Counsel Statement

Good morning, Mr. Chairman and members of the Board. Nova Scotia Power was pleased to present to the Board, for review and approval, a Settlement Agreement that resolves all of the issues in this proceeding.

This agreement was finalized after candid and constructive discussions – involving especially the confidential fuel information for 2007. A key objective was how best to ensure that customer rates reflect the actual cost of fuel used to make electricity. These annual, adversarial proceedings about the cost of fuel are not in the best interest of the Company or its customers especially if there is a better way to achieve a reasonable and fair result.

Negotiated settlements are well accepted by public utility regulators across Canada as an alternative or a complement to the traditional hearing process. Boards approve settlements where the settlement is in the broad public interest, is reasonable and fair to interested parties and has a well substantiated, rational basis.

Importantly, this Agreement represents the result of constructive dialogue that has produced a fair compromise among NSPI and most of NSPI's customers. The following parties have worked collaboratively to reach a common understanding and an agreed upon 2007 test year revenue requirement:

- The Consumer Advocate – representing the interests of all residential customers
- Avon Valley et al – representing many significant, large employers throughout the Province
- Halifax Regional Municipality – the Company's largest municipal customer
- The Municipal Electric Utilities Cooperative of Nova Scotia – representing the municipal utilities throughout the Province; and
- UARB staff and their consultants, Dr. Stutz and Liberty Consulting;

And now, Stora Enso and Bowater (SEB) have joined this group and support the Settlement.

The parties supporting the settlement are interested, experienced and informed stakeholders. Taken together, they not only represent a vast majority of the Company's customers, they speak for almost all of the public interest.

The terms of the consensus Agreement propose a full resolution of the matters in issue in this proceeding with the exception of the constitutional issues in respect of low income customers, raised by the legal aid Intervenors. That issue will continue in the parallel proceeding previously established by the Board.

The Settlement was not an easy process and required give and take on all sides. It represents a careful balancing of many interests. For example the parties to this Agreement have agreed in principle that this Board should adopt a FAM, and that a process to lead to that result should begin as soon as possible. This Agreement will require NSPI to forego earnings in 2007 in order to have a fuel adjustment mechanism in place in 2008.

NSPI urges the Board to regard the Settlement as an appropriate and careful balancing of competing interests. The Board should take confidence from the Agreement because it demonstrates the benefits of working together to meet the challenges facing NSPI and its customers – and in that significant respect, it bodes well for the future.

Finally, I would like to acknowledge the constructive and helpful contributions of the Board Counsel and the Board's staff and consultants. The Company is appreciative of their efforts to help build this consensus.

Thank you.