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: MEUNSC

Question IR-19: **NSPI's demand billed rates make no provision for anomalous situations which may create demand spikes (examples: cold load pick up, capacitor failure). Can the words "subject to any correction for anomalies" be inserted in the demand section of the demand billed rates? If not, why not, and please state any objections.**

Response IR-19: NSPI does not support the addition of these words to the Company's demand based tariffs.

NSPI's tariffs are designed to recover the costs of service for each class by applying the rate components to forecast billing determinants. In the case of the municipal rate, these billing determinants include monthly non-coincident demands applied to a ratcheted demand charge. This ratcheted demand charge is designed to send a price signal to larger customers to avoid the winter peak period if possible, and to recover the costs of winter peak demands over a 12-month period. In the absence of the ratchet, the demand charge itself would have to be higher in order to recover the costs of serving the class.

There are many factors that can cause customer demands to vary, including the effects of cold load pick-up following power interruptions. This effect is not an "anomaly", and is well understood in the industry.

This issue of cold load effects on billed demands was raised during NSPI's 2005 Rate Application[1]. The Board did not order any change to NSPI's rates or regulations.

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[1] NSPI 2005 Rate Case, Hearing Transcript, NSUARB–NSPI–P-881, November 24, 2004, p.1735

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Response IR-19: (cont'd)

This issue is also currently before the Dispute Resolution Officer (DRO) and the UARB in another proceeding.

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Question IR-20: **If this wording cannot be inserted in all demand billed rates, can it be inserted in the ratcheted rates such that it would apply to ratcheted demands? If not, why not?**

Response IR-20: Please refer to MEUNSC IR-19.

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Question IR-21: **Please state any wording preferred by NSPI which would accomplish the same objective.**

Response IR-21: Please refer to MEUNSC IR-19.

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Question IR-22: **Please contrast any objections with the requirements under ELIIR-2 and ELI-2P-RTP for considerations associated with start up provisions and on going CBL adjustments for anomalies.**

Response IR-22: The effects of cold load pick-up on demand based rates are included in NSPI's calculations of expected revenues from these rates. There is no practical way to adjust for these effects that would be fair to all customers.

The load characteristics associated with the re-start of Stora's operation in Port Hawkesbury were not included in the design of the ELIIR-2 or the ELI 2P-RTP. The Board ordered NSPI to use a phased-in Customer Baseline Loadshape for Stora during their start-up period only.