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Nova Scotia Utility and Review Board

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Halifax, Nova Scotia B3J 3P6
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902 424-3919 f

October 30, 2006

By email only: et@barringtonwind.com

Barrington Wind Energy Limited
c/o Erik Twohig
1801 Hollis Street, Suite 810
Halifax, NS B3J 3N4

Dear Mr. Twohig:

Nova Scotia Power Inc. - Application for Approval of Certain Revisions to its Rates, Charges and Regulations - 2007 Rate Hearing - Preliminary Issues List P-886

Receipt is acknowledged on October 30, 2006, of comments on the Preliminary Issues List, on behalf of Barrington Wind Energy Limited, in the matter of the above-noted application.

This is to advise that your comments have been directed to the Board.

Yours sincerely,

Nancy McNeil

Nancy McNeil
Regulatory Affairs Officer/Clerk

c.c.	Mr. S. Bruce Outhouse, Q.C., Board Counsel	By email
	Mr. Rene Gallant, Regulatory Counsel, NSPI	By email
	Mr. Eric Ferguson, Manager, Regulatory Affairs, NSPI	By email
	Ms. Anne-Marie Curtis, Manager, Regulatory Projects	By email

Document : 123284.1

emailed PWGlmamslksd CHSlHRYlRAB SBDIJS

October 30, 2006 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

- and -

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

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OCT 30 2006
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COMMENTS ON PRELIMINARY ISSUES LIST

TO: The Utility and Review Board

Barrington Wind Energy Limited (BWEL), as an Intervener, has the following comments on the Preliminary Issues List.

Item 6. Existing Regulations and Proposed Changes

The Government of Nova Scotia has stated that the market opening is anticipated to be February 1, 2007 and in addition has begun the process of accommodating the implementation of Financial and Physical Contracts for new renewable energy generators in accordance with the Electricity Marketplace Governance Committee recommendations. As there is currently no mechanism that provides for the injection of null energy into the system, even the Wholesale Customers that have Financial Contracts are unable to execute those contracts upon market opening. The Department of Energy, through its *Discussion Paper: Frameworks for renewable energy contracting and cogeneration contracting*, has put forward a marginal cost basis for such energy acceptance. BWEL has provided a supportive rebuttal document on this issue as well, available on the Department of Energy website. Given that there may be development within 2007 in accordance with existing contracts, and the intention to facilitate these contracts through appropriate regulation, the issue of determination of the mechanism for providing payment to generators needs to be assessed in this process.

Item 10. Expenditures related to Demand Side Management (DSM), Integrated Resource Plan (IRP), and Emergency Power Outage Response Measures

Specifically with respect to the IRP, concern has been raised by several Stakeholders that the assumptions put forward reflect a re-issuance of the Emissions Strategy, do not reflect appropriate ratebase risk attached to emissions reductions, and do not reflect a significant utilitization of new renewable technologies within the generation mix moving forward. BWEL concurs with these concerns. The ability of the Board to provide cost-recovery

certainty on these issues pending a more thorough discussion by the Stakeholders could be premature.

Specifically with respect to the DSM initiative, BWEL has concerns about the application of costs for DSM without the rigorous analysis of DSM within the whole IRP context. The absence of a clear set of goals, and their respective potential costs would be need to be resolved in order to appropriately establish an action plan, and costs for such a plan.

DATED at Halifax Regional Municipality, in the Province of Nova Scotia this 30th day of October, 2006.

BARRINGTON WIND ENERGY LIMITED



Per: Erik Twohig
et@barringtonwind.com

Barrington Wind Energy Limited
1801 Hollis Street, Suite 810
Halifax NS B3J 3N4

PWC / IM AMS IKSD
GHS / HRY / RAB

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902 424-3919 f

October 30, 2006

By email only: rpatzelt@scotiainvestments.ca

Canadian Manufacturers & Exporters
Nova Scotia Division
c/o Robert Patzelt, Q.C.
Vice-President, Risk Management & General Counsel
Scotia Investments Limited
3 Bedford Hills Road
Bedford, NS B4A 1J5

Dear Mr. Patzelt:

Nova Scotia Power Inc. - Application for Approval of Certain Revisions to its Rates, Charges and Regulations - 2007 Rate Hearing - Preliminary Issues List P-886

Receipt is acknowledged on October 27, 2006, of comments on the Preliminary Issues List, on behalf of Canadian Manufacturers & Exporters, Nova Scotia Division, in the matter of the above-noted application.

This is to advise that your comments have been directed to the Board.

Yours sincerely,

Nancy McNeil
Regulatory Affairs Officer/Clerk

c.c. Ms. Ann Janega — By email
Mr. S. Bruce Outhouse, Q.C., Board Counsel — By email
Mr. Rene Gallant, Regulatory Counsel, NSPI — By email
Mr. Eric Ferguson, Manager, Regulatory Affairs, NSPI — By email
Ms. Anne-Marie Curtis, Manager, Regulatory Projects — By email

Document : 123286.1

emailed to: PWG MAMS IRSD GHS HAT RAB SBD JS

Nancy McNeil - CME Submission re Preliminary Issues List P-886

From: "Robert Patzelt" <rpatzelt@scotiainvestments.ca>
To: "Nancy McNeil" <UARB.nmcneil@gov.ns.ca>
Date: 10/27/2006 2:52:40 PM
Subject: CME Submission re Preliminary Issues List P-886
CC: "Bruce Outhouse" <bouthouse@bloisnickerson.com>, "Ann E. Janega" <Ann.Janega@cem-mec.ca>

Attached is CME's submission with respect to the Preliminary Issues List for P-886. I am on my way out of town and do not have the opportunity to distribute to the participants. Please distribute accordingly.

