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April 11, 2007

To: All parties expressing interest in NSPI Rate Hearing Future Filing Requirements

NSPI Future Filing Requirements - Strawman Proposal - April 10, 2007- P-886.2

The Board's letter of February 19, 2007 outlined the rationale behind the decision to propose future filing requirements for NSPI and outlined a process and timetable to develop such. Attached to this letter is a "strawman" proposal developed by Board staff. Comments on this proposal are to be filed with the Board by Tuesday, April 24, 2007.

Yours very truly,

Jackie Pearce

per Nancy McNeil
Regulatory Affairs Officer/Clerk

Enclosure

Document #: 128868

FUTURE FILING REQUIREMENTS (Draft Strawman – April 10, 2007)

The following "strawman" proposal for NSPI Future Filing Requirements (FFR) has several objectives:

a. To make the initial filing as complete as possible so examination of the case can begin on filing, without waiting for answers to IRs. The ultimate goal is to enhance the efficiency and effectiveness of the General Rate Application (GRA) process from a cost, time, and complexity basis
b. To ensure the filing is in appropriate formats
c. To identify each document for reference (ie DE-1, SR-2,etc)
d. To facilitate the objective of submitting the complete case electronically so it can be E-filed and "searcheable"
e. To eliminate similar or routine Information Requests
f. To allow for consistency in presentation from one GRA to the next

BINDER 1

A – Statement of Case MS Word documents, formatted in Court of Appeal (numbered lines, double spaced)

DE - Direct Evidence

1. Notice of application
2. Table of contents
3. Direct evidence
4. Testimony of experts

B – Supporting Studies MS Word documents, formatted in Court of Appeal (numbered lines, double spaced)

SR – Studies and Reports (latest available)

1. Cost of Service study
2. Load Forecast report

BINDER 2

C – Organization Profile MS Word or Excel documents as required, formatted in Court of Appeal (numbered lines, double spaced)

OP - Organization Profile

1. Latest regulated annual reports of NSPI and EMERA
2. Current organization chart of NSPI showing all positions reporting no further than two levels down from the President and CEO, including a full organizational chart for the positions reporting to the Director, Fuels, Energy, and Risk Management c/w resumes of same
3. Copy of latest OM & G review undertaken
4. Listing of all assets (by function)(Length of transmission lines by voltage class, length of distribution lines by voltage, number of substations, etc.)
5. Test year Power Production unit maintenance schedule of all units including hydro, and tidal, submitted as a Gant chart
6. Breakdown of generating units by type showing in service date, net capacity, fuel type, heat rate, contribution to system peak, contribution towards annual energy. (include IPP and purchased power)
7. Chemical specification sheets for all fuels
8. IPP contract details
9. Reliability Statistics for fossil fleet, and customer outage indices for NSPI and comparison to latest CEA all Canada values
10. Numbers of customers by rate class
11. Latest Hydro Quebec report "Comparison of Electric Prices in Major North American Cities"
12. Presentations made by NSPI/Emera to Analysts and Bondholders, within the last year, on behalf of NSPI and Emera (to the extent NSPI is included in the Emera presentation)
13. Most recent Emera Proxy statement
14. Applicable emissions targets legislated and compliance accomplished for past year and current year, and how compliance is planned for the test year and five years into the future.
15. Quantities and classes of shares, and price as of filing

BINDER 3

D – Financial Documents Unless otherwise noted all Financial Documents shall be Excel spreadsheets. They shall be enumerated over five years – latest year - actual, current year - compliance, current year - forecast, test year - existing rates, test year – proposed rates.

FO – Financial Outlook

1. Regulated statement of earnings
2. Regulated balance sheet
3. Regulated statement of retained earnings
4. Regulated statement of cash flows
5. Electric revenue details
6. Gwh production and sales
7. Details of Fuel and Purchased Power
8. Operating, maintenance, and general expenses breakdown (by major component) in real and nominal dollars for the test year and five historic years.
9. Revenue requirement and rate increase breakdown
10. Estimated average capital and cost of capital
11. Details of Interest Charges
12. Average rate base, supporting schedule – capital assets
13. Average rate base, supporting schedule – deferred charges & credits
14. Average rate base, supporting schedule – allowance for materials & supplies
15. Average rate base, supporting schedule – allowance for working capital

RB - Rate base:

1. Plant in service continuity schedule (by function) including beginning balance, additions, asset retirements, ending balance, accumulated depreciation beginning balance, depreciation/accretion expense, retirements, accumulated depreciation ending balance, and net plant

RB – Rate Base cont'd:

For the following provide a schedule showing last year actual, current year forecast, current year compliance, test year present rates, and test year proposed rates

2. Plant held for future use
3. Construction work-in-progress
4. Acquisition adjustments
5. Cash working capital
6. Customer deposits
7. Prepayments
8. Contributions-in-aid of construction
9. Materials and supplies
10. Accumulated deferred income taxes
11. Regulatory assets and other deferrals
12. Clearing accounts
13. Financing charges
14. Tax charges
15. Pension charges
16. Steam plant charges
17. Other general charges
18. Asset retirement obligations
19. Other deferred credits
20. Long term receivables
21. Rate of return calculations

