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Nova Scotia Utility and Review Board

April 24, 2007

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

Dear Ms. McNeil:

Re: Future Filing Requirements – Strawman Proposal

At the direction of the Utility and Review Board (the "Board") in its 2007 Rate Case Decision, a process is underway to develop standardized future filing requirements ("FFRs") for General Rate Applications ("GRAs") by Nova Scotia Power Inc. ("NSPI"). The Board staff provided a Strawman Proposal on April 10, 2007 and invited further submissions. Please accept the following as NSPI's response to the Strawman Proposal.

General

NSPI supports the development of FFRs that lead to an efficient and effective standardized process for filing relevant and material information regularly used in GRAs. The FFRs can also result in a more efficient regulatory process.

In its submission to the Board on March 26, 2007, NSPI suggested the determination of whether information is appropriately included in standardized requirements should be based on the ability of such relevant information to promote the efficiency and effectiveness of GRAs with respect to cost, time and complexity. NSPI takes this opportunity to re-emphasize that in order for information to be part of any standardized filing requirements, the information must be regularly required in GRAs and have a material effect on the test year. Not having had a specific response to its comments, NSPI requests that the Board consider its March 26, 2007 submission as part of the record in this matter.

Important Considerations

There are four issues that have not been addressed in the Strawman Proposal, which in the view of NSPI are integral considerations in this process. NSPI seeks the Board's direction on these items.

The first consideration is the affect of a Fuel Adjustment Mechanism ("FAM") on the proposed FFRs. NSPI suggests any standardized filing process developed in the absence of a FAM be revisited when a FAM is adopted, in keeping with the Board's objectives in both processes.

Second, the strawman proposal does not appear to address whether the Board will, in the future, act as the repository for electronic information in GRAs. NSPI suggests this is an important and appropriate role for the Board to consider accepting. It is consistent with other regulatory jurisdictions as well as the objectives of electronic filing.

Third, the Strawman Proposal is silent with respect to the number of rounds of Information Requests ("IRs") that will be required in light of the standard filing requirements. The development of FFRs should result in a streamlining of the process, not serve to add additional requirements which do not meet the objectives of enhancing efficiency and effectiveness. NSPI agrees with the objective of eliminating similar or routine IRs from future GRAs, and suggests the FFRs will remove the necessity for multiple rounds of IRs. NSPI requests the Board confirm there will be one round of IRs in future GRAs, and that subsequent IRs will be on an exception basis.

Finally, NSPI takes this opportunity to underscore the importance of the Issues List to this process. Like the FFRs, the Issues List is a vital tool in meeting the objectives of the Board to improve the process related to GRAs by serving to clearly identify material issues in a particular rate filing. NSPI suggests the Board direct an Issues List be integral to the FFRs in order to further the Board's objective of enhancing the efficiency and effectiveness in GRAs.

Confidentiality

NSPI will seek to limit confidentiality, where possible, and identify and explain the basis for maintaining information as confidential. NSPI has made every attempt to provide access to confidential information where appropriate and will continue to do so in future applications. Confidential information will either be included with Direct Evidence or be available in a Confidential Data Room.

Further Items for Clarification

In addition to the foregoing, attached is a list of items, set out in the Strawman Proposal, to which NSPI provides further clarification. As this process evolves NSPI looks forward to working with Board staff to create and review standard templates to ensure the letter and intent of each requirement is fulfilled.

Over time standard filing requirements should further improve General Rate Application processes, as the Company and its stakeholders continue to work collaboratively.

