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: NSDOE

Question IR-1: **The rate application requests rate adjustments to be effective April 1, 2007.**

Is the Test Year period Jan 1st, 2007 to Dec 31st, 2007 and if so please explain why the Test Year is not April 1st, 2007 to Mar 31st, 2008?

Response IR-1: The test year covers January 1- December 31, 2007. This is consistent with past rate cases and compliance filings.

The test year used for rate-making purposes aligns with the Company's financial and operating records and requirements. NSPI is required to report its financial position annually by calendar year. Items such as tax and pension expense are also calendar year expenses.

A test year aligned with NSPI's reporting requirements allows for easier comparisons and greater transparency.

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FROM: NSDOE

Question IR-2: **Please provide current load forecast, demand and energy, for the period 2007 through 2008?**

Response IR-2: The forecast of annual demand and energy is shown in Appendix F, pages 38 and 39 of the Direct Evidence.

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Question IR-3: **Please provide fuel prices ($/MMBtu) and consumption (actual to date and forecasted), by type and plant, for the period Jan 1st, 2006 through Mar 31st, 2008?**

Response IR-3: Please refer to Liberty IR-10, Attachments 1 and 2, for the 2006 and 2007 forecasted fuel consumption volumes and costs by plant.

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Question IR-4: **With reference to Page 7, Figure 2.1, NSPI Direct Evidence.**

a. What amount of the $19.6 million increase between 2006C and 2007F for fuel and purchased power for Load Increase is associated with STORA operating at full capacity for 2007 as compared to STORA not operating at full capacity during 2006?

b. What portion of the $19.6 million is recovered under the current rates?

c. Please explain the commodity costs increase of $40.1 million relative to 2006.

Response IR-4:

a. None. The customer was included at full load in both 2006C and 2007F. The customer does not contribute to the increased sales forecast for 2007.

b. Please refer to CME IR-3.

c. Please refer to UARB IR-4 Attachments 1 through 10.

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TO: NSPI

FROM: NSDOE **REDACTED**

Question IR-5: **What is NSPI's committed coal tonnage for import, by month, for the period April 2007 through March 2008?**

Response IR-5: NSPI does not commit coal on a month by month basis, but contracts for ratable deliveries bi-annually or through annual periods.

Please refer to the Application page 45 Figure 2.4 for committed tonnes in 2007 and 2008, approximately [redacted] tonnes are contracted at ratable deliveries.

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FROM: NSDOE **REDACTED**

Question IR-6: **Please explain how the foreign exchange rate impacts net fuel costs comparing 2006 and the Test period?**

Response IR-6: The table below outlines the incremental value of the forecasted favourable affect on 2007 fuel costs resulting from lower exchange rates since 2006C.

	Forecast 2006C	Forecast 2007
FX Rate	$1.219	$1.180
USD Requirement ($Millions)		[redacted]
Change in Fuel Costs (CAD$Millions)		[redacted]

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TO: **NSPI**

FROM: **NSDOE** **REDACTED**

Question IR-7: **Please provide a table comparing all export sales, and net revenues, by contract, for the years 2005, 2006 and 2007F. Please include which NSPI units supplied the export energy and the impact on SO_2 compliance?**

Response IR-7: Export sales occur on an hour by hour basis, the transaction occur through master power agreements that specify general terms and confirms that are specific to the transaction. They are dependent on hourly availability of surplus generation and market conditions.

Confidential Attachment 1 provides the 2005 monthly export sales volumes with net revenues by plant and individual power generating unit.

Confidential Attachment 2 provides the monthly 2006 actual and forecast export sales volumes with net revenues by plant and individual power generating unit.

Confidential Attachment 3 provides the forecasted 2007 monthly export sales volumes with net revenues by plant and individual power generating unit.

Confidential Attachment 4 provides the monthly 2005 export sales volumes by counterparty contract and associated revenues.

Confidential Attachment 5 provides actual export sales volumes for January and February (as reported in 2006F in Appendix A, Table 8 of the Evidence) by counterparty contract and associated revenues. The remaining months in 2006 are forecasted surplus energy sales and are not counterparty contract specific.

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Response IR-7: (cont'd)

The process for evaluating forecast margins and managing SO_2 compliance is outlined in Liberty IR-72.

Please refer to Liberty IR-10 for SO_2 compliance information.

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TO: NSPI

FROM: NSDOE **REDACTED**

Question IR-8: **What is the current projected rate of return on investment for NSPI for the year 2006 in terms of % and millions of dollars?**

Response IR-8: The response to this question is confidential.

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Question IR-9: **With reference to Page 8, lines 7 through 12, NSPI Direct Evidence.**

Is the $6.4 million reduction in the natural gas resale margin for 2007 net of savings resulting for burning natural gas at Tufts Cove rather than oil?

Please provide the projected increase in natural gas burned at Tufts Cove for 2007 and the reason for the increased natural gas burn?

Response IR-9: The $6.4 million reduction in the natural gas resale margin is not net of savings resulting from the burning of natural gas at Tufts Cove.

The projected increase in natural gas consumption is 9,321,000 MMBtu. The increase in natural gas burn is a combination of load increase and the economic dispatch of gas versus HFO.

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FROM: NSDOE

Question IR-10: **What are the projected incremental fuel costs to meet the more stringent 2005 SO_2 compliance requirements through fuel switching strategies for 2006 and 2007?**

Response IR-10: NSPI estimates the cost of compliance:

- 2006 $18 million
- 2007 $8 million

These costs will vary with market and operating conditions. For example, in 2007 high sulphur and low sulphur fuels are closer in price than historical levels.