSU's.

[redacted]

In addition to their base freight rate, [redacted] charges for bunker escalation whereas the price of bunkers is already included in the [redacted]

Fourteen of the cargoes that have been discharged at PTMT since January 2005 were purchased on a delivered basis, whereby the price of freight is included in the total price of the delivered commodity. Because of the combined commodity and freight price, it is difficult to determine the exact freight component and therefore the exact savings incurred due to the increased draft and discharge rate at PTMT.

There were also several cargoes discharged at PTMT that could not have been at the Martin Marietta facility. Because of the ability to accept geared and gearless vessels, NSPI had the opportunity to purchase and test fuels from Indonesia, Russia and South Africa.

Further savings have been realized in rail and operations.

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: AVON

Question IR-25: **Please provide copies of any contracts for the operation of the Point Tupper Marine Terminal that are included in the fuel costs for 2006 and 2007.**

Response IR-25: This confidential information is available for viewing at NSPI offices. Please refer to Liberty IR-15.

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: AVON **REDACTED**

Question IR-26: **Please specify specifically which charges for the Point Tupper Marine Terminal are included in NSPI fuel calculations for 2006 and 2007.**

Response IR-26: The table below outlines the forecasted costs associated with the Point Tupper Marine Terminal for 2006C and 2007.

2006C and 2007 Forecasted Point Tupper Marine Terminal Fees

	[redacted]	[redacted]
Trenton		
[redacted]	[redacted]	[redacted]
Total Fee per Metric Tonne ($CAD)	[redacted]	[redacted]
Forecasted Delivery Volumes Metric Tonnes	[redacted]	[redacted]
Forecasted Costs ($CAD)	[redacted]	[redacted]
Point Tupper		
[redacted]	[redacted]	[redacted]
Total Fee per Metric Tonne ($CAD)	[redacted]	[redacted]
Forecasted Delivery Volumes Metric Tonnes	[redacted]	[redacted]
Forecasted Costs ($CAD)	[redacted]	[redacted]
Total Point Tupper Marine Terminal Fees ($CAD)	[redacted]	[redacted]

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: AVON **REDACTED**

Question IR-27: **In regard to the HFO, natural gas and LFO prices graphed in Figure 2.6, please provide the underlying data and the source of the individual fuel price forecasts.**

Response IR-27: Please refer to Confidential Attachment 1 for the underlying data used in Figure 2.6.

Please refer to Confidential Attachment 2 for the backup for the HFO forward curve derivation.

Please refer to Confidential Attachment 3 for the NYMEX Henry Hub contract closing prices.

Please refer to Confidential Attachment 4 for the natural gas basis market derivation.

Please refer to Confidential Attachment 5 for the NYMEX Heating Oil contract closing prices.

Please refer to Liberty IR-43 Confidential Attachment 14 for the underlying data for HFO, natural gas and LFO.

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: AVON

Question IR-28: **Please provide copies of any internal or external analysis and forecasts of HFO, natural gas and LFO prices.**

Response IR-28: This confidential information is available for viewing at NSPI offices. Please refer to CME IR-34.

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: AVON

Question IR-29: **Please provide the over-the-counter quotes and information on in-place hedges for HFO referred to in NSPI Direct Testimony, p. 52.**

Response IR-29: Please refer to Avon IR-27 Attachment 2.

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: AVON

Question IR-30: **Please provide the forward natural gas price curves and in-place hedges referred to NSPI Direct Testimony, p. 52.**

Response IR-30: Please refer to Liberty IR-43 Attachment 14 for the forward price curve used for the 2007 forecast.

Please refer to Liberty IR-43 Attachment 4, Attachment 8 and Attachment 9 which provide the in-place hedges for volumes forecasted natural gas and Heavy Fuel Oil to be burned in 2007.

Please refer to Avon IR-31 Attachment 4 and Attachment 5 which provide the in-place hedges for volumes forecasted to be resold in 2007.

Please refer to Avon IR-27 Attachment 3 and Attachment 4.

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: AVON **REDACTED**

Question IR-31: **NSPI Direct Testimony, p. 53 refers to the calculation of the natural gas margin. Please provide the calculation that was used in establishing the proposed 2007 rates.**

Response IR-31: Confidential Attachment 1 summarizes the 2007 forecasted natural gas resale margin.

Confidential Attachment 2 provides the calculations of the 2007 forecasted natural gas sales volumes along with the calculation of the 2007 forecast of physical revenue and cost of goods sold.

Confidential Attachment 3 provides the calculation of the 2007 forecasted Shell Long Term Receivable and how it is allocated between the volume of gas resold and burned.

