ORIGINAL

Exhibit - N-35

2006 NSUARB File 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

- and -

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: **John Antonuk, Donald T. Spangenberg, and John B. Adger, Jr. The Liberty Consulting Group**

FROM: **Stora Enso Port Hawkesbury Limited and Bowater Mersey Paper Company Limited**

IR-1 **Question:** Question UARB IR-84 asked NSPI to provide the 2007 fuel forecast in the same format and level of detail as the 2005 rate case response to UARB IR-49. Please provide a version of that forecast, to that level of detail, that reflects Liberty's recommended adjustments. If there are items in that forecast to which Liberty cannot take an opinion, please identify and specify all such items.

Response:

UARB IR-84 contains 13 pages of output summaries from NSPI's model. Liberty does not possess this model, and is therefore not able to provide the requested version of this forecast.

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FROM: **Stora Enso Port Hawkesbury Limited and Bowater Mersey Paper Company Limited**

IR-2 **Question:** Please provide a version of Exhibit LCG-3 as it would appear with Liberty's view or estimate of 2008 tonnages.

Response:

Liberty exhibit LCG-3 was prepared from two sources, the direct evidence of NSPI, and the response to SEB IR-95. SEB IR-95 contains coal contract data for 2008. No changes were made to any of the data provided in these two sources. Liberty has not prepared a version with 2008 tonnages, but anyone interested in doing so could, with the same effort required of Liberty, do so.

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FROM: **Stora Enso Port Hawkesbury Limited and Bowater Mersey Paper Company Limited**

IR-3 **Question:** Please provide a version of Exhibit LCG-4 as it would appear with Liberty's view or estimate of 2008 costs.

Response:

Liberty is not in possession of the required forecast information for the year 2008, and is therefore unable to provide the requested information.

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FROM: **Stora Enso Port Hawkesbury Limited and Bowater Mersey Paper Company Limited**

IR-4 **Question:** SEB's consultants calculate that if test coal is assumed to have a heat content of 11,700 Btu/lb, Liberty's portfolio contains 336 GBtu more than NSPI's portfolio which was used as the basis for NSPI's filing. Please explain why this should occur.

Response:

The question refers to "Liberty's portfolio". Liberty has not constructed any solid fuel portfolios in its evidence, but has directly extracted portfolio data provided to it in the two principal data sources, the NSPI direct evidence, and the response to SEB IR-95. The data provided in SEB IR-95 shows the NSPI portfolio status, as reported by NSPI, as of November 27, 2006. Liberty does not know why the energy content of the NSPI portfolio changed between the time of the filing of evidence and November 27, 2006.

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IR-5. **Question:** At page 11 of its evidence, Liberty states that it may provide a recommendation regarding a further adjustment to account for reduced profits realized by NSPI from its excess gas due to NSPI's repeated award of its gas to its affiliate EES in its report to the Board on Liberty's audit of NSPI's relationships with its affiliates. At page 28, Liberty states that they believe that some regulatory measure may be required to provide NSPI with an incentive to secure the best possible value for its resale gas and that Liberty will address the question of an appropriate incentive when it presents the results of its affiliates audit to the Board. Finally, at page 41, Liberty states that it expects to provide a summary of its results of its audit of NSPI's affiliate relationships at or before hearings in this proceeding.

a. Please indicate Liberty's current view on when its affiliate audit of SPI will be complete and when the full report or summary of results will be available.

b. Please provide a full copy of the report, and a summary of results if available, as soon as they become respectively available.

Response:

a. Substantial data that Liberty has requested has not been provided by Emera in the audit. That information may not be provided. Therefore, there is as yet no firm schedule for audit completion.

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IR-5 Question: (continued)

b. Liberty will provide its report to the UARB when the report is completed. At that point, we consider it appropriate for the UARB to determine what distribution is to be made of the report. We do not at the present time anticipate preparing a separate and distinct summary of its results.

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FROM: **Stora Enso Port Hawkesbury Limited and Bowater Mersey Paper Company Limited**

IR-6 **Question:** On page 12 of the Liberty evidence there is a chart showing a breakdown of NSPI's portfolio by component with actual percentages associated with each component.

a. With respect to each component please identify the specific contracts which Liberty understands make up each component, and indicate the term of each identified contract.

b. For each contract please also identify whether it is for a low, medium or high sulphur coal or petcoke.

c. Please also identify where all of the information was derived from in the existing record of the proceeding.

Response:

a. The information in the chart on page 12 of the Liberty evidence was taken directly from the NSPI response to SEB IR-94. Corresponding contract information was provided by NSPI in its response to SEB IR-95, including the specific supplier, the length of the contract, and the classification of the contracts between low, medium or high sulfur coal or petcoke.

b. See response "a" above.

c. See response "a" above.

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FROM: **Stora Enso Port Hawkesbury Limited and Bowater Mersey Paper Company Limited**

IR-7 **Question:** On page 15 Liberty indicates that it has evaluated NSPI's estimates of 2007 solid fuel costs.

a. For what time period did Liberty anticipate that NSPI's rates arising out of the 2007 rate case would be in effect?

Response:

Liberty anticipates that rates will remain in effect for so long as revenues provide a reasonable opportunity to recover costs that include an appropriate return. Energy price volatility has in the most recent years become the principal variable affecting that opportunity. Yearly requests for changes in rates have been the norm. That may continue to be so or it may not. Liberty has no basis for concluding either way, and therefore considers it speculative to predict the time period which rates set in this proceeding may be expected to remain in effect.

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FROM: **Stora Enso Port Hawkesbury Limited and Bowater Mersey Paper Company Limited**

IR-8 **Question:** At page 31 of the Liberty evidence, Liberty states that "Several parts of the [ICFI] report affirm our concerns about the earlier competitions for NSPI's gas".

a. Please describe the impact that these concerns would have had on rate payers in previous years. Please provide an estimate of the quantification of this impact if possible.

Response:

The concern (relevant to this question) that Liberty has had with respect to sales of NSPI's gas has been whether the utility has undertaken reasonable efforts to maximize the offset to costs that comes from sales of natural gas at positive margins. Liberty's conclusions about those margins in the past are as stated in its evidence in prior proceedings. Further addressing the impact that forms the subject of this question would require a study that Liberty has not undertaken.