Thank you.

Robert G. H. Patzelt, Q.C.
Vice-President, Risk Management & General Counsel
Scotia Investments Limited
3 Bedford Hills Road
Bedford, NS B4A 1J5

Phone: (902) 832-2512
Fax: (902) 835-8062
Email: rpatzelt@scotiainvestments.ca

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27
OCT 2006
Nova Scotia Utility and Review Board

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Canadian Manufacturers & Exporters

Nova Scotia Division

October 27, 2006

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Nova Scotia Utility and Review Board

Ms. Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
3rd Floor, 1601 Lower Water Street
PO Box 1692, Unit "M"
Halifax, Nova Scotia
B3J 3S3

Dear Ms. McNeil,

Re: NSUARB – NSPI – P-886 – Preliminary Issues List

Please accept this letter from the Canadian Manufacturers and Exporters (Nova Scotia Division) ("CME") being one of the formal intervenors outlining our comments on the above captioned.

The CME acknowledges that the Preliminary Issues List may be perceived as somewhat lengthy, however, many of the items on that list are not new matters before the Nova Scotia Utility and Review Board ("Board"), NSPI or the intervenors.

In the view of the CME the list is quite complete. We have the following suggestions as either additions to the list or for consideration (and they are in no particular order of importance):

1. We note that "affiliate transactions" was noted in the issue under natural gas. We feel that all affiliate transactions should be an issue where they affect expenses or revenue. NSPI can provide a list of affiliate transactions and the list can be culled by mutual agreement or ultimately decided by the Board.

2. Fuel costs are affected by usage patterns and we feel the cost, pricing and timing of the deployment of types of generation especially away from times of high fuel cost usage should be a matter of review.

3.

4. The exploitation of renewable energy by NSPI or provided by IPPs affects both fuel pricing and the environment. Also, the Government of Nova Scotia through the EMGC has made recommendations in this regard and presently papers and regulations are out for comment. The EMGC report was released in 2003 with a recommendation for a 10-year plan for NSPI. This also ties into resource planning, DSM, etc. Fuel is a major

1869 Upper Water St.,Collins' Bank Building, 3rd Floor,Halifax, NS B3J 1S9
Tel: 902-422-4477, Fax: 902-422-9563, www.cme-mec.ca

component of NSPI's costs and this application. Matters relating to this specific issue should be a consideration.

5. As the Board is all too aware, rate design, ratepayer usage, generation, fuel procurement and revenue requirements for NSPI are all interrelated. Rate design and cost allocation not only allocate expenses but affect future revenue requirements. Coming out of the ELIIR2 hearing, the CME recommended that there be a hearing for a new COSM before another rate hearing. We feel that items such as revenue requirements, rate design, cost of service and future planning should be considered.

6. The CME notes that in the 2005 rate hearing (NSPI – 882) stated at the end of that Preliminary Issues List which was provided by the Board, the following: *There are a number of other issues relating to long range forecasting and planning (e.g. demand side management, generation planning, a load retention rate based on due discrimination, interruptibility credit, and environmental emissions constraints) which could be raised in the upcoming hearing. The Board's preliminary view is that it would be more efficient and appropriate to deal with these issues in a separate proceeding in 2006."* The CME acknowledges that some of these are being dealt with in separate hearings, however, we express our concern that once again matters if not included in this hearing will be further delayed. It is important to address as many of these interrelated issues. They should either be fully part of this hearing or have as a separate issue comment by intervenors for consideration by the Board as to their relative importance, timing, priority to be dealt with, etc. in future hearing(s) to avoid both adhocracy and to minimize hearing fatigue.

In conclusion, the CME respectfully recommends that the Board in considering what issues should be included (or excluded), the Board should take into account:

1. matters and issues that involve operations of NSPI that affect its economics and hence rates should properly be part of this hearing;

2. the information provided to the UARB and the proceedings take a longer term view which includes what is in the best interests of Nova Scotians now and into the future; and

3. the impact in terms of time, impact and costs on the applicant and participants resulting from moving matters forward into another year (or longer) and having to participate in potentially many separate hearings.

Respectfully submitted,

Robert G.H. Patzelt, Q.C.
For Canadian Manufacturers and Exporters
(Nova Scotia Division)

cc: Ann Jenaga
Bruce Outhouse, Q.C., Board Counsel

Nancy McNeil - RE: CME Submission re Preliminary Issues List P-886

From: "GALLANT, Rene" <Rene.Gallant@Emera.com>
To: "Robert Patzelt" <rpatzelt@scotiainvestments.ca>
Date: 10/30/2006 9:11:33 AM
Subject: RE: CME Submission re Preliminary Issues List P-886
CC: "Ann E. Janega" <Ann.Janega@cem-mec.ca>, "Nancy McNeil" <UARB.nmcneil@gov.ns.ca>, "CURTIS, ANNE-MARIE" <Anne-Marie.Curtis@nspower.ca>, "ROWLINGS, CARLA" <Carla.Rowlings@Emera.com>

Robert:

Thank your for your email. Since no formal Intervenors List exists at this time, I have not circulated your correspondence to other stakeholders. I have assumed that since the date to Intervene is the same as the date for comments on the Preliminary Issues List, the Board does not expect these comments to be circulated to potential Intervenors. Nevertheless, I appreciate receiving your comments and I will ensure you are copied with our submission when it is filed tomorrow.

I trust this is satisfactory.