Confidential Attachment 4 provides the calculation of the mark-to-market value of the natural gas revenue hedges that were in place at the time the 2007 natural gas resale margin forecast was prepared.

Confidential Attachment 5 provides the calculation of the mark-to-market value of the [redacted] hedges that were in place at the time the 2007 natural gas resale margin forecast was prepared. [redacted]

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: AVON **REDACTED**

Question IR-32: **Please provide volumes and prices for natural gas and HFO on a month-by-month basis consumed in 2006 at the Tufts Cove generating station.**

Response IR-32: Please refer to Confidential Attachment 1.

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: AVON

Question IR-33: **Please provide any internal or external studies and analyses or price quotes to support the 2007 HFO price in Figure 2.7.**

Response IR-33: Please refer to Liberty IR-43 Attachment 14.

Please refer to Liberty IR-43b for the committed volumes.

Please refer to Avon IR-27 Attachment 2 for the price quotes for the open positions.

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: AVON

Question IR-34: **Please provide any internal or external analyses and price quotes that would support the 2007 LFO price in Figure 2.8.**

Response IR-34: Please refer to Avon IR-27 Attachment 5 for the price quotes for the open positions. Please refer to Liberty IR-43 (b) for the committed volumes.

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: AVON

Question IR-35: **Please provide the detailed specifications for LFO and HFO as purchased by NSPI and against which suppliers are asked to bid.**

Response IR-35: A copy of the solicitation or RFP used for LFO an HFO will be available for viewing at NSPI offices. Please refer to Liberty IR-14.

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: AVON

Question IR-36: **Please provide the anticipated month-by-month gas consumption for Tufts Cove for 2007 (NSPI Direct Testimony, p. 55).**

Response IR-36: Please refer to Liberty IR-43 Attachment 6 for the forecasted monthly natural gas burn for Tufts Cove in 2007.

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: AVON

Question IR-37: **In regard to the supply from the Sable Offshore Energy Project, please provide the 2005 and 2006 monthly volumes provided to NSPI and quantify the monthly shortfall under the current supply contract (NSPI Direct Testimony, p. 55).**

Response IR-37: Please refer to Liberty IR-49.

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: AVON

Question IR-38: **In regard to the anticipated natural gas price for 2007, please break out the commodity and transportation charges to Tufts Cove and indicate the basis for the projected 2007 delivered price.**

Response IR-38: Please refer to Liberty Consulting IR-43 Attachment 6 and Attachment 7 for the calculation of forecast commodity and transportation charges relating to the 2007 natural gas price at Tufts Cove.

Please refer to Liberty Consulting IR-43 Attachment 14 for the date and the forward curve used in calculating the forecast costs of natural gas at Tufts Cove in 2007.

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: AVON

Question IR-39: **Please provide calculations underlying the $33.6 million in the anticipated natural gas sales program for 2007 (NSPI Direct Testimony, p. 56).**

Response IR-39: Please refer to Avon IR-31.

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: AVON

Question IR-40: **NSPI Direct Testimony, p. 56 refers to the pricing of uncommitted coal volumes "using market information and published forecasts". Please provide the market information and published forecasts used.**

Response IR-40: Please refer to Liberty IR-64.

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: AVON

Question IR-41: **Please provide a copy of the Hill & Associates 2006 forecast if it has been published or made available to NSPI since the preparation of the Direct Testimony (p. 56).**

Response IR-41: This confidential information is available for viewing at NSPI offices. Please refer to CME IR-34.

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: AVON

Question IR-42: **Please provide the price curves and information that NSPI used to produce a "consensus forecast" for imported coal prices as referred to in NSPI Direct Testimony, p. 57.**

Response IR-42: Please refer to Liberty IR-64.

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: AVON **REDACTED**

Question IR-43: **In regard to the f.o.b. coal prices in Figure 2.10, please indicate the assumed geographic origins for these coals.**

Response IR-43: The assumed geographic origins for the coals in Figure 2.10, Direct Evidence, page 57, Forecast Pricing for Uncommitted (Solid Fuel) Volumes, are as follows:

[redacted]

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: AVON **CONFIDENTIAL**

Question IR-44: **In regard to Figure 2.11 of the NSPI Direct Testimony (p. 58), please provide a detailed explanation of the reduction of domestic coal from 10% of the fuel blend in 2006 to 2% in 2007.**

Response IR-44: NSPI's long term contract with [redacted] allowed for the delivery of up to [redacted] metric tons per year. This volume equates to approximately [redacted] of NSPI's overall solid fuel requirement for 2006.