DA - Depreciation and amortization expense and accumulated reserves

1. Depreciation rates by asset class
2. Accumulated reserve for depreciation
3. Amortization expense

BINDER 4

OR - Operating revenues

1. "Proof of Revenues", similar to that provided in Appendix 6 of the Company's Compliance Filing dated April 29, 2005. Include a table showing the components of the change in required revenues for the test year
2. Miscellaneous revenues and special charges
3. Unbilled revenues
4. Unregulated revenues
5. Uncollectibles
6. Sharing mechanisms
7. Deferred cost recovery mechanisms
8. Provide monthly data for the last two years for NSPI's sales of natural gas: quantities sold, prices received, buyer, and location of title transfer. For transportation paid for by NSPI, provide the name of the transporter, nature of the transportation service (firm, interruptible, released firm, etc.), and price paid. Also, provide summaries of the associated contracts that were in place over the last two years.

OE - Operating expenses

1. Fuel, purchased power costs (These items may need to be revised depending on the resolution of the FAM issue, but may be required in any event to establish base fuel costs prior to establishment of a FAM. and in any GRA)
   a. Latest detailed fuel forecast for test year in the same format and level of detail as the 2005 rate case (P-881) response to UARB IR-49 and as submitted in 2007 rate case (P-886) response to UARB IR-84. Also provide the Strategist runs used to compute the fuel and purchased power costs for the test year.
   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

OE – Operating expenses, 1 cont'd:

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 a total dollar basis:
    a. Costs for import coal
    b. Costs for domestic coal
    c. Costs for pet-coke
    d. Costs for oil
    e. Costs for natural gas used
    f. Credits from the sale of natural gas
    g. Costs for purchased power, and
    h. Solid fuel transportation costs
d. Fuel procurement history and any recent procurement audits
e. Provide a summary of the current fuel contract status for each fuel (domestic coal, pet-coke, low sulfur coal, mid sulfur coal, high sulfur coal, heavy fuel oil, natural gas), and by fuel supplier, for the next five years. Show for each fuel both the amount of fuel already under contract for each year, as well as the balance of open or un-contracted fuel for each year. Include the sulfur content of the fuels as appropriate.
f. Solid Fuel Procurement Manual.
g. Solid Fuel Contracts – Portfolio Summary
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
i. For the test year forecast (proposed rates) regarding the solid fuel commodity cost, provide transportation costs to move the solid fuel to Nova Scotia, foreign exchange, and the costs to move the solid fuels within Nova Scotia to each of the generating stations. Show each cost component separately for the various solid fuels used at each NSPI generating plant. Include in the response a calculation of the fuel price in $/MMBTU for each component of the fuel price, so that the final plant-delivered cost is that used as input to the Strategist run. Include sources used to derive the requested data, and the date the forecast was prepared.
j. Provide a summary of the current fuel transportation contract status for each fuel, and by transportation provider, for the next five years. Show for each fuel both the amount of fuel transportation already under contract for each year, as well as the balance of open or un-contracted fuel transportation for each year

OE – Operating Expenses, 1 cont'd

k. For each fuel, describe (qualitatively and quantitively) any hedging programs in place, current year hedge positions, and any hedging programs planned for the test year
l. Forecasted Prices Calculation for Uncommitted Tonnages of solid fuels
m. Provide data showing how much gas is contracted to be supplied, how much was used (Show separately the volumes burned in the combustion turbines at Tufts Cove, and those burned in the steam units, by month), how much was available for sale, and how much was sold
n. Provide information on all fuel related Affiliate Transactions
o. Transportation Cost of Solid Fuel by Source
p. Latest Fuel Supply or Transportation Studies Conducted
q. Details on Export and Import Power Calculations
r. Information on Force Majeure issues or other known disputes that may impact deliveries
s. Provide a table showing the calculation of the cost and recoveries for Fuel for Resale (i.e. Appendix A, Table 8 of NSPI's October 2006 filing) for the current year, test year, and the most recent five years of actual data. In the table address each of the key elements in the calculation (as shown on page 53 of the October 2006 filing).

2. Maintenance and repair expenses
3. Insurance and security costs
4. Salaries and benefits
5. Pension expenses
6. Other post retirement benefits
7. Customer sales expense
8. Billing and collection expense
9. Dues and donations
10. Outside or contract services
11. Regulatory expenses
12. Income tax, including details of tax calculations
13. Taxes other than income taxes, including details of tax calculations
14. Foreign exchange hedging

BINDER 5

CS - Capital structure

1. Capitalization
   a. Debt (%)
   b. Preferred (%)
   c. Common (%)
   d. Total Regulated Capitalization ($)

2. Financial ratios
   a. Return on average common equity (%)
   b. Average common equity ($M)
   c. FFO interest coverage (times)
   d. FFO to Adjusted Debt (%)

3. Details of Debt (short, medium, and long-term)

BINDER 6

E – Proposed Rates and regulations

PR – Proposed Rates & Regulations

1. Proposed rates
2. Proposed miscellaneous charges
3. Proposed regulation changes