Regards,

Rene

From: Robert Patzelt [mailto:rpatzelt@scotiainvestments.ca]
Sent: Monday, October 30, 2006 8:44 AM
To: GALLANT, Rene
Cc: Ann E. Janega
Subject: CME Submission re Preliminary Issues List P-886

This was sent out on Friday. Due to a glitch it was not sent to you. I apologize for the delay.

Attached is CME's submission with respect to the Preliminary Issues List for P-886. I am on my way out of town and do not have the opportunity to distribute to the participants. Please distribute accordingly.

Thank you.

Robert G. H. Patzelt, Q.C.
Vice-President, Risk Management & General Counsel
Scotia Investments Limited
3 Bedford Hills Road
Bedford, NS B4A 1J5

Phone: (902) 832-2512
Fax: (902) 835-8062
Email: rpatzelt@scotiainvestments.ca

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November 2, 2006

By email: jmerrick@mjswm.com

Consumer Advocate
John P. Merrick, Q.C.
Merrick Jamieson Sterns Washington & Mahody
475 Spring Garden Road, Suite 503
Halifax, NS B3J 3T2

Dear Mr. Merrick::

Nova Scotia Power Inc. - Application for Approval of Certain Revisions to its Rates, Charges and Regulations - 2007 Rate Hearing - Preliminary Issues List P-886

Receipt is acknowledged on November 1, 2006, of your comments on the Preliminary Issues List, in the matter of the above-noted application.

This is to advise that these comments have been directed to the Board.

Yours sincerely,

Nancy McNeil
Regulatory Affairs Officer/Clerk

c.c.	Mr. S. Bruce Outhouse, Q.C., Board Counsel	By email
	Mr. Rene Gallant, Counsel for NSPI	By email
	Mr. Eric Ferguson, Manager, Regulatory Affairs, NSPI	By email
	Ms. Anne-Marie Curtis, Manager, Regulatory Projects	By email

Document #: 122705

PWG, MAMS, KSD

GHS, HRY, RAB

Fax: SBO, JD

MERRICK JAMIESON STERNS WASHINGTON & MAHODY

BARRISTERS

November 1, 2006

VIA FACSIMILE – 424-3919
23439

Ms. Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
Halifax, NS B3J 3S3

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Nova Scotia
Utility and Review Board

Dear Ms. McNeil:

Re: NSUARB - P-886 - List of Issues

On the assumption that preliminary issue #4 "OM&G Costs (including experience since 2000)" includes the question as to the adequacy of NSPI's cost cutting measures, we have no further issues to propose at this time.

Yours truly,

John P. Merrick

JPM:dlb

c - All Interested Parties (via email)

E:\JPM\23439 UARB 2007\McNeil-2006-11-01.ltr.wpd

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HALIFAX, NOVA SCOTIA B3J 3T2 FACSIMILE (902) 429-3522
WWW.MJSWM.COM

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October 31, 2006

By email only: donovad@halifax.ca

Halifax Regional Municipality
c/o Mary Ellen Donovan
Director, Legal Services and Risk Management
P. O. Box 1749
5251 Duke Street, 3rd Floor
Scotia Square
Halifax, NS B3J 3A5

Dear Ms. Donovan:

Nova Scotia Power Inc. - Application for Approval of Certain Revisions to its Rates, Charges and Regulations - 2007 Rate Hearing - Preliminary Issues List P-886

Receipt is acknowledged on October 31, 2006, of comments on the Preliminary Issues List, on behalf of Halifax Regional Municipality, in the matter of the above-noted application.

This is to advise that your comments have been directed to the Board.

Yours sincerely,

Nancy McNeil

Nancy McNeil
Regulatory Affairs Officer/Clerk

c.c.	Julian Boyle, HRM	By email
	Mr. S. Bruce Outhouse, Q.C., Board Counsel	By email
	Mr. Rene Gallant, Regulatory Counsel, NSPI	By email
	Mr. Eric Ferguson, Manager, Regulatory Affairs, NSPI	By email
	Ms. Anne-Marie Curtis, Manager, Regulatory Projects	By email

Document : 123347.1

HALIFAX
REGIONAL MUNICIPALITY

Legal Services

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Fax: (902) 490-4232
Website: www.halifax.ca

October 31, 2006

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Nova Scotia Utility
and Review Board

Nova Scotia Utility and Review Board
3rd Floor, 1601 Lower Water Street
Halifax, NS B3J 3P6

Attention: Ms. Nancy McNeil
Regulatory Affairs Officer/Clerk

Dear Ms. McNeil:

RE: Nova Scotia Power Inc.– 2007 Rate Hearing –P-886, Preliminary Issues List

HRM would like to provide the following comments on the issues to be addressed at the pending Nova Scotia Power Inc. 2007 Rate Hearing.

Unmetered Rate:
Although the reference to Rates is included in the issues list, HRM would like to ensure that that topic includes any issues that it may wish to bring forward in respect of the unmetered rate. As part of the 2006 rate case decision (NSUARB-NSPI-P-882) the Nova Scotia Utility and Review Board had ordered Nova Scotia Power to conduct and file a Cost of Service Study for Street Lighting, the first study since 1977. This review and study was filed with the Board on July 31, 2006.

Renewable Energy:
There are numerous outstanding issues surrounding the future and current impact on electricity pricing. Stakeholders and intervenors such as HRM have been and are continuing to consume considerable resources to effectively engage on issues.

HRM notes the significant number of regulatory proceedings related to NSPI issues recently, which appears destined to continue. In the last eighteen months there have been three rate cases, an open access and transmission hearing, power outage review hearing, vegetation management issues, a SO2 emissions hearing, and only weeks ago a special hearing to set Extra Large Interruptible rates. In addition there have been numerous stakeholder sessions on Electricity Marketplace Governance, DSM, and the current IRP process.