NSPI's long term contract with [redacted] 0expires at the end of [redacted] NSPI successful negotiated an extension to the agreement that secures [redacted] This negotiation concluded after the forecast model was produced.

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: AVON

Question IR-45: **Please provide copies of any solicitations for solid fuel made in the second half of 2005 and 2006 to date, as well as any bids or correspondence from suppliers relating thereto.**

Response IR-45: This confidential information is available for viewing at NSPI offices. Please refer to Liberty IR-14.

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: AVON

Question IR-46: **Please provide copies of any offers made by solid fuel suppliers that were not in response to an NSPI bid solicitation.**

Response IR-46: The information will be available for viewing at NSPI offices. Please refer to Liberty IR-14.

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: AVON **REDACTED**

Question IR-47: **Please provide a copy of the "Comprehensive Status Report" filed by NSPI with the UARB on August 31, 2006.**

Response IR-47: Please refer to Confidential Attachment 1.

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: AVON

Question IR-48: **Please provide any correspondence, memos, documents, studies and analyses prepared by Black & Veatch in regard to NSPI's development of a fuel hedging policy (NSPI Testimony, p. 11).**

Response IR-48: Please refer to UARB IR-11.

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: AVON

Question IR-49: **Please provide the latest edition of the Fuel Procurement Policy and Procedures Manual of NSPI.**

Response IR-49: This confidential information is available for viewing at NSPI offices. Please refer to Liberty IR-3.

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: AVON **REDACTED**

Question IR-50: **In regard to the recruitment of a fuel procurement specialist, please provide copies of the quarterly reports to the Board on NSPI's progress in finding a suitable candidate furnished to the board (NSPI Testimony, p. 13).**

Response IR-50: The Quarterly Progress reports are provided.

Confidential Attachment 1 - April 30, 2006 Quarterly Progress Report

Confidential Attachment 2 - July 31, 2006 Quarterly Progress Report

Confidential Attachment 3 - October 31, 2006 Quarterly Progress Report

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: AVON **REDACTED**

Question IR-51: **In regard to the EVA Testimony, p. 15, please quantify on a megawatt hour basis the various impacts described there; that is, the increase in solid fuel cost, the higher HFO cost, the decrease in the gas resale margin, the increase in the marginal cost of generation, and the impact of the expired fuel cost disallowance.**

Response IR-51:

Costs per MWh

	2006C	2007	Increase
Solid Fuel*	[redacted]	[redacted]	[redacted]
Natural Gas			
Bunker C			
Diesel			
All Fuels			
Power Imports			
IPP's	[redacted]	[redacted]	[redacted]

* Includes the disallowance in 2006. Without the disallowance, 2006C solid fuel was [redacted] and 2007 would be [redacted].

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: AVON

Question IR-52: **In regard to the "industry consensus" on world crude oil prices, please document which materials EVA consulted to form an opinion on the industry consensus referred to.**

Response IR-52: Energy Ventures Analysis (EVA) is a consulting firm that is actively engaged in the analysis of energy markets on behalf of many of its clients. It is not possible, or appropriate, for EVA to identify all documents it consulted to form its opinion regarding the industry consensus.

EVA's most recent published forecast states that "the intermediate-term outlook for crude oil prices will be dominated by concerns over geopolitical events and their potential to disrupt supply," and that there could be "a continuation of the current elevated oil prices for an extended period of time".[1]

EVA notes this opinion is shared by many others. In August 2006, the U.S. Department of Energy (USDOE) stated in its Monthly Short-Term Outlook that it expected the WTI crude oil price to average around $70 per barrel in 2006 and 2007. In the Short-Term Outlook, published in September 2006, the USDOE held these forecasts. In the most recent Short-Term Outlook, published November 7, 2006, the USDOE revised its price forecast downward to $66 in 2006, and $65 in 2007, both of which represent prices well above historic levels.

[1] FUELCAST, The Long-Term Outlook, Volume Two, August 2006. This confidential information is available for viewing at NSPI Offices.

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: AVON

Response IR-52: (cont'd)

Another well respected institution is The Australian Bureau of Agricultural and Resource Economics (ABARE), an independent government research institution. In its June 2006 commodity report,[2] it forecast that global oil prices would "remain relatively high in the remainder of 2006 (averaging about US$69 a barrel in WTI terms for the year), before declining in 2007 to average around US$65 a barrel." ABARE notes that "(l)ooking beyond 2007, there is a distinct possibility that world oil prices could remain relatively high for a number of years". ABARE states that "(o)ver the past few years, world oil prices have become particularly sensitive to production and unexpected increases in consumption" and that "(o)il price movements in the near term are likely to remain sensitive to geopolitical tensions in Iran. As the second largest producer in OPEC, with output of close to 4.0 million barrels a day, Iran accounts for around 13 percent of OPEC production."

