ORIGINAL Exhibit -N-24
NSUARB-NSPI-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 and a Hearing for Approval of Certain Revisions to its Rates, Charges and Regulations

REDACTED

RESPONSE TO INFORMATION REQUESTS

RECEIVED
JAN 12 2007
Nova Scotia
Utility and Review Board

To: Board Staff
Nova Scotia Utility and Review Board

From: Manfred Raschke, ISIS

IR-1: **Reference Testimony of Manfred Raschke, Pages 3-4**

Please provide a summary table showing clearly each specific recommended change to the NSPI's test year fuel and purchased power costs of $498.7 million. Include in your response your recommended test year total fuel and purchased power costs.

Response: Please see the table below, which makes the adjustments proposed in the Summary Findings of the ISIS Testimony. The footnotes to the table explain the reasoning.

Fuel by Type	Million C$ Proposed Rates Test Year Forecast 2007	Proposed ISIS Revisions
Solid Fuel	276.8	260.9 (1)
Natural Gas	98.0	98.0 (2)
Bunker C	97.0	72.1 (3)
Furnace	2.3	2.3
Diesel	14.5	11.9 (4)
Additives	3.2	3.2
Total Fuel for Generation	**491.8**	**448.4**
Decreased Net Benefit from Gas Resale	6.4	0.0 (5)
Total Fuel and Purchased Power	**498.7**	**448.9 (6)**

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reduction in LFO costs, but rather an estimate was made of a reduction of C$2.6 million from the requested C$5.2 million needed for 2007 (ISIS Testimony, p. 4).

(5) As noted above in Footnote 2, ISIS did not prepare a separate natural gas forecast. There is not an average natural gas price that automatically arises out of the oil price that ISIS has proposed. There is not a particularly good co-relation between oil and natural gas prices, although some of the same factors – e.g. warm winter weather and volumes in storage – put downward pressure on both commodities. Without using the strategist model, it is hard to assess the impact of the lower HFO cost proposed here. However, they potentially have a significant impact on the amount of gas available for resale. The net benefit from gas available from resale is a function of both volume and price. By assuming very high HFO costs, NSPI burns some [redacted] gBtu of natural gas of Tufts Cove in the period [redacted] 2007 (ISIS Testimony, Table 15). The total difference between 2006 forecasted natural gas use and 2007 projected natural gas use is approximately [redacted] gBtu. The driving factor is the high HFO costs. It is quite possible that with lower HFO costs, as assumed by ISIS, that significantly less gas would be needed at Tuft's Cove [redacted], making such volumes of gas available for resale. Since ISIS did not prepare a separate natural gas price forecast, it simply notes that the $6.4 million is inconsistent with the oil numbers as forecasted by ISIS. Most likely oil would not be displaced to the degree proposed by NSPI in the summer months. In most parts of the world where ISIS has performed fuel forecasts, residual oil has generally been a cheaper alternative to natural gas in a conventional steam plant.

(6) This total represents the changes made above, which impact only the $491.8 million total fuel for generation and represents no additional changes to items in regard to purchased power, etc.