Although there are advantages to segmenting some of the issues faced by NSPI, there are advantages to a more consolidated approach. One consideration in looking at this issue is the integrated nature of the electricity marketplace. Stakeholders and intervenors cannot effectively participate without understanding the intended (or unintended) consequences on the balance of the rate base. Another consideration is the related cost of a multiplicity of proceedings.

HRM is aware of ongoing discussions on market development, and the issue of renewable energy developers access to the market. Positions of stakeholders have been fleshed out via the Electricity Marketplace Governance Committee (EMGC) Report, and recently released documents produced by the Nova Scotia Department of Energy aid in the understanding of actual implementation mechanisms.

Although this rate case and future rate cases will inevitably continue to address the issue of the cost of fossil fuel (coal, oil, natural gas), the time has come when the issues related to renewable energy sources have to be addressed as they constitute an integral part of the management of the fossil fuel and generation decisions.

The reliance upon wind globally has risen dramatically over the past 5 years. According to the Canadian Wind Energy Association global wind energy capacity has doubled every 3 years for the past decade. Economies of scale and the associated cost of production have benefited. However, due to this enormous growth, the industry is now becoming a victim of itself. Prices for industrial scale wind turbines have increased by 40% over the past two years, which raises the question of whether Nova Scotia needs to move more quickly to avoid further competitive cost pressures.

In order to allow Nova Scotians to move quickly once the marketplace opens it would be an effective and efficient use of resources if decisions needed in respect of the costs for use of the NSPI transmission and distribution system could be addressed as part of this rate hearing, rather than being left to a later hearing.

If the Board believes the development of renewable energy is not within its mandate until the IRP process is completed, the rate payers should be given the opportunity to exercise their right to prudently hedge against future rate increases that do no harm to the balance of the rate base. During the recent Extra Large Interruptible Rate hearing (NS UARB-NSPI-P-883) Nova Scotia Power filed the following clause in their compliance filing:

> ***"Special Consideration for Customer Purchasing Own Fuel***
> *At the customer's option, the customer and NSPI shall use best efforts to enter into physical and/or financial purchases or hedges, the settlement of which shall be credited or charged to the customer's rate. It is understood that the execution and settlement of these arrangements shall, under no circumstances, affect the rates or revenue requirements charged to the Company's other customers."*

This clause provided the large industrial customers with some opportunity at rate stability, provided they are willing to take the risk of hedges.

The Halifax Regional Municipality requests that the EMGC recommendations pertaining to Renewable Energy access to retail customers via Financial Bilateral Contract to provide the opportunity for rate stability which follows the policies and guidance of the EMGC and the Nova Scotia Department of Energy be implemented within this rate case.

Yours truly,

HALIFAX REGIONAL MUNICIPALITY

M. E. Donovan
Director, Legal Services & Risk Management

MED/tp

cc Rene J. Gallant, Counsel, NSPI
S. Bruce Outhouse, Q.C., Counsel, UARB

Nova Scotia Utility and Review Board

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902 424-3919 f

November 1, 2006

By email only: dregan@town.berwick.ns.ca

Municipal Electric Utilities Co-operative
of Nova Scotia
c/o Don Regan
Superintendent
Berwick Electric Commission
236 Commercial Street, P. O. Box 130
Berwick, NS B0P 1E0

Dear Mr. Regan:

Nova Scotia Power Inc. - Application for Approval of Certain Revisions to its Rates, Charges and Regulations - 2007 Rate Hearing - P-886

Receipt is acknowledged on October 31, 2006, of comments on the Preliminary Issues List, filed on behalf of Municipal Electric Utilities Co-operative of Nova Scotia, in the matter of the above-noted application.

This is to advise that these comments have been directed to the Board.

Yours sincerely,

Nancy McNeil
Regulatory Affairs Officer/Clerk

c.c.	Mr. S. Bruce Outhouse, Q.C., Board Counsel	By email
	Mr. Rene Gallant, Regulatory Counsel, NSPI	By email
	Mr. Eric Ferguson, Manager, Regulatory Affairs, NSPI	By email
	Ms. Anne-Marie Curtis, Manager, Regulatory Projects	By email

Document : 123396.1

PWG/MAMS/KSD
OHS/HRH/RAB

Account Info. (902) 538-4009
Superintendent's Office
(902) 538-4744
Facsimile (902) 538-4779

Berwick Electric Commission

236 Commercial Street
P.O. Box 130
B0P 1E0
Email: donr@town.berwick.ns.ca

INCORPORATED
MAY 1923

BERWICK, NOVA SCOTIA

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Nova Scotia Utility
and Review Board

October 30, 2006 **By e-mail; original follows**

Ms Nancy McNeil, Regulatory Affairs Officer
The Nova Scotia Utility and Review Board
P.O. Box 1692, Unit "M", Halifax, NS
B3J 3S3

Dear Ms McNeil;

Re: NSUARB – P – 886

Parties to this proceeding have been invited to comment upon the list of issues to be considered. I note that we are in the beginning of an IRP process which has now subsumed a previous DSM filing by NSPI, have just completed a Hearing on the ELIIR-2 rate, are at the beginning of process of stakeholdering on implementation of EMGC recommendations 51, 52, 75 and 76 on the basis of Mr Cary's work for DoE, and have before us the present Application. I have just reviewed the memos from Dr Stutz and the letter from Mr Ferguson circulated by fax by Mr Outhouse, respecting the proposed adjustments to the IRP timeline *and the capital projects that NSPI wishes to exempt from IRP process.*

I am led to the conclusion that it is an error to deal with these matters piecemeal. They are all inter related to some degree, some highly so. That said I consider it appropriate to address both the issues question re P-886 and the IRP timeline in one letter.