[2] Australian Commodities, June 2006. ABARE reports are available at no cost at www.abareconomics.com.

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: AVON

Question IR-53: **In regard to Figure 2.3.1, please provide the source of the data and update the figure to the present date.**

Response IR-53: Please refer to Liberty IR-63.

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: AVON

Question IR-54: **In regard to Figure 2.3.3, please provide the source for the data and update the figure to the present date.**

Response IR-54: Please refer to Liberty IR-63.

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: AVON

Question IR-55: **In regard to Figure 2.3.4, please provide the source for the data in the figure and update the figure to the current period.**

Response IR-55: Please refer to Liberty IR-63.

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: AVON

Question IR-56: **In regard to Figure 2.3.5, please provide the source for the data graphed there and update the figure to the current period.**

Response IR-56: Please refer to Liberty IR-63.

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: AVON

Question IR-57: **In regard to Figure 2.3.6, please provide the source of the figure and update the figure to the current period.**

Response IR-57: Please refer to Liberty IR-63.

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: AVON

Question IR-58: **In regard to Figures 2.3.7, 2.3.8, and 2.3.9, please demonstrate the math used to develop the trend lines shown on all three figures.**

Response IR-58: Please refer to Liberty IR-48.

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: AVON

Question IR-59: **In regard to Figure 2.3.10, please demonstrate your calculations for the trend line shown and indicate the source of the data used.**

Response IR-59: Please refer to Liberty IR-48b.

NOVA SCOTIA UTILITY AND REVIEW BOARD

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

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: AVON **REDACTED**

Question IR-60: **In regard to the "demonstrated success" of NSPI in its active management of coal supply agreements, please provide examples from the period 2005 and 2006 that document this.**

Response IR-60: The response to this question is confidential.

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: AVON

Question IR-61: **Please provide a copy of the fuel purchasing organizational chart indicating the responsibilities of individuals involved in implementing fuel purchasing activities and in making decisions in regard to fuel purchasing. Please provide resumes of all of the appropriate individuals on the organizational chart.**

Response IR-61: Please refer to Liberty IR-1 for the organizational charts for Fuels, Energy & Risk Management and Liberty IR-2 for resumes of individuals in the organization.

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: AVON

Question IR-62: **Please explain how the individual fuel price changes in the NSPI Direct Testimony are reflected in the numbers in lines 4-8 of Appendix A, table 8.**

Response IR-62: Please refer to UARB IR-4 Attachments 1 through 14 for the detailed calculations of the fuel price changes outlined in Table 8 of Appendix A of the evidence.

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: AVON

Question IR-63: **Please break out by coal supply contract the anticipated increase in the cost of solid fuel in 2007 shown in Figure 2.12 of NSPI Direct Testimony, p. 59.**

Response IR-63: Please refer to Liberty IR-43 Attachments 1, 12 and 13.

NOVA SCOTIA UTILITY AND REVIEW BOARD

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

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: AVON

Question IR-64: **Please indicate the status of U.S. dollar hedging at the end of October 2006 for payments anticipated in 2007 (NSPI Direct Testimony, p. 60).**

Response IR-64: As of October 16 2006, NSPI has $291 million USD hedged for transactions anticipated in 2007.

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: AVON

Question IR-65: **For each solid fuel generating station for 2006 and 2007, please indicate the volume of solid fuel under each separate contract, the geographic source, the major quality parameters, the volume and delivered costs with the major cost components broken out from the load port or mine (if domestic) to the power plant. This should include, where appropriate, ocean freight, terminal unloading, rail charges and the f.o.b. cost of the fuel.**

Response IR-65: Please refer to Liberty Consulting IR-43 Attachment 1 for solid fuel sourcing in 2006C and 2007.

Please refer to Liberty Consulting IR-43 Attachment 12 and Attachment 13 for solid fuel quality in 2006C and 2007.

Please refer to Liberty Consulting IR-43 Attachment 12 and Attachment 13 for the volume and prices broken out by major component for 2006C and 2007 to each power plant.

NOVA SCOTIA UTILITY AND REVIEW BOARD

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

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RESPONSE TO INFORMATION REQUEST

TO: NSPI

FROM: AVON **REDACTED**

Question IR-66: **For 2005 and 2006, please list all the cargoes received at Nova Scotia ports used by NSPI indicating the port, vessel size, the type of vessel (belted or not), and the cargo and the unload dates.**

Response IR-66: Please refer to Confidential Attachment 1.