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

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