We support the position of Dr Stutz respecting the IRP timeline. It is too important to rush the process. It is also too important to cede management of the process to NSPI, and we call on the Government and the Department of Energy to show leadership in formulating what is in fact Provincial energy and emissions policy. We will all pay for the outcomes, and we will all live with the outcomes.

To the extent that there is a public health benefit to the items on Mr Ferguson's list, such as the Low NO_x firing and the Trenton bag house, we can support their approval outside the IRP process on that basis. No generation additions should be approved until the IRP is complete.

We also support the position of HRM that the EMGC recommendations respecting renewables and co-generation and should be effected forthwith.

Yours truly,

Donald Regan,
Superintendent
BERWICK ELECTRIC COMMISSION
On behalf of the Municipal Utilities Co-operative of Nova Scotia.

Nova Scotia Utility and Review Board

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PO Box 1692, Unit "M"
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November 1, 2006

By email: rene.gallant@emera.com
Nova Scotia Power Inc.
c/o Mr. Rene Gallant
Regulatory Counsel
14th Floor, Barrington Tower
1894 Barrington Street
P. O. Box 910
Halifax, NS B3J 2W5

Dear Mr. Gallant:

Nova Scotia Power Inc. - Application for Approval of Certain Revisions to its Rates, Charges and Regulations - 2007 Rate Hearing - Preliminary Issues List P-886

Receipt is acknowledged on October 31, 2006, of comments on the Preliminary Issues List, filed on behalf of Nova Scotia Power Inc., in the matter of the above-noted application.

This is to advise that these comments have been directed to the Board.

Yours sincerely,

Nancy McNeil
Regulatory Affairs Officer/Clerk

c.c.	Mr. S. Bruce Outhouse, Q.C., Board Counsel	By email
	Mr. Eric Ferguson, Manager, Regulatory Affairs, NSPI	By email
	Ms. Anne-Marie Curtis, Manager, Regulatory Projects	By email

Document #: 122705

PWC | MANS | KSD
GHS | HRY | RAD

NOVA SCOTIA POWER
An Emera Company

October 31, 2006

Nancy McNeil
Regulatory Affairs Officer
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS
B3J 3S3

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OCT 31 2006
Nova Scotia Utility and Review Board

Re: NSPI Rate Case 2007 – P.886

Dear Ms. McNeil:

By Notice dated October 16, the Board has requested input from Nova Scotia Power Inc. and Intervenors on the proposed Rate Case Issues List by October 31, 2006. Please accept these comments on behalf of NSPI.

NSPI thanks the Board for establishing a schedule for this application that sets a hearing beginning in January, which will allow for a decision that can be implemented by April 1, 2007. NSPI welcomes review by the Board of those matters that will affect the 2007 test year. The following comments are provided to assist the Board as it undertakes this proceeding within the schedule that has been established.

General

NSPI supports the schedule put forth by the Board, and notes that it can be achieved through a focus on the material issues which have caused this application to be filed and which affect the 2007 test year.

A focused Issues List will assist all participants in achieving an efficient hearing. NSPI suggests the proposed issues list can be narrowed by ensuring that there is no duplication of reviews that were recently directed in the Board's March 10, 2006 decision, or work that is planned, or that has been recently undertaken.

NSPI notes that many aspects of the Company's operations have recently been or soon will be reviewed by the Board. NSPI suggests that items that have been or are already being addressed do not warrant additional review during this rate application where that scrutiny duplicates existing or previous efforts. By way of example, but not exclusively:

- NSPI has been working closely with the Liberty Consulting Group ("Liberty") to respond to the Board's fuel related directives from recent rate cases;
- Liberty is currently undertaking the affiliate audit as directed by the Board in the recent rate case;
- As directed by the Board and in accordance with Board-approved terms of reference, NSPI has retained the consultant Accenture to undertake a review of NSPI OM&G expenditures and operations;
- Demand Side Management plans and expenditures have been reviewed by consulting firm Summit Blue, including significant consultation with stakeholders, and will be further addressed as part of the Integrated Resource Planning process;
- Vegetation Management Plans have been reviewed by Liberty and received support from the consultant;
- NSPI load forecasting is to be reviewed by Dr. Stutz in accordance with a Board directive arising from recent rate cases; and
- ROE, capital structure and return on rate base were fully reviewed and decided effective May 19, 2005, and re-confirmed in the most recent decision on March 10, 2006.

The Preliminary Issues List includes (in items 1 and 4) fuel and OM&G costs back to 2000. NSPI notes that these items have received careful review on many occasions since 2000, including in three previous general rate applications. NSPI has been responsive to all Board directives in these areas, some of which are currently underway. In the most recent rate case, the Board noted in its Decision (March 12, 2006) in respect of fuel:

> "...The Board is pleased with the dedication shown by NSPI towards improving its procedures in this very important area of NSPI's operations. The Board also notes that there appears to be general acceptance by the intervenors that NSPI has made significant improvements in the fuel procurement area." (at paragraph 44)
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> "...the Board wishes to make it clear that the impact of NSPI's past imprudence for the failings discussed in this decision is now spent and will not extend beyond the 2006 test year..." (at paragraph 96)

These Board comments, the ongoing OM&G review, and the examination of both fuel and OM&G in recent rate cases all suggest that a separate review back to 2000 is not required. In the case of OM&G, NSPI suggests that a separate review is not necessary since an increase is not requested from the levels recently approved on March 10, 2006 (excepting the discrete matter of pension costs). NSPI anticipates the information from the current review being available to the Board in advance of the rate hearings. Meanwhile, the Company has committed to hold OM&G expenses constant in the 2007 test year. NSPI suggests the Board clarify in the final Issues List, should the Board have

further questions, which specific aspects of fuel and OM&G are subject to review and that the time frame for review be focused on the 2007 test year.

