Exhibit - N-38

ORIGINAL

2006 NSUARB – P-886

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT

– and –

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

INFORMATION REQUEST RESPONSES – REDACTED

January 12, 2007

RECEIVED
JAN 12 2007
Nova Scotia
Utility and Review Board

To: **Nova Scotia Power Incorporated**

From: **Colin Gubbins**

IR-1 Please provide the name of the institutions from which you received the degrees you indicate in your CV.

Response:

I received a grammar school education in the United Kingdom followed by an honours degree in Metallurgy at the University College of Wales in Swansea, U.K.

IR-2 Please detail the specific scope of your engagement by SEB in NSPI's 2007 Rate Application.

Response:

I was requested to review and provide comments on NSPI's solid fuel procurement practices as they relate to the present application.

IR-3 Please provide data, in excel spreadsheets, for the following figures in your testimony:

a) Forecast of FOB Prices of Colombian High CV coal 11,700 Btu/lb, Real Prices in 2005 Money.

b) Comparison between Colombian 11,300 Btu/lb and Colombian 11,700 Btu/lb prices.

c) Forecast of FOB Prices of Colombian High CV coal 11,700 Btu/lb, Real Prices in 2006 Money.

d) MCIS Euro Index (1991-2006).

e) Plot Showing Linkages of Forward Pricing 12 months ahead to the Price of the Day.

f) Plot showing accuracy of API 2 forward curve (1 year).

g) Plot showing comparison of Colombian coal prices between Europe and US.

For each figure, please provide the specific source of the data and a complete explanation as to what the data represent, i.e., prompt pricing, contract pricing, etc.

Response:

a) This graph was simply copied from my Direct Evidence dated October 17, 2005 in last year's NSUARB-P-882 proceeding.

b – g) This information has been **redacted** and is only being provided to parties to the confidentiality undertaking.

IR-4 For each number calculated in your testimony, please provide the complete calculations, preferably in excel spreadsheets. Please provide all related work sheets.

Response:

This information has been **redacted** and is only being provided to parties to the confidentiality undertaking.

IR-5 Please provide a complete copy of "Steam Coal Forecaster Issue no 43" that you reference on the top of page 5 of your testimony.

Response:

This information has been **redacted** and is only being provided to parties to the confidentiality undertaking.

IR-6 Please provide a complete description of the forecasting methodology of the McCloskey Group and copies of all forecasts prepared in 2005, 2006 and 2007 with the related assumptions.

Response:

[Redacted]

We have carried out a large number of price forecasts over the period in question all of which are covered by confidentiality agreements. We therefore are unable to provide this information.

IR-7 Please provide your understanding of the value of volume options and indicate which tools you or the McCloskey Group use to value options. Please indicate the specific methodology used to value these options.

Response:

We have never contested the value of having options in a contract. We have never carried out an analysis of the value of options since this will be customer dependent and specific to their own circumstances. From our knowledge of the market suppliers carry out their own analysis of the cost of providing optionality in a long term contract and feed it into their pricing. This has been a feature of long term contracts for a considerable time and to our knowledge is based upon mainly judgemental analysis of the market opportunities at the time of concluding a contract. When supply/demand is tight suppliers will be more reluctant to supply options and are likely to feed in a higher premium on the price whereas when the supply/demand balance is weak they will be happier to provide options with little premium on the price.

IR-8 Please estimate the value of the **[Redacted]** options at the time the contracts were negotiated following the methodology described in response to the above.

Response:

See the response to IR-7.

IR-9 Please confirm that you did no independent analysis of the appropriateness of either the [**Redacted]** forecast of medium and high sulphur coals or the **[Redacted]** forecast of pet coke. If you did perform an independent analysis, please provide it and all related work sheets.

Response:

We have not carried out an analysis of the methodologies employed by **[Redacted]**. From our understanding from previous hearings the **[Redacted]** model is similar to our own from a conceptual standpoint. Clearly its results will be dependent on the assumptions fed into it which could differ from those employed by the McCloskey Group. With regard to **[Redacted]** they are respected analysts in the field of **[Redacted]** to carry out a pricing study would appear to support this.

IR-10 Please explain in detail the pricing methodology for the API 2 index.

Response:

API 2 is an index of delivered spot prices into the Northern European market produced on a weekly basis jointly by the McCloskey Group Ltd and Argus Publications. Both organisations carry out through pricing journalists a weekly trawl of price agreements and physical bids and offers for imported steam coal into the Northern European market. These are published weekly as an index in McCloskeys Coal Fax and Argus Coal Daily. API 2 is an average of the McCloskey Index and the Argus Index.

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