All of which is respectfully submitted,

René Gallant
Regulatory Counsel

c: Bob Boutilier
Anne Marie Curtis
Bruce Outhouse, Q.C.
All Intervenors

NSPI – Response to Strawman Proposal dated April 10, 2007
Items Requiring Clarification

#	Proposed Filing Requirement	Clarification
OP-2	Full organization chart for positions reporting to Director, Fuels Energy & Risk Management with resumes	As advised during the 2007 Rate Case, employee resumes do not exist. Should they exist, they would be personal and confidential HR documents. Publication of these documents could cause the loss of experienced NSPI personnel.
OP-3	Copy of the latest OM&G review undertaken	In some cases, the latest OM&G review may have been fully canvassed in prior rate applications, and to that extent this should not be a standard filing requirement. However, any new OM&G reviews filed with the UARB since the last rate application will be provided.
OP-7	Chemical sheets for all fuels	NSPI will provide confidential bid specification fuel data such as CV and Sulphur.
OP-11	Latest Hydro Quebec report "Comparison of Electric Prices in Major North American Cities"	This is public, readily available information that does not provide direct relevance to GRAs. As a result, it should not be a standard filing requirement. NSPI can provide an electronic link to the document.
OP-15	Quantities and classes of shares, and price as of filing	NSPI will provide a breakdown of quantities and classes of shares, and the market price of preferred shares as of the filing date; however, the common shares of NSPI are not publicly traded.
FO-7	Details of Fuel and Purchased Power	NSPI will provide Appendix A, Table 8 with Direct Evidence.
RB-6	Customer deposits	Included in Cash Working Capital (RB-5)
RB-7	Prepayments	Included in Cash Working Capital (RB-5)
RB-8	Contributions-in-aid of construction	Included in Plant in service (RB-1).
RB-10	Accumulated deferred income tax	Categorized as Deferred Income Tax
RB-12	Clearing accounts	NSPI does not use Clearing Accounts.
OR-8	Provide monthly data for the last two years for NSPI's sales of natural gas. Also provide summaries of the associated contracts that were in place over the last two years.	NSPI will provide a summary spreadsheet, and suggest a re-categorization as OE-1.c to align gas sales as net margin to fuel expense.

#	Proposed Filing Requirement	Clarification
OE-1.b.	Current forecast of fuel burn levels for each plant for current year, test year and three subsequent years. Include projections for each fuel type, MMBTU consumed, % sulphur in the fuel, tonnes of SO2 emitted, dollars for each fuel type, and $/MMBTU for each fuel type.	This request would require multi year fuel runs and many assumptions applied at a gross level about a variety of fuel related matters, such as outages and future fuel prices. This request was discussed with Board consultant The Liberty Consulting Group ("Liberty") during the 2007 Rate Case and Liberty explained that the goal of the request was to assess compliance with the fuel portfolio. This was answered by NSPI in Liberty IR-10 in a manner that did not require Strategist model runs and could be provided in a similar way for standard filing.
OE-1.c.	Fuel costs per MWh for a historic period, e.g. five years. Provide the substantiating detail for the fuel costs for each of these years; such detail should include all of the individual fuel cost components as follows, on a cost per MWh basis, and total dollar basis: Costs for import coal Costs for domestic coal Costs for pet-coke Costs for oil Costs for natural gas used Credits from the sale of natural gas Costs for purchased power, and Sold fuel transportations costs	Historic fuel costs may not be representative of future costs in today's volatile fuel market. As a result, NSPI suggests that three periods be used for standard filing requirements; prior year (actual), the current year and the test year. Historical data beyond that information does not contribute to establishing the test year costs.
OE-1.d.	Fuel Procurement history and any recent procurement audits	NSPI will provide contract purchases and audits for 2 prior years, and contracts which impact the test year.
OE-1.h.	Provide the test year monthly quantities of fossil fuels projected to replace the natural gas under contract that is assumed to be sold, rather than used by NSPI. Provide the calculations that support NSPI's fuel cost savings of buying these replacement fuels, as compared to NSPI using the quantities of natural gas under contract.	High level estimates can be provided. Strategist reports are available to support the second part of the request.
OE-1.q.	Details on Export and Import Power Calculations	NSPI will provide data in the standard financial format; latest year actual, current year compliance, current year forecast, test year existing rates, and test year proposed rates.
OE-2 to OE-10	Various Items Under Operating Expenses	Direct Evidence, Appendix B and C will not be provided. It will be replaced by a new template, to be created in conjunction with Board staff.
OE-7	Customer Sales Expense	NSPI does not use this account.
OE-9	Dues and donations	Donations are not included in rates and, therefore, should not be a standard filing requirement.