The Company welcomes an examination of those matters that will affect the 2007 test year and that have not been recently examined in rate proceedings or other Board processes and directives. If all matters of NSPI operations require both review in other proceedings or processes, and subsequent review in a rate application, the objective of a focused and manageable application will not be achieved. Such an approach establishes regulatory processes that are less efficient and less effective.

Specific Proposed Issues

NSPI offers the following comments in respect of the specific issues contained in the proposed list:

1. **Fuel Related Issues** – Each of the proposed items in this topic arise in the NSPI Application Evidence. NSPI notes that affiliate transactions are currently the subject of a review by Liberty that will be completed prior to the rate case hearing;
2. **Compliance with all Directives** – NSPI supports this item being on the Issues List;
3. **Deferred Items** – NSPI suggests it would be helpful for the Board to confirm that the aspects of these items that have been previously decided by the Board (specifically, the amount, amortization and start date of the S21 tax recovery, the amount of the Q1 tax deferral, and the depreciation schedule) will not now be reconsidered. NSPI requests the Board to identify the specific elements of these items that are to be considered in this proceeding;
4. **OM&G costs** – NSPI suggests that, in light of there being no increase requested to OM&G costs from those recently approved (except pension costs, which are addressed in the next issue), outstanding concerns will be addressed by the ongoing OM&G study. NSPI anticipates this study will be completed and available to the Board during this application process. NSPI requests the Board clarify this aspect of the Issues List, which will help to narrow the scope of the proceeding and reduce the length of the hearing;
5. **Financial Issues** - NSPI supports this item being on the Issues List in regard to pension costs and credit ratings. However, NSPI is seeking no change to ROE or Capital Structure recently approved by the Board and therefore NSPI suggests that removing these specific items from the Issues List would assist in narrowing the scope of the proceeding and reducing the length of the hearing;
6. **Existing Regulations and Proposed Changes** - NSPI supports this item being on the Issues List;
7. **Above the Line Rates** - NSPI supports this item being on the Issues List;
8. **Below the Line Rates** - NSPI supports this item being on the Issues List;

9. **Energy Sales, etc** - NSPI supports this item being on the Issues List;
10. **Expenditures relating to Demand Side Management, etc** – NSPI notes that the DSM and IRP are the subject of another regulatory process and do not require examination during this rate application, unless parties wish NSPI to make additional expenditures in these areas, in which case the appropriate amounts will need to be included in the new rates;
11. **Costs associated with pending UARB reviews** - NSPI supports this item being on the Issues List;
12. **The Compliance Filing Process** - NSPI supports this item being on the Issues List;
13. **Standard Filing requirements and other changes** - NSPI supports this item being on the Issues List;
14. **Review of results for 2006** – NSPI welcomes a review 2006 results during this rate application, and has filed confidential evidence on this topic. NSPI suggests it will be helpful for the Board to confirm that the review of 2006 results is solely for the purpose of establishing the foundation of the 2007 test year costs.

Finally, in respect of the latter item (2006 financial results), NSPI notes that at the time of the hearing in late January NSPI will not have publicly reported its 2006 financial results. At that time, the Company will be in a position only to discuss Q3 results. The company will be in a securities "black-out" period in respect of 2006 final results. Since SEPH resumed operation for the fourth quarter of 2006, the effect of the SEPH shutdown can be examined using Q3 results.

In closing, NSPI appreciates the Board's effort to establish a focused hearing process and suggests that a narrow issues list is an important element of the Board's management of the regulatory process.

All of which is respectfully submitted,

Rene Gallant
Regulatory Counsel

Cc: Ralph Tedesco
Bruce Outhouse, Q.C.

NOVA SCOTIA POWER
An Emera Company

October 31, 2006

RECEIVED
NOV 0 1 2006
Nova Scotia
Utility and Review Board

Nancy McNeil
Regulatory Affairs Officer
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS
B3J 3S3

Re: NSPI Rate Case 2007 – P.886

Dear Ms. McNeil:

By Notice dated October 16, the Board has requested input from Nova Scotia Power Inc. and Intervenors on the proposed Rate Case Issues List by October 31, 2006. Please accept these comments on behalf of NSPI.

NSPI thanks the Board for establishing a schedule for this application that sets a hearing beginning in January, which will allow for a decision that can be implemented by April 1, 2007. NSPI welcomes review by the Board of those matters that will affect the 2007 test year. The following comments are provided to assist the Board as it undertakes this proceeding within the schedule that has been established.

General

NSPI supports the schedule put forth by the Board, and notes that it can be achieved through a focus on the material issues which have caused this application to be filed and which affect the 2007 test year.

A focused Issues List will assist all participants in achieving an efficient hearing. NSPI suggests the proposed issues list can be narrowed by ensuring that there is no duplication of reviews that were recently directed in the Board's March 10, 2006 decision, or work that is planned, or that has been recently undertaken.

NSPI notes that many aspects of the Company's operations have recently been or soon will be reviewed by the Board. NSPI suggests that items that have been or are already being addressed do not warrant additional review during this rate application where that scrutiny duplicates existing or previous efforts. By way of example, but not exclusively:

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In closing, NSPI appreciates the Board's effort to establish a focused hearing process and suggests that a narrow issues list is an important element of the Board's management of the regulatory process.

All of which is respectfully submitted,

Rene Gallant
Regulatory Counsel

Cc: Ralph Tedesco
Bruce Outhouse, Q.C.

PWC /m AMS/
ICSD/ GHS/
HRY

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October 26, 2006

By email: george.cooper@mcinnescooper.com

Mr. George T. H. Cooper, Q.C.
McInnes Cooper
Bank of Montreal Tower
1600 - 5151 George Street
P. O. Box 730
Halifax, NS B3J 2V1

Dear Mr. Cooper:

Nova Scotia Power Inc. - Application for Approval of Certain Revisions to its Rates, Charges and Regulations - 2007 Rate Hearing - P-886

Receipt is acknowledged of your letter dated and received October 25, 2006, advising the Board that further to your letter dated October 17, 2006, there is one other topic which Stora Enso Port Hawkesbury Limited and Bowater Mersey Paper Company Limited ("SEB") recommends to be included on the Issues List for the upcoming NSPI 2007 Rate Hearing. The topic is as follows:

> Generally all areas, as well as specific items of, NSPI's expenditure.

This is to advise that your letter has been directed to the Board.

Yours truly,

Nancy McNeil
Regulatory Affairs Officer/Clerk
c.c. Rene Gallant, Regulatory Counsel, NSPI — By email
S. Bruce Outhouse, Q.C., Board Counsel — By email

Document #: 122664

McINNES COOPER

BARRISTERS SOLICITORS & TRADE MARK AGENTS

George T.H. Cooper, C.M., Q.C.
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Our File: G-2927
October 25, 2006

BY EMAIL AND HAND DELIVERY

Ms. Nancy MacNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street
Suite 300, Summit Place
Halifax, NS B3J 3S3

RECEIVED
OCT 25 2006
Nova Scotia Utility and Review Board

Dear Ms. MacNeil:

Re: 2007 Rate Hearing

On Tuesday, October 17, 2006 I sent a letter to the Board requesting that the COS methodology topic be added to the Issues List. I had been under the impression that the deadline for commentary was Tuesday, October 17, but now understand that the deadline is Tuesday, October 31.

There is one other point that SEB wishes to make. The List of Issues should not be restricted to items that are or could be the subject of cost increases. If the Hearing were to be confined in this way the Board and intervenors would see only half of the picture. The other half is a close examination of areas where costs might be saved.

The topics dealt with in the Application probably cover many of these items. However, to be certain that there are no unintended barriers due to the language in which the Application is expressed, SEB recommends the inclusion of the following topic on the Issues List: –

"Generally all areas, as well as specific items of, NSPI's expenditure."

Yours truly,

McINNES COOPER

George Cooper

(955159)
cc: Bill Stewart
Fred Hussey
René Gallant
Bruce Outhouse, Q.C.

McINNES COOPER

BARRISTERS SOLICITORS & TRADE MARK AGENTS

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Ms. Nancy MacNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street
Suite 300, Summit Place
Halifax, NS B3J 3S3

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The topics dealt with in the Application probably cover many of these items. However, to be certain that there are no unintended barriers due to the language in which the Application is expressed, SEB recommends the inclusion of the following topic on the Issues List: –

"Generally all areas, as well as specific items of NSPI's expenditure."

Yours truly,

McINNES COOPER

RECEIVED
OCT 20 2006
Nova Scotia
Utility and Review Board

George Cooper

(955159)
cc: Bill Stewart
Fred Hussey
René Gallant
Bruce Outhouse, Q.C.

PWG/MAMS/KSD
GHS/HRY

Nova Scotia Utility and Review Board

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October 18, 2006

By email: george.cooper@mcinnescooper.com

Mr. George T. H. Cooper, Q.C.
McInnes Cooper
Bank of Montreal Tower
1600 - 5151 George Street
P. O. Box 730
Halifax, NS B3J 2V1

Dear Mr. Cooper:

Nova Scotia Power Inc. - Application for Approval of Certain Revisions to its Rates, Charges and Regulations - 2007 Rate Hearing - P-886

Receipt is acknowledged of your letter dated October 17, 2006, and received October 18, 2006, advising the Board that Stora Enso Port Hawkesbury Limited and Bowater Mersey Paper Company Limited ("SEB") proposes to argue for a new Cost of Service methodology as the basis for decision-making in the 2007 Rate Case and if this necessitates the inclusion of this topic in the Issues List, then SEB urgently requests that the Board include it.

Your letter states that the "Board has requested comments by close of business today on its proposed Issues List". However, as set out in the timetable for NSPI's 2007 Rate Application, Intervenors and NSPI have until **Tuesday, October 31, 2006**, to provide the Board with comments on the Preliminary Issues List which was distributed to stakeholders on October 16, 2006.

This is to advise that your letter has been directed to the Board.

Yours truly,

Nancy McNeil

Nancy McNeil
Regulatory Affairs Officer/Clerk
c.c. Rene Gallant, Regulatory Counsel, NSPI — By email
S. Bruce Outhouse, Q.C., Board Counsel — By email

Document #: 122664

McINNES COOPER

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Our File: G-2927
October 17, 2006

BY EMAIL AND HAND DELIVERY

Ms. Nancy MacNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street
Suite 300, Summit Place
Halifax, NS B3J 3S3

RECEIVED
OCT 18 2006
Nova Scotia Utility and Review Board

Dear Ms. MacNeil:

Re: 2007 Rate Case

The Board has requested comments by close of business today on its proposed Issues List.

SEB proposes to argue for a new Cost of Service methodology as the basis for decision-making in the 2007 Rate Case. If this necessitates the inclusion of this topic in the Issues List, then SEB urgently requests that the Board include it.

We refer to our letter dated October 10, 2006 (copy attached for easy reference). As fully set out in that letter, it seems clear from the Board's request for comments in its September 28, 2006 Decision in the ELIIR-2 case that the Board is open to consideration of a new COS methodology. The filing of the present rate application would nullify that opportunity, certainly for the 2007 Rate Case and perhaps for many years thereafter (depending on when the subsequent rate case takes place), if the issue is not dealt with before the 2007 Rate Case is decided.

We realize that there may not be sufficient time for an independent, stand-alone hearing on COS methodologies before the 2007 Rate Case begins, but we know of no reason in principle why the Board cannot include COS methodology issues as one of the issues in that Rate Case. There are in fact many good reasons for so doing. Chief among these is a number of customer classes, including primarily the Industrial classes but others as well, that would be prejudiced by a Rate Case decision under the existing methodology, should it transpire that a more up-to-date methodology is in the public interest. As noted above, this unfortunate state of affairs could extend for many years.

In summary, SEB believes that in the interest of bringing the NSPI rate structure more into line with current conditions – assuming the arguments for a new COS methodology find

favour – it is essential to settle the COS methodology issue before a decision is made in the 2007 Rate Case. For this reason, SEB urgently requests that this topic be included in the Issues List. Not to adopt this proposal would mean that the filing of the present Rate Case has preempted the Board's own decision indicating openness to re-consideration of the COS methodology.

Yours truly,

MCINNES COOPER

George Cooper

(953571)
cc: René Gallant
Bruce Outhouse, Q.C.

McINNES COOPER

BARRISTERS SOLICITORS & TRADE MARK AGENTS

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RECEIVED
OCT 18 2006
Nova Scotia Utility and Review Board

COPY

Our File: G-2898
October 10, 2006

BY EMAIL AND HAND DELIVERY

Ms. Nancy MacNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street
Suite 300, Summit Place
Halifax, NS B3J 3S3

Dear Ms. MacNeil:

Re: Submissions Regarding Cost of Service Methodology Hearing

In its Decision dated September 28, 2006 relating to a rate to replace the ELIIR, the Board at paragraph 188 stated that it was prepared to consider whether a Hearing into NSPI's Cost of Service (COS) methodology is appropriate at this time. The Board gave parties until October 30, 2006 to file additional written submissions on the issue, following which it would decide whether to hold such a Hearing. Following are SEB's submissions.

The Board will be fully cognizant of the points raised by Dr. Alan Rosenberg and Mr. Mark Drazen in the recent Hearing on this subject, and accordingly we will not reiterate them in this letter. Instead, we will simply summarize the reasons why, in SEB's opinion, a Hearing into the COS methodology is both appropriate and necessary at the present time.

To begin with, the current COS methodology derives from a Decision of the Board made in 1995, some 11 years ago, based on an application filed some two years prior to that in 1993. It would not be out of the ordinary, therefore, to contemplate a thorough review, merely on the basis of the passage of time. Added to that, however, is the fact that the system itself has undergone certain fundamental changes, as have the circumstances in which the system operates, as follows: –

1. the large step increase in the system load in 1998 when Stora Enso's new PM-2 load came on, taking up much of the then-existing surplus energy on the system;

2. the introduction of natural gas to the fuel mix in Nova Scotia in 1999;

3. the termination of the Devco coal supply contracts in 2000;

4. the shift to international coal in the years following the Devco closure;

5. the introduction of the LM6000s;

6. the extra volatility experienced in fuel prices from the international market in recent years;

7. the introduction of substantial quantities of wind power, and the prospect of further large increases in wind power as the Province rolls out its Renewable Portfolio Standard; and

8. the move to a partially competitive market with the recent Board approval of NSPI's OATT in conformity with similar moves in adjacent jurisdictions, and the opening of the municipal market.

In addition, the Board's decision to include SEB (or, more accurately, the new rates for Extra Large Industrial users) in with the other ATL rates changes the COS Study itself, not least by raising the load factor of the system as a whole and thus tilting the current classification methodology even further towards the energy side of the Demand/Energy equation.

The plain fact, as demonstrated by Dr. Rosenberg's Responsive Testimony in the recent ELIIR-2 case, is that the current COS Study inappropriately impacts high load factor customers, compared to the COS methods prevalent in other Canadian provinces and many U.S. states as well. In fact, the current methodology imposes more costs on high load factor customers than virtually any other jurisdiction of which we are aware in North America. The current methodology imposes higher costs not only on high load factor Industrial customers, but quite possibly other customer classes as well.

In SEB's view, the timing of this Review Hearing is important. If the COS methodology is in need of adjustment, then this decision should be made prior to any decision in the next general rate case rather than being delayed such that it would not take effect until some future general rate case. Secondly, most potential intervenors, having been participants in last month's ELIIR-2 Hearing, are very attuned to the COS methodology issue and ready to deal with it. Finally, holding the hearing now would be an efficient use of work recently done by some of the parties and their experts.

Accordingly, SEB submits that the Hearing proceed as quickly as possible, in order that all parties may have input without unduly delaying any potential general rate application from NSPI.

Yours truly,

MCINNES COOPER

George Cooper

(949059)
cc: René Gallant
Bruce Outhouse